

SOMALIA:

OVERVIEW OF SOCIO-ECONOMIC DEVELOPMENT



ORGANISATION OF ISLAMIC COOPERATION

**STATISTICAL, ECONOMIC AND SOCIAL RESEARCH
AND TRAINING CENTRE FOR ISLAMIC COUNTRIES**



SOMALIA:

Overview of Socio-Economic Development



Organization of Islamic Cooperation
Statistical, Economic and Social Research and
Training Centre for Islamic Countries



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EXECUTIVE SUMMARY

Located in the strategically crucial Horn of Africa on the eastern edge of the continent - adjacent to the Red Sea, Suez Canal and key commercial waterways, Somalia is one of the most important countries in the Sub-Saharan Africa region with its 10.5 million dynamic population spread over an area of 637,540 square kilometres. However, internal conflicts, on-going clashes among different groups and severe drought heavily affected the pace of development in Somalia over the last decade.

This background report sheds light on the socio-economic development of Somalia over the last decade with a view to identifying the current bottlenecks and challenges facing the country in its developmental efforts. The report, wherever possible, undertakes a comparative analysis through comparing Somalia with the averages of the Organisation of Islamic Cooperation (OIC) Member Countries and Least Developed Countries (LDC) in order to better reflect the relative stance of Somalia.

Demography and Social Development

The population of Somalia recorded an annual average exponential growth rate of 2.41 per cent between 2005 and 2014 that was higher than the averages of the OIC (1.99 per cent) and LDC (2.37 per cent) groups. The crude birth rate (CBR) in Somalia decreased from 46.8 in 2005 to 43.9 in 2013 whereas the total fertility rate (TFR) recorded a slight decrease from 7.3 to 6.6 in this period. Thanks to national and international efforts, Somalia achieved to reduce infant mortality rate (IMR) from 105.3 in 2005 to 85.0 in 2015; yet, it is still behind the average progress recorded by the OIC group. Between 2005 and 2013, the life expectancy at birth in Somalia recorded an increase of 2.6 years and reached 55.0 years where the average of the OIC group was measured at 68.7 years in 2013. On the other hand, adult mortality rates (AMR) of male and female population in Somalia continued to stay above the averages of the LDC group both in 2005 and 2013.

The gross enrolment ratio figures of Somalia indicated that around 1 in 3 children at primary school age enrolled into a school in 2007. And only 35.5 per cent of all students were female in the primary education institutions in 2007, whereas the averages of the OIC and LDC groups were both exceeding 45 per cent.

Economic Development

During the period 2004 and 2014, the annual average growth rate was recorded at -3.3 per cent in Somalia, based on the UN data. Accordingly, GDP per capita in Somalia dropped from US\$ 241 in 2004 to US\$ 131 in 2014. The total GDP was measured at US\$ 1374 million in 2014 where the agriculture sector produced 60.2 per cent of the country's total GDP. FDI net inflows represented about 1.8 per cent of its GDP that is a value close to the 2 per cent average of the OIC group. External debt stocks of Somalia stayed stable at around US\$ 1.9 billion between 2004 and 2014. Although agriculture is the main productive sector of the economy, stemming from desertification and insufficient irrigation practices. Somalia had lost some 18 per cent of its valuable arable land between 2004 and 2013. On the other hand, Somalia witnessed an increase in its agricultural productivity in this period. International trade in Somalia improved between 2004 and 2014 where the volumes of both exports and imports went up significantly.

In 2014, female population was representing 33 per cent of the total labour force in Somalia. The total labour force participation rate recorded a decrease in Somalia between 2004 and 2014 that went down

from 58.1 per cent to 57.9 per cent. The unemployment rate among female and male population stayed stable at around 7.5 per cent and 6.6 per cent, respectively between 2004 and 2014. Despite having remarkable rural and urban disparity, an overall improvement was recorded in Somalia in the rate of population with access to electricity, which increased from 29.1 per cent in 2010 to 32.7 per cent in 2012.

Among three dimensions of the Human Development Index (HDI), the education index is the lowest at 0.118, followed by the income index at 0.253 and the health index at 0.486 in Somalia in 2012. On the other hand, the Multidimensional Poverty Index (MPI) score for Somalia was equal to 0.47, ranking it 94 out of 104 countries. Between 2005 and 2013, the net per capita Official Development Assistance (ODA) received by Somalia increased by US\$ 69 and reached US\$ 97. Nevertheless, it was still remarkably lower than the average of the LDC group (US\$ 160) in 2013.

Current Humanitarian Situation

More than 1.1 million Somalis have been living in other countries as refugees by the end of 2015. In 2015, Somalia has been hosting the 7th largest internally displaced population (IDP) in the world with over 1.1 million people. IDP in Somalia remained highly vulnerable across the country in general and in Mogadishu in particular. The total official humanitarian assistance to Somalia was measured at US\$ 213 million in 2005, where it reached US\$ 602 million by 2014. Nevertheless, it is estimated that some US\$ 885 million are required to provide the basic life-sustaining assistance including food, health and sheltering to the 3.5 million targeted people for the year 2016 in Somalia.

Prospects and Challenges

Although Somalia has exhibited some progress over the last decade, there is still a need for more intensifying efforts to be done in several dimensions of development. On the one hand, infant mortality rate has been reduced, life expectancy at birth has been increased, and access to electricity has been improved. However, on the other hand, weak government authority, lack of secure environment and functioning institutions remained as major challenges for Somalia. Disparities between rural and urban areas remain to stay too wide. In particular, the on-going conflict in Somalia seems to have a higher negative impact on the socio-economic development of the rural population.

Internally displaced people, refugees and insufficient foreign aid are still among the major challenges facing the country and impeding the developmental efforts of the government. To address these developmental challenges, Somalia needs to undertake serious and long-term reforms in all socio-economic aspects in the country. These reforms should be accompanied by policies to remedy the cultural and structural roots of inequality and conflict. Yet, with its geostrategic location and young population, Somalia possesses a great potential to be unrevealed in the region of Sub-Saharan Africa. Ensuring political and security stability together with coherent developmental strategies and policies and fully utilizing the support of international institutions and NGOs, Somalia can overcome its challenges and write a success story in its region.

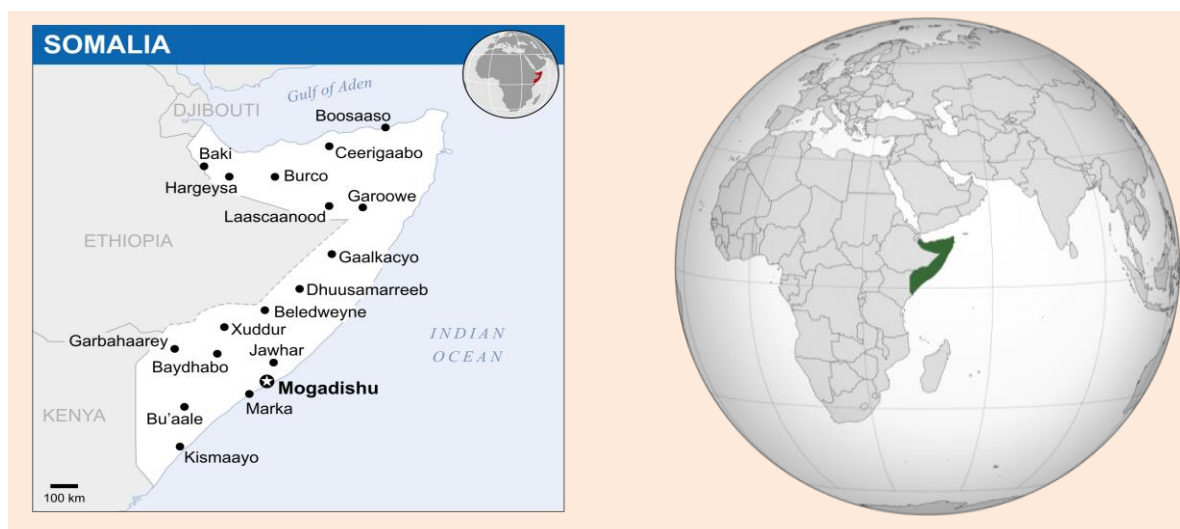
1. INTRODUCTION

Somalia is a Sub-Saharan Africa region country where it has been lying next to the main naval routes where the Red Sea meets with the Indian Ocean through Gulf of Aden. Despite classified as one of the least developed countries by the United Nations (UN), its geostrategic importance and dynamic population makes Somalia a key country in the Horn Africa. A country with more than 10.5 million people, Somalia is not only a strategic transit country but also an important market for international trade.

Somalia has a land area of 637,540 square kilometres that makes it one of the largest countries in its region. At the global level, in terms of its land size Somalia is larger than Germany in Europe, Iraq in the Middle East, and Morocco in the North Africa.

The capital city of Somalia, Mogadishu hosts over 2 million people. Hargeisa and Bosaso are other populated cities with population over 700 thousand in Somalia. Somalia has borders with Djibouti (61 km), Ethiopia (1640 km), and Kenya (684 km). The coastline of Somalia is equal to 3025 km that makes Somalia a country with a high level of sea connection (Figure 1.1).

Figure 1.1: Map of Somalia



Source: Wikipedia Common Mapping Services, 2016

Despite its geostrategic importance and dynamic population, Somalia has been facing a set of important challenges ranging from poverty to internal conflicts. In particular, the internal conflicts between the government and different armed groups paved the way for political and security instability in Somalia. A brief history of the Somalian internal conflicts is provided in the *Box I*. Over the last 25 years, instability, poverty and drought in Somalia costed millions of lives and led may Somalians to fled the country.

Against this background, this report highlights the socio-economic development performance of Somalia during the last 10 years with special emphasis on the current bottlenecks and challenges which are still impeding the developmental efforts of the country. Throughout the report, as datasets allow, Somalia is compared with the averages of the Organisation of Islamic Cooperation (OIC) Member Countries and Least Developed Countries (LDC) in order to provide a comparative perspective.¹

Section 2 looks at the demography and social development indicators especially in the domain of health and education. Section 3 overviews the major economic development indicators ranging from GDP to poverty. Section 4 highlights the humanitarian situation in Somalia including living conditions in camps and internally displaced people. The report concludes by shedding light on the prospects and challenges for the socio-economic development in Somalia where a set of policy recommendations are made to serve as a broad guidance for policy-makers.

¹ The full list of Least Developed Countries (LDC) is presented in Annex III.

BOX I: BRIEF HISTORY OF THE INTERNAL CONFLICTS IN SOMALIA

Somalia has been a theatre of conflict since the fall of the Siad Barre regime in 1991. Clan conferences held in the 1990s led to relative stability in the self-declared but internationally unrecognised independent state of Somaliland and, to a lesser extent, the autonomous region of Puntland. Peace has been more elusive in South-Central Somalia. A Transitional Federal Government (TFG), established in 2004 and backed by troops from the African Union (AU) and neighbouring countries, struggled in a conflict with the Islamic Courts Union (ICU) movement, which by 2006 had taken control of Mogadishu. Despite the absorption of some ICU leaders into the TFG following a peace agreement in 2009, al-Shabaab – originally the youth wing of the ICU – continued to violently oppose the government, emerging as the main opposition to the government and controlling large areas of territory.

Alongside the retreat of al-Shabaab from Mogadishu and territorial gains by the government and AU forces in 2011, the ending of the government's transitional period and the election of a new leadership brought renewed optimism to Somalia in 2012. Many felt the country had turned a corner. However, widespread domestic and international support for the government has waned as it has struggled to manage the problems it has inherited. Al-Shabaab has proved able to launch asymmetric attacks, maintain territory and remain a serious security threat, despite the killing of its leader in a September 2014 US airstrike. Continuing to rely on a contested system of proportional clan representation, the government has struggled to make progress in reconciling clans so as to provide a basis for a sustainable political settlement between them.

The mandate of the current government expires in 2016, when elections are scheduled to take place. The constitution has yet to be fully agreed; a "winner takes all" approach to political power and allegations of corruption further exacerbate problems. Disputes surrounding the process of federalism and the negotiation and recognition of regional state authorities in recovered territories in South-Central have created a serious risk of renewed clan conflict. Finally, the continued strength of clan militias poses a major challenge to the creation of state-controlled security and police forces. For the foreseeable short-term future, and even with the ousting of al-Shabaab from the territory it controls, these issues will prove serious obstacles for Somalia as it moves down the path of peace and stability.

Source: Achilles et al. (2015)

2. DEMOGRAPHY AND SOCIAL DEVELOPMENT

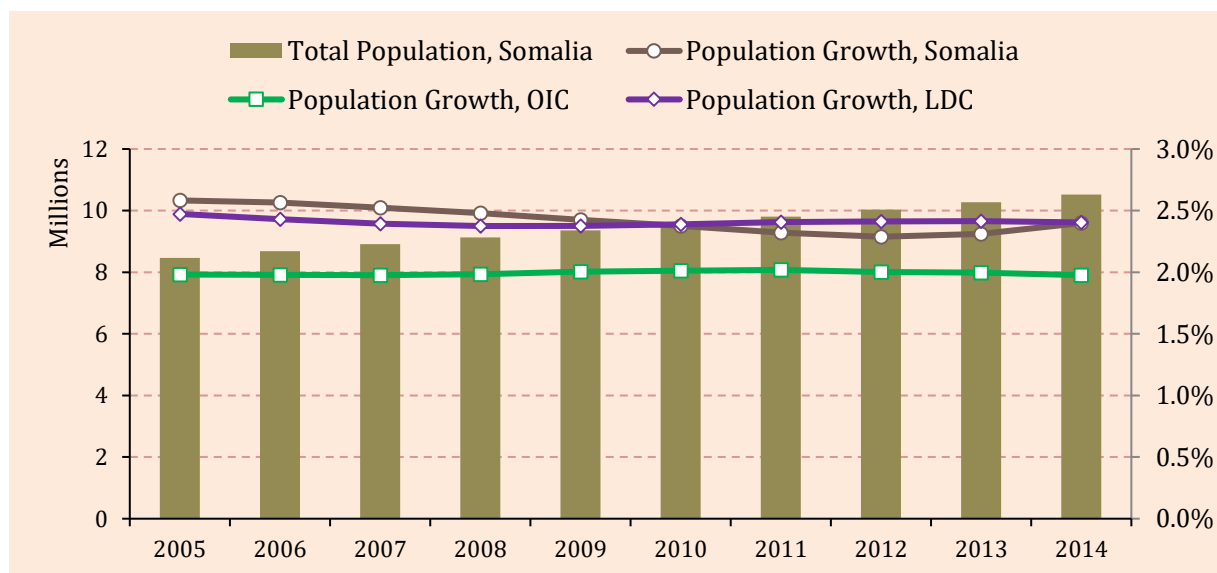
This section examines some selected indicators on demography and social development for Somalia over the last 10 years. Some selected major health and education indicators are also evaluated.

2.1 DEMOGRAPHY

2.1.1 POPULATION DYNAMICS

Gries (2007) states that population is the driving force for potentials and the fundamental determinant of the potential size of a country or global region. Only a region with a substantial population size has the potential for developing into a global centre; yet, pure population size does not necessarily lead to economic success or size. However, once the take-off process is successful and the countries start to develop, population size rapidly transforms into economic size. The large (in terms of population), but poor countries now begin to develop successfully and turn their potentials into real economic values of gigantic dimensions. The international statistics define total population as the sum of all residents regardless of legal status or citizenship (except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin).

Figure 2.1: Total Population of Somalia and Its Population Growth Rate Compared to OIC and LDC, 2005-2014

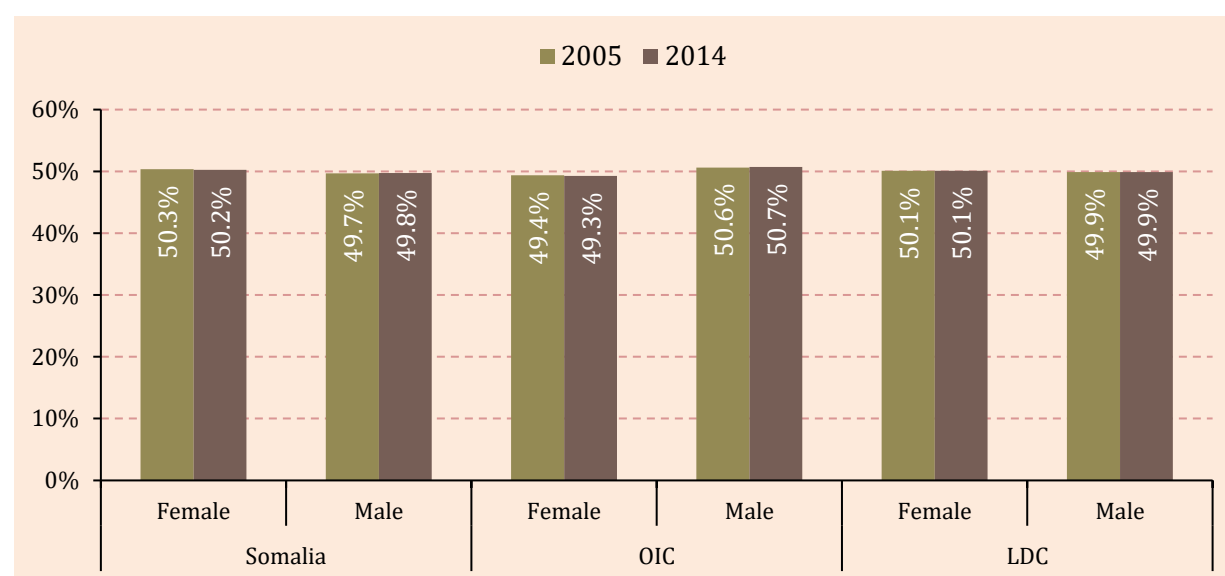


Source: World Bank, WDI

Figure 2.1 shows that population of Somalia has recorded an increase of around 2 million people from 8.5 million in 2005 to 10.5 million in 2014. It is observed that the share of Somalia's population slightly increased from 0.60 per cent in 2005 to 0.62 per cent in 2014 in the total population of the OIC group. Over the same period, the share of Somalia's population in the LDC group went up from 1.12 per cent to 1.13 per cent. In this period, the population of Somalia recorded an annual average exponential growth rate of 2.41 per cent that was higher than the averages of the OIC (1.99 per cent) and LDC (2.37 per cent) groups (Figure 2.1).

In terms of sex distribution, as depicted in Figure 2.2, the share of female population in total population of Somalia decreased slightly from 50.3 per cent in 2005 to 50.2 per cent in 2014. In the OIC group (49.4 per cent, 2005; 49.3 per cent in 2014) and LDC group (50.1 per cent in 2005; 50.1 per cent in 2014), the shares of female population in their total population were lower than the average of Somalia in both years.

Figure 2.2: Population by Sex in Somalia, OIC, and LDC; 2005 vs. 2014

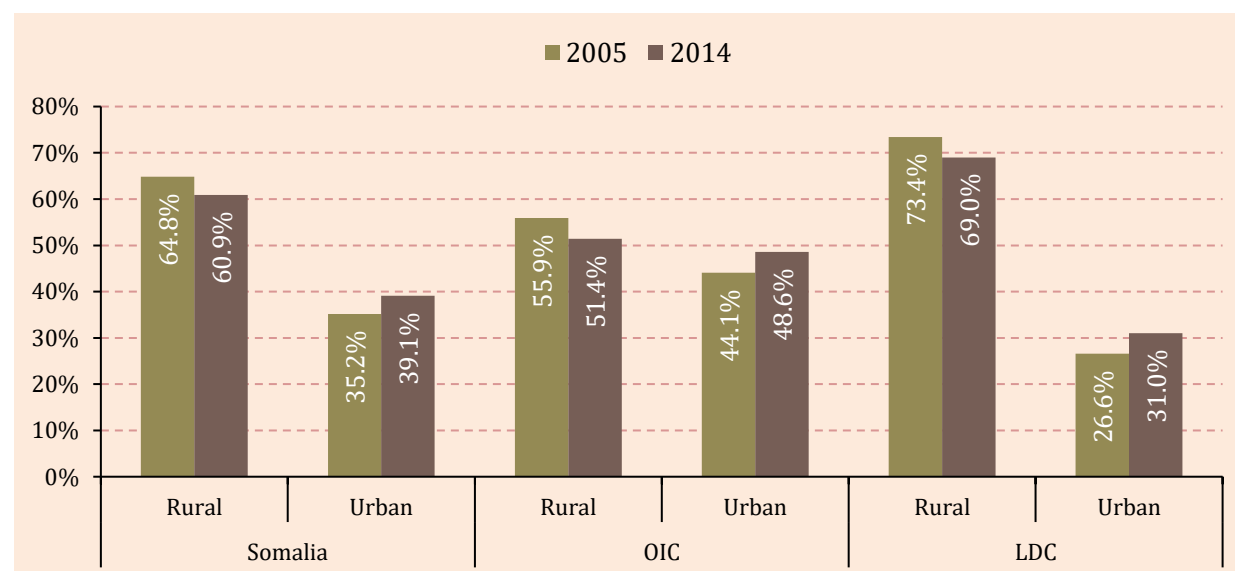


Source: World Bank, WDI

Figure 2.3 comparatively displays rural and urban Somalian populations against those of the OIC and LDC groups in 2005 and 2014. Despite a 3.9 percentage-point decrease in rural population, 60.9 per cent of the population were still living in rural areas in 2014 in Somalia. Comparatively, Somalia's rural population share in its total population was lower than that of the LDC group (73.4 per cent in 2005; 69.0 per cent in 2014) but higher than that of the OIC group (55.9 per cent in 2005; 51.4 per cent in 2014). On the other hand, the average share of Somalian urban population in total population increased from 35.2 per cent in 2005 to 39.1 per cent in 2014. The average share of population living in urban areas in Somalia exceeded the averages of the LDC group (26.6 per cent in 2005; 31.0 per cent in 2014). However, in the OIC group, the average shares of population living in urban areas were far higher than the averages seen in Somalia in 2005 and 2014. The annual average rural population growth rate in Somalia was 1.71 per cent over the period analysed. This was a higher

average growth rate when compared to the averages of the OIC (1.11 per cent) and LDC (1.68 per cent) groups. On the other hand, Somalia's annual average urban population growth rate in the same period was measured at 3.6 per cent that surpassed the average of the OIC (3.1 per cent) group but fell behind the average of the LDC group (4.1 per cent).

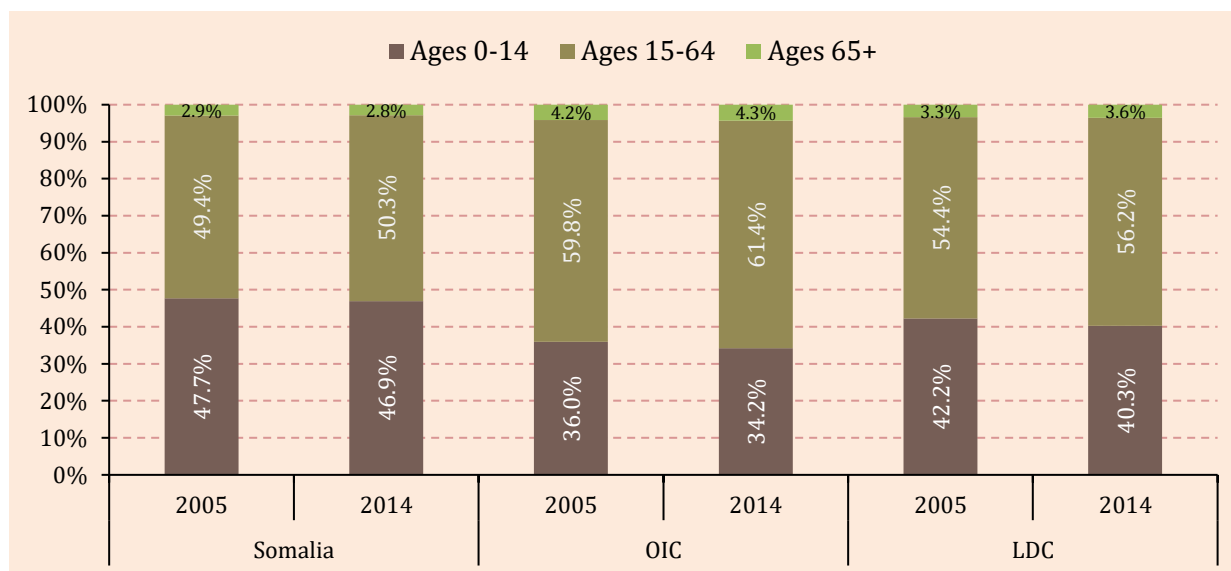
Figure 2.3: Rural and Urban Population in Somalia, OIC, and LDC; 2005 vs. 2014



Source: World Bank, WDI

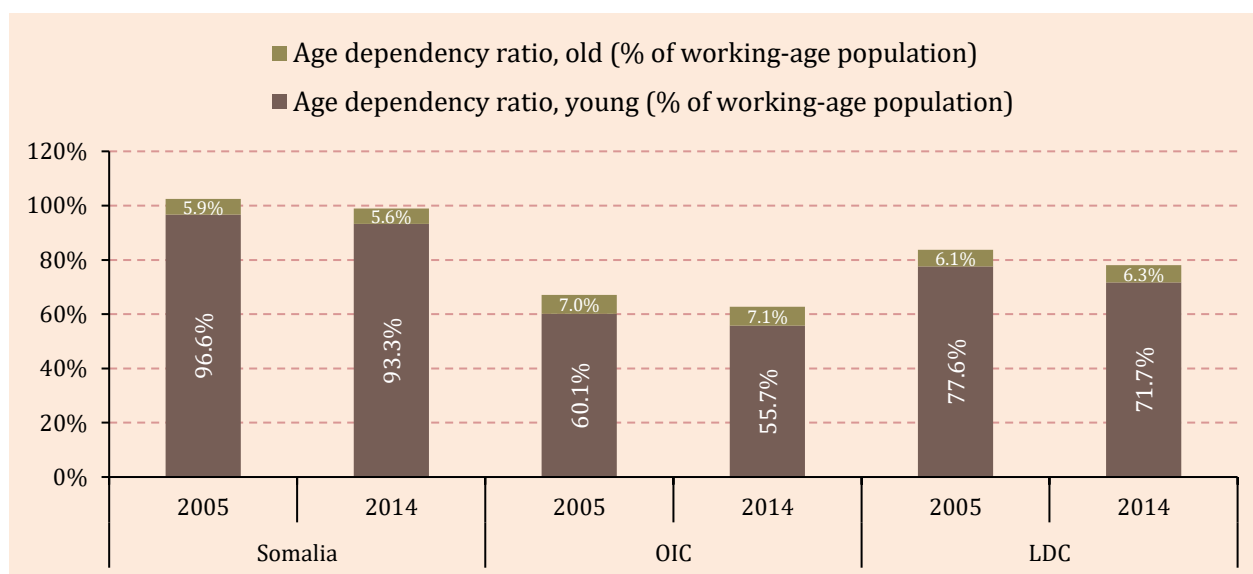
The State of World Population 2014 Report of the UNFPA (2014) expresses that *countries with limited resources or weak economies face additional challenges of meeting the rapidly growing demand for jobs and income-earning opportunities for the millions who are approaching working age*. Despite the differences in national practices, international statistics define working age or productive part of the population as those aged 15 to 64. Those aged below 15 and above 64 are categorized as the non-working-age population or dependents.

Figure 2.4 shows that the age groups classified as dependents (0-14 and 65+ ages) in Somalia decreased by 0.89 percentage-point from 50.6 per cent in 2005 to 49.7 per cent in 2014. In the same period, the share of dependents in the entire OIC group population recorded a 1.59 percentage-point decrease and measured at 38.6 per cent in 2014. A similar reduction between 2005 and 2014 also observed in the dependency ratio of the LDC group and it was recorded at 43.8 in 2014. In 2014, more than half the population (50.3 per cent) of Somalia has been categorized as the working-age or productive. In the OIC group, the productive population constituted about 61.4 per cent of the total population where in the LDC group the share of productive population was measured around 56.2 per cent in 2014. According to Figure 2.4, in Somalia the share of 65+ age group (in total population) decreased from 2.9 per cent in 2005 to 2.8 per cent in 2014. In contrast, the OIC group (from 4.2 per cent in 2005 to 4.3 per cent in 2014) and LDC group (from 3.3 per cent in 2005 to 3.6 per cent in 2014) recorded increases in their 65+ age group's shares.

Figure 2.4: Population by Age Groups in Somalia, OIC, and LDC; 2005 vs. 2014

Source: World Bank, WDI

The age groups distribution in total population has implications for the socio-economic welfare. Composing of the young and old dependency ratios, the total age dependency ratio is the ratio of the dependents population (0 to 14 years and 65 or older) to the working-age population (15 to 64 years). It is expressed as the number of “dependents” for every 100 “working age” people who theoretically provide social and economic support.

Figure 2.5: Age Dependency Ratio in Somalia, OIC, and LDC; 2005 vs 2014

Source: World Bank, WDI

Figure 2.5 exhibits that the total age dependency ratio (sum of young and old age dependency ratios) of Somalia decreased by 3.6 dependents from 102.5 in 2005 to 98.9 in 2014 per 100 “working age” people. When compared to those of the averages of the OIC and LDC groups² in 2014, Somalia was observed to have 36.2 and 19.0 dependents more than the OIC and LDC groups, respectively. In 2005, Somalia was having 35.4 and 17.3 dependents more than the OIC and LDC groups, respectively. In other words, the level of reduction in the young age dependency ratio between 2005 and 2014 was higher in both the OIC group (4.4 young dependents less from 60.1 in 2005 to 55.7 in 2014) and LDC group (5.8 young dependents less from 77.6 in 2005 to 71.7 in 2014) groups when compared to the decrease of 3.3 less young dependents per 100 “working-age” people (from 96.6 in 2005 to 93.3 in 2014) in Somalia. Between 2005 and 2014, some slight increases were observed in the old age dependency ratios of the OIC group (from 7.0 in 2005 to 7.1 in 2014) and LDC group (6.1 in 2005 to 6.3 in 2014). However, in the same period, Somalia exhibited a reverse trend and recorded a decrease from 5.9 to 5.6.

As the population of “working age” people in Somalia is higher than the population of dependent people, these findings may signify a “window of opportunity” for the country, if the potential of young people can be recognized and cultivated by closing the gap between the demands placed on young people and the opportunities provided to them (UNFPA, 2014).

Civil registration plays a pivotal role in the measurement of population dynamics in a country. Civil registration is the continuous, permanent, compulsory and universal recording of the occurrence and characteristics of vital events pertaining to the population as provided through decree or regulation in accordance with the legal requirements of a country. Properly functioning national civil registration and vital statistics (CRVS) systems are important on the grounds that:

- (i) individuals are officially recognized by documenting their legal identities, family relationships and civil statuses;
- (ii) accurate, complete and timely statistics on the health and demographics of the population are produced;
- (iii) national CRVS databases are maintained; and most importantly; and
- (iv) decision-makers are provided with the timely, relevant, and quality information for policy-making at national and local levels.

Despite its importance, the CRVS system of Somalia has difficulties in capturing the vital events into administrative registries. The international statistics show that only 3 per cent of the births were registered in 2006, whereas in the same year the averages of the OIC and LDC groups were measured at 67.2 per cent and 48.2 per cent, respectively.

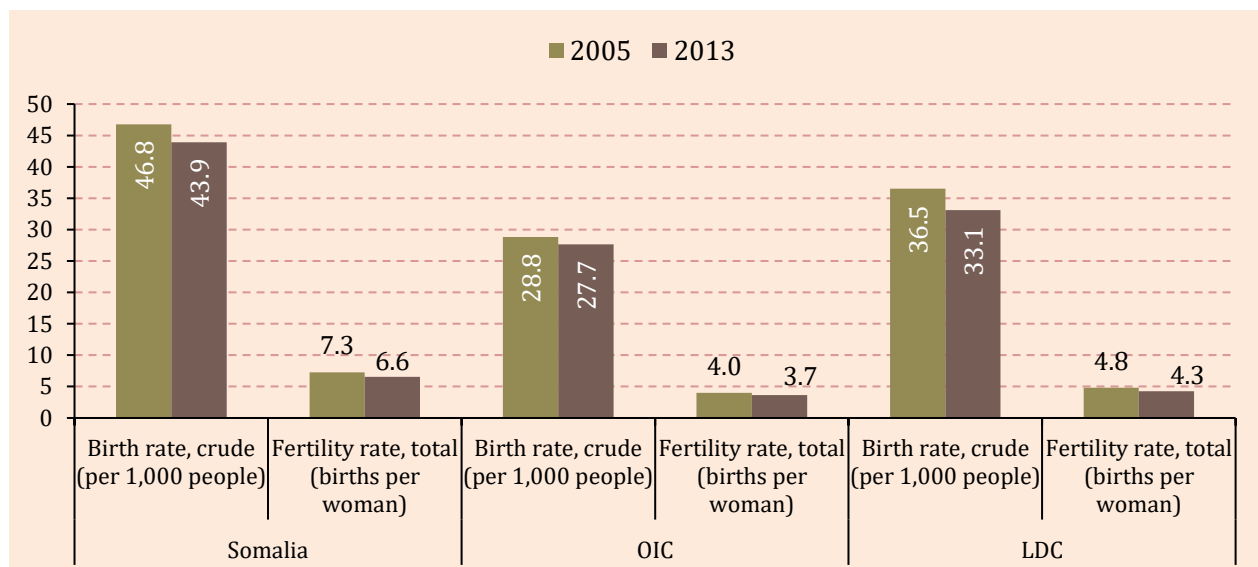
As quoted by Abdel-Rahman (1982), the demographic transition theory postulates that lowering fertility levels are associated with a process of socio-economic development that may help to transform a society from an agrarian economy to a more advanced and commercial economy. During

² Due to the methodology applied by the main data source, the sum of young and old age dependency ratios does not add up to the available total age dependency ratio in the LDC group.

this transition process, both the mortality and fertility rates tend to go down. In this context, one of the widely used indicators for measuring the impact of births on the society is the crude birth rate (CBR) which is defined as the number of live births (per 1,000 people) per year. Getis et al. (2009) state that birth rates equal to 18 or less than 18 (per 1,000 people) are considered *low*, 18 to 30 births are considered *transitional* while rates above 30 births are considered as *high*. Sen (1994) also states that there are strong reasons for concern about the adverse effects of high birth rates on the quality of life, especially of women and added that “*With greater opportunities for education (especially female education), reduction of mortality rates (especially of children), improvement in economic security (especially in old age), and greater participation of women in employment and in political action, fast reductions in birth rates can be expected...*”.

Figure 2.6 shows that the CBR in Somalia decreased from 46.8 in 2005 to 43.9 in 2013. When compared with the averages of the OIC group (28.8 in 2005 and 27.7 in 2013) and LDC group (36.5 in 2005 and 33.1 in 2013), the CBR of Somalia was higher than the averages of these two groups in both years. In addition to the CBR, the total fertility rate (TFR) represents the number of children that would be born to a woman if she were to live to the end of her childbearing years (by age 50) and bear children in accordance with current age-specific fertility rates. A population that maintains a TFR above 5 children per woman is considered as *high fertility*, levels of about 2.1 are considered as *replacement-level fertility*, levels below 2.1 are considered as *below-replacement level fertility*, and levels below 1.3 are considered as *very low fertility* (UNDESA, 2007). Somalia has kept its TFR rates above 5 between 2005 and 2013 that recorded a slight decrease from 7.3 in 2005 to 6.6 in 2013. The average of the OIC group declined from 4.0 in 2005 to 3.7 in 2013. Likewise, the average TFR of the LDC group decreased from 4.8 in 2005 to 4.3 in 2013.

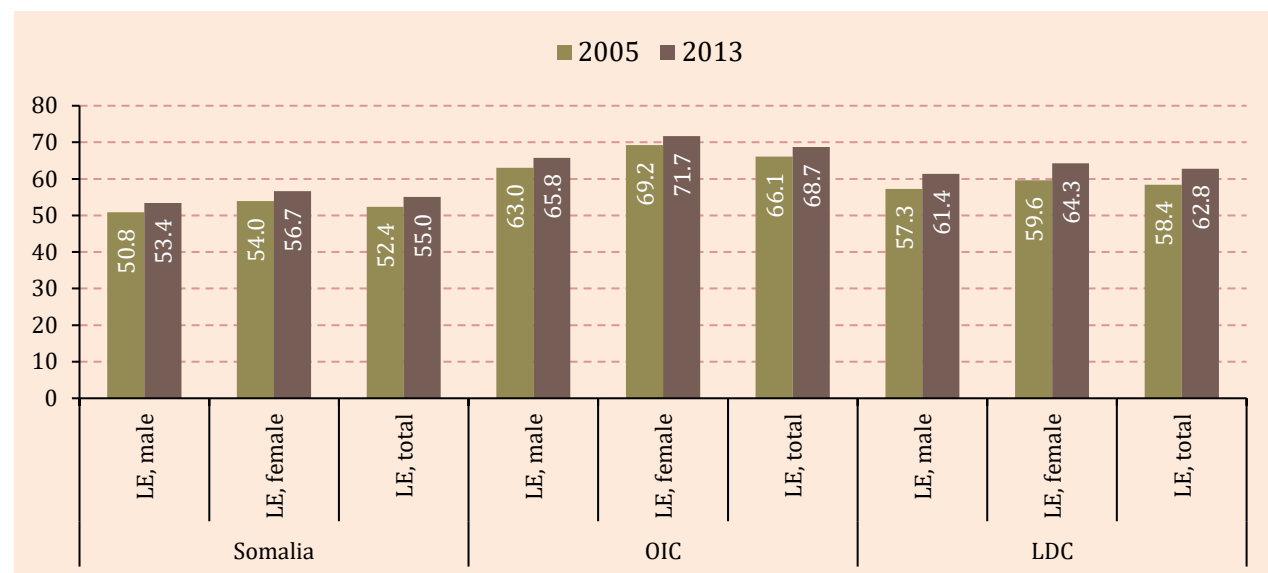
Figure 2.6: Crude Birth and Total Fertility Rates in Somalia, OIC, and LDC; 2005 vs.2013



Source: World Bank, WDI

The life expectancy rates in Somalia were recorded an increase during the period 2005-2013 yet lower than the averages seen in the OIC and LDC groups. The increase in life expectancy at birth in Somalia for total, males and females were 2.6, 2.6, and 2.7 years, respectively; being 55.0 for total, 53.4 for males, and 56.7 for females in 2013. The LDC group witnessed increases of 4.4, 4.1, and 4.7 years for total, males, and females, respectively from 2005 to 2013; being 62.8 for total, 61.4 for males, and 64.3 for females. Moreover, the median life expectancy at birth of the OIC group also exhibited an increase of 2.6, 2.7, and 2.5 years for total, males, and females, respectively; ultimately reaching 68.7 for total, 65.8 for males, and 71.7 for females in 2013 (Figure 2.7).

Figure 2.7: Life Expectancy at Birth in Somalia, OIC, and LDC; 2005 vs.2013



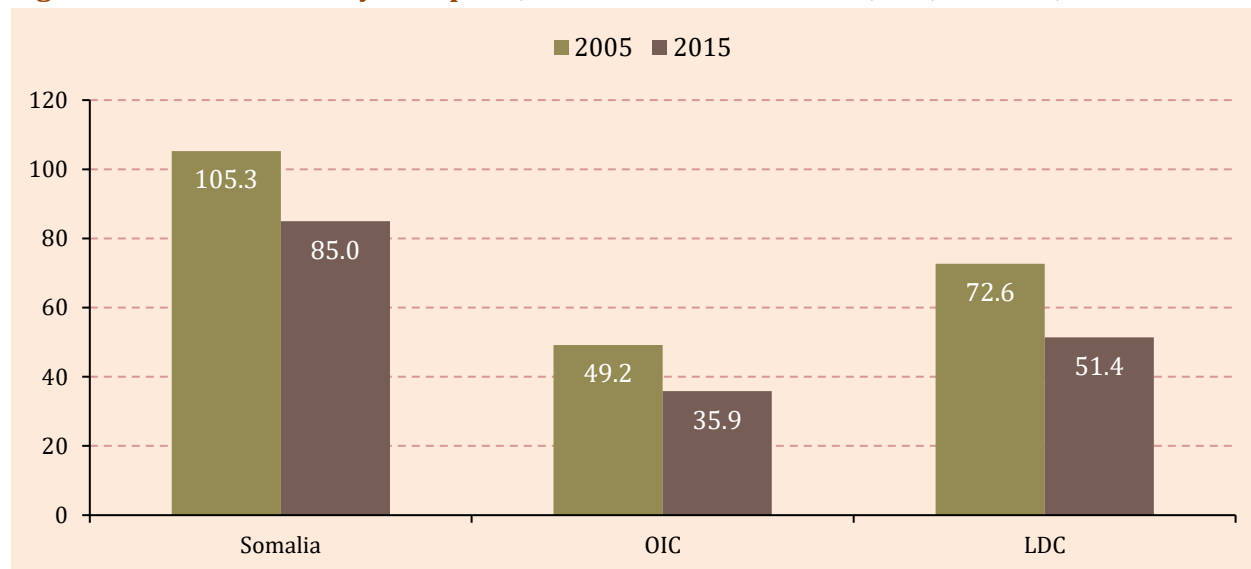
Source: World Bank, WDI

The infant mortality rate (IMR) is the number of deaths of infants under one year old per 1,000 live births. This rate is often used as an indicator of the level of the quality of health care services in a country. Thanks to national and international efforts, Somalia achieved to reduce infant mortality rate (IMR) from 105.3 in 2005 to 85.0 in 2015; yet, it is still behind the average progress recorded by the OIC (down from 49.2 in 2005 to 35.9 in 2015) and LDCs (down from 72.6 in 2005 to 51.4 in 2015) groups (Figure 2.8).

As the crude death rate may miss some aspects on the survival of the individuals in the population, it would be important to look at average adult mortality rates (AMR) of each sex. The international statistics define AMR as the probability of a 15-year-old dying before reaching age 60, if subject to current age-specific mortality rates between those ages. For males in Somalia, the AMR dropped from 369.0 in 2005 to 348.0 in 2013 per 1,000 people. For females in the country, the AMR was measured to be 288.3 in 2013, lower than 312.3 in 2005 per 1,000 people. As for the group averages depicted in Figure 2.9, the average AMR seen among female population in the OIC and LDC groups were lower than the averages of Somalia seen in the same period. In the OIC group, the AMR of females went down by 25.3 from 193.4 in 2005 to 168.1 in 2013 and in the LDC group, it dropped by 52.4 from 263.7 in

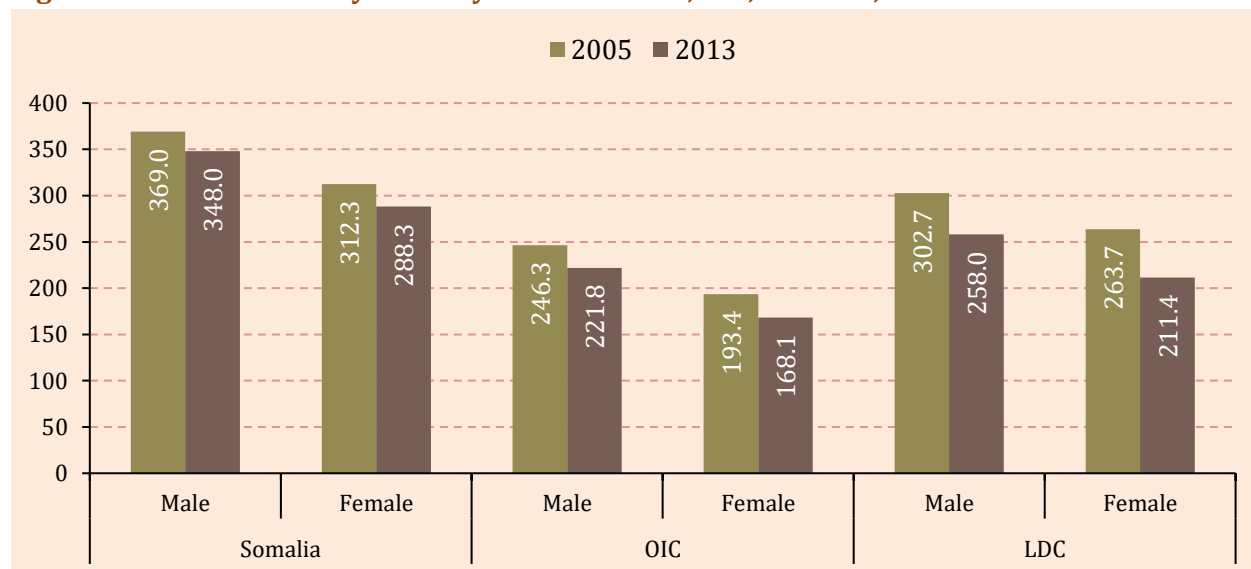
2005 to 211.4 in 2013. The AMR of males in the OIC group, on average, decreased by 24.5 from 246.3 in 2005 to 221.8 in 2013. In the LDC group, the AMR of males, on average, went down by 44.7 from 302.7 in 2005 to 258.0 in 2013.

Figure 2.8: Infant Mortality Rate per 1,000 live births in Somalia, OIC, and LDC; 2005-2015



Source: World Bank, WDI

Figure 2.9: Adult Mortality Rates by Sex in Somalia, OIC, and LDC; 2005 vs. 2013



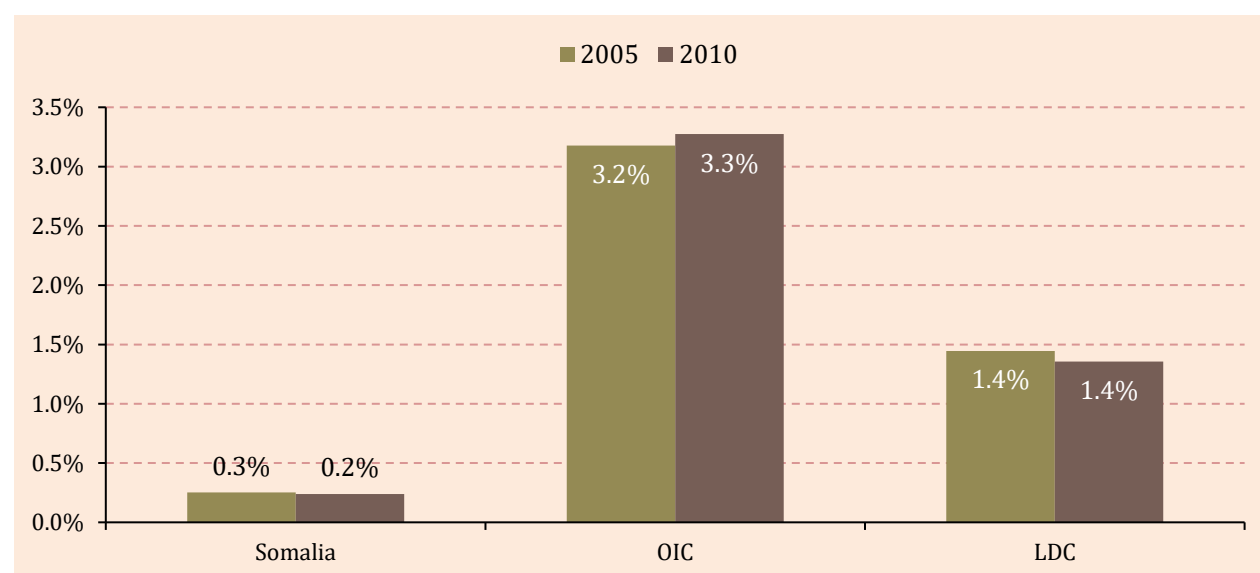
Source: World Bank, WDI

Cross-border migratory moves also have an impact on the population dynamics of countries. Somalia's net migration (total number of immigrants less the annual number of emigrants, including both citizens and noncitizens) figures show that the number of emigrants leaving Somalia surpassed the number of people immigrating to Somalia by 400 thousand people in 2012, an increase of 50

thousand emigrants compared to 350 thousand people in 2007. Those figures made up 10.0 per cent of the emigrants leaving the OIC countries group (up from 8.3 per cent in 2007) and 8.4 per cent of the emigrants leaving the LDCs group in 2012 (up from 4.2 per cent in 2007).

In this context, the international migrant stock (IMS) is another important indicator, which reports the number of people born in a country other than that in which they live. It also includes refugees by country or territory of asylum. Figure 2.10 indicates that the share of IMS in Somalia's total population stayed almost at the same level around 0.25 per cent in both 2005 and 2010. Compared to 3.3 per cent for the OIC group and 1.4 per cent for the LDC group in 2010, the IMS did not seem to have a major effect on the total population of Somalia.

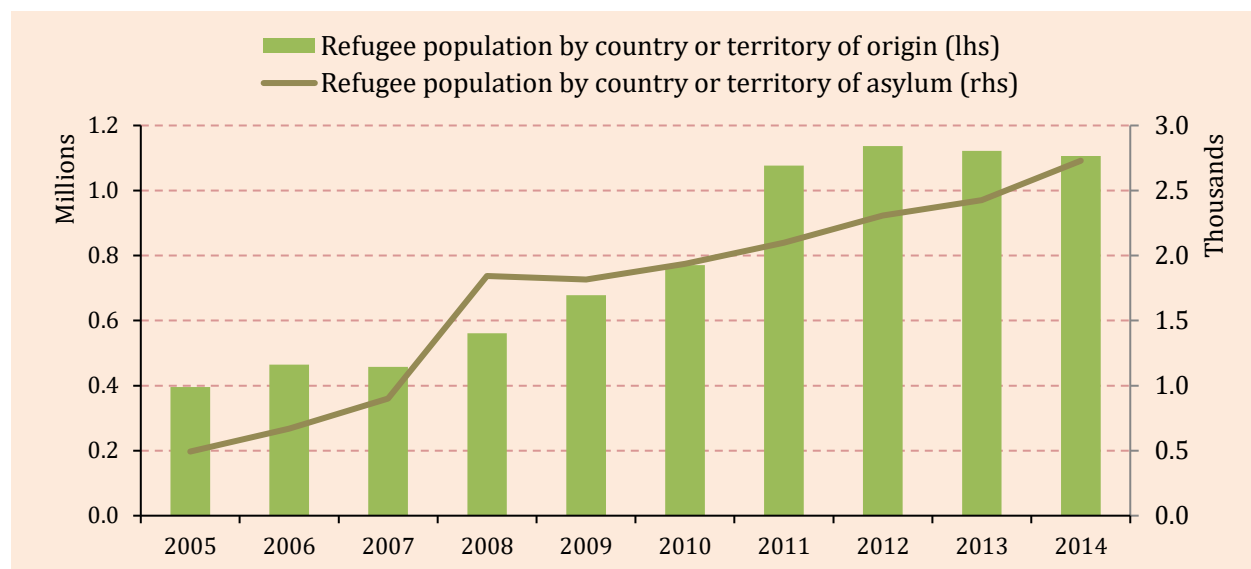
Figure 2.10: International Migrant Stock, Percentage of Total Populations of Somalia, OIC, and LDC; 2005 vs. 2010



Source: World Bank, WDI

As to the refugee situation in Somalia, Figure 2.11 reveals that total number of people who left Somalia as refugees (i.e. total stock of Somali refugees abroad) reached 1.1 million (representing 11.5 per cent of all refugees in the OIC group and 15.6 per cent of all refugees in the LDC group) in 2014, an increase of 710 thousand refugees from the 2005 value of 395 thousand refugees (representing 8.1 per cent of all refugees in the OIC group and 7.2 per cent of all refugees in the LDC group). The 2014 level is less than the peak one recorded in 2012 at 1.14 million Somalians who left their country as refugees. On the other hand, the total stock of refugees in Somalia climbed from 493 refugees (representing 0.01 per cent of the OIC group and 0.02 per cent of the LDCs group) in 2005 to 2,729 refugees (representing 0.02 per cent of the OIC group and 0.08 per cent of the LDC group) in 2014.

Figure 2.11: Refugee Population by Country or Territory of Asylum in Somalia (right) and of Origin outside Somalia (left), 2005-2014



Source: World Bank, WDI

2.1.2 RELIGION AND ETHNIC GROUPS

The vast majority of residents in Somalia are Muslim (over 99 per cent), the majority belonging to the Sunni branch of Islam and the Shafi'i school of Islamic jurisprudence, although some are adherents of the Shia Muslim denomination. Sufism, the mystical dimension of Islam, is also well-established, with many local jama'a (zawiya) or congregations of the various tariqa or Sufi orders.

Article 2 of the Provisional Constitution of Somalia defines Islam as the state religion of the Federal Republic of Somalia, and Islamic Shari'a as the basic source for national legislation. It also stipulates that no law that is inconsistent with the basic tenets of Shari'a can be enacted. Article 11 guarantees equal rights and freedom from persecution for all citizens before the law regardless of religion. Additionally, Article 17 protects freedom of religion.

About 85 per cent of local residents are ethnic Somalis, who have historically inhabited the northern part of the country. They have traditionally been organized into nomadic pastoral clans, loose empires, sultanates and city-states.³ Civil strife in the early 1990s greatly increased the size of the Somali diaspora, as many of the best educated Somalis left the country.

Non-Somali ethnic minority groups make up the remainder of the nation's population, and are largely concentrated in the southern regions. They include Bravanese, Bantus, Bajuni, Ethiopians, Indians, Persians, Italians and Britons. The Bantus, the largest ethnic minority group in Somalia, are the

³ Nomads: Population who are dependent upon livestock for their livelihood.

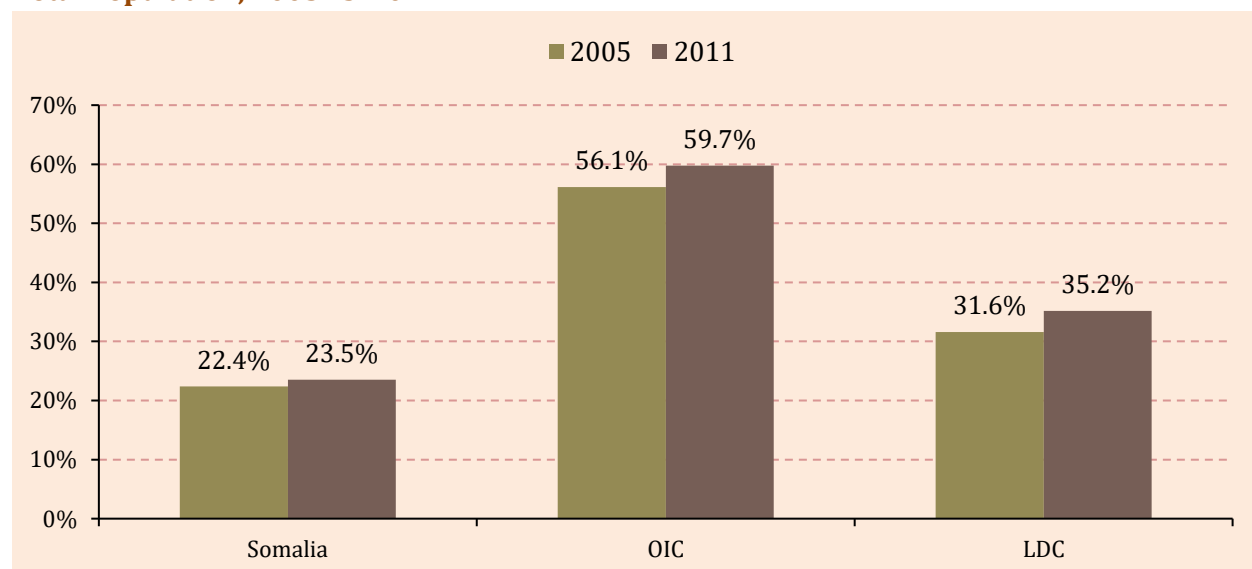
descendants of slaves who were brought in from South-Eastern Africa by Arab traders. Most Europeans left after independence.

2.2 HEALTH AND NUTRITION

The most recent data are only available for years 2006 and 2010 with respect to the capacity of human resources in health sector in Somalia. In both years, while one physician existed per around 28.6 thousand people, one nurse/midwife existed per around 8.8 thousand people. Both figures convey a message that Somalia faces a serious and critical shortage of human resources in the health sector. In this regard, the World Health Organization (WHO) classified Somalia in 2006 as one of the 49 countries facing “*human resources for health crisis*”. In order to remedy this serious problem, resources are needed to be allocated to surpass the minimum threshold of 23 doctors, nurses and midwives per 10 thousand population that was identified by the WHO as necessary to deliver essential maternal and child health services (WHO, 2010).

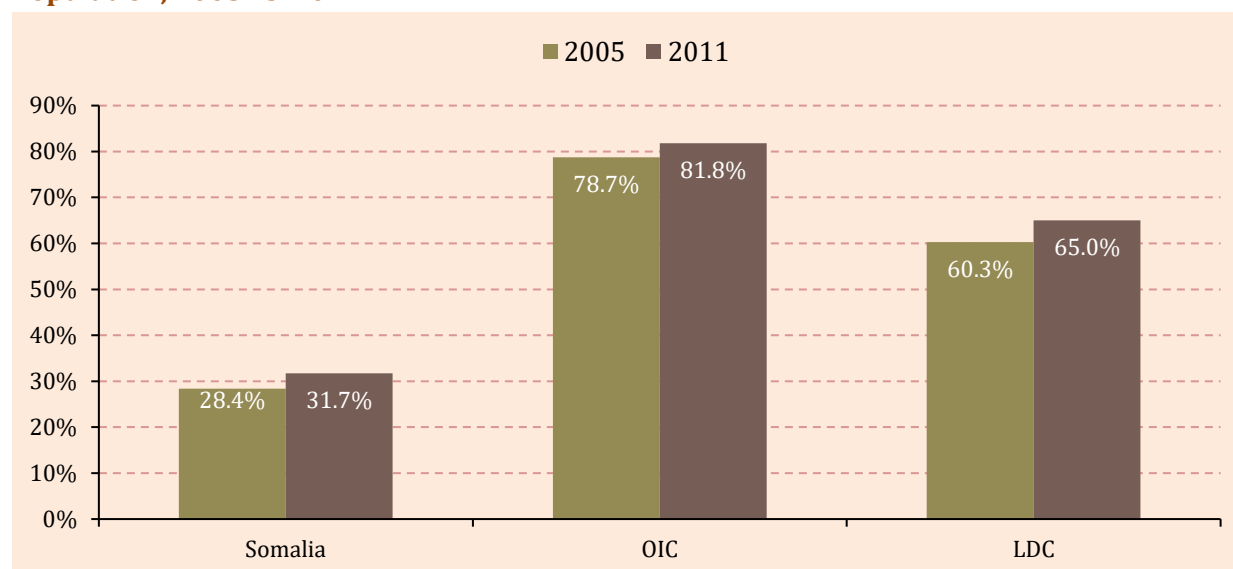
Access to improved sanitation and water sources is vital in preserving the public health and preventing communicable diseases. Access to improved sanitation facilities refers to the percentage of the population using improved sanitation facilities. Improved sanitation facilities are likely to ensure hygienic separation of human excreta from human contact. They include flush/pour flush (to piped sewer system, septic tank, and pit latrine), ventilated improved pit (VIP) latrine, pit latrine with slab, and composting toilet. As shown in Figure 2.12, only 23.5 per cent of the Somalian population had access to improved sanitation facilities in 2011, which was a lower value when compared with the average of the OIC group (59.7 per cent) and LDC group (35.2 per cent).

Figure 2.12: Access to Improved Sanitation Facilities in Somalia, OIC, and LDC; Percentage of Total Population, 2005 vs. 2011



Source: World Bank, WDI

Figure 2.13: Access to Improved Water Resources in Somalia, OIC, and LDC; Percentage of Total Population, 2005 vs. 2011



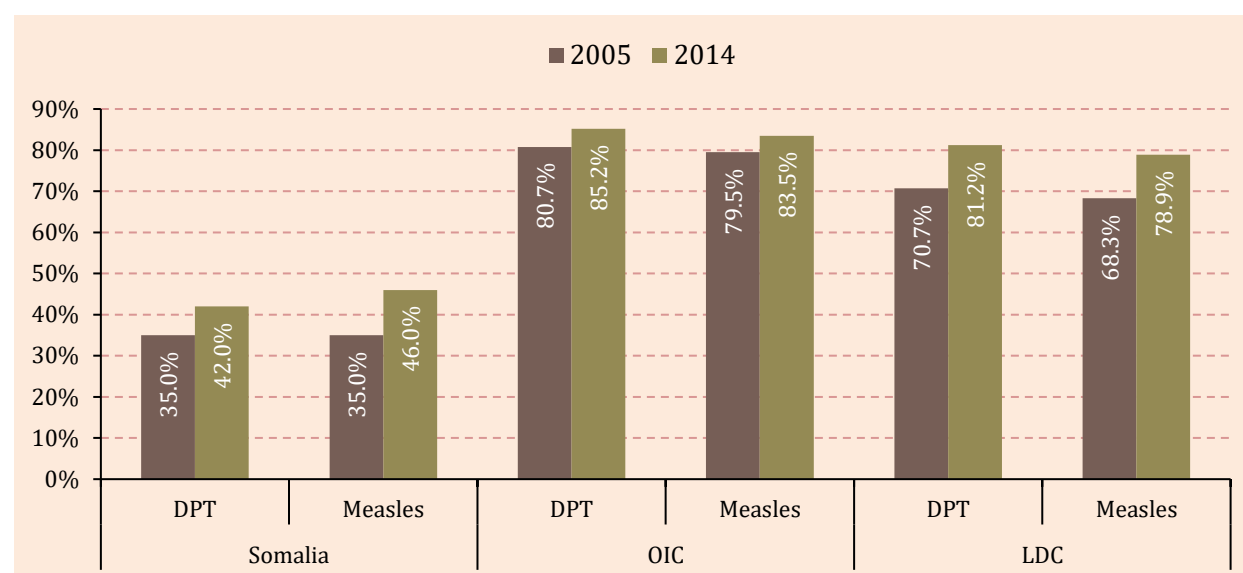
Source: World Bank, WDI

Access to an improved water source refers to the percentage of the population using an improved drinking water source. The improved drinking water source includes piped water on premises (piped household water connection located inside the user's dwelling, plot or yard), and other improved drinking water sources (public taps or standpipes, tube wells or boreholes, protected dug wells, protected springs, and rainwater collection). Internal war and on-going conflicts have affected the people in rural areas in a negative way that some of them lost their access to improved water sources over time. On the other hand, people living in urban areas saw a small improvement in their access to improved water sources. These findings imply that the impacts of the conflicts in Somalia are not being distributed equally between urban and rural population, where rural population seems to suffer more. Despite the on-going internal conflicts and underinvestment, a 3.3 percentage-point increase was recorded that the share of Somali population with access to improved water sources went up from 28.4 per cent in 2005 to 31.7 per cent in 2011. Figure 2.13 depicts that in Somalia the share of population with access to improved water sources was far below when compared to the averages of the OIC (81.8 per cent) and LDC (65.0 per cent) groups in 2011.

Immunizations have had a vast impact on improving children's health. Vaccination is one of the most effective ways to protect infants, children, and teens from potentially harmful diseases. Vaccine-preventable diseases can be deadly, especially for infants and young children. The WHO data show that more than 50 per cent of the children aged 12-23 months in Somalia had neither diphtheria, pertussis (or whooping cough) & tetanus (DPT) nor measles vaccines before 12 months or at any time before 24 months. Between 2005 and 2014 both the DPT and measles immunization coverage rates saw an improvement. For DPT the coverage rate increased from 35 per cent to 42 per cent whereas for measles it went up from 35 per cent to 46 per cent (Figure 2.14). With these values, Somalia still continued to have a huge gap with the averages of the OIC and LDC groups. These country groups

managed to reach higher DPT (OIC, 85.2 per cent and LDC, 81.2 per cent) and measles (OIC, 83.5 per cent and LDC, 78.9 per cent) immunization rates in 2014.

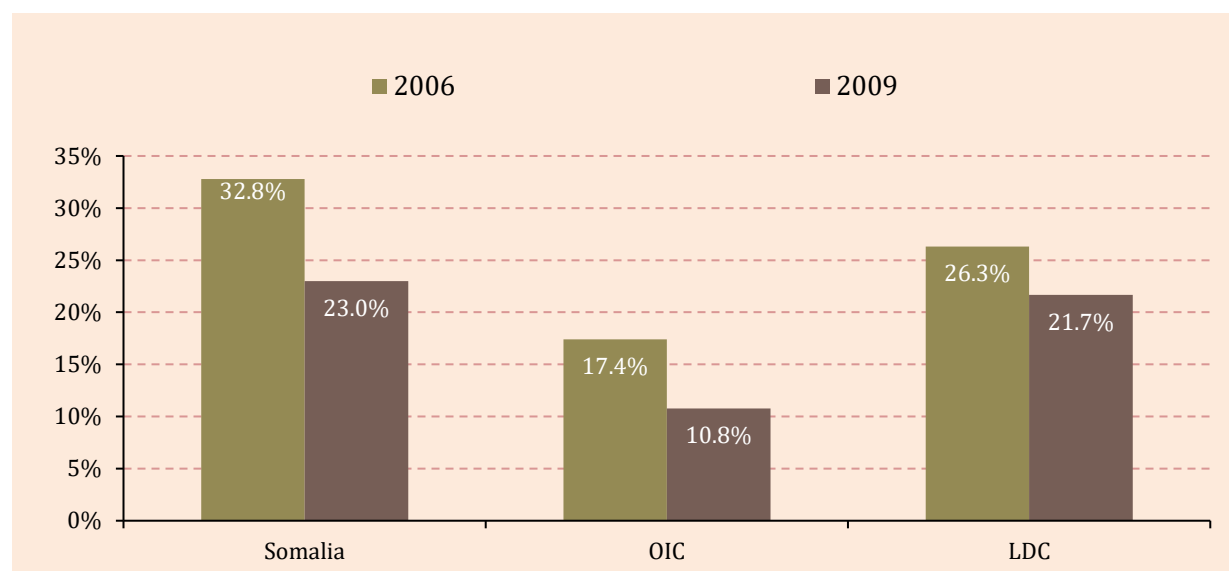
Figure 2.14: DPT and Measles Immunization, Percentage of children between ages 12-23 months in Somalia, OIC, and LDC; 2005 vs. 2014



Source: World Bank, WDI

Undernutrition, defined in public health by poor anthropometric status, is mainly a consequence of inadequate diet and frequent infection, leading to deficiencies in calories, protein, vitamins and minerals. Underweight remains a pervasive problem in developing countries, where poverty is a strong underlying determinant, contributing to household food insecurity, poor child care, maternal undernutrition, unhealthy environments, and poor health care. All ages are at risk, but underweight is most prevalent among children under five years of age, especially in the weaning and post-weaning period of 6-24 months. Underweight children are at increased risk of mortality from infectious illnesses such as diarrhoea and pneumonia. The effects of undernutrition on the immune system are wide-ranging, and infectious illnesses tend to be more frequent and severe in underweight children (Rice et al., 2000). Figure 2.15 exhibits that between 2006 and 2009 Somalia had made a progress by decreasing the prevalence of underweight (for children aged under-5 years) from 32.8 per cent in 2006 to 23.0 per cent in 2009. However, the prevalence rates were higher in Somalia when compared with the averages of the OIC (10.8 per cent) and LDC (21.7 per cent) groups in 2009.

Figure 2.15: Prevalence of Underweight of Children under-5 in Somalia, OIC, and LDC; 2006 vs. 2009



Source: World Bank, WDI

2.3 EDUCATION AND GENDER

Access to quality education is essential for development. Not only does education provide children, youth and adults with the knowledge and skills to be active citizens, literacy in particular contributes directly to poverty reduction. Education also contributes to sustainable economic growth and to more stable and accountable societies and governments. Yet education cannot be seen in isolation: it is closely related to children's health, gender equality, human rights, peace, and employment opportunities (Manrique, 2015).

Officially, each Somali child in the age of six starts her/his primary education to be completed in 6 years. The secondary education starting at the theoretical age of twelve also lasts for 6 years. The instability in Somalia for long years destroyed the country's education and statistical system, which then resulted in a huge data gap for the major education indicators. Therefore major education indicators for Somalia are only available for 2007 and presented in Table 2.1.

According to Table 2.1, the primary and secondary education enrolment ratios in Somalia were very low in 2007 when compared with the averages of the OIC and LDC groups. Gross enrolment ratio in the primary education was recorded at 29.2 per cent in Somalia. However, for female population this ratio was measured as 20.8 per cent. In the secondary education, gross enrolment ratio was even lower when compared to the primary education. Only 10 per cent of male population enrolled into a secondary education institution in 2007 in Somalia. On the other hand, about 95 per cent of female population did not enrol into a secondary education institution in the same year. In comparison with the averages of the OIC and LDC groups, there is a lot more room to improve Somalia's enrolment ratios.

Apart from problems related with access to education, the Somalian education system also suffers from overcrowded classrooms that affect the quality of education in a negative way. In this context, the data show that the pupil-teacher ratio in Somalia was around 35.5 students per teacher (30.0 in the OIC group; 45.4 in the LDCs group) in the primary education, whereas it was relatively better in the secondary education with a ratio of 19.3 students per teacher (20.8 in the OIC group; 26.0 in the LDC group).

With respect to the gender parity, it is clear that the low attendance of girls to schools was a major issue for the country. Only 35.5 per cent of all students were female in the primary education in 2007, whereas the averages of the OIC and LDC groups were both exceeding 45 per cent. In the secondary education, the share of female students was merely 31.5 per cent while the averages of the OIC and LDC groups were stagnating around 45 per cent. The gender disparity that was disfavoured females can also be seen at the level of teachers. The percentage of teachers working as primary and secondary school teachers who are women were representing less than 20 per cent of all teachers in Somalia in 2007. The female teachers in the OIC and LDC groups, on the other hand, constituted 54.0 and 39.9 per cent in the primary education, respectively. In the secondary education, the share of female teachers (in all teachers) in the OIC and LDC groups, on average, recorded at 39.3 and 25.2 per cent, respectively.

Table 2.1: Major Education Indicators for Somalia, OIC, and LDC; 2007

Indicator	Somalia	OIC	LDC
ENROLMENT			
Enrolment in primary education, both sexes (number)	457,132	175,173,738	117,739,808
Gross enrolment ratio, primary, both sexes (%)	29.20	94.32	98.64
Gross enrolment ratio, primary, female (%)	20.77	90.60	94.05
Gross enrolment ratio, primary, male (%)	37.57	97.95	103.13
Enrolment in secondary education, both sexes (number)	86,929	94,136,446	38,086,404
Gross enrolment ratio, secondary, both sexes (%)	7.35	61.45	34.76
Gross enrolment ratio, secondary, female (%)	4.63	57.95	30.89
Gross enrolment ratio, secondary, male (%)	10.06	61.75	38.57
GENDER PARITY			
Gross enrolment ratio, primary, gender parity index (GPI)	0.55	0.92	0.91
Percentage of students in primary education who are female (%)	35.46	46.87	47.16
Gross enrolment ratio, secondary, gender parity index (GPI)	0.46	0.88	0.80
Percentage of students in secondary education who are female (%)	31.47	45.16	44.07
TEACHERS			
Teachers in primary education, both sexes (number)	12,870	5,734,349	2,594,197
Percentage of teachers in primary education who are female (%)	16.62	54.00	39.95
Pupil-teacher ratio in primary education (headcount basis)	35.52	30.04	45.39
Teachers in secondary education, both sexes (number)	4,504	3,259,126	1,467,151
Percentage of teachers in secondary education who are female (%)	13.52	39.29	25.20
Pupil-teacher ratio in secondary education (headcount basis)	19.30	20.83	25.96

Source: World Bank, WDI

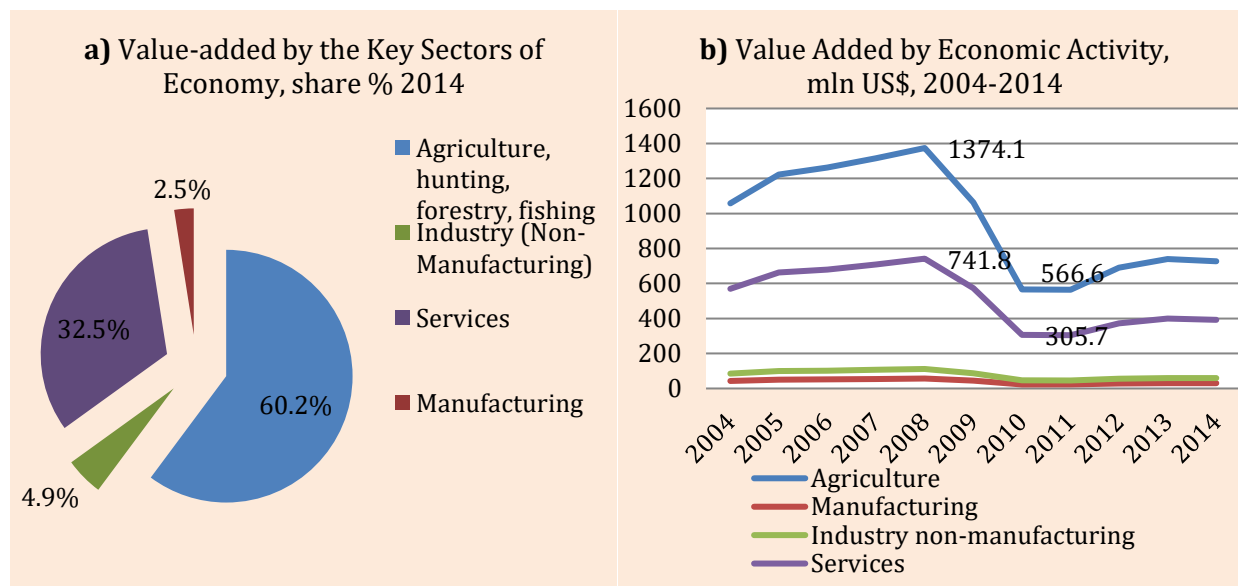
3. ECONOMIC DEVELOPMENT

3.1 OVERALL ECONOMY

Somalia is a Sub-Saharan African economy with around 10.5 million people mainly dependent on the agriculture sector both for economic growth and development. Table 3.1 presents selected macroeconomic indicators on the Somalian economy for the period 2004 and 2014. According to the UN estimation, the size of the Somalian economy was US\$ 1984 million in 2004. GDP in Somalia shrank during 2008-2011. By 2013 GDP of Somalia reached US\$ 1398 million. In 2014, the GDP size of the economy again narrowed down and recorded at US\$ 1374 million. Between 2004 and 2014, the total GDP size of both the OIC and LDC groups increased considerably. The GDP size of the OIC group reached US\$ 6954 billion in 2014 that was 2.8 higher than its value measured in 2004. On the other hand, the GDP size in the LDC group was measured at US\$ 964 billion in 2014 that was 3.4 times higher than its value in 2004.

During the period 2004 and 2014, the annual average growth rate was calculated as -3.3 per cent in Somalia, based on the UN data. Accordingly, GDP per capita in Somalia dropped from US\$ 241 in 2004 to US\$ 131 in 2014. In the same period, the average GDP per capita in the OIC group increased from US\$ 1760 to US\$ 4108 where the average of the LDC group also recorded an increase from US\$ 382 to US\$ 1034. However, the World Bank dataset showed that GDP per capita of Somalia was far higher than the UN estimations both in 2013 and 2014, US\$ 521 and US\$ 543, respectively. The difference between the UN and World Bank estimations on the GDP per capita figures of Somalia implies that there are some serious issues with the data reliability of the Somalian economy.

Figure 3.1: Sectoral Breakdown of GDP of Somalia



Source: United Nations National Accounts Main Aggregates Database

Table 3.1: Selected Macroeconomic Indicators on Somalia

Indicator Name	2004			2014		
	Somalia	OIC	LDC	Somalia	OIC	LDC
GDP (current US\$, million), UN estimation	1984	2440657	280710	1374	6954210	964009
GDP per capita (current US\$), UN estimation	241	1760	382	131	4108	1034
GDP per capita (current US\$), World Bank estimation		1829	618	543	3578	876
Foreign direct investment, net inflows (% of GDP)	-0.2	2.0	3.0	1.8	1.9	2.9
Foreign direct investment, net inflows (BoP, current US\$ million)	-4.8	48686	8399	105	134936	27814
External debt stocks, long-term (DOD, current US\$ million)	1949	599318	137758	1913	1130973	192913
External debt stocks, short-term (DOD, current US\$ million)	725	113695	16417	777	352766	19618
External debt stocks, total (short + long) (DOD, current US\$ million)	2674	713014	154176	2690	1483739	212531
Short-term debt (% of total external debt)	27.1	15.9	10.6	28.9	23.8	9.2
General government final consumption expenditure (current US\$ million)		311278	27457	405	953530	69879
Somali Shilling (IMF based exchange rate)	14886			243000		

Source: WDI, World Bank and UN Statistics 2016

Figure 3.1 displays the sectoral breakdown of the Somali economy. According to Figure 3.1 (left), the agriculture sector produced 60.2 per cent of the country's total GDP in 2014. The services sector is the second most important contributor to the economy. It accounted for the 32.5 per cent of the country's total GDP. The service sector is mainly driven by trade and hospitality business, transport, storage and communications, and other activities. In contrast, the contribution of the manufacturing industry was only recorded at 2.5 percent of the total GDP in 2014 and the non-manufacturing industry; construction, mining and utilities, accounted for nearly 4.9 per cent of the GDP.

As shown in Figure 3.1 (right), all main sectors of the economy; agriculture, services, manufacturing and non-manufacturing industry registered positive growth rates between 2004 and 2008. Agriculture production demonstrated a sharp increase from US\$ 1058 million in 2004 to US\$ 1374 million in 2008. During the same period, the service sector's contribution to the economy also grew significantly from US\$ 569 million to US\$741.8 million. However, internal military clashes that have

been going on over the last two decades have been intensified and led to several political transformations that further deteriorated the already poor infrastructure and institutions. Moreover, the impact of the global financial crisis and reduction in the volume of international aid affected the performance of all main sectors of the economy in 2009 and 2010. Since then, none of the major economic sectors could achieve its pre-2008 growth level.

Foreign Direct Investment (FDI) can be an important enabler for development in developing countries. However, Somalia had only attracted around US\$ 100 million net FDI inflows per annum between 2010 and 2014. In 2014, this amount of FDI net inflows represented about 1.8 per cent of its GDP that is a value close to the 2 per cent average of the OIC group (Table 3.1). In the LDC group, on average, FDI net inflows corresponded to 3 per cent of their total GDP both in 2004 and 2014. In other words, Somalia could not achieve to attract an amount of FDI that could be a game changer for its development. One of the core reasons behind this fact is high level of instability (political and military) and on-going clashes within Somalia. Like many developing countries, Somalia needs to attract more FDI in future in order to increase its capital stock and level of technology that would help to trigger economic growth and development. Nevertheless, as long as the current political instability and on-going military conflicts continue, Somalia could not be an attractive host country for foreign investors.

According to the IMF based exchange rate, the Somali national currency; Shilling, has been depreciated over the period 2004-2014 with an average loss of 63.2 per cent of its value. This implies that as of 2014, Somalis need to pay 63.2 per cent more to import the same amount of goods when compared to 2004. Although Shilling is being the official currency of Somalia, according to IMF (2015), US\$ is estimated to account for about 95 per cent of currency in circulation in the economy.

In Somalia, the federal budget prepared for 2013 was the first post-conflict budget. Despite having revenue shortfalls, the government expenditures in Somalia increased by 47.3 per from US\$ 275 million in 2013 to US\$ 405 million in 2014. Salary and security expenditures took the lion share from the federal budget of Somalia in 2013 and 2014 (IMF, 2015).

External debt stocks of Somalia stayed stable between 2004 and 2014 around US\$ 1.9 billion. The majority of the external debts of Somalia are to be paid in the long-term (around 75 per cent) rather than the short term, which reduces pressure for re-payment (Table 3.1). In the same period, total external debt stock of the OIC group jumped from US\$ 713 billion to US\$ 1483 billion and the LDC group recorded a significant increase from US\$ 154 billion to US\$ 212 billion. For an economy as Somalia that is in need of significant amount of capital and incapable of using domestic savings, a stationary external debt stock is not a good sign for future investments. As a country with limited FDI inflows and stationary external debt stock, remittances and foreign aid constitute other two major alternative modes of financing government expenditures as well as investments in Somalia. In this regard, Somalia needs to create a stable economic environment that can attract foreign lenders and investors.

3.2 AGRICULTURE AND WATER SOURCES

The agriculture sector constitutes almost 60 per cent of the Somali economy that makes it the most important sector for economic growth and development of the country. Table 3.2 shows that 70.7 per cent of all land area in Somalia was classified as agricultural land in 2004 whereas this ratio was around 43 per cent and 45 per cent in the OIC and LDC groups, respectively. By 2013, this ratio slightly decreased to 70.3 per cent in Somalia where the average of the LDC group was calculated as 46.1 per cent. Despite having a significant amount of agricultural land, only 2.2 per cent of all land area was arable in Somalia due to insufficient water sources in 2004. On the other hand, in 2004 total size of arable land areas in the OIC and LDC groups were corresponding to 12.6 per cent and 14 per cent of their total land areas, respectively. Between 2004 and 2013, stemming from desertification and insufficient irrigation practices, Somalia had lost some 18 per cent of its valuable arable land. As a result, by 2013, the share of arable land in all land area was measured as merely as 1.8 per cent.

Despite losing some significant portion of its arable land over the last decade, the agriculture productivity in Somalia increased between 2004 and 2013 thanks to use of agricultural machinery and equipment, fertilizers and improved irrigation techniques in some regions. In this regard, cereal yield climbed from 580.2 kg per hectare in 2004 to 964 kg per hectare in 2013. In the same period, the crop production index went up in Somalia from 99.8 to 124.4. A similar significant improvement was observed in the food production index in the same period that increased from 96.9 to 117.2. Finally, the livestock production index of Somalia climbed from 96.5 in 2004 to 116.2 in 2013.

Table 3.2: Agriculture and Water Sources in Somalia

Indicator Name	2004			2013		
	Somalia	OIC	LDC	Somalia	OIC	LDC
Agricultural land (% of land area)	70.7	42.9	44.6	70.3	42.9	46.1
Arable land (% of land area)	2.2	12.6	14.0	1.8	13.0	15.6
Cereal yield (kg per hectare)	580.2	2000.1	1367.2	964.0	3848.6	1698.8
Crop production index (2004-2006 = 100)	99.8	96.9	94.8	124.4	124.2	134.7
Food production index (2004-2006 = 100)	96.9	97.0	95.6	117.2	128.2	134.0
Livestock production index (2004-2006 = 100)	96.5	97.0	96.6	116.2	132.4	129.4

Source: WDI, World Bank

As in Somalia, both the OIC and LDC groups recorded increases in their agricultural productivity levels. In the OIC group, the average cereal yield increased from 2000 kg per hectare in 2004 to 3849 kg per hectare in 2013 that is 3.2 times higher than the average of Somalia in 2013. The average cereal yield of the LDC group also saw an increase and reached 1699 kg per hectare in 2013 that exceeds the average of Somalia by 509 kg per hectare in the same year. The crop, food and livestock indices of the OIC and LDC groups recorded meaningful increases between 2004 and 2013. Despite registering growth in all three indices, Somalia could not catch the averages of the OIC and LDC groups by 2013 in any of three indices. These results imply that Somalia needs to further intensify its efforts on supporting agricultural mechanisation and promoting effective use of irrigation techniques and

fertilizers. Otherwise, it is likely that Somalia may continue to experience difficult times to feed its entire population that continues to grow.

3.3 INTERNATIONAL TRADE

International trade helps countries to reach variety of goods at reasonable prices and allow them to sell their products at competitive prices to other countries. Through international trade, countries face competition, and therefore usually learn to produce goods in a more efficient way over time. In this regard, international trade is an enabler for economic growth and development. Somalia lies next to an important international naval trade route. Its close proximity to the Gulf region, a region with a high purchasing power, also makes Somalia a potentially trade-oriented country where international trade can boost economic growth and development.

In Somalia, livestock, bananas, hides, fish, charcoal, and scrap metal constitute the main commodity items of exports where manufactures, petroleum products, foodstuffs, and construction materials are the major commodity items of imports.

According to the IMF Direction of Trade Statistics (DOTs), United Arab Emirates (44.4 per cent), Yemen (19.1 per cent), Oman 15.4 (per cent), India 5.6 (per cent) were the main export partners of Somalia in 2014. On the other hand, in 2014 Djibouti (19.8 per cent), India (14.7 per cent), Oman (9.1 per cent), China (9 per cent), Kenya (8.9 per cent), Pakistan (4.7 per cent) were the main importer countries to Somalia.

Table 3.3: International Trade in Somalia

Indicator Name	2004			2014		
	Somalia	OIC	LDC	Somalia	OIC	LDC
Export volume index (2000 = 100)	79.8			125.2		
Exports of goods and services (% of GDP)		40.6	25.4	14.4	37.4	20.9
Exports of goods and services (current million US\$)	185*	957602	66990	806*	2582087	159428
Import volume index (2000 = 100)	161.1			196.3		
Imports of goods and services (% of GDP)		34.1	32.9	61.0	32.9	31.3
Imports of goods and services (current million US\$)	544*	805169	86607	2469*	2267497	239196
Trade (% of GDP)		74.8	58.3	75.4	70.3	52.2

Source: WDI, World Bank

According to Table 3.3, the volume of exports of goods and services of Somalia increased from US\$ 185 million in 2004 to US\$ 806 million in 2014, which represented 14.4 per cent of the Somalian economy in 2014. The export volume index of the World Bank also showed that between 2004 and 2014, Somalia achieved to increase its exports where the index value jumped from 79.8 to 125.2. In the same period, total volume of exports in the OIC group climbed from US\$ 957 billion to US\$ 2582

billion. In this period, total volume of exports increased by more than two times in the LDC group and reached US\$ 159 billion.

On the other hand, the volume of imports of Somalia was recorded at US\$ 544 million in 2004. It reached US\$ 2469 million in 2014 that corresponding to 61 per cent of the Somalian GDP in 2014. The import volume index of the World Bank indicated that between 2004 and 2014, Somalia successfully improved its importing capacity where the index value climbed from 161.1 to 196.3 (Table 3.3). In the same period, total volume of imports in the OIC group went up from US\$ 805 billion to US\$ 2267 billion. In this period, total volume of imports increased by 2.8 times in the LDC group and reached US\$ 239 billion.

Given the figures above, the total volume of international trade was equal to 75.4 per cent of GDP in Somalia in 2014 that makes it a very open country to international trade. On the other hand, in the OIC and LDC groups total international trade volume represented 70.3 and 52.2 percent of their GDP in 2014, respectively. On average, the figures imply that Somalia was a more open to trade country when compared to the OIC and LDC groups in 2014.

3.4 LABOUR MARKET

The size of the Somalian labour force increased from 2.43 million in 2004 to 3.13 million thanks to high fertility rate. In this period, total labour force of the OIC and LDC groups also grew. In the OIC group, total labour force climbed from 515 million in 2004 to 663 million in 2014. In the LDC group, total labour force increased from 308 million in 2004 to 407 million in 2014.

In 2004, female population was representing 33 per cent of total labour force in Somalia where in 2014 this ratio climbed slightly to 33.7 per cent (Table 3.4). Both in 2004 and 2014, on average, the shares of female population in total labour force of the OIC and LDC groups were stagnating around 44 percent that exceeded the average of Somalia by about 10 per cent.

Between 2004 and 2014, in Somalia the unemployment rate among female and male population stayed stable at around 7.5 per cent and 6.6 per cent, respectively. The unemployment rate seen among youth population had fluctuated around 10.6 per cent over the period 2004-2014. The average unemployment rate in the OIC group was 8.9 per cent in 2004 and decreased to 7.6 per cent in 2014. In the LDC group, the average unemployment rate was lower than the average of Somalia and measured at 6.1 per cent both in 2004 and 2014. On the other hand, the average unemployment rate among youth was the highest in the OIC group, on average, when compared to Somalia and the average of the LDC group both in 2004 and 2014. It was recorded at 18.2 per cent in 2004 and went down to 16.3 per cent in 2014 for the OIC group.

The labour force participation rate of women in Somalia went up from 38.0 per cent in 2004 to 38.9 in 2014 whereas the labour force participation rate of men went down from 78.7 per cent to 77.4 per cent in the same period. As a result, the total labour force participation rate saw a decrease in Somalia between 2004 and 2014 that went down from 58.1 per cent to 57.9 per cent. This implies a sizeable loss for Somalia that one of its most important factors of production for economy registered a contraction. On the other hand, the average labour force participation rate of the OIC group was close to the average of Somalia both in 2004 and 2014 that was measured around 59 per cent. However,

this rate was calculated at 75 per cent for the LDC group both in 2004 and 2014 that was far higher than the averages of Somalia and the OIC group. In terms of female labour force participation rate, the average of the LDC group was measured around 65 per cent that again exceeded the averages of Somalia and the OIC group both in 2004 and 2014. In other words, Somalia suffers from low level of average labour force participation rates that especially stems from relatively lower participation rates seen among female population. To this end, in order to benefit from its relatively dynamic population, Somalia needs to attract its female population into labour market to a higher extent such as through promoting vocational education and technical training programs.

Table 3.4: Labour Market in Somalia

Indicator Name	2004			2014		
	Somalia	OIC	LDC	Somalia	OIC	LDC
Labour force, total (million)	2.43	515	308	3.13	663	407
Labour force, female (% of total labour force)	33.0	43.3	44.4	33.7	45.5	45.0
Unemployment, female (% of female labour force)	7.5	11.5	7.2	7.6	9.4	7.2
Unemployment, male (% of male labour force)	6.5	7.7	5.2	6.6	6.6	5.3
Unemployment, total (% of total labour force)	6.9	8.9	6.1	6.9	7.6	6.1
Unemployment, youth female (% of female labour force ages 15-24)	11.4	22.3	12.7	11.5	18.1	13.6
Unemployment, youth male (% of male labour force ages 15-24)	10.1	16.9	9.6	10.1	15.3	10.2
Unemployment, youth total (% of total labour force ages 15-24)	10.6	18.2	10.7	10.6	16.3	11.5
Labour force participation rate, female (% of female population ages 15-64)	38.0	38.9	64.6	38.9	41.3	65.7
Labour force participation rate, male (% of male population ages 15-64)	78.7	77.9	82.8	77.4	78.0	82.5
Labour force participation rate, total (% of total population ages 15-64)	58.1	58.6	75.2	57.9	59.8	75.6

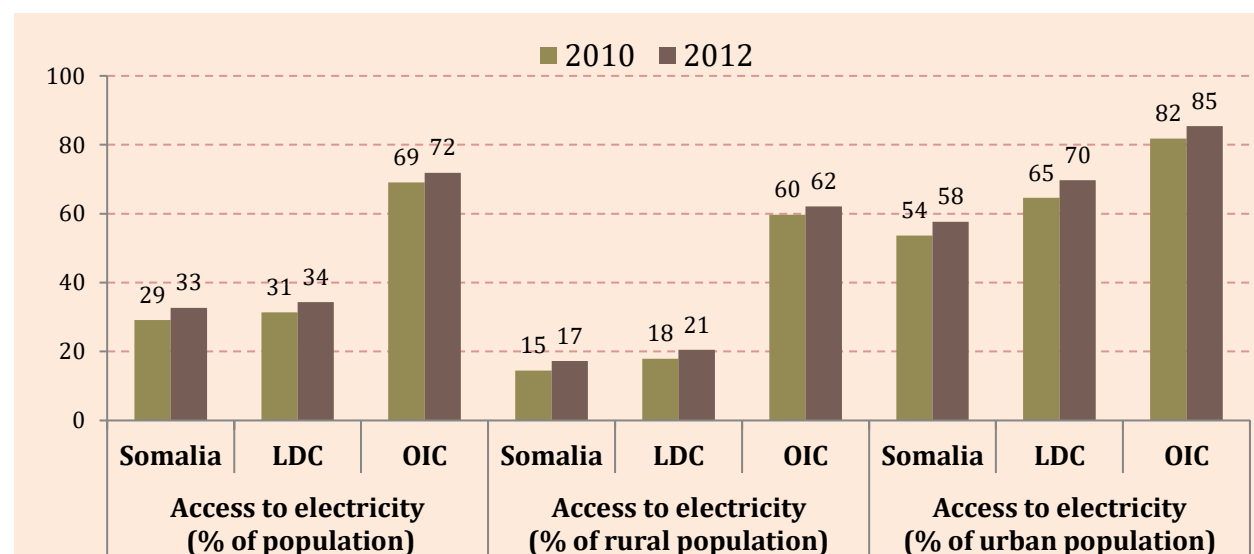
Source: WDI, World Bank based on ILO estimates

3.5 ENERGY, TRANSPORT AND COMMUNICATION

The level of the economic development in a country can be tracked through looking at its infrastructure in energy, transport and communication sectors. In this regard, Figure 3.2 displays the rate of access to electricity in Somalia in 2010 and 2012 in comparison with the OIC and LDC groups. An improvement was recorded in Somalia in the rate of population with access to electricity, which increased from 29.1 per cent in 2010 to 32.7 per cent in 2012. However, it is observed that there is a significant disparity between rural and urban population's access to electricity. In 2010, 14.5 per cent of rural population had access to electricity. This ratio climbed to 17.2 per cent in 2012. In 2010, 53.6 per cent of urban population had access to electricity and this ratio reached 57.7 per cent as of 2012. In this context, Somalia still needs significant investments in order to increase the access of its

population to electricity and to eradicate the urban and rural disparity. On the other hand, the average access to electricity was slightly higher in the LDC group both in 2010 and 2012 when compared to Somalia. It was recorded at 31.4 per cent in 2010 and 34.3 per cent in 2012. On average, in the OIC group, access to electricity was far higher than the averages of Somalia and the LDC group both in 2010 and 2012 that measured at 69.1 per cent and 71.9 per cent, respectively. In particular, this ratio was exceeding 80 per cent in urban areas of the OIC group where in Somalia only 57.7 per cent of population living in urban areas were able to access to electricity in 2012.

Figure 3.2: Access to Electricity in Somalia



Source: WDI, World Bank

Table 3.5 presents selected transport and communication indicators for the Somalian economy. It is evident that the number of departures and passengers carried between 2010 and 2014 in air transport has increased in Somalia. The total number of carrier departures increased from 2717 in 2010 to 3447 in 2014, corresponding to a 26.8 per cent rise. In the same period, the total number of carried passengers in Somalia also climbed from 163 thousand to 251 thousand. Air transport in the OIC and LDC groups also recorded significant growth in terms of both the number of departures and passengers carried. In the OIC group, the number of carrier departures went up from 2751 thousand in 2010 to 3722 thousand in 2014. As a result, in the OIC group 460 million passengers were carried in 2014 when compared to 312 million passengers in 2010. In the LDC group, a similar positive development in the air transport sector was observed that the number of carried passengers increased by 8272 thousand since 2010 and reached 26381 thousand in 2014. The number of carrier departures jumped from 352 thousand in 2010 to 435 thousand in 2014 in the LDC group, corresponding to a 24 per cent increase.

Around 80 per cent of volume of goods exchanged in the world is transported via sea, and this share is even higher for most developing countries. In this regard, a country's strong connectivity to sea transport is vital for economic growth and development. In this context, the Liner Shipping Connectivity Index captures the extent to which countries are connected to the global shipping

networks. The index ranges from 0 to 100, with a higher score representing better performance. The Liner Shipping Connectivity Index of Somalia conveys a message that in the sea transport Somalia improved its connectivity where the index value increased from 4.2 in 2010 to 5.5 in 2014 (Figure 3.3, left). However, this should not lead to a wrong perception. When Somalia compared with countries in the region (Horn of Africa) its relative performance becomes more evident. Djibouti increased its Liner index score from 19.5 in 2010 to 20.2 in 2014 where Kenya saw a decrease from 13.1 to 11.9 in the same period. Among countries in the region (Horn of Africa), only Eritrea obtained a lower score than the score of Somalia both in 2010 and 2014. The averages of the LDC group exceeded the Liner index score of Somalia by 3 points both in 2010 and 2014. On the other hand, the averages of the OIC group in terms of the Liner index score were higher than the scores of Somalia in the same period. The averages of the OIC group were recorded at 18.4 in 2010 and 21.6 in 2014. In summary, the connectivity of Somalia improved between 2010 and 2014, which was reflected as an increase in the Liner index score. However, over this period Somalia could not narrow down the existing gap between other countries in the region as well as the LDC group in terms of connectivity.

Table 3.5: Transport and Communication in Somalia

Indicator Name	2010			2014		
	Somalia	OIC	LDC	Somalia	OIC	LDC
Air transport, passengers carried (thousand)	163	311972	18109	251	460214	26381
Air transport, registered carrier departures worldwide	2717	2750781	352157	3447	3721779	435237
Mobile cellular subscriptions (per 100 people)	6.7	78	33.4	50.9	106	63.8
Mobile cellular subscriptions (thousand)	648	1100964	283176	5500	1602365	586200
Secure Internet servers	1	12833	476	1	181116	1100
Secure Internet servers (per 1 million people)	0.10	16	0.60	0.10	31	1.2

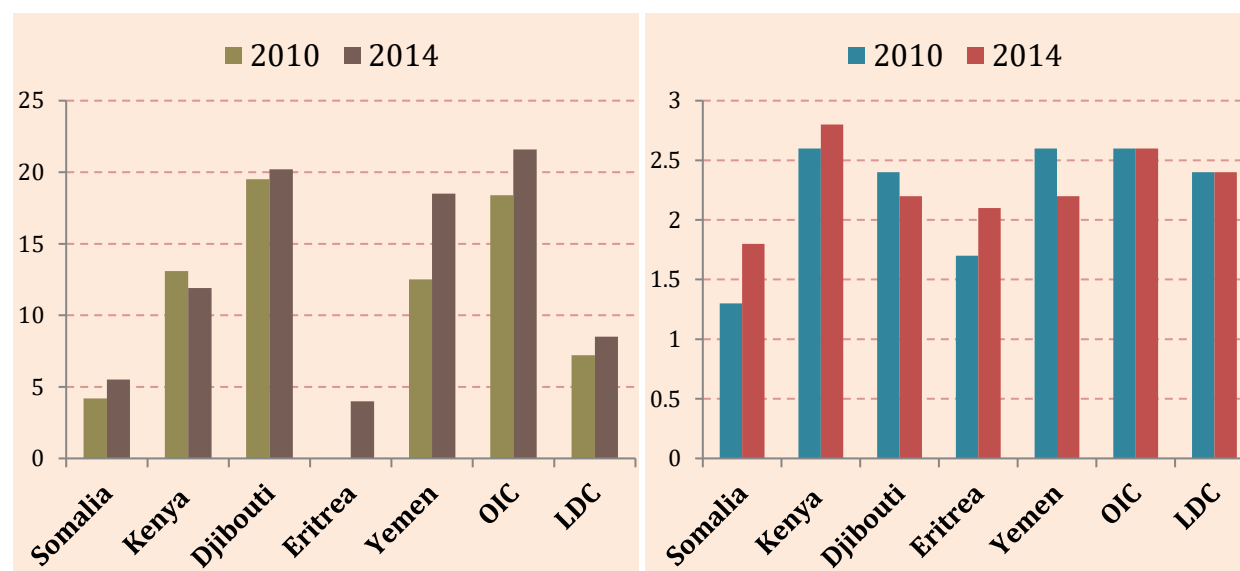
Source: WDI, World Bank

Another indicator that can be used to assess logistics and transport sector of a country is called the Logistics Performance Index (LPI) that reflects perceptions of a country's logistics infrastructure based on efficiency of customs clearance process, quality of trade- and transport-related infrastructure, ease of arranging competitively priced shipments, quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled time (LPI, 2014). The index value ranges from 1 to 5, with a higher score representing better performance. The LPI score of Somalia increased from 1.3 in 2010 to 1.8 in 2014 indicating an overall improvement in the logistics performance of the country (Figure 3.3, right).

When Somalia is compared with countries in the region (Horn of Africa) its relative performance in terms of the LPI score becomes more evident (Figure 3.3, right). Eritrea increased its LPI score from 1.7 in 2010 to 2.1 in 2014. Kenya also saw an increase in its LPI score that reached 2.8 in 2014.

Djibouti recorded a 0.2 points decrease in its LPI score from 2.4 to 2.2 in the same period. Among countries in the region (Horn of Africa), Somalia obtained the lowest LPI scores both in 2010 and 2014. Between 2010 and 2014, the average LPI scores of the OIC and LDC groups stayed stable at around 2.6 and 2.4, respectively, where both of these scores were exceeding the LPI score of Somalia. In other words, despite showing a meaningful increase in its logistics performance index score, Somalia still could not reach the averages of countries in its region as well as the average of the LDC group.

Figure 3.3: Liner Shipping Connectivity Index (Left) and Logistics Performance Index (Right)



Source: WDI, World Bank

Notes: Liner Shipping Connectivity Index takes a maximum value in 2004 = 100. Logistics Performance Index takes values between 1 (low) and 5 (high).

Apart from indicators on the transport sector, Table 3.5 presents four selected indicators on the communication sector of Somalia. As compared to fixed lines, mobile cellular lines are easier to reach and affordable for more many people in developing countries. In this regard, total mobile cellular subscriptions in Somalia increased dramatically between 2010 and 2014 from 648 thousand to 5500 thousand. As a result, mobile cellular subscriptions per 100 people in Somalia jumped from 6.7 in 2010 to 50.9 in 2014. Only one secure internet server was available in Somalia both in 2010 and in 2014. This roughly means that only 0.1 secure internet server is available per 1 million people in Somalia. Therefore, this indicator implies that in Somalia the public sector needs to realize a significant investment into internet and informatics infrastructure.

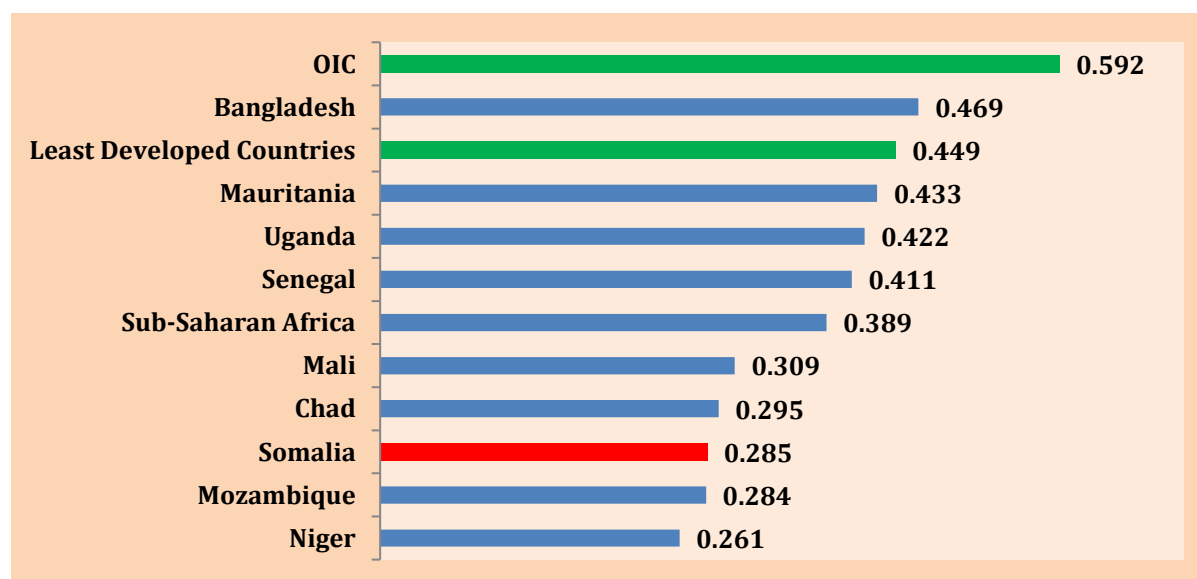
The comparison of the communication sector of Somalia with the averages of the OIC and LDC groups reflected the extent of underinvestment in Somalia into this important sector. Mobile cellular subscriptions (per 100 people) increased from 78 in 2010 to 106 in 2014 in the OIC group where the number of available secure internet servers (per 1 million people) went up from 16 to 31 in the same period. A similar development was observed in the LDC group where mobile cellular subscriptions (per 100 people) climbed from 34 in 2010 to 64 in 2014, and the number of available secure internet

servers (per 1 million people) doubled and reached 1.2 in 2014. These figures imply that Somalia did show a progress especially in terms of providing infrastructure for mobile cellular services and its average converged to the average of the LDC group. However, in terms the number of secure internet servers, as a proxy for internet services in the country, Somalia could not improve its stance, and ultimately the gap between Somalia and the average of the LDC group widened.

3.6 HUMAN DEVELOPMENT

Somalia has been suffering from violent conflict for more than two decades. Therefore, improving access to the fundamental human needs such as education, health and an adequate standard of living is important in order to stimulate the human development of Somalia. This sub-section highlights the state of human development in Somalia in terms of the updated Human Development Index (HDI), the Inequality-adjusted Human Development Index (IHDI), and the Multidimensional Poverty Index (MPI).

Figure 3.4: Human Development Index of Somalia among Selected OIC Member Countries



Source: UNDP, 2010; UNDP, 2012

The Human Development Index (HDI) is a summary measure of human development in three basic dimensions: health, education (access to knowledge) and a decent standard of living (per capita GDP). Somalia's decline in all of these dimensions is reflected in its low HDI rank⁴. Somalia was not included in the group of countries for which the HDI values were calculated for many years due to lack of an institution that could provide the required reliable and comprehensive data. Using the information obtained from the 2010 household survey conducted for UNDP (2012), an HDI value of 0.285 has been estimated for Somalia. If internationally comparable data were available, with its estimated HDI

⁴ Health is measured by life expectancy at birth. Access to knowledge is measured by: mean years of schooling or education received in a lifetime by people 25 years and older; and expected years of schooling for children of school-entry age. The standard of living is measured by gross national income (GNI) per capita in PPP US\$.

score Somalia would rank below the averages of OIC and LDC groups in the UNDP (2010) (Figure 3.4). At the individual country level, Somalia would rank just above Niger and Mozambique.

The low HDI score of Somalia is also an indication of the depth of Somalia's human development crisis. In this context, among three dimensions of the HDI, the education index is the lowest at 0.118, followed by the income index at 0.253 and the health index at 0.486 (UNDP, 2012).

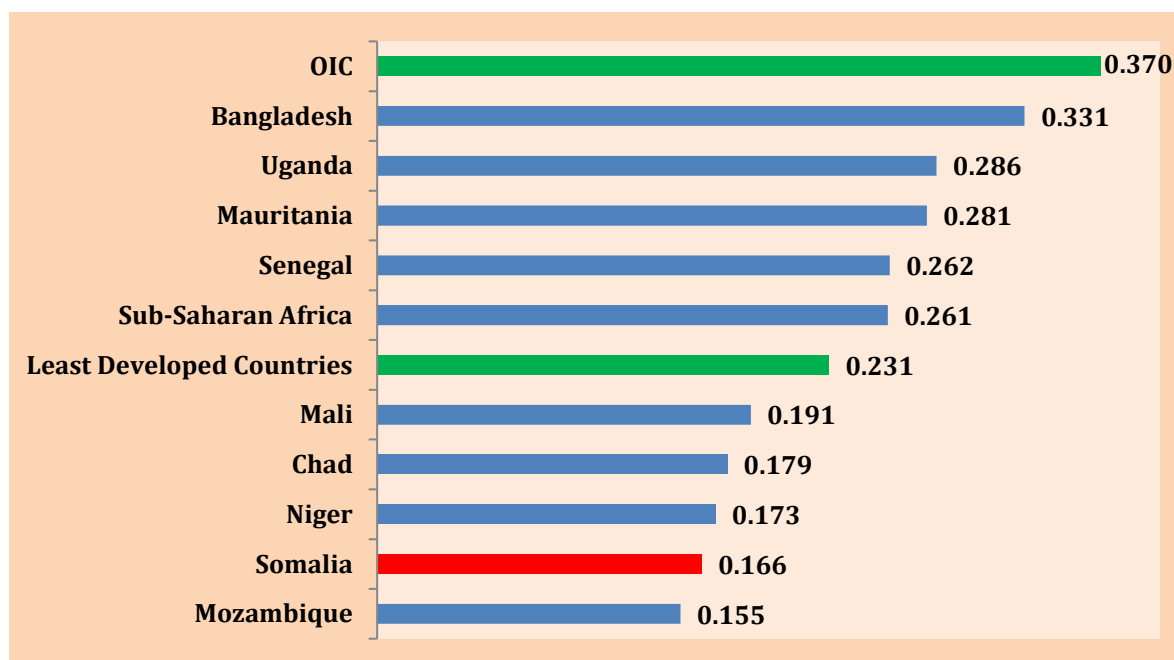
Another indicator for measuring the human development in Somalia is the Inequality-adjusted Human Development Index (IHDI) that adjusts the HDI for inequality in health, education and income. The difference between HDI and IHDI measures the loss in potential human development due to inequality. More precisely, the IHDI is the actual level of human development, while the HDI can be described as the maximum level of human development that could be achieved if there was no inequality. According to the UNDP (2012), the IHDI for Somalia was calculated at 0.166 which is 41.8 per cent lower than the HDI value of 0.285. Ranked among OIC member countries, the IHDI would place Somalia below the averages of the OIC and LDC (Figure 3.5). At the individual country level, Somalia would rank just above Mozambique. Besides, income inequality in Somalia, as measured by the Gini coefficient, increased from 0.39 in 2001 to 0.48 in 2010 (UNDP, 2012).

On the other hand, the Multidimensional Poverty Index (MPI) complements monetary measures of poverty by taking into account the incidence of poverty and the average intensity of deprivation.⁵ According to the UNDP (2012), the MPI score for Somalia was 0.47, ranking it 94 out of 104 countries considered in the 2010 Human Development Report.

The MPI index in sub-regions of Somalia provides more in-depth view on the incidence of poverty. In this context, the MPI is high in nomadic areas (0.62) followed by rural areas (0.52) of Somalia. It was the lowest in urban areas (0.30), ranking just below the average of LDC group, indicating a rural concentration of poverty in Somalia (Figure 3.6). Similarly, it is worse in south central Somalia (0.54) compared to Puntland (0.41) and Somaliland (0.38). These figures reflect the consequences of conflict on poverty where rural population are being affected more.

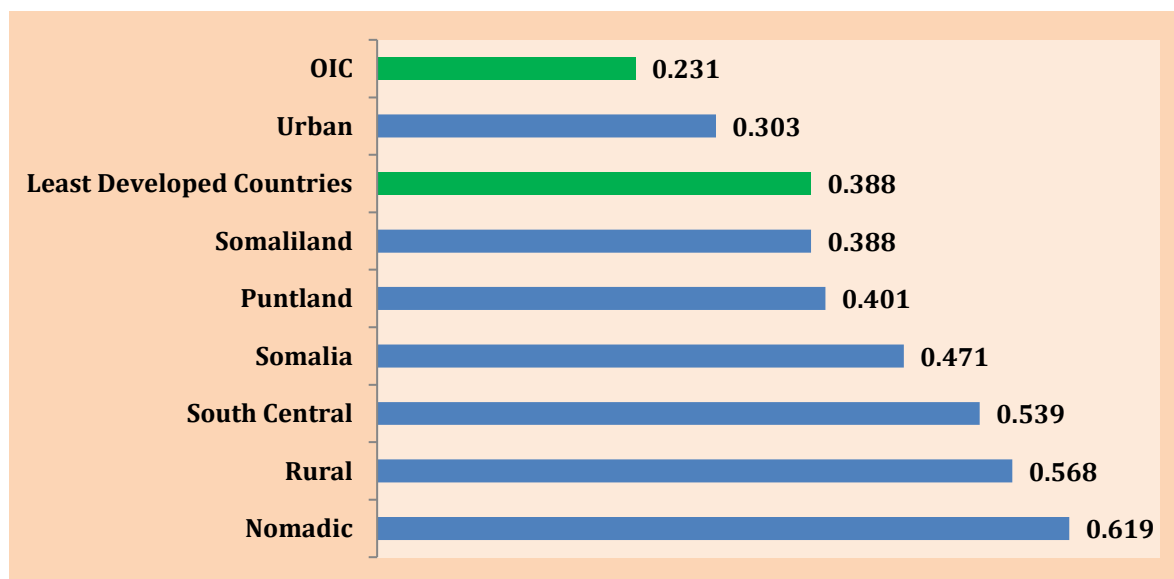
⁵ The MPI examines deprivations across the same three indicators (education, health, standard of living) composing the HDI but consisting of 10 indicators. The education dimension is based on two indicators (schooling and child enrolment); the health dimension on two indicators (child mortality and nutrition); and the standard of living on six indicators (electricity, sanitation, drinking water, floor type, cooking fuel and assets).

Figure 3.5: Inequality-adjusted HDI of Somalia among Selected OIC Member Countries



Source: UNDP, 2010; UNDP, 2012

Figure 3.6: Multidimensional Poverty Index by Sub-regions of Somalia

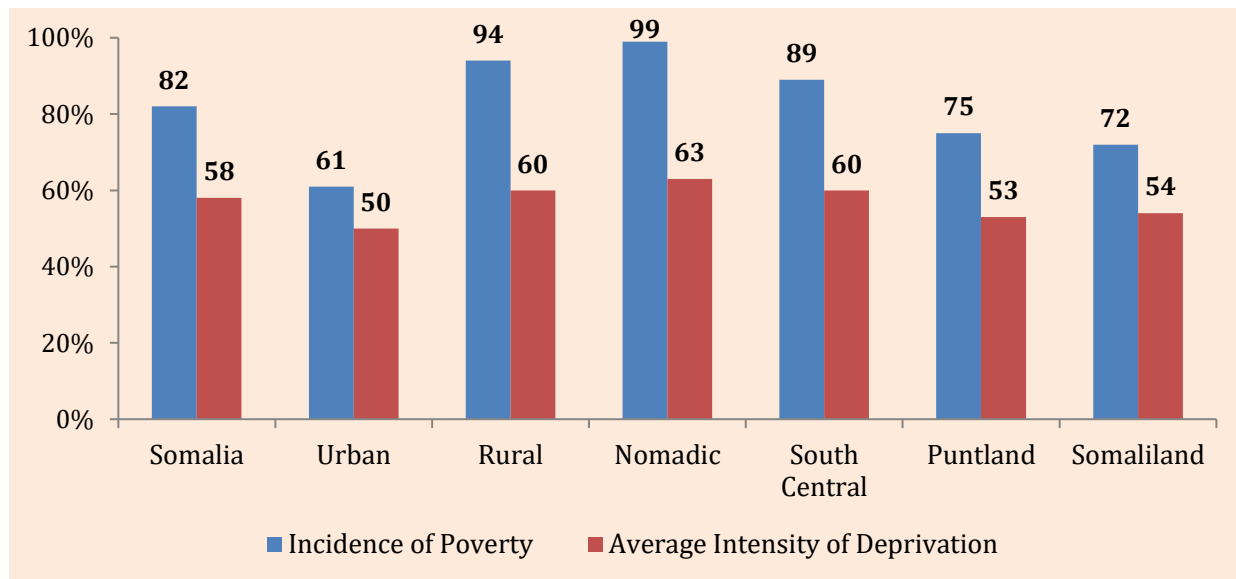


Source: UNDP, 2012

Figure 3.7 presents the incidence of poverty (percentage of the population with a weighted deprivation score of at least 33 percent) as well as the average intensity of deprivation (average percentage of deprivation experienced by people in multidimensional poverty) for Somalia.

According to UNDP (2012), the incidence of poverty for Somalia was estimated at 81.8 percent. Moreover, 99 percent of people in nomadic areas and 94 percent in rural areas are multidimensional poor. The average intensity of deprivation was around 63 percent in nomadic areas and 60 percent in rural areas. In urban areas, three out of five people were living in poor households, with an average intensity of deprivation of 50 percent. The proportion of people suffering multidimensional poverty was remarkably high in south central Somalia at 89 percent, followed by Puntland at 75 percent and Somaliland at 72 percent. As shown in Figure 3.7, the average intensity of deprivation among the poor was higher in south central Somalia when compared to Somaliland and Puntland regions.

Figure 3.7: Incidence of Poverty and Average Intensity of Deprivation by Region



Source: UNDP, 2012

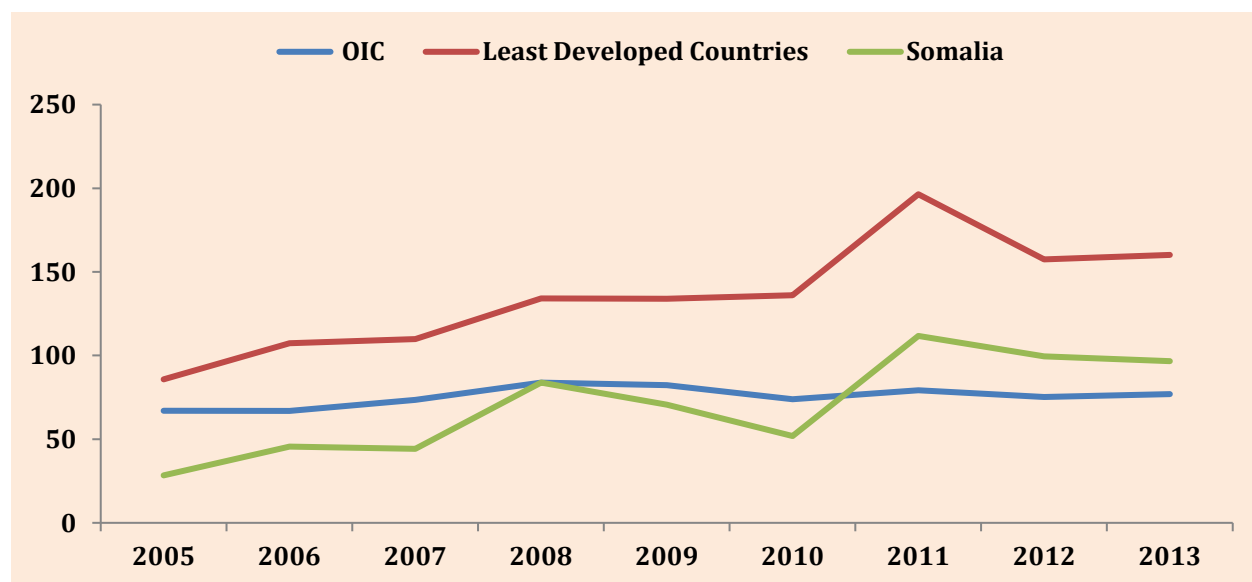
According to the UNDP (2012), the contribution of standard of living to the overall MPI in Somalia was the highest at 50 percent, followed by education at 32 percent and health at 19 percent. These figures provide useful information for policy makers in order to design and implement targeted poverty reduction programmes for Somalia.

3.7 DEVELOPMENT ASSISTANCE

Development assistance has always played a critical role over the course of Somalia's economic development. In the past, the Somali State was funded almost entirely by the Cold War-driven foreign aid. With the end of the Cold War, development assistance started to decline as the Somalia State began to collapse in the late 1980s. However, with increased stability and given the importance of Somalia, interest of donors to Somalia went up again.

Figure 3.8 illustrates the evolution of net Official Development Assistance (ODA) received per capita⁶ for Somalia, the OIC and LDC groups between 2005 and 2013. According to the World Bank Statistics, the net ODA received by Somalia was bouncing in the range of US\$ 28 to US\$ 84 during 2005-2010. However, it rose sharply to US\$ 112 in 2011, surpassing the OIC average, then went down to US\$ 97 in 2013. Between 2005 and 2013, the net ODA received in Somalia was consistently lower than the average of the LDC group, which put Somalia into a disadvantaged position in this context.

Figure 3.8: Net Official Development Assistance (ODA) received per capita (2005-2013, US\$)



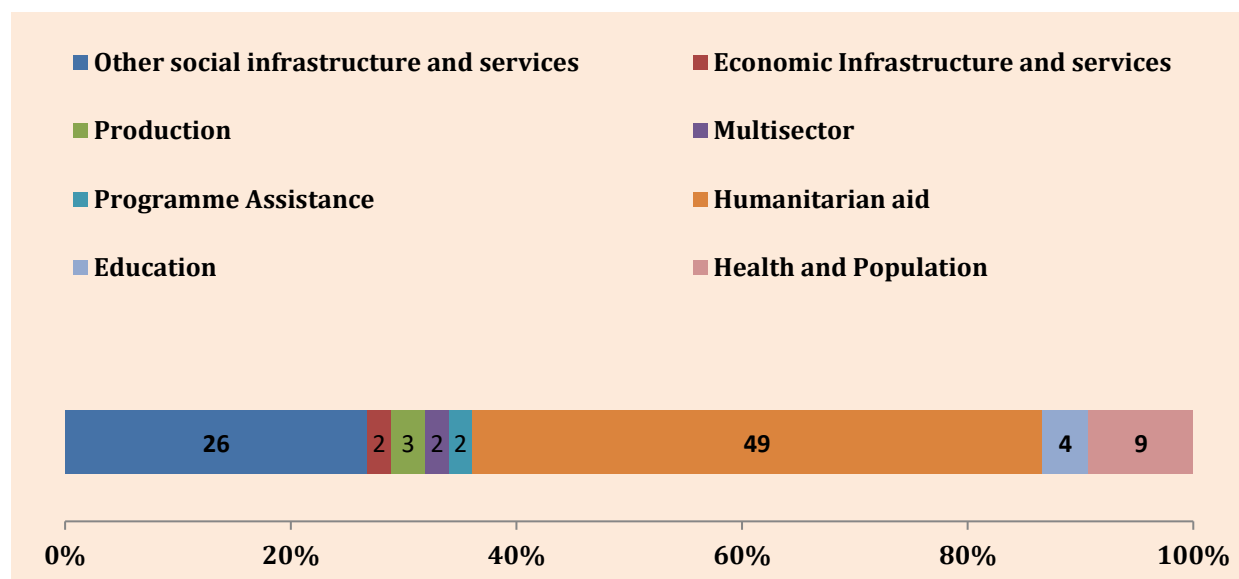
Source: World Bank

Figure 3.9 depicts the sectoral breakdown of ODA for Somalia for the year 2014. The share of humanitarian aid in total ODA flows for Somalia represent the highest value with approximately 49 per cent followed by other social infrastructure and services with a value of 26 per cent.

On the other hand, remittances constitute an important source of income for the people of Somalia (IMF, 2015). It continues to be directed to main towns, urban areas as well as rural areas in Somalia and therefore remain as a main source of income for many families especially for those struggling with poverty. In this context, the World Bank argues that the major inflow of aid has come from Somalis themselves (UNDP, 2012). According to most recently available data, it is estimated that Somalia has received US\$ 17.3 billion in remittances since 1991 (Norris and Bruton, 2011). Moreover, US\$ 11.2 billion of this total can be estimated as spending that has been directed toward costs imposed by the impact of Somalia's largely collapsed national institutions on its own citizens.

⁶ Net official development assistance (ODA) per capita consists of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in different countries.

Figure 3.9: Bilateral ODA by Sector for Somalia, 2014



Source: OECD/DAC Statistics

Box II: INCREASING ROLE OF TURKEY IN THE DEVELOPMENT OF SOMALIA

In addition to DAC donors, Turkey, as a non-DAC donor, has been providing development assistance to Somalia. In 2013, Somalia was the fourth largest recipient of Turkish aid with US\$ 115 million (TIKA, 2013).

Turkey's development assistance was crucial in constructing Somalia's war-torn infrastructure such as rebuilding the airport in Mogadishu, paving roads that now connect Mogadishu's city centre to the airport as well as helping Somalia to modernize.

In Somalia where 180 out of 1000 new-borns die, the Turkish Cooperation and Coordination Agency (TIKA) provided medical equipment and furnished the Turkish Hospital built in Mogadishu by the Turkish Housing Development Administration (TOKI). This hospital is the most advanced hospital in East Africa regarding its capacity and technology (TIKA, 2013).

Moreover, severe drought has been affecting Somalia. Also the lack of infrastructure makes it difficult to access to safe drinking water. Therefore, TIKA drilled 19 wells in and around Mogadishu and then 5 water wells in Burao town of Somaliland to supply potable and nonpotable water to 45,000 people. An agricultural school was also opened in Somalia in order to educate Somalis on how to prevent drought and foster awareness of the richness of their land. In this context, 190 students were trained at Somalia Agriculture School implemented in cooperation with TIKA, Ministry of Food, Agriculture and Livestock and Humanitarian Relief Foundation (IHH).

In addition, in 2013, Turkey delivered US\$ 15 million to Somalia in financial support and development assistance delivered by Turkish NGOs totalled US\$ 36 million in 2013 making Somalia the second largest recipient of Turkish NGO assistance. In this context, Doctors Worldwide was engaged in activities to enhance basic medical skills of family physicians at Mogadishu and extend health services to those living in the central and neighbouring camps (TIKA, 2013).

Note: DAC is one of the key forums in which the major bilateral donors work together to increase the effectiveness of their common efforts to support sustainable development.

4. CURRENT HUMANITARIAN SITUATION

Somalia has been beleaguered by a complex humanitarian crisis since the last two-and-half decades. Ravaged mostly by the war and political instability, this East African nation is also a victim of famines, floods, droughts, and disease outbreaks. In the early 1990s, the country witnessed the most intense violence and devastation, when different clans fought for the control over land and resources in the Southern parts. The destruction of inter-riverine areas and widespread loss of agriculture and live stocks caused one of the worst famines in the world.

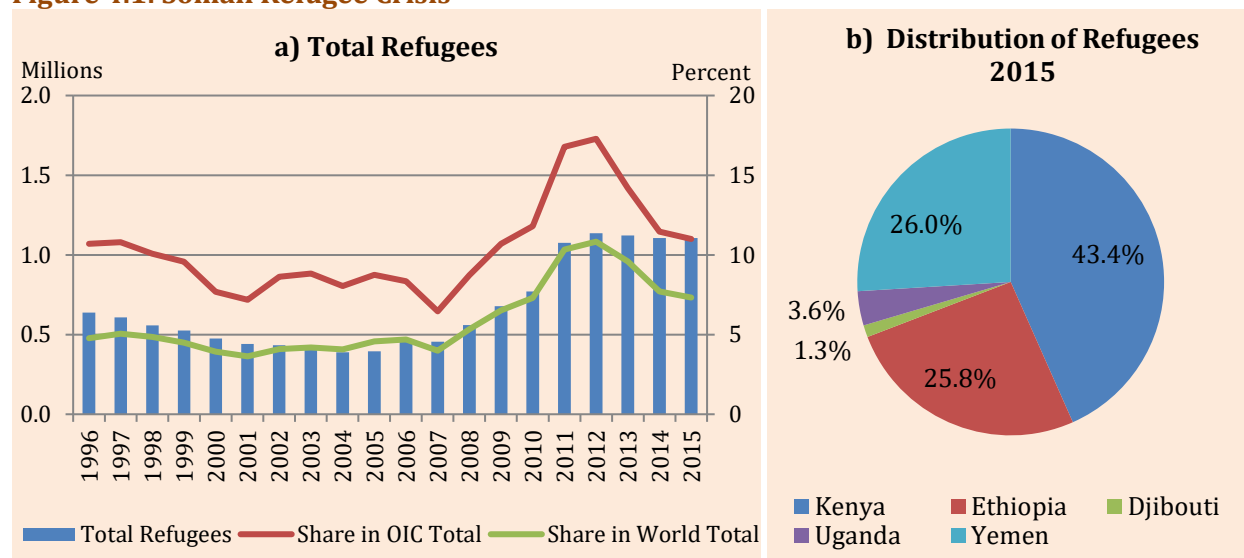
Provided the widespread human sufferings, international community intervened under the umbrella of the United Nations Operation in Somalia to broker a peace deal and address the humanitarian disaster but conflict between rival warlords and clans could not be stopped. An estimated 250 thousand Somalis, including many children, died in this war and famine whereas hundreds and thousands of people were either displaced inside the country or took refuge in the neighbouring Kenya, Ethiopia and Yemen (World Bank, 2005). Meanwhile, the north-western area of the Somalia declared independence as the Republic of Somaliland in 1991 and the leaders of the north-eastern region of Puntland declared it an autonomous state in 1998. Despite concerted efforts to broker a peace deal and establish a central government, the war continued and the country remained without a functional central government until 2012 when the first elected Federal Government of Somalia (FGS) was established. Since then, the FGS in collaboration with the international community and humanitarian partners has been trying really hard to improve the peace and security situation and address the longstanding grievances of Somali people. Nevertheless, recent increase in frequency and intensity of terrorist activities of the notorious armed group Al-Shabab, lasting peace and security remained largely a distant dream for the Somali people.

4.1 SOMALI REFUGEES

Somalia is the third largest refugee source country in the world with over 1.2 million of Somalis taking refuge in other countries, accounting for 11 per cent of the OIC and 7.3 per cent of the world total refugee population in 2015. As shown in Figure 4.1, the number of Somali refugees has witnessed significant fluctuations over the years. According to the estimates of United Nations Higher Commission for Refugees (UNHCR), more than half a million (0.6 million) Somalis were registered as refugees in 1996. However, establishment of an internationally-backed unity government in 2000 raised the hope for improvement of peace and security situation and many Somalis had decided to return to their homeland. Consequently, by the end of 2004, the number of refugees plunged to the lowest level recorded since the outbreak of civil war in the early 1990s. However, this recovery was short-lived and the war between Ethiopian-Somali security forces and militia group Islamic Court Union during 2006-2009, suicide attacks on the UN and government offices in 2008, and drought and famine between 2010-2012 lead to the second largest exodus of the refugees which peaked to the towering sum of 1.13 million in 2012, accounting for 17.3 per cent of the OIC and 10.8 per cent of the

world total refugee population (Figure 4.1, left). Currently, around one million registered Somali refugees are hosted by five countries namely Kenya, Yemen, Ethiopia, Uganda and Djibouti. Majority of these refugees fled during the civil war and clan based violence during the early 1990s. However, lately during 2011-2012, Somali refugee's arrival in Kenya and Ethiopia has increased many folds due to the drought, famine and ongoing war in Somalia (Figure 4.1, right).

Figure 4.1: Somali Refugee Crisis



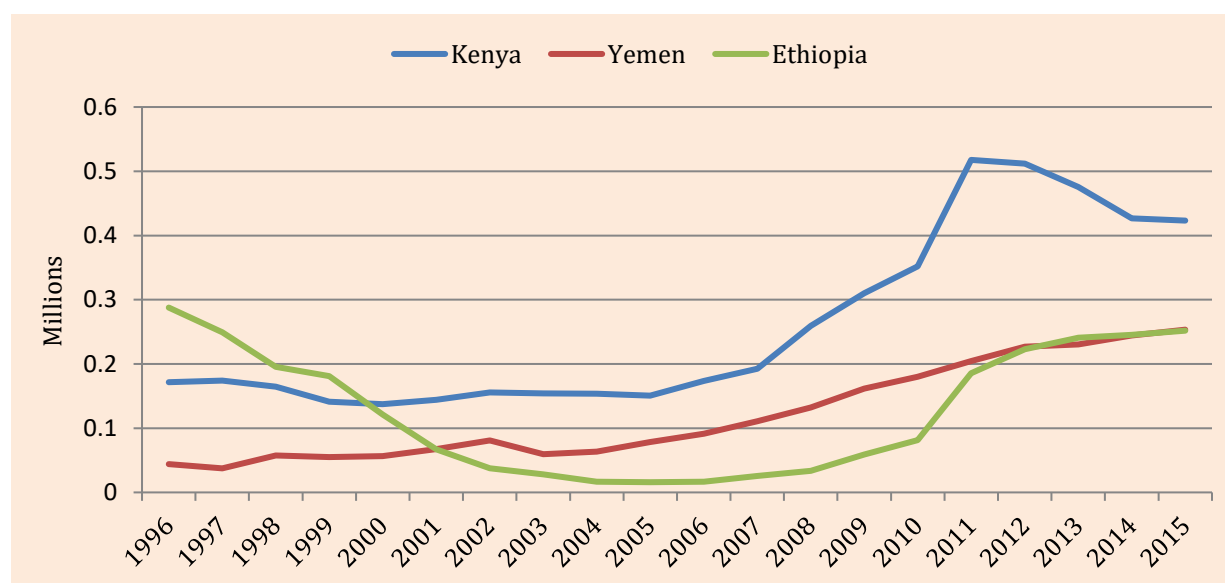
Source: SESRIC staff calculation based on UNHCR Population Statistics Database.

The number of Somali refugees in Kenya has increased from 0.17 million in 1996 to 0.42 million in 2015 (Figure 4.2). The highest number of Somali refugees in Kenya was recorded in 2011 when over a half million were living there. In Kenya, Somali refugees are currently living in three camps (UNHCR, 2016). Nearly 80 per cent of Somali refugees are located in Dadaab refugee complex. This complex was originally designed to host not more than 160,000 refugees (ICMC, 2013) but currently its home for over 331,404 refugees. With 56,178 refugees, Kakuma is the second largest settlement of the Somali refugees in Kenya followed by Nairobi (31,767 refugees). Ethiopia has also remained a major destination for the Somali refugees with a share of 25.8 per cent in 2015 (Figure 4.1, right). In Ethiopia, all refugees are required to stay in camps and majority of Somali refugees are located in the Southern region of the Dollo Ado which is known as one of the largest refugee settlements in the world (UNHCR, 2016a). Majority of the Somali refugees in Dollo Ado are living in five camps namely: Melkadida, Hilaweyn, Kobe, Bokolmany and Buramino.

Yemen is a historic transit hub for refugees, asylum seekers and migrants from the Horn of Africa to the Arabian Peninsula. Despite being one of the poorest countries in the region, it is the only country in the region that is a signatory to the 1951 Refugee Convention and its 1967 Protocol (UNHCR, 2016b). Yemen has been very generous towards Somali refugees and currently it is home for more than 0.2 million of them (Figure 4.2). Nevertheless, since March 2015, the security situation has deteriorated in the country and consequently over 300 thousand refugees, around 85 per cent of them Somali, returned to Somaliland and Puntland as of November 2015 (UN OCHA, 2015).

Despite the fact that all three major host countries are signatories to the 1951 Convention and its 1967 protocol, they impose restrictions on refugees' access and freedom. Somali refugees are living in precarious circumstances. Refugee camps are over populated with limited access to basic amenities, opportunities to seek work, and resettlement. In fact, authorities are not willing to issue them work permits to be able to seek employment opportunities. Furthermore, they are victims of xenophobic attitudes, arbitrary arrests and attacks especially in Kenya. In the wake of Al-Shabab's attack on a Kenyan university in April 2015, Kenyan government has announced the closure of the Dadaab and asked the UNHCR to relocate the Somali refugees within three months.

Figure 4.2: Major Hosts of Somali Refugees



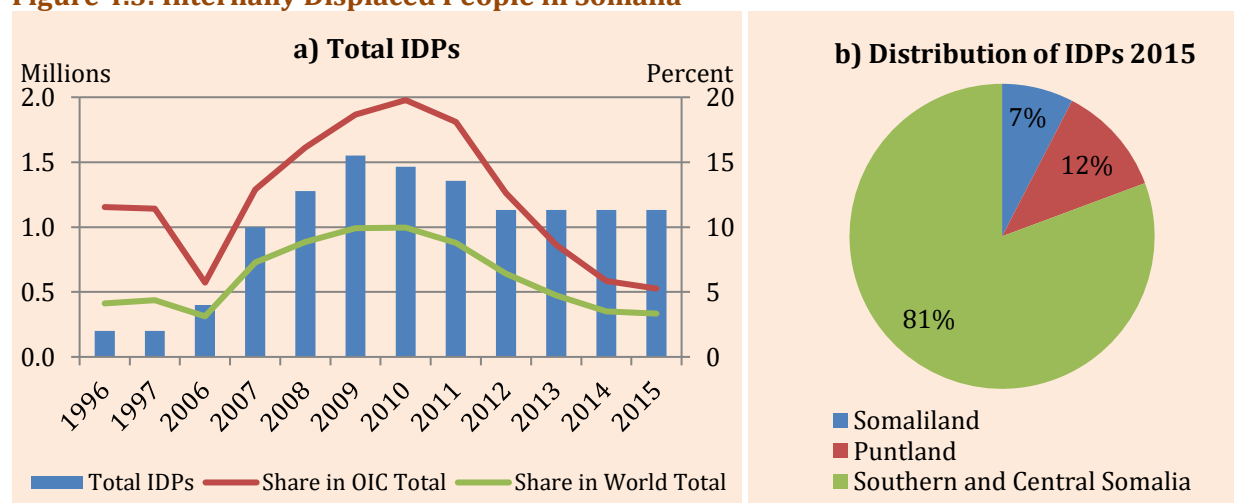
Source: SESRIC staff calculation based on UNHCR Population Statistics Database.

4.2 INTERNAL DISPLACEMENT

The interplay between conflict and environmental disasters underlies the repeated waves of internal displacement in Somalia. Southern and central Somalia is the most affected by armed conflict whereas Somaliland and Puntland are relatively stable. Currently Somalia is hosting the 7th largest internally displaced population in the world with over 1.1 million people, out of the total estimated Somali population of over 10 million, displaced across the country (IDMC, 2015). In 2015, Somalia accounted for 5.3 per cent of the OIC and 3.3 per cent of the world total IDPs. As shown in Figure 4.3, the number of IDPs has witnessed significant increase from 0.2 million in 1996 to 1.1 million in 2015. During this period, the highest numbers of IDPs in Somalia were recorded in 2009 when around 1.55 million people, accounting for around 20 per cent of the OIC and 10 per cent of the world total burden, were forced out of their homes by the civil war, conflict and natural disasters. The situation has improved since then and the number of IDPs has declined to 1.1 million in 2012 (Figure 4.3, left). Since then, no significant internal displacement was recorded in Somalia. Over the years, the distribution of IDPs remained highly skewed towards the Southern and Central parts of Somalia. As shown in Figure 4.3

(right), over 80 per cent of total IDPs in Somalia (0.89 million) were living in Southern and Central parts of Somalia in 2015. Among other regions, Puntland accounted for 12 per cent (0.13 million) and Somaliland accounted for only 7 per cent of total IDPs in Somalia (84 thousands) in 2015. Over one third of the total IDPs in Somalia (around 370,000 people) are residing in the capital Mogadishu and in its outskirts. According to the latest estimates, around 70 to 80 per cent of all IDPs are women and children (OCHA, December 2015).

Figure 4.3: Internally Displaced People in Somalia



Source: SESRIC staff calculation based on UNHCR Population Statistics Database.

IDPs living in camps remained highly vulnerable across the country in general and in Mogadishu in particular. Ongoing war against the Al-Shabab, fragile security situation and restricted access to many areas has made it difficult to reach to the IDPs. According to the latest estimates (UNOCHA, 2015a), more than 2000 security related incidents were recorded in 2015. Humanitarian agencies witnessed over 80 incidents related to administrative and bureaucratic impediments, 20 per cent of them direct interferences, whereas road access to 28 districts in southern and central regions continued to be constrained by illegal checkpoints, road blockages, violent clashes along major access roads, and direct attacks and threats on humanitarian and commercial goods.

In Somalia, many humanitarian organizations do not have significant presence in all of the areas where assistance is needed and local partners often lack the capacity to meet the demands of assistance. IDPs continued to face violence, human right violations, forced evictions and discrimination. Between January and September 2015, some 116,000 internally displaced persons and the urban poor in Mogadishu, Kismayo and other urban centres have been forcibly evicted and expelled to the outskirts of the city (UN OCHA, 2015a). Women and children remained particularly vulnerable due to gender based violence, sexual abuse, child recruitment by terrorists, lack of physiological help, and wide spread food insecurity.

4.3 HUMANITARIAN NEEDS AND ASSISTANCE

4.3.1 HUMANITARIAN NEEDS

According to the latest estimates of the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), over 4.9 million Somalis are in need of emergency humanitarian assistance including 1 million people facing food insecurity and 3.9 million highly vulnerable to the shocks of cyclical natural disasters and disease outbreaks. Internally displaced people (IDPs) are particularly vulnerable and account for more than half of the total food insecure people in the country. About 308,000 children under the age of 5, or one in eight, are estimated to be acutely malnourished in 2015. According to the estimates of United Nations Food and Agriculture Organization (FAO, 2013), about 258,000 Somalis, half of them children under the age of five, died in the famine between October 2010 and April 2012.

Many parts of Puntland and Somaliland regions are affected by the severe drought and an estimated 380,000 people are living without adequate water and food supplies in these two regions. Majority of these drought-affected people, nearly 58 per cent, are located only in four parts of Puntland namely: Bari, Nugaal, Sanaag and Sool (UNOCHA, 2016). This state of affairs led to the outbreak of water-borne diseases and increase in incidence of Measles. More than 5,700 suspected cases of Measles and about 4,000 cases of acute watery diarrhoea (AWD) were recorded only in 2015, with 85 per cent of the cases being children under age 5.

Intensified violence, widespread insecurity and low capacities to mitigate and manage the natural calamities lead to significant gaps in access to food, water, sanitation, health care, education and schooling and financial resources. According to the latest estimates (UNOCHA, 2015a), about 3.2 million people in Somalia need emergency health services. Provided the low access to reproductive healthcare, one out of 18 women dies during childbirth in Somalia. Improved access to water, sanitation and hygiene (WASH) services also remained very low as around 45 per cent of Somalis do not have access to safe water and 37 per cent of Somalis do not have access to basic sanitation. Children remained the most vulnerable group with a total of 340,000 children at risk of water-related diseases due to lack of appropriate WASH services, around 308,000 children under the age of five malnourished and about 1.7 million children of school age out of school in 2015 (UNOCHA, 2015a).

After decades of dysfunctional or non-existent central government, the first Federal Government of Somalia (FGS) was established in 2012 with a promise to improve the peace and security situation, rebuild the country and enhance access to basic civic amenities. However, chronic lack of development and accountability remained the stumbling block for the government to deliver basic public services, implement the rule of law and guarantee internal security. Provided the fact that Al-Shabaab is the major threat to the peace, security and development in Somalia, the FGS in collaboration with the African Union is conducting a military operation to defeat the terrorists and liberate the Southern and Central parts of the country.

In the wake of military operation against the Al-Shabab, the threat of death and injuries to civilians remained very high. Though, recently security forces have made significant gains in terms of re-establishing the writ of the state and consolidating the territorial control, Al-Shabab continued to

carry out attacks with improvised explosive devices (IEDs), grenades and suicide bombing in which civilians have been killed and injured (IDMC, 2015). The new FGS has chalked out a six-pillar policy to address the suffering of people and build effective institutions. Disaster Management Agency (DMA) within the Ministry of Interior and an inter-ministerial Emergency Drought Response Committee are leading the activities related to humanitarian issues and the reintegration of refugees and displaced people (UNOCHA, 2016).

Over the last two decades, international community has persistently been engaged with the local authorities to address the humanitarian needs of Somali people. Currently, around 180 humanitarian organizations are working with the FGS. According to the latest Humanitarian Response Plan for Somalia (UNOCHA, 2015a), some US\$ 885 million are required to provide the basic life-sustaining assistance to the 3.5 million targeted people for the year 2016 (Table 4.1). The humanitarian action in Somalia is based on a three year (2016-2018) strategy which revolves around three core humanitarian objectives:

1. Address humanitarian needs by providing life-saving and life-sustaining assistance to people in need, prioritizing the most vulnerable.
2. Restore and strengthen livelihoods and basic service delivery to build resilience to recurrent shocks.
3. Strengthen the protection of the displaced and other vulnerable groups, and catalyze durable solutions.

Table 4.1: Humanitarian Needs, Targets and Requirements for 2016

Cluster	People In Need	People Targeted	Requirements US\$
Food Security	4,900,000	3,500,000	444,000,000
Health	3,270,000	1,870,000	71,000,000
Shelter	910,000	480,000	41,000,000
Education	1,700,000	200,000	21,400,000
Protection	1,100,000	959,200	90,000,000
Logistics	4,900,000	3,500,000	14,600,000
Enabling Programmes			33,000,000
Nutrition	1,300,000	800,150	66,000,000
WASH	2,740,000	1,970,000	65,000,000
Refugee Response	21,059	11,500	39,000,000
Total	4,900,000	3,500,000	885,000,000

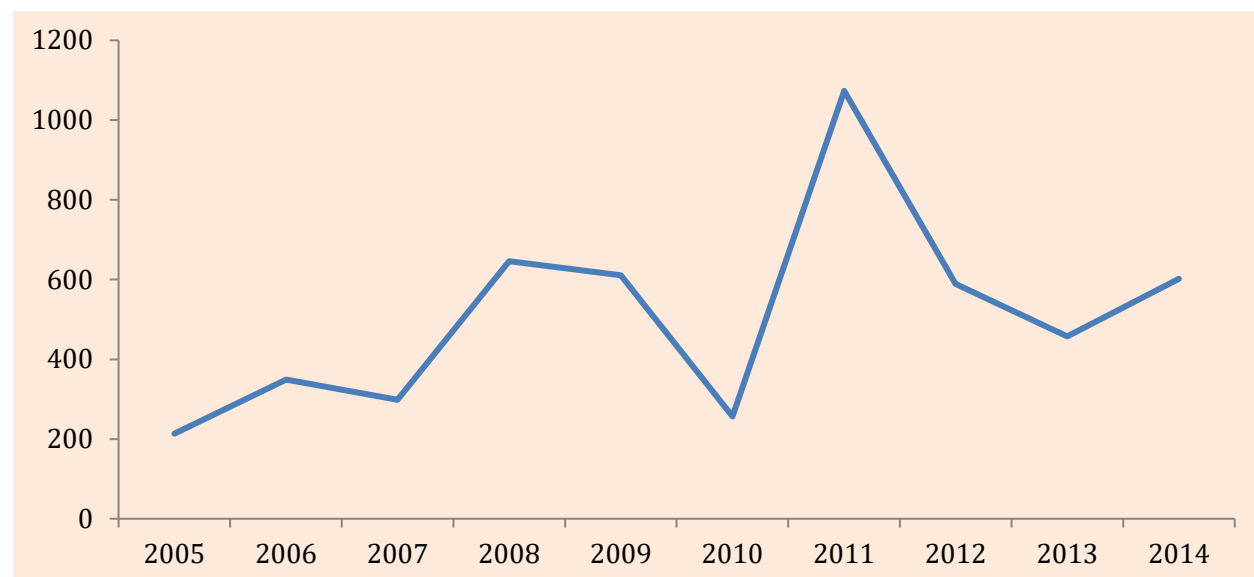
Source: UN OCHA, Somalia Human Response Plan 2016.

4.3.2 HUMANITARIAN ASSISTANCE

Humanitarian assistance or aid is material or logistical assistance provided for humanitarian purposes, typically in response to humanitarian crises including both natural and man-made disasters. The primary objective of humanitarian assistance is to save lives, alleviate suffering, and maintain human dignity. Based on this understanding, Figure 4.4 displays the total official

humanitarian assistance provided to Somalia between 2005 and 2014. The total official humanitarian assistance to Somalia was US\$ 213 million in 2005, where it reached US\$ 602 million by 2014. A sharp increase observed in total official humanitarian assistance sent to Somalia in 2011 that amounted US\$ 1.1 billion. Such an increase mainly stemmed from aid sent by international community following deaths caused by the drought and famine in Somalia and Western Africa. Among the OIC countries, Turkey sent a large amount of food aid and other necessities and launched a variety of campaigns to alleviate this crisis in Somalia. In 2013, Somalia received the second largest volume of humanitarian assistance from Turkey with US\$ 27 million, ranking it among top ten donors of humanitarian aid (Table 4.2).

Figure 4.4: Total Official Humanitarian Assistance for Somalia, 2005-2014 (US\$ million)



Source: Global Humanitarian Assistance Data

Table 4.2: Top Ten Donors of Humanitarian Aid in 2013 (US\$ million)

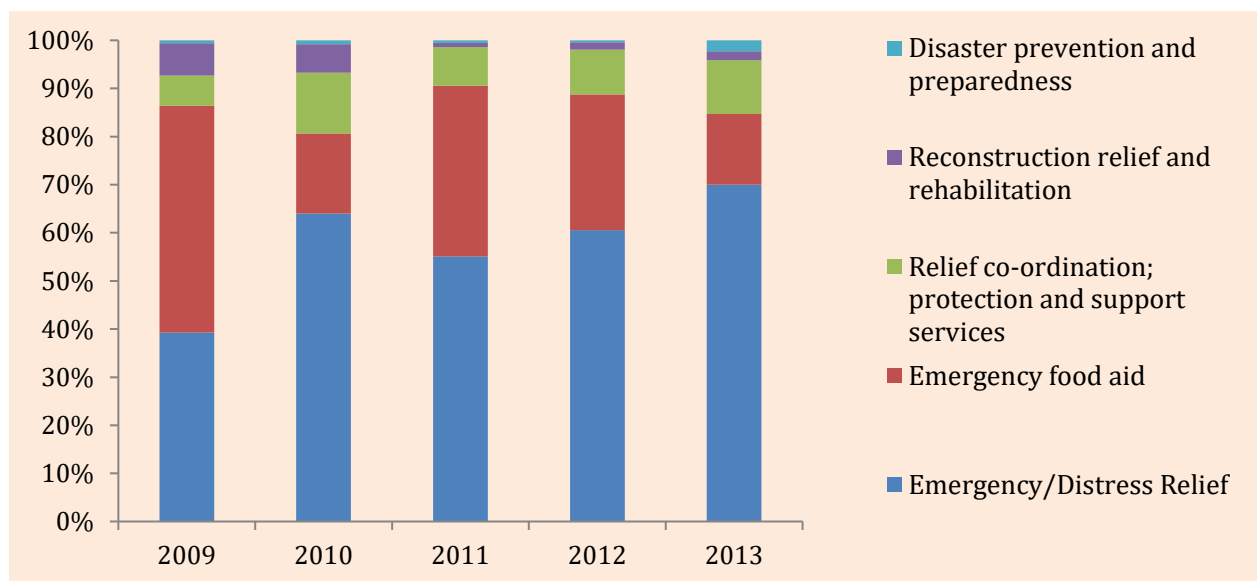
Donors	Humanitarian Aid
United States	201.3
United Kingdom	85.4
Sweden	30.4
Japan	28.2
Turkey	27.2

Source: Global Humanitarian Assistance Data

On the other hand, Figure 4.5 presents the humanitarian assistance by expenditure type for Somalia during 2009-2013. The humanitarian assistance statistics in Figure 4.5 are grouped under disaster prevention and preparedness (activities to alleviate disaster risk, early warning systems), reconstruction and rehabilitation, coordination, protection and support services (logistics, telecommunications etc.), emergency food aid (direct distribution of food in short term) as well as emergency/distress relief. Since 2011 the humanitarian assistance in the domain of

emergency/distress relief is on the rise in Somalia. In 2013, emergency/distress relief represented approximately 70 per cent of humanitarian expenditure for Somalia due to deteriorating conditions and intensifying internal conflicts. Among four groups of humanitarian assistance, reconstruction relief and rehabilitation was getting consistently the lowest share (2-3 per cent) between 2009 and 2013. This implies that for Somalia emergency humanitarian situation could not be resolved and that the country is still in need of more emergency relief and food aid.

Figure 4.5: Humanitarian Assistance by Expenditure Type for Somalia, 2009-2013



Source: Global Humanitarian Assistance Data

Box III: OIC HUMANITARIAN COORDINATION OFFICE IN SOMALIA

Organization of Islamic Cooperation
Humanitarian Coordination office in Somalia

LIVELIHOOD SECTOR

The Organization of Islamic Cooperation (OIC) Humanitarian Coordination Office in Somalia has been operational since 2011. It was established to coordinate relief efforts during 2010-11 draughts and the famine that followed. It works closely with a coalition of 47 members of Muslim NGOs. During relief efforts, it was characterized by efficiency in service delivery and elimination of potential overlap. It ensured access to most current information for speedy action in the appropriate locations through regular information sharing meetings. The draughts have left some 1.1 million people displaced. The displaced people are still spread across different parts of Mogadishu and in other parties of Somalia. The OIC has been directing its efforts to put an end to protracted displacement in Somalia. The OIC launched in 2013 the Livelihood & VRP Department to respond to recovery and development needs of Somali People.

WATER, SANITATION AND HYGIENE (WASH) SECTOR

The OIC established Water, Sanitation and Hygiene (WASH) Sector when famine was declared in 2011. The sector has been supported and enriched by Coalition members of international and local organizations. The aim of the WASH Sector Response is to coordinate WASH interventions being implemented by the Coalition organizations and advocate for responses to WASH gaps and needs throughout the country.

HEALTH SECTOR

The OIC Health Sector coordination department is a leading and coordinating body of the health services and activities carried out by the Coalition members of the local and international organizations in Somalia. The general objective of the OIC Health Care Response is to assist and cooperate with the Ministry of Health in the recovery process of the health service system of Somalia. Moreover, the OIC Health Sector coordination department has been providing medical supplies in order to improve the health situation of people affected by different acute communicable diseases and other serious chronic diseases in Somalia.

EDUCATION SECTOR

The OIC recognized the importance of education among the Somali people and pondered into the many years suffering of both manmade and natural disasters, and thoughtfully considered the plight of children and their parents. Given the state of affairs in Somalia, the OIC decided to initiate an education program where school children, out-of-school children, and youth in the districts of Somalia can get access to quality education. Educational projects undertaken during the time focused mainly on the rebuilding schools tendered by the Ministry of Education. Most of these education institutions were completed by the OIC and handed over to the Ministry.

Source: <http://oicsomalia.org/en/>

Box IV: SOMALIA HIGH LEVEL PARTNERSHIP FORUM (HLPF)



The “New Deal for Compact for Somalia” process was launched by the international community to ensure the coordination of international aid disbursement, enhance its effectiveness and reinforce Somali ownership with a view to maintaining peace and state-building in Somalia. In other words, The New Deal Compact for Somalia aimed to establish a partnership based on mutual accountability and shared risk and responsibilities between Somalia, and international partners to guide Somalia's political, security and development agenda. The New Deal Compact for Somalia (the Somali Compact) was first endorsed in Brussels in September 2013.

The Somalia High Level Partnership Forum is the highest decision-making mechanism of this process in which the Somali Government, the United Nations (UN) and key donor countries are parties. The third meeting of the Forum was held at Ministerial level on 23-24 February 2016 in Istanbul under the co-chairmanship of H.E. Recep Tayyip Erdoğan, President of the Republic of Turkey, H.E. Hassan Sheikh Mohamud, President of Somalia and H.E. Jan Eliasson, UN Deputy Secretary-General. In the Forum, more than 200 delegates attended from 46 countries and 11 international organizations, the Federal Government of Somalia as well as the leaders of the regional governments.

The third meeting of the Forum aimed to increase the effectiveness of international aid as a way to establish economic recovery as a prelude to lasting peace and stability in the country. The High Level Partnership Forum also discussed the road map for universal suffrage elections in 2020, security reform, urging continued efforts on the redrafting of the federal constitution, and address urgent needs for tangible, on-the-ground development to ensure Somalia's future peace and prosperity.

The Communique of the Forum is available in the *Annex I* of this Report.

Source: MFA (2016)

5. PROSPECTS AND CHALLENGES

This report overviewed the development of Somalia over the last decade by taking both social and economic dimensions into account. International observers consider that political transformation that took place in 2012 (i.e. establishment of a federal government) in Somalia as a very positive and important step that would bring stability and economic growth to the country.

The overview of major socio-economic development indicators confirmed that Somalia exhibited some progress in some dimensions of development. For instance, Somalia achieved to reduce child mortality rates, increase life expectancy at birth and improve access to electricity in the country. However, in each socio-economic dimension, Somalia has been still performing under its potential and needs to intensify its efforts to reach its full potential. Despite having gained a positive momentum in the recent years, Somalia still could not reach the averages of the OIC and LDC groups in many dimensions of the socio-economic development.

Weak government authority, lack of secure environment and functioning institutions remain among the major challenges for Somalia. The lack of authority and security in rural areas in Somalia is a particular challenge for rural population. The indicators revealed that the disparities among rural and urban areas are too wide and conflicts affect socio-economic development of rural population to a higher extent.

Due to lack of security and on-going conflicts, many domestic and international investors/entrepreneurs are not very much willing to invest in Somalia. As a result, the Somali economy stays very much dependent on the agriculture sector production, and therefore country can export only a few types of commodities. This makes Somalia very much open to external shocks such as drought. In order to reduce vulnerability of Somalia to external shocks Somali government, donors and other stakeholders should pay special attention to the diversification of the economy. In order to achieve this, the Somali government needs to ensure security and peace, build proper infrastructure, and develop functioning institutions.

It becomes evident in Somalia that changes at all levels of society are required, which demand an approach dealing with the cultural and structural roots of inequality and conflict. Civic education and provision of basic services and public spaces for discussion (i.e. inclusiveness) are all key elements for a sustainable peace and development process in Somalia (Rayale et al., 2015).

Gender indicators in terms of health and education revealed that Somali women continued to stay in a relatively disadvantaged position, although Somali women have played key roles and contributed to the development of Somalia throughout the course of Somali history. In this regard, the gender aspect and potential contributions of Somali women should not be neglected in order to reach a sustainable peace and development in Somalia (Rayale et al., 2015). This is also important for ensuring the social inclusiveness.

Given the existing weak domestic capacity of Somalia, donor coordination is a major challenge and should be enhanced. Up until the establishment of the High-Level Partnership Forum (HLPF) in 2013,

there was not an agreed and coordinated platform for the process of normalization of Somalia's cooperation with donor countries. Therefore, HLPF has a critical importance for Somalia to develop a new aid framework with the government. More recently, the new federal government created an aid coordination unit under the Ministry of Finance, in order to enhance its capacity to engage with the partners.

Security problems in Somalia not only affect people and potential investors but also constitute a major obstacle in delivering foreign aid to Somalia. In a country where security problems persist, the population generally migrates from the rural areas towards the cities or areas where there are relatively more security forces. If security can be re-established on the coastline and in the agricultural areas of Somalia, the foreign aid provided by donors can be more effective.

Despite having all these major challenges, Somalia has several distinct opportunities for economic growth and development:

- a) **Young population** in Somalia constitutes a major potential for the development of Somalia. Thanks to high fertility rates and improving health conditions, Somalia seems to stay as a country with a relatively young population. If Somalia can exploit the full potential of relatively young population through education and training, the Somali economy would become less dependent on the agriculture sector and overall productivity can see a sustainable growth in the economy. Ultimately the country would reach a higher level of income and better living conditions.
- b) **Geostrategic importance** of Somalia stays as an important opportunity for the country. If Somalia can ensure the security of the naval routes in the region, the international trade volume in the region would register a significant growth that in turn trigger economic growth and development in Somalia. Investing into ports of Somalia and improving logistics infrastructure would also help Somalia to better utilize its trade potential thanks to its geostrategic importance.
- c) **Agriculture sector** in Somalia produces more than 60 per cent of GDP. Therefore, productivity level of the agriculture sector is very important for the economy of Somalia. The recent statistics showed that Somalia recorded some positive growth in the productivity of its agriculture sector. If Somalia continues to invest into the agriculture sector to improve the productivity through training farmers, incentivizing agriculture mechanization and fertilizers, Somalia economy would reach higher economic growth rates that would foster development. In this regard, the agriculture sector in Somalia can be an important enabling factor for the development of Somalia, if its potential can be fully utilized.
- d) **Somalis living abroad** constitute an important opportunity for Somalia. If peace and security is ensured, some of these people can return Somalia and work for the restoration of the country. In particular, educated and highly skilled Somalis living abroad can come back with their expertise and knowledge that can foster development of Somalia. Unskilled Somalis living abroad also have things to do in Somalia, if they go back their home. They would strengthen the labour force of Somalia by joining and work as productive elements of their society.

In the light of the above, the following recommendations can be made for the development of Somalia:

- 1) Reaching a Peace Agreement and initiating the State Building Process in Somalia is the first and foremost prerequisite for the development of Somalia. In a state where intensive internal conflicts and clashes are going-on, it is not possible to advance a development agenda which includes several reform packages and major investment decisions.⁷

- 2) Civil registration and vital statistics system play a pivotal role in the measurement of population dynamics in a country as well other dimensions of development. In this regard, the civil registration and vital statistics system of Somalia should be strengthened to provide decision-makers timely, relevant, and quality information for policy-making at national and local levels. International actors and stakeholders should support Somalia to develop its national statistical capacity by prioritizing the foundational statistics. In connection with the “Transformative Agenda for Official Statistics: Towards a Strategic Framework for Statistics in Support of the Post-2015 Development Agenda”, the National Strategy for the Development of Statistics for Somalia should also prioritize the statistical areas vis-à-vis the Sustainable Development Goals indicators. In this sense, the pillars of coordination, communication, integration, innovation, and capacity building should be supported by the decision-making mechanisms in the country.

- 3) To overcome the “human resources for health crisis” in Somalia:
 - a. More direct investment is needed in the training and support of health workers;
 - b. In relation to (a); simpler tasks previously assigned to highly skilled personnel can be delegated to less skilled workers provided that they receive the appropriate training to deliver the required services competently;
 - c. The implementation of the Health Sector Strategic Plans (HSSP) 2013 to 2016 of the Somali Health Authorities (SHAs) should be monitored closely;
 - d. The number of health workers in all localities of Somalia with serious shortages should be remedied immediately;
 - e. As indicated in the HSSP 2013-16, the Somali women should be encouraged to enter health professions;
 - f. As it will take time to put more human resources to end the crisis, incentives for early retirement of the workforce should be decreased;
 - g. Health worker training and development of career incentives should prioritize service in rural and disadvantaged areas.

⁷ In the final communique of the 13th Islamic Summit Conference, which was held in April 2016 in Istanbul, there were seven articles concerning Somalia. These articles convey a message that the OIC has been strongly supporting the state-building and peace process in Somalia led by the Federal Government of Somalia (FGS). These articles are presented in *Annex II*.

- 4) The federal government of Somalia should invest more into education and to address gender disparity that disfavours girls. The government should be supported for their Go-to-School Initiative 2013-2016, particularly on the following outcomes:
 - a. Outcome 1: Equitable access to quality formal basic education expanded to all school-aged boys and girls.
 - b. Outcome 2: Marginalised, out-of-school children realise their rights to education through innovative and diverse delivery of basic education.
 - c. Outcome 3: Unemployed and vulnerable youth are empowered through access to alternative education programmes and gainful employment.
 - d. Outcome 4: Education authorities and school management, strengthened in leadership skills and commitment to the provision of quality education for all.

- 5) Coping with informal economy is very crucial both for public finance (e.g. collecting tax) and planning for development projects. It is important to note that shadow or informal economy in Somalia is quite extensive. Therefore, in Somalia figures on GDP size or about other economic indicators might be flawed. For instance, according to Middlebrook (2015), GDP size of Somalia is likely to be 20-50 per cent bigger than the estimates reported by the World Bank or the UN. In this regard, Somalia needs to cope with its informal economy and build up state institutions for collecting and reporting its national statistics at internationally recognized standards.

- 6) Investing into physical infrastructure and building up basic institutions have critical importance in order to ease doing business in Somalia and enhance socio-economic development. Having appropriate and efficient basic infrastructure and functioning institutions would create a pro-investor environment where both domestic and international investors can be attracted to do business and realize investments.

- 7) Somalia needs to deepen its integration and cooperation with regional and international organisations from the African Union to the Organization of Islamic Cooperation. An enhanced cooperation with such organisations would contribute to the development of Somalia in different fields and areas, mainly trade and investment and capacity-building.

- 8) Somalia needs to re-assess its perception towards international aid and donor countries. Somalia should not just focus on international aid volume but also try to better utilize received aid for the development of the country. In this regard, conditional aid (e.g. aid for trade and aid for development) may be more helpful than traditional foreign aid for Somalia in the process of state-building.

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ANNEX I

COMMUNIQUE OF THE THIRD MINISTERIAL HIGH-LEVEL PARTNERSHIP FORUM (HLPF), (23-24 FEBRUARY 2016, ISTANBUL, REPUBLIC OF TURKEY)

1. Representatives from 46 countries and 11 international organisations gathered in Istanbul on 23 and 24 February 2016 to participate in the third Ministerial High-Level Partnership Forum (HLPF), hosted by H.E. Recep Tayyip Erdoğan, President of the Republic of Turkey and co-chaired by H.E. Hassan Sheikh Mohamud, President of the Federal Republic of Somalia and H.E. Mr. Jan Eliasson, Deputy-Secretary General of the United Nations. This forum follows previous meetings held in Copenhagen in 2014 and Mogadishu in 2015.

2. Two official side events, one on Women, Peace, and Security and the other on Youth were also held during the HLPF.

3. We welcome the second annual progress report of the New Deal Somali Compact and commend the detailed Compact Review process, which has resulted in greater joint analysis of achievements and challenges faced in implementation, as well as identification of milestones for 2016. This report accurately acknowledges that despite many challenges, remarkable progress has been achieved in many areas of Somalia's peace and state-building agenda and reaffirms our continued engagement and provision of assistance.

4. With the end of the constitutionally-mandated terms of the Federal Government and Parliament, 2016 is a decisive year for Somalia. We recognise that one-person one-vote elections will not be possible this year, but welcome the inclusive and participatory process that led to agreement on key principles and actions of the 2016 electoral process in the 'Mogadishu Declaration' of 16 December 2015. In line with the Guiding Principles and the Mogadishu Declaration, we commit to undertake all efforts to deliver an electoral process in August 2016. We underline our strong expectation that there must not be any impediments to the timely implementation of the electoral process, including freedom of expression, nor any extension of the constitutionally-mandated term limits of the legislature and executive. We urge the completion of the 2016 Electoral Process Implementation Plan and the development of the 2020 Roadmap in an inclusive and participatory manner.

5. We note the absence of Puntland from this Forum, and urge the Federal Government and regional authorities to make every effort to ensure that the government and people of Puntland are fully on board in order to allow for the 2016 electoral process to be as inclusive as possible.

6. We affirm that pursuing universal suffrage in 2020 is required. We recognise the need to overcome the existing power-sharing formula, in accordance with the strong desire of the Somali people. We stress the importance of a clear political vision and path and agree to consolidate twin-track planning

in support of one-person one-vote elections supported by a capable National Independent Electoral Commission by 2020. The international community stands ready to support these processes.

7. We underline the need to complete the state formation process in Hiraan and Middle Shabelle and reach agreement on clarification of the status of Mogadishu.

8. Noting that Somalia's Federal Constitution will be the foundation for stability and peaceful politics in Somalia, we urge the swift completion of the review of the priority chapters of the Provisional Federal Constitution. We welcome the agreement among federal leaders and mandated federal institutions on priority political issues that require immediate response in 2016. We urge the Federal Government to engage the emerging and federal member states in the constitutional review and implementation process and conduct nationwide consultations with Somali people across all federal and emerging member states, including through civic education and outreach to ensure broad-based consensus and Somali ownership.

9. We acknowledge that progress has been made to achieve greater peace and security across Somalia, but remain concerned that the security environment at present is an inhibiting factor for development of both governing institutions and the Somali population and remains a root cause for the significant humanitarian assistance requirements in Somalia.

10. We commend the valiant efforts by AMISOM and the SNA in the fight against al-Shabaab. We express special appreciation to all AMISOM Troop and Police Contributing Countries, as well as partners for their contribution and continued commitment to the Mission. We urge the need for reinvigorated AMISOM and SNA operations, and that efforts be made for the SNA to assume operational strength in forward bases supported by AMISOM. Operations must be conducted in compliance with international humanitarian law and human rights and take into account the need to create the necessary conditions for stabilization of recovered areas, recognizing the role to be played by different actors, including those within the police, justice, and corrections sector. We look forward to the outcome of the forthcoming Troop Contributing Countries (TCC) Summit in Djibouti in February 2016. We call upon all partners to continue to bridge the gap between operational needs and available resources in order to guarantee predictable, flexible, and sustainable resources.

11. We recognize the efforts made to provide support to strengthen the capacity and accountability of Somali security institutions across the country and welcome the commitment by the Federal Government and international partners to develop, before May 2016, financially sustainable plans for the army (Gulwaade) and police (Heegan) under a national security architecture and informed by the Public Expenditure Review conducted by the World Bank and the UN. We welcome the decision that the National Security Council will include regional representation at the highest level. We commend efforts to complete a National Threat Assessment and to ensure the National Security Policy is fully agreed and endorsed before May 2016.

12. We also recognize the opportunity and need to provide support to the police forces of emerging and federal members States to ensure safety and security.

13. We note that international support to the Somali security sector remains essential and must be provided with increased transparency and full integration and alignment with the financially sustainable plans developed by the Federal Government. We welcome the commitment to focus on national force integration and the President's commitments on security sector reform including expenditures together with enhanced monitoring systems and urge that the mechanism supports regular and timely payments. We welcome the commitment from international partners to provide stipends in a timely and consistent manner.

14. We recognize rule of law is an integral part of security, stability and extension of state authority and jointly commit to improve provision of basic services across the justice chain of police, justice, and corrections. We also urge that key justice institutions such as the Constitutional Court, Independent Human Rights Commission and the Judicial Service Commission be established in 2016.

15. We recognize the importance of a comprehensive approach to preventing violent extremism in Somalia, beyond military operations and including addressing the root causes of radicalization and pledge to work together to address these factors. We reaffirm that counter-terrorism efforts should be conducted in full respect of human rights and welcome the adoption the Counter-Terrorism Bill.

16. We emphasize that a comprehensive approach for the extension of state authority is required so that local administrations have the capacity to deliver basic services to their constituencies.

17. We are concerned that 4.7 million people in Somalia are food insecure and in need of urgent and sustained humanitarian support. 3.2 million people are in need of emergency health services, nearly 1 million face daily food security crisis, more than 300,000 children under the age of 5 are acutely malnourished – 58,300 of them severely. The needs of 1.1 million internally displaced people are particularly great. We are particularly concerned with the recent onset of drought in large areas across Somalia, and reaffirm the need for attention to disaster management and early warning and response systems. We recognise durable solutions are required to address persistent natural and man-made shocks and vulnerabilities. We reconfirm our commitment to the 2016 Humanitarian Response plan. We welcome efforts to provide a solutions perspective for IDPs, and urge international and national partners to provide necessary support to strategically bridge humanitarian and development objectives.

18. We underline the vital role of education, health, social protection, and other core social services in supporting the Somali people. Whilst recognizing the substantial progress made in 2015 to extend social services to disadvantaged populations, the international community and government commit to prioritize greater financial and human resource investments in social services. In this regard, we welcome the joint commitment to improve public delivery of education and health services through

key legislation & policies (e.g. national curricula, health strategy, social protection policy), capacity building, and effective public management and payment systems for teachers and health workers.

19. We underline the need to develop key economic sectors that will provide all Somalis with greater opportunities for sustainable livelihoods, and stress the need for responsible and transparent management of all productive and natural resources as the primary drivers of inclusive economic growth.

20. We acknowledge the Federal Government's commitment to enact reforms and draft legislation to strengthen key sectors (energy, infrastructure, ports, ICT, agriculture, livestock, and fisheries), including through private public partnership, and welcome the international community's efforts to expand support for high priority economic sectors and youth employment, including through vocational training. We encourage support for regional economic initiatives, especially for infrastructure development, as they will be essential for regional economic growth and cooperation.

21. We recognize the need for a comprehensive approach to equipping Somali youth with tools that will enable them to play a positive role in bringing peace, social and economic prosperity to Somalia. In that regard, in line with the Security Council Resolution 2250 on Youth, Peace and Security, we welcome development of the National Youth Policy and the UN Youth Strategy for Somalia, as well as the creation of the Somali Youth Fund through the National Window.

22. We underscore the vital contribution of women to the economic, political and social life of Somalia. We welcome the Federal Government's decision to ensure 30% of seats for women in the 2016 elections and South West States' allocation of 21% of seats for women in the Regional Assembly. We urge the Somali leadership to translate these commitments into reality in August 2016. We appreciate that formulation of the National Gender Policy has commenced, welcome the drafting of the Sexual Offences Bill and urge the swift completion and approval of them. We urge the Government to ratify the Convention on the Elimination of Discrimination Against Women (CEDAW) in order to ensure measures are put in place to systematically eliminate discriminatory laws and practices and promote equality of women.

23. We appreciate the active and successful participation of Somalia in the recently concluded Universal Periodic Review (UPR) process before the UN Human Rights Council. We congratulate Somalia on its ratification of the Convention on the Rights of the Child on 1 October 2015, and urge the signing of its Optional Protocols.

24. We strongly recommend that momentum be sustained and commitments implemented, particularly with regards to implementation of the Action Plan on the Human Rights Roadmap, the establishment of the Independent Human Rights Commission in line with the Paris Principles, and enhanced compliance by the security forces with international human rights and humanitarian law. We urge the international community to focus their support on the human rights priorities identified,

particularly in the Human Rights Roadmap and to support capacity building of the Ministry of Women and Human Rights to implement these priorities.

25. 2016 marks the final year of the Somali Compact. The Compact has played a crucial role in improving the partnership and mutual accountability between the government and international community and furthering political, security and development progress in Somalia. We look forward to developing the next phase of international engagement in Somalia based on a shared set of principles and a renewal of the joint partnership.

26. We commit to taking concrete steps to improve and accelerate aid delivery consistent with agreed partnership principles and to align programs and resources with Somalia's national priorities, as a means of improving aid effectiveness.

27. We welcome the progress made on the preparation of a three-year National Development Plan (2017-19), and national consultations held to ensure that the NDP truly reflects the priorities and needs of the Somali people. We commit to support the formulation of an NDP which provides commitments from the government to the Somali people to create an enabling environment for political and security progress, poverty reduction and inclusive development, and provides the framework for international engagement in Somalia. The NDP will be aligned with the Sustainable Development Goals, and will be IPRSP (Interim Poverty Reduction Strategy Paper) compliant.

28. We congratulate the Federal Government on its progress to improve the management of Somalia's public finances and urge further efforts to mobilise and diversify its domestic revenue. We welcome the political agreement between federal and state Ministries of Finance to work towards harmonized taxes, tariffs and audit functions across the country; use of compatible and interfaced Financial Management Information Systems (FMIS); and adopt a single monetary policy and currency note. We urge the government to commit to the full implementation of these mechanisms to help build Somalia's fiscal management systems. We also welcome the government's commitment to develop a nationally-agreed regulatory framework for revenue sharing and sustainable natural resource management.

29. We recognize the significance of Somalia's first Article IV consultation by the International Monetary Fund (IMF) in 25 years. We commend the Federal Government's continued commitment to financial and economic governance reform to establish the foundations for full re-engagement of International Financial Institutions (IFIs) in Somalia within the framework of HIPC to allow Somalia to access concessional financing to achieve its development objectives. We encourage institution of an IMF-Staff-Monitored Programme.

30. We emphasize that the Financial Governance Committee (FGC) plays an important role in assisting the government and the international community strengthen governance of Somalia's public financial institutions. We strongly encourage the continuation of the FGC's work in order to sustain and build upon the gains that have been made.

31. We recommit to the Use of Country Systems (UCS) roadmap, outlining mutual commitments by development partners and government to use and strengthen country systems commensurate with progress on fiscal reform. We commit to more solid, harmonized and transparent public financial management systems to manage fiduciary risks, and that use of country systems can lead to greater aid effectiveness.

32. In conclusion, we thank all participants for their constructive engagement, and commit to working together on implementation of our agreed actions in 2016, to make this year a milestone and historic year for Somalia.

33. We would like to extend our gratitude to the people and government of Turkey for their warm welcome and hospitality during the Forum and commend Turkey's broad engagement in the development and reconstruction of Somalia.

ANNEX II

ARTICLES ON SOMALIA IN THE FINAL COMMUNIQUE OF THE 13TH ISLAMIC SUMMIT CONFERENCE (14-15 APRIL 2016, ISTANBUL, REPUBLIC OF TURKEY)

37. The Conference noted with satisfaction the steady progress being made by Federal Government of Somalia (FGS) under President Hassan Sheikh Mohamoud and reiterated its full support for the peace building endeavors of the FGS including its outreach efforts with the region in order to achieve comprehensive national reconciliation to lay the basis for durable peace in Somalia and implement all the outstanding tasks towards achieving the goals of “Vision 2016” and beyond. The Conference commended the endeavors of the Secretary General to contribute to national reconciliation in Somalia, and welcomed the transformation of the OIC Humanitarian Office into a development office.

38. The Conference strongly condemned all acts of terrorism and violent extremism perpetrated by the remnants of the Al-Shabaab militants who continue to seek to destabilize the country and the region and emphasized that such heinous acts of criminality negate the well-known Islamic values of moderation and the protection of the sanctity of human life. The Conference called on the militants to heed reason and abandon violence by joining the peace building and reconciliation process.

39. The Conference recalled the Six-Pillar Plan of the FGS and expressed its full support to the Plan which seeks to address the current challenges facing the country. It urged the Member States and the international community to continue to provide in a coordinated and sustained manner their full support for the implementation of the Plan consistent with the obligations of both the international community and Somalia in the reconstruction process.

40. The Conference welcomed Somalia’s remarkable transformation in the areas of security, and federal state building processes, and the latest decision on the election model for 2016 elections reached as a result of the Somali-led nation-wide and inclusive consultation process. It underlined the importance of setting a political road map for universal suffrage by 2020.

41. The Conference commended highly the consent of the State of Kuwait to host a donors’ conference to support the education sector of the Federal Republic of Somalia. It affirmed the importance of supporting and upgrading this sector aimed at guaranteeing security and promoting development and re-construction in the Federal Republic of Somalia.

42. The Conference also commended the Republic of Turkey for hosting the 6th Somalia High-level Partnership Forum on 23-24 February 2016 in Istanbul and urged Member States to support Somalia more actively in the international fora and increase their assistance to Somalia in order to enhance the humanitarian situation, security, stability and economic recovery in the country.

43. The Conference urged Member States which have not done so to open embassies in Somalia to help strengthen bilateral ties between Somalia and Member States, and called on them to be more active in the international fora regarding Somalia’s future.

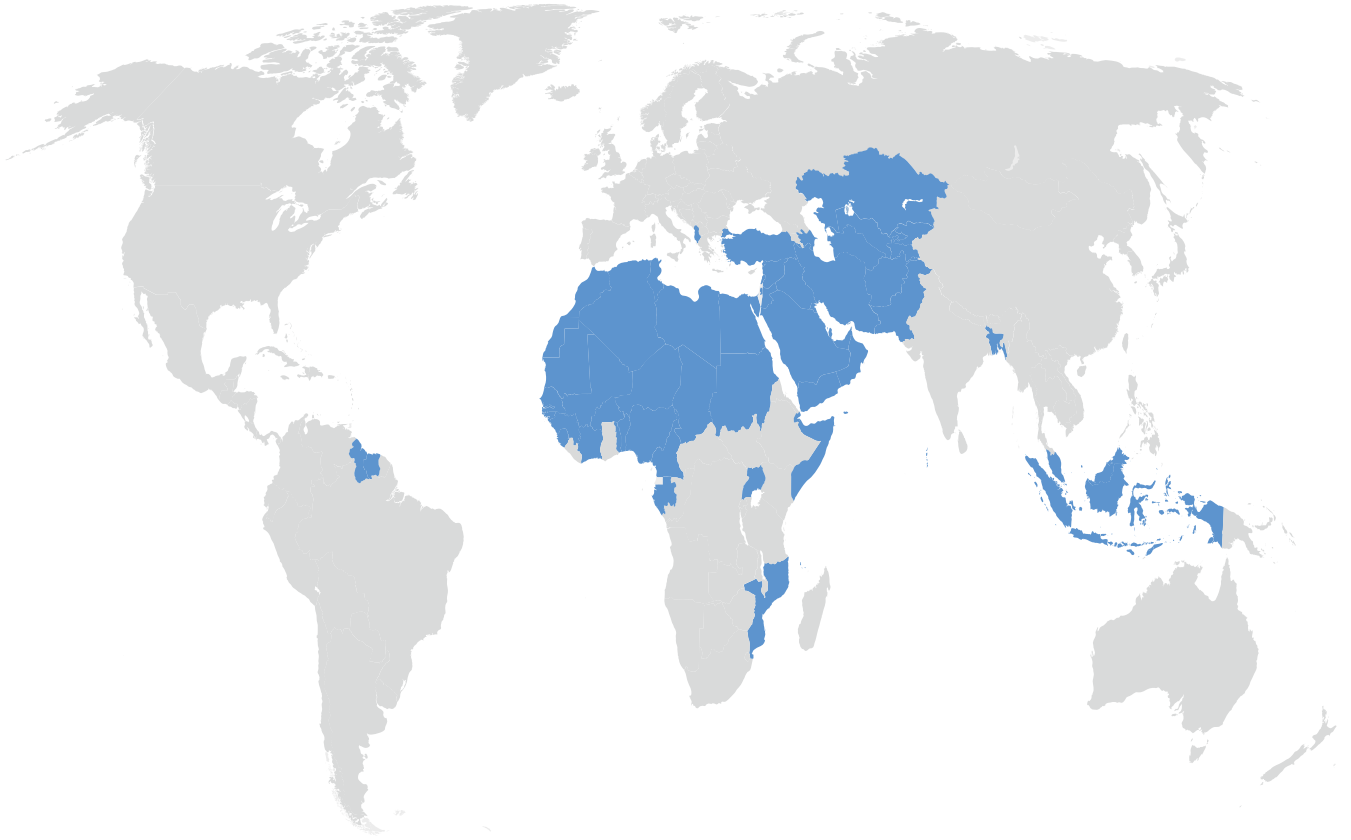
Source: http://www.oic-oci.org/oicv3/topic/?t_id=11093&t_ref=4364&lan=en

ANNEX III

List of Least Developed Countries

1	Afghanistan	25	Madagascar
2	Angola	26	Malawi
3	Bangladesh	27	Mali
4	Benin	28	Mauritania
5	Bhutan	29	Mozambique
6	Burkina Faso	30	Myanmar
7	Burundi	31	Nepal
8	Cambodia	32	Niger
9	Central African Republic	33	Rwanda
10	Chad	34	Sao Tome and Principe
11	Comoros	35	Senegal
12	Democratic Republic of the Congo	36	Sierra Leone
13	Djibouti	37	Solomon Islands
14	Equatorial Guinea	38	Somalia
15	Eritrea	39	South Sudan
16	Ethiopia	40	Sudan
17	Gambia	41	Timor-Leste
18	Guinea	42	Togo
19	Guinea-Bissau	43	Tuvalu
20	Haiti	44	Uganda
21	Kiribati	45	United Republic of Tanzania
22	Lao People's Democratic Republic	46	Vanuatu
23	Lesotho	47	Yemen
24	Liberia	48	Zambia

Source: UN DESA (as of 16 February 2016)



**STATISTICAL, ECONOMIC AND SOCIAL RESEARCH
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