The Federal Republic of Somalia: Reengagement and Reform Development Policy Financing

Chair Summary*

February 27, 2020

The Executive Directors approved an arrears clearance set-aside grant in the amount of SDR 271.2 million (US$375.0 million equivalent) and an IDA Turn-Around Regime grant in the amount of SDR 32.6 million (US$45.0 million equivalent) to the Federal Republic of Somalia for the Reengagement and Reform Development Policy Financing. Directors welcomed this operation that will facilitate the clearance of Somalia’s arrears to IDA and restore Somalia’s access to the full range of available World Bank Group (WBG) financing instruments. They also thanked Norway for providing bridge financing.

Directors commended Somalia for the progress in stabilizing the macroeconomic environment, restoring fiscal management systems needed to provide core public services, and laying the foundation for a competitive private sector that can generate jobs and reduce poverty. They welcomed the critical policy and institutional reforms implemented by the Government in areas of debt and public financial management, revenue mobilization, and private sector governance.

Directors acknowledged the risks to reform and economic recovery in Somalia, including those stemming from climate shocks. They expressed concerns about continued insecurity, political tensions between state and national governments, which if not addressed could threaten the significant progress Somalia has made in recent years. They encouraged staff to use this historic opportunity to help build a strong inter-governmental fiscal framework to ensure peace and prosperity for all, build human capital, increase the country’s resilience to climate change and other shocks, and foster inclusive economic growth. They also encouraged the WBG to continue work with other development partners, and to play a leading role in the coordination of economic and institutional reforms through an effective country platform. They requested an indicative roadmap with planned reforms and actions, which will be included in the next Performance and Learning Review, together with a strong monitoring mechanism.

* This summary is not an approved record.