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Somalia Debt Relief crucial to COVID-19 response

Today we celebrate Somalia for [reaching the HIPC \(Heavily Indebted Poor Countries\) Decision Point](#) for debt relief that will enable the country to access new financial resources to invest in healthcare and other basic services, even more urgent now in the midst of the COVID-19 pandemic.

The announcement by International Monetary Fund and World Bank that Somalia now qualifies for debt relief is a great milestone for Somalia to be relieved of a heavy debt burden, allowing the country to channel resources to tackle its vast humanitarian, reconstruction and development needs.

“We welcome this positive step and urge the Somali government to use it to the full advantage of its people in urgent need of services. With the climate crisis, conflict and the threat of global pandemics, Somalis need very strong systems to support them. Debt relief offers the government an opportunity to invest in much needed pro-poor policies and infrastructure,” Nasra Ismail, Director of Somalia NGO Consortium said.

Millions of Somalis rely on humanitarian assistance & debt prevents them from benefiting from pro-poor development projects that target displaced communities and other vulnerable groups. Existing debt has also prevented the federal government from taking loans to invest in public health, education and welfare systems. The climate crisis, which manifests in recurrent and persistent droughts, flash floods and the current locust infestation and conflict in many parts of the country has led to 2.6 million Somalis being displaced from their homes.

In times of crisis, poorer households are most vulnerable and Somalia’s public systems are too weak to respond to their needs. As debt relief is announced, Somalia has only 15 intensive care unit beds in the whole country, no COVID-19 testing facilities and fewer than 2 health care workers per 10,000 people. Humanitarian partners continue to fill critical gaps in healthcare services and the majority of internally displaced persons, depend on NGO-operated health care facilities.¹ Over a third of Somalis do not have enough water to cover their daily needs,² let alone more frequent preventative handwashing.

Debt relief means that Somalis can expect notable new investments in health care systems, education and basic infrastructure which will allow them to protect themselves, their families and whole communities. “Reaching the HIPC Decision Point [...] has been made possible by Somalia’s sustained commitment to reform that has required support from all key stakeholders, including the NGO community. Looking ahead, the Somalia NGO Consortium [and wider civil society] will continue to play a key role in ensuring resources are used to promote inclusive growth and reduce poverty”, says Allison Holland, IMF Country Director for Somalia. The Minister of Finance of the Federal Government of Somalia, Dr. Abdirahman Duale Beileh added that ‘leadership and support of civil society helped us recognize why civil society is key and how collective advocacy centered on rights of citizens is smart and ethical economics. We will continue to look at civil society to support and play their role to ensure we move towards justice, equity in provision of services and focus on uplifting the burden of those most marginalized’.

We also note that the IMF has approved an extended credit facility and extended fund facility to support policy measures the government will need to take to reach Completion Point. We urge flexibility with this loan - especially with regard to any expenditure ceilings previously agreed to - given the enormous health

¹ JMCNA, 2018

² Humanitarian Needs Overview, UN OCHA, 2020

and economic impacts COVID-19 will have, compounding already dire circumstances; the government must have flexibility to spend where it needs to on health in particular but also to safeguard people economically.”

A diverse group of Somali and International NGOs and civil society actors under the umbrella of the Somalia NGO Consortium (SNC) alongside national officials, have been advocating and campaigning for speedy and full debt cancellation.

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Notes to the Editor:

More information about HIPC Decision Point and what it means for Somalia's debt relief <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/16/11/Debt-Relief-Under-the-Heavily-Indebted-Poor-Countries-Initiative>

The Somalia NGO Consortium is a network of non-governmental organisations (NGOs) working together to improve international aid coordination and raise the presence and profile of NGO representation within the aid coordination structure for Somalia. The Somalia Debt Cancellation Advocacy Working Group under the umbrella of the Somalia NGO Consortium (which has over 88 implementing partners as members), has been actively advocating for expedited and full debt cancellation for Somalia as a means of helping the country escape conflict and poverty and transition towards lasting peace and inclusive and sustainable growth and socio-economic development. It is comprised of national NGOs and International humanitarian organisations including World Vision, ADRA, American Friends Service Committee, NAPAD, Norwegian Church Aid, Norwegian Refugee Council, Oxfam, Qatar Red Crescent, Save the Children, Save Somalia Women and Children and WASDA as members.

For more information or to arrange interviews contact:

Nasra Ismail, **Executive Director of Somalia NGO Consortium:** Director@somaliangoconsortium.org

Amy Croome, **Chair of SNC Advocacy Working group** amy.croome@oxfam.org