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A speedy debt relief will usher in a new era for Somalia

Mogadishu, Somalia, 3rd October 2018: A speedy debt cancellation for Somalia will enable the country access much-needed long term financing and boost economic recovery to meet pressing needs, claims a group of aid agencies operating in the country.

In a new report launched by the Somalia NGO consortium, the members note that the international community and Somalia's external creditors must take concerted action to expedite the debt cancellation process and fully write off the country's external debt currently running at US\$4.6 billion, mostly accumulated in arrears.

"Accelerating the debt cancellation will allow for all available resources to be channelled towards poverty alleviation, reconstruction and development of Somalia. It will also create a conducive environment and unlock international and private sector investments into the country," states the report 'Debt Cancellation for Somalia: The Road to Peace, Poverty Alleviation and Development.'

Somalia is one of Sub-Saharan Africa's most troubled and underdeveloped countries, crippled with widespread poverty from decades of protracted conflict and intense calamities such as severe droughts. Currently, an estimated 4.6 million people, including 2.5 million children, are still in need of humanitarian assistance and about 2.6 million people are internally displaced.

This is why it is crucial for a country like Somalia to fully recover and cope well with intense climate and conflict related crises.

The report outlines how Somalia's inherited debt and arrears prevent the country from accessing international financing, such as concessional loans and grants, critically needed to meet vast development and humanitarian needs.

"Somalia is at a cross roads. It's unjust that current Somalis are burdened with debt that they in no way benefit from and was accrued before majority of them were even born. This debt trap impedes the country's potential for prosperity and full hastened cancellation is essential for peace, poverty alleviation and development. Exceptional goodwill from international community and the creditors is essential to take it to the next level," said Abdurahman Sharif, the Consortium's Director.

Examining current processes for debt cancellation, specifically the Heavily Indebted Poor Countries (HIPC), Multilateral Debt Relief and Post-HIPC Initiatives, the report highlights that an expedited debt cancellation process will increase the level of relief and reinforce hard-won political stability. It will go a long way in improving the country's peace and stability, help the government rejuvenate state services and projects, build public confidence and enhance state-public relations.

The members of the Somalia NGO Consortium laud the positive move by the World Bank which has recently approved USD \$80 million in grants to fund public finance reforms and the European Union which has approved 100 million euros (\$116 million) in budget support to the Somalia to be disbursed over the next three years.

The report is joint initiative by World Vision, Adventist Development and Relief Agency International, Save The children, Oxfam, Norwegian Church Aid, Qatar Red Crescent, American Friends Services committee, Nomadic Assistance for Peace and Development, Norwegian Refugee Council and Wajir South Development Association.

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Notes to the Editor:

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.