

Financing the triple nexus in Somalia

Interview with George Conway

George Conway is the United Nations Deputy Special Representative of the Secretary-General and Resident Coordinator and Humanitarian Coordinator for Somalia. He has more than 20 years of experience in development, crisis prevention and recovery, and humanitarian affairs with the United Nations Development Programme (UNDP) and other UN entities. Prior to his current post, he served as Deputy Director at UNDP's Crisis Bureau in New York and previously worked in Somalia as UNDP Country Director. He has also served as UNDP's

Strategic Advisor for Africa, Country Director a.i. in South Sudan, and Head of Programmes in Juba. In Indonesia, he assisted in crisis prevention and recovery following the 2004 Indian Ocean Tsunami. Before UNDP, he was an analyst on peace and conflict issues in Ottawa and worked on civilian deployments for peacekeeping operations. George Conway holds a master's degree in international Affairs from Carleton University in Ottawa, an Interdisciplinary master's degree from the University of Western Ontario, and a Bachelor's

degree in Anthropology from the University of Winnipeg, Canada.

The Dag Hammarskjöld Foundation was in conversation with George Conway, the United Nations Deputy Special Representative of the Secretary-General and Resident Coordinator and Humanitarian Coordinator for Somalia to learn more about the operational modalities of how financing the triple nexus works at the country level.

1. Over the past years, humanitarian funding for Somalia has been under increasing strain while development funding is often hard-earmarked. In what ways is financing a key challenge for a successful triple nexus approach in the country?

The humanitarian context in Somalia has been volatile. Last year, 2023, started with the worst drought in over 60 years, risking a famine, and ended the year with the worst flooding in over a century. This necessitated a scaling up of humanitarian assistance, to over US\$ 2 billion in 2022. These cyclical shocks are getting more frequent and more intense, and the humanitarian financing needs are becoming unsustainable. To break the cycle of these recurrent crises and anticipate future challenges, there's a need for proactive investment in prevention and adaptation responses, particularly in addressing climate-driven crises.

Despite Somalia's minimal contribution to global climate change, it is one of the countries most affected by the climate crisis. And yet, Somalia hasn't received adequate climate financing commensurate with the need.

Decision-making by traditional Official Development Assistance (ODA) partners is often affected by political dynamics at home and in recipient countries. In a context like Somalia, with its recurring humanitarian crises, and enduring political complexity, there's a tendency for humanitarian aid to dominate the engagement by donor countries since it is guided by humanitarian principles and can show some immediate results. There's a risk of reverting towards emergency assistance, and deprioritising development investments, when things get complicated, in part because of their more long-term horizons, lack of immediate results, and more political nature. This has led

to some discontinuity in financing streams and presents challenges in maintaining consistent support for a long-term development trajectory.

Efforts have been underway to step up climate and development-oriented financing approaches, both to address drivers of vulnerability and need in the long-term and provide more predictable disaster risk financing solutions in the short and medium term. Following the Heavily Indebted Poor Countries (HIPC) decision point in March 2020, Somalia regained access to the International Development Association, leading to more than US\$ 2 billion in development resources for Somalia in the years following. This went a long way in beginning to expand access to the development resources needed.

Across the African continent, development has been increasingly fuelled by domestic revenue and private sector investment. Conversely, in Somalia, the prolonged absence of a functioning state resulted in the disintegration of national revenue systems and the emergence of a war economy with few options for foreign direct investment and private sector growth. Over the past decade, the Government of Somalia has endeavoured to reconstruct its financial management infrastructure from the ground up. Notable advancements have been achieved, with domestic revenue increasing fourfold since 2012 and rising by 25% in 2023. The government is now on the verge of covering its salary expenditures and has set a target to cover operational costs by 2027. Nonetheless, substantial increases in domestic revenue are imperative to facilitate investments in essential developmental sectors crucial for Somalia's future progress.

Despite progress in rebuilding financial systems, Somalia will continue to rely on external financing for its service sectors and human capital investments in the coming years. While this presents a significant challenge, there's a positive trajectory with increasing resources being aligned with Somalia's own development efforts. A key challenge in this regard is to increase the amount of ODA provided through national systems – on budget or through treasury (a figure that currently stands at less than 25% of annual ODA) – in order to better contribute to state- and institution-building.

2. What financial instruments are available to enable the application of the triple-nexus modality in a protracted crisis such as in Somalia? Are there any available pooled funding mechanisms for joint programming that enable this approach?

A deliberate effort has been made since 2014, when the UN presence in Somalia became an integrated mission, to strengthen collaboration and incentivise collective action between the UN political mission, the UN country team, and the Humanitarian Country Team. Pooled financing mechanisms exist for each part of the humanitarian, development and peace nexus. Our Somalia Humanitarian Fund was established in 2010 in response to the then occurring famine. In 2014, the first Multi Partner Trust Fund (MPTF) for Somalia was launched, aligning with the UN Cooperation Framework and the 'New Deal for Somalia'. The MPTF facilitated integrated programming, fostering unity of purpose between the peacebuilding and state building goals of the special political mission, the United Nations Assistance Mission in Somalia (UNSOM), and the capacity development initiatives of the UN Country Team. This pooled fund, capitalised at around half a billion US dollars, focused on key political, rule of law, social-economic, and resilience priorities agreed upon by Somalia and the international community.

A next-generation continuation of the MPTF the Somalia Joint Fund (SJF) was officially launched in May 2023.¹ The launch of the SJF was the culmination of a two-year reform process that redesigned the Fund, in line with the logic of the UN Sustainable Development Group Funding Compact. The reform process addressed a host of issues, including shifting towards a model of unearmarked contributions to new thematic funding windows, in order to better leverage flexible funding to promote deeper UN integration. It has also sought to forge a closer partnership with the government and partners, and to facilitate evidence-based strategic dialogue and alignment between the government, donors and the UN. The SJF is currently being implemented, having developed a next-generation portfolio of strategic interlinked programming in support of Somalia's nationally defined priorities for inclusive politics, rule of law, human rights and gender as well as climate resilience.

Background

The United Nations (UN) has supported Somalia since its independence in 1960. The country has depended on humanitarian aid since the collapse of state structures during the 1990s, compounded by persistent conflict and recurrent climate related disasters.^{2,3} The UN recognises that sustained peacebuilding and state building efforts require a coordinated approach across humanitarian, development, and peacebuilding sectors. At the beginning of 2014, the UN entities in Somalia became structurally integrated, working closely together in areas such as peacebuilding, governance, the rule of law, security, gender equality, human rights, protection of internally displaced persons (IDPs), and disengaged combatants. Currently, 24 agencies and funds carry out the UN's mandates through programmes, the United Nations Assistance Mission in Somalia (UNSOM) and United Nations Support Office in Somalia (UNSOS).

Somalia remains fragile due to climate-induced shocks like floods, droughts, and cyclones, coupled with over two decades of armed conflict and the presence of violent extremist groups, which have weakened the country's resilience. However, in the past decade there has been a significant shift towards development investments, leading to improved resilience and capacities for crisis management. In 2023, Somalia achieved debt relief status – a major milestone towards expanding opportunities for investing in development. Government leadership has been critical in attaining this shift. As government capacity has grown, nationally defined development priorities provide the blueprint for international partners to align their support.

Nonetheless, increasing frequency and severity of climate-induced droughts and floods highlight the urgency of investing in sustainable development efforts. Striking a balance between humanitarian and development priorities remains crucial and necessitates nuanced strategies to ensure effective delivery of humanitarian assistance, when necessary, without compromising neutrality or independence, whilst investing in longer-term state-building and peacebuilding. The effective collaboration of UN, development and peace-building partners have been critical in Somalia's recovery. However, official development assistance alone cannot help Somalia reach its aspirations. Private sector financing and concessional loans are crucial. Likewise, is the need to focus on enablers for growth, including human capital development, energy, transport, and access to international financial markets.

To strengthen Somalia's resilience, the UN emphasises a coordinated, long-term development strategy addressing the root causes of recurrent humanitarian crises. This involves collective efforts across the UN, the Government of Somalia, and its people to achieve the Sustainable Development Goals (SDGs). The UN's efforts are guided by the UN Sustainable Development Cooperation Framework (UNCF) for Somalia 2021-2025, which aligns with Somalia's ninth National Development Plan (NDP-9). This framework underscores the UN's commitment to peace, stability, and prosperity for all Somalis in support of the 2030 Agenda and the SDGs.

The UN has also maintained a very strong strategic, analytical and operational partnership with the World Bank since its reengagement in Somalia, facilitated by a dedicated coordination officer. We have jointly identified priorities focusing on key areas such as local governance systems, inter-governmental fiscal transfers, social safety nets, cash transfers, and a unified social registry. These priorities aim to improve prioritisation based on vulnerability criteria and

enhance engagement in service sectors like health, education, and water. This partnership operates both strategically and operationally, with UN agencies providing technical advisory support for sectoral strategy development, as well playing a role in delivering key components of the Bank's portfolio, with 25% of the Bank's grant-making currently delivered through UN entities, in areas such as social protection, urban resilience, and service delivery.

3. The three UN-administered pooled funds active in Somalia are the Somalia Joint Fund (SJF), Somalia Humanitarian Fund (SHF) and the UN Peacebuilding Fund. Can you tell us a bit more about how these funds collaborate to bridge the Nexus?

The principles guiding the pooled funding sources have been distinct but complementary. The Somalia Humanitarian Fund (SHF) has been reconfigured to focus primarily on integrated, area-based lifesaving activities in prioritised geographic hotspot areas, based on most acute levels of vulnerability and risk. The Fund has also supporting Somalia's localisation agenda, actively engaging local civil society partners, particularly those capable of operating in hard-to-reach areas.⁴ Currently 70% of allocations through the fund are paid to national and local NGOs – the highest such percentage of any humanitarian country-based pooled fund in the world.

Synergies between the SHF and the SJF are especially relevant for investments in resilience. With the SJF now operational, we are exploring the specific complementarity of longer-term development investments in areas at greatest risk of humanitarian need, with the aim of reducing those needs. The SJF is prioritising area-based, locally coordinated programming aimed at empowering local authorities to better engage with communities, understand their needs, and invest in prevention and adaptation more effectively. It's a deliberate strategy aimed at anticipating future crisis risks while simultaneously addressing immediate life-saving concerns.

We are developing a package of promising area-based development investments that are multisectoral and integrated, aiming to address various natural, climate-related, and conflict-related risks in specific geographical areas.

One notable example recently launched is the Jowhar Offstream Storage Programme (JOSP), which operates in an area along the Shabelle River with high risk of recurrent floods, and where agricultural productivity has been compromised by shocks, leading to food insecurity. The JOSP aims to rejuvenate the reservoir infrastructure in the Jowhar district, originally built in the 1970s, in order to

better manage waterflows and significantly reduce flood risks along the Shabelle River, whilst promoting sustainable agricultural development to boost food security. The programme also includes strong local governance, peacebuilding, and social cohesion components to ensure effective natural resource management and mitigate conflict risks. Additionally, it links into the stabilisation agenda by aiding the reestablishment of local governance in areas formerly controlled by Al Shabaab.

Our two country-level funds have also been complemented by sustained engagement with the global Peacebuilding Fund (PBF). There is ongoing substantive interaction between the SJF and the PBF, facilitated by a local PBF coordination officer, enabling proactive engagement in peacebuilding efforts. The PBF and SJF resources have operated concurrently, for example, to help us kick-start support to Women, Peace and Security (WPS) actors at the grass root level, while at the same time complementing this with advocacy for gender equality at the highest political level promoting complementarity of the operational capacities of the UN Agencies, Funds and Programmes (AFPs) to deliver programmatic interventions on the ground, with the good offices role of the special political mission.

4. Conflict prevention requires going for the root causes of conflicts and reoccurring emergencies, building resilience, transforming socio-economic conditions that put people under stress. The UN and the World Bank underline that in Pathways for Peace. And yet coordination of efforts often happens when the conflict and crises is a fact. What strategic choices, what kind of resourcing could make a difference, improve durable results?

When working in a country facing multiple, intersecting shocks – whether climate-related, rooted in deep-seated development deficits, a volatile security context, compounded by complex politics – we have to take the long-term view. Our commitment should be to invest in supporting Somali's to rebuild their country's institutions and systems in ways that can better manage these complexities peacefully, be resilient to these shocks, and create conditions for progressive improvements in people's lives – economic growth that creates jobs, and improved

investments in service sectors that develop human capital. This requires a sustained commitment that resists the short-term thinking too often prevalent in the international community, which often operates within shorter political cycles that can fluctuate and waver over time.

Over the past decade of my engagement in Somalia, we can demonstrate with very concrete evidence that notable progress has been achieved in institution and state-building, which has enabled national, state, and local authorities to assume greater responsibility in providing a protective environment for their citizens. While cyclical shocks will continue to happen, the country's resilience and capacity to manage these shocks is improving. The drought of 2022-2023 was worse than that of 2010 but did not result in a widespread famine as did the latter; the floods of 2023 were worse than their nearest comparator in 1997 but did not have anywhere near the level of fatality.

In addition to long term-commitment, it's crucial to continue to better balance financing flows for the country, not solely reliant on traditional Official Development Assistance (ODA). This involves collaborating with global, international, and regional financing institutions, expanding beyond traditional OECD-DAC donors.⁵ Having reached the HIPC completion point in December 2023 has allowed Somalia to normalise its relationship with International Finance Institutions (IFIs).⁶

Debt-relief has opened up new concessional lending and development financing opportunities. It's crucial to ensure that these opportunities are seized wisely, so they are invested in ways that have the greatest impact on the country's transformative pathway towards stability and development and avoid Somalia entering a new cycle of potential debt distress and unsustainability.

Climate adaptation financing, long absent from Somalia, is now being made available at greater scale, based on strong advocacy from international partners, such as a recent US\$ 100 million commitment from the Green Climate Fund (GCF) for adaptation efforts in Somalia.⁷ Donors supporting the SJF have pushed for broader donor engagement with the fund. Understanding partnerships within the Gulf region is also essential. Moreover, there's a growing emphasis on

increasing Somalia's own domestic revenue mobilisation to enhance the country's financial capability and assume greater responsibility.

Somalia is currently finalising its Centennial Vision for 2060, which aligns broadly with the African Union (AU) 2063 agenda.⁸ This vision aims towards a society that moves past its history of fragility and conflict to provide justice, security, economic opportunities, and investments in human capital for its most vulnerable populations, ultimately transforming Somalia in the years to come towards a middle-income country at peace with itself and the world. The clarity of purpose demonstrated in longer-term frameworks like the Centennial Vision 2060 signifies a more hopeful direction for the country, a change in narrative towards self-reliance and sovereignty in its responsibilities towards its citizens. While steps in this direction are being taken, it's essential to remain committed for the long haul.

Endnotes

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- 7 Green Climate Fund, 'Green Climate Fund and Somalia: Accelerated USD 100 million investment partnership', 12 March 2024, <https://www.greenclimate.fund/news/green-climate-fund-and-somalia-accelerated-usd-100-million-investment-partnership>.
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