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# Investing in rural people in **Somalia**

## **Rural poverty in Somalia**

Somalia is among the five least developed of 170 countries listed in the 2012 Human Development Index. It faces several obstacles, including long-term civil conflict, the lack of a fully functioning government, and natural disasters.

More than 70 per cent of the population is under the age of 30. Almost 20 per cent of children do not survive past their fifth birthday.

About 40 per cent of the population lives in extreme poverty; in rural areas this figure exceeds 50 per cent. In 2012, 62 per cent of the population was rural.

Overall, where there is less instability – such as in the northern regions of Somaliland and Puntland – the rural poverty and food security situation is less critical.

In much of the country, insecurity and lack of functional infrastructure have exacerbated already low crop yields. Poor access to irrigation is another contributing factor. In central and southern Somalia, irrigation is restricted to the relatively fertile areas around the Shabelle River, where the main crops are maize, rice, sesame, cowpeas, bananas, papayas, lemons, grapefruit and mangoes. Currently, only 20 to 30 per cent of land that was irrigable prior to the civil war can be irrigated.



Livestock is essential to the economy and is the chief source of food and foreign exchange income. Over 60 per cent of the population depends on livestock for food and income.

The 2011 drought led to the worst famine in 60 years. Worst affected were the Shabelle, Bay and Bakool regions. Despite the official end of the famine, 2.1 million people remain food-insecure and 236,000 children malnourished, 70 per cent of them in southern Somalia.

## Eradicating rural poverty in Somalia

Somalia is one of the poorest countries in the world, characterized by frequent famines and droughts. The country has also been suffering from the absence of an effective government over the past two decades and is severely affected by corruption and conflict, as well as territorial dispute over the legitimacy of Somaliland.

Although Somalia has just embarked on the Heavily Indebted Poor Countries (HIPC) process, it is still at a pre-decision point and the country is still not eligible for HIPC debt relief. This complex situation has not been conducive to the Government of Somalia's promotion of rural poverty reduction strategies.

The endorsement of the Somali New Deal Compact by the Federal Government and the international community in September 2013 provides a road map of priority interventions in the country's transition process and incorporates a special arrangement for Somaliland. The Compact is based on the New Deal for Engagement in Fragile States principles.

Among the priorities set out in the Compact is the importance of employment generation to promote stability and reduce conflict. Measures to achieve this highlight both the inclusion of members of the diaspora and improved access and opportunities for women in income-generating activities. In this respect, the Compact's objectives are closely linked to the Federal Government's Economic Recovery Plan.

The Compact's special provisions for Somaliland set out the need to develop infrastructure, the financial and credit sector, agriculture, livestock, fisheries, water and natural resources to diversify the economy and create employment. Somaliland livestock exports generate about 50 per cent of GDP and 80 per cent of foreign currency earnings.

## IFAD's strategy in Somalia

Somalia's poverty and food security situation remains critical after years of conflict and natural disasters. Since the 1980s, IFAD has supported nine programmes in the country for a total of US\$140 million.

There is currently no country strategic opportunities programme for Somalia. However, the strategic objectives of IFAD interventions in Somalia can be summarized as follows:

- Increase incomes and food security by supporting agriculture and related activities, improving access to water, sanitation and health care, strengthening the natural resource base and building rural financial services;
- Identify and promote pro-poor investment mechanisms in rural areas for dissemination, replication and scaling up; and
- Build the capacity of the diaspora and promote the transformation of people in the diaspora into agents of development through remittances – the portion of their earnings that migrants outside the country send home.

IFAD interventions emphasize the importance of making water available for irrigation and livestock. For instance, sand dams have been built to enable farming throughout

the year. Access to rural finance has been successful in the empowerment of rural women and the entire community. Another strategic priority is the active participation of beneficiaries in the development and strengthening of their own institutions.

Many innovations pioneered by IFAD have been replicated by other development agencies. These innovations have been a key pathway for scaling up. They include programme support to soil conservation, watershed management, subsurface dams, sand dams and borehole drilling. IFAD's strategy also recognizes the critical role of the diaspora in sustaining livelihoods. Somalia receives an estimated US\$1 billion per year in remittances, exceeding official aid.

IFAD grant-funded operations in the northern regions of Somalia include the following.

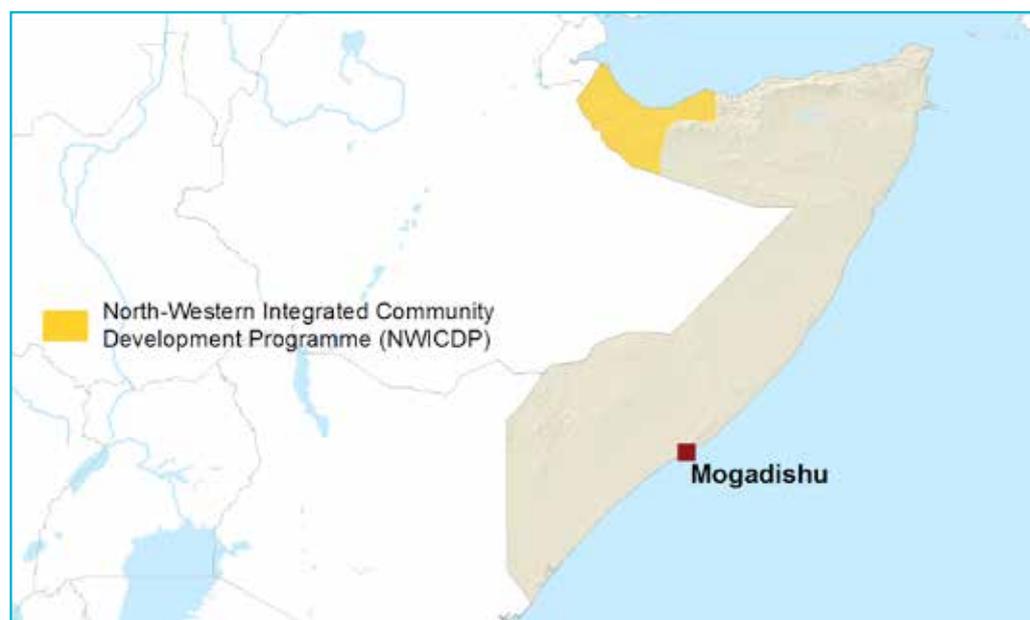
## North-western Integrated Community Development Programme

Financed with US\$8.2 million from IFAD, the Belgian Fund for Food Security and the OPEC Fund for International Development (OFID), this programme has created opportunities for rural people to learn to read and write, take loans and start businesses. It operates in the regions of Maaroodi Jeex and Awdal in north-western Somaliland. Thanks to additional funds from OFID, support has also been extended to the Togdheer and Sanaag regions of Somaliland and Ali Sabieh prefecture in Djibouti.

In its second phase (2010-2015), the North-western Integrated Community Development Programme (NWICDP) has brought both social and economic change for 318,000 people residing in 53,000 households located in 158 communities. The programme has especially benefited women among its target group, which is composed mainly of pastoralists, agro-pastoralists and irrigation farmers.

NWICDP is geared towards crop and livestock development and participatory planning. It has concretely improved the target group's access to food, health services, water and sanitation, and household income. And as the largest ongoing rural development programme in Somaliland, it has effectively engaged local authorities in its activities – which have proven to be a major innovation in international assistance in the region.

Women's Savings and Credit Groups (SCGs), a core element of NWICDP, have enabled some 800 members of 53 SCGs, all led by women, to be trained in various income-generating activities. Literacy classes and access to credit provided by the groups have demonstrated that women can change their destinies and revitalize local economies through solidarity and mutual support. As a result, SCGs have come to be recognized as community institutions in Somaliland.



## Enhancing Food Security in the Horn of Africa through Diaspora Investment in Agriculture Programme

The first intervention under the Diaspora Investment in Agriculture (DIA) Programme is in its early stages. It will help aspiring entrepreneurs in Somali agro-industry to start, grow and finance up to 20 businesses, and it will encourage cross-border diaspora investment. DIA will also provide matching grants to diaspora members investing in commercial projects that contribute to job creation, food security and increased incomes in rural Somalia and Djibouti.

Supported by IFAD in the context of its Financing Facility for Remittances (FFR), the US\$1.7 million DIA grant (2013-2017) is expected to increase employment and incomes in food-insecure rural areas. By selecting around 25 diaspora organizations (the direct beneficiaries of DIA) through a competitive process, it will support the ultimate beneficiaries – including smallholder farmers, landless people, labourers, herders, artisanal fishers and small-scale entrepreneurs – who face challenges in coping with different food security threats in both countries.

DIA's specific objectives are to:

- Identify and promote agribusiness investment opportunities in rural areas, together with the necessary financial instruments, for dissemination, replication and scaling up;
- Build capacities for people in the diaspora to identify, participate in, and promote investment opportunities in their home countries, and drive their transformation as agents of development; and
- Encourage multi-pronged strategies that bring together members of the global diaspora, private enterprises and civil society in their home communities, local and national governments, and the international community.



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## Building a poverty-free world

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided over US\$16.3 billion in grants and low-interest loans to projects that have reached about 438 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

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For further information on rural poverty in Somalia, visit the Rural Poverty Portal <http://www.ruralpovertyportal.org>



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