

ReDSS

Unlocking Protracted Displacement



FINANCING FOR SOLUTIONS TO DISPLACEMENT

SOMALIA COUNTRY STUDY

EXECUTIVE SUMMARY

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Community discussions in Somalia.
Credit: Axel Fassio, DRC Somalia

EXECUTIVE SUMMARY

More than one in five Somalis are displaced within or outside the country. Displacement in Somalia is driven both by conflict and disasters, with climate-related disasters the primary driver of the dramatic increase in internal displacement since 2016. Displacement is also major driver of rapid and haphazard urbanisation. Displacement therefore is not a peripheral challenge for Somalia. Meeting the rights and needs of displaced people, and addressing the root causes of displacement, are fundamental to political, economic, and social progress in Somalia.

Substantial progress has been made in achieving an enabling policy environment for durable solutions under the auspices of the Somalia Durable Solutions Initiative (DSI) launched in early 2016. International partners have worked closely with the Somali government to establish key policy frameworks and commitments. The DSI hopes to continue to carry through this work by anchoring key rights in legislation.

Political engagement at the highest levels of government, along with technical support, has helped create an enabling policy environment and successfully embedded durable solutions in national development priorities. This is a major achievement in supporting a government-led durable solutions agenda. The establishment of coordination structures and tools that support government leadership, oversight, and the delivery of a whole-of-government approach also represent an important step towards a nationally led durable solutions agenda.

In practice, however, the capacity of government to ensure rights are upheld and aspirations towards durable solutions are realised remains highly constrained. This places constraints on the pace at which durable solutions work can proceed. An opportunistic and multi-level approach is required that targets opportunities at Federal Member State (FMS) and municipal levels, within national-level sectors and programmes, and at national legislative and policy levels on a whole-of-government basis. Moreover, continued investment in the capacity of government at national, FMS level, and municipal level, alongside internationally financed programming, is required in order to ensure that durable solutions are led and owned by national actors.

Somalia also faces profound challenges in financing its development priorities. The scope of the Federal Government of Somalia (FGS) to increase domestic revenues is highly constrained and will continue to rely heavily on Official Development Assistance (ODA) and remittances in the medium term. Somali development ambitions require investment in infrastructure, capacity building, and policy reform, all of which require a transition from humanitarian towards developmental investments and approaches to financing, as well as substantial additional ODA financing. Somalia is currently grappling with two interlinked challenges in achieving this transition and scale-up: 1) resuming relationships with International Financial Institutions (IFIs) to increase access to development finance; and 2) reducing aid fragmentation and shifting towards use of country systems in the delivery of aid. Financing for durable solutions falls squarely within this incomplete transition from internationally driven project-based aid towards programmatic and nationally aligned funding and financing.

Since 2016, funding for durable solutions has largely comprised targeted support to the DSI and a number of multi-sectoral, multi-actor durable solutions consortia,

Political engagement at the highest levels of government, along with technical support, has helped create an enabling policy environment and successfully embedded durable solutions in national development priorities.

Cover Photo: One of many sprawling camps in Mogadishu.
Credit: Peter Biro, IRC

with funding provided by a group of European donors and the UN Peacebuilding Fund. This funding has been catalytic in both establishing an enabling policy environment and demonstrating proof of concept around how durable solutions could be achieved. Multi-year funding, lesson sharing across an overlapping group of donors and partners, and commitments to invest in evidence have played an important role in enabling the relatively rapid evolution of durable solutions programmes in Somalia. Without greater coherence in terms of national-level development priorities, policies, programmes, and timeframes, however, the impact of durable solutions programmes and the return on investments will be limited.

Most of the durable solutions consortia programmes have been designed, funded, and managed largely outside government-led processes. There is also a perception that there is little appetite from development donors to support durable solutions beyond consortia programmes. A Durable Solutions Marker has been introduced to the government Aid Flow Mapping tool, enabling the identification of investments contributing to durable solutions and linking them to the strategic objectives of the National Development Plan (NDP). There is, however, no forward looking prioritised and sequenced plan to guide investments in durable solutions. Despite the existence of a donor working group on durable solutions, funding decisions are reportedly determined on the basis of donor priorities.

Somalia has established a well-functioning pooled funding architecture designed to support the implementation of the NDP, which includes an effective government and donor coordination platform. While a new fund for durable solutions has been mooted, there may be scope to use the existing funding architecture to target financing towards agreed priorities that support durable solutions. It is also possible to use the existing review and sign-off processes to ensure that future durable solutions programmes align with priorities established in the NDP.

The durable solutions agenda in Somalia straddles the humanitarian–development–peacebuilding nexus. Humanitarian assistance is still required for the foreseeable future, and the engagement of development and financing programming has increased. However, longer-term national-level programming and financing approaches will be needed to enable longer term solutions. There are emerging opportunities to pursue a more sustainable and coherent approach to durable solutions within emerging national development programmes and priorities, notably through the national social safety protection system and an emerging multi-stakeholder urbanisation strategy. In the interim, there may be a compelling argument for support to transitional activities that are underwritten by flexible multi-year financing. This could provide practical programming support to displaced communities so they can begin to pursue inclusion and self-reliance. It could also strengthen local and federal-level government capacities to manage durable solutions to displacement and support specific enabling activities.

Somalia aspires to deliver a unified national universal social protection system designed to protect the poor and vulnerable from shocks, and overcome poverty, vulnerability, and exclusion. A national social protection system also provides international actors an opportunity to shift from status-based targeting towards more equitable and inclusive responses.

In the current initial phase of international support to the nascent social protection system, the inclusion of IDPs is not a priority for the two recently created major social protection programmes. Donor support is currently spread across an

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Community consultations in Baidoa.
Credit: Concern Worldwide

array of developmental, durable solutions, and humanitarian cash transfer programmes. Future harmonisation and scale up of these programmes provide critical opportunities to ensure that targeting is calibrated to capture the specific vulnerabilities of displaced people and to negotiate a sustainable financing package. The government has proposed a pooled fund to receive all financial contributions to support the national social protection system in future, which may be implemented by a variety of international partners. The design of a fund could provide an opportunity to address a range of harmonisation and accountability issues, including an approach to financing that aligns with the national budgetary and treasury systems. The fund could also be based on an agreed approach to targeting that ensures the inclusion of marginalised groups, including internally displaced persons (IDPs) and returnees.

Urban development in Somalia illustrates the depth and scope of the developmental challenges in Somalia. A coalition of actors committed to understanding and addressing urbanisation challenges in the country is emerging, bringing together the World Bank, UN agencies, donors, and NGOs. In October 2020, this group of actors convened to issue a "Collective roadmap towards a common agenda on urbanisation, land, and displacement in Somalia". The roadmap identifies a sequenced set of actions over the short, medium, and long term. Durable solutions are an established priority theme in these discussions. This type of convening does not fall within the regular development or humanitarian coordination structures. Instead, it offers an indication of an alternative, more organic nexus approach based on a coalition of interested actors finding common cause in devising solutions to a set of particular problems.

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Market in Mogadishu. Credit: Tobin Jones, UN

While analytical work and reaching consensus on priority issues continues to advance, discussions on sustainable financing for both longer-term urban development ambitions and affordable housing solutions for displaced people are in relatively early stages. In the absence of an agreed strategy and leadership from government, discussions on financing are considered to be somewhat premature. There are opportunities for government to use regulation and tax incentives to improve the quality and accessibility of services to the poorest and most vulnerable, and to incentivise private sector investment with financing instruments. The latter include access to finance and risk guarantees, and leveraging finances from the future increases in land value generated by infrastructure investment. Although in the early stages of implementation, these innovative programmes illustrate the potential for using ODA-funded programming to mobilise alternative sources of financing. They also have the potential to provide sustainable financing for government-led durable solutions in urban settings in Somalia.

At the same time, ad hoc experimentation and piecemeal investments in the provision of shelter for IDPs continue across an array of UN and NGO programmes. This risks further fuelling the status-based separation of IDPs, rent-seeking, land speculation, and cycles of eviction. An interim or transitional strategy to target investments in more sustainable housing solutions for displaced people would help to both reduce the risks of costly short-term shelter investments, and prioritise and sequence investments in a broader framework of ongoing work on secure tenure, infrastructure development, sustainable financing, and institutional capacity strengthening.

Analysis and consensus around the structural barriers to durable solutions in the context of wider development and political challenges in Somalia will be fundamental to this process of integrating durable solutions into the development agenda. Linked to this, agreement on prioritisation and sequencing of necessary reforms, capacity strengthening, and investments will be key to ensuring the efficient use of limited resources.

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LESSONS & AREAS FOR CONSIDERATION

Creating an enabling environment for solutions to displacement

- Strong and committed leadership on durable solutions from the UN, backed with targeted financial and technical support from key donors, has delivered a high return on investment.
- Durable solutions should be considered a long-term undertaking that progresses at different rates within enabling pockets of demand and capacity at municipal, FMS, and federal levels. The durable solutions agenda requires sustained political engagement, advocacy, investments in enabling conditions, programming, and financing at multiple levels. On the side of international actors, the UN Resident Coordinator's Office has played an important convening role and has helped establish key tools, including the Durable Solutions Marker and the monitoring framework. In future, this continuity of leadership and tools could play a key role in keeping the durable solutions agenda prioritised and on track.

Coherent approaches

- The existing pooled funding architecture provides an opportunity to target funds towards and in support of government-led durable solutions.
- Use of a Durable Solutions Marker in the Aid Information Management System is a valuable tool for promoting awareness and dialogue around durable solutions, and for tracking contributions against national development plans.
- The urbanisation agenda in Somalia provides a good example of actors organically convening across the humanitarian–development–peacebuilding nexus around a shared set of concerns and priorities, within which durable solutions is a prominent priority.

Multi-level progress

- Catalytic funding to support both policy and programmatic work – through area-based programming – has been critical for creating an enabling policy environment, demonstrating proof of concept, and facilitating programmatic learning in durable solutions programming.
- There are opportunities in relation to the scale-up of the national social protection system to ensure that targeting is calibrated to include displaced people and to negotiate sustainable financing packages with donors. Inclusion of displaced people could be considered as a key condition attached to a long-term funding package. The latter could also include the creation of a dedicated financing mechanism through which donors can channel contributions in alignment with government systems.
- A transitional or interim strategy is required to focus and direct programming and financing for housing and shelter for displaced people to ensure programming is connected with a broader framework of ongoing work on secure tenure, infrastructure development, sustainable financing, and institutional capacity strengthening.

Sequencing investments

- In the national Durable Solutions Strategy (DSS), there may be a case for clearly identifying specific activities that support further progress in durable solutions but are unlikely to be addressed in the near term by development programming, as well as advocating for transitional funding to support these types of activities.
- Transitional activities might include establishing baseline evidence on: the numbers of displaced people and their specific needs and vulnerabilities; targeted evidence and analysis to inform programme design and targeting; additional costs associated with ensuring displaced people can access services and rights; support to the continued development of policy and legislation; and support to capacity strengthening of government actors, particularly at FMS and municipal levels, to lead and deliver durable solutions.

Tactical investments in efficiency, learning, and accountability

- There is a fundamental gap in the evidence base necessary to define the parameters of durable solutions in Somalia. Without clarity around the numbers, locations, and profiles of displaced people, it is impossible to assess the overall scope and scale of the problem, or to prioritise and target resources effectively into programming. Without a baseline and monitoring of changes against this, it is also impossible to measure progress in achieving durable solutions. A country-wide assessment and profiling of internal displacement would help inform more efficient targeting and sequencing of investments. It also would provide greater clarity as to where the specific needs of displaced people fall across the remits and competencies of humanitarian, development, and peacebuilding actors.



Vendor in Kismayo.
Credit: Rikka Tupaz

INTRODUCTION

This report summarises the findings of research about funding and financing for solutions to displacement in Somalia as part of the ReDSS study entitled, “Re-thinking the displacement financing architecture in the Horn of Africa: What types of financing are required to fund solutions to displacement?”

The research draws on an extensive literature review and 26 semi-structured interviews with representatives of the FGS, FMS governments, UN agencies, bilateral and multilateral donors, and NGOs carried out between 19 October 2020 and 5 November 2020.¹

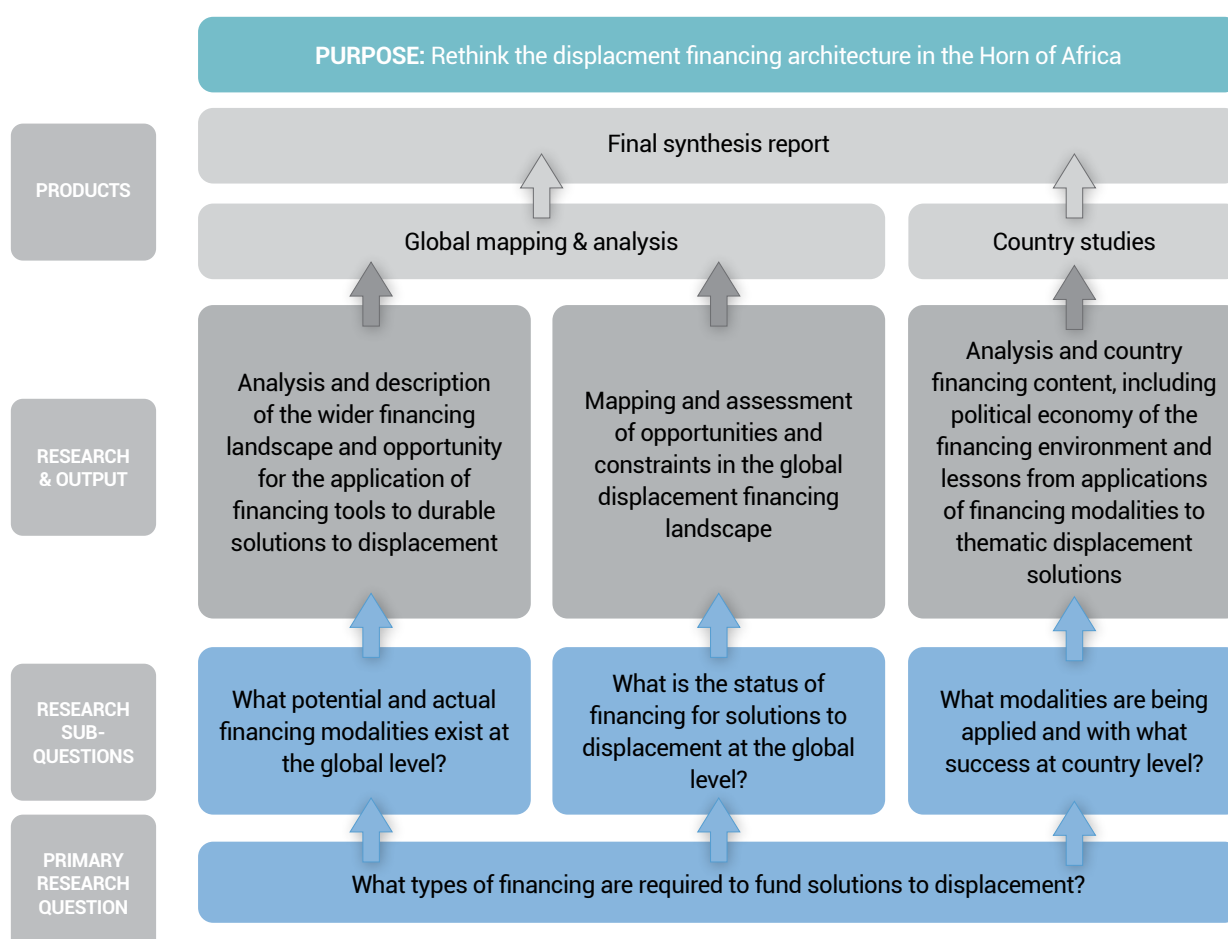
The research uses the terms “solutions to displacement” to describe longer-term approaches to supporting displaced populations, which may include durable solutions but may also include goals such as greater socio-economic inclusion and/or self-reliance of refugees, and/or transforming the refugee response model towards more longer-term sustainable approaches. Where durable solutions are an explicitly stated policy objective, the term “durable solutions” is used.

AIM OF THE STUDY

This is one of three country studies that contributes to the overall study objectives to rethink the displacement financing architecture in the Horn of Africa and make recommendations on the types of financing modalities required to fund solutions to displacement. The logic and contribution of the country case studies is outlined in Figure 1.

Each of the three country studies assesses the enabling conditions for solutions to displacement, including the political, policy, institutional, and financing environment. In each country, a subset of thematic programmatic areas is also investigated. The Somalia study includes a focus on: the inclusion of IDPs in the national social protection system; efforts to provide sustainable housing solutions to IDPs; and a collation of emerging lessons from area-based durable solutions programmes.

FIGURE 1. STUDY RESEARCH LOGIC



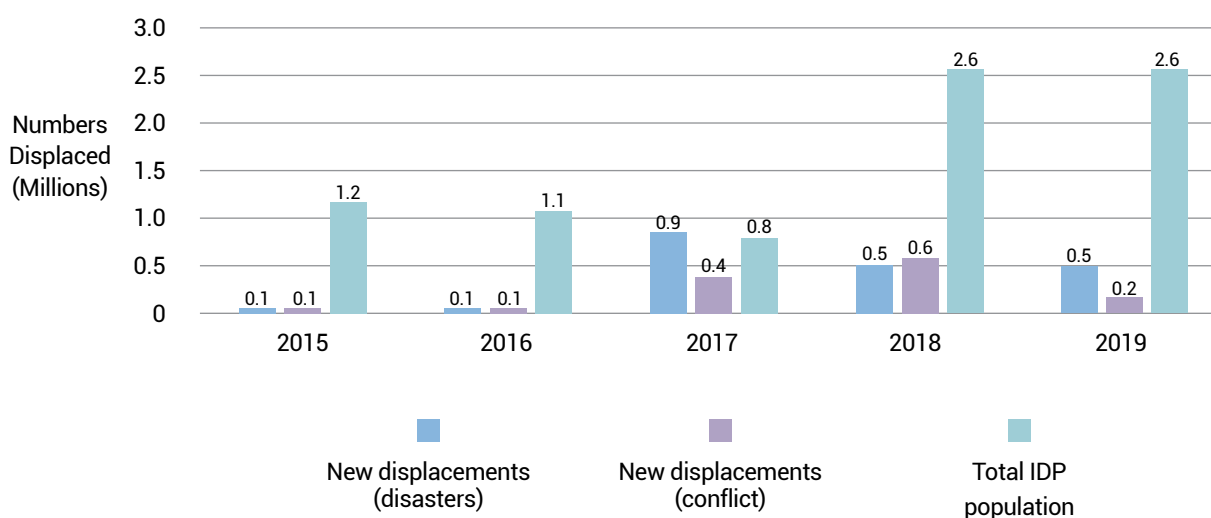
DISPLACEMENT CONTEXT

More than one in five Somalis is displaced within or outside the country.² In 2019, an estimated 2.6 million Somalis were internally displaced and 905,109 Somalis were refugees registered with the UN High Commissioner for Refugees (UNHCR) outside of Somalia.³ Displacement is therefore not a peripheral challenge. Meeting the rights and needs of displaced people, along with addressing the root causes of displacement, are fundamental to political, economic, and social progress in Somalia.

Displacement is driven both by conflict and disasters, with climate-related disasters the primary driver of the dramatic increase in internal displacement in Somalia since 2016. From late 2016, two consecutive years of drought drove nearly a million Somalis dependent on agricultural and pastoralism to seek assistance in urban areas, dramatically increasing the number of IDPs (see Figure 2). Moreover, displacement is continuous. In the first half of 2020 alone, an estimated 514,000 people were displaced due to disasters (including flooding, drought, wildfires, and destruction of crops by locusts) and 198,000 people were displaced due to conflict.⁴ Forced evictions of IDPs in urban areas is a frequent cause of secondary displacement. In 2019, more than 260,000 people were forcibly evicted, with more than 150,000 in Mogadishu alone.⁵

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FIGURE 2. INTERNAL DISPLACEMENT TRENDS IN SOMALIA (2015–2019)



Displacement in Somalia is predominantly urban. One in four city dwellers is an IDP and internal displacement has been a major accelerator of urbanisation.⁶ The majority of IDPs live in and around cities mainly in Mogadishu, Baidoa, Galkayo, Bossaso, Kismayo, and Burao. An estimated 54% of Somalis already live in urban areas and urbanisation is increasing at a rate of 4.3% annually.⁷ In the absence of effective urban planning and infrastructure development, Somali cities are expanding rapidly in haphazard fashion, often with sprawling informal IDP settlements at the margins of urban areas. Displacement in Somalia is also protracted.⁸ Many IDPs and returning refugees in urban areas do not plan to return to their places of origin and prefer local integration in the near term.⁹

It is worth noting that the total number of IDPs includes a wide range of displacement experiences, from recently displaced people, to those who may have been displaced for many years and may live in similar conditions to the host populations they live alongside. In popular usage, the term "IDP" may also include people who have migrated from rural to urban areas on a voluntary basis.

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Woman in Mogadishu market.
Credit: Carl De Souza, Getty Images



IDP woman in a demolished settlement in Baidoa. She has faced multiple evictions. Credit: NRC

CONCLUSION

Somalia has made substantial progress in establishing the enabling conditions for pursuing durable solutions. Relatively modest but well targeted investments and technical support at the policy and coordination levels have delivered high returns, helping create an enabling policy environment and rapidly building awareness and support for the integration of durable solutions into the development agenda in Somalia.

Donors and international partners have also pushed forward durable solutions programming across several generations of area-based durable solutions programmes. These have included a commitment to evidence-based programming and learning that has demonstrably contributed to successive programme design and implementation improvements and refinements, as well as the creation of new tools and new levels of understanding around practical challenges.

The durable solutions agenda in Somalia is now at a crossroads. Having laid these critical foundations, the questions of scale-up and how to integrate durable solutions effectively into the wider development agenda in Somalia without losing focus on the specific vulnerabilities and needs of IDP populations now looms. Analysis and consensus around the structural barriers to durable solutions in context with broader development and political challenges in Somalia will be fundamental to this process. Linked to this, agreement on prioritisation and sequencing of necessary reforms, capacity strengthening, and investments will be key to ensuring the efficient use of limited resources. Only when these foundations are in place can discussions shift to designing financing packages and instruments to support them.

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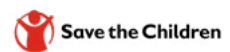




Portrait photo of family living in IDP Camp in Somalia.
Credit: Axel Fassio, DRC Somalia



The Regional Durable Solutions Secretariat (ReDSS) is a coordination and information hub that acts to catalyse forward thinking and policy development on durable solutions for displacement. ReDSS seeks to improve joint learning and programming, inform policy processes, enhance capacity development, and facilitate coordination in the collective search for durable solutions. It is comprised of 14 organisations working together to maintain focused momentum and stakeholder engagement towards durable solutions for displacement-affected communities in East Africa and the Horn of Africa.



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