

Executive Summary

Somalia is one of the poorest countries in the world, a situation aggravated by the civil war and the absence of a functioning national government for over a decade. The impact of state failure on human development in Somalia has been profound, resulting in the collapse of political institutions, the destruction of social and economic infrastructure, and massive internal and external migrations. Given these conditions, Somalia is at the extreme of the Low-Income Countries Under Stress (LICUS) continuum of countries.

In the absence of a national government to promote the country's development, the Country Re-engagement Note for Somalia seeks to contribute to the provision of basic public goods, accelerate socio-economic recovery, and create an enabling environment for long-term institutional and policy change. The strategy for Somalia has therefore been articulated around three pivotal principles:

- ? The strategy seeks to provide public goods in the absence of a fully functional national government in Somalia. It also embodies a strong regional public goods dimension, with potentially positive spillover effects for neighboring countries in all the proposed areas of intervention.*
- ? The strategy recognizes the high degree of uncertainty in the country and therefore focuses on interventions which are not likely to be reversed in the event of instability. Such interventions include knowledge-intensive investments aimed at capacity and institution-building.*
- ? The strategy has a strong income-generation emphasis through its support to the private sector in the livestock area with the aim of fostering important economic payoffs.*

In support of these principles, four strategic entry points have been identified for engagement in Somalia: (i) support to macro-economic data analysis and dialogue; (ii) creation of an enabling environment for the livestock and meat industry; (iii) coordinated action plan to address HIV/AIDS issues; and (iv) capacity building for skills development/training centers.

The support for macro-economic data analysis and dialogue provides the underlying framework for the interventions on livestock and health. These two sectoral interventions will provide a means to increase the livelihoods of the poor in Somalia as well as a framework to promote longer-term socio-economic recovery. The capacity-building initiatives, in turn, will directly support the health and livestock interventions to ensure their long-term sustainability by rebuilding the skills of Somali constituencies. Most importantly, building a knowledge base by monitoring and analysing key macro-economic and socio-economic data provides a possible platform for a longer-term and expanded poverty reduction strategy if the initial interventions are successful and/or if the Somali peace process progresses, setting the stage for longer-term engagement in Somalia.