The Somali economy has remained resilient, driven by the private sector despite two decades of conflict. The private sector helped the economy mitigate the devastating consequences of war and drought. Somali entrepreneurs adapted well and even flourished in a stateless conflict-ridden economy. There has been significant private sector investment growth in trade, money transfer services, transport and telecommunications, funded by remittances from the diaspora.

The Federal Government of Somalia is faced with a daunting task of creating a peaceful and secure environment, building strong institutions of governance, and delivering key public services to a weary population after decades of war. These challenges can only be overcome if the FGS takes a leading role to sustain economic reconstruction by creating a stable macroeconomic environment that would underpin rapid economic growth, job creation, and poverty reduction. This can only happen when the Federal government has the resources from both the public and donors.

The special focus of this Update examines intergovernmental fiscal relations in Somalia and highlights the challenges and lessons drawn from theory and international experience to provide an analysis of what this means for Somalia given the de facto architecture of fiscal arrangements that is currently emerging. Somalia’s new fiscal arrangements should be designed to work as a coherent system, preserving a strong common economic space across the country, and provide scope to address inequities between regions. Somali stakeholders should be prepared to develop a sustainable fiscal bargain incrementally, renegotiating as fiscal circumstances and the interests of states and federal government change over time.

Senior government officials, private sector, NGOs, and academia representatives will be present.

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