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WHY DID TURKEY PAY SOMALIA'S IMF DEBT?

Abdiqadar Abdigani
P.h.D Candidate in Economics

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Introduction

In November 2020, Turkey has decided to give a grant of 2 million 372 thousand SDR (Special Drawing Right) corresponding to 3 million 487 thousand dollars for the initiative of the Heavily Indebted Poor Countries initiative under the IMF to alleviate the Somalia's debt burden. The move was immensely welcomed by the Federal Government of Somalia but the Turkish opposition parties were hugely appalled and shocked by the move.

Due to the economic difficulties in Turkey, there was a confusion and severe criticisms to the action taken by Turkish government, paying the Somalia's overdue debt to the International Monetary Fund (IMF). But considering the long-term relations, interests and partnerships between the two nations, Turkey taking such a step is not startling at all.

Somalia and so as its underdeveloped peers are in a poverty trap which hinders

them to properly precede their growth and development missions and, eventually,

catch up with their developing counterparts. To escape and break the trap, there should be an injection coming from outside into the system¹. To get an external inbound capital is vital for breaking such a circle of remaining poor and it is a precondition to development. In this case, Turkey to pay Somalia's IMF debt is vital for the process of clearing Somalia's overdue debt. Such a move allows Somalia to get access to the international financial markets once again after more than thirty years.

The Decision

The IMF and the World Bank decided to provide aid to Somalia under the Heavily Indebted Poor Countries (HIPC) on March 25, 2020, when the coronavirus epidemic began to spread rapidly, and the decision was approved in mid-April. Therefore, the mission aimed to completely wipe out Somalia's \$5.2 billion debt in about three years, normalize Somalia's relations with the international community, and ensure

¹As most previous and contemporary capitalist economists argue. That capital impound might come into the system in the form of foreign aid to alleviate

poverty. Jeffrey Sacks in the most famous advocate of this idea.

the country's access to new financial resources and economic growth.

During the Covid-19 outbreak, approximately \$500 million was allocated from the IMF's CCRT² for debt relief, while the UK allocated 185 million USD, the EU approximately 50 million USD, and Japan 100 million USD. China and the Netherlands also stepped in to close the debt.

Turkey's humanitarian aid, infrastructure installations and commercial aid to Somalia are highly welcomed by the locals, the Somali people. In addition, the visit of President Recep Tayyip Erdoğan in 2011, the quick response to the bombing in October 2017 remained in the memory of Somalis. Turkey's largest embassy building is in Mogadishu, the capital of Somalia. Turkey also trains the Somali Armed Forces at TURKSOM Military Training Base established in Mogadishu in 2017.

What Does Turkey Get in Exchange?

- *A Gate To Africa*

Somalia has been Turkey's gateway to Africa with its aid, the aging infrastructure rehabilitations and development programs since 2011. The amount of aid provided by Turkey to Somalia through nongovernmental organizations, TIKA and the Red Crescent has exceeded 1 billion dollars since 2011. While other countries were collecting aid for a country like Somalia, Turkey couldn't be expected to remain silent because of its foreign policy; it had to take a step somehow. Turkey's efforts to improve relations, through humanitarian aid, with African countries

since the end of the 2000s also receive political support.

“Turkey has an opportunity to improve its relations with other African countries through Somalia. We have provided the necessary humanitarian aid to Somalia and invested in three main sectors: infrastructure, security and trade. Apart from these, we also provided support in other areas such as education, health and the provision of clean water. Somalia is a very important country strategically and geopolitically. It is in the Indian Ocean and the Red Sea, in the Gulf of Aden. 70-80% of the maritime trade lines are there. Somalia also helps Turkey reach African countries as a gateway to Africa”³.

- *An Approach to Soft power*

Turkey is helping with companies, non-governmental organizations and institutions, starting from Somalia and strengthening commercial ties throughout Africa, as an "extension of its foreign policy", describes Ankara's strategy as follows: "Turkey has a power policy in the region. The first is to increase Turkey's activity in the international arena. The second is to seek an export-based market and also to be a political actor in Africa. This is directly proportional to increasing Turkey's presence in the international arena because Turkey sees Africa as part of its past, both culturally and politically".

Turkey paid the unpaid debts of some countries in Africa to the UN. These countries were able to vote thanks to this and they voted for Turkey. Turkey showed the projects it had done in Somalia. “Look, I am different from other traditional powers in Africa. I work for Africa's future and

² Current of Disaster Impact and Relief of Debt

³That is According to Emre Çalışkan, a researcher at Oxford University who specialized in African

politics, emphasizing the ultimate aim of Turkish aid to Somalia which is to seize all opportunities that Somalia could provide from trade to security and geopolitics.

interests. I do not have a colonial past, and I follow a foreign policy based on win-win agreements". It was very important in terms of providing support on international platforms.

At the end of the 2000s, Turkey was pursuing a policy that wanted to play an active role in foreign policy. In this regard, Somalia was seen as an opportunity for Turkey to distinguish itself from other countries. So, we can simply conclude that all the different Turkish missions in Somalia, including the needed humanitarian aid, were strategically preplanned.

In 2008, Turkey had implemented a policy targeting the votes and support of African countries for the 2009-2010 United Nations (UN) Security Council Temporary Membership elections. Ali Babacan, the Minister of Foreign Affairs of the time, said that Turkey aspires to the votes of African countries by reminding the aid made to African countries at every opportunity, the embassies opened and the resources allocated to millions of dollars in the efforts he carried out for membership in 2008.

"The fact that we have intensified our work on Africa in recent years will give us significant advantages. Because we will sit there as a country that has begun to understand Africa better"⁴.

There were also some recent campaigns at the UN in which Turkey was forefront and the crusader in those cases. For example, Turkey campaigned against Israel's horrendous actions against innocent Palestinians in several occasions at the UN in which Turkey got the support of the African votes.

Oil and Gas Exploration Activities

Another issue that came to the agenda in the relations between Somalia and Turkey was oil exploration activities. President Erdogan said in January 2020 that Somalia offered Turkey to participate in oil exploration. However, the government does not yet have a law for oil exploration. It is stated that the total oil off the coast of the Indian Ocean of Somalia may be 100 billion barrels.

Many private companies and countries have their eyes on this region. Somalia sent proposal for oil exploration activities to different companies and international oil exploring companies. At that time, as some sources claim, there was a response came from Turkey and stated that legal arrangements should be made for oil exploration activities. However, there is no formal agreement between Turkey and Somalia for oil exploration. Several countries are willing to drill off the coast of Somalia, and Turkey is one of them. Somalia's response to these suggestions is that an oil commission should be established first and all legal regulations should be prepared accordingly.

Somalia has not had a serious international partner for a long time that it can see as a "big brother". That is a gap in which Somalia desperately needs to be filled. Turkey seems to fill that gap. Moreover, Turkey also, seems to never interfere in Somalia's domestic politics, it does not get involved in conflicts and power struggles, so the people of Somalia can feel closer to Turkey compared to other countries who always by-side with certain groups to easily fulfill their interests in the country.

⁴Those were the remarks of the Turkish minister of foreign affairs, then, Ali Babacan, in October 2008,

when Turkey's temporary membership to the UN Security Council was finalized.

- *Trade and Investment*

Albayrak Group signed a 14-year concession agreement to operate the port with the Somali government in October. The group has been operating the Mogadishu Port since 2014. Albayrak Group has allocated 50 million dollars to rehabilitate the port. Aden Adde International Airport in the capital has also been operated by the Turkish company called Favori LLC since 2013.

The trade volume between the two countries significantly increased from less than a million in the early 2000s to more than 260 million in 2020. Somalia's export to Turkey is relatively small compared to the imports it does from Turkey on a large scale. For example in the last two decades, the volume of imports from Turkey rose from less than a million to more than 150 million USD and that is part of Turkey's newly set "export led growth" strategy towards the African countries.

Concluding Remarks

In summary, is it worth for Turkey to support the war torn horn of African nation with the necessary humanitarian assistance it needs and help them with their debt relief process, elevate the burden and assist them create an environment for economic growth and development? Yes, it is worth for

Turkey to take such decisions considering its geopolitical endeavors in the region, the ambitions to invest in the opportunities in Africa and utilize some of the yet untapped potential market opportunities in the continent. them create an environment for economic growth and development? Yes, it is worth for Turkey to take such decisions considering its geopolitical endeavors in the region, the ambitions to invest in the opportunities in Africa and utilize some of the yet untapped potential market opportunities in the continent.

Of course, Somalia as the gate way to the mainland Africa, is essential for Turkey to win the hearts of the desperate Somalis to easily fulfill all those desires mentioned above plus the fact that Somalia, in particular, as a future energy producing country, as cited by some researchers. There is a lot of competition between governments and private oil and gas contractors in the persuasions and the campaign of who will get the contract of exploring and extracting the gas in the country but Somalia does seem to have more trust and sympathy for Turkey as the "international loyal friend" which, again, would mean a lot for Turkey as a payback for the all aid and the assistances they made for the frantic Somalis.