



SOMALIA

- SELECTED CITIES AND TOWNS
- REGION CAPITALS
- ⊕ NATIONAL CAPITAL
- ~ RIVERS
- MAIN ROADS
- RAILROADS
- REGION BOUNDARIES
- - - INTERNATIONAL BOUNDARIES



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Drivers of Economic Growth in Somaliland

Panel Discussion overview

The World Bank

November 4, 2014



Main messages

- Somaliland socio-economic outcomes are lagging behind the region
- Improving these outcomes require multi- prong approach (as outlined mostly in the NDP)
- The main drivers of economic growth will create jobs and have a dent on poverty
- At this stage of its development discourse, Somaliland cannot do it alone, it will need more FDI and ODA

A photograph of a camel grazing in a dry, rocky landscape. The camel is positioned in the middle ground, facing left. The ground is covered with small rocks and sparse, low-lying green vegetation. In the background, there are several acacia trees and a clear blue sky with scattered white clouds. The overall scene depicts a typical arid or semi-arid environment.

Growth & Economic Wellbeing



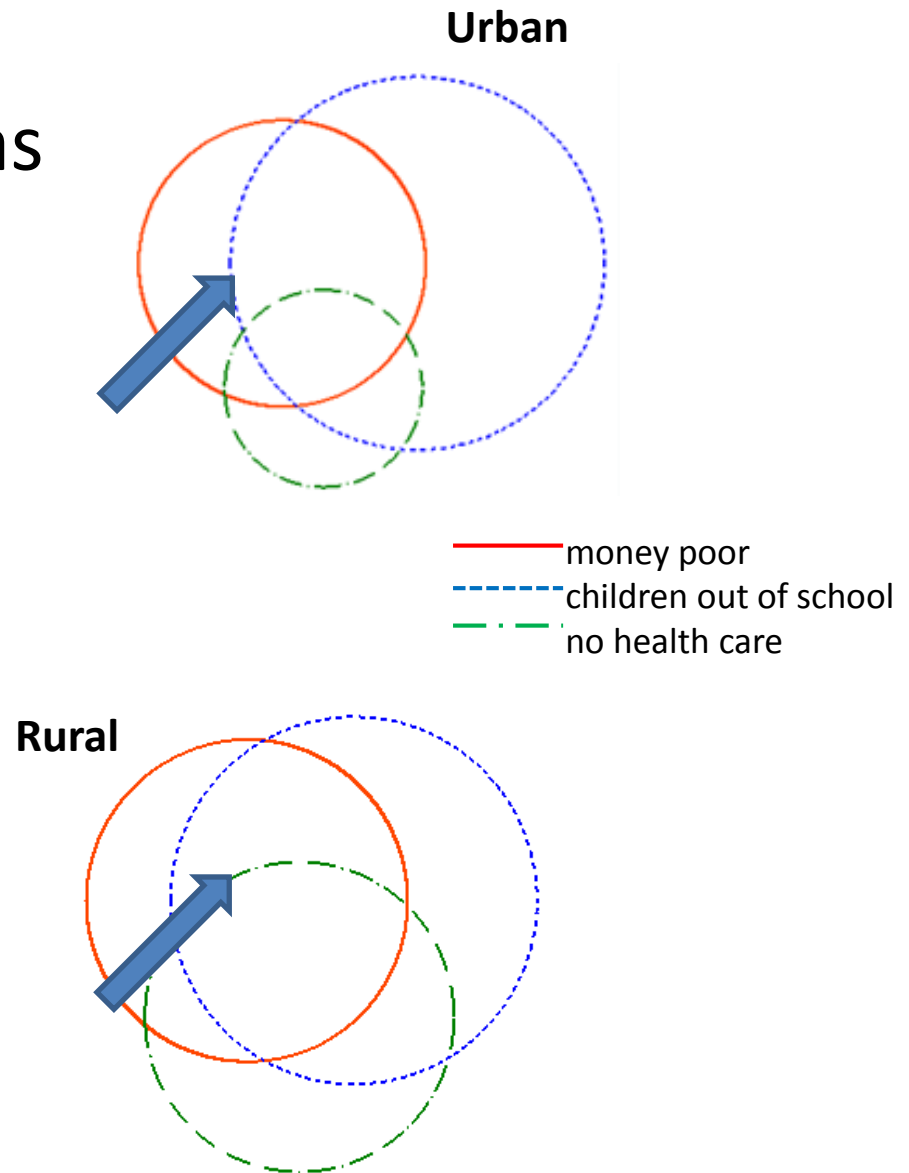
Somaliland: What we know about growth and Economic wellbeing

- Poverty and inequality are main challenges facing the economy.
- More than 1 in 3 households in rural (1 in 4 in Urban) do not have enough to meet their daily basic needs.
- Provision of basic services are lagging.
 - Access to education, health, water and sanitation is low and inequitable, making poverty more challenging to end.
 - Rates of access are particularly low in rural areas.
 - Access to services very inequitable, with significant variations between the poor and non-poor.
- Unemployment is high for both the youth and women



...and deprivation is multidimensional, especially in rural areas

- Multiple dimensions of poverty in rural areas make poverty much harder to address.
- Increased investment in basic service provision—particularly in rural areas—is essential to break this cycle, end extreme poverty and ensure shared prosperity.



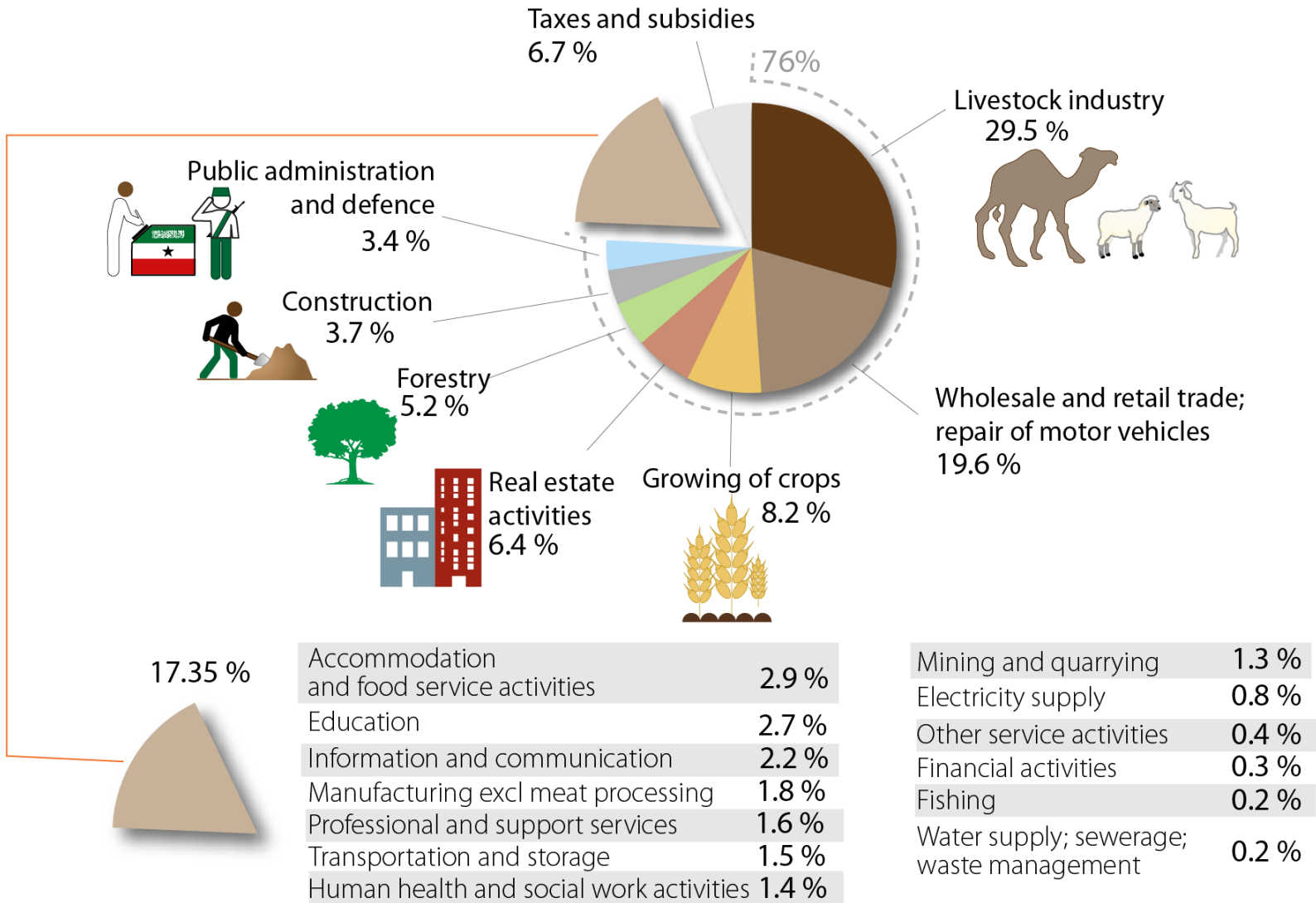


Macroeconomic indicators

- Investment is low (latest number - 11% of GDP)
- Trade with the outside world is very high (91.5%)
- Overall Inflationary pressure is low but volatility of food prices is a direct threat to poverty
- Dollarized economy - monetary policy not an option to stimulate economic activity.
- Unemployment & underemployment is very high
- Budget shortfalls are financed by development partners or through arrears



Increasing the current cake



Note: Based on an unverified population estimate of 4 million for Somaliland



Drivers of Economic Growth

- In operationalizing the vision 2030, the first NDP (2012-16) has identified the growth drivers.
 - NDP seeks to tackle the main obstacles hampering Somaliland economic growth
- Looking at drivers of growth thru three lenses
 - Making strategic choices for growth
 - Appropriate policies and institutions for growth
 - Choosing sectors



Looking at drivers of growth thru three lenses

- Making strategic choices for growth
 - Understanding of the options for dealing with growth in the sector
 - Its impact on targeted beneficiaries
 - The investment required to achieve growth
- Appropriate Policies and institutions for Growth
 - providing incentives for entrepreneurship and investment;
 - increasing productivity through competition and innovation;
 - harnessing international economic linkages through trade and investment;
 - improving market access and functioning; and
 - reducing risk and vulnerability.



Asking the right questions?

- Growth for what? What should be the focus of the growth strategy- job creation or poverty reduction?
- What are drivers of growth and what are the key constraints?
 - is macro environment conducive to growth?
 - Is there an enabling business environment for growth?
 - Does the current status of the physical infrastructure support growth?
 - Is sustainable progress being made on environmental issues?
- Does Somaliland have sufficient analytical base for identifying sources of growth?



Is macro environment conducive for growth?

- Does public resource mobilization constrain public expenditure to provide the basic needs? What are the solutions?
- What is constraining domestic investment or SME growth?
 - SME's and agricultural productivity are key for enabling business environment.
- The financial sector development is key for savings mobilization which is needed to finance investment. How can Somaliland encourage financial savings?
- **Boosting exports to finance investment.** Somaliland requires large investments to build a modern economy's infrastructure.
 - Exports are the primary means to earn the hard currency for imported capital goods.
- What are the key policy constraints?



Increased trade is associated with Growth,
Structural change and Poverty Reduction



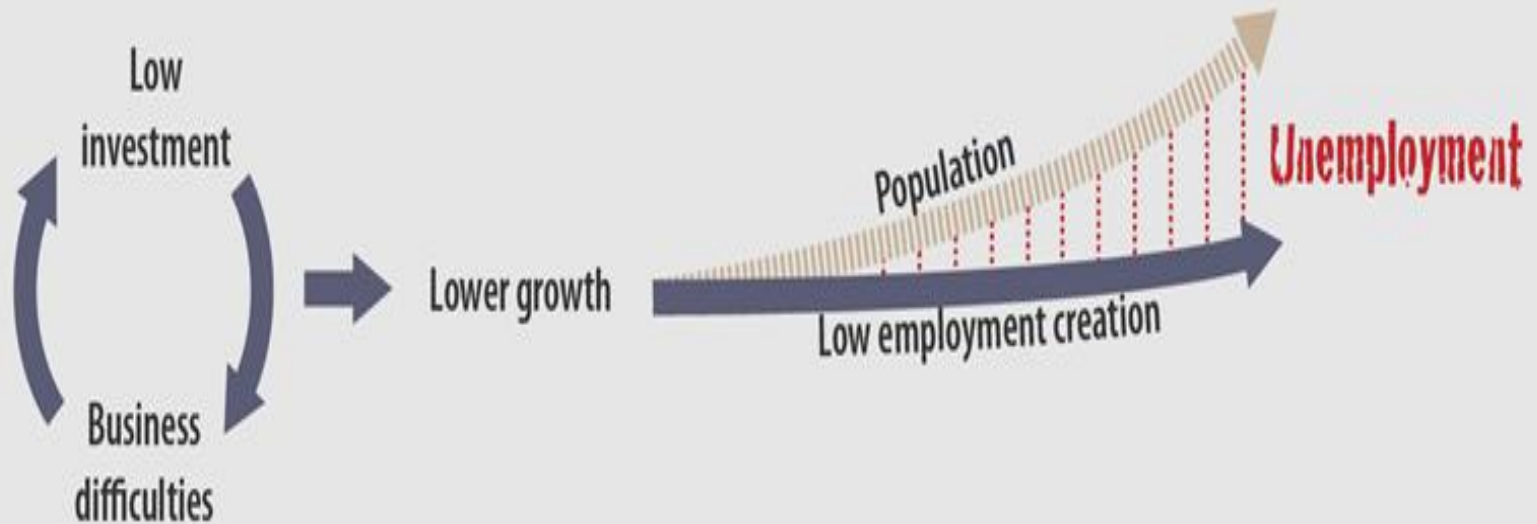


Is the business environment conducive for private sector and economic growth?

- The Somalilanders are very entrepreneurial and willing to take risks
- The private sector contributes 90% of Somaliland GDP.
- limitless opportunities in Somaliland
- What are the major binding constraints on businesses?
- What can the government do to incentivize the private sector?



Poor business environment is bad for investment, growth, and employment and ultimately poverty...

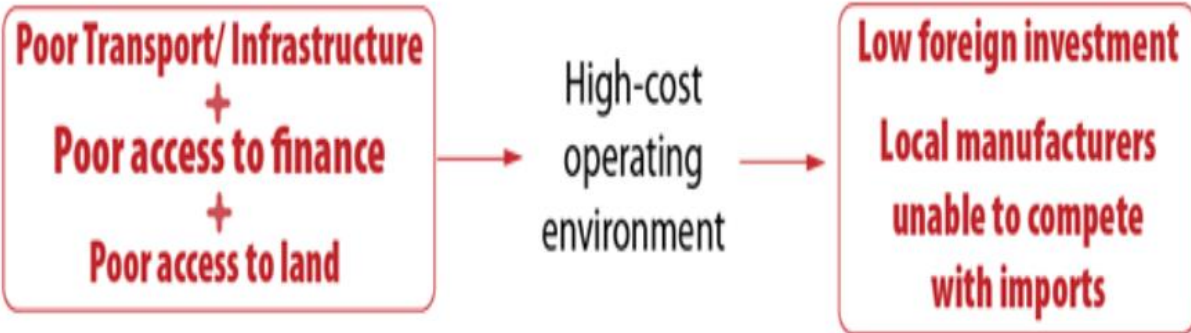
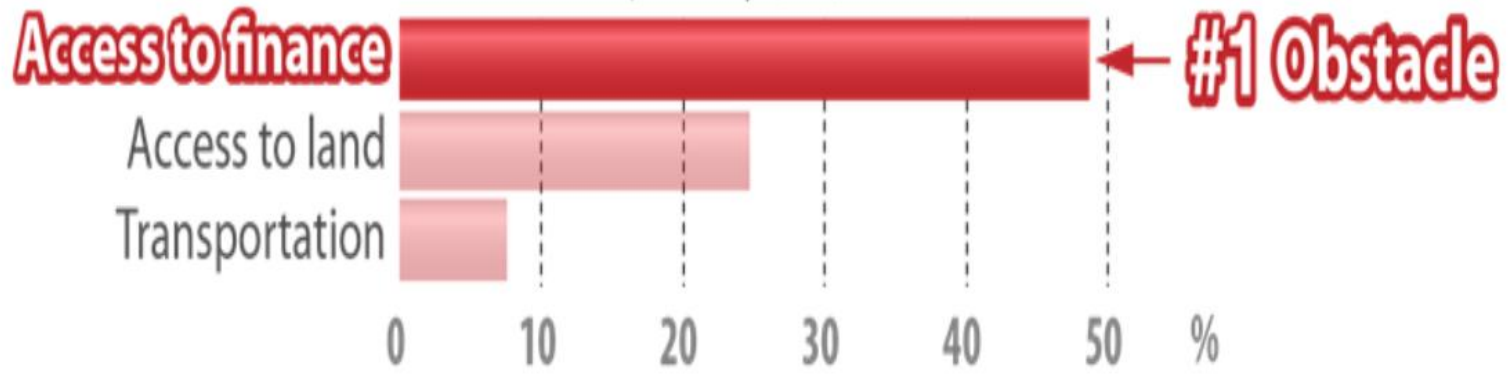




Challenges in doing business...

What is the most severe business obstacle?

Source: Enterprise Surveys (2013), The World Bank





Agriculture, livestock and fisheries are key sectors for the Economy

- Is there scope to increase productivity of this sector for job creation or poverty reduction
- What are the policies to deepen their contribution to growth?
- What about value addition?



Does the status of the physical infrastructure support growth?

- Is there a “minimum” infrastructure platform to help catalyze economic growth especially (a) financial (b) infrastructure – energy, roads, water , (c) human skills and productivity



Climate change

- Limited access to water by household and industries.
- A major constraint to growth and development
- What should be done urgently and what are the constraints?



Thank You

Significance of Livestock and Fisheries for Somaliland Economy



Abdikarim Gole
November 4, 2014

Livestock Sector

- Livestock is the back bone of Somaliland economy.
 - Livestock production contributes to 60% of the GDP and about 85% of foreign export earnings.
- Livestock production in Somaliland is mainly pastoral and agro-pastoral; and involves nomads (who represent the majority of the population) into the formal economy.
- Livestock employs over 70% of the population.

Structural Reforms Needed to Improve Livestock Sector (1/2)

The following steps are vital to develop Somaliland's livestock sector:

1. Improve the health and weight of livestock destined for export.
2. Promote self organized institutions that manage rangelands.
 - These organizations are central to achieving sustainable rangeland management, which leads to a higher livestock production and reduce rangeland degradation.

Structural Reforms Needed to Improve Livestock Sector (2/2)

3. Developing a fodder/feed industry to provide a steady and reliable food supply
4. Preserve grazing lands for livestock by limiting charcoal production (by promoting other sources of energy).
5. Improve the marketing of Somaliland livestock both domestically and internationally.

Fishery Sector (1/2)

- Somaliland coastal line stretches 850km along the Gulf of Aden.
- Fishing in Somaliland is dominated by artisanal fishing, which involves a small boat (5-8.5m in length) and a crew of 3-7 members.
- Local market demand for fish is increasing, and there is significant potential to export to neighboring countries.
- Somaliland fishermen are capturing only 1% of the estimated sustainable catch. This represents an immense opportunity for fishermen.

Fishery Sector (2/2)

- A major problem for the fishery sector is the lack of reliable statistical data, which could inform investors of market trends and insight.
- Subpar or impassable coastal roads, make ground transportation of fish catch nearly impossible.
- Most fishermen lack a proper cold chain – that is keeping their catch cold (thus stopping spoilage) on the boat, while stored on land, and during ground transportation to the end customer.

Structural Reforms Needed to Improve Fishery Sector (1/2)

Fisheries are a key economic driver for job creation and economic growth. It is vital to build the capacity of fishing industry in order to enhance fish production, and the following areas could be improved:

1. Fishing Equipment: To catch a larger portion of the fish stock will require investment into sea-worthy vessels and enhanced fishing gear.
2. To improve the fishing value chain and infrastructure:
 - Proper training for fishermen
 - Storage facility and availability of ice
 - Quality control: Properly handling, processing, and storing

Structural Reforms Needed to Improve Fishery Sector (2/2)

3. Market outlets of major cities throughout Somaliland, such as Hargeisa, should be improved to handle cold products.
4. Assist fishing communities to expand their operations and increase their capacity to generate more income and create more jobs.
5. Enhance sustainable fishery practices by collecting systematic fisheries data, by promoting fisheries research activities, and by training personnel.

Shuraako is a non-profit initiative of the One Earth Future Foundation that employs a three tier approach to facilitate Somaliland economic growth. Shuraako engages private sector actors to foster growth, encourage good governance and a stable future.

CONNECT:



- Connects small and medium enterprises to suppliers, Shuraako's network, and/or clients to help drive local market demands

INVEST:



- Catalyzes the relationship between Somaliland enterprises and investors by performing the on-the-ground due diligence and managing post-investment execution

JOBS:



- Creates Somaliland jobs through connections and investment placements

Shuraako Portfolio Data* as of October 31, 2014

Sector	Amount	Business #	% of Portfolio (\$)
FISHING	\$595,734	16	37%
Agriculture	\$469,853	6	29%
LIVESTOCK	\$215,445	2	13%
Beekeeping (<i>honey</i>)	\$230,600	6	14%
Health Care	\$100,100	1	6%
Renewable Energy	\$100,000	1	6%
Total	\$1,607,228	32	100%

*Represents loan data from July 2013 – October 31, 2014. Represents total mobilized funds

Other OEF Projects

OEF Secure Fisheries Project:

- Seeks to ensure sustainable management of fisheries through the reduction of illegal, unreported and unregulated (IUU) fishing.
- Promotes increased monitoring, control and surveillance capacity, and regional coordination of fisheries resources.
- This project is creating a report that will collect available fisheries data to determine the sustainability of Somaliland and Somali fisheries.



Thank You
Questions?

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Panel Discussion on Economic Drivers

Presentation on- Private Sector as a key economic Driver

7th High Level Aid Coordination Forum
“Somaliland Special Arrangement”

Presenter: Abdihamid Omer

Is this a Myth?

The public sector is efficient and dynamic; private sector is costly and slow. The more we can get the public sector to run things the better



Contribution of the Private Sector to the Economy

- The private sector accounts for over 90% of the country's gross domestic product (GDP) (NDP 2012-2016)
- Primary contributor to jobs, growth & innovation
- Production of goods and Services (Electricity, telecommunications, Remittances, Manufacturing etc.)
- Social Service provision (Education, Health etc.)
- Expand exports (Livestock etc.)
- Encourage Foreign Investment (SBI, etc.)
- Initiating Policy Development

Problems/Barriers

- Inadequate infrastructure
- High cost of fuel and electricity
- Lack of access to credit and regular banking facilities
- Inability to obtain international insurance or guarantees
- Time consuming procedure for setting up companies
- Limited technical skills

Cont.. Barriers

- Absence of business support institutions (BDS Providers etc)
- Limited capacity of entrepreneurs. They can not develop relationship in international sectors. They are confined within boarder.
- Somaliland is not part of the WTO
- Foreign-investment is not yet realized and there are no many incentives in technology-transfer etc.

Opportunities

- Relative Peace
- Willingness of the government to boost the sector
- Potential areas for investment- Agriculture, Livestock, Fisheries, Energy , Telecommunications, Mining, Oil & Gas etc.
- Emerging business enabling environment.
- There is free market economy

Donor assistance to the Private Sector

- Matching Funds to allow business growth (Current DFID/WB initiatives)
- Technical Assistance (TA) and Business Development Services (BDS) for capacity building
- Provision micro-credit lending schemes for the establishment and expansion of businesses
- Challenge Funds (Competitive funding support)
- (Impact Investments) Investing in Businesses that have positive impact on the poor
- Supporting the Private Sector Investors with new ideas that have positive impact on the people (Pull Mechanisms)
- Technological Transfer in key economic sectors

Way Forward

- Private Public interface is critical (PPP)
- Engagement with the International Development Agencies for capacity development
- Increase supply and create demand driven training and Promote employment
- Emphasize TVET; raise its image; link close to economic transformation
- Develop “mission-oriented” training system focused on sectors and products being promoted; bring in business as partner

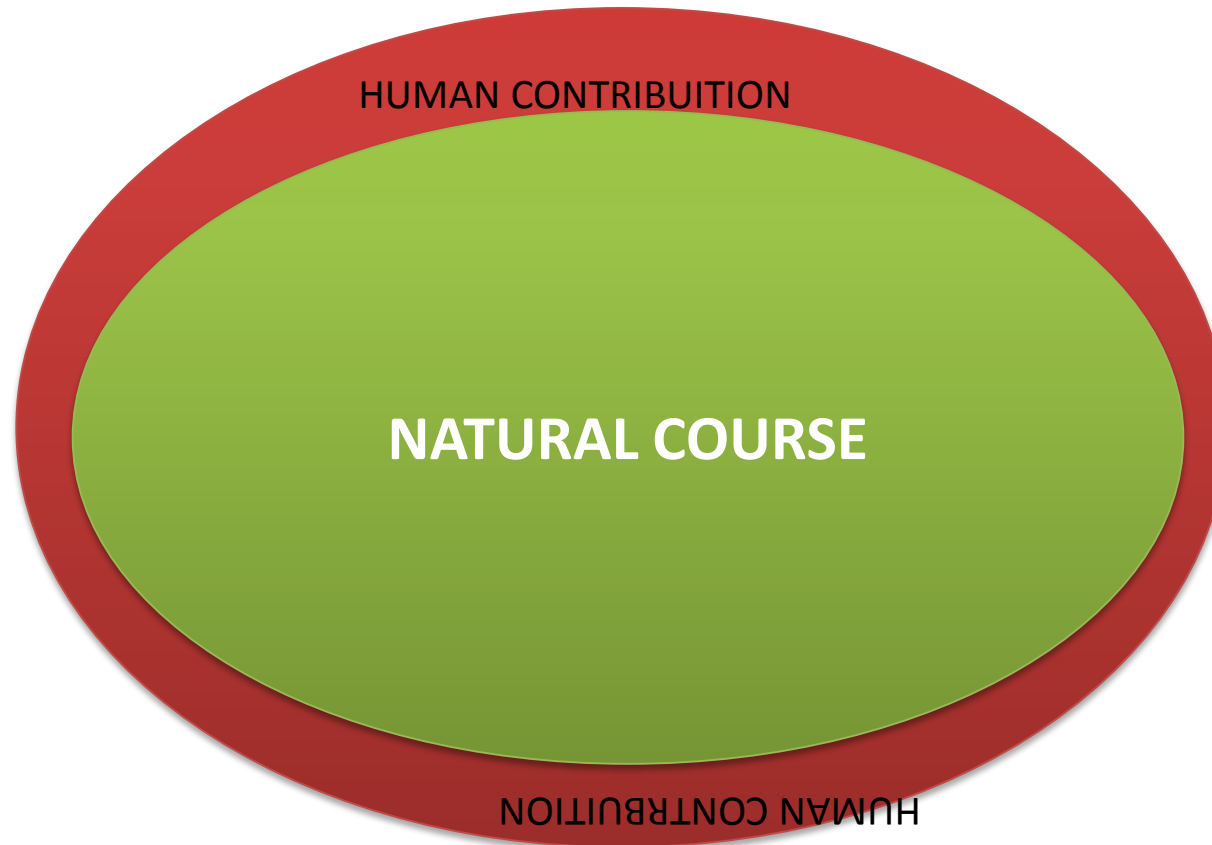
Cont.

- Provide technical and managerial skills training
- Support research and development
- Promote foreign direct investment
- Promote better technology and quality assurance
- Establish a business friendly environment
- Facilitate the development of the financial sector
- Provide an enabling business environment and encourage investment in crucial sectors like energy to minimize costs
- Develop the livestock value chains through extension services in rearing and finished products
- Improving crop production to compete with imports

Natural Resources for Economic Recovery

Prof. Ahmed Farah

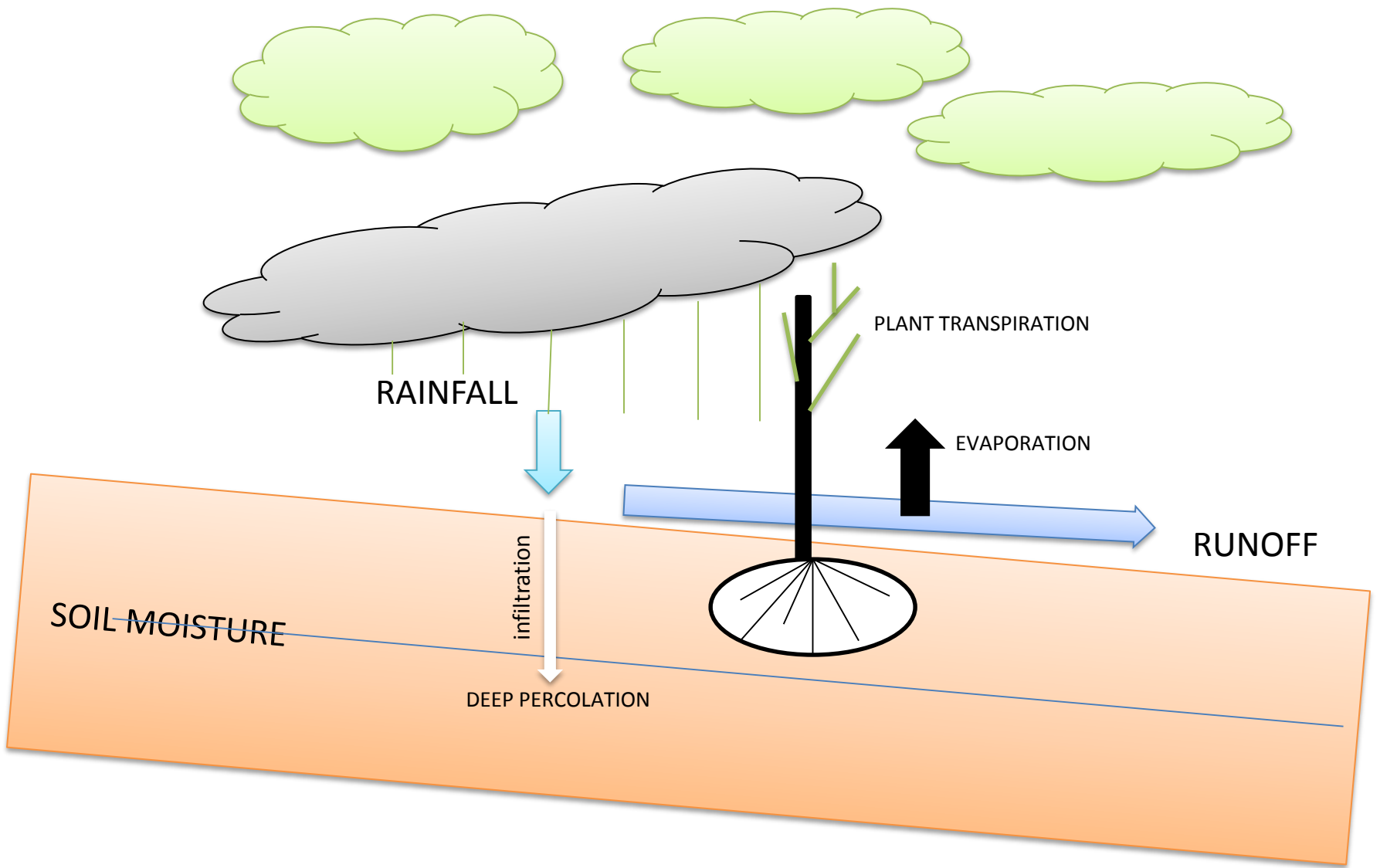
CLIMATE CHANGE



INDICATORS:

VARIATION OF:

- A) Temperature
- B) Pressure
- C) Precipitation



RAINFALL

PLANT TRANSPIRATION

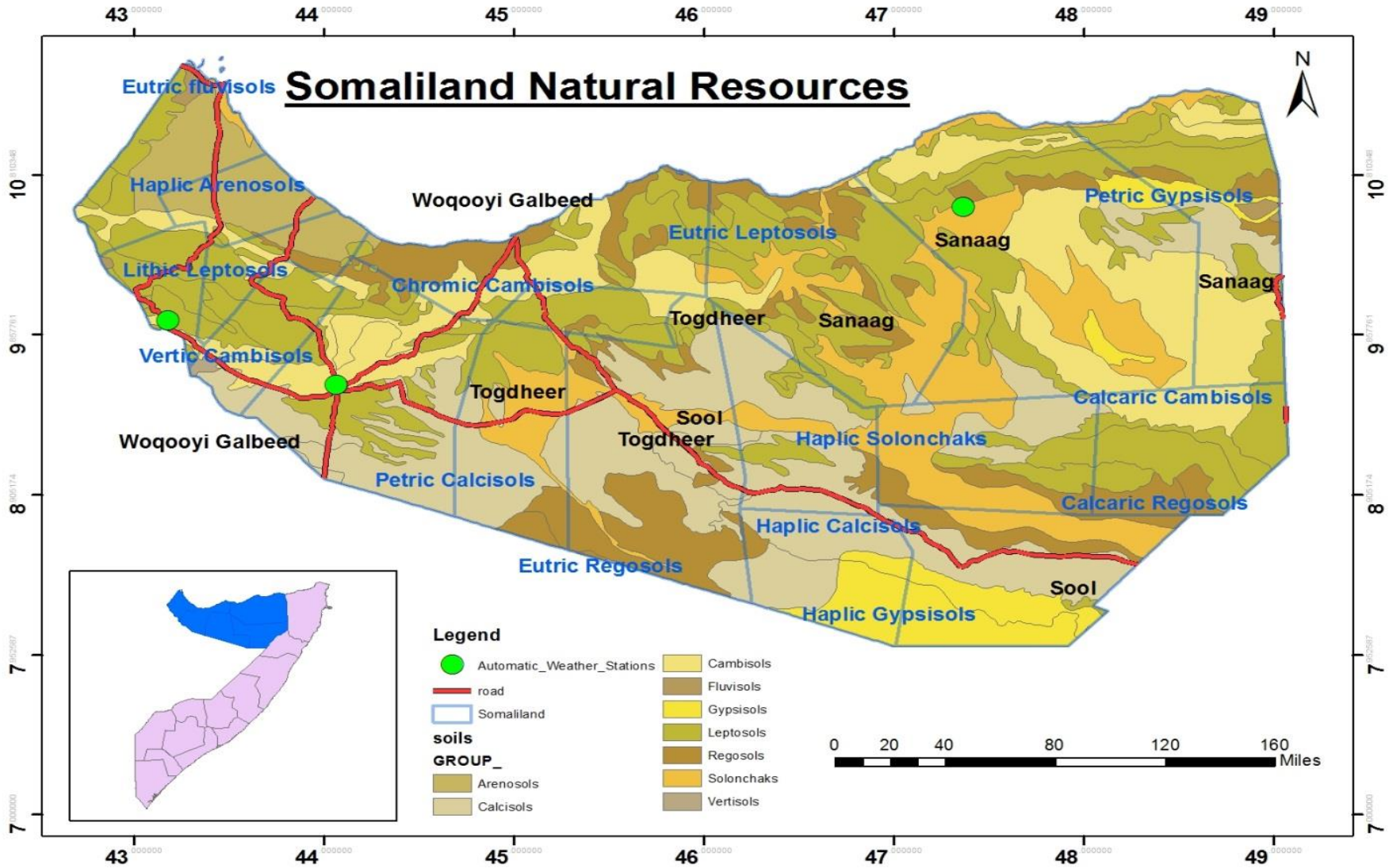
EVAPORATION

RUNOFF

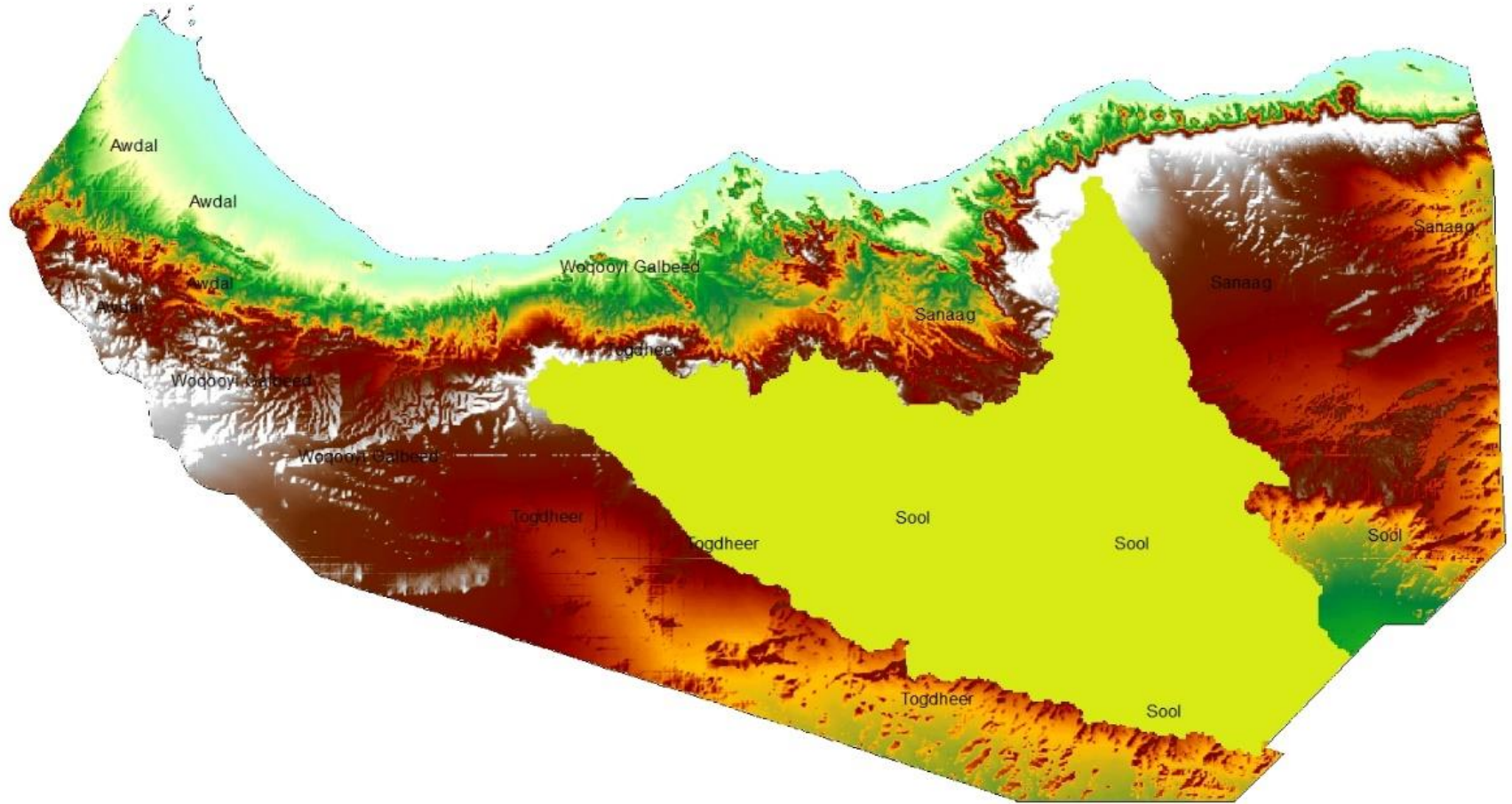
SOIL MOISTURE

infiltration

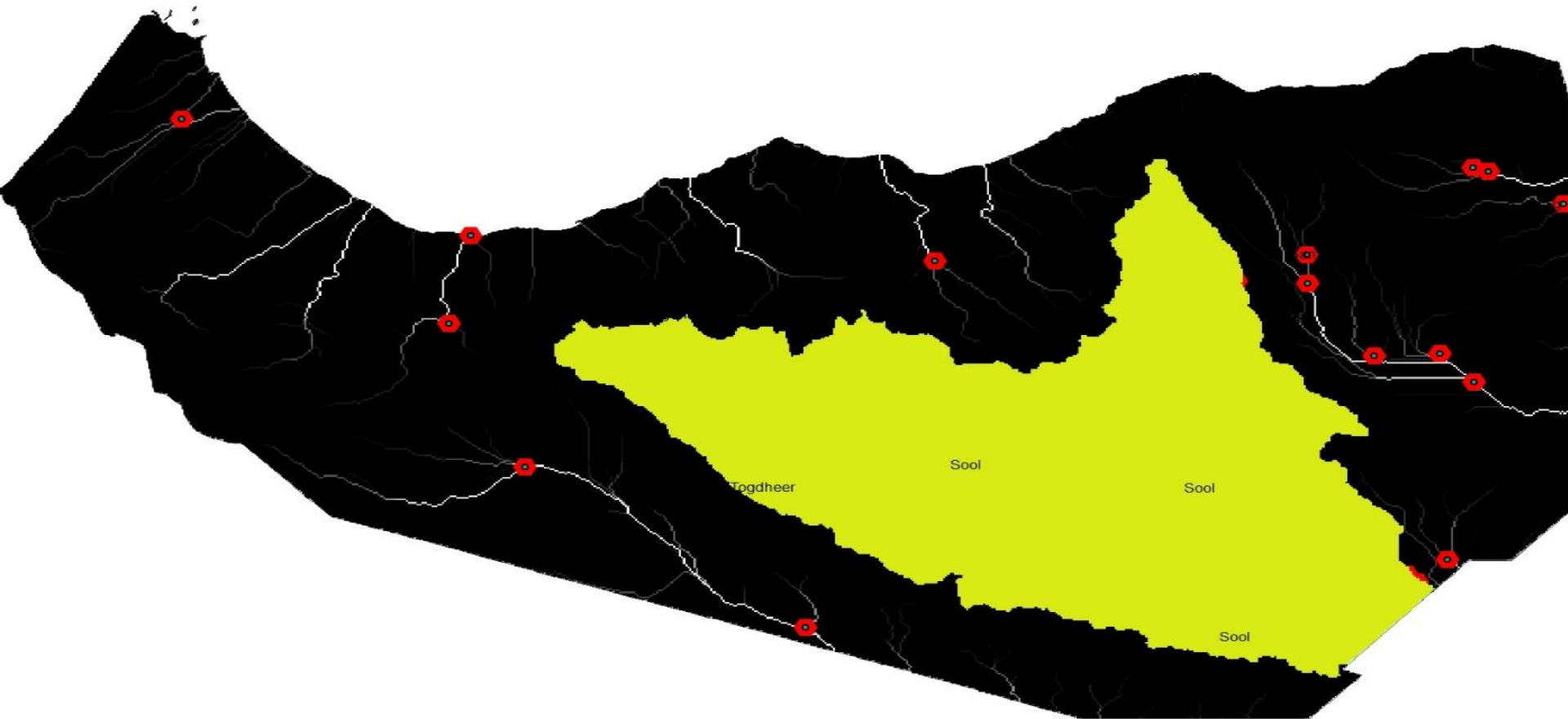
DEEP PERCOLATION



IMPOSED WATERSHED AND RELIEF



WATERSHED AND WATER POINTS



Priority Actions

Somaliland authorities should integrate climatic information into the country's economic development blueprint (strategic Plan) for optimal exploitation of natural resources

Based on the regional climatic conditions, the government should develop a national policy for rain/water harvesting (specially the runoff) for:

- domestic consumption
- agricultural production
- livestock development
- industrial use
- water conservation

Natural Resources and Economic Development

The economic recovery and development for Somaliland is based on livestock, livestock trade, and agro-pastoralism rather than well developed industrial and service economy; this necessitates the development of water resources (ground water and harvesting surface water) for domestic consumption, for livestock development, for irrigation, and for industrial development.

Somaliland does not have perennial rivers but seasonal rivers dependent on erratic and seasonal rainfall; the seasonal rivers have very intensive flow and heavy load of currying capacities and the seasonal rivers discharges into the sea without being utilized.

To spur economic recovery and development, relevant authorities should map out the available natural resources, develop indicators of climatic change and asses existing environmental conditions.

It is important to develop a holistic development approach that optimally but sustainably exploits natural resources taking into account environmental degradation and changing climatic conditions

The Strategic Plan

An effective strategic plan for economic development needs to tap into the available natural, socio-cultural and human resources. One of the natural resources is water in various forms, which is fundamental to economic development of any country

Somaliland must find a way of exploiting the available sources of water in a strategic manner

Thus the strategic plan must integrate the process of interception and concentration of rainfall (runoff) in the Somaliland territory and subsequent storage in the soil profile or artificial reservoir(s).

We should sustainably exploit seasonal rivers and divert them to urban centers for domestic use, agriculture, livestock and for industrial development.

Key Issues to Consider

Climate change is real and should not be overlooked;

Water is crucial for socio-economic development;

It is also a potential source of conflict especially in Arid and semi-arid areas;

Natural resources are not unlimited, they must be exploited carefully;

There is need for proper and effective policies that balance between economic growth and environmental conservation;

All sectors must work together to ensure harmony in economic recovery and secure sustainable economic development;
of natural resources

THANK-YOU!