



1 L SOMALI REPUBLIC

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FIRST
FIVE YEAR PLAN,
(1963 - 1967)

2 L Planning & Coordinating Committee
for Economic & Social Development

CS.
Mogadiscio, July 1963



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A D D R E S S

by

*H. E. the Prime Minister
Abdirascid Ali Scermarke*

*on the occasion of the release of the
Somali Republic's First Five Year Plan*

Mogadiscio, 29 July 1963

Your Excellencies, Members of the Government,
Distinguished Guests,

It is with very great pleasure that I am releasing today the **First Five-Year Plan** of the Somali Republic. The Plan reflects the aspirations of the people, sets the goals which we want to reach and indicates the means with which to reach them. The Somali people want a strong and unified country, opportunities for work, improvement in living standards, provision of essential services and facilities for moral and cultural development. Our goals are clear. We know what we want. We also know, with the help of the Plan, how to get what we want.

The Plan has been prepared with the combined efforts of the various parts of the Government, with the assistance of the United Nations. The Planning and Coordinating Committee for Economic and Social Development held over 40 meetings, and the various sub-committees appointed by the Planning Committee held innumerable meetings, in connection with the preparation of the Plan. I personally devoted a good deal of my time and attention to this work. The Plan is the best that we could produce with the limited technical resources that were available to us. We are aware of its limitations. We know that preparatory work on many of the projects included in the Plan has yet to be done. We shall undertake this work as soon as we can.

Yet, in spite of its shortcomings, the Plan has given us a sense of direction. It is a guarantee that our limited financial and economic resources will be used for purposes to which we attach the highest priority. The preparation of the Plan has been a great education in itself. The exercise has been of great value to us, as it has given a developmental bias to various organs of the Government and has made them cost-conscious.

The Plan is modest and its goals realistic. It would not usher an era of prosperity and plenty immediately. It would lead us to such an era in the course of time. For the present, the implementation of the Plan would provide more job opportunities and bring about a modest improvement in living standards. We did not want to prepare a grandiose plan, the carrying out of which would have been beyond our capacity. Instead, we wanted to keep our feet on the ground and set ourselves a task which we could carry out.

Although the Plan is modest, its implementation will be the greatest challenge to the country. We have decided to accept this challenge. We shall spare no effort and shall give all the devotion and dedication that we are capable of to the task of implementing the Plan. We are conscious of the sacrifices that we shall have to make. We shall have to pay more taxes, work harder and save more. The objectives of the Plan are worth these sacrifices which are after all not beyond our capacity. We are a

people capable of bearing great hardships. We shall be making these sacrifices for ourselves, not for anybody else. We shall be working for our own future benefit, for the benefit of our children and our children's children. I am confident that we shall have the whole-hearted cooperation of our people, for after all the objectives of the Plan are our common objectives.

The Plan is also modest in terms of its financial cost. It would require So. Sh. 1,400 million in all. Our friends have been helping us very generously in the past, as a result of which we would have So. Sh. 677 million available to us for utilization during the Plan period. I am confident that we shall be able to raise the balance of So. Sh. 723 million. I think that we can count on our own efforts as well as on our friends.

With regard to external aid in the form of loans, I would like to say that not only we want to honour our future debt service obligations, but we also want to make sure that we shall have the ability to honour them. It is therefore necessary that we should try to secure a substantial amount of external assistance either as grants or as long-term low-interest loans with a sufficient period of grace to ensure that our repayment liabilities do not begin earlier than our ability to honour them.

The Plan is not inflexible. We shall welcome any suggestions for its improvement. However, we have decided to accept the discipline of the Plan. The policies and programmes embodied in it are the policies and the programmes of the Government. All Departments of the Government are to use the Plan as a guide and as a policy directive. The Plan can be revised in case of need. But no deviation from the Plan will be allowed except with the approval of the Council of Ministers.

We propose to use the Plan as a yardstick to measure our own performance and the generosity of our friendly countries and agencies.

In conclusion, I would like to say that we have set ourselves a task which we know to be very difficult but that we shall make an all-out effort to accomplish this task because it is essential in the interests of our people. I am confident that we shall succeed.

LETTER OF TRANSMITTAL

Sir,

I am forwarding herewith the First Five-Year Plan, as approved by the Planning and Coordinating Committee for Economic and Social Development, for submission to the Council of Ministers.

I would like to take this opportunity to express my profound sense of gratitude to you personally for the valuable guidance provided by you in the preparation of the Plan. I would also like to thank your colleagues in the Council of Ministers, the members of the Planning and Coordinating Committee and the Heads of the various Departments and Agencies of the Government for their willing cooperation.

In the end I would like to express my appreciation of the work of the staff, particularly of Miss R. Todaro and Miss M. L. Angelini, without whose dedicated assistance it would not have been possible to complete the work in time.

Yours sincerely

M. L. Qureshi
Vice-President

Planning and Coordinating Committee
for Economic and Social Development

H. E. Abdirascid Ali Scermarke
President of the Planning and Coordinating Committee
and Prime Minister
Government of the Somali Republic
Mogadiscio

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I.

INTRODUCTION

SOCIAL AND ECONOMIC BACKGROUND

Material and Manpower Resources

The Somali Republic comprises the former British Somaliland and the former Italian Somalia which joined together to form a single sovereign State on 1 July 1960 under a democratic form of Government. It lies on the East Coast of Africa between French Somaliland, Ethiopia and Kenya on one side and the Gulf of Aden and the Indian Ocean on the other. It has an area of 660,000 sq. km.

The area suitable for cultivation is conservatively estimated at over 8 million hectares. Of this only 350,000 hectares are actually cultivated. About 100,000 of these are irrigated, partly by controlled irrigation, but largely by flood irrigation. About 35 million hectares are suitable for livestock raising.

Agricultural production consists mainly of bananas, sugar cane and cereals, namely durra and maize. Sesame, groundnuts, beans and cotton are produced in relatively small quantities.

The country has two big rivers, namely Juba and Shebeli, both of which have their origin in Ethiopia. The Juba river has a maximum flow of 36,000 cusecs during the flood season and a minimum flow of about 1,200 cusecs during the dry season. The Shebeli river has a maximum flow of 6,000 cusecs during the rainy season, but dries up for about 2 to 4 months in the year.

Rainfall varies considerably from one part of the country to another and from one year to the next. The Inter-River Economic Exploration carried out by U.S.A.I.D. in 1960, which covered the part of the country fed by the rivers Juba and Shebeli, identified an area of about 5 million hectares, at least 50% of which is potential farming area, receiving 500 to 600 mm and another area of 12 million hectares receiving more than 350 mm of annual rainfall.

The country has, thus, abundant land and water resources. What is wanted is that the rainwater should be conserved and the rivers harnessed to irrigate the cultivable land, which should be cleared, levelled and put under the plough.

The country has also very large forestry and fisheries resources. Forests cover over 14% of the total area and are not an exhaustible resource, if properly managed and conserved. There is considerable scope for the exploitation of forests. The fisheries resources extend over a coast 2,800 km long in the Indian Ocean and the Gulf of Aden. These resources need to be surveyed and exploited.

The principal mineral deposits are iron ore in the Bur area in the South, roughly estimated at 300 million tons, and the large gypsum deposits near the Berbera port in the North, both of which can be exploited. Some tin, meerschaum and feldspar are also known to exist.

Transport facilities are inadequate and transport costs are high. The Somali Republic is a country of long distances due to its large area. There are 12,000 km of roads of which only 600 km are asphalted. The rest are roads with an unmade up surface or tracks. Two good roads of a total length of 180 km. are under construction. There are no railways and no proper seaports. However, the port of Kisimayo is under construction and preparatory work for building the Berbera port is under way.

As regards electric power, the total generating capacity in the country in 1962 was estimated at 7,000 KW, providing electricity to 15 towns. But in most cases the distribution system is defective and the cost of electricity high. There is very great scope for increasing the generating capacity, providing electricity to a large number of towns possessing a development potential, improving the distribution system and reducing the cost of electricity to consumers, particularly industrial consumers.

The country is industrially underdeveloped. There is only one large-scale industrial unit, namely a sugar factory with a productive capacity of 12,000 tons of sugar a year. In addition there are a few small fish canning factories, a small meat packing factory and a number of other small-scale and handicraft industrial units employing about 27,000 workers in all. Further industrial development, insofar as domestic demand is concerned, is conditioned by the small size of the domestic market. However, there is scope for the establishment of a few large-scale and numerous small-scale industrial units to meet local needs and for the development of a number of large-scale export-oriented industries, such as fish freezing and canning and meat packing.

The population is officially estimated by the Ministry of Interior at about five million. However, no comprehensive census of the population of the country has ever been taken. Thus reliable information about numbers, age and sex distribution, birth and death rates will not be available till either a proper census is taken or data about population is obtained through sample surveys.

The rate of population growth is not known. The birth rate is probably high. But, due to the inadequacy of health services, it is unlikely that the death rate is very low. Thus the rate of natural increase cannot be very high. However, the death rate will decline with the improvement in health services as envisaged in the Plan, and this will result in an increase in the rate of population growth. But the Somali Republic is not overpopulated. In view of the relatively small size of the population and the very large area and natural resources which would be progressively exploited through economic development, the country is not likely to have a population problem for the foreseeable future.

The population possesses a high degree of ethnic, cultural, linguistic and religious homogeneity. The people are healthy and are used to a hard life.

Education did not receive adequate attention in the pre-independence period. In 1962 there were 233 elementary schools, 31 intermediate and vocational schools, and 4 secondary schools having an enrolment of 19,000, 4,000 and 425 students respectively. There were 7 technical schools, including 2 teacher training schools, and one University Institute. Illiteracy is high and there is a serious shortage of technical personnel. The educational facilities need rapid expansion, particularly at the intermediate school level, and the quality of instruction needs to be improved.

The health facilities comprise 23 hospitals having 3,175 beds, 26 dispensaries, 37 infirmaries and 94 ambulatories. Three new hospitals, one with 600 beds and the other two with 50 beds each are under construction. There is a shortage of medical personnel. The incidence of TB and malaria is high. The health facilities require considerable improvement and expansion with particular emphasis on the adoption of measures for the prevention of disease.

About two thirds of the population is nomadic and is dependent on stock raising. Thus livestock is the principal industry of the country. The proportion of population dependent on agriculture is relatively small. This is so because agricultural production is subject to the vagaries of the weather, except in the case of irrigated land which is very small. Livestock provides greater security than uncertain agriculture. Thus nomads are not likely to take to agriculture unless agricultural production is made more secure through controlled irrigation.

The subsistence sector is very large. This is mainly because of a lack of a suitable market organization due to poor transport facilities and high transport costs.

Foreign Trade and Balance of Payments

The exports of the Somali Republic consist mainly of bananas, live animals and hides and skins. Other exports include wood products and charcoal, fish and fish products, meat and meat products. Exports have risen steeply during the decade 1951-61 from So. Sh. 48 million in 1951 to So. Sh. 188 million in 1961, a rise of 160%. Bananas accounted for 48%, live animals for 27%, and hides and skins for 6% of the total exports in 1961. Bananas are exported from the Southern Region to Italy where they have a sheltered market. Live animals and hides and skins are the main exports of the Northern Region. Live animals are exported mainly to Middle Eastern countries.

Dependence of the economy mainly on two commodities, namely bananas and livestock, for its export earnings points to the need for the diversification of production and of exports.

Imports consist mostly of foodstuffs and consumer goods, which together account for about 60% of the total imports. Textiles are most important amongst consumer goods. There are sizeable imports of transportation materials. Imports of machinery are relatively small.

More than 50% of the imports of the Southern Region originate from Italy due to the traditional trade channels and import discrimination in favour of Italy. The largest share of the imports into the Northern Region originated from the United Kingdom, due partly to traditional trade channels and partly to preferential treatment accorded to imports from the British Commonwealth. However, the U.K. share has declined from 39 % in 1960 to 27% in 1961. British Commonwealth preferences were abolished in March 1962.

The prices of imported goods were generally lower in the Northern Region than in the Southern Region, partly because import licenses are granted more freely in the North than in the South and partly because there is no discrimination by currencies or countries in the North.

Imports have also increased greatly during the decade 1951-61, but less steeply than exports. They rose from So. Sh. 128 million in 1951 to So. Sh. 230 million in 1961 — a rise of 80%. As a result of this, the trade deficit has declined from So. Sh. 80 million in 1951 to So. Sh. 42 million in 1961.

The country has a deficit on services account also. The overall deficit on goods and services account amounted to So. Sh. 30 million for the second half of 1960 and So. Sh. 95 million for the whole of 1961 (the period for which the balance of payments data is available). The deficit was met in 1960 by transfer payments, private investments and the draw-

ing down of the foreign assets of the monetary system, and in 1961 by public grants, temporary Government borrowing and private investment. The need for greater export earnings and/or of import substitution to improve the balance of payments position is obvious.

Public Finance

The public expenditures of the former Italian Somalia used to exceed greatly the public revenues during the Italian Trusteeship period and the deficit used to be financed by the Italian Government. In 1959 the Italian budget contribution amounted to 40 % of the revenues.

Similarly the public revenues of the former British Somaliland used to fall short of public expenditure during the period of British rule and the deficit used to be financed by the British Government. Thus the Somali Republic inherited a big budgetary deficit from the pre-independence period. It has made very determined efforts to reduce the gap between revenues and expenditures and has achieved a great measure of success in this. The following figures speak for themselves:

Million So. Sh.						
Revenues			Expenditures		Deficit	
	Budget (Estimate)	Actual	Budget (Estimate)	Actual	Budget (Estimate)	Actual
Ordinary Budget						
1961	109.8	123.5 ⁶ ✓	172.0	164.8	62.2	41.3
1962	119.4	142.7 ✓	166.8	158.6	46.6	15.9
1963	135.0		173.8		38.8	
Special Budget (1)						
1962			22.1			
1963			14.7			

The actual revenues greatly exceeded, and the actual expenditures fell short of, the budget estimates in the years 1961 and 1962, with the result that the gap between revenues and expenditures has been greatly narrowed. (2)

- (1) The Special Budget was introduced in 1962 to cover expenditures on development projects.
- (2) The deficit for 1962 would be a little larger than the amount given above, if allowance is made for the fact that some of the expenditures of the ordinary budget were transferred to the Special Budget.

Although the revenues show a rising trend, the revenue estimates included in the 1963 budget are less than the actual collection during 1962. It is obvious that the Government has been very conservative in estimating revenues and has been able to improve its tax collection machinery and to keep a firm control over expenditures.

The deficits for 1961 and 1962 were financed by Italian and British grants. In 1963 the Somali Government renounced the British financial assistance after severing diplomatic relations with U.K. In order to cover the gap created by this, the Government decided to make further economies in expenditure to the tune of So. Sh. 10.5 million and to impose additional taxation in April 1963 which would raise So. Sh. 7 million for the balance of 1963 and So. Sh. 10 million on an annual basis.

The systems of taxation as well as the tax rates were different in the Northern and Southern Regions. These systems were merely revenue-oriented and were an obstacle to development. Besides, the tax burdens were not equitably distributed. Certain reforms of a basic character were necessary. These have been carried out. A common income tax has been introduced. The customs tariff has been unified and has been given a developmental bias, by lowering the import duties on machinery, transport equipment and raw materials and by the imposition of protective duties on goods which can be locally produced. Duties on goods of mass consumption have been lowered and those on luxury goods have been raised to distribute tax burdens more equitably. Export duties on certain categories of goods have been abolished to encourage exports.

The Government has been following sound budgetary policies and has not hesitated to adopt unpopular measures which are implicit in the imposition of new taxes, enforcement of tax collection and reduction or containment of expenditures. Monetary stability has been maintained and there is no danger of inflation in the country.

Government Policies

A summary statement of the policies which the Government is trying to follow as far as possible, in order to promote economic and social development of the country, and which are reflected in the Plan, is given below:

1. The administrative machinery of the Government should be reorganized and strengthened.
2. A reasonable balance should be maintained between investments in the social and economic fields.
3. The construction of social overheads, such as schools and hospitals, should be financed by grants from the national budget or from abroad.

4. The construction of economic overheads such as roads and ports should be financed by very long-term low-interest loans.
5. The construction of directly productive projects can be financed by ordinary long-term loans.
6. Production of goods for export or for substituting imports should be encouraged.
7. Import restrictions in respect of currency areas and in the volume of imports should be gradually relaxed with a view to their eventual elimination within the limits of available foreign exchange resources in order to reduce the prices of imported goods.
8. Imports of development goods should be encouraged.
9. Costs of transport, fuels and electricity should be reduced.
10. Private foreign investments should be encouraged.
11. Mobilization of domestic capital should be promoted by all possible means. In this connection the Government is pursuing the following policies:
 - i) Encouragement of private investment in agriculture, industry, transport, commerce, housing and community development, by creating favourable condition for such investments.
 - ii) Encouragement to banks to pay interest on bank deposits.
 - iii) Attraction of bank deposits by opening bank offices in the interior of the country.
 - iv) Creation of a bond market by the establishment of a development bank authorized to issue bonds.
 - v) Increasing tax revenues by better collection of existing taxes and imposition of additional taxes.
 - vi) Recovering the costs, including the amortization of the capital investment, of water supplies for human and livestock population and for irrigation, by charging a price for these supplies.
 - vii) Recovering the costs of veterinary services by charging a fee for the provision of such services.
 - viii) Charging a price for electricity sufficient to cover operating costs, including the amortization of the capital investment.
 - ix) Charging a fee for postal, telegraphic and telephonic services, sufficient to cover operating costs, including the amortization of capital investment.

Social and Political Developments

The Northern and the Southern Regions which joined together to form the Somali Republic had different systems of administration, law, taxation, education and media of instruction, deriving their inspiration from U.K. and Italy respectively. They had two different official languages, namely English in the Northern Region and Italian in the Southern Region. As the customs tariffs were different in the two regions, there were two custom areas within the same country. Thus the country was presented, at its very birth, with the extremely difficult problems of the unification of the administrative, legal, fiscal and educational systems. Besides, the Constitution had yet to be approved, foreign relations to be established and defence forces to be organised from scratch. These would have been difficult tasks for any country. They were much more so for a young country like the Somali Republic. It would not have been surprising if the administrative machinery of the Government had broken down under the strain. But nothing of the sort happened. The country is tackling these problems successfully. It would take a long time for all these problems to be solved. But very substantial progress has been made to date which augurs well for the future. The Constitution has been approved by a popular Referendum and a democratic form of Government is functioning successfully. The fundamental rights of the people have been guaranteed, the rule of law prevails, and life and property are secure. The administrative machinery of the Government is being unified and reorganized and its efficiency is being improved. Friendly relations have been established with most of the countries. Defence forces have been organized. Many of the important laws have been unified and enacted by the Parliament. The unification of the tax systems is almost complete. Substantial amounts of technical and economic assistance have been secured from abroad. Policies for promoting development have been formulated and are being pursued. The overall social and political environment appears to be quite favourable for carrying out a big programme for economic and social development.

OUTLINE OF THE PLAN

Social and Economic Objectives

The objectives of the Plan are a reflection of the aspirations of the people who want a strong unified country, opportunities for work, improvement in living standards, provision of essential services and facilities for moral and cultural development. These aspirations can be met by the creation of conditions which make for a rapid rate of progress in various fields. The goals which the country wants to reach may be stated briefly as follows:

1. Unification of the administrative, legal, fiscal and educational systems and of the economies of the Northern and Southern Regions of the country.
2. Building up of a sound administrative machinery.
3. Extension of educational facilities.
4. The building of a suitable infrastructure in the form of ports, roads, airports, and the provision of basic services such as transport, communications, electricity and irrigation, at low cost.
5. Enactment of land tenure legislation and registration of land rights.
6. Increase in employment opportunities to provide jobs for the rapidly increasing number of people seeking work.
7. Provision of drinking water for the human and livestock populations.
8. Increase in agricultural and livestock production and provision of marketing facilities for same.
9. Development of industries, large-scale, small-scale and handicraft.
10. Balancing of the Government budget.
11. Improvement in the balance of payments position.
12. Surveys and investigations to discover the natural resources of the country and to identify possibilities of economic development.
13. Expansion of health facilities for the settled and nomadic populations.
14. Provision of facilities for the settlement of nomads.

It would take quite some time to reach the above goals. The Plan attempts to show the direction and indicates the means with which to reach them.

Priorities for Development

The strategy of the Plan is to make maximum use of the existing productive capacity, to create the social and economic overheads and to establish such additional productive capacity as is possible.

The strategy of the Plan and its priorities are reflected in the proposed allocations for various programmes as shown below:

	Millions of So. Sh.	%
1. Agriculture	250.0	17.8
2. Irrigation, drainage and flood control	90.0	6.4
3. Industry	220.0	15.7
4. Fuel and power	25.0	1.8
5. Tourism	2.0	0.1
6. Transport	410.0	29.3
7. Post and telecommunications	16.0	1.4
8. Housing, settlements and water supplies	115.0	8.2
9. Education	92.0	6.5
10. Health and Veterinary	43.0	3.0
11. Social Welfare and Community Development	6.0	0.4
12. Information	10.0	0.7
13. Statistics	6.0	0.4
14. Surveys, investigations and research	40.0	2.9
15. Banking and credit	75.0	5.4
	1,400.0	100.0

Production can be substantially increased in the fields of agriculture and animal husbandry by removing the obstacles to better utilization of existing productive capacity. The obstacles are lack of marketing and transport facilities, existence of a large subsistence sector and shortage of drinking water for the livestock population. The provision of transport and communication services will facilitate the marketing of livestock and agricultural produce and will help in the monetization of the subsistence sector. This by itself would give a big boost to production.

The allocations for education, health, transport, communications, irrigation, water supplies and electricity are designed to create the social and economic overheads which are essential for development. The programmes for agriculture and industry reflect the possibilities of better utilization of existing productive capacity and establishment of additional capacity in these fields. The allocation for social welfare and community development is an indication of the country's desire to make a beginning in the provision of social welfare services. The programmes for statistics, surveys, investigations and research reflect the need for reliable data for the formulation of Government policies and development programmes. The information programme is a recognition of the need to secure the cooperation of the people for implementing the Plan.

Agriculture

The area under cultivation at present is about 350,000 hectares out of a total cultivable area of over 8 million hectares. Agricultural production can be increased by getting better yields from land already under cultivation and by bringing new areas under the plough. The crops currently produced are bananas, sugar cane, durra, maize, sesame, groundnuts, beans and cotton. In the case of bananas the production can be greatly increased if a market for the additional production could be secured. The real problem is that at present the Somali banana is not competitive in the world market. This is due to the high cost of packing, internal transport, stevedoring and sea transport. The Plan provides for the establishment of a Banana Board to adopt measures designed to reduce production and transport costs in order to make the Somali bananas internationally competitive. The production of bananas may be doubled.

The production of sugar cane will be increased by more than one and a half times to meet the raw material requirements of the sugar factory at Johar whose productive capacity is to be increased from 12,000 tons to 30,000 - 40,000 tons of sugar a year.

The production of other crops will be increased by the adoption of better farming practices and plant protection measures and by the use of improved seeds, agricultural implements, manures and animal power. Agricultural extension services will be provided to the farmers through the establishment of farmers' training centres. Large new areas will be brought under cultivation. A number of State farms will be established. New crops such as rice, oilseeds, cotton, fruits, cashew nuts etc., will be introduced to diversify agricultural production. Production of dates will be increased. Steps will be taken for the settlement of nomads into sedentary agricultural

communities. An agricultural research and demonstration centre will be established. Facilities will be provided for storage and marketing of agricultural produce. Land tenure legislation will be enacted and a cadastral survey will be carried out. A central machinery pool will be established to provide machinery on rent to Government Departments and to farmers.

In the field of animal husbandry, water supplies for the livestock population will be improved and veterinary services and marketing facilities will be provided. Research on animal breeding will be undertaken. Improved breeds will be introduced and inferior ones will be eliminated. Grazing areas will be improved and fodder crops will be introduced on irrigated lands to fatten export livestock. Facilities will be provided to nomads to settle down on ranges in selected areas. Flaying, curing and tanning of hides and skins will be improved to secure higher prices for these products. Legislation will be introduced to regulate trade in hides and skins to promote exports.

In the field of forestry the Plan provides for exploitation and conservation of forests, control of sand dunes, conservation of soil, control of the production of charcoal and the establishment of a marketing organization for incense.

As regards fisheries, the Plan provides for a comprehensive survey of fisheries resources, establishment of cold storages, construction of fishing boats, purchase of refrigerated boats for transport of fish, and introduction of improved techniques for catching fish.

Irrigation

The country has enormous water resources, the bulk of which are allowed to go waste. The Plan provides for the utilization of rain, river and underground water resources. A thorough investigation of the waters of Shebeli and Juba rivers and of the Mijurtinia region will be carried out during the Plan period.

Rainwater will be utilized by the construction of earthen dams across small rivers and streams at suitable locations to store water in ponds. It is proposed that ponds will be built to serve an area of about 600,000 hectares partly for irrigation and partly for stock raising. Irrigation will be provided to 40,000 hectares in the lower Juba area by the construction of water diversion dams and canals. Shebeli river water will be used to irrigate 7,000 hectares of new land and to provide improved irrigation to 7,000 hectares of land which is poorly irrigated at present. All this will be done without prejudice to a proper utilization of the water resources of these two rivers, based on the result of the investigation referred to above.

The consumers of irrigation water will be required to pay for the operating costs of irrigation works, including the amortization of the capital investment.

Industry

The Government has formulated and is pursuing an industrial policy which is designed to promote private investment, domestic and foreign, in industrial ventures. An industrial development corporation will be established as an autonomous organization for developing such industries which are essential in the national interest but for which private capital is not forthcoming.

The capacity of the sugar factory at Johar will be expanded from 12,000 tons to 30,000-40,000 tons of sugar a year. A cotton textile factory having 10,000 to 12,000 spindles and 300 automatic looms will be established. Two meat processing and packing factories, a number of fish freezing and canning factories and one milk processing factory will be set up. Preparatory work has already been started on one meat packing factory, one fish canning factory and one milk processing factory. The milk processing factory will be in production in 1964 and the other two in 1965.

There is scope for the development of a very large number of small-scale and handicraft industries on a profitable basis. In order to facilitate such development the Plan provides for the setting up of three industrial estates, mainly for small-scale industries, and seven smaller industrial estates mainly for handicraft industries at suitable locations. The estates will provide developed land or factory buildings, electricity, water supply, roads, communications, repair facilities etc. and make the land or buildings available to prospective investors on rent which would cover the running costs as well as the amortization of the capital investment on the estates. This will make it possible for an industrial unit to be established with a much smaller investment than would be required otherwise.

The Plan envisages substantial investments on private account, particularly in small-scale and handicraft industries.

The Plan provides for exploitation of the gypsum deposits near the Berbera port in the Northern Region. These deposits will be mined and exported.

Fuel and Power

Availability of fuel and power at low cost is crucial for economic development. The Government is following a deliberate policy of reducing fuel and electricity costs.

The total electric generating capacity in the country was about 7,000 KW in 1962 and 15 towns were provided with electricity. In most cases the distribution system is defective and the service inefficient. The Plan provides for an increase of 12,000 KW, that is an increase of 170% in generating capacity, for the improvement and expansion of supply to the towns whose present supplies are inadequate and for the supply of electricity to 15 additional towns.

Tourism

A beginning will be made for the development of the tourist industry in the country.

Transport

The Plan has given a very high priority to the development of transport facilities as these are necessary for the marketing of livestock and agricultural produce, for the monetization of the subsistence sector and for the development of the economy. The Plan provides for an overall transport survey to determine the most economic means for the transport of goods and passengers in different parts of the country and for connecting these parts with one another. In the meanwhile the following programme is proposed to be carried out during the Plan period.

The following roads will be built or improved:

1. Afgoi-Shalambot		65 km.
2. Gelib-Kisimayo		115 „
3. Afgoi-Baidoa		200 „
4. Berbera-Hargeisa		176 „
5. Kisimayo-Afmadu		100 „
6. Johar-Belet Uen	(Improvement)	265 „
7. Belet Uen-Garove	„	665 „
8. Garove-Hargeisa	„	624 „
9. Garove-Bosaso	„	463 „

The first two roads are already under construction. Surveys of a few of the other roads are under way.

Three seaports, namely Kisimayo, Berbera and Mogadiscio, will be built during the Plan period. Kisimayo is already under construction, preparatory work for the construction of Berbera is under way and investigations for the construction of Mogadiscio port are in progress.

Possibilities for inland water transport will be studied. Private parties will be encouraged to purchase four or five small boats having a total capacity of about 10,000 tons for carrying the coastal and a part of the international trade of the country.

The airports at Mogadiscio and Hargeisa will be improved.

Six regional airports will be built at Kisimayo, Baidoa, Belet Uen, Galcaio, Bosaso and Burao and a Somali airline, mainly for internal air transport, will be established.

Posts and Telecommunications

Twelve new post offices will be established as a part of a programme for the extension of postal facilities in the country. New buildings will be provided to the General Post Office and Administrative Headquarters at Mogadiscio, the Central Telegraph Office at Hargeisa and to the combined post and telegraph offices at Berbera and Burao. All the post offices in the country will be provided with the minimum essential equipment.

The Plan attempts to remove some of the deficiencies in the existing telecommunications system. The telephone and telegraphic services will be integrated under the same transmission medium. Mogadiscio and Hargeisa will be provided with automatic telephone exchanges and the number of telephone connections in the country will be increased from 3,000 to 6,000. There will be an appreciable increase in the number of telegraph offices and the telegraphic service will be made quicker and more reliable.

The additional revenues from the postal and telecommunication services will be more than adequate to cover the amortization of the capital investment.

Housing, Settlement and Water Supplies

Urbanization is taking place at a very rapid rate and the demand for urban housing is constantly on the increase. The construction of houses will be left to private enterprise but town plans will be prepared for Mogadiscio, Kisimayo, Berbera and Hargeisa to ensure orderly expansion of the towns. House building credit will also be provided.

Water supplies for Mogadiscio, Hargeisa, Kisimayo and six other towns will be improved. Water supplies for the agricultural and nomadic populations and their livestock will be provided by the construction of a large number of river ponds, 300 ballehs, 300 boreholes and 300 cement tanks and by the provision of surface works for some of the existing wells which are at present out of commission.

The consumers of water will be required to pay for the water in order to cover the operating costs and the amortization of the capital investments on water supplies.

Education and Training

The Plan proposes certain basic reforms in the educational system of the country. The two systems, namely the British system which is prevalent in the North and the Italian system which is prevalent in the South, will be unified into a single Somali system. The pre-University course would consist of three stages, namely elementary, intermediate and secondary, of four years each. Arabic will be the medium of instruction at the elementary stage till it is replaced by the Somali language and English will be the medium of instruction from the intermediate stage onwards. Changes in the medium of instruction will be introduced gradually, so that students who have started their education with Italian as the medium of instruction will complete their education with the same medium of instruction. The curriculum will have a Somali background and will be based on the genius of the people, of course drawing fully on the cultural, intellectual, scientific and technical heritage of the whole world. Arrangements will be made for the revision of the curriculum and the preparation of textbooks on the basis of the revised curriculum. A uniform system will be adopted for charging tuition fees. The status and the emoluments of the teachers will be raised.

The Plan provides for the improvement and consolidation of the existing elementary schools and the opening of 40 new schools. This would result in an increase in the enrolment of children by about 13,000. Textbooks will be provided free by the Government.

It is proposed that 56 new intermediate schools will be opened to make up for the serious deficiency that exists at present at this stage of education. This would increase the enrolment of students by about 8,000.

The secondary school education will be improved. Three of the existing schools which have no buildings at present will be provided with their own buildings. Two new secondary schools will be opened. This would result in a substantial increase in the enrolment of students at the secondary stage.

The existing schools for vocational education will be improved. One new school for the training of teachers, two new schools for technical training and one for the training of agriculturists will be started. The University Institute at Mogadiscio will be expanded and the scope of instruction would be enlarged to include the teaching of mathematics and physical sciences.

Facilities will be provided for the training abroad of higher level technicians.

Arrangements will be made for the preservation of Somali folklore and ancient cultural traditions embodied in oral literature, songs, poems, proverbs, stories and material articles such as arms, tools, textiles, national costumes, pottery, toys, coins and rare books.

Health and Veterinary Services

In the field of health, the Plan attaches very great importance to the adoption of preventive measures. It also provides for the consolidation and improvement of the existing curative facilities and their minimum necessary expansion. The preventive and curative services will be closely integrated.

In the Northern Region, public health services will be provided by dispensaries whose number will be increased from 26 to 49. In the Southern Region these services will be provided by the creation of public health wings attached to regional and district curative units. Thirty-one such wings will be established. The dispensaries and public health wings will be adequately staffed. The programme for the control of malaria and tuberculosis will be carried out. The new Mogadiscio hospital will be completed and equipped and two new TB hospitals of 50 beds each will be built. The existing regional and district hospitals will be improved and 6 new district hospitals and 75 new ambulatories will be built. The number of TB beds will be increased from 1,100 to 1,675 and other beds from 2,075 to 2,440. A public health laboratory service will be created and arrangements will be made for the training of doctors abroad and of para-medical personnel locally.

In the field of veterinary services 8 regional and 37 district veterinary centres will be established. The centres will be adequately staffed and equipped to provide the animal health and veterinary services required for the livestock population.

Labour and Employment

Creation of additional employment opportunities is one of the important objectives of the Plan. The working and living conditions of the workers have to be improved and the level of their wages raised through higher labour productivity. The manpower required for the implementation of the Plan has to be trained.

A manpower survey will be undertaken to obtain reliable information about the level of employment and unemployment, the existings shortages

and surpluses of technicians and skilled workers and the future demand for, and supplies of, technical personnel. The labour legislation will be revised and the Labour Inspectorate will be strengthened to enforce labour laws. Labour-management relations will be improved and the trade union movement will be strengthened. Every effort will be made to reduce industrial strife by removing the root causes of dissension and by the creation of an efficient machinery for handling industrial disputes when they arise. A beginning will also be made to provide some social security benefits to certain categories of workers.

Social Welfare and Community Development

The Somali Republic has a number of social problems resulting from the rapid rate of urbanization, namely the problems relating to housing, water supplies, abandoned children, child delinquency and unemployment, to mention only a few. Additional problems are likely to arise in the wake of economic development as envisaged in the Plan. These must be forestalled by the adoption of suitable preventive measures.

A social welfare organization has already been created in the Ministry of Interior. The Plan proposes the establishment of a Consultative Council for Social Welfare, composed of the representatives of private organizations and Ministries concerned with social welfare, to advise the Government on the preparation and implementation of social welfare programmes.

The programme included in the Plan may broadly be divided into two categories, namely preventive and curative. Higher priority has been given to the former than to the latter. The preventive programme includes research, training of personnel and establishment of youth clubs, women's clubs and community development projects. The curative programme comprises the reorganization of the Government orphanage at Mogadiscio, expansion of the "Children's Home" at Hargeisa and Warshaikh and the establishment of a "Boys' Village" for vagrant children.

Information

The information programme is considered necessary for securing the cooperation of the people and preparing them for the sacrifices involved in implementing the Plan. It comprises the establishment of a national news agency; installation of a 50 KW transmitter; expansion of studio facilities; replacement of old and unserviceable studio equipment; training of the engineering staff for the operation and maintenance of the transmitters; starting of a daily newspaper and a fortnightly magazine in the Somali language after a decision about the script for the language is

taken; installation of a new printing press; and establishment of a films and visual aids service.

Statistics

The programme for statistics is designed to fill some of the most serious gaps in the statistical information and to provide the data required for the formulation of Government policies and development plans. The programme consists of three parts, namely the strengthening of the central statistical service, the establishment of a field statistical organization and the training of personnel.

Surveys, Investigations and Research

Surveys, investigation and research are necessary for determining the natural resource endowment of the country and for identifying the problems that have to be tackled in exploiting the available resources. The Plan provides for the undertaking of the following surveys. Some of these are already under way. Other will be started at an early date during the Plan period:

- 1) Oil explorations
- 2) Agriculture and water survey
- 3) Diversification and development of agriculture
- 4) Iron ore surveys
- 5) Survey of fisheries resources
- 6) Livestock marketing study
- 7) Banana production and marketing study
- 8) Cadastral survey and land registration
- 9) Cartographic survey
- 10) Overall transport survey
- 11) Manpower survey
- 12) Multipurpose statistical surveys

Banking and Credit

The existing policies in respect of central banking and commercial credit are considered to be very satisfactory and no change in these policies is necessary for the present. However, there is need for the creation of more favourable conditions for the promotion and mobilization of savings for development purposes.

The Plan provides for the establishment, on a pilot basis, of a few cooperative societies, to extend production credit to farmers.

A development financing institution is necessary to provide credit for the development of agriculture, industry, transport and public utilities. Such an institution is required for mobilizing domestic savings and for securing finance from abroad for local private enterprise. The Plan proposes that either the Credito Somalo should be reorganized to perform the functions expected of a development financing institution or an entirely new institution should be established. The matter is under the serious consideration of the Government.

Implementation of the Plan

The implementation of the Plan is the greatest challenge to the Government and the people of the Somali Republic. The Government is adopting a variety of measures to meet this challenge.

The administrative machinery of the Government is being reorganized and strengthened to enable it to shoulder the additional responsibilities which are implicit in the carrying out of a large development programme. Two very important institutions which are of basic importance for development have been set up and are functioning successfully. These are the Planning and Coordinating Committee for Economic and Social Development, and the Somali National Bank. Other institutions which will facilitate development and which have already been set up are the Import and Export Corporation and the Foreign Scholarship Committee. The Government has decided to establish two more autonomous organizations, namely the Industrial Development Corporation to set up industrial units and the Central Machinery Pool to supply agricultural and other machinery at low rent to farmers and others.

As in the past, the Government will continue to use the services of the agencies of the U.S. Government and the Soviet Union for the implementation of the projects aided by these countries. Wherever possible the Government would use the services of foreign consulting firms and contractors for the preparation and implementation of projects. A reserve force has been created in the army which will be trained to implement certain categories of development projects. The Government proposes to make full use of this force for development work. Other measures which the Government proposes to adopt are the use of community development techniques for implementing certain projects which are of benefit to local communities and encouragement of private enterprise and joint ventures by Somali and foreign investors. By adopting the various devices indicated

above the implementation of the Plan would be ensured without overburdening the Government's administrative machinery.

Financing of the Plan

The various programmes included in the public sector of the Plan are estimated to cost So. Sh. 1,400 million. The possible sources for financing the Plan are public savings, deficit financing, private savings and external aid.

Public savings* usually take the form of a budget surplus. But the Somali Republic inherited a big budgetary deficit at the time of its independence. This deficit is being reduced. But it will take a few years more for the deficit to be completely wiped out. Thus public savings are likely to make a very limited contribution for financing the Plan.

Deficit financing is not desirable as it would shake public confidence in the value of money, which would be a set-back for development.

The bulk of private savings would be required for financing investments, as envisaged in the Plan.

This leaves external aid as the main source for financing the public sector of the Plan. The aid which has already been promised by friendly countries is estimated at So. Sh. 677 million. This leaves a resource gap of So. Sh. 723 million. It is hoped that necessary assistance will be forthcoming from friendly countries and agencies to meet this gap.

The Somali people on their part will have to make a big effort for the achievement of the objectives of the Plan.

They will have to raise about So. Sh. 150 million in the form of additional revenues in order to balance the budget by the end of the Plan period. They will be expected to make an all-out effort to mobilize savings for financing the very large private investments as envisaged in the Plan. They will be required to pay for most of the services, such as water supplies, electricity and veterinary services, to meet not only the operating costs but also the amortization of the capital investment for the provision of these services. In short, they will have to pay more taxes, work harder and save more.

Impact of the Plan on the economy

It is not possible to give an estimate of the percentage increase in national income as a result of the implementation of the Plan for lack of necessary data. However, a rough idea of the impact of the Plan on the economy can be given in more general terms.

Very substantial progress would be made in building the social and economic overheads, so that it would be possible to carry out much larger programmes during subsequent Plan periods. The Government's administrative machinery would be re-organized and strengthened and an institutional base for economic development would be created by the establishment of a number of developmental agencies and organizations. The natural resource endowment would be better known and useful experience acquired in some of the pioneer activities, such as the settlement of nomads, undertaken under the Plan. Shortages of technical personnel would continue, but candidates for receiving technical training would be available in larger numbers. Market economy would make considerable headway in the subsistence sector.

Livestock production would be increased by about 25% by the provision of water supplies, animal health and veterinary services and marketing facilities. Production of bananas may be doubled. Other agricultural production from the existing farms may be increased from 25% to 50% by the provision of marketing facilities and the adoption of other measures designed to increase acre yields. There would also be substantial increases in agricultural production resulting from the establishment of State farms and the bringing of new land under cultivation by private farmers. The production of sugar cane may be increased by one and a half times and of fish catches by several times to provide the raw materials for the sugar and the fish freezing and canning industries.

In the field of industry, large-scale industrial production would be increased manifold by an increase in the productive capacity of the existing sugar factory, the only large-scale industrial concern in existence in the country at present, and the establishment of a number of other large-scale industrial units. The production of the small-scale and handicraft industries may be increased by more than 50% by better utilization of the productive capacity of the existing units and by the establishment of new ones.

Increased agricultural, livestock and industrial production would also result in greater economic activity in the fields of transport, commerce and services.

The Government's budget would be balanced and the balance of payments position would be improved. The country would continue to need external assistance for development. But domestic savings would increase and it would be possible to finance a much larger proportion of future development programmes from domestic resources.

SOCIAL AND ECONOMIC OBJECTIVES

The Plan states the goals which the country wants to reach in the social and economic fields and attempts to indicate the means with which to reach them. These goals are a reflection of the people's aspirations. The people want a strong unified country where the rule of law prevails. They want opportunities for work, an improvement in living standards, provision of essential services and facilities for moral and cultural development. These goals can be achieved by social and economic development, keeping in view the structure and the traditions of the Somali society and the natural resource endowment of the country. No development is possible without a sound system of administration and facilities for education and training to produce the personnel for running the Government and for planning and carrying out development programmes. The living standards of the people can be improved by increasing production of livestock, agriculture and industry. Livestock production can be greatly increased by the provision of drinking water for the nomads and for their herds and of facilities for the marketing of livestock. Agricultural production can be increased by raising the productivity of the land already under cultivation and by bringing new land under the plough. Any substantial increase in the cultivated area would require the settlement of nomads into static agricultural communities. The existence of a suitable infrastructure is a pre-condition for agricultural and industrial development. Such an infrastructure has yet to be built. Conditions have also to be created to ensure adequate rewards for work. In the field of agriculture this would mean the enactment of land tenure legislation and the registration of rights on land. Otherwise the private farmers trying to improve their lot by the development of their lands and by increasing their production would be greatly handicapped in their efforts. There is enough evidence provided by earlier surveys to show that the country has very abundant natural resources. But most of these resources have yet to be accurately assessed. This points to the need for further surveys and investigations to identify new possibilities of economic development. The country has budgetary and balance of payment deficits inherited from the colonial rule. These deficits have to be wiped out.

It would take quite some time to reach the above goals. But a beginning must be made. The country must start moving towards these goals.

and the Plan attempts to show the direction. More specifically the social and economic objectives of the Plan may briefly be stated as follows:

1. Unification of the administrative, legal, fiscal and educational systems and of the economies of the Northern and Southern Regions of the country.
2. Building up of a sound administrative machinery.
3. Extension of educational facilities.
4. The building of a suitable infrastructure in the form of ports, roads, airports and the provision of basic services such as transport, communications, electricity and irrigation, at low cost.
5. Enactment of land tenure legislation and registration of land rights.
6. Increased in employment opportunities to provide jobs for the rapidly increasing number of people seeking work.
7. Provision of drinking water for the human and livestock population.
8. Increase in agricultural and livestock production and provision of marketing facilities for the same.
9. Development of industries, large-scale, small-scale and handicraft.
10. Balancing of the Government budget.
11. Improvement in the balance of payments position.
12. Surveys and investigations to discover the natural resources of the country and to identify possibilities of economic development.
13. Expansion of health facilities for the settled and nomadic populations.
14. Provision of facilities for the settlement of nomads.

In short, the Plan will attempt to create conditions which are conducive to a more rapid rate of development in future and which would put the country firmly on the road to self-sustaining growth and greater future welfare. But in view of the rising expectations of the people it cannot stop at this. It must also attempt to bring about, in the near future, as great an improvement in living standards as possible by increasing production and creating new employment opportunities to raise the incomes of the people.

IV.

PRIORITIES FOR DEVELOPMENT

Methodology of Planning

Planning is essential for a country trying to develop rapidly. It helps to focus attention on the goals which the country wants to reach and to chalk out a course of action for reaching these goals. It also facilitates an efficient allocation of the limited resources of the country for the achievement of the desired objectives and helps in avoiding costly mistakes. However, there is no methodology of planning that is universally applicable to countries at different stages of development and having different conditions. Each country has its own history, its own culture and traditions, its own social structure, its own problems, its own form of Government, its own resource endowment and above all its own quality of available statistical information. All these and other factors have to be taken into account in the preparation of a development plan for any particular country.

The methodology of planning for the Somali Republic does not follow the usual pattern based on the Gross National Product (G.N.P.) approach, for the simple reason that information about G.N.P. is not available. Certain other necessary data is either not available at all, or if available is unreliable and incomplete. This is true of population, birth and death rates, age distribution, immigration and emigration, labour force, employment and unemployment, wages and salaries, areas under different crops, agricultural production, yields of different crops, agricultural holdings, livestock population, livestock products, livestock trade, forestry, fisheries, small-scale and handicraft industries, building construction, electricity, wholesale and retail trade, price indices, road transport, education, health, personal income and housing. Other considerations which are relevant in planning for the Somali Republic are that about two thirds of the total population is nomadic, living on stock raising, that the subsistence sector is very large, that the population is spread thinly over a vast area and that various parts of the country are separated from one another by long distances.

However, planning was still possible in spite of the dearth of reliable statistical information. Only a different approach was necessary. What was done was to find out the most urgent needs of the country and to

identify the factors which were of strategic importance for development. The Plan concentrates on meeting these immediate needs and creating favourable conditions for future development without being too fastidious about G.P.N. This does not mean that the national income and cost benefit analyses were not used at all. These analyses were used whenever possible in the examination of projects and programmes.

Enough information is available to show that the immediate need is for administrative machinery to be reorganized and strengthened. An efficient administration is a precondition for progress and development. Another equally important precondition is the availability of educated and trained manpower, for the human element is the most important factor in development. For these reasons, very high priority is given to the building of a sound administration and to education. There can be no mistake in this. Education is necessary for providing the manpower for staffing the administration and for implementing the development programmes. The other urgent needs of the people which the Plan attempts to meet are provision of the bare necessities of life, including drinking water, and minimum health facilities and employment opportunities for persons seeking work.

Strategy of the Plan

The above needs can be met by greater agricultural, livestock, and industrial production. The strategy of the Plan for increasing production is to make maximum use of the existing productive capacity by removing the obstacles to increased production and to establish additional capacity wherever possible. The obstacles to increased production may briefly be stated as follows:

- 1) Inadequacy of facilities for the marketing of agricultural produce, livestock and livestock products;
- 2) High transport costs;
- 3) Existence of a large subsistence sector;
- 4) Shortage of drinking water for human and livestock populations in many parts of the country.

The prices of foodgrains are subject to very wide fluctuations due to the lack of a suitable market organization. Prices at the harvest time are generally very low but they rise very greatly in subsequent periods. This tends to limit farming to the subsistence needs of the farmer and to discourage production for the market. Again only about one half of the marketable surplus of livestock and livestock products is actually sold. If conditions

could be created under which a herdsman would find it possible to dispose of this entire marketable surplus at a reasonable price, his money income may be more than doubled. Besides, the pressure of livestock on grazing areas would be substantially reduced.

Production for the market and for export is not possible if transport costs are prohibitive. In the Somali Republic these costs are very high due to lack of suitable roads, inadequacy of port facilities resulting in very high port handling costs, and high sea freight rates. This points to the need for the construction of roads to open up areas of potential production, for the building of ports and for the provision of shipping facilities, domestic and foreign, for carrying the coastal and the foreign trade of the country. This would facilitate the organization of markets and the monetization of the subsistence sector of the economy which would go a long way in increasing production and raising the living standards of the people.

There are large grazing areas which have no drinking water during certain periods of the year. This necessitates the movement of herds over hundreds of kilometers in search of water. Thus some grazing areas are not properly utilised due to lack of drinking water, whereas others, where drinking water is available, are subjected to overgrazing. A proper utilization of grazing areas by provision of watering places at suitable locations would result in a substantial increase in livestock production. It would also encourage the settlement of nomads.

Additional productive capacity can be established by utilizing the land and the water resources for agricultural operations and by setting up such industrial units as are economically sound. New land can be brought under the plough by the provision of irrigation, preparation of land for cultivation, and the creation of favourable conditions for the settlement of agricultural communities in the new areas. As peasant farming is yet in early stages of development in the country, the establishment of a number of large State farms appears to be necessary to bring some additional land under cultivation as soon as possible and to do a certain amount of pioneer work in identifying the most suitable conditions for farming.

The small size of the domestic market has to be kept in mind in so far as industrial development is concerned. There is, however, scope for the establishment of a few large-scale industries which are export-oriented and a few others for meeting the domestic demand. The prospects are very large for the setting up of numerous medium-scale, small-scale and handicraft industries for satisfying the demand of the local market. However, the availability of power, fuel and machinery at low cost and the existence of "external economies" are preconditions for industrial development, particularly for small-scale industries. Some of the "exter-

nal economies" can be created by the establishment of industrial estates. Electricity is not available in many areas and in others its cost is prohibitive. Installation of additional generating capacity and a reduction in the cost of electricity are clearly indicated. Machinery costs are high, because, for balance of payments reasons, the imports of goods from abroad are subject to certain restrictions which result in the elimination of competition. Removal of these restrictions would tend to reduce these prices greatly. This calls for a re-orientation of commercial and foreign exchange policies and a revision of trade and payments arrangements. However, this can be done only with the cooperation and assistance of some of the trading partners of the country. The Government proposes to seek this assistance as soon as possible.

Plan Allocations for the Public Sector

The strategy of the Plan and its priorities are reflected in the proposed allocations for various programmes in the public sector, as shown below:

	Millions So. Sh.	%
1. Agriculture	250.0	17.8
2. Irrigation, drainage and flood control	90.0	6.4
3. Industry	220.0	15.7
4. Fuel and power	25.0	1.8
5. Tourism	2.0	0.1
6. Transport	410.0	29.3
7. Post and telecommunications	16.0	1.4
8. Housing, settlement and water supplies	115.0	8.2
9. Education	92.0	6.5
10. Health and Veterinary	43.0	3.0
11. Social Welfare and Community Development	6.0	0.4
12. Information	10.0	0.7
13. Statistics	6.0	0.4
14. Survey, investigations and research	40.0	2.9
15. Banking and credit	75.0	5.4
Total:	1,400.0	100.0

The allocations for transport, communications, irrigation and electricity are designed to create the infrastructure which is essential for development. The allocations for transport are particularly large because of the importance attached to the improvement of marketing conditions for better utilization of existing productive capacity and the monetization of the subsistence sector. The allocations for agriculture and industry reflect the possibilities for the establishment of additional productive capacity in these fields.

The allocation for housing, settlements and water supplies is large mainly on account of water supplies. The provision for urban housing is very small and is limited mainly to the preparation of town plans. The Plan relies largely on private enterprise for meeting the housing needs of the community.

It has not been possible to provide more than a relatively modest allocation for education in spite of the very high priority assigned to it by the Plan. The reasons are mostly historical. As education was greatly neglected in the past, there are not enough teachers to enable a massive effort to be made for increasing educational facilities. There is not even a sufficient number of candidates who could be trained as teachers. The programme for education represents the maximum effort that can be made on the assumption that money should not be allowed to be a serious limiting factor, subject, however, to the qualification that the increase in annual recurring expenditure should not impose an altogether unbearable burden on the budgetary resources of the country. In the field of education it is necessary to think in terms of fifteen to twenty years rather than a five-year period. Therefore the five-year educational programme has been prepared on the basis of a longer-term perspective. It is designed to prepare the ground for a much larger effort to be made in subsequent Plan periods.

The allocation for health is relatively modest. The shortage of medical personnel at all levels is a serious limiting factor. Besides, a large increase in health facilities calls for a proportionate increase in the annual recurring expenditure. The future budgetary resources of the Government are not likely to permit more than a modest increase in the annual budgetary provision for health, particularly in view of the large recurring annual expenditure in connection with the new Mogadiscio Hospital which has been built with the assistance provided by the Common Market. However, in order to spread the benefits of health facilities as widely as possible, the Plan has assigned a higher priority to measures for the prevention of disease rather than to curative facilities.

The Plan proposes to make a beginning for the provision of some

social welfare facilities where they are most needed. Full use will be made of the community development techniques for the construction of capital assets for the benefit of local communities. The allocation for social welfare and community development represents only the proposed Government contribution. It is hoped that the local communities would make a much greater contribution through the provision of labour and local materials for creating capital assets for meeting their felt needs.

The allocation for information is a recognition of the need to secure the cooperation of the people for implementing the development programmes and to educate the public and to keep it as well informed as possible about matters in which it is interested. Public relations are very important in every country. They are much more so in a democratic country like the Somali Republic.

The relatively small allocation for statistics is worthwhile as the statistical programme will help to provide some of the most urgently needed data for the preparation of development programmes and the formulation of sound Government policies.

The allocation for surveys and investigations reflects the importance which the Plan attaches to the discovery of the natural resource endowment of the country and the identification of the problems that have to be tackled in exploiting these resources. The expenditure on surveys will not result in an immediate increase in production. But the information which they will provide will make it possible to have a more rapid rate of development in future and will facilitate the formulation of future development programmes on sound lines.

V

AGRICULTURE

Crop Production

The cultivated area is estimated at 350,000 hectares comprising about 100,000 hectares of irrigated land, including land irrigated by flood waters, and about 250,000 hectares of dry farm land (1). Agricultural production can be increased by getting better yields from land already under cultivation, by bringing new areas under the plough, of which there is very great scope, and by the introduction of new crops for diversifying agriculture. The principal crops currently produced are bananas, sugar cane, durra, maize, sesame, groundnuts, beans and cotton.

Bananas

Bananas play a very important role in the economy of the Somali Republic. They are the most important export crop of the country. In 1961 they accounted for over two thirds of the exports of the Southern Region and 48% of the total exports of the country. The exports of bananas amounted to 74,000 tons in 1960 and 78,500 tons in 1961. The exports in 1962 were somewhat less due to the damage caused by floods in late 1961. The banana industry provides employment to about 25,000 workers who, along with their families, account for about 40% of the settled population in the Southern Region. Banana production and exports make a substantial contribution to the tax revenues of the Government.

At present the Somali banana is not competitive in the world market and is exported only to Italy where it has a sheltered market. If it could become competitive, there are reasonable prospects of a substantial increase in its export to Italy and other European countries. Reduction in the retail price has resulted in a significant increase in consumption of bananas in Italy, from 0.8 kg. in 1948-1952 to 2.3 kg. per capita in 1962. Still the per capita consumption in Italy is only about one third of the average consumption of other E.E.C. countries. The retail price in Italy is still high. A reduction in this prices is sure to result in a further increase in consumption. There is thus a sizeable potential market in Italy to absorb larger quantities of Somali bananas, if the latter could be offered on a

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competitive basis. Besides, the marketing possibilities in other European countries also need to be explored.

The production possibilities are not fully utilized at present. The production is limited by the exports to Italy which are regulated by a special agreement between the Somali Republic and Italy which is valid till 1955, with provision for renewal. The Italian Banana Monopoly (A.M.B.) is the sole importer of bananas in Italy. A.M.B. undertakes, under the agreement, to purchase specified quantities at pre-determined prices to be agreed upon between A.M.B. and F.E.B.A.S., the association representing growers in the Somali Republic. The Somali bananas are not subject to any import duty in Italy. But Italian imports of bananas from countries associated with EEC pay a duty of 25.2% and imports from other countries a duty of 31.2% ad valorem. The agreement with Italy provides that the Somali bananas should become internationally competitive by 1965. In order to achieve this objective the average 1962 price, c.i.f. Italian port, of So. Sh. 1,428 will have to be reduced to So. Sh. 1,028 per ton, a reduction of about 30%.

At present the Somali bananas cannot compete in the world market mainly because of the high cost of packing, internal transport, stevedoring and sea transport.

It is estimated that in 1962 the various elements of the cost per ton of bananas were as follows:

	So. Sh.
Price ex-plantation	527
Packing (material and labour)	105
Transport from plantation to port	50
Stevedoring and harbour charges	70
Export duty, miscellaneous fees and charges	105
Sea transport and insurance	500
Shrinkage during sea transport, loading and unloading	71
Total	1,428

It will be seen that whereas the production cost is So. Sh. 527, the other costs add up to as much as So. Sh. 901 per ton. There is scope not only for a reduction of these other costs but also of production costs. A concerted effort will have to be made to reduce the costs of all the above elements. This requires a many-sided approach. The banana industry has done a good deal of useful work in trying to reduce some of these costs. It is shifting its production from the "Giuba Nana" variety, a local

strain of Cavendish banana, to the "poyo" variety which can be packed and transported more economically. Besides, this variety would economize shipping space which would result in a reduction in freight rates of about 30% to 40%. The industry has also been providing funds for the building of roads for the movement of bananas from the plantations to the ports. But this is not enough. Much more needs to be done to bring about the necessary reduction in production and transport costs. Production costs can be reduced by the provision of perennial irrigation facilities, by greater use of fertilizers, by the consolidation of smaller farms into larger producer cooperatives and by a further expansion of cultivation. As banana is a perishable crop, a suitable market organization is necessary for a proper phasing of production, inland transport, and shipment abroad by refrigerated sea transport. It is also necessary to have an assured market at the importing end. The banana industry has mainly concerned itself with exports to Italy where it has a sheltered market but has not been able to secure a foothold in any other market.

About two thirds of the banana production is accounted for by Italian farmers and about one third by Somali farmers. The banana farmers have two very efficient societies, namely SACA and SAG. Most of the Italian farmers are resourceful and credit-worthy and their farms are generally above the minimum economic size. But the Somali farmers have generally very limited resources and find it difficult to obtain credit. Their farms are usually small, frequently below the minimum economic size and are not well equipped. They need considerable support and encouragement from the Government. This would be particularly so if they are to make their due contribution to the increase in the production and export of bananas.

In view of the importance of the banana industry to the economy of the country and the need to organize marketing for increasing exports it is proposed to establish a semi-autonomous organization, to be called the Banana Board, with the following functions:

- 1). Adoption of measures designed to reduce production and transport costs.
- 2) Organization of marketing.
- 3) Promotion of increased production and export.
- 4) Assistance to banana farmers, particularly Somali farmers, in the provision of farming equipment, credit, supplies, and technical assistance.
- 5) Consolidation of smaller farms into producer cooperatives.
- 6) Research on production and marketing of bananas.

The Board would be composed of representatives of the Government and Italian and Somali banana growers. It may be financed by a small levy on banana exports. The Government may give it an initial grant to begin with. The Board should be able to borrow money from the banks after obtaining the necessary permission from the Government. It would follow policies laid down by the Government but would otherwise be autonomous in its day to day operations and would have its own staff.

There is very great scope for an increase in the production of bananas, if markets for the additional produce can be found. The production can be easily doubled by better utilization of existing land and by bringing additional land under the crop.

Sugar Cane

Sugar cane is produced as a plantation crop for the sugar factory at Johar. The plantation produces enough cane to feed the factory which has an annual production capacity of about 12,000 tons of sugar. It has adopted new varieties of cane which have resulted in a substantial increase in acre yields. More area is available at the plantation to be put under sugar cane. The Plan provides for an increase in the capacity of the factory from 12,000 tons to 30,000 to 40,000 tons of sugar a year. The Plantation will increase its cane production to meet the additional requirements of the factory.

Other Crops

The annual average production of other principal crops is roughly estimated as follows: (1).

	Tons
Cereals (durra and maize)	100,000
Sesame	7,000
Groundnuts	2,000
Beans	1,000
Cotton fibre	1,000

Greater yields can be obtained from land already under cultivation by the provision of marketing facilities and by the use of better seeds, manures and draft animals for cultivation. At present practically all the work is done by hand without using animal power. Irrigation of dry-farming areas would have an immediate impact in the form of greater production. Acre yields could be increased from 25% to 50% by the adoption of the above measures which are provided for in the Plan.

Cultivation of New Areas

The area suitable for cultivation has been conservatively estimated at more than 8 million hectares. Of this only 350,000 hectares, inclusive of irrigated and dry-farming areas, are actually cultivated. The rest of the area remains unutilized in so far as crop production is concerned. The available water resources of the country also remain largely unutilized. The Plan therefore provides for the canal irrigation for an additional 47,000 hectares and for pond irrigation for 600,000 hectares, part of which can be used for agricultural production and part for stock raising. Proper utilization of even a part of these areas for crop production would result in a substantial increase in agricultural produce. Establishment of State farms and settlement of nomads are amongst the measures to be adopted for the utilization of these areas.

At present agricultural production is limited to the cultivation of two plantation crops, namely bananas and sugar cane and a few other crops such as durra, maize, sesame and groundnuts, under traditional cultivation. The need for diversification of agricultural production is obvious. The crops such as wheat, rice, oil seeds and fruits will be introduced in the new lands to be brought under cultivation.

State Farms

Peasant farming is yet in early stages of development in the country. Every effort will be made to settle nomads as sedentary agricultural communities into new lands that are to be developed and irrigated. However, it will take a long time as the operation involves the tackling of a large number of social, housing and other problems. In order to ensure the utilization of new lands to be developed for agricultural operations, it is proposed to establish a number of large State farms. Work has already been started on three such farms which will produce foodgrains, cotton and oil seeds and which will be established with the assistance of Soviet technicians by utilizing Soviet credit.

The foodgrains farm will be of about 6,250 hectares in the Tug Wa-

jaleh area in the Northern region. It will produce wheat, sorghum, legumes and maize at the rate of about 3,250 tons a year. It will also be used for cattle breeding and will produce forage at the rate of over 5,000 tons a year. The farm will be based in dry-farming and no irrigation facilities will be provided. About 500 to 1000 hectares will be developed and cultivated during 1963, 2,000 hectares in 1964 and 5,800 hectares in 1965. The construction of the central farm settlement will be commenced in 1963 and completed in 1965. The farm will be in full production by 1965.

The cotton farm will be located in the Lower Juba area. Initially it will have an area of 3,000 hectares which will later be increased to 5,000 hectares. The farm will be fully developed by 1969. It will then produce about 10,000 tons of seed cotton and about 12,000 tons of foodgrains, including maize, rice, and legumes. The construction of the farm and crop cultivation will be started in 1964.

The oil seeds farm will also be located in the Lower Juba area and will have an area of 5,000 hectares. It will be fully developed by 1969 when it will produce about 8,000 to 10,000 tons of oil seeds (sesame, groundnuts and castor beans) and about 10,000 tons of foodgrains, namely maize, legumes and rice.

Both the cotton farm and the oil seed farm will be irrigated by the construction of a barrage on the Juba river near Fanole and a canal about 35 km long. The farms will be irrigated by gravity flow rather than pump irrigation as the operating costs will be much lower in the former than in the latter case.

It is proposed to have a few more State farms for the production of rice, citrous fruit (grapefruit) and tobacco.

It should be pointed out that the establishment of State farms does not necessarily mean the adoption of a socialistic system of economy. The approach of the Plan is pragmatic rather than doctrinaire.

Date Cultivation

Dates form a substantial part of the diet of nomads and of the agricultural population. About 5,000 tons of dates are imported annually. Dates are at present grown in the coastal and arid areas in Mijurtinia, Skushuban and the Nogal Valley. There is ample supply of water from underground springs in these areas to allow a large increase in date cultivation.

The Plan provides for the improvement of existing date fields and an expansion in the cultivation of dates to meet the requirements of the

country in full. The existing fields will be improved by the introduction of better methods of cultivation, irrigation, spacing and manuring. The old palms will be gradually replaced by new varieties. The extension of date cultivation is proposed to be carried out at the rate of 60 hectares annually. Three areas of 20 hectares each will be selected each year in suitable locations and will be provided with water pumping and other equipment and with cement water tanks for the storage of water. Fifty thousand off-shoots will be planted every year over a period of five years. It is expected that the country will become self-sufficient by 1972.

Settlement of Nomads

The Plan provides for the irrigation and development of large areas of land for agricultural production. As there is no pressure of population on agricultural land and, as the existing farming population is relatively small, the cultivation of new areas would be possible mainly by settling nomads as sedentary agricultural communities. This will present many social and economic problems. Not only the lands will have to be developed for cultivation, but the nomads will have to be provided with agricultural implements, seeds and other requirements for agricultural operations. They will need agricultural extension services, arrangements for plant protection, marketing of agricultural produce and credit. Besides, they will need housing, water supplies, schools, clinics, community and recreational facilities, etc.

It is proposed to establish a number of projects for the settlement of nomads in the lands to be irrigated during the Plan period after undertaking detailed social and economic studies in the areas to be settled.

Manures

It is proposed to start a pilot project for the construction of pits for the collection of refuse from large villages near Afgoi for conversion into manure which can later be sold to farmers. The use of the manure would increase acre yields. Besides, the project would improve hygienic conditions in the villages. The sale proceeds of the manures should be sufficient to meet the operating costs, including amortization of the capital investment. If the project succeeds it would be extended to other areas in the country.

Plant Protection

Protection of plants from insect and other pests can make a useful contribution to increased agricultural production. Reasonably satisfactory arrangements exist for locust control. A central plant protection

service will be established for the control of other pests as well as locusts. For dealing with pests other than locusts, 15 plant protection centres in important farming areas of the country will be set up. The centres will be expected to adopt suitable preventive measures against pests. They will also provide technical assistance to farmers in the techniques of pest control. Spraying equipment and pesticides will be sold to farmers at cost price. The equipment may also be made available to farmers on rent. The proposed centres will cover an area of about 30,600 hectares. Protection against pests will be extended to other areas later on.

So far the Somali Republic is free from certain imported insect pests which cause a great deal of damage in other countries. In order to protect the country against the import of such pests in future a small plant quarantine station will be established. The station will be provided with a laboratory, other equipment and materials along with the necessary competent staff.

Agricultural Extension

Adoption of improved farming practices would go a long way in increasing acre yields, thereby adding to the total volume of agricultural production. This would be facilitated by the provision of extension services to the farmers. The Plan, therefore, provides for the establishment of a Central Extension Service organization and of five farmers' training centres. The central organization will be expected to prepare and carry out a suitable programme of agricultural extension. It will need the services of experts on the techniques of extension as well as on agricultural production. Arrangements will be made for the training of Somali personnel for staffing the organization. In the meanwhile the services of foreign experts will be utilized.

Under the conditions prevailing in the country the best method for the provision of extension service would be to give a short intensive training course to farmers. A farmers' training centre was established at Baïdoa a few years ago with the assistance of U.S.A.I.D. The centre has shown encouraging results. It trains on an average 750 farmers a year in specialized 2-week courses on improved dry-land agricultural methods. It is proposed that four more centres be established in other suitable areas on similar lines.

Agricultural Research

Agricultural research is necessary for the introduction of improved farming practices and for providing the extension services with new ideas and production techniques for transmission to the farmers. Re-

search is required on crops for evolving better varieties and for identifying most favourable conditions for their cultivation. Better knowledge of soils, and of insect pests and their control, contributes greatly to increased production. The Plan provides for the establishment of an Agricultural Experiment and Demonstration Centre near Afgoi and an Experiment and Seed Production Farm at Tug Wajaleh.

The Centre at Afgoi is being established with the assistance of the United States. It will undertake research on irrigated and dry land farming of sorghum, maize, oil seeds, rice and other crops. It will serve the dry land farming area of the hinterland between Shebeli and Juba rivers and the potential irrigated farming areas near the two rivers. It will carry on research on soils, entomology, livestock, agronomy, horticulture and agricultural engineering. Work on the establishment of the Centre, which will have an area of 1,500 hectares, has already been started. A soil survey and classification study is under way and about 160 hectares of land have been cleared for the Centre.

The Experiment and Seed Production Farm at Tug Wajaleh will have an area of about 800 hectares. It will undertake research on dry land farming of wheat, other food crops, oil seeds and fodder crops. The farm will also be used for the multiplication of improved seeds of various crops for distribution to farmers.

Foodgrain Storage and Marketing

Due to the lack of a proper market organization, the prices of foodgrains are subject to very great fluctuations between one harvest season and the next. In the case of sorghum, for example, the prices may range from So. Sh. 0.22 per kilo at the harvest time to So. Sh. 0.66 per kilo about six months later, that is a variation of as much as 200%. Sometimes the fluctuation may be even more. The uncertainty about prices discourages the farmer from producing more than what is required for himself and his family. In 1956 the Government instituted a programme of guaranteed minimum prices and this resulted in an immediate increase in production. But the programme could not be continued for a variety of reasons.

It is proposed to start a programme of foodgrain storage and marketing to maintain prices within reasonable limits. The producer should be guaranteed a minimum price at which the Government should be prepared to purchase unlimited quantities. The foodgrains could later be sold at reasonable prices, allowing sufficient margins to meet the operating costs of the programme and to enable legitimate private trade to operate

at a fair profit. Considerable skill would be required in the fixation of purchase and sale prices.

The operation of the programme would require sufficient storage capacity suitably located in different areas of the country and enough working capital for making the purchases at harvest time. The existing storage capacity is for 5,700 tons of foodgrains, of which 3,600 tons is in the form of silos and the balance in the form of warehouses. The programme would require an additional storage capacity for 30,000 tons of foodgrains.

The storage should also be available for use on rent by farmers and traders. This may help the farmers and traders to obtain bank credit against the stored foodgrains.

Land Tenure and Land Registration

Enactment of legislation governing the ownership of land defining the rights of various types of holders of land, and registration of rights on land are necessary for progress in agricultural development. A draft law on land tenure was prepared some time ago and is awaiting consideration by the National Assembly. The Plan provides for the carrying out of a cadastral survey and registration of rights on land. The project is included in the programme for Surveys, Investigations and Research and will take five years to complete.

Central Machinery Pool

The Plan includes a very large number of projects requiring the use of agricultural and earth-moving equipment. Agricultural machinery is required for the better utilization of the land already under cultivation, for the clearance, development and cultivation of new land and for water pumping. Earth-moving equipment is required for the construction, repair and maintenance of roads, canals, river embankments and other flood control works.

In the case of bigger projects, separate arrangements can be made for each project as the machinery requirements in each case are substantial, and separate repair and maintenance facilities can be provided economically. In the case of the smaller projects, however, the machinery requirements of each project are relatively small, although the aggregate requirements of all the projects are quite substantial. Maximum possible utilization of machinery and the availability of maintenance, repair and overhaul facilities are essential for economical operation of agricultural and earth-moving equipment. This can best be done

if the operation is centralized. If each small project has its own arrangements for machinery, it would not be possible to keep all the machinery fully employed, as some of the machinery may be required for short periods only. Besides, the maintenance of repair facilities, if provided separately for each project, would be very costly. The economies of scale are obvious in the case of centralized operation.

The Plan provides for the establishment of a Central Machinery Pool comprising agricultural and earth-moving equipment. The Pool would be provided with ample spare parts, three mobile workshops which can repair the equipment out in the fields and two big static workshops suitably located and adequately staffed to undertake major repairs and overhaul of machinery.

The Pool would provide machinery to Government Departments and Agencies and to private parties on rent. It will provide the operators, fuel, oil, etc. The rent will be charged on the basis of the number of hours for which each machine is used and would cover the cost of operation, including overheads and the amortization of the machinery. The amortization will be based on the expected useful life of each machine and will take care of the debt services arising out of the credits used for the purchase of machinery. The rent will be payable immediately. The Pool will not be authorized to undertake any banking operations in order to rent out machinery on credit. The users of machinery may get the necessary credit from some credit institutions in order to make cash payment to the Pool for the rent.

It is considered that as a result of the economies in operation, it would be possible to provide machinery to the various users at much lower rents than those paid by them at present. In this manner the Pool is expected to make a useful contribution to development.

The Pool will be run on commercial lines as a public utility. It will be expected just to cover its costs of operation and not to earn profits for the Government. The main criterion for the efficiency of the Pool would be its ability to charge low rents for the use of machinery by keeping its operating costs low.

The Pool would be an autonomous organization. It will, however, be attached to the Ministry of Agriculture and Animal Husbandry.

Agricultural and earth-moving machinery, including machinery for workshops, static and mobile, as well as spare parts, worth about So. Sh. 17 million, was ordered some time ago by utilising USSR and Czechoslovakia credits to the Somali Republic. Necessary arrangements are being made for establishing the Pool and the construction of the workshops.

Animal Husbandry

It is estimated that the Somali Republic has about 35 million hectares of land suitable for livestock raising. In the absence of a livestock census and in view of the heavy losses during periods of drought, it is not possible to have accurate data about livestock population. According to one estimate (1), the Somali Republic has a livestock population of 11,225 million, consisting of 2.5 million camels, 1.2 million cattle, 3 million sheep, 4.5 million goats and 25,000 horses. But this estimate appears to be unrealistic. A nomadic family living on livestock requires a minimum of about 6 animals per capita just to keep alive. Most of the nomadic families in the country have much more than this minimum. As about two thirds of the human population is nomadic and lives on stock raising, the livestock population must be much more than the above estimate.

About two thirds of the people of the country live on stock raising. Large numbers of animals die for lack of water during periods of drought. The incidence of animal diseases also results in death or loss in the weight and the quality of livestock. The marketable surplus is a relatively small proportion of the total livestock population. Even so, only about one half of this surplus is actually sold. There are two main reasons for this. Firstly livestock is the principal form of security during periods of drought. It provides milk and meat, which are the two main constituents of the nomads' diet. Thus the larger the number of livestock, the greater is the security. For this reason livestock has also acquired a prestige value. Secondly, due to the lack of an efficient market organization, the herdsman may not get a fair value for his animals or be able to purchase the goods that he needs with his money income. This discourages him from selling his entire marketable surplus.

The availability of water, animal health and veterinary services, and of suitable marketing facilities will transform the entire situation. The death of animals caused by shortage of water or by disease will be stopped and the herdsmen will have a greater sense of security. He would thus find it to his advantage to sell his entire marketable surplus. This would lessen the pressure on grazing areas resulting from the maintenance of saleable livestock. The same grazing areas could thus be used for increased livestock production which would raise the real income of the nomads and would result in larger exports, thereby improving the balance of payments position of the country. The Plan has

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therefore given a very high priority to the provision of water supplies, veterinary services and marketing facilities.

The various means for water supplies are the construction of river ponds by building earth dams across small rivers and streams; construction of "uars" (artificial basins dug in impermeable soil) and cement tanks to collect rain water; and the construction of shallow wells and drilled wells (boreholes). River ponds can be used for irrigation and for supplying drinking water for the livestock. They are most economical both in respect of capital investment and operating costs, for supplying drinking water for the animals. The programme for the construction of river ponds has been dealt with in the chapter on Irrigation, Drainage and Flood Control. The construction of other facilities for providing drinking water is included in the programme for water supplies under Housing, Settlements and Water Supplies.

The provision of veterinary services is included in the programme for Health and Veterinary Services.

As regards marketing, the implementation of the programme for transport will greatly facilitate the transport of all goods, including livestock and livestock products. The large size of the transport and communication programme which are estimated to cost So. Sh. 426 million out of a total Plan expenditure of So. Sh. 1,400 million (more than 30%) reflects the importance given by the Plan to the marketing of livestock and the monetization of the subsistence sector.

Other means for facilitating marketing are the provision of watering places on routes to be used for the movement of livestock on the hoof, and the establishment of cattle collecting centres, meat packing factories and abattoirs. The last three would provide an assured market for livestock.

The production of poultry can be increased by the introduction of improved breeds.

The above short-term measures for the provision of water, veterinary services and marketing facilities would result in an immediate increase in livestock production. This increase may be conservatively estimated at 25%.

Long-term measures for improving livestock are research on animal breeding, introduction of improved breeds and the elimination of inferior ones, improvement of grazing areas, and introduction of fodder crops in irrigated areas for fattening export livestock.

The Plan also proposes to make a beginning in the settlement of nomads in ranges in selected areas. An attempt will be made to educate

the nomads in range management and pasturage, production of fodder and its conservation for dry periods, controlled grazing, introduction of improved methods of livestock breeding and animal husbandry and conversion of milk into cheese or ghee. Veterinary, marketing, transport and communication facilities will be provided. Schools and clinics will be opened in suitable areas. Dry farming for meeting the subsistence needs of the herdsmen may also be introduced whenever possible.

Earlier attempts at the settlement of nomads in ranges have not been successful due to a variety of reasons such as the difficulties in controlling movements of herds into selected areas during drought periods, and in enforcing grazing control. The experience gained from the previous experiments will be fully utilized in the preparation and implementation of this programme. Care will have to be taken in the selection of areas for settlement. Only such areas will be selected where seasonal rainfall fluctuations are relatively small. The areas surrounding a project area should have permanent water centres to avoid large movements of flocks of animals in the project area. Care will also have to be taken to restrict the number of livestock in the project area to the grazing capacity of the area. Watering places would be evenly distributed within a project area to avoid concentration of livestock at a few points only.

One of the important export products of the livestock industry is hides and skins. There is very great scope for improvement in the quality of hides and skin which would result in securing higher prices. Better flaying, curing and tanning of hides and skins will greatly add to the value of the products. This points to the need for the training of operators in these fields. Legislation is also necessary for regulating the trade in hides and skins. Draft legislation which is awaiting enactment has already been prepared.

It is necessary that a central organization be established in the Ministry of Agriculture and Animal Husbandry for preparing and carrying out a programme for the development of livestock and livestock products.

Forestry

Forests are one of the most important resources of the Somali Republic. They provide fodder for livestock, timber, fuel, charcoal, incense, myrrh, gums and other forest produce. They attract rain and afford protection against winds, soil erosion and destruction caused by the movement of sand dunes. Proper utilization of forest resources makes a valuable contribution to national income. Forest are not an exhaustible resource, provided they are properly regenerated. Conservation of forests is therefore of very great national importance.

The development programme for forests provides for soil conservation; pasture management; exploitation and regeneration of Erigavo forests; extension of "damas" plantation on the coast near Berbera; the control and fixation of sand dunes between Merca and Brava by planting suitable trees and shrubs and closing the areas to grazing; establishment of some hard wood plantations along the Juba river; introduction of cashew nut on some agricultural farms in the Juba area; establishment of forest nurseries; control of charcoal production to prevent destruction of forests; protection and utilization of game reserves; enactment and enforcement of forest conservation laws; establishment of a marketing organization for incense; and training of forest personnel. The creation of a suitable forest organization is essential for the carrying out of the above programme. This is provided for in the Plan.

Fisheries

The Somali Republic has a long sea coast extending over 2,800 kilometers in the Gulf of Aden and the Indian Ocean. There is reason to believe that fish is available in large quantities along certain parts of the coast. However, the amount of fish actually caught is relatively small considering the fishery resources of the country. Only about 16,000-18,000 persons are dependent on fisheries for their livelihood. The fishing boats and equipment and the methods used for catching fish are primitive. As the Somalis are not very fond of eating fish, the market is limited to the needs of a few small canning industries.

The scope for the development of fisheries is enormous. In this connection a survey of the fisheries resources would be very helpful in identifying areas and seasons most favourable for fishing. The subject has been dealt with in detail in the chapter on Surveys, Investigations and Research and the U.N. Special Fund has been requested to undertake the survey.

A number of new fish freezing and canning factories are expected to be established during the Plan period. This would increase the demand for fish. Consumption of fish within the country is also on the increase. This would further expand the market for fish.

Motorized fishing boats using improved fishing equipment and techniques have been introduced with the help of U.S.A.I.D., with very encouraging results. With the use of these boats the catch can be increased manifold. Eight such boats have already been built and sold to fishermen on credit. Twenty two more boats will be built by 1965 under the project aided by U.S.A.I.D.

The demand for such boats greatly exceeds the supply, so that there is need for the construction of a much larger number. There are however two problems in this connection. One is that properly trained carpenters are not available in sufficient number for the construction of boats. This calls for the expansion of the training programme for carpenters. The other is that the existing fish canning factories have already reached the limit of their capacity with the result that a part of the catch cannot be sold to the factories and has therefore to be dried. This points to the need for the construction of cold storages at suitable locations along the coast for storing fish. The new factories to be built during the Plan period would be able to take much larger quantities of fish. Small refrigerated boats could collect the fish from the cold stores and transport it to the factories. Private enterprise will be encouraged to build cold storages and fishing boats and to purchase refrigerated boats for fish transport. Facilities will also be provided for the training of fishermen in improved techniques of catching fish.

Financial Costs

The financial costs of the public sector programme for agriculture are roughly estimated as follows:

	Million So. Shs.
Crop Production	219
State Farms	110
Date cultivation	7
Settlement of Nomads	25
Manures	2
Plant Protection	10
Agricultural Extension	10
Agricultural Research	20
Grain Storage and Marketing	15
Central Machinery Pool	20
Animal Husbandry	14
Forestry	14
Fisheries	3
Total	250

It is not possible to estimate private investments in agriculture. However, the increase in the production of bananas, other crops, and livestock, the bringing of new land under cultivation, the settlement of nomads and the increase in the catching of fish, as envisaged in the Plan, would call for substantial investments in the private sector.

VI.

IRRIGATION, DRAINAGE AND FLOOD CONTROL

The supply of water for drinking purposes for the human and livestock population and for irrigation is the most important problem of the Somali Republic. Large numbers of people have to move long distances with their herds during certain times of the year, just to get drinking water for themselves and their animals. The bulk of the population of the country has remained nomadic during the centuries mainly because of the uncertainties about the availability of water in areas which were otherwise suitable for settled agriculture and/or animal husbandry.

The problem of water is not really a problem of scarcity of water, but of its non-availability during certain periods. There are large areas with plentiful rainfall and two big rivers, Juba and Shebeli, with abundant water during the rainy season. Most of this water is allowed to go waste. An area of about 70,000 hectares receives uncontrolled flush irrigation and of about 30,000 hectares controlled regular irrigation from the two rivers. Both rivers cause considerable damage when in flood. Most of the water of the Juba river flows into the sea and of the Shebeli river into marshes at its tail end.

What is wanted is that the rain water should be conserved and the rivers properly harnessed. This can completely transform the economy of the country and result in the settlement of a large proportion of the nomadic population.

A survey of the area between the two rivers which was carried out by U.S.A.I.D. Mission in 1960 shows the broad possibilities of the utilization of rain and river water and of agricultural and industrial development. Another survey was carried out by the Associated Consulting Engineers (A.C.E.) Ltd., Karachi, in 1961. This survey covered the whole country and has indicated specific possibilities of the conservation of rainwater and the utilization of river water. A more comprehensive survey by the U.N. Special Fund is under way "to evaluate the land and water resources in the area between and around the lower reaches of the Uebi Shebeli and Juba rivers, and to develop a general policy and plan for improved use of these resources for agricultural and livestock production".

This survey will take some years to complete. In the meanwhile it is possible to prepare a development programme for the next few years on the basis of the other two surveys referred to above. It should be possible

to incorporate this programme into a larger programme prepared later on, after additional possibilities of development have been identified by the UN Special Fund Survey.

The immediate programme is outlined below.

Pond Irrigation

There are large areas both in the Northern and Southern Region where the rainfall is about 500 mm or above, divided into two seasons, one between March and June, and the other between September and November. The lands are fertile and with proper agricultural practices, can give good crop yields. The real difficulty is the lack of water, particularly drinking water for human beings and livestock, during the dry season. There are many streams in these areas. Earthen dams can be constructed at suitable intervals all along the streams starting with small ones at the headwaters of each tributary ending with big ones at the tail end. The small ponds or reservoirs formed by these dams will retain moisture and provide water for drinking purposes and for irrigation. They will also prevent soil erosion and reduce the amount of silt in the flood waters of the main rivers. The construction of such dams is a simple operation and does not present any difficult technical problems. However, the areas will have to be surveyed for determining the sites for the reservoirs along the streams. The necessary surveys can be undertaken locally and would not take long. The Associated Consulting Engineers have tentatively estimated that on an average the construction cost of the reservoirs would be at the rate of less than So. Sh. 40 per hectare served by the reservoirs (1).

It is proposed that two areas in the dry farming zones be selected for dam construction in the first instance. In the Southern Region there is an area of nearly 4 million hectares having rainfall varying between 500 mm. to 600 mm. About 400,000 hectares of this area should be taken up for development during the Plan period. In the Northern Region there are areas with fertile soil receiving a little less than 500 mm annually. About 200,000 hectares of suitable land in the Region can be selected for development during the next five years. The programme would cost So. Sh. 45 million — about one half for irrigation and the balance for other development works. Part of the area served by the ponds can be used for crop production and part for stock raising.

(1) A.C.E. Report.

Juba River Irrigation

The Juba river originates from Ethiopia and traverses the Somali Republic from the north to south in the south-western region. Its outfall to the sea is about 5 miles north of Kisimayo. The river is perennial. It has a maximum flow of some 36,000 cusecs during November and minimum of about 1,200 cusecs during February. A.C.E. has estimated the hydro-electric potential of the river at 60,000 KW continuous, or 100,000 KW peak load. (1).

At present a relatively small amount of the river water is used for irrigation purposes.

The U.S.A.I.D. inter-river survey referred to above has identified an area of about 160,000 hectares in the lower reaches of the Juba river which could be irrigated by canals on the basis of the minimum flow of the river and without the construction of any storage. This area can be divided into four blocks of 40,000 hectares each and developed by stages. The irrigation work would comprise 2 diversion dams, and a system of canals on either side of the river. As the land to be irrigated does not lie far from the proposed diversion structures, the canals to be built will be relatively short.

It is proposed to provide irrigation to 40,000 hectares (block No. 1) in the first stage. This would cost So. Sh. 35 million on the basis of the type of construction suggested by A.C.E.

It is possible that the river may be made navigable in its lower reaches.

It is necessary that a thorough investigation of the irrigation and power development possibilities of the river Juba should be carried out. However, the construction of the first stage of the irrigation works as proposed above can be safely undertaken without any risk of creating difficult problems in connection with the utilization of the water of the river in the light of the results of the investigation.

Shebeli River Irrigation

Like the river Juba, Shebeli also has its source in Ethiopia. After entering the Somali Republic it flows southwards to Balad and then southwestward till it loses itself in depressions near Avai, not far from Juba. The gradient is very flat near its lower reaches, so that it forms a

(1) A.C.E. Report.

series of marshy areas at its tail end, without any outfall to the sea. It has a mean flow of about 2,000 cusecs and a maximum flow of about 6,000 cusecs during the rainy season. It is nearly perennial up to Balad, but is dry lower down for about 2 to 4 months in the year. It has two well-established areas of irrigation, one about 90 km north of Mogadiscio at Johar, and the other about 90 km south of Mogadiscio, near Genale. Irrigation is perennial in the former area, but seasonal in the latter.

In order to make full use of its waters, it is necessary to provide a storage reservoir in its upper reaches. A.C.E. has suggested the possibility of constructing a barrage north of Belet Uen, a diversion canal from the barrage to a depression south of Belet Uen, a dam at the lower end of the depression to hold the water which can be let down to the river for controlled irrigation in its lower reaches. It would thus be possible to control floods and to provide perennial irrigation to a much larger area than at present. The fall from the dam can be used for the generation of hydro-electric power. It is possible that a part of the river may be made navigable for shallow draft barges. The proposal for the utilization of Shebeli waters on the above lines requires a thorough investigation which is provided for in the Plan.

However, some of the existing canals on the Shebeli river need rehabilitation and there is scope for the construction of additional ones on the existing system of irrigation and without prejudice to the development possibilities that may be identified as a result of the proposed investigation. The Plan therefore provides for the rehabilitation of 40 km of existing canals, the construction of 110 km of additional canals, and the construction of 2 downstream dams at a total cost of So. Sh. 6 million. The above works will provide irrigation to 7,000 hectares of new land and improved irrigation to 7,000 hectares of land which is being poorly irrigated at present

Water Resources of Mijurtinia

There is a very large number of springs in Mijurtinia, the water from which is not being properly utilized. There are also numerous valleys traversed by important streams having a seasonal flow of water. Most of this water goes to waste. A proper utilization of these waters will greatly improve the economy of the area. The Plan provides for a survey for determining the availability of water from springs and streams and for preparing projects for its utilization. In the case of streams, it would be necessary to identify suitable sites for dam construction for the conservation of water for irrigation and other purposes.

Financial Costs

The above irrigation programme is estimated to cost as follows:

	Million So. Sh.
1. Survey of Shebeli and Juba rivers	2.5
2. Survey of water resources of Mijurtinia	1.5
3. Pond irrigation	45.0
4. Juba river irrigation	35.0
5. Shebeli river irrigation	6.0
Total:	90.0

The above estimates do not include the cost of irrigation works which may be started during the Plan period after the surveys of the Shebeli and Juba rivers and of the water resources of Mijurtinia are completed. The cost estimates for these works will be known only after the surveys have been completed.

It is necessary to point out in this connection that the consumers will be charged for the supply of water to cover the annual operating costs, including the amortization of the capital investment on irrigation.

VII.

I N D U S T R Y

The Somali Republic is industrially underdeveloped. There is only one large-scale industrial establishment, namely the sugar factory at Johar. There are, however, many small-scale and handicraft industrial units. The number of people deriving their livelihood from industry is rather small.

There is scope for the establishment of a number of industries in the country on the basis of local raw materials. However, the small size of the domestic market is an important limiting factor. But some industries, such as meat packing and fish freezing and canning can be export-oriented. Others such as sugar, textiles and other light industries, can cater to the needs of the domestic market.

Industrial development presents a number of difficult problems. Domestic savings are small. There is no industrial tradition or an entrepreneurial class. Managers, engineers and trained industrial workers are not available. The "external economies" which result from the concentration of a large number of industries supporting each other are lacking. The social and economic overheads in the form of the availability of cheap fuel and power, efficient and cheap transport and communications, industrial banking and insurance facilities and institutions for training of technical personnel are not available. Each industrial unit has to make its own arrangements for electricity and water supplies and for transport and other services. All these factors tend to raise the initial capital investment as well as the production costs, thereby reducing the profitability of industrial ventures. In short, the Somali Republic has all the problems which a country in the early stages of its industrialization has to face. A conscious effort on the part of the Government to tackle some of these problems is clearly called for in the interests of the industrial development of the country.

Industrial Policy

The formulation and pursuit of a proper industrial policy are the prerequisites of industrial development. The Government has formulated and is pursuing the following industrial policy.

Every possible encouragement is being given to private enterprise

for investment in industries which have a reasonable scope for becoming profitable and the establishment of which is desirable in the national interest. This encouragement takes the form of protection, exemption from certain taxes for a limited period and the grant of loans on favourable terms.

The law governing the foreign investments provides that foreign enterprises enjoy the same treatment as domestic enterprises. The foreign investors are allowed to remit their profits abroad annually up to 15% of their investments. The unused portion of this percentage in any year can be used for remittance during the next three years. The original investment is freely transferable after five years. Under certain conditions the transfer of the investment can be allowed after three years. No restrictions are placed on the employment of foreign technical personnel. Such personnel can freely transfer abroad 50% of the emoluments paid to them in the Somali Republic. For special reasons a transfer up to 75% of the emoluments can be allowed.

In order to overcome the shyness of Somali capital and to introduce Somali nationals in industrial enterprises, the Government would specially encourage joint ventures, namely ventures started in partnership between foreign and Somali investors.

The Government would, however, establish in the public sector such industries which have a development potential but for which private capital, domestic or foreign, is not forthcoming.

The Government is following a deliberate policy of reducing fuel, electricity and transport costs.

The Government would also provide facilities for the training of technical personnel. This question has been dealt with in detail under technical and vocational training in the chapter on Education and Training.

A development bank will be established which would, amongst other things, specialize in the provision of credit to large-scale, small-scale and handicraft industries.

Industrial Development Corporation

It has been pointed out earlier that, due to certain inherent difficulties in the establishment of industries under the existing conditions, investment in industries is subject to unusual risks. This partly explains the shyness of private capital. Some pioneer work is required to establish the profitability of the industries to be developed before private capital becomes interested. It is, therefore, necessary that the Government assume the risks which are implicit in the pioneer work in industry.

The next question is how should the Government make its own investments in industry. It has been the experience of most countries that the establishment of industries by a Government is not the best form of Government participation in industry. An industrial establishment is a business undertaking where costs should be kept down to the minimum and where no time should be wasted in taking decisions. A business enterprise may have to take a large number of decisions every day. The timeliness of these decisions may be vital to the success of the enterprise. A Government Department is not run on business lines and the decision-making procedures are sometimes very complicated and time-consuming. This is particularly so when decisions about financial matters are concerned, for such matters may have to be referred to the financial authorities. Besides, unlike business firms, Government departments are not very cost-conscious. The experience of the other countries shows that the initial investment and operating costs of industrial undertakings established by Government departments are frequently higher than those established by private enterprise. On the other hand, public corporations established by the Government, designed to operate in accordance with policies and programmes laid down by the Government but possessing a good deal of autonomy in day-to-day operations, have frequently been found to be more efficient than Government departments in the establishment and operation of industries. It is, therefore, proposed that a Somali Industrial Development Corporation should be established. It would be expected to promote the development of certain industries which the Government wants to be established but for which private capital is not forthcoming. It would supplement rather than displace private investment. It would be the policy of the corporation to secure private participation in its enterprises to the maximum extent possible. If private enterprise is not interested in the earlier stages, the corporation would try to sell the completed projects to private investors, at the earliest convenient opportunity. In order to promote private investment in industry, the corporation will be responsible for building the industrial estates, the establishment of which has been recommended in a later section of this chapter.

The corporation would have a small share capital subscribed by the Government to enable it to start operations initially. Funds required for investment in industrial units would be provided by the Government separately. The corporation would be able to borrow from foreign financing institutions and from local banks only with the permission of the Government. The annual budget of the corporation would require the approval of the Government.

The Chairman and the Directors of the Corporation would be appointed

by the Government and all the projects to be undertaken should require the approval of the Government. Government approval would also be necessary for the terms on which private parties may participate with the corporation or purchase projects of the corporation. The corporation would carry out the policy directives issued by the Government. But in all other matters it would be completely autonomous. It would engage its own staff and technical consultants, place orders for goods and machinery, supervise the erection and operation of plants and sell its manufactured goods in the same way as any other private commercial industrial concern.

The accounts of the corporation would be liable to audit by an auditor appointed by the Government and the annual report and the accounts of the corporation should be submitted to the Government by a specified date.

Large-Scale Industries

The Plan provides for the establishment of the following large-scale industries in the country.

1. Sugar
2. Meat packing
3. Fish freezing and canning
4. Milk processing
5. Cotton textiles

1. Sugar

There is one sugar factory in the country, which till lately belonged to the **Societa' Agricola Italo-Somala (S.A.I.S.)**. It has a productive capacity of 12,000 tons of sugar per annum. The factory gets its supplies of sugar cane from its own sugar cane plantation. The production costs are very high. This is due to a variety of reasons, the most important of which is the high overhead costs spread over a relatively small output of 12,000 tons of sugar.

The consumption of sugar is estimated at 30,000 tons a year at present. It is increasing very rapidly and is expected to reach a level of 40,000 tons a year before long. Thus the factory at Johar meets less than half the present requirements of the country.

The Government has entered into an agreement with S.A.I.S. under which it has purchased 50% shares of the existing assets of S.A.I.S. by paying So. Sh. 15 million. A new sugar producing company, namely **Società Nazionale per l'Agricoltura e l'Industria (S.N.A.I.)**, has been established.

The company took over, on 30 April 1963, the existing assets of S.A.I.S. The Government holds 50% of the stock of the new company and S.A.I.S. the other 50%. The Board of Directors of the company consists of the representatives of the Government and of S.A.I.S. in equal numbers. Thus the new company is jointly owned and operated by Government and S.A.I.S. However, the agreement provides that after six months from 1st May 1963, the Government would be entitled, if it so desires, to buy from S.A.I.S. from a minimum of 60% to the entire stock held by S.A.I.S. at its nominal value. This would enable the Government to acquire from 80% to 100% of the total stock of the new company.

There is scope for the expansion of the factory as well as the sugar plantation. The plan provides for increasing the productive capacity of the factory to 30,000 to 40,000 tons with the necessary increase in the area under plantation. The increase in production would bring about a substantial reduction in the unit costs of production as the overhead costs would be spread over a much larger volume of production. The expansion of the factory will create additional employment for 2,000 to 3,000 persons in the factory and the plantation and would result in a saving of foreign exchange of 8 to 10 million So. Sh.

2. Meat Processing

The Somali Republic has very large livestock resources. In fact livestock is one of the mainstays of the economy and provides livelihood to the **largest** number of people. In large part, livestock constitutes the subsistence sector of the economy, and the number of livestock sold is a relatively small proportion of the total number produced. The provision of a well-**organized** market for livestock would greatly encourage increased production and sale.

Livestock is an important foreign exchange earner. The need to travel **long distances** on the hoof to reach the ports results in a substantial loss in the weight of the animals. Besides, the sea transport of live **animals** is more costly than of inanimate commodities. Local slaughtering **and processing** of livestock and the export of processed products instead of living animals would be of great economic advantage to the country. **The development** of a meat packing industry is therefore clearly indicated.

There is a medium-sized meat canning factory in Mogadiscio, employing about 150 workers.

The Plan provides for the setting up of a meat processing factory at **Kisimayo**. The factory will be built with assistance of the U.S.S.R. and will be financed out the U.S.S.R. credit to the Somali Republic.

A project for the factory is under preparation by the Soviet Union experts. Work on its implementation will start shortly and the factory is expected to go into production by 1965.

The factory is designed for the slaughtering of cattle and the processing of beef into tinned meat for export. It will also include facilities for the manufacture of cans, generation of steam and power, cold storage, repair of machinery, water supply, sewerage, pens for cattle, access roads and other public services and facilities.

The factory will have a capacity for processing 60,000 cattle per annum. It will produce annually 4,575 tons of canned meat, 1,600 tons of processed by-products, 300 tons of sausages, 1,230 tons of edible fat, 330 tons of crude tallow, 1,400 tons of bone meal and 60,000 hides.

The factory will require an investment of about So. Sh. 30 million.

The factory will provide an assured market for the cattle and would thus discourage their smuggling across the border. It would also encourage the increased production of cattle for the market and would secure better value for the sale of cattle by the nomads. It will be an important factor for the monetization of the subsistence sector of the economy. The foreign exchange earnings will be substantially increased. The factory would provide direct employment to 450 workers and would make a substantial indirect contribution to the creation of additional employment opportunities. It will also promote the establishment of a number of subsidiary industries, such as those for the production of tanned leather, shoes, other leather goods, glue, etc.

It is proposed that a second meat packing factory be also established in another area for the slaughter and processing of sheep and goats. This would call for an investment of about So. Sh. 30 million and the benefits derived would be similar to those from the factory at Kisimayo. Steps will soon be taken for the preparation of a detailed project.

3. Fish Freezing and Canning

The Somali Republic has a long sea coast, extending over 2,800 km on the Indian Ocean and the Gulf of Aden. The country's resources of sea fish are enormous. A request has been submitted to the United Nations Special Fund for undertaking a detailed fishery survey.

The fishery resources of the country are being utilized only to a very limited extent. Only about 16,000 to 18,000 persons are dependent on fisheries for their livelihood. The dietary habits of the people are such that the consumption of fish within the country is rather small. However, the fish can be frozen or canned for export. There are at present three small-

scale fish factories canning tuna fish at Las Khoreh, Kandala and Habo in the Northern Region. A new factory has been established at Kisimayo producing turtle extract as a base for the turtle soup production. The factory is expected to extend its activities to the canning of crabs, shrimps and other sea fish in order to continue to operate during the months when no turtle is caught.

There is scope for large-scale canning of tuna fish on the basis of the known resources of this fish. With the assistance of the Soviet Union, a factory is being set up near the village Las Khoreh, in the Gulf of Aden. The project for the factory has been prepared by experts from the Soviet Union and will be financed out of the U.S.S.R. credit to the Somali Republic. It is designed to process and can tuna fish. It will include equipment for fish canning, cold storage, fish meal shop, tin can shop and facilities for water and electric supply, sewerage, oil storage, etc. Work on the construction of the factory will be started in 1963 and the factory will be ready for production in 1965.

The factory will be run for about nine months in the year (the fishing season is only about eight months in the year) and will produce about 2,000 tons of fish and fish products. As the bulk of the production will be for export, the foreign exchange earnings will be substantially increased. The factory will provide employment to 250 workers in the factory itself and to a large number of fishermen catching the fish for sale to the factory.

The factory would require an investment of about So. Sh. 30 million.

Private firms are planning to establish 2 more fish freezing and canning factories. Another fish freezing and canning factory will be established during the Plan period at a suitable location by the Government. Arrangements will soon be made for the preparation of a detailed project for the purpose. This factory will involve an investment of So. Sh. 30 million.

4. Milk Processing

Somalia produces very large quantities of milk. But as the marketing facilities are limited, the bulk of the production is consumed by the producers themselves. In fact, milk is one of the most important items of food of the people. Production of milk could be increased if it could be profitably sold. The establishment of an industry for the processing of milk into milk products would develop an assured market for milk and would thus encourage its increased production. But there is a glut of milk products in the world market, so that there is very little scope for the

export of these products on a profitable basis. However, due to rapid urbanization, the local urban market for milk and milk products is growing rapidly. This is particularly so in the case of Mogadiscio. So the Government proposes to establish a milk processing factory in this city. A project has been prepared by the Soviet Union experts and the cost of the factory will be met out of the Soviet Union credit to the Somali Republic. Besides milk processing equipment, the factory will include facilities for refrigeration, steam generation, water supply and sewerage.

Work on the construction of the factory will be started in 1963 and the factory will be ready for operation in 1964. It will require a fixed capital investment of So. Sh. 11 million.

The factory will process 10 tons of milk a day. It will provide direct employment to 32 workers. It will create a substantial amount of indirect employment in connection with the production, collection and transport of raw milk and sale of the processed milk products of the factory.

5. Cotton Textiles

The Somali Republic annually imports over So. Sh. 20 million worth of textile goods of various types. The domestic market thus provides scope for the establishment of a cotton textile factory in the country for the production of certain types of textile goods which are presently imported.

Large quantities of raw cotton were exported from Somalia during the Korean boom. The production and exports of cotton have declined since. But if there is an assured market, the production of cotton can be substantially increased. A State farm of 5,000 hectares is being established with the assistance of the Soviet Union. The raw cotton requirements of the factory can be met out of the production of the State farm and other private farms. However, if the cotton produced domestically is of longer staples than those required by the factory, the domestic cotton can be exported and the requirements of the factory can be met by imports.

The Plan provides for the establishment of a cotton textile factory at Balad, a distance of 36 km from Mogadiscio. The factory will comprise 9,000 to 10,000 spindles, 300 to 320 automatic looms, as well as bleaching and dyeing equipment. It will have its own arrangements for water and power supplies and for other auxiliary facilities. It will work for two shifts a day and will have a capacity for the production of 4 million yards of grey cloth and 4.5 million yards of bleached and dyed cloth.

The factory will be a joint venture of the Somali Government, Somali private investors and German private investors. It will require a capital

investment of So. Sh. 21.2 million in all, 15.7 million for fixed capital and 5.5 million for working capital.

The factory is expected to go into production in 1965. However, the productive capacity of the factory will be fully utilized in the fourth year after it has gone into production.

The factory will require a protective duty of 35% for successful operation. This will result in a loss of customs revenue of the order of So. Sh. 4 million. The loss will be partly offset by the taxes on fuel and other materials imported by the factory and by the Government's share of the profits. There will, however, still remain a net loss of about So. Sh. 2.5 million.

The factory will confer large benefits on the economy of the country. It will provide direct employment to a large number of people. It will encourage the production of raw cotton which otherwise might not be possible for lack of an assured market. It will also stimulate the introduction of a large number of small-scale and handicraft industries, based on the use of cotton yarn. Thus indirectly it will make a substantial contribution to the increase in employment opportunities in the country. It will bring about an appreciable saving in foreign exchange expenditure on the import of textiles. It will also help in introducing industrial and managerial skills in the country.

Small-scale and Handicraft Industries

Except in the case of export-oriented industries, the establishment of large-scale industries is limited by the size of the domestic market. But the position is different in the case of small-scale and handicraft industries, in which the economies of scale are not very important and of which the minimum economic unit is relatively small. In such cases, because of the small scale of their operations, the size of the domestic market becomes less important. What really matters is the ability of such industries to cater to the needs of the local market in an economical manner.

It is difficult to distinguish clearly between small-scale and handicraft industries. The dividing line between the two is very vague. The distinction can therefore be only arbitrary. For practical purpose, small-scale industries may be defined as those which employ ten or more persons and use power. Industries in which the worker is self-employed or the total number of workers employed is less than ten may be regarded as handicraft industries.

1. Small-Scale Industries

There is at present a number of small-scale industrial units operating with varying degrees of efficiency and success. There is scope for the establishment of a large number of new units and/or for the improvement, modernization and better utilization of the capacity of the existing units in the following small-scale industries. The list, however, is not exhaustive:

1. Leather tanning
2. Leather goods
3. Bone meal
4. Animal glue and gelatine manufacturing
5. Ready-made garments
6. Furniture and woodwork
7. Chipboard
8. Boat construction and repair
9. Nylon fishing nets
10. Processing of gums
11. Paints
12. Vegetable oil
13. Animal feed
14. Foodgrains grinding mills
15. Pasta
16. Mineral waters and soft drinks
17. Ice factories
18. Cold storages
19. Candy and confectionery
20. Bakeries
21. Canning of fruit, fruit juices and vegetables
22. Fish and shrimp freezing
23. Salt
24. Laundry and toilet soap
25. Laundry and dry cleaning
26. Light engineering workshops
27. Agricultural implements
28. Hand tools
29. Aluminum doors and windows

30. Wire netting
31. Metal containers
32. Bricks
33. Roof and floor tiles
34. Cement concrete blocks
35. Glass bottles
36. Printing presses
37. Tyre recapping
38. Pulp and paper making
39. Dairy products
40. Hosiery
41. Automobile workshops
42. Tableware
43. Dry cells
44. Toys
45. Buttons
46. Pins
47. Electric switches
48. Drugs and pharmaceuticals
49. Tallow
50. Insulated cables
51. Cigarettes
52. Electric lamps
53. Umbrellas
54. Cardboard containers
55. Pencils
56. Builders hardware
57. Locks
58. Wire nails and screws
59. RCC pipes
60. Animal-drawn vehicles
61. Cutlery
62. Prefabricated building structures
63. Abattoirs

Each industry requires a careful survey in respect of the techniques of production, financing, raw materials, and marketing. With proper

market promotion, production can be substantially increased in some cases and additional employment opportunities created by better utilization of the existing capacity. In many of the above industries there is scope for the establishment of new units.

But there are certain pre-conditions for the establishment of small-scale industrial units. These include the existence of a large number of other industrial units which support one another in various indirect ways, the availability of plots of land in suitable locations for the construction of factories, cheap fuel and power, water supply, repair facilities, access roads, transport and communication facilities, technicians, skilled workers and facilities for the purchase of raw materials and the sale of finished goods. Many of these pre-conditions have yet to be created in the Somali Republic.

Thus there are certain inherent difficulties in the establishment of small industrial units. Each unit is expected to make its own arrangements for the development of land for the factory, for the supply of water and electricity, for building the access roads and for establishing the repair facilities required for the operation of the factory. All this calls for a large amount of investment which may be all right for a big factory, but **which is too much** for a small industrial unit. As a result of this, the **small units become unprofitable**. Even if credit facilities are available, the prospective investor may not be able to present a proposal which may be regarded as bankable. A project would be acceptable to a banker only if it is technically feasible and economically sound. An average investor **does not possess the ability to prepare such a project himself**. As the **required technical personnel is not locally available**, it may be necessary to **hire foreign consultants for project preparation**; and the investor may **not be able to afford this**. The above difficulties partly explain why the **sum of U.S. \$ 2 million provided by the U.S. Development Loan Fund for development credit remained largely unutilized** and why very few industrial units have been established in the recent past.

Some of these difficulties can be overcome by the establishment of industrial estates. Each estate can be located in a suitable area and can provide developed plots of land for a large number of industries. The estate makes its own investment for power and water supply to each plot and for building roads and other facilities, such as telegraphic and telephonic connections. Some factory buildings may also be built by the estate. Each plot or building can be leased to a prospective investor on a suitable rent. This saves each investor the investment in common services such as power, water supply and transportation and communication facilities, so that each industrial unit can be established with a much smaller

investment of money than would be possible otherwise. The rent for the plots of land or buildings should normally be sufficient to cover the maintenance costs and the amortization of the investment on the estate over a period of time. The establishment of a number of industrial units in the same area creates certain "external economies". An industrial estate is an excellent device, which has been successfully used in many other countries, for reducing the investment in individual units and thus introducing the small man into industrial enterprises.

It is proposed to establish 3 large industrial estates, at suitable locations in the country. Each estate will comprise about 40 hectares of land divided into 100 to 150 plots for industrial units.

Arrangements are being made for the preparation of detailed schemes for the establishment of about 10 industrial units in each estate. These schemes will be based on proper market and other surveys; will indicate the profitability and technical feasibility of each unit and will give detailed estimates of fixed capital investment, working capital, production costs, sales proceeds, etc. Thus the prospective investor will not only be provided with developed plots of land or factory buildings in an industrial area with all the necessary facilities, but also with properly worked-out schemes.

The number of small-scale industrial units to be established initially in each estate will be small, say, 10 to 15. Only a part of each estate will be built in the beginning, but the plan for the estate would provide for its future extension when the need arises. It may take 10 to 15 years for the establishment of 100 to 150 industrial units in each estate.

The proposed development bank will provide credit facilities to the small-scale industries.

A beginning would be made for the establishment of small-scale and handicraft industries advisory service (1). The service would advise the industrial owners on problems of production, raw material purchases, marketing, management, accounting, cost structure analysis and improvements in techniques of production. It should conduct technical and economic surveys of individual industries to determine whether they should be encouraged or not. It should undertake market research and help in the creation of a marketing organization.

(1) See ILO Report on the Development of Handicraft and Small Scale Industries in the Somali Republic.

Handicraft Industries

There are numerous handicraft industries providing employment for over 20,000 workers. Many of the workers are self-employed. They include tailors, carpenters, painters, plumbers, electricians, blacksmiths, oil men, barbers, etc. Some of the important handicraft industries are ivory goods, leather, leather goods such as saddles and bags, futas, a standard size cotton cloth Somali men and women wrap around their bodies, and kufiat, the Somali cap. Most of the handicraft industries meet some essential needs of the community and would find a place in the economy for a long time to come. However, a distinction should be made between industries which can be enabled to hold their own and those which cannot become competitive. The former should be encouraged and supported, whereas the latter should be allowed to die their natural death, for it would not be in the interest of the country to maintain, by artificial means, an inefficient sector of the economy which will remain a permanent burden on the rest of the country.

The following handicraft industries have good prospects for development, thereby increasing the volume of their production and providing additional employment opportunities for the people:

1. Leather tanning
2. Leather goods — saddles, bags, etc.
3. Futas
4. Carpets
5. Baskets
6. Fishing nets
7. Rope making
8. Tailoring
9. Kufiat
10. Furniture and woodworking
11. Boat construction and repair
12. Vegetable oil
13. Bakeries
14. Soap
15. Ironwork
16. Repair shops
17. Cement blocks
18. Mattress making
19. Pottery
20. Ivory and wood carving
21. Gold and silver
22. Laundry

23. Photography
24. Building construction
25. Plumbing
26. Painting
27. Repair of radios and electric appliances

Most of the above industries can be made competitive with proper Government support. Many of these have problems of finance, purchase of raw materials and sale of the finished products. Sometimes these problems result in the exploitation of handicraft workers by middlemen. The workers should be provided with credit and marketing facilities, common services and technical guidance to enable them to increase their production, improve the quality of their products and get a fair return for their work. Some of these facilities can be made available by organizing the workers in cooperatives. These may be joint enterprise cooperatives which provide production and related facilities. The members produce goods on the cooperative's account and receive wages on the basis of the goods produced and dividends on the share capital held by them. Or they may be common facility cooperatives providing facilities for the purchase of raw materials, marketing of finished goods, repair and maintenance of equipment, accounting, etc. For example, a power loom weavers' cooperative may operate a sizing, dyeing and calendering plant and purchase the raw materials and sell the finished products for the members. The ILO Report on the development of handicraft and small-scale industries in the Somali Republic has recommended the establishment of joint enterprise cooperatives for weavers, tailors, shoemakers, blacksmiths and iron workers and common facility cooperatives for power loom weavers, carpenters and mattress makers. The Government would promote the establishment of such cooperatives and would subsidize them if necessary.

The handicraft industries will be encouraged to establish themselves, along with small-scale industries, in 3 large industrial estates to avail of the common services to be provided by these estates and to derive the advantages which are inherent in the concentration of a large number of industrial units in a locality. It is also proposed to establish 7 small industrial estates in suitable localities mainly for the benefit of handicraft industries.

The proposed development bank will provide the necessary credit facilities to the handicraft industries.

The proposed small-scale and handicraft industries advisory service will provide the necessary advisory services to the handicraft industries. In addition, it would help the handicraft workers in the organization and operation of cooperatives.

Mining

Geological surveys of the Northern Region have revealed the existence of very large reserves of high-grade gypsum, about 9 miles from Berbera. Lack of proper port facilities has so far stood in the way of the exploitation and export of this gypsum. The position would be different after the construction of the Berbera port. The Plan therefore provides for the mining and transport of gypsum to the port for export purposes. The project comprises the purchase and installation of mining machinery, the construction of the necessary buildings and the road to Berbera port, and the transport equipment for the movement of the gypsum from the minehead to the port. This would mean an investment of So. Sh. 12 million, inclusive of the working capital requirements. It should be possible to sell crude gypsum at So. Sh. 20 to 22 per ton f.o.b. Berbera, leaving a net profit of So. Sh. 8 to 10 per ton. The project would not only result in an increase in the foreign exchange proceeds of the country, but would also earn substantial profits.

Financial Costs

The financial costs of the industrial development programme are tentatively estimated as follows:

Government Investment

	Million So. Sh.
i) Industrial Development Corporation (share capital)	2.0
ii) Purchase of 50% share of S.A.I.S. sugar factory	15.0
iii) Expansion of sugar factory and sugar plantation	25.0
iv) Cotton textile factory (Government contribution)	12.0
v) Two meat packing factories	60.0
vi) Two fish freezing and canning factories	60.0
vii) One milk processing factory	11.0
viii) Industrial estates small-scale and handicraft industries:	
a) Three large estates	9.0
b) Seven small estates	14.0
ix) Mining	12.0
Total:	220.0

Private Investment

It is difficult to prepare any reliable estimate of future private investment in industry. It is however considered that private investment in large-scale industry may be of the order of So. Sh. 30 million. This would include the private participation in the textile factory and the establishment of fish freezing and canning factories. Private investment in small-scale and handicraft industries may also be of the order of So. Sh. 30 million.

VIII

FUEL AND POWER

Fuels

Fuel plays a crucial role in the economy of every country and the Somali Republic is no exception to this. Availability of fuel at low cost is almost a pre-condition for economic development. In one form or another it is required for providing the energy for the generation of electricity for the transport of goods and passengers, and for driving the machines in industrial enterprises. The costs of fuel and of electricity and transport, which are also dependent on the cost of fuel, constitute a very substantial part of the total production costs of goods generally, particularly of manufactured goods. An industrial enterprise cannot be very profitable if the fuel costs are high, unless it is able to charge very high prices for its products due to scarcity or other similar conditions.

Local supplies of fuel in the Somali Republic are limited to wood fuel or wood charcoal, largely for domestic consumption. For industry, power generation and transport, the country relies on imported fuels and the prices of these fuels were very high. Because of the high prices of fuel, electricity and transport, costs were also very high. Thus the high costs of fuel were having a very inhibiting effect on the development of industries and other enterprises. An analysis of the various elements of fuel costs shows that the high fuel prices were due to two important factors, namely Government taxes and the local distribution costs of the oil companies. In the case of gasoil, for example, the import cost c.i.f. Mogadiscio is 17.4. Somali cents per litre. But the sale price to the consumer is 80 Somali cents per litre. The difference of 62.6 cents is accounted for by Government taxes amounting to 39 cents and distribution costs amounting to 23.6 cents.

The local distribution costs amount to 135% of the c.i.f. import costs. There is no doubt that the distribution costs are high when the total consumption is rather small, as is the case in the Somali Republic. Even so, distribution costs appear to be rather high. There is, therefore, a case for a careful examination of the various elements of the costs of distribution to explore the possibilities of reduction.

The Government is following a well-defined policy for reducing fuel costs consistently with revenue considerations.

If a reduction in fuel costs has the desired effect, namely the promotion of economic development, the consumption of fuel in the country would increase substantially. The total yield of taxes would obviously be higher on a larger consumption than on a smaller one. This may partly compensate the loss of revenue due to a reduction in the rate of the taxes, if the tax rates are reduced. Similarly, the loss of earnings of the various distributing agencies due to a reduction in the distributors' margin would be partly made up by higher earnings on a larger turnover.

It is hoped that it would be possible to reduce fuel prices substantially when oil is discovered and is refined locally. But that is just speculation. For the time being efforts should be concentrated on reducing the costs of imported fuels to the consumer.

Power

The provision of cheap electric power is one of the most important factors contributing to social and economic development. The use of electricity usually marks a point of departure from the primitive and inefficient to the modern and more efficient means of production. In the earlier stages, electricity provides the stimulus for economic development and later on it enables the process of economic development to gather its own momentum. Availability of electricity at a low cost creates its own demand. In the beginning this demand is usually for domestic and commercial uses. But in the course of time industrial demand assumes considerable importance. It has been the experience of many countries that the installation of additional capacity for the generation of power has seldom kept pace with the growth of demand, so that there is almost a continuous power shortage. The Plan attaches very great importance to the development of small-scale industries. Provision of cheap power is a pre-condition for the development of such industries, as they cannot afford to have their own power plants.

In many parts of the country electricity is either not available at all or is available at a prohibitive cost. This is one of the most important factors retarding the pace of economic development. It is an important policy of the Government to provide power at a cheap rate in all areas of potential economic development.

The price ranges from So. Sh. 0.60 for industrial uses in certain parts of the Southern Region to So. Sh. 0.45 in the Northern Region. The high cost of power cripples the development of small-scale industries in the country. The main reasons for the high cost are inefficient and uneco-

economic operation of power stations and the high cost of imported fuels used for the generation of power.

The total generating capacity of the country in 1962 was estimated at 7,000 KW and 15 towns were provided with electricity. In most cases the distribution system is defective and the service inefficient. The Plan provides for an increase of 12,000 KW in the generating capacity, for an improvement and expansion of supplies to the towns whose present supplies are inadequate, and for the supply of electricity to 15 additional towns. Every possible effort will be made to reduce the cost of electricity to consumers, particularly to the industrial consumers.

There is plenty of scope for the generation of hydro-electric power. According to the Associated Consulting Engineers, the Northern Region has a hydro-electric potential of over 300,000 KW firm or over half a million KW peak load, and the Juba river of 60,000 KW firm or 100,000 KW peak load. The Shebeli river has also a certain potential for the generation of hydro-electric power. However, the existing and potential demand for electricity in the near future is of rather modest dimensions. Besides, the existing centres of consumption are very far from the possible sites for the generation of hydro-electric power. Thus the very large investments in the generation of hydro-electric power and its transmission over long distances cannot be justified on the basis of the foreseeable demand for electricity. The country will have therefore to depend on thermal stations for quite some time to come. However, the hydro-electric potentialities need thorough investigation, for demand for the utilization of this hydro-electric power may arise as a result of certain future developments, particularly in respect of mineral resources, which it is not possible to foresee at present.

The establishment of a national grid system is not feasible, due to long distances separating the various centres of consumption and to the relatively small demand at each centre. Capital investment in the transmission system will have to be very high, resulting in high transmission costs. This would tend to raise the unit costs of electricity to the consumer. The country will therefore have to rely on separate thermal power stations for each main centre of consumption.

There is no standardization in the electric supplies of the country. It is proposed that, unless otherwise necessitated by the requirements of the existing sets, new generating sets should be standardized and should be designed to supply 3-phase 230 volts 50 cycle per second alternating current. The various centres of consumption would be classified in respect of their requirements of electricity as follows:

250	KW	capacity
500	„	„
750	„	„
1,000	„	„
1,500	„	„
2,000	„	„
2,500	„	„
3,000	„	„

One, two or three 250 KW engine generators could be used up to 750 KW station capacity, 500 KW units up to 1,500 KW station capacity and 1,000 KW units up to 3,000 KW station capacity. When a small town plant becomes incapable of carrying the increasing load, it would be possible to supplement it or replace it, if the units are standardized. Any small plant so released could be installed at another place where the demand is small. Standardization would also result in substantial economies in maintaining the stocks of spare parts.

The programme for the development of electricity is as follows.

Hargeisa

The power station has 4 generating sets of a total capacity of 800 KW. The demand for electricity is expected to increase in future at the rate of 20% per annum. One more generating set of a capacity of 750 KW will be installed and the distribution system will be expanded and improved to meet the future increase in demand.

Berbera

The power plant consists of 6 diesel sets of 60 KW each. The sets are unsuitable for a station like Berbera. Besides, the costs of maintenance and spare parts are very high.

Three new engine generating sets of 1,420 KW total capacity are being installed in a new prefabricated power house. The distribution system will be improved and expanded to take care of the demand of the new port and of the growing demand of the town.

Mogadiscio

The electricity supply of Mogadiscio is owned and operated by Società Elettro-Industriale Italo-Somala (S.E.I.S.). However, S.E.I.S. wants to sell its electricity undertaking to the Government and the Government has decided to purchase it. The price at which the undertaking will be

sold is being negotiated between the Government and S.E.I.S. A consultant appointed by the Government has assessed the value of the undertaking at a little less than So. Sh. 5 million.

The existing plant consists of 2 Franco Tosi engines of 400 KW total capacity, one Tosi engine of 424 KW capacity and 2 Deutz engines of 1,920 KW total capacity. Thus the power plant has a total capacity of 2,744 KW. There is room for the installation of 2 additional Deutz engines identical with the 2 already in service at the present station site. The advantages of expanding the capacity by the installation of engines similar to those already in service are obvious.

On the basis of the estimated future growth of demand, the Plan provides for the installation of one Deutz engine of 960 KW capacity by June 1963 and another by December 1965. This may be enough to meet the projected future demand till the end of the Plan period. and to provide the necessary stand-by capacity when anyone of the engines may be put out of commission for overhaul or other reasons. However, before the expiry of the Plan period, steps will have to be taken for the installation of additional generating capacity to take care of the growth of demand in future years.

The existing distribution system is defective and needs improvement. Besides, with the growth of load, the distribution system will also need expansion. The Plan provides for the necessary improvements and expansion of the distribution system.

Campo Bottego and Afgoi

The Plan provides for the discontinuation of the local generation of electricity and the supply in bulk from Mogadiscio city. Electricity will be transmitted from Mogadiscio by an HT supply feeder and the local distribution system will be improved.

Kisimayo

The existing power plant consists of 2 generating sets of 30 KW each and 2 sets of 125 KW each, having a total capacity of 310 KW.

As a result of the building of the port, the demand for electricity will increase very substantially. The initial peak demand of the port alone, including the water filter plant, is estimated at 210 KW. The town demand is expected to increase to 200 KW in about one year after the construction of the port. The meat packing factory which is under construction at Kisimayo will need another 1,000 KW. A number of smaller indus-

trial units will also be established. These will create an additional demand for electricity.

The Plan provides for the removal of the two 30 KW units, the retention of the two 125 KW units and the installation of two additional 600 KW units. This will give the station a total capacity of 1,450 KW, which may be adequate for meeting the future growth of demand and provide the necessary stand-by capacity for the temporary closing down of one of the sets for overhaul purposes. The distribution system will be improved and expanded to take on the additional load.

Other Towns

Many towns are not supplied with electricity at all. In others the electricity supply system is inadequate and uneconomical.

The Plan provides for the improvement and/or installation of new capacity and distribution system in 25 towns. The new generating units will be standardized to supply 230 volts 50 cycle, alternating current, and will be installed in prefabricated power houses.

Financial Costs

The financial costs of the development programme for electricity are estimated as follows:

	So. Sh.
1. Hargeisa	600,000
2. Berbera	1,800,000
3. Mogadiscio:	
i) Purchase of existing installation	5,000,000
ii) Development	5,800,000
4. Campo Bottego and Afgoi	500,000
5. Kisimayo	1,800,000
6. 25 other small towns	9,500,000
Total:	25,000,000

IX

T O U R I S M

The Somali Republic offers many attractions to the tourist. The development of the tourist industry will help in the solution of the balance of payments problems of the country. However, a thorough survey of the tourist possibilities in the country is necessary before launching a large-scale programme on tourism. But some attention can be given immediately to certain possibilities which are known to exist.

Hunting is a great attraction which the country offers to the foreign tourist. But the provision of certain minimum facilities in respect of transport, accommodation and drinkable water etc. are prerequisite for attracting tourists. These will be provided. It is proposed that a National Park may be established in the Lower Juba area. Hunting may be permitted on the borders of the Park. Organization of hunting may continue to be entrusted to private enterprise.

The construction of a couple of hotels with all the necessary facilities in the mountainous areas of Erigavo and Gaan Libah in the Northern Region and the provision of transport may attract European and other tourists from neighbouring countries having a very hot climate. These areas have a cold and pleasant climate and beautiful natural scenery.

A zoological garden may also be established in Hargeisa to attract tourists from Arabia.

Very few tourists come to visit a single country. They generally come to visit a number of countries together. An attempt would be made to attract tourists who come to visit neighbouring countries. It would thus be necessary that foreign publicity for tourism is coordinated with the publicity organized by neighbouring countries. Furthermore it is recognized that a multiplicity of services and facilities are necessary for attracting tourists on a large scale. Consideration can be given to the provision of these services after the proposed survey of the tourist possibilities of the country has been made.

The programme for the development of tourism is roughly estimated to cost So. Sh. 2 million.

X

TRANSPORT

Some of the important factors which have to be kept in view in planning the development of transport facilities in the Somali Republic are the large area of the country and long distances separating different parts of the country from one another. The small size of the population with a low purchasing power, about two thirds of which is nomadic and thus largely outside the market economy, greatly limits the demand for transport facilities.

Means of transport such as roads or railways require a minimum traffic density to justify the large capital investment and maintenance costs of the highways or the railway tracks and the terminal facilities. Air transport does not require any investment on the permanent way, but the transport costs are high in any case for other reasons. Transport of goods by air is worthwhile only when the goods combine large value in small bulk. Sea transport is usually cheap, provided the necessary port and other facilities are available. River transport can also be cheap if the expenses for the construction and maintenance of water channels are not large.

The scope for the development of railway transport in the Somali Republic is very limited indeed. Railway transport can be justified for short hauls only when sufficient demand for it is assured, such as the movement of sugar cane from the plantation to the factory in the case of a sugar factory, or the movement of ores and other bulky materials in large quantities, if such possibilities develop in the future. The construction of roads in certain parts of the country presents some technical problems due to the composition of the soil. Nevertheless, the density of traffic in many areas justifies the construction of roads in spite of the high construction costs. In the absence of other means of transport, air transport becomes essential at least for administrative and political reasons, even when the economic justification may be lacking. The country has a long sea coast and there is considerable scope for the development of sea transport for coastal and international trade. The possibilities of river transport in certain parts of the Shebeli and Juba rivers need investigation. There is a strong case for an overall transport survey to determine the most economical means for the transport of goods and passengers in different parts of the country, and for connecting these

parts with one another. The Plan provides for the undertaking of such a survey. However, the development of certain means of transport is urgent and can be justified on the basis of existing and immediate future needs. It is almost certain that this development would find a place in the long-run transport programme prepared on the basis of the findings of the overall survey. In any case the satisfaction of immediate transport needs cannot be held up, pending the results of the survey, which will take quite some time to complete.

Roads and Road Transport

The country has at present about 12,000 km of roads, as shown below (1):

1. First class roads, with artificial foundation and an asphalted surface	600 km
2. Second class roads with an un-made up surface, average width 8 m, continuously maintained	2,400 „
3. Third class roads with an un-made up surface, average width 6 m, intermittently maintained	3,000 „
4. Fourth class roads (tracks) with an un-made up surface and no ordinary maintenance	6,000 „
Total:	12,000 km

Road transport is and will continue to be the most important form of transport in the country. For many areas it is the most economical, because transport costs by alternative means are much higher. The construction of roads in areas of potential economic development is a precondition for such development. Roads are an important factor in transforming the subsistence into a market economy. They promote increased production by opening up new marketing possibilities. The Plan provides for the construction of the following roads which are essential for the development of the areas covered by them:

1. Afgoi-Shalambot	65 km
2. Gelib-Kisimayo	115 „
3. Afgoi-Baidoa	200 „
4. Berbera-Hargeisa	176 „
5. Kisimayo-Afmadu	100 „

(1) AESED Report.

6. Johar-Belet Uen	(Improvement)	265 km
7. Belet Uen-Garove	"	665 "
8. Garove-Hargeisa	"	624 "
9. Garove-Bosaso	"	463 "

Afgoi-Shalambot and Gelib-Kisimayo roads are already under construction. The first is being financed by the Common Market and the second by West German credit.

In addition to the above, a large number of other roads are expected to be built by local communities working on a self-help basis, but supported and helped by the Government and by the provision of implements, materials which are not available locally, food for volunteer workers and their families and such other services as may be necessary.

While the roads will be built by the Government or by local communities, road transport is and will continue to be a private enterprise. However, this activity will be controlled and regulated by the Government in order to ensure an economical and efficient service. Import of vehicles has been facilitated by reducing import duties on all vehicles other than passenger cars.

Maintenance of vehicles and employment of properly trained drivers and mechanics are important factors in ensuring a longer useful life of the vehicles and thereby reducing transport costs. Private investors in road transport will be encouraged to have a minimum fleet of vehicles as an economic unit and to make suitable arrangements for the repair and maintenance of vehicles. Necessary arrangements will also be made for the training of drivers and mechanics.

Sea Ports

There are 3 main sea ports in the Southern Region, namely Mogadiscio, Merca and Kisimayo, and one, namely Berbera, in the Northern Region. Mogadiscio handles the bulk of import trade and about one fourth of the export trade of the Southern Region. Merca is used mainly for the export of bananas. Kisimayo handles about one fourth of the export trade of the Southern Region. Berbera handles the bulk of import and export trade of the Northern Region.

The Mogadiscio port is really an anchorage and a landing place. Large ships cannot enter the harbour and have to load and unload cargo offshore, where they are exposed to very strong winds during certain times of the year. The harbour proper can be used only by small craft, lighters and tugs. Merca has a jetty about 180 m long; Kisimayo has a wooden jetty on piled foundations about 180 m long. Berbera is a natural harbour which is at present suitable only for vessels of small draft.

Lack of suitable ports and other port facilities result in high shipping freight rates and port handling costs for the cargo. This raises the costs of exports and imports. High export costs tend to make the exports uncompetitive. High import costs of machinery and raw materials make development more costly. Provision of port facilities at a low cost is essential for economic development and for promotion of foreign trade. The Plan, therefore, attaches great importance to the development of ports and provides for the building of Kisimayo, Berbera and Mogadiscio ports.

The Kisimayo port is under construction by U.S.A.I.D. for serving the hinterland which has a very large potential for development. It will be a deep water port and will be built in two phases. The first phase will provide protective deep water berths for 4 vessels. It will be possible to berth one oil tanker and one general cargo vessel, each of 10,000 tons and 2 banana ships at the same time. There will be an entrance channel and a turning basin in addition to the berths. Aids to navigation will also be provided. The second phase will provide ancillary facilities such as cargo sheds, power plant, water system, exterior utilities, materials handling equipment and port administration office. The power plant and water system will be of sufficient capacity to meet the requirements of the town of Kisimayo in addition to the needs of the port. The first phase is estimated to cost about So. Sh. 55 million and will be completed in 1964. The second phase is expected to cost about So. Sh. 28 million and will be completed in 1965. The construction of the first phase is being financed by a U.S. grant and of the second phase by a long-term low-interest U.S. loan.

A project for the building of the Berbera port is under preparation. The construction work is expected to be started in 1964. The port will have a capacity for handling 200,000 tons of cargo annually. It will have piers for berthing 10,000-ton ships with a maximum draft of 9 m, one pier for coastal boats, ship's repair facilities, a radio station, a hotel and other port facilities. The port is expected to cost So. Sh. 40 million. It will be built by Soviet technicians by utilizing the Soviet Union credit to the Somali Republic.

The port will promote the foreign trade and the economic development of the Northern Region. Besides, by reducing port handling costs, it will make gypsum, of which there are very large deposits close to the port, competitive on the world market.

The port of Mogadiscio handles more than half the foreign trade of the Southern Region. The prospects for the development of the hinterland are great. So, before long the port may be required to handle much larger volumes of traffic than at present.

The U.S.A.I.D. has so far spent more than So. Sh. 10 million for the provision of port equipment and supplies, for dredging the main port area and for closing, surfacing and strengthening the breakwater. However, the port facilities are inadequate and so the shipping freight rates and port handling costs are very high. It is therefore proposed to build a suitable port to meet the existing and future needs. U.S.A.I.D. has undertaken a survey for the preparation of a feasibility study for the construction of the port.

Sea and Inland Water Transport

The bulk of the foreign trade of the Somali Republic is carried by sea. The volume of this trade has been expanding at a rapid rate in the recent past. The rate of expansion is likely to increase in future as a result of economic development. The country has a long sea coast and an appreciable volume of coastal trade. There is very great scope for an increase of the movement of goods by sea from one part of the country to another along the coast, if the necessary shipping and port facilities become available at a reasonable cost.

The freight and insurance costs for the movement of goods by sea are high for a number of reasons. The port facilities are poor and none of the ports falls on the main sea routes, so that many of the important shipping lines do not touch the Somali Republic. Thus the shipping services are not frequent and there is not enough competition. Besides, the big shipping lines are not very much interested in the coastal trade of this country. Shipping services for foreign as well as coastal trade are inadequate and costly, thereby retarding the growth of trade. There is need for the establishment of a Somali shipping service to meet the existing deficiencies. By providing competition, such a service might also help in bringing about a reduction in the rates charged by foreign shipping lines touching Somali ports.

A Somali private concern has already purchased a boat of 1,600 tons cargo capacity. The boat is reported to be getting enough business. There is scope for many more Somali boats to handle the coastal and a part of the international trade of the country. Somali shipping can make a valuable contribution to the promotion of the export trade of the country.

The Plan envisages that Somali private investors will acquire 4 or 5 more boats of approximately 10,000 tons aggregate capacity during the Plan period and use them for coastal as well as for foreign trade.

There are some possibilities for using the rivers Juba and Shebeli for inland water transport. Parts of these rivers could be made navigable for shallow draft barges, at least during certain times of the year. The Asso-

ciated Consulting Engineers (A.C.E.) Ltd., Karachi, have suggested the possibility of making the river Juba navigable in its lower reaches. These and other inland water transport possibilities will be investigated in the course of the proposed overall transport survey to be undertaken shortly.

Air Transport

As has been pointed out earlier, the Somali Republic is a country of long distances. In the absence of satisfactory means of transport, there is no alternative to air transport for connecting certain parts of the country with one another. The airports at Mogadiscio and Hargeisa will be improved. Six regional airports will be built at Kisimayo, Baidoa, Belet Uen, Galcaio, Bosaso and Burao and a Somali airline will be established. A consultant firm has already been engaged to prepare a project for the construction of regional airports.

The Somali airline will have a small beginning and will concentrate on inland traffic, its international traffic being incidental. It will enter into international civil aviation only to the extent to which it is necessary to make the domestic services more economical. The scope of operation of the airline, both in respect of domestic and foreign services, will be expanded later on in the light of the development of traffic and the economy of operations.

Air transport will be developed for meeting essential internal needs and not for prestige purposes. The airline would probably need a small subsidy in the beginning, but the Government policy would be to keep the burden of this subsidy on the general taxpayer as low as possible.

Financial Costs.

The above programme is estimated to cost as follows:

	Million So. Sh.
1. Roads	210
2. Ports (1)	146
3. Airports	54
Total:	410

The above estimates are tentative. Besides, they do not include costs of the Somali airlines. These will be known when the projects are ready.

- (1) The total cost of Kisimayo port is estimated at So. Sh. 83 million. Out of this So. Sh. 23 million were spent before the Plan period. The balance of So. Sh. 60 million is included in the above estimate,

XI.

POSTS AND TELECOMMUNICATIONS

Postal Services

The quality of postal services in terms of reliability, frequency of service and timely delivery leaves much to be desired. Many areas where the post offices are too far apart are not properly served with postal facilities. The unsatisfactory service is largely due to the inadequacy of office accommodation, transport facilities and postal equipment, and to the shortage of trained personnel. Many of the out-station post and telegraph offices are housed in rented buildings which are far below minimum acceptable standards. A few are housed in Government buildings, the repair and maintenance of which has been neglected for long. A large part of the existing equipment is about ten years old and needs replacement. The present arrangements for the safe custody of stamps, cash, etc. are unsatisfactory. The movement of mail within the country is not sufficiently frequent and reliable. This sometimes causes inordinate postal delays.

The postal programme provides for the opening of 12 new post offices and for the construction of the general Post Office and Administrative Headquarters at Mogadiscio, a Central Telegraph Office at Hargeisa, combined post and telegraph offices at Berbera and Burao, and 10 Class III post offices in various parts of the country. The General Post Offices at Mogadiscio and Hargeisa, 10 Class II offices and 49 Class III offices will be provided with minimum essential postal equipment and furniture. Vehicles will be provided for the overland movement of mail within the country. Arrangements will also be made for the training of technical personnel.

The programme attempts to provide the essential minimum requirements of an efficient service. It is expected that, as a result of the implementation of the programme, postal facilities will become available to a larger proportion of the population and that the quality of service in respect of reliability, frequency and timely delivery will be greatly improved.

Telecommunication Services

Telecommunications occupy a position of special importance in the Somali Republic in view of the long distances which separate the diffe-

rent parts of the country from one another and the inadequacy of the various means of transport and other communications. But the existing facilities for telecommunications are far from satisfactory. Hence the urgency for the development of these facilities.

In modern telecommunication systems the telephone and telegraph services generally use the same transmission medium. But two different media are used in the Somali Republic, namely open wire lines for telephones and HF radio transmission for telegraphs.

1. Telephones

There are 3 telephone networks of 100 to 200 km length using open wire lines as transmission medium. These are the central network interconnecting Mogadiscio with seven surrounding cities, the southern network interconnecting Kisimayo with Margherita and Gelib, and the northern network interconnecting Hargeisa with Berbera and Burao. In addition, there are several other cities which have local telephone service, but which are not connected with long-distance telephone service. The country does not have a national network of long-distance telephone services.

The international telephone links exist between Mogadiscio and Nairobi and between Mogadiscio and Rome, and with the rest of the world through Nairobi or Rome. But the international telephone service is available only during certain specific periods.

There are altogether 44 telephone exchanges in the country. Of these 31 are in Mogadiscio. The number of telephone connections in the country is about 3,000. Of these 2,000 are in Mogadiscio. All the telephone exchanges are manually operated and therefore provide a very inefficient and unreliable service.

There is a large unsatisfied demand for telephone connections in Mogadiscio, Hargeisa and a few other cities. The demand for telephone connections is bound to increase substantially on account of the implementation of development programmes.

The average daily number of telephone calls is 15,000 to 20,000 for local calls, 350 for long-distance inland calls and 10 for long-distance foreign calls. With the establishment of the automatic telephone exchange in Mogadiscio and Hargeisa, the increase in the number of telephone connections and the improvement in the quality of service, the volume of telephone traffic will increase greatly.

2. Telegraphs

There is a national telegraph network using HF radio transmission. This consists of a primary network connecting Mogadiscio with 6 principal cities and a secondary network connecting these cities with 30 smaller cities. There are 40 telegraph offices in all. The country has also got international telegraphic links with Rome, Nairobi, Zanzibar and Aden and a maritime service for ships.

The telegraphic service is not satisfactory and messages sometimes take several days to reach the destination. This is due to a number of factors, such as inadequate transmitting power in certain stations, the use of old and unserviceable transmitters and receivers, an insufficient number of transmitters and receivers for point-to-point connection necessitating the movement of traffic on pre-established schedules, which are sometimes three and half hours apart on primary networks and four hours apart on secondary networks, and the use of Morse code signals. The volume of telegraphic traffic is bound to increase appreciably with the further extension of the telegraphic network and an improvement in the quality of service.

3. Development Programme

The development programme is designed to remedy the existing deficiencies in the telecommunication system and to provide for such expansion as is essential for meeting immediate future needs.

The programme is based on a study prepared by the United States Operation Mission in 1961. It provides for the integration of the telephone and telegraph services under the same transmission medium. The country will be divided into 8 regions, with Mogadiscio, Kisimayo, Galcaio, Baïdoa, Bosaso, Belet Uen, Hargeisa and Burao as the regional centres. Mogadiscio and Hargeisa will be provided with automatic telephone exchanges and some of the existing manually operated exchanges in these cities, which are not obsolete and unserviceable, will be completely overhauled and relocated at other centres. The outside plants will be modified where necessary and the boards working on local battery may be converted to central battery operation. Multi-channel carrier equipment will be used for long-distance service and multi-channel links will be provided to 8 regional centres. Teletype machines will be used in all regional centres. Multi-channel equipment may also be extended to some of the end offices connected with the regional centres.

The programme provides for the training of the necessary technical personnel.

The number of telephone connections will be increased from 3,000 to 6,000 and the efficiency of telephone service will be greatly improved. There will be an appreciable increase in the number of telegraph offices in the country and the telegraphic service will become quicker and more reliable.

Financial Costs

The programme is expected to cost So. Sh. 16 million: So. Sh. 2 million for the postal programme and So. Sh. 14 million for the telecommunications programme. It is considered that the increase in revenues will be sufficient to cover the higher operating costs and debt services and to amortize the capital investment within a relatively short period.

XII.

HOUSING, SETTLEMENTS AND WATER SUPPLIES

Housing and Settlements

About two thirds of the population of the country is nomadic, dependent on livestock for its livelihood. In view of the abundant fertile land resources, an attempt will be made to settle a part of the nomadic population as static rural communities engaged in agricultural and animal husbandry operations. It is in the interest of economy and better living that these rural settlements should be properly planned, making the necessary provision for community needs, such as markets, water supply, drainage, internal roads, schools, health centres, recreational centres, etc. Although these facilities may not be provided all at once, they should nevertheless be included in the plan of settlement. This would make for the orderly development of the settlements and the provision of the necessary facilities and services whenever the community can afford them. If the settlement is properly planned, no houses will have to be pulled down in order to build a market, a road, a school or a recreation centre, for the necessary space for those purposes would be provided for from the very beginning. All projects for the settlement of nomads will provide for the preparation of necessary settlement plans.

As in the case of most developing countries in the world, the rate of urbanization is very rapid in the Somali Republic, resulting in an increasing housing shortage in urban areas. The increase in the demand for housing and the tax exemption granted by the Somali Government to income from house rent for ten years have brought about a very rapid rate of increase in housing construction. Some urban centres are expanding fast. This is particularly so in the case of Mogadiscio. The construction of the port at Berbera and of the port and meat packing factory at Kismayo are bound to increase the tempo of house construction in these towns. Hargeisa is also expected to expand rapidly. In the absence of proper town plans, this expansion will take place in a haphazard and disorderly manner, resulting in considerable economic waste. The need for the preparation of town plans is therefore urgent. The Plan provides for the preparation of town plans for Mogadiscio, Kismayo, Berbera and Hargeisa. It is also proposed that a housing and town planning section should be established in the Ministry of Public Works and Communications to be in charge of the preparation of town plans for the above

four towns and other developing towns when necessary, and to facilitate private house construction.

The higher income groups can look after themselves in so far as their housing needs are concerned. But the housing for the lower income groups presents very difficult problems. It is very desirable that the people in these income groups should have adequate housing accommodation. However, the Government is not likely to have sufficient resources for providing the necessary housing for any foreseeable time. The construction of houses will therefore have to be left to private enterprise. The Government, will, however, promote this activity in various indirect ways, as indicated below.

It will arrange for the preparation and enforcement of town plans for some of the principal towns in the country. This will facilitate housing construction by the provision of plots for houses and of various services such as roads, water and electric supply, drainage, etc., at a reasonable cost. This will also make for the orderly growth of local communities.

With the assistance of the United Nations, the Government is having a pilot project for middle-class housing. The first 50 houses which are being built under this project are expected to be completed by 1 July 1963. The project attempts to demonstrate the possibilities of reducing construction costs by reliance on self-help, wherever possible. It is being subsidized by the Government. It would be continued and its scope expanded depending upon the experience gained and the results achieved.

Every possible effort will be made to reduce the cost of building materials and to increase the efficiency of the labour force engaged in house building. The use of local building materials to reduce construction costs will be encouraged by all possible means. The housing and town planning section in the Ministry of Public Works will, if possible, undertake research on local building materials. It will, in any case, try to apply the results of research on building materials carried out elsewhere to conditions in this country.

The Government will also provide loan finance for housing through one or more of the credit institutions.

Water Supplies

Water supplies for drinking for the human and livestock populations and for household and industrial uses are very important. Availability of drinking water for livestock at suitable locations will result in a better utilization of grazing lands and increased production of livestock and livestock products. The need for water for industrial purposes is obvious.

The Plan provides for proper water supply systems for Mogadiscio, Kisimayo, Hargeisa and 6 other towns. For meeting the needs of the rural and nomadic populations the Plan provides for the construction of 300 ballehs (reservoirs) of about 20,000 cubic meters' capacity each, 200 cement tanks of about 200 cubic meters' capacity each and 300 boreholes of 200 meters' average depth.

Financial Costs

The above programme is estimated to cost as follows:

	Million So. Sh.
Preparation of town plans	3
Urban water supplies:	
Mogadiscio	50
Hargeisa	3
Kisimayo	10
Six other towns	6
300 ballehs	15
200 cement tanks	2
300 boreholes	25
Surface works for existing 25 wells	1
Total:	115

The consumers will be required to pay for the water supplied to them to cover the operating costs, including the amortization of the capital investment.

XIII.

EDUCATION AND TRAINING

Basic Problems

The Somali Republic faces a number of basic problems in the field of education. There is no national system of education. The systems prevalent in the Northern Region (the former British Somaliland) and in the Southern Region (the former Italian Somalia) are entirely different from each other due to historical and other reasons. The former draws its inspiration from the British and the latter from the Italian system of education. In the former case the pre-University course consists of 11 years — 3 for elementary, 4 for intermediate and 4 for the secondary. Arabic is the medium of instruction at the elementary stage and English at the intermediate and secondary stages. In the Southern Region the pre-University course consists of 12 years — 5 for the elementary, 3 for the intermediate and 4 for the secondary. Arabic is the medium of instruction in the first two grades of the elementary stage and Italian from the third grade of the elementary stage onwards. The content of education is also different in the two systems. Thus a Somali student educated in the Northern Region has an entirely different intellectual background from the one educated in the South. This is far from conducive to national cohesion and unity. Besides, it creates serious problems in staffing the administrative machinery of the Government.

The Somali language which is spoken by the entire Somali population is not yet a written language and is therefore not used as a medium of instruction at any stage in either Region.

Thus the Somali children who have to receive their education in a foreign language start with a great handicap. The need to express themselves in a language which is foreign to themselves and to the genius of the people tends to cripple initiative and creative ability.

Illiteracy is widespread and the number of the educated and technically trained persons is very small as a result of neglect of education in the past. The existing facilities for education and training are very inadequate both in respect of quality and quantity. There are large areas of the country having no educational institutions at all. In many places the

school accommodation is inadequate, and the school buildings are in a dilapidated condition and in urgent need of repair. Many of the schools are housed in hired structures which are far below minimum requirements of health. A large proportion of the teachers is untrained. The number of teachers that can be trained in the existing teacher training institutions is small. Textbooks are not available in sufficient numbers and many students have to carry on without any books at all. It is therefore not surprising that drop-out losses are very high in some areas. In the Southern Region only 24% of the pupils enrolled in the first grade of the elementary schools reach the fifth grade. This results in great national wastage, in respect of time, effort and money. Only a small proportion of the students who pass out of the elementary schools can join intermediate schools due to the inadequacy of facilities for intermediate school education.

The small output of intermediate schools limits the number of students eligible for technical training in various fields and for admission into secondary schools. The facilities for secondary and higher education are equally inadequate. The accommodation in the secondary schools is limited, so that only a small number of students can be admitted. There is only one University Institute located in Mogadiscio.

The cost of education is high for a variety of reasons. Capital investment in buildings per pupil is very high due to high building costs. As the population is sparsely spread over a very large area, many of the schools, particularly from the intermediate stage onwards, have to be boarding schools. This further raises the capital construction costs per pupil. As Somali qualified teachers are not available in sufficient numbers, a large proportion of the teaching staff of the schools consists of expatriate teachers who have to be paid at a much higher rate than the Somali teachers.

Vocational and technical education has not received the necessary attention in the past, with the result that training is provided in a few fields only, the quality of instruction is poor and the number of persons trained is relatively small.

In short, the existing educational system is not equipped to meet the needs of the country in respect of the cultural development of the people. It cannot provide the intellectual elite in sufficient numbers to fill responsible positions in public administration, business and industry or the technical and skilled manpower required for the rapid economic development of the country. Nor can it provide a sufficient number of trained teachers to enable a massive effort to be made for rapid educational development.

Five - Year Plan

The five-year development programme for education and training is designed to make up for some of the existing deficiencies in the field of education and to chalk out a line of action which would, in course of time, meet the national aspirations for educational and cultural advancement and provide the manpower required for social and economic development. The valuable report of the UNESCO Educational Planning Group which visited the country in 1962 has been freely drawn upon in the preparation of the programme.

1. Basic Reforms

Certain basic reforms need to be introduced immediately in the field of education.

i) Uniform System of Education

The country must have a uniform national system of education. This would call for a complete re-orientation and unification of the existing systems of education in the North and the South.

ii) Pre-University Course

Pre-University education should be made uniform in both Regions. It is proposed that the pre-University courses should consist of 3 stages — namely elementary, intermediate and secondary — of 4 years each. This would mean that the elementary course in the Northern Region, which at present consists of 3 years, will have to be lengthened by one year and the intermediate and secondary courses will have to be altered after taking account of the lengthening of the elementary course. In the Southern Region the elementary course will have to be shortened, and the intermediate course lengthened, by one year with suitable adjustments in the two courses.

The intermediate course will be divided up into two parts, of 2 years each, namely junior intermediate and senior intermediate. The two parts will be self-contained as well as complementary to each other. There will be an examination at the end of the first part and a certificate will be issued on successful completion of this part of the course. A student who has passed the junior intermediate can continue his studies in the senior intermediate or, if he so desires, can leave the school and go in for vocational training or take up some other activity. This would provide some flexibility at the intermediate stage.

The secondary course in the North as well as the South will continue to be of 4 years' duration as at present. The above changes in the pre-University course will be introduced gradually.

iii) Medium of Instruction

The Somali language should be adopted as the medium of instruction at the elementary stage. This objective can be achieved only after a decision has been taken about the script to be adopted for the Somali language and the necessary textbooks in it have been prepared. In the meantime Arabic should be used as the medium of instruction at the elementary stage.

For the Northern Region this would mean that Arabic would continue to be the medium of instruction in the fourth grade to be added to the existing elementary schools. In the Southern Region this would mean that Arabic would replace Italian as the medium of instruction in the third and fourth grade of the elementary schools. The UNESCO Educational Planning Group has recommended that English should be the medium of instruction from the intermediate stage onwards. If this recommendation is accepted by the Government, it would not call for any change in the Northern Region, but would mean the replacement of Italian by English as the medium of instruction in the Southern Region.

The above changes in the medium of instruction will present many serious problems in the immediate future in respect of the provision of textbooks and of teachers. Besides, there will be a difficult period of adjustment for persons educated under the Italian system with the Italian cultural background. This would cause considerable hardship. The immediate difficulties would be very great but it may be in the long-term interests of the country to adopt English, which, is a "language of wide currency" in the world, as the medium of instruction, till such time as the Somali language is developed sufficiently to replace English at the intermediate and secondary stages. In any case English would continue to be a compulsory second language.

The changes in the medium of instruction will have to be introduced gradually over a period of time, so that students who have already started their education with Italian as the medium of instruction will complete their education with the same medium.

iv) Curriculum

The curriculum, particularly in the early stages of education, should have a Somali and Islamic background and should be based on the genius of the people. This is essential both for facilitating the education of the

child and for preserving the national culture and sense of values. Students educated against a background and culture which is foreign to their own soil tend to become foreigners in their intellectual outlook and cease to have a pride in their own country and culture. But the emphasis on the Somali background does not mean that the education should be otherwise than progressive, fully drawing on the cultural, intellectual, scientific and technical heritage of the whole world. Besides, the curriculum should be the same in the whole country and the existing separate curricula for the North and the South should be amalgamated and replaced by a single uniform curriculum. The introduction of the proposed twelve-year course for pre-University education will necessitate a revision of the existing curricula of the elementary, intermediate and secondary courses. The curricula should have a practical bias and the teaching of science subjects should be emphasized. It should also include the teaching of Islam. Consideration should be given to the desirability of imparting an agricultural and animal husbandry background to curricula for rural schools and an industrial and commercial background to curricula for urban schools.

The preparation of the curriculum for the pre-University course, by revising the existing courses and introducing new elements where necessary would be a major undertaking. It is suggested that the Ministry of Education should appoint a Curriculum Committee for the preparation of curricula for the primary, intermediate and secondary stages and to make arrangements for the preparation of new textbooks where necessary. UNESCO might be requested to provide the necessary technical assistance to this Committee.

v) Geographical Distribution

The geographical distribution of schools is reasonably satisfactory in the Northern Region but leaves much to be desired in the Southern Region. Benadir has 62 out of a total of 165 elementary schools and 14 out of 19 intermediate and secondary schools in the Southern Region. Other regions do not have a sufficient number of schools. The location of new schools to be opened should be designed to correct this geographical imbalance as far as possible.

iv) Tuition Fees

At present no tuition fees are charged for the elementary education throughout the country. Tuition fees are, however, charged for the intermediate and secondary education in the Northern Region, but not in the Southern Region. It is necessary that a uniform policy in respect of the payment of fees should be followed in both regions.

Primary education would continue to be free as required by the Constitution. As for higher education, it would be very good if it were possible to provide free education at all stages, and at the same time to improve the quality of instruction and to expand the educational facilities all over the country. But if, in view of the financial difficulties of the Government, the provision of free education means that the quality of instruction would continue to be poor and further expansion of educational facilities would be restricted, it would be necessary to reconsider the whole position. Education should be free to students who are too poor to pay the tuition fee. But there appears to be no justification for providing free education to students whose parents can afford to pay the tuition fee. The amounts realized as tuition fees would enable the quality of education to be improved.

In the Southern Region only a small percentage of the students has got textbooks. It would be very much in the interest of education if some fees are charged at the intermediate and secondary stages and the funds so raised are used to provide books to all students and to provide additional educational facilities.

In view of the above considerations it is necessary to lay down a uniform system of tuition fees throughout the country.

In order to provide opportunities for education to poor students, a certain percentage of the total number of students on roll should be exempted from the payment of tuition fee.

vii) Teacher salaries

Teacher salaries are inadequate. As a result of this, many teachers abandon the profession and a large proportion of students who join the teacher training centres give up the training before completing the course, to seek better prospects in other fields. The losses to the profession can be stopped by making the emoluments and the status of teachers sufficiently attractive. In March 1962 the National Assembly passed a bill which provides for an increase of about 30% in present salaries. This will bring the teachers' salaries in line with other civil servants of comparable qualifications. The implementation of the provisions of this legislation will go a long way in attracting and retaining suitable talent for the teaching profession.

2. Elementary Education

In 1962, there were 233 elementary schools with a total enrolment of 18,754 children, of which 4,313 were girls. The Plan provides for the im-

provement and consolidation of the existing schools and the opening of new schools. This would result in increased enrolment, improvement in the quality of instruction, and reduction in drop-out losses. The enrolment of girls will be encouraged by all possible means.

In the Northern Region all grade 1, grade 2 and grade 3 schools will be raised to grade 4 schools. In the Southern Region 40 new schools will be opened and rented buildings will be replaced by properly built schools.

The implementation of the above programme would require the construction of about 630 classrooms and the employment of about 700 new teachers and would result in an increase in enrolment of about 13,000 pupils. By the end of the Plan period, the number of pupils completing the elementary education every year would be more than doubled, that is, it would increase from 1,900 to more than 3,800.

The textbooks will be provided free by the Government.

3. Intermediate Education

In 1962 there were 31 intermediate schools, including vocational schools, having 124 classes and 4,000 pupils of which 570 were girls. The schools had an annual intake of 1,600.

These schools are very inadequate for meeting the existing needs. As a result of the implementation of the programme for elementary education, the number of pupils passing out of the elementary schools will be more than doubled. So 56 new intermediate schools, including 11 boarding schools, will be opened. This would necessitate the construction of about 160 classrooms and the employment of about 300 teachers. It is expected that the enrolment at the intermediate schools will be increased by about 8,000 students.

Nine libraries will be established in selected intermediate schools.

4. Secondary Education

There are 4 secondary schools for general education having a total enrolment of 425 students, including 21 girls. Three of these schools have no buildings of their own.

The Plan provides for the construction of buildings for the 3 schools which are without any buildings at present and the establishment of 2 new schools, one a multipurpose secondary school at Afgoi by the United States and the other an ordinary secondary school at Mogadiscio by the U.S.S.R. These two schools will have a maximum enrolment of

about 600 students. It is considered that the improvements of the existing schools, which would result in a considerable increase in the enrolment of students at these schools, and the establishment of the 2 new schools would bring about a substantial expansion of the facilities for secondary education, which, though not very adequate, will serve the purpose for the next few years. So no further expansion in general secondary education is envisaged during the Plan period.

5. Teacher Training

There is a shortage of qualified teachers in the country. This is a serious limiting factor for the opening of new schools. A substantial proportion of the teachers in the existing schools are untrained. Qualified Somali nationals are not available in sufficient numbers to be employed as teachers. Hence the need for employing expatriates. This is a very unsatisfactory situation. Not only the expatriates cost much more than the Somali teachers, but the education cannot be regarded as truly national in character so long as it is imparted by foreign teachers having an entirely different national background. The provision of facilities for the training of teachers is therefore very important for the future of education in the country.

There are at present 2 institutions for training elementary school teachers, one the Teacher Training Centre at Amoud and the other the Scuola Magistrale at Mogadiscio.

The Teacher Training Centre at Amoud had originally a two-year training course which was later reduced to a one-year course. It is proposed to raise it to a three-year course. The Scuola Magistrale at Mogadiscio has a three-year course and will remain unchanged.

A new Teacher Training Institute for the training of teachers for elementary schools will be established at Afgoi with U.S.A. assistance. The Institute will also have a three-year course.

A large number of teachers at the elementary schools are untrained. There are some who are only partly trained, that is those who have received only a one-year training course. It is proposed to provide in-service training for such teachers. Untrained teachers having a long teaching experience should be treated at par with trained teachers in status and emoluments etc. after they have received proper in-service training.

It is proposed to set up a new Teacher Training Institute with a science bias at Mogadiscio for the training of teachers for intermediate schools. This is necessary to meet at least a part of the needs for intermediate school teachers.

No training centre is proposed to be established for the training of teachers for secondary schools during the Plan period, largely because of the shortage of candidates qualified for admission to the centre. Reliance will have therefore to be placed on expatriate teachers and the Somali students trained abroad for staffing the secondary schools. It should be possible to establish one or more centres for the training of teachers for secondary schools during the second Plan period.

6. Vocational Education

There are at present 7 intermediate schools providing vocational education in religion, home economics, agriculture, typing, book-keeping, elementary maritime engineering, woodwork, masonry, drawing, mechanics and electricity. These schools have altogether 36 classes with a total enrolment of 1,310 students including 242 girls. The schools are expected to produce trained personnel and skilled workers in their respective fields.

Most of these schools are badly in need of improvement in respect of the curriculum, accommodation, equipment and the quality of the instruction provided. The curriculum should include the training of shoemakers, tailors, blacksmiths, tool makers, plumbers, painters and printers. Special evening courses may be held in industrial schools for imparting particular skills whenever necessary. It is considered that, if the needed improvements are made, the enrolment of students can be increased, so that the schools would be able to meet the country's requirements of artisans and skilled workmen for the next few years. The Plan provides for the necessary improvements in these schools but no increase in the number of schools is envisaged during the Plan period. It is, however, presumed that some of the large and medium-scale industries will make their own arrangements for in-service training of their workers.

7. Technical Education

There are at present 7 technical schools at the secondary school level. Two of these are teacher training centres, training teachers for the elementary schools. Two are commercial schools, one of which trains students for clerical jobs and the other provides training in typing, shorthand, book-keeping, etc. One is a religious school providing instruction in Islam, in addition to general education, and 2 are industrial schools providing training in mechanics, drawing, radio repair, electromechanics, etc. Most of these schools need expansion in their curriculum and improvement in the quality of their instruction. Three of these schools have no buildings of their own. The Plan provides for the necessary im-

provements and the construction of buildings for the 3 schools which are without any buildings at present. As regards expansion, 2 technical institutes will be opened, one to be provided by the Federal Republic of Germany and the other by the Government of Czechoslovakia. It is also proposed to establish a technical training school for agriculture. All these institutions will be at the secondary school level.

8. Higher Education (General)

There is only one institution in the country, namely the University Institute, Mogadiscio, which provides instruction in law and economics at the University level. No instruction is imparted in science subjects. Besides, as the medium of instruction is Italian, students from the Northern Region who do not know Italian cannot avail themselves of the facilities of the Institute.

With a modest expansion, the enrolment at the University can be substantially increased. The scope of the University should be enlarged to provide for instruction in science subjects. Arrangements should also be made for the teaching of students with English as the medium of instruction. A project for the development of the University on the lines indicated above is under preparation.

9. Higher Education (Technical)

The number of higher level technicians in various fields required by the country will be rather small. It would therefore not be economical to provide facilities for the training of such technicians within the country. The Ministries concerned are making their own programmes for the training abroad of high level technicians in their respective fields.

10. Preservation of Somali Culture

The Somali Republic has a great wealth of folklore and ancient cultural traditions embodied in oral literature, songs, poems, proverbs, stories and material articles handed down from generation to generation. As a result of the impact of modern civilization which may disrupt the traditional way of life, it is feared that some valuable parts of the Somali literature and culture may be lost forever with the death of the older generation. This would be a great loss to the people as it would damage the Somali language, endanger national character and national pride. The need is therefore urgent for the preservation of this national heritage for the benefit of future generations.

The Plan includes a project for the preservation of Somali culture. The project provides for the preservation on tape, in writing or in pictures, of the works on Somali oral literature, historical reminiscences, manners and customs; the collection of materials relating to the history and culture of the people, i.e. arms tools, textiles, clothes, national costumes, pottery, toys, coins and rare books; the surveying and photographing of old historical buildings which are threatened by decay; the preparation and printing of material suitable for publication; and the publication of an anthology of Somali literature. The project will take five years to complete.

Financial Costs

The educational development is expected to cost So. Sh. 92 million during the five-year period, over and above the normal education budget. This is inclusive of the cost of the Teacher Training Institute which is being built with U.S.A. assistance and which is estimated to cost So. Sh. 24 million. It is considered that the annual recurring expenditure on education would be increased by So. Sh. 13 million by the end of the Plan period.

XIV.

HEALTH AND VETERINARY SERVICES

The Somali Republic presents difficult health problems due to the large size of the country, inadequate transportation facilities and a sparse population which is largely nomadic. The existing health facilities leave much to be desired both in quality and in coverage. The medical facilities are concentrated in a few urban centres, particularly Mogadiscio, to the detriment of other areas. The emphasis has been mainly on curative services and very little attention has been paid to preventive measures. Most of the existing hospitals are below minimum acceptable standards in respect of accommodation, equipment and services. There is a serious shortage of doctors and other medical personnel. The Five-Year Plan is designed to make up for some of the above deficiencies with a view to improving the health of the people.

The Plan provides for a unified health programme, closely integrating the programmes for the Northern and the Southern Regions of the country. However, as historically the health facilities in the two regions have evolved on different lines, it will not be possible to achieve complete uniformity during the Plan period. But the basic approach and the objectives to be achieved in both regions are the same.

The Plan attaches very great importance to preventive measures. It also provides for the consolidation of the existing curative facilities and the expansion of these facilities to meet the minimum requirements of the population. The preventive and curative services will be closely integrated.

Public Health

In the Northern Region the public health services will be provided by dispensaries. In order to take these services as close to the nomads as possible, the number of dispensaries will be increased from 26 to 49. Each dispensary will have at its disposal the services of a senior dresser, two field dressers and a midwife. The field dressers will be touring amongst the nomads, treating minor ailments and referring more serious cases to the dispensaries and the hospitals.

In the Southern Region public health wings will be attached to curative units. Thirty-one such wings will be established in the regional and district centres. They will be provided with the services of public health officers, public health nurse-midwives and sanitarians, and will be charged with the responsibility for the adoption of necessary measures for the prevention of disease, improvement of sanitary conditions and the provision of maternity and child health facilities. They represent a new approach to the problems of public health and are expected to be of great benefit to the nomadic and rural populations.

The incidence of tuberculosis and malaria is very high in the country. This calls for the adoption of special measures to combat these diseases.

The programme for the control of tuberculosis provides for a mass BCG campaign to cover the entire population. This will be followed later on by a mass radiography and treatment campaign in selected areas. Arrangements will be made for the treatment of TB out-patients in hospitals. The Forlanini TB Hospital Mogadiscio, and the TB Hospital, Hargeisa, will be improved and TB wings will be attached to the regional and district hospitals. Two TB hospitals of 50 beds each will be built by U.S.S.R., one at Uajid and the other at Sheikh. The number of TB beds in hospitals will be increased from 1,100 to 1,675, that is an increase of 575.

The National Malaria Service will be expanded and a programme for the eradication of malaria will be started. DDT spraying of selected areas will be undertaken and the larvicidal measures of static water sources will be continued. The training of personnel and scientific research for the eradication of the disease will be carried out. The adoption of the above measures would prevent the outbreaks of epidemics, would reduce the incidence of malaria and would take the country a long way towards the goal of complete eradication of the disease.

Medical Care

The new hospital in Mogadiscio, the construction of which has been financed by the Common Market, will be completed and equipped. It will have 604 beds. The number of beds in the De Martino Hospital, Mogadiscio, will be reduced from 804 to 300, which will be retained for chronic and incurable cases. Other patients of the De Martino hospital will be transferred to the new hospital. If the number of beds in the new Mogadiscio hospital is increased to 800, two Mogadiscio hospitals, namely De Martino and Rava, will be completely closed.

The existing medical facilities in the Southern Region, namely 13 regional and district hospitals, 37 infirmaries and 94 ambulatories will be improved, 6 new district hospitals and 75 new ambulatories will be built.

The new ambulatories will be so located as to bring medical facilities within the reach of the bulk of the population.

In the Northern Region the existing 7 district hospitals will be improved. The number of dispensaries will be increased from 26 to 49, of dental clinics from 1 to 6 and of health centres from 1 to 2.

The number of hospital beds, other than TB beds, in the country will be increased from 2,075 to 2,440. There will not only be a substantial expansion of medical facilities in the country, but the quality of the services provided by them will also be greatly improved.

Public Health Laboratory Service

A Public Health Laboratory Service will be created which will combine diagnostic, sanitary, training and research functions. A Central Public Health Laboratory will be established in the new Mogadiscio hospital, which would act as a referral laboratory for the whole country. The Forlanini hospital laboratory, which is at present serving as a public health laboratory, will be limited to hospital work only and its surplus equipment will be moved to the laboratory in the new Mogadiscio hospital. The laboratory services at the regional and district levels will also be improved.

Training of Medical Personnel

Training facilities have to be provided for the medical personnel required for carrying out the Health Plan. The establishment of a medical college for the training of doctors is a very costly undertaking and is worthwhile only when about 100 doctors are likely to be graduated each year. As the number of doctors required by the Somali Republic would be far less than this, it would be much more economical to send Somali students for training abroad as doctors. Besides, it should be possible to obtain the necessary number of scholarships for foreign training under the various technical assistance programmes. So the Health Plan does not provide for the establishment of a medical College in the country.

Medical personnel other than doctors, namely nurses, health officers, sanitarians, midwives and laboratory technicians, etc. can and should be trained within the country. A Nurses' Training School will be established

in the new Mogadiscio hospital. It will admit 15 trainees each year and the training course will be for a period of two years. The auxiliary nurses for staffing the TB wings in the regional and district hospitals will be trained at Mogadiscio in the Forlanini hospital and the Mogadiscio, TB Centre. The Health Personnel Training School, Mogadiscio, will train health officers, public health nurse-midwives, sanitarians and laboratory technicians. Medical personnel will also be trained at the Medical Training School, Hargeisa. The National Malaria Service will train its own laboratory and field workers.

The phasing of the Health Plan and of the training programme have been properly coordinated to ensure the availability of medical personnel for the implementation of the Plan.

Veterinary Services

In view of the importance of livestock to the economy of the country, the existing veterinary services are very inadequate for meeting the needs of the livestock population. The control of animal disease through preventive measures and arrangements for proper treatment of sick animals would result in a very substantial increase in the production of livestock and livestock products.

The Plan provides for the establishment of 8 regional veterinary centres and 37 district veterinary centres. Each centre will be properly equipped and staffed and will be provided with necessary transport and adequate supplies of medicines. Each regional centre will be provided with laboratory equipment and will have the services of a qualified veterinary doctor to act as a regional director along with other veterinary staff. Each district centre will have a veterinary assistance along with other staff. The veterinary assistant would be spending most of his time touring in the field.

The most urgent need is for qualified veterinary doctors and other veterinary personnel. Proper arrangements will be made for training of doctors. In the meanwhile veterinary doctors will be obtained from abroad. Veterinary personnel at lower levels can be trained within the country.

As a fee is charged for the provision of veterinary services, the additional recurring cost will be covered by income from fees, so that there will be no additional recurring burden on the general taxpayer.

Financial Costs

The Five-Year Plan for Health and Veterinary Services is estimated to cost about So. Sh. 43 million, over and above normal budgetary provi-

sions. This is exclusive of the cost of running the new Mogadiscio hospital which is being separately estimated. The annual recurring expenditure in the last year of the Plan will exceed the 1962 budget by about So. Sh. 12 million.

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XV.

LABOUR AND EMPLOYMENT

Objectives

The objectives of the Plan in the field of labour and employment may be stated briefly as follows:

- 1) To increase employment opportunities.
- 2) To improve the working and living conditions of workers.
- 3) To raise the level of wages by increasing the productivity of workers.
- 4) To provide, through education and training, the skilled manpower required for the implementation of the Plan .
- 5) To create conditions conducive to industrial peace by placing labour-management relations on a sound basis.
- 6) To promote the development of the trade union movement on healthy lines.
- 7) To make a beginning for the provision of social security.

Employment Opportunities

The creation of additional employment opportunities is the greatest benefit that can be conferred on the working population. This would increase the incomes of the people, and would tend to raise the level of wages, thereby improving the living standards of workers. It is difficult to estimate the exact number of jobs which would be created directly and indirectly by the implementation of the Plan. However, the need for the provision of more job opportunities has been kept constantly in view in the selection of the projects to be included in the Plan and it can be stated with some confidence that the employment situation would be substantially improved by the implementation of the Plan.

Manpower Survey

Reliable data about the existing level of unemployment are not available. There is a large number of people seeking jobs. But this does not enable a proper evaluation of the unemployment situation to be made.

The Plan will create a great demand for technical personnel and skilled workers. There would also be a substantial increase in the number of trained personnel. But it is possible that the number of persons trained may fall short of the demand.

The need for obtaining more reliable information about the level of employment and unemployment, the existing shortages and surpluses of technicians and skilled workers, and the future demand for, and supplies of, workers of various categories and at various levels of skills, is obvious. The Plan provides for a manpower survey to obtain the necessary information (1). The results of the survey will facilitate the preparation of a manpower budget for the Plan and would indicate the modifications that may be necessary in the Plan for the creation of additional job opportunities and for training of technical personnel.

Revision of Labour Legislation

The working and living conditions of the labourers can be improved by the effective enforcement of minimum standards of safety and health, by the payment of adequate remuneration for work, by the provision of rest and holidays, and by the workers' ability to bargain with their employers on an equal footing. Suitable labour legislation is necessary for all this.

The existing legislation appears to be reasonably satisfactory. It covers conditions of work, occupational health and safety, working hours, night work, weekly rest and holidays, annual leave, employment of women and children, remuneration, for work, provident funds, labour-management relations, collective labour agreements, organization of the trade unions, and labour disputes. Proper enforcement of the existing labour laws would go a long way in improving the working and living conditions of the workers. There is, however, considerable scope for improvement of labour legislation. The existing labour laws have been studied with the assistance of ILO with a view to their improvement in the light of past experience and in anticipation of the emerging situation in connection with the implementation of the Five-Year Plan. Steps have already been taken for the enactment of the necessary revised legislation.

Enforcement of Labour Laws

The enforcement of the existing labour legislation leaves much to be desired. As a result of this the workers do not get the full benefits and

(1) Please see also the chapter on "Surveys, Investigations and Research".

the protection provided for in the labour laws. The enactment of improved legislation would be a wasteful effort if the existing and the revised laws remain a dead letter.

The Labour Inspectorate in the Department of Labour is charged with the enforcement of labour laws. It is also required to promote the material and moral welfare of workers, to improve labour-management relations and to arrange for conciliation in labour disputes. The Head of the Labour Department is designated as Chief Labour Inspector. The law also provides for the appointment of Regional and District Labour Inspectors. As the Labour Department has no Regional Inspectors of its own at present, the Regional Governors act as the Regional Labour Inspectors. District Labour Inspectors have been appointed by the Labour Inspectorate in some districts. In others, the District Commissioner acts as the District Labour Inspector. The District Commissioners are so preoccupied with their numerous other duties that they cannot give sufficient time for the enforcement of labour laws. The Labour Department is not adequately staffed and, therefore, needs to be strengthened in order to enable it to discharge its responsibilities properly. There is need for more whole-time labour inspectors having supporting staff, adequate office space and transport facilities for visiting labourers' places of work. A mere increase in the number of inspectors will not serve the purpose, unless the inspectors are properly trained and qualified for their jobs. The Labour Department needs to be reorganized and strengthened. The Inspectorate should be expanded as and when the necessary qualified staff becomes available after training. Priority should be given to the appointment of labour inspectors in areas of greater economic activity having a sizeable number of labourers working for wages.

Enforcement of labour laws can make a very important contribution to the maintenance of industrial peace and of a contented labour force which are essential for increasing production. The relatively small additional cost of maintaining a proper Labour Inspectorate will pay itself many times over in the form of better working conditions for workers and greater labour welfare.

Labour-Management Relations

The maintenance of proper labour-management relations cannot be over-emphasized. An understanding of each other's point of view by the workers and the management is very helpful for the maintenance of industrial peace. The employers should understand that workers have to be provided with working conditions satisfying minimum standards of health and safety and have to be paid adequate wages. On the other hand, the workers should understand that the employers are carrying on their

business mainly for profits and that a wage level which reduces profits to a very low rate or which results in losses to the employers would not be feasible, for it would then be in the interest of employers to go out of business rather than suffer losses. In final analysis, wages are paid out of the workers' contribution to production. In other words, wages can be increased by increasing the productivity of labour, and it is in the interest of the workers themselves to strive to achieve greater productivity. Both the employer and the worker stand to gain by willingly cooperating with each other. Such cooperation is possible on the basis of a proper understanding of each other's problems. There is, thus, need for some arrangement for bringing the two together in a spirit of partnership and cooperation rather than of hostility.

The Government has tried to provide the necessary machinery by the establishment of a Central Labour Commission, composed of the representatives of Government, workers and employers. The Commission is required to study problems relating to movement and placement of workers, vocational training, drafting and application of collective labour agreements, fixation of minimum wages, improvement of the material conditions and the moral welfare of the workers, and social security. It is expected to advise the Government with regard to all kinds of labour problems. It shall also examine questions relating to the occupational classification of workers and appeals against measures taken by Labour Inspectors in connection with the placement of workers.

The Commission consists of the Minister of Health, Veterinary and Labour as President and twenty-five members with twenty-five alternates and is required under the law to meet at least twice a year. The Commission is a rather unwieldy body. The Government proposes to reduce the number of members to enable it to meet more frequently and to conduct its work in a more businesslike manner. The representatives of the Government, workers and employers will be in the proportion of two, one and one respectively. If necessary, it should be possible for the Commission to appoint a Sub-Commission for dealing with particular problems.

The performance of the Commission is greatly dependent on the development of the trade union movement and the effective representation of the workers' point of view. In the course of time the Commission can play an important role in the maintenance of industrial peace and the promotion of cooperative relations between workers and employers.

Trade Union Movement

The Government attaches very great importance to the development of the trade union movement. It is the strength of the workers' organization

that can secure their due right for them. A strong trade union movement can, therefore, make a very valuable contribution to the improvement of working and living conditions of the workers, which is one of the important objectives of the Plan.

The Constitution provides for freedom of association and gives every individual the right to join a trade union for the protection of his economic interests. Discrimination against a worker by reason of his membership in a trade union is prohibited by law. In order to prevent the weakening of trade unions by the formation of rival unions through the splitting of existing ones, a union is required to have a minimum strength of fifty members before it can receive legal recognition.

At the end of February 1963, there were 33 registered trade unions and 5 federations of unions. But many of the unions and federations are not functioning properly. Information is not available about the membership of trade unions. The number of organized workers is a relatively small proportion of the total number of wage-earners.

The trade union movement is still in early stages of development and is rather weak. This form of organization and the kind of loyalties it requires are rather new against the Somali social background and will, therefore, take some time to develop. Much, however, depends on the quality of leadership. In the absence of good leaders who should be concerned mainly with the interests of the workers, the unions can be easily exploited by self-styled leaders from outside for political purposes. Facilities should therefore be provided for the training of trade union leaders springing from the ranks of the workers themselves. Other measures which the Government can adopt for the promotion of trade unions are the strict enforcement of the legal prohibition of discrimination against workers by virtue of their membership in a trade union and the provision of advice and technical assistance for the establishment of trade unions amongst workers where none exist.

Labour Disputes

Industrial strife frequently causes great harm to all the parties involved. The country suffers a loss of production consequent upon the stoppage of work due to a strike or a lockout. The employers suffer a loss in profits. The workers suffer great hardship, both material and otherwise; the mental strain to which they are subjected greatly affects their morale. But it does not follow from all this that strikes should be banned. The right to strike is one of the most effective weapons which the workers can use to improve their working conditions and to raise the

level of their wages. However, it is in the interest of all concerned that this right should be exercised when other means for securing the workers' objectives have failed.

In the Somali Republic the right to strike is guaranteed by the Constitution. It can, however, be exercised only within the limits set by the law. Unofficial strikes are forbidden by law. A 48 hours' notice has to be sent to the employer and to the District Labour Inspector before the strike and a reconciliation procedure has to be followed before resorting to strike. The dispute has first to be submitted to the District Labour Inspector who appoints a conciliator. If conciliation fails, the District Inspector can submit the dispute to the Regional Labour Inspector for a further conciliation attempt or for allowing the parties to go to the court.

The law appears to be directed to discourage strikes as far as possible and the Labour Inspectors are assigned a very important role in this. However, the reconciliation procedures can normally work satisfactorily only in areas which are served by whole-time Labour Inspectors. This also points to the need for strengthening the Labour Inspectorate.

There have been very few labour disputes recently. But in view of the rapid economic development as envisaged in the Plan, the number of wage-earners will be greatly increased. This is likely to be accompanied by greater industrial strife. This shows the need for the adoption of measures designed to remove the root causes of dissension as far as possible and for the creation of an efficient machinery for handling industrial disputes when they arise.

Social Security

There is a scheme for employment accident insurance which is administered by the Somali Social Insurance Fund (C.A.S.S.). This insurance is compulsory for all the workers and employees who are entitled to it according to the law. It also covers most of the occupational diseases. The scheme applies to activities which are intrinsically risky and to certain branches of the economic field specified by law. The insurance provides medical benefits, temporary and permanent incapacity benefits and survivors' benefits. The cost of the insurance is met by the employers.

Complete social security covering medical care, unemployment, old age, etc. is not feasible at the present stage of economic development of the country. It will take a long time to provide complete coverage to the entire labour force. The costs of insurance have largely to be met by the employers. Too heavy a cost can inhibit the industrialization of the country. This would prevent an increase in employment opportunities,

which may otherwise be possible and would thus work against the interests of the workers themselves. A beginning should, however, be made for extending some of the social insurance benefits to a larger proportion of the working population. The possibilities of extending the health coverage to certain categories of workers and of extending the employment accident insurance to other categories of workers who are not covered by the existing scheme are being studied. These problems are being examined with the assistance of an ILO expert. An improved insurance scheme, which is considered to be feasible under the existing conditions in the country, will be formulated in due course for implementation.

XVI.

SOCIAL WELFARE AND COMMUNITY DEVELOPMENT

Social Problems

The Somali Republic has a number of social problems. Some of these are implicit in the nomadic character of a very large proportion of the tribal population. This poses the problems of family life, education of the children, the provision of public health and medical facilities and the problems inherent in the gradual transformation of the subsistence into the monetary economy. Some of the nomads are settling down to a sedentary form of life, taking up agriculture and other economic activities. Urbanization is rapidly on the increase. All this creates a whole set of new social problems. The family and tribal ties are loosened and customary moral sanctions are weakened. Then there are the problems of housing, water supply, recreation, abandoned children, child delinquency, unemployment, absorption of workers into new economic activities and their adjustment, to new social environments. The greatest of all social problems is that of poverty. These can be tackled through economic development. But additional social problems are likely to be created as a result of a rapid economic change, arising out of the process of economic development. All this calls for a continuous study of the existing and newly emerging social problems, the training of competent personnel and the adoption of suitable measures for handling these problems. The programme for social welfare and community development, which is extremely modest, is designed just to make a beginning for meeting some of these needs and to prepare the country for undertaking a much larger programme in subsequent Plan periods. The social welfare and community development techniques of self-help and cooperative action will be used, to the maximum extent possible for improving the economic condition of the people.

Development Programme

1. Creation of a Social Welfare Organization

A social welfare organization has been created in the Ministry of Interior to take charge of the preparation and implementation of social welfare and community development programmes. It is expected to main-

tain liaison for the coordination of the work of the various Ministries and private organizations concerned with social welfare.

2. Creation of a Consultative Council for Social Welfare

It is proposed that a Consultative Council for Social Welfare should be created to advise the Government on the preparation and implementation of development programmes on the basis of the felt needs of the people and to ensure cooperation between public and private agencies for social welfare. The Council should be composed of representative of private organizations drawn from all over the country and Ministries concerned with social welfare. The Council should encourage and stimulate private effort in the field of social welfare. It should meet once a year or more frequently if necessary. The social welfare organization should act as the secretariat for the Council.

Apart from the creation of the above two organizations, the programme may be broadly divided into two main categories, namely preventive and curative. Higher priority needs to be given to the former than to the latter, for it is more economical to prevent social maladies from arising than to cure them after they have arisen. The preventive programme should include research, training of personnel, and establishment of youth clubs, women's clubs, and community development projects. The curative programme should include the reorganization of the Government orphanage, Mogadiscio, expansion of the "Children's Homes", at Hargeisa and War Shaikh, and the establishment of a "Boys' Village" for vagrant children.

3. Research

Studies should be undertaken of the problems of urbanization, aged in need, beggars, physically handicapped, abandoned children, child delinquency, prisons and prostitution. These studies would require technical assistance from abroad which should be secured from the United Nations and other agencies.

4. Training

One of the important features which distinguishes social welfare and community development work from ordinary charity is the use of professional services for helping local communities to organize themselves to meet their common needs by cooperative action, for creating local leadership and for maintaining liaison with public and private agencies providing educational, health and other facilities. This highlights the need

for qualified personnel for carrying out any sizeable development programme. It is proposed that an ad hoc training centre be established for training multipurpose personnel required for the establishment of youth clubs, women's clubs, community development projects and curative projects. Technical assistance from the United Nations and other agencies may be sought for providing the instructors for the training centre. Training may be put on a permanent basis later on in the light of future requirements of qualified social welfare personnel.

5. Youth Clubs

Children and youth should be provided with opportunities for using leisure time for their physical and intellectual development, particularly under conditions of rapid urbanization. This means that the youth should have facilities for organizing themselves into societies for scouting, gymnastics, football, baseball, photography, painting, drawing, swimming, literature, theatre, etc. This can be done by providing a meeting place and the services of a social welfare worker trained in the organization of youth clubs. It is proposed to establish 8 youth clubs in urban centres, beginning with Mogadiscio. Such clubs can make a useful contribution in preventing child delinquency and crime by directing the activities of children and youth on healthy lines.

6. Women's Clubs

The organization of Women's Clubs, more or less on the same lines as the Youth Clubs, is necessary, for the physical, mental and cultural development of women and for providing them with recreational facilities. It is proposed to establish 8 such clubs, one at each regional centre, during the Plan period.

7. Community Development

It is proposed to establish a number of community development projects in the rural areas all over the country. These projects would be designed to meet the felt needs of the local communities. The main purpose would be to increase the incomes of the members of the communities by such means as conservation of water for irrigation and drinking, drainage and clearance and improved cultivation of land. The projects may also create common facilities and assets which may be of permanent benefit to the local communities, such as connecting roads, schools, clinics, etc. The emphasis will be on self-help and cooperation. But some services and/or materials may be provided on a subsidized basis or free of charge by the Government to encourage local communities to organize themselves.

8. Reorganization of Government Orphanage, Mogadiscio

The Government Orphanage, Mogadiscio, can accommodate 600 orphan boys sent from all over the country by District Commissioners. The orphans are given a general and vocational education. The orphanage is a useful institution, but there is considerable scope for its improvement. It is proposed that a proper survey of the orphanage should be undertaken with a view to reorganize it in order to increase its usefulness for the upbringing and training of the orphans.

9. Expansion of "Children's", Hargeisa

The "Children's Home", Hargeisa, can at present accommodate 100 handicapped children in the Northern Region. It imparts elementary education and vocational training to the children but does not provide for their physical rehabilitation. It is proposed that the institution should be expanded to accommodate 250 handicapped children from all over the country and that, in addition to elementary and vocational education, it should also attend to their physical rehabilitation. For this purpose it would be necessary to create a special section in the Hargeisa hospital and to set up a workshop for making simple prostheses. The physical rehabilitation would relieve a good deal of avoidable suffering on the part of handicapped children.

10. Expansion of "Children's Home", War Shaikh

A beginning has been made for the establishment of a Children's Home at War Shaikh, at a distance of 60 km from Mogadiscio. One hundred homeless and crippled children have so far been accommodated. The Home is under construction. So far a dormitory and a Koranic school have been completed. A dining room and a primary school will be ready shortly. It is proposed to expand the Home to accommodate more children and to make proper arrangements for their upbringing, education and training.

11. Boys' Village for Vagrant Children

It was estimated that in 1960 there were as many as 300 abandoned and vagrant children, mostly boys, in Mogadiscio alone. The number is likely to have increased since. These children present a serious social problem. It is proposed to establish a "Boys' Village" for vagrant children as a pilot project.

The "Village" should have about 200 children from 7 to 17 years of age. It should be located at some distance from Mogadiscio, say in Afgoi

district, and should have sufficient land for mixed farming. The children should be given a basic education and training in certain skills which would enable them to earn a living after leaving the institution. In addition to farming they should receive training in some such craft as motor mechanics, electricity, carpentry, masonry, etc. The institution's main role should be character building. Life in the "Village" should be made sufficiently attractive to make the children willing to stay. An "esprit de corps" should be created. The children should be encouraged to maintain discipline amongst themselves. An attempt should be made to enable the "Village" to meet a large part of its own cost of maintenance, other than staff salaries. The garden produce, livestock, milk, eggs, etc. should be produced not only for the consumption of the institution but also for sale.

The experience gained from this pilot project should be useful in the preparation of future programmes for tackling the problems of abandoned and vagrant children.

Financial Costs

The social welfare and community development programme is estimated to cost So. Sh. 6 million, as shown below. These estimates exclude the cost of community development projects that may be carried out under the auspices of Ministries or agencies other than the Social Welfare and Community Development Department.

	Thousand So. Sh.
1. Social Welfare Research	100
2. Training	200
3. Youth Clubs	300
4. Women's Clubs	300
5. Community Development Projects	3,900
6. Expansion of Children's Home, Hargeisa	300
7. Expansion of Children's Home, War Shaikh	400
8. Boys' Village, Afgoi	500
Total:	6,000

XVII.

I N F O R M A T I O N

The implementation of the Plan requires the willing and whole-hearted cooperation of the people. This cannot be taken for granted. Considerable effort has to be made to secure it.

In view of the present state of under-development of the country and the lack of "social overheads" which are a pre-condition for development, the Plan has to concentrate on the building of the infrastructure in order to create favourable conditions for future development. Although the infrastructure will enable future production to be increased, the period of its construction is usually a period of sacrifices rather than of benefits. The people have to work harder and to save more. In other words, they have to forego some leisure and the satisfaction of present consumption. There would no doubt be later benefits in the form of increased production and higher incomes. But a large part of these benefits will be in the future. For the present the people will have to wait. This is not easy, unless they are made to understand the importance of future benefits, to themselves and to their children. It is imperative that the people should be persuaded to adopt the objectives of the Plan as their own.

Development in a democratic set-up is markedly different from what it is in an authoritative and totalitarian regime. In the latter case the wishes of the people can be ignored for a time, who can be compelled to do what the Government considers to be good for them. But this is not possible in a democratic form of Government where the will of the people is supreme and where the Government is their servant rather than the master. In such a set-up it is not possible to impose burdens on the people without first securing their consent.

The above discussion shows the importance of securing the cooperation of the people for the implementation of the Plan by persuasion and education. This points to the need for an information service properly staffed and equipped to use the various media of mass communication for educating the people and preparing them for the effort required for the implementation of the Plan.

The development programme for information is designed to project the Plan to the people and to provide them with normal information services and entertainment.

National News Agency

At present the collection, processing and supply of news from various parts of the country is very inadequate. This has hampered the development of the press and the broadcasting of news. It is, therefore, proposed to establish a National News Agency to make up for this deficiency. The agency will provide a centralized service for the treatment of news and will thus facilitate the work of the various dissemination media.

Broadcasting

Broadcasting is the most important medium for mass communication in the country at present and will continue to be so for a long time to come. An attempt would be made to provide programmes for youth, women, farmers and other workers, fundamental and civic education, national institutions and life, culture and current affairs. Particular importance will be attached to educational broadcasts.

A new 50 KW short-wave transmitter will be installed along with necessary equipment in 1963 with the assistance provided by the Soviet Union. This will enable present broadcasts intended for sectional or foreign audiences to be transmitted on separate wave-lengths. The home programmes will thus have more time and greater freedom to develop interesting features. This would necessitate the expansion of studio facilities, including the replacement of old and unserviceable studio equipment. It will also be necessary to establish the nucleus of a field service equipped with recording vans to produce some material for broadcasts. Arrangements are being made for the training of engineering staff for the operation and maintenance of the transmitters.

The Press

At present there are only two journals published in the country, one an Italian-Arabic daily newspaper, and the other an English weekly. A daily English-Arabic newspaper also appears to be necessary. It is proposed that, when a decision about the script for the Somali language is taken, a daily newspaper and fortnightly magazine in the Somali language will be started. Other publicity material will also be prepared to meet special needs. Facilities will be provided for the training of Somalis

in journalism. It should be pointed out in this connection that the newspaper service has to be provided by the Government as it is unattractive to private enterprise, for it has to be run at a loss due to the small number of potential subscribers.

The printing press provided by the Soviet Union will greatly facilitate the development of newspapers.

Films and Other Visual Aids

Visual aids for mass communication have very great scope in the Somali Republic due to the high degree of illiteracy. A limited number of newsreels and documentary films have been produced in the country during the last few years. It is proposed that a beginning should be made for the establishment of a Films and Visual Aids Service. A photographic and film laboratory to be provided by the Federal Republic of Germany would be greatly helpful in this connection.

Financial Costs

The financial costs of the various programmes stated above are roughly estimated at So. Sh. 10 million.

XVIII.

S T A T I S T I C S

There is a serious shortage of statistical information which is essential for development planning. Reasonably satisfactory statistics are available for money, banking, public finance, shipping, air transport, foreign trade and balance of payments. Statistics in other fields are either not available at all, or are of very limited value, if available. These fields include population, birth and death rates, immigration and emigration, labour force, employment and unemployment, wages and salaries, areas under different crops, agricultural production, yields of different crops, agricultural holdings, livestock, livestock products, livestock trade, forestry, fisheries, large-scale, small-scale and handicraft industries, building construction, electricity, wholesale and retail trade, price indices, road transport, education, health, national income, personal incomes and housing.

The formulation of Government policies and the planning for development are extremely difficult in the absence of reliable statistics. The planning of agricultural and industrial development presents serious problems when information is not available about the size and the rate of growth of population, the consumption patterns of the people in various income groups, existing areas under different crops, yields and production costs of crops, the size of the domestic market for industrial products, industrial raw materials, skilled workers of various categories, and the level of wages. Planning for livestock requires information about the size, composition and age distribution of the livestock population, grazing lands, watering places, incidence of various animal diseases, livestock products, marketing of livestock and livestock products, and the consumption patterns of the nomadic population raising livestock. Planning for power development requires information about the existing generating capacity, the load factories at different centres, the rate of growth of power demand, the cost of generation and distribution and the prices charged to the different classes of consumers. Planning for transport requires information about the construction and operating costs of various means of transport and traffic densities.

Planning for full employment requires information about the size of the labour force and its rate of growth, the existing level of unemploy-

ment, the shortages and surpluses of skilled workers of various categories, facilities for training and the wages of different levels of skilled workmen. Planning for education requires information about the size of the population in different age groups, the number of students attending various classes, the utilization of existing educational institutions, the number of trained teachers and facilities for the training of teachers. Planning for health requires information about the incidence of various diseases, differential death rates, impact of measures for the prevention of disease, curative facilities and the number of medical personnel trained and under training. Planning for housing and community development requires information about the rate of urbanization, number and types of dwellings, the existing housing shortages, family budgets of persons at various income levels showing the proportion of income spent on house rent, and recreational and other community facilities.

Information about national income and its distribution, consumption patterns, savings, the composition of imports and exports and the rates of their growth, terms of trade, and changes in price level is required for the formulation of general social and economic policies and overall development plans.

Except in a few cases, the above information is either not available at all or is so incomplete and unreliable as to be of little practical use.

The proposed development programme for statistics attempts to make up for the more serious deficiencies in the statistical information. If it is carried out fully, it will provide useful information about human population, settled as well as nomadic, age structure, occupations, birth and death rates, rates of natural increase, literacy, national income, family budgets, retail and wholesale prices, cost of living indices, foreign trade, balance of payments, agriculture, livestock, industry, education, health, transport, communications and labour.

The programme comprises the following three parts, which are, however, interdependent:

1. The reorganization and expansion of the head-office of the Statistical Service (Servizio di Statistica);
2. Establishment of a field organization and of regional offices;
3. Training programme.

Head-Office

The Head-Office will be staffed and equipped for planning and controlling operations generally, for processing the data collected by the field

organization or obtained from other sources, and for the publication of statistical information. The planning and designing of surveys, the preparation of forms and questionnaires, compilation, analysis and interpretation of statistical information require a very high level of professional skill and ability. The Head-Office will, therefore, have at its disposal the services of a number of foreign advisers, 4 Somali senior statisticians who will become available in the course of time, statistical assistants, clerks, machine operators and other staff. The planning, supervision of work, analysis of data and the preparation of reports and comments will probably have to be undertaken by foreign experts throughout the Plan period. This work should be gradually taken over by the Somali statisticians during the second Plan period. The equipment of the Head-Office will include a punch card installation, calculating machines, multilith machines with Ronk-Xerox equipment, varitype machines, spirit duplicators, copying machines, dictating machines, etc. An IBM installation will not be purchased but will be hired for use. A large part of the equipment is for printing and duplicating. This is essential. The field work requires a variety of forms, specially designed for each survey, which must be provided exactly when required. Otherwise the field work may be held up. Besides, there will be some regular publications, namely a monthly statistical bulletin, reports of surveys undertaken by the field organization and an annual digest of statistics. The usefulness of statistics is greatly lost if they are not published as quickly as possible after their preparation. Prompt publication of statistics will not be possible if the office is not equipped to undertake printing and duplicating work on its own.

It may be necessary at some stage to establish an advisory body composed of representatives of the Ministries using the data prepared by the Statistical Service to advise on various policy matters, to prepare the programme of work, and to facilitate the coordination of the work of the Statistical Service with that of the other parts of the Government which produce statistics as a by-product of administration.

Field Organization and Regional Offices

The statistical information that can be compiled from the records of the various Ministries and Departments is very limited. Most of the essential statistics required by the Government for planning and other purposes will have to be obtained through field surveys by questioning people where they live and work. The establishment of a field organization designed to undertake multi-purpose surveys and operating over the whole country is, therefore, essential. The organization will have 12

field teams, each composed of one supervisor and four enumerators, working in various parts of the country. These teams will collect the statistical information in accordance with the plans prepared at the Head-Office.

The programme provides for the establishment of 8 regional centres, each of which will be in charge of a statistician, having a statistical assistant and clerk-typist to help him. The regional centres will be responsible for the collection of data from hospitals, schools, courts, for the collection of wholesale and retail prices, supervision of the field survey teams working in the regions and prompt despatch of the collected data to the Head-Office.

It should be emphasized that the field organization for conducting multi-purpose surveys is the core of the statistical programme. The Head-Office and the training programme are mainly designed to support the field organization.

Training Programme

The technical personnel requirements of the Statistical Service are estimated to be 4 fully trained statisticians with degrees or professional qualifications, 8 statisticians trained at least at the intermediate level and 30 statistical assistants trained at the elementary level.

The 12 qualified statisticians (4 at the professional level and 8 at the intermediate level) will have to be trained abroad. A foreign training programme for them will be prepared and scholarships will be secured from international or bi-lateral aid-giving agencies.

The 30 statistical assistants will be trained within the country at two training centres, one at Mogadiscio and the other at Hargeisa. These centres will train persons, with intermediate school education or its equivalent, in elementary statistics.

The work of the Statistical Service will have to be conducted both in English and in Italian for many years to come. It would, therefore, be desirable to have bilingual statistical assistants. The Mogadiscio Centre, where the trainees will be Italian-speaking, will have a 2-year course. English language will be taught in the first year and training in statistics will be imparted in the English language during the second year. The Hargeisa Centre, where the trainees will be English-speaking, will have a one-year course for imparting training in statistics in the English language. The trainees will also be taught Italian simultaneously. Each centre will be expected to produce 15 bi-lingual qualified statistical

assistants. These centres will be discontinued after they have trained one batch of 15 statistical assistants each.

Arrangements will also be made for the "in-service" training of the existing statistical staff.

Financial Costs

The implementation of the five-year statistics programme is estimated to cost So. Sh. 5.6 million, as shown below:

	Million So Sh.
1. Head-Office	2.8
2. Field Organization	2.6
3. Training Programme	0.3
Total:	5.7

The above expenditure is over and above the ordinary budget of So. Sh. 180,000 per annum for statistics. It is also exclusive of the costs of foreign advisers, foreign teachers at training centres, foreign training of 12 Somali statisticians, as it is expected that these costs will be met by one or more foreign technical assistance programmes.

XIX.

SURVEYS, INVESTIGATIONS AND RESEARCH

A country in the early stage of development needs to know its natural resource endowment. If the available information is incomplete, as is the case in the Somali Republic, research, surveys and investigations have to be undertaken to obtain it and to identify the problems that have to be tackled in exploiting the natural resources. Such surveys are not at all spectacular. They do not bring about an immediate increase in the national income. But they are nevertheless necessary for an orderly development of the country and for an efficient use of its limited financial resources. The Plan has therefore, attached very great importance to the carrying out of the urgently required surveys and investigations. It is considered that the expenditure on such surveys will pay itself many times over by discovering new resources and by pointing out new possibilities of development. The information that may thus become available will make for a more rapid rate of development in future and will facilitate the formulation of development programmes on sound lines.

A few surveys have already been completed. Other are either under way or are proposed to be undertaken during the Plan period.

Inter-River Economic Exploration

This was a very comprehensive survey of the inter-river area in the lower reaches of the rivers Shebeli and Juba comprising an area of about 248,000 sq. km that was carried out by U.S.A.I.D. in 1960. The survey covered studies on soils, water supplies, irrigation, drainage, land and water management. The results of the survey were published in 1961.

The survey identified an area of 160,000 hectares which can be irrigated by the Juba river without the construction of any storage, an area of about 5 million hectares which receives 500 to 600 mm of annual rainfall and at least 50% of which is potential dry land farming area 12 million hectares of grazing land receiving an annual rainfall of more than 350 mm. The survey has made very useful suggestions about the lines on which the development of the area should proceed and has also provided some rough estimates of the costs of development. It has made a very valuable contribution in indicating the development poten-

tial of the area and in some cases has carried the work to a stage where more detailed investigations can be undertaken for the formulation of specific development projects.

Outline of Development Programme for Irrigation and Hydro-Power Generation

This was an irrigation hydro-power survey carried out by Associated Consulting Engineers (A.C.E.) Karachi in 1961. The survey has given a preliminary assessment of the irrigation and hydro-power potential of the two main rivers Juba and Shebeli and of the Northern Escarpment. It has pointed out the possibilities of combined flood control and regulated irrigation from the Shebeli river and the construction of small reservoirs on the various streams for the conservation of rainwater. It has given an outline of the programme of work for the utilization of the water resources of the country pointing out areas in which work could be started immediately. It has also indicated the lines on which further investigations should proceed.

Prospects for Economic Development in the Somali Republic

A team of the "Associated Européenne des Sociétés d'Etudes pour le Développement" (A.E.S.E.D.) carried out a rapid economic survey of the country and submitted its report in July, 1962. The survey covered a study of the existing natural resources, human resources, infrastructure, economic activities, balance of payments and public finance. It has summarized the favourable and unfavourable factors for development and has outlined a medium-term as well as long-term development programme. It has made useful recommendations about the implementation of certain specific projects and has suggested further studies which should be undertaken immediately. Some of the recommendations of the team have been incorporated in the Plan.

Social Development in the Somali Republic

At the request of the Government, the United Nations sent an expert to undertake a survey of the social conditions in the country. The survey was completed in June, 1961. It covered the Somali concept of the family, the nomadic family within the tribal organization, the urban family, marriage of minors, status of women, urbanization, child delinquency, malnutrition, the needs of the child, the aged and the physically and mentally handicapped, prostitution, narcotic drugs, alcoholism and existing social services such as community development, prisons and private social welfare organizations. The survey also made useful recommendations

about the lines on which the social welfare programme should be prepared. The information provided by the survey has been fully utilized in the formulation of the programme for community development and social welfare.

Report of UNESCO Educational Planning Group

At the request of the Somali Government, UNESCO sent an Expert Educational Planning Group to undertake a survey of the existing educational facilities and to make recommendations for future development. The Group carried out the requested survey as well as a careful examination of the various educational problems such as the integration of the educational systems of the Northern and Southern Regions, the quality and content of education, language, media of instruction and vocational and technical education. The Group submitted its report in 1962. It also made very useful recommendations about the lines on which future development plans should be prepared. The Report of the Group has been freely drawn upon in the preparation of the development programme for education.

ILO Report on Handicraft and Small-Scale Industries

At the request of the Somali Government, ILO sent an expert to study the position in respect of the handicraft and small-scale industries and to make suggestion for their improvement. The report of the expert which was submitted in 1963 provides some basic information about the handicraft and small-scale industries, examines some of the problems of these industries and makes useful recommendations about their future development. The information provided by the report has been used in the preparation of the development programme for these industries.

Oil Exploration

There are strong indications of the existence of oil in the Somali Republic.

The discovery of oil in substantial quantities will completely transform the economy. It will solve the balance of payments problem. Government revenues from oil will not only wipe out the budgetary deficit but will also provide substantial resources for development. The credit worthiness of the country will be improved and it will thus be possible to borrow larger resources from abroad for implementing development projects. The prices of fuel will be reduced and this will provide a great stimulus for industrial development.

There is thus a strong case for oil exploration. Work on the search

for oil was undertaken by private foreign enterprises. The following companies have been exploring for oil for a number of years, the first two for 10 years, the third for 4 years and the fourth for 1 year:

1. M/S Sinclair Somal and its Associated Companies
2. M/S AGIP (Somalia).
3. M/S Mobil Petroleum Co. Inc.
4. M/S Somali Gulf Oil Co.

These companies had invested So. Sh. 315 million in oil exploration by the end of 1962. In 1963 they are investing at the rate of So. Sh. 53 million per annum. Two of the above companies have plans for investments at the current rate for the next 5 years, the other two do not have long-term plans but there is nothing to suggest that they would not maintain their investments at the same rate as at present. Such large-scale investments clearly show that, in the judgement of the oil companies, which are very well informed and experienced in the business of oil exploration, there are strong possibilities of finding oil.

It takes quite a few years for oil resources to be exploited after they are discovered. There may, therefore, be no immediate improvement in the budgetary and the balance of payments position of the country even after the discovery of oil. But certainty about the existence of oil will immediately improve the credit worthiness of the country.

However, as there is no assurance that oil would in fact be found in the near future, no allowance for the discovery of oil has been made in the preparation of the Plan. There is, however, no doubt that if oil is discovered during the Plan period, it would make the financing of the Plan easier than would be the case otherwise.

The continuation of the private foreign investment in oil exploration by itself has a favourable effect on the balance of payments, as the foreign financing of the local expenditure in oil exploration results in appreciable addition to the foreign exchange receipts of the country.

Agriculture and Water Surveys

Land and water are the most important resources of the Somali Republic. Certain areas near the lower reaches of the Shebeli and Juba rivers were identified as most promising for economic development by the U.S.A.I.D. Inter-River Economic Exploration referred to above. However, a much more thorough investigation of the agricultural and water resources was necessary for the preparation of an overall development programme for

these areas. The Somali Government requested the United Nations Special Fund to undertake a project for the necessary investigations. The Fund accepted the request and the project is under way. It is designed "to survey and evaluate the land and water resources in the area between and around the lower reaches of the Uebi Shebeli and Juba river and to develop a general policy and plan for improved use of these resources for agricultural and livestock production". It will cover an area of 140,000 sq. km and will comprise:

- a) Exploration of ground water sources and surface water catchment.
- b) Hydrometric surveys of the rivers Shebeli and Juba and an appraisal of their agricultural development possibilities.
- c) Research on the possibilities of agricultural development of the dry-farming areas between the two rivers.

The investigation will specifically include:

- i) A soil survey of the entire project area to determine the fertility of the soils.
- ii) A study of the present irrigation methods and possibilities of improved use of water.
- iii) A study of the possibilities of increased use of ground water for livestock, domestic purposes, and irrigation.
- iv) A study of the feasibility of supplementary irrigation in dry-farming areas for more intensive cultivation.
- v) A study of the possibilities of improved use of grazing areas by opening up new sources and improving existing sources of water supplies.
- vi) A survey of the natural vegetation of the area, especially to determine its potential for livestock production.
- vii) A study of the flood control problems of the area.
- viii) A study of the existing land tenure system and proposals for improved land use.

The survey would cost So. Sh. 8.7 million. The Somali Government is providing So. Sh. 2.6 million and the balance of So. Sh. 6.1 million is to be provided by the United Nations Special Fund.

The work on the survey was started in 1962 and it would take four years to complete. However, interim reports will be submitted about the development possibilities as and when they are identified. It will be possible to suggest some sites for the location of wells and uars in 1963.

Recommendations about the construction of some minor water conservation projects would be made in 1964. It will also be possible to suggest extensions of the dry-farming areas in 1964. Recommendations for controlled irrigation and detailed recommendations in other fields will be made in 1965 when the final report of the survey will be prepared.

Diversification and Development of Agriculture

Although the present agricultural production is relatively small, the scope for the development of agriculture is very great in view of the vast resources of fertile land and the proposed extension of irrigation facilities. What is wanted is a study of the prospects of the increase in acre yields of the crops which are presently cultivated and of the introduction of new crops. The yields of existing crops can be increased by the introduction of improved varieties, application of manures and fertilizers and the adoption of better farming practices. There is scope for the diversification of agriculture by the introduction of crops such as grapefruit, avocado, cotton, groundnuts, manioc (cassava) cashew nuts, dates, maize and rice. Some of these crops are already being produced in small quantities. A study is required for determining the most favourable conditions for the cultivation of these crops with a view to putting larger areas under them. A marketing organization and technical assistance to farmers are also required. The Plan, therefore, includes a study of the diversification of agriculture to enable the preparation of a sound development programme. The study is under way.

Iron Ore Survey

A brief survey of the mineral deposits of Somalia was carried out by the World Mining Consultants Inc., New York, under the auspices of the U.S. Economic Cooperation Administration Special Mission to Italy, 1954. This was followed recently by reconnaissance surveys carried out by the Geological Survey Department of the Somali Republic. These preliminary surveys have pointed to the need for more detailed investigations of certain areas where there are indications of the existence of mineral deposits of economic value. Large reserves of iron ore, roughly estimated at 300 million tons, have been observed in the Bur area of the Somali Republic.

At the request of the Somali Government the United Nations Special Fund has accepted a project for carrying out the necessary investigations. "The purpose of the project is to undertake exploration of the mineral possibilities of the Bur and other regions of the Somali Republic and concurrently to strengthen the Geological Survey by training Somali na-

tionals in the techniques of mineral and ground water exploration and evaluation. While the main emphasis is on the discovery and outline of iron ore deposits which can be economically exploited, investigation shall also be made of any other mineral occurrences which indicate economic potentialities". (1)

The survey will be carried out in close cooperation and coordination with the UN Special Fund Agriculture and Water Surveys, specially to avoid overlapping of ground water investigation.

Work on the project is expected to begin very shortly and will continue for four years. The Geological Survey technical personnel will be transferred to the project. The total cost of the project is estimated at So. Sh. 6.5 million, of which So. Sh. 2.5 million will be provided by the Somali Government and the balance of So. Sh. 4 million will be contributed by the UN Special Fund.

It is hoped that the survey will identify investment possibilities for the exploitation of iron ore and other mineral deposits as well as the ground water resources. It is also expected that at the completion of the project the Somali Geological Survey would be adequately staffed and equipped to be able to carry on other geological and ground water investigations independently.

Survey of Fisheries Resources

The Somali Republic has a very long coastline of over 2,800 km. and there are strong indications of the existence of very large fisheries resources. But large-scale investment in fishing and fish freezing and canning industries is dependent on reliable information about the location and magnitude of these resources, the types of fish available in various areas and in different seasons and other relevant factors. The available information on the subject is rather limited. It is therefore proposed to undertake a comprehensive survey of the fisheries resources along the entire length of the coast, covering up from 40 to 50 miles from the coast. The survey will comprise:

- 1) **Oceanographic research** to study water conditions, the fauna and flora, quantitative ecology of plankton, the annual regime of physics and chemistry of water, the strength and duration of coastal currents and the salinity of water to determine the nature, nourishment, migratory habits and quantities of marketable fish.

- 2) Experimental fishing to determine the most favourable fishing seasons and areas, and the most suitable methods of catching fish along the Somali coast.
- 3) Preparation of a fishing map indicating the location of different types of fish in different areas and seasons.

It will take about three years to complete the survey. The UN Special Fund has been requested to undertake it.

Foreign investors have shown considerable interest in the fish canning industry. As is likely, the survey reveals the existence of a large potential of marine life along the coast and determines the location and identity of the fisheries resources by areas and seasons, very large investments, both domestic and foreign, in fishing and fish freezing and canning industries can be expected.

Livestock Marketing Study

One of the most important problems of the livestock sector of the economy is its predominantly subsistence character. According to the A.E.S.E.D. report, the livestock actually marketed is only about 50% of the marketable supplies. The introduction of market economy would completely transform the livestock industry. It would put an end to the maintenance of animals on grazing lands when they could be sold profitably. It would be possible to raise larger stocks from the same grazing land if the animals are not maintained on land longer than necessary. Thus production for market rather than for subsistence would result in a substantial increase in annual production. The general purchasing power which the herdsmen would acquire by selling the marketable part of their livestock would tend to diversify their needs and thus raise their standard of living. One of the important reasons for the herdsman's reluctance to sell is that he does not get a proper price for his animals. An improvement in marketing is clearly indicated. A thorough study of the marketing of livestock and livestock products is necessary for an identification of the problems faced by the herdsman in the marketing of his produce and for the adoption of the suitable policies and measures for improving the situation. The study is included in the Plan.

Banana Production and Marketing Study

Banana will continue to be a very important crop and foreign exchange earner for the country for many years to come. At present the Somali banana enjoys a privileged position in the Italian market. But the future of this crop is dependent on its ability to compete with other sources of supply in the Italian and European markets. A comprehensive study of

the economics of production, transport and marketing is necessary to identify such elements of production and marketing costs which can be reduced by the adoption of suitable policies and measures. The study, which can be completed in a relatively short time, is included in the Plan.

Cadastral Survey and Land Registration

The registration of rights on land is a prerequisite for its development. It is essential for the implementation of any land tenure legislation. Rights on land can provide the security for obtaining agricultural credit which is necessary for increased agricultural production. The construction of costly irrigation works cannot be financed, unless the beneficiaries are required to pay for the cost of providing irrigation. But no water charges for the supply of irrigation water can be levied, unless the ownership of the land to be irrigated is known. Land revenue is an important source of revenue in many countries. Land is one of the most abundant resources of the Somali Republic and after development it should become an important source of revenue to the Government. In fact the development of land would be possible only if the cost of development, which may initially be met by the Government, is paid by the beneficiaries in the course of time through taxes on the land. It is in the interest of the owners of the land to pay, in the form of taxes, a part of the increase in their incomes through Government-financed development rather than let their lands remain undeveloped and thus forego the increase in their income. Unless the rights on land are registered and recognized by the Government, the land-holder will not feel secure about his rights, and will have no incentive to improve the land to increase its value. Nor would he be able to sell it or to borrow money on its security, if he wants to do so. Thus the registration of the rights on land is in the interests of all concerned, the land-holder, the creditor, and the Government. It can form the starting point of a rapid rate of land development.

In the Somali Republic land deeds of a sort are sometimes granted to individuals by local Kadis, but the piece of land may not be correctly identified, so that it is possible that the same land may have been granted to more than one person. Customary rights to land, based on tribal traditions, also exist, but these may vary from area to area. What is wanted is that each land holding should be correctly identified and described to enable its boundaries to be determined whenever necessary, and that the rights on the holding should be clearly stated.

It is proposed that a cadastral survey of irrigated lands, including flood irrigated lands, be undertaken. The work may be divided into 3 parts, as follows:

Part I. Property identification and preparation of a land book, identifying each land holding and stating the ownership and other rights on it.

Part II. Geographical reference survey incorporating the points monumented in part I into a national grid.

Part III. Individual property surveys.

Parts I and II are more important than part III.

This survey cannot be entrusted to a foreign agency. An organization will have to be created within the Government, staffed largely, by Somali personnel. The organization would, however, need the services of one or more foreign experts.

The survey may take five years to complete.

Cartographic Survey

A cartographic survey of the country is necessary to provide the basic cartographic information in the form of maps, rectified air photographs or mosaics, etc., for the formulation and implementation of programmes and projects in the fields of cadastral registration, town planning, housing, water supplies, geological surveys, oil exploration, irrigation, drainage, flood control, construction of roads and airports, and industrial and agricultural development. A National Cartographic Office has been established with the assistance of the United Nations. The office consists of three units, namely a ground survey unit, a photogrammetric unit and a cartographic unit and has been provided with the necessary equipment, worth about So. Sh. 500,000. The office is available for providing cartographic assistance to the various Ministries in the preparation of their projects. It will carry out a cartographic survey of the whole country in the course of time. A beginning will be made by undertaking a detailed cartographic survey of Mogadiscio town and the inter-river area.

Overall Transport Survey,

As has been pointed out in the chapter on transport, the Somali Republic is a country with a large area, long distances, and a sparse population. The economics of the various means of transport have to be taken into consideration in the formulation of a long-term transport programme. It is therefore proposed that an overall transport survey should be undertaken for determining the most economical means of transport for connecting different parts of the country with one another. The survey would include a careful study of the following factors:

- 1) The economic potential of the various areas requiring transport connections.

- 2) Alternative possibilities as between road, air and sea transport connections.
- 3) Approximate estimates of capital investment and operating costs of each alternative.
- 4) An assessment of the above and other economic factors.

The survey will not be very costly and can be carried out within a relatively short time. The Plan gives a very high priority to this survey.

Manpower Survey

Manpower budgeting should be an essential part of planning. The manpower requirements of development should be assessed and arrangements should be made, by training or otherwise, for meeting these needs. It may be possible to have estimates of the technical personnel requirements of the various programmes and projects included in the Plan. But a proper manpower budget cannot be prepared without adequate information about the existing situation. No data is available about the existing shortages or surpluses of the various categories of manpower. A manpower survey is therefore necessary to find out:

- 1) The existing supplies of technical personnel at various levels of skills.
- 2) The existing shortages and surpluses of various categories of technical personnel.
- 3) The future requirements of manpower in the existing establishments.
- 4) An estimate of the output of technical personnel from the existing training institutions and from the institutions to be established under the Plan.
- 5) An estimate of the Somali technical personnel expected to return to the country after training from abroad.
- 6) The existing unemployment situation.

The results of this survey are required for revising the technical training programme and for the adoption of suitable measures for tackling the unemployment situation. The ILO will be requested to provide the necessary technical assistance for carrying out the survey.

Multipurpose Statistical Surveys

Detailed statistical information of a varied character is required for a proper understanding of the various social and economic problems and for an evaluation of the results achieved by the implementation of development projects and programmes.

Data about population, birth and death rates, immigration, emigration, labour force, employment, unemployment, education, health, national income, personal incomes, wages and salaries, agricultural production, areas and yields of different crops, livestock, livestock products, building construction, price indices, road transport, housing, etc. are either not available at all or are very scanty, if available. The necessary information can be obtained economically by undertaking multipurpose field surveys. The programme for the development of the statistical service provides for the establishment of a field organization for carrying out the necessary surveys. The data furnished by these surveys would provide a more firm statistical basis for a proper evaluation of the achievements of earlier development and for future planning.

Financial Costs

The surveys and investigations which would be carried out during the Plan period are estimated to cost So. Sh. 40 million. This amount is exclusive of the cost of oil exploration, the expenditure for which is to be met by foreign oil companies, and the cost of multipurpose statistical surveys, which are included in the cost of the statistical programme.

XX.

BANKING AND CREDIT

Central Banking

The Somali National Bank is the Central bank of the country. It is the sole currency authority and is the bankers' bank. It is charged with the responsibility for maintaining the stability of the currency and controlling credit. It has carried out its central banking functions exceedingly well. It has successfully unified the currencies of the former British Somaliland and the former Italian Somalia into a single currency, namely the Somali Shilling. The stability of the Somali currency is beyond question. However, this stability cannot be taken for granted during the Plan period. The very large development expenditures, as envisaged in the Plan, can pose a serious problem for the maintenance of stability. Much will, however, depend on how these expenditures are financed. If they are financed by non-inflationary means, as is required by the Plan, there may be no serious difficulty. In any case the situation will have to be carefully watched by the National Bank.

Commercial Credit

Thanks to the initiative taken by the Somali National Bank, facilities for commercial credit have been greatly expanded in recent years. The Bank did not limit its activities to the performance of central banking functions only. Instead it acted with imagination and opened its own offices in places where banking services were required but which were not sufficiently attractive to private banks. The main object was to provide banking facilities to the public, to facilitate savings and to develop the banking habit.

There are at present 20 banking offices in the country, 8 of which belong to the Somali National Bank. Others are those of Credito Somalo, Banco di Napoli, Banco di Roma, National and Grindlays Bank and Port Said Bank. Apart from Mogadiscio, which has 5 bank offices, 9 other towns in the country are served with bank offices. In the course of time the National Bank proposes to open more offices in places which are in need of banking facilities.

The National Bank acts as the Central Bank, providing other banks with re-discount facilities and controlling their operations and at the

same time operates as a commercial bank, mainly supplementing the activities of other banks. As a rule it does not carry on commercial banking operations in Mogadiscio.

The growth of banking is reflected in the increase in bank deposits from So. Sh. 77 million in July 1961, to So. Sh. 94 million in December 1962. — an increase of 20.8% — and in bank loans from So. Sh. 28 million in July 1961 to So. Sh. 61 million in December 1962 — an increase of 117.86%. The banks possess a high degree of liquidity, which is partly due to their conservatism and reluctance to lend for purposes other than foreign trade. The banks pay a relatively low rate of interest on saving and time deposits but no interest on current account deposits. If circumstances could be created under which they would find it possible to pay attractive rates of interest on current as well as other deposits — say by the creation of a bond market — private savings would be encouraged.

The money supply has shown a modest increase of 16.05% from July 1961 to December 1962. This is accounted for partly by the increase in bank deposits and partly by an increase in the currency in circulation. It is a reflection of the increase in economic activity.

The commercial credit system has been functioning quite satisfactorily so far and no important changes are considered necessary.

A banking law to regulate banking operations in the country has been drafted and has been passed by the National Assembly.

Agricultural Credit

The availability of credit for agricultural operations is essential for increasing farm production. Agricultural credit provided by the commercial banks is relatively small, considering the needs of the farmers. The amount outstanding was only So. Sh. 7 million at the end of 1962. The real problem in agricultural credit is the inability of many potential borrowers to offer acceptable security. Under such circumstances the required credit for production can best be provided through cooperative societies. The banks can lend to a society on the basis of its own credit worthiness and the society in turn can lend to its members. The credit worthiness of a member would be better known to other members, and thus to the society, than to a conservative distant banker. But there is no tradition of credit cooperatives in the country. Besides, a cooperative movement requires a whole set of institutions such as a Cooperative Department carrying on promotional activities, regulating the operations of societies and extending technical and other support to them, and cooperative banks at various levels specializing in cooperative business.

All these institutions cannot be established immediately. However, a beginning would be made by starting a few cooperative societies on a pilot basis. A small unit may be established in the Ministry of Agriculture to provide the necessary support to the societies to be formed. Necessary technical assistance will have to be secured from abroad. To make a beginning in the development of the cooperative movement, the Plan provides for the establishment of a few societies for the extension of credit for productive purpose.

Development Credit

The Plan has assigned a very important role to the private sector. A large amount of the increase in agricultural and industrial production is to be secured through private enterprise. Although the public sector programme is large, yet its role is mainly to provide the infrastructure and to create favourable conditions for private investment. Availability of development credit is a pre-condition for large-scale investments on private account and for investments in revenue-earning public utilities. Thus there is urgent need for a development financing institution. Such an institution is also required for the mobilization of private savings which may otherwise remain unutilized, thus resulting in a great loss to the economy. It can encourage private savings by offering an attractive rate of interest on fixed deposits and/or by issuing bonds. The latter could be purchased by the commercial banks and this would solve their problem of excess liquidity and enable them to offer reasonable rates of interest on their deposit. It will also be able to raise external finance. In fact such an institution is an excellent device for securing development finance from the World Bank and other sources for private enterprise.

In view of the shortage of qualified banking personnel and the need for keeping operational costs low, it would not be desirable to establish separate specialized institutions for agriculture, industry, etc. A single institution adequately staffed could meet the needs of all these sectors. It should be pointed out in this connection that a development finance institution would not be able to make much headway in the field of agriculture unless the land tenure legislation defining rights on land is passed. This is one of the reasons why the Plan has attached great importance to the enactment of land tenure legislation.

At present there is only one institution, namely Credito Somalo, which can provide some development finance. It has two autonomous sections, one for loans for house building and the other for medium and long-term loans. But so far it has in practice limited its activity to the utilization of the credit granted by the U.S. Development Loan Fund. Either

the Credito Somalo should be reorganized to enable it to play the role expected of a development financing institution, or another institution should be established. The subject is engaging the serious attention of the Government.

Whatever institution is entrusted with this task, it would require, according to a rough estimate, resources of the order of So. Sh. 75 million to be used for development loan finance. Part of these resources could be raised domestically. The balance would have to be secured from abroad.

XXI.

IMPLEMENTATION OF THE PLAN

The implementation of the Plan is the greatest challenge to the Government and the people of the Somali Republic. Considering the needs of the country, the Plan is no doubt modest and its targets realistic. Nevertheless, it is sufficiently large to present many difficult problems in its implementation. The administrative machinery of the Government is yet in the process of reorganization and is not adequately staffed. Administrative and management skills are rare and technical personnel is in very short supply. The problem requires a many-sided approach. The administrative machinery has to be improved and strengthened, institutions and agencies for development have to be established and technical personnel have to be trained. In the meantime necessary arrangements have to be made for carrying out the projects and programmes included in the Plan.

The Government is adopting a variety of measures for facilitating the implementation of the Plan. These include, apart from the strengthening of the administrative machinery and establishment of institutions for development, the use of the organizations of friendly countries and international agencies, of the services of foreign consultant firms, contractors and the army, and of community development techniques. Appropriate policies will be adopted for the encouragement of private enterprise, domestic and foreign, and of joint ventures based on participation of Somali and foreign investors.

Reorganization of the Administration

With the technical assistance provided by the United Nations, the administrative machinery of the Government is being reorganized and its staffing pattern is being determined on the basis of the jobs to be performed, including the implementation of development programmes, by various parts of the Government. After these basic reforms are carried out, the progress in building up a competent administration is expected to be quite rapid.

Planning Organization

In order to provide an institutional framework for development, the Government established a planning organization entitled Planning and

Coordinating Committee for Economic and Social Development in 1961 with the technical assistance provided by the United Nations. The Committee is presided over by the Prime Minister and includes the representatives of the Ministries concerned with development. It is an advisory body charged with the formulation of programmes and plans for development. It is expected to assist the Government in securing and coordinating external assistance and in coordinating the development work of the various Ministries. It also advises the Government on all economic and social problems referred to it. It has already become a very effective agency for coordinating the work of the Ministries, for giving a development bias and a sense of direction to the various organs of the Government and for securing the Government's approval for development programme and projects. By helping the Government in determining priorities for development, it has become an important instrument for ensuring an efficient allocation of the limited resources available to the country.

Central Bank

Another institution which is basic for development is an efficient Central Bank. The Government established a Central Bank, entitled the Somali National Bank, soon after independence. The Bank has already unified the currencies of the Northern and Southern Regions of the country. By maintaining the stability of the currency and by extending banking facilities, it has created conditions which are conducive to saving and investment.

Import-Export Corporation

The Government has established an autonomous organization, namely the Import-Export Corporation (E.N.C.E.) for facilitating the implementation of development projects. It will assist in the import of equipment required for development and in the export of local produce for servicing certain external loans.

Industrial Development Corporation

The Government has decided to establish an industrial development corporation to promote industrial development by setting up, in partnership with private enterprise whenever possible, industrial units in accordance with an approved development programme. Apart from policies which will be laid down by the Government and decisions about the establishment of particular industrial units and the investments to be made which will also taken by the Government, the Corporation will be autonomous in its normal operations and will be expected to work on business

lines. The Corporation will build a number of industrial estates, which is another institutional device for the promotion of private industrial development. The estates will provide common facilities such as electricity, water supply, transport, communications, and repair workshops in addition to land and, if possible, factory buildings. All this will go a long way in helping private investors in establishing industrial units.

Scholarship Committee

In view of the importance of foreign training of Somali personnel, a permanent Scholarship Committee has been established under the Ministry of Education to prepare programmes for foreign training, to select suitable candidates and to secure the necessary training facilities. This would make for an effective and efficient use of the facilities for foreign training provided under various technical assistance programmes. It is an important step in manpower planning for meeting the future technical personnel requirements of the country. The carrying out of a proper training programme will greatly increase the capacity of the country for executing development projects in future.

Machinery Pool

A central machinery pool, comprising agricultural and earth-moving machinery, is being established to make machinery available on hire to Government Departments and Agencies and to private farmers and other parties. The pool will be an autonomous organization run on business lines as a public utility which is expected to pay for itself. It will have its own operators and repair workshops, mobile as well as static. The economies of scale will reduce the cost of operating the machinery. The pool would help the implementation of development projects, both public and private, by making machinery readily available at low rent. This will save each project the time required for the procurement of machinery, the capital investment for its purchase and the botheration of maintaining and operating it. The machinery for the pool was ordered some time ago and has already started arriving. The pool should be in full operation before long.

Use of Foreign Agencies

Apart from the above institutional arrangements for supporting development, the Government propose adopt various other means for the implementation of development projects. The basic approach would be that the burden on Government Departments and Agencies should be kept as small as possible to ensure that the Government's administrative

machinery is not saddled with tasks which are beyond its competence. This means that as much work as possible should be farmed out. Full use is to be made of the technical assistance provided by friendly countries and agencies. The implementation of U.S.-aided projects, financed out of U.S. grants amounting to about So. Sh. 100 million till the end of 1962, was left to U.S.A.I.D. It is envisaged that the projects to be financed by the U.S. during the Plan period would also be implemented by U.S.A.I.D. Similarly the projects which are being financed out of the U.S.S.R. credit of So. Sh. 373 million, as well as projects which are being financed by U.S.S.R. grants, are all being implemented by U.S.S.R. agencies. Again agencies appointed by the UN Special Fund are implementing two projects aided by the Fund, at an estimated cost of So. Sh. 15.2 million. In this manner responsibility for the implementation of certain projects is transferred to agencies which are competent to handle them and which become implicitly answerable for their performance. Somali personnel at various levels are associated with foreign technicians at all stages of project preparation and implementation. The technical personnel requirements for the operation of each completed project are estimated in advance and Somali nationals are sent abroad for the necessary training. In this manner it would be possible for Somali agencies to take over completely the operation of projects after a period of time. In the meanwhile the responsibility for the construction and initial operation of the projects will rest with reputable foreign agencies.

Use of Consulting Firms and Contractors

Many projects included in the Plan can be implemented by securing the services of consultant firms and contractors. The Government would use these services whenever possible.

Work for each project may roughly be divided into two parts, namely project preparation and project implementation. In cases where the Government Departments concerned do not have the necessary staff resources, the work of project preparation may be entrusted to consultant firms. First a feasibility report is to be prepared and later a complete project report, if required. The feasibility study is to be based on the necessary engineering, technical and economic surveys, including market surveys where necessary, covering the availability of land, water supplies, construction material, fuel, electricity, transport and communication facilities, manpower, including technical manpower, and raw materials. The study should indicate a suitable location for the project and should give preliminary estimates of the capital investment, operating costs and financial returns, if any, on the investment.

If, in the opinion of the Government, the feasibility study establishes the soundness of the project both from a technical and economic point of view, the consultant firm can be asked to go ahead with the preparation of proper blueprints for the project. This should include detailed specifications of machinery; the preparation of tender documents for the purchase of machinery, if any machinery is required; designs for building and other civil engineering works; and the preparation of tender documents for construction work. The consultant can be requested to advise on the selection of bids. The construction work can be entrusted to contractors. The consultant firm can also be asked to supervise the construction of buildings and the installation of machinery. It may even be asked to operate the project for a limited period, that is till such time as the necessary national personnel gets trained. In short, as many operations as possible which would have normally to be carried out by Government Departments or organizations can be passed on to consultant firms and contractors. The Government is already using the services of consultant firms for the preparation of a few projects. What is required is that the Government Departments and Organizations should have the minimum competent staff for examining consultant reports and advising the Government about the decisions to be taken on these reports. The Government Departments and Agencies are already building up the necessary competence for performing these minimum tasks.

Cost of Hiring Foreign Agencies, Consultants, etc.

The costs of the services of foreign agencies, consultants and contractors are usually very much higher than of similar services provided by national agencies and consultants. But these services are not available locally at present and it would take a very long time for the country to develop the necessary managerial and technical skills. The people are in no mood to wait that long. The country is faced with the task of accomplishing in a couple of decades or so, what it took the presently developed countries about a century and a half. It is not possible to be too fastidious about costs when something has to be done in a hurry. This does not mean that the Government is not cost-conscious. Planning itself is a great exercise in the creation of cost consciousness. What is implied is that under certain conditions the Government may, knowingly, agree to pay a higher cost in order to save time. However, in this connection it should be pointed out that in many cases a saving in time itself results in substantial economies. The benefits begin to accrue earlier, which is a great advantage even in the narrow economic sense.

Use of the Army

The Army is creating a reserve force which, apart from its role in defence, will be available for implementing development projects. The reserve personnel will be given training in certain skills and will work under the supervision of qualified technicians. It can be used in earth work of all types, such as the construction of river embankments, earth dams, canals and roads. It can also be used for land clearance, and for agricultural operations. The Army with its excellent organization and disciplined manpower can perform these tasks efficiently and economically. The Plan proposes to make full use of the reserve army for development work, without adversely affecting its defence potential. This would tend to reduce the real cost of defence to the country. Thus in peace time the army will be waging a war against poverty.

Large numbers of reserve personnel have already been trained and put on development work.

Use of Community Development Techniques

The community development techniques will be used for the implementation of certain projects which are of interest to local communities, such as land clearance and the construction of connecting roads, minor irrigation works, schools and clinics. Such projects can be carried out by local communities who would themselves be the beneficiaries. The Government's role would be the identification of the felt needs of the community and the provision of some technical assistance for the organization of the community and for the preparation and implementation of the projects. It can also supply materials and tools which the local communities may not be able to afford.

Encouragement of Private Enterprise and Joint Ventures

The Government's policy of encouraging private enterprise, both domestic and foreign, will greatly facilitate the implementation of certain development programmes. The Government will only carry out such projects in which either public interest is involved or in which private enterprise is not interested. Even in projects to be carried out in the public sector, private enterprise will be encouraged to supply the necessary materials and services.

The private sector can take care of its own investment. For example the foreign oil companies are currently investing at the rate of about So. Sh. 53 million a year in oil exploration and are likely to invest something like So. Sh. 250 million during the Plan period. This investment is

not likely to create any problems of implementation for the Government.

Another technique which the Government proposes to use for the implementation of certain projects is to interest experienced foreign firms to become partners in joint ventures. The foreign firm can be expected to bring the know-how, the managerial and marketing skills and some capital. The local partners — Government or private investors — can contribute the rest of the capital and provide local manpower. The Government is already using this technique in the expansion of the sugar factory at Johar and in the establishment of a cotton textile factory which is expected to be a joint venture of the private German investors, Somali Government and Somali private investors.

Conclusion

There is always a danger that the limited administrative and technical resources of a country may be spread thinly by attempting too much. This can result in very poor performance, waste and frustration. No more should be attempted than what is feasible. This consideration has been constantly kept in view in drawing up the Plan.

A knowledge on the part of a country of its own limitations in respect of administrative, managerial and technical resources, and the ability to make up for this deficiency by hiring the necessary skills from abroad is the greatest guarantee that it will not make costly mistakes and will not attempt more than what can be accomplished. The Government is fully conscious of its own limitations and does not hesitate to seek external technical assistance when necessary. In the past it has been using the technical assistance provided by the United Nations and its various agencies, namely FAO, WHO, UNESCO, ILO, and ICAO and by the friendly countries. It would need such assistance in much greater measure for the implementation of the various development programmes during the Plan period and would not hesitate to ask for such assistance in future and to pay for it when necessary.

It can reasonably be concluded that the Plan has a good chance of being implemented, if the necessary financial resources become available.

XXII.

FINANCING OF THE PLAN

Public Sector

The financial resources required for the implementation of the public sector of the Plan are estimated at So. Sh. 1,400 million. The financing of the Plan will present many difficult problems. The various possible sources of finance are public saving, deficit financing, private savings and external assistance in the form of grants, loans and private foreign investments.

1. Public Savings

Public savings usually take the form of a budgetary surplus. The position in this respect is far from satisfactory. The Somali Republic inherited from the colonial rule a big budgetary deficit which was a reflection of the neglect of development in the past. Ever since independence the Government has been trying very hard to reduce the deficit. It has not hesitated to adopt unpopular measures in order to increase its revenues by better collection and imposition of additional taxation and to keep a firm check on expenditure. These measures have borne fruit and the gap between revenues and expenditure has been substantially reduced. However, it will take a few years more for the budget to be balanced. Public savings can therefore make a very limited contribution for financing the Plan.

2. Deficit Financing

Theoretically created money is another possible source of development finance. The Somali currency by law requires 100% backing. Deficit financing is therefore not possible without changing the law. The law can be changed; but it would be very unadvisable to do so. The past experience in this country shows that 100% backing has been a very important factor in the maintenance of monetary stability. Stability in the value of the currency is very important for promoting saving and investment. Somali currency is one of the most stable currencies in the world. Nothing should be done which may shake public confidence in its value.

The safe limits of deficit financing are very small in any case. Moreover, once the process of deficit financing is started, there is no assurance that it will be stopped in time when necessary. It is essential in the interest of development that the financial discipline which is implicit in 100% backing of the currency should be maintained. The Plan, therefore, does not envisage deficit financing as a possible source of finance for its implementation.

3. Private Savings

There is some evidence to show that private savings have been increasing fairly rapidly in recent years. It is hoped that they would increase further in the course of time. In fact this is expected to be one of the important results of the Plan. But the bulk of these savings would be required for financing the private sector of the Plan. Thus private savings cannot be expected to make any substantial contribution for financing the public sector of the Plan. Besides, there is no capital market to channel private savings into the public sector. An attempt will be made to bring such a market into being, but it will take some time to develop.

4. External Aid

The next important source of finance for the Plan is external aid. In the past Italy, U.K., U.S.A., U.A.R., the European Common Market and the United Nations have been generously assisting the Somali Republic. From the time of independence up to the beginning of the Plan, that is for a period of two and a half years, Italy provided budgetary support amounting to So. Sh. 69 million and development assistance amounting to So. Sh. 13.7 million in the form of grants. It has been indirectly supporting the Somali economy by purchasing Somali bananas at a price higher than the world market price. An amount of So. Sh. 6.4 million was provided through a special fund for making infrastructural investments for the benefit of the Somali banana industry. In addition, it has been providing technical assistance at an average annual rate of about So. Sh. 13 million. For the same period the United Kingdom has provided about So. Sh. 68 million in the form of grants, partly as budgetary support and partly as development assistance.

The United States assistance up to the end of 1962 amounted to So. Sh. 134 million. The bulk of it was in the form of grants for development, technical assistance, food and emergency relief and a small part, namely So. Sh. 2.7 million, as loans. The U.A.R. has been providing a large number of teachers at a substantial cost to itself. The European Economic Community gave a grant of So. Sh. 35.7 million. The United Nations and its Specialized Agencies have been providing very valuable

technical assistance at an average annual rate of about So. Sh. 4 million.

The aid, excluding budgetary support, food, emergency relief and commercial loans, which has already been promised by friendly countries and agencies and which will be available for financing the development programmes during the Plan period, is estimated as follows:

	Million So. Sh.
U.S.A. (grants and loans)	78.4
Italy (grant and loan)	44.3
Common Market (grants and loan)	82.1
U.A.R. (loan)	80.0
U.S.S.R. (loan)	317.5
Czechoslovakia (loan)	30.0
Federal Republic of Germany (loan)	44.5
Total	676.8

The American assistance, which has already been obligated and which would be available for utilization during the Plan period, is estimated at So. Sh. 78.4 million. This includes aid in the 'pipeline' at the end of 1962, aid for the second phase of Kisimayo port and new obligations up to the end of March 1963. It excludes technical assistance, food and special emergency assistance. The aid is in the form of grants, except for a dollar loan amounting to the equivalent of So. Sh. 4.4 million, carrying interest at 4% and repayable in local currency over a period of 15 years and a dollar loan, equivalent to So. Sh. 25.7 million, repayable in 40 years with a 10-year period of grace. The second loan is interest-free except for the payment of a service charge at the rate of 0.75% per annum.

The Italian assistance consists of estimated accruals of So. Sh. 8.6 million to a special fund for the infrastructure projects for the banana industry, a loan of So. Sh. 22.6 million for the sugar company at Johar, a loan of So. Sh. 11.4 million for the rehabilitation of banana farms, and a special contribution of So. Sh. 1.7 million for the Kisimayo-Gelib road. The loan for the sugar company consists of two parts, namely So. Sh. 15 million for the purchase of 50% of the stock of the company by the Somali Government and the balance of 7.6 million for working capital and expansion of the factory. It is repayable in 12 years with a two years' period

of grace and carries interest and other charges at 6.5%. Italy has been giving a development grant of So. Sh. 6.86 million annually for 1961 and 1962. Although there is every likelihood that this grant would be continued in 1963 and subsequent years, it has not been included in the above estimate of Italian assistance. The budgetary support has also not been included.

The Common Market assistance consists of a development grant of So. Sh. 35.7 million and another grant of So. Sh. 46.4 million for the diversification of the economy. The additional aid expected from the Common Market has not been included in the above estimate.

The loan from U.A.R. carries an interest of 2.5%. Repayments have to be made in equal annual instalments over a period of 7 years. For special projects a longer and gradual amortization may be agreed upon between the two countries.

The Russian loan carries interest at 2.5% and is repayable in 12 years, in equal instalments, beginning one year after utilization. It can be used for purchasing goods and services from the Soviet Union for specific projects. Repayment of the loans and payment of interest can be made in Somali goods. Any portion not repaid in goods is to be paid in convertible currencies.

The Czech loan can be used for the purchase of equipment to be purchased from Czechoslovakia for specific projects. It carries interest at a rate of 2.5% and is to be repaid from 3 to 5 years, according to the nature of the equipment to be purchased, with a period of grace of one year. The loan can be repaid in Somali goods.

The loan from the Federal Republic of Germany is a line of credit to be used for particular projects. The terms of the loan are to be fixed in each case according to the nature of the project.

It should be pointed out that aid by Italy and U.S.A. is provided on an annual basis. There is reason to believe that this aid would be continued, probably at an increasing annual rate. The aid from U.S.S.R., U.A.R., Federal Republic of Germany and Czechoslovakia is on an ad hoc basis. It is hoped that additional aid would be provided by these countries during the Plan period.

In addition to the above, U.S.S.R., Czechoslovakia and the Federal Republic of Germany would be financing certain projects on a grant basis. The U.S.S.R. would be providing a radio station, a printing press, a secondary school and 2 hospitals of 50 beds each. Czechoslovakia and the Federal Republic of Germany are providing one technical school each. No estimate of the financial costs of these projects to the donor countries

are available. Therefore, although all these projects are part of the Plan, the financial contribution of the donor countries has not been included in the expenditure estimates of the Plan.

Italy and U.S.S.R. have also agreed to provide commercial credits as follows:

	Million So. Sh.
Italy	143.0
U.S.S.R.	55.6
Total:	198.6

The Italian commercial loan consists of a line of credit for So. Sh. 143.0 million, which can be used for the purchase of goods from Italian firms. The rate of interest and other conditions of credit are to be agreed upon separately for each transaction.

The Russian commercial loan can be used for purchasing goods from the Soviet Union for sale in the Somali Republic. The sale proceeds are to be used for meeting the local costs of Soviet-aided projects. The loan carries interest at 2.5% and is repayable over a period of 5 years in equal instalments, beginning in the year of utilization. The repayment of this loan can be made in Somali goods.

Each aid-giving country attaches its own conditions to the aid which, in many cases, can be used for making purchases from the aid-giving country only. The utilization of this aid for financing the Plan, by meeting all the conditions of the aid, will present some difficulties. The conditions of the aid may, in many cases, preclude its utilization for financing certain sectors of the Plan. Again, restricting the use of aid for making purchases from the aid-giving country only may result in the payment of higher than international prices, due to the absence of competition. If the Somali Republic had substantial resources of its own for financing the Plan, it would have possessed some flexibility in the use of aid. But this is not the case. However, the difficulties in the utilization of aid would not be insurmountable if, as is likely, the aid is received from many sources. This by itself will provide some flexibility. In any case, much skill and advance planning would be necessary for an efficient utilization of aid for financing the Plan.

5. Resource Gap

As stated earlier, the implementation of the public sector of the Plan is estimated to require So. Sh. 1,400 million. The development aid already

promised by friendly countries and agencies adds up to So. Sh. 677 million. This leaves a resource gap of So. Sh. 723 million. Actually, the gap would be much larger than this. It may be difficult to use a part of this aid due to the conditions attached to its utilization. Interest payments and repayments that would fall due during the Plan period, which cannot be estimated at present, would have to be deducted from the aid in order to arrive at the net amount available. The costs of some of the projects have not been included in the expenditure of the Plan, as no estimates of these were yet ready.

The gap, though large, is not unbridgeable. It is hoped that assistance from Italy and U.S.A. will be available on an increasing scale in subsequent years of the Plan. A substantial amount of aid is expected from the European Common Market which is providing U.S. \$ 500 million as assistance to the Associated Member Countries of the Common Market. The Somali Republic should be entitled to a substantial share out of this amount on the basis of its needs for development and its ability to make good use of the aid that may be provided.

U.S.S.R., U.A.R., Czechoslovakia and the Federal Republic of Germany may provide more aid. Additional aid may also be expected from Kuwait, People's Republic of China and other friendly countries.

Other sources of finance are the World Bank, the International Finance Corporation (I.F.C.), the International Development Association (I.D.A.), the United Nation Special Fund and other international financing agencies.

The commercial loans that have already been obtained can also be used to a limited extent for development purposes.

Although Somalia is a poor country at present, it has a big development potential and is therefore a good risk for some long-term loan finance. It should, however, be noted that as some of the loans that have already been promised are medium-term rather than long-term, the repayment liability would begin at a fairly early date. It is therefore necessary that a substantial part of the additional finance that is required for the Plan should be obtained in the form of grants and very long-term low-interest loans, like the loans provided by U.S.A. and I.D.A., so that the aggregate repayment liabilities in the near future remain small. It should then be possible for the country to service a few long-term hard loans.

Private Sector

It has not been possible to formulate a well-defined Plan for the private sector.

The Somali Republic has a free economy and private investment, though subject to certain administrative controls, has not been consciously directed in the past by a well conceived economic policy therefore reliable projections of future private investment in various fields cannot be prepared. It is, however, expected that very large private investments would be made in the fields of agriculture, animal husbandry, industry, transport, fuels, housing, community development and commerce. In fact, a very large part of the public sector investment is designed to build the infrastructure and to create conditions which would facilitate private investment in the above fields. Besides, the implementation of the public sector programme would create a demand for a large number of goods and services to be provided by the private sector. This would call forth substantial private investments.

The investments in the private sector will largely be financed by private savings, domestic and foreign. The saving potential of the private sector is relatively small because of the low average incomes and the absence of large inequalities in income and wealth. However, a moneyed class is rapidly emerging. The implementation of the Plan will generate larger private incomes, thereby increasing the people's ability to save. The Government will provide the necessary facilities for the mobilization of saving as well as opportunities for profitable investment. It will also provide credit facilities through credit institutions. Although an estimate of private investment during the Plan cannot be given, it can safely be concluded that such investment would be substantial and would be largely financed by private savings.

Balance of Payments Support

The country has a balance of payments problem in that the foreign exchange earnings fall far short of its import requirements. The position would be much worse when additional large imports of development goods become necessary for the implementation of the Plan. But the external aid to be secured for financing the Plan would provide the necessary balance of payments support. Thus the additional development imports would not create an immediate balance of payments problem. As the bulk of the local expenditure of development projects in the public sector is also to be financed by external aid, the foreign exchange receipts would exceed the development imports. Thus the balance of payments position would be improved rather than worsened during the Plan period. As a substantial part of the aid is presumed to be in the form of grants, the future balance of payments liability will be limited to the servicing of the loans only. Even this would be substantial. It is, there-

fore, necessary that the development should be sufficiently export-oriented or import-saving so as to enable the country to wipe out the existing balance of payments deficit and to provide enough foreign exchange to meet the future debt servicing liabilities. This consideration has been kept in mind in the formulation of the Plan.

Somali Contribution to Development

Although the bulk of the public sector development programme is expected to be financed through external aid, the Somali people, on their part, are expected to make a big effort to achieve the objectives of the Plan.

Balancing of the budget is one of the important objectives. This would not be easy and would involve considerable sacrifices on the part of the people. According to the original estimates, the budget deficit for 1963 was of the order of So. Sh. 54 million. New taxes were imposed in April 1963 to reduce this deficit. Revenues will have to be increased progressively in subsequent years in order to wipe out the deficit completely by the end of the Plan period. The actual increase in revenues will have to be more than So. Sh. 54 million a year, for the expenditure is also bound to increase as a result of the strengthening of the administrative machinery of the Government, which is essential for the implementation of the Plan. The Government would probably have to raise about So. Sh. 150 million of additional revenues during 1963-1967 to balance the budget by the end of the Plan period. This, by itself, would be a great achievement.

All possible means will be adopted for the mobilization of domestic savings. Tax exemption of incomes from certain investments and other incentives will be provided for private savings. The consumers of certain services such as irrigation, electricity, water supplies for human and livestock populations, and veterinary, services will be charged a price or a fee which will fully recover not only the operating costs but also the amortization of capital investment for the provision of these services. It would thus be possible to finance the capital costs of these services through loans.

The aggregate size of the private sector of the Plan will be very large, although it has not been possible to have an accurate estimate of its financial cost. The Plan relies on private enterprise for a very large part of the increase in agricultural, livestock and industrial production. This would call for, in aggregate, very large private investment in the fields of industry, fuels, agriculture, animal husbandry, transport, housing, fields of industry, fuels, agriculture, animal husbandry, transport, housing, settlement of nomads and commerce. These will be financed largely by private savings which the Plan would encourage by opening up new possibilities for profitable investments.

The Plan proposes to use the community development techniques for the construction of facilities which are of benefit to local communities. This would mean capital formation with the use of the labour of the people.

In short, the Somali people will have to pay more taxes, work harder and save more in order to achieve the desired social and economic objectives. In purely financial terms, the resources to be provided by the Somali people may be much smaller than the assistance expected from abroad. But as the level of personal incomes is very low as a result of the neglect of development in the past, the savings of the people, whether voluntary or forced, would constitute a substantial proportion of their income. Thus the sacrifices which the people would be making in real terms would be very large. This would be their contribution to the development of the country.

XXIII.

APPENDIX I.

FUNCTIONS AND COMPOSITION
OF THE PLANNING AND COORDINATING COMMITTEE
FOR ECONOMIC AND SOCIAL DEVELOPMENT

Functions

The Committee shall exercise the following functions:

- 1) It shall prepare plans and programmes, which may extend over several years, for the economic and social development of Somalia.
- 2) It shall advise with respect to coordinating the work of the competent Ministries, Agencies and Organizations concerned with economic and social activity.
- 3) It shall make recommendations with respect to the requirements, coordination and maximum utilization of foreign financial, economic and technical assistance.
- 4) It shall review and appraise progress of economic and social development of Somalia and make recommendations for the implementation of plans and programmes.
- 5) It shall study and examine such economic and social problems as are referred to it by the Prime Minister.

Composition

The composition of the Committee shall be as follows:

- | | |
|---|---------------------|
| — H. E. Dr. Abdirascid Ali Scermarche, Prime Minister | — President |
| — Mr. M. L. Qureshi, UN Economic Adviser to the Somali Republic | — Vice-President |
| — Gen. Daud Abdulla Herzi, Army Commandant | — Member |
| — Gen. Mohamed Abscir Mussa, Police Commandant | — Member |
| — Dr. F. Palamenghi-Crispi, Director-General National Bank of Somalia | — Member ex officio |

- Mr. Ahmed Raghe Abdi, Chief Planning Department — Member ex officio
- Mr. Giama Gani Ahmed, nominated by the Minister of Information — Member
- Mr. Iahia Hagi Abdullahi, nominated by the Minister of Finance — Member
- Mr. Hussen Mohamed Mohamud, nominated by the Minister of Interior — Member
- Mr. Ahmed Scek Mohamed Issa, nominated by the Minister of Defence — Member
- Mr. Mohamud Mohamed Ali, nominated by the Minister of Education — Member
- Mr. Mohamed Ali Nur, nominated by the Minister of Health, Veterinary and Labour — Member
- Mr. Ali Shekh, nominated by the Minister of Public Works and Communications — Member
- Mr. Hassan Mohamed Hassan, nominated by the Minister of Industry and Commerce — Member
- Mr. Abdullahi Duale, nominated by the Minister of Agriculture and Animal Husbandry — Member
- Mr. Ahmed Shire Lawaha — Member
- Mr. Abdurahman Nur Herzi — Secretary

XXIV.

APPENDIX II

PLANNING AND COORDINATING COMMITTEE
FOR SOCIAL AND ECONOMIC DEVELOPMENT

PROFORMA FOR SUBMISSION OF DEVELOPMENT PROJECTS

Information as indicated in the proforma should be provided for all development projects to be included in the Five-Year Plan (1963-1967). Parts of the proforma which are not relevant to any particular project should be ignored.

1. Name of the project and its location:

2. The Ministry or the Organization which has prepared the project:

3. The Ministry or the Organization which will execute the project:

4. A brief description of the project giving the purpose of the project and the manner in which it will be implemented:

5. The period required for the execution of the project:

6. The cost of the project:

- (i) Foreign exchange expenditure: _____
- (ii) Local expenditure: _____
- (iii) Total: _____

7. Annual phasing of the expenditure:

	Foreign exchange expend.	Local expend.	Total
1st year	_____	_____	_____
2nd year	_____	_____	_____
3rd year	_____	_____	_____
4th year	_____	_____	_____
5th year	_____	_____	_____
Total	_____	_____	_____

8. Technical feasibility of the project:

9. Benefits to be derived from the project (give a quantitative statement of the benefits, if possible):

10. In the case of new projects, the proposed date of commencement of work on the project:

11. In the case of ongoing projects:

(i) The date on which work on the project was started:

(ii) The present stage of work:

12. Details of expenditure:

(i) Preliminary expenditure on survey
and investigations

(ii) Land

(iii) Plant and machinery

(iv) Construction charges

(v) Transportation charges

(vi) Contractor charges/consultancy fees

(vii) Other

(viii) Total

13. Annual recurring expenditure on completion of the project:

14. Material and other requirements for the construction of the project:

(i) Cement

(ii) Iron and steel

(iii) Water

(iv) Land

(v) Power

(vi) Transport vehicles

(vii) Other

(viii) Total

15. Technical personnel requirements of the project:

a) For construction of the project:

b) For operation of the project after completion:

16. Raw material and fuels required for the operation of the project after completion:

17. Marketing facilities for the products of the project after completion:

18. Other relevant information:

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