

INTERNATIONAL LABOUR OFFICE

**ECONOMIC
TRANSFORMATION
IN A
SOCIALIST
FRAMEWORK**

**An Employment and
Basic Needs Oriented
Development Strategy for
SOMALIA**

**International Labour Office
Jobs and Skills Programme for Africa
Addis Ababa**



ECONOMIC TRANSFORMATION IN A SOCIALIST FRAMEWORK

AN EMPLOYMENT AND BASIC NEEDS ORIENTED DEVELOPMENT STRATEGY FOR SOMALIA

Report to the Government of Somalia by the

JASPA Employment Advisory Mission

International Labour Office
Jobs and Skills Programme for Africa

Addis Ababa
1977

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P R E F A C E

1. Since the October 1969 Revolution the Government of Somalia has adopted, within the framework of its chosen ideology of 'scientific socialism', a number of policies and programmes for economic development which would ensure re-distributive justice as well as provide as much productive employment to its people as possible. One of the first objectives of the current Development Programme (1974-78) is to create "conditions where the national product is distributed equitably among the people". Although the objective of maximisation of productive employment is mentioned in the Development Programme in a rather general way, the Government has been keenly alive to the problem and is perhaps one of the very few countries in Africa which have taken concerted measures to reduce, if not wipe out, unemployment and under-employment. It is again one of the very few developing countries which is keen and ready to evaluate earnestly the performance of its policies and programmes and to take corrective measures. It was in that spirit that, the Government invited the ILO's Jobs and Skills Programme for Africa (JASPA)¹ to field an Advisory Mission to examine its economic and social policies and programmes and to suggest measures for integrating more fully the employment and equity objectives in them.

Terms of Reference

2. During a preliminary visit by Dr. Shyam B.L. Nigam, the Deputy Chief of JASPA in December 1975, the Government's request for assistance was discussed in detail and the following terms of reference of the Employment Advisory Mission were finally laid down:

^{1/} The Jobs and Skills Programme for Africa (JASPA) is the regional component of the ILO's World Employment Programme and is intended to assist African countries in the assessment of their employment problems and in the orientation of their over-all development policies towards employment goals. The Mission to Somalia was the third of its type, the other two were to Zambia in 1975 and to Swaziland in April-May 1976.

"In the light of the over-all economic and social objectives of the Government of the Somali Democratic Republic to achieve full employment and to ensure full participation of people in the development process, the JASPA Employment Advisory Mission may advise on the following issues:

1. Integration of employment objectives and policies into the current Five Year Plan, 1974-1978.
2. Development of the co-ordinating links between Ministries and Agencies concerned primarily with human resources development and to bring out the manpower implications of their separate and combined policies in relation to national development needs.
3. Suggest and identify development projects for the rural area of the country in the light of government policies for rural development particularly the impact of rehabilitation and settlement schemes and their necessary re-orientation from the employment and over-all development points of view.
4. Examine the existing educational and technical training facilities and suggest their re-organisation and development in the light of the manpower needs of the country."

Composition

3. The Mission was initially composed of the members of the JASPA Regional Employment Team in Addis Ababa, two members of the ILO Regional Office for Africa, three external consultants and a senior officer of the United Nations Conference for Trade and Development (UNCTAD) who was kindly released by his organisation to collaborate with the JASPA Team. In the spirit of interagency cooperation, and in the interest of mutual benefit, the Joint Division of the UN Economic Commission for Africa (ECA) and the Food and Agriculture Organisation of the United Nations (FAO) which had earlier planned a mission of its own in connection with its project on incorporating cattle into the farming system through an organised small farmers dairy scheme, decided to join and collaborate with the JASPA Mission. Two staff members of this Division were accordingly included as members of the JASPA Mission. The final composition of the Mission was as follows:

Dr. S.B.L. Nigam	- Chief of Mission and Deputy Chief of JASPA, Addis Ababa
Mr. L. Lovdahl	- Member of the JASPA Regional Employment Team, Addis Ababa
Mr. A.G. Fluitman	- Member of the JASPA Regional Employment Team, Addis Ababa
Mr. A. Salim	- Regional Labour Economist, ILO Regional Office, Addis Ababa
Mr. H.A. Noor	- Staff Member, ILO Regional Office, Addis Ababa
Mr. B.A.B. Thompson	- Regional Adviser on Dairy Development, ECA/FAO Joint Division, Addis Ababa
Mr. F. Tewane Beyele	- Economic Affairs Officer, ECA/FAO Joint Division, Addis Ababa
Dr. F.F. Clairmonte	- Senior Economic Affairs Officer, UNCTAD, Geneva
Dr. M. Abdel-Fadil	- Assistant Director of Development Studies, Faculty of Economics and Politics, University of Cambridge, U.K. - Consultant
Mr. G. Allanson	- Senior Lecturer, School of Rural Economics and Related Studies, Wye College, University of London - Consultant
Mr. J.J. Swift	- Senior Fellow, Institute for the Study of International Organisation, University of Sussex, U.K. - Consultant

4. While in Somalia the Mission coopted Dr. A. Zikry, ILO Manpower Assessment and Planning Adviser and Mr. A. Morris, ILO Vocational Training Adviser to the Government of Somalia, as members and benefited by their participation, advice and contributions.

5. The keenness with which the Government of Somalia viewed the work of the Mission and attached importance to it was obvious from the fact that, in addition to the two main senior officials - Jaalle Mohamed Sheikh Osman "Jawary", Director, Department of Labour and Jaalle Abdulahi Sheikh Ali, Director, Department of Planning,

State Planning Commission - who were attached to the Mission as local counterparts, five more technical officials, Miss Khadija Haji Bashir and Messrs. Ali Ahmed Abukar, Abdulkadir Ali Ahmed, Ahmed Sheikh Abdi and Hussain Dahir Share, were deputed to work closely with the members of the Mission. The Mission was privileged to have them and benefited immensely from their knowledge of local conditions, background technical work and assistance in many respects.

Field Visits and Contacts

6. The Mission arrived in Somalia on 13 July, 1976 and completed its field work on 24 August, 1976.

7. The Government was good enough to arrange field visits for Mission members to several parts of the country which enabled them to have a valuable glimpse of the countryside, see many field projects and have discussions with the local authorities.

8. During its stay in Somalia, the Mission was fortunate enough to have discussions with the then Acting Vice-President of the World Bank (IBRD) Mr. Stanley Please, and members of the two World Bank Missions - one for the appraisal of the Education Project and the other for assessing the scope of assistance to the Somali Development Bank - who happened to be visiting the country at the same time. The Mission also benefited by discussions with a special mission of the World Health Organisation on medical education and a mission of the Arab Fund for Economic and Social Development which also happened to visit Somalia at the same time.

9. Besides extensive discussions with numerous senior officials in different Government Ministries, Departments and Agencies, the Mission also conferred with several senior experts of the United Nations and its various specialised agencies working in Somalia. The Mission was also honoured by frank and sincere briefings by the Minister of Labour and Sports, Chairman State Planning Commission,

Chairmen and members of several Bureaux in the Party and above all by H.E. the First Vice-President of the Republic, Jaalle Hussein Kulmie Afrah.

10. The Mission also benefited by discussions with the representatives of employers' and workers' organisations.

The Nature of the Report

11. It is necessary to point out that the missions fielded by JASPA are not comprehensive employment strategy missions such as those undertaken earlier, under the ILO's World Employment Programme, in Kenya and the Sudan in Africa. The main objective of the JASPA Employment Advisory Missions is to examine only those problems which are specifically mentioned in their terms of reference and within that framework, recommend to the Government concerned the possible lines of action or development strategy which are likely to meet the goals of maximisation of productive employment and reducing inequalities in the distribution of income. The present report should, therefore, be considered in the light of the terms of reference assigned to the Mission and not in the light of the enormous tasks and issues that need to be examined in the formulation of a comprehensive employment-oriented development strategy. Nonetheless, we believe that by having examined all the key productive sectors and major macro policy issues, our report should make a modest contribution to the fuller and more rational examination of development policies and issues facing the Government at present. We also hope that our suggestions and recommendations will be taken into account, not only in the reorientation of the policies and programmes under the current Development Programme but also in the formulation of the next Development Plan.

12. The title of our Report "Economic Transformation in a Socialist Framework", should not imply that the Mission on its own has suggested such a framework. The basic philosophy for economic and social development adopted by the present Somali Government is that of scientific socialism and the Mission was asked to examine

the various policies and programmes "in the light of the over-all economic and social objectives of the Government". Economic transformation in Somalia is being promoted within a socialist framework and the Mission, therefore, has taken this as the framework within which to examine the various policies and programmes.

13. Since the Report is intended primarily for the use of the Somali Government, we have generally omitted much of the historical perspective or back ground of economic developments in the country; nor have we reviewed exhaustively the social and economic setting. Wherever such details are given, it is either because they are essential for an understanding of the nature and scope of the current policies in their proper perspective, or because we feel that this Report, when published, may have a wider audience and be read and used by other developing countries. Somalia has adopted a different and rather bold approach for the solution of its economic and social problems. Some of the policies are imaginative and the realism with which it has pursued its goals, has made it one of the few countries in Africa whose absorptive and implementation capacity is indeed commendable. Other countries may, therefore, benefit by its experience.

Responsibility for the Report

14. While the Mission was organised under the aegis of JASPA, it is essential to clarify that it was invited by the Government of Somalia to provide it with an independent view of the country's employment and development problems and of strategies and policies for action. It is for this reason that the responsibility for this Report, as in the case of other similar employment mission reports, rests primarily with the Chief of the Mission, and not with the ILO or with any organisation or agency whose staff members participated in the Mission. The Chief of the Mission was immensely helped by the contributions of and working papers prepared by the different members of the Mission. These were, however, distilled, modified and edited as accepted and interpreted by him. He, however,

acknowledges with thanks the assistance received in this task from his colleague, Mr. Lars Lovdahl, and from other members of the Mission who gave their suggestions and views on the "zero" draft of the Report. In the final analysis the Report represents the consensus of all members of the Mission in their individual capacities.

Acknowledgements

15. Numerous Government officials helped the Mission members during the course of their work in Somalia. We are grateful for their spontaneous and most willing assistance and for the sincere advice given. Without their cooperation it would have been difficult for the Mission to accomplish its task. It is not possible to thank all of them by name, but we feel particularly obliged to mention the names of the following senior members of the Government who were extremely helpful and courteous to the members of the Mission individually as well as collectively:

Jaalle Hussein Kulmie Afrah	- First Vice-President of the Republic
Jaalle Ahmed Mohamed Mohamoud	- Chairman, Finance and Commerce - Bureau of the Party
Jaalle Ibrahim Megag Samater	- Chairman, Administrative Affairs of the Central Committee
Jaalle Ahmed Mohamed Dualah	- Chairman, Agriculture and Animal Husbandry Bureau of the Party
Jaalle Ahmed Habib Ahmed	- Member of the Central Committee of the Party
Jaalle Jama Rabile Good	- Member of the Economic Committee of the Party
Jaalle Mohamed Yusuf Weyrah	- Chairman, Planning Commission
Jaalle Abdurahman Noor Hersi	- Minister of Finance
Jaalle Farah Wais Duale	- Minister of Labour and Sports
Jaalle Aden Mohamed Ali	- Minister of Education
Jaalle Mohamoud Hassan Noor	- Director General, Ministry of Labour and Sports
Jaalle Hussein Elabeh Fahiyeh	- Acting Director General, Planning Commission

- | | |
|---|---|
| Jaalle Mohamed Ali Farah | - Director General, Ministry of Agriculture |
| Jaalle Mohamed Sheikh Osman
"Jawary" | - Director of Labour Department,
Ministry of Labour and Sports |
| Jaalle Abdullahi Sheikh Ali | - Director, Department of Planning,
Planning Commission |

16. We are thankful also to the following representatives of the employers' and workers' organisations who were good enough to have discussions with us and gave the benefit of their advice on various issues connected with the employment problem in the country:

- | | |
|----------------------------------|--|
| Jaalle Abdulahi Mohamed Sheikh | - Chairman, Central Committee of the Somali Workers Federation |
| Jaalle Amina Ahmed Warsama | - Member of the Central Committee of the Somali Workers Federation |
| Jaalle Mohamed Salah Ali Yanileh | - General Manager, Somali Chamber of Commerce and Head of the State Commercial Agencies Bureau |

17. We also wish to record our thanks to all those in the Government service in the regions, University and other educational and training institutions, business and trade who, during our visits, gladly received and provided us with the necessary information.

18. Our thanks, in particular, are due to the UNDP Resident Representative, Mr. G. Ozerov, and to his deputy, Mr. R. Stefanson, who took keen interest in our work and offered us all possible assistance and encouragement. In the very beginning of our work Mr. Stefanson was good enough to arrange a meeting of all senior experts of the United Nations and Specialised Agencies working in Somalia. This provided us with an excellent opportunity to hear their views. We wish to thank all the experts who helped the Mission members, either individually or collectively, by sparing time to confer with us and by providing background material and advice.

19. The Mission is also thankful to Mr. B. Papavassiliou, the Assistant Resident Representative and Administrative Officer in the UNDP Office, who was extremely kind and helpful in all administrative and financial matters.

20. Messrs. Yusuf Aden Aptidon and Ahmed Mohamed Samater who were attached to the Mission by the Government to work as secretaries did a very good job. Along with Miss A. Tjoyas, the Senior Secretary of the JASPA Regional Employment Team, they worked very hard with devotion. We are grateful to them for their assistance. The onerous task of typing and re-typing the draft report fell on Miss Demeku, one of the secretaries of the JASPA Regional Employment Team. We wish to record our appreciation and thanks to her for doing an excellent job.

21. Mr. J.J. Kisa, the Chief of JASPA, was good enough to go through the draft of the report. We are grateful to him for making several useful and constructive suggestions.

22. Last but not least, we are thankful to the UNDP and the Government of Norway whose financial Assistance made the fielding of the Mission possible.

23. The Mission's field work was over at the end of August 1976. A Zero draft of the Report was considered by the members of the Mission in October and the draft Report was submitted to the Government in December 1976. The Government appointed a high level committee and several working groups to examine the draft Report exhaustively. The final comments of the Government were discussed with it by the Chief and another member of the Mission in March 1977. These were given full consideration in the finalisation of the Report, which is now being released.

SUMMARY AND RECOMMENDATIONS

1. It is necessary to stress that the summary of the Mission's findings and recommendations given below, should not be taken as a substitute for the Report. The summary often makes the analysis of various issues examined in the Report rather too general, if not blunt. In so far as the recommendations are concerned, only the most important ones are given below. For a complete understanding of the Mission's findings and the bases on which the recommendations have been arrived at, it is essential that the Report itself be read in full.

INTRODUCTION: THE SETTING

2. The efforts of the Government of Somalia in recent years have evolved around the principle of scientific socialism and the concept of self-reliance. The major objectives of the development policy are greater self-reliance in development efforts, collective ownership of resources, creation of sufficient productive employment, inculcation of the spirit of self-help and the achievement of growth with equity. The main instruments for achieving these objectives have been the nationalisation of foreign-controlled enterprises, the expansion of the public sector so as to make it the leading sector in the economy, the development of the small-scale sector in agriculture, fishing, industry and distributive trades through cooperatives, mass mobilisation and self-help schemes and austerity and egalitarian measures to ensure social justice.

3. In the absence of comparative and up-to-date information, it is difficult to assess the results achieved by the Government; some of the programmes and steps taken are, however, bold and well-conceived. These include the agricultural crash programme, the settlement schemes for a part of the nomadic population made destitute by the recent drought, the rapid increase in education, the construction of a large number of school buildings through self-help,

the mass literacy and disease eradication campaign of 1974 and the dramatic improvement in the Government's recurrent budgetary position. There is no doubt that, as a result of the policies being followed by the Government, considerable improvement in the economic and social life of the country is visible, that the Government, public administration and people in general are infused with a desire for the rapid progress of the country and that the capacity of the Government to implement the projects successfully is much better now than was the case in the past. While the Government has adopted the policy of scientific socialism for guiding its economic development, it does not wish to disrupt the economic structure by precipitate action. The policy of self-reliance is promoted with realism and not with dogmatism.

4. Despite the commendable achievements, challenges and constraints to rapid economic development continue to exist. Not the least important of these constraints are the acute shortages of skilled manpower and lack of finance. The policies and programmes adopted in different sectors need to be looked into and re-oriented if the objectives of fuller productive employment and reduction of inequalities in income distribution are to be realised in the near future.

THE EMPLOYMENT PROBLEM

5. The Mission identifies six types of employment problems: (i) open unemployment, (ii) under-employment, (iii) low incomes, (iv) employment of educated persons, (v) shortages of skilled manpower, and (vi) shortages of unskilled labour in some areas or industries.

6. The Government has attempted to tackle the problem of open unemployment through several special measures, which include the agricultural crash programme, the establishment of Revolutionary Youth Camps, the programme of 'Gulwade', the settlement schemes for nomadic population and the guarantee of jobs in the public sector to all university and secondary school graduates as well as graduates of post-intermediate technical institutes. These measures are indeed

bold. However, judged from the long-term point of view, the provision of employment opportunities to all people does present serious problems. Most of the above mentioned measures are dependent on the supply of free food, clothing, and lodging by the Government and it will take sometime for these schemes to become economically viable or self-supporting. It has been possible for the Government to run these schemes through mobilisation of its internal resources and with the assistance of friendly countries and international organisations. The maintenance and viability of these schemes in future will, however, depend upon the consolidation and strengthening of the productive sectors of the economy.

7. Although it is not possible to quantify under-employment, it does exist in the form of feather-bedding or padding of pay-rolls, skill under-utilisation, and persons involuntarily working shorter than normal periods of work in a year, and if corrective measures are not taken, the situation is likely to deteriorate. The problem of 'working poor', i.e. those who work very hard and for long hours but earn abnormally low incomes, also exists in Somalia as in most other developing countries. The Mission appreciates the employment policy of the Government which prefers to ensure provision of employment, even at low income levels to all people rather than provide high incomes to some and none to others. However, the future development strategy will have to focus more attention on the improvement of incomes and living conditions of the 'working poor'. The major poverty groups in Somalia seem to be: the casual agricultural labourers and the majority of small-holders in the traditional farming sector; some pastoralists most of the time and large numbers of pastoralists in times of drought; and the lowest paid unskilled employees in the urban formal sector and most of the people working in the urban informal sector.

8. The problem of employment of educated persons has no doubt been solved, for the time being, by guaranteeing jobs to them in the public sector. However, unless there is very rapid economic development, this policy in future will not only demand considerably more funds, but it is likely to result in the over-padding of pay-rolls with all its attendant repercussions on efficiency, morale, discipline, etc. It is true that there are shortages of some categories of

professionals, technicians and skilled artisans and every effort has to be made to meet them. But the situation is made more difficult because of the high turnover of skilled personnel, the emigration to Middle East countries, the wages and incentive structure and the under-or mis-utilisation of skills. The training of the existing semi-skilled persons who are occupying skilled jobs, is a matter which deserves urgent consideration if the problem of low productivity is not to continue to bog down projects.

9. The problem of providing productive employment opportunities will assume much greater proportions in future because, in addition to the natural growth of the labour force, the capacity of the modern sector to absorb large numbers of people is limited and if the policy of the Government to settle an increasing number of the nomadic population is to be implemented, enormous resources will be needed to absorb an increasing number into agriculture.

10. The Mission's estimates show that the total likely increase in population during 1977-1981 will be about 414,000 --- 186,000 in the nomadic and semi-nomadic sector, 56,000 in the agricultural, 4,000 in the fisheries and 168,000 in the industry and services sectors. If it is assumed that because of the present condition of the range-land, it should, at most, carry only the existing population, then the additional population of 186,000 in the nomadic sector will have to be absorbed in other sectors. In the industry and services sectors there will be an increase of 168,000 people during 1977-81 and it will indeed be creditable, as assumed by us, if this additional population itself is absorbed by these sectors. There is little possibility of these sectors absorbing more people. This means that the increase in population in the nomadic sector will have to be absorbed either into agricultural or into fisheries sectors. There are, however, limits to the development of fisheries and in our view it may at best absorb additional 26,000 persons, making a total of 30,000 persons to be supported by this sector by 1981. This leaves the agricultural sector which will have to bear the burden of supporting not only the natural increase of its own population but also of the increase in the nomadic sector, except those who may be absorbed into fisheries. Thus, about 216,000 new persons ($56,000 + (186,000 - 26,000)$), will have to be supported by the agricultural sector by 1981.

11. The implications of the above estimates are that annually about 43,000 additional people will have to be supported by the agricultural, 6,000 by the fisheries and about 34,600 by the industry and services sectors, if the additional nomadic population is to be absorbed elsewhere. On the other hand, if the Government wishes to settle more nomadic people, i.e. more than the natural rate of increase of the nomadic population, the burden on the agricultural sector will increase further.

THE ROLE AND IMPORTANCE OF THE RURAL SECTOR

12. The predominant importance of the rural sector for the achievement of the broad national objectives of greater equality in the distribution of the benefits of growth and greater freedom from external dependence is obvious from the facts that on this sector depends at least 80 per cent of the population for its livelihood, and about one-third of the gross domestic product and 95 per cent of the exports originate from it. A large part of the industrial and service sectors also depends on its products for processing or on its effective demand for their markets. Since the Somali resource base is rural, it is inevitable that the rural sector must provide, directly or indirectly, the major part of the Government revenues required to run the country and the bulk of its development funds. It is clear that the unexploited potential for development must lie predominantly in the agricultural sector. In addition to the rural sector receiving producer prices for its output and paying retail prices for most of its purchases, it would appear that the prices fixed at each stage of the marketing chain leave the marketing sector with a greater return on resources than is received by producers. Although precise data are not available, it is believed that the domestic terms of trade, reflecting the relationship between rural buying and selling prices, appear to have worsened for rural producers until recently. If this is substantiated, it is clear that the rural sector is making greater contributions to the GDP and to Government revenues than is apparent from the statistics based on market values.

AGRICULTURAL DEVELOPMENT

13. At present settled agriculture provides a source of livelihood to about 15-20 per cent of the population. In the next five years (1977-81) it may be called upon to absorb more than half of the increase in the population, or in absolute terms, about 43,000 people annually. Somali measures to absorb this huge influx into agriculture and to feed the extra people depend on raising self-sufficiency on the domestic market for foodstuffs and for raw materials such as cotton and on capturing foreign markets in the longer term for potential exportable surpluses which could, within limits, take the form of sugar, cotton, grapefruit, bananas, rice or maize. Since many developing countries are pursuing similar export drives, competition may be cut-throat and the long-term prospects are difficult to assess. However, short and medium term import-substitution presents no immediate problems of retaliation.

14. Development policies turn mainly on extending the irrigated area under full water command. Some 3,500 jobs may be created from 1977 rising to about 6,000 per year by 1983 as a result of present and anticipated projects. However, with about 8,600 families per year seeking employment in this sector it is clear that urgent action is called for to accelerate the rate of absorption. The extra employment is likely to be created by measures such as making more use of labour-intensive techniques on irrigated crops; introducing more labour-intensive crops into the rotation, e.g. cotton; and intensifying and extending production in dryland areas.

15. The prospects clearly indicate that a very major task lies ahead to ensure that settlement and training match the requirements of the programme and that the research base and organisation for transforming the large rural subsistence sector is ready in time. Manpower shortages of critical proportions, however, limit achievement.

16. The major issues facing the agricultural sector are:
(i) to provide a source of livelihood to about 43,000 new persons annually and reduce the level of poverty of people in this sector;
(ii) to raise food production sufficiently to eliminate food imports, within the next few years, to feed the rising population and to improve the existing low levels of nutrition in vulnerable groups; (iii) to increase the surplus on current account by increasing domestic production of rice, cotton and sugar and by exporting more oilseeds, grapefruit and maize at competitive prices;
(iv) to determine the relative importance of import-substitution and of export promotion; (v) to strive a balance in food self-sufficiency between production based on predictable irrigated areas and that on more variable dry land areas where crops could fail 2 years in 5; (vi) to find the most effective type of organisation(s) to orientate and train the majority of new entrants in the Agricultural Crash Programme and in settlement schemes and provide them with gainful employment; (vii) to make the cooperative approach to existing smallholders both more effective and attractive; (viii) to create a productive base for agro-industry and supplementary services taking into account the linkage and multiplier effects; (ix) to develop a mixed farming system which will fully integrate livestock and crop production in suitable areas; (x) to provide a larger domestic market for industrial consumer and producer goods industries and for services as rural incomes rise.

17. For the effective tackling of the above mentioned issues the Mission recommends that:

1. Greater priority be given to those projects designed to improve existing agriculture which have a short to medium payback period and would help the trade balance on current account (e.g. water control schemes on the Shabelle and Juba, bunding in the North West).
2. Immediate attention be given to developing genuine and smaller communities on Settlement Schemes and to diversifying their production activities and social amenities.

3. Preference should be given to Juba projects which contribute most to the economy, both directly and through backward and forward linkages.
4. Accelerate the institution of a Juba River Valley Authority to establish overall compatibility between projects, collect water charges and maintain structure and exploit any complementary/supplementary characteristics.
5. Initiate/strengthen research into dryland agricultural systems both as practised by members of cooperatives and by the producers outside them, paying special attention to survival mechanisms when the rains fail.
6. Strengthen the Planning Commission so that, where necessary, alternative technologies (and even alternative projects) can be suggested to possible donors. Advanced planning is essential if more appropriate technologies involving more labour are to be incorporated without delay to final completion.
7. Within the Planning Commission network analysis should be used to establish reasonable targets for each project in the plan. Critical path data should be used to monitor implementation and remedial action taken if called for. Shortfalls on completion dates and performance are both costly to the economy.
8. The specific and crucial role of the manager on large scale enterprises and the personal calibre of the man needed should be recognised since detailed professional expertise can be left to heads of department or technical specialists. With increasing size of project, the personnel and coordinating functions of the manager increase and the technical functions diminish in importance. Because of this, reliance should be placed more on in-service managerial training of selected candidates.

9. The orientation, training and production roles of the Crash Programme Farms (and Settlement Schemes) should be differentiated. Attention should be concentrated on training facilities on at most two or three selected farms.

NOMADIC PASTORAL SECTOR

18. The pastoral herds meet two needs; they provide the basic subsistence of the pastoralists and they generate a surplus which is marketed and largely exported.

19. The recent boom in livestock exports, in response to Arabian demand, led to some investment in water supplies and in animal health, but none in improved pasture, in developing the pastoral food economy or in the welfare of nomadic pastoralists. As a result there was no sustained growth of productivity in the pastoral sector. The trade boom was more a windfall gain to traders and partially to the State, at the expense of increasingly destructive exploitation of the pastoral environment and the pastoral food economy. Nomadic pastoralism is thus in a state of crisis, which is reflected in the recent famine in the north and the widespread environmental degradation.

20. The Mission's conclusions and recommendations for the development of the pastoral sector are as follows:

- (i) Given present technology, nomadic pastoralism is an efficient way of using very variable range and water resources. Sedentary pastoralism is not possible on a large scale within the Somali environment because:
 - range production varies according to rainfall which cannot be modified;
 - to grow enough fodder to stall-feed Somali livestock for part of every year would require the best land which would be more profitably devoted to agriculture.

- (ii) Unplanned partial settlement of pastoralists creates severe economic and ecological problems: high risk, low productivity agriculture; overgrazing a round settlements and removal of key grazing areas making a much larger area of range unexploitable;
- (iii) The agricultural sector has lots of land and the fisheries sector has some potential. It is in the national interest to transfer people from the nomadic pastoral population to agriculture and fisheries, provided this is done in a planned manner, properly capitalised and with trained supervision and direction. Assuming that land and water are available, the rate at which these transfers can take place will be determined by Somalia's ability to find foreign capital aid, and to train its own managers and technicians.
- (iv) In view of the limited possibilities of the transfer of population in future, the nomadic pastoral sector will not only continue to exist but will have to play a major role in foreign exchange earnings. A major task, therefore, is to plan policies of development in the nomadic pastoral sector itself with the dual aim of (i) raising the standard of living of pastoralists and more especially protecting their livelihood from periodic drought and famine, (ii) protecting and, if possible, improving export earnings.
- (v) A major contradiction that faces the pastoral sector is that while on the one hand the traditional pastoral economy is designed to support as many people as possible with an acceptable safety margin against disaster; on the other hand a modern high productivity animal production operation is designed to provide the maximum marketed meat or milk offtake, which requires as few people as possible competing with the calves for milk or consuming part of the marketable surplus. This contradiction can only be solved within the framework of clearly identified policy

objectives which define the right balance between subsistence production and marketed offtake, and an organisational framework which makes it possible to implement the chosen policy. This organisational framework must provide a structure so that changes and investments can be made (range improvement, water harvesting, etc.) by the State and by the pastoralists themselves in the land, water and range resources, which are not subject to the normal problem of common resources, i.e. unrestricted access and overuse or neglect.

- (vi) A structure is needed for the State to be able to act coherently in the pastoral sector especially in education, health and the participation of the pastoralists in the normal political and decision making processes. The Mission believes that the appropriate organisational form which is likely to carry out effectively the various tasks facing the pastoral sector is that of pastoral cooperatives.
- (vii) A debate should be started between the Government, the Party and the nomadic pastoralists themselves on the way to formulate and implement a policy of pastoral cooperatives. Some of the issues in this respect are sketched out in the Technical Paper on Pastoral Cooperatives.
- (viii) A thorough study of the marketing of livestock and livestock products should be made to ensure that the nomads get a fair price for their produce and that the profits are not expropriated largely by the middlemen.

BANANAS: MAJOR STRUCTURAL FEATURES

21. The banana sector which occupies a major role in the economy of the country has entered a critical stage. In addition to the massive costs because of rising prices of inputs such as fertilisers and pesticides, sharp competition is being felt on the international market due to more rationalised agricultural practices

of the competitors (generally transnational corporations) and their sophisticated marketing operations. The challenge confronting Somali banana exports is serious and should not be under-played. Remedial measures have to be taken urgently to ensure that Somalia does not lose one of its important sources of foreign exchange earnings.

22. The Mission recommends that:

- (i) A long-term plan for the development of the banana industry be drawn up and a more efficient utilisation of banana lands be ensured.
- (ii) Attempts should be made to diversify export markets.
- (iii) A rigorous programme for the maintenance of equipment and infrastructure should be drawn up and enforced.
- (iv) From the employment point of view, the trend towards mechanisation of the transport of bananas from the farm to the washing and packing shed needs to be examined thoroughly. Alternative systems of transporting bananas from farms be studied so that mechanisation does not lead to unemployment of labour.
- (v) A study of the problem of casual labour be made so that the hardships associated with it, because of long spells of idle periods, are minimised.
- (vi) The possibility of subsidising increased fertiliser consumption so as to raise yield levels be investigated.
- (vii) The work of the National Banana Board needs to be streamlined. The Board should improve its statistical services so that up-to-date information on all aspects of the industry is readily available. It should also set up an economic intelligence service to study marketing and distribution on a global scale, and examine the possibilities of setting up a marketing and distribution net-work in the Middle East so as to extend a higher degree of Somalia's participation beyond the f.o.b. stage.

FISHERIES DEVELOPMENT

23. With the settlement of about 14,000 nomads in three fisheries settlement schemes, high hopes have been pinned on significant contributions that the fisheries sector can make to gainful employment and to the national economy. However, the prospects for absorption of the large labour force do not seem to be very bright. In the first place, the fisheries resources of Somalia and their production potentials are still poorly known. The general lack of information, adequate survey or research data or statistics on fish catches etc. preclude a precise assessment of the available resources and the potential yields. There are also several limiting factors for a rapid development of this sector. These include: the low and uncertain local demand; lack of proper storage and transport facilities; absence of natural shelters along the Somali coast; too short fishing seasons, especially for the traditional boats due to difficult navigation conditions; lack of experienced and qualified fishermen; high investment costs per job created, etc.

24. The Mission recommends that:

- (i) A cautious approach towards the development of the fisheries sector needs to be adopted particularly because high investments are at stake. The massive opportunities for the employment of the additional labour are unlikely to exist in this sector, at least not in the near future.
- (ii) A thorough study of the economically available fisheries resources be undertaken and the potential yields estimated as a prelude to any major developmental ventures in this field.

INDUSTRIAL SECTOR

25. Despite the considerable progress made since independence, the size of the industrial sector in Somalia remains very small and because of several limiting factors - e.g. small domestic market; lack of technical manpower, including managerial talent and experience; shortage of funds; capital-intensity and lack of infrastructural facilities - not much reliance can be placed on it for any large absorption of the growing labour force.

26. Some of the characteristics of industrial development and the constraints facing it are: (i) the value added and profits have declined in real terms between 1970 and 1974. Given the declining level of profitability, industry continues to be subsidised by the non-industrial activities and has not yet attained a self-sustained surplus generating capability; (ii) the high degree of concentration of industry in the two regions of the country - Benadir and Lower Shabelle regions - is bound to create regional imbalances with all its social and economic implications; (iii) the chronic under-utilisation of capacity and the fall in production in recent years in some public sector as well as mixed enterprises; (iv) the high-capital intensity in some large industrial establishments; and (v) the financial constraints, shortage of skilled and managerial manpower and lack of technological infrastructure.

27. For a more balanced and effective development of the industry sector the Mission recommends that:

- (i) Future planning must try to spread industrial development so that the benefits of industrial growth are shared as equitably between different regions as possible.
- (ii) A detailed study of the under-utilisation of capacity in many industrial units be made at an early date. The reasons for the short-fall in production and under-utilisation of capacity should be clearly sifted and analysed in each case so that suitable corrective measures are taken to remove them as far and as soon as possible.

- (iii) A Technological Unit should be set up in the Ministry of Industry for collecting, integrating and co-ordinating the requirements of know-how for industrial development and finding ways and means for its acquisition. A local firm of consultancy service should be promoted and research and development units be established in industrial plants of large size to assist in the assimilation, adaptation and subsequent further development of technology.
- (iv) The proposed Technological Unit should also be entrusted with the task of appraising all projects, before they are finalised and accepted, to ensure that the most appropriate technology is used and that capital-intensity is reduced as much as possible.
- (v) As financial constraints have already begun to be felt, there is a need for careful selection of projects and their wise management. The present anticipated yields on industrial investment and their gestation periods also need to be carefully studied.
- (vi) The Somali Development Bank's criteria for evaluating the soundness of agro-industrial projects should be reviewed and revised as these are inadequate as a basis for effective programming on a continuing basis.
- (vii) In order to meet the critical manpower shortages, the industrial enterprises themselves, particularly the large ones, should undertake the responsibility of training their own cadres on-the-job as well as through formal institutions. Similarly, all new projects should have a built-in training component for the required technical manpower. The under- or irrational utilisation of manpower should also be avoided.
- (viii) There should be further scope for deepening the participation of the workers in the affairs of industrial units.

- (ix) Somalia's potential for the development of a number of import-substitution industries should be examined carefully and exhaustively. There is considerable scope for employment if local raw-material-based import-substitution industries are established, keeping in view the size of the local market.
- (x) Greater attention, integrated planning and resource mobilisation are necessary to tap and utilise all resources for the development of export-oriented industries which can have a noticeable impact on the employment situation.

THE CONSTRUCTION SECTOR

28. Even from the fragmentary data available, it is obvious that the construction sector not only provides employment to a large number of persons, but that if appropriate policies and technologies are used, it is capable of providing much more employment. The evidence available to the Mission indicates that while building construction does employ less capital-intensive techniques, road construction is by and large capital-intensive. It seems that the Somali construction authorities have not chosen the techniques, they generally employ, after careful consideration of the economic, let alone the social, costs and benefits. The tendency to make the import of capital equipment cheap, both through low rates of interest and duty-free or very low-duty imports, may have also played its part in the adoption of capital-intensive techniques. Alternative labour-intensive technologies do exist and they could very substantially contribute to job creation.

29. The Mission recommends that:

- (i) A Standing Committee on the construction industry be set up in the Ministry of Works. Among other things, this Committee should test, develop and evaluate labour-intensive, intermediate technologies in all fields; undertake work-studies in order to estimate the productivity of labour and

equipment and the impact on employment-creation in various construction activities; assess the indigenous capability for the manufacture of appropriate tools and materials which would maximise labour productivity and evaluate the necessary skill requirements of the various techniques.

- (ii) The Standing Committee should be given the necessary powers to ensure the implementation of appropriate techniques evolved by it.
- (iii) In the case of housing construction, regulatory policies should be enforced through permits which lay down specific conditions for the use of indigenous construction materials and less sophisticated construction techniques. The private housing sector should be made subject to strict hurdles against mechanisation so that it makes maximum contribution to employment creation.
- (iv) Ways may be found to promote private house-building through cooperatives and personal efforts to relieve the housing shortage in the urban areas.
- (v) The Government should give a high priority to the production of building materials in the country.
- (vi) The creation of an independent national housing agency for research, design and construction of low-cost houses should go a long way in promoting the construction of such houses.

INFORMAL SECTOR

30. Broadly defined, the informal sector consists of any small-scale economic unit engaged in the production of goods and services whether or not it employs one or more persons, uses fixed capital, or has a fixed location for conducting business. In the case of Somalia, and for the purpose of analysis, the Mission has taken private establishments employing less than five persons, as

synonymous to or co-terminus with the term 'informal sector'. The available data unmistakably show that the number of persons employed in such establishments in the country is large. It will not be surprising if the total number ranges between 200,000 to 250,000. This would be about 20 or 25 times more than the employment provided by large industrial and commercial establishments with five or more persons.

31. The Mission's analysis of the position of the informal sector highlights the facts that, as in many developing countries, this sector in Somalia occupies an important place in the economy of the country, that from the employment point of view it plays a far more important role than the large scale industrial establishments; that there is a general tendency to ignore this sector; that the adverse impact on this sector of various policies are not fully analysed or realised by the concerned authorities; that instead of giving special attention and encouragement to the promotion and development of this sector, more often than not, it is harassed or oppressed in the interest of some vague and unrelated notions of health, sanitation or beautification standards, and that, if the Government's objective is to maximise productive employment and to increase the standard of living of the poor people, a much more favourable and sympathetic attitude has to be adopted to understand, appreciate and solve the impediments and obstructions in the development of this sector. For this purpose the Mission recommends that:

- (i) The Government should adopt a positive attitude towards the activities of the informal sector. Any harassment of this sector should be avoided. Whatever policies are adopted on social or health grounds, they should be well-thought out and their impact on the employment situation should be given full consideration. Mere enthusiasm to improve health or sanitary standards may only help to promote the interests of the organised sector and may act against the policy of the Government for maximising productive employment and improving the living standards of the target groups in the population.

- (ii) While the Mission agrees with the policy of forming co-operatives for the development of small-scale enterprises, it would like to caution against hasty action in this respect, particularly in the case of retail trade in household goods, food items, etc. Apart from organisational problems, its direct and indirect constraining impact on employment and income earning opportunities could be considerable if the flexibility with which the traders, hawkers, etc. could start some business and eke out a living, is destroyed.
- (iii) The Somali Institute of Development Administration and Management (SIDAM) should give attention to providing the necessary administrative and managerial training, including bookkeeping and accountancy, to the managers and proprietors of small-scale establishments.
- (iv) The Commercial Bank should study the 'hypothec' technique to get over the problem of lack of collateral which is a major factor in the inaccessibility of bank credit to the small-scale sector. The Bank should also examine the possibility of working out a structure of interest rates under which the rate charged varies with the amount of the loan.
- (v) The Government should create a separate Organisation or Agency for the development of small-scale industries and other informal sector activities. Its first job should be to make a comprehensive survey of the informal sector to determine its size, nature and problems.

FOREIGN TRADE

32. In the context of Government's commitment to a self-reliant development strategy, a viable balance of payments is a basic need. This implies that the balance of trade is at least sufficiently positive to take care of essential payments on services account though

it may not be possible at this stage to meet development needs from this surplus. For this it is necessary that a target date be fixed and the foreign trade sector be given its due share of attention. The rate of growth of imports has been much too high in recent years for comfort. Although a sizeable proportion of imports is for development, there may still be room for scrutiny of the import list so that extravagant and luxurious imports are curtailed. Our analysis further shows that the debt service problems may become more difficult in future.

33. The Mission recommends that:

- (i) The question of foreign trade strategy needs to be given closer attention. The Government should lay down a target date - say 1985 - for at least balancing the trade and services account.
- (ii) Though essential items and investment goods comprise a relatively large proportion of the country's imports, there is room for thought in the case of some import items, like petroleum and sugar, as imports cannot be allowed to go on rising at the rate they have done during the last few years.
- (iii) It should be ensured that the country's main exports are competitive and that they are able to retain, and may even increase, their share in the international market. Export promotion should be considered an important item of policy and necessary machinery be created to ensure that the problems of credit, marketing and other institutional support are continuously kept in mind.

FISCAL AND MONETARY POLICY

34. In Somalia, the bulk of the investment for development is the direct responsibility of the State; the Somali budget, therefore, is truly an instrument of economic development. A study of fiscal and monetary policy thus takes the centre of the stage in the analysis of the problem of resource mobilisation. The fundamental problem here is that the bulk of the country's finance for development comes from outside. Indeed the current budget has only started to make a contribution towards the financing of part of development expenditure since 1970. Before that an Italian subvention helped to meet the current expenditure budget.

35. The problem, therefore, is two-fold: (a) what possibilities exist to raise additional resources through taxation ? and (b) what role can expenditure control play in the mobilisation of larger Governmental saving for developmental expenditure ? Both these issues are discussed at some length.

36. Expenditure policy is also examined with a view to determining how a re-orientation of Government expenditure towards larger expenditure on economic and social services can help in the implementation of a basic needs strategy for the population. In recent years such a re-orientation has been made, though it is not possible to measure with any degree of certainty how these expenditures have benefited the various sections of the population and the rural and urban areas.

37. In the light of the great need for resource mobilisation and in order that Somalia's chosen strategy of self-reliant growth has a better chance of implementation, the Mission recommends the following measures in the fields of taxation, public expenditure and public borrowing:

- (1) A target needs to be fixed for annual growth in current expenditure so that expenditure on economic and social services is properly re-oriented in the light of the requirements of the basic needs strategy and the contribution of Government's own savings towards the financing of developmental expenditure is enlarged.
- (ii) A Tax Commission be set up to study, in depth, the Government's operations in the fiscal field both to find ways and means of mobilising additional resources and to provide a check on whether the benefits of Government expenditures in the various fields percolate to the masses of the people.
- (iii) There is a case for an upward revision in import duties.
- (iv) Export duties should be made ad valorem wherever possible.
- (v) The effects of the Development Levy on the different sectors of the population need to be examined. As far as possible it should be generalised to cover not only all employment income but all other incomes as well. But if this is not considered possible, there should be scope for a greater number of tax rates for different income slabs so as to convert the tax from more or less proportional tax to a progressive tax at all levels of income.
- (vi) The cost of irrigation projects as well as their maintenance cost be recovered from the beneficiaries through an irrigation levy.
- (vii) All possibilities need to be explored for the mobilisation and promotion of domestic savings so that non-inflationary finance can be found for the current and future plans. In this context, the need for creation of social insurance and social security schemes should be explored. Similarly, the potentials of a lottery scheme should be examined.
- (viii) Greater attention needs to be given to the mobilisation of domestic resources. Ways be found to tap domestic savings through greater mobilisation of deposits.

- (ix) The interest-rate structure of the Somali Development Bank be carefully examined. The medium and long-term credit rates are in general extremely low and amount to a subsidy on capital. The availability of capital at these low rates of interest has also the danger that enterprises may use capital-intensive techniques. There is some evidence that this may have already happened.
- (x) The Somali Development Bank may undertake a detailed study of the credit needs of the different sectors of the economy. It may also study how its activities can be expanded in the field of agriculture, fishery and livestock development.

INCOMES POLICY

38. The successful implementation of the basic needs strategy, recommended by the Mission, requires that the Government's incomes policy should be geared to the satisfaction of basic needs, including the provision of food, housing and essential services, for the poorest groups of the population. In a society like that of Somalia, with relatively small wage incomes and where the majority of subsistence farmers are not dependent on the commercial cash market, an incomes policy designed to achieve equity is best executed through budgetary intervention on the supply side, by making available in all regions, and at accessible prices, certain essential goods and services for mass consumption.

39. The Government has undoubtedly taken certain commendable measures to evolve an incomes policy. These can and should be strengthened. The Mission's recommendations in this respect are:

- (i) Price policy should be an integral part of a comprehensive incomes policy. For this purpose a Price Control Advisory Committee should be created to advise on price changes in the light of the requirements of the over-all incomes policy.

- (ii) The subsidy scheme does not seem to have been entirely effective in moderating the over-all inflation rate in the last few years. However, its main beneficiaries, at least till about 1974 were the middle-income groups in urban areas as items of mass consumption for the rural and urban poor, such as maize and sorghum, were not covered by the price subsidisation scheme. In 1975, however, the import of maize was subsidised. The matter needs to be looked into carefully in the interest of the poorer sections of the population.
- (iii) Specific criteria for wage rate increases need to be worked out for different wage-earning groups and levels of incomes. The permitted increases should be determined in the light of trends in productivity growth, shortages and surpluses of specific skills, and the need to remedy the distortions inherent in the current incentive structure.
- (iv) There is room for more progressive taxation of rent from residential real property, particularly of luxurious types.
- (v) Fiscal policies be re-enforced to tax away part of the economic surplus generated in the livestock export sector which is currently appropriated by the local urban mercantile elite.
- (vi) Special consideration be given to raise income levels in rural areas. In this respect, there are no 'fine-tuning' policy instruments to be resorted to as in the case of other sectors. However, a set of policy measures can be taken. These include regulation of minimum wages, fixing minimum guaranteed prices for agricultural and livestock products, and the effective manipulation of the inter-sectoral terms of trade in favour of the subsistence farmers and low-income pastoralists.

- (vii) The question of fixation of minimum wages and their application need to be examined in detail by a tripartite committee so that the minimum amount required for meeting the basic needs of the lowest groups of the population is calculated. The enforcement of minimum wage legislation also needs careful consideration. It may be desirable to apply it, in the first instance, to large public and private sector establishments and leave out small establishments, particularly in rural areas, for the time being.
- (viii) The structure of wages and salaries should not be tied too rigidly to formal educational attainments. Salaries for clerical and junior administrative staff appear to be unduly high in relation to those of technical personnel and skilled and semi-skilled workers.
- (ix) A national job evaluation scheme should be worked out to evolve a new pay structure based on the description and evaluation of jobs and thus eliminate anomalies in the current pay structure.
- (x) A National Insurance Fund should be set up to stabilise the incomes of pastoralists and dry-land farmers during droughts and in lean years.
- (xi) The provisions of the Law on Pension and Gratuities for the civil service need to be reviewed to allow for an upward adjustment of pension rights as a precautionary measure to avert the risk of skill/brain drain.
- (xii) Given the enormous regional disparities of Government services, a major re-structuring of Government expenditure to benefit the backward parts of the country is vital to achieve a more balanced pattern of development. Government should, therefore, establish targets for public expenditure per head by regions on basic services. The ultimate objective should be to eliminate the present rural-urban disparities in access to basic services.

EDUCATION, TRAINING AND MANPOWER

Education

40. The Mission subscribes to the present major policies of the Government in the education field, viz., democratisation of access to basic education by assigning top priority to the realisation of universal, compulsory and free primary education; and gradual expansion of post-primary education and training to ensure that the manpower needs of the developing society will be increasingly satisfied. However, despite impressive achievements since the October 1969 Revolution, a number of imbalances, constraints and problems have emerged. These include the imbalances with regard to schooling opportunities for boys and girls; regional distribution of educational facilities; lack of facilities for nomads' children; imbalances in costs; and questions arising as a result of the introduction of the Somali language as the medium of instruction. A programme designed to implement the universal basic education policy for the children of nomads is yet to be evolved. The policy to maintain a 60 per cent progression rate between primary and secondary school will, due to an enormous expansion in primary school enrolment, result from 1980 onwards in anomalies as far as the availability of finance and the manpower requirement situation are concerned. The present and projected financial outlays in the education sector suggest serious problems if expansion of the systems beyond the present plans are envisaged. It is also not clear whether programmes have been or will be designed to usefully mobilise those primary school leavers who will be unable to pursue education beyond the sixth grade.

41. The Mission recommends that:

- (i) A long-term Indicative Education and Training Plan be drawn up. Among other things, the Plan should specify present policies and their implications for various levels and types of education and training; phase the implementation of current policies and the solution of problems and imbalances, identify the likely bottlenecks and provide a framework for more detailed plans.

- (ii) The present sex-wise and regional imbalances in the provision of basic education should be reduced.
- (iii) More attention needs to be paid and large-scale efforts need to be undertaken to ensure that basic education of a relevant nature is available to all nomads' children. This will require a fundamental re-thinking both of the institutions and the content of education in nomad areas. The Mission believes that education for nomads can most easily be provided through the pastoral cooperatives discussed elsewhere in the Report. A large number of national service volunteers can and should be used to assist in the provision of education to these children. The role of the radio should assume much greater importance in communicating with nomadic pastoralists.
- (iv) The need for raising the primary school entry age to seven or eight years should be given serious consideration.
- (v) Eventually, the educational structure may be evolved along the following lines. The primary school leavers who wish to continue further education may pursue a two year junior secondary course including pre-vocational elements. Those who pass the junior secondary course and wish to continue further education may either follow a two year senior secondary course or a two year formal vocational training course in training institutions. The entry level to formal vocational training institutions will, for this purpose, have to be raised to 2 years completed junior secondary education. The senior secondary leavers should, as a condition for further education in the University, enroll in the National Service for one year while the two year vocational training course leavers should acquire one year's work experience before enrolling in a technician level formal institutional course of three years duration.
- (vi) Consideration should be given to the introduction of an additional preparatory year for those who, after completing one year 'Halane' or National Service, are selected

to pursue further studies at the University in order to upgrade their academic standards.

Training

42. Despite a number of steps taken in recent years to develop facilities for technical education and vocational training so as to reduce the critical shortages of skilled manpower, a number of imbalances and constraints continue to bog down the progress in this field. These relate to: the bias towards educating technicians rather than skilled craftsmen; inadequate attention given to the important role that on-the-job training can play; lack of facilities for the upgrading of the existing inadequately qualified technical manpower; variations with regard to curricula and duration between different courses leading to the same occupational skill; inadequate facilities for the training of qualified instructors, and above all, the lack of co-ordination between different authorities responsible for the organisation and development of vocational training and technical education.

43. The Mission recommends that:

- (i) Policies of vocational training and technical education and their co-ordinated implementation should be spelled out urgently within the framework of a long term Indicative Education and Training Plan.
- (ii) Vocational training courses for the production of skilled workers be standardised for various skill categories.
- (iii) Possibilities should be created and formalised for highly skilled and experienced workers to enroll in the technical institutes which correspond to their skill and abilities.
- (iv) Enrolments in formal technical education and vocational training institutions be increasingly geared to the demand for technicians and skilled workers after taking into account the available and potential opportunities for

in-service and on-the-job training. The ratio should generally be three to four skilled workers to one technician.

- (v) The need for upgrading the skill of the existing so-called artisans, is most pressing and one of the vocational training institutes should be reserved for this purpose.
- (vi) Policies should be designed to ensure the optimum utilisation of all vocational and technical institutions and their equipment, for non-formal, in-service or upgrading training purposes during afternoons, evenings and vacation periods.

Manpower

44. From the analysis of the available manpower requirements and supply data, the following picture emerges:

- The total number of university graduates likely to be available will apparently be somewhat less than the Missions "higher" estimate of the demand. However, what is of great concern is the shortages and surpluses in certain categories of professional manpower (some of these have been identified).
- The net availability of secondary school graduates should be considerably more than the demand.
- The anticipated supply of engineering technicians will fall short of the likely maximum demand. There will be short-falls in the case of other technicians also but much more detailed information in this respect needs to be collected.
- The shortage of skilled workers will be considerable in the case of general mechanics, turners and automechanics.

45. In the light of the existing as well as likely future manpower demand and supply situation, the Mission recommends that:

- (i) As a first step the Planning Commission should insist and ensure that each proposal for a new project should give a detailed manning table before it is included in the Plan and sanctioned for implementation.
- (ii) Unless the supply of the required manpower is available, projects should be required to train their own skilled manpower.
- (iii) Either through administrative measures, or preferably through incentive measures, persons trained for a project or for a specialised job should be made to stick to it for a reasonable period of time - those who are specially trained by and for a project should be bonded to serve it for say 3 to 5 years.
- (iv) The ultimate ratio of technicians to skilled workers should be around 1:3. However, because of the existing imbalances and shortage of skilled workers this ratio may be higher for some time.
- (v) Measures should be strengthened to ensure that the country is not denuded, through emigration, of the skills which are critically needed for development.
- (vi) The intake into the University should be allocated between different disciplines in the light of the needs of the country. While the requirements for administrative and managerial positions will be numerically met, these will require necessary training. SIDAM should play an increasing role in this respect.
- (vii) The fuller utilisation of the existing manpower is a matter to which adequate attention has to be paid.
- (viii) There is need for reviewing the wage and salary structure as well as incentive systems particularly for skilled manpower. A trade testing system should be introduced and jobs need to be properly classified.

- (ix) A Central Manpower Planning Unit should be set up in the Planning Commission. The functions of this Unit have been briefly spelled out.

TOWARDS A DEVELOPMENT STRATEGY

46. Given the basic characteristics of the Somali economy (i.e. a narrow resource base, a sizeable nomadic population, a large non-monetised sector, etc.), development planning in the Somali context should place equal emphasis on people as well as on resources. At this stage of development of the Somali economy, the key policy issue is one of defining the conditions under which a self-reliant development strategy can be sustained in the long-run without net adverse effects.

47. The Mission believes that the adoption of a self-reliant development strategy focussed on the provision of basic needs for the poorest sections of the population holds out the best prospect of evolving a new pattern of development, which is fully consistent with the main socio-economic objectives declared by the Government. The central task in such a strategy is the formulation of a self-reliant development that can achieve the highest degree of mobilisation of all domestic resources for the satisfaction of basic material and social needs of the people.

48. The Mission's tentative estimates indicate that the total monthly cost of minimum household consumption requirements, including food items - the first material component of the basic needs strategy - should amount to Sh. 360 for an average family. Assuming that a family consists of 1.2 earning members, the minimum income (or wage) which a person should have to meet the minimum requirements of household consumption works out at Sh. 300 per month.

49. The achievement of the goals of the basic needs approach requires steps both for increasing the growth as well as for redistributing income and the benefits of growth. Reliance on growth policies alone and leaving the income distribution question to market forces will not only fail to serve the purpose but is open to question; re-distributive measures have to be taken simultaneously.

50. In the initial stages of the development process, the need to mobilise the potential and diversify the activities of the rural economy are of utmost importance in order to absorb a substantial proportion of the increments to the economically active population and generate the food and financial surpluses needed by the rest of the economy. In other words, the process of labour reallocation in the initial stages of the development of the Somali economy is not going to take the familiar form of transfers of labour from the rural to the urban sector. Rather, important transfers of labour will take place - for some time to come - from the nomadic pastoral sector to the farming and fisheries sectors. The decentralisation of regional administration organisation of producers cooperatives and intensification of self-help activities must constitute important elements of a multi-faceted rural development programme.

51. The major elements of a self-reliant strategy in the context of Somalia are: achieving a high degree of self-sufficiency in basic foodstuffs; improving the balance of payments through appropriate import substitution activities and diversification of exports; spreading the benefits of development more widely between the people and between the regions through a conscious concern with the question of redistributive justice and equity; and transforming social relations of production by evolving new modes of socio-economic organisation (i.e. cooperatives, state farms, state enterprises, etc.) to replace the traditional forms of organisation based on family ownership and small commodity production.

52. In devising sectoral policies in support of the recommended development strategy, the development areas which should receive priority in Government actions include: integrated agro-industrial enterprises to achieve a high degree of processing of raw materials; irrigation schemes to form the backbone necessary to support an earnest mobilisation of the agricultural potential of the country; nomadic pastoral cooperatives; and development of industries providing basic inputs for development.

53. Within the context of a transition towards socialism, a development planning exercise should go beyond the mere mechanistic aspects of growth, grappling with the key questions of who shall, and in what proportions, receive the benefits that follow from the development process through a conscious concern with the question of income distribution and equity. The planning authorities should not be too easily satisfied with an exercise which states its ultimate objective in very broad terms - e.g. growth of real income per capita - and which gives no systematic picture of consumption and other end-uses. There is at present lack of a consistent macro frame-work in the approach to planning in Somalia. It is not easy to see how the various projects are related to one another as there is no integrated model which allows for linkages and multiplier effects in the rest of the economy. There is also a need to examine more carefully the complete capital packages offered by the donors so as to allow for a full examination of technological alternatives and to assess the relative social costs involved. To enable the State Planning Commission to undertake all these important tasks it is necessary that it should be strengthened by qualified personnel and efforts should be made to retain them in position for longer periods than has been the case so far.

STATISTICAL GAPS AND REQUIREMENTS

54. In the collection of statistical information Somalia has a long way to go. Even information on national accounts, population and labour force are still not available. In so far as the data

required for a development strategy focussed on basic needs are concerned, there are very wide gaps. The re-orientation of policy and planning, according to the socialist philosophy of the Government, requires a parallel re-orientation of priorities for the collection of data. This re-orientation requires, in particular, far more attention to be given to the collection of data concerning the socio-economic characteristics of the nomads as well as the rural and urban poor. The identification of the target groups and their economic and social characteristics is the first requirement and the necessary data for this purpose are to be collected. The extent of poverty is then to be judged with reference to household consumption and income data. Information is also needed on the availability and access to essential services, such as education, health, sanitation, water and transport by the different sections of the population. Much of the statistical information seems to be collected more as a result of ad hoc decisions rather than according to a carefully thought out and planned framework. To ensure that the scarce financial and manpower resources available for statistical work are utilised for the maximum benefit of the country and in accordance with the accepted development strategy, it is essential that an over-all plan for the organisation and development of statistical work is prepared.

55. The Mission recommends that:

- (i) The result of the Census of Population and Livestock be released as early as possible.
- (ii) Until comprehensive family budget surveys giving information on incomes and expenditures are carried out, it would be desirable that, to begin with, data on consumption and prices are collected. Household or consumption categories be defined in such a way that it would be possible to link them to production categories in other socio-economic surveys. Information needs to be collected also on some of the important determinants of income levels, such as the pattern of ownership of land, livestock and housing, access to private or public services, etc.

- (iii) The proposed Agricultural Census be carried out as early as possible as important information concerning the agricultural sector is lacking.
- (iv) Detailed information concerning the livestock sector, particularly with regard to animal holdings per family, age distribution, structure and productivity of herds, and the marketing structure, be collected. It will be useful if regular aerial surveys are made using fixed transect lines.
- (v) In the industrial sector, some important information with regard to labour productivity, labour turnover, seasonality of employment, capacity utilisation, capital-intensity, etc. is missing. Attempts be made to collect these data also either through the Census of Industry or otherwise.
- (vi) The international standard classifications and concepts, adjusted to suit the conditions in Somalia, should be applied uniformly by all statistical producers.
- (vii) National accounts data be collected as early as possible and the system of national accounts that may be adopted should be used as a tool for the integration of all economic statistics.
- (viii) The Central Statistical Department be suitably strengthened and sufficient incentives be provided to its staff so that the high turnover is avoided.
- (ix) A Central Documentation Centre be established so that a 'data bank' is built up and all the reports and publications on development are collected and kept at one place.
- (x) Attempts should be made to release and publish the collected data as quickly as possible. At present most of the data are too old at the time of publication.

R E P O R T

PART I

BACKGROUND AND NATURE OF THE PROBLEM

INTRODUCTION: THE SETTING

POSITION BEFORE 1969

1.1 At independence in 1960 Somalia inherited an extremely low level of economic development, a crippling perennial deficit on current account made good by annual budgetary subventions by the Government of Italy, and a most critical shortage of educated and skilled manpower. The large livestock sector, supporting about two-thirds of the population, and the subsistence agriculture sector, providing a source of livelihood to another 15-20 per cent of the population, remained virtually neglected. The entire modern sector, which consisted mainly of banana plantations and a few industrial establishments, was in the hands of expatriates.

1.2 The Somali Government, which took over the reins of the country at independence, thus faced a difficult and challenging task of removing economic backwardness and building up a healthy economy. Unfortunately not much progress was made for almost a decade. The imbalance between a relatively privileged urban sector and the subsistence agricultural and nomadic sectors not only persisted but deepened. The beneficiaries of whatever development took place were, by and large, the indigenous and expatriate trading classes, the political class and the professional elite. The modern sector continued to be dominated by expatriates and foreign capital. The development process which had assumed, before independence, a pointedly dualist character, as the modern sector developed separately from an essentially unaffected and stagnant subsistence sector, was perpetuated by the prevailing economic structure. The Government's recurrent budget continued to depend on the Italian annual budgetary support though to a lesser extent than before independence. Unemployment swelled up and under-employment, endemic in the traditional sector, was converted into overt unemployment particularly in urban centres. Though reliable data are not available, one source estimates that between 1960 and 1970 the total

real gross domestic product, at market prices, increased only by about 1.7 per cent while the per capita real product declined by 0.4 per cent.¹

THE NEW OBJECTIVES OF DEVELOPMENT

1.3 The present Government which assumed power in October 1969 thus faced a much more challenging task and though the challenges still continue, strenuous and commendable efforts have been made to improve the country's economic and social situation. These efforts have evolved around the principle of scientific socialism and the concept of self-reliance. The major objectives of the development policy followed by the Government are: greater self-reliance in the development efforts; collective ownership of resources and their attendant modes of production and distribution; creation of sufficient productive employment; inculcation of the spirit of self-help and thereby preparation of the public for fuller participation in nation-building activities and the achievement of growth - greater output, national wealth and income - with equity.

1.4 The main economic instruments for achieving the above objectives have been the nationalisation of foreign controlled enterprises in banking, industry and agriculture, except banana plantations; the expansion of the public sector so as to make it the leading sector in the economy; the development of the small-scale sector in agriculture, fishing, industry and distributive trades through cooperatives; mass mobilisation and self-help schemes and austerity and egalitarian measures to ensure social justice.

1.5 Besides the nationalisation measures, the steps taken by the Government to improve the economic situation include: "the initiation of food-producing projects aimed to uplift the standard of living of the masses; creating self-sufficiency in food to do

^{1/} UNCTAD IV - Least developed among developing countries - Statistical Annex - Report No. TD/191/Supp.1. 26 March 1976 - (Item 13 - supporting paper).

away with the dependence on outside countries for food; creating employment for the people; replanning of the budget to end the chronic deficits in the balance of payments and boost the country's monetary reserves; the organisation, overhauling and improving the administrative machinery of the country"¹

LABOUR FORCE

1.6 Although official estimates of the population are not yet available, the unofficial estimates reckon it at about 3.2 million in 1975. Out of a total estimated labour force of 1.24 million, about 80 per cent was in the agricultural and livestock sectors, 7 per cent in the industrial sector and 13 per cent in the services sector. Because of population growth and the small industrial sector, agricultural sector will have to absorb, in the foreseeable future, larger increments of total population and labour force. In manufacturing, the pace of gross capital formation has been impressive, but the numbers employed remain small. In 1973, all public sector industrial enterprises employed about 4,500 persons and private sector establishments with five workers and above had a labour force of only about 2,900. The number of traditional artisanal factory type establishments was estimated at 3,500 with a workforce of 5,100 persons. Since the larger part of industrial activity in the public sector has, upto the present, been highly capital-intensive and those industries already in the plan pipeline will continue to be so, it would be unrealistic to infer that any substantial part of the increment to the total labour force could be absorbed by the modern industrial sector.

¹ Report of President Jaalle Mohammed Siyad Barre at the Founding Congress of the Socialist Revolutionary Party on 27 June, 1976, New Era, July 1976, p. 13.

1.7 A comprehensive evaluation of Somalia's agricultural resources and land capability is yet to be made, but it would appear from provisional data that 55 per cent of the land is used for grazing, potentially cultivable land accounts for about 12.5 per cent, forest and shrub 14 per cent and other land about 18.5 per cent. Under the current policies of the Government, this pattern of land use can be expected to undergo changes in the foreseeable future with the upgrading of land due to (a) mass mobilisation techniques, (b) the extension of irrigated areas, (c) improvement of traditional agriculture through cooperatives and state farms, and (d) the likely stabilisation in the size of the nomadic/pastoralist sector due to settlement schemes.

1.8 Somalia belongs to the group of the world's 29 hard core least developed countries, with an estimated Gross Domestic Product (GDP) of \$254.4 million in 1973 and a per capita income estimated at around \$80. Available indicators would suggest a perceptible shift in the composition of gross domestic product due to the economic policy orientations engendered by the present Government. Significant in this respect has been the drop in agriculture's share in GDP and the rise in the share of manufacturing and specifically in the tertiary sector.

1.9 No official estimates of national accounts have so far been made in Somalia. Based on the available data and informed guesses, the UNCTAD Secretariat has recently published some figures in this respect.¹ These estimates indicate that the growth of per capita real product has shown considerable improvement in recent years (1970-1974) as compared to the position in the decade 1960-70, when a negative real per capita growth rate was recorded. The following table brings this out:

^{1/} UNCTAD IV, Statistical Annex, op. cit.

Table 1.1: Annual Average Growth Rates of Total and Per Capita Real Gross Domestic Product@

	<u>1960-70</u>	<u>1970-74</u>
Total real product	1.7	5.4
Per capita real product	-0.4	3.2

@/ At market prices.

Source: UNCTAD Secretariat.

1.10 The composition of GDP by major groups of economic activity during 1960-1973 has been as follows:

Table 1.2: Gross Domestic Product by Major Activities in Constant Prices, 1960-1974 (In Per Cent)

Year	GDP* (At factor Price)	Agriculture	Industrial Activity		Construc- tion	Transport Commerce and Others
			Total	Manuf.		
	\$ million					
1960	182.0	45	12	(4)	5	38
1970	215.4	38	14	(7)	5	43
1973	254.4	32	15	(9)	5	48

*/ At 1970 prices

Source: UNCTAD Secretariat

1.11 The fall in agriculture's share from 45 to 32 per cent and the rise in the shares of manufacturing and services have resulted in a widening gap between these sectors. The gap between industry and agriculture, town and country, worker and peasant is likely to increase in absolute terms, although it could, perhaps, be modified relatively by the planned rural development policies of the Government.

1.12 The expenditure pattern of gross domestic product is also indicative of the investment strategy and the purposive policies of the Government. The rise in the level of gross fixed capital formation from 12 to 20 per cent of the GDP between 1960 and 1973 is impressive.

1.13 One of the features of the investment pattern between the immediate post-independence and the post-Revolution periods has been the sustained level of industrial investment in the latter. Whereas the annual growth rate of gross domestic investment for the 1960s had been around 3 per cent and that of manufacturing around 9 per cent, there has been a large increase in both rates in the early 1970s. In the second half of the 1970s and even beyond, with the fulfillment of present plans for industrial expansion and the extension of small-scale industries into the rural areas, the gross fixed capital formation could be substantially higher.

1.14 While such a high level of industrial investment is desirable and necessary in both the rural and urban settings, it should be borne in mind that a sustained level of industrial investment and manufacturing capability, with a parallel rise in industrial employment, is predicated on wider internal markets. These markets are at present constrained by the sheer size of the nomadic/pastoralist population and subsistence agricultural sector whose effective purchasing power is low and the marketing and transportation networks are inadequate. It would also appear that another major deterrent to industrial growth is the critical shortage of trained manpower resources at different levels of plant operation.

1.15 The pursuit of sustained expansion in a rapidly diversified industrial structure and a high level of investment hinges, in the final analysis, on raising the rural sector's purchasing power through appropriate institutional changes. Raising the levels of income and employment in the nation implies parallel development of both the rural and urban sector as well as their restructuring.

IDEOLOGY FOR ECONOMIC DEVELOPMENT

1.16 The present Government has adopted scientific socialism as its ideology for economic and social development. "We have chosen scientific socialism", declared President Mohamed Siyad Barre, "because it is the only way for the rapid transformation of the country into a developed and economically advanced country". While scientific socialism provides the ideological motivating force of the nation's activities, the Party, which is the supreme authority in the nation, is aware that conditions for the emergence of a fully effective socialist society are not yet ripe. Although the public sector controls the commanding heights of industry, banking and insurance, the Government stands for a mixed economy in which the private sector has to play a part in the expansion of the productive forces which remain the pivotal economic priority. While the public segment in GDP and overall employment will rise, it is not the Party's strategy to precipitate the shift to socialism in a very short time span.

1.17 Whereas settlement schemes, cooperatives, state farms and other socialist institutions will be expanded and consolidated, the very size of the nomadic/pastoralist sector will necessitate a certain interval of time to shape it into appropriate and modernised institutional forms. The duration of this interval will depend on the effectiveness by which the rural masses are awakened to the necessity of carrying out the Government's policies and programmes.

1.18 As in several Third World countries, the concept of self-reliance has been used to designate the shift from political to economic independence. This concept, however, is not related to a specific mode of production, be it capitalist or socialist. In Somalia's context, self-reliance is seen not as synonymous with self-sufficiency or a process of delinking from the international economy, but rather in the new political context and economic directions that have emerged. In the current usage and practice of the term, it is not synonymous with the repudiation of foreign

assistance, since the nation is highly dependent on it and will continue to be so for a long time. Rather, the concretisation of this concept will become manifest in the harnessing of the country's natural and human resources for the collective benefit of all Somalis, and to ensure an income distribution pattern that is consistent with the aspirations of its overall political and economic goals. "Self-help, or Iskaa-Wax-u-Qabso, as it is called in Somali, besides inculcating a self-reliant attitude also eliminates individualistic tendencies in the people. It is basically communal and collective both in action and thought."¹

1.19 Self-reliance, in the Somali context, it is officially underscored, can receive its fullest consecration only with the help of democratised mass organisations. Although such organisations did exist prior to 1969, they are now being radically re-structured on lines which direct their energies primarily to socialist objectives. One of the basic measures introduced by the present Government has been the role assigned to the Party and the mass organisations in the productive life of the nation. Workers' organisations have been geared to direct the collective energies of the working class.

ACHIEVEMENTS SINCE THE REVOLUTION

1.20 In the absence of comparative and up-to-date data it is difficult to assess the results achieved by the present Government. Some of the programmes and steps taken by it are, however, bold and well-conceived. These include the agricultural crash programmes, the settlement schemes for the nomadic population made destitute by the recent drought, the rapid increase in education, the construction of a large number of school buildings through self-help, the mass literacy and disease eradication campaign of 1974 and the dramatic improvement in the Government's recurrent budgetary position.

^{1/}

"Somalia's self-help and self-reliance", Ministry of Information and National Guidance, Government of Somalia, June, 1974, p. 1.

1.21 The claims of the Government for advancement in the economic field are indeed big.¹ The chronic budgetary deficits of pre-Revolution days have been converted into surpluses - as against a budgetary deficit of Sh. 13.6 million in 1969 and Sh. 16.8 million in 1970, there was a surplus of Sh. 38.3 million in 1975 and in 1976 the surplus is estimated at Sh. 120.9 million. The expenditure on livestock development projects increased considerably and the investments made in this sector increased from about Sh. 8 million in 1969 to about Sh. 23 million in 1975. During the current Development Programme period (1974-78) about Sh. 238 million are proposed to be spent on projects concerning the livestock sector as compared to only Sh. 51 million in the 1971-73 development plan. For the development of the agriculture sector, the current Development Plan has allocated Sh. 1,200 million as against Sh. 82 million in the 1971-73 plan. One of the biggest steps taken in this field is the three projects for the settlement of nomads made destitute by the recent drought. The fisheries sector has also been given a fillip by the establishment of three settlement schemes for the nomads. In the industrial sector, not only have the existing units been assisted and revitalised but 24 new ones have already been established and 15 more are under construction. There have been similar encouraging developments in the transport and electrification sectors. In the field of educational development spectacular results have been achieved. Between 1969 and 1976 the number of primary schools increased by 265 per cent while that of secondary schools increased by 50 per cent. The total number of students enrolled trebled during this period.²

1.22 As mentioned earlier, it is difficult to concretise the above achievements as the required comparative data are not available. There is no doubt, however, that as a result of the policies being followed by the Government considerable improvement in the economic and social life is visible, that the present Government, public

^{1/} See President Mohamed Siyad Barre's speech at the founding Congress of the Party on 27 June, 1976, New Era, July 1976, op.cit.

^{2/} New era, July 1976, op.cit. The figures given in this paragraph do not strictly tally with those given in the Development Programme but are perhaps the latest.

administration and people in general are infused with a desire for the rapid progress of the country and that the capacity of the Government to implement the projects successfully is much better than was the position in the past. While the Government has adopted the policy of scientific socialism for guiding its economic development, it does not wish to disrupt the economic structure by precipitate action. The policy of self-reliance is not implemented dogmatically but realistically.

1.23 However, despite the commendable achievements, challenges and constraints continue to stifle a more rapid progress. Not the least important of these constraints are the acute shortages of skilled manpower and lack of finance. While several of the harsher inegalitarian features have been eliminated or mollified there are still inherent problems which have to be resolved. The Government has undoubtedly taken special measures to reduce unemployment, but several problems in this respect still remain or are likely to be faced in future. Similarly, the policies and programmes adopted in different productive sectors or the macro policies in different spheres, need to be looked into and reoriented if the objectives of fuller productive employment and reduction of inequalities in income distribution are to be realised in the near future.

1.24 The Mission was charged with the task of appraising Government's policies and programmes, particularly those incorporated in the current Development Programme, with a view to suggesting measures for making them more employment oriented. In the Chapters that follow, we have, therefore, endeavoured to examine the current important sectoral and macro policies and programmes, with the help of whatever information and data were available to us, and have suggested measures which should go a long way in bringing the goals of maximum productive employment and provision of basic needs to all sections of the people nearer than they are at present.

THE EMPLOYMENT PROBLEM

EMPLOYMENT SITUATION

2.1 The lack of consistent data makes the analysis of the employment situation in Somalia very difficult and incomplete. The Manpower Survey conducted in 1971 made an attempt, for the first time, to estimate the over-all employment situation in the country. According to this survey, total employment in the non-agricultural sector would have been about 108,000.¹ About 70 per cent of this was in three sectors - commerce (35%), transportation (19%) and public administration and community services (16%). Manufacturing and public sector agriculture, included in the survey, each accounted for about 10 per cent. The shares of private and public sectors were 62 and 38 per cent respectively.

2.2 Strictly comparable figures for later years are not available. The preliminary results of the 1975 Establishment Survey, based on rather broad assumptions with regard to employment in the public sector, indicate that total non-agricultural employment could have been of the order of 116,000. This indicates that over the last four years absolute employment increased by only 8,000 or roughly by about 1.5 per cent per annum. The increase would perhaps have been higher if the number of taxi drivers, vendors, etc. included in the 1971 survey, had also been fully covered in the 1975 survey. However, even if it is assumed that total non-agricultural employment would have been somewhat more - say 120,000 - the fact remains that the increase in employment would have absorbed only a little more than half of the natural increase in the non-agricultural labour force. Information with regard to employment in the private sector agriculture is not available. In the nomadic and semi-nomadic sector, which accounts for about 65 per cent of the labour force, the problem can be of disguised

^{1/} Includes employment in sectors other than private sector agriculture, animal husbandry, fisheries and forestry - public sector agriculture is included.

under-employment and not so much of open unemployment. At any rate, no data are available.

EMPLOYMENT PROBLEMS

2.3 The Mission identifies six types of employment problems which need to be taken into account by any development strategy in future if the objectives of the Government policy of scientific socialism are to be achieved. These are discussed below:

1. Open unemployment

2.4 Although no unemployment survey has ever been conducted, it is commonly believed that before the present Government came into power, open unemployment, i.e. people without any job or with 'zero income', was very high. The influx to towns, particularly to Mogadishu, was incessant and the queues of the unemployed were increasing almost every day. Even in 1971, the Manpower Survey remarked that "unemployment in non-agricultural activities may be as high as 30 per cent."¹

2.5 The present Government has taken several steps to tackle the problem of open unemployment. Apart from considerable planned outlays for the development of agriculture, industry and other sectors, which will generate additional employment, the following special measures have been taken:

2.6 (i) Following the drought in 1970, a large number of people from nomadic areas flocked to the towns notably to Mogadishu, in search of income-earning opportunities. These people together with the existing unemployed persons, presented a serious unemployment problem in the towns. As the prospect of job opportunities in the

^{1/} The Manpower Implications of Current Development Strategies Vol. 1 Ministry of Labour and Sports, August 1972, p. 51 (mimeographed). There are no firm data to support this figure.

towns was limited any way, the Government launched an imaginative Agricultural Crash Programme. This programme was and is intended to take the unemployed people, above the age of 15, away from the towns to the rural areas and train them in agriculture and related fields so that they could settle as farmers or as skilled workers. In the beginning, the Government set up five farms employing a total of 2,500 persons (volunteers). The number of such farms has since fluctuated to its August 1976 level of seven farms with two more in prospect. The number of volunteers in 1975 was about 4,000 with about 8,000 dependents. The Government provides volunteers with food, clothing and a little pocket money. They are housed on the farms, clear the land, cultivate it and learn technical skills to become mechanics and drivers of farm equipment. It is said that the total number of volunteers registered by May 1976 was nearly 11,000. A large number of these have left the programme after training to practise private farming or join Government Agencies. The registration is voluntary and a volunteer can leave the programme at his will. Any unemployed person can register for the programme and he will be absorbed into it according to the capacity of the farms. The programme is expected to become self-sufficient in due course of time; poor rains and pests in 1973 have, however, retarded the achievement of this objective.¹

2.7 (ii) The children below 14 years of age, who used to roam the towns or did odd jobs or were delinquent, were taken away in 1970 to specially established Revolutionary Youth Camps. These camps not only house, feed and clothe them, but also provide regular formal education upto primary level. Facilities for technical and vocational education also exist in some of these camps. The first batch from these camps will be coming out this year and plans are afoot to enable them to pursue general secondary or technical education. The number of these camps in mid-1976 was 10 with over 4,000 participants.

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For a detailed examination of this Programme, see Chapter on Agricultural Development.

2.8 (iii) A 'Gulwade' Programme (Victory Pioneers) was introduced recently in the towns. Any person, whether or not employed, can join the programme, which is designed to train him/her in police and security functions, health and sanitation work, etc. During the initial training period they are provided with food and uniforms. The basic purpose of the scheme is to train people to assist police and health authorities, etc. in their functions. After training and doing some civil voluntary work, the Gulwades are given preference in filling vacancies in public as well as private sector establishments. Though the volunteers support themselves or are supported by their families, the programme keeps them occupied in some form of work and makes them better and disciplined citizens.

2.9 (iv) The Settlement Schemes launched over a year ago represent heroic efforts of the Government to settle some of the nomads, who were made destitute by the severe drought of 1974-75, in agriculture and fisheries sectors. But for these schemes the displaced nomads would have probably remained unemployed and would have presented an economic and social problem. Six settlement centres - 3 for agricultural and 3 for fisheries development - which were in operation in mid-1976, had about 118,000 persons at the end of 1975.¹

2.10 (v) The problem of the educated unemployed, which had assumed relatively large proportions before the Revolution, has been tackled by guaranteeing jobs in the public sector to all university and secondary school graduates and to graduates of post-intermediate technical institutes. Because of the enormous expansion of primary education in recent years and consequently a large demand for teachers, almost all intermediate pass students (8 years of schooling) are absorbed. There is thus at present no educated person at or above intermediate school level who is unemployed involuntarily.

^{1/}

For details of these schemes, see Chapter on Agricultural Development.

2.11 The above special measures to solve the problem of open unemployment are imaginative. Except for some unemployed youth, who are waiting to be absorbed in the Crash Programme or in the Revolutionary Youth Camps, or those, who because of higher expectations or prejudices about certain types of jobs, are still being supported by the extended family system, there is little visible involuntary unemployment in urban areas. Somalia thus presents a different picture as compared to other countries in Africa.

2.12 However, judged from the long-term point of view, the provision of employment opportunities to all people does present a serious problem. Most of the above mentioned special measures, to remove unemployment from urban areas, are dependent on the supply of free food, clothing, and lodging by the Government. It will take sometime for these schemes to become economically viable or self-supporting. It has been possible for the Government to run these schemes through mobilisation of its internal resources and with the assistance of friendly countries and international organisations. The maintenance and viability of these schemes in future will, however, depend upon the consolidation and strengthening of the productive sectors of the economy.

2. Under-employment

2.13 Though it is not possible to quantify under-employment, it does exist in the forms of (i) feather-bedding or padding of pay-rolls, (ii) skill under-utilisation, and (iii) persons involuntarily working shorter than normal periods of work in a year, and if corrective measures are not taken the situation is likely to deteriorate. 'Feather-bedding' occurs because of the policy of the Government not to allow establishments to retrench workers surplus to their requirements. In one of the public sector establishments, for instance, the number of persons on the pay-roll is about one and a half times more than required. The blanket employment of all educated persons of post-intermediate qualifications

in the public sector is also bound to lead to padding of the payroll in the near future because of large anticipated output from educational institutions in the coming years. Signs of this phenomenon have already begun to appear.

2.14 Skill under-utilisation is also not uncommon to find. Somalia is short of high and middle-level manpower and yet, paradoxically, one finds that many highly educated professional and middle-level persons are not employed on jobs for which they were trained. It would indeed be revealing if a survey were to be made to find out how many persons are doing jobs for which they were not educated and trained. Various factors are responsible for this under- or mis-utilisation of the skilled manpower which are well known to Somali authorities. Some 'leakage' of skill is bound to happen in any situation but in the case of Somalia, where the shortage of skilled manpower is hampering the implementation of progress of a large number of projects, avoidance of such 'leakages' or mis-utilisation of skill, should become a matter of great concern.

2.15 Involuntary part-time work or seasonal work is an obvious phenomenon in agriculture. Seasonality of work is characteristic of agriculture, and Somalia is no exception in this respect. But perhaps the severity of under-employment can be reduced with proper planning and dove-tailing of various activities. The Mission was informed that the foreign firm which is to implement the new sugar development project along the Juba river is planning its operations in such a way that almost all of its labour force will be provided with jobs almost throughout the year. This will indeed be commendable and the present sugar factory, SNAI, in Jowhar may profitably adopt the techniques of the new project. Similarly, in the case of large organised banana plantations it may be possible to organise the work in such a way that the number of casual labour is reduced to the minimum. The question undoubtedly deserves a serious organisation and methods study. Under-employment in subsistence agriculture should also be considerable, but its solution needs daunting efforts. However, as the policy of the

Government is to organise subsistence agriculture gradually through cooperatives, it may be possible for them to examine the possibility of organising some other productive work during off-seasons.

3. Low-incomes

2.16 In several developing countries it is found that the number of the 'working poor', i.e. those who work very hard and for long hours but earn an abnormally low income, is large and their problems are serious. Somalia is no exception in this respect. More often than not, the development policies tend to ignore such persons. It is undoubtedly a problem of poverty and an employment-oriented development strategy must aim to raise the levels of income of the 'working-poor'. While the Mission appreciates the employment policy of the Government of Somalia which prefers to ensure provision of some employment, even at low income levels, to all people rather than provide high incomes to some and none to others, the future development strategy must focus attention on the improvement of incomes and living conditions of the 'working poor'. This is not only warranted by but indeed germane to the principle and policy of 'scientific socialism' adopted by the Government.

2.17 Apart from some ad-hoc family expenditure surveys, including a recent pilot consumption survey in one region of the country,¹ no household budget survey has been carried out. Very little information is, therefore, available on income levels in the country. The Mission's tentative estimates indicate that the minimum income which a family should have to be able to live in reasonable comfort is about Sh. 300 per month.² Judged by this figure and assuming that the consumption expenditure³ of a family represents broadly its income, about 70 per cent of the nomadic and rural households and 42 per cent of the urban households in the middle Shabelle region, in 1975, were below the minimum income level

^{1/} Pilot Household Sample Survey, Middle Shabelle Region, 1975. Central Statistics Office.

^{2/} For details, see Chapter 15 on Towards A Development Strategy.

^{3/} Including imputed values of home produced goods.

of Sh. 300 per month. Though this survey may not be representative of the whole country and is not as comprehensive as one would have wished, there is no doubt that a very large number of households in the country earn less than the minimum required for a satisfactory standard of living.

2.18 In the Chapter on Incomes Policy we have identified some major poverty groups, viz. casual agricultural labourers on banana plantations and the majority of small-holders in the traditional farming sector; some pastoralists most of the time and large numbers of pastoralists in times of drought; the lowest-paid unskilled employees in the urban formal sector and most of the people working in the urban informal sector. In keeping with the policy of scientific socialism, the development strategy in Somalia in future will have to direct its greater attention to these groups of the population.

4. Employment of educated persons

2.19 As mentioned earlier, the Government guarantees employment to all post-intermediate, secondary and university graduates. Because of the large and rather sudden demand for primary school teachers, even all intermediate school leavers have so far been absorbed. There is thus no unemployment of educated persons at present. This is indeed a very happy situation and it has been possible to sustain it so far because of the shortage of high and middle level manpower and particularly of primary and intermediate school teachers. But, how far it can be sustained in future is a moot question to ponder. The ripples of over-staffing in certain categories of personnel have already begun to appear and questions of productivity and morale of the additional educated persons being allocated to different establishments are emerging.

2.20 It is, however, the prospect in future which should be a matter of concern. Our estimates indicate that the net supply of the graduates at different levels of education for the labour market, during the five years 1976-1980, is likely to be as follows:

Table 2.1: Estimated Supply of Educated Manpower¹

Level of education (graduates)	1976	1977	1978	1979	1980
Primary School	8,450	1,400	2,200	3,160	6,810
Secondary School	840	1,160	410	1,500	1,400
Post-primary technical and vocational training	545	630	650	830	770
Post-secondary technical	-	-	-	100	100
University	285	386	497	600	600
Returning from abroad after studies	86	103	61	100	100
Total	10,206	3,679	3,818	6,290	9,980

1/ Excluding inputs in next higher institution.

2.21 It will be seen that about 2,000 post-primary graduates will have to be absorbed every year upto 1978 and about 3,000 annually thereafter. As we have shown in the Chapter on Education, Manpower and Training and in the Technical Paper on Manpower Requirements and Manpower Development, our estimates indicate that the output of secondary schoolleavers will be more, during 1976-1978, than the types of jobs likely to be available for persons of that qualification. After 1978, the output will be much greater and the problem of their absorption may be more serious. A similar situation, though of a much lesser magnitude, may occur in the case of university graduates studying arts subjects.

2.22 Thus, while the problem of employment of educated persons has been solved so far, in future, unless there is very rapid economic development, the policy of absorbing all the educated persons will not only demand considerably more funds but is likely to result in the over-padding of pay-rolls with all its attendant repercussions on efficiency, morale, discipline, etc. We have examined the issue in some detail in the Chapter on Education, Manpower and Training and have made some suggestions for tackling it. Countries like Egypt Arab Republic and the Sudan, which also followed the policy of absorbing all educated persons after a certain level of education (generally secondary), are now faced with its repercussions. Somalia still has the time to avoid them.

5. Shortage of skilled manpower

2.23 A serious employment problem facing the country is the shortage of skilled manpower in crucial occupations. Almost everywhere and in every project there is a cry for more skilled manpower and the low performance or lack of implementation is invariably ascribed to shortage of professionals or technicians. We have analysed in the Chapter on Education, Training and Manpower and in the Technical Paper on Manpower Requirement and Manpower Development, the likely requirement of skilled manpower during 1976-78. This is a very tentative estimate and only some broad indications of shortages and surpluses can be gleaned from it. It is true that there are shortages of some categories of professionals, technicians and skilled artisans and every effort has to be made to meet them. But, as we have pointed out, the situation is made more difficult because of the high turnover of skilled personnel, the emigration to middle-east countries, the wages and incentive structure and under-or mis-utilisation of skills. Moreover, the training of the existing semi-skilled persons who are occupying skilled-jobs, is a matter of urgent consideration as otherwise the problem of low-productivity will continue to bog down projects. A number of suggestions to deal with this problem have been made by us. The problem is capable of solution, even in the short run, provided suitable and coordinated decisions are not only taken but implemented strictly.

6. Shortage of unskilled labour

2.24 Paradoxically, some shortages of unskilled labour are reported in some areas, particularly on the cotton plantation in Balad and on some banana plantations. These shortages are structural. Apart from the fact that the work in these plantations is seasonal and irregular, the local population is insufficient to meet the large seasonal demand and housing facilities for outside labour are not available. If the work is better organised, jobs are made more regular and long-term, the wage and incentive structure is properly evolved and housing facilities are provided, the problem of shortage of labour may, in most case, not remain as acute as at present. There may be some reluctance to do agricultural work, particularly by nomads, but the Mission believes that the bias, if any, may only be skin-deep. The experience of the settlement schemes indicates that the reluctance can disappear rapidly.

MAGNITUDE OF THE PROBLEM IN FUTURE

2.25 The problem of providing productive employment opportunities will assume much greater proportions in future for several reasons. Firstly, there will be the natural rate of growth of the population and a consequential increase in the labour force. Secondly, the possibility of absorption of manpower in the modern sector is rather limited, and finally, if the policy of the Government is to avoid increase of population in the pastoral sector, enormous resources will be needed to absorb an increasing number into agriculture and fisheries. The magnitude of the task during the next five years (1977-1981) will be obvious from the following table:

Table 2.2: The Possible Absorption by Sector of Somalia's
Additional Population, 1977-81

Sector	Assumed proportion of total 1976 population in percentages	Assumed 1976 population ('000)	Assumed annual growth rate	1977-1981 population increase without reallocation ('000)	1977-1981 population increase after re-allocation ('000)	1977-1981 average annual population increase ('000)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Nomad and Semi-nomad	65	2,120	1.7 ²	186	-	-
Agriculture	15	489	2.2 ³	56	216	43
Fisheries	1	33	2.2 ³	4	30	6
Urban industry/services	19	620	4.9 ³	168	168	34
Total	100	3,262 ¹	2.4	414	414	83

N.B. - The above figures relate to total population and not to labour force or households.

Note:

1/ Source: International Labour Office, 1965-1985 Labour Force Projections, Part II, Africa, Geneva 1971.

2 & 3 - See Appendix I to Technical Paper I.

2.26 In the absence of the latest population estimates, we have taken the UN(ILO) estimates for the year 1976 which is 3,262 thousands. If this is found to be low, the figures in Columns 5 to 7 will go up. Secondly, the annual natural rate of growth of population we have used is low as compared to that of the United Nations (ILO) - 2.4 per cent instead of 2.87 per cent. Our low figure is based on the various pilot census surveys conducted by the Government of Somalia over a period of time in the three sectors of the economy - nomadic, agriculture and urban centres. In case it is found that our assumptions lead to under-estimates, the figures in Columns 5 to 7 will go up considerably signifying a much larger magnitude of the problem.

2.27 It will be seen from Column 5 of the above table that on the basis of the assumed annual growth rate in different sectors, the total likely increase in population during 1977-1981, will be 414,000. Of this, about 186,000 will be in the nomadic and semi-nomadic sector, 56,000 in the agricultural, 4,000 in the fisheries and 168,000 in the urban industry and services sectors. If it is further assumed that because of the present condition of rangeland and the need for proper development of the pastoral sector, the nomadic population should not be allowed to grow further, i.e. the rangeland should at most carry only the existing population, then the additional population of 186,000 in this sector during 1977-81, will have to be absorbed either into agricultural or fisheries sectors or the industry and services sectors. In the industry and services sectors there will be an increase of 168,000 people during this period and it will indeed be creditable, as assumed by us in Column 6 above, if this additional population is absorbed by these sectors. There is little possibility of these sectors absorbing also people from the nomadic sector. This means that the increase in population in the nomadic sector will have to be absorbed either into the agricultural or into the fisheries sectors. There are, however, limits to the development of fisheries as pointed out in the Chapter on Fisheries Development. We have assumed that in addition to the natural increase of population of this sector (4,000), it may be able to absorb additional 26,000 persons making a total of 30,000 persons who may at best be absorbed in this sector by 1981. This leaves the agricultural sector to bear the burden of supporting not only the natural increase of its own population but also of the increase in the nomadic sector, except those who may be absorbed into fisheries. Thus, about 216,000 new persons ($56,000 + (186,000 - 26,000)$) will have to be supported by the agricultural sector during 1977-1981. Column 6 of the above table shows the likely increase of population after a re-allocation on the basis of the assumptions mentioned above.

2.28 The implications of the above table are that annually about 43,000 additional people will have to be supported by the agricultural sector, 6,000 by the fisheries and 34,600 by the industry and services sectors, if the additional nomadic population is to be absorbed elsewhere.¹ On the other hand, if the Government wishes to settle more nomadic people, i.e. more than the natural rate of increase of the nomadic population, the burden on the agricultural sector will increase further.

2.29 The absorption of the additional population of about 49,000 per year into the agricultural and fisheries sectors will alone need great efforts and resources. On the basis of the experience of the existing settlement schemes, this may require roughly an investment of about Sh. 100 million annually. As mentioned earlier, if our estimates of population and its annual rate of increase turn out to be under-estimates or if the Government wishes to settle not only the incremental growth of the nomadic population but also to reduce the total size of the nomadic population, the task will be much greater.

2.30 The challenge of absorbing about 34,000 additional persons in the urban sector and about 49,000 persons in the agricultural and fisheries sectors annually is indeed great. The ultimate solution lies only in as rapid as development of the agricultural and fisheries sectors as possible, together with the rapid development in the pastoral sector, for the scope of absorption of a large number of people in the industrial sector is rather limited. It also requires a reorientation of the development strategy so that employment becomes the focus of attention. We have little doubt that given the will and keenness of the Government to implement its development projects the challenge can be met. In the discussion of the sectoral Chapters that follow in this report the Mission has ventured to suggest a strategy which should go a long way in the solution of the employment and income problems in Somalia.

^{1/} These figures are related to total increase in population. They may be converted into labour force or households to find the additional jobs required or additional households to be settled in agriculture or fisheries.

KEY DEVELOPMENT AND EMPLOYMENT SECTORS

THE RURAL SECTOR : ITS ROLE AND IMPORTANCE

3.1 The achievement of the broad national objectives of greater equality in the distribution of the benefits of growth and greater freedom from external dependence requires a major contribution from the rural sector. In the context of this general introduction, the rural sector is taken to embrace nomadic livestock, dryland and irrigated agriculture, forestry and fisheries. Their collective importance to the Somali economy needs no emphasis: at least 80 per cent of the population depends for its livelihood on it, and about one-third of the GDP and 95 per cent of the exports originate from this sector. A large part of the industrial and service sectors also depends on its products for processing or on its effective demand for their markets. As the country currently lacks in known exploitable mineral resources as well as in the capacity for processing of imported raw materials, the activities of the rural sector will remain the dominant feature of the Somali economy for quite sometime.

3.2 The sheer size of the rural sector carries certain implications for economic planning. According to our assumptions and estimates, as shown in Table 2.2. in Chapter 2, the agricultural sector will have to carry the main burden of supporting not only the natural increase of its population (56,000) during 1977-81, but also of the natural increase in the nomadic sector (except the small number likely to be absorbed in fisheries), if it is desired that because of the condition of rangeland and other social and economic factors, the present population of the nomadic sector is not to be allowed to grow further. Thus, as shown in the table referred to above and explained in paras 2.25 to 2.30, the agricultural sector will have to support an additional population of about 43,000 new persons annually, or about 216,000 persons by 1981.

3.3 A simple calculation shows that the size of the potential market for foodstuffs, consumer goods and certain services depends essentially on the rate of increase in rural incomes and in rural population. The rural sector needs to provide at least a 2.4 per cent growth in food just to keep food imports at their present level while a higher rate of growth is necessary to reduce the dependence on these imports in line with the declared Government policy of self-reliance.

3.4 Given the rural resource base of the Somali economy and the importance of its markets and agro-based industries to the non-rural sectors, it is clear that the unexploited potential for development must lie predominantly in the agricultural sector. The real potential of Somalia's rural resources greatly exceeds the existing level of production if reasonable assumptions are made about access to capital, skills and technology. Some of the infrastructural facilities required to exploit these opportunities have been installed in the past decade but much more remains to be done. Precisely what should be done depends upon the objectives which the country holds to be important for the society and the economy and upon its perception of the contribution which the different forms of organisation within the rural sector can make towards achieving those objectives.

3.5 From various pronouncements, at least three objectives appear to be of major importance:

- (i) the creation of sufficient productive employment to absorb the growing population and match its increasing skills and aspirations;
- (ii) the achievement of greater output, national wealth and income without giving rise to the gross inequalities which disfigure non-socialist economies;
- (iii) greater self-reliance so that Somalia is better able to pursue the development path of its own choice.

3.6 Translating the national objectives set out above into principles for guiding the rural development strategy is not easy. It would appear desirable to achieve self-sufficiency in staple foodstuffs. Whether this should be done by improving existing productivity or by increasing the area under cultivation and irrigation is a different issue. Again, the possible foreign exchange cost in terms of loss of export crops is a relevant issue. It would be desirable to prefer policies which benefit large numbers of people to those which create a smaller elite group and to bring subsistence-based livestock and crop producers more into the market economy by introducing cash crops and thereby enabling the country to earn more foreign exchange. It would also be desirable to arrange production activities in such a way that amenities can be provided for all sectors of the community. These different aspects modify the ways in which the rural sector must make its contribution towards more foodstuffs and products for processing, more foreign exchange and government revenues, more savings and employment creation and markets for industrial and consumer goods industries. Furthermore, modifications arise because cooperatives, group and state farms are the preferred form of rural organisation, although the precise form which personal incentives should take will still depend on specific circumstances. These influences are reflected in the State ownership of all land, the maximum sizes set for different types of land holding, and subsidies and other help available to cooperatives and similar forms of organisation.

3.7 Since the Somali resource base is rural, it is inevitable that this sector must provide, directly or indirectly, the major part of the Government revenues required to run the country and the bulk of its development funds. In addition to the rural sector receiving producer prices for its output and paying retail prices for most of its purchases, it would appear that the prices fixed at each stage of the marketing chain leave the marketing sector with a greater return on resources than is received by producers. Although precise data are not available, it is believed that the domestic terms of trade reflecting the relationship between rural buying and

selling prices appear to have worsened for rural producers until recently. If this is substantiated, it is clear that the rural sector is making greater contributions to the GDP and Government revenues than is apparent from the statistics based on market values.

3.8 In this situation, the key policy question is whether both GDP and Government revenues would be higher if greater rewards were allowed to the rural sector. Price relationships may be sufficiently adverse for producers to be deterred from entering the monetary sector. If they were to respond positively to improved incentives, the higher level of economic activity in production and processing could more than offset the lower proportion of value added which would be transferred to other sectors. Even if this were not true, there would appear to be little social justification for transferring income from the poorer rural sector to the less poor industrial and service sectors.

3.9 In the Chapter on Agricultural, Development we have reviewed the present level of exploitation in terms of the opportunities, constraints and incentives facing the rural sector and the more than two million people who earn their living from this sector. Current Government policies are considered in the light of Somali national objectives and the characteristics of known development schemes are appraised. As far as possible, alternative strategies for developing this sector and exploiting its potential have also been examined against its contribution to national objectives.

3.10 It is necessary to caution that reliable statistics are not available for rural activities with the one exception of those involving transit through a marketing agency or port where they can be enumerated. The reliability and relevance of most other data vary substantially but updating of "received wisdom" will continue until accurate livestock and crop censuses are carried out and their results made known.

3.11 A striking feature of much of the thinking in the executive ministries is the preoccupation with technical problems and their scientific solution. This technical orientation may tend to overlook the important question of nomads' and settled farmers' perception of their own particular situation. It is important that their aspirations, opportunities, resources and constraints are taken into account when planning projects. The essential point is that Government policy and project identification should produce an institutional and economic climate which will stimulate rural people to work in the national interest.

AGRICULTURAL DEVELOPMENT

ISSUES AND CHALLENGES

4.1 The agricultural scene in Somalia is dominated by the need to provide a livelihood for about a quarter of a million more people in the next five years and for half a million more by 1986. Thus, in ten years from now, the agricultural population will have effectively doubled in size, partly because of the urban sector's inability to absorb many more people, and partly because of the likely shift of a part of the nomadic population to settled agriculture.

4.2 To this stark diagnosis on the employment front, which stems from a 2.4 per cent natural growth in population, must be added other responsibilities for the agricultural sector. In order to redress the balance of payments even on current account, agriculture must raise output annually by much more than 2.4 per cent in order to replace imports of foodstuffs and raw materials of vegetable origin which run at Sh. 60 to 85 million per year. Import substitution must remain the primary policy instrument because livestock exports are likely to fall temporarily before they rise again if the process of rangeland degradation and of attrition of the pastoral system is to be reversed. Bananas, the other big export earner, are facing a market upheaval and fierce competition from which they are unlikely to escape unscathed.¹

4.3 The Somali Government is rigorously pursuing several multi-faceted policies to ensure greater food supplies and opportunities for each individual person to improve his lot. Primacy in the development budget has been given to extending the area under full water command in the Juba and Shabelle river areas.

^{1/} The problems concerning production and marketing of bananas are discussed in a separate Chapter.

The next priority is given to the improvement in the existing farming systems and organisations: in traditional areas through the chosen medium of cooperative development and in the modern sector through nationalisation, direct state production and supplementary services. With the declared objective of self-sufficiency in foodstuffs by 1980, the full impact of both transformation and improvement approaches is, however, seriously jeopardised by acute shortages of skilled manpower at all managerial and technician levels. These shortages and the process of population transfer are being tackled through the Agricultural Crash Programme and the Settlement Schemes set up for drought stricken nomads. However, after a smooth transfer to the three agricultural settlement areas and the three fisheries schemes, inevitable growing pains are occurring. As resources were diverted to meet these problems, expenditure on the plan projects had to be cut and redirected. Even so, absorption of capital investment presents serious difficulties for an overstretched planning team and an undermanned Ministry of Agriculture. This shows up as a shortfall in development expenditure, in project performance lagging behind expectation and in a noticeable lack of monitoring and control in implementation.

4.4 The challenges facing the agricultural sector are:

- (i) to provide a source of livelihood to about 43,000 new persons annually and reduce the level of poverty of people in this sector;
- (ii) to raise food production sufficiently to eliminate food imports, within the next few years, to feed the rising population and to improve the existing low levels of nutrition in vulnerable groups;
- (iii) to increase the surplus on current account by increasing domestic production of rice, cotton and sugar and by exporting more oilseeds, grapefruit and maize at competitive prices;
- (iv) to determine the relative importance of import-substitution and of export promotion;

- (v) to strive for a balance in food self-sufficiency between production based on predictable irrigated areas and that on more variable dry land areas where crops could fail 2 years in 5;
- (vi) to find the most effective type of organisation(s) to orientate and train the majority of new entrants in the Agricultural Crash Programme and in Settlement Schemes and provide them with gainful employment;
- (vii) to make the cooperative approach to existing smallholders both more effective and attractive;
- (viii) to create a productive base for agro-industry and supplementary services taking into account the linkage and multiplier effects;
- (ix) to develop a mixed farming system which will fully integrate livestock and crop production in suitable areas;
- (x) to provide a larger domestic market for industrial consumer and producer goods industries and for services as rural income rise.

CROP POTENTIAL, LAND USE AND OUTPUT

(i) Potential

4.5 Since 1969 the Government has taken several positive initiatives in the field of agriculture which need more time to mature. Forecasts of production, employment, manpower and training needs must, therefore, be based on a careful evaluation of these initiatives, resources, constraints, and strategies within the agricultural sector. The basic policy issue, however, is the relative importance to be attached to intensification of production on existing cultivated land vis-à-vis bringing more land into cultivation. Given the national objectives of the Somali Government, an appropriate balance has to be struck between more irrigation on

the Juba and Shabelle rivers and extending dryland farming as well as making these more productive. The criteria on which this choice should be based are their respective factor product and market contributions with due regard to linkages and multiplier effects in the rest of the economy. However, these contributions will themselves depend upon the social and individual aspirations of the people taking decisions and upon the initial resources available which set the pace of development.

4.6 The agricultural potential can be assessed in terms of the production of different crops according to the amount of suitable land and the yield levels obtainable under different types of technology. These types of farming areas are ill-defined in Somalia but basically they reflect rainfall patterns with pastoral areas typically receiving less than 350-400 mm a year and cropping areas more. Modifications are imposed by the type of soil, altitude, seasonal distribution of rainfall in dry land areas and the possibilities of irrigation from rivers, occasional streams and ground water. The main farming areas resulting from these considerations are in the north-west-region centring on Hargeisa to Borama, the area in the Juba and Shabelle river valleys, and the upland plains between and to the immediate east and west of these two rivers. The southern area is larger and potentially more productive with opportunities diminishing inland with rainfall.

(ii) Land Use

4.7 The following table gives the estimated land use by location.

Table 4.1: Estimated Land Use by Location (000) ha.

	<u>North</u> ¹	<u>Central</u> ²	<u>South</u>	<u>Total</u>
Dryland Farming	82	11	490	583
Occasional Irrigation	8	-	79	87
Controlled Irrigation	<u>0</u>	<u>43</u>	<u>7</u>	<u>50</u>
Total	<u>90</u>	<u>54</u>	<u>576</u>	<u>720</u>

1/ Regions of Wagsoy; Galbed, Togdher and Sanaag

2/ Regions of Bari, Nugal, Mudug and Galgudud

Source: Ministry of Planning and Coordination,
Ministry of Agriculture.

4.8 Estimates of the cultivated and cultivable areas will remain enshrined in conventional wisdom rather than testable facts until more evidence is made available. It is generally agreed that about 12.5 per cent of the land is cultivable and that about 1 per cent is actually cultivated, of which one sixth is irrigated. Suffice it to say that all estimates show a substantial reserve of potentially cultivable and potentially irrigable land which is not exploited. However, these estimates must be taken with caution as no indication is given of the type of crop or technology envisaged; no estimate is available of the likely capital or recurrent cost; and no analysis has been made of potential markets. Further, most of the unused but potentially cultivable land will almost certainly be inferior to that at present under cultivation. Finally, it seems highly probable that substantial areas of the land identified as cultivable already form part of an integrated migratory livestock system which would collapse if access rights were withdrawn. The current distinction between pastoralists and farmers is fairly sharp although families at the fringe of present cultivation and in the inter-riverine area produce both livestock and crops.

(iii) Output

4.9 Whereas the physical resource base conditions the choice of crops grown, the actual extent of land use depends upon the number of farmers involved, the production techniques they employ, the resources at their disposal including the family workforce and their orientation towards market opportunities. For instance, more dryland sorghum farmers in north-west-region are able to cultivate bigger areas than those in Upper Juba because tractors are used to reduce the peak labour requirements at sowing them. Indebtedness may delay seed purchase and planting until funds have been accumulated from other sources to buy them. The need to assure subsistence requirements deters small farmers from market dependence in areas where yields are low and unpredictable.

4.10 Estimates of actual crop production are more firmly based than those of either area or yield, in a largely subsistence agriculture, because the Agricultural Development Corporation has monopoly purchasing rights at prices fixed by Government. Additions to these estimates are, however, needed to include amounts legitimately retained for seed or domestic consumption, allowed at one quintal per head, and slippage due to evasion or illegal export. Permutations of area and yield to equal this total are then made, guided at best by subjective judgments of district yields and marginal changes in land areas. Exceptions to this generalisation, which applies to the bulk of what is largely subsistence production, are the crops grown for industrial processing such as sugar cane, bananas and cotton.

4.11 Bearing these qualifications in mind, estimates for the major crops are given below for production, area and yields per hectare.

Table 4.2: Production, Area and Yield Per Hectare by
Crop

	Output (000 ql)		Area (000 ha)		Yield per ha. (ql)	
	1972-73	1974	1972-73	1974	1972-73	1974
<u>Industrial Crops</u>						
Sugar cane	15.0	N.A.	6.0	6.5	2.5	N.A.
Cotton	22.5	N.A.	2.5	N.A.	9.0	N.A.
Oilseeds: Sesame	139.6	265.0	34.9	70.0	4.0	3.8
<u>Market Crops</u>						
Bananas	1,340.8	1,420.0	8.9	10.0	150.0	142.0
Grape fruits	21.0	N.A.	0.3	N.A.	70.0	N.A.
<u>Cereals</u>						
Sorghum	1,550.0	1,370.0	450.0	388.0	3.4	3.2
Maize	840.0	1,500.0	120.0	172.0	7.0	8.7
Wheat	10.5	N.A.	3.5	N.A.	3.0	N.A.
Rice	0.4	N.A.	0.02	N.A.	20.0	N.A.

N.A. - Not Available

Source: For 1972-73, Five Year Development Programme;
For 1974, Agricultural Statistics, September 1975.

4.12 Since there are considerable inconsistencies between the different statistical sources available, it is clear that further efforts should be made to improve the crop reporting system in order to anticipate the probable effects on imports and transport flows. Yields and areas should be given for irrigation and dryland areas separately because they react differently to variations in rainfall. It is clear that yield levels are generally low and the causes for it must be fully understood before action is taken for improvement.

POLICIES AND PLANS

(i) Main Thrusts

4.13 Since the Revolution of October 1969, the main thrusts of agricultural policy have been in the following directions:

- a/ creating new employment for both rural and urban people who cannot be employed where they live. The need to absorb about 43,000 additional persons each year highlights the importance of policies directed to this end. These include the Agricultural Crash Programme, the Settlement Schemes, the massive irrigation projects and state farms;
- b/ increasing productivity, output and incomes of the existing agricultural producers in both the subsistence and modern sectors. While cooperatives are the main policy instrument for bringing traditional producers into the monetary sector and for raising their low standards of living, some other measures have been directed towards the achievement of this goal. These include policies concerning grain storage, bunding, uniform national prices through monopoly purchases by the Agricultural Development Corporation, provision of modern inputs and services, extension, crop protection and research. Stimulus to the modern agricultural sector has also been sought to be provided through nationalisation measures, state operations in parallel with the private sector, provision of new inputs, research and new ventures. The direct employment effect of these measures may not be large, except where new land is brought into intensive use, but the multiplier effects through backward and forward linkages could be appreciable; and finally
- c/ increasing self-reliance in foodstuffs and Government revenues to meet recurrent and development costs as well as earn more foreign exchange. Instruments of policy in these respects coincide, to varying degrees, with those for the first two policy directions mentioned above.

(11) The Five-Year Development Programme (1974-78)

4.14 The above mentioned policy objectives were broadly reflected in the current Five Year Development Programme (1974-78). The following table, which gives the revised estimates, brings out the investment and employment aspects of this Programme:

Table 4.3: Investment and Employment Aspects of the Five-Year Development Programme 1974-78

	Investment (Sh. million)		Employment (000's)	
	Total	Foreign Exchange Component	Total	Unskilled
(1) <u>Irrigation: Jobs and Output</u>				
- Pilot farm for Irrigated Agriculture	1.9	1.8	0.1	0.1
- Afgoi-Mordinle Project	28.6	11.0	0.6	0.4
- Fanole Irrigation Project	281.9	159.5	9.6	4.5
- Balad Irrigation Development	160.0	119.0	0.8	0.6
- Jowhar Off-Stream Storage	35.0	35.0	-	-
- Dredging and Desilting Canals	7.1	-	0.4	0.3
- Study of Swamp Reclamation	5.4	5.4	0.2	0.1
	<u>519.9</u>	<u>331.7</u>	<u>11.7</u>	<u>6.0</u>
(2) <u>Agricultural Crash Programme: Jobs and Training</u>	<u>113.6</u>	-	<u>12.3</u>	<u>12.0</u>
(3) <u>Improving Productivity and Incomes</u>				
- Agricultural Cooperatives	42.0	-	0.7	-
- Grain Storage	6.3	-	-	-
- Integrated Agricultural Development	44.3	38.1	0.1	-
- Farm Machinery	35.6	35.6	2.7	0.5
- Extension	2.5	-	-	-
- Plant Protection	20.2	11.7	0.1	-
- Research and Agro-Meteorology	21.1	11.5	0.3	-
	<u>172.0</u>	<u>96.9</u>	<u>3.9</u>	<u>0.5</u>
(4) <u>Others</u>				
- Rice and Production Programme	8.2	-	6.8	6.6
- Banana Development	20.0	20.0	0.3	0.2
- Grapefruit Cultivation (L. Shabelle)	89.5	89.5	0.5	0.5
- Sugar Cane (L. Juba)	101.1	101.1	2.8	2.0
- Grapefruit Seedlings	0.5	-	-	-
- Date Plantation	7.1	-	0.1	-
	<u>226.4</u>	<u>210.6</u>	<u>10.5</u>	<u>9.3</u>
Total	<u>1,031.9</u>	<u>639.2</u>	<u>38.4</u>	<u>27.8</u>

Source: Planning and Administration of Special Public Works Schemes, Vol. 1, P. 28, Ministry of Planning. The Classification is ours. The above figures are slightly different from those given in the Development Programme.

(iii) Plan and Budgetary Control

4.15 Planned expenditure on agriculture increased from 10.8 per cent of the total development expenditure in the 1971-73 plan to 29.1 per cent in the current 1974-78 programme. In current terms, the annual planned amounts rose from a maximum of Sh. 40 million in 1972 to Sh. 263 million in 1975. Actual expenditure was only 60 per cent of the 1971-73 plan total and the 1976 annual development budget was only 57.6 per cent of the 1974-78 plan for the year. Actual expenditure may be still further below the budget figure. In the revised 1976 Annual Development Plan, eight new projects were added, two were excluded and four reduced. Eight months later in August, 1976 five projects in the 1976 annual plan were no longer on the Ministry of Agriculture's check list and eight others had appeared.

4.16 The rapid change in the type and magnitude of the active projects endorses the view that resources have been inadequate. Implementation is not checked against control data nor is project operation monitored with a view to prompting remedial action and to improving future planning. It appears essential that a control and evaluation unit should be established and monitoring services should be built into project administrative procedures. Government resources of skilled manpower are already fully stretched in preparing new projects and appraising those prepared by foreign consultants. This reinforces the case for strengthening planning staff and even for thinking seriously about digesting existing and on-going projects before undertaking new ones.

4.17 The planned programmes and estimates have, however, been overtaken by events. Because of the major effort put into the settlement of drought stricken nomads, the entire planned agricultural development strategy has been disrupted. In the pages that follow, we have, therefore, discussed major existing programmes and policies and have ventured to suggest their re-orientation primarily from the employment and incomes points of view.

MAJOR AGRICULTURAL PROGRAMMES

(i) The Agricultural Settlement Schemes

4.18 The Somali Government took a bold and imaginative decision to settle nomads, made destitute by the 1974-75 drought, in agriculture and fishing. The severe drought provided the opportunity, albeit under the adverse conditions of emergency action with about 250,000 people in northern relief camps, to undertake a nomad settlement scheme. Settlement sites were rapidly identified, nomad preference sought between agriculture and fishing occupation and about 118,000 people were transferred by the end of 1975 to three agricultural settlements (Dujuma 47,400, Sablaale 29,500 and Kurtin Waarey 26,000) and three fishing centres (Brava 6,600, Eyl 3,000 and Adale 4,700). Present plans are to create thriving communities of upto 50,000 people in Dujuma, 15,000 in Sablaale and 30,000 in Kurtin Waarey. Thus, about half of the present population of Sablaale, where water imposes limitations, will have to be relocated to other areas.

4.19 On the technical side it has been estimated that productive employment is required for an active work force of 41,500 in the three agricultural settlement schemes. Labour-intensive technology is required, wherever possible, both to create jobs and minimise foreign exchange expenditure. Estimates of the final land use, costs and population are given below:

Table 4.4: Plan Targets and Estimates for the Agricultural Settlement Schemes 1976-1983

	Dujuma	Kurtin Waarey	Sablaale	Total
Irrigated land (ha)	30,000	18,000	8,000	56,000
Rainfed land (ha)	-	-	10,000	10,000
Workforce at full capacity	22,000	13,000	6,500	41,500
Workforce and dependents (est.)	50,000	30,000	15,000	95,000
Development expenditure (m. Sh.)	767.2	543.4	299.9	1,610.5
- Agriculture	734.8	514.9	280.0	1,529.7
- Non-Agriculture	32.4	28.5	19.9	80.8

Source: SDR-General Directorate of Planning and Coordination
Technical Unit: Planning and Administration of
Special Public Works Schemes (country report) Volume II;
May 1976.

4.20 In the first phase of five years, 1976-80, the total expenditure is estimated at Sh. 739 millions of which all but Sh. 42 million has already been financed. A part of the expenditure is likely to be offset by the sale of the produce amounting to about Sh. 70.5 million. The estimates of expenditure for the second phase (1980-83) amount to Sh. 872 million, mainly because of the costly irrigation schemes. Thus, investment may amount upto Sh. 20,000 per person permanently settled (Sh. 35-50,000 or US\$5,800 to 8,300 per job in agriculture) in the present settlement schemes. These figures show that the cost of settlement per person is extremely high, particularly when the operation is done under emergency conditions.

4.21 The emergency nature of the present settlement operation can be seen in the facts that topographic and irrigation designs and tenders were still being finalised in mid-1976, and that trial plots for irrigated rice, cotton and groundnuts were being prepared

in Dujuma and for wheat and other crops in the two other settlement schemes. Unfortunately, it is also reflected in land grading and water control systems which combine to give low germination and poor yields in many areas at this stage.

4.22 In the light of the operation of the three Agricultural Settlement Schemes and the experience gained so far, the Mission is of the view that steps need to be taken to speed up their progress towards the ultimate goals of restructuring the national economy so as to make fuller use of human and material resources and establish model communities. These steps relate to: (a) personal factors; (b) community factors; and (c) technical factors, which are discussed below:

(a) Personal factors

4.23 It would appear desirable to recognise the nature of the cultural shock through which the settlers have passed with a view to understanding the nature of an alternative way of life which would have some appeal. The traumatic effects of losing livestock and family members, of destitution and dependence and of being reorganised in an entirely new way of life have to be recognised.

4.24 Crop failures on dry land due to delayed rains and not very suitable crops on part of the irrigated area due to inadequate levelling, have unfortunately damaged the boosting of morale which is already being stretched by the need to accept the seasonally disciplined life of a cultivator tied to a specific plot of land. We think an early regrading and levelling would pay higher dividends than extending the cultivated area. Livestock has recently been introduced in these schemes, which should appeal to the settlers. However, careful integration of livestock with crop cultivation is needed to assure success and the new mixed farming system will need to be propagated and promoted since it is not generally practised in the country.

4.25 Finally, it would appear important to introduce supplementary ways of earning a livelihood, such as handicrafts in order to avoid excessive dependence on agriculture. Some links, other than emulation or exhortation, would also be worth establishing between effort and reward.

(b) Community factors

4.26 Allied to the question of personal motivation is that of identification with the community. For older people a problem of identity could arise because of the switch from personal relationships within a small encampment to being just one part of a big settlement comprising 25,000 to 50,000 people. The present hierarchy of committees appears better suited to conveying initiation from the top than to transmitting reactions other than grievances from below. Inevitably, this must remain the case until a full cooperative spirit and mutual trust have been enthusiastically adopted. Decentralisation of the central settlement into smaller satellite communities nearer to the areas of work and the delegation of selected services and responsibilities to each smaller community could help to secure more active participation and a more equal dialogue in any discussion affecting community affairs. Some of the non-agricultural activities could also be decentralised.

4.27 Implications also arise because of the unusual age structure in the settlement areas. Children below 15 years constitute 54 per cent of the total population. In the long run, the younger people are much more adaptable than the elders and it is important that they should be offered suitable opportunities to develop a fuller life in the agricultural surrounding. It will be useful in this respect to engage the services of a community development officer who could explore the issues in greater depth.

(c) Technical factors

4.28 Decentralisation into smaller permanent communities would bring the people within short distances of the land they till. Quite

apart from appreciable savings on transport, such proximity could lead to greater effort and pride in the outcome of their efforts. Animals could be stall-fed from local residues and specially produced forage without excessive transport costs.

4.29 The immediate need, however, is to take every opportunity to improve performance on the existing cultivated area at the same time as increasing its extent. It is important to create confidence in the judgement of the technical experts that good crops can be produced if their precise instructions are followed. It is also necessary to realise that the conduct of agricultural operations on these large schemes calls for the services of experienced farm managers with a record of success in similar operations.

4.30 Finally, if the credibility gap between expectation and achievement is to be closed, the diversification of activities by introducing agro-industries, as contemplated in the plan for the Dujuma Settlement Scheme, merits consideration. However, this is some way ahead.

(ii) The Agricultural Crash Programme

4.31 February, 1970, saw the introduction of a bold new programme to turn unemployed urban youth, who had drifted to the towns from pastoral areas, into productive agriculturists and contribute to output by labour-intensive methods during their training period. The blend of production and training in agricultural and general craft skills was the responsibility of the agricultural instructors, while orientation and character building was left to security people.

4.32 Five separate farms were created in virgin soils in the first year of the programme and the number has since fluctuated to its August 1976 level of seven farms with two more in prospect. The following table gives some selected data about these farms:

Table 4.5: Agricultural Crash Programme - Some Selected
Data

	1970	1971	1972	1973	1974	1975	1976	Total
<u>No. of Farms</u>	5	-	10	10	-	7	7	-
<u>Land in Hectares</u>								
- gross area cleared	-	-	-	-	-	9,000	-	-
- cultivated	2,000	4,500	7,000	7,750		5,607	-	-
<u>No. of Volunteers</u>	2,500	4,500	6,000	5,760		4,178	-	-
<u>No. of Dependents</u>	-	-	-	-		7,968	-	-
<u>Expenditure (m.Sh.)</u>								
- planned	-	5	5	5	15	21	23	-
- actual	3.53	4.14	9.34	11.30	13.47	13.11	17.59	71.48
(dev. expenditure)	(2.60)	(4.14)	(0.79)	(3.15)	(3.68)	(3.31)	(4.63)	(22.30)
(operational expenditure)	(0.93)	(-)	(7.55)	(8.15)	(9.80)	(9.80)	(12.96)	(49.18)
<u>Sales (m. Sh.)</u>	0.18	0.56	1.95	1.22	2.66	1.73	3.17	11.47
<u>Net Costs (m. Sh.)</u>	3.35	3.58	6.39	10.08	10.81	11.38	14.42	60.00

Source: SDR; Planning and Administration of Special Public Works Schemes (country report) Vol. II. May 1976.

4.33 During 1972, administration was entrusted to an autonomous Crash Programme Agency in order to co-ordinate the services required from several ministries. Deficiencies which arose in the haste of initial development were made good later in respect of land clearing and preparation, canals and roads, accommodation and social amenities. More machinery was introduced as a regular feature to cope with seasonal work peaks and replace initial equipment and, above all, education and training were vastly expanded.

4.34 The contribution of the Agricultural Crash Programme has to be seen largely in terms of its output of trained craftsmen and farmers and its contribution to agricultural production. About 4,000 of the volunteers have already left the programme for practicing their own farming and about 2,000 have joined other Government

agencies. The training programme is, however, made difficult by the rapid turnover of 'volunteers'. The agricultural contribution has also suffered from absenteeism to attend to personal plots in some cases, from the weather especially in 1974, from inadequate land preparation and occasional delays in receiving essential inputs, and from the unsatisfactory condition of the machinery taken over from two state farms at the outset.

4.35 The Technical Unit of the General Directorate of Planning and Coordination diagnosed several problem areas relating to managerial control of operations, the inadequate motivation of some 'volunteers' which made supervision difficult and the losses caused in production by in-service training. On the technical side, much land grading needed to be redone to ensure effective irrigation, more timely inputs and more workshops to undertake routine repairs were needed and greater access to technical expertise and skills were required.

4.36 In our view, this programme should be re-examined mainly from two points of view, viz., separation of the main training and production functions, and creation of a "ladder" for trainees. It appears that training and production functions do not go well together and could be profitably separated. One possible solution in this respect is to concentrate training on, say, two irrigated and one dryland crash programme farms, which, to be effective, should be provided with adequate staff and facilities. The remaining farms could be run by trained volunteers as straight-forward production farms whether organised as cooperatives or as state farms. Only those trained volunteers who are willing to sign contract documents should be accepted.

4.37 Secondly, the Government should seek to regulate the intake in training farms both to match the facilities available and the opportunities for craftsmen emerging after two years on new state farms where their services would be needed. This procedure should ensure a supply of lower grade technicians, some of whom would merit further training at a technical institute.

4.38 Finally, operating profits should be aimed at on all new productive farms. Crop combinations and productive techniques should be adopted to this end. It would be difficult to justify the creation of new employment if their viability rested on subsidy transfer from still poorer sectors. The rewards of the programme, which has already cost Sh. 60 million, and which is currently running at a loss of over Sh. 12 million annually, are rather poor. The cost per trainee at around Sh. 7,000 is also excessive.

(iii) Cooperatives

4.39 The Cooperative Department of the Ministry of Agriculture is charged with the responsibility of transforming the traditional agricultural subsistence sector under the Law on Cooperative Development of October 1973. Three types of cooperatives are distinguished and members are expected to progress through each stage:

- (a) Multipurpose Cooperatives engage in joint purchase of farm requisites, joint marketing of agricultural produce, but individual use of land and ownership of its product.
- (b) Group Farms use irrigation, machinery and equipment in common but share the net product after deducting expenses according to labour and effort supplied.
- (c) Cooperative Farms are the final stage where farmers pool their resources and consolidate their land into larger units or collectively cultivate new land provided by the State.

4.40 To form a multi-purpose cooperative, 100 or more farmers or the consent of 2 to 6 villages must approach the Department for collective services. A cooperative instructor is appointed free of charge for five years to teach law and accountancy. Insecticides, seeds and fertilisers are supplied free for the first year; depreciation and running costs on canalisation and water pumps are charged to credit from the Somali Commercial Bank and development funds can be obtained from the Somali Development Bank. Marketing is through the Agricultural Development Corporation (ADC) which recoups on loans and interest. An office block and residence for

the instructor are provided and Sh. 150,000 are granted in kind for the first year for tractor, cultivator and drills.

4.41 Group farms can be formed if a minimum of 20 members from a multi-purpose cooperative agree to work together on new land provided by the State. Producers can retain their membership of the multi-purpose cooperative which provides essential services to the group. Actual numbers and some details about the cooperatives are given in the table below:

Table 4.6: Planned and Actual Growth of Cooperatives

	Multi Purpose Cooperatives	Group Farms	Cooperative Farms	Total
FYDP 74-78 Number	150	1,050	75	1,275
Hectares	15,000	21,000	2,250	38,250
Dec. 74 Number	10	30	-	40
Hectares cultivated	4,200	1,000	-	5,200
Membership	2,670	1,760	-	-
Aug. 76 Number	31	127	-	158
Hectares cultivated	8,100	4,250	-	12,350
- irrigated	4,400	2,250	-	6,650
- dryland	3,700	2,000	-	5,700
Membership	7,474	8,038	-	-

Source: FYDP 1974-78 and Department of Cooperatives, Ministry of Agriculture.

(iv) On-Going Commitments and Prospective Development Programmes

4.42 Somalia is blessed with a plethora of new projects for which feasibility studies are available or are in hand. In so far as on-going and prospective new irrigation projects are concerned, the following table summarises the identified potential:

**Table 4.7: On-going and Prospective New Irrigation
Projects, August, 1976**

	Stage of Work	Completion date	"Subjective" completion dates	Additional ¹ area	Improved area
Afgoi-Mordinle	I	1977	1978	3,108	
Jowhar Offstream Storage	I	1977	1979	-	Land Down- stream
Balad (cotton)	I	1978	1979	10,000	
Turda (cotton)	F	1979	1980	2,400	
Fanole I	I	1979/80	1981	8,133	
Juba Sugar (Phase I)	T	1980	1981	6,145	
Settlement areas (to end of Phase II)	I	1984	-	-	10,000
Sakow Barrage	F		1979	-	Land Down- stream
Kalanji	I		1979	800	25,000
Northwest Agricultural Development	F		1981		
Improvement of existing commercial land	I		1986		18,000
Improvement of existing traditional land	I		1982		500,000
Avai	I		1983	500	-
Bardere Dam	F		1984		Land Down- stream
Golwein	I		1985	1,500	11,330
Genale-Bolo Marerta	PF		1985	16,540	
Juba Bardere Youte	PF		1987	10,000	
Fanole II	PF		-	10,000	
Juba Sugar (Phase II)	F		-	5,223	

I - Implementation

F - Feasibility

T - Tender

PF - Pre-feasibility

^{1/} About 30,000 hectares by 1980 according to completion status. Of this the greater part will already be under some form of traditional production, often by flood irrigation. Thus, traditional production could fall by the equivalent of 25,000 tons of maize.

Source: Mission's estimates.

4.43 It must be mentioned that few completion dates of the projects are given in the medium term and annual development plans. In the above table we have indicated 'subjective dates' for completing projects which are given alongside the completion dates, wherever possible. The difference in these two dates is due to the fact that Somali skilled and experienced personnel are not numerous

enough to bring the on-going projects to full fruition in the planned period and that new projects will further stretch an already undermanned service. Personnel short-falls are often matched by other shortages such as the foreign exchange needed for recurrent operating expenses.

4.44 Dam construction will set the feasible pace of development. If the two Fanole projects were to receive full water needs, little of the present median flow would be left for downstream banana and other projects. Phase I of the sugar complex rests on completion of the Sakow Barrage which will also serve as the offtake for the Dujuma settlement scheme. Other development in the Lower Juba depend upon the Bardere reservoir.

4.45 In so far as the dryland farming areas are concerned, the major development in the north-west region was a well-conceived proposal to bund a further 25,000 hectares of dry-land. This project also included the establishment of 50 one-hectare horticultural farms, each with 0.8 hectare of grapefruit for which there is a ready local and export market. The major project replicates an earlier scheme which virtually doubles yields and would raise sorghum production by 4,000 tons and benefit 2,500 families.

4.46 The major dryland farming area of the country is in the Southern Bay Region. Ten per cent of its 5.7 million hectares is thought suitable for cultivation; rainfall averages 500 mm and there are some 200,00 farming people. Cultivable areas are set at 0.4 million ha. in Baidoa plain and 0.18 million in Bur Acaba. Half of the area is tilled using primitive hand tools but the other half is partly prepared by tractors and some water management is also practised. About 90 per cent of the cropped land is under sorghum and the rest is devoted to the production of maize, cowpeas, groundnuts and beans. Proven improvements from the Bonka Farmers' Training Centre, such as ox-drawn implements, sowing in rows, using animal manure and crop diversification, have had limited impact.

4.47 Potentially, the main stimulus to greater output could come from the multi-purpose cooperatives and group farms. Provided sound management is practised to ensure success, the cooperative movement could have an important demonstration effect to supplement the efforts of Farmers' Training Centres and other measures. In the short run, however, the small numbers involved and the problems associated with technological transfer may lead to their having little impact on overall production.

CAPACITY TO DEVELOP THE IDENTIFIED POTENTIAL

4.48 The question of the existing capacity of the country to implement successfully the on-going and prospective agricultural projects and to absorb the new investment and to operate it well enough to make a contribution to the economy is vital. We identify below four major areas of bottle-necks in this respect.

(1) Personnel in Executive Ministries and Autonomous Agencies

4.49 Apart from the fact that the Ministries and autonomous agencies responsible for agricultural development programmes are short of professional and technical manpower, of greater interest is the consequences of shortfall for planning, implementation and control in selected areas. Extension officers, for instance, are said to number 20 to 30, with a further 50-60 at a lower level. Their task to influence 100,000 agricultural producers is further complicated by the lack of an appropriate extension message for many situations. Cooperatives also are deeply involved in the process of transformation but in 1975 they had only 149 men in post out of an establishment of 648. Not only are the Ministries seriously understaffed at key points for practical impact but many personnel move between posts too frequently for individuals to be fully masters of their departmental briefs. Complications arise, too, because of the overlapping responsibilities of different ministries and departments within ministries so that coordinating information becomes a serious problem and concerted action very difficult.

4.50 Many of the problems encountered in Ministries spill over into autonomous agencies. Nevertheless these do have the advantage of clearly defined functions and a regional basis of organisation. However, duties are frequently moved between agencies. For example, ONAT has just taken over Agricultural Development Corporation's (ADC) functions in supplying farming requisites so that ADC can concentrate exclusively on the procurement, handling and marketing of selected commodities at fixed prices. The ADC has just relinquished its marketing duties in Lower Juba to the Meat Factory at Kismayu.

4.51 It would be desirable to examine the efficiency of several related agencies such as ADC and ONAT with a view to deciding whether certain functions should be combined where neither carry sufficient business to justify maintaining a separate entity. ADC, in fact, operated 150 buying centres in eight producing regions in 1974 and had storage for 94,000 tons. ONAT's tractor hire charges are said to barely cover operating costs and the Government provides for replacements in the budget. Any tractor pool with a peak work load at cultivation time must either seek off-season work or raise its charges. The National Banana Board offers a monocrop service from production to final market overseas. In general terms it may be questioned whether the existing arrangements could cope with any substantial increase in the volume of business and it is unlikely that they have the capacity to act as catalysts for development at this stage. Yet, a concentrated effort to introduce a package of farming practices, including inputs, into existing farming areas is likely to have the highest and fastest effects on investment and the lowest cost per hectare. The growing requirements of spray materials, fertilisers, seeds, spares and machinery call for an increasingly sophisticated service in which timely supply is critical.

(ii) Research Capacity and Directions

4.52 Any transformation based on existing agriculture and the extension of cultivation is peculiarly dependent for its success upon the adequacy of the technology and the institutions proposed

to bring it about. Locally-based research of mainly an adaptive type is crucial for establishing the most appropriate types of crop and the best agronomic practices for the present and future farming systems. The research programme needs to be conceived in the context of the constraints and opportunities which delimit their practical application.

4.53 Agricultural research in Somalia is based on the 400 hectares Central Agricultural Research Station (CARS) at Afgoi and on 40 hectares each at Aburein, Alexandra and Bonka. Despite some successes since its establishment in 1965, the impact on production has been minimal so far for various reasons, e.g. seed multiplication systems are too recent, information on the farming systems and resources for which they were designed are lacking, extension services are inadequate with one field level agent per 7,000 farmers, and reputation of research is not well established so that even large scale irrigation projects do not make use of its findings.

4.54 The 1976 budget for research has been combined with extension and reduced to about Sh. 2.4 million from a planned total of about Sh. 4.6 million for research alone in the 1974-78 programme. This cut appears to be a misreading of the situation: the need is to reinforce the present research level and to redirect it into more productive channels. One of the main components missing is a proper appreciation of the farming systems from the view point of individual farmers who take management decisions. Such an appreciation would show, for instance, whether crops for a particular area should be selected for quick maturity or for drought resistance if these two attributes were to conflict. Research into extension is also needed to establish the best sequence of innovation into existing systems to ensure the most rapid adoption. Typically, new crops should be self-evidently profitably and superior to local practices, but they should be introduced in small steps dictated by their compatibility with the present system. The pace of change, too, should never exceed the farmers' ability to absorb innovation and retain confidence in the extension service.

4.55 At the extension level, attention appears to have been focussed more on perfecting the means of delivering new ideas and less on the nature of the actual message. The actual extension content and the training programmes stress technical issues, such as irrigation and crop protection techniques, agronomy and machine maintenance, rather than management issues. Thus, the producer receives little guidance, as opposed to mandatory instructions on difficult tasks. It is necessary to combine the available technical knowledge from traditional and tested research sources with the resources actually available or accessible to the producer. Extension service can have little impact until existing behaviour is fully understood and the methods intended to raise incomes are firmly based on it.

4.56 It was not possible for us to locate management data for existing dryland and traditional irrigated agriculture. Many producers in the traditional sector practice a combination of cropping and livestock activities which meet their present objectives when land is freely available but whose complex labour, security, food and fodder aspects may be too delicately balanced to permit quick improvement. Other producers are more specialised on the cropping side and livestock plays only a complementary role. The simple introduction to management data is through the examination of returns which alternative crops give to the different resources employed and especially to the most limiting resources. The second step is to combine the gross margin, labour profile and other data from individual crops into a farming system and to establish which combination of crops and/or livestock should be pursued in order to achieve the family targets with a given set of land, equipment, labour and knowledge. These considerations are important for the supply side of pricing and for assessing the likely response to any given set of prices.

(iii) Project Managers

4.57 Farm managers capable of handling projects of up to 10,000 hectares are not numerous anywhere and are noticeably scarce in

Somalia. Yet, investment on large-scale, intensively irrigated farming is planned to reach more than Sh. 100 million annually over the next decade and existing dryland farmers are to be reorganised into increasingly large-scale and collectivised cooperatives with some of the same managerial needs. The best background for such key personnel is a blend of several short problem-oriented courses sandwiched between longer spells of practical in-service training at the appropriate level. With increasing size of business the technical requirement of the managerial functions is reduced and is replaced by personnel, organisational and major tactical issues. The absence of such managers in the country is evident in the slow and difficult progress made to date in several projects.

4.58 It is suggested that the management framework provides a suitable basis within which all aspects of agriculture could be taught both at the Afgoi Agricultural Secondary School, the Faculty of Agriculture and the various Farmers' Training Centres. Technicians to support the managers could come up the same route and be supplemented by trainees from the Agricultural Crash Programme.

INCENTIVES AND FORMS OF ORGANISATION

(i) Incentives

4.59 The high level of Government activity involved in the on-going commitments and the task of assessing and implementing new projects imposes a heavy burden on Government resources and capacity to supervise and operate them satisfactorily during the next decade or so before the habit of collective action and cooperation is fully assimilated. Nowhere is the Somali Government's concept of mass mobilisation more important than in agriculture where the life style and attitude of the individual decision-makers is moulded by isolation and self-reliance. It is proposed that the

set of producer rewards be carefully arranged to reflect national priorities back to the producer. In this way the individual pursuit of self-interest by the great majority of mainly subsistence producers would coincide with the national need. This would reinforce and complement the initiatives arising from political orientation and cooperative movement.

4.60 In Somalia's current stage of development there is likely to be some transfer of income from the rural sector into the creation of infrastructure, services and an industrial base. At the national level, it is important to see that this transfer does not over-restrict or distort rural incentives. The transfer process can be regulated by manipulating the prices of commodities which the producers sell and of capital inputs and consumer goods which they buy. It is essential that the domestic terms of trade for the rural sector and the actual levels and relationships of commodity prices which they receive should reflect the national interest. No attempt has been made here to assess how far the present pattern of export taxes and import duties and the commodity prices operated by the Agricultural Development Corporation conform with this ideal but such a calculation is important. We suggest that a detailed study of this subject should be made.

(ii) Forms of Organisation

(a) Individual farmers

4.61 Traditional producers operate a farming system which ensures family survival under all but the most extreme conditions. Sufficient food is ensured through planting low yielding but drought resistant varieties of crops, and obtaining income from services which respond differently to climatic variations. In addition they may seek some minimal revenue with which to buy essential goods not obtainable by work, gift or barter.

4.62 Government's reaction in the case of traditional farmers appears to be two-fold: to merge poor producers into cooperatives as

far as possible and to develop state or collective farms on new areas of irrigated land which provide more reliable and higher levels of output. Individuals have little incentive other than fixed prices and assured markets. To obtain more, they must join in cooperative activity. Here collective action is possible to improve education and social amenities and greater social control can be exercised over financial and technical assistance.

4.63 Cooperatives in 1974-75 were affected by the drought and by problems of organisation. The staffing position is the most disturbing factor of this drive. Voluntary participation in agricultural cooperatives is being secured by making them the major channel through which small producers can receive technical assistance, initial grants, credit in kind and the prospect of additional land. Some of the cooperatives have undoubtedly done good work but business prudence would dictate a slower rate of cooperative formation than is outlined in the Five Year Development Programme because of the limited facilities available to train both staff and producer members. Too ambitious a rate of expansion in the early stages could jeopardise the success of the whole programme. What is perhaps needed most at present is to consolidate the progress made so far and remove the shortcomings particularly in the field of trained staff. With good managerial and technical leadership, cooperatives could become a powerful catalyst.

4.64 Despite efforts to enlist only the poorest members of the community, the numbers of agricultural cooperatives anticipated in 1976 reflected the richer and more important farming areas though five rainfed areas were included by early August, 1976.

(b) State farms

4.65 Government is moving into direct agricultural production on a small but rapidly increasing scale. An autonomous agency, SNAI, has been responsible for sugar production since 1970 and more recent ventures have been undertaken in banana and grape fruit at Kalanji

and Golwein. There are also the three state farms at Genale, the rice seed farm at Jowhar and the cotton seed multiplication centre at Afgoi. Many of the large new irrigation projects such as those at Balad, Afgoi-Mordinle and the Lower Juba schemes could be handled in this way in an attempt to economise on management expertise and machine services. The food production drive of 1974 also encouraged Government agencies at all levels to cultivate additional land in their vicinity but a much longer term commitment has been the Agricultural Crash Programme. Most important of all remain the Settlement Schemes, already discussed, on whose success hinges the level of self-sufficiency in food production in the medium term. Incentives are difficult to set on these farms other than by salary levels and prestige. Industrial style plantations, such as the sugar cane at Jowhar, cotton at Balad and bananas in the Lower Shabelle and Juba, also face problems of motivation and of suitable incentives.

4.66 State action is also possible for the development of unused dryland areas more rapidly. Admittedly, the risk-taking attitude required for success under extremely variable rainfall conditions does not come easily to civil servants. However, the value of the operations in these areas can only be gauged over a period of years. If such developments are left to cooperative initiative, then the Government could still play a most useful role in providing for the accumulation of reserves from areas experiencing good yield and their distribution to areas with poor yields. An equalisation fund operating over a sufficient time scale and area to compensate for random yield variations between years, seasons and localities could conceivably make for higher production at the extensive margin of cultivation.

IMPACT ON EMPLOYMENT

4.67 Present production and employment is certainly only a fraction of what could be achieved, given adequate capital, technical

skills, and incentives. The conventional wisdom, however, that 12.5 per cent of Somalia's land is cultivable, 1 per cent is cultivated and that one-sixth of this is irrigated, is undoubtedly comforting though not very relevant under the urgency of present needs. More critical issues are: (a) the irrigation potential of the Juba and Shabelle rivers and of groundwater and seasonal tugs, (b) the extent to which farming practices can be improved in the existing monetised agricultural areas in the shorter term and in the traditional subsistence areas in the longer term, and (c) the extent to which the agricultural areas can be increased by cropping land on the fringe of present cultivation.

4.68 More detailed studies show that controlled irrigation on the Shabelle river could be extended from the present 21-23,000 hectares to 65-70,000 hectares and that 17,000 of the presently controlled 21-23,000 hectares could be improved by better water control. Major contributions depend on the Kurtin Waarey and Sablaale Settlement Schemes (over 23,000 ha.), reconstruction in the Genale Bolo Marerta area (16,500 hectares plus 11,300 ha. improvements) Balad (an extra 9,500 ha.) and Mordinle (2,500 ha.). In contrast to the relatively advanced stage of development on the Shabelle river, work on the Juba is just beginning. Some 80,000 ha. are currently being planned or implemented compared with an existing 6,000 ha. under crop and a net irrigable potential of over 220,000 ha. However, in so far as this area is concerned, much hinges on the progress with the Settlement Scheme at Dujuma (30,000 ha. planned), the Fanole projects (18,000), sugar cane (11,370), Mogambo (7,000), and other works in the Jamaame district. The additional employment which will be generated by these schemes should be netted for areas at present under occasional flood irrigation which will come under full water command.

4.69 The number of jobs created by the on-going and new projects depends upon the cropping pattern and intensity of production. In turn, this must reflect the market situation, but a quick approach is to postulate the additional employment

generated by each change in land use. Clearly the results need much further investigation before they are acceptable as a basis for policy, but the following estimates made by us give some guidance on magnitudes:

Table 4.8: Employment Potential

Hectares in Shab- elle and Juba (000)	Category	Estimate I		Estimate II		Estimate III	
		Assumed extra jobs per ha.	No. of jobs ('000)	Assumed extra jobs per ha.	No. of jobs ('000)	Assumed extra jobs per ha.	No. of jobs ('000)
11	Intensifying existing controlled irrigation	0.5	5.5	0.25	2.75	0.125	1.38
17	Improving existing water command	1.0	17.0	0.5	8.50	0.25	4.25
80	Switching from flood to controlled irrigation	1.5	120.0	1.0	80.00	0.5	40.00
45	Irrigated area not pre- viously used	2.0	90.0	1.5	67.50	1.0	45.00
			232.5		158.75		90.63

Source: Mission estimates

4.70 It would appear that the newly irrigated areas and those in prospect have a major role to play in the early stages of increasing employment. The project contributions can also be modified to accommodate more or less labour, though it is often found that land cultivation has to be mechanised in order to ensure double cropping.

4.71 Much bigger areas are, however, devoted to rainfed agriculture in which the majority of the subsistence farmers are engaged. The richest areas in this respect occur in the inter-riverine area between Juba and Shabelle, although a secondary area occurs in the north-west. In 1963, it was estimated that the

rainfed area was nearly a million hectares of cropped dryland supporting 480,000 people. Minimum labour and capital have inspired the farming practices in these areas because the rains fail perhaps two years in five. Improvement programmes require careful organisation since any failure will jeopardise other programmes. Research is urgently needed to provide a sound basis for extension and a package programme of improvements. Employment would be generated by more intensive production through better seeds, fertilisers, planting periods, crop rotation and by an extension of the farming area.

4.72 While few would entertain doubts about the potential of Somali agriculture to absorb the population increase for many years to come, there are many who could enquire whether the potential will be tapped in time. On the basis of the size and timing of different projects, it would appear that irrigation will only yield between 3,500 and 6,000 jobs per year in the next five years at its present rate of implementation. With about 9,000 families per year seeking employment it is clear that urgent action is called for to accelerate the rate of absorption. Preference might be given to schemes with a higher employment component and further crash programme farms could be instituted. For the farmer in the dryland areas, research and extension should diagnose opportunities and provide meaningful solutions as soon as possible since the uptake of innovations is always slower than desired and the initial assembly of an appropriate package of inputs is also fraught with difficulty.

SELECTION OF AN AGRICULTURAL DEVELOPMENT STRATEGY

(i) Appropriate Technology

4.73 It is desirable to examine the contribution which labour-intensive techniques can make in Somalia where the Government has both the will and the ability to mobilise popular effort. So far, however, achievements have been few in the context of

increasing agricultural capacity simply because the location, the urgency, the magnitude or the nature of the tasks involved have precluded mass participation. Sand-dune stabilisation is the major exception. Otherwise, heavy earth-moving equipment has been used in constructing major projects. Mechanised farm equipment is used for land preparation on the Settlement and Agricultural Crash Programme farms where labour is more plentiful, to quote two more examples. To make greater use of labour-intensive techniques, which make heavy demands on supervision, obviously the location must not be too remote but equally the approach needs to be considered well in advance of implementation. Only then can the socially cheap and acceptable techniques be incorporated in the work schedule without delaying completion. One further element is the need to resist the complete capital package offered by donors and consultants so that suitable tasks can be handled in a labour-intensive way. Shadow pricing of different projects using a range of techniques is desirable if the appraisal of costs and benefits is to be realistic. We feel that the question of capital-labour substitution should be given greater consideration when projects are planned and implemented.

(ii) Selection of Projects

4.74 Keeping in view the objectives of agricultural development policy, - viz. full employment and a more equitable distribution of income, greater self-reliance including self-sufficiency in selected foodstuffs and oil seeds, more foreign exchange earnings and more domestic value added in the control of government, and more agricultural products for industrial processing - and following the logic set out in the Chart given in the Chapter on 'Towards a Development Strategy' - we have made an attempt to analyse the on-going and potential new policies against the contribution which they make towards satisfying the different strategies and objectives. This is analysed in the following table.

Table 4.9: Project Contribution to Specific Objectives 1985

Policy and Project	Self-sufficiency in food and raw materials	Balance of payments	Base for industry and services	Distribution, Justice & basic needs	Growth of GNP	Control of the economy	Government revenue base	Cost benefits	Training
<u>Improving existing agricultural</u>									
(i) <u>Traditional</u>									
Cooperatives	*	2		***	5	**	3		***
N.W. Agricultural	***	2		**	3			**	4
Dev. Project							2	1	
Fixed price and markets	*	2		**	4				
(ii) <u>Modern</u>									
Sugar and Banana			4			*	5	**	4
Grapefruit seedlings		5	3		***	*	4	5	2
Dates		5	2	*	***		3	3	
Water command (Jowhar & Bardere)		3	**		***			***	5
<u>Extending irrigated area</u>									
(i) <u>Emphasis on foodstuffs</u>									
Bardere & Yonte	*	1		2		*			4
Fanole II	*			2		*			
Kurun-Warey & Sablale	***	3		5		*	3	5	***
Afgoi-Mordinle & Balad	***	5	*		*	*	5		*
(ii) <u>Emphasis on cash crops</u>									
Juba Sugar I & II		4	5		***	**	5	*	2
Kalanji & Gollwein		5	3		***	*	5	**	2
Fanole I	*	4	**		***	*	4	4	
Genale-Bulo Mareerta	***	3	***	2	***	1	2	***	4
(iii) <u>Balance of food & cash crops</u>									
Dujuma	***	4	2	***	5	*	1	1	***
Crash programme (indirectly)	*		*	**	5	*	3		***

1. Stars indicate emphasis within project - read across the row
2. High numbers indicate contribution/the policy - read down the column but note variations in project size.

4.75 In general terms, it appears to the Mission that the Government's strategy and policy emphasis within agriculture are basically sound and that only minor changes seem warranted. It must, however, be emphasised that this strategy is relevant only so long as cheap development funds are available. If credit lines should fail or terms stiffen, then emphasis would have to move back to consolidation and greater mass mobilisation of effort in the national interest. A good performance on projects and Government's obvious willingness to repay loans and interest amounts would probably keep the credit lines open till the main Juba schemes releavethe economy of dependence on the Shabelle river.

NOMADIC PASTORAL SECTOR

INTRODUCTION

5.1 In almost all third world countries the rural sector provides certain essential transfers to the industrial and service sectors: food and raw materials, people and investible funds. Such transfers should not, however, denude the rural sector of the productive people and capital needed for its own development. It has, therefore, to be ensured, particularly in a socialist society, that the economic surplus of the countryside is divided between the needs of investment in other sectors of the economy and the needs of investment in the countryside itself so that the productivity of the rural sector increases roughly in line with that of other sectors. In this the demands of efficiency and equity in the distribution of the benefits of modernisation roughly coincide.

5.2 The variety of mechanisms by which these transfers and capital accumulation in the modern sector take place, ranging from direct and indirect taxation to manipulation of inter-sectoral terms of trade, are fairly well known for agricultural societies, and are amenable to government planning. But, when this transfer has to take place not in an agricultural but in a principally nomadic pastoral society, problems are posed for which there is scarcely any experience to guide planners.

5.3 In this light, planning for the livestock sector in Somalia is marked by unique problems and opportunities. In almost every other country in the world, nomadic pastoralists are a small and economically unimportant minority, but in Somalia they are nearly two-thirds of the population and about two-thirds of the country's exports originate from this sector. But the importance of livestock marketing must not obscure the fact that a very large proportion of Somali people live principally from subsistence

pastoralism, practised in a traditional way in a risky environment. The 1974-75 drought was a reminder of this and there may be other droughts in future. The deteriorating state of the national rangelands, which are the most important factor in animal production, gives special cause for alarm. The policies outlined since the October 1969 Revolution give hope that the tasks will be tackled in a more realistic way than previously, but the problems remain enormous.

5.4 Within the Somali context of a traditional pastoralism, accounting for a large part of the export earnings of a nation otherwise heavily dependent on foreign aid, the definition of basic needs and a socialist strategy to meet them takes on special meaning. It is not enough to concentrate simply on the relatively small marketed surplus of the pastoral economy and devise measures to increase these exports and make them more efficient, in the hope that the benefits from this process will trickle back to the producers who will invest their profits wisely. There is much evidence from Somalia and elsewhere that such a policy will and has aggravated the contradictions within the traditional economy, leading to economic inequalities and ecological disaster. The problem must be tackled at its source and in all its ecological, social and economic complexity. The Government has to devise policies, organisational forms, technologies and investments to attain two related objectives: (i) to raise the productivity of the rangelands and halt or reverse general ecological deterioration; and (ii) to create politico-economic structures which raise economic productivity and channel the economic surplus thus obtained so that the benefits are shared equitably between pastoralists and other sections of the population. Only in this way will the welfare of the pastoralists improve, and only in this way can the pastoral sector contribute in a sustained and efficient manner to national development.

DEVELOPMENT PLANS AND THE PASTORAL SECTOR

5.5 Although Government policies recognise the importance of the nomadic pastoral sector, and the need for special measures to bring development to it, much remains to be done in actual practice. Thus, despite the fact that nearly two-thirds of the population of Somalia are nomadic pastoralists, that livestock and livestock products exports are responsible for about two-thirds of foreign exchange earnings and that taxes and levies on livestock exports are a major source of Government income, Table 1 shows that livestock, forestry and range received only 8.6 per cent of development funds spent in 1971-1973, and that its relative share of development funds was reduced from even this low figure to 5.5 per cent in the 1974-1978 plan. The situation is in fact even more serious than this, since only about 39 and 30 per cent of the expenditure planned in the livestock sector was actually spent in 1974 and 1975 respectively.¹

Table 5.1: Sectoral Development Allocations 1971-73
and 1974-78

	1971-1973		1974-1978	
	Actual Expenditure		Planned Expenditure	
	Million Sh.	%	Million Sh.	%
Livestock	51.1	7.8	162.1	4.2
Forestry and Ranges	5.0	0.8	51.2	1.3
Agriculture & Irrigation	83.2	12.7	1,124.5	29.1
Fishery	4.5	0.7	78.0	2.0
Rural Water Supply	64.2	9.7	85.2	2.2
All Rural Sector	208.0	31.7	1,500.0	38.8
Industry and Mining	117.5	17.8	770.5	19.9
Services	331.4	50.5	1,592.0	41.2
Total	656.7	100.0	3,863.4	100.0

Source: Calculated from Five Year Development Programme 1974-78, Ministry of Planning and Coordination, Mogadiscio.

^{1/} Directorate of Planning and Co-ordination. Follow-up report on Plan Implementation, (1974-1975), December 1975, Table No. 17.

5.6 Nomads also seem to get relatively little benefit from the Government's general social service expenditure since health and education are principally for settled people. Another sign of the inadequate attention given to the livestock sector is with regard to credit: up to about 1975 it received less than 5 per cent of the available credit. Government food subsidies also benefited principally urban consumers till about 1975 when maize prices were subsidised.

5.7 On the basis of the available data (see Tables 5.2 and 5.3) it appears that within the livestock/range sector itself there is emphasis on veterinary, marketing and intensive animal husbandry projects, and inadequate attention is given to range management or projects aimed at improving conditions within the nomadic pastoral community. The same disproportion appears in skilled personnel: there are 52 graduates in animal science working in Government and the University, but only one in range management. The disparity within the livestock/range sector is increasing, as Table 5.2 below shows.

Table 5.2: Development Allocations for 1976

	Allocation Million Shs.	1976 allocation as % of allocation proposed in Five Year Plan
Livestock	38.1	128
Range Conservation and Development	2.3	42
Forestry and Wildlife Development	2.7	61

Source: Directorate General of Planning and Coordination
Annual Development Plan 1976, Mogadiscio

5.8 Not only is the range sector lagging far behind the livestock production sector but in 1976 it had even a lower allocation of funds than for forestry and wildlife.

5.9 External development assistance to Somalia, a major part of national development expenditure, also reflects an imbalance between expenditure on animal production and that on range management, as Table 5.3 shows:

Table 5.3: Multilateral and Bilateral Assistance to Rural Development in Somalia in 1975

	Amount (US\$ million)	Percentage
Agriculture	9.83	39
Animal production (including poultry)	11.74	47
Range	1.82	7
Forestry and Wildlife	0.79	3
Fisheries	1.08	4
Total	25.26	100

Note: Figures are total allocations of projects operational in 1975 and not total spent in 1975. Excludes relief expenditure and USSR-financed projects on which data are not available.

Source: Calculated from UNDP Annual Report on Development Assistance to the Somali Democratic Republic 1975.

5.10 There is no doubt, however, that the overall development strategy enunciated in the 1974-1978 Development Programme gives a clear indication of the broad policies to be followed in the nomadic pastoral sector. We understand that discussions and review now under way in the State Planning Commission and within the Central Committee of the Party will give direction and force to these stated objectives.

THE CURRENT CRISIS IN THE PASTORAL ECONOMY

5.11 The technical paper on Nomadic Pastoralism in Somalia describes the main features of the traditional mode of production and the way increased livestock trading, especially since the 1950s, has led to a partial monetisation of the traditional subsistence economy, and to growth in consumption of modern sector goods. But the growth in marketing has not been accompanied by growth in the productivity of the pastoral economy. Profits from livestock trading seem to have been earned mainly by an urban mercantile class, whose only investment in the pastoral economy was in water supplies. The nomads were unable to invest their profits in the production machinery other than by building wells since there was no institutional framework within which they could make investments in the land (erosion control, water harvesting) or the range, the benefits of which would return to them alone.¹

5.12 The pastoral economy has thus remained a largely traditional mode of production - untouched by modern technology to raise its productivity - in which herds are used for the dual purpose of providing food for the pastoralists and producing young animals for sale. Indeed, by the combination of undue attention to the marketed surplus and neglect of the pastoral economy that produces this surplus as well as the nomads' basic subsistence, the developments of the last few decades may be said to have contributed to the underdevelopment of the pastoral sector and to the state of crisis in which it now is.

5.13 Other changes have also contributed to the general crisis in the pastoral economy. Overgrazing and range deterioration which has been going on for a long time² is one of the most serious factors.

^{1/} Although some of the profits seem to have been invested in the private expropriation and fencing of rangeland, this made the overall situation worse by its unplanned, haphazard and opportunistic nature.

^{2/} Mohamud Abdi Ali. "An analysis of the Somali drought." New Era, July 1976, pp. 29-32.

Although it is unlikely that there was ever a consciously imposed equilibrium between nomadic herds and the natural environment in Somalia (or anywhere else), several factors in the past are likely to have kept grazing pressure low in relation to plant resources. A limited number of permanent water points and reliance elsewhere on rainwater collected in surface pools, would have severely restricted the number of animals and the grazing pressure they exerted. Previously also general insecurity made necessary a tight grazing discipline within clans so that families were concentrated within reach of each other in case of trouble. The predominance of individually or clan-owned home-wells created a de facto organisation of grazing since pasture could only be used if water was adjacent. There was even, as mentioned in the technical paper on Nomadic Pastoralism in Somalia, a suggestion that the power to protect pastures to allow regrowth existed at one point in the traditional economy.

5.14 These traditional controls were upset by the economic and political evolution set in motion by the colonial occupation and by the progressive transformation of Somalia into a modern nation. Insecurity disappeared. New Government and privately-financed water points were built and in particular there was a very rapid and unplanned spread of cemented rain water reservoirs (barkas) starting in the 1950s. These barkas were built principally by livestock traders and by Somali sailors returning from abroad with money to spend.¹ Merchants with trucks also took water in drums to sell to nomads deep in the Haud. Prices charged for this water could be very high.² The result of this water development was to

^{1/} Ali Asker Sugal, "Barkas : A Case Study of Haud".

^{2/} In the early 1950s when the process first started the water was sold at prices upto fl for a 40 gallon drum (180 litres). (Principal Forestry Officer, Hargeisa 1957. Statement by the Forestry Division, Somaliland Protectorate, prepared for the British Commonwealth Forestry Conference, 1957. Hargeisa, Stationery Office, 19 p.). The ILO/JASPA Mission was told in the Odweina District of Burao region that water from barkas is sold normally for 2-3 Shs. per 40 gallon drum. However, in extreme cases it seems that the price can rise to Sh. 50 per drum. (Musa Abdi in Proceedings of the SIDAM/IDEP Seminar on Somalia in Transition, November 1975, in press).

spread grazing, especially by sheep and goats, all over the northern plateau and Haud which had previously been used by camels during the wet season only. Animals were able to stay longer in these areas at the beginning of the dry season before returning to their home wells. Overgrazing was much increased leading to severe ravaging in many range areas although wherever water remained scarce good ranges are still to be found. The new water supplies also led to an increase in unplanned settlements and thus to permanent grazing pressure around them. This proliferation of unplanned water supplies in the grazing areas was particularly singled out by President Jaalle Siyad Barre as a major contributing cause to the disaster of the 1974-1975 famine.¹

5.15 Another factor contributing to the ecological imbalance was the success of veterinary measures undertaken by the Government. The increase in water supplies since the 1950s was paralleled by an increase in veterinary care such as the very successful JP 15 campaign against rinderpest. Although more animals were exported to the Arabian peninsula, there was probably an increase in breeding stock and a consequent increase in grazing pressure especially in the vicinity of permanent water and major markets and along the stock routes to Berbera, the main port of export. Unfortunately there are no reliable figures to document this increase.

5.16 A parallel increase in unplanned agricultural settlement in both the north and the south of the country and a changing composition of the herds also led to range deterioration. Several observers, most notably the FAO Agricultural and Water Survey Team which made serial surveys, have suggested that in the southern part of the country there has been a shift since the early 1950s on the part of pastoralists from reliance on camels and goats to cattle.² This shift is probably the result of good weather,

^{1/} In his speech about the drought to Halane graduates, see "New Era", December, 1974, p. 5.

^{2/} FAO, Agricultural and Water Surveys, Somalia. Final Report Vol. IV, Livestock and Crop Production. Rome, 1968.

increased market opportunities and an accompaniment of increased settlement into agriculture in the fertile inter-river region. A comparison with the north, as shown in the following table, indicates a similar shift in species composition between the 1950s and the 1970s.¹

Table 5.4: Changing Species Composition of Herds

		<u>1944-51</u>	<u>1973</u>
1. <u>Northern Somalia</u>			
	ratio of camel to cattle	5.4 : 1	1.8 : 1
2. <u>Southern Somalia</u>			
	ratio of camel to cattle	1.4 : 1	0.5 : 1

Source:

1. Northern Somalia : estimates for 1944-51 calculated from J.A. Hunt - "A general survey of the Somaliland Protectorate, 1944-1950", 1951 - Hargeisa, Chief Secretary.
2. Southern Somalia : FAO Agricultural and Water Surveys Somalia. Final Report Vol. IV Livestock and crop production. Rome, 1968.
3. Camel : cattle ratio for 1973 is discussed in the technical paper on Nomadic Pastoralism in Somalia.

5.17 A long term trend towards cattle (and possibly sheep) under the influence of greatly increased market opportunities is likely to have had, and to have in the future, important consequences

^{1/} Caution should be exercised since the data available are not very reliable. Data on species composition may be expected to be more reliable than estimates of total animal population. There has, however, been no discernible shift in the species composition of sheep and goat flocks in the north in the last 20 years. Hunt in 1944-51 and Hartley in 1973 both recorded approximately 3 sheep to one goat in the plateau areas with an increasing proportion of goats in the more arid areas and those with thicker bush. An apparent shift in species composition of the national herd between two given points in time is not necessarily a linear process; sheep and cattle are more demanding of pasture and water than goats and camels, and a period of drought may be expected temporarily to shift species composition back towards the latter two species.

for the environment and for the pastoral economy. Cattle and sheep are principally grazing animals and thus are liable to cause more environmental damage than goats and camels, which mainly browse shrubs and trees. Cattle's high water requirements also limit them to the vicinity of water for a longer period in a year than other species, thus intensifying ecological damage in a radius of ten or twenty kilometers from the water. Because of these and other factors a shift in species composition of the national herd towards cattle means that the higher potential profit to be made from marketing is accompanied by greater ecological damage and a higher risk of loss of animals and disaster in drought years.

5.18 There is also a suggestion that the rapid growth in marketing of male animals and prohibition of export of female animals in recent years had distorted the age and sex structures of cattle herds to the point where the reproductive capacity of the herds themselves are jeopardised. Sex ratios in Somalia indicate heavy culling of young male stock, and in some cattle herds in the south it appears that selling of male animals has been so severe that there may not be enough bulls left properly to serve the herds.¹ If true, this would indicate a serious impairment of the cattle economy's ability to provide animals for export and its ability to provide subsistence products for the pastoral population.

5.19 It also seems likely, although data to confirm or deny it are almost completely lacking, that the rapid growth in marketing in the last 20 years has had serious consequences for the traditional network of security and self-help insurance measures against disasters as described in the Technical Paper on Nomadic Pastoralism in Somalia. If animals, surplus to immediate subsistence needs, were increasingly sold, there would have been fewer animals to be stored and redistributed as a protection against drought and famine. It may be hypothesised that this fact contributed to the severity of the 1974-75 famine; the pastoral economy had lost some of its flexibility to protect itself against disaster. In this respect it is important that further research be done to establish what really did happen.

^{1/} T.W. Box: "Nomadism and Land Use in Somalia", Economic Development and Cultural Change, 12 (2), pp. 222-228.

5.20 There is some uncertainty about how much of the increased marketed value of livestock has benefited the producer. According to an estimate the share of the producer as well as that of the middle-man-exporter in the retail price at Jeddah varies from 45 per cent to 33 per cent in Berbera and Kismayo. These figures include the share of the middlemen. An unknown but at times probably a large part of this share is appropriated by middlemen. The matter needs to be looked into thoroughly and corrective measures should be taken to remove any exploitation of the nomads. It is recognised, however, that Government action in this field will depend largely on the Livestock Development Agency's ability to take over satisfactorily all livestock marketing and trading operations perhaps in conjunction with pastoral cooperatives.

5.21 In both the north and the south the increase in cattle ownership has accompanied, and was perhaps made both necessary and possible, increased partial settlement into agriculture. Pastoralism and agriculture are never more than two points on a continuum, which has many intermediate positions of partial settlement and partial nomadism. Spontaneous and often temporary settlement has taken place all over Somalia as ecological and economic conditions demand or permit. This settlement has usually been into marginal dry or flood irrigated farming areas, and has been accompanied by a more sedentary form of pastoralism based on cattle. But such settlement usually increases the risk to the pastoralist/farmer who thereby loses the mobility which is his chief protection against variable and uncertain rainfall and the certainty of periodic drought. The ecological consequences in terms of over-grazing around permanent settlements are mentioned in the technical paper. The social and economic consequences of this unplanned settlement in Somalia are unknown, but experience elsewhere gives a warning. It has been found in many cases that the relative lack of economic stratification of the pastoral society (accomplished by traditional redistribution mechanisms) gives way on settlement to sharper distinctions in wealth and

life-style, to variations in resource control and to the beginning of economic and social stratification.¹

5.22 Another consequence of the unplanned and haphazard sedentarisation has been that some of the best grazing areas (close to the rivers in the South, and in the tugs and flood plains of the north) have been cultivated and thus removed from the grazing lands.² In some places grazing has been fenced by private owners acting under cooperatives which are little more than a cover for private appropriation of grazing land. This process will increase sharply with the new projects for ranches, feedlots and holding grounds in the Juba and Shabelle areas. The land thus withdrawn from common grazing is often the best pasture, normally used only in the dry season and hence is the key to the use of a much wider area of less good grazing during the rest of the year. This enclosure or other use of a relatively small area of good grazing land may in fact put out of use a much larger area of range-land. This has been a common experience of range development in other countries, and one which Somalia would do well to avoid.

5.23 We may conclude this account of the recent changes in the pastoral economy by suggesting that the great boom in livestock marketing from the 1950s to the 1970s did not, for the reasons given, represent a sustained growth in the productivity of the pastoral sector, i.e. development in any real sense. Instead, for lack of investment and new organisational forms, the pastoral sector has remained largely traditional, fulfilling (increasingly unsatisfactorily) its two conflicting roles of providing food for the pastoralists and animals for export. Because of the lack of increased productivity in this sector, the boom in marketing was not more than a windfall gain to traders and to the State in response to new marketing opportunities abroad. This has unfortunately

^{1/} P.T.W. Baxter 1975. Some consequences of sedentarisation for social relationships. In T. Monod (ed) Pastoralism in Tropical Africa, London, Oxford University Press.

^{2/} Mohamed Musa Awaleh 1971. Range management and recommendations for development. Report of the Range Management and Development Seminar held in Burao.

been accomplished at the expense of an increasingly destructive exploitation of the pastoral environment and the pastoral food economy. The pastoralists and their environment were increasingly exposed to the sort of risks that are unacceptable in the long term in such a marginal and variable environment; the 1974-75 drought and famine showed how precarious their position had become.

CURRENT DEVELOPMENT PROGRAMMES IN THE PASTORAL SECTOR

5.24 It has been mentioned above that development planning in the pastoral sector has so far been concerned principally with animal marketing and health. It has been argued that this emphasis has contributed to the state of underdevelopment of the pastoral economy and thus of the national economy as a whole. In this respect we share the misgivings of the World Bank concerning the main projects for pastoral development as contained in the current Five-Year Programme.¹ We understand however, that these projects are undergoing revision. We welcome, in particular, the recent creation of the National Range Agency as a major step in the right direction.

5.25 Government intervention in the pastoral sector is crystallised in two major projects, one in the north and the other in the south. In the south, the Trans-Juba Livestock Project (US\$12 million) is now being implemented. Its aims are to create two new grazing ranches with irrigated fodder production and feedlots, disease control, etc., provide an improved and extended marketing system for the purchase of livestock from nomadic

^{1/} IBRD 1975 Somalia : Recent Economic Development and Current Prospects, Vol. II, Annex III, p. 30-37.

pastoralists with construction of new cattle markets, a holding ground and stock routes with new water supplies.¹ The project appears to be an extension of the livestock development strategy based on improved marketing that has been discussed above, although the production aspect has also been taken into account by the provision of an irrigated fodder farm and feedlots. Nonetheless even on the optimistic assumptions used in the project appraisal, it was calculated that one-third of the benefits would go to the nomadic producers and two-thirds to the Government, including the Kismayo meat factory.

5.26 The other main pastoral sector project is the IBRD/Kuwait Fund Northern Rangelands Development Project (US\$ 21 million) which was formulated after the Five-Year Development Programme was published. This project tackles for the first time on such a large scale the problems of range conservation and management, and as such has an important contribution to make to pastoral sector development. Its objectives are to provide a comprehensive range development programme for three entire regions of northern Somalia including the establishment of grazing plus drought reserves, fodder production units from water harvesting, stock water development, the formation of grazing associations, expanded veterinary extension services and the institution of non-formal education in favour of social conservation and range management.

5.27 It is recognised by the World Bank that the project involves a degree of risk, since it requires pastoralists to accept substantial changes in their traditional practices. However, the main point that can be made is not that it requires substantial changes in traditional practices. Pastoralists are likely to accept such changes rapidly if the changes are in their interest; the supposedly conservative Somali pastoralists accepted greatly increased marketing from the 1950s onwards without difficulty.

^{1/}

IBRD 1974 : Appraisal of the Trans-Juba Livestock Project.

Rather, the project does not go far enough in transforming the basis of the pastoral economy in particular by providing an organisational framework to carry out the tasks which have been listed earlier : control of grazing on all land, provision of security against drought, provision of education and health to pastoralists, etc. We urge that in the execution of this project, account be taken of the need for a broader, more comprehensive pastoral policy of the type that is outlined later in this Chapter and in the technical paper on Pastoral Cooperatives.

A GENERAL STRATEGY FOR PASTORAL DEVELOPMENT

5.28 The principal objectives in the Five Year Development Programme, translated into specific terms for the pastoral sector, can be summarised as :

- transforming the traditional mode of production in order to secure for the pastoralists basic subsistence, equity and improved welfare;
- providing from the pastoral sector transfers of people, commodities and capital to other sectors;
- securing and developing, where possible, Somalia's export earnings.

These three objectives are closely linked.

1. Securing pastoral subsistence and increasing welfare

5.29 The underdevelopment of the pastoral economy was identified above as a major problem. An important contradiction which has to be solved in this respect is that while, on the one hand, the traditional pastoral economy is designed to support as many people as possible with an acceptable safety margin against disaster, on the other hand, a modern high productivity animal production operation (ranching, feedlots, stratification) is designed

to provide the maximum meat or milk off-take which requires as few people as possible competing with the calves for milk or consuming part of the marketable surplus.

5.30 This contradiction can only be solved within the framework of clearly identified policy objectives (the right balance between subsistence and marketed off-take) and an organisational framework which makes integrated development possible.

2. Transfer of people from pastoralism

5.31 While we are in general agreement with the Government's policy of settling an increasing number of nomads, we must emphasise that the task is enormous and requires very careful consideration and planning. As pointed out earlier, unplanned settlements have caused great damage to the pastoral economy. We have also argued elsewhere in this Report,¹ that even if only the natural growth of population in the pastoral sector itself was to be settled (leaving the existing pastoral population to continue to lead their normal nomadic life) it will mean absorption of about 186,000 additional nomadic population during 1977-1981 into agricultural and fisheries sectors. This means settlement of about 37,200 persons per annum. If some of the existing nomadic population is also to be settled the task will be greater. The financial implications of the settlement policy are thus immense.² It can scarcely be emphasised too strongly that the implementation of a successful rural development strategy to achieve Somalia's stated national objectives will depend on a balanced development both of agriculture and of the large pastoral sector.

3. Livestock exports

5.32 Animal exports provide the vital foreign exchange and Government revenue. However, as described above, recent growth in

^{1/} See Chapter on "The Employment Problem"

^{2/} Ibid.

exports was more a destructive exploitation of the pastoral economy than the result of increased productivity. As a result, the future position of animal exports is vulnerable. Revenue from livestock exports may fall in the long run, unless the pastoral economy itself and the national rangelands are further developed. This problem can only be solved by an integrated development of the pastoral areas which avoids the mistakes of the past.

5.33 A further problem is the uncertainty of the export market. Somalia is dangerously dependent on livestock exports; it is in direct competition with Australia and the Sudan. There is also the danger of dependence on one or two major markets which could conceivably be reduced for political reasons outside Somalia's control. So a partially inward-looking strategy as well as a diversification of exports is necessary as success in this respect depends on the development of the whole pastoral economy, not just exports.

5.34 The basic requirement, once policy is clear, is for a long-term programme to change the mode of production and to increase productivity while protecting and increasing the welfare of the pastoralists. The problem is primarily an organisational one : how to provide a structure so that changes and investments can be made (range improvement, water harvesting, etc.) by the State and by the pastoral sector itself in the land, water and range resources, which are now subject to the problems caused by unrestricted access, over-use or neglect. A structure is also needed for the State to be able to act coherently in the pastoral sector especially in education and health and to ensure the participation of the pastoralists in the normal political and decision-making processes. In the context of the professed objectives and policies of the Government of Somalia the appropriate organisational form which is likely to carry out effectively the above-mentioned tasks is, in the Mission's view, that of pastoral cooperatives.

BASIC INGREDIENTS OF A PASTORAL ORGANISATIONAL STRUCTURE

5.35 In the technical paper on Pastoral Cooperatives we have outlined the main purposes, functions, organisation, manpower implications, etc., of the suggested pastoral organisational structure which can be called by any name - we have preferred to refer to it as Pastoral Cooperatives. Briefly, the basic aims of these cooperatives are:

1. to increase productivity of nomadic pastoralism so as to create a surplus which is less subject to the vagaries of nature;
2. to create forms of socio-political organisation which will (a) progressively reduce and finally eliminate economic differentiation between the pastoral sector and the rest of the economy, (b) allow the surplus generated to be used for the benefit of the herdsmen and the nation, and (c) enable the Government to provide to the pastoral sector essential public services like education, health, sanitation, water, etc.

5.36 In order to increase productivity, new technology is needed to improve man's control over nature. Hard technology in this field is expensive and would increase external dependence. In the first place, therefore, organisational technology is needed, i.e. ways of better controlling and directing the herdsmen's use of the environment. This organisation must also fulfill the basic socio-political tasks. Herdsmen's cooperatives could provide an adequate organisational form to accomplish these various tasks. Some of the issues involved in such a policy are discussed in the technical paper.

CONCLUSIONS

5.37 The review of the pastoral economy in the previous pages brings out the urgent need to give it a more concerted and planned attention. The desirability of the settlement of nomads must remain a long-term goal simply because the magnitude of the task is enormous. Unplanned and haphazard settlements have wrought havoc in the pastoral economy and must be avoided in future. An appropriate organisational form - pastoral cooperatives in our view - must be evolved as soon as possible so that the multi-dimensional problems of the pastoral sector are tackled effectively and in an organised manner. We recommend that a debate be started between the Government, the Party and the nomadic pastoralists on the way to formulate and implement a policy of pastoral cooperatives. Some of the issues in this respect are sketched out by us in the Technical Paper. However, the most appropriate solution of the problem has to be evolved by the Government and the people themselves. A beginning towards evolving a pastoral organisation can possibly be made by incorporating some pilot pastoral cooperatives in the IBRD/Kuwait Fund Northern Rangeland Development Project.

5.38 Transformation of the nomadic pastoral sector is underway with the agricultural and fisheries settlement schemes. This will be accelerated if pastoral cooperatives are implemented. This transformation, and especially its socio-economic problems, must be followed in a research and monitoring programme, in order to correct mistakes and make the results from these settlement schemes more generally replicable. Similarly, as we have mentioned before, thorough studies of the production and marketing of livestock and livestock products need to be made to ensure that the nomads get a fair price for their produce and that the profits are not expropriated largely by the middlemen. We recommend that this research and monitoring programme should be carried out by an appropriate national institute, possibly by SIDAM which has already initiated some work in this respect. These research projects should, in our view, be suitable for external assistance and training.

BANANAS: MAJOR STRUCTURAL FEATURES

GENERAL

6.1 The previous Chapter on Agricultural Development covers in a general way banana plantations as one of the crops. However, in view of the crucial role of these plantations in the economy of the country and the imminent threat posed to them because of some recent developments, the Mission thought it desirable to discuss the subject separately.

6.2 The seminal role of the banana industry in Somalia's economy is obvious from the fact that in 1974 it accounted for around 20 per cent of the total exports by value and, according to a rough estimate, as many as 125,000 persons were dependent directly or indirectly, on this industry. It has, however, entered a critical stage since 1973 with rising prices of petroleum and increasing costs of inputs such as fertilisers and pesticides. In addition to these massive cost increases, sharp competition is already being felt on the international market, due to more rationalised agricultural practices of the competitors, particularly of the transnational corporations, coupled with their sophisticated marketing operations and mass advertising budgets. Despite the locational advantage enjoyed by Somalia, it would appear that competitors are in a position to under-sell the Somali bananas.

6.3 The challenge confronting Somali banana exports is serious and cannot be under-played in the short as well as in the long run. There is already evidence that Somalia's competitors are consolidating their gains in Middle East markets, and because of Somalia's inability to meet the growing Middle Eastern demand, they are increasingly filling the gap. The Italian market, which until 1969, was an exclusive export market for Somalia, has since

been opened up to competition by the transnationals and Ecuadorian¹ bananas. The once preferential Italian market has now been transformed into a free market. Notwithstanding the fact that Somalia's share in the Italian market is rather small, the immediate threat to one of its major markets and its ominous implications warrent a serious study of the recent developments.

6.4 Although Somalia has an apparent trade advantage due to its lower labour costs, as can be inferred from the following table, there are other factors at work e.g. low labour productivity which tend to offset these lower costs.

Table 6.1: Daily Wage Rates in Selected Countries 1975

Country	Minimum wages	Finge benefits	Total in French francs ^a
Guadeloupe/Martinique	44 FF	22.17 FF	66.17
Canary Islands	280 pesetas	40%	29.40
Costs Rica	28, 60 colones	40%	19.61
Panama	US \$ 3.-	30%	16.51
Guatemala	US \$ 2.50	35%	14.27
Windward Islands	US \$ 3.-	10%	13.97
Jamaica	US \$ 3.-	-	13.80
Honduras	6 lempiras	-	12.60
Nicaragua	US \$ 1.90	15%	9.23
Ivory Coast	250 CFA	150 CFA	8.-
Cameroon	285 CFA	20%	6.84
Colombia	34 pesos	40%	6.66
Ecuador	US \$ 1.40	-	5.92
Philippines	US \$ 1.-	20%	5.07
Somalia	4.25 shillings	-	2.89

^{a/} According to the rate of exchange of the B.F.C.E. (April 1975, No. 4)

Source: Les Marchés Tropicaux et Méditerranéens, 6 June 1975.

^{1/} Ecuador's bananas are now being heavily subsidised by the State, not primarily because that country needs banana export revenues, but rather because of employment generated within the banana sector. It is possible to provide subsidies because of the country's favourable balance of payments stemming from large petroleum revenues.

6.5 The yield on almost all of the transnational plantations and their associate producers in Central America and the Philippines were, on average, 2.5 - 3 times as much per hectare as in Somalia before 1972. Since then several other factors, e.g. high cost of cartons, increases in internal transport costs, Government tax and labour cost and perceptible fall in the quality and output of bananas due to reduced use of fertilisers, have adversely affected the competitive position of Somali bananas in the international market.

PLANTATIONS: SIZE AND COMPOSITION

6.6 Banana plantations, whose output is largely geared to international markets, are characterised the world over by large unit size and high capital-intensity.¹ According to the National Banana Board, one hectare of their pilot plantations costs US\$7,500, although few plantations in Somalia have attained such levels of capitalisation. Indeed, it would appear, that the bulk of plantations in Somalia are highly under-capitalised, which explains the differences in output and yield between the large-scale producers and the sub-standard sized farms. In Somalia, average farm size of those producing for the export markets is well below that of farms in Central and South America, the Philippines and Ivory Coast.

^{1/} According to the criteria of the United Fruit Co., the cost of setting up a modern banana producing unit (division) of 20,000 acres in the mid-fifties, was between US\$20-25 million, or from US\$1,000-1,250 per acre. The reasons for such capital-intensity have been dictated by the economies of scale and the demanding logistics of distribution for an almost uniquely perishable commodity; these have combined to make large-scale vertically integrated organisations a condition for successful operations. See: Stacy May and Gallo Plaza, The United Fruit Company in Latin America, Study No. 7 National Planning Association, New York; 1959, p. 90. Since these estimates were made, the costs per acre are vastly higher.

6.7 There are only two major areas in Somalia in which bananas are grown for the international market: Shalambod and the Lower Juba region. The two banana growing regions have more or less the same farm area and the same number of farms. There are wide variations in size and yields of individual farms with the large ones having yields of up to 35 tons per ha. while the small farms rarely attain more than 10 tons. Declining yields in recent years are mainly due to low inputs of fertilisers, notably on the small and medium-sized farms. Although the National Banana Board suggests 0.8 tons of mixed fertilisers per ha., the average input is only 0.1 ton. The same holds for the low inputs of pesticides.

6.8 The following table gives the size and composition of private banana farms in mid-1976.

Table 6.2: Size and Composition of Private Banana Land
in mid-1976

		Area		No. of Farms		Average Hectare Per Farm
		Ha.	%	No.	%	
<u>Shalambod</u>	<u>Owned by</u>					
	Somalis	1,237	29	25	39	50
	Italians	2,610	62	38	55	72
	Mixed- enterprises	362	9	4	6	90
Total		4,209	100	67	100	65
<u>Lower Juba</u>	<u>Owned by</u>					
	Somalis	1,796	44	52	74	34
	Italians	1,668	40	14	20	119
	Mixed- enterprises	669	16	4	6	167
Total		4,133	100	70	100	59
Whole Country		8,342 ¹	-	137	-	62

^{1/} Of which 6,148 ha. are, at present, under banana cultivation.

Source: National Banana Board

6.9 In mid-1976, on the 137 farms with a total farm acreage of 44,825 ha., only 8,342 ha. were allocated to bananas. On a part of the remaining land other crops were grown, including sorghum, tomatoes, sesame, cotton, sugar cane and maize. Of the 137 farms, 77 were owned by Somalis, 52 by Italians and the remaining 8 were mixed enterprises. The Italian-owned farms, however, accounted for around 60 per cent of the total banana exports in 1975. In addition to the private sector farms, the National Banana Board has now become a farming entity and is actively engaged in setting up banana plantations. In mid-1976 it owned 9 farms with a total area of slightly over 2,000 ha., and planned to extend its operations.

6.10 The land reform measure of 21 October 1975 nationalised all land. The existing plantations have to register their land for the grant of a concession. If a plantation is sold, the selling price will exclude the land, for which a new concession will be granted to the buyer. Under the new law any individual intending to grow bananas can take out a concession of up to 100 ha. This upper limit does not apply to private corporations, cooperatives, autonomous bodies and state farms. It should be noted that the size of the Italian farming community, which has been the mainstay of banana exports, has decreased over the last half decade and it would appear that their numbers are likely to fall still further in future.

EMPLOYMENT

6.11 The fixed labour force for each region amounts to about 10,000 persons. To these 20,000 must be added about 5,000 for transport and stevedoring, thus bringing the total labour force in the banana industry to around 25,000 excluding seasonal workers. Thus, about 125,000 persons may be depending directly on this industry for their livelihood.

6.12 One of the disturbing features in so far as the employment situation is concerned, is the trend towards mechanisation of the transport of bananas from the farm to the washing and packing shed. We saw an elaborate system of overhead mechanised transport cable-way system being constructed on one of the model farms of the National Banana Board. It is proposed to introduce this sytem in other plantations also. Apart from the capital cost and maintenance expenditure, the introduction of the system will undoubtedly have repercussions on the employment of labour. We do appreciate the need for averting damage to the fruit during transportation from farm to the washing shed. However, we understand that in some major banana producing countries, the problem has been solved by a better and improved method of transporting bananas from the farm to the washing shed, rather than by introducing the mechanised cable-way system. In these countries the banana bunches are trimmed at transporting points very near the farm and are then put on the trucks in padded layers and taken to the washing shed. Thus neither is the fruit damaged nor is employment reduced. From the employment point of view, therefore, we suggest that the matter be given serious consideration and alternative systems of transporting bananas from farms be studied.

6.13 Another point to which we would like to draw attention is the employment of a large number of casual labourers for temporary periods. It appears to us that little thought has been given to the rational use of labour so that the casualness of the work is minimised and the workers are provided with some jobs throughout the year. We suggest that a study of this problem be made so that the hardships on the workers, because of long spell of idle periods, is minimised if not removed.

STRUCTURE OF THE NATIONAL BANANA BOARD

6.14 The National Banana Board was set up in August 1970, as an autonomous agency under the Ministry of Agriculture. In consequence of the nationalisation measures proclaimed in that year, the Board took over the marketing functions of Somalbanane, a company which had earlier been formed by the merger of SACA (Società Azionaria Coltivatori Agricoli) located in the Afgoi-Genale region, and SAG (Società Agricoltori Giuba) in the Lower Juba region.

6.15 The goals of the Board are to study and guide the formulation of policies for the marketing and export of bananas; to enter into contract with any importing agencies, whether state-trading or private; to promote technical and agronomic research for the purpose of raising banana quality and to reduce costs of production, transport, packing and other operations; as well as to encourage and coordinate activities of private banana enterprises and public agencies. The financial resources of the National Banana Board consist of an initial capital of Sh. 4 million granted by the State, financial allocations by other public bodies, and any fees and charges recovered for services rendered by the Board to the banana industry.

EXPORTS: STRUCTURE AND GROWTH

6.16 Bananas have become an important year-round fresh fruit in international trade. Although Somalia's exports represent a small fraction of world exports, earnings in 1974 accounted for approximately 20 per cent of the value of total exports. It is the nation's second most important export commodity. In recent years production has, however, fallen and the present export levels are lower than those in early 1970s as will be clear from the following table.

Table 6.3: Total Banana Exports, 1970-1976 (in tons)

1970	102,844.4
1971	103,314.8
1972	133,934.5
1973	111,931.3
1974	107,298.7
1975	81,840.9
1976	73,070.0 (P)

Source: National Banana Board

(P) Provisional

6.17 It will be seen from the above table that exports during the last few years have been continuously declining and in 1976 they were only about 55 per cent of those in 1972. The decline in 1974 and 1975 was said to have been due to drought when water supply in Schabelle and Juba rivers fell considerably but the continuing decline cannot be attributed to this factor alone. The fact is that the quality and output of bananas have been falling because of inadequate application of fertilisers and gap in technical know-how caused by the departure of experienced Italian banana growers. We have also referred in para 6.5 to some other factors which have reduced the competitive position of Somali bananas in the international market. Since the precipitous decline in exports of banana - the second most important foreign exchange earner - has serious repercussions on the economy of the country we feel that the matter deserves serious and urgent consideration by the Government.

6.18 Since 1970 there has been a shift by destination from the Italian market, which until 1966 was the exclusive outlet for Somali bananas, to the Middle East. In 1974 Middle East countries accounted for about 63 per cent of the total exports. During the last two years, however, Somalia has been losing ground in the Middle East and in 1976 only 37 per cent of the exports were to this region. This seems to be due to increased competition by

other countries and the decline in the quality and output of Somali bananas. The table below indicates the commodity trade flows by major national importers.

Table 6.4: Destination of Banana Exports, 1950-1975
(by volume) (per cent)

	1950	1960	1965	1970	1971	1972	1973	1974	1975	1976
Italy	100.0	100.0	100.0	84.1	73.3	60.8	64.6	36.5	44.8	62.8
Middle East										
of which				<u>15.9</u>	<u>24.7</u>	<u>30.6</u>	<u>35.4</u>	<u>63.1</u>	<u>55.2</u>	<u>37.2</u>
Iran				-	-	3.1	6.2	25.5		
Kuwait				2.1	7.0	9.9	3.8	16.2		
Saudi Arabia				13.8	17.4	17.0	24.1	15.6		
United Arab Emirates				-	0.3	0.6	1.1	5.0		
Others				-	-	-	0.2	0.8		
All other countries				-	2.0	8.6 ¹	-	0.4		
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ German Democratic Republic

Source: Statistics of Foreign Trade Returns and National Banana Board.

6.19 Because of stated EEC global liberalisation policies, Somalia's banana export strategy from 1969 onwards was oriented towards diversification of export markets, with the Middle East being the most potentially available market in terms of demand and market proximity. This situation, however, is not likely to prevail much longer with the intensified search for markets by competitors and chronic over-production on a world scale.¹

^{1/} According to the FAO forecast, world export availabilities were expected to grow by 8 per cent annually between 1973 and 1977, whereas world demand was projected to rise by only two per cent annually.

6.20 It remains to be seen whether Somalia's producers will be in a position to maintain their exiguous marketing shares in the Italian market. In 1973, the United Fruit Co. had 45 per cent of the Italian market; Standard Fruit Co. 35 per cent; Del Monte 2 per cent, and Noboa of Ecuador had 10 per cent. Other producers, including the Ivory Coast and Somalia shared the remaining 8 per cent.

6.21 Since that time Somalia's share of the Italian market has further been whittled down because of: (a) the marked drop in yields and output of which the drought was only one contributory factor and, (v) the re-direction of commodity flows to the Middle East.

6.22 The sales of Somalita, the brand name for Somali bananas, had never attained national dimensions in Italy, but were limited to the Naples area. The advertising budget of SMO (due to the very limited volume transacted and the rudimentary state of its marketing organisation) is very small both in absolute magnitudes and as a share of that of the transnationals. In addition to having a world-wide sophisticated sales network, their advertising outlays represent some 5 per cent of their global sales.

6.23 Similarly, it cannot be assumed that membership of the Arab League offers a shield against the encroachment of the transnational and other competitors, particularly if Somalia is not able to meet the rapidly growing demand in the Middle East markets. All of these countries are rapidly expanding economies, with Saudi Arabia in particular having a level of per capita banana consumption twice as high as the world's average. The transnationals have already entered these markets, and this foothold can be strengthened by mass advertising outlays, combined with a high level of marketing expertise and efficiency.

TERMS OF TRADE

6.24 According to available data, the development in world commodity prices has posed serious problems to Somalia's external sector. The UNCTAD secretariat's calculations indicate that the average import value index for 1973 stood at 204 (1970=100), rising to 244 in 1974 and dropping to 200 in 1975. However, the unit values of exports improved at a much slower pace between 1970 and 1974. The UNCTAD calculations have found an export value index for 1973 of 130, which rose to 194 in 1974, but fell sharply to 161 in 1975. These two sets of values point to a considerable deterioration in the terms of trade in the early 1970s, amounting to a loss of 20 per cent in the purchasing power of exports.

6.25 These worsening terms of trade become glaring in one of Somalia's major exports - bananas. A recent UNCTAD study of banana marketing and distribution found that the average 1970-72 unit value index of Somali bananas stood one-third below its 1960-62 level. The export unit value of bananas plummeted from 100 in 1960-62 to 61 in 1970-72 in current prices. If the index at current prices is deflated by the UN index of export unit values of manufactured goods, the 1970-1972 index drops to just below one half of its 1960-62 level. This is brought out by the following table.

**Table 6.5: Export Unit Value of Bananas, 1960-62 to
1970-72**

Exporting Countries	Exports in 1970-72		Exports unit value indices					
	Total Value	Unit Value	Current Prices			Deflated ^a index		
			1960-62	1965-67	1970-72	1960-62	1965-67	1970-72
	(\$ mill)	(\$/ton)						
Ecuador	104	76	100	99	92	100	93	73
Honduras	89	92	100	105	105	100	99	83
Costa Rica	69	72	100	104	89	100	98	71
Panama	65	103	100	148	161	100	140	128
Guadeloupe and Martinique	30	120	100	130	114	100	123	96
Philippines	14	59	-	100 ^b	81 ^b	-	100 ^b	69 ^b
Colombia	15	66	100	101	93	100	95	74
Guatemala	14	63	100	94	89	100	89	71
Ivory Coast	13	84	100	89	95	100	84	75
Jamaica	12	102	100	107	110	100	101	94
Somalia	10	89	100	94	61	100	89	48
Total ^c	532	85	100	115	106	100	108	84

^{a/} Deflated by United Nations indices of export unit value of manufactured goods.

^{b/} 1966-67=100

^{c/} Including countries not shown separately

Source: UNCTAD secretariat

6.26 In short, Somalia, like other banana producing developing countries, has subsidised consumption in importing countries. The UNCTAD banana marketing study notes:

"This fall in the prices of bananas benefited consumers in developed countries, and deprived exporting countries of the benefits of cost-reducing innovations, including the introduction of new Cavendish varieties resistant to Panama disease, increased inputs of fertiliser per hectare, large-scale irrigation as from the mid-fifties and the introduction of box packaging. On the other hand, certain countries have been increasingly compelled to have recourse to subsidies to growers in order to offset rapid increases in the costs of fuel, transport and distribution. Thus, over the past two decades, there has been a net transfer of real resources to developed countries from the banana-producing countries. This transfer of real resources, so far from being an isolated phenomenon, is a direct consequence of the worsening in the terms of trade of developing countries.¹

MARKETING AND DISTRIBUTION CHAIN

6.27 The following table attempts to assess in an illustrative manner the magnitude of the main cost elements that enter into price formation of Somalia bananas.

¹/ UNCTAD, The Marketing and Distribution System for Bananas.
TD/B/C.I/162.

Table 6.6: Somalia: Illustrative Estimates of Main Cost
Elements in Bananas Exports

	Proportion of retail unit value (per cent)	
1. Reported production cost before harvesting	8.6	
2. Harvesting and transport to packing plant	0.9	
3. Producers' gross margin	<u>1.9</u>	
- 3. Estimated gross return to growers at packing plant		<u>11.4</u>
4. Packing	10.0	
5. Transport to port	0.6	
6. Loading and stevedoring	1.1	
7. Export tax	0.3	
8. Other charges	0.8	
9. Exporters' gross margin	<u>1.0</u>	
- 9. f.o.b. price		<u>25.2</u>
10. Freight and insurance	<u>14.3</u>	
- 10. c.i.f. price		<u>39.5</u>
11. Unloading and handling at port of discharge	2.7	
12. Import duties	18.2	
13. Importers' gross margin or commission	<u>5.6</u>	
- 13. f.o.r. selling price		<u>66.0</u>
14. Ripeners' gross margin	<u>15.1</u>	
- 14. Ripeners' selling price		<u>81.1</u>
15. Retailers' gross margin	<u>18.9</u>	
- 15. Retail price		<u>100.0</u>

Source: Based on UNCTAD Study: "The Marketing and
Distribution System for Bananas", op.cit.

6.28 Gross return to growers at the packing plant (items 1-3) accrue exclusively to domestic expatriates and growers. However, as a result of the enhanced marketing powers acquired by the National Banana Board, Somalia has now secured complete control over the internal domestic marketing chain (items 5-9). Packing boxes are now manufactured in Somalia by a mixed public/private enterprise and purchased by the National Banana Board.

6.29 Although Somalia has increased its share in the marketing and distribution chain in the very recent past, it still has no control over the marketing circuit from the f.o.b. stage to the final retail stage, with the exception of freight and insurance (item 10) to Italy, where it now participates on a 50-50 basis with Italian interests.

6.30 On the basis of available data it was possible to determine, through the weighted averages, the relative shares of the retail unit price charged in Italy and Saudi Arabia. For Saudi Arabia, all operations from the f.o.b. stage to wholesaling is in the hands of the Arabian Trading Company. This transnational company, with headquarters in Jeddah, has its own reefer fleet, a wholesale network and refrigerating rooms. It markets its bananas to a large number of small retailers.

6.31 For Italy, the exclusive importer for Somali bananas is SMO (Societa Mercantile Oltremare), a mixed Somali-Italian enterprise. It time-charters vessels and its participation in the marketing chain extends to the f.o.r. price.

6.32 As a broad indication, importers' gross margins are 5.6 per cent, ripeners' 15.1 and retailers' 18.9 per cent of the total retail unit value, or, together, 40 per cent. This figure represents 3.6 times the estimated gross returns to growers. It follows that out of a total retail sales value in 1975, for Italy and Saudi Arabia combined, of around Shs. 209 million, roughly Shs. 53 million accrued to producers and the National Banana Board. To this should be added the share of the National Banana Board is SMO for its 50 per cent share of freight, insurance costs and importers' margins for exports to Italy. In contrast to most banana exporting countries, Somalia now enjoys a higher level of participation in the marketing and distribution chain. However, there is still room for extending its share in this chain, particularly to Middle East markets.

SUMMARY

6.33 The banana sector in Somalia has so far played a vital role in the generation of jobs and incomes. It has now reached important cross-roads and the challenges with which it is now faced leave no room for complacency.

6.34 Soaring costs have buffeted all world banana producers, but Somalia has been the hardest hit of them all because of the industry's limited financial base. While the three giant transnational conglomerates¹ have also felt the impact of rising costs on their profit margins, they have been able to absorb them by their large unit volume transactions.² The same applies to the Ecuadorean producers who, in addition to their large sales turnover, are being heavily subsidised. Although Somalia has granted subsidies to the producers in the past and still continues to do so, these subsidies are small.

6.35 In addition to rising costs (particularly since 1973), adverse terms of trade continue to beset world banana producers. To these two occurrences should be added the intensified search for markets and, in Somalia's case, the elimination of preferences in the Italian market. Trade liberalisation measures which were one of the policy goals of EEC (and which the non-preferential and transnational producers had persistently advocated and lobbied for) have now been realised. It thus remains to be seen whether Somalia's producers will be able to maintain their shares in the Italian market with the hardening competition from the transnational conglomerates.

6.36 Although the National Banana Board has deployed considerable capital and organisational resources towards reinforcing

^{1/} United Fruit Co., Standard Fruit Co. and Del Monte.

^{2/} And also due to the diversified agro-industrial base of their operations.

the industry, as well as extending significantly the share of national participation in the marketing and distribution chain, it must solve the problems of growing bureaucratisation, both in numbers and in the decision-making machinery.

6.37 There is need for internal changes that would simplify management procedures, as well as streamline data collection, processing and analysis. Decisions are often taken on the basis of obsolete data. Striking in this respect is the absence of data and knowledge of marketing operations in Italy and Saudi Arabia in particular and the world marketing operations in general.

6.38 The high and rising level of indebtedness is a feature of almost all plantations. Profit margins in the seventies are reported to have been reduced and the financial leeway for capital accumulation has been trimmed. To this insecure cash flow posture, a contributing factor is that much farm equipment is obsolete, with replacement being made difficult by the high cost of equipment. Superimposed on this is the relaxed agronomic discipline and managerial rigour which have moved further away in recent years from the standardised norms of the international banana economy. Also from a marketing angle is the high incidence of wastage due to the fact that up to the present there are no refrigerating facilities at any of the major ports.

6.39 Thus far the members of the Italian farming community were, and still are to a large extent, the spearheads of output and exports. Their numbers have declined in recent years and are expected to do so still further in the immediate future. In view of the importance of this industry urgent consideration should, therefore, be given to the specific institutional forms that need to be worked out to replace those structures which had originally been implanted by the settler-colonists.

FISHERIES DEVELOPMENT

7.1 Fisheries were already recognised as a potential growth point in the Somali economy before they were given further prominence with the settlement of about 14,000 nomads in Brava, Adale and Eyl in 1975. The initial promise attending these operations has fuelled the hope that fisheries can make significant further contributions to gainful employment and to the national economy. However, the prospects for absorption of the labour force in this sector are not very large and as shown in Table 2.2 in the Chapter on the Employment Problem, agriculture must continue to play a major role in providing alternative work for the increase in the labour force and for transfer of population from the nomadic sector. Many problems naturally arise when a "new" field of economic activity is tried and many questions have to be answered before any major decisions are taken by the Government.¹

7.2 Two critical questions are addressed in this Chapter:

- (i) What is the sustainable yield of fish which Somalia might reasonably expect to catch, given appropriate and specified technology and its attendant costs and returns ?
- (ii) How many jobs would be created by the proposed fisheries development programme and are they of a type which would be suitable for people of nomadic origin ?

^{1/} The discussion in this Chapter draws heavily on the Feasibility Study on the Fisheries Resettlement Programme by the Technical Unit of the State Planning Commission in July 1976, which is of course not responsible for the Mission's opinions. This study is referred to in this paper for brevity's sake, as the 'Feasibility Study'.

SUSTAINABLE YIELDS

7.3 The fisheries resources of Somalia and their production potentials are still poorly known. The general lack of information, adequate survey or research data or statistics on fish catches, etc., have precluded more precise assessment of the available resources and the potential yields. According to the Feasibility Study the more important marine resources of Somalia can be grouped under eight different classes discussed below. The estimates of potential annual catch of these classes along the Somali coast are based on the assumption of a fleet of about 1,500 motor boats of 7-9 metres length and with a 20-30 h.p. diesel engines.

(i) Oceanic pelagic fishes. Different species are available but obviously not as abundant as believed earlier. The Feasibility Study states that for most species "it is safe to assume that the present fishing activity going on in the area (Western Indian Ocean) has already peaked and is now levelling off. A new competitor into this area would find the field crowded and less remunerative". However, for 'skip jack' the possibility for a modest industry could be looked into. With new boats the potential annual catch of tuna and mackerel could be in the neighbourhood of 8,000 tons.

(ii) Neritic (coastal) pelagic fishes. Few data are available but it appears that the resources along the Somalian coast may not be large enough to warrant any large-scale exploitation for fish-meal production. As regards the larger coastal species there appears to be a considerable seasonal resource which so far has been underutilised in the Somalian area.

(iii) Demersal (bottom) bony fishes. It is estimated that the production potential of large food fishes (choice fish) could be around 40,000 tons per annum and that of other types of fish could be about 80,000 tons. However, for part of the year the demersal resources come close to the shore leading to a conflict between the traditional small boat fishermen and the industrial trawlers.

(iv) Sharks and rays. The resources seem to be considerable but again their production potential is unknown. It is estimated that off the east coast sharks represent 40 per cent of the fish catch. Most of the rays caught off the north coast are utilised for dried fish production but those caught elsewhere are presently discarded. The potential catch of sharks is anticipated to be around 30,000 tons per year.

(v) Crustacea. There is already a considerable traditional sector engaged in catching these species close to the coast as free divers at low tide. However, the reported production is very low at around 8 tons per year. Optimistic estimates put the potential yield of these neritic lobsters as high as 500 tons per year in addition to a production potential of deep-water lobsters in the region of 1,500 tons per annum. The sustainable yields of shrimps are not known but it seems unlikely that the resources can support any large-scale shrimps fishery. Also other shell fishes do not seem to be available in commercial quantities.

(vi) Molluscs. The natural habitat suitable for oysters is rather limited but it is supposed that a rational farming of oysters could be lucrative. Squids, cuttlefish and mussels are also available but too little is known to estimate any potential yields.

(vii) Echinoderms. Sea cucumbers are reported to be abundant in the south but the production is small and the potential yield is not known.

(viii) Turtles. The exploitation of the two available species is small and the sustainable resources are not known.

7.4 As can be seen from above, the uncertainties about any sustainable catch are great and guesstimates indicate that the potential annual catch, by adequate equipment, could be about 40,000 tons of white fish, 30,000 tons of shark, 8,000 tons of tuna and mackerel and 700 tons of lobster.

PROBLEMS FACING FISHERIES DEVELOPMENT

7.5 Even if the sustainable resources of certain species seem to be appreciable, it is difficult to conclude that in future catches will increase considerably. The uncertainty about the potential catches stresses caution before any large investment programme is undertaken. The investments made in this field earlier show that the estimates of catches have proved too optimistic and accordingly the plant capacities have remained considerably under-utilised. The problem facing the Somali fisheries development are numerous and we indicate below some of the major ones.

7.6 First, there is the problem of estimating the local demand for different kinds of fish. The actual consumption in Somalia is presently only between 1,000 and 1,500 tons per year but in the Feasibility Study it is assumed that it would increase to 5,000 tons per year within the next five years. The small quantities of frozen fish consumed locally are also expected to increase. However, the fresh fish market is limited geographically to the immediate surroundings of the landing points due to inadequate transport and storage facilities. The availability of fresh fish is further limited because of the short fishing season which lasts only for about six months. There may be good scope for a more widespread consumption, both geographically and seasonally, of the frozen (or tinned) fish but this would require expensive investments in storage and transport equipment, which in turn would raise the retail price. The fact that Somalis generally do not like to eat fish cannot also be ignored. Taking all these factors into account it seems that the local demand is limited and the prospects for its large increase are not very bright.

7.7 Somalia is presently exporting very small quantities of fish but the Feasibility Study states that there is a large world demand of frozen fish fillet and assumes that the Somali exports at the end of the 1970's will be around 20-25,000 tons. This is a rather bold assumption as the international market is quite

competitive and Somalia's ability to compete has to be established first before any firm conclusions can be drawn.

7.8 We have already touched upon the problems of storage of fish at the port and its transport to the market. However, severe climatic conditions require special precautions with regard to the conservation of catches in the boat itself. This means that the cooling facilities ought to be available in the boats. The lack of such facilities limits the traditional fishermen's actual fishing time to only a few hours each time they go out fishing.

7.9 The almost complete absence of natural shelters along the Somali coast constitute another limiting factor. Satellite stations for shelters, storage, fresh water, etc., are necessary as these would permit the boats to stay for a longer time at the fishing zones. This is particularly so because the fluctuations in weather and oceanographic conditions cause great variability in the nature and location of fish resources from year to year.

7.10 The difficult navigation conditions during part of the year result in too short a fishing season especially for the traditional boats. Generally, these boats have only between 120 and 160 days of actual fishing per year. As it takes these boats a couple of hours to reach the fishing places, a day's work in practice consists of only a few hours of actual fishing. For the trawlers the bottom structure of most of the narrow Somali continental shelf with corals and rocks hardly allows the use of trawling techniques.

7.11 The lack of experienced and qualified fishermen is also a hindrance to the rapid development of more industrialised fisheries. The know-how for the traditional subsistence fishing is quite different from that of more mechanised ones. In addition to the great variability of fish resources, the lack of skills seriously

affects the economic return of any large scale investment in sophisticated and expensive equipment. The problem of competition between traditional fishing and industrialised fishing will also arise in so far as the best fishing zones are concerned. At present this may not be a serious threat, but once the traditional fishermen get better boats and gear and their operations are extended further seawards, competition is bound to arise because of limited good fishing zones and the narrow continental shelf.

PROPOSALS FOR THE DEVELOPMENT OF FISHERIES

7.12 The following table summarises the proposals for fisheries development during 1976-1980 made by the Feasibility Study of the State Planning Commission.

Table 7.1: Some Data on Fisheries Development

	North Coast	North	East Coast Central	South	Total
No. of cooperatives	7	4	3	6	20
Cold storage capacity (tons)	2,750	800	750-1,000	700	5,000
Freezing capacity (tons/day)	45-60	15-30	15-30	15-25	110
Ice making (tons/day)	40-50	20-30	15-30	30	120
Motorised boats	520	400	360	350	1,530
Catch (tons/year)	15,600	12,000	10,800	10,500	48,900
Potential catch (tons/year)	17,000	28,400	24,030	9,700	79,130
white fish	(5,000)	(16,000)	(14,000)	(5,000)	(40,000)
shark	(4,000)	(12,000)	(10,000)	(4,000)	(30,400)
tuna/makerel	(8,000)	-	-	-	(8,000)
lobster	-	(400)	(30)	(300)	(730)

Source: Feasibility Study, op.cit.

EMPLOYMENT PROSPECTS

Settlement Schemes

7.13 Employment generated by the development proposals mentioned earlier in the fisheries settlement schemes is likely to be about 7,000, which tallies roughly with the total work force aged between 15 and 50 in the three settlements. However, in so far as the tasks directly connected with fisheries are concerned, the total employment will be around 6,000.

7.14 From a psychological point of view it would appear probable that fishing has greater affinity with the nomads' former way of life than has agriculture. Further, the new arrivals had the good fortune to join the existing settlement where skilled fishermen were available to initiate them into the craft until the former nomads could manage their own affairs. They were fortunate too in having a sympathetic and understanding leadership. The real test still awaits them of actually fishing for a living but nomads along the east coast have often combined pastoralism with seasonal fishing.

7.15 Cooperatives face the task of deploying boats according to the available stock of fish and the inadequate harbour facilities. Operations from Eyl, Adale and Kulmi present only logistical problems and the 200 or more boats from each centre will have to use satellite bases in order to avoid over-fishing close to the main base. With cooling and ice-making facilities, fuel for the boats and shelter and food for the fishermen at each satellite base, it should be possible to disperse the fishing concentration and operate up to 90 per cent of capacity. Brava, however, has fewer fisheries resources and boats have been reduced from 200 to 100, trawlers may be needed to extend the area fished and to act as "mother" ships so that the radius within which the smaller boats operate can be enlarged.

7.16 Specific fishing areas will be assigned to each boat according to the limitations of the boats, the period which fishermen can sustain at sea, and the state of the local fish stock. The latter consideration is said to be "very crucial in the light of the delicate state of sea resources". The test for the nomads turned fishermen will come when the master fisherman takes his three men crew up to a radius of 80 km. from his base and builds up his catch to the projected 30 or more tons of fish per boat per year. The promise is there but it still awaits testing.

7.17 The Feasibility Study has estimated the total investment needed for the fisheries settlement programme at about Sh. 410 millions. However, within this programme there are also investments not directly originating from the fishing sector, such as housing construction, investment in livestock and poultry and an irrigated farm. Although we certainly agree that an integrated approach should be taken, we estimated that the investment cost could be around Sh. 200 million for the more directly linked investment in fisheries, i.e. piers and jetties, storage buildings, machinery, motorised boats, trawlers, equipment and gears, vehicles, etc. These investments should, in addition to already available facilities, suffice for the estimated potential catch of about 40,000 tons of white fish, 30,000 tons of shark, 8,000 tons of tuna and mackerel and 700 tons of lobster.

7.18 It should be remembered that most plants within the fishery sector work much below capacity generally due to lack of fish supply. Thus, the most important factor for the very low production in factories (canneries) in Laskoreh, Candala and Habbo, is the lack of supply of tuna. The factory in Bolimog has a low utilisation rate and that in Prodma is closed mainly due to the lack of fish supply. A bigger fishing fleet could probably supply the necessary raw material to these factories but in view of the large investments involved and the uncertainty about sustainable catches, we would suggest that a cautious development policy should be followed.

7.19 In the settlement programme, the Government is currently training some 5,500 persons for work at sea, 300 for maintenance and repairs, etc., and in total it is expected that over 6,000 new employment opportunities will be created more or less directly linked to fishing. Taking the total investment at Sh. 200 million, the cost per job created in this programme is estimated to be more than Sh. 30,000; this is indeed very expensive, but is due to the fact that the Government is fully supporting these people.

CONCLUSION

7.20 The conclusions reached in the Feasibility Study, with which the Mission broadly agrees, is that a cautious approach towards the development of the fisheries sector needs to be adopted. It also seems that massive opportunities for the employment of the additional labour are unlikely to exist in this sector, at least not in the near future.

7.21 The major problem with fisheries development in Somalia is that the production potentials for different kinds of fish is not definitely known. As part of the renewed interest shown by the Government for the exploitation of sea resources and for settlement of nomads, we recommend that a thorough study of the economically available fisheries resources be undertaken and the potential yields estimated as a prelude to any major developmental ventures in this field.

INDUSTRIAL SECTOR

BACKGROUND

8.1 In relation to its very small size, the number of reports and studies on industrial development in Somalia is significantly large. Two recent reports by UNIDO¹ deal with the subject exhaustively. That of 1973 refers to more than 100 studies on various aspects of industrial development or on different industries in Somalia that were available at that time; since then some more have been written. There is thus considerable literature on technical aspects and possibilities of industrialisation in the country. Our analysis in this Chapter is, therefore, mainly from the employment and equity points of view and the issues that we have singled out for consideration are intended to highlight the impact of industrial development on employment. We also had the benefit of drawing upon the provisional data of the latest industrial census for 1974. The analysis in this Chapter is mainly confined to enterprises employing five or more persons. The situation with regard to smaller units employing less than five persons is dealt with in the Chapter on Informal Sector as these fall largely within the broad coverage of that sector.

8.2 At independence in 1960, Somalia inherited a very small base of industrial development. There was only one large modern industrial establishment - the sugar factory at Jowhar - and about

^{1/} "An industrial Survey of Somalia". A report of a special mission in 1973 and the "Industrial Sector Review" prepared for the Ministry of Industry in January, 1976.

half a dozen medium-sized industrial units. Although considerable progress has been made since then, the industrial sector remains small, and because of several limiting factors - small domestic market, lack of technical manpower including managerial talent and experience, shortage of funds, capital-intensity, lack of infrastructural facilities - not much reliance can be placed on it to absorb any large part of the growing labour force.

8.3 Although the industrial sector remains small, the share of industry in Gross Domestic Product has been rising. According to the latest available GDP estimates¹, the share of industry has been increasing and in 1973 it was 15 per cent. The share of modern manufacturing has risen from 4 to 9 per cent during 1960-1973.

8.4 After independence, an effort was made to diversify the economy by expanding the industrial base and eleven new industrial establishments, both in the public and private sectors, were established before the 1969 Revolution. Since then, however, the attempt has been not only at establishing new industrial projects but also consolidating the existing ones, some of which were not functioning well. The sugar mill at Jowhar and the textile mill at Balad were modernised and expanded and a number of new factories established.

8.5 The current Five-Year Development Programme (1974-78) allocates Sh. 588 million² for industrial development (about 15 per cent of the total planned investment) as against about Sh. 88 million (or about 9 per cent of the total planned investment) in the previous Three-Year Plan (1971-73). The objectives of industrial development in the current Development Programme are as follows:³

^{1/} UNCTAD estimates, op.cit.

^{2/} Excluding the provision of Sh. 15 million for small-scale industries, industrial cooperatives and handicrafts.

^{3/} See Five-Year Development Programme, p. 167.

- 1/ consolidation and maximisation of efficiency and profitability of the existing large enterprises in the public sector;
- 2/ creation of new public sector industrial units in fields vital to the national economy;
- 3/ encouragement and development of the private sector to enable it to grow and contribute to industrial growth;
- 4/ encouragement of foreign capital participation in setting up new projects in public or private sector or through joint ventures;
- 5/ laying down appropriate principles of concentration and dispersion in location of new projects;
- 6/ consolidation and regrouping of small-scale industrial units and handicrafts into viable economic size in the form of cooperatives to support more sophisticated industrial development;
- 7/ continuous survey of industrial opportunities and preparation of feasibility studies for future industrial development of the country.

8.6 The provision of Sh. 588 million for industrial development is divided into two parts - Sh. 174 million for modernisation and expansion of existing units and Sh. 414 million for 13 new projects. By early 1976, four of the existing units had been modernised or expanded and only one of the 13 new projects - the flour-cum-pasta mill at Mogadishu - had been completed while another had been partially implemented. Contracts for the supply of machinery and equipment for five other new projects had also been signed.

CHARACTERISTICS AND CONSTRAINTS OF INDUSTRIAL DEVELOPMENT

(i) Pace of Industrial Growth

8.7 The following table, giving some selected indicators, shows the pace of industrial development since 1970:

Table 8.1: Selected Industrial Indicators,¹ 1970-1974

	1970.	1971	1972	1973	1974	Growth Index in 1973 (1970=100)	Growth Index in 1974 (1970=100)
No. of units	190	187	221	273	390	144	205
Persons employed	5,655	6,614	5,415	6,859	10,344	121	183
Payroll (Sh.m.)	32.09	32.01	24.49	32.21	43.91	100	137
Fixed capital formation (Sh.m.)	5.40	13.38	20.64	23.41	72.04	434	1,334
Value of output (Sh.m.)	178.07	206.40	228.30	246.30	349.87	138	196
Value of input (Sh.m.)	73.17	94.30	1.22	120.49	230.89	165	316
Value added (Sh.m.)	104.90	112.10	127.11	125.54	118.98	120	113
Profits (Sh.m.)	72.81	80.09	102.62	92.23	75.07	127	103

^{1/} Public and private establishments employing five or more persons.

Source: 1970-73: UNIDO Technical Report, January 1976.

1974 : Calculated from provisional data in the Census of Industrial Production, 1974.

8.8 It needs to be pointed out that the figures for 1974 are not strictly comparable with those of earlier years because of increased coverage. A comparison of the developments between 1970 and 1973 is, therefore, likely to give a truer picture. During this period it will be seen that while the number of units increased by 44 per cent and the number of persons employed increased by 21 per cent, the payroll remained at the same level (or even decreased in real terms). The fixed capital formation more than trebled and the value added and profits increased by about 20 and 27 per cent respectively. It is significant to note that despite increased coverage in 1974, the value added and

and profits in this year declined as compared to 1973. Although profits rose in current prices between 1970 and 1974 from about Sh. 73 million to Sh. 75 million, there was a declining trend during the last two years after having reached a peak of Sh. 103 million in 1972. In terms of constant prices also the profits have declined. Given the declining level of profitability, industry continues to be subsidised by the non-industrial activities and has not yet attained a self-sustained, surplus-generating capability; hence the need for subsidisation out of fiscal resources in the case of public enterprises. This is undoubtedly a drain on national resources and calls for corrective measures.

(ii) Role of Public Sector

8.9 Subsequent to the nationalisation measures of various expatriate and indigenous enterprises in the early seventies and the large level of investment in the nationalised enterprises, the public sector has improved its role in the industrial sector. The following table brings this out:

Table 8.2: Industrial Situation in Public and Private Sectors
(units employing five or more persons)

	1970		1974	
	Public	Private	Public	Private
1. No. of establishments	14	176	46	344
2. Employment	3,463	2,192	5,842	4,502
3. Wages and salaries of workers (Sh.m.)	25.73	6.36	33.25	10.66
4. Value of output (Sh.m.)	135.02	43.05	248.09	101.77
5. Value added (Sh.m.)	92.60	12.30	84.58	34.66
6. Gross fixed capital formation (Sh.m.)	2.70	2.70	65.07	6.97

N.B. - The coverage of 1974 Census of Industrial Production is said to be larger than that of earlier years. The comparison between the above two years is, therefore, vitiated by this fact.

Source: See Table 8.1.

8.10 It must be added that almost all large scale industrial enterprises are in the public sector. It will be seen that while the gross fixed capital formation and the value of output in the public sector increased considerably during 1970-1974, the value added declined. This phenomenon needs to be looked into carefully.

(iii) Large and Medium-Sized Establishments

8.11 The table below shows the share of the large and medium-sized establishments (employing five or more persons) and that of the small establishments (employing less than five persons) in 1974, broken down by public and private sectors:

Table 8.3: Large and Small-Size Establishments in Public and Private Sectors in 1974

Indicators	Units employing five or more persons		Units employing less than five persons		Total
	Public	Private	Public	Private	
1. No. of establishments	46	344	38	6,021	6,449
2. No. of persons employed	5,842	4,502	90	10,395	20,829
3. Payroll (Sh.m.)	33.25	10.66	0.34	4.85	49.10
4. Fixed capital formation (Sh.m.)	65.07	6.97	0.41	2.83	75.28
5. Input (Sh.m.)	163.51	67.37	0.85	66.77	298.50
6. Value of output (Sh.m.)	248.09	101.77	0.54	148.60	499.01
7. Value added (Sh.m.)	84.58	34.40	-0.31	81.83	200.50
8. Profits (Sh.m.)	51.33	23.74	-0.66	76.98	151.39

Source: See Table 8.1

8.12 Privately owned enterprises in the small scale sector numbered over 6,000, while there were only 344 private enterprises with five or more persons. The public sector in the small-unit segment (with less than five persons) was represented exclusively

by 38 public utility plants employing 90 persons. However, their fixed capital formation in 1974 amounted to Sh. 0.4 million, or 12.8 per cent of total fixed capital formation for the entire small-scale units.

8.13 There is a large wage gap between the large and small-scale establishments. Data suggest that, whereas the average annual wage in the large establishments was Sh. 4,244, in the small establishments it was Sh. 500.¹

8.14 Output per worker in large and medium sized establishments in the public and private sector combined was Sh. 33,823, while that of a worker in the less than five segment was Sh. 14,224. If these figures are correct, it would reveal that despite the considerably higher level of investment in the over-five segment, productivity is only just over twice that of the smaller segment.² The employment implications of this should be studied closely since much of public sector industry is not only afflicted by chronic under-utilisation of capacity, but also by over-manning and inadequate cost control mechanisms.

8.15 While the pursuit of large-scale industrialisation is important, the above figures show the immense employment and productive role of small private enterprises in developing the nation's productive forces to meet the increasing levels of domestic demand.

(iv) Regional Distribution

8.16 Another characteristic of industrial development is the high degree of concentration in one region. This is brought out by the following table which gives the latest available figures for 1974:

^{1/} This figure is higher if the average is taken of paid employees only.

^{2/} No less revealing is the fact that fixed capital formation in the over-five segment is Sh. 72 million as against Sh. 3.2 million in the under-five segment.

Table 8.4: Regional Distribution of Industries in the Public and Private Sector Employing Five or More Persons, 1974

Region	No. of industrial groups represented	Establishments			Persons employed	Pay roll (Sh.m.)	Fixed Capital Formation (Shs.m.)	Value of Input (Sh.m.)	Value of output (Sh.m.)	Value added (Sh.m.)	Profits (Sh.m.)
		Public	Private	Total							
				1	2	3	4	5	6	7=6-5	8=7-3
Benadir Region	17	14	229	243	4,330	18.91	14.22	99.65	150.37	50.72	31.81
Northern Region	10	8	19	27	505	1.66	1.33	29.02	38.30	9.28	7.62
Coastal Region	3	3	1	4	83	0.23	-	1.09	1.17	0.08	-0.15
Central Region	3	2	1	3	223	1.35	0.31	1.98	6.25	4.27	2.92
South Region	3	2	1	3	183	0.35	0.38	0.42	0.57	0.15	-0.20
North Region	2	-	3	3	25	0.02	-	0.05	0.08	0.03	0.01
Highland Region	1	-	1	1	111	0.01	0.01	0.11	0.14	0.03	0.01
South Region	2	1	4	5	30	0.05	-	0.32	0.49	0.17	0.12
Central Shebelle Region	4	4	5	9	2,230	14.22	12.37	37.84	59.61	21.77	7.55
Lower Shebelle Region	12	4	52	56	982	1.89	0.35	7.82	20.44	12.62	10.73
Bay Region	9	3	11	14	319	0.56	4.04	3.39	5.10	1.71	1.15
Awlaki Region	3	1	7	8	468	0.12	0.01	0.20	0.61	0.41	0.29
Ardo Region	2	-	4	4	54	-	0.05	0.38	0.51	0.13	0.13
Lower Juba Region	6	4	6	10	1,181	4.54	38.97	48.61	66.22	17.61	13.07
Total		46 ¹	344	390	10,344	43.91	72.04	230.89	349.86	118.99	75.07

Of which 14 are power and water plants.

Definitions: Fixed capital formation: calculated on annual basis, includes transport equipment, machinery extension of building, etc.
Input: includes raw and packing materials, fuel and lubricants, electricity and water, stationery, services purchased from others.

Source: Census of Industrial Production, 1974, provisional data.

8.17 A high degree of regional concentration is evidenced from the above data. About 62 per cent of all establishments in 1974 were located in the Benadir (Mogadishu) region. Combined with the lower Shebelli region (14 per cent) the two regions accounted for 76 per cent of total establishments.

8.18 The Benadir region was dominant according to most indicators, e.g. number of establishments and persons employed, total payroll, inputs, value of output, value added and profits, while the Lower Juba region had the largest share of fixed capital formation, due mainly to the sugar complex and the Kismayu meat plant.

8.19 The other regions varied in importance. Three of them had no public enterprises and the region of Nugal did not contain a single establishment employing five or more persons. In several regions there were certain industries, such as manufacture of bricks, clay containers, etc., which rely largely on unpaid family workers.

8.20 The large concentration of industries in and around one region is bound to create regional imbalances with all its attendant social and economic implications. It is essential, therefore, that future planning must try to spread industrial development as much as possible so that the benefits of industrial growth are shared equitably between different regions.

(v) Under-Utilisation of Capacity

8.21 One of the leading features of industrial development has been the chronic under-utilisation of capacity and fall in production in recent years in some public sector as well as mixed enterprises. The following figures of output of sugar and alcohol from the Jowhar sugar plant, is a pointer to the shortfall in production.

Table 8.5: Jowhar Sugar Plant: (SNAI) Output of Sugar and Alcohol 1969-1975

Year	Sugar		Alcohol	
	in quintals	in percentage 1969=100	in hectolitres	in percentage 1969=100
1969	468,539	100	47,730	100
1970	459,534	98	41,044	86
1971	452,945	97	39,425	83
1972	376,057	80	33,061	69
1973	347,043	74	20,748	43
1974	303,275	65	19,909	42
1975	305,816	65	22,361	47

Source: Data obtained from Jowhar Sugar Factory. (SNAI)

8.22 The under-utilisation of the capacity in some other industrial units is brought out in the following figures:

Table 8.6: Unutilised Capacity in Major Plants

Factory	Per cent of capacity utilised
Fish cannery, Las-Khore	85-94
Sopral - Mogadishu	47
Meat Factory - Kismayu	20
Milk Factory, Mogadishu	16
Somaltex - Balad	58
Clay-brick factory, Afgoi	20
INCAS - Jammame	85

Source: UNIDO - Industrial Sector Review, January 1976 (Draft-mimeographed) p. 82.

N.B. - The figures are for 1974 except for INCAS which are for 1976 based on a three-shift capacity.

8.23 Various reasons for the shortfall in production and under-utilisation of capacity are advanced - viz. short supply of raw materials; inadequate studies, investigations and feasibility reports; over-estimation of local demand and limited export markets, and shortage of skilled manpower and management expertise. If the under-utilisation of capacity, which is obvious in certain cases, is removed, there will be considerable and perhaps the cheapest increase in industrial production and employment. We suggest, therefore, that a detailed study of the phenomenon be made at an early date. The reasons for the short-fall in production and under-utilisation of capacity should be clearly sifted and analysed in each case and corrective measures be taken to remove them as far as possible.

(vi) Capital-Intensity

8.24 Meaningful information with regard to capital-intensity in industrialisation is lacking. The data provided by the Censuses of Industrial Production are either erratic or are replete with gaps that make comparisons and conclusions hazardous. Most of the large manufacturing units are, however, believed to be highly capital-intensive. This is so in the case of the Balad Textile Factory where the final capital-labour ratio may work out to about Sh. 92,000:1. In the case of manufacturing of plastic products, both at Jowhar and Jamname plants, the amount of capital per person employed works out at Sh. 96,000.

8.25 The following figures in respect of planned industrial units are also revealing.

Table 8.7: Capital/Labour Ratios in Some Individual Units

	Planned Investment (in '000 Sh.)	Estimated Labour Requirement (L)	Capital/Labour Ratio (C/L)
Milk Factory, Mogadishu	5,000	162	30,864
Foundry (Mogadishu)	12,320	107	115,140
Gypsum Pilot Plant (Berbera)	2,320	38	61,053
Oil Mill (Mogadishu)	1,500	76	19,737
New Sugar Complex (Lower Juba)	147,000	696	211,207
Flour-Cum-Pasta Mill (Mogadishu)	18,000	93	193,548
Cement Factory (Berbera)	68,440	305	224,393

Source: Figures culled out from the Directorate of Planning and Coordination's publication: "Manpower Requirements: Five Year Development Programme - 1975."

8.26 The above capital-labour ratios are undoubtedly very high in most cases and represent the high capital-intensity of the units. While we cannot comment upon the veracity of the figures and also on the justification or otherwise of capital-intensiveness of the projects, we do have a feeling that the industrial projects are generally not examined from the point of view of their employment creation capacities. We also doubt if any effort is made by the concerned authorities to put pressure on foreign investors, who in most cases implement big projects, to make them adopt more labour-intensive technology. It is recognised that capital-intensity may be a part of the package leaving little choice to Somalia. Nonetheless, we feel that there could be considerable leeway in exerting pressure on foreign entrepreneurs if the concerned Somali authorities could think more in terms of employment creation aspects of the projects. We suggest that the proposed Technology Unit should be entrusted with the task of appraising all projects before they are finalised and accepted so that the most appropriate technology is used and capital-intensity is reduced as far as possible.

(vii) Financial Constraint

8.27 A feature of the planned industrial drive is that external financing accounts for about 64 per cent of the total planned industrial investment. This means that an amount of Sh. 378 million was required in foreign currency. Because of inflation, this figure must be much higher now. Somalia has in the past few years been fortunate to get significant bilateral funds but it is not known how far this can be stretched or continued. About four-fifth of all industrial investment is allocated to five major capital-intensive plants and while in some cases the availability of funds is confirmed, in other cases it is still at the 'proposed' stage.

8.28 The gap between planned and budgetary allocations and actual expenditure during 1974 and 1975 is, we understand, an indication of the pressure of financial constraints, apart from the manpower constraints which we discuss later. In 1974, for example, the actual expenditure was only 66.6 per cent of the planned and 56.9 per cent of the budgetary allocations. The performance in 1975 was, however, much better.

8.29 Constraints about the availability of funds have already begun to be felt and there is need to re-appraise the situation. The need for careful selection of industrial projects and their wise management cannot, therefore, be over-emphasised. We also underline the need to study the present anticipated yields on industrial investment and their gestation periods.

8.30 We are further of the view that Somali Development Bank's criteria for evaluating the soundness of agro-industrial projects are rather general: viz. availability of local raw-materials, a sizeable local demand for the final product and assurance of technical and managerial competence.

(viii) Manpower Constraint

8.31 Time and again the Mission was told that most of the existing enterprises suffer from shortage of skilled manpower at various levels of skill and that managerial expertise leaves much to be desired. The implementation of new projects is also said to be hampered because of this shortage. Various estimates of the need for additional skilled manpower have been made. We have dealt with the question on an over-all basis in a separate Chapter and in a Technical Paper.¹ While the need for skilled manpower is undoubtedly pressing we would like to add that this should not be made the sole scapegoat for shortfall in production or inefficient working of the units. Moreover, it should be the responsibility of the industrial enterprises themselves, particularly the large ones, to train their own cadres through on-the-job training as well as through formal institutions. Similarly, all new projects should have a built-in component for training the required technical manpower.

8.32 Apart from the genuine shortage of some categories of skilled manpower in some establishments, in several cases there is over-manning combined with under-or irrational utilisation of different categories of manpower. These are essentially organisational issues and need to be looked into along with the other constraints mentioned above.

8.33 Considerable attention has been given in recent discussions to what is called 'improvement in management'. We appreciate that this expression has different connotations in a market and a socialist economy. In Somalia's case her socialist option implies that improved managerial operations should mean a larger participation of workers in the decision-making process at the plant level. A beginning has already been made in this respect by setting up workers and management committees in industrial units. There is, in our view, further scope for deepening this participation. A considerable effort on the part

^{1/} See Chapter on Education, Training and Manpower and Technical Paper on Manpower Requirements and Manpower Development.

of the workers in the existing committees is said to be directed towards wage claims or improvement of the employment and working conditions and not so much towards raising production or removing bottlenecks in this respect. We hope that this phenomenon is transitional and that with the rising level of consciousness, participation in management and a coherent incentives policy, the level of industrial organisation and its performance will improve.

(ix) Institutional Constraint

8.34 A number of institutional constraints also inhibits rapid and efficient industrial development. At present as many as seven Ministries and Agencies are responsible for the management and control of public sector industrial enterprises. Obviously, a coherent and concerted industrial policy or management practice cannot emerge in such a situation. The need for a centralised unit, agency or a 'holding company' to unify and supervise the working of these units seems obvious. Similarly, it is necessary to formulate an industrial code or law which should provide an administrative and financial framework for all industrial enterprises.

8.35 Although under-capacity working has now become a common trait of the industrial system, it also exhibits other deleterious features, such as high unit costs, unsystematic investment programming, supply bottlenecks, and underutilisation of existing skills, lack of data for preparing and appraising projects, an incoherent industrial accounting system at the plant level, and the absence of a unified national accounting system. The Planning Ministry and other Government offices do not have an operational managerial command of data needed for decision making at a given moment in time. With the further development of industry the decision making structure will have to be considerably strengthened.

8.36 Another problem facing Somalia, like many other developing countries, is the lack of technological infrastructure to appraise and adapt the projects to suit local conditions. We would like to refer to the following remarks of the UNIDO Industrial Sector Review:

"A limited number of multinational corporations holds about 90 per cent of technological know-how and these corporations offer their know-how at their own terms which may be sometimes based on ideological and political factors and not on financial considerations only. Another problem of least developed countries like Somalia is that technology offered is some times not suited to local conditions without adaptations. The stages involved in the process of transfer of technology are: survey of available technology leading to the selection of the most suitable one, the acquisition of technology, the assimilation of the purchased technology and later its further development. The pre-dominant pattern of transfer of technology in Somalia includes, purchase of industrial plants on turn-key-basis, and purchase of services of consultants for design, supervision of construction and subsequent management. Though expensive, Somalia has to continue acquiring technology on the basis of this pattern till such time Somalia succeeds in building up its own technological infrastructure".¹

8.37 We support the recommendations made in the above mentioned Sector Review that a Technology Unit be set-up in the Ministry of Industry "for collecting, integrating and co-ordinating the requirements of know-how for industrial development and finding ways and means for its acquisition Also a local firm of consultancy service may be promoted and established for undertaking survey of the available technology in concerned fields and offering advice to the Government for the selection and acquisition of technology for industrial plants and projects. Research and development units may be established in industrial plants of large size to assist in the assimilation, adaptation and subsequent further development of technology".²

^{1/} UNIDO, Industrial Sector Review, 1976, op.cit. pp. 78-79.

^{2/} Ibid, p. 79.

(x) Import-Substitution Policy

8.38 The pattern of industrialisation has been designed to meet the pressing demands of import substitution as well as for exports. However, both the export drive and the strategic raw material inputs of the import substitution policy depend on the nationally produced raw materials. In the past, emphasis on import-substitution led to the establishment of rather non-integrated industrial units dependent almost entirely on imported raw materials with its consequent adverse effects on prices and balance of payments. Realising the adverse effects of this policy the current Development Programme stresses the establishment of import substitution industries for which local raw materials are available. A similar resource-based emphasis is placed on the development of export-oriented industries. Based on this sound criterion, Somalia has the potential of developing a number of import-substitution industries. These include dairy products; sugar and sugar products; furniture, fixtures and wood industries including building materials; cereals and cereal preparations (some maize mills and a modern flour-cum-pasta mill have already been established); dyeing, tanning and colouring materials; essential oils and perfumery materials; paper and paper board; textiles and ready-made garments; leather products; plastic goods; small tools and implements for agriculture; handicrafts; household utensils, etc. A large number of feasibility reports in this respect have been prepared and our suggestions are only illustrative. There is considerable scope for employment creation, if local raw materials-based import substitution industries are established on a small scale, to begin with, keeping in view the size of the local market. One of the industries where there is scope for increased employment and income generation for the poor people in the rural and nomadic sectors is the dairy industry. We have analysed the prospects and problems of this industry somewhat in detail in a Technical Paper.

(xi) Export-Oriented Industries

8.39 Somalia has prospects and potential for developing some export-oriented industries. The meat canning industry is already established though prospects for its expansion seem to be limited because of the limitations in the livestock sector as discussed elsewhere in the Report. There is, however, scope for the export of by-products of the two meat-processing factories, like bones, blood, fat, etc. There are also prospects for the establishment of an agro-industrial complex for vegetable oil as well as for essential oils. The export of fish and fish-products also holds out promise for the future. The exploration of minerals also deserves attention. Deposits of gypsum and limestone can be more fully and better utilised. Some other industries, which have export prospects, include sugar and its by-products, fruit processing, leather and foot-wear. As in the case of import-substituting industries, our suggestions with regard to the possibility of developing export-oriented industries, are mainly illustrative. Studies and investigations on some of these have already been made and the UNIDO Industrial Sector Review, referred to above, contains useful suggestions. We support the view that greater attention, integrated planning and resource mobilisation are necessary to tap and develop all the resources for the development of export-oriented industries which can create a noticeable impact on the employment situation.

THE CONSTRUCTION SECTOR

INTRODUCTION

9.1 There can be little doubt about the great potential of the construction sector for employment creation. And this potential is likely to be utilised more fully if the technology adopted is labour-intensive. Lack of information and data in Somalia makes it extremely difficult to analyse the situation in the construction sector and make meaningful suggestions. Our discussion in this Chapter is, therefore, rather cursory. It is intended basically to draw the attention of the authorities concerned to the potentials of the sector in so far as employment and income-earning opportunities are concerned and hence to the need to give it greater attention in future.

9.2 The Manpower Survey conducted by the Labour Department of the Ministry of Labour and Sports in 1971 recorded the total number of persons employed in the construction sector at about 4,000-6,000 in the private sector and 2,000 in the public sector. This means that some 5 to 6 per cent of those employed in the non-agricultural sector found jobs in the construction sector. Indirect evidence from the growth of imports of construction materials in 1973 and 1974 suggests that construction activity must have been particularly brisk in those years and employment would have been much higher. Lack of finance slowed down construction activity in 1975 and even in 1976. The approved programme for housing amounts to Sh. 157 million. One estimate places total construction investment in Somalia, taking private housing and public buildings into account, at Sh. 178 million in 1974 and Sh. 225 million in 1978. These seem to be under-estimates considering the fact that the total capital outlay in the current Development Programme (1974-78) is of the order of Sh. 3,860 million and substantial portions of this investment are allocated

to irrigation works, road-building and factory construction. We were told that the roads and highways sector may already be employing around 10,000 people.¹

9.3 Apart from the planned outlay, one of the areas where the prospects of employment in the construction activity are large indeed, is the Agricultural and Fisheries Settlement Schemes which have been implemented recently after the Development Programme was drawn up. Similarly, the Agricultural Crash Programme has a potential for employment generation in its construction activities. Although housing activity is at present rather dormant, there are plans for its expansion and these should also create additional jobs. According to the current 1974-78 Development Programme, the Government proposes to take steps to "contain the housing shortage in all urban centres and also to intervene in the development of rural housing".

9.4 Even from the fragmentary data available, it is obvious that the construction sector not only provides employment to a large number of persons, but that if appropriate policies and technologies are used, it is capable of providing much more employment through the envisaged plans and programmes in this sector. We give below some suggestions in these respects.

LABOUR-INTENSIVE TECHNOLOGY

9.5 We would hesitate to say unequivocally that the technology used in Somalia is inappropriately capital-intensive. However, such evidence as was available to the Mission would seem to indicate that while building construction does employ less capital-intensive techniques, which are now mainly the responsibility of the Somali Construction Agency, road construction is by and large capital-intensive. In this activity it appears that only maintenance work, some Grade 3 road construction and the construction of small bridges etc., tend to employ relatively more labour.

^{1/} This was an estimated figure given to us and presumably covers all workers, indigenous and foreign, engaged in road construction all over the country.

What can, however, be said with some certainty is that the Somali construction authorities have not chosen the techniques they generally do employ after a careful consideration of the economic, let alone the social, cost-benefit assessments. There could be many explanations for this. For one thing, a good deal of construction has been carried out with foreign assistance and the technology employed has been a part of the package deal, as it were. There might, moreover, have been the usual bias of engineers trained and educated in the modern methods and technology of construction which has prevented the country from looking too carefully at the alternatives available. The tendency to make the import of capital equipment cheap, both through low rates of interest and duty-free or very low-duty imports, may also have played its part. Be that as it may, we would like to suggest emphatically that alternative labour-intensive technologies do exist and they could very substantially add to job opportunities in the country. We would like to draw Government's attention to some of these by citing some evidence from the developing countries.

9.6 ILO field studies in a number of African and Asian countries have shown that by such simple devices as:

- the design and development of tools and implements better suited for manual labour than the tools in current use;
- the use of new payment schemes (e.g. piece work payment);
- implementation of improved labour management schemes,

labour-intensive techniques can be made to stand up to capital-intensive techniques in a large number of construction activities. While all these three devices would be of use in Somalia, the introduction of appropriate wage schemes may have a special relevance for the needs of the country as labour discipline in the earliest phase of transformation of a pastoral-agricultural society may pose special problems of its own and may be a factor in the preference for capital-intensive technology. It has been found, for instance, that, in general, construction costs can be

minimised if labour-intensive techniques are used in some road construction jobs, such as clearing, excavation, spreading, etc., while other jobs are done with the greater use of machinery. These cost comparisons, it should be added, are based on market prices. On the basis of shadow prices, under which the shadow wage is generally taken to be lower and the shadow rental rate for machinery higher than the prevailing rates to reflect the relative abundance of labour and the scarcity of capital, the advantage of labour-intensive technology would obviously be enhanced from the view point of relative costs of the different techniques.

9.7 While the advantages from the point of view of job creation are significant, there are other benefits to be reaped by a deliberate search for and implementation of labour-intensive techniques. ILO studies in other countries have indicated that labour-intensive or intermediate construction techniques may use up to five times more unskilled labour than capital-intensive methods of road construction. If the figure of employment in road construction - 10,000 - is realistic, the potential creation of up to 40,000 jobs should be a very attractive prospect indeed. Yet, another important consideration is the possibility of considerable savings on foreign exchange - something that should be a very important consideration in the case of Somalia which has a perennial balance of payments problem. Equipment costs generally represent some 70 per cent of total construction costs when capital-intensive techniques are used and are reduced to 30 per cent of total costs when labour-intensive technology is used. It has not been possible for us to obtain a break-down of cost elements in Somali conditions. Since, however, Somalia has to import the great bulk of its road construction materials, this may absorb a large portion of total costs. Assuming, however, that machinery accounts for even 50 per cent of road construction costs, the opportunities for cost-saving in general and saving of foreign exchange in particular would seem to be quite considerable.

9.8 In the Somali context, where there is a shortage of skilled personnel, labour-intensive technology has the further advantage of making the need for training and the duration of training a problem relatively less difficult to handle because it is easier to train people in the simpler jobs that require to be done in this case than the training of, say, technicians, mechanics and machine operators. The problem of maintenance is also more easily handled. This is particularly important in the case of Somalia where, we understand, because of shortage of technical maintenance staff in the field, a number of heavy road construction equipment, like bulldozers, graders etc., are lying idle due to lack of either spare parts or technical skill.

9.9 Last, though not least in importance, is the consideration that the use of labour-intensive technology in the rural areas would lead to a greater spread of benefits of earnings to rural areas. In the case of capital-intensive techniques, a good portion of the expenditure by Government is channelled back to urban areas through payments to contractors. The rise in rural incomes would have favourable effects in both raising levels of living in the rural areas and may also provide a fillip to rural investments. And the rise in incomes could be substantial because labour-intensive techniques would raise the wage-cost component from around 30 per cent in capital-intensive works to around 70 per cent.

ORGANISATIONAL STRUCTURE

9.10 In view of the importance of the adoption of appropriate technology in the construction sector and in view of the fact that the assessment and evaluation of this technology and its impact on employment requires constant expert work, we suggest that a Standing Committee on Construction Industry be set up in the Ministry of Works consisting of the representatives of the State Planning Commission and all major Ministries and Agencies concerned with construction work. The Committee, together with its secretariat should be charged with the following main functions:

- (a) Test, develop and evaluate intermediate technologies in all fields.
- (b) Undertake work studies in order to estimate the productivity of labour and equipment and the impact on employment creation in various construction activities.
- (c) Undertake research and testing of local materials for construction.
- (d) Assess the indigenous capability for the manufacture of appropriate tools and hardware and materials which would maximise labour productivity.
- (e) Evaluate the necessary skill requirements of the various techniques both in terms of labour and supervisory staff.
- (f) Train national staff in the planning and implementation of appropriate labour-intensive techniques.
- (g) Disseminate the findings of its studies to all Government departments and regional and local authorities dealing with construction work.

9.11 In order to ensure implementation of appropriate techniques thus evolved, the Standing Committee would have to be given the necessary powers. The Somali Construction Agency, which is responsible for various types of construction work in Somalia would have to work in close cooperation with the Standing Committee. A good deal of construction work, however, is handled by foreign contracting firms. The Government also employs various consultants and foreign contracting firms which have to be given clear directives on the research and use of appropriate technologies. Quite often the time factor is used as the justification for machine work. When this is the case, the savings in interest charges due to faster construction must be shown to out-weigh the depreciation and interest on the extra capital added to the change in material costs. Where it is claimed,

also, that costs are minimised under a more sophisticated technique, Government may be well advised to insert a clause in contracts that subsequent cost increases would not be allowed under any circumstances because quite frequently cost increases, on one ground or another, make nonsense of initial comparisons to the disadvantage of less sophisticated techniques.

HOUSING

9.12 We have said little so far about housing construction, both urban and rural. In this field we suggest that Government should encourage cooperative as well as personal effort. Given the present resources situation we would rather prefer Government activity to be mainly concentrated in the production sectors and in other sectors which may be said to meet the basic needs of the community, as it were, as distinct from those of the individuals in the community. And in this field we would suggest regulatory policies to be enforced through permits which lay down specific conditions for the use of indigenous construction materials and less sophisticated construction techniques. In other words, we recommend strongly that the private housing sector should be made subject to strict hurdles against mechanisation so that it makes maximum contribution to employment creation. In this context, we are happy to note that attempts are being made to use local materials and self-help labour in the schemes for settlement housing now under construction. The creation of an independent national housing agency, for research, designing and construction of low cost houses should also go a long way in promoting efforts in these respects.

BUILDING MATERIALS PRODUCTION

9.13 Before the construction boom can really get going, the country needs to establish a proper construction industry. Here the first requirement is the setting up of a building materials

production base. At present, about 85 per cent of the construction materials for housing are imported and consequently the cost of construction is unconscionably high. With a perennial balance of payments deficit that the country has to grapple with, import substitution in this field has to be given high priority. Fortunately, the country has large deposits of good quality gypsum and lime. A building materials development project is doing good work in this field. But, there is still a long way to go. The country's first cement plant is in the works stage as is the production of a few other materials. We suggest that the Government should give a high priority to the production of building materials; their contribution to saving on foreign exchange as well as the impact that a properly organised construction industry can make to employment creation entitle them to such a priority.

THE INFORMAL SECTOR

10.1 The importance of the 'informal sector' for employment was high-lighted by the ILO/UNDP Employment Strategy Mission to Kenya in 1972. That Mission drew the attention of the authorities to the fact that besides the Government sector, large industrial and service undertakings, there also existed a sector of small industrial and commercial establishments and service occupations which provided a major source of employment and livelihood to a large part of the population mainly in urban areas. More often than not it is found that Government policies and programmes in several developing countries are generally geared to the requirements of the large undertakings and that the smaller units are either completely left out, ignored or even harassed under various garbs and excuses. This is not only regrettable but is against the basic objectives of an employment and income-oriented development strategy.

10.2 Various attempts have been made to define the 'informal sector', but as the situation varies in different countries, it has not been possible, indeed not even desirable, to lay down a general definition of the concept. The popular view that the informal sector primarily consists of activities of petty traders, street hawkers, shoe-shine boys and the like in the streets of big towns, is too narrow. Instead of giving a specific definition, the Kenya Employment Strategy Mission identified some specific characteristics of the activities in the informal sector. These include: ease of access and entry into the sector by anyone, reliance on indigenous resources, self-employment, family-owned or small-scale operations which are labour-intensive, workers in the sector have skills largely acquired outside the formal school system and the enterprises operate generally in unregulated and competitive markets. It is not necessary that all these characteristics should obtain in informal sector activities in all countries; these can and do vary in different countries and situations.

10.3 ILO has conducted a number of studies on employment and development in urban areas in some developing countries. These studies generally found that "a substantial proportion of urban workers are employed in small own account, mostly unregistered enterprises and have much lower earnings than those employed in the public services and the large industrial and commercial establishments of the formal sector"¹. For want of a better terminology this sector is called the 'informal sector'. It is important to point out that the informal sector exists both in the urban and rural areas, though proportionally much more in the former than in the latter, that it operates in almost all sectors of the economy and that it can and generally does have a link with the activities of the Government sector or of large undertakings - the so-called 'formal sector'. Broadly defined, the informal sector consists of any small-scale economic unit "engaged in the production of goods and services - whether it employs only one person (the proprietor) or more; whether or not it uses fixed capital; whether or not it has a fixed location for conducting business"¹. Because of ease of entry due to non-requirement of large capital or skill, this sector provides a refuge to a large segment of the labour force, particularly to migrants from rural to urban areas, who are unable to find jobs in the Government sector or in large industrial and commercial undertakings and who try to eke out a living, even if it be a miserable one, by the sweat of their brow.

10.4 Without entering into a rigmarole and ambiguities of a definition, we consider, in the case of Somalia and for the purpose of analysis in this Chapter, private establishments employing less than five persons, as synonymous to or co-terminus with the term 'informal sector'. In some statistical surveys, which have been made in Somalia, a distinction is drawn between the enterprises

^{1/} "The urban informal sector: concept, measurement and policy" by S.V. Sethuraman - International Labour Review, vol. 114, No. 1, July-August 1976.

employing five or more and less than five persons - the latter category includes establishments with one person, street hawkers, pedlars, taxi-drivers, etc. Some information with regard to the small establishments is thus available.

SIZE OF THE INFORMAL SECTOR

10.5 The Business Establishment Survey of 1966-67 in Mogadishu the biggest urban centre - revealed that of the total number of establishments (including even those having one person) about 64 per cent were in commerce and another 17 per cent were in the services sector. About 90 per cent of the establishments in these two sectors were small with less than 5 persons each and 48 per cent had only one person each. Manufacturing accounted for another 25 per cent of the total establishments and of these about 80 per cent were small with less than 5 persons each and about 30 per cent had only one person each. Of the total employment in Mogadishu, about 80 per cent was in commerce and services sectors. These figures indicated that given the small industrial base of the country, the bulk of urban employment in 1966-67 was in small establishments. Most of these establishments were operated by single owners. Even the manufacturing sector was dominated by single owner operators indicating the dominant position of manufacturing establishments of the service types of activities.

10.6 The Manpower Survey conducted in 1971 showed that out of total number of about 25,000 surveyed establishments only 4.6 per cent employed five or more workers. About 71 per cent of the establishments engaged only one worker besides the owner. Of the nine industry groups only two, electricity, gas and water, and construction had more than three employees per establishment on the average. The market vendors constituted almost half of the one-man establishments and taxi drivers and water-carriers another 25 per cent. The major portion of commerce and service activities were also of small-scale size and could be classified as part of the informal sector.

10.7 If we were to identify the basic characteristics of the 'informal' sector to be simple technology, individual or family initiative and ownership and little links with the modern sector in such fields as credit and marketing, many persons in establishments with five or more persons, would presumably fall in this sector. On the other hand, there would be many more whom the survey left out because they were part of no 'establishment'.

10.8 The available data thus clearly shows that the number of persons employed in small establishments - or the informal sector - in the country is considerably large. It will not be surprising if the total number ranges between 200,000 to 250,000. This would be about 20 or 25 times more than the employment provided by large industrial and commercial establishments with five or more persons.

10.9 The importance of the small-scale producers and traders or self-employed construction, transport or service workers does not depend only on their sheer number. They are performing a very useful role in the society and are contributing a lot to the economic development of the country. In the Chapter on 'The Employment Problem' we have given an estimate of the likely increase of population during 1977-81 in the various sectors of the economy and the likely capacity of each of these sectors to absorb these increases. In the case of urban industry and services sectors we have made a heroic assumption that they will be able to absorb at least its own natural increase of population, i.e. about 34,000 persons per year. This alone will require considerable effort and policy directions to enable this sector to be able to do so. Moreover, as we have indicated, a massive effort in agriculture may just absorb the natural increase of population in this sector as well as some surplus from the pastoral sector. It is likely that such a massive effort in agriculture may not be possible or there may be delays and time-lags in such efforts. The small-scale sector and the informal sector will thus have to provide refuge or continue to be the bulwark against open unemployment. The flexibility of this sector to absorb the unemployed including rural migrants, has, therefore, not only to be maintained but increased as much as possible.

INCOME LEVELS

10.10 It is common knowledge that persons in the informal sector generally earn low incomes and in several cases they just manage to eke out a living. Most of the people in this sector would qualify as a 'target group', if any serious attempt is made to help alleviate the poverty of the most needy. Data on income levels are lacking in Somalia. Moreover, income and work-sharing are deep-rooted in the Somali society. Incomes vary greatly between small hawkers around the bazaars who barely eke out subsistence income and semi-modern establishments such as bakeries and taxis. At the bottom of the income ladder are those selling prepared low quality food to people with little purchasing power. Such food is usually prepared in homes and taken out to be sold. Sometimes small boys and girls go round calling out to prospective buyers. Perhaps the income realised from this activity would total up to around Sh. 50 per month.

10.11 On the other hand, taxi drivers approximate on the average around Sh. 900 per month, and some small bakeries well over a thousand shilling a month. Most of the one-man establishments in the informal sector realise incomes between Shs. 150 and 300 per month which almost approaches the public sector wage levels for unskilled workers. The table below gives some data on incomes which are based on personal interviews by the Mission:

Table 10.1: Monthly Income of Some Informal Sector
Workers (in Shs.)

	<u>Monthly</u>
Taxi Drivers	900
Lorry Drivers	600
Hawkers	250
Livestock Brokers	400
Shoe-shine Boys	100
Car Cleaners	100

Source: Informal Mission 'guesstimates', based on personal interviews.

10.12 Because of the small purchasing power of most people in the urban shops and retail business in the bazaars and in the slum neighbourhoods there is room for the sale of these goods in small amounts. For example, cigarettes are sold by the piece as the cost of a whole packet is beyond the reach of a lot of buyers. Similarly, a lot of food items are sold in small amounts and for few centimes. A direct effect of this is that many people are engaged in the subsistence service of the informal sector. It is difficult to guess their income but it cannot be very large.

POLICY FOR THE INFORMAL SECTOR

10.13 The informal sector possesses a large variety of skills and these should be nurtured. Since job opportunities in the formal industrial sector are going to be limited for some years ahead, and it will take a massive effort to absorb the influx of the population increase from the pastoral sector in the agricultural sector, the contribution to employment generation that the small-scale sector can make should be appreciated. The first prerequisite for the development of this sector is a change in Government's attitude towards it. It deserves not merely to be tolerated but helped to improve. Some of the activities in the sector may need to be curbed on social or health grounds, like chat sales; but there may be ways other than abolition to ensure health standards in the sale of milk and food items. The impact of each social change on employment should be a major consideration in policy-making. We cite in this connection the recent drive to stop the sale of milk by individual persons who have been traditionally keeping one or two cattle at their homes and delivering milk to their customers. We understand that this harassment is being done to compel them to deliver milk to the organised Milk Dairy Plant. But, it has to be realised that unless proper and convenient collecting centres are established and a fair price is paid, the compulsion or harassment will only worsen not only the supply situation but also the living conditions of the poor persons - mostly women - who have been eking out their living by the sale

of the home-produced milk and milk-products. What we wish to emphasise is that whatever policies are adopted, they should be well thought out and their impact on the people should be given full consideration. Mere enthusiasm to improve health or sanitary standards or to promote the interests of the organised sector will not help the situation. Indeed, such enthusiasm is against the policies of employment creation and improvement of the living standards of the target groups of the people. The authorities would thus be well-advised not to throw people out of work, in the interest of some preconceived or foreign notions of health, sanitation, discipline, etc., without clear employment and income-earning alternatives having been found first for those who are likely to be displaced because of these policies.

10.14 There are also some small-scale industries which used to flourish at one time but are now in doldrums either because of competition from the large modern establishments or because of lack of facilities. The small-scale sector, as experience elsewhere shows, can be made to hold its own against modern industry if a policy is designed and executed to help them. Their main problems are known well enough. Production methods and methods of operation in the sector are determined by tradition and new ideas and new techniques are not used adequately. This is not because of any refusal to accept new ideas. It arises from lack of capital, non-access to any kind of technical training and the absence of any kind of marketing assistance.

10.15 We appreciate in this connection the new policy of the Government to help small-scale establishments by forming cooperatives. The idea is that once these units are organised into cooperatives technical, financial and managerial assistance can be provided to them. The current Development Programme makes a provision of Sh. 15 million to help these cooperatives and to finance the costs of work-sheds to be constructed for them. So far 16 cooperatives are reported to have been organised, including 6 of hand-loomers, 2 each of iron workers and basketry producers and one each of stone workers, tailors, shoe and school chalk makers, handicrafts

and aromatic gum producers. The total membership of these cooperatives is about 850. While these efforts are commendable, they cover so far only a fringe of the problem. The bulk of small-scale industrial establishments, including family units or proprietary concerns, are still outside the purview of the policy. The following table gives some information about the nature and size of activities in the informal sector which need to be assisted and protected:

Table 10.2: Data on Small-Scale Industries

Small Industry	Number of Units	Total numbers of workers employed
Jewellery	40	114
Grain milling	140	450
Bakeries	35	100
Handloom weaving	800	800
Tailoring	800	1,400
Furniture making	150	300
Small vegetable oil mill:		
Mechanical	150	Not Available
Camel driven	520	"
Clay products	13	32
Metal work, cutlery & hand tools	189	301
Foot-wear	435	730
Upholstery	38	90
Cordage, Rope and Basket	42	42
Pottery	15	19
Handicrafts	-	Not Available
Salt	318	356

Source: Manpower Survey 1971 and UNIDO Survey Report 1973.

10.16 Information with regard to handicrafts is not available. But, it is believed that the scope for their development could be considerable if proper assistance and encouragement are provided to them. Some of the handicrafts which could be developed are: wood-carving and engraving, ivory and bone work, hand-made carpets, embroidery, basketry, sapolite work, shell-crafts, jewellery, hides and skins ornamented goods, etc.

10.17 We appreciate the policy of the Government that 'together with the state sector, the cooperative sector shall be the foundation of the future socialist order of the economy'. However, we would like to caution against hasty action to introduce cooperatives in all sectors. As emphasised earlier, the direct as well as indirect impact of each policy in this field on employment in the informal sector, should be fully analysed before it is implemented. We refer, in this respect, in particular, to the recently announced policy of forming cooperatives in all retail trade in household goods, food items, utensils etc. Apart from organisational problems, its direct and indirect constraining impact on employment and income-earning opportunities could be considerable if the flexibility with which the traders, hawkers, etc., could start some business and eke out their living, is destroyed.

10.18 Two important areas in which the small-scale establishments need assistance are administrative and managerial training and cheap and easy finance. There is no arrangement yet to provide training to small-scale entrepreneurs in the organisation and management of business and in maintaining accounts. We would suggest that SIDAM should give attention to this problem also and not confine its activities only to Government Departments, Agencies and large industrial establishments.

10.19 The question of finance is undoubtedly receiving the attention of the Government and the cooperatives are being provided financial assistance by the Commercial Bank on the guarantee of the Ministry of Industry. But much more needs to be done. The Somali Development Bank was appointed in 1973 to manage a cooperative fund for granting loans to approved cooperatives. The fund's position on December 31, 1975 indicates that out of a cash receipt of Sh. 1,110,000 from Government, it has granted loans to approved cooperatives amounting to Sh. 1,013,000; thus leaving an unutilised balance of only Sh. 97,000.

10.20 We believe the major handicap of the Bank in achieving a greater measure of success in this sphere arises from the lack of information on whom to help and how. The Bank will also have to devise special ways to help the small-scale sector. In this context, we would like to recommend to the Bank to study the 'hypothec' technique to get over the problem of lack of collateral which is a major factor in the inaccessibility of bank credit to the small-scale sector. We would also recommend that the Bank should examine the possibility of working out an interest rate structure under which the rate charged varies with the amount of the loan.

10.21 As the problems of the informal sector are immense, diverse and at the same time very important, we recommend that the Government should create a separate organisation or agency for the development of small-scale industries and other informal sector activities. Its first job should be a comprehensive survey of the informal sector to determine its size, nature and problems. Without an adequate knowledge base of the sector, a clear policy cannot be formulated. Once the stage of policy formulation has been completed, the organisation can then be charged with the task of implementing that policy.

10.22 We would like to end by repeating that the main purpose of our devoting special attention and a separate chapter to the informal sector is to highlight the fact that, as in many developing countries, the informal sector activities in Somalia occupy an important place in the economy of the country; that from the employment point of view this sector plays a far more important role than the formal sector large industrial establishments; that there is a general tendency to ignore this sector; that the adverse impacts on this sector of various Government policies are not fully analysed or realised by the concerned authorities; that instead of giving special attention and encouragement to the promotion and development of this sector, more often than not, it is harassed or oppressed in the interest of some vague and unrelated notions of health, sanitation or beautification standards, and that if the Government's objective is to maximise productive employment and

to increase the standard of living of the poor people, a much more favourable and sympathetic attitude has to be adopted to understand, appreciate and solve the impediments and obstructions in the development of this sector. It is this sector that provides refuge to those who cannot make their both ends meet in the agriculture, pastoral or large industrial sectors and that it is a bulwark against open unemployment in urban areas. The flexibility of this sector to absorb people and their initiative to find some work for themselves to live honourably, even though miserably, should not be stifled by any irrational or hasty Government policy.

PART III

MACRO POLICY MEASURES

FOREIGN TRADE

INTRODUCTION

11.1 The importance of foreign trade in a country's economy and consequently its impact on employment and incomes needs no elaboration. In the case of Somalia, given the high degree of dependence on imports and exports, the role of the external sector assumes great importance for the mobilisation of financial resources. Imports have to be financed by earnings from exports - both traditional as well as those generated by growth - or by financial flows from abroad. If export earnings fail to grow and if foreign financial flows are small, imports will have to be curbed. Worsening balance of payments will act as a deterrent to employment expansion and development. The external sector strategy has also far-reaching effects on employment through its backward linkage effects since they are based, as with livestock and bananas, on national inputs. These linkages are bound to deepen further in future.

11.2 The detailed analysis of the foreign trade sector assumes all the more importance in Somalia because of its strategy to reduce economic dependency, become more self-sufficient in output of essential foodstuffs and shift the pattern of imports. Our main interest in the study of the foreign trade sector arises from our concern with the growth strategy the country has in mind and, from our suggested orientation of this strategy for the maximisation of productive employment and for the satisfaction of the basic needs of its people. This calls for serious thought to be given to the changes which will have to be planned and implemented in the structure of the country's import and export trade and its international economic relations.

11.3 In the next few sections we review the recent performance in the import and export trade areas primarily from the point of view of examining how opportunities for additional jobs and extra incomes can be increased.

EXPORT PERFORMANCE

11.4 Table 11.1 below gives data on the country's main exports for the period 1969-74.

Table 11.1: Somalia's Main Exports (In 000 Shs.)

	1969	1970	1971	1972	1973	1974
Live animals	132,014	119,271	123,376	162,019	196,674	222,394
Meat & meat products	2,965	6,670	21,408	22,602	22,620	35,750
Dairy products	163	325	158	223	520	684
Fish & fish products	2,963	1,509	2,638	5,197	13,461	15,242
Sugar	2	24	1	10	19	6
Cereals	6	29	13	7	23	486
Bananas	55,922	62,381	64,309	78,192	67,564	80,701
Leather, Hides & Skins	17,079	14,836	18,061	17,079	13,144	14,070
Oilseeds	14	29	3	1	6	N.A.
Wood, charcoal building timber	5,792	15	6	5,011	5,302	9
Textile fibers	313	33	17	15	4	38
Incense & Myrrh	2,509	2,720	2,396	3,402	10,021	N.A.
Other products	12,140	16,050	14,055	6,173	11,061	"
Total	231,882	233,892	246,441	299,931	340,419	390,566

Source: Somali National Bank. Bulletin No. 38, November 1974, and Foreign Trade Returns 1974.

11.5 One feature of the export trade to which we would like to draw attention is the export of wood, charcoal and building timber. We understand that the export of wood and charcoal was stopped some years ago, but the export figures for 1972 and 1973 still show a large volume exported under this head. Though the details are not available, this needs looking into for it has ecological and employment implications.

11.6 The table above shows that exports increased between 1969-74 at an average annual rate of 11.0 per cent. This rate of growth is substantially higher than the rates achieved during 1965-70, when it was 2.8 per cent, or even during 1960-65 when the rate of export growth was somewhat higher at 4.3 per cent. The figures also bring out dramatically the country's over-whelming dependence on the export of live animals which, in 1973 as well as in 1974, constituted about 57 per cent of the total exports. Bananas came next and meat and meat products a long way behind third, though these have registered a significant increase over the period. We deal with the problems of the banana trade extensively elsewhere. Fish and fish product exports picked up in 1973 and maintained the rise in 1974. The disappointing performance of oilseeds, sugar, leather, hides and skins only serves to underline the fact that the Somali economy has still a long way to go on the road to diversification.

11.7 In view of the dependence on weather of both the livestock and the agricultural sectors, which provide the bulk of the country's exports, it would be surprising if exports could be made immune to fluctuations. However, the data for the period 1970-74 indicate that exports have grown in value from one year to the next during the entire period, which was due mainly to the combined effects of increase in export prices and an increase in the volume of export of livestock - the latter phenomenon emerged as a consequence of the drought since the nomads, fearing that they might incur more losses of livestock, preferred to sell as much of their herds as possible.

11.8 Another welcome feature of export trade is the greater diversification of the export markets. The share of exports going to Saudi Arabia, the Persian Gulf countries, Yemen (P.D.R.) and Iran has been rising steadily in the last few years and has risen from 61 per cent in 1971 to 74 per cent in 1974, with Saudi Arabia accounting for well-over half of the Somali exports on an average while the Italian share has dropped from 22 per cent in 1971 to 10 per cent in 1974, although Italy continues to be the second most important market for Somali exports.

IMPORT PERFORMANCE

11.9 Between 1969 and 1974, imports have grown at an average annual rate of 19.7 per cent, i.e. substantially higher than the figure for export growth. During this period, as shown in the table below, imports have only declined once, in 1970 as compared to 1969, by some 13 per cent, only to jump by some 39 per cent in 1971 over 1970. Then in 1972 the rate of increase declined to 17.1 per cent only to rise in the next two years 1973 and 1974 to 31 per cent and 30.6 per cent respectively. Many factors have contributed to the rise, among them the drought, a rise in food prices and the rise in the price of petrol being the major ones. But there have also been other contributory factors. Thus, a buoyant domestic demand, in large part the product of a relatively abundant supply of domestic credit, was also a contributory factor in the spurt in imports in 1973 and 1974, as is evidenced by the fact that a more restrictive credit supply helped to bring down the rate of import growth to about 12 per cent in the first half of 1975.

11.10 Table 3 below gives information about Somalia's main imports:

Table 11.2: Somalia's Main Imports (In '000 Shs.)

	1969	1970	1971	1972	1973	1974
Cereals & products thereof	48,828	55,006	104,777	56,450	57,543	71,494
Fruits & vegetable	13,448	15,644	15,565	10,109	12,310	13,223
Sugar & sugar products	1,012	932	1,048	21,081	43,326	61,484
Coffee, tea, cocoa, spices	13,434	8,092	15,122	18,603	11,016	13,941
Beverage & tobacco	14,607	7,990	12,708	13,418	19,770	7,342
Minerals & fuels	19,148	20,265	18,949	24,565	35,081	60,278
Medical & pharmaceutical	10,494	8,438	14,184	11,576	37,248	24,175
Paper, paper board, etc.	19,231	19,222	28,312	27,881	36,363	49,180
Textiles yarn fabrics, etc.	24,614	25,525	36,406	37,358	56,474	95,234
Base metals	8,661	7,566	13,106	17,009	19,827	71,982
Metal manufactures	12,485	8,639	11,365	21,832	25,110	28,840
Non-electrical machinery	31,484	14,025	19,003	44,984	69,633	88,065
Transport equipment	46,591	32,932	28,727	55,810	84,466	67,859
Clothing	5,475	6,566	7,418	10,548	13,716	13,037
Others	100,276	91,236	120,873	152,910	166,929	232,303
Total	369,798	322,078	447,563	524,134	687,812	898,437

Source: SNB Bulletin No. 38 November 1974, Foreign Trade Returns 1974.

11.11 It must be said that essential items and investment goods comprise a relatively large proportion of the country's imports; but petroleum and sugar account for roughly the same proportion of imports and there may be room for thought in these cases as the country cannot afford to allow its imports to go on rising at the rate they have done over the last few years. If self-reliant growth has to be achieved, a viable balance of payments is one of the basic needs of the country, which implies that the balance of trade is at least sufficiently positive to take care of essential payments on services account though it may not be possible at this stage to meet development needs from this surplus.

BALANCE OF PAYMENTS

11.12 A picture of the balance of payments is presented in Table 11.3 below:

Table 11.3: Somalia's Balance of Payments 1969-1974
(in Million Shs.)

Classification	1969	1970	1971	1972	1973	1974 ¹
A. <u>GOODS & SERVICES</u> (net)	-131	-133	-132	-167	-423	-674
Exports, mainly f.o.b.	242	228	272	394	358	402
Imports, mainly c.i.f.	-367	-326	-399	-503	-704	-994
Trade balance	-125	-98	-127	-109	-346	-592
Services (net)	-6	-35	-5	-58	-77	-82
Transportation & insurance	(-18)	(-18)	(-8)	(-4)	(-7)	(-12)
Travel	(2)	(-7)	(-16)	(-16)	(-9)	(-14)
Investment income	(-5)	(3)	(-2)	(2)	(9)	(12)
Government n.i.e.	(7)	(5)	(23)	(-4)	(-50)	(-42)
Other services	(8)	(-18)	(-2)	(-36)	(-20)	(-26)
B. <u>UNREQUITTED TRANSFERS</u> (net)	84	93	137	118	180	286
Private	10	6	15	13	17	22
Central Government	74	87	122	105	163	264
C. <u>CAPITAL ACCOUNT</u> (net)	80	84	45	154	198	323
Private	7	32	21	53	28	43
Central Government	73	52	24	101	170	280
D. <u>ERRORS & OMISSIONS</u> (net)	8	-4	-7	5	-	9
E. <u>TOTAL (A through D)</u>	41	40	43	110	-45	-56
F. <u>ALLOCATION OF SDRs</u>	-	18	14	14	-	-
G. <u>TOTAL (A through F)</u>	+41	+58	+57	+124	-45	-56
H. <u>MONETARY MOV. (net)</u> (Increase -)	-41	-58	-57	-124	+45	+56

Source: Central Bank of Somalia. Annual Report and Statement of Accounts, 1974.

¹/ Provisional data.

11.13 It will be seen from the above table that the trade balance has deteriorated substantially during 1969-1974, particularly during 1973-1974 - the deficit on trade account having increased more than four-fold during these years. In 1973, the trade deficit

was equal to 96.6 per cent of total exports i.e. almost doubled export earnings would be needed to finance the imports if exports were the source of finance as, ordinarily, they should be. In 1974, according to the preliminary data, these equalled 147 per cent of the value of exports. Even if all the imports on account of such items as base metals, electrical and non-electrical machinery, metal products, transport equipment, are deducted from the imports, treating them as capital imports and thus quite legitimately financed out of capital receipts from abroad, a sizeable part of the deficit - 65 per cent in 1973 and 47 per cent in 1974 - arises from normal imports and the legitimate means of their finance should normally be income from current export earnings.

11.14 On top of this is the deficit in payments on account of the services item. This has jumped almost fourteen fold. The largest contributors are travel, other services and the item "Government n.i.e." which includes, in the main, remittances to Somali embassies in the world. It is possible that a source of complacency is the so-called surplus in the balance of payments - a product entirely of foreign financial inflows. In 1973 and 1974, however, despite large increases in these inflows, these were not sufficient to finance the deficit on current account and foreign exchange reserves of the country had to be used. At the end of 1975 the country's foreign exchange reserves were equal to only five months' imports in that year. Foreign exchange availability may thus become a severe constraint on Somalia's development. At the very least, the need for careful husbanding of resources is quite obvious.

DEBT SERVICE PROBLEMS

11.15 This brings us to an important emerging problem of debt-servicing. The country's outstanding debt rose from \$102.5 million in 1969 to \$239.4 million in 1973. The ratio of this debt to exports moved from 3.2 to 5.7 for the corresponding years.

Service payments rose from \$0.7 million to \$2.6 million, and as a per cent of exports, these rose from 2.2 to 6.2 for the respective years. The per capita external assistance more than doubled between 1969 and 1974. It is surmised that the amount of outstanding debt since 1973 has increased substantially and might have been around \$450.0 million at the end of 1975. Service payments in this year would thus have increased to about \$6.0 million.

11.16 In spite of the fact that loans to Somalia have generally been on soft terms, with long repayment periods and low interest rates, certain loans have had to be re-negotiated for re-payment. At present the average length of outstanding debts is in excess of 20 years, and average interest rates are about 2 per cent.

11.17 The UNCTAD Secretariat has made an attempt to map the contours of future debt and debt servicing problems. These are shown in the table below:

Table 11.4: Balance of Payments and Debt Service
Prospects, 1974-79, (in Million Shs.)

Items	1974	1975	1976	1977	1978	1979	Cumulative Total 1975- 79
Total outstanding external debt at beginning of year		800	1,250	1,786	2,392	3,089	3,890
Export (f.o.b.)	402	450	504	565	633	708	2,860
Imports (c.i.f.) and net services	-973	-1,108	-1,259	-1,433	-1,631	-1,857	-7,288
Balance of goods and services ¹	-571	- 657	- 755	- 868	- 999	-1,148	-4,428
Interest ²		- 16	- 25	- 36	- 48	- 62	- 187
Loan repayment ²		- 10	- 63	- 89	- 120	- 154	- 466
External payment gap		713	843	993	1,166	1,364	5,080
Fresh borrowing ³		498	590	695	816	955	3,554
Total outstanding external debt at end of year ⁴	800	1,259*	1,786	2,392	3,089	3,890	

1/ Exports at current prices assumed to grow by 12 per cent yearly, imports by 13.8 per cent and goods and services deficit by 15 per cent.

2/ Interest at 2 per cent, amortisation at 5 per cent, both calculated on total outstanding external debt at beginning of year.

3/ Fresh borrowing calculated at 70 per cent of external payments gap same year.

4/ Debt at end of year - debt as beginning of year less loan repayment plus fresh borrowing. End of year figures do not tally because of rounding.

*/ This figure, according to latest information, is an under-estimate.

Source: UNCTAD Secretariat

11.18 It should be stressed that the above figures are rough estimates, since there are several imponderables in such an exercise. It may also be added that these figures are rather higher than those worked out by the Research Department of the Somali National Bank according to which total repayments, including principal and interest, will rise from Sh. 19.9 million in 1974 to Sh. 45.1 million in 1978.

11.19 The questions of the size of major investment projects, their gestation period, and the extent of financial resources that can be locally mobilised also deserve attention. Of no less importance is the question of whether the country can manage to get a high proportion of its required financial inflows in grant form, and whether it could persuade past lenders to convert some outstanding loans into grants. As UNCTAD IV demonstrated, the prospects facing the Third World on debt rescheduling are not sanguine although in Somalia's case there seems to be evidence that actual amounts of debt had been written off or converted into grants.

11.20 Due to wide fluctuations in volume and values which have characterised foreign trade, it is difficult to use past trends as a basis for future projections. Balance of payments and debt service projections upto 1979 are based on the assumption that the 1974 deficit in the goods and services balance will grow at 15 per cent yearly to 1979.

11.21 The debt service schedule assumes, as its starting point, the outstanding debt at the end of 1974 at Sh. 800 million and further assumes that this debt and all future borrowing will, on average, be amortised over 20 years and carry an average interest rate of 2 per cent. The balance of payments deficit on goods and services account, plus loan repayments and interest due on outstanding debt combined, form the external payment gap, which has to be financed externally. In the exercise given in table 11.5 it is assumed that 70 per cent of the external gap has to be funded as fresh borrowing, while 30 per cent will be financed by gifts, grants and other unrequired transfers.

11.22 The annual flows, and the five year total, which result from the moderate assumptions made in Table 11.5 are quite remarkable: by the end of 1979, Somalia could have total outstanding debts nearly five times larger than by the end of 1974. The debts would be 5.5 times larger than export proceeds, and interest and loan repayments would account for 31 per cent of exports, in spite of the soft terms here assumed.

11.23 The cumulative deficit in the balance of goods and services would, during the five year period, amount to Sh. 4,428 million. If Somalia could get 40 per cent of the external payments gap financed by grants, rather than by loans, the deduction in the debt service burden becomes considerable by 1979. Outstanding total external debt amortisation and interest could then be substantially reduced.

TOWARDS A FOREIGN TRADE STRATEGY

11.24 The recurrent and increasing deficit on trade account, the deficit on service payments, the emerging debt-servicing problem and, above all, the country's announced policy of self-reliance make it essential that more thought be given to the foreign trade sector. Import substitution and/or export promotion have indeed been talked about and perhaps do receive attention in the decision-making on individual projects. But what is necessary is more than ad hoc opting for this or that project because it is likely to save foreign exchange through export promotion or import substitution.

11.25 We suggest that the question of foreign trade strategy be examined in detail. It will be noted that neither the 1971-73 nor the 1974-78 plan has anything to say specifically on the foreign trade sector. This is rather unfortunate. The Government must lay down a target date for a viable balance of payments to be achieved. This should mean that the trade and services accounts will be brought to balance, in normal times, by the year, say, 1985. We emphasise "normal times" because the nature of Somalia's exports and, even, the need for imports is such that stability on a rising trend may not be easily attained. The vagaries of the weather may cause fluctuations in both. The terms of trade may similarly behave to Somalia's disadvantage. Given these qualifications, however, the country should aim at a viable balance of payments as mentioned above.

11.26 Once this objective has been clearly and specifically laid down, detailed planning will be necessary to identify and set about promoting exports of given products. In this context the problems of the country's main exports may need to be examined closely to see that these are competitive and would be able to retain, and, may be, even increase their share in the markets they now have and expand to other areas. Thus, range management development may, in the short-run, reduce livestock exports. Competition from Australia and the Sudan, to mention the most probable competitors, in the Saudi Arabian market and the markets of the other Arab countries must be treated as a real problem and steps need to be taken to ensure that the country is able to hold its own. We have discussed the banana trade very extensively elsewhere. Some of the promising items in which there may be opportunities for pushing up exports are oilseeds, groundnuts, sesame, maize and grapefruits. It is not our purpose to list every item in which trade can be promoted. We wish to emphasise that export promotion be considered an important item of policy and that the necessary machinery be created to ensure that the problems of production, credit, marketing, administrative procedures and other institutional support are continuously kept in mind. With many of the developing countries entering or trying to enter into the external trade in agricultural goods on an increasing scale, the export sector cannot be taken for granted. It will need to be nurtured and nourished if it has to flourish.

11.27 In the Chapter on Industrial Development we have given some suggestions on the establishment of import substituting industries and promotion of agro-based industries. We emphasise that the selection of import-substituting activities will have to be carefully made so that the choices are not too resource-consuming and only those are opted for where the promise of a long-term future is strong.

11.28 For the promotion of exports the search for markets will have to begin now and earnestly because many neighbouring countries are planning to enter in the export market in a big way in the same products. If Somalia's exports are to have a chance, productivity and costs will have to be competitive. The country will need to become cost conscious if the foreign trade sector is to make a useful contribution to employment and income creation.

FISCAL AND MONETARY POLICY

12.1 Somalia's transformation into a modern socialist state, which will offer an opportunity for productive employment to its labour force by restructuring the agricultural and the pastoral sectors and a massive effort at industrial growth, to mention only the most obvious, will call for the maximum mobilisation of resources from domestic sources. Since the bulk of developmental investment is to be in the public sector, a study of Governmental finances becomes of paramount importance. Moreover, to ensure that the benefits of development accrue to the entire population, whether urban or rural or pastoral, and are equitably distributed, the structure of public expenditure must be geared towards a diffusion of these benefits as extensively as possible. In the discussion that follows in this Chapter we look at the problem of resource mobilisation through taxation and borrowing and examine means of spreading the benefits of public expenditure as widely as possible. The first aspect derives its importance from concern with the problem of productive employment and the second from the emphasis that equity in the conditions of Somalia can only be achieved by providing the people all over the country with essential services like health, educational facilities and adequate transport which are among the main components of the basic needs strategy.

FISCAL POLICY

PAST PERFORMANCE: A BRIEF SURVEY

12.2 An examination of the fiscal performance of the Government of the Somali Democratic Republic during the last few years shows that the Government has done extremely well in resource mobilisation for the purpose of achieving the objective of rapid growth through the policies of equitable distribution and self-reliance. However,

it was only after the Revolution that a conscious effort was made to generate internal savings through the instrument of the Government's current budget which, upto 1970, was in deficit and needed to be bolstered up by financial assistance from the Italian Government.

12.3 As shown in the table below the current budget in 1971 yielded a surplus of Sh. 38.6 million which constituted 11.4 per cent of the Government's tax revenues. These surpluses have varied between 1972 and 1974 but are estimated to increase considerably during 1975 and 1976. If realised, this would mean that the saving ratio will increase to about 12 and 15 per cent respectively for these years. These surpluses are, however, far below the Plan projections which assumed a total budget surplus of more than Sh. 800 million during the Plan period (1974-78) or around Sh. 160 million per year.

Table 12.1: Current Budget Surpluses in 1971-76
(in Million Sh.)

	<u>Actual</u> <u>1971</u>	<u>Actual</u> <u>1972</u>	<u>Actual</u> <u>1973</u>	<u>Preliminary</u> <u>1974</u>	<u>Estimated</u> <u>1975</u>	<u>Estimated</u> <u>1976</u>
Current Budget Surplus	38.6	53.3	27.7	33.9	83.9	121.8
As per cent of tax revenue	11.4	13.1	6.2	7.9	12.5	15.1

Source: Compiled from Financial Statements and Data Supplied
by the Somali Authorities.

12.4 The need for fiscal discipline and effective mobilisation of resources for development is, however, as pressing as ever and the Government will have to be constantly vigilant if the objective of self-reliant growth is to be achieved.

THE REVENUE STRUCTURE

12.5 The success in resource mobilisation has been made possible by a substantial upsurge in revenues which have nearly doubled in the course of five years, 1970-74, and registered a further rise of 38.4 per cent between 1974 and the 1976 budgeted figures. The table below brings out this spurt in revenues.

Table 12.2: Revenue of the Somali Government (in Million Shs.)

	1970	1971	1972	1973	1974	1975	1976 Budget
1. Tax Revenue	264.6	304.7	348.9	397.0	485.9	520.3	676.6
a) Taxes on income and property	26.0	34.5	42.7	41.0	38.4	43.9	45.0
Percentage share in tax revenue	(9.8)	(11.3)	(12.2)	(10.3)	(8.0)	(8.4)	(6.7)
b) Taxes on international transactions	136.4	160.5	180.8	205.5	261.2	227.5	330.0
Percentage share in tax revenue	(51.5)	(52.7)	(51.8)	(51.8)	(53.7)	(43.7)	(48.7)
c) Taxes on production, consumption, and domestic transactions	102.2	109.7	125.4	150.5	186.3	248.9	301.6
Percentage share in tax revenue	(38.6)	(36.0)	(35.9)	(37.9)	(38.3)	(47.8)	(44.6)
2. Non-tax revenue	24.2	32.0	57.1	49.4	79.3	90.7	105.8
Total	288.8	336.7	406.0	446.4	565.2	611.0	782.4

Source: Compiled from Financial Statements and Data Supplied by the Somali Authorities.

12.6 The rate of growth of tax revenue at 97 per cent, over the period 1970-1975, is quite impressive and the budgeted increase for 1976 is even more so. It is a satisfactory feature of this development that more than 57 per cent of the growth in the tax revenue comes from taxes on production, consumption and domestic transactions which can be expected to be reliable sources of revenue

in the future as well. It will be noticed that their share in tax revenue remained stagnant around 38 per cent until 1974, but increased considerably in 1975. It cannot, however, be regarded as equally satisfactory that the contribution of taxes on international transactions, mainly import taxes, have accounted for some 36 per cent of the growth in tax revenue even if their relative share in tax revenue decreased in 1975. Imports have in the past years been booming but it is questionable if their growth at similar rates in the future could be relied upon unless there were massive injections of foreign funds and much more rapid growth in export trade. The drop in their share in total revenues in 1975 is a pointer. In so far as import substitution becomes possible, revenues from import duties will have to be replaced by internal excises on production. This of course, does not mean that there may not be room to exploit import taxes as greater sources of revenue as we suggest later.

12.7 The share in tax revenues accounted for by income and property taxes has declined in 1975 compared to 1970 though actual revenues from this source increased some 69 per cent during this period. This, in part, may be one of the consequences of Government's incomes policy which has been designed to produce larger employment at relatively lower levels of earnings and the maintenance, in consequence, of relatively stable level of incomes. In part, also, it is no doubt due to the fact that a considerable portion of Government investment has been in projects with long gestation periods so that these investments have not begun to be reflected in output and income growth. For the future, therefore, the prospects of higher yields from this source would seem to look good. Thus, the budget for 1976 contemplates a yield from the income tax of Sh. 45 million as against actual receipts in 1974 of Sh. 38.4 million.

NON-TAX REVENUE

12.8 Non-tax revenues almost quadrupled over the period 1970-75. Here the largest contribution to the growth in revenues has come from income from public enterprises which increased by some Sh. 52 million over the period, and accounted for some 80 per cent of the increase in non-tax revenues. This is good as far as it goes. But since this must, in the future, be one of the main sources for capital formation the record of performance in the public sector needs careful scrutiny. Data relating to 11 public entities for the year 1973 show that the highest rate of profit, gross of depreciation, was 11.7 per cent and this was achieved only by the Livestock Development Agency. The Hides and Skins Agency, the Jowhar Sugar factory and ITOP (SDB) had negative rates of profits. The Somali Trading Co. (ENC) had a 3.5 per cent gross profit. Three companies, the State Insurance Co. of Somalia, the Kismayo Meat Factory and the Somali Port Authority, has gross profit earnings of 6.5, 6 and 5.7 per cents respectively

12.9 The revenue contributed by the autonomous public agencies in the last few years is shown in the following table:

Table 12.3: Budget Contributions of Public

Enterprises

(Million Shs.)

	<u>1973</u>	<u>1974</u>	(B) <u>1975</u>	(B) <u>1976</u>	<u>1977</u>
Turnover tax	23.8	56.5	76.6	90.0	122.0
Profit Share	41.9	52.5	57.9	73.6	92.7

B = Budgeted

Source: Data supplied by the Government.

CURRENT EXPENDITURE

12.10 Table 12.4 below gives data about the behaviour of current expenditure growth in Somalia:

Table 12.4: Current Expenditure 1970-76 (In Million of Shs.)

	1970	1971	1972	1973	1974	1975	1976	Average annual G.R.
1. General Services	198.1	202.7	252.6	285.9	338.3	351.5	326.3	10.6
a) Presidency and General Adm.	11.2	11.3	12.6	13.9	17.0	19.8	20.8	10.9
b) Justice & Religious Affairs	11.5	12.9	13.4	13.8	18.4	19.6	25.4	14.1
c) Foreign Affairs	12.4	12.0	13.1	16.0	22.6	23.3	27.5	14.2
d) Interior and Police	53.4	54.1	49.2	48.4	54.3	57.7	59.0	1.7
e) Defense	80.0	80.8	92.0	101.0	135.0	145.1	165.0	12.8
f) Planning	1.5	1.5	0.9	0.9	1.0	-	-	-
g) Finance & Central Services	28.1	30.1	71.4	90.8	90.0	86.0	64.6	14.9
2. Economic Services	56.7	48.6	48.2	67.4	99.0	111.3	158.1	18.6
a) Public Works	23.7	17.2	12.2	24.1	19.2	16.9	19.8	-3.0
b) Communication & Transport	19.6	18.6	18.5	21.5	35.0	40.5	39.2	12.6
c) Rural Development and Livestock	4.9	4.5	3.3	7.6	12.0	14.7	34.4	38.4
d) Agriculture & Fishing	5.5	5.6	4.5	6.0	23.6	26.2	44.9	41.9
e) Mineral & Water Resources	2.0	1.6	8.0	6.0	6.0	9.5	15.8	41.1
f) Industry & Commerce	1.0	1.1	1.7	2.2	3.2	3.5	4.0	26.0
3. Social Services	49.4	46.8	51.9	65.6	93.5	122.0	164.9	22.3
a) Information	5.1	5.3	6.5	7.7	10.0	12.4	16.2	21.2
b) Labour & Sports ¹	-	-	1.0	1.1	2.4	3.7	6.2	-
c) Education	20.2	10.0	19.9	28.9	45.9	63.3	95.4	29.5
d) Health	24.1	21.6	24.5	27.9	35.1	42.5	47.4	11.9
Total	304.1	298.1	352.7	418.7	530.8	584.9	685.3	14.5

Source: Financial Statements and data provided by the Somali authorities.

^{1/} Tourism is also included here after 1974.

12.11 The picture presented by these figures is a mixed one. First, the fluctuations in expenditure growth rates suggest that there may be some sort of ad hoc expenditures. Second, the increases in General Services expenditures at a compound rate of 10.6 per cent per annum must give cause for caution. Socialist Somalia must aim at financing its development effort increasingly out of its own budgetary resources and these are naturally determined by the growth of revenue on the one hand, and the way in which this revenue is husbanded on the other, so that every shilling does the maximum good. True, the Somali Government's assumption of responsibility in the production sector as in others means that many of its current expenditure items are perfectly legitimate in themselves. Even so, the need for husbanding of resources being as overwhelming as it is, a determined effort must be made to keep current expenditure growth on General Services to a minimum by considering and prescribing a limit to each spending unit in Government. The Somali Government's record gives hope for the belief that were such a decision taken after careful thought, it would be implemented. This would greatly enhance Government's ability to increase its productive capacity.

DEVELOPMENT EXPENDITURE

12.12 The Government has undoubtedly done a great deal in stepping up its development expenditure in the last few years. Development expenditure within the budget has substantially increased between 1970-1976. As against the small figure of Sh. 10.3 million in 1970, the figures for 1971, 72 and 73 were Sh. 45.4 million, Sh. 48.8 million and Sh. 60.3 million respectively. The actual figure of expenditure for 1974 at Sh. 123.3 million was a little more than double the 1973 figure. In the 1976 budget it is estimated to go up further to Sh. 194.7 million of which 42.8 million is to go to agriculture, 37.3 million to minerals and water resources, 30.0 million to industry, 22.5 million to education and 20.4 million to livestock development.

12.13 Unfortunately, it is not possible to assess development expenditure and their impact in any comprehensive manner because only a part of it is carried out within the budget while the larger part is outside the budget mainly financed by foreign donors. The figures below reveal the volume of budgetary and non-budgetary expenditures for 1970-1975.

Table 12.5: Development Expenditure (In Million Shs.)

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>Prel. 1975</u>	<u>Budget 1976</u>
Budgetary	10.3	45.4	48.8	60.3	123.3	122.0	194.7
Non-Budgetary	123.8	74.5	160.9	266.7	345.0	425.3	

Source: Financial Statements and Data Supplied by the Somali Authorities.

12.14 We strongly suggest that a machinery be set up to consolidate data on development expenditure as a whole for better monitoring of such expenditure and more comprehensive evaluation of their impact on the economy.

THE PROBLEM OF RESOURCES

12.15 A feature of Somali development finance is the country's heavy dependence on foreign assistance for the implementation of its plans. Data relating to the first two years of the 1971-73 Plan show that while development expenditure financed by domestic sources came to Sh. 45.4 million in 1971 and Sh. 48.8 million in 1972, the amount financed by foreign sources was Sh. 74.5 million and Sh. 160.9 million respectively. The heavy dependence on foreign assistance is an important factor responsible for the fact that the overall implementation ratio of the plan was only some 65 per cent. This pattern of dependence is something that is going to continue. The 1974-78 Plan envisages planned investment of Sh. 3,863 million, of which only Sh. 1,260 million or one-third is expected to be financed

out of domestic resources and the two-thirds balance is expected to be met by foreign sources of finance. Most of the foreign assistance that Somalia has received so far has been on easy terms. Even so, as pointed out in the previous Chapter, Somalia's external debt servicing burden is likely to increase considerably over the next few years. Apart from the debt burden, there is the question of continuing availability of funds. Because of the heavy dependence on foreign assistance, it becomes imperative that Somalia evolves a strategy of development in which export promotion and/or import substitution play a dominant role. We suggest that projects taken in hand be carefully examined from the point of view of their contribution to foreign exchange/saving capacity and projects with long gestation periods should not take up too much of the available resources. A demonstration of careful husbanding of resources may itself facilitate additional financial flows; in any case it is the sine qua non of self-reliant growth to which the Somali Government is committed.

12.16 The problem of foreign finance apart, the position in regard to the level of domestic resource mobilisation is itself not very bright. According to the 1974-78 Plan, the part of the investible resources, which is expected to be generated by the domestic sector, amounts to Sh. 1,260 million which is to be provided as under:

Table 12.6: Domestic Sources of Financing the
Development Programme, 1974-76

	(In Million Shs.)	
	<u>Amount</u>	<u>% of total</u>
Budget	808.1	64.1
Somali Development Bank	172.8	13.7
Public enterprises	120.2	9.5
Domestic borrowing	159.3	12.7
Total	<u>1,260.4</u>	<u>100.0</u>

Source: See Table 12.2.

12.17 It will be seen that this involves an annual budgetary surplus of more than Sh. 160 million for each of the five years. The most optimistic figure would seem to show that the surpluses for the first three years would add upto some Sh. 240 million which means that there will be a short-fall of around 50 per cent of the total needed. And these expectations are not likely to materialise unless very determined attempts are made at both the revenue raising and the expenditure reducing ends. Since a large part of the Somali Development Bank's funds also come from Government, there may be some doubt about the Bank's ability to meet the target set. The public enterprises are still, it would appear, not pulling their weight. The Government has not been able to obtain the amount it budgeted for in regard to receipts from turn-over tax which fell about 50 per cent below expectations; nor has it received the share of the profits, which were almost 65 per cent below the target figure. If it becomes necessary to have recourse to a larger measure of borrowing from the Somali National Bank, inflationary pressure will get accentuated and this will, apart from its effects on the cost of living, raise investment costs and may lead to various kinds of distortions and imbalances in the economy.

RECOMMENDATIONS

12.18 In the light of the predominant need for resource mobilisation and in order that Somalia's chosen strategy of self-reliant growth has a better chance of implementation, we recommend the following measures in the fields of taxation, public expenditure and public borrowing.

(1) Tax commission

12.19 The 1971-73 Plan contemplated the setting up of a tax commission. We are of the view that the time has come for a study, in depth, of the Government's operations in the fiscal field both

to find ways and means of mobilising additional resources and to provide a check on whether the benefits of Government's expenditures in the various field percolate to the masses of the people. We know that it is Government's intentions to make the benefits of its expenditure as widespread as possible but, with the data now available, it is difficult to assess how far it has succeeded in achieving its objectives. Therefore, we strongly recommend that a tax commission be set up as early as possible.

(ii) Import and export duties

12.20 Meanwhile, we recommend that the Government should take a closer look at the increasing proportion of duty-free imports. There is certainly a case for not artificially raising the capital cost of enterprises by the raising of import revenues in a situation where the bulk of investment is being made in the public sector. There is, however, the danger that duty-free imports of machinery may lead to the adoption of a type of technology which is not really suited to the country's factor endowments. According to one estimate, more than 40 per cent of the imports in 1972 were tax exempt. This, in our view, is a very high proportion and may represent an avoidable leakage in Government's revenue from this source.

12.21 We also feel that there is a case for a moderate upward revision in import duties. Not only may this serve to check, to some extent, the high volume of imports, it may also provide the much needed additional revenues. It may be noted here that the average yearly rate of increase of imports over the last 4 years has been rather high at about 21 per cent. We further recommend that export duties be made ad valorem wherever possible. The specific duties in this field have certainly caused the Government a loss of revenue as rising export prices have failed to bring in larger revenues.

(iii) Income tax

12.22 The marginal rates of central income tax are shown in the table below:

Table 12.7: Somalia: Marginal Rates of Central Tax*,
1974 (in per cent)

Income per annum (in Sh.)	Income from Government Employment/1	Income from Non-Government Employment/1			Income from Buildings/2	All other Income 3
	Basic Income Tax Rates	Basic Income Tax Rates	Development Levy Rates	Combined Rate	Basic Income Tax Rates	Basic Income Tax Rates
Income upto 2,400	-	-	5	5	15	-
Between 2,401 - 3,600	6	6	7	13	15	9
" 3,601 - 4,800	6	6	12	18	15	11
" 4,801 - 6,000	6	6	12	18	15	13
" 6,001 - 7,200	6	6	12	18	15	15
" 7,201 - 8,400	6	6	15	21	15	17
" 8,401 - 9,600	6	6	15	21	15	19
" 9,601 - 10,800	12	12	15	27	15	22
" 10,801 - 14,400	12	12	20	32	15	25
" 14,401 - 18,000	12	12	25	37	15	25
" 18,001 - 24,000	18	18	30	48	15	28
" 24,001 - 30,000	18	18	40	58	15	28
30,001 & over	18	18	40	58	22.5	30

*/ These rates pertain to only income taxes collected by the Central Government. Additional Income Tax for Local Administrations are levied at the rates of 1/20th of the income tax on incomes from employment and 1/6th of the income tax on other incomes.

1/ These are PAYE taxes and cover incomes from pensions as well.

2/ This covers real or presumed income from owner-occupied buildings.

3/ This covers profits from industrial, commercial and professional activities, extraordinary gains and all other categories of incomes.

Source: Data provided by the Ministry of Finance.

As will be observed from the above figures there are only four different income slabs for basic income tax rate. For an annual wage income upto Sh. 2,400 there is no basic income tax, for incomes between Sh. 2,401 to 9,600 the marginal tax rate is 6 per cent, between Sh. 9,601 and 18,000 it is 12 per cent and for wage incomes over 18,000 the basic tax rate is 18 per cent. However, in the interest of equity and due to a considerable salary reduction (between 5 and 40 per cent depending on income level) in the emoluments of Government employees in 1970, an additional tax called the Development Levy, was imposed on wage incomes outside the government sector, i.e. on incomes from employment in public enterprises and in the private sector. The marginal rates of this levy are progressive, ranging from 5 per cent on wage incomes up to Sh. 2,400 per annum to 40 per cent on incomes over Sh. 24,000. As a result of this levy, the combined marginal tax rates on income from non-Government employment range from 5 per cent for income below Sh. 2,400 to 58 per cent for incomes over Sh. 24,000.

12.23 Although the Development Levy might have equalised or neutralised initially the effects of the cut in the emoluments of Government employees, as incomes increased¹, the arrangement involved a heavier taxation on non-Government employees due to the higher progression rates of taxation in their case. Since a large part of the employment in the "non-Government" sector is with the public enterprises, a different tax structure for the two sets of employees is rather anomalous.

12.24 Another point concerning the Development Levy is that it is charged only on certain categories of wage incomes. The tax rates for other incomes (e.g. rents from buildings and land, interests and profits) remain unaffected by the Levy. This means

^{1/} In 1973 there was a revision of salaries in the Government sector which is estimated to have added some Sh. 20 million to the Government's recurrent expenditure.

that after the post-revolutionary reform, incomes from non-Government employment are taxed relatively more heavily than incomes from property; a fact that goes contrary to the basic principles of scientific socialism. In the interest of equity and social justice we would, therefore, suggest that the Government should examine the effects of the Development Levy on the different sectors of the population.

12.25 The importance of the Development Levy from the resource mobilisation point of view cannot be minimised. In 1973 almost half of the income tax revenues was derived from the Development Levy. This amount can be considerably increased if the Levy is generalised to cover not only incomes from employment but also incomes from property, i.e. rents, interests and profits.

12.26 If, however, the Development Levy is not generalised, there seems to be some scope for a greater number of tax rate percentages for the different income-slabs to convert the tax from a more or less proportional tax at some income ranges to a progressive tax at all levels of income.

(iv) Other revenue sources

12.27 Two other areas of resource mobilisation need consideration. One is the question of returns from irrigation which constitutes a large chunk of investment of the current Plan. We suggest that the cost of the projects as well as the maintenance cost of these projects should be recovered from the beneficiaries, over a reasonable period of time, through an irrigation levy which could even provide some surplus to help finance additional projects. The other is the question of pricing of products of public enterprises which are to be the main vehicle of development and employment and income generation in the country. These must generate the surpluses that the economy needs to implement the current plan and more so for the next one. If this is to take place, a great deal of careful thought needs to be given to their pricing policy.

(v) Expenditure control

12.28 To turn to expenditures, we would like to urge the great and continuing need for fiscal discipline. Elsewhere, we have recommended that a limit be imposed on the increase in expenditure on General Services. We cannot over-emphasise the need for some such action if the reorientation of Government's expenditure is to be effected to enable the Government to find the resources to meet the increases in running costs of social projects. We must, at this point, also strike a note of caution. While a great many of the economic and social services are needed and will continue to be needed, it has to be realised that the economy's capacity to bear these burdens depends on the level of commodity production. Meanwhile, it is important that Ministries and spending units are made fully cost-conscious so that the investment of every Somali Shilling is made to yield the maximum social and/or economic dividend.

(vi) Saving mobilisation

12.29 We suggest that possibilities should be explored for the mobilisation and promotion of domestic savings so that non-inflationary finance can be found for the current and future plans. It must be said to the credit of the Somali Government that it has avoided the use of inflationary finance so far and the inflationary rise in prices that has taken place is, in the main, the product of rising costs of imports. But the gap in resources that looms ahead in the implementation of the current plan may make such financing inevitable. To keep this within reasonable bounds, Government will have to evolve demand management policies in the fiscal and monetary field without abandoning their incomes policy which has been of considerable help in this context so far. Experience elsewhere shows that considerable resources may be obtained by the launching of savings campaigns to collect the small savings of the community. It may be worth while for the Government to consider the sale of special savings bonds with slightly higher rates than the prevailing ones to promote savings in a community

where traditional mores make tomorrow and its needs rather neglected items in people's consideration. In this context, we would like to emphasise the need for the creation of social insurance and social security schemes as experience has shown that these can be very productive in savings mobilisation. Government may also wish to explore the potentials of a lottery scheme which many countries, including socialist countries, have found quite profitable. Apart from the Insurance Corporation, there is a lack of institutions in this country which could tap the community's savings. We strongly recommend the creation of a Small Savings Organisation to campaign and educate the people to save more.

(vii) Data requirements

12.30 We would like to emphasise the urgent need for attention to be given to data on the budget. At present the amount of information available and the timing are rather poor. In this context we would like to make particular mention of lack of information about the working of the public enterprises and their contribution to the public exchequer. We would like also to emphasise the need for consolidation of information on development expenditure carried out outside the budget to enable the authorities to make a more comprehensive assessment of the impact on the economy of all its development expenditure. There is an immediate need for this because the implementation of many of these projects will have consequences for the volume of current expenditure in the budget. Thus, for instance, it has been revealed by studies on irrigation projects in Somalia that the running and maintenance costs of these projects could absorb an amount equal to 15 per cent of capital investment. Data from other countries show that investment in education and health may necessitate increases in recurrent governmental expenditure of 25-30 per cent of the capital cost of these projects. A full assessment of the consequences of investments in various sectors on the recurrent budget will not be possible without fuller information on development expenditure in the economy as a whole, irrespective of whether they are financed from, or outside of, the budget.

MONETARY POLICY

12.31 Monetary and credit policy, in the context of Somalia, must lay primary emphasis on devising ways and means of mobilising savings. Since Somalia has opted for public sector investments as the dominant form of enterprise, the problem of the control of the volume and direction of credit may seem unimportant. It is not so, however. The need to discriminate between sound and unsound loans will continue and the banking system will need to evolve its own methods for ensuring that this gets done.

12.32 Demand management in the Somali economy has, in the main, been attempted through the policy of more or less an income - freeze. To some extent, however, this function is also performed by the Central Bank, - the Somali National Bank (SNB) - which tried, very much in the orthodox manner practised in non-socialist countries, to control both the quantum of credit and its direction. Thus, in 1973, the commercial banks were provided with additional funds amounting to Shs. 101.5 million, which accounted for one-third of the increase in commercial bank lending to the private sector and public enterprises, to help accommodate their credit needs for building up inventories of essential consumer goods and building materials. Again, the commercial banks had to rely heavily on the SNB for assistance in 1974 to meet import finance needs. It appears, however, that the role of the SNB is rather passive in these situations; it reacts to developments in the economic situation but does not attempt to forecast and forewarn. Thus, for instance, in 1973 the SNB recognised that, 'there are strong indications that some public enterprises were too generous in purchasing goods abroad' but it began remedial action only when the situation 'worsened seriously towards the end of the year.' We strongly recommend that the SNB should build up the capability and the expertise necessary to deal with the monetary situation as it might develop in future and not confine itself to reacting to the situation as it has developed, for in the latter case the room for manoeuvre will necessarily become limited. In this context, we would like to

suggest also that the SNB undertake a study in depth of the possible consequences of increases in money supply. The rate of increase in money supply in recent years has increased enormously and while previous increases were cushioned in their effect by the monetisation of the economy and the large inflow of grants and loans from abroad, these may not be as effective in the future. It would be necessary to assess their impact on prices so that policy measures in the field of incomes policy, imports, price control and the volume and direction of credit may be more realistically planned and executed.

Credit

12.33 A feature of the credit supply situation that calls for study and evaluation is that credit for trade constitutes a very large percentage of the credit given to the various sectors as is clear from the figures given below:

Table 12.8: Commercial Bank Credit by Economic Sectors

Sector	December 1973		December 1974		Growth from December 73 to December 74
	million Sh.	%	million Sh.	%	
Agriculture	39.7	6.4	61.1	6.7	53.9
Livestock	19.1	3.0	36.8	4.0	92.7
Industry	49.0	7.9	136.0	14.9	177.6
Trade	458.2	73.6	651.1	71.1	42.1
Others	56.8	9.1	30.4	3.3	-46.5
Total	622.8	100.0	915.7	100.0	47.0

Source: SNB, Annual Report, 1974.

12.34 It will be noticed that trade accounted for 73.6 per cent of total credit from the commercial banking system in 1973 and although the percentage dropped slightly to 71.1 in 1974, some 66 per cent of the increase in total credit still went to the trade sector in 1974, despite significant increases in amounts provided to the three productive sectors, namely, agriculture, livestock and industry. It is possible that their relative underdevelopment accounts for their relatively low share but it is important to determine whether the credit needs of the different productive sectors are being met fully. We suggest that the Somali National Bank should study carefully the question of credit needs and flows and their adequacy or otherwise at an early date to ensure that the credit needs of the commodity-producing sectors get their full share.

12.35 Medium and long-term credit is granted by the Somali Development Bank. Its lending operations are designed to cover loans to farmers and fishermen as well as large-scale lending to industrial enterprises. As the data for two years, 1973 and 1974 given in Table 12.9 below show, about 79 per cent of the advances went to industry in 1973 and 82 per cent in 1974, the share of agriculture being a mere 7.7 per cent in 1973 and 7.0 per cent in 1974.

Table 12.9: Somali Development Bank Credit to Various Sectors 1973, 1974
(in Million Sh.)

	<u>Agriculture</u>	<u>Industry</u>	<u>Livestock</u>	<u>Fishery</u>	<u>Transport</u>	<u>Others</u>	<u>Total</u>
1973	3.8	39.1	0.2	0.6	-	5.6	49.3
1974	2.3	26.7	0.1	0.1	2.2	1.3	32.7

Source: SNB Annual Report 1974.

12.36 It would appear that the problem of production credit, in the form of medium and long-term loans, for agricultural, livestock and fisheries development has not even begun to be tackled. This, we suggest, lends urgency to our proposal that the Somali National

Bank should undertake a detailed study of credit needs of the different sectors at an early date. Meanwhile, we propose that the Somali Development Bank should study the question as to how its activities can be expanded in the field of agricultural, fisheries and livestock development.

Deposits mobilisation

12.37 Data on the growth of deposits are rather difficult to interpret to see if they are adequate from the point of view of resource mobilisation as only scant information is available about the ownership pattern of the deposits. But the annual report of the Somali National Bank for 1973 points out that "there was apparently no noticeable increase in savings of the private sector during 1973". The Somali National Bank's report for 1974 points out that there was an increase of 54 per cent in time and savings deposits which rose from Sh. 100.8 million in December 1973 to Shs. 154.09 million in December 1974 "more than half of the increase concerned in time deposits of public enterprise". But nothing is said about the growth of private savings. Since January 1975, the rate of interest on private sector savings deposits was increased possibly because of their potentiality. If this is so, we suggest that the statistics relating to private savings and credit afforded to the private sector be separately assembled and maintained instead of being lumped with those of the public enterprises. This should serve two purposes. One, it would be possible to study the trend of private savings and take steps to mobilise these savings for productive investments. Two, it would be possible to keep a watch on the public enterprise savings and time deposits to ensure that they were not given too much of scarce capital resources for which they themselves had no use except to hold it in a bank account as these deposits are supposed to be utilised by them for investment purposes.

Interest rate structure

12.38 According to interest rates paid to private sector deposits in commercial banks, which became effective on January 1, 1975, ordinary savings deposits attract a 2 per cent rate of interest

annually while fixed savings deposits earn interest of 4 to 6.5 per cent depending upon the period of time. These are extremely low rates of interest and even the rise in prices that has taken place in Somalia would suggest that these are negative real interest rates. It is quite unlikely that these rates will promote much savings and, in the present stage of the country's development, there might be some merit in their promotion. Increase in the rate of interest may not necessarily promote savings. But, the question needs looking into as to whether there is scope for sizeable mobilisation of private savings and, if so, what kind of measures are needed to step up the volume of private savings and use these for productive purposes rather than let these be frittered away in conspicuous consumption or disappear into hoards of gold, jewellery etc.

12.39 Next we turn to the rate at which medium and long-term credit is provided by the Somali Development Bank. The pattern of interest rates is as follows:

Table 12.10: Interest Rate Structure

<u>Type of Loan</u>	<u>Interest Rates Per Annum</u>			
	<u>Agriculture & Livestock</u>	<u>Handicrafts</u>	<u>Industry & Mining</u>	<u>Others</u>
Medium-term (1-6 years)	5.5	5.5	6.0	6.5
Long-term (6-20 years)	6.0	6.0	6.5	7.0

Source: Somali Development Bank.

12.40 In addition, the Somali Development Bank's commitment charge is one per cent per annum. We believe these rates are, in general, extremely low and amount to a subsidy on capital. There are many issues that this rate structure raises. First, considerations of capital productivity would seem to suggest that the differentials between, say, agriculture and industry are too small. Second and more important, availability of capital at interest rates like these has the danger that enterprises

may use capital-intensive techniques. Of course, the rate of interest payable is not the only or, may not even be the major factor influencing decisions on the technology used, but evidence seems to suggest that this may lead to greater uses of capital than may be warranted. We suggest that the Government should examine the question to see if technology decisions are biased in favour of capital-intensive technology. We were told that the Somali Development Bank does emphasise job-creation and foreign exchange saving as factors in its appraisal of projects. But, we believe the Bank is not yet fully equipped to look into projects with the care that they deserve in respect of their economic and social benefits as determinants of their priority status in the grant of credit. In this respect we would also like to draw attention to the suggestion made by us earlier with regard to encouragement to small-scale industries and the informal sector. We further suggest that the Bank's staff on the technical side be further strengthened so that it is better able, through such techniques as the use of shadow pricing of capital and foreign exchange - two of the more scarce inputs in Somalia - in determining investment priorities within the larger framework of the Plan.

INCOMES POLICY

13.1 Two cardinal objectives of scientific socialism adopted by Somalia are that the benefits of development should be shared equitably and that the conditions of living of the poorer sections of the population are improved as early as possible. One of these, 'creating conditions where the national product is distributed equitably among the people', is incorporated in the objectives and strategy of the current Five Year Development Programme. Two types of measures are necessary to achieve these objectives - those designed to involve all sections of the population, particularly the poorer sections, in the development process through provision of income-earning opportunities and those which influence the level and structure of incomes through direct Government measures and public expenditure policy. The latter measures constitute the ingredients of an incomes policy.

13.2 Data on income distribution are conspicuously absent in Somalia. In the Technical Paper on Income Distribution we have tried to put all the fragmentary data available on the subject. On the basis of the household expenditure data, collected by the pilot household survey in the middle Shabelle region in 1975, it is found that the distribution of income (as judged by expenditure) is highly skewed, especially in the rural sector. The severe poverty conditions among the agricultural population are illustrated by the fact that one-third of the sampled households spent less than Sh. 520 per annum; the percentages of such households in the nomadic and urban sectors were 18 and 2 respectively. On the other hand, about 40 per cent of the households in urban areas spent more than Sh. 5,200 per year as compared to 20 per cent in nomadic and agricultural areas.

13.3 The successful implementation of the basic needs strategy, the adoption of which we have recommended in the Chapter on Development Strategy, requires that the Government's incomes policy should be

geared to the satisfaction of basic needs, including the provision of essential services, for the lowest income groups of the population. The crucial role of the incomes policy in such a development strategy cannot be over-emphasised. The elements of such a policy have to be comprehensive, covering all types of income and providing for major changes in their structure as time goes by.

13.4 In a society like that of Somalia, with relatively small wage incomes and where the majority of subsistence farmers is not dependent on the commercial cash market, an incomes policy designed to achieve equity in distribution is best executed through budgetary intervention on the supply side, by making available in all regions, and at accessible prices, certain essential goods and services for mass consumption.

ELEMENTS OF THE PRESENT INCOMES POLICY

13.5 Through various measures, the Government has tried to evolve an incomes policy with a view to improving the lot of the poorer sections of the population and ensuring an equitable distribution of the benefits of growth. These are commendable steps though they can and should be further strengthened. We discuss below the main elements of the Government's present incomes policy.

(a) Price policy

13.6 The Government has taken upon itself the task of fixing the prices of some essential foodstuffs. It is remarkable to note that it has shown great ability in holding down consumer food prices in urban areas during the first three years after the Revolution. However, rising import prices since 1973 initiated an upward pressure on domestic prices that could not be checked as effectively as during the preceding years as the following table shows.

Table 13.1: Mogadishu Consumer Price Index, 1970-1976

Base 1966=100

Item	1970	1971	1972	1973	1974	1975	June 1976
General Index	111	110	107	114	134	160	184
Food	111	111	108	119	142	172	206
Clothes	130	135	137	144	165	189	235
House rent	96	86	72	73	72	80	81
Fuel and lighting	98	101	99	73	77	83	78
Miscellaneous expenses	115	120	121	124	145	178	175

Source: Planning Commission - Central Statistical
Department.

13.7 The impact and spread of "imported inflation" is most strongly felt when the country is not yet self-sufficient in basic foodstuffs. This, in turn, could undermine the whole basis of the national wages policy based on freezing - in monetary terms - the salaries of public employees.

(b) Subsidies

13.8 In an effort to contain the imported inflationary pressures and to ensure degree of stability in the prices of basic foodstuffs, the Government has operated, since 1973, a subsidy scheme which is restricted to a few basic items such as wheat flour, rice, edible oils and sugar. The following table gives information on the scope and extent of subsidies:

Table 13.2: Subsidies for Basic Foodstuffs, 1974

	Import price (in Sh. per Kg.)	Selling price (in Sh. per Kg.)	Subsidy (in Sh. Kg.)	Subsidisa- tion costs (in Million Sh.)
1. Wheat flour	2.60	2.16	0.44	3.58
2. Rice	5.02	3.74	1.28	10.32
3. Edible oil	8.23	6.89	1.34	2.97
4. Sugar	7.09	4.00	3.09	25.20
Total				42.07

Source: Computed from data supplied by the Planning Department of the National Trading Agency (ENC).

13.9 Subsidisation of sugar prices takes place only when the import parity price is above the price of home-produced sugar, which satisfied around 55 per cent of domestic consumption needs.

13.10 While this subsidy scheme certainly helped to ease upward pressure on internal prices - through a subsidy on imported basic foodstuffs - it appears, however, that it has not been entirely effective in moderating the over-all inflation rate in the last few years as the cost of living continued to rise rather steeply despite the price stabilisation efforts.

13.11 We do suspect, however, that the main beneficiaries of the subsidy scheme, at least till about 1974 were the middle-income groups in urban areas, as items of mass consumption for the rural and urban poor, such as maize and sorghum, were not covered by the subsidy scheme. However in 1975 the imports of maize were subsidised substantially to the extent of Sh. 35.00 million. Nevertheless we recommend that the scheme should be looked into carefully so that the poorer sections of the population benefit more.

(c) Support prices

13.12 Since 1971, elements of a national grain policy began to emerge aiming at securing adequate supplies of grain to urban consumers at reasonable prices and guaranteeing a support price to maize and grain growers. To accomplish these objectives the Agricultural Development Corporation (ADC) undertakes domestic procurement operations as well as handling of grain imports.

13.13 According to the compulsory procurement scheme, producers of cereals are compelled to sell to the ADC the entire output of their crops in excess of a determined quantity covering their own consumption requirements. The introduction of higher producer prices since August 1974 induced most farmers to sell their entire marketable surplus to the ADC, whereas in previous years substantial quantities of the marketable surplus were disposed of illegally through other channels.¹

(d) Rent control

13.14 A rent control legislation was introduced in 1973.² The law differentiates among the dwelling units between the following types - luxurious villas, common villas, luxurious appartments, common appartments, luxurious rooms, common rooms, barakas and arishes. The purpose of the legislation is to regulate the amount of "fair rent" payable for each class or type of dwelling units on the basis of the perimeter of built, covered area, construction qualities and other amenities. As a result of the enactment of the new legislation, the index for house rents went down by 20 per cent in January 1974.³

^{1/} Cf. Central Bank of Somalia, Annual Report for the year 1974, p. 13.

^{2/} Prior to the rent control legislation in 1973, a general flat reduction of rents of dwelling units by 40 per cent was effected in 1970.

^{3/} Central of Somalia, Annual Report for 1974, p. 36.

13.15 To administer the law, and to avoid any payment of rent in excess of that assessed for different types of dwelling units, the City Revolutionary Council of Mogadishu and other District Revolutionary Councils of the Republic constituted themselves as "Rent Control Commission" empowered to examine any dispute of tenancy between a lessor and a tenant.

13.16 While mainly confined to urban areas the present arrangements for rent regulation and control seem to have worked rather effectively as the rent levels for barakas and arishes, which are occupied mainly by the low-income sections of the urban population, have been generally held down since 1974.

(e) Taxation

13.17 Judged in the light of the equity objective, one feature of the present tax system in Somalia stands out: while the "Development Levy" raised the marginal rate of income taxation for certain categories of wage incomes (i.e. incomes from non-government employment), the marginal tax rates for other forms of property and business income, e.g., rents from buildings and agricultural land, interest and profits, remained unaffected by the post-revolutionary tax reform. We have discussed this subject in some detail in the Chapter on Fiscal and Monetary Policy. As recommended there, the Government should examine this issue more closely in the interest of equity and social justice as the present structure of income tax has the effect of taxing income from industrial, commercial and professional activities rather lightly.

13.18 Consideration may also be given to increase tax rates on income from property in urban areas. As urbanisation gathers momentum, and rents from luxurious urban property are decontrolled, as suggested by us, they are likely to provide windfall gains to the richer sections of the urban society and these can and ought to be shared by the State. This would also enhance the revenue potential and the progressivity of the Somali tax system.

RECOMMENDATIONS FOR A COMPREHENSIVE INCOMES POLICY

13.19 Within the limited time available it has not been possible for the Mission to examine thoroughly all the elements of a comprehensive incomes policy consistent with the development strategy focussed on scientific socialism and provision of basic needs to the poorer sections of the population. However, we give below some suggestions which, we feel, should go a long way in meeting the main requirements of a comprehensive national incomes policy.

13.20 For the purpose of a national incomes policy, we may identify three major poverty groups: (i) casual agricultural labourers and the majority of smallholders in the traditional farming sector; (ii) some pastoralists most of the time and large numbers of pastoralists in times of drought; and (iii) the lowest - paid unskilled employees in the urban formal sector and most of the people working in the urban informal sector. A comprehensive incomes policy needs to focus more sharply on measures to raise incomes of these poverty groups. Most of the above groups fall into the income range below Sh. 2,600 per year per household.

(a) Profiles of the Rural Poor

13.21 In the inter-river area in the southern part of the country, about 500,000 hectares are cropped as dryland, using traditional methods of cultivation. This land provides means of subsistence for about half a million people. Farmers in the rain-fed areas and in the valleys, are subjected to extreme variability in crop yields because of the uncertainty of rainfall. Also, the amount of water available for flood irrigation varies from year to year. Maize and sorghum are the two main subsistence crops which are grown on these farms mainly to meet the family's food requirements. On the assumption that up to 200 Kgs. of grain are required to meet the nutritional needs of one person per year, a family of an average size needs to consume in the range of about 1,200 Kgs. of food grains per year. Under these conditions, a minimum holding size of

six hectares of dryland of sorghum or a minimum of two irrigated hectares of maize, is required to supply the minimum food grain requirements of the family.¹

13.22 The multi-purpose survey of Afmadow district in the south, carried out in 1968, shows that the majority of farming families in this area were living on the margin of subsistence, as between 90 per cent and 95 per cent of the farms fell in the size class of less than two hectares. The FAO sample survey carried out in the inter-river area in 1963, however, gave a somewhat brighter picture of the distribution of land holdings by size, especially in the upper Shabelle and Upper Juba regions and in Baidoa Plain and Bur Acaba sub-regions. According to this survey between 60-80 per cent of the farm holdings were larger than 4 hectares. However, it should be mentioned that the FAO sample was biased towards the more progressive elements of the farming community and to villages close to main roads.

13.23 In the case of pastoralists in the nomadic sector, it is difficult to identify clearly any specific target poverty group.² Nonetheless, the salient feature of the poverty problem in the nomadic area is that the incomes of pastoralists are subject to very considerable annual fluctuations as a result of the variations in the rainfall. Periodic droughts result in the loss of family herds. Famine conditions become obvious in these circumstances and many pastoral families are reduced to extreme poverty.

(b) Measures to Raise the Income of Subsistence Farmers and Pastoralists

13.24 There are no "fine-tuning" policy instruments for raising the income levels of the rural poor. However, a restricted set of policy measures can be suggested. These embrace the regulation of minimum rural wages, fixing minimum guaranteed prices for agricultural and livestock products, and the effective manipulation of the inter-sectoral terms of trade in favour of subsistence farmers and low-income pastoralists.

^{1/} We assume here that the yearly average sorghum production is around 200 Kgs. and maize production is around 600 Kgs. per hectare.

^{2/} There is, however, an unknown number of herdless families in nomadic areas.

13.25 The regulation of minimum rural wages will affect, in the main, permanent and casual labourers working on banana plantations and commercial farms. The current level of earnings of the majority of labourers in this sector is low even after allowing for the non-cash element of wage in the form of food crops grown on their private plots of land.

13.26 Policies to improve output, productivity and incomes of small landholders should include: (i) extension service measures in order to raise the productivity and thus increase farm incomes; (ii) making cheap credit available to subsistence farmers to allow for introduction of new crop varieties, improving methods of cultivation and disease and insect control, and (iii) arranging for the sale of farm produce at minimum guaranteed prices. These policies can be implemented within the framework of village cooperatives.

13.27 There is also ample scope for increasing rural incomes through effective manipulation of inter-sectoral terms of trade in favour of subsistence farmers and low-income pastoralists. Apart from fixing minimum guaranteed prices for agricultural and livestock products, prices of basic goods consumed in rural areas, i.e. grain, tea, sugar, textiles and footwear, should be subject to regulation by the competent public agencies. Effective regulation of domestic terms of trade could thus become an important lever of an overall incomes policy in rural areas.

13.28 In view of the considerable annual fluctuations in the income of nomadic families as a result of variations in rainfall and periodic droughts, we recommend that a "National Insurance Fund" should be set up by the Government to stabilise the incomes of pastoralists and dry land farmers during droughts and in lean years. This insurance fund could be financed in part by subscriptions from nomadic families (in proportion to the value of their animal holdings). The main stabilisation effort should be centred on subsidisation of grain prices during the lean years, so that

pastoralists could avoid the double squeeze of low livestock prices and high grain prices in drought situations. The administration of such an insurance fund at the micro-level should become an integral part of the activities of pastoral cooperatives.

13.29 In view of the widespread monopolistic practices of water pricing in nomadic areas, measures need to be taken by the Government to compete with (or to displace) private livestock traders who control water tanks in nomadic areas. This should undermine the degree of monopoly exercised by these traders and water could thus be made available to nomadic pastoralist and their livestock at nominal cost. Similar measures may be necessary with regard to production and sale of fodder.

13.30 Since a considerable milk surplus is produced by most of the nomadic pastoralist households during the rainy season, incomes that could be derived from the sale of such milk surplus could provide a new source of regular income. We recommend that the Government should give consideration to the need for the marketing of the milk surplus. In addition, a policy of remunerative prices for milk products supplied by the pastoralists could lead to a substantial improvement in the income of pastoralists.

13.31 Given the enormous regional disparities in Government services, we believe that a major re-structuring of Government expenditure to benefit the backward rural regions of the country is vital to achieve a more balanced pattern of development. In this connection, we would propose that the Government should establish targets for public expenditure per head by regions on basic services. The ultimate objectives could be to eliminate the present rural-urban disparities in access to basic services.

(c) Wage and Pay Policy

13.32 There is at present no minimum wage legislation in the country. Such a legislation can, however, constitute an essential

element of an incomes policy provided that it is carefully drawn up and implemented. Minimum wages usually protect organised labour in urban areas and hence widen the gap between rural and urban incomes and increase influx from rural areas. On the other hand, there is justification for safeguarding the interest of the low paid workers in the urban formal sector against the rise in the cost of living.

13.33 Furthermore, a basic needs strategy envisages the provision of minimum income to all sectors of the population whether in urban or in rural areas. From these points of view, therefore, there is justification for fixing minimum wages both for urban as well as rural wage-paid labour. Our estimate shows that a minimum income of about Sh. 300 per month is necessary to ensure the provision of basic needs to the lowest-income groups in the population. This figure is, however, considerably more - about 50 per cent in some cases - than the present lowest wage. It will be advisable in such a case to implement the minimum wages in stages so that the minimum amount of Sh. 300 per month is reached gradually. We further suggest that the matter be carefully examined by a tripartite committee so that the minimum amount required for meeting the basic needs of the poorest groups of the population is calculated. The enforcement of the minimum wage legislation also needs careful consideration. It may be desirable to apply it, in the first instance, to large public and private sector establishments and leave out small establishments, particularly in rural areas, for the time being. It is always advisable not to promulgate any legislation which cannot be enforced effectively. The minimum wage legislation would also need to be reviewed periodically with reference to the cost of living index of the lowest income groups.

13.34 The structure of wages and salaries should not also be tied too rigidly to formal educational attainments. Salaries for clerical and junior administrative staff appear to be unduly high in relation to those of technical personnel and skilled and semi-skilled workers.

13.35 A national job evaluation scheme could help to evolve a new pay structure based on the description and evaluation of jobs and thus eliminate anomalies in the current pay structure.

13.36 We recommend that specific criteria for wage rate increase should be worked out for different wage-earning groups and levels of incomes. The permitted increases should be determined in the light of trends in productivity growth, shortages and surpluses of specific skills and the need to remedy the distortions inherent in the current incentive structure.

13.37 There is also a need to review the current Law on Pension and Gratituties for the civil service. The law stipulates that officers in Divisions A and B who have continuously held a permanent office in the civil service of the SDR for twenty years or more shall, on termination of service, be granted a pension calculated at the rate of 1/800 of their basic salary for each completed month of service, provided that pensions granted under this law shall not exceed 50 per cent of the basic salary. The low level of entitlement to pension rights is likely to produce some disincentive effects as many skilled and experienced Government employees may think of leaving the country long before reaching retirement age to take up highly paid jobs in rich oil-producing countries. We recommend, therefore, that the provision of this law should be reviewed to allow for an upward adjustment of pension rights as a precautionary measure to avert the risk of brain drain which is looming on the horizon.

(d) Taxation and Pricing

13.38 The most effective method of controlling excessive and monopoly profits generated in the private livestock export and import activities, is to impose high export and import duties on the items concerned. This affects, in the main, the urban mercantile elite which has grown with the expansion of the private livestock export sector. Fiscal policies need, therefore, to be reinforced to tax away part of the economic surplus generated in the livestock export

sector which is currently appropriated by the local urban mercantile elite. Systematic studies need to be carried out to estimate the exact size of the surplus in this sector and its mode of appropriation at different stages of the marketing chain.

13.39 As mentioned earlier, there is also room for more progressive taxation of rent from residential real property. We recommended that the rent levels of luxurious types of accommodation (i.e. luxurious villas and luxurious apartments) should be "de-controlled", and that the present tax rates on high incomes from buildings should be increased.

13.40 Finally, we recommend that a Price Control Advisory Committee should be created to advise on price changes in the light of the requirements of the overall incomes policy. This should lead to a rationalisation of the present price stabilisation efforts and place it within a more coherent incomes policy framework. The success of a national incomes policy will crucially depend on the ability of the Government to maintain a reasonable degree of stability in the cost of living of lower and middle income groups.

EDUCATION, TRAINING AND MANPOWER

EDUCATION

14.1 At independence Somalia inherited an extremely weak and backward educational structure. With the exception of a very small elite, most of the population was illiterate. The number of secondary schools was very small and there was no university. The little educational system that existed was pinioned to the values of the expatriate model which was elitist in its conception and hence was unrelated to the needs of an independent country. The total enrolment in Grade I at elementary level in 1960-61 was around 6,000, i.e. less than 10 per cent of the children in the relevant age-group.

14.2 The progress during the first decade after independence was unfortunately very slow. The enrolment in Grade I at elementary level in 1969-70 was only about 7,000, i.e. it increased by only about 1,000 in a decade. The development of secondary education was very marginal and not much progress was made towards the setting up of a national university. With the assistance of donor countries some students were sent abroad for education and training, but the arrangements were ad hoc, haphazard and unrelated to the requirements of the country. The educational system continued to be elitist in its conception and development.

14.3 Since the Revolution of October 1969, however, spectacular changes have been made in the educational field and the progress has been phenomenal. The principal objectives of the educational policy since the Revolution have been: the democratisation of access to basic education by assigning top priority to the provision of universal compulsory and free primary education and by developing a comprehensive system of non-formal education; and making the education system more responsive to the needs of the economy by

relating the expansion of post-primary education to the manpower needs of the developing and changed pattern of the economy. The measures so far taken to achieve these objectives include the adoption of the Somali language as the medium of instruction; a new educational structure by replacing the former four year elementary and four year intermediate school education by a six year primary school education; revised curricula to suit the changing needs of the society; improvement of the quality of teachers; organisation of an urban literacy campaign and a nationwide rural development campaign with major emphasis on the reduction of illiteracy and disease and a better-organised and more appropriate educational administrative machinery.

14.4 In the Technical Paper on Education, Policies, Programmes and Issues we have reviewed the progress made so far and have also analysed the present policies and programmes in the education sector.

14.5 Despite the remarkable progress made since 1970 and despite the fact that the Government's objectives and policies for educational development are laudable, several imbalances, constraints and problems have emerged which need to be looked into. These include the imbalances with regard to schooling opportunities for boys and girls, regional distribution of educational facilities, lack of facilities for nomads' children, the problem of employment of primary school leavers, imbalances in costs and the questions arising as a result of the introduction of the Somali language as the medium of instruction. All these issues have been discussed in detail in the Technical Paper referred to above.

14.6 The education system in Somalia is in transition. Policies have been and will be adjusted to closely correspond to the present and future Somali environment and to meet the objectives of the Revolution. Education will remain a progressive and dynamic force moving the Somali society forward. While the Mission wholeheartedly subscribes to the Government's major policies in the educational field, it feels that the constraints and problems which have arisen

or are likely to arise in the immediate future, do and will affect the successful implementation of the policies and achievement of the over-all objectives. It, therefore, ventures to make the following recommendations which, in its view, should go a long way in remedying the problems and constraints, particularly from the employment and equity points of view.

14.7 As a first step we recommend that a long-term Indicative Education and Training Plan be drawn up and revised from time to time to meet changing circumstances. The purposes of such a Plan would be:

- (i) to specify present policies and their implications for various levels and types of education and training;
- (ii) to phase the implementation of current policies and the solution of problems and imbalances;
- (iii) to identify the likely bottlenecks to be faced;
- (iv) to provide a framework for more detailed plans in the field of education and training;
- (v) to spell out the present and future responsibilities of various Ministries and Agencies and to provide for their co-ordinated action.

14.8 From an equity point of view, we recommend that the present sex-wise and regional imbalances in the provision of basic education be reduced as quickly as feasible. We hope that before long the aim of universal basic education policy will be fully realised as far as the sedentary population is concerned. However, the policy with regard to nomads' children, is not very clear. We would urge that large scale efforts be undertaken to deliver basic education of a relevant nature to all nomads' children. Obviously, a careful analysis of the various problems involved needs to be made but what is needed primarily is a clear-cut policy explicitly underlining Government's commitment to this cause. Equity is not the only good reason to educate the nomads' children. Besides

satisfying a basic need, or a human right, as education does for all, the nomadic population would greatly benefit from elementary skill improvement, health instruction, literacy and numeracy training and, last but not least, from programmes designed to create the socio-political awareness required for effective nation building in general and for the implementation of new organisational structures, such as pastoralist cooperatives.

14.9 We believe that the present primary school intake projections within a period of about five years, will have taken care of the backlog of "over-aged" children whose parents lead a sedentary life and that henceforth projected Grade I intakes will exceed considerably the number of non-nomad children of school entry age. We suggest that in the likely case that not enough nomads' children would come forward and enroll, the resulting over-capacity be used to deliver basic education of a non-conventional type to large numbers of the nomads' children, rather than be diverted to other levels of formal education. With the Rural Development Campaign as a precedent, Government has demonstrated its ability to communicate effectively with the population at large. The successful mobilisation of teachers and students for the campaign suggests that a large number of national service volunteers can be used to assist in nomadic education. This would be the case particularly after 1980, when trained primary teacher supply is expected to catch up with the demand of formal primary schools in which national service volunteers are teaching at present.

14.10 The role of radio should assume much greater importance in communicating with nomadic pastoralists particularly for the purpose of education.¹ Daily broadcasts to reinforce programmes uniformly provided in reading groups, tent-schools, well-schools, teashops or in any other set-up most suitable to Somali conditions, could be considered an essential element in basic nomadic education,

^{1/} Another useful object of broadcasting could be the quotation of livestock market prices, weather forecasts, etc.

and even more so if appropriate reading material were to correspond to the contents of the radio programme. The availability of simple transistor radio sets should hardly be a constraint as it should be possible to acquire them at low cost from friendly countries and it might be a good thing to sell them to nomads at a subsidised price. The supply of batteries etc., could be made a function of teachers, community development workers, etc.

14.11 We have already stressed the need for creating institutional framework of pastoralist cooperatives. These should enable the Government to provide basic education more effectively. We would like to suggest that about 1,000 annual graduates from the proposed Nomadic Training Centres be assigned a catalytic role in the implementation of educational programmes through pastoral cooperatives, and that the curricula of the Nomadic Training Centres are drawn up accordingly.

14.12 We are not clear about the reasons which impelled the Government to lower the primary school entry age to 6. In our view the matter needs re-consideration. If the entry age is raised to 7 or 8 years, it should also contribute to the early clearance of the backlog of over-aged students, doing away more rapidly with the three shift primary school system and upgrading teachers for a whole year instead of the present three months. As mentioned elsewhere, the lower entry age of 6 years produces primary school graduates at the age of 12 which is too low for the employment market.

14.13 In view of the present limited financial resources for education and the manpower requirements situation in the country, we strongly recommend that, the policy of a 60 per cent progression rate between primary and secondary school be reconsidered in favour of increased formal or non-formal post primary vocational training. This will require re-distribution of existing resources available for education and training. We also feel that the present plans and programmes for vocational training and technical education are too much urban and industry-biased and would urge that relatively more attention be paid to training in the fields of livestock, agriculture, and health.

14.14 We recommend that eventually the educational structure may be evolved along the following lines: The primary school leavers who wish to continue further education may pursue a two year junior secondary course including pre-vocational elements. Those who pass the junior secondary course and wish to continue further education may either follow a two year senior secondary course or a two year formal vocational training course in training institutions. The entry level to formal vocational training institutions will, for this purpose, have to be raised to 2 years completed junior secondary education. The senior secondary leavers should, as a condition for further education in the University, enroll in the National Service for one year while the two year vocational training course leavers should acquire one year's work experience before enrolling in a technician level formal institutional course of three years duration.

14.15 We also propose that for those secondary school leavers who, after completion of one year Halane or National Service, are selected to pursue a further four year study at the National University, an introductory year be introduced to upgrade their academic standard. The introductory year will enable them to refresh their knowledge after having been out of touch with their subjects for one year during the National Service period. This will prepare them better for pursuing university education. It may also be mentioned that the duration of education up to the university level is ordinarily 15 to 16 years. This was the case in Somalia also until the duration of the primary education was reduced from 8 to 6 years. Thus, at present the duration of education up to the university level is only 14 years. The introductory year recommended by us will, among other things, increase the total duration of education to 15 years up to the university level and will not thereby allow any allegation of 'low standard' of graduates from the Somali National University. The Chart at Appendix I describes the educational structure as recommended by the Mission.

TRAINING

14.16 The Technical Paper on Technical Education and Vocational Training reviews the policies and programmes in the field of vocational training and technical education in Somalia. Several steps have been taken in recent years to develop facilities for technical education and vocational training so as to reduce the critical shortages of skilled manpower. Despite these commendable steps Somalia has a long way to go in the development of the needed technical training facilities. A number of imbalances and constraints continue to bog down progress in this field. These relate to the bias towards educating technicians rather than skilled craftsmen, inadequate attention given to the important role that on-the-job training can play, lack of facilities for the upgrading of the existing inadequately qualified technical manpower, variations with regard to curricula and duration of different courses leading to the same occupational classification, inadequate facilities for the training of qualified instructors and above all the lack of co-ordination between different authorities responsible for the organisation and development of vocational training and technical education. All these constraints and problems have been analysed and discussed in the Technical Paper preferred to above.

14.17 In the light of the analysis of the present programmes and policies, the envisaged development and the existing constraints and imbalances, the Mission feels that the following suggestions deserve serious and early consideration if the systems of vocational training and technical education are to be developed along the right lines and if they are to meet the critical shortages of skilled manpower.

14.18 The lack of clear cut, comprehensive and consistent policies in the field of technical education and vocational training is rather unfortunate and we would urge that such policies and the means for their coordinated implementation should be urgently spelled out within the framework of a long-term Indicative Education and Training Plan as advocated by us in the Technical Paper on Education.

14.19 We urge for effective and permanent co-ordination of efforts in the training field between the concerned ministries and agencies, between those responsible for training and employers of trainees, between the formal and the non-formal training systems and between various levels of training.

14.20 We recommend that vocational training courses for the production of skilled workers be standardised for various skill categories and wherever possible be conducted in courses of a one to two years' duration after primary school and with an increased emphasis on practical work. Eventually the entry level may be raised to two completed years of secondary school education which would include pre-vocational training elements.

14.21 An entry level for formal technical education, resulting in the production of technicians, could be set at four years completed secondary school education.

14.22 Possibilities should be created and formalised for highly skilled and experienced workers, without secondary school education, to enroll in the technical institutes which correspond to their skill and abilities. Generally, all possible ways and means for upgrading the skills of the present work force should be exploited.

14.23 Enrolments in formal technical education and vocational training institutions should be increasingly geared to the demand for technicians and skilled workers after taking into account the available and potential opportunities for in-service and on-the-job training. This ratio should eventually be three to four skilled workers to one technician.

14.24 In the light of the present and likely future demand situation, we suggest that the new Polytechnic Institute should normally be reserved for the production of technicians. The Lafole (Afgoi) Vocational Training Centre and the Hargeisa, Burao and Mogadishu Technical Institutes should be geared to the production

of craftsmen (skilled workers). After the new proposed Mogadishu Vocational Training Centre (to be financed with the help of the Arab Labour Organisation) is established, the Mogadishu Technical Institute can, if considered necessary, be solely used for training vocational training instructors. The present Ministry of Labour and Sports Vocational Training Workshop should be designated as in-service training and skill upgrading institute. The need for upgrading the skill of the existing so-called artisans, is, in our view, most pressing and one of the Vocational Training Institutes must be reserved for this purpose. The best arrangement for this purpose, under the existing situation, should be by fully equipping and improving the Vocational Training Workshop under the Ministry of Labour and Sports. We would like to add that while we have suggested that the new Polytechnic Institute be used only for the production of technicians, this will not hold good if the new proposed Vocational Training Centre is not set up or its commencement is delayed. In that case the Polytechnic Institute will have to produce both the artisans and technicians by arranging different courses. The need for the production of good artisans is much greater than that of technicians.

14.25 We suggest that eventually the Mogadishu Institute for Accountants and Surveyors, the Mogadishu Fisheries and Marine Institute, the National Telecommunication Training Institute, the Afgoi Agricultural Secondary School, the Training School in Animal Science and the Training Institute for Professional Nurses and other Para-medical Personnel, be brought up to the level of the Polytechnic Institute as far as entry requirements, duration of courses, etc. are concerned so that these produce qualified technicians.

14.26 Finally, we would like to stress the need for designing policies which would ensure the optimum utilisation of all the vocational and technical institutions and their equipment, for non-formal, in-service or upgrading training purposes during afternoons, evenings and vacation periods.

MANPOWER

14.27 A number of manpower planning exercises have been made in Somalia during the last ten years. These have now become out-of-date. Realising the importance of meaningful and up-to-date manpower requirement estimates so as to develop the educational and training facilities on proper and needed lines, the Government asked the Mission "to examine the educational and technical training facilities and suggest their re-organisation and development in the light of the manpower needs of the country." It was impossible for the Mission to work out in any detail the current and future manpower needs of the country during the short time of its field work in Somalia. This is a task which has to be undertaken separately and exhaustively. However, the Mission has tried to examine and sift the existing data so as to get a broad picture of the requirements of skilled manpower during the remaining plan period, i.e. 1976-1978. These estimates have then been compared with the anticipated supply of different categories of manpower so as to get a tentative idea of the shortages and surpluses. The results of this exercise are given in Tables TP 8.1 and TP 8.2 in the Technical Paper on Manpower Requirements and Manpower Development. The tentative conclusions which emerge from the exercise are also given in the Technical Paper.

14.28 In the light of the manpower demand and supply situation which emerges from our exercise, the following broad policy guidelines¹ appear fundamental for re-orientation of educational and technical training policies so as to gear them to the needs of the economy and avoid the crippling imbalances.

14.29 (1) As skilled manpower requirements in Somalia are largely project based and as a manpower planning exercise, though

^{1/} These suggestions overlap somewhat with those contained in the section on Training in this Chapter as well as in the technical paper on Vocational Training and Technical Education. These are repeated here to emphasise the conclusions which emerge from the analysis of the manpower demand and supply situation.

useful, may not be of much utility unless it is very comprehensive, timely and a classification of nomenclature of jobs has been made and used systematically and uniformly, and until it is firmly followed by all concerned Ministries, particularly those responsible for technical and vocational education, it seems that as a first step, the Planning Commission should insist and ensure that each proposal for a new project should give a detailed manning table before it is included in the plan and sanctioned for implementation.

14.30 (2) Unless the supply of the required manpower is available from local institutions or from those who are studying abroad, projects should be required to train their own skilled manpower. Almost all projects have a gestation period and it should be possible to ensure the availability of the needed manpower, at least at the administrative, technician and artisans level, before a project starts operation.

14.31 (3) Apart from the fact that there is an over-all shortage of critical manpower, one of the crucial problems is that persons trained for a project or a job, do not stick to it, or are mis-allocated and mis-used or are transferred frequently. The turnover of educated and skilled manpower in the country is said to be quite high. Either through administrative measures, which the present Government is admirably able to implement, or preferably through incentive measures, persons trained for a project or a specialised job should be made to stick to it for at least a reasonable period of time. One of the measures which can justifiably be taken is that those who are specially trained by and for a project should be bonded to serve it for a period of say 3 to 5 years.

14.32 (4) One of the recent phenomena which will tend to worsen the supply position of skilled manpower in the country, is emigration. We have not been able to get the actual figures, but it is said that a large number of artisans and middle-level manpower have recently been going to the Middle-East countries, where wages are comparatively high. From the country's point of view, particularly

when its own development is suffering because of the lack of skilled manpower, the skill drain must be viewed seriously. We understand that the Government is aware of the problem and it is taking measures to reduce the drain. We support this attitude and stress that the measures should be strengthened to ensure that the country is not denuded of the skills which are critically needed for its own development.

14.33 (5) In so far as the development of facilities in the country for producing educated and skilled manpower is considered, our assessment is as follows:

- (i) the planned intake and anticipated output of university graduates should be sufficient to meet the future demand for such manpower. What is required is the proper allocation between different faculties and disciplines in the light of the needs of the country. The present scholarship scheme should largely be utilised to train professional and middle-level manpower in disciplines for which facilities do not exist in the country. While the requirements for administrative and managerial positions will be numerically met by the output of university graduates, these will require necessary training to be able to take charge efficiently of the various projects and enterprises. There is an acute need and gap in this respect, both with regard to the new as well as the existing administrators and managers. SIDAM has been meeting this need partially. But much more remains to be done. In addition to increased and improved facilities in SIDAM, the University may consider starting a course in Business Administration in the Faculty of Economics. Until this takes root, the new projects and enterprises should be required to train abroad some key managerial and administrative personnel. This training should be job-specific and, as suggested before, the trained persons should be bonded to serve the project for a certain number of years.

- (ii) The anticipated output from the general secondary schools is likely to be more than the likely available jobs at that level. Unless there are enough funds and until the objective of universal primary education is achieved, it would be desirable to regulate the future intake into secondary schools and to re-consider the present policy of providing secondary education to 60 per cent of primary school leavers.
- (iii) In the past the country has been woefully deficient in the provision of vocational training and technical education. The critical shortage of skilled manpower at the technicians and artisans level which has been faced so far is the result of this deficiency and neglect. During the last few years, however, remedial measures have been taken and with the setting up of a Polytechnic Institute in Mogadishu and the proposed vocational training centre to be financed by the Arab Labour Organisation, the situation should improve significantly. As far as it can be visualised, the present and proposed facilities should be able to meet adequately the needs of the country. If need arises in future, the capacity of these institutes can be augmented through working two shifts. Certain adjustments are, however, called for. According to the present plans, the production of technicians will far exceed that of the skilled manual workers. In fact, the ratio will be about 3:1. Apart from the fact that, generally speaking, the ratio of technicians to skilled workers in a developing economy is around 1:3 or 1:4, the available information on the likely manpower needs of the country also indicates that this ratio should be around 1:3, i.e. the reverse of what will happen if the present plans about production from polytechnic and other institutions were to be implemented. Indeed, because of the present shortage of skilled craftsmen due to negligence in the past and emigration in recent years - there is at present a need for training many more craftsmen

than warranted by the ratio of 1:3. For sometime to come, therefore, the number of craftsmen to be trained may be decided on the basis of a higher ratio. Eventually, however, the ratio may be maintained at around 1:3.

- (iv) Besides the need for producing new skilled manpower, a major problem in our view, is the upgrading of the existing manpower. For no fault of their own, most of the existing so-called technicians and skilled manpower have had little opportunity for formal training and while many of them have trained themselves very well on-the-job, the level of their knowledge and skill remains low in relation to the present technology. Unless the skill of these people is up-graded, the country will continue to face the problems of the lack of adequately skilled manpower and low productivity. This is particularly important because it is difficult - almost impossible under the present employment policy of the Government - to get rid of the inadequately skilled people who are occupying positions of skilled manpower. We feel that one of the technical institutes, should be devoted primarily to this purpose. The recently started vocational training centre of the Ministry of Labour and Sports, can, after it has been properly equipped and staffed, be converted into an up-grading centre. The methods in which the upgrading schemes may be implemented is a matter of detailed procedural consideration. There are various ways, like day-release, week release, long-term release systems, evening classes, etc., by which other developing countries are tackling this problem. The upgrading scheme should be related with a well-organised and strictly enforceable trade testing system. The trade testing system should, in turn, be related to a wage and incentive structure. As has been successfully done in the case of untrained primary school teachers, the promotion of the semi-skilled or untrained "skilled workers" should be linked to their passing trade tests at different stages.

The proposal for setting up a trade testing centre is under consideration by the Government and we suggest that the scheme should be developed and implemented soon. It is not necessary that a trade testing centre should be large and comprehensive. Tests can and should be arranged in technical institutes, industrial establishments and Government workshops. A simple and viable system can be worked out fairly quickly.

- (v) Apart from institutional training facilities, the large industrial establishments should be persuaded to organise their own in-service training arrangements for meeting their additional needs as well as for upgrading the skills of the existing manpower. The Somaltex has already taken a lead in this respect. The in-service training institutes under different Ministries and Agencies, like the Post and Telecommunications Institute, ONAT, National Bank's training arrangements, clerical training centre, etc., are other examples. We suggest that these arrangements, which have the advantage of flexibility and specificity, should be developed as much as possible.
- (vi) The proposed Polytechnic Institute should be so organised that, besides providing regular training in basic trades, like general mechanics, electricity and auto-mechanics, it can also arrange courses in trades for which ad hoc demand arises or for which the demand is so small that it will not be desirable to set up a separate department or institute.
- (vii) The shortage of instructors in the training institutes has been a matter of great concern. Some steps have recently been taken to meet the deficiency by organising a two-year course in the Mogadishu Technical Institute. It would seem desirable to continue these efforts till the needs of instructors for all the technical institutes, training centres, polytechnic and technical secondary schools are

met. The Mogadishu Technical Institute will have to bear this burden till the faculties are developed in the Polytechnic Institute also. This problem will acquire acute importance after the Somali language becomes the medium of instruction.

- (viii) We would like to stress the need for ensuring that whatever training facilities are set up, they should be adequate and first rate. It is no use multiplying the institutes just for the sake of it. A few existing institutes, like the Fisheries and Marine Institute and the Hargeisa Technical Institute, have been bogged down or have not been as effective as they could have, either because of lack of adequate equipment and materials or shortage of staff. The Polytechnic Institute may also be facing the same problem if adequate funds and staff are not made available.

14.34 (6) The universal cry in Government Departments, industrial establishments, projects, etc., is that they are short of skilled manpower and that the implementation of projects is suffering because of this bottleneck. While this is largely true, it needs to be ensured that this is not made a scape-goat. The fuller utilisation of the existing manpower is a matter to which adequate attention has to be paid. This will assume added importance because of the policy of the Government to employ all secondary school and university graduates whose output is increasing every year. There are also some mis-or wrong utilisations as well as leakages of qualified manpower. Moreover, as we have mentioned above, there is the acute need of upgrading the existing manpower. Action on all fronts has to be taken simultaneously to remove the all pervasive bottlenecks.

14.35 (7) There is need for reviewing the wage and salary structure as well as incentive systems particularly for skilled manpower. A distorted wage structure can produce irritating imbalances. This has already happened in some cases. We understand that consequent upon the improvement of salaries, incentives and prospects for

promotion, etc., of teachers, the limited output of intermediate and secondary school leavers has been attracted by the Ministry of Education leaving other jobs high and dry. The Nursing School, in particular, has suffered from lack of inputs because the starting salary as well as future prospects of a nurse are considerably less than those of a primary school teacher. While this transitory phenomenon should disappear as the output from primary and secondary school increases in the coming years, the need for examining the wage and salary structures is pressing.

14.36 (8) Both for the purpose of evolving a rational wage and salary structure as well as for developing training facilities along the right lines, it is essential that the jobs - at least the crucial skilled jobs for which training facilities are to be developed in the country - are evaluated and properly classified. An attempt to draw up a broad industrial classification of jobs was made by the Department of Labour in 1971 and a booklet on the subject was prepared. This needs to be looked into carefully, elaborated and put into practice. We suggest that, to begin with, the jobs of technicians and skilled workers connected with the engineering trades, should be evaluated and a standard classification of their functions, duties, etc., should be drawn up. This should be implemented through a trade-testing system and the wage structure should be geared to the standard achieved by a person. Unless the jobs are properly classified, attempts at manpower planning and development of suitable training facilities, will not bear much fruit.

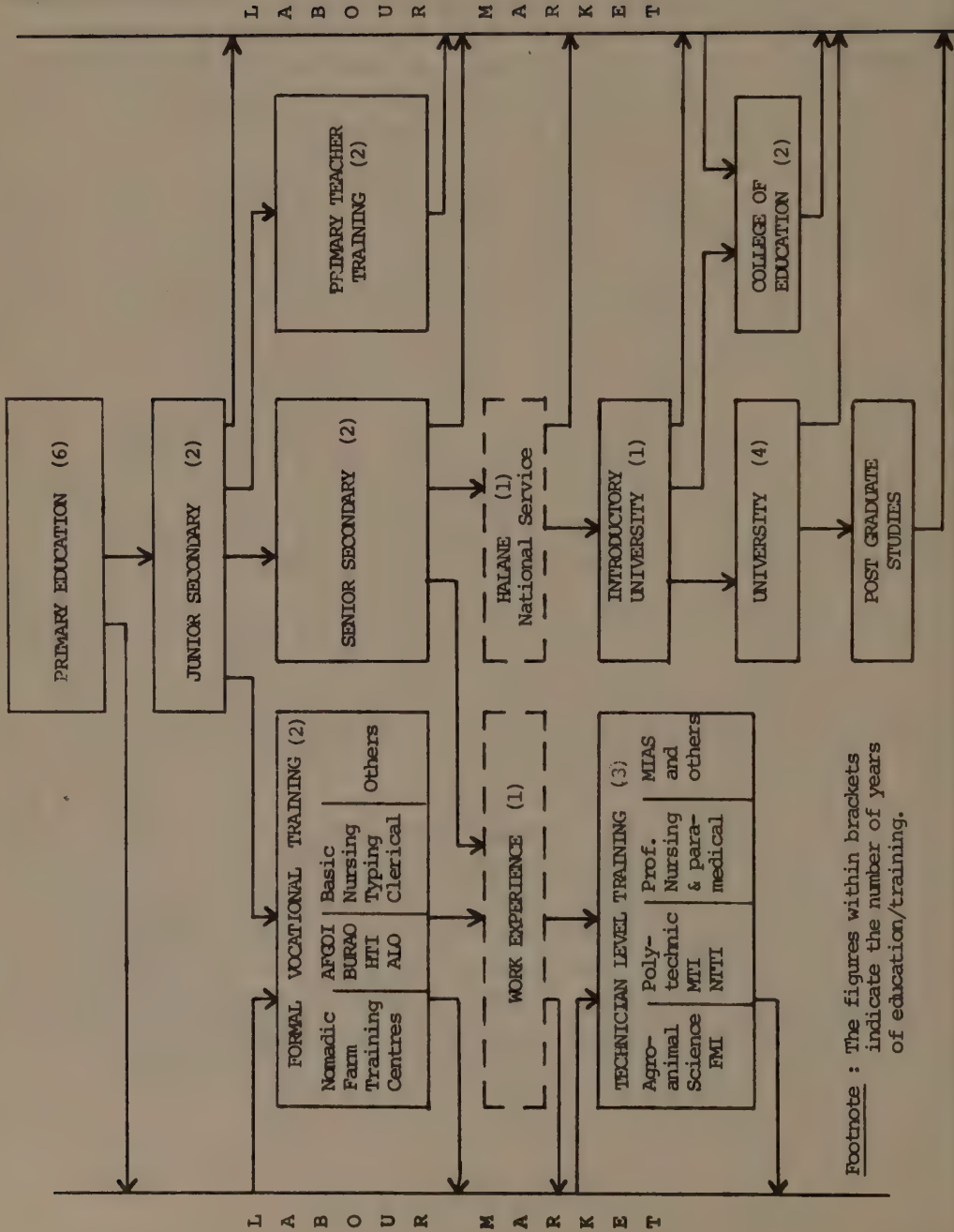
14.37 (9) Despite the fact that manpower planning work has been done in the country for the last 10 years, it is rather unfortunate that a permanent national organisational structure has not been built up. Surveys were made, staff was trained and reports were published but thereafter most of the structure was dismantled and each new exercise had to start almost afresh. We strongly suggest that this situation should be remedied. A central Manpower Planning Unit, should be set up in the Planning Commission. This Unit should receive the manning tables of all proposed projects, scrutinise them and either ear-mark the anticipated output from the

relevant institutions to various projects or ensure that the projects make arrangements to train the needed staff. Micro level manpower studies of occupations like engineers, accountants, engineering technicians, etc. which are in short supply and may constitute critical bottlenecks, may also be undertaken by this Unit. It should further ensure that scholarships for studies abroad are utilised only for those disciplines and occupations for which education and training facilities are not available in the country. This Unit should also ensure that the various technical and vocational training facilities are developed in a coordinated manner and that no overlapping or wastage occurs. To be able to perform all these onerous functions effectively, this Unit should be a high-powered one and should have properly trained staff. Manpower planning is a continuous process and it is, therefore, vitally necessary that the high turnover of staff in this Unit should not be allowed to occur.

14.38 (10) Experience has shown that the types of Manpower or Establishment Surveys which have been done recently have not been of much use. The estimation of manpower requirements for a long period of say 5 years by routine officers in the Ministries or Agencies or by individual employers in the private sector does not ordinarily yield satisfactory results. We do not think, therefore, that such surveys should be repeated in future. What needs to be done is that preferably annually, but certainly before a plan is drawn up, data should be collected from the public sector about the stock of technical manpower at high, middle and skilled workers' levels classified clearly and in as much detail as possible. The number of large establishments in the private sector which would be employing skilled manpower is getting reduced. Information about big projects in this sector in future should be available through their manning tables. However, if sufficient funds and staff are available, information on the existing stock may be obtained only from large establishments. It is unnecessary to cover smaller establishments as they do not have much skilled manpower. With the help of information about the existing stock, which should enable

estimation of occupational matrices and requirements for attention and the information contained in manning tables of the proposed projects, it should be possible to arrive at a broad picture of the skilled manpower demand and supply situation and to give indications for adjustments in output capacities of institutions producing this manpower.

Chart : The Educational Structure recommended by the Mission



Footnote : The figures within brackets indicate the number of years of education/training.

THE STRATEGY

10
The end of the war

TOWARDS A DEVELOPMENT STRATEGY

INTRODUCTION

15.1 In the previous Chapters we have analysed the problems facing the strategic commodity sectors and certain salient macro-policy issues. We have also made suggestions, wherever necessary, for re-orienting the development of these sectors and macro policies from the points of view of maximisation of productive employment and equity. Our analysis and suggestions lead us to the conclusion that a coherent and comprehensive development strategy has to be evolved by Somalia if the two major objectives of maximisation of productive employment and equitable distribution of income are to be achieved as early as possible. In this Chapter we attempt to draw up broad outlines of a development strategy which is likely to bring Somalia nearer to these two goals and at the same time will be consistent with the philosophy of scientific socialism adopted by the Government.

15.2 We believe that the adoption of a self-reliant development strategy focussed on the provision of basic needs for the poorest sectors of the population holds out the best prospect of evolving a new pattern of development which is fully consistent with the main socio-economic objectives declared by the Government of Somalia since the October 1969 Revolution. The central task in such a strategy is the formulation of a self-reliant development policy that can achieve the highest degree of mobilisation of all domestic resources (natural, human, and financial) for the satisfaction of basic material and social needs of the Somali people. Before we spell out what might be involved in such a strategy, a few introductory remarks may be made.

15.3 Given the basic characteristics of the economy (i.e. narrow resource base, large non-monetised sector, sizeable nomadic population, etc.), development planning in the Somali context should need to place equal emphasis on people as well as on resources.

15.4 At this stage of development of the Somali economy, the policy choice does not arise between expanding activities which cater primarily for domestic market and those which are domestic-resource based (whether they are for the home or the export market). Rather the key policy issue becomes one of defining the conditions under which a self-reliant development strategy can be sustained in the long-run without adverse effects. We, therefore, agree with the Government's views that the main objectives of development planning should be to "fundamentally change the existing patterns of demand and production in order to generate the internal linkages necessary for self-sustained economic growth".¹

15.5 Looked at in the perspective of total resource allocation, a self-reliant development strategy does not necessarily mean autarky or a lower volume of or a lesser involvement in international trade. It simply means a fundamental restructuring of such external trade flows in order to break the colonial and neo-colonial ties of dependence, by subjecting external economic relations to the needs of an expanding domestic economy.

15.6 Within the context of a transition towards socialism a development planning exercise should go beyond mere mechanistic aspects of growth by grappling with key questions of who shall, and in what proportions, receive the benefits that flow from the development process through a conscious concern with the question of income distribution and equity.

15.7 The major elements of a self-reliant development strategy focussed on basic needs may be identified as follows:

- (a) Achieving a high degree of self-sufficiency in basic foodstuffs;
- (b) improving the balance of payments through import substitution activities and expansion and diversification of exports;

^{1/} See foreword by the Secretary of State for Planning and Co-ordination the Five-Year Development Programme 1974-1978 (Mogadishu, 1974).

- (c) spreading the benefits of development more widely between the people and between the regions through a conscious concern with questions of redistributive justice and equity;
- (d) transforming social relations of production by evolving new modes of socio-economic organisation (i.e. cooperatives, state farms, state enterprises, etc.) to replace the traditional forms of organisation based on family ownership and small commodity production;
- (e) the satisfaction of basic material and social needs of the Somali people.

15.8 We recognise, at the outset, that it is one thing to emphasise the necessity of transition to a new development path and quite another to lay the main ingredients for such a transitional development path. The Mission does not feel able to provide, in this report, a detailed navigation chart giving the precise course of transitional action. Such detailed navigation chart should be drawn up by local cadres and local institutions in Somalia who are better acquainted with the historical complexities of the situation and present opportunities and constraints. We propose here to present only the contours of what we believe to be the major elements in a transitional development strategy directed towards self-reliance and the satisfaction of basic needs.

BASIC NEEDS APPROACH

15.9 The design of a development strategy focussed on basic needs presumes that the planner is able to sort out basic from non-basic needs according to certain scale of social priorities, and thus the development effort should aim at the satisfaction of the basic and strategic needs of the community. In the quest for such a development policy one could identify three inter-related methodological steps. First, to define a set of minimum standards to be achieved for the satisfaction of basic needs on the basis of

the available techno-political data. Second, to identify the "deficits levels" in the satisfaction of basic material and social needs inherent in the existing situation. Third, to work out a feasible solution, in the light of resource availability, for removing the "deficits" identified in the second step and reaching the target levels set in the first.

15.10 The concept of basic needs as elaborated by the ILO and as adopted by the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour in June 1976, includes three elements:

- (a) Provision of minimum requirements of a family for private consumption. These include adequate food, shelter, clothing and other miscellaneous items of expenditure in a family budget.
- (b) Provision of essential services by and for the community; such as safe drinking water, sanitation, public transport, health and educational facilities.
- (c) Provision of opportunities for productive employment both as a means of generating the production and incomes needed to meet the first two material elements as well as an end in itself. "Employment yields an output. It provides an income to the employed. And it gives a person the recognition of being engaged in something worth his while".¹

15.11 Since the objective is to reduce poverty and to improve the standard of living of individuals, it is essential to link the planning and development effort in Somalia to the satisfaction of the basic needs of households, particularly the poor ones. Given the fact that poverty is not an absolute concept, value judgments are necessarily involved in the definition of what are the minimal components of the first two elements of basic needs.

15.12 There is very little information in Somalia to determine the minimum requirements of a family for household consumption

^{1/} Employment Growth and Basic Needs - A one-world problem - ILO, Geneva, 1976, p. 32.

which can be divided, broadly, into two parts: (a) food and (b) other household consumption requirements such as shelter, clothing, fuel and lighting, household equipment and miscellaneous items like transport, health, education, etc.

15.13 With the help of the available data and after consulting local expert opinion, the Mission has tried to estimate the cost of minimum requirements of food for a person providing a caloric intake of 2,200 per day. The following table indicates the components and cost of these requirements in 1976:

Table 15.1: Components and Cost of Minimum Food Requirements Per Person
(Man-Equivalent)

Commodity	Minimum Quantity per person (man-equivalent) (grams)	Caloric intake	Price/100 grams Sh.	Cost per person per day (man- equivalent)
Flour	150	525	0.25	0.38
Rice	60	210	0.49	0.29
Milk	100	60	0.24	0.24
Meat (goat)	70	175	0.86	0.60
Beans	100	350	0.26	0.26
Maize	200	500	0.12	0.23
Oil	20	160	0.70	0.14
Sugar	20	100	0.46	0.09
Bananas	200	120	0.15	0.29
Tea	3	-	1.47	0.05
		2,200		2.57

Source: Mission Estimates.

15.14 The diet constructed in the above table is only illustrative but it conforms broadly to the standards recommended by nutritionists in terms of caloric intake, protein requirements, etc. Since eating habits differ from family to family and from region to region, the composition of the diet in each case may be different. However, as our purpose is to show the cost of minimum requirements of food for the poorer sections of the population, the above estimates can be taken, on an average, as a satisfactory standard for policy purposes.

15.15 The food expenditure per day per person (man-equivalent) according to the above estimates amounts to Sh. 2.57. An average family in Somalia, according to some recent surveys, consists of five persons which is equivalent to 3.5 man-equivalent. On this basis the cost of food items for an average family would work out to Sh. 9.00 per day or about Sh. 270 per month.

15.16 With regard to the second element of household consumption needs (viz. shelter, clothing, fuel and lighting, household equipment and other miscellaneous items), it is much more difficult to make an estimate as no family budget survey for the poorer sections of the population has recently been made. For a proper analysis and estimate it would be desirable to construct a complete consumption basket which will meet the basic needs for minimum household consumption requirements. However, for the purpose of our illustrative exercise, and on the basis of the position in other developing countries, we have assumed that in poorer sections of the community food items constitute about 75 per cent of the cost of all household consumption requirements. This should not be far too wrong as rents in Somalia are not only controlled but are also kept low for the poorer sections of the population. On the basis of this assumption the total monthly cost of minimum household consumption requirements, including food items, for an average family, should amount to Sh. 360. Since there are on an average more than one wage-earner in a family this amount has to be deflated to find the cash income (or wage) per person. According to the Household Expenditure Sample Survey in Mogadishu City in 1966, the average number of earning persons in a family was 1.1. Since then the position would have changed because of greater employment opportunities, a higher participation rate for women in the labour force and the various measures taken by the Government to reduce unemployment. Conservatively, it can be assumed that the average number of earning persons in a family would now be around 1.2, if not more. On this basis the minimum cash income (or wage) which a person should have to meet the minimum requirements of household consumption - i.e. the first material component of the basic needs - works out at Sh. 300 per month.

15.17 It should be mentioned that the above estimates are based on urban areas. Further, in the case of rural and pastoral households, these estimates will have to be adjusted to allow for home produced goods. Such unpaid items need to be accounted for as an imputed income and as part of the expenditure of the households which enjoy these goods.

15.18 We would like to emphasise and stress that the estimates of food requirements and their cost worked out by us are rather rough and illustrative. Much more detailed work needs to be done to refine the statistical basis and nutritional requirements. We recommend that both for the purpose of evolving a basic needs strategy as well as for the fixation of statutory minimum wages, steps should be taken to estimate, more carefully and scientifically, the cost of minimum household consumption requirements, or, in other words, to determine the poverty datum line.

15.19 For planning purposes, the crucial issue is to calculate the total current requirements (and the rate of growth) for each item of the "basic needs bundle", to aim ultimately at producing in Somalia nearly all the amount required of each item for which Somalia is suited to produce. This clearly could not be achieved without a very large expansion of the production of food grains, cotton textiles and footwear. The problem involved in getting production of all the various commodities up to the postulated level can then be considered for the more important items.

15.20 It has to be accepted that basic needs cannot be provided to all sections of the population over-night. It will take time to achieve this objective. It is necessary, therefore, for the Government to define not only the minimum targets and proclaim its firm commitment to the strategy but also to lay down a time horizon within which the goal is to be achieved. In the case of Somalia it has to be a long-term goal in view of the constraints facing the economy.

15.21 The achievement of the goals of the basic needs approach requires steps both for increasing the growth as well as for redistributing income and the benefits of the growth. Reliance on growth policies alone and leaving the income distribution question to market forces will not only fail to serve the purpose but is open to question; re-distributive measures have to be taken simultaneously. These may include: "(i) changing the relative prices of the products and labour services which the poor provide compared with the prices of things they buy, (ii) introducing consumption transfers which benefit the poor, (iii) introducing investment transfers to the poor, and (iv) redistributing part of the existing stock of capital to the poor ..." ¹ We are confident that with the philosophy of scientific socialism adopted by Somalia, it is in a much better position to adopt and implement the re-distributive measures.

ESSENTIAL SERVICES

15.22 In so far as the provision of essential services is concerned it has not been possible for us, because of the lack of data, to lay down minimum standards. However, in the technical paper on Basic Needs Components we have tried to analyse whatever material is available and have shown, though in a cursory way, the gaps and deficiencies that exist. As in the case of minimum household consumption requirements, we recommend that studies be initiated by the State Planning Commission to determine the minimum standards in the case of education, health, transport, water and sanitation services both for urban and rural areas. We wish to emphasise that our purpose in this Chapter, or for that matter in this report, is not to work out in detail and quantify the components of a basic needs strategy. That is a big task and has to be undertaken by national authorities, particularly by the State Planning Commission. We only want to bring to the notice of the Government that the future development strategy based on self-reliance must be focussed primarily on enabling the poorer sections of the population to meet

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Employment, Growth and Basic Needs - ILO, op.cit. p. 34.

their basic needs. And it is in this context that we have given some indication of the magnitude of the problems and the tasks that need to be tackled.

SECTORAL POLICIES IN A SELF-RELIANT DEVELOPMENT STRATEGY

15.23 We highlight here only some of the important observations and suggestions we have made in the sectoral chapters and/or in technical papers.

15.24 It is certainly legitimate to find out what kinds of production lines are easiest to expand. It is natural to start with agriculture as the development of the country's agricultural potential is of crucial importance for the success of a self-reliant development strategy. The inter-river area which lies between the rivers of Juba and Shabelle is the most suitable region in Somalia for future agricultural expansion through cultivation of import-substituting crops such as cotton, rice, maize, tobacco, sugar, etc. Self-sufficiency in food crops such as sorghum, maize, rice, edible oil and vegetables stands out as the immediate medium-term objective of development planning in Somalia.

15.25 In order to break away from the traditional monoculture export economy, the development effort should be directed towards the diversification of agricultural production so as to produce exportable crops other than bananas. Cultivation of cash crops such as grapefruits, groundnuts and oilseeds seems to offer the most promising possibilities in this respect. The irrigation potential in the inter-river area has, therefore, to be developed as quickly as possible in order to bring about such diversification of agricultural production. Since there is nothing analogous to the fixed quantity of cultivable land, which limits the scope for agricultural expansion in many other countries, the scope for diversification is considerable.

15.26 In the pastoral sector emphasis should be placed on building up and strengthening an increasingly secure pastoral food economy through the creation of pastoral cooperatives. However, a balance has to be struck between the food requirements and the export potentials of the livestock sector.

15.27 Although Somalia is a country of livestock, dairy products are imported. The livestock population in the country can support an agro-industrial complex for dairy products which will substitute for imports and produce for export markets. Further development of the industry should aim at utilising the seasonal milk surplus in nomadic areas and converting it into export commodities, like high grade ghee and cheese.

15.28 Somalia produces the basic raw materials for the leather and foot-wear industry, i.e. hides and skins. At present, hides and skins are being exported in raw form. Only a small quantity is being tanned either by existing tanneries or by rural tanners. The total tanning capacity installed in the organised sector is rather limited, running at 82,500 hides annually. Current plans aiming at increasing the value added of the hides and skins (i.e. pickled skin) through establishing large-sized tannery and pickling plants should be given high priority in project implementation.

15.29 While increasing the country's potential for export (i.e. through the fish processing industry), the development of fisheries could also contribute towards meeting the nutritional requirements of the population, as fish products are valuable sources of animal protein. It is, therefore, desirable to encourage the Somalis to consume more fish, and in the process to ease the pressure of an increasing home demand on the country's meat supply. In other words, if the diet of the people can be made more flexible in terms of more substitution in consumption between meat and fish, the possibility of maximum exploitation of the potential external markets for meat and meat products will become greater.¹

^{1/} Since writing the report it is learnt that the Government has taken positive steps in this respect. In Mogadishu for instance, only fish (and no meat) can be sold in shops on certain days of the week.

PLANNING FOR BASIC INPUTS

15.30 Iron and steel bars and light structural steel constitute one of the leading inputs needed for the successful implementation of a self-reliant development strategy. Given the great emphasis on construction and infrastructural facilities, consumption of iron and steel bars is likely to expand at a fast rate. The existing iron and steel rolling mill - now taken over by the Somali Development Bank - is at present lying idle. The newly projected Iron and Steel Scrap Smelting Plant could ensure full utilisation of locally available scrap and thus support and feed the fast-growing construction industry.

15.31 Somalia has a mineral base for a building material industry. This industry covers a wide range of products used in building construction, e.g. lime, clay bricks, concrete blocks, cement, tiles, asbestos sheets and pipes. Current plans aiming at the establishment of a cement factory, an asbestos sheet plant and a terraza tiles factory as well as the production of sanitary ceramics could result in a high degree of self-sufficiency in building materials.

15.32 Chemical fertilisers constitute a leading input in support of agricultural expansion. The setting-up of an ammonia/urea fertiliser plant in Somalia should be regarded as one of the important building blocks in a development strategy based on self-reliance.

15.33 Another line of activity which might be developed in Somalia is the assembly and manufacture of agricultural tools, animal-drawn implements and hand-operated machines which constitute an important industrial input for successful agricultural development.

15.34 We should emphasise that the above suggestions are illustrative. They will need to be examined in detail from their feasibility point of view with regard to domestic supply and demand.

PLANNING MACHINERY AND PROCEDURES

15.35 Whilst it is common to focus in the planning process on national output as a whole, the process cannot in practice be divorced from the need for securing a proper balance between supplies of different goods and services. Most important of all, there must be a balance "within the productive system", between the supplies of various raw materials, intermediate products and essential services (e.g. power, transport) and the requirement of the using activities. If this sort of balance is not secured, the resultant bottlenecks and shortages may mean the loss of output worth many millions of Somali shillings. In sum, the Plan has to secure a reasonable "balance" between the potential flows of the various goods and services, firstly so as to accord in some degree with the needs of final consumers, and secondly so as to avoid bottlenecks in the productive process itself, through a shortage of key input items.

15.36 One of the main features of the Somali approach to planning is the lack of any consistent macro frame-work. It is not at all easy to see how the various projects of the plan are related to one another, because there is no integrated picture which allows for linkages and multiplier effects in the rest of the economy. In principle, a sufficiently detailed input - output table would enable the planner to obtain a consistent set of output targets, but its construction would require a vast effort if it were to have the right amount of useful detail. A moderate degree of disaggregation is, however, necessary so that one could relate the value to supplies of various commodity groups - whether derived from home production or from imports - to the usage of those goods and services - whether as current inputs, or for investment, export or final consumption. This certainly makes the picture more comprehensible and reveals the scale of action which is required in whatever fields of activity.

15.37 Finally one should not be too easily satisfied with a planning exercise which states its ultimate objective in very broad terms - e.g. growth of real income per capita - and which gives no systematic picture of consumption and other end-uses at all. A

comprehensive set of calculations working back from the basic needs targets for (say) 1985, could be made to yield estimates of future requirements in specific physical terms. Moreover, the calculation would, in its very nature, direct the planner's attention towards making estimates for unplanned parts of the economy, either in regard to their present activities or future developments.

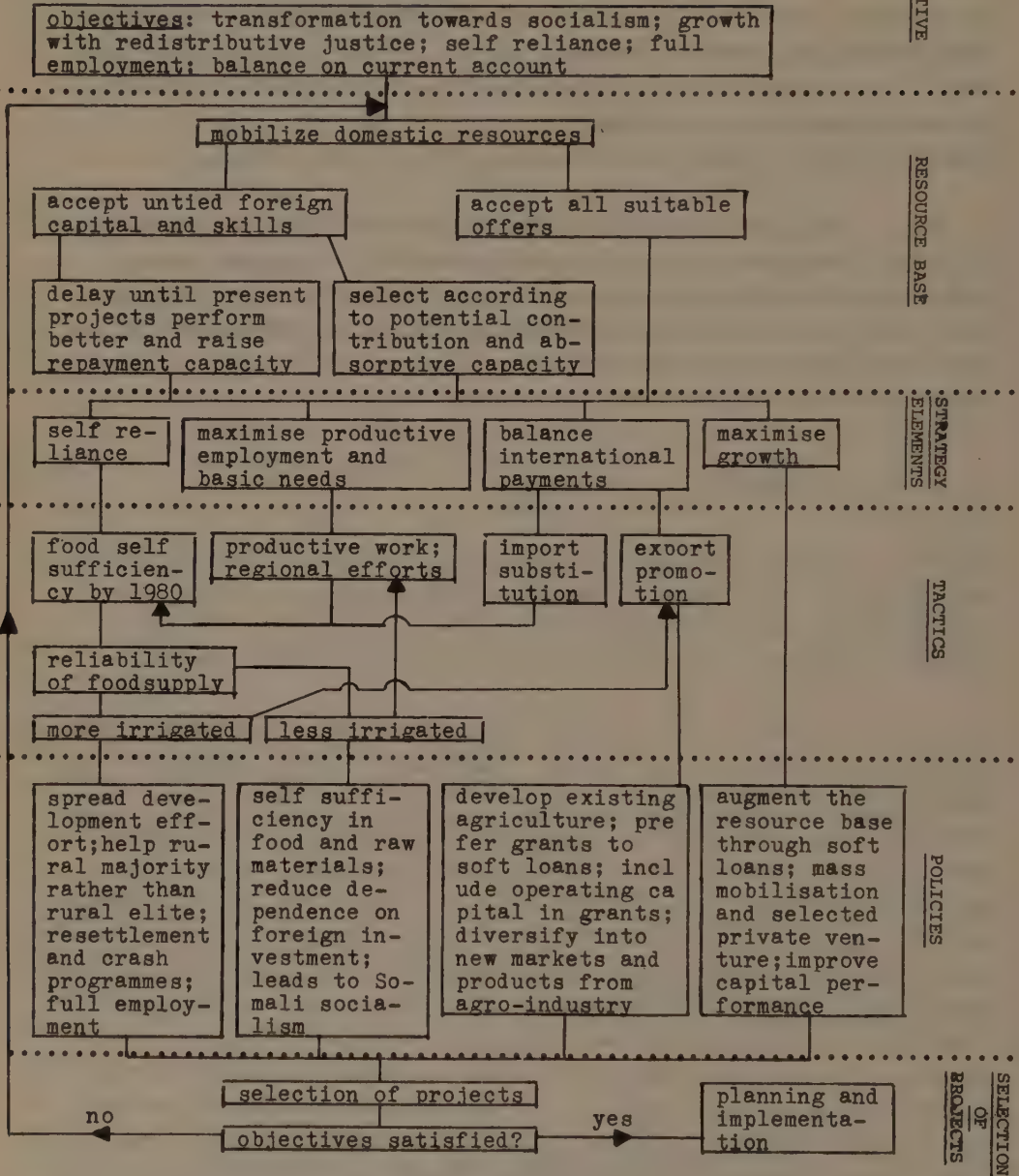
15.38 The need for trained and skilled manpower in the State Planning Commission, to be able to attend to its onerous tasks and duties, is indeed pressing. We cannot emphasise too strongly that there is need for strengthening the Planning Commission by highly qualified personnel and for retaining them in position for longer periods than has been the case so far.

SELECTION OF A STRATEGY AND PROJECTS

15.39 A more meaningful dialogue can take place between policy-makers if the complementary and/or conflicting issues involved in the selection of a strategy are presented in the form of a flow diagram. We have attempted such a diagram in the Chart below:¹

15.40 In the Chart, objectives are the first consideration against which policies have to be tested. Thereafter, priorities are to be decided and the first place in this respect is given to the availability of resources. Four major strategies are then identified: self-reliance (especially self-sufficiency in basic foodstuffs); maximise employment and provide basic needs by spreading the benefits of development more widely both within and between regions; improving the balance of payments through appropriate import substitution/export promotion; and maximising growth. The premium put on reliability of domestic food supplies is another factor which helps to determine whether rice and maize should be grown on irrigated land in preference to cash crops. Final selection of the projects depends on the rate of return shown by financial and social cost-benefit analyses. We suggest that the authorities in the Planning Commission should try to follow the strategy suggested in the diagram for selecting the projects and laying down priorities.

CHART: Some Basic Issues in Choice of Strategy



STATISTICAL GAPS AND REQUIREMENTS

16.1 In Somalia, as in many other developing countries, the functions of the statistical service are still confined to the collection of conventional data on exports, imports, prices, health, education, etc. Indeed, Somalia is considerably behind several other developing countries as even information on national accounts, population and labour force is still not available. In so far as the data required for a development strategy focussed on basic needs are concerned, the country has a very long way to go.

16.2 This Chapter is not intended to make a thorough examination of the work of the Central Statistics Department attached to the State Planning Commission, nor is it intended to analyse the various types of statistical data being collected in the country. Our main purpose is to point out broadly the types of data that are needed for an employment and equity-oriented development strategy focussed on basic needs. We have then attempted to assess the gaps in the present data and have put forward some suggestions for future action.

16.3 The re-orientation of policy and planning according to the socialist philosophy of the Government, requires a parallel re-orientation of priorities for the collection of data. This re-orientation requires, in particular, that far more attention be given to the collection of data concerning the socio-economic characteristics of the nomads as well as the rural and urban poor.

16.4 Moreover, a basic needs strategy should, focus primarily on the extent of poverty and its progressive elimination, and on essential consumption requirements of the poorer sections of the population - the target groups. The identification of these groups and their economic and social characteristics is, therefore, the first requirement and the necessary data for this purpose must be collected. The extent of poverty is then to be judged with reference to household consumption and income data. Information is also needed

on the availability and access to essential services, such as education, health, sanitation, water, transport, etc. by the different sections of the population.

GAPS IN PRESENT STATISTICS

16.5 It must be stated at the outset that all statistical gaps or deficiencies cannot be removed simultaneously or over-night. This requires a well-planned and concerted action and the setting up of priorities for the building up of a statistical system. The Development Programme, 1974-1978, provides that the main objectives in the field of statistics will be "to continue the activities already initiated towards: (a) filling gaps in major statistical information in the national statistical system; (b) update, revise and extend the coverage of existing statistics; and (c) strengthen the national statistical organisation.....".¹ While some progress in achieving these objectives has undoubtedly been made, our impression is that a lot of statistical information in Somalia is collected as a result of ad hoc decisions. To ensure that the scarce financial and manpower resources available for statistical work are utilised for the maximum benefit of the country and in accordance with the accepted development strategy, it is essential that an overall plan for the organisation and development of statistical work is prepared in greater detail.

16.6 We review below the data that are at present available and compare them with the information and data that we think are essential for adequate development planning focussed on employment and basic needs. Our review is by no means exhaustive and in any case it should be considered along with the suggestions made in the various Chapters of the Report.

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Five Year Development Programme 1974-78, p. 280.

(1) Population

16.7 The most important and glaring gap is with regard to the data on the country's population and its social and economic characteristics. Indeed, the absence of data on population and its regional distribution has remained the principal stumbling block in the formulation of realistic national development plans. Moreover, without population census data, which is the starting point for carrying out any household enumeration surveys at national level, attempts to apply statistical procedures designed to make overall estimates for the household sector have just not been feasible.

16.8 Some demographic data were collected through a few sample surveys of the settled and nomadic population. However, as some of these are rather old and also their sample size small, it is not possible to draw firm conclusions on the basis of their results.

16.9 The first comprehensive Census of Population and Livestock was conducted in 1975. Unfortunately, the climax of the long drought more or less coincided with the census dates, thus causing disruption of "normal" patterns especially in the nomadic sector. A large number of people and livestock are reported to have perished as a result of the drought. The regional distribution was also disturbed as the nomads had to move to other areas in search of grazing lands for their livestock. The field work for the census was done by some 17,000 students and teachers and, although they underwent some training, the Mission understood that this was not enough under the prevailing situation. Further, no follow up study of the census was done although some preparations were made. At the time of fielding the Mission, the results of the census had not yet been released by the Government. We would urge that information on population and livestock should be made available as early as possible as no meaningful planning exercise can be done in its absence.¹

^{1/} Since writing this report the Government has taken a decision to start processing the census data.

(ii) Income and consumption

16.10 Data on income and consumption should provide basic information on the standard of living of households. Again, however, this is a field where virtually no information is available in Somalia. The Government has plans to fill the gaps through sample surveys throughout the country. We fully support this approach and suggest that consumption surveys for the three different sectors - urban, settled rural, and nomadic - should concentrate more on the low income and poorer sections of the society, the target groups of the basic needs strategy. The data provided by such surveys will be essential not only for throwing light on the nature and causes of poverty, but also for assessing the impact of development programmes.

16.11 Information about the sources of income, i.e. income from wages, profits, rents, transfers and remittances, etc., is important for policy purposes. There is also the need for information on taxes and subsidies, which have a direct effect on household disposable income. Co-operation in this respect between the Income Tax Department and the Central Statistics Department for the use of income-tax returns, especially in respect of persons in the higher income brackets, should prove useful in establishing a meaningful picture of income distribution in the country.

16.12 As it is very difficult to find accurate and comprehensive income data and as it will take some time before the system for the collection of such data is refined and firmly established, it would be desirable to collect consumption data, to begin with. However, in the collection of consumption data, it is necessary to define household or consumption categories in such a way that it is possible to link them to production categories in other socio-economic surveys.

16.13 A necessary complement to consumption survey data is information on prices. Consumer prices, as a base for the price index are so far available only for Mogadishu. According to the proposed arrangement the new regional and district units will collect price

data on a country-wide basis. These units are also expected to collect information on other items such as rents, housing, and, to a certain extent, sale and slaughtering of animals. Some of the important determinants of income levels are the pattern of holdings of land, livestock, housing, access to private or public services (subsidised or not) such as education, health, water, extension services etc. We suggest that information on these items should also be collected through the new regional and district units.

(iii) Agriculture

16.14 Very little information on the agricultural sector is available. This is particularly so with regard to subsistence agriculture. Some pilot studies, have been made to cover the settled farming sector. When the results of these studies are published, some data should be available on farm population, size and fragmentation of holdings, land use pattern, etc.

16.15 Besides the information on acreage, output and yield, some of the more important items on which information is necessary for development planning are: land occupation and land registration position, land-tenure systems, land-use patterns, irrigation facilities, location and size of holdings, patterns of labour-use, nature and duration of employment, mechanisation and its effects on employment, incomes, role of different family members and their working conditions. Information about the nature and extent of secondary activities in agriculture is also necessary for finding out the alternative income-earning opportunities available to a farming household.

16.16 We cannot emphasise too strongly the urgent need for the collection of as comprehensive information as possible on the various aspects of the agricultural sector. The lack of information in this area will continue to hamper the formulation of any development strategy. In this connection we strongly support the proposal contained in the 1974-78 Development Programme that an Agricultural Census, covering the entire country, should be carried out as soon as possible.

(iv) Livestock

16.17 The largest economic sector in Somalia with respect to both employment and income is the livestock sector; yet very little statistical information concerning it is available. The few pilot surveys that have been conducted among the nomadic households so far give only some ad hoc information, which is too scanty to allow any wider interpretation. The results of the 1975 Census of Population and Livestock, when available, are likely to fill in some of the existing gaps although it cannot be said at this stage how far these results will depict the correct picture as the situation at the time of the census was disrupted by the draught.

16.18 The new statistical units in the regions and districts will, it is proposed, be asked to provide data on the number of livestock sold and slaughtered. This may give some indication on incomes. However, for adequate planning purposes, data on the number of animals per family, age distribution and structure and the productivity of the herds are of crucial importance. As it is important for planning purposes to know the changes in the herds as well as their location, we suggest that regular aerial surveys might also be made using fixed transect lines, like the ones used by FAO in 1967. Information gathered in such surveys might also be useful in predicting the occurrence of droughts. Another kind of famine-early-warning-system is by having a close check on changes in livestock and food prices in affected areas. Early information in this respect will give the Government time for effective measures to avert disaster.

(v) Industry

16.19 The industrial sector is likely to play a relatively increasing role as employment and income generator in Somalia. In this respect we would emphasise the importance of the small-scale sector in which at least 50 per cent of all industrial employees are working.

16.20 The statistical information available for the formal large-scale sector may be considered to be relatively good and when the results of the 1974 Census of Industries are published the data situation concerning smaller establishments should also improve. However, some important information with regard to labour utilisation, labour turnover, seasonality of employment, etc., is still missing. Further, only scattered information is available on the extent of capacity utilisation in different establishments. As the capacity utilisation rate seems to be very low in many public sector establishments, we suggest that a comprehensive survey should be conducted to find out the extent of excess capacity in industrial establishments and the factors accounting for it so that bottle-necks to full capacity utilisation are removed.

(vi) Essential services

16.21 For the planning of a basic needs strategy, it is necessary that information on essential services available to the community should be collected and analysed in as much detail as possible. These services include, education, sanitation, health, water and public transport. The available information in these respects (with the possible exception of education) leaves much to be desired, particularly in so far as the rural and nomadic sectors or the poverty groups are concerned.

16.22 In the health sector some easily accessible data, such as the number of doctors, hospitals and hospital beds are available. Some information on patients treated and vaccinated is also available but it is too meagre and too scattered to give a reliable impression of the health situation in the country. Records of births and deaths are not kept. The health statistics are poor in urban areas, and with regard to rural and nomadic populations, they are almost non-existent. An up-to-date picture of the health and nutritional situation is necessary for the planning of the well-being of the society; but apart from the results of a few sample surveys which are old and do not cover the whole country, the gaps are very wide.

16.23 In the transport sector, while information concerning air transport is adequate, that on sea and land transport, which is more important, is inadequate and rather shaky.

16.24 More data are urgently needed concerning the water situation for the effective planning of the agricultural and livestock sectors. Some information on the number of wells, the area under irrigation, etc. is available but far too little is known about the use of water and the effects on ground-water. In the urban areas too, sufficient information is not available to assess the adequacy or inadequacy of water facilities available and to determine the need for additional water-points.

16.25 Little information is available on the housing situation in urban areas, and almost no data are collected on rural housing. The formulation of a meaningful housing policy requires information on the number, nature and quality of houses, the extent of over-crowding, water and sanitation facilities available and how much a low income family has to pay for a reasonably satisfactory shelter with basic necessities. It must be emphasised that information on the housing situation has to be collected both for urban and rural areas so that proper measures for improvement can be planned and effectively implemented.

DEFINITIONS AND STANDARDS

16.26 Before looking at the organisational structure for the collection and compilation of statistics, we should like to mention some general problems. First, there is the question of definitions or standards used. The Mission, for example, had difficulty in estimating the availability of and needs for different types of manpower. Thus, for example, a driver or even a man handling a duplicating machine was coded as "technician", and a nurse could be anyone from a graduated nurse to one with some on-the-job training. To achieve a better integration of statistics and thereby improve

the comparability of data we suggest that the international standard classifications and concepts, adjusted to suit the conditions in Somalia, should be applied uniformly by all statistical producers. We further suggest that a system of national accounts should be used as a tool for the integration of economic statistics, which implies that all producers of primary data for national accounts must ensure that the data conform to the concepts and classifications of the system. We, therefore, suggest that a study be made to evaluate which of the national accounts system best suits Somalia.

16.27 Another problem is with regard to the reliability of statistics, which we think could be improved. For instance, the results of some of the pilot sample surveys have been based on too small a sample. Again, the Census of Industry 1974, suddenly showed many more establishments with 5 employees than in earlier years; these could not have been 'new' establishments in that year. The wider coverage thus made the results of the 1974 Census incomparable with those of previous censuses.

ORGANISATIONAL STRUCTURE

16.28 In Somalia, statistics are gathered and published by several governmental institutions. Although the Central Statistical Department within the State Planning Commission is the chief statistical information gathering organ of the State, many ministries, agencies, banks and industrial establishments produce, analyse and publish their own statistics. Below we summarise some of the administrative problems the country, and especially the Central Statistical Department, has to face in its efforts to collect the information needed for planning.

16.29 The Central Statistical Department (CSD) within the State Planning Commission is supposed to be "an effective tool in building up the statistical pre-requisites required to make development planning and policy making meaningful, and for this

purpose strengthen, standardise and coordinate statistical activities in the Ministries, Agencies and private enterprise establishments".¹ The Department is divided into 7 divisions (Industrial, Prices, Sample Surveys, Foreign Trade, Research and Training, Publications and Computer) each one dealing with specialised branches of statistical activities. However, in addition to financial problems, the acute manpower shortage has seriously hampered the work of the Department. The total staff in the Department is about 80 persons but the number of graduates is only 8. And, of these 8 persons, 3 are presently abroad for training and the Director of the Department is acting as Director-General of the State Planning Commission. Obviously, little development work can be done under such circumstances and the personnel mostly grapples with administrative or simple routine matters. Another problem is the ineffectiveness caused by the high turn-over of personnel.

16.30 The Mission was, on the whole, impressed by the efforts of the Central Statistical Department to collect, process, analyse and coordinate a wide range of statistical information despite the obvious handicaps it faced, especially in the form of an acute shortage of trained manpower and lack of sufficient funds.

16.31 Recently a proposal for the reorganisation of the State Planning Commission has been put forward. According to this proposal the new Central Statistical Department will consist of six units in addition to the Director's office: Sample Survey and Census Service, Social Statistical Service, Economic Statistics Service, Publication and Research Service, Data Processing and Computer Service, and a Regional Service. The number of professional graduates proposed for the Statistical Department is 28, which should be compared with the four presently working in the Department. We do hope that all these professionals will be available. We fully support the proposal for the strengthening of the Department and for providing suitable incentives to its staff so that the high turnover is avoided.

16.32 One of the severe gaps that the Mission found is the lack of a Central Documentation Centre and a "data bank". We are sure that a lot of statistical data and reports have been collected over a period of time and these are lying somewhere in different ministries. These are scattered around and no one knows how and where to get a comprehensive picture of all the surveys done and the statistics assembled in any sector. The need for a central documentation centre is urgent to save what is still available and the Mission strongly recommends that such a centre should be established as soon as possible.

16.33 Many ministries, agencies and industrial establishments produce, analyse and publish their own statistical reports. The banks, the Ministry of Education, and the Banana Board could be mentioned as examples of some of those which publish reports supported by reliable but not fully adequate statistics for planning purposes. For example, virtually no data are available on money flows within the economy; data on the cost of education are scanty and information on banana marketing operations is lacking.

Regional Statistical Offices

16.34 The need to establish some kind of regional statistical offices has long been felt not only for increasing the scope and coverage of the information but also to improve the accuracy of the information gathered. It was planned that, as part of the 1975 census operations, 15 regional census offices were to be formed into regional statistical offices for overall statistical activities in the regions and also be used as the administrative focal points of the Central Statistical Department. Due to financial and manpower problems only three offices are operating at present. However, small units within the offices of each of the Governors and the District Commissioners were established under the auspices of the Ministry of Interior. These units, at the request of the Statistical Department, gather statistical information on prices, house rents, livestock sold or slaughtered, industrial establishments, villages and water points, standard of dwellings and new construction. When

all are fully operational it is likely that in the not too distant future a lot of valuable information will be available.

The Training Institute

16.35 In order to deal with the acute manpower shortage in the statistical field, the Statistical Department has been giving courses in statistics and related subjects. This training has lately been intensified and up-graded and in March 1976 a National Institute of Statistics and Applied Economics was established under the auspices of the Statistical Department. The Institute conducts training programmes on a regular and more formal basis than the former in-service training programme. Presently around 60 persons are attending the Institute. Although the courses impose a heavy burden on the few graduate staff members of the Central Statistics Department they seem to be successful. However, these courses are not meant to graduate statisticians whose shortage is acute. It is estimated that the shortage of graduate statisticians will continue for quite some time as there is no statistical faculty at the National University and the quota of the Statistical Department from the Economics and Mathematics Faculties is far too small to meet the needs.

16.36 The shortage of trained staff was felt even more during the preparation for and the actual field work of the Census of Population and Livestock, which disrupted all the routine work within the Statistical Department. The effects of this have still not been overcome; for instance, the Statistical Abstract for 1974, one of the major publications of the Department, was still under preparation in August 1976. The publication of data normally takes too long and is, therefore, of little use in decision making. If the primary users of statistics are planners and decision makers, most of the data are too old at the time of publishing. All this highlights the need for strengthening the Central Statistical Department adequately and for paying much greater attention to the collection, analysis and early publication of data.

2. 1900-1910
3. 1910-1920
4. 1920-1930
5. 1930-1940

NOMADIC PASTORALISM IN SOMALIA

ECOLOGICAL FACTORS

1. In order to describe Somali nomadic pastoralism and its recent evolution, it is necessary first to describe some of the outstanding characteristics of the ecological system and the way traditional pastoralism used and adapted to this environment.

(i) Climate

2. The quantity of pasture and surface water available for livestock each year depends directly on rainfall. In most of Somalia there are two rainy seasons: the main rains are in gu from April to June, depending on the south-west monsoon and the northward movement of the Intertropical front, with subsidiary rains in deyr from September to November, depending on the north-east monsoon. However, along the Indian Ocean coast rains are also received during June - August locally known as hagaa. The dry summer period, hagaa, in the north is of variable length; in some southern parts of the country some rain (hagaio) falls throughout the summer. The dry winter period, jilaal, rarely has any rain at all, except in the northern red sea coast and where some rains are received during January - February, locally known as hais.

3. The annual total rainfall, its distribution in space and time, and the date of onset of effective rain after the winter dry season are important factors in herd management decisions. The long-term mean rainfall determines general exceptions; spatial and temporal variations impose nomadic movement patterns and the likelihood of good or bad years with their attendant management decisions and the date of onset of rains determines the length of the difficult period at the end of jilaal when critical decisions have

to be made about sale or slaughter of animals to see the family through to the relative economic abundance of gu. In common with other arid climates all these key factors are very variable in Somalia, giving rise to considerable uncertainty in the basic framework within which herdsmen's decisions are made.

4. The extreme variability of rainfall makes it very unreliable from the herdsman's point of view. This unreliability is greater the drier the area. The date of onset of gu rains is also unreliable, with variations from year to year of a month or more in the start of effective rains. Within one season there are substantial variations in rainfall between places only a few miles apart.

5. Meteorology and popular memory also record the droughts of the past especially in the north: in 1911, 1914 (Xaaraama Cune the drought when people ate forbidden food), 1925, 1928-1929 (22,000 people destitute), 1933-1934, 1938-1943, 1950-1951 (Siigacase - the blower of red dust) 1955, 1959, 1965, 1968-1969 and the major drought of 1973-1975.¹ The figures indicate droughts with varying degree of severity occurring every 3-4 years. It should be noted, however, that there is little evidence from the rainfall figures, short series though they are, to support the idea of a general climate change towards drier conditions. Somalia belongs to the same general weather system as the dry zone of West Africa where a much longer series of records are available and where sophisticated analysis have failed to show any secular trend of this sort.

(ii) Vegetation

6. The vegetation of Somalia has been described recently in a number of reports. The two aspects important for future planning of the pastoral sector are the over-use and range destruction especially in the north, and the possibility of under-used ranges elsewhere.

1/ Mohamed Abdi Ali, pers. com., J.A. Hunt: A General Survey of the Somaliland Protectorate, 1944-1950, Hargeisa.

7. Many observers have commented on the degradation of Somalia's rangelands, which seems to be taking place in many areas in the country, especially in the north. The reasons for this are given as increasing livestock numbers (due to the success of veterinary programmes, and the rise in profitable export markets for Somali livestock), unplanned development of deep wells and surface water especially in the previously seasonally inaccessible pastures of the Haud, and the gradual process of unplanned sedentarisation around well-watered places in the north.¹

8. Although, in general, rangelands are declining rapidly, this does not mean that the process is universal throughout Somalia. The FAO Livestock Development Team which looked at range condition throughout the country during and after the gu rains of 1966, observed that there was great variability. It concluded: "the ranges of the Northern Region are in a most delicate state. Over-grazing local livestock and market herds, urban growth, and the enclosure of private grazing has forced the pastoralist on to marginal ranges ... Migiurtinia is ideally suited for sheep, goat and camel production, and has a potential for sustained production of livestock any attempt to settle livestock owners on small areas here would be disastrous Mudug and those portions of Hiran and Benadir north of the Webi Shebelli comprise one of the finest and least known ranges in Somalia ... in general these ranges are in better condition than those of the more northern areas although they show evidence of past misuse ... the ranges between the Webi Shebelli and Juba are not producing to capacity and are deteriorating. In general the lower Guiba (Juba) area has a high potential for cattle production, although range improvements such as water development and bush clearing are needed in addition to strict grazing control if the potential is to be realised."²

1/ Mohamed Muse Awaleh 1971 Range management and recommendations for its development. Report of the Range Management and Development Seminar held in Burao 1-6 December 1971. Roneo 62.

2/ B.J.Hartley et al 1967, Livestock Development Survey, FAO Rome. See also T.Box 1968 Range Resources of Somalia. Journal of Range Management, 21(6) pp. 388-392.

9. A recent report suggests that animal production in Somalia is higher than would be expected from the condition of the range. Several possible reasons for this are advanced: rainfall may be higher than thought (perhaps through the exceptional storm of high intensity rarely recorded by weather stations), humidity is high, and the small hardy Somali breeds of livestock are well adapted to local conditions, needing less forage than is generally thought. Camels also get most of their food from a height above that normally estimated in calculations of forage production, so carrying capacity may have been considerably underestimated.¹

(iii) Land use

10. The estimates of land use and capability most commonly used in Somalia are shown in Table TP 1.1.

Table TP 1.1
Estimated Land Use

Category	Area ('000 ha)	Percentage of total
<u>Total Area</u>	63,800	100
Northern regions	17,600	28.0
Southern regions	46,200	72.0
<u>Category</u>		
Suitable for crops or potentially cultivable	8,000	12.5
- In crops or fallow	(650)	(1.0)
- Uncultivated but cultivable	(7,350)	(11.5)
Suitable for grazing	35,000	54.9
Forest	8,800	13.8
- Actual forest	(2,500)	(3.9)
- Bush and scrub	(6,300)	(9.9)
Other land	12,000	18.8

1/ IERD 1975 Somalia. Appraisal of the Northern Rangelands Development. Annex 2,p.5.

11. The original source of the above estimates is unknown, and their validity cannot be checked. Officials in the Ministry of Planning, however, believe the correct figure for land suitable only for grazing to be nearer 50 million hectares or about 80 per cent of the surface of Somalia.

DISTRIBUTION AND NUMBERS OF LIVESTOCK

12. Estimates of livestock numbers in Somalia vary widely, reflecting the difficulty of counting particularly when herds move widely even across the border. Moreover, the numbers themselves change according to the effects of such measures as construction of water points and the eradication of animal diseases, as well as the alternating periods of good and bad rainfall and pasture. Estimates by veterinarians involved in the rinderpest eradication campaign made in 1973, before the start of the drought, gave the following figures of livestock numbers in different regions of the country.

Table TP 1.2

Suggested Regional Distribution of Livestock in 1973.

Region	Camels	Cattle	Sheep/Goats
North-west	162,000	104,000	742,000
North-east	533,000	277,000	2,319,000
Bosaso	446,000	153,000	1,642,000
Mudug	618,000	426,000	2,682,000
Hiran	229,000	161,000	1,228,000
Benadir	325,000	419,000	1,429,000
Upper Juba	396,000	497,000	2,876,000
Lower Juba	93,000	881,000	2,364,000
Rounded total for Somalia	3,000,000	3,000,000	15,000,000

Source: German Planning and Economic Advisory Group, 1973.
A Programme for the Allocation of Deep Wells to the
Rural Areas. Mogadishu - Ministry of Planning and
Coordination.

13. Estimates are rarely made of the breakdown of the numbers of different species of sheep and goats although such a distinction is important for subsistence production. However, the FAO Team estimated in 1967 that there were 3 sheep to every goat in the north of the country, but that the proportion of sheep declined in drier areas, or those with thick bush.¹

THE PASTORAL ECONOMY

(i) Limitations of data

14. There are few subjects on which data are more limited than the traditional pastoral economy. Herd and flock sizes, species composition and age-sex structure, their distribution between families, productivity and yields, breeding intervals, mortality and survival, herding, milking and watering labour requirements, are almost unknown for Somalia as for other traditional nomadic pastoral economies. However, a start has to be made somewhere. In the following sections, known sources of published data have been collated and their validity confirmed, rejected or modified in consultation with knowledgeable local persons. Considerable doubts remain about the extent to which the data are generalisable and some heroic assumptions have been made. In particular, most of the data on animal holdings, herd and flock size and composition, etc., are based on questions put to the owners. Nomads are often disinclined to give exact information about their animals, although the fact that holdings of animals are not taxed in Somalia somewhat reduces this fear. It is hoped, however, that the very fact of presenting approximate figures will stimulate discussion, questioning and further research within Government Ministries, the research institutes and the university, so that more accurate information will be forthcoming.

^{1/} B.J. Hartely et al 1967, Livestock Development Survey. FAO, Rome.

(ii) Ownership and control of resources

15. The main unit of production is the family, grouped together with other families (rarely more than 4) for part of the year. Depending on the place and season, the unmarried men and boys may form a separate herding unit which takes most of the camels (leaving a few burden and milk camels with the rest of the family) away to exploit grazing land far from water.

16. All pasture and other land is owned by the State. Previously there was no individual ownership of pasture or farm land, although it is suggested that wood belonged collectively to the clan in whose normal territory it was found, and that hillsides with gum arabic, frankincense or myrrh trees were individually owned and the harvest rights were sold by the owner.¹ Individual clans were loosely associated with particular areas of pasture, without any specific rights of ownership. Effective occupancy, and, in the final resort, military superiority, alone guaranteed access to pasture. However, it is suggested by some that prior to the colonial occupation of the north, pastoral clans had more distinct territories, the lines of which were subsequently blurred by increased competition for pasture and by colonial administration. Wherever nomads settled, land was still held commonly by the clan and although distributed to farmers according to need, was inalienable.

17. Despite the lack of clear evidence for specific territorial organisation of grazing lands in the traditional pastoral economy, there is a suggestion that traditional northern chiefs may have once had the power to declare closed (hirmo) a particular pasture so that for a given period of time it was forbidden to graze livestock there; special penalties enforced this decision. The purpose was specifically to let the grass grow.²

1/ Enrico Cerulli, 1959, Il diritto consuetudinario della Somalia settentrionale (Migiurtini) pp. 1-86 in Somalia, Scritti vari editi ed inediti. Vol.II. Roma, Istituto Poligrafico dello Stato for Amministrazione Fiduciaria Italiana della Somalia.

2/ Cerulli op. cit. A comparable power existed to declare forested hills hayrain, and thus prevent tree cutting for a given period of time.

18. Water was the key to access to pasture. In the gu, and to a lesser extent in the deyr rains, animals, especially camels, got their basic water needs from the surface water or vegetation itself, hence no problem arose during this period as the herds and flocks spread through out the pasture, and the camels especially made use of vegetation only accessible at this time of the year. In the dry seasons, herds and flocks were forced back to drink regularly at home wells belonging to the family, group of families or contractual group which dug them. From these wells water might be given to others in time of plenty, but not in the dry season or in drought years. This pattern of water use in the traditional society led to a fairly well distributed pattern of grazing with grass and trees far from the wells grazed during the wet season, and the animals gradually falling back on the upgrazed areas close to the wells as the dry season advanced and animals had to be watered every few days. Since the 1950s new sources of water have been created such as government bore-holes open to all, private cement tanks (barkas) and lorries selling drums of water far from the wells. Since water is the key to grazing, new social groups (nomads with no tradition of grazing in that area, traders with market herds and newly settled farmers with cattle) have been able to use the pasture and the former de facto grazing controls have largely disappeared.

19. Animals are individually owned, inherited and disposed of. In theory, women have individual rights in animals according to Koranic Law, as modified by the recent family law. However, it appears that camels are in a slightly different category from other animals. Several observers,¹ suggest that although camels are the property of individuals they were also formerly considered the collective responsibility of the clan. The individual owner was not completely free to dispose of his camels especially in time of adversity such as drought, when these animals

1/ See Musa Yusuf Abokar in proceedings of the SIDAM/IDEP seminar on Somalia in Transition, November 1975 SIDAM in press.

would be expected to help feed herdless members of the clan through redistribution mechanisms described below. Apparently, women rarely owned camels. Camels were also branded with a clan mark and not with the mark of an individual owner as in the case of sheep and goats.

(iii) Nomadic movement

20. Somali pastoralists move principally because the ecological requirements of their flocks - for food, water and salt - cannot be met throughout the year in one place. With fresh green grazing after the rains, camels can go for two to three months without water, and the herd boys, drinking several litres of camel milk daily, need no water either - in the dry season camels have to be watered every 10-14 days. Sheep and goats need water more often than camels, and although in good fresh grazing they can last a few weeks between watering they need water every 4-8 days in jilaal. Cattle are most demanding of all, requiring water every two to four days in jilaal. All species require some salt which is normally taken by grazing salt bushes and natural salt licks, at that moment the animals need to drink more frequently.

21. The availability of pasture, salt and water determines nomadic movement. In jilaal, pastoralists in the north are concentrated around home wells on the coastal plain or in the mountains and the northern plateau. With the spring rains they disperse widely; those from the mountains and the northern plateau move south into the Haud, and the coastal groups move up onto the plateau. Camels, in the care of unmarried men and boys, move far into the grazing areas, often in the company of close kinsmen with their camels. Sheep and goats, in the care of women, girls and small children, go less far and the husbands usually stay with their camps. In hagaa, some animals may begin to return towards their home wells, but if the deyr

rains are good they remain out in the far grazing areas until the onset of jilaal forces them back.

22. In the south, nomadic movements are likewise determined by the need for pasture, water and salt, and also by the need to avoid insects such as tsetse flies. Movement is from the permanent water of the Juba and Shebelli rivers into the dry interior after the gu rains with a return to the rivers in hagaa, a movement away from the rivers again in deyr and a final return in jilaal. Cattle do not move very far into the interior, but in the south again the camels may move several hundred kilometers.

23. Although there are some semi-nomads and cultivators with large flocks in the north, these are found principally in the south, where they may be sedentary for a cultivation season, and move off with the flocks after the harvest. This pattern of transhumance is characteristic of the inter-river area. There are also formalised arrangements between pastoralists and settled cultivators for the exchange of milk, animals manure and sometimes also money, for the right to graze herds on the stubble and to have access to wells and water ponds in the dry season. It was estimated in 1967 that in the inter-riverine and south of the Juba areas 38 per cent of the cattle and 21 per cent of the camels were owned by farmers.¹

24. Table TP 1.3 gives information from three pilot surveys on holdings by nomadic households of different species of animals. The different regional characteristics of nomadic pastoralism emerge clearly from this table. In the north, more than half of the households in the survey area held camels, sheep and goats, another one-third held sheep and goats alone, a very small number held only camels, and a negligible number held only cattle. In the Juba area, more than half of the nomadic households

1/ FAO 1967, Agricultural and Water Surveys, Somalia - Final Report Vol. I, General. Rome, FAO.

held cattle alone, a relatively high proportion held camels alone (more than in the north) and an almost negligible number held only sheep and goats. Despite the preponderance of cattle in the Juba region, the table below indicates the relative diversification of nomad holdings by species; in all survey areas a substantial proportion of nomadic households held more than one species (counting sheep and goats as one species).

Table TP 1.3
Nomad Livestock Holdings

Combination of type of livestock	Households by combination of type of livestock					
	Northern Somalia		Juba Area		Southern Somalia	
	Burao		Afmadow		Bardere	
	Number	%	Number	%	Number	%
Camels	271	5.9	137	13.4	230	27.0
Cattle	9	0.2	566	55.5	429	50.0
Sheep and Goats	1,540	33.4	5	0.5	-	-
Camel and Cattle	-	-	182	17.9	141	17.0
Camel and Sheep/Goats	2,406	52.3	58	5.7	-	-
Cattle and Sheep/Goats	88	1.9	15	1.5	41	5.0
Camel, Cattle, Sheep and Goats	290	6.3	56	5.5	6	1.0
Total	4,604	100.0	1,019	100.0	847	100.0

Notes: Afmadow Survey was conducted in March 1974 after the first gu rains and so is likely to understate the number of camels. Burao Survey was made in February 1974, and Bardere Survey was in August 1973.

Source: Central Statistical Department, Pilot Survey of nomadic households in Burao district, 1974; Pilot Survey of nomadic population using Hiloes as a source of water, Bardere district, 1973; Pilot Survey of nomadic households in Afmadow district, 1974.

(iv) Size and distribution of basic animal holdings

25. The three pilot surveys of nomadic areas carried out by the Central Statistical Department in 1973 and 1974¹ give some information on the size and distribution of basic animal holdings in the Somali nomadic pastoral economy. These surveys do not, however, give the distribution of households according to total animal holdings of each species. The following table summarises the results of these surveys:

1/ Central Statistical Department. Pilot Surveys op. cit.

Table TP 1.4
Distribution of Households According to
Size of Holdings of Different Species;
3 Pilot Survey Areas 1973 and 1974

Animal Species and size of Holding	Household					
	Northern Somalia			Juba Area-Southern Somalia		
	Burao		Afmadow		Bardere	
	Number	%	Number	%	Number	%
<u>Camels</u>						
0	1,637	35.5	586	57.5	470	55.0
1 - 5	856	18.6	158	15.5	119	
6 -10	818	17.8	60	5.9	48	6.0
11 -20	480	10.4	91	8.9	59	7.0
21 -50	519	11.3	90	8.8	124	15.0
51 +	294	6.4	34	3.4	27	3.0
Sub-total	4,604	100.0	1,019	100.0	847	100.0
<u>Cattle</u>						
0	4,217	91.6	200	10.6	229	27.0
1 - 5	156	3.4	36	3.5	94	11.0
6 -10	127	2.7	88	8.6	158	18.0
11 -20	104	2.3	104	19.1	142	17.0
21 -50	-	-	332	32.6	166	20.0
51 +	-	-	169	16.6	58	7.0
Sub-total	4,604	100.0	1,019	100.0	847	100.0
<u>Sheep & Goats</u>						
0	280	6.1	885	86.8	800	94.5
1 - 5	343	7.5	27	2.6	5	0.6
6 -10	172	3.7	21	2.1	8	1.0
11 -20	107	2.3	23	2.3	14	1.6
21 -50	545	11.8	38	3.9	6	9.7
51 +	3,157	68.6	23	2.3	14	1.6
Sub-total	4,604	100.0	1,019	100.0	847	100.0

Source: Central Statistical Department, Pilot Surveys... op.cit.

26. A clear pattern of sheep and goat holdings appears for the north of Somalia. The survey data show few holdings below 21 while the great majority had more than 50. It seems reasonable to assume that 50 to 60 sheep/goats are the minimum necessary for family subsistence, and that 150-200 represent some upper limit, probably on available labour. This limit is exceeded only by a few families rich enough to employ or otherwise acquire additional labour. These conclusions fit well with what is known of nomadic sheep and goat flocks elsewhere in Africa and the Middle East. It should be noted that a high proportion of families in the two Juba area surveys apparently had no sheep or goats at all. This is probably due to environmental conditions in the survey areas. The surveys also show that camel herds in few households exceeded 50, while more than one-third in the northern region and more than half in the Juba had no camels at all.

27. In the north very few nomads had cattle. In the south, however, the number of families owning cattle was large, though in the Afmadow and Bardere Surveys about 20-27 per cent had no cattle at all. The most common herd in these areas was 21-50 cattle.

(v) Demographic features

28. A knowledge of the basic demographic characteristics of the nomadic pastoral sector is necessary to understand the pastoral economy itself and to plan its future links with agriculture and industry. A number of demographic surveys have been carried out in Somalia since independence and information from these is analysed below. (The results of the 1975 Population and Livestock census were not available to us.)

29. The table below gives average household size and vital rates for the urban, settled rural, and nomad sectors. There is a notable difference between the rate of natural increase of the three sectors, with nomads having by far the lowest rate and urban populations the highest. This pattern, and the relevant birth rates and death rates in each sectors, are within the normal range found elsewhere in Africa in similar conditions.

Table TP 1.5

Vital Rates for Urban, Rural Settled and Nomad Populations

Population	Average number of people per household	Birth rate o/oo	Death rate o/oo	Rate of natural increase o/oo
Urban	4.4	67	18	49
Rural settled	4.7	56	34	22
Nomad	5.9	37	20	17

- Notes:
1. Urban figures are weighted average of 10 towns larger than 5,000 inhabitants, surveyed between 1967 and 1969 (one in (1962))
 2. Rural settled figures are weighted average of 2 pilot districts surveyed between 1967 and 1969.
 3. Nomad figures are weighted average of 2 pilot surveys carried out in 1974.

Source: See Table at Appendix I

30. It should be noted that the low nomad population growth rate is mainly the result of a low birth rate. Although the validity of the data is not precisely known, this pattern is characteristic of most African nomadic pastoral societies. It has been suggested that this might be due to harsh environmental conditions and fluctuating food supply of a nomadic pastoral society. The mechanisms by which this is achieved in the case

of Somali pastoralists are not clear, but it is interesting to note that, as with other African pastoralists, there seem to be more men than women in Somali nomadic pastoral society, unlike the situation in other sectors. Nomad sex ratios (number of men per 100 women) in the three pilot surveys were: Bardere 110, Burao 106, Afmadow 111, while the overall sex ratio for the 21 towns surveyed between 1962 and 1969 was 96. It should be noted that no data are available from the various demographic surveys on the incidence of polygamy. Since this may be an important factor in explaining differential fertility, and since the incidence of polygamy is essential to understanding the subsistence pastoral economy (where each wife forms the nucleus of a separate unit of production), we recommend that data on polygamy be collected in future surveys.

SOCIAL FEATURES AND DYNAMIC PROCESSES

31. The previous sections have described what is known about pastoral holdings of animals. It is necessary to look briefly at some of the dynamic processes in the pastoral economy, in particular at processes of externally and internally generated change, accumulation, increased productivity and economic differentiation.

32. At birth a father may give his son a female camel or other animal as the nucleus of his future herd. With luck and wise management this original stock is built up by gifts, purchases and natural increase over the years. At marriage, a portion of the family herd is normally allotted to him, although his animals continue to be herded with the rest of the family's animals. At the father's death, the remaining stock is shared out among the heirs and a new cluster of family holdings comes into being, although brothers may continue to herd their camels together.

33. Family herds grow by the normal processes or reproduction. They are reduced by sales and consumption and most notably by environmental factors, particularly drought and disease. Until the recent eradication campaigns, rinderpest was a major killer of animals, liable to sweep through a herd in a few weeks. Several other diseases - antwax, contagious pleuropneumonia and tick-borne diseases - remain important, although not on the former scale of rinderpest. The discussion of climate above has described the main characteristic of rainfall, in particular its extreme variability in space and time, and the likelihood of drought recurring on average every three or four years. The combination of drought and disease makes pastoralism a risky business, since loss of animals means not only the loss of the main source of subsistence but also the loss of all productive capital as well. Herdsmen must protect themselves against these risks as best as they can. They do this in a variety of ways, the most obvious being by accumulating and keeping animals beyond their immediate subsistence needs. Although this happens with all species, it is most marked with camels and explains the large herds of camels to which all Somali pastoralists aspire.

34. Large herds serve two purposes. By their size alone they make it more likely that some animals will survive a drought or disease epidemic. But they also make possible a system of self-help insurance within the traditional pastoral economy. Families without enough milk or transport animals will be lent lactating or burden animals by friends; these loaned animals are returned when the need has passed, and no payment is made. A family losing its animals is supported by kinsmen and friends in the following way:¹ the victims are at once provided with some lactating goats and camels, as well as some fat rams for immediate slaughter to provide meat to help quick recovery from the shock of

1/ See Mohamed Abdi Hashi, Country paper on Somalia. ILO Technical meeting on the problems of nomadism in the Sahelian region of Africa. Niamey 9-20 September 1968. roneo 11 pp.

the disaster. A few days later a general meeting is called at which all the families are represented. This meeting establishes the facts of the loss, especially whether the loss was due to negligence of the owner, or to causes beyond his control. A small group of men is then chosen who decide on the contribution of each family, which is usually a two-year old sheep, a three-year old goat or upto four heads from every hundred sheep and goats. If the original loss was due to a fault of the owner, the minimum quantity is given together with a strong warning; if he was not at fault, half or all his losses may be made up in this way.

35. As far as can be judged, there was a relatively unimportant amount of labour hiring in the traditional pastoral economy. Men with insufficient animals were able to find work as herdsmen for richer pastoralists or for urban livestock owners. Standard herding contracts, paid in cash or kids, existed in different parts of the country. For example, in the Burao and Hargeisa regions, a hired herdsmen received, from the owner, a food ration (cereals, tea, sugar), two garments a year, and the milk from the herd, in addition to Sh. 300 per 6 months for looking after 50 camels, or 100 sheep and goats, or 50 cattle. In the southern region, a hired herdsman worked on the basis of an animal contract and received one she-camel or one two-year cow, as relevant, plus the milk from the herd and clothes twice a year. Herdsmen who stayed in the village and did not take the herds up into the mountains were usually paid in cash at a monthly rate of Sh.1.50 - 2 per cow, or Sh. 0.50 - 0.60 per sheep or goat.¹

36. Although the existence of such arrangements opens the way for exploitation of labour and the creation of a permanent class of hired herdsmen, it does not seem to have had this result in the traditional Somali pastoral economy. The fact that in some cases the hired herdsmen were paid in animals seems to indicate that such arrangements were principally a means for impoverished

1/ ILO, Report to the Government of the Somali Democratic Republic on the integrated development of the Nomadic Zones, 1972, Geneva ILO/OTA/Somalia/R.6, 67 pp.

family to acquire the necessary pastoral resources to become again an independent production unit.

37. The risky nature of the Somali environment, and the forms of continual redistribution of livestock wealth between households seem to have prevented any widespread or permanent process of wealth accumulation and economic differentiation. Pastoral wealth is in herds, and in northern Somalia, probably because of the small amount of potentially cultivable land, there has been no tendency for rich men, with herds, above a certain size, to invest in land. And while wealth is in livestock, it remains vulnerable to the hazards of drought and disease. Political authority in traditional pastoral Somali society before the Revolution was based not on property but on ability and a democratic system in which the most able man, especially in oratory, became leader.¹

38. The economic strategy of nomads in keeping large herds as a security and insurance meant an unwillingness to sell more animals than were necessary to cover basic cash needs for grain, other food, clothing, etc. Camels, the main reserve stock, and to a lesser extent cattle, were hardly sold in the traditional economy. This fact has been widely misinterpreted as a sign of irrational economic behaviour on the part of pastoralists who are supposed to prefer the prestige of large herds to the money and goods that could be obtained by selling them. But, it should be immediately apparent from the description of the Somali pastoral environment and of the herdsmen's strategy against risk and uncertainty, that in this context there is nothing irrational about such a strategy.

1/ Ibrahim Megag Samantar in Proceedings of the SIDAM/IDEP Seminar on Somalia in Transition, November 1975, SIDAM.

Vital Rates

Town	Year of Survey	Population	Average Number of persons per household	Birth rate o/oo	Deaths rate o/oo	Rate of Natural Increase o/oo
1. Urban Areas¹						
Baidoba	1968	14,962	4.5	70	30	40
Belet-Weyne	1969	11,426	4.8	44	22	22
Brava	1968	6,167	4.1	34	23	11
Bulo-Burti	1969	5,247	5.2	48	16	32
Jamaame	1968	5,408	4.6	55	25	30
Jowhar	1969	13,156	4.0	48	18	30
Hargeisa	1962	40,254	3.8	43	24	19
Kismayo	1968	17,872	4.0	71	27	44
Merka	1967	17,708	3.1	63	17	46
Mogadishu	1967	172,677	4.1	77	15	62
Total		304,877	4.4	67	18	49
2. Rural Areas (settled population)						
Afmadow	1968	3,599	5.0	54	25	29
Baidoba	1968	50,125	5.4	44	23	21
Belet-Weyne	1969	12,708	5.8	37	19	18
Bulo-Burti	1969	10,062	4.6	47	27	20
Jamaame	1968	23,828	4.3	46	29	17
Jowhar	1969	40,915	4.2	49	33	16
Kismayo	1968	15,024	4.5	55	39	16
Merka	1967	41,968	4.7	69	41	28
Total		198,229	4.7	56	34	22
3. Nomadic Population²						
Burao	1974	26,451	5.8	39	21	18
Afmadow	1974	6,358	6.2	30	14	16
Bardere	1973	5,149	6.1	-	-	-
Total		37,958	5.9	37	20	17

1/ Of the 23 towns surveyed between 1962 and 1969 (whose sizes ranged from 1,226 to 172,677) twelve had populations exceeding 5,000. Of these twelve, information on vital rates for Berbera and Burao was lacking. The remaining 10 are analysed here.

2/ Birth, Death and Natural increase rates calculated on basis of Burao and Afmadow only.

Source: Statistical Abstract, 1970. Pilot Survey of nomadic households in Burao District February 1974; Pilot Survey of Nomadic Population using Hiloes as a source of water, Bardere District August, 1973, Pilot Survey of Nomadic households in Afmadow District March 1974.

PASTORAL COOPERATIVES IN SOMALIA - SOME
ISSUES FOR CONSIDERATION

INTRODUCTION

1. In the Chapter on the Nomadic Pastoral Sector we have suggested that an appropriate form of organisation which is likely to deal effectively with the problems of the pastoral sector and raise its productivity, is the Pastoral Cooperatives. In this technical paper we discuss some of the organisational problems of these cooperatives. It must be added that at this stage it is not possible to draft firm proposals for pastoral cooperatives in Somalia, since the question of such cooperatives should first be the subject of a national debate between policy-makers, technicians and, above all, the nomadic pastoralists themselves. However, as a contribution to this debate, some of the general issues are discussed in the following paragraphs. Specific technical issues are not discussed since these can more easily be resolved once the broad policy framework is clear.

NEED FOR PASTORAL COOPERATIVES

2. Pastoral cooperatives appear to be an appropriate solution to the development problems of the nomadic pastoral sector of the Somali economy both for technical and socio-political reasons. We discuss these below.

(i) Technical reasons

3. As argued in the Chapter on Nomadic Pastoral Sector, a major contradiction which has to be resolved in developing the pastoral economy is that on the one hand, the traditional pastoral

economy is designed to support as many people as possible with an acceptable safety margin against disaster while, on the other hand, a modern high productivity operation (ranching, feedlots, stratification) is designed to provide the maximum meat or milk offtake, which requires as few people as possible competing with the young animals for milk or consuming part of the marketable surplus. For these reasons "modern" pastoral development partially replaces herdsman's labour with capital (fencing, supplementary feed, salt licks, lorry transport etc.).

4. This contradiction can only be resolved within the framework of clearly defined policy objectives (the right balance between subsistence and marketed offtake) and an organisational framework which makes it possible to implement the chosen policy.

5. An essential first step in raising productivity in the pastoral sector is to control grazing and, in places, to reduce it. The condition of ranges at the moment is a victim to the unresolved contradiction between private ownership of animals and common ownership of range. Where grazing is not controlled, it is rational for individual herdsman to increase his herd as much as he can since any benefit from a decision on his part to limit his flock size (in terms of extra pasture availability) would be shared by all herdsman together, while extra benefits from increased herds go to the herd owner himself. The contradiction can only be resolved by new forms of organisation. Traditional political authority may once have had the power to do this (e.g. hirmo grazing reserves mentioned in the Technical Paper on Nomadic Pastoralism in Somalia) but not any more. The State has alone now the requisite authority, though it does not have sufficient means to impose a solution against the wishes of the people themselves. The only answer is to devise an institutional framework within which the sum of individual decisions promotes the common good. Pastoral cooperatives would give management and surveillance responsibility

for the rangelands to specific exclusive users themselves, i.e. it would create collective responsibility rather than the previous competitive individual decision-making which culminated in collective destruction.

6. The State also needs an organisational framework to give effect to its policies of improvement of education and health among nomadic pastoralists and to increase their participation in political and decision-making processes.

(ii) Socio-political reasons

7. The nature of the political economy of transition to a modern socialist society also argues in favour of pastoral cooperatives. Somalia's political option involves a gradual and planned transformation of the techniques and organisation of production, of production relations, class relations and the exercise of political power. It is necessary to find new technologies, appropriate to the task, to the resources available and to the technical competence of the users, and to find new forms of social and economic organisation within which this technology can be used.

8. One aspect of this transformation is especially important in the Somali nomadic pastoral economy. Hitherto pastoralists faced environmental uncertainties and the political rivalries of competing clans. Their only means of protection was in the network of mutual obligations between kinsmen and friends mentioned in the Technical Paper on Nomadic Pastoralism in Somalia. In regulating broader conflicts and protecting their class interest as a whole, the only available instrument was that of kinship and contract links with people in powerful positions. The Somali Government since the Revolution of October 1969 has made it a major policy objective to eliminate tribalism. To do this effectively it must remove the economic and social conditions that gave rise to the need for such manipulation. Pastoral cooperatives would be an

appropriate form of modern organisation to replace traditional pastoral political organisation, the weakening of which has left a political vacuum in the countryside not yet filled effectively by the State. Pastoral cooperatives, by taking on some of the traditional roles of nomadic society, especially the regulation of grazing, security against loss of animals, regulation of conflicts over land-use, joint action in digging wells etc., would remove the economic and social base of tribalism and would thus greatly contribute to its disappearance. Pastoral cooperatives would also be an appropriate vehicle for taking the State to the nomads and for making their views and wishes known to the State - a channel of two-way communication that is needed particularly in a phase of rapid transformation.

BASIC AIMS AND OBJECTIVES

9. The basic aims of pastoral cooperatives are:
 - (a) to increase productivity of nomadic pastoralism so as to create an economy which is less subject to the vagaries of nature;
 - (b) to create new forms of socio-political organisation and new production relations which (1) progressively reduce and finally eliminate economic differentiation between the pastoral sector and the rest of the economy, (2) allow the surplus generated to be used for the benefit of the herdsmen and the nation and (3) enable the Government to provide to the pastoral sector essential public services like education, health, sanitation, water, etc.
10. To achieve these aims, the main objectives of the pastoral cooperatives might include:

- (a) to halt environmental deterioration, reverse the trend until optimal resource productivity is established and maintain this in the long term, so as to protect pastoralists from periodic droughts;
- (b) to create conditions where the joint wealth of cooperative is shared equitably and where productive labour is also shared equitably;
- (c) to realise an economic surplus to be shared between the cooperative for its own long-term development and the State for wider development purposes;
- (d) to increase herdsmen's control over their own future by instituting decentralised and democratic administration at regional and cooperative levels within the main government policy lines;
- (e) to improve levels of nutrition, health, education and cultural expression.

TERRITORY, SIZE AND MOVEMENT

11. A key question is the attribution of a specific area to a specific group of families. In Mongolia, the pastoral cooperative is identical in territory to the smallest administrative division of the state, and contains 400 to 500 families. In Algeria, experiments with pastoral cooperatives have been on small areas, 10,000 ha with 26 families each. In Niger, proposed cooperatives would have contained 1-2,000 people and covered 5-6,000 km². As a general rule, in an area of very uncertain rain like Somalia, the larger the management unit, the greater the chance of good rain every year somewhere within its boundaries. It might be best to start with large territorial units, encompassing the bounds of present nomadic movement, and gradually to subdivide as experience of management grows, and the pastoralists' confidence increases.

12. In fact since water is the key to grazing, the manipulation of water supply will be important as territorial boundaries. Varying combinations of permanent and temporary water can be used to distribute grazing in a desired pattern, and in fact to recreate and refine, in modern terms, traditional grazing discipline. The goal is to disperse animals as widely as possible in the wet season (gu to deyr), leaving permanent water and adequate pasture within reach for the jilaal dry season. The dry season water source, whether a well or borehole, has to be closed or otherwise forbidden to animals until jilaal starts. The total number of animals in the cooperative would be calculated on the carrying capacity of dry season range within reach of permanent water. For the rest of the year, temporary water sources - natural surface pools, barkas, etc. - would be used for watering when necessary. Each cooperative would have several of these permanent/temporary water systems. In order to gain control of water distribution, which is the key to grazing, the State may have to acquire control of all water sources, by nationalisation or other means. It may be necessary to close some barkas for a long period or even, in areas of very bad range deterioration, to destroy them in order to reduce the amount of water available and thus grazing pressure. In some cooperative territories without natural salt or salty vegetation, it may be necessary to provide it for the animals.

COOPERATIVE BOUNDARIES

13. The most difficult first step is to delimit the cooperative boundaries and to assign pastoral families to them. This stage especially needs fundamental consultation with the pastoral families, not just with technical experts and Government officials. After establishment of cooperative boundaries, cooperative members would be required to stay within them. It may be desirable in some circumstances to allow the possibility of reciprocal grazing rights between cooperatives. Members will also inform local police authorities of transgression of cooperative boundaries by members of other cooperatives.

14. Since camels are much farther ranging than other animals and eat trees and bushes little consumed by the others, it may be desirable not to limit cooperative families' camels to cooperative territory in the wet season from gu to the end of deyr, but to let them follow their traditional wide-ranging nomadism. During jilaal, however, they would be restricted to cooperative territory.

15. An important question is whether cooperatives should be voluntary or not. In the first place it will be essential to convince herdsmen to join and to respect the rules by an attractive package of advantage discussed below. There can be no question of forcing Somalia's pastoralists into a strict framework against their will. The political dangers of such a course of action are evident. But pastoralists have shown themselves ready to abide by rules in the case of grazing reserves in the north. With many added advantages there is every reason to think that people will join and abide by the rules. At the beginning it may be an idea to encourage people with few animals to join the cooperative by making them loans of animals under the traditional animal loan system, on condition that they abide by cooperative rules.

16. The cooperative system should be operating well enough by the time of the next drought to prevent the catastrophe of 1974-1975. This will provide the test of the success of the cooperatives which will no doubt convince the pastoralists of the utility of the scheme. Of course, from the start, cooperative rules on boundaries will have to be enforced since the system stands or falls on this.

THE COOPERATIVE CENTRE

17. Each cooperative would have probably near the dry season wells or suitable agricultural land, an administrative and service centre with a school, human and animal health services, political orientation and cultural centre, etc. Cooperative

members would be trained here in literacy, basic health and hygiene, but would nomadise with their families during the rest of the year, so that services can continue to be provided. There may be advantages in the use of radio to back up the basic education and health services. The cooperative centre might itself be somewhat mobile during the first few years until the most suitable site was agreed upon.

ECONOMIC AND ECOLOGICAL ORGANISATION

18. The cooperatives should offer members positive economic advantages as the reward for their obeying grazing rules. Since the only way to prevent overgrazing is to give herdsmen other means of security and positive incentives not to overgraze, the chief tasks of the cooperative will be security against drought and disaster, and rising income and welfare. This can be achieved by the following measures, all of which are not to be necessarily taken to begin with. Some of them are to be introduced only in the long run after the cooperatives have gained ground and confidence. It is essential to keep the organisational structure as simple as possible, at least in the beginning.

Major Tasks of Cooperatives

- (a) Range management: Some of the major tasks of the cooperatives would include: pasture improvement and animal husbandry, including technical measures like grazing reserves for reconstitution of pasture, fodder reserves, forest conservation and plantation, wildlife conservation and management. The cooperative would also offer veterinary services. The cooperative administration would have the job of determining year by year the approximate total grazing pressure acceptable in the dry season. If substantial reductions

in animals numbers were necessary, these would be bought at fixed price and the sales proceeds distributed among all cooperative members.

- (b) Agriculture: The cooperatives would be entrusted with issues concerning water harvesting in tugs and flood plains to grow food and fodder crops.
- (c) Marketing and storage: The cooperative would act as the agent both for selling members' animals and for selling food, clothing, and consumer goods to members. The cooperative would store its own crops, keep an emergency food store and would experiment with storage of meat and milk.
- (d) Security: One of the main tasks of the cooperatives would be to provide security in bad years through food stocks. It would undertake buying of pastoralists' animals at fixed prices in bad rainfall years to enable rapid destocking, and would sell basic foodstuffs also at fixed prices.
- (e) Education and health: One of the main cooperative functions, and one of its main attractions to pastoralists would be the provision of basic education and health services, combining fixed installations at the cooperative centre with radio education, and frontline health care.
- (f) Insurance: The cooperative would operate an insurance fund against individual loss of animals, financed by contributions and levies. It could also operate basic banking and credit facilities.
- (g) Specialisation: In the slack labour season (gu) cooperative labour would be used on a self-help basis for construction, and land and water conservation activities. From the early days of the cooperative it will probably be necessary to constitute special groups of paid workers or brigades for agriculture,

construction and specialist tasks such as machine operation and maintenance, artisan work, carpentry, and mini-pastoral industries such as hides and skins preparation or milk. At a later stage as cooperative herds build up, it may become necessary to form specialist herding brigades also.

- (h) Complementarities: Every effort should be made to exploit potential complementarities with other cooperative schemes, especially the agriculture and fisheries settlements, exchange of produce, etc.
- (i) Collective herds: In the early stages it would be premature to envisage communal herds replacing private herds. The organisation of this should grow slowly with experience, and as the pastoralists gain confidence. It should be remembered that enforced communalisation of animals was the obstacle on which the first phase of Mongolian pastoral communes failed. It is suggested that private herds be kept for the foreseeable future, that animals in excess of a certain liberal figure per family (150 sheep and goats, 50 camels, for example) should be taxed a modest but sharply rising amount. Alternatively, it might be possible to reward pastoralists for limiting herds to specified sizes. The co-operatives' own herds should slowly be built up over the years.

ADMINISTRATIVE ORGANISATION

19. The cooperative would be the main vehicle of State administration and intervention in the pastoral sector. Thus apart from its economic functions, it would be the means of giving nomadic pastoralists political education, consulting them on policies to be followed and providing feedback to the central political organisation. In other words, it would involve the pastoralists as far as possible in decision-making at every level.

Since there is little experience anywhere in the world of pastoral development, there is a special need for this feedback which will enable mistakes to be spotted early enough for correction.

20. Cooperative administration would be a key factor. It must be flexible, with a considerable degree of local autonomy, since members' discontent with the administration could result in families leaving the cooperative - a much easier matter than in the agriculture or fisheries settlements.

COST, TRAINING AND PHASING

21. It is impossible at this stage to calculate the cost of cooperatives. However, since relatively little hard technology is required, the cost is likely to be mostly in trained manpower for cooperative administration and technical services. This must be planned in advance so that enough skilled manpower is available to fit the speed of implementation of the cooperative scheme. The graduates of the Range Management School at Burao and of the Nomadic Training Centres (1,000 graduates a year when the centres are operating fully) can and should play a key role in this respect.

22. In view of the complexity and magnitude of the problem prudence dictates that the experiment with the cooperatives should be careful, cautious and in stages. A few cooperatives should be started in suitable areas to begin with and their extension should depend on the experience and success gained. In this way alone costly mistakes can be avoided.

STRUCTURE OF LIVESTOCK EXPORT MARKETING

INTRODUCTION

1. In the Chapter on Nomadic Pastoral Sector reference was made to the inadequacy of information about the marketing structure for livestock, particularly the export sector. There are divergent views about what proportions of export price are received or should be received by the livestock rearer, middleman and exporter.
2. The only exhaustive study done on the marketing structure of livestock is that of Hunting Technical Services Limited, financed by the Kuwait Fund for Arab Economic Development, in 1975-76¹. This report confirms our impression about the extremely complex nature of functional relationships between different individuals involved in the process of export marketing of livestock. The information available is thus not certain or absolutely reliable.
3. According to the Hunting report, the selling of livestock by the producer is almost always done through a middleman - known as dilall. There are various variants of the dilall-producer selling system. The first and most common type of dilalls operate in collecting centres where the producer brings his livestock, contacts a dilall and gives him his reserve price. The dilall then locates a buyer (a merchant/dealer or usually an exporter) and tries to obtain as best a price for the producer as possible. In return he gets a small commission from the seller.
4. A second type of dilall visits adjacent nomadic areas and buys livestock from producers on behalf of a merchant or exporter. He gets a commission from the merchant for every animal

^{1/} The final report of this study was made available to the Mission only in March 1977, i.e. much after its field work was over.

bought on his behalf. The working capital is provided by the merchant and it is difficult to say whose interest he protects, i.e. whether of the livestock producer or of the merchant. Generally, it is believed, that he tries to be fair to the producer as the dilall-producer relationship is said to be based on strong family ties and the middleman's reputation.

5. The third type of dilall is "the nomadic or local trader who uses his own capital to finance purchases. These traders specialise in short-term buying and selling, often buying animals for cash in distant rers (nomadic camps) and then trekking them to the major collection centres of Hargeisa and Burao (in the North) where export prices are higher. They engage in speculative trading operations especially between the small rural markets and the collecting centres. Also by travelling far out into the Haud, they are able to profit from hardship sales of stock in the dry season (most often due to water shortages or high prices rather than condition of stock). The animals are either trekked directly to a major market or held with the traders own flocks until the next rainy season when prices rise"¹

6. Yet, another type of dilall is the large merchant trader engaging in large-scale operations over wider areas. "The most important characteristic of the merchant traders is the large amount of domestic capital they possess in terms of stock, farms and trucks. Because of their superior capital backing, these are the traders responsible for long-term holding and finishing operations as an adjunct to their trading operations. Usually this involves buying cheap or forced sale stock in Jilall and then holding in an area with feed and water until higher prices are obtainable some 6 to 8 months later in the Dayr season. Merchant traders often invest in fodder supply and transport to increase the flexibility of their trading operation."²

1/ Hunting Report, op.cit. Vol. III, p. 142.

2/ Ibid Vol. III, p. 142.

7. The next person in the marketing chain is the licensed exporter - ganacsato. He normally purchases livestock for export from either of the four types of dilalls mentioned above. This is done at the large collection centres, e.g. in Hargeisa in the North. From there he transports livestock to the port (Berbera in the North) and organises a place on the ship and fodder for the voyage. He also pays all export taxes and other charges levied on export stock.

8. The above account shows that middlemen not only play an important part in the marketing chain but that their - particularly of the local traders' and large merchant traders' - share in the export price could be substantial. Information with regard to price and cost structure of livestock export trade is lacking and it is difficult to work out the shares of each agent in the producer - exporter - consumer chain.

9. It is true that since the present Government came into power, the participation of the public sector in the marketing and distribution system has increased considerably through the operations of the Livestock Development Agency (LDA). To that extent the influence of the middleman/trader has been reduced. But, much more remains to be done. In some areas, particularly in the North, the middleman/trader still occupy an important place in the marketing structure. Moreover, the LDA itself purchases a share of its exports of livestock from middlemen/traders.

10. According to the Hunting report the "nomad very quickly obtains information about current prices often through members of his family or agnatic grouping but more usually through the growing trucking system"....and this enables him to make his decision about selling his livestock. However, there can be situations, particularly when the purchases are made by a local trader or merchant trader in forced circumstances, that the nomad is not able to get a fair price. The study made by the Hunting Services is indeed pioneering,

but it does not, perhaps could not, due to lack of data, analyse all the situations and has not studied specifically the extent to and circumstances in which the nomad does not get a fair price. The need for such a detailed study is pressing in our view.

11. With the fragmented data available, the Mission has tried to construct a marketing ladder of exports of live-stock from the three ports, Berbera, Mogadishu and Kismayo. The estimates are purely tentative. It is hoped that our exercise will act as a catalyst in stimulating action-oriented research in this field.

12. The analysis in this paper is further limited by the fact that it relates only to the export of cattle. No data were readily available to us on marketing transactions for goats, sheep and camels. The data in this paper refer to exports to Jiddah only, but this is not a serious handicap as practically the entire volume of cattle on hoof is exported to Jiddah.

ANALYSIS

13. The following table gives the cattle marketing chain of exports to Jeddah in 1975 from the three ports - Berbera, Mogadishu and Kismayo. It needs to be clarified that the share of the price shown against 'producer' includes the share of the dilall also. Unfortunately, it was not possible to ascertain how much of this share goes to the real producer of the cattle, the nomad. The exporters' (which include the Livestock Development Agency) margin itself varies from 11 per cent to 14 per cent from port to port.

Table TP 3.1

Somalia: Cattle Marketing Chain to Jeddah 1975

	Form Berbera			Form Kismayo			Form Mogadishu		
	Proportion of retail unit value (per cent)	Average retail unit value (Sh./head)	Total retail value (Sh.000')	Proportion of retail unit value (per cent)	Proportion of retail unit value (Sh./head)	Total retail value (Sh.000')	Proportion of retail unit value (per cent)	Average retail unit value (Sh./head)	Total retail value (Sh.000')
1. Gross return to producer and intermediary ²	44.9	830.25	27,397	32.5	600.00	2,640	35.7	660.00	1,640
2. Port authority charges	1.1	20.70	683	1.3	23.20	102	1.5	28.10	70
3. Customs duty	2.0	37.00	1,221	2.0	37.00	163	2.0	37.00	92
4. Health certificate	0.5	10.00	330	0.5	10.00	44	0.5	10.00	25
5. Taxes:									
Harbour tax	1.1	19.63	648	1.1	19.63	86	1.1	19.63	49
Stamp tax	0.8	15.00	495	0.8	15.00	66	0.8	15.00	37
Stamp duty	-	1.00	33	-	1.00	4	-	1.00	2
Local Govt. tax	0.3	6.00	198	0.3	6.00	26	0.3	6.00	15
6. Chamber of Commerce charges	-	0.20	6	-	0.20	1	-	00.20	1
7. Shipping agency charges	0.4	7.00	231	0.4	7.00	31	0.4	77.00	17
8. Fodder	1.7	30.70	1,013	1.7	30.70	135	1.7	30.70	76
9. Exporters' (including IDA) margins	11.3	206.22	6,085	14.0	259.53	1,142	10.5	194.63	483
1-9 f.o.b. price	64.1	1,183.70	39,060	54.6	1,009.26	4,441	54.6	1,009.26	2,508
10. Freight	5.7	105.91	3,495	15.2	280.35	1,234	15.2	280.35	697
1-10 C. & F. price	69.78	1,289.61	42,555	69.8	1,289.61	5,675	69.8	1,289.61	3,205
11. Importers' margins	17.3	319.19	10,533	17.3	319.19	1,404	17.3	319.19	793
1-11 f.o.r. selling price	87.1	1,608.80	53,087	87.1	1,608.80	7,079	87.1	1,608.80	3,998
12. Retailers' marg.	12.9	239.39	7,899	12.9	239.39	1,053	12.9	239.39	595
1-12 Retail price	100.0	1,848.19	60,987	100.0	1,848.19	8,132	100.0	1,848.19	4,593

Notes from previous page

Source: Computed by the JASPA Mission based on LDA data.

1/ Total exports 39,883 heads of cattle, of which 32,998 (83%) are exported from Berbera, 4,400 (11%) from Kismayo and the remainder, 2,485 (6%) from Mogadishu.

2/ It has not been possible to determine, in the case of Kismayo, the nomads' sales price, since the LDA does not necessarily buy all its cattle directly from them.

Note: Totals do not always sum because of rounding.

f.o.b.	-	free on board
c. & f.	-	cost and freight
f.o.r.	-	free on rail

14. The figures in the above table permit the following broad conclusions:

1. Exports from Berbera

15. Berbera accounts for approximately 83 per cent of the total cattle exports by volume. In contrast to the public sector participation in the marketing circuit for export from Kismayo, there is an unregulated market in the northern region, although a floor price has been set by the Government. The operational mechanism is through a letter of credit given by the Arab importer to the Somali exporter. Once the cattle has been loaded, the letter of credit is paid fully to the exporter by the Somali Commercial Bank. The average price paid to the producer and intermediary was about 45 per cent of the final retail unit value.

16. Although the voyage from Berbera to Jeddah lasts only about three days and that from Kismayo or Mogadishu about six, the outlay for fodder for the voyage is the same, due to the fact that it is twice as expensive in the north as in the inter-river area. While the c. & f. price¹ are identical in exports from Berbera, Kismayo and Mogadishu, the f.o.b. price in Berbera is 9.4 per cent higher than in Kismayo. This stems from the higher purchase price, which is, however, partially offset by lower exporters' margins and lower freight rates due to geographical proximity (i.e. US\$17 against US\$45 from Mogadishu and Kismayo). Importers' and retailers' margins in Jeddah are the same for imports from all Somali ports. These were given to the Mission as being approximately 25 per cent of the c. & f. price for importers and 15 per cent of the f.o.r. price for retailers.

17. By the nature of the distribution chain and the higher cost per head, the share accruing to Somalia is 64 per cent of the retail unit value. Out of total sales of 33,000 heads in 1975, total returns of Sh. 61 million were recorded. The f.o.b. returns to Somalia amounted to Sh. 39 million. Assuming that the public

¹/ Cost and freight price. Cattle are not insured while transported.

sector was the recipient of the private exporters' margins, its share would have been almost Sh. 7 million; that is by assuming that the same payment is made to the producer as was done by the private purchaser/exporter.

2. Exports from Kismayo

18. The port of Kismayo accounts for about 11 per cent of all cattle exports by volume. The share of producer and intermediary in this case is only 32.5 per cent, as against 45 per cent in Berbera, of the final retail unit value. In absolute terms, it was Sh. 600 per cattle against Sh. 830 in Berbera. This is mainly because of the higher charges by the port authority, exporters' margins and freight. The f.o.b. price was also less, i.e. about 55 per cent of the total retail unit value as against 64 per cent in the case of Berbera. The country thus gains less by exports from Kismayo.

3. Exports from Mogadishu

19. Cattle exports from Mogadishu accounted for about 6 per cent of the total national cattle exports by volume. This trade is dominated by the private sector. The average price for cattle paid to the producer and intermediary was about 36 per cent of the final retail unit value which was somewhat higher than in Kismayo but considerably lower than in Berbera. Port authority charges in Mogadishu were the highest of all the three ports while freight charges were identical to those from Kismayo. Since the purchase price for cattle and port charges were higher in Mogadishu than in Kismayo, and the f.o.b. price was identical, the exporters' margin was lower than in Kismayo.

20. As mentioned earlier, the estimates given in the previous table are purely tentative. They suffer from certain

shortcomings as reliable data on the export marketing cost structure are not available. We repeat that it is essential that a detailed study of the marketing structure be made so as to find out the extent to which the producer of livestock is receiving a fair price. This alone will enable the Government to take suitable steps to protect the interest of livestock rearers.

DAIRY INDUSTRY

1. The livestock sector of Somalia represents the most important economic activity of the national economy and is the source of livelihood for about two-thirds of the population. Approximately 65 per cent of the foreign exchange is earned from this sector. The livestock wealth of the country is by no means new and tradition and customs have, over the centuries, been built up to place the country as a supplier of livestock and livestock products to several importing countries, particularly those in the Middle East.

2. The livestock industry in Somalia is, however, facing serious problems. In many areas, today, the country shows tragic land degradation, often to a stage where even the thorn bush has to struggle to survive. Overstocking, and other malpractices of man has led to wide areas of desert which will require many years and high financial inputs to repair. The recent drought in the country, although by no means unusual, has made the planners aware of the urgent need for a national conservation programme, and it is sincerely hoped that further disasters are not required before action is taken to reduce the very grave risk facing both the people and livestock through continued uncontrolled land use.

3. In this paper an attempt has been made to discuss the present situation and future proposals of the dairy industry which is an important component of the livestock sector. However because of data constraint the examination is largely confined to the dairy industry in and around Mogadishu where alone it is organised in some respect

THE PRESENT SITUATION OF THE DAIRY INDUSTRY

4. The present supply of milk to the urban areas can be classified into three groups:

- (a) Raw milk from local sources (cow and camel milk);
- (b) Pasteurised milk and milk products (cow milk only);
- (c) Imported milk and milk products (cow milk only).

a. Raw milk from local sources

5. The traditional pattern of urban life is for households to have their own milk supply by keeping between two to five cows in the family compound. Although no survey has been made on the number of cattle living in Mogadishu, results of the rinderpest eradication campaign, carried out in the city during 1971, show that 43,000 cattle were vaccinated.¹ At that time it was estimated that 80 per cent of the total cattle within the city were vaccinated, bringing the expected total population to the sizeable figure of 54,000. Figures for later years are not available but if it is presumed that the cattle population after 1971 has increased in proportion to human population the number of cattle in Mogadishu in 1976 could be around 70,000.

6. Most of the milk consumed in Mogadishu, and all milk consumed in other urban areas, is in a raw state and produced under rather unhygienic conditions. Surplus milk produced above family requirements is sold either to one of the three milk collecting centres, sited in various districts of the city, which supply milk to the Mogadishu Milk Processing Plant, or sold direct to the consumer. The demand for raw milk is high and people are willing to pay high prices for "full-cream" milk, current

¹/ Ministry of Livestock, Forestry and Range, Mogadishu.

price range throughout the year is between Sh.3.00 to 3.50 per litre.

b. Pasteurised Milk and Milk Products

7. Somalia has one milk processing plant. This plant, sited in the industrial sector of Mogadishu, was established in 1965, through a Sh. 13 million loan from USSR. The plant capacity is rated at 20,000 litres per day, working a two shift day, and is designed for the production of standardised pasteurised milk, butter, ghee, yoghurt, cream, cheese and ice cream. During the period 1966 to 1970, due to a shortage of milk, problems in distribution and shortage of working capital, the plant was working at only 10 per cent of capacity. Production, on raw milk intake, for the period 1971 to 1975 is detailed in the table below:

Table TP 4.1

Mogadishu Milk Processing Plant - Production on Raw Milk Intake

Year	Annual Production (Litres)	Average Daily Production (Litres)	Per Cent Working Capacity
1971	2,200,000	6,000	30%
1972	2,700,000	7,400	37%
1973	3,230,000	8,900	44%
1974	3,980,000	10,900	54%
1975	2,158,000	5,900	29%

Source: Mogadishu Milk Processing Plant -
Annual Reports

c. Imported Milk and Milk Products

8. The total quantity of milk and milk products imported into Somalia, in 1974, in terms of milk equivalent, was about 1.8 million litres costing Sh.1.4 million. The main bulk of the importation passes to the Mogadishu Milk Processing Plant in the form of dried skim milk powder which is used for standardising the raw milk obtained from local sources. The remaining imports pass to the luxury market although indications show that there is a village level demand for evaporated and condensed milk which should be further investigated. There are also indications that the luxury market is not satisfied with the available heat-treated standardised milk from local sources and prefers a full cream sterilised milk. This should also be studied to determine the need for the local production of UHT (Ultra-High Temperature) milk.

9. The relatively low importation of milk products into the country (equivalent to an annual consumption of half a litre per person) suggests that the country can make itself self-sufficient. It is considered advisable that further development of the industry is largely aimed at utilising the milk surplus, at present not fully utilised during peak milk flow periods and covering it into high grade ghee and cheese.

10. For the first three months of 1976 the raw milk intake has continued to fall, showing a total of 393,000 litres, or an average daily intake of about 4,400 litres (21.8 per cent of intake capacity). Output during this period clearly indicates how much the dairy relies on imported dried skim milk powder to keep place on the city's consumer market. The figures in the table below are revealing in this respect:

Table TP 4.2

Mogadishu Milk Processing Plant - Production January/March 1976

	January	February	March	Total
<u>Total Intake</u>				
Raw Milk (litres)	-	-	-	393,041
Reconstituted Dried Skim Milk Powder (litres)				211,850
<u>Production</u>				
Standardised Milk (litres)	267,147	241,581	344,537	853,265
Youghurt (litres)	-	1,212	1,269	2,381
Cheeses (kg)	1,327	960	1,176	3,463
Ice Cream (kg)	920	415	361	1,696
Cream (kg)	-	-	306	306
Butter (kg)	-	-	149	149

Source: Mogadishu Milk Processing Plant - Annual Reports.

11. Based on the above information the following assumptions may be made:

- The butterfat percentage of incoming raw milk is in the average range of 4.3 per cent. This is considered low for low-yielding "Zebu type" cattle and suggests a possible rate of adulteration (by the producer) with water in the region of 10 per cent.
- The standardising of raw milk has been increased by the plant to a 2.8 per cent butterfat content.
- Other products are largely manufactured from imported materials.

12. The plant is enormously under-utilised and urgent measures must be taken to avoid financial disaster. This can be averted only through increasing raw milk intake from local sources. The volume of milk produced daily within the city of Mogadishu and its periphery is believed to be sizeable and with proper incentive measures it should be possible to ensure the required quantity of milk.

13. Before we enter into possible solutions, a brief description of the milk-shed area in, and beyond the city limits, together with the facilities already established for the production and collection of milk will be worthwhile. At present the milk is obtained from three sectors:

- (i) The milk plant's own collecting centres situated in Mogadishu.
- (ii) The Municipality dairy farms recently established in the city.
- (iii) Milk products co-operatives on the outskirts of the city.

(i) Collecting Centres within Mogadishu

14. The Mogadishu Milk Plant operates a collecting centre in three of the fourteen districts dividing the city. These centres consist of a simple one room building and equipped with milk cans, measuring bucket, lactometer and muslin cloths for filtering the incoming milk. Staffing consists of one "accountant" and a milk recorder/tester. Price paid to the producer is Sh. 1.40 per litre or Sh. 1.60 to 2.10 per litre below illegal raw milk sale price. The centres operate twice a day (6 a.m. and 6 p.m.) as city cows, unlike their rural sisters, are milked twice a day. The quantity of milk received per day on an average was 4,200 litres in August 1976 and the number of households/producers using these centres was about 300.

15. No information on the district's cattle population is available, although it is understood that all District Administration Committees are, at present, actively engaged in making a cattle census within their areallimits to determine whether or not more milk collecting centres are required and to estimate what the expected milk offtake is likely to be for the Mogadishu milk processing plant. It is hoped that the census will be completed at an early date.

(ii) Municipality Dairy Farms

16. To overcome the serious overcrowding of cattle within the city of Mogadishu, the Municipality has planned to establish "milk colonies" within the city limits. The original aim was to open these facilities to the city cattle owners to improve on the sanitary conditions in, and around, dwelling houses. The cattle, kept under improved levels of management, would be expected to become more productive through better feeding and strict veterinary control. All milk produced would be sent for processing in the Mogadishu milk plant. In the initial stages two colonies were to have been established and, depending on their success, further colonies would be constructed in the various districts of the city.

17. To date, two colonies have been established, one in the district of Yakshid and another near Km. 7 off the road to Afgoi. Each of these cost Sh. 1.5 million, and are sophisticated complexes. Eight ventilated cattle barns have been constructed around a communal exercise paddock in which is sited the only water supply. The cattle, except for short exercise, and watering period night and morning, spend their time tied up in the barns and kept under a zerograzing system of management.

18. Owing to the lack of response from the city cattle owners to make use of the provided facilities, largely through lack

of confidence in the scheme and possible loss of income,¹ the Municipality have stocked their colony with their own cattle purchased from the Livestock Development Agency (LDA). In August 1976 the stock of cattle in Yakshid was about 500 cattle out of which 212 were milking cows. In the newly established 7 Km. colony, the stock was 276 cattle out of which 125 were milking cows. Milk production in Yakshid in July 1976 was 540 litres per day (average 2.6 litres per cow) and in the Km.7 colony it was 300 litres per day. Fodder is trucked to the colony daily from their grass farm sited at Warmahan, approximately 80 Km. from Mogadishu, where they have an unfenced area of approximately 3,000 ha.

19. Present day costings obtained from Yakshid clearly indicate the enormous problems facing this enterprise as it is making a daily loss of more than one thousand shillings.

	Cost/day Sh.
Grass and crop residues	600.00
Wages	300.00
20 bags x 40 kg. crushed maize cobs	500.00
Molasses - 25 drums/month at Sh.20	16.67
Sesame Oil Cake - 20 bags x 50 kg/3 days at Sh. 75 per bag	500.00
	1,916.67
Total income/day from milk sales: 540 litres at Sh.1.40/litres	756.00
Present daily loss	1,160.67
<u>Plus</u> uncosted electricity, transport, water and management salaries, depreciat- ion cost of land, etc.	
<u>Staff</u> 24 cattle workers (3 per shed)	
1 animal health practitioner	
1 accountant	
3 clerks	
1 managing director	

^{1/} For example, if a cattle-owner lends his cow to the Municipality Farm, and the cow produces 2.5 litres of milk a day, the owner would get Sh.3.50 which is just enough to buy one litre of milk in the market. On the other hand, if he keeps the cow at home, and sells the milk in the market he will get much more.

(iii) Milk Producers Co-operatives

20. The Mogadishu Milk processing plant was founded on rural cooperative milk producer societies for the major source of their milk supply. Three cooperatives were founded but only one is still functioning. This cooperative, situated at Kalomo, 63 km. from Mogadishu on the Jowhar road, is still fighting to survive. Established in 1967, the cooperative had an active membership of 33, and, with the help of a substantial loan, erected a milk collecting centre, complete with a bulk refrigeration tank. The membership in August 1976 was only 9 and the bulk milk tank was idle.

21. The cooperative is surviving through the purchase of milk produced from the pastoral sector within a 12 km radius of the centre, as well as from fixed pick-up points on the road to Balad. However, in this area, through the attraction of the river Shabelle, overlarge cattle herds have descended. The time is rapidly approaching when the nomads will have to discard the area and seek new lands for their herds of cattle. At this stage the Mogadishu milk plant will be in danger of losing approximately 1/3 of its milk supply and the Kalomo Cooperative will be forced to close its doors.

22. The cooperative, as it still functions, purchases the bulk of the milk (daily total quantity - 2,024 litres - August 1976) from the nomads at a price of Sh. 1.10 per litre for resale to the Mogadishu milk plant at Sh. 1.40 per litre.

Present Daily Intake of Raw Milk to Mogadishu

Milk Processing Plant, (August, 1976)

Town collecting centre	4,200 litres
Municipality Milk Colonies	840 "
Kalomo Cooperative	<u>2,024</u> "
Total raw milk intake	<u>7,064</u> litres

(35% of plant capacity)

THE CATTLE FODDER TRADE

23. Closely associated with the Mogadishu milk industry is the cattle fodder trade. Grass, scavenged or cultivated, and gathered crop residues, are brought into the city daily from distances as far away as Afgoi and Balad. Transport is by animal drawn flat open carts. Little work has been carried out to assess the size of this trade but it is believed that a large number of people are dependent on it. It is considered highly advisable to make a close study of this trade, which, at present, is the "life-line" of the urban milk supply. There appears to be a need for organised cultivation of fodder rather than to continue uncontrolled cutting in areas where the grass trader is in direct competition with the nomads cattle. By developing this trade, manure produced in the town can be taken back to the grass plots on the empty carts returning from the city.

MAJOR PROBLEM AREAS

24. The major problem areas identified are discussed briefly below, and it is recommended that thought be given on how to overcome the problem facing the dairy industry.

(i) The Mogadishu Milk Processing Plant

25. The milk plant in Mogadishu is the cornerstone of the industry. The plant, operating since 1975, is showing signs of wear with insufficient "back-up" equipment to cope with major breakdowns. Although it is understood that a feasibility study has recently been made with a view to modernising and enlarging the plant from 20 tons to 40 tons daily capacity, its results are not yet available. It is recommended that the working of this plant should be studied thoroughly particularly because of the enormous un-utilised capacity and financial losses. The following suggestions are made in this respect.

- (a) A detailed costing be made to modernise the plant to a daily weighing-in capacity of 25,000 kg, during a single working shift, for the production of market milk, butter, yoghurt and ice cream, with a later programmed investment for modernising the cheese manufacturing line.
- (b) Plans for modernising the plant should continue on the production of pasteurised milk centred around a 3,200 litre HTST (High Temperature Short Time) pasteurising plant (4° - 72° C 15 seconds holding -4° C by regeneration, hot water and chilled water).
- (c) The plant building allows for redesigning the equipment without major and expensive modifications. Much of the existing equipment has still many years of valuable service ahead of it and needs only to be replaced as and when required in the future. However, careful and early attention should be given to the bottle washing and bottle filling plants, both of which are of early vintage and will require early replacement.
- (d) The plant should move away from bottled milk owing to the high cost of the 1 litre bottles and introduce non-returnable containers in the form of plastic sachets. This will not only reduce the packaging cost but will allow for varying the size of the pack to cater for consumers needs i.e. $\frac{1}{4}$, $\frac{1}{2}$ and 1 litre sizes. To this end it is considered highly advisable to install a number of lower capacity filling machines rather than to rely on a single unit to safeguard against breakdowns. In view of the grave concern of the Municipality over the milk industry and the supply and quality of the milk to the people of Mogadishu, it is considered that a realistic investment in the milk plant is justifiable.

(e) The production of milk within a triangle reaching the limits of Mogadishu, Jowhar and Afgoi is already capable of over-supplying the urban communities within the triangle, for much of the year, if a central and efficient marketing system can be established. This gives rise to 3 major problems which must be overcome:

- (i) Introducing attractive milk prices to guarantee sufficient milk entering the milk plant.
- (ii) Improving the quality of the milk from the milk plant and diversifying production to meet consumer needs.
- (iii) Management of agricultural land to retain a cattle population to guarantee an adequate supply of milk throughout the year.

(ii) Milk Prices

26. Little incentive seems to have been given to milk producers to enter, or remain, in the legal milk trade. Although producers have received a price rise over the past two years, from Sh.0.80 to Sh. 1.10/1.40 per litre, it still remains well below the illegal market price of Sh. 3.00 to 3.50 per litre. It is felt that a further price review should be made at an early date to determine ways and means of increasing producer prices.

27. The milk plant appears to be working on the principle of low producer prices in order to reduce the size of its annual losses. A better approach will be to increase production to reduce unit cost by raising producer price thereby making the illegal market less attractive.

28. The estimated material cost to the milk plant to produce one litre of standardised milk (2.8 per cent butterfat) is expected to be in the region of Sh. 1.06. This is considered to be an extremely good return and, if the plant was running at 60 per cent of its capacity throughout the year, would generate an income from sales after deduction of raw material costs, of more than four million shillings.

29. It is recommended that:

- (i) the price paid to the producer should be remunerative enough to give him incentive to sell to the factory;
- (ii) more stringent measures should be taken against adulteration of milk by water as it is suspected that heavy losses are being incurred by the milk plant on this account. Thought may be given to purchasing bulk milk received from co-operatives and milk colonies on butterfat content;
- (iii) the milk received at the plant's collecting centres should undergo periodic freezing point tests on random samples to try and combat this malpractice.

(iii) Quality of Milk Products

30. The illegal milk market appears to flourish as this is the only supplier of whole milk which is much preferred by the people in Mogadishu. It is recommended that the Milk Plant should look into this market and try to produce a full cream milk at a retail price around Sh.3.20 (wholesale price Sh.2.80). The plant should also examine its distribution system to make it easier for the consumer to purchase milk. At the present time it appears that priority is given to hotels, cafes and

restaurants. Thus in periods of short supply it is extremely difficult for people to purchase legal and safe milk, and they are forced to turn to the illegal trader for their milk supply. Thought may be given to supplying provision stores equipped with refrigeration cabinets, hired from the milk plant, and for the plant to establish its own milk sales kiosks sited at strategic points in the city.

31. It is considered that standardised milk containing 2.8 per cent butterfat is not an attractive tasting milk. Once the plant has overcome its adulteration problem it is recommended that a standardised milk containing 3.0 per cent butterfat be introduced.

32. The milk plant should also examine the profitability of each of its wide range of products, especially in the production of ice cream. The ice cream trade appears to have been neglected and the production during the period January - March 1976 only reached a daily average of 19 kg. Thought be given to modernising the ice cream section of the milk plant by installing a small scale ice cream plant.

(iv) Guaranteed Milk Supply

33. As stated earlier, it is considered that at present the cattle population within an economic travelling distance of Mogadishu is likely to be sufficient to meet the needs for milk in the city. However, the present uncontrolled grazing together with the large number of grass traders, are rapidly denuding the area of vegetation to a point where the cattle will be forced away from the area. Therefore, milk from the outlying areas of Mogadishu can only be termed as a temporary supply unless immediate action is taken to control the pasture lands.

34. Mogadishu, therefore is facing a dual problem in seeking ways to improve her milk supply. The Municipality is trying to remove the cattle away from the city dwelling houses, but the serious degradation of the land on, and beyond, the periphery of the city prohibits the movement of any more cattle into this area.

35. Although the Municipality has made a start in this connection, it is doubtful that the approach is the correct one. Already a set-back in its programme has been felt with the lack of interest shown by the urban cattle owners to use the milk colonies. This has largely been due to the low price of milk offered to the cattle owners if they entered the milk colony scheme. Another important reason is the fear by the cattle owners of losing their regular supply of daily milk, in sufficient quantities, to meet their needs. Until and unless the Municipality, or Government, can prove that their milk supply will be regular and relatively cheap, city dwellers may continue to be reluctant to get rid of their stock of cattle.

36. As the problem of milk supply in Mogadishu has already led the Municipality to stocking their milk colonies with their own cattle, it is recommended that this should be run strictly on commercial lines under a high level of managerial control. The following measures are suggested in this respect.

(a) Breed Improvement

37. The aim of the milk colonies is to obtain increased milk yields at minimum cost so that a higher volume of milk is made available to the Mogadishu Milk Plant from less cows than at present. This can only be achieved through breed improvement. This may be attained by crossbreeding the existing Boran and Sahiwal cattle with Friesians by using imported semen. Furthermore, semen be purchased from stations offering nominated bulls

so that proven bull semen can be selected from sired dams performances. Under a high level of veterinary control it is considered that crossbreeding in the colonies can safely pass beyond the F_1 stage.

38. Much of the success of the colonies will depend on animal health control and regular calving. A fully qualified and experienced veterinarian should, therefore, be included in the staff to cater for both colonies. His duties would include artificial insemination, pregnancy diagnosis and to be in attendance during cases of difficult calving. The present animal health assistants at each of the colonies should be placed under the supervision of the veterinarian and their duties should include detecting cows on heat, routine examination of cattle, routine treatments, i.e. mastitis and to compile a daily list of cows and young stock requiring specialised veterinary examination and treatment.

(b) Controlled Feeding

39. Fodder should be produced, as at present, on the Municipality grass farms and sold at realistic prices to the colonies, in order to obtain true cost analysis of milk produced in each of the colonies. Concentrate feeds should also be prepared using available by-products from the already established sesame seed, maize, pasta (wheat, maize and sorghum) and sugar industries, and meat and bone meal, blood meal and fish meal when industry makes them available. Thought may be given to establishing a livestock feed plant for the commercial production of cattle and poultry feeds.

(c) Young Stock Rearing

40. Under the present system, calves are weaned at 8 to 9 months i.e. when the cows complete their lactation. This long

period is due to the indigenous cattle "non-let-down" characteristic which requires the calf to stimulate milk flow. By crossbreeding with exotic breeds this characteristic will be bred out and will allow for early weaning. Calf houses should be constructed in the colonies to allow for early weaning and controlled feeding under hygienic conditions.

41. The crossbred calves, after weaning should be moved to the Municipality grass farms for rearing. In the case of female calves, the selected ones from the best yielding cows be reared for herd replacements, and the remaining females and male calves be reared and fattened for beef. It is suggested that crossbred young stock produced from the colonies be sold to the Municipality grass farms and herd replacements purchased back at the in-calf heifer stage, again, to obtain realistic costings of milk production from each of the colonies.

(v) Improvements to Farm Buildings

42. Although the milk colonies are well built with considerable care and thought having been put into their planning, certain additions and modifications may be desirable, especially when they are operating at full stocking capacity. We feel that the following points deserve consideration in this respect:

(a) Standings

43. It has already been shown that the present method of tying the cows, using a neck rope tied to floor rings, is not satisfactory, and that the number of cases of cows trampling on each other and falling into the feed trough have been numerous. Thought should, therefore, be given to installing metal tubular

partitions between every two cows and to use neck chain ties attached to the tubular partitions.

(b) Water Bowls

44. It is felt that the cows, under the present system, are not getting sufficient water which must greatly reduce their milk yields. Cows prefer to drink little and often which the present facilities do not provide. It is suggested that, if partitioning is carried out in the sheds, water bowls be attached to the partitions.

(c) Ventilation

45. It is considered that the existing "honey-comb" wall ventilators are placed too high to have any real benefit. It is considered that ventilators with baffle plates, set one metre from floor level, together with roof ventilators, would provide for better cow comfort.

(d) Food Store

46. As insufficient attention seems to have been given to storage of food, it is recommended that a vermin proof store be built for food mixing and storage.

(e) Sick Bay

47. A sick bay/isolation unit should be built to provide facilities for isolating sick animals.

(f) Laboratory

48. A laboratory will be essential when artificial insemination commences as well as to serve as a working base for the animal health staff.

(vi) Milk Colony Co-operatives Within Mogadishu

49. Although the Municipality's plan to remove the cattle from the city to milk colonies run on cooperative lines is in theory feasible, in practice, a number of problems are likely to arise. With the large number of members who would be involved in the co-operatives, the problems of administration and the difficulty in formulating a system of management to satisfy all members, might lead to confusion and distrust. The matter should, therefore be given careful consideration so that a viable and successful scheme is evolved.

PERIPHERY MILK COLONIES

50. It is understood that the Municipality intends to build milk colonies in more districts of Mogadishu. With the major cost being the production and transportation of fodder, it is recommended that future colonies be sited nearer to the main source of fodder supply. With this in mind, colonies similar to the town ones could be established on the periphery of the city where land is more freely available.

51. From estimates of the milk output per colony, it is clear that Mogadishu cannot rely on meeting its requirements from city milk colonies. In fact it would be unwise to do so as rural development is urgently required in the areas surrounding the city to bring land into more productive use. This can come about through controlling the herds and bringing them into a farming system.

52. The present policy which the Municipality has followed with regard to its milk colonies fails to solve the problem of how to remove the cattle from the dwelling houses within the city. This problem, it is felt, can only be solved amicably by making

it unattractive for city cattle owners to keep cattle under their system. The following measures can be considered for this purpose:

- (i) Every effort should be made to increase the production of milk in the rural areas within an economic travelling distance of Mogadishu, so that, supplemented with milk produced from the "commercial" milk colonies, the supply of milk be sufficient to meet the needs of the Milk Plant which, in turn, should meet the needs of the consumers in the city. If the quality and price of the milk and milk products produced by the plant are favourable to the consumer, there should be little demand for raw milk.
- (ii) Cattle owners may be allowed to keep cattle within the city if they observe regulations designed to remove health risks i.e.
 - (a) Types of building permissible for keeping cattle.
 - (b) Minimum distance of cowsheds from dwelling houses.
 - (c) Drainage and disposal of effluent.
 - (d) Regular veterinary inspection.
 - (e) Water supply.
- (iii) The possibility of levying a fee or tax on cattle kept within the city limits be examined.

53. It must be emphasised that unless proper incentive and disincentive measures are taken it will be difficult to dissuade people from keeping cattle within the city limits.

Moreover this measure has employment implications also and should, therefore, be considered with great care and not in haste.

SMALL HOLDER MILK SCHEMES

54. It is recommended that planning should commence on establishing small holders milk schemes in the Mogadishu/Jowhar/Afgoi area, whereby family units can set-up self-contained farms aimed at milk, meat, poultry and crop production, both for family consumption and marketing.

55. In the first instance the demonstration/research units be established under the Ministry of Livestock, Forestry and Range and the Ministry of Agriculture, to determine the desired size of farming unit, an animal/crop system of farming and expected returns from such units. At the same time the extension field staff be trained on these demonstration farms, who would then become overseers of the scheme when it comes into fruition.

56. The small holdings should be centred around 4 cow units, using half-bred Friesians, kept under zero-grazing conditions, using cultivated fodder and utilising crop residues. The manure produced from these units would be used in the crop rotations.

57. It is also suggested that the farm units be centred around a milk collecting/cooling centre serving a radius of 6 kilometers. These centres should also act as rural development centres and a working base for extension staff. Community boreholes would be required to provide water both to the community and their livestock, with water being brought to the stock rather

than vice versa, in order to accomplish complete land control. The farm units would be expected to cultivate tall grasses and high protein legumes for cutting as stock feed. Land should also be made available to establish fodder reserves. The Yakshid Milk Colony is already carrying out small trials on tall grasses and legumes (*Leucaena glauca*) which should be further developed.

58. In areas beyond an economic travelling distance for milk production it is suggested that small holders substitute the "milking cow unit" for "stall feeding finishing beef units", whereby selected unfinished cattle purchased by the Livestock Development Agency could be issued to approved small holders for finishing. Income would be based on the difference between issue weight and finishing weight.

THE MUNICIPALITY GRASS FARM

59. The 3,000 hectares of land, situated at Warmahan, is primarily used to supply fodder to the existing milk colonies. Although fodder production will have to be continued as long as non-crop growing colonies exist, it is recommended that more use be made of this area. It would appear desirable to develop this land into a livestock breeding station to supply improved stock to both the milk colonies and the proposed small holder scheme. At present the land is also being used as a holding ground with 900 cattle purchased from local sources.

60. Discussions with the Municipality revealed that the following investments would have to be made before productivity could be increased:

- (a) Fencing at present no perimeter fencing exists which is causing considerable problems with outside

stock poaching the land. The area urgently requires perimeter and paddock fencing to allow for controlled grazing.

- (b) Water Supply bore-holes are required over the area. At present the only water supply is a hand dug well, 90 metres deep. The area has been surveyed, results of which show that there is adequate water available.
- (c) Staff Housing no accommodation is available for staff though a low cost housing project is planned.
- (d) Veterinary Station this will be essential if the area is developed into an intensive breed improvement centre with health and breeding coming under the care of a qualified and experienced veterinarian.
- (e) Equipment Required (i) tents: until a perimeter fence has been erected, tents will be required for cattle guards employed to prevent the entry of the nomads and their cattle.
 - (ii) ear tags for cattle identification.
 - (iii) hammer-mill
 - (iv) silos
 - (v) baler
- (f) Staff Requirements dairy farm specialist

WORLD FOOD PROGRAMME

61. Considerable interest is being shown by the World Food Programme for Somalia, in further developing the Mogadishu Dairy Industry. WFP has long been a supplier of dried skim milk powder to Somalia and thought is being given to supplying skim milk powder and butter oil to the Mogadishu Milk Processing Plant in order to allow the plant to increase production, thus reducing overhead cost per unit of production and generating funds for use in developing the producer side of the industry.¹ If this comes about, it is recommended that a portion of the generated funds be given to the Municipality, on an agreed even contribution basis, for developing the Warmahan grassland area into a breed improvement centre. Until higher yielding cattle through inseminating selected local stock with imported Friesian semen can be produced, little progress can be made in improving the milk output from the existing milk colonies, or establishing small farmers milk schemes. It is also proposed that a portion of the generated funds be used to establish demonstration/research small holdings in the Mogadishu/Afgoi/Jowhar triangle, as fore-runners to the proposed small holders milk producers schemes.

DAIRY DEVELOPMENT OUTSIDE MOGADISHU

62. Considerable interest is being shown at the present time in developing the cattle industry in the lower Juba region, mainly aimed at the beef industry to supply the Kismayo Meat Factory. It is considered that a dairy industry could usefully be linked with the beef industry in this region to produce quality milk and milk products for both the domestic and export market in the long run. The major urban area in the Region is Kismayo

¹/ Committee on Commodity Problems - Consultative Sub-Committee on Surplus Disposal. Notice of the Proposed Project under the World Food Programme for Settlement of Nomads as Farmers, Somalia. CSD(WEP) 76/37. 22 June 1976.

which, in 1972, had a population of 17,872.¹ Although a high rate of urbanisation is expected to have taken place in Kismayo since 1972, it is not expected to have reached a size where it would economically warrant establishing a milk pasteurisation plant. It is recommended that a study be made to determine the feasibility of establishing a milk processing plant, possibly in the Gelib/Afmadow area, situated 114-130 km. north of the coastal port of Kismayo, for the production of UHT (Ultra-High Temperature) milk, evaporated and/or condensed milks, butter and cheese. The possibility of exporting milk product needs to be examined. Somalia already has a long history of an export ghee industry although little organised development has taken place. This has resulted in a sad decline in production from about 356 mt. in 1960 to only 50 mt. in 1974. The reasons for such a sharp decline should be examined with a view to rejuvenating the industry in areas beyond the economic reach of milk processing plants. The major limitation to this, at the present time, is the lack of trained extension staff to work in improving the quality of the milk to a standard suitable for processing for the export market. It is recommended that in the initial stage, and in order to interest the pastoral sector in milk production and to allow time for an extension service to achieve required results, a ghee industry be first established.

63. It is suggested that low cost ghee centres can possibly be established in the immediate areas surrounding Kismayo, Gelib and Afmadow, and later stretching northwards and eastwards, at distances of approximately 8 km. radius, to allow cattle owners to bring their milk in daily for sale. These centres should be equipped with :

1/ Statistical Abstracts. Ministry of Planning and Co-ordination, Somali Democratic Republic. 1972.

- (a) hand operated cream separator
- (b) milk cans
- (c) butyrometers for fat testing
- (d) sediment tester
- (e) milk filter
- (f) lactometer

The ghee should be manufactured in Shallow pans over an open fire at the centre and transported periodically to a main ghee centre in Kismayo for standardising and refining, and finally packaging in cartons or tins for marketing. The cattle owners should be paid on weight and butterfat content of the delivered milk, and should receive back the skim milk for family consumption. It is suggested that the financing of the low cost equipment for these centres be from the funds generated from the Mogadishu Milk Plant under the World Food Programme Project.

64. Similar to the proposed Mogadishu Small Holders Milk Scheme, described above, it is recommended that demonstration/research small holdings be first established to integrate nomads and their livestock into a mixed farming system.

65. Once milk production and quality have increased to a satisfactory level the industry can turn away from being centred on ghee production towards final development where the milk is channelled through a modern processing plant mentioned earlier. Again, it is recommended that the small holder scheme can usefully develop, in some areas, to a beef finishing scheme as the demand for high quality cattle is high by the Kismayo Meat Factory, which largely caters for the export trade.

INCOME DISTRIBUTION

1. This paper brings together the relevant information on income distribution in Somalia. The available data are by no means satisfactory and only some broad and tentative conclusions can be drawn. Besides supporting broadly the arguments put forward in the main report, particularly in the Chapter on Incomes Policy, the analysis should provide some knowledge about the structure of income distribution in Somalia, on which virtually no work has been done in the past.

2. It is well-known that income levels in Somalia are extremely low,¹ but in view of the importance of the subject of income-distribution, it may be useful to provide a few illustrations of the income-distribution by size. The analysis that follows may not be either strictly accurate or particularly representative; it is at best illustrative of the pattern of income-distribution in Somalia.

3. The low level of incomes reflects the pattern of economic activity in the country. The majority of the rural population is engaged in traditional pastoral activities and in subsistence agriculture, and the majority of the urban population is engaged either in services and small-scale trade activities or in traditional types of small-scale commodity production.

The Pilot Household Sample Survey

4. The only comprehensive set of data in existence on the pattern of expenditure distribution by size is that derived from the Pilot Household Sample Survey carried out in the Middle Shabelle region in October-November 1975, covering three sectors:

1/ The per capita income estimates vary from US\$80 to US\$120.

nomadic, agricultural and urban. Despite the smallness of the coverage and the possible sampling errors, the survey findings provide a tentative picture of the distribution of households by expenditure classes for the three sectors. Aggregative data pertaining to the distribution of households by size-classes of annual expenditure - derived from the Pilot Household Sample Survey - are given in Table TP 5.1.

5. The severe poverty conditions in the areas inhabited by settled agricultural population are illustrated by the fact that one-third of the sampled households spent less than Sh.520 per year. It is likely, however, that incomes of these households were under-reported because of underestimation of the subsistence component of their incomes.

6. At the other end of the scale, the proportion of urban households spending more than Sh.5,200 a year was 40 per cent of the total sampled households, and all together this group spent more than 70 per cent of the urban consumption expenditure. This is mainly due to the relatively high level of remunerations for the top managerial, administrative and professional staff as well as the high levels of business and entrepreneurial incomes.

7. In the nomadic and rural sectors the proportion of households spending more than Sh.5,200 was only about 20 per cent, and this group spent between 60 and 65 per cent of all expenditure in these areas.

8. From the above data and analysis it will thus appear that the personal distribution of income is highly skewed especially in the rural and nomadic sectors. A Lorenz curve

(figure 1) has been fitted to the data on household expenditure by size classes for the three sectors.¹

9. The first impression which emerges is that the share of income which accrues to the bottom income groups in the urban sector is greater than in other sectors. However, if the data were to be adjusted for the subsistence component of the incomes of pastoralists and farming families in the lower expenditure brackets, the share of these groups would probably have been substantially improved.²

Other Surveys

10. Individual surveys carried out for specific purposes in urban areas also provide some data on income distribution by size although one must realise that the samples are usually small and not unbiased. The most important among these surveys is the Household Expenditure Survey conducted in the City of Mogadishu in 1966, with the specific purpose of deriving weights for the cost of living index. Another survey showing some data on income-distribution is the Food Consumption Survey in Mogadishu conducted by the Nutrition Department of the Somali Ministry of Health in September 1971. These two surveys could be used as a cross-check on the findings of the recent Pilot Household Sample Survey conducted in 1975.

1/ It should be mentioned that without making some hold assumptions it would not have been possible to draw the Lorenz curve. We worked on the basis that the average income for the group spending more than Sh.5,200 a year was as follows: nomadic sector Sh.9,308; urban sector Sh.10,450; rural sector Sh.10,000. The first two figures were derived from the actual sample data while the latter was assumed after discussions with knowledgeable persons. As the top (open ended) expenditure group is rather big, it would have been ideal to have some information about the size distribution of this group. Unfortunately this was not possible. Hence we assumed that incomes were equally distributed within this group; this is represented by the straight lines in the Lorenz curves.

2/ This will, of course, have to be corrected with the data already collected during the Pilot Household Sample Survey but had not been fully processed at the time of the Mission.

11. The figures of 1966 Household Expenditure Survey are not strictly comparable with the other two surveys of 1971 and 1975 because they are biased towards middle-income groups. A meaningful comparison can be made only between 1971 and 1975 figures. It will be seen that while the percentage of households earning an income of less than Sh. 400 per month in money terms remained roughly the same between 1971 and 1975, i.e. around 60 per cent, in real terms there was a decrease in the real income for the bottom group as Sh. 400 in 1975 were equal to only Sh. 270 at 1971 prices.

12. Once we leave aside the Pilot Household Sample Survey, the availability of data on the structure of income and earnings thins out. However, some data are available on wages and salaries by size class; these permit to form some idea about income and earnings differentials in wage employment as brought out in Tables TP 4,5,6,8 and 9.

13. No data are available from the income tax authorities on the distribution of persons who paid income tax on profits and business incomes earned in industrial, commercial and professional activities. We were, therefore, unable to construct a picture of distribution of income by major socio-economic groups. Also, the data on income shares of different socio-economic groups are of limited use unless their approximate ranking in the size distribution is known.

Table TP 5.1

Distribution of Households by Size Classes of Annual Expenditure, 1975

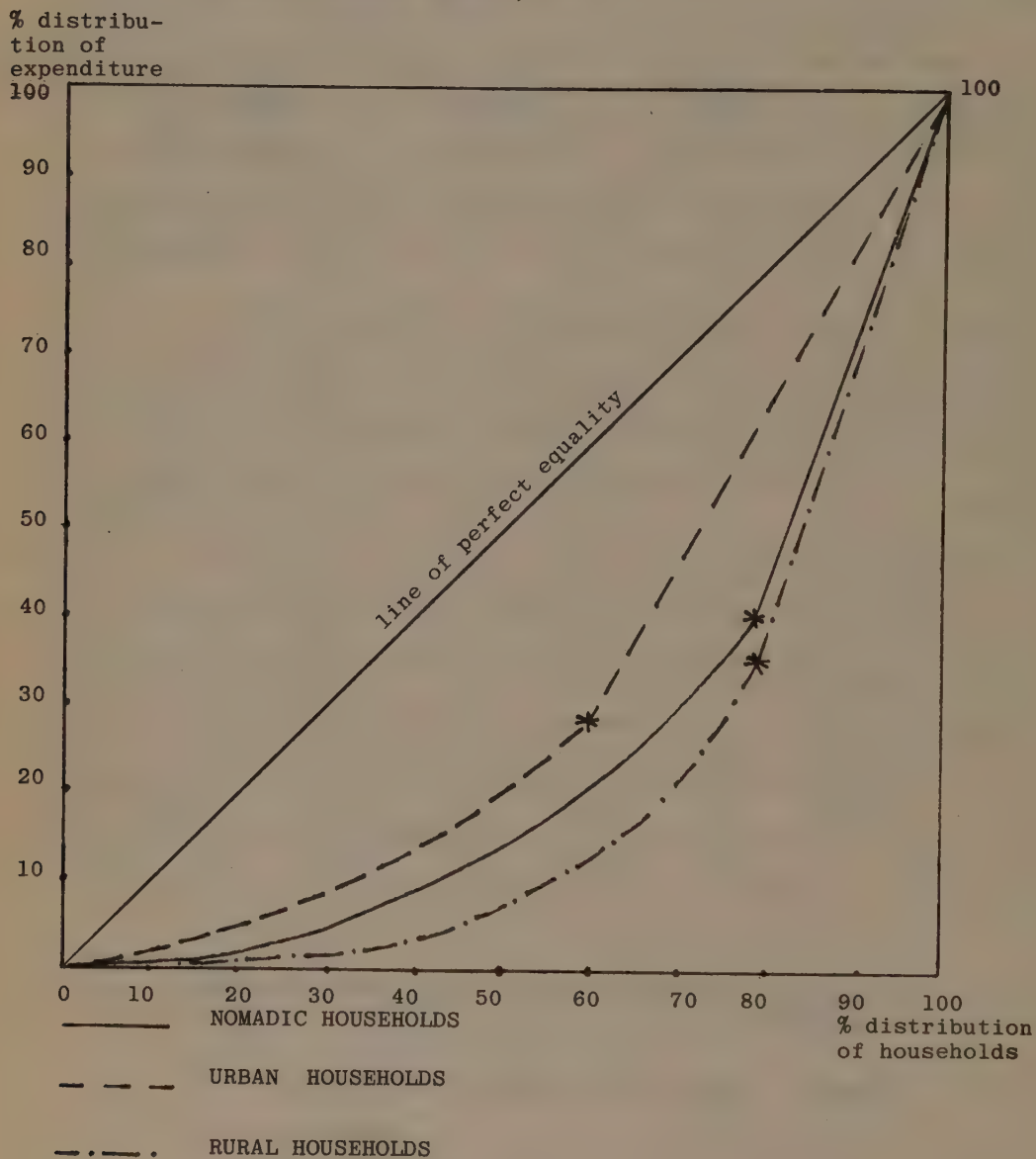
Size Class (In So.Shs. per annum)	NOMADIC SECTOR		RURAL SECTOR ¹		URBAN SECTOR	
	Number of Households	%	Number of Households	%	Number of Households	%
0 - < 520	44	17.7	36	34.6	1	1.9
520 - < 1,040	20	8.1	11	10.6	2	3.8
1,040 - < 1,560	32	12.9	9	8.6	2	3.8
1,560 - < 2,080	25	10.1	5	4.8	7	13.8
2,080 - < 2,600	19	7.7	7	6.7	4	7.7
2,600 - < 3,120	16	6.5	2	1.9	3	5.8
3,120 - < 3,640	17	6.8	3	2.9	3	5.8
3,640 - < 4,160	8	3.2	1	0.9	3	5.8
4,160 - < 4,680	9	3.6	6	5.8	5	9.6
4,680 - < 5,200	6	2.4	3	2.9	1	1.9
7 5,200	52	21.0	21	20.3	21	40.4
Total	248	100.0	104	100.0	52	100.0

1/ Households in rural villages in Middle Shabelle are mainly agricultural.

Source: Findings of Pilot Household Sample Survey.

Figure 1

SOMALIA: LORENZ CURVES FOR URBAN, RURAL AND NOMADIC HOUSEHOLD - EXPENDITURE PER ANNUM, 1975.



* last observation before (100,100)

SOURCE: Based on findings of the Pilot Household Sample Survey, 1975.

Table TP 5.2

Income Distribution in Mogadishu (September 1971)

Size Class (In Shs. per month)	Number of Families			
	Block: HODAN	Block: KL-GAB	Total	%
100 - 400	54	67	121	61.0
401 - 600	14	14	28	14.0
601 - 800	22	2	24	12.0
801 < 1000	2	9	11	6.0
7 1000	6	8	14	7.0
Total	98	100	198	100.0

Source: Results of the Food Consumption Survey conducted by the Nutrition Department of the Somali Ministry of Health. See Somali Democratic Republic, Ministry of Health, Deficiency in Somali Diet Survey and Evaluation (Mogadishu, 1972), Tables No. 2 and 3.

Table TP 5.3.

Distribution of Urban Households by Size of Income

Monthly Income (In Shs.)	Percentage Distribution of Households		
	Household Expenditure Survey, (1966)	Food Consumption Survey (September 1971)	Pilot House- hold Survey (1975)
	(1)	(2)	(3)
< 400	36.2	61.0	59.6
400 < 1,000	53.0	32.0	40.4
≥ 1,000	10.8	7.0	

Source: Col. (1), Statistical Department of the Ministry of Planning and Co-ordination, Index of Cost of Living and Household Expenditure Survey, 1966.

Col. (2), See Table TP 5.2

Col. (3), See Table TP 5.1

1/ The urban price index was in 1966=100, in 1971=110 and in 1975=163, which could be used as a deflator to estimate the changes in real income (expenditure).

Table TP 5.4

Size Distribution of Wages and Salaries in Industry, 1973

Class size (in Shs. per month)	Number of Wage and Salary Earnings	%
- 100	169	2.5
101 - 200	1,113	16.2
201 - 300	626	9.1
301 - 400	1,481	21.6
401 - 500	2,705	39.4
501	765	11.2
Total	6,859	100.0

Source: Central Statistical Department of the Directorate
General of Planning and Co-ordination,
INDUSTRIAL PRODUCTION 1973, Table 19.

Table TP 5.5

Distribution of Wage and Salary Earners in the Private
Sector by Size of Monthly Earnings,
1975

Size Class (in Shs. per month)	Number of Wage and Salary Earners	%
- 200	2,408	26.4
201 - 300	1,320	17.0
301 - 400	1,413	18.2
401 - 500	1,604	20.6
501 - 1000	903	12.0
7 1000	450	5.8
Total	7,738	100.0

Source: Ministry of Labour and Sports, Present
Employment and Future Requirements
Statistics, Vol. 1, (Mogadishu, 1976).

Table TP 5.6

Average Monthly Wages and Salaries Paid to Employees of the
Public and Private Sector by Industry, 1973

Code	Industry Group	Average Monthly Wages of Operatives (Shs.)		Average Monthly Wages of Other Employees (Shs.)	
		Pub. Sect.	Priv. Sector	Pub. Sector	Priv. Sector
(1)	(2)	(3)	(4)	(5)	(6)
311-2	Food Manufacturing	394	208	440	382
313	Beverage Industries	-	266 ₁	-	693
321	Manufacture of Textile	-	46 ₁	-	-
322	Manufacture of Wearing Apparel except foot- wear	-	232	-	104
323-4	Leather and Footwear	-	299	-	989
332	Furniture & Fixtures	350	386	418	132
342	Printing & Publishing	573	-	829	-
352	Other Chemicals	-	289	-	657
356	Manuf. of Plastic Prod.	441	256	580	236
3691	Structural Clay Products	319	175	349	146 ₁
3692	Lime	-	133	-	60 ₁
381	Metal Products	-	238	-	264
3901	Jewellery, etc.	-	228	-	300
3909	Industries NEC	-	260	-	258
4101	Electric Light & Power	823	-	501	-
4200	Water Works & Supply	542	-	372	-
	Total	457	238	485	321

1/ Nominal wage for unpaid family labour.

Source: Central Statistical Department of the Directorate
General of Planning and Co-ordination, INDUSTRIAL
PRODUCTION, 1973, Tables 22 and 23.

Table TP 5.7

Distribution of Households in Mogadishu City
According to Number of Income Earnings Persons.
1966

Number of Income Earning Persons	Number of Households in the Sample	%
0	28	7.0
1	331	80.0
2	42	10.0
3	10	2.0
4 or more	4	1.0
Total	415	100.0

Source: Household Expenditure Sample Survey, 1966.

Table TP 5.8
Earnings Differentials in Government Employment

Reference Group	Average Gross Monthly Earnings (In Shs.)	Coefficient of Differentials in Earnings
1) <u>Messenger</u> (Grade 4 on the "D" Scale)	220	1.0
2) <u>Clerical and Technical Staff</u> (Grade 2 on the "C" Scale)	660	3.0
3) <u>Executive & Senior Technical Staff</u> (Grade 1 on the "B" Scale)	1,030	4.7
4) <u>Top Administrative & Professional Staff</u>		
a) Middle Ranking Senior Administrator (A-4)	1,160	5.3
b) Director of Department (A-3)	1,950 ¹	9.0
c) Director General of a Ministry (A-2)	2,500 ¹	11.0
d) Minister	5,000 ¹	23.0

1/ After accounting for all allowances such as housing and responsibility allowances.

Source: Computed from the salary scale attached to the Civil Service Law.

Table TP 5.9

Earnings Differentials in SNAI Sugar Factory, 1976

Occupational Group		Average Gross Monthly Earnings	Coefficient of Differentials in Earnings
1)	Unskilled Labourer in Plantations	200	1.0
2)	Unskilled Labourer in the Factory	315	1.6
3)	Semi-Skilled Labourer in the Factory and in the Field	600	3.0
4)	<u>Skilled Artisans</u>		
	Electrician	690	3.4
	Mechanic	780	3.9
	Pan-Boiler	815	4.0
	Refiner	510	2.9
5)	<u>Technicians</u>		
	Engineer	2,350	12.0
	Agronomist	1,575	8.0
6)	<u>Administrative and Senior Clerical Staff</u>		
	Accounting Officer	795	4.0
	Middle Grade Clerk	693	3.5
	Low grade Clerk	635	3.2
7)	<u>Managerial Staff</u>		
	Head of Services	1,650	8.3
	Director of a Department	2,675	13.4
	General Manager	3,900	19.5

Source: Data supplied by the SNAI Sugar Factory - JOWHAR.

EDUCATION: POLICIES, PROGRAMMES AND ISSUES

INTRODUCTION

1. The union of the Northern and Southern Regions of Somalia at the time of independence (1960) necessitated the integration of the two different educational systems inherited from the colonial past. While one would have expected the new system to have expanded rapidly in view of the abysmal standard of educational achievement before independence, the progress was very slow and out-moded curricula and alien concepts continued. What little happened in the field of education in Somalia between 1960 and the 1969 Revolution is dramatically illustrated by the enrolment figures for Grade I of the elementary education. In 1960/61, 6,297 boys and girls were enrolled¹ and by 1969/70 this figure had increased only to 7,052², presumably less than 10 per cent of the eligible population. The fruits of the 1969 Revolution and the subsequent adoption of scientific socialism as guideline for progress, are eminently displayed in the fundamental changes which have since taken place in the sphere of education. There can be no doubt that sincere commitment and an imaginative approach to educational development have succeeded to translate the aims of the Revolution into a complex of progressive educational policies. Mass mobilisation and mass participation, for example in the 1974-1975 rural development campaign, and the current crash programme of classroom construction, demonstrate that the determination of Government to pursue these policies not only greatly appeals to the Somali people but has advanced educational goals much farther.

2. Thus one finds in the present day Somalia two essential prerequisites for any development: an honest desire to change and a capacity to implement. However, constraints and

¹/ Somali Republic. The Manpower Situation in Somalia, Table 8.6,
p. 169. Mogadishu, 1965.

²/ Ministry of Education.

imbalances still exist as we will point out later following a brief discussion of present policies and programme in the education sector. Two separate technical papers deal with some aspects of technical education and vocational training and with the manpower demand situation in Somalia.

PRESENT POLICIES AND PROGRAMMES

3. Present major policies in the educational sphere may be summarised as follows:

- (1) Democratisation of access to basic education by assigning top priority to the provision of universal, compulsory and free primary education of relevant quality, and by developing a comprehensive system of non-formal education for those who, for the moment, will be outside the expanding formal primary school orbit.
- (2) Expansion of post-primary education and training to an extent that the manpower needs of the developing economy will be increasingly satisfied.

4. In order to achieve a truly egalitarian Somali society based on social justice, policies geared at expanding basic education led, in 1975, to the declaration of universal compulsory and free primary education as the top priority objective in education. Somalia's educational profile before the 1969 revolution may well have been one of the lowest in the world with an illiteracy rate of over 90 per cent inhibiting popular participation in the development process to a large extent. In order to make way for the envisaged expansion of basic education, a number of steps were taken in rapid succession, the most significant of which were:

- (a) the adoption in October 1972 of the Latin script for writing the previously unwritten Somali language and the immediate introduction of the national language as the medium of instruction in elementary schools;
- (b) the organisation of an Urban Literacy Campaign (1973) and a nationwide Rural Development Campaign (August 1974-March 1975) with major emphasis on the reduction of illiteracy and disease;
- (c) the introduction in 1975 of the 6 year primary school education replacing the former 4 year elementary and four year intermediate school education.

5. The National Literacy Campaign, with its urban (1973) and its rural phase (1974), was an extraordinary effort indeed, and particularly so the Rural Development Campaign which, apart from the literacy objective, focussed on health improvement of people and livestock through mass vaccinations and on facilitating Somalia's first census of population and livestock. At the beginning of the rural literacy drive a total of 1,458,000 persons registered. Of this number, 969,000 (66 per cent) took the final examination, and 854,000 (59 per cent) passed the examination.¹ Impressive though these figures are, the Government does realise that only serious follow up of the essentially ad-hoc effort can prevent relapse into illiteracy and the closure of communication channels which were so effectively opened. Thus the declaration of the universal primary education policy and the introduction of a non-formal programme of functional education meant to reach rural population were a logical consequence of the campaign.

1/ A wealth of details on the campaign and on opinions on its results may be found in Omar Osman Mohamed: From written Somali to a Rural Development Campaign, mimeo, SIDAM, August, 1975.

PRIMARY EDUCATION

6. As will be seen from the following table primary school enrolments over the past few years have increased at unprecedented rates.

Table TP 6.1
Primary School enrolments - Grade I and All Grades -
1969-70 - 1976-77 and per cent increase of total
enrolments over previous period

Year ¹	1969-70	1970-71	1971-72	1972-73	1973-74	1975-76	1976-77 ²
Grade I	7,052	10,140	13,899	21,022	24,339	133,605	80,000
All Grades	45,609	50,384	59,846	78,133	96,903	219,517	279,140
% increase over previous year	-	10.5	18.8	30.6	24.0	126.5	27.2

Source: Ministry of Education, 1976.

1/ During the 1974-75 school year, schools were closed because of the Rural Development Campaign in which both teachers and upper grade students were actively involved.

2/ Estimated by Ministry of Education, July 1976.

7. The long term enrolment projections made by the Ministry of Education are based on a 80,000 Grade I intake in 1976 growing at a rate of 3 per cent per annum. Given - as orders of magnitude - a population of around 3.2 million in 1976 of whom, say, 40 per cent or 1.3 million live a sedentary life and of whom in turn about 3 per cent, or only about 40,000, are 6-year old children, it is implied in present policies that initially a considerable backlog of 8, 9, 12 or even 14-year old children will enroll in primary schools. However, after a maximum of 4 to 6 years from 1976 this backlog would have disappeared, leaving ample scope for increased enrolments from the non-sedentary population.

8. Besides numerical expansion, the contents of curricula have been and will be gradually revised in order to liberate education from colonial remnants and with a view to gearing education to the development of skills and attitudes conducive to the social, political and economic environment in which the Somali people find themselves.

PRIMARY TEACHERS TRAINING

9. Obviously, the greatly increased enrolments at the primary level require large number of additional primary school teachers despite the fact that the cycle has been reduced from 8 to 6 years and the fact that 2 and sometimes 3 shifts of teaching per day take place in some areas.

10. Thus, the duration of primary teacher training has been reduced to one year beyond the primary education itself. This crash programme is expected to result in an annual supply of around 2,500 trained teachers between now and 1980 when the supply is expected to meet the demand.

11. In order to raise gradually the present low level of the quality of primary school teachers, a system of teacher upgrading has been developed and linked to the promotion system. Once every three years teachers are expected to sit for a national teacher's evaluation examination. Those who pass will be promoted to a higher salary level. Those who pass with exceptionally high marks can proceed to the College of Education in order to be trained as secondary school teachers.

12. Primary school teacher salaries start now at Sh.450 per month, rising to Sh.600 after 3 years, 800 Shs. after 6 years and 1,040 Shs. after 9 years (Grade B7). Those who fail the examination do not get the promotion but are expected to undergo in-service training for about three months a year during the three year period leading to the next examination.

SECONDARY EDUCATION

13. Secondary education consists of four years after the completion of primary education. At present, total enrolments in about 40 general secondary schools are of the order of 8,000-9,000 - the result of a relatively high progression rate from primary to secondary schools. Annual outputs now approach 2,000. Government plans intend to maintain a progression rate between Grade VI and Form I of about 60 per cent which would lead to an expected intake of 23,500 new secondary students by 1980 and a total enrolment of 37,200 for that year.¹ It appears to us that the four fold increase in enrolment over a period of 5 years, as a twin result of the envisaged phenomenal increase in primary school output and maintenance of a constant progression rate between primary and secondary levels of education, would not only pose severe teacher supply and financial problems but, would most likely lead to over-production of secondary school-leavers from 1982-83 onwards. We have dealt with this subject in detail in our Technical Paper on Manpower Requirements and Manpower

¹/ Source: Ministry of Education, projections, 1976.

Development. Recently pre-vocational training elements have been introduced into the secondary school curriculum but the implementation of this programme seems slow due to lack of instructors.

UNIVERSITY EDUCATION

14. The Somali National University is a young institution; it started in 1969 and now comprises 9 faculties. Apart from the Lafole College of Education which operates a three semester system (3 times 14 weeks a year), and therefore, produces graduates within a three year period, the other eight faculties offer 4 year degree courses based on a two semester system (2 times 16 weeks a year) in accordance with Italian practices. The other faculties are: Law, Economics, Agriculture, Veterinary Science, Medicine, Chemistry, Engineering and Geology. With the exception of the staff in the Education, Law and Economic faculties, almost all teachers are expatriates, mostly Italian academics who come to Somalia on three months, or even shorter, assignments and who teach in the Italian language. Following the introduction of Somali language as the medium of instruction in secondary schools, it is intended to introduce Somali language as medium of instruction in the University as well. There are also plans to start three more faculties in future: Islamic Studies, Basic Science and Languages.

15. The following table shows the enrolment and output situation in the University:

Table TP 6.2

Enrolments and Outputs of the Somali National University
by Faculty, 1972-73 - 1975-76

Faculty	1972-1973		1973-1974		1974-1975		1975-1976	
	E	O	E	O	E	O	E	O
Law	309	17	326	24	392	27	280	15
Economics	229	11	337	19	394	14	396	26
Education	392	42	612	53	643	55	535	393
Medicine	-	-	62	-	142	-	232	-
Veterinary	-	-	30	-	90	-	152	-
Agriculture	30	-	60	-	120	-	163	21
Engineering	-	-	37	-	97	-	143	-
Geology	-	-	30	-	60	-	86	-
Chemistry	30	-	48	-	78	-	106	12
All Faculties	990	70	1,542	96	2,016	96	2,093	467

E - Enrolment: O - Output

Source: Ministry of Culture and Higher Education, 1976.

16. As may be seen, the Law and Economics faculties show surprisingly high enrolments and low outputs. This is explained by the fact that most of the enrolments relate to part-time students, often civil servants. As from the academic year 1976-77, only full time students will be enrolled and 10 per cent of the intakes will consist of selected civil servants. It should be also mentioned that secondary - both general and technical school-leavers - undergo about three months Halane (military training and political training) and nine months National Service before being able to gain admission to the University. The enrolment capacity of the University is limited by boarding facilities, now envisaged to be available for 740 students, or almost 1,500 when two students would share one room. Excluding the college of education, it is envisaged that the University will every year admit 360 new students (60 agriculture, 60 medicine, 40 each in other 6 faculties) leading to total output of almost 300 per annum (assuming a rather low dropout rate of about 20 per cent). The College of education, with its own facilities, is now able to take in about 400-450 new students per annum leading to a total enrolment of around 1,200 and an annual output of about 350 secondary teachers. Intakes, however, are largely determined by the Ministry of Education and are based on the expected demand for secondary teachers.

17. In addition to enrolments in the national university, about 930 under-graduate students were studying abroad in 1975 in 19 countries in a wide variety of subjects, but largely in medicine and engineering. Also around 250 students were enrolled in foreign secondary and post-secondary technical institutions. There is surprisingly a very good record (90%) of students abroad returning to Somalia after completion of their studies.

NON-FORMAL EDUCATION

18. The system of non-formal education in Somalia was rather underdeveloped before 1972 and certainly biased towards upgrading academic skills of urban people, usually civil servants, in evening classes and of housewives in women education centres, whose present number is around 50. The objectives of non-formal education have, however, since been changed to give greater emphasis to adult literacy training in rural areas, to the development of limited employable skills and to the creation of political awareness among the population at large. The introduction of a programme of functional education to consolidate the gains from the 1974 Rural Development Campaign is underway at village level. Frequent radio broadcasts reinforce the programme which contains a large selfhelp component.

19. In order to increase non-formal pre-vocational training facilities in fields not related to agricultural production, the establishment of Skill Training Units at seven proposed multi-purpose community Education Centres¹ is now being considered for financing under the Third IDA Project.

20. Special efforts in non-formal nomad education particularly include the creation of ten experimental nomadic training centres. As a result of the drought and the subsequent settlement of more than 100,000 nomads, the first three of these centres will be attached to the agricultural settlement areas and become operational in January 1977. Each centre will enroll 160 trainees from the 14-22 years age group for a two year course of 8 months a year, and in addition, 160 adults for a two year course of 4 months a year, with major emphasis on agriculture and animal husbandry. We would like to argue, however, that the first three centres should no longer be referred to as

¹/ Three of these are in urban areas: Burao, Kismayo and Jowhar, and four are in rural areas: Baydhoba, Galkayo, Qoryooley and Qardho.

nomadic training centres. Output of trained nomads in the seven remaining centres would, therefore, amount to about 1,000 per annum (500 adolescents and 500 adults).

IMBALANCES, CONSTRAINTS AND IMPLICATIONS OF CURRENT POLICIES

(i) Schooling opportunities for boys and girls

21. Despite impressive achievement in terms of enrolment figures a number of imbalances still persist. One of these concerns the availability of equal educational opportunities for boys and girls. Although the percentage of girls enrolled in primary schools is definitely on the increase, it is still much less than that of boys as may be seen from the following table:

Table TP 6.3

Girls as a percentage of total enrolments in Primary and Secondary Schools, 1970-71 to 1975-76

<u>Year</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1975-76</u>
In primary school	24.0	24.3	25.7	28.3	34.4
In secondary school	16.0	15.5	15.4	16.9	15.1

Source: Derived from the Ministry of Education Statistics, 1976.

(ii) Regional distribution

22. Another imbalance is with regard to the regional distribution of educational facilities. In the absence of regional population data it is difficult to be precise but a strong urban bias in the provision of educational facilities is obvious. In 1974, for instance, half of the total primary school enrolment was in Mogadishu, Hargeisa and Kismayo, while

Mogadishu alone accounted for 65 per cent of the total secondary enrolment. Thus, educational opportunities for rural dwellers are limited and particularly so for nomads, who constitute the majority of the population.

(iii) Basic education for nomads' children

23. A major problem, facing the realisation of the universal basic education policy, lies in the development of basic education for nomads' children. As we have shown elsewhere in this Report, the large majority of nomads will continue to lead a nomadic way of life for a long time to come. Their children will, therefore, continue to be deprived of the conventional type of primary schools. If the Government's aim of universal primary education is to be realised, it is obvious that some non-conventional ways will have to be devised to cover the nomads' children. So far, however, little has been done in this direction. Government may have assumed, as indicated in Paragraph 7 above, that from 1980 or 1981 onwards some 40,000 nomads' children, would come forward every year and enroll in primary schools because their parents would have opted for settled life. This assumption is rather heroic. As we have analysed elsewhere, the capacity of agricultural and fisheries sectors to absorb the new additions to labour force and the existing nomadic population is limited and the majority of the population will continue to be in the nomadic sector. From our calculations, it may be inferred that at best about 6,000 nomadic children in the six to nine years age-group, whose families might settle down, would be able to enroll in the conventional types of primary schools. The majority of nomads' children will thus remain deprived of education, and on the other hand about 35,000 planned pupil-places for nomadic children in conventional (settled) types of schools would remain un-occupied. If, therefore, these children cannot be brought to school, attempts have to be made to bring school to them. If this is not done, the Government's policy of universal

primary education is likely to remain a wishful thinking. We would urge that Government, after a careful analysis of the desirable and the feasible rate of sedentarisation of nomads should reconsider its stand in favour of large-scale basic education of a relevant nature for those nomads' children who, in the next fifteen or twenty years, will still be moving with their parents.

24. There do exist some programmes as indicated in Paragraph 20 above, for nomadic education which derive from the strengthening of Somalia's non-formal education system. We believe that while the rationale under-lying the proposed establishment of the seven nomadic training centres, given relevant curricula, is sound in its aim to produce about 1,000 'agents of change' annually (500 adolescents and 500 adults). These programmes will involve only small number of adolescents and adults in settled institutions. Obviously, the graduates would have to return to their communities and actively disseminate their learning preferably within an organisational framework such as provided by the pastoral cooperatives suggested by us.

(iv) Employment of primary school leavers

25. The reduction of the duration of primary schooling and the lowering of the primary school entry age to 6 years will lead, before long, to the production of large numbers of about 12 year old primary school leavers for whom, at present, no further educational opportunities are available. Even for those who may proceed to technical education or vocational training at the secondary level, their relatively young age may prove to be a handicap when, after finishing school at an age of say 14, 15 or 16, they would have to compete for employment with older, more skilled or experienced members of the labour force. We may assume, however, that, in the Somali context, market forces would not necessarily dictate their employment allocation; in

other words an open unemployment problem in the traditional sense might not necessarily emerge. This is not to say that their proper utilisation should present no problems. Unless the Government sets up, as in some other socialist countries, youth groups or youth brigades to be engaged or drafted in productive activities with an important on-the-job training component, it is likely that most young school leavers will go back to their families and be employed as unpaid family workers. In that situation, the economic returns from basic education would only be positive if the curricula were particularly geared towards the after school environment, that is, if the school leaver could cause the household income to increase faster as a result of his/her education. There are obviously a great number of good reasons, other than pure economic returns, for providing basic education. We would like to argue, however, that optimum social and economic benefits would accrue from greater emphasis on curricula which are motivated by the eventual employment opportunities open to pupils in their given environment.

(v) Expenditure on education and financial implications

26. Although it is difficult to ascertain the total amount which Somalia spends on education and training, because of the widely shared responsibilities in the field of education and training, the following table concerning the allocations to the Ministries of Education and Culture and Higher Education, gives an indication of the rising share of education expenditure in relation to total Government expenditure.

Table TP 6.4
Government Expenditure on Education in Relation to
Total Government Expenditure, 1974-1976 (Shs. million)

	1974 (Actual)	1975 (Preliminary)	1976 (Estimates)
A. <u>Recurrent Expenditure</u>			
1. Total-Government	530.8	585.2	684.6
2. Ministry of Education	37.8	49.7	77.4
3. Ministry of Culture & Higher Education	8.0	13.6	16.4
4. 2 & 3 as % of 1	8.6	10.8	13.7
B. <u>Development Expenditure</u>			
1. Total-Government	123.1	86.0	195.3
2. Ministry of Education	16.7	11.7	30.5
3. Ministry of Culture & Higher Education	11.1	0.4	2.0
4. 2 & 3 as % of 1	14.5	14.1	11.5

Source: Ministry of Education, 1976.

27. The Ministry of Education expects, moreover, that, as a result of present programmes, recurrent expenditure will approximately treble in constant prices between 1976 and 1981, i.e. from Sh. 77.4 million to Sh. 230.4 million. This would give the Ministry in 1981 approximately a 20 per cent share of the total Government recurrent expenditure. This will bring Somalia in line with what other African countries now tend to spend on education.

28. The financial implications of current policies are nevertheless staggering and it is clear that there is little room for manoeuvring beyond the present recurrent budget projections. Therefore, it is likely that all policy modifications in the next five years will have to be financed from within these estimates, which would mean that either other programmes will have to be reduced, or, ideally, the current funds are used more efficiently underlining once more the absolute necessity of better co-ordination of efforts.

(vi) Imbalances in Costs

29. Differences in unit costs by level or type of education are commonly taken for granted. The Ministry of Education does not have a breakdown of its recurrent expenditure by level or type of education because these are not identified as budget categories in the financial regulations which govern the Ministry's record keeping. However, some hypothetical (or "model") unit costs are available on the basis of minimum expenditure requirements for each kind of school. Thus, it is conservatively estimated that, for 1976, unit costs (cost per pupil) for primary schools (2 stream, 480 pupils) amount to Shs. 256 per annum. For secondary schools (3 streams, 420 pupils) unit costs are Shs.1,124 to which Shs.1,531 boarding costs should be added for one quarter of 1976 enrolments. Unit costs for technical schools are estimated to be Shs.1,551 excluding boarding costs. We have quoted these figures to suggest that, in order to achieve the present universal basic education objective, all possible restraint is called for when designing either formal or non-formal post primary programmes. In the Paper on Technical Education and Vocational Training an example is given of courses for electricians of various duration being provided in the country at present. If it is decided that all electrician courses will henceforth last three years, thus upgrading the present one year course, the difference in costs between a one-year and a three year electrical course will be very large -

roughly twice Sh. 1,551 + 1,531 or Sh. 6,164. It can cover the financing of 24 primary school pupil/years, or 4 pupils through primary school. These choices need to be made in all instances and for various levels of education and training. To give another example, the social benefits to be derived, from educating, say, 8 medical assistants instead of one medical doctor - the total costs of both being almost the same - would be considerable.

(vii) Introduction of Somali language

30. The introduction of the Somali language has obviously been a blessing to primary education and there is no doubt that it will, when introduced, likewise increase the quality of post primary education and training. The fact that foreign languages - and thus foreign text books, alien concepts, irrelevant curricula etc. - are still in use definitely hampers the development of the type of high-level manpower of which Somalia is so short. It is a pity that several students in the university, who have never learnt Italian before, need to undergo a crash course in that language in order to understand their lecturers. However, the availability of Somali-speaking teachers and instructors and appropriate text books in the Somali language are absolute prerequisites to the universal adoption of Somali as the medium of instruction. The problem will be particularly acute in the case of technical subjects. It seems, therefore, necessary to adopt one second language as an alternative medium of instruction for highly technical subjects, at least until sufficient Somali speaking teachers are available. Meanwhile, plans should be urgently implemented to train more Somali teachers up to the university level and such laudable efforts as the compilation of a Somali science-dictionary by the Somali Academy of Culture need to be increasingly encouraged.

TECHNICAL EDUCATION AND VOCATIONAL TRAINING

INTRODUCTION

1. In the Technical Paper on Education: Policies Programmes and Issues, we have summarised present major policies in the educational sphere including those relating to the provision of universal basic education and those concerning the expansion of post-primary education and training so that the manpower needs of the country are increasingly met.
2. In this paper we have attempted to review the policies and programmes in the field of vocational training and technical education in Somalia. To avoid confusion, we distinguish between vocational training and technical education to refer to ways and means of producing skilled workers and technicians respectively. We do not wish to introduce labels like semi-skilled workers, middle level technicians, technologists, etc. but merely identify four levels or occupational skills viz. (i) graduate/professionals (ii) technicians (iii) skilled workers and (iv) un-skilled workers. It must be underlined that this terminology does not refer to industrial skills only in a narrow sense. The four levels of occupational skill occur in the various sectors of the economy, i.e. in the manufacturing industry, construction, health, agriculture, livestock sectors, etc.
3. In recent years, Somalia has taken several steps to develop a system of vocational training and technical education suiting the needs of the country. New facilities have been created and the construction of a Polytechnic Institute in Mogadishu is nearing completion. We understand that plans also exist to

construct a new vocational training centre in Mogadishu in cooperation with the Arab Labour Organisation. However despite considerable progress, several imbalances and constraints still exist which call for the design of a clear-cut and consistent framework of policies. We deal with these issues later.

PRESENT PROGRAMME

4. Ordinarily formal vocational training is imparted at the post-primary, and technical education at the post secondary level of education. However, all institutions for vocational training and technical education in Somalia are at present at the post-primary level, except the training for secondary school teachers, which is post-secondary. Thus, the difference between training technicians and skilled workers primarily arises from the different duration of courses and different curricula (theory-practical work balance). The new Polytechnic Institute, however, envisages the introduction of post secondary courses also. Annex I to this paper gives details of formal educational and training institutions in the country. Annex II presents expected or possible outputs from formal vocational training and technical educational institutions by occupational category institution, duration of courses and entry level for the 1976-1981 period. Pre-vocational training elements are now being introduced in secondary schools although a number of workshops which have been provided are underutilised due to lack of instructors.

5. A great deal of vocational training is provided outside formal institutions, that is on-the-job, or through non-formal education programmes either during or outside working hours. For example, the Balad Textile Factory trains its own skilled workers, the State Planning Commission recently created an in-service National Institute of Statistics and Applied Economics, primary school teachers who fail their evaluation examination undergo

upgrading courses during school vacations and the Agricultural Crash Programme has farm training as one of its main objectives. A laudable effort being made is with regard to the on-the-job training programme in the settlement scheme - some details about it in the Kurtin Waarey settlement scheme are given in Annex III.

IMBALANCES AND CONSTRAINTS

6. First, there is the tendency, confirmed by enrolment and output figures, to identify vocational training and technical education largely with preparation for industrial employment. Somalia has a relatively small industrial base which is likely to remain so for sometime to come. The needs of the agricultural and livestock sectors must, therefore, be given greater attention.

7. Secondly, there is a bias towards educating technicians rather than skilled craftsmen within the present and envisaged programmes of vocational training and technical education. If there is something like a typical skill mix, the ratio of skilled workers/technicians is usually three or four to one. With the new Polytechnic Institute coming up, it would seem that Somalia is heading for a reverse ratio. However, the importance of non-formal (on-the-job) vocational training in the supply of skilled workers should not be under-rated. On-the-job training is a much cheaper and more flexible instrument for the production of specific skills or skill elements than the formal institutionalised training, and should therefore be preferred. However, on-the-job training needs to be broadly organised and recognised; it needs the support of the ministries concerned, and the availability of capable instructors. Its value needs to be confirmed by a highly developed skill testing facility. At present these conditions do not generally exist in Somalia.

8. Third, it seems that in certain cases variations with regard to curricula and duration exist between different courses leading to the same occupational skill. These discrepancies result from the fact that various courses (institutions) have been or will be set up under various ministries and with assistance from various external donors. For example, apart from those trained on-the-job, electricians are or will be trained at the following institutions:

a/ Burao Technical Institute, established with West German assistance under the Ministry of Education, provides a three year post primary course with, until recently, 66 per cent workshop practice and 34 per cent theory: this ratio is now 50:50.

b/ Lafole Vocational Training Centre, established with East German assistance under the Ministry of Justice and Religious Affairs, provides a two year post primary course with 50 per cent practical work and 50 per cent theory, which is followed by one year work in industry before graduating.

c/ The proposed Vocational Training Centre to be established with assistance from the Arab Labour Organisation under the Ministry of Labour will provide a one or a one and a half year post-primary course.

d/ The present Ministry of Labour's Vocational Training Workshop provides a one year post primary course with 80 per cent emphasis on practical work.

9. Such wide variations in the curricula and duration of courses, are bound to cause confusion and difficulties in the proper classification of skilled workers. One important factor which is often ignored in the design of training programmes and their curricula is the link between the nature of the course and the actual job to be done by graduates. A permanent dialogue between employing organisations and training institutions is imperative

not only to gear the numbers trained but also the nature and quality of training to the needs of the country. Job analysis techniques will have to be used to identify the required skills or skill elements.

10. In the Technical paper on Manpower Requirements and Manpower Development we have discussed in some detail the present manpower supply and demand situation but it should be mentioned here that manpower requirements and training requirements are two different things and that their correlation varies from country to country. Even if manpower demand projections could be made accurately, problems would arise. If, for example, 600 carpenters would be required, one might ask: how many need to be trained in formal institutions; how many can be trained on-the-job and how many of those trained will really become carpenters; how many would opt for self-employment; how many will join the brain and/or skill drain; do all the carpenters need identical skill, etc. Thus, the projection of training requirements is dependent on many factors. A more flexible system of vocational training and technical education, and a greater integration of formal and non-formal efforts in this respect is, therefore, necessary to meet the demand for skilled manpower.

11. We have been unable to discern a great deal of co-ordination of activities in the field of post-primary education and training. The following Ministries have direct responsibilities for formal education and training in different fields: Education, Culture and Higher Education, Labour and Sports, Justice and Religious Affairs, Agriculture, Livestock, Forestry and Range, Post and Telecommunications and Health (see annex I). Even if these Ministries were to deal with different, distinct categories of training, coordination of efforts would still be very desirable from the overall efficiency and manpower planning points of view. However, if these Ministries - as is the case - foster related

or even identical training courses, co-ordination becomes an absolute necessity. Earlier, we have given just one example of how three industries run "their own" unco-ordinated courses for electricians. There is also the need to co-ordinate formal and non-formal arrangements for training skilled manpower. Optimal use of scarce resources such as facilities, trainers and equipment, for both formal and non-formal training purposes needs to be made. Proposals for the setting up of a Council or a Board for Post-Primary Education so as to achieve the needed co-ordination have been made in the past but so far these have not materialised.

12. In a country where alternative opportunities to employ scarce capital are abundant, the facilities and equipment for technical and vocational training need to be carefully planned for, efficiently used and properly maintained. We believe that the existing training activities are not always used to capacity; no single training institution for example is yet operating on a two-shift basis. A well-equipped mechanical workshop is said to have not been used for a number of years and most of the recently introduced secondary school workshops for pre-vocational training are said to be idle due to lack of instructors. The equipment used for training purpose should not only be relevant to the needs of the country but should correspond to what is being used or could be used in industry, agriculture etc. A complete survey of facilities and equipment and their use seems due before more equipment is acquired. Standardisation, where possible, should be achieved as a result of increased co-ordination of efforts in this field.

13. The quality of training is dependent on the quality of instructors. Staff with limited experience and knowledge can only pass on, at best, the same limited experience and knowledge to their students. At present there are no specialised and permanent facilities in the country to produce instructors. Obviously, pre-vocational and vocational training instructors and technical

education teachers require different work experience and different training. While the present shortages and future demand may not justify the creation of a specialised and separate institution for the purpose of training qualified instructors, ad hoc courses at existing technical institutes need to be started and continued till the demand is fully and adequately met. This arrangement should be cheaper and more flexible than the setting up of a separate institution for training instructors only. We would like to stress that the selection of intakes for such courses should be done very carefully so that highly capable, qualified and dedicated instructors - the seed corn resource - are produced. The acute shortage of vocational training and technical education instructors is all the more pressing because of introduction of the Somali language as the medium of instruction. The employment of expatriate instructors will become virtually impossible after the introduction of the national language at the post-primary level of education. In an earlier paper we have suggested that apart from Somali speaking instructors, appropriate text books in the Somali language should be made available as soon as possible. Until these imperatives are achieved, the maintenance of a second language as alternative medium of instruction, in which both pupils and instructors are conversant, should remain a necessity.

14. The conclusions and recommendations with regard to the development of vocational training and technical education are given in the Chapter on Education, Training and Manpower in the main Report.

SOMALIA: EDUCATIONAL AND TRAINING INSTITUTIONS, 1976

Under the Ministry of	Type of Institutions	Remarks
Education	Primary Schools	Grade 1-4 in 730 schools, 4,539 classes, Grade 5-8 in 114 schools, 602 classes Grade 7 and 8 will be phased out by 1977.
	General Secondary Schools	Four year course, 39 schools 227 classes
	Mogadishu Technical Institute	Four year post primary courses in general mechanical auto-mechanical, electrical engineering
	Hargeisa Technical Institute	Four year post primary course in building and civil engineering. Two year course in clerical subjects.
	Burao Technical Institute	Three year post primary courses in general mechanics, automechanics, electricity.
	Mogadishu Institute for Accountants and Surveyors	Four year courses in accountancy and surveying (post primary level)
	Mogadishu Fisheries and Marine Institute	Four year post primary course for marine cadets, fishery specialists and marine mechs.
	Primary Teacher Training at the college of Education	One year post primary crash programme
Education and Agriculture	Afgoi Agricultural Secondary School	Four year post primary
Culture and Higher Education	Somali National University (Mogadishu).	Three year college of Education Four year courses in the following faculties: Law, Economics, Medicine, Agriculture, Veterinary, Engineering, Chemistry, Geology.
Labour and Sports	Vocational Training Centre (Mogadishu)	One year post primary as yet, in service courses in basic fitting, welding carpentry, masonry, electricity.

Under the Ministry of	Type of Institution	Remarks
Labour and Sports	Somali Institute for Development Administration and Management (Mogadishu)	In service training for public sector employees in management etc. Technical training centre attached
Justice and Religious Affairs	Lafole Vocational Training Centre (Afgoi)	Three year post primary courses in mechanical, plumbing, carpentry, masonry and electrical. For delinquent youth
Post and Telecommunications	National Telecommunications Training Institute (Mogadishu)	Three year post primary basic courses and two year specialised in-service courses
Livestock, Forestry and Range	Training School in Animal Science (Mogadishu, Km. 7)	Two year post primary courses for veterinary assistants and animal husbandry technicians
Health	Mogadishu and Hargeisa Nursing Schools	Two year post primary courses
	Health Personnel Training Institute (Mogadishu)	Two year post primary courses for midwives and hospital personnel
Transport, Department of Civil Aviation	Aeronautical Radio Technicians Training Institute (Mogadishu)	Two and half year post secondary course for training of radio technicians for civil aviation
State Planning Commission	National Institute of Statistics and Applied Economics	Two different courses to train statisticians and provide in service training

ANNEX II

Somalia: Expected or Possible outputs* from formal Technical Education and Vocational Training Institutions by Occupational Category, by institution, Duration of Course and Entry Level, 1976-1981

	INSTITUTION**	DURATION	ENTRY LEVEL	1976	1977	1978	1979	1980	1981
1. Machinists, Fitter and Turners	BURAO	3 years	Primary	15	15	15	15	15	15
	AFCOI	3 years	Primary	20	20	20	20	20	20
	MOL	1 year	Primary	15	20	20	20	20	20
	ALO	18 months	Primary	-	-	-	20	-	20
	TOTAL 1			50	55	55	75	55	75
2. Mechanical Engineering Technicians	MTI	4 years	Primary	15	15	15	15	15	15
	POL	4 years	Primary	-	-	-	-	-	-
	POL	2 years	Secondary	-	-	-	25	25	25
	TOTAL 2			15	15	15	-	40	75
	AFCOI	3 years	Primary	20	20	20	20	20	20
3. Masons and Concrete Workers	MOL	1 year	Primary	10	10	10	10	10	10
	ALO	1 year	Primary	-	-	-	20	20	20
	TOTAL 3			30	30	30	50	50	50
	AFCOI	3 years	Primary	20	20	20	20	20	20
	MOL	1 year	Primary	-	-	-	20	20	20
4. Carpenters and Woodworkers	ALO	1 year	Primary	-	-	-	20	20	20
	TOTAL 4			30	30	30	50	50	50
	AFCOI	3 years	Primary	20	20	20	20	20	20
	MOL	1 year	Primary	-	-	-	20	20	20
	ALO	1 year	Primary	-	-	-	20	20	20
5. Plumbers	TOTAL 5			30	30	30	50	50	50
	AFCOI	3 years	Primary	20	20	20	20	20	20
	ALO	1 year	Primary	-	-	-	20	20	20
	TOTAL 6			20	20	20	40	40	40
	MIAS	4 years	Primary	25	25	25	25	25	25
6. Building Surveyors	HTI	4 years	Primary	35	35	35	35	35	35
	POL	4 years	Primary	-	-	-	-	-	-
	POL	2 years	Secondary	-	-	-	25	25	25
	TOTAL 7			35	35	35	60	60	60
	MIAS	4 years	Primary	25	25	25	25	25	25
7. Civil Engineering Technicians	HTI	4 years	Primary	35	35	35	35	35	35
	POL	4 years	Primary	-	-	-	-	-	-
	POL	2 years	Secondary	-	-	-	25	25	25
	TOTAL 8			35	35	35	60	60	60
	MIAS	4 years	Primary	25	25	25	25	25	25

	INSTITUTION	DURATION	ENTRY LEVEL	1976	1977	1978	19791	1980	1981
22. Navigators	FMI	4 years	Primary	24	24	24	24	24	24
23. Marine Mechanics	FMI	4 years	Primary	24	24	24	24	24	24
24. Fish Processing	FMI	4 years	Primary	24	24	24	24	24	24
25. Primary Teachers	COL	1 year	Primary	2,500	2,500	2,500	2,500	2,500	2,500
26. Secondary Teachers	COL	3 years	Secondary	393	350	350	n.a.	n.a.	n.a.

Note: * The new Polytechnic institute and the proposed Mogadishu Vocational Training Centre (ALO) are included. Otherwise the system is supposed to remain as it is in 1976.

** AASS - Afgoi Agricultural Secondary School
 NTTI - National Telecommunications Training Institute
 MNS - Mogadishu Nursing School
 HNS - Hargeisa Nursing School
 HPTI - Health Personnel Training Institute
 POL - Polytechnic Institute
 COL - College of Education
 BURAO - Burao Technical Institute
 AFGOI - Lafole Vocational Training Centre
 MOL - Ministry of Labour Vocational Training Workshop
 ALO - Proposed Mogadishu Vocational Training Centre to be Financed by the Arab Labour Organisation
 FMI - Mogadishu Fisheries and Marine Institute
 MIAS - Mogadishu Institute for Accountants and Surveyors
 HTI - Hargeisa Technical Institute
 MTI - Mogadishu Technical Institute
 TSAS - Training School for Animal Science

n.a - not available
 - - none

ANNEX III

Somalia: An Example of an On-the-job Training Programme:
Courses by Occupation, Duration and Number of Persons
Trained in Kurtun Waarey Settlement Area, 1975-1976

Courses by Occupation	Duration	Numbers Trained during the year
Assistant Nurse	1 year	132
Nurse/Midwife	1 year	18
Sanitarian	1 year	38
Laboratory Assistant	1 year	4
Malaria Prevention Assist.	1 year	10
Driver	3 months	31
Tractor Driver	1 year	40
Diesel Plant Operator	6 months	4
Pump Operator	3 months	2
Electrician	6 months	2
Mason	3 months	78
Carpenter	3 months	43
Blacksmith	6 months	15
Plumber	3 months	19
Tailor	3 months	6
Primary Teacher	9 months	104
Clerk	6 months	1
Bookkeeper	6 months	6
Potter	3 months	42
Post office clerk	6 months	1
Amplifier Operator	3 months	2
Walkie Talki Operator	6 months	1
Assistant Storekeeper	3 months	9
Livestock Keeper	6 months	14
Poultry Keeper	6 months	30

Source: Data provided by the Ministry of Labour and Sports.

MANPOWER REQUIREMENTS AND MANPOWER DEVELOPMENT

1. During the last ten years five manpower planning exercises have been carried out in the country. The conclusions of three of these, conducted in 1965, 1969 and 1971, are now out-of-date and while the basic and pioneering data collected by them are useful, their estimates and conclusions are of little relevance for present policy purposes. The two recent attempts - one conducted by the then Ministry of Planning and Coordination in 1974 to ascertain the manpower requirements for the projects included in the Five Year Development Programme, and the other conducted by the Ministry of Labour and Sports towards the end of 1975 to ascertain the existing stock of manpower and requirements for additional manpower during 1976-1978 give the latest information though the results of the later survey are not yet final.
2. The 1974 manpower exercise collected information through a questionnaire from the Ministries responsible for implementing the planned projects. As either the feasibility studies of all the projects were not available or were not always consulted or as these did not always contain manning tables, the figures supplied could only be guesstimates or, at best, educated-guesses. Even these guesses could have provided broad indicators for policy purposes if the classification of occupations had been uniform and systematic. The terms "technicians", "higher" and "lower" technicians, technologists and skilled labour were loosely used or grouped together and a large segment of the requirements was classified as "Professional Technicians" or "Skilled labour not identified" or has been classified as "others". However, certain categories of manpower which do not require any formal institutional training like operators of various kinds of plants, pumps, duplicating machines, etc. have often been grouped under "lower technicians" or "skilled labour". Similarly, "mechanics" include all sorts of mechanics and

their helpers. The category "driver" includes very often, bulldozer drivers, tractors drivers, etc. and these are also sometimes clubbed with "skilled workers". Moreover, this survey covers the requirements of the planning projects and does not indicate the additional requirements of the existing public and private sector units or enterprises, and also takes no note of requirements due to attrition. Since this exercise was done, several projects have either been dropped or their progress is extremely slow and some additional projects have been brought in. The results are out of date any way.

3. The 1975 Establishment Survey conducted by the Ministry of Labour and Sports also has some gaps. The information on additional manpower requirements has been collected through a questionnaire and it appears that the estimates given by the Ministries do not, in many cases, include the requirements of the planned projects. A few Ministries and autonomous agencies have also not supplied any information. The coverage of the survey in so far as the private sector is concerned is very small - only 7 towns are covered. Above all, the inconsistencies in the classification of different occupations and the clubbing together of various groups under the broad heading of "technicians" or "skilled workers not identified" makes the task of preparing a "manpower balance" very difficult.

4. In a country like Somalia, which faces acute shortages of skilled and educated manpower, a manpower planning exercise is needed primarily to determine whether or not the existing educational and training facilities are adequate to meet the current as well as future development needs. If these are found deficient, ways and means are to be determined to meet them as best and as soon as possible. However, if signals from a manpower planning exercise are wide off the mark, they can create large imbalances causing repercussions to the economy either in the form of bottlenecks to development or waste of financial and human resources. Higher education and technical and vocational education is expensive

and unless financial resources do not constitute a limiting factor, very careful planning is necessary in the establishment or expansion of higher education and technical training facilities. The Government of Somalia has undoubtedly been conscious of the importance of manpower planning which is evidenced from the fact that five exercises have been carried out during the last 10 years. However, for various reasons, these attempts have either not been utilised fully or have not been of much avail.

5. The Mission was asked to "examine the existing educational and technical training facilities and suggest their reorganisation and development in the light of the manpower needs of the country." While we have examined the present educational and technical training systems and have brought out the problems facing them, the task of assessing their adequacy or otherwise has been difficult, because of the non-availability of reliable manpower requirement estimates. It was out of question for the Mission to work out, during the short period of 5-6 weeks, detailed manpower requirements by occupations for the remaining plan period, particularly when information with regard to the existing stock of manpower and the implementation status of the planned projects was not fully available.

6. We have, however, tried to examine and sift the existing data so as to arrive at some meaningful estimates of manpower requirements during the remaining plan period, i.e. 1976-1978. These are given in the following table:

Table TP 8.1

Manpower Stock and Estimates of Manpower Requirements (1976-1978) for certain Occupations

Occupations	Stock in 1975 ^a	Additional Requirements During 1976-78		
		I For Planned Projects	II 1975 Establishment Survey ^c	III GDP Growth and Attrition ^d
A. <u>Jobs requiring university education</u>				
I. <u>Professional Persons</u>				
1. <u>Engineers</u>				
(i) Mechanical	20	50	9	4
(ii) Civil	20	70	1	4
(iii) Electrical & Electronics	15	60	9	3
(iv) Agricultural & Hydrological	10	10	3	3
(v) Marine	35	24	—	8
(vi) Others	25	5	50	6
2. Geologists & Geophysists	20	21	34	4
3. Architects	4	10	—	2
4. Surveyors	20	15	1	4
5. Veterinarians	90	40	10	19
6. Chemists (chemistry)	10	10	5	3
7. Pharmacists	45	50	13	10
8. Economists	40	30	40	8
9. Statisticians	30	2	20	7
10. Accountants	170	130	200	37
11. Lawyers	190	—	—	41
12. Agronomists & Agricultural scientists	70	180	200	15
13. Medical doctors	165	90	89	36
14. University teachers	200	480	239	43
15. Others	200	460	85	45
II. <u>Administrative and Managerial</u>	800	125	120	175
B. <u>Jobs requiring general secondary education</u>				
1. Executive officers	200	30	380	437
2. Clerical	4,500	500	1,148	784
C. <u>Technicians</u>				
I. <u>Engineering technicians</u>				
1. Mechanical	550	10	25	119
2. Electrical	15	60	70	3
3. Civil, Building, Construction	340	50	—	74
4. Telecommunications	470	36	—	103
5. Navigation	135	3	—	39
6. Others	25	260	330	6

Occupations	Stock in 1975 ^a	Additional Requirements During 1976-78		
		I For Planned Projects ^b	II 1975 Establish- ment Survey ^c	III GDP Growth and Attrition ^d
II. Other technicians				
1. Vet. assistants, animal health ass.	600	600	-	132
2. Draughtsmen	10	50	44	3
3. Lab. assistants including medical	50	380	67	11
4. Nurses and midwives	1,090	200	233	240
5. Other medical auxiliary staff	260	70	133	57
6. Others not identified	4,290	2,000	800	938
D. Skilled Artisans				
I. <u>Requiring regular institutional Training</u>				
1. General mechanics	560	1,100 ^e)	36	122
2. Steel fitters, turners, black- smiths,	150	)		83
3. Auto-mechanics	330	)		72
4. Welders	15	—)		3
5. Electricians	330	110		72
6. Plumbers	60	39		13
7. Carpenters	210	24		56
8. Masons	70	90		85
II. <u>Requiring brief or on-the-job training</u>				
1. Drivers of motor vehicles	2,000	1,150	13	446
2. Tractors and bull-dozer drivers	360	2,000	14	78
3. Plant operators	730	300	125	160
4. Printing mechanics and printing workers	230	-	500	50
5. Others not identified		3,300	7,400	-

a/ Based on 1975 Establishment Survey. Figures have been rounded and adjusted, wherever considered necessary.

b/ The estimates are based on the exercise done in 1974 by the then Ministry of Planning and Coordination. These have been adjusted for projects which have since been either dropped or whose progress is very slow or those which have been newly added.

c/ The estimates are based on 1975 Establishment Survey, with some necessary adjustments.

d/ The estimate is based on the assumption that GDP will grow at the rate of 5 per cent per annum, that the elasticities of educated and skilled manpower in employment and GDP may be 1 and that attrition requirements are 2 per cent per annum.

e/ Includes general mechanics, fitters, turners and welders.

7. Before commenting upon the previous table, it is necessary to point out the limitations of the data. The existing stock of manpower has been derived and sifted, as much as possible, from the results of the 1975 Establishment Survey. The information with regard to the private sector which was not covered by the Survey, has been estimated roughly, keeping in view, among other things, the information contained in the 1971 Manpower Survey. The number of large-scale private establishments needing skilled manpower has in any case shrunk during the last few years and the uncovered towns are, with one or two exceptions, very small.

8. The first estimate of future manpower requirements is based on the results of the 1974 project by project survey. These results were, however, adjusted in the light of the available information concerning the implementation status of the different planned projects. Though some new projects have been taken up in hand since the survey was done, quite a number of the earlier projects have been dropped and the progress of several is very slow. The adjustments made could not but be conjectural, and on the whole the adjusted figures are on the high side. Even the original estimates appear, *prima facie*, to be liberal.

9. The second estimate of requirements is based on the figures collected by the 1975 Establishment Survey. The limitations of this estimate have already been mentioned above - it excludes private sector completely, the requirements of all planned projects and of some public enterprises do not seem to have been included and the requirements for "attrition" are not included.

10. The third estimate is based on the empirical evidence in other countries, about the need and growth of educated and skilled manpower as a result of the growth of GDP. Cross-sectional regression studies in several countries show that elasticities of educated and skilled manpower in employment and GDP tend to range around 0.9 to 1. These elasticities, however, vary from 0.92 for those 'completed middle schooling or above', to 0.96 for those 'completed

secondary schooling and above'. These elasticities can undoubtedly be misleading particularly because they neglect structural changes and the base-line. However, for the sake of comparison, we have calculated, in the third estimate, the requirements on the assumption that the GDP may grow by about 5 per cent during 1976-78¹, that the elasticity of educated and skilled manpower in employment may be 1 and that the requirements for attrition (withdrawals from the labour market as a result of retirements and deaths) may be 2 per cent per annum.

11. The results of the three different estimates given in Table TP 8.1 above are so widely different that it is difficult to draw specific conclusions about future requirements. Moreover, the category "others" under each broad occupational group is so large that an analysis about the nature and type of educational and training facilities that need to be set up or developed is made very difficult. Until some better data are available, the above figures can, at best, give some broad guidelines for future action. We discuss these later.

12. Carrying the exercise a stage further, Table TP 8.2 compares the likely situation of the availability of manpower with the highest and lowest estimates of requirements given in Table TP 8.1:

1/ No GDP figures are available. Rough estimates made earlier indicated that the economy might have recently grown at about 6-7 per cent per annum. However, in view of the slow progress of planned projects and shortage of funds, a growth rate of 5 per cent per annum during the next two years may not be much wide off the mark.

Table TP 8.2

Manpower Requirement and Supply Situation (1976-78) for
Certain Occupations

Occupations	Additional Requirements 1976-1978		Anticipated Supply 1976-78
	Highest Estimates	Lowest Estimates	
A. <u>Jobs requiring university education</u>			
I. <u>Professional Persons</u>			
1. <u>Engineers</u>			
(i) Mechanical	50	4	
(ii) Civil	70	1	
(iii) Electrical & Electronics	60	3	
(iv) Agricultural and Hydrological	10	3	
(v) Marine	24	8	
(vi) Others	50	5	
2. Geologists and Geophysists	34	4	67
3. Architects	10	2	3
4. Surveyors	15	1	75 ^f
5. Veterinarians	40	10	78
6. Chemists (chemistry)	10	3	72
7. Pharmacists	50	10	11
8. Economists	40	8	175
9. Statisticians	20	2	-
10. Accountants	200	37	150
11. Lawyers	41	-	259
12. Agronomists and Agricultural scientists	200	15	82
13. Medical doctors	90	36	145
14. University teachers	480	43	-
15. Others	460	43	420
II. <u>Administrative and Managerial</u>	175	120	-
	2,129	358	1,643 ^e
B. <u>Jobs requiring general secondary education</u>			
1. Executive officers	437	30	
2. Clerical	1,148	500	
	1,585	530	2,410 ^k
C. <u>Technicians</u>			
(a) <u>Engineering technicians</u>			
(i) Mechanical	119	10	90 ^h
(ii) Electrical	70	3	45
(iii) Civil, Building, Construction	74	50	105
(iv) Telecommunications	103	36	80
(v) Navigation	39	3	72
(vi) Others	330	6	144 ⁱ

Occupations	Additional Requirements 1976-1978		Anticipated Supply 1976-78
	Highest Estimates	Lowest Estimates	
(b) <u>Other technicians</u>			
(i) Vet. assistants, animal health assistants.	600	132	165 ^f
(ii) Draughtsmen	50	3	75 ^f
(iii) Lab. assistants including medical	380	11	
(iv) Nurses and midwives	240	200	NA
(v) Other medical auxiliary staff	133	57	NA
(vi) Others not identified	2,000	800	—
D. <u>Skilled Artisans</u>			
(a) <u>Requiring regular institutional training</u>			
(i) General mechanic	1,100 ^e	36	
(ii) Steel fitters, turners, black-smiths etc.	)	83	170
(iii) Auto-mechanics	)	72	45
(iv) Welders	)	3	24
(v) Electricians	110	72	135
(vi) Plumbers	39	13	60
(vii) Carpenters	56	24	90
(viii) Masons	90	85	90
(b) <u>Requiring brief or on-the-job training</u>			
(i) Drivers of motor vehicles	1,150	13	—
(ii) Tractors and bull-dozer drivers	2,000	14	—
(iii) Plant operators	300	125	—
(iv) Printing mechanics and printing workers	500	50	
(v) Others not identified	7,400	3,300	

f/ Includes surveyors as well as draughtsmen.

g/ Includes 420 other university graduates either from the national university or those who will be returning after studies abroad.

h/ Includes 45 agricultural mechanical technicians.

i/ For details of anticipated supply see Technical Paper on Vocational and Technical Training. Includes 72 marine and 72 fish processing technicians.

j/ For details of anticipated supply see Technical Paper on Vocational and Technical Training.

k/ Secondary school output.

N.B.: (1) The estimates about requirements of secondary and primary school teachers are not shown in the above table as the Ministry of Education has taken care of their training. The figures of anticipated secondary-school graduates shown at (k) above is net, i.e. excludes those who will go to secondary teacher training institutes.

(contd')

N.B. (2) The requirements for doctors and other medical personnel depends upon the standard desired to be achieved and the availability of funds. A detailed separate exercise on the subject is being done by WHO.

13. The following tentative observations and conclusions emerge from Table TP 8.2:

- (i) In so far as the lowest estimate of requirements is concerned, the anticipated supply of manpower in all broad groups of occupations will exceed the demand. However, the position is different if the highest estimate of requirements is taken into account.
- (ii) The total number of university graduates likely to be available from the national university as well as those studying abroad, will apparently be somewhat less than the "maximum" demand. But this should not be a matter of great concern because, firstly, the "maximum" demand is rather on the highside; secondly, the category "others" is vague and finally, section officers, personnel officers, etc., have been included under the category "Administrative Managerial" supposedly requiring university degrees. A large number of these posts can be filled by secondary school graduates whose supply will be more than the demand. What is of greater concern is the shortages and surpluses in certain categories of professional manpower. The shortages will continue in the case of agricultural scientists, engineers, statisticians, accountants and some other categories of professional manpower not identified in the above table. On the other hand, it is estimated that there should be surpluses of geologists, lawyers, chemists, economists and pharmacists.
- (iii) The net availability of secondary school graduates would be considerably more than the highest estimate of jobs requiring this qualification.

- (iv) In so far as engineering technicians are concerned, the anticipated supply will fall short of the likely maximum demand, except in the case of civil engineering and building technicians. The biggest imponderable in this case is the category classified "other or general technicians". Unless this is broken down under specific categories of technicians, it will be difficult to come to any policy conclusions. However, the fact remains that even after excluding this ambiguous category, the supply from the institutions producing technicians will be less, though not much less, than the maximum requirement.
- (v) In the case of technicians other than "engineering technicians" the supply of veterinary and animal health assistants will be much less than the maximum demand which, however, seems to be exaggerated. The position about laboratory assistants is also ambiguous as the estimated maximum demand appears to be very high. The residual group of "others not identified" makes the picture confusing. Until this category is broken down into specific occupations, no policy judgment can be made. As mentioned earlier there is considerable confusion in the use of the word "technician" and often skilled workers and artisans are classified under this category. It appears, however, that most of the persons in this category are to be trained either on-the-job or through in-service training arrangements. Facilities for in-service training exist in some ministries and public sector establishments and the demand, as and when visualised, should be met through arranging or augmenting these facilities.

It does not seem necessary to establish for this purpose any general training institute at the national level.

- (vi) With regard to skilled workers or artisans, the shortage will continue in the case of general mechanics, fitters, turners and auto-mechanics. Compared to the likely maximum demand, the shortage is enormous, but the demand estimates seem to be exaggerated.
- (vii) The demand estimates for skilled persons which require brief on-the-job or pre-service training, like auto-drivers, tractor and bull-dozer drivers, plant or pump operators, are staggering. However, the training required in these occupations is of short duration and can be arranged through ad-hoc courses and on-the-job training.
- (viii) The category of skilled workers classified "others not identified" is ambiguous, and unless specific details are available no policy conclusion can be drawn. Many of these are probably construction workers or helpers of artisans and have been broadly classified as skilled workers not identified.

14. It must be emphasised, even at the cost of repetition, that the above conclusions are highly tentative and are based on demand estimates which are far from satisfactory. These, at best, give only broad indications for future policy purposes. The problem of manpower constraint is considered to be serious and until a strong base of educated and skilled manpower is built up and the labour market becomes organised so as to give constant

and meaningful signals for taking corrective measures, Somalia will have to rely on as careful manpower planning as possible, educated guesses and obvious general policy measures.

15. The policy guidelines, which appear fundamental from the above analysis are given in the Chapter on Education Training and Manpower.

BASIC NEEDS COMPONENTS

1. In the Chapter on Development Strategy, the Mission has advocated the adoption of a self-reliant development strategy focussed on basic needs. The two main material components of the basic needs, as mentioned in that Chapter, are:

- (i) provision of certain minimum requirements of a family for private consumption. These include adequate food, shelter, clothing and other miscellaneous items of expenditure in a family budget, and
- (ii) provision of essential services by and for the community: such as safe drinking water, sanitation, public transport, health and educational facilities.

2. With regard to the first component, the Mission has tried to draw up a diet satisfying the minimum caloric requirement of 2,200 calories per day per person (man-equivalent)¹. This diet has then been costed to show the minimum income required to meet the food requirements of a family. The provision of requirements of a family for private consumption is basically a question of income which can be ensured effectively through productive employment. In so far as the second material component of the basic needs is concerned, viz., the provision of essential services, the Mission did not spell these out in the Chapter on Towards a Development Strategy. This is a question of detail which can be worked out when proper data are available and a thorough study of the subject has been made in the context of local conditions.

3. In this paper we have tried to examine all the available information and then show the existing deficiencies with regard to the above mentioned two material components of the basic needs. The data available are very deficient and our analysis can be no more than illustrative and suggestive of further work to be done on the subject. It is hoped that this will stimulate thinking on the basic needs approach and action will be initiated to collect all the necessary data for a thorough understanding and evolution of a development strategy focussed on the satisfaction of basic needs of the poorer sections of the population.

A. FOOD AND NUTRITION

4. No assessment of the nutritional status of the Somali population as a whole, or any of its vulnerable groups, has ever been undertaken at the national level. However, two ad hoc attempts at evaluating the nutritional status on the basis of sample surveys have been made and these could be used as basis for an appraisal of the present situation. Though these two surveys¹ were conducted some time ago - one in 1963-64 and the other in 1971 - their findings should still be valid as positive changes in the nutritional situation occur only slowly.

5. Because of the differences in living conditions (and dietary habits) it is necessary to distinguish three basic population groups for the purpose of studying the nutritional situation in the country:

1/ FAO: Report to the Government of Somalia, Food Consumption Surveys by M.C. Malakar, Rome, 1965, and Ministry of Health: Deficiency in the Somali Diet, Survey and Evaluation, Mogadishu 1972 by Dr. Ahmed Sherif Abbas.

- 1/ the nomadic population accounting for about 60-65 per cent of the population;
- 2/ the settled rural population, accounting for about 15-20 per cent of the population; and
- 3/ the urban population, constituting around 20 per cent of the population

6. All the three groups were covered by the 1964 FAO/Food Consumption Survey. The 1971 Survey, on the other hand, was undertaken in Mogadishu and thus covers only a part of the urban population.

7. The dietary habits vary considerably between the three population groups. The main food among the nomads is cereals and meat, but they also consume a considerable quantity of milk and milk products. In addition to this, some sugar and dates almost complete their diet. The food intake among the settled population, both urban and rural, is more diversified and different kinds of cereals, mainly maize, and animal products, meat, milk and eggs form the major part of the diet. The consumption of vegetables and fruits (except for bananas in the production areas) as well as of fish is however very small. On the other hand, the consumption of fat and sugar seems to be more than required by any nutritional standards.

Protein - caloric deficiency

8. The following table shows the actual intake of calories and proteins in urban, rural and nomadic areas in 1964. It also gives information on the nutritionally required levels of these items and the extent of deficiency in the actual consumption.

Table TP 9.1
Actual and Required Nutritional Levels in Urban,
Rural and Nomadic Areas, 1964

Location	Calories				Protein (gs.)			
	Required Level	Consumption	Deficiency	Deficiency as % of required level	Required Level	Actual consumption	Deficiency	Deficiency as % of required level
<u>Urban Areas</u>								
Hargeisa	2,169	1,736	413	20.0	62.8	51.0	11.8	18.8
Burao	2,225	2,010	215	9.7	64.0	61.0	3.0	4.7
Berbera	2,212	1,746	466	21.1	65.0	45.0	20.0	30.8
Erigave	2,200	1,969	231	10.5	65.0	54.0	11.0	16.9
Laskoray	2,200	2,206	(-)	-	65.0	52.0	13.0	20.0
<u>Rural Areas</u>								
Balad	2,209	2,267	(-)	-	64.7	55.0	9.7	15.0
Warseck	2,347	2,104	244	10.4	67.0	50.0	17.0	25.4
<u>Nomadic Areas</u>								
	2,160	1,065 ¹	1,095	50.7	64.8	32.5 ¹	32.3	49.8

Source: FAO: Food Consumption Survey.

1/ The survey was carried out in the dry season, which could explain the very low consumption.

9. It will be seen that, on average, there was a deficiency of about 10 per cent in the intake of calories among the urban and settled rural population. Moreover, as 80 per cent of the total caloric intake was derived from cereals, sugar and fats, the diet must have been unbalanced. As for the nomads, the situation at the time of the survey - the dry season jilaal - was almost catastrophic, the caloric intake was less than 50 per cent of the requirements. However, as no yearly average is available, it may be assumed that during the greater part of the year the consumption of milk and milk products by the nomads is much higher which perhaps compensates for the deficiencies in the dry season.

10. The 1971 Food Consumption Survey in Mogadishu showed that although the diet of the urban middle class population was sufficient in caloric and protein values, it was unbalanced with high fat and sugar components. It was further found that while on an average the quantity of proteins and calories was adequate, there were strong indications that in the younger age groups malnutrition in the form of protein-caloric deficiency was wide-spread.¹

11. A recent analysis of weight-age data from mother-child-health centres in Mogadishu and Hargeisa further underlines the deficiencies in diets.² It was found that in not less than 60 per cent of the pre-school-age children malnutrition was manifest as a growth deficit and the incidence of this increased gradually with age up to the age of five. Almost one-third of the children less than six months old, and about three-fourths of the children three to four years old, showed effects of malnutrition in these centres. The victims of moderate and advanced malnutrition (second and third degree) amounted to 18 and 30 per cent of those examined, the higher percentage being in Hargeisa.

Other deficiencies

12. The FAO study had also measured the consumption of other necessary components for a healthy living, such as vitamins and trace elements. The results showed that the average intake of calcium was too low especially in urban areas. All the groups studied seemed to be deficient in iron intake; for the nomadic groups the deficiency was almost 40 per cent. The intake of different vitamins was also far from satisfactory; it sometimes showed deficiencies of not less than 50-80 per cent of the required

1/ Deficiency in the Somali diet, op. cit.

2/ Protein-Caloric Malnutrition in the Somali Democratic Republic
by Dr. A.A. Abbas. The Journal of the Egyptian Public Health Association
Vol. I, No. 384, 1975.

amount. There was, in particular, a serious deficiency in the intake of important Vitamin C in all the groups; again the nomads were worst off as their diet contained practically no Vitamin C.

13. The results of the two food consumption surveys clearly indicate the serious nutritional situation in the country. The averages however, hide the fact that the vulnerable groups, such as children and poorer sections of the population, suffer from a much larger deficiency in their diets.

B. HOUSING

14. Provision of adequate shelter to all people is one of the main elements in a basic needs strategy. The term "adequate" in this respect is rather relative and must by necessity vary from country to country and also within countries depending on the living conditions. In the case of Somalia, for instance, the provision of adequate shelter to the large section of the nomadic population which, for most part of the year, is on the move, is quite a different and more difficult problem than that of the settled population in rural or urban areas. However, this Mission sees little way of improving the huts which have evolved over the years in the nomadic society.

15. The minimum standards for housing for a settled population can be defined in various ways. It may be said, for instance, that every family in rural areas should at least have a house with walls of sun-dried bricks and with thatched roof. In urban areas in addition to certain standards of walls, e.g. of sundried bricks, or cement blocks, and roofs of corrugated iron or asbestos sheet, the target may be to ensure a covered space of five square meters per person in a family. Judged by any of these standards the situation in Somalia is far from satisfactory, though it must be said that some effort has been put in recent years to improve it.

16. There is very little information on the housing situation in the country. The few available data relate to urban areas only and our analysis has to be confined to these areas. The urban housing problem is one of both quality and quantity and it is one that is rapidly growing, due to a high urbanisation rate and over-crowding. The origin of the problem dates back to the time of colonial administration when the indigenous population was forced to reside around the peripheral areas of the main cities. There sprang up unhealthy and largely uncontrolled populous squatter areas deprived of all services and social amenities.

17. After the Revolution the Government has put some efforts in improving the housing conditions in urban areas by clearing large parts of slum areas and settling the slum-dwellers in healthier surroundings. Nonetheless, over-crowding and housing shortage still constitute a major urban problem.

18. The urban population was estimated to be around 600,000 in 1975 and is believed to be growing around 7 per cent per year. It was further estimated that not less than 5 per cent of the urban people were homeless, 15 per cent lived in old unhealthy houses and at least 25 per cent lived in slums or squatter areas.¹ This indicates that to give adequate shelter to the existing urban population in 1975 at least 54,000 more houses should be needed. Assuming a seven per cent urban growth rate, the urban population should be around 840,000 by the end of the decade. This implies that additional 50,000 new units, if one considers 5 persons in a family, will have to be built within the next four years to house the increased population. Adding to this the existing deficiency, the additional number of houses which need to be constructed by the year 1980 would be about 104,000 in urban areas only.

^{1/} See Housing Policy in National Development Plans, by M. Yusuf Isa, New Era No. 24, 1975.

19. The above analysis does not take into account the problem of over-crowding and too small units. If it is assumed that each family should have a separate lodging with only two persons per room or that the covered area per person should be at least 5 square meters, the need for additional housing units would be staggering.

20. The current Development Plan envisages the construction of about 47,000 urban units during 1974-78; of these the Government is supposed to build 13,700 units. However, so far only 138 units have been built in the African Village in Mogadishu at a cost of Shs. 19 million or almost Shs.140,000 per unit. These units are by no means for the poorer sections of the population. Out of the planned Shs. 75 million for urban housing the Government has so far spent only Shs. 19 million for the African Village. And for rural housing, no public money has so far been allocated.

21. The settlement of drought victims has further contributed to the acuteness of the housing problem in the country. Around 120,000 persons now live in relief camps and are supposed to be settled in permanent housing units in the near future. The housing problem of these persons as well as of others in rural areas has, therefore, to receive much more attention than in the past. From the basic needs strategy point of view, this is a priority area.

C. ACCESS TO HEALTH FACILITIES

22. The most common approach in assessing the health situation in a country is to analyse it in terms of some general quantitative indicators such as mortality rates, life expectancy for different age groups in addition to other measurable indicators such as population/doctor and population/hospital bed ratios, etc.

Such a quantitative and macro approach does not reveal the actual prevailing imbalances between the different social groups and regions in the country and consequently impedes the identification of priority groups and areas, which should be of central concern in any future action.

23. Adequate health services cover only a small proportion of Somalia's population due to the fact that comparatively more emphasis has been placed on high-cost, individual curative treatment than on the environmental and preventive measures. The bulk of the limited Government outlays for health has gone towards maintaining expensive and big hospitals in Mogadishu and other urban areas while the majority of population, especially in the rural areas, has remained deprived of even the elementary health and medical facilities. As indicated in the following table, not less than 75 per cent of the Somali doctors and about 44 per cent of the hospital beds are in Mogadishu (Benadir) where only about 15 per cent of the Somali population lives.

Table TP 9.2

Number of Hospitals, Hospital Beds, Dispensaries
and Somali Doctors by District, 1976

Location	Number of Hospitals	Number of Hospital Beds	Number of Dispensaries	Number of Somali Doctors
Bakool	2	68	4	1
Gedo	4	66	6	1
Bay	3	129	10	1
Lower Juba	5	700	4	2
Central Shebelli	5	88	10	3
Lower Shebelli	4	145	24	4
Hiran	3	231	10	2
Galgudud	4	34	6	1
Mudug	3	108	5	1
Nugal	4	108	2	2
Sanage	4	95	0	1
Bari	6	88	8	1
Togdher	3	275	0	3
North West	7 ¹	748 ¹	0	10
Central Juba	1	150 ¹	0	3
Benadir	5	2,400	18	104
Total	63	5,433	108	140

1/ Under construction

Source: Ministry of Health

N.B. Some confusion about the definition of hospital and dispensary obviously exists within the Ministry as the same source also gives the number of hospitals as 65 with 5,132 beds and the number of dispensaries as 235.

24. From the above figures one may get an impression that the over-all situation which gives a ratio of one doctor to 15,000 persons and one hospital bed for 650 persons, is not so unsatisfactory. But this is misleading because of the large disparity in the availability of these facilities in urban and rural areas. In rural areas the situation is obviously less satisfactory.

25. Realising the important role played by traditional midwives, birth assistants and by volunteers, effectively demonstrated during and after the last drought, the Government has recently placed emphasis on the provision of rural health facilities. The Government's plan to train local people in simple health skills and remedies for common ailments and then send them to their villages is certainly a step in the right direction. A referral system for patients with major ailments to dispensaries or district hospitals in the first instance and to big hospitals if necessary, is also being worked out. We support these plans. We would however, like to emphasise that these should be put into practice as soon as possible and effectively implemented. Gradually, we hope, the Government would set up more and more dispensaries in rural areas and hospitals in all districts and not concentrate attention and funds on big hospitals in the capital town alone. This is important because the referral system cannot work effectively due to present acute transport difficulties in rural areas.

26. In the Five Year Programme, 1974-78, the health programme gave priority to the establishment of a basic administrative health structure throughout the country especially in rural and nomadic areas where existing health services are minimal. However, due to financial constraints, much of the proposed investment was not carried out during the first two years of the programme. The planned outlay for health development amounted to Shs. 16.1 million in 1974, and Shs. 25.9 million in 1975. Actual expenditure, however, during these years was Shs. 0.7 million and Shs. 3.9 million respectively. The implementation rate was thus only around 10 per cent which is the lowest compared to the performance in all other sectors.

D. ACCESS TO TRANSPORT

The Road System

27. In spite of many improvements and substantial investments,

Somalia's transport network still leaves much to be desired. The following table shows the number of road kilometers and the categories of roads.

Table TP 9.3
Road Statistics in SDR 1969-71

Category of Road	Road (in kilometers)		
	1969	1970	1971
I. Asphalt	840	891	1,053
II. Non-Asphalt			
1st category	3,715	3,744	4,135
2nd category	2,496	2,496	2,612
Undefined	9,242	9,273	9,423
	-----	-----	-----
Sub-total	15,453	15,543	16,170
Grand-total	16,293	16,434	17,223

Source: Statistical Abstract 1971

28. During the current Plan period the total number of macadamised road kilometers is supposed to increase by about 1,700 but the implementation rate during 1974 and 1975 was only around 25-30 per cent.

29. In the absence of latest information about the road net-work in the country it is impossible to comment upon the extent of its inadequacy in the light of the basic needs strategy. It is, however, obvious that the gap is large and Somalia has a long way to go in meeting the minimum standards in this respect which should aim at provision of roads linking rural areas (with settled population) to all-weather roads.

30. In so far as the provision of transport service is concerned, the situation is equally unsatisfactory. It is understood that at present there are only 150 private buses in the country in addition to the 32 buses owned by the Mogadishu Municipality. Further, there are around 550 trucks which can be used occasionally for transport of people. The number of taxis are around 830 of which not less than 780 are in Mogadishu. These numbers are far too inadequate to meet the needs of the people.

E. ACCESS TO WATER

31. According to the Five Year Development Programme "the long term objective in the development of water resources is the provision of adequate reliable and safe water for domestic, live-stock, agricultural and industrial uses throughout the country at modest prices so that the facilities could be within easy reach of all potential users."

32. This objective meets the requirements of the basic needs strategy. However, its implementation leaves much to be desired. According to the Plan, Shs. 93 million were supposed to be spent during the first three years, 1974-76, but during 1974-75 only Shs. 23.5 million were spent and for 1975-76 only Shs. 15 million have been allocated.

33. Looking at the present water supply situation in the country, it seems that most of the urban areas are well off compared with most of the rural areas. In Mogadishu a new water system was ready in 1973 and it is estimated that between 60-70 per cent of the total population is served by the main pipe system. Out of these, more than half are served with individual taps inside the house and others use shared taps. In those areas of the capital where the main system does not reach, local wells are drilled and it can be assumed that 100 per cent of the population

is served with water within reasonable distance. However, as the Development Programme has stated, the present system will not be able to meet the needs of the city within the next few years in view of the rapid population growth. It accordingly provided for investments but so far little has been implemented.

34. In most other urban areas the water supply situation seems to be relatively good. Water supply systems have largely been constructed by bilateral donors in Hargeisa, Kismayo and in 10 other urban areas.

35. The water situation in rural areas is quite different. Areas with water shortage are vast and especially during the drought period many basins, wars and shallow wells dry up. The water shortage is most acute in the regions that support the bulk of the country's livestock population and the provision of water in these areas is of crucial importance.

36. During the plan period, 1974-78, the Government planned to construct 300 deep wells, 100 water basins, 750 cement tanks and 150 shallow wells. The Water Development Agency is the public agency responsible for drilling and maintenance of deep wells in rural areas. The Water Development Board decides on the suggestions of the regional governments where to construct the new wells and approximately 30 wells are constructed per year. The table below shows the total number of borehole wells in 1975 in different regions

Table TP 9.4

Distribution of Borehole Wells, by Region 1975

<u>Regions</u>	<u>Number of Existing Wells</u>
Benadir	104
Lower Juba	30
Upper Juba	62

<u>Regions</u>	<u>Number of Existing Wells</u>
Hiran	24
Mudug	57
Bossaso	29
Northern Regions (Hargeisa and Burao)	99
Total	<u>405</u>

Source: Ministry of Public Works.

37. Benadir region had more than one-fourth of the total wells. This may give an impression of uneven distribution but in the absence of information about human and livestock population in different regions and the nature of the terrain, it is difficult to comment upon the above figures. It may, however be pointed out that for various reasons almost 20 per cent of the existing wells are reported to be non-operational.

38. In addition to these public drilled wells there are also private wells, basins and wars dug and maintained by village people. These are often shallow wells with a normal depth of 3-10 meters. Basins and wars which are rainfed are often privately owned and people are charged a fee for their use.

EDUCATIONAL FACILITIES

39. The question of educational facilities available in the country, the minimum standards to be achieved and the policies of the Government in this sector are discussed in detail in the Chapter on Education, Training and Manpower and in technical papers on Education and Technical and Vocational Training.

OVERALL SITUATION

40. The following summary table shows the planned, budgeted and actual expenditures in the basic needs sectors for the years 1974 and 1975. It also shows the planned and budgeted expenditure for 1976. The implementation rate is calculated and a rough breakdown between urban and rural areas has also been attempted.

Table TP 9.5
Implementation rate of Investment Targets in Different Sectors, 1974-75

Sector	1 9 7 4						1 9 7 5		1 9 7 6		
	Planned (million So. Shs.))	Budgeted (million So. Shs.)	Actual (million So. Shs.)	Implemen- tation rate %	Planned (million So. Shs.)	Budgeted (million So. Shs.)	Actual (million So. Shs.)	Implemen- tation rate%	Planned (million So. Shs.)	Budgeted (million So. Shs.)	
<u>Water Resources</u>											
Urban	21,571	15,107	15,107	70.0	41,256	8,500	8,500	20.6	30,500	15,000	
Rural	1,000	-	-	0	13,262	-	-	0	16,500	1,500	
	8,731	6,107	6,107	69.5	11,794	8,500	8,500	72.1	14,000	12,000	
<u>Transport</u>											
Roads	143,109	53,230	36,603	25.5	124,696	16,700	41,210	33.0	166,585	120,260	
<u>Education</u>											
Primary	4,375	2,660	2,023	46.2	4,375	12,850	12,850	293.7	4,385	8,850	
Health	16,135	-	0,707	4.4	26,867	0,285	3,926	14.6	16,380	7,584	
Urban*	14,830	-	0,487	3.3	23,364	0,110	0,270	1.2	14,024	1,930	
Rural	1,305	-	0,320	24.5	3,503	0,175	3,656	104.4	2,356	5,654	
<u>Housing</u>											
Urban	21,160	19,900	19,900	89.8	26,190	-	-	0	31,455	-	
Rural	20,202	19,900	19,900	94.1	25,280	-	-	0	30,603	-	
	0,858	-	-	0	0,790	-	-	0	0,722	-	
All Sectors	854,850	437,832	358,139	41.9	915,645	340,983	340,983	37.4	839,053	812,863	

*/ The actual investment in M and P Hospital (Chinese) are not available.
Concerning the health sector only Mogadishu is defined as urban area.

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