



**The European Union's 5th. Rehabilitation Programme  
for Somalia**

***Promotion of Employment Through  
Training - PETT Project***

**Review and Synthesis of Local  
Economic Development (LED)  
Materials:**

**Puntland; March 2006**

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**ACRONYMS:**

<b>BDS:</b>	Business Development Services
<b>CBO:</b>	Community Based Organization
<b>CDD:</b>	Community Driven Development (World Bank)
<b>CDR:</b>	Community-Driven Development (World Bank)
<b>CoC:</b>	Chamber of Commerce
<b>DDR:</b>	Demobilisation, Decommissioning and Reintegration
<b>EC:</b>	European Commission
<b>ECSO:</b>	European Commission Somalia Operations
<b>EEL:</b>	Employment, Enterprise & Livelihoods (Investment Programme)
<b>EIIP:</b>	Employment Intensive Infrastructure Projects
<b>EU:</b>	European Union
<b>FAO:</b>	United Nations Food and Agriculture Organization
<b>FSD:</b>	Financial Services Development
<b>ICT:</b>	Information Communications Technology
<b>IDA:</b>	International Development Association
<b>IDP:</b>	Internally displaced person
<b>IFAD:</b>	International Fund for Agricultural Development
<b>IFC:</b>	International Finance Corporation
<b>ILO:</b>	The International Labour Organization
<b>IMF:</b>	International Monetary Fund
<b>INGO:</b>	International Non-Government Organization
<b>IT:</b>	Information technology
<b>ITU:</b>	International Telecommunication Union
<b>JNA:</b>	Joint Needs Assessment
<b>K-Rep</b>	Kenya Rural Enterprise Programme
<b>KSA:</b>	Kingdom of Saudi Arabia
<b>LBT:</b>	Labour Based Technologies
<b>LED:</b>	Local Economic Development (ILO)
<b>MAPPs:</b>	Market Assistance & Product Promotion Programme
<b>MDGs:</b>	Millennium Development Goals
<b>ME:</b>	Micro-enterprise
<b>MF:</b>	Micro-finance
<b>MFI:</b>	Micro-finance institution
<b>MoE:</b>	Ministry of Education
<b>MSME:</b>	Micro, Small & Medium Enterprise
<b>NRM:</b>	Natural Resource Management
<b>PCCI:</b>	Puntland Chamber of Commerce & Industry
<b>PDRC:</b>	Puntland Development & Research Centre
<b>PED:</b>	Private Enterprise Development
<b>PI:</b>	Progressive Interventions
<b>PSD:</b>	Private Sector Development
<b>SLSS:</b>	Somalia Livestock Sector Strategy
<b>SME:</b>	Small & Medium Enterprise
<b>TDIM:</b>	Territorial Diagnosis & Institutional Mapping (i.e. socio-economic study)
<b>UAE:</b>	United Arab Emirates
<b>UNCT:</b>	United Nations Country Team – Somalia
<b>UNDP:</b>	United Nations Development Programme
<b>UNEP:</b>	United Nations Environment Programme
<b>USAID:</b>	United States Agency for International Development Aid
<b>WB:</b>	World Bank

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## **EXECUTIVE SUMMARY**

Save the Children Denmark SCD, in Somaliland is currently conducting Employment Promotion through Training (PETT) Project as a Lead Agency of a Consortium Member Agencies consisting of CARE and SCD in Somaliland and Gothenburg Initiativet (GI) and Diakonia Sweden (DS) in Puntland. The project is financed by the European Commission.

The Local Economic Development (LED) study was commissioned as part of the PETT project and focused on the identification of LED opportunities that can be utilized in employment promotion through the provision of skill training in technical vocational education and training (TVET) centers. It was carried out between 25<sup>th</sup> February and 4<sup>th</sup> March 2006 by Ezekiel Esipisu an associate consultant with ITC Eastern Africa. The study focused on two regions; Somaliland and Puntland.

It was envisaged that as part of the project's activities, the review and identification of gaps in the existing LED materials would facilitate the synthesis of the requirement of a targeted LED study in future.

The specific objectives of the study were

- Identify gaps in the existing LED materials that might be helpful in the promotion of employment.
- Identification of marketable skills areas relevant with employment promotion.
- To plan for the future LED study to be carried in order to fill the identified gaps.

Two main methods of data collection were used:

- i) Review of existing LED documents. Several studies have been carried in this area. The study team reviewed all this documents to identify gaps that might be contributing to the slow growth (or no growth) of sectors that have high potential for employment creation.
- ii) Discussions were held with key stakeholders in the area of employment generation and skills training. Through these discussions, marketable skills were identified.

The study identified the following as sectors with high potential for generating employment:

- i) Fishery
- ii) Livestock
- iii) Mining – gemstones, precious and base metals, sepiolite, meerschaum and limestone
- iv) Micro, Small and Medium enterprises
- v) Beekeeping
- vi) Gum – frankincense, myrrh, opoponax among others
- vii) Construction
- viii) Telecommunication
- ix) Government agencies specifically the ports

However, several gaps were identified in these sectors that are affecting their ability to create more jobs and/or generate more income. Some of the gaps identified include:

- Insufficient capital for deepening or expanding operations
- Lack of markets or information about markets

- Lack of capacity to develop a good marketing strategy (including the formation of marketing groups)
- Lack of skills in business management which leaves those in such sectors badly exposed to middlemen
- Lack of or inadequate technical skills that are required for such sectors
- Lack of adequate technical skills trainers
- Poor government policy framework
- Absence of institutions that would provide relevant training for skills required in the sectors
- Inadequate or lack of information on appropriate inputs for improved production.

The study recommends the need for a further Local Economic Development study to be carried in Somaliland and Puntland in order to fill the identified gaps. The LED study's objectives would be to:

- i) Review the government's policy towards the NFE and Vocational training to determine to what extent that has implemented it.
- ii) Review the identified sub sector gaps and identify other gaps and constraints that may not have been identified in other previous studies (including this one).
- iii) Determine the extent to which those gaps/constraints still exist.
- iv) Determine and highlight if any progress has been made towards addressing those constraints.
- v) Identify the principle challenges that stakeholders are likely to face in addressing the gaps
- vi) Identify institutions/organisations involved in implementing programmes that are aimed at addressing those gaps – and suggest areas of improvement.
- vii) Recommend the best possible ways of addressing those gaps.
- viii) Identify two key sub sectors that have the highest potential for employment creation and the technical skills required in those sector.

The LED study would focus on the following sub sectors:

- Fishery
- Livestock
- Farming
- Mining
- Bee keeping
- Telecommunication
- Micro, Small and Medium enterprises

- Aromatic gum
- Government agencies – specifically the Ports of Berbera and Bossaso

Various skills were identified as being relevant to the growth of the sectors. The following are some of the skills that were identified and which we would like to recommend TVET's to lay emphasis on:

- Business Skills
- Numeracy - basic mathematical skills like counting numbers (helpful in money transactions)
- Plumbing
- Masonry
- Technicians – Computer, telecommunication (i.e. telephones, V-SAT), Solar
- Electricians
- Computer technicians
- Telecommunication technicians
- Welders
- Print and electronic media (operators, video editors, cameramen/women)
- Carpentry
- Medical (nursing, pharmacy, laboratory technician)
- Artisan mining
- Auto mechanics
- brick making

## **SECTION I**

### **1. INTRODUCTION – PETT PROJECT**

Save the Children Denmark SCD, in Somaliland is currently conducting Employment Promotion through Training (PETT) Project as a Lead Agency of a Consortium Member Agencies consisting of CARE and SCD in Somaliland and Gothenburg Initiativet (GI) and Diakonia Sweden (DS) in Puntland. The project is financed by the European Commission

The project aims to sustainably improve the livelihood and employment opportunities of the disadvantaged youth and women through provision of technical and vocational education and training (TVET) and by availing information on employment opportunities, and thus reducing their vulnerability. The project is targeting 4,525 disadvantaged youth within the age bracket of 16-24 years, who have had no/limited access to education, training and employment opportunities due to the protracted armed conflict that plagued the country. The disadvantaged also include women and girls, who have been marginalised due to combination of social, cultural and religious reasons. Other members of the disadvantaged groups include; internally displaced persons (IDPs), returnees, out-of-school youth, ex-militia, the handicapped, and minority groups.

The project activities are: (a) deliver quality training and opportunities through Institution Based Technical Vocational Education Training (IBTVET) to 2,525 people and Enterprise Based Technical Vocational Education Training (EBTVET) to at least 2,000 people; (b) provide employment promotion services to at least 5,000 people; (c) provide job placement services; (d) avail information on employment and local economic development opportunities; and, (e) build the capacity of local stakeholders. It is estimated that 75% of those trained will be in sustainable employment within 6 months of training and that of those trained, 40% will be women and 30% ex-militia. The interventions will also include renovations of existing physical structures and improving the management and operational capacities of the IBTVET and EBTVET centres in collaboration with the Ministry of Education in Puntland.

Specifically, the project will provide access to quality training and opportunities through Institutional Based Technical Vocational Education and Training (IBTVET) in vocational training centers of selected local implementing partners; and Enterprise Based Technical Vocational Education and Training (EBTVET) by attaching trainees to identified potential enterprises in the main towns of Puntland.

PETT project will also emphasize job placement services and availability of information on employment and local economic development opportunities in conjunction with TVET activities. The project will also enhance the capacity of the local implementing partners by providing technical assistance and capacity building workshops.

There has been little activity carried out within the area of local economic development mapping of the cities and towns in Puntland. So far, International Labour Organisation (ILO) with the backing of the United Nations Development Program (UNDP) has carried out the Territorial Diagnosis and Institutional Mapping (TDIM) of the following areas.

- Sanaag Region covering Erigavo and its environs
- Awdal Region covering Abdikadir, Harirad, Garbodadar and Gerisa towns
- Waqoyi Galbeed Region covering Ayaha settlement

The TDIM is the initial step of the LED process, providing foundation for identifying, planning and subsequently implementing the LED process. The ILO TDIM study focuses on targeting LED interventions in future in developing appropriate LED forum, kick-starting economic opportunities and mobilizing community labour.

The LED study focused on the identification of LED opportunities that can be utilized in employment promotion through the provision of skill training in technical vocational education and training (TVET) centres.

As part of the project's activities, the review and identification of gaps in the existing LED materials will facilitate the synthesis of the requirement of a targeted LED study in future.

### ***1.1 Objectives of the study***

- Identify gaps in the existing LED materials that might be helpful in the promotion of employment.
- Identification of marketable skills areas relevant with employment promotion.
- To plan for the future LED study to be carried in order to fill the identified gaps.

### ***1.2 Research methodology***

This study was carried out over an 8 day period in February to March 2006. Two main methods of data collection were used:

- iii) Review of existing LED documents. Several studies have been carried in this area. The study team reviewed all these documents to identify gaps that might be contributing to the slow growth (or no growth) of sectors that have high potential for employment creation.
- iv) Discussions were held with key stakeholders in the area of employment generation and skills training. Through these discussions, marketable skills were identified.

## **SECTION II**

### **2. STUDY FINDINGS**

#### ***2.1 Policy Framework***

This section addresses the government's policy framework for the promotion of both technical training and non formal education. Information in this section was as a result of the review of the Ministry of Education (Puntland) Educational Policies.

##### **2.1.1 Policy for the promotion of Non Formal Education**

In Puntland, there are a large proportion of people - including children, youth and adults - who have had no access to formal schooling due to either the past insecurity or to reasons of access. Enrolment rates at the primary school level are extremely low and a large proportion of children are not accessing education. Many primary school pupils, particularly girls, drop out before attaining a sustainable literacy level. The basic education system has never reached the majority of the population and subsequently many adults are illiterate. As a result, literacy levels in these two areas are about the lowest in the world. Given the close association between literacy and development, there is need to increase literacy levels as one way of ensuring socio-economic transformation. Non-formal education (NFE) offers enormous opportunities toward developing human resources and redressing gender imbalances in access to information and education.

Non-formal education is viewed as a means of basic education comprising literacy, numeracy and skills-training for children, youth and adults. The Government should ensure that NFE offers opportunities to second chance learners to acquire necessary functional skills that would empower them both economically and socially.

In both areas, existing NFE provisions are minimal and focus on narrow aspects of literacy and numeracy, some vocational and income generating education are on up-grading courses in English language, mathematics and science subjects. These NFE programmes, operated largely by Non-Government Organizations (NGOs), suffer from poor co-ordination, supervision and limited professional support largely because of resource and capacity gaps within the MoE. Quality and standards are also major concerns as instruction often takes place in centres with poor physical conditions, inadequate training materials and poorly trained and motivated facilitators.

##### **2.1.2 Technical/Vocational Education and Training (TVET)**

According to the policies, Technical/Vocational Education and Training (TVET) will be offered at both the post-primary and post-secondary levels. The objectives of technical/vocational education and training at both the post-primary and post-secondary levels are to:

- Provide training opportunities for school leavers to enable them be useful citizens and self supporting.
- Provide a technical/vocational education and training which is relevant to the industrial, commercial and economic needs of Puntland.

- Reduce disparities through increased training opportunities for females, the handicapped and learners from disadvantaged communities.
- Develop appropriate skills through practical training and work experience.
- Produce men and women who apply scientific knowledge to the solving of problems around them and are equipped with skills for both direct and self-employment
- Cultivate a firm link with the industrial sector and world of work
- Develop a work culture with strong ethics and precision
- Provide education and expand training opportunities for junior secondary school and grade 8 leavers and equivalents that opt for an entry to the provisions
- Provide technical knowledge and vocational skills that will stimulate the economic growth of Puntland.

### **Identified gaps in TVET policy framework**

- The curriculum of TVET is not structured to reflect various entry levels (Primary school drop outs, those who have completed primary school and those who have completed secondary school.
- An assessment of the nature and extent of the need for technical schools in Puntland has not been done and therefore there is lack of a basis for appropriate planning. Findings from such an assessment would provide background information that a solid TVET policy framework would be based on.
- The policy needs to provide a clear timeframe for the duration of the training (the policy talks of 3 to 24 months). Ideally, the policy should highlight courses that must take a minimum of six, twelve, eighteen and twenty four months. Standardization of the duration would ensure maintenance of certain level of standard of the trainees.
- An assessment of regionally relevant skills needs to be carried and its findings used to inform on decisions relating to what craft courses need to be taught in those regions..
- Absence of mandatory requirement for hands-on industrial experience as part of the curriculum of technical and vocational programme.
- No clarity in policy of government support to girls graduating from the technical schools. If the craft courses have to be taken up by more girls, then it is important for the government to ensure that those graduating are absorbed – that would be an incentive to the other girls to pursue the courses.
- There is need to adopt a needs-based curriculum in technical schools that will ensure that courses offered are not only marketable but also address the immediate interests of the learners and the community
- There is need to develop a joint TVET curriculum with the industrial sector, professional bodies and higher institutions of learning

- There is need to address the issue of inadequate teaching and learning material
- There is a shortage of trainers and the policy needs to be very clear on what measures the ministry will put in place to (i) increase trainers, (ii) provide training to trainers, and (iii) retrain trainers to equip them with the latest skills for effective training of their students.
- Available training services in most institutions tend to be generic and not supported by and response to labour and skills market needs surveys. Launching into costly supply driven systems of producing technically trained persons would be committing these regions that are severely restricted in terms of revenue collection, to a centrally subsidized skills development programme which at this point in time does not appear to be what is needed.

From a review of available literature, this study would like to recommend that the TVET policy framework considers incorporating some elements of the **best-practice Vocational Training Approach**<sup>1</sup> referred to as “the Foreman Trainer approach” which was used with some success in Mozambique after the end of the civil war. In Mozambique, the severe disruption experienced in that conflict had all but wiped out the tradition skill-based system of local learning and imparting knowledge. In this case the following approach was used:

- Experienced and trained artisans were recruited and equipped with sufficient tools and equipment to establish a construction gang (recruited from among locally available labourers): again the demobilized and returnees could be focused on but experience would indicate that mixed groups provide better integration potential.
- These construction or rehabilitation gangs are contracted to carry out specific performance based targets in any civil or transport or water infrastructural project.
- During the construction period the Foreman, in addition to providing technical on-the-job training, assesses the capacity to group members to see who has better than average skills and effectively labour management skills.
- After completion of a couple of cycles of construction or installation tasks, the gang is divided into two gangs and more local labourers recruited; the foreman now supervises both groups continuing with training and now supporting the development of two new gang bosses assisting them to take over the management functions for each group; the trainer foreman then helps the two groups divide again using the next group of possible gang leaders.
- This method can be used to quickly impart basic skills to communities and the system allows for expansion up to the point where there is sufficient labourers to deal with all the community requirements.

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<sup>1</sup> Source: Gerry McCarthy, et al (2005). IFC and World Bank – Somalia Private Sector Appraisal and Recommendations, October 2005

- As the skills level improves, addition skilled foreman can be brought in to specifically train the newly required skills.

These practical approaches can be adapted to the varying situation in Puntland and do not involve massive investment and because they are relatively mobile and can be moved and shifted as the security situation changes.

### **Existing Vocational Training Facilities in Puntland**

There are several vocational training facilities in Puntland. Whereas, some of them are operational, some have very limited or no activity due to lack of funding hence inability to equip them and also attract trainers. In the absence of trainers and equipment, there is no enrolment in such institutions.

There are three fully-equipped vocational training centres in Bosasso, Garowe and Galkayo constructed and equipped by IDB. The VTC in Galkayo has been rehabilitated by GI during 2003 and are currently educating its third batch of trainees. The other two are non functional due to a lack of trainers. In Gardo, UNESCO is assisting the CBO SDA to set up a syllabus for vocational training for the unemployed.

Puntland has several institutions and private businesses providing apprenticeship services. Some of the institutions providing apprenticeship include Electricity Companies (i.e. Nugal Electricity Company), Telecommunication companies (i.e. Golis), Alfadli Company, Construction Companies (i.e. Barwaqo and Tawfiq), medical companies (i.e. Shafie), fishing companies among many others.

## **2.2 High employment potential Sectors and gaps identified**

### **2.2.1 Fishery Sector<sup>2</sup>**

In the 70s and 80s the Somali fishery sector (fishermen, traders, merchants, middle men and processors) were enjoying a good and reliable internal and international market; marine products generated high income: the figures reported by a FAO study in 1982, indicated that the total exports were valued at approximately USD 15 million. Today markets for Somali fish products are very limited and even local markets have ceased to exist due to the lack of infrastructure facilities and proper storage to service hinterland markets. Only lobster tails and shark fins/meat are currently being exported to Dubai (UAE) and Kenya the two markets currently available for the Puntland fishery products. Some 1% of Somali population are fishermen<sup>3</sup>.

Small numbers of groups/companies have been formed periodically in an attempt to revitalize or create new markets in Gardho, Garowe and Galkaio respectively some 240, 450

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<sup>2</sup> Source: UNDP Somalia: Feasibility Study for the Fishery Sector in Puntland 2005

<sup>3</sup> "Towards a Livestock Sector Strategy", FAO, World Bank and EU, April 2004.

and 750 km away from Bossaso. Unfortunately, their efforts have not been sustainable due to lack of management, inadequate cooling systems and a high taxation rate from local authority, which all makes it difficult to manage, create and enlarge new fish outlets. According to Barwaqo Fishing Company they were supplying 1 MT of fresh fish per day to Garowe, Gardho and Galkaio in 2003-mid 2004.

A combination of factors such as persistent drought; migration from civil war-prone areas, and dependence on fish as a source of food, has resulted in recent increase in fish demand in Puntland. Fishing is therefore becoming a source of income for many households and there is potential for future growth in the sector – in terms of creating employment and income.

The major expansion of recent years has occurred in the NER when livestock traders turned their attention to fish exporting following the KSA livestock bans in 1998 and 2000. Traders invested in basic cold storage equipment using containers and old trucks as well as refrigerated transport servicing coastal areas from Bosasso and Galkayo. They also began importing fibreglass 6-8 metre fishing boats and outboard motors (cost range US\$4-5000), fuel, nets and hooks and supplying these to the expanding fishing sector. Boats and engines are bought by fishermen and fishing crews or by local people for rent to fishing crews for a fixed fee or share of seasonal profit. Traders charge fishermen for cold storage until full containers are available which are then emptied for transport to exporting centres.

The main fishing areas in along Puntland 1,050 km coastline are Bosasso, Candala, Aluula, Bargal, Hafun, Hurdiya, Bender Beyla, Eyl, Garad and Ceelayo (this actually in Somaliland but right on the Puntland border). According to a recent UNDP feasibility study for the NER fishing sector these settlements combined have 2,643# boats (majority motor boats) of which 1,687# (64%) are known to be operational and the sector supports for livelihoods for at least 5,812# fishermen (4,058# full time and 1,754# seasonal). Catch includes large pelagic species (bonito, skipjack tuna, and Spanish and king mackerel), small pelagic species (sardines, round, scad, anchovies and small mackerel and herring-type fish), large demersal, sharks and rays, rock and deep-sea spiny lobster and meso-pelagic. Tuna and mackerel abound along the northern coast from Las Qorey to the Horn while small pelagic are particularly abundant in shallow waters along the north and northeast coasts (especially sardines). Rock lobster is found in shallow water along the entire northeast coast while spiny lobster is fished at depths of 200-300 metres along the northeast coast. The tsunami of December 2004 destroyed a number of boats notably in the Hafun area, and reportedly caused a disruption reduction in fish catch during the recent fishing season.

The UNDP study estimates that over 50 Yemeni fishing boats are operating along NER waters from Bosasso to Hafun. The boats catch only grouper and snapper and also buy these species from local fishermen. Some communities such as Aluula depend on the Yemeni boats for some imported commodities. While accurate figures are not available for annual total catch from local and Yemeni sources, this will undoubtedly be substantially higher than the estimated annual current 19,000 m/tons in Somaliland: actual potential capacity for Puntland as noted in the UNDP study is estimated at 180,000 m/tons. Fishing season in NER attracts seasonal migrant labour from all over Somalia.

During recent mapping studies in Puntland, fishermen interviewed at Eyl and Garad<sup>4</sup> reported that traders have collaborative agreements on prices for inputs and fish purchases from fishermen. They also felt they were the major risk takers in the production chain. Traders interviewed at the same locations pointed out that they were regularly out-of-pocket in respect of equipment credit advances to fishermen who failed to repay. The Eyl mapping study by ILO in 2004 confirmed fishermen are paid US\$10/kilo and US\$18-21/kilo for small and large lobster tails respectively which fetch US\$27-29 in Dubai according to the UNDP report. From the same sources, Eyl fishermen receive US\$0.50/kilo for whole grouper which sells for US\$1-6/kilo in Bosasso depending upon fish size. The Eyl fishermen reported receiving US\$90-100/kilo for dried shark fin which sells for US\$115/kilo in Dubai. Dried fish prices in for NER species in Mombassa are shark US\$0.66-1.00/kilo, ray US\$0.50-0.66/kilo and tuna US\$0.16/kilo. According to the UNDP study, the larger fish sizes secure the best prices in the Bosasso fish market and most valuable large species are yellow fin tuna US/\$12/kilo, long tail tuna US\$8/kilo, sail fish US\$8/kilo, travally US\$10/kilo, kingfish US\$30/kilo and horse mackerel US\$20/kilo.

The cold storage and fish filleting facility adjacent to Bosasso port dates back to Danish project support in the late 1980s. The facility has an estimated cold storage capacity of 1,000 m/tons and equipment includes blast freezers. It was handed over in the recent past to a group of local businessmen who cleaned the facility and equipment and completed a re-painting job but the plant still remains idle. The businessmen claim to have spent US\$200,000 on the clean up. An international investor who had expressed interest in investment in getting the plant operational again was reportedly deterred by inability of the owners to agree to write-off the monthly facility rental request of US\$30,000/month against the capital investment needed to get the plant running again and upgraded. If operational and with its storage capacity, this plant would be a huge boost to the fishing sector in the northeast region. A modern lobster processing plant is nearly operational in Eyl on the Indian Ocean Coast following local and Australian diaspora (Perth) partnership investment. This may provide fishermen in the area with competitive marketing options and saving on storage as the plant has large numbers of seawater holding tanks with water circulation.

Most coastal catch from Bosasso to small villages south of Eyl is exported by air from Bosasso while catch from coastal villages north and south of Garad as well as Garad itself are exported by air from Galkayo. Apart from some shark meat smoking and sun drying in Bosasso and environs, the rest of the shark is generally discarded. The main exports are frozen lobster, filleted fish, and shark fin. Smoked and sun-dried shark and tuna are traded to Mogadishu, southern Somalia and the Kenyan coast. The general condition of feeder roads from exporting centres to coastal areas is poor which adds to production costs: it takes 2-3 days for example to transport fish the 200 kms from Garad to Galkayo. Traders in Garad have been gradually investing in construction of an airstrip for direct exporting to the UAE.

However, in Puntland, rampant illegal fishing continues and threatens fish stocks, coastal reefs and fishermen's equipment (damage by inshore trawling). There have also been reports for some time of toxic waste dumping (currently being investigated in the NER by WHO and FAO). Sector actors (traders, exporters, and fishermen/fishing communities) include

<sup>4</sup> ILO TDIM studies at Eyl and Jariban/Garad, 2004.

Necfish, Ladan Fisheries Cooperative, Barwaqo Fishing Company, Fishing Boast Maintenance Professional Association, Bile Company (shark fin/meat traders), Dhegig Shark and Suudi Company (fishing gear traders). Institutional stakeholders include the Ministry of Fisheries, Ports and Marine Transport, Ministry of National Planning and Cooperation, Ministry of Commerce and Industry and PCC1. Others stakeholders include Regional Marine Conservation Organization and Ocean Training and Promotion. The Government of Puntland's *Fisheries/Marine Policy and Strategy* published in April 2004 is still at draft stage.

There are generally no outlet markets in Puntland except the Bossaso fish market, which is unsuitable in terms of hygiene and sanitation. A small number of fish outlets has been developed in the hinterland, but have been proven not sustainable. These markets are not sustainable due to the lack of appropriate organizational management, proper product handling and cold storage capacity. In Bossaso the daily catch of fish harvested by about 20 fishing crafts is around 1-3 MT/day depending on the season. However both the landed fish and the market absorption are undersized respectively to their potentialities. This suggests that under the right market conditions and with the right boats operating the whole year, it would be possible to reach a production of 10-15 MT/day.

The only access route for Puntland fishery products to the international market is through Dubai (UAE) which still accepts Somali commodities in general and marine products in particular (frozen lobster tails and shark fins obtain high prices) and Mombasa (Kenya).

In Dubai, reprocessing companies control the market and hence determine the price-level. facilitating the re-processing There are also commercial contacts with Mombasa (Kenya) to export dry fish meat (tuna, ray and shark in particular). Former markets included France, Italy and Saudi Arabia, and East African markets in Tanzania.

### **Identified gaps**

- The main constraint for improving the current production for the average fishermen is the lack of fishing equipment and spare parts for mostly engines etc.
- Even if the production were increased it would currently be difficult to store the increased catch due to inadequate cooling systems, which can preserve the catch before it can be sent off to the main markets.
- The most serious problem however is the continued IUU fishing along the Puntland coast. It is reported that vessels involved in IUU often take the fishing gear from the local fishermen; sometimes even kill people in the process. Finally the IUU fishing is destroying the fishing grounds due to illegal techniques and over fishing. It was reported that IUU fishing come as close as ½ mile from the coast and even close to the Bossaso seaport.
- Lack of awareness of local fishermen on environmental management and little cooperation among fishermen.
- Inadequate marketing for foreign markets.
- Low quality of processing.

- The current availability of cool storage is inadequate to support the on-going or potential fisheries harvest. Storage facilities exist at Bossaso, however, an institutional framework needs to be discussed upon.
- Lack of funding to procure new fishing equipment

**Strategies for mitigating the existing challenges / weaknesses:**

- Processing and handling of the fisheries products remains an essential obstacle for the local fisherman and for international market access. It was proposed to, for example, construct means of preserving the shark carcass by drying or other techniques for processing locally.
- The introduction of new fishing gears and the upgrade of existing equipment.
- The authorities in Puntland must become better at managing their resources and take care of existing stocks. There must be an established system to manage the natural resources and prohibit the fishing of certain species at given times, these actions must also be reinforced to be relevant.
- It is recommended that a mother vessel is stationed off the coast, and facilitate sales with the fishermen. Actually NECFISH started with this system earlier collecting fish from as far as Alula and was commencing the Phase II, which was to include fishery collection over the cape and south. Different options of this nature can be explored.
- There is need for obtaining accurate statistics on the boats and current fisheries.
- Encourage the creation of cooling systems, processing and preservations equipments and materials for fishery cooperatives or poorer fishery communities.
- Given the high number of seasonal workers, disseminate information and provide training to those inlanders who want to turn to fishing as a full-time livelihood, by organizing courses on modern fishing and fish-processing techniques, such as: smoking, brining, salting, filleting, drying shark meat and skin/fin, the training could also include fish handling hygiene and marketing.

**2.2.2 Micro, Small and Medium Scale Enterprises (MSMEs) Sector**

Growth in the MSMEs sector has huge potential to create a great number of jobs for the unemployed people, especially in post-conflict areas and those areas which have not been affected by war / civil unrest – such as Puntland.

**Past SME Programming projects<sup>5</sup>**

An SME Programming project, the technical assistance project (Market Assistance and Product Promotion – ‘MAPPs’) was implemented in two phases by Progressive Interventions from 1997-2001. Implementation strategy was based on uncovering opportunities (particularly natural-resource based) and experimenting with a wide variety of

<sup>5</sup> Source: UNDP, ILO & PI Report, July 2005

technical assistance inputs with focuses on diversification and value addition. The intervention enjoyed some sustainable business successes and tested several approaches and inputs including implementation of two trade fairs in Hargeisa, and training of private business counsellors in Hargeisa. MAPPs contributed large amounts of market and opportunities research information.

The main lessons learnt from the MAPPs projects for future programming were:

- The need for longer term programmes with strong emphasis on institutionalization of technical services delivery via Chambers of Commerce and/or business services providers if possible.
- There are real market-led opportunities for diversification which itself is key to future economic growth in Puntland.
- Enterprise growth and expansion (for job creation) is going to come at the SME levels and above where there is some capacity amongst entrepreneurs and investors to take advantage of programme inputs (as opposed to large focus on micro enterprise and petty trade where growth is limited largely to small levels of self-employment survival).
- Diaspora entrepreneurs and investors, particularly those with exposure to and experience of western market economies, have an important role to play in viable enterprise investment and growth in Puntland.
- Lack of business planning and copy mentality is a primary contributor to high MSME failure rates and saturation of similar activities.
- There needs to be simultaneous donor investment in support for PSD and production sectors – at least any sectoral production sector focus should ideally include a complimentary component for PSD.

#### **Key Characteristics of the sector:**

- Women are the mainstay of micro-enterprise activities
- Saturation of similar activities and trading lines: there is a lack of innovation compounded by lack of business services providers and limited MFI outreach for credit delivery.
- Artisanal products and services are poor-average quality.
- Micro-entrepreneurs and artisans are individualistic and in the latter case tend to lead a 'one-product/service-sale-to-the-next' existence: potential sub-contracting opportunities with private enterprise are not developing
- Diversification constrained by lack of information on opportunities and limited business and technical skills.
- For SMEs, economic and business growth also constrained by absence of formal banking and insurance services, poor infrastructure and logistics, lack of export

certification capacities, and unclear investment/business legislation and enforcement capacities

- Unavailability / inadequate supply of professional business advisors for private enterprise or business service advisors for micro-enterprises. There is a lack of information on opportunities and limited capacity to plan for start-up survival, competition and expansion. This is worsened by the absence of professional accounting firms and other business services providers. Significant factors contributing to high business failure rates and limited growth include poor pre-planning, limited business scale and capitalization, general absence of a partnership culture (contributing to partnership disputes), copy-cat competition and cheap imports.

### **Identified Gaps**

- SME involvement in manufacturing activities in the Somali private sector has far less experience, and limited skills and knowledge. Kick-starting SME growth and diversification and sustaining this in the long run requires:
  - Increased information on opportunities;
  - Access to finance/capital and technical assistance; and,
  - Demand-driven local BDS delivery.
- The most viable manufacturing opportunities immediately available are likely to be those in natural resource value-addition, most of which are new to Somalis, and also possibly in production inputs supply. In the widespread absence of business information in Puntland there is a strong case for pre-feasibility business opportunity profiling, and promotion of related investment opportunities with local and diaspora investors through the Internet, investor exhibitions/workshops, and through ICT services delivered by local service providers.
- There is potential to promote more viable partnerships through basic partnership skills training to include partner roles and responsibilities. In the case of SMEs and large-scale enterprises, a part-subsidized flexible technical assistance fund would be appropriate for SME growth and expansion.
- Inputs available to businesses and investors could typically include business planning, skills training and upgrading, transfer of appropriate and intermediate technology, quality issues training, product design and development, creation of forward and backward market linkages and product promotion.
- There is a clear need and justification for a technical assistance intervention for private enterprise (since there is absence of local advisors and urgent need for diversified economy): this would ideally include gratis support for pre-feasibility packaging and promotion of expansion and diversification opportunities, and also a part-subsidized flexible fund with linkages to similar international funds for a range of responsive inputs (including partnership workshops, business planning and

business skills, technical skills training and up-grading, transfer of appropriate and intermediate technology, product design and development, identification and creation of market linkages, and product promotion).

- Innovation needs to be strongly emphasized in production sectors, micro-enterprise and artisanal activities: in particular, more attention must be given to assisting beneficiaries to work backwards from the market to identify a range of new and improved products and services that can be produced/made/delivered and sold easily.
- Strong production sector actor associations/institutions focusing initially on livestock, fishing and gums and resins.
- The multiple mapping studies completed recently in Puntland confirm that limited availability of credit and finance is a major constraint to livelihood creation and improvement at the micro and artisanal enterprise and rural producer levels. The constraints are greatest for rural producers. For example, quasi-advance credit provided by traders to gum collectors and farmers in food provisions and inputs respectively tends to marginalize collector and producer revenues because of trader dependency/monopolies.
- Credit, information empowerment on input and marketing options and basic business skills are support inputs that can provide producers with more independence.
- Increased access to credit is necessary in order to create a greater impact on start-up activity survival of business skills training for micro-enterprise starters and technical skills training for producer, artisan new entrants and vocational trainees. Such interventions would also enable progressive micro-entrepreneurs and producers to expand their activities beyond the level of self-employment, towards the next level of enterprise activity where they can create at least some employment opportunities.

### **2.2.3. Livestock Sector**

Livestock in Puntland comprises a major source of individual and national wealth (It is estimated that the Somali human population possesses about 3.3% of the continent's livestock, including nearly 50% of the one-humped camels and almost one tenth of goats and sheep combined). According to recent estimates, at least 50% of Somalis were directly engaged in livestock production and livestock related activities. In the late 1980s, the livestock sector accounted for at least 40 per cent of Gross Domestic Product (GDP) and provided the main source of Somali livelihoods. Exports of livestock and their products account for 80 percent of exports in normal years. However, following the state's collapse in 1991, the productive performance of the sector was immensely reduced.

In relation to potential, livestock has failed to achieve its potential in contributing to increased incomes and greater food security. Growth in output has varied over the years but in general has barely kept pace with population growth inside and outside the country and

hence the demand for products of animal origin. In addition to the technical constraints to animal production associated with nutrition, disease, genetic resources and poor management, there are other constraints that include structural and institutional weaknesses, marketing constraints, domestic price distortions, and production and consumption orientations due to the adoption of inappropriate policies and (often artificially) limited intra- and inter-regional trade.

Despite many constraints, livestock continue to contribute significantly to food security and are a store of wealth that is readily realizable in times of need, reduce the risk associated with crop failure in the agropastoral areas and have important social and cultural connotations. Domestic animals in the broader Somali context are an indispensable source of human livelihoods and welfare.

Opportunities exist in livestock trade and marketing in export and domestic markets, and value addition through micro, small and medium scale enterprises involved in processing. Interventions aimed at developing livestock markets and in upgrading the livestock markets value chains will contribute to increased employment opportunities and household incomes in Puntland. Training groups involved in livestock trade and marketing, and in processing industries will be important in improving productivity in the sector as well as generating employment opportunities.

### **Hides and Skins trade<sup>6</sup>**

In rural areas, small-scale traders buy skins from slaughter by women butchers and pastoralists which are sold to main town traders and/or processors. Larger town traders and processors buy skins from abattoirs. The general quality of rural skins is poor-average: reasonable quality skins are only available from abattoirs with flaying equipment. Camel and cowhides are generally discarded. There are reportedly good markets for camel leather and hides in Canada<sup>7</sup>. There are tanneries in Burao (not functioning), Las Qorey (capacity of 1500 skins/day) and Bosasso, and in the Mogadishu area (reportedly 3-4 in number). None have proper effluent disposal systems and are health hazards.

Puntland has great future potential for hides and skins production and marketing which has not been exploited to the maximum. This sub-sector has potential to create employment and generate increase household incomes. The appropriate starting point is to increase tanning and exporting activity and to improve the quality of hides and skins in the supply chain. This requires actions in improved animal health (ECSO and other programmes), improved hygiene in rural slaughter (slaughter slabs), improved rural processing (basic preservation skills) and investment in abattoir flaying equipment. It also requires investment by tannery owners in environmentally sound effluent disposal, better access to markets and more competitive access to appropriate tanning processing inputs.

### **Dairy Products**

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<sup>6</sup> Adapted from: Gerry McCarthy, et al (2005). IFC and World Bank – Somalia Private Sector Appraisal and Recommendations, October 2005

<sup>7</sup> Per 'MAPPs' I Project final report July 1999, Progressive Interventions.

Output is generally low relative to potential. Milk production is of considerable importance not only for subsistence consumption in the pastoral sector but also for household use in the urban and peri-urban areas. Some quoted percentage off-take rates are 1.6 for camels, 11.3 for cattle, 23.3 for goats and 27.3 for sheep. About 33% of total off-take is estimated to be consumed by producers, 17% by other internal consumers and 50% is exported (though a common finding of the multiple mapping exercises completed in Puntland during 2004-05 is that virtually all production is locally consumed).

Fresh and curdled milk is available across Puntland. Milk collection and delivery systems are operated by private enterprise in the environs of most major towns. The main consumer market is Bosasso. Other locations such as Burtinle between Galkayo and Garowe would have been more suitable (large milk production area compared to Gardo where livestock production is mostly for export and meat). The Gardo plant is no longer processing any milk and is currently focusing on fruit juice production. A common finding of the multiple mapping exercises completed in Puntland is that production of milk and ghee (clarified butter) does not meet local demand. Local consumers prefer locally produced ghee.

Opportunities exist in dairy processing and production of top quality ice cream from camel milk – similar to what has been tried in Israel. Opportunities for employment creations through cottage industries exist.

### **Identified gaps**

Factors contributing to poor production and productive performance by livestock include the following:

- Inadequate budgetary allocations in Puntland (given public revenue generated).
- Policy-related issues such as partial or unwilling support for private sector development and unclear land tenure rights.
- Human resource and institutional issues including low numbers of adequately trained professionals and an inability to carry out strategic planning.
- Inherent qualities of indigenous livestock and their adaptive traits are insufficiently characterized (and therefore their comparative advantages are not fully exploited).
- Low output (individual animal output from the national herd as a whole) due to:
  - Limited availability of livestock genetic resources.
  - Weak traditional management practices including relatively poor animal welfare.
  - Lack of feed and poor quality feed compounded by severe environmental degradation of rangelands and destruction of browse by widespread charcoal burning.
  - Inadequate provision of health inputs.
  - Inadequate availability of water compounded by 'privatization' of previously communal water points.
  - Poor management and use of grazing and browse resources compounded by limited capacities to regenerate and protect rangeland and browse resources (including reserve area establishment towards future drought impact mitigation).

- Environmental problems such as wind and water erosion, destruction of forests and the disappearance of wildlife, and limited capacities to mitigate the impact of drought.
- Loss of confidence in livestock rearing and trading as the only/main livelihood source due to the vulnerability of markets and huge herd losses endured by many Northern pastoralists during the persistent droughts of 2001-04.
- Limited focus on awareness of the importance of increasing herd values based upon quality as opposed to quantity and in response to value-addition diversification opportunities.
- Limited focus on quality fodder production.
- Lack of access to finance for investment in improved stock.
- Limited availability of appropriate vet drugs and knowledge of applications.
- Absence of research capacities/institutions and limited research on traditional treatment practices.
- Price falls and drought contributing to loss of confidence in trading and traditional livestock rearing.
- Lack of access to specialist services for introduction of improved dairy and meat breeds.
- Insufficient availability of milk and ghee to satisfy local demand
  
- Lack of information on diversification opportunities, particularly basic feasibility information on value addition opportunities information to stimulate interest and investment.
- Lack of knowledge of and access to markets.
- Inadequate abattoir capacity, automation, and standards to directly/more directly service growing opportunities for frozen meat carcasses and cuts in the Gulf, Eastern Europe and the Far East.
- Limited logistics to service chilled meat export markets – airports and proper freight packing.
- Poor-average quality of raw skins due to absence of facilities and equipment, basic preservation skills and quality issues.
- Environmentally unsound tannery effluent disposal.
- Lack of access to markets for raw and semi-processed hides and skins and limited local value addition.
- Limited dairy products processing activity.
- Lack of information for consideration of investment in livestock products value-addition.

#### **2.2.4 Farming and Forestry Sector**

Some 70% of the Somali population is rural of which about 55% are pastoralists and agropastoralists, 24% are crop farmers and 1% fishermen<sup>8</sup>. Before 1990, crops contributed 38% to GDP.

<sup>8</sup> "Towards a Livestock Sector Strategy", FAO, World Bank and EU, April 2004.

Farming is increasing in popularity as a livelihood activity and attracts ever-increasing numbers of nomadic pastoralist seeking a more settled existence and additional/new livelihood sources. Increasing enclosure of rangelands for farming in is a source of continuous tension with pastoralists. At the middle and upper income levels, Somali farmland owners with other income sources generally do not farm themselves. They either hire labour (sometimes through kinship) or do not farm at all (this very evident along the seasonal river in Harirad in Awdal). Prior to the collapse of the State in 1991, Oromos from Ethiopia provided much farm labour (and for example still do in the Gardo area in Puntland)..

Most farming activity is small-scale with a preference for irrigated farming where possible which is less risky than rainfed farming. Farmers are somewhat organized in production areas for pooling of labour and bulk marketing. Rural producers grow for home consumption as well as expanding local consumer markets especially in larger towns.

### **Trade and Marketing**

Rural villages and main towns have crop brokers and traders who run the marketing chains. Mapping studies in Puntland during 2004-05 confirm that rural farmers are severely marginalized in supply chains. Production of potato and onion has decreased due to competition from cheap Ethiopian and Yemeni imports. Surpluses (especially tomatoes) occur simultaneously, which depresses prices. There are no value-addition and agro-forestry activities of any consequence in Puntland.

### **Identified gaps**

- Mapping studies confirm that seeds, fertilizer and pesticides in Puntland are sourced mainly from Dubai and also some from Kenya. These are generally expensive and not always appropriate to local conditions, and are in some cases supplied on credit by local traders who subsequently also buy the harvested crops. There is limited information available on appropriate seed varieties for different soil and climatic conditions in Puntland and no research service. Farmers lack many basic skills and there are sizeable crop losses to pests, insects and diseases. The service delivery capacity and strengthening needs of local providers, NGOs and CBOs has not been professionally evaluated. There is limited availability of locally skilled trainers and training materials in the Somali language. Much transfer of farming skills is through local peers who in many cases have themselves basic skill deficiencies. There are no food safety regulations and controls anywhere in Puntland.
- Farmers lack access to competitive credit services for seasonal inputs and equipment. Most tools appear to be imported with little workshop and artisanal activity in manufacturing. Much tilling is manual. Self-help groups (for labour pooling and bulking for marketing) are increasingly popular. Production expansion and diversification is constrained by lack of storage facilities (especially in urban locations) and poor feeder roads, as well as lack of knowledge of what to grow for what local market niches and when to service markets. Much urban marketing of rural produce is chance, and is retailed along crowded town streets by hawkers and petty traders in poor hygiene

conditions. There are no market news and information services to support improved marketing and diversification.

- Widespread lack of access to appropriate competitive agri-inputs and seasonal finance for inputs.
- Limited rainwater harvesting infrastructure despite an abundance of seasonal rivers in many areas of the Region.
- Limited arable land.
- Many unproductive farmlands.
- Lack of knowledge of what to grow for what market.
- Limited transfer of appropriate and intermediate technology.
- Limited production skills compounded by the widespread absence of skilled technical service providers (private trainers and extension services) and training materials in Somali.
- Lack of basic storage and post harvest technologies.
- No value-addition of note to stimulate production expansion.
- Lack of basic market and feasibility information on value-addition opportunities.
- Competition from inexpensive imported products and commodities.
- Absence of national campaigns on nutrition related to local production opportunities.
- Disorganised wholesale trade in main urban centres.
- Poor hygiene in urban and rural retailing.
- Lack of storage facilities, especially in urban areas.
- Lack of refrigerated transport for perishables.
- Lack of access to competitive transport services in some farming areas and poor or absence of feeder roads.
- Seasonal produce gluts compounded by low levels of value-addition.
- Unclear picture of consumer needs and diversification opportunities.
- No market news and information systems.
- No food safety regulation.
- Lack of access to affordable appropriate inputs.
- Lack of Rural credit and finance services for agri-inputs and equipment.
- Absence of technical resources – skilled local trainers and training materials.
- Absence of market news and information systems.

### 2.2.5 Aromatic Gum Sub-Sector

Puntland has great potential for gum production and trade. The priority for the aromatic gum sub-sector is more direct exporting opportunities to absorb more production from existing collectors and towards increasing revenues in the chain. Development in the sector can lead to increased employment and household revenue – mainly through gum collection and selling. With appropriate skills training, the productivity of gum collectors can be improved.

There is little history of commercial production of gum arabic in Puntland. Men reportedly consume it to improve virility and the gum is also a favourite food target of the exploding baboon population. There is some small known harvesting of gum arabic in Sanag and sale into Bosasso (reportedly for local consumption only). Production is during and immediately after the two rainy seasons. *A. seyal* gum is harvested from natural ooze while *A. senegal* var. *kernisis* must be tapped. In North Sudan, *A. senegal* var. *senegal* is commercially farmed in plantations and the tree has a productive lifespan of 20 years. Plantations therefore comprise a mix of trees of various years with a fully mature portion being removed and replanted annually. In Kenya, *A. senegal* var. *kernisis* is tapped from wild stands: it is not farmed in plantations.

Saudi Arabia has recently emerged as the major transshipment point to international markets for most high grade Somali frankincense (*beyo* variety), myrrh and opoponax gums. China was and remains the biggest importer of raw cleaned and graded *beyo* frankincense, myrrh and opoponax gums that are used in traditional medicine via infusion. Saudi Arabia was and remains the largest importer of Grades 1-4 of *maydi* frankincense which is a prestigious chewing product consumed by Saudi middle-upper class households peaking during religious festivals, especially the *Hajj*. There was direct exporting of *maydi* frankincense from Puntland to Saudi Arabia with livestock shipments prior to the livestock ban. Grade one *beyo* frankincense and best quality myrrh and opoponax are also shipped from Saudi Arabia to buyers and wholesalers in Marseilles, Hamburg and the UK where it is mainly resold for essential oil distillation. There is some direct trading between these locations and Yemeni merchants. There is also some small trading of Sanag frankincense from Berbera to Hamburg via Djibouti.

Gum exporters in Bosasso report that demand for frankincense has been steadily increasing but that over the past 24 months prices have fallen. Over the period, grade one *maydi* prices have fallen from US\$30/kilo to US\$20/kilo, while grade one *beyo* prices have fallen from US\$4/kilo to US\$2-3/kilo. Shipping costs to the UAE from Bosasso are US\$0.20/kilo by sea and US\$0.40-0.50/kilo by air. During the State monopoly, Bosasso exporters advised that export prices for grade one *maydi* were US\$40-50/kilo. Low-grade frankincense is exported for on average US\$1/kilo. Demand for *maydi* is highest and Somali stocks are lowest during April and May.

Exporters attribute falling prices to an increasing trend on the part of some exporters in Bosasso of selling into the UAE at low prices for marginal profit to secure markets and any small profitable return. In Saudi Arabia by comparison, the top grades of *maydi* pieces are sold in towns and cities to consumers by the gramme for reportedly high prices. The only

apparent value added in Saudi Arabia is a final polishing, smoothing of any jagged pieces and packaging in plastic. Recently, merchants in the UAE have started supplying packaging from Saudi Arabia which denotes gum type and grade. Somali traders previously shipped gums in empty cigarette cartons, using different box brands for different gums and grades.

Analysis of costings in Puntland show that a gum trader-exporter selling to Germany receives US\$2.50/kilo for top grade *beyo*: his reported profit margin is US\$1.65/kilo after paying collectors (US\$0.50/kilo), women cleaners/graders (US\$0.20/kilo) and insurance/freight/port taxes (US\$0.15/kilo).

### **Identified gaps**

- Unclear plantation ownership.
- Producers share of export revenues are marginal and inequitable (and far too much barter payment).
- High levels of breakages of high-grade *maydi* pieces prior to grading and cleaning.
- Limited production of myrrh, opoponax and gum arabic.
- Limited history of gum arabic production.
- Reported over-tapping of some frankincense trees.
- Collectors lack proper climbing equipment and skills, and first aid equipment and skills.
- Lack of availability of water for collector consumption in remote resource locations.
- Lack of access to pre-harvesting finance in some locations, and broad absence of credit services for collectors independent of gum trader pre-financing.
- Poor storage facilities and methods in some instances contributing to loss of gum oil and yield quality.
- Absence of national curriculum and training programme for new entrants.
- No research facilities/services/institutions contributing to limited concrete information on what may determine reported different gum quality from trees at various resource locations.
- Lack of credible export certification capacity.
- Unclear as to factors that affect gum yield and oil quality for aromatic gum essential oil distillation.
- Lack of information on available gum arabic tree species.
- Lack of direct access to mainstream international buyers particularly in China (aromatic gums and possible crushed powder gum), Europe (aromatic gums) and Saudi Arabia (high grades of *maydi* frankincense).
- General lack of organization and collaboration amongst traders to improve access to markets and prices.
- Far too many intermediaries from producer to export.

- Poor international perception of sector and Somali traders.
- Absence of market news and information systems.
- Absence of national curriculum and training programme for new entrants.

### **2.2.6 Bee-Keeping Sub-Sector**

Puntland have buoyant local markets for beekeeping subsector, where demand for preferred local honey (especially highly regarded varieties from the Sanag highlands) exceeds supply. This keeps prices high and the average street prices for local honey are US\$8-12/kilo and direct sales at these revenues to private customers is the most lucrative marketing channel; the next best option is sale to main town traders (average US\$5 -6/kilo); rural beekeeping beginners without these contacts generally sell to local women village traders (average US\$3.50-4.50/kilo)<sup>9</sup>.

#### **Identified gaps**

Opportunities exists for organizing bee-keepers into producer groups, and for linking producer groups to various small and micro-enterprise 'out-grower' schemes. Other opportunities include promotions of village honey trading and making and selling of beeswax creams and other products. But such opportunities have not been exploited.

Lack of appropriate interventions with respect to production up-scaling, market research and market diversification could have far-reaching impact on livelihood, employment, business and economic growth in honey production and marketing in the Puntland as well as other areas, in addition to contributing to significant impact on conservation and propagation of trees.

The sector has real market-led growth potential for rewarding livelihood creation in Puntland because of the buoyant local market. Training should be expanded into suitable production areas in Puntland using the Somaliland trainers initially followed by development of local training capacities. Urban honey shows should be supported to raise awareness of the availability of local honey and to create direct linkages between producer groups and consumers so that producer revenues can be maximized.

Further technical research that could confirm the availability of lucrative niche market opportunities in the UAE is should be accorded priority because of its huge potential impact for livelihood and business growth in Puntland.

Opportunities for SME investment in commercial beekeeping and bee equipment financing should be profiled for promotion with SME investors, and backstopped by technical assistance support.

Other gaps noted are:

- Absence of credit services for beekeeping equipments.

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<sup>9</sup> PI final project technical reports to ECSO (2004) and Royal Danish Embassy Nairobi (2005).

- Regular absconding of bees from hives during dry seasons (impact can be reduced through dry season supplementary feeding and by capturing wild swarms at the start of the next production season).
- Shortage of bees in some areas (can be addressed through queen rearing as a business activity).
- Destructive honey-hunting practices by untrained nomads (tree burning and hive/bee destruction).
- Loss of bee forage due to widespread charcoal burning.
- No previous training support programme in Puntland, and no known local trainers available.
- Crop spraying practices by farmers detrimental to traditional beekeeper livelihoods.
- No market news and information systems.
- Weak producer organization
- Adulteration practices by some traders.
- Lack of awareness of livelihood and business opportunities in beekeeping and related services in many areas.
- Lack of consumer awareness of honey quality issues and quality honey availability.
- Lack of clear information confirming matching of local production varieties to niche market honey varieties in the UAE.
- Lack of access to packaging.
- Lack of access to refrigerated storage (in humid areas like the northern Coastal areas, there is fast build-up of moisture in honey which affects quality).
- Few commercial-level production and processing actors and no distribution actors.

#### **2.2.7. Artisanal Gem Sub-sector**

Artisanal mining is an important economic activity in Puntland currently providing employment to over 1600 miners, mainly involved in the mining of gemstones, precious and base metals, sepiolite, meerschaum, and limestone. Provision of skills training is essential in this sector in order to increase the productivity of miners and also to attract more artisans into the sector for sustainable livelihoods.

#### **Identified gaps**

- The existing old Somalia Code which currently applies in Puntland may need revision.
- Licensing: License costs are perceived to be too high.

- Information: Lack of information on potential small-scale mining opportunities other than gems and gold.
- Skills Training: Absence of skilled trainers/service providers, training materials and support interventions.
- Exploration: Lack of skills on where to mine for gems and how to dig trial pits – there is a tendency to dig deeper in existing mines as opposed to new exploration.
- Mining Techniques: Almost a complete lack of the most basic equipment and extraction by crude tools contributes significantly to poor quality crystals; poor, environmentally unsound and unsafe mining techniques and practices; use of mercury (sourced from stockpiles in Ethiopia during the Mengistu regime) is reportedly the cause of several fatalities amongst artisanal gold miners.
- Working Capital: No credit services available for tools and camping kit and supplies to sustain miners for long periods at remote locations (contributes to part-time approaches to gem mining).
- Product Knowledge: General lack of knowledge of what gems have been mined.
- Marketing: Lack of knowledge of relative value of gem crystals mined amongst miners; lack of appreciation of international gem crystal market realities and revenue limitations on generally poor quality gem rough amongst traders (expectancy amongst traders and miners that everything produced has a fantastic value); lack of direct access to markets for gem rough; strong international competition in most gems from established producer countries; general lack of fair trade mentality amongst the few knowledgeable traders.
- Equipment Supply & Value Addition Industries: None exist.

**Other sectors that were identified during the field visit as high potential employers included:**

- i) Telecommunication (telephony)
 

The identified gaps were:

  - lack of training institutions for technicians
  - unavailability of technicians
  - lack of capital for expansion
  - absence of strategic investors for the sector
- ii) Construction
  - Lack of qualified masons and plumbers
- iii) Medical
  - Lack of qualified medical staff
  - Absence of a reputable medical training institution

## **SECTION III**

### **3. SKILLS REQUIRED**

Several areas were noted as crucial in regard to skills training in various sectors especially if those sectors have to expand to expand, continue creating employment and generating incomes. The study recommends that the identified skill areas be incorporated in the curriculum of institutions that are providing training in those sectors. The inclusion of these skills in the curriculum should form the basis of selection as partner institutions by PETT project consortium. Institutions and private companies providing apprenticeship also need to incorporate the highlighted skills into their apprentice training. All the noted skills would form a checklist to determine an institutions ability to become a PETT project partner.

All the institutions in the PETT project need to incorporate business skills training in their curriculum. The graduates coming out of these institutions are likely to be either in self or formal employment. In both cases, they require basic skills in business management and knowledge of simple mathematics that would enable them count, and do additions and subtractions. If this is not captured within the curriculum, it will be important for the PETT consortium to consider organising short (probably two weeks) training for the craft graduates to enable them grasp these simple but very important skills. Such training could also focus on group formation, marketing, and improved production.

#### **A. Fisheries**

- Principles of sound fishing and conservation.
- Types of fish and domestic/industrial uses.
- Fishing equipment use and maintenance.
- Inshore net and hook/line fishing methods.
- Deep-sea net fishing methods.
- Use of cool boxes on boats.
- Fish quality and importance of cold storage.
- Fish preservation.
- Production of marketable shark parts.
- Fish marketing.
- Benefits of group formation.
- The staff (particularly senior staff) of the government fisheries Ministry requires skills upgrading – both long-term and short terms courses to improve their fisheries administration skills.

#### **B. Micro, Small and Medium Enterprise Sector (MSME)**

- Basic skills training in business management for micro-entrepreneurs
- Basic technical skills for producers, artisans, and vocational trainees
- Basic marketing and market development skills for micro-entrepreneurs
- Quality issues training
- Numeracy skills

### **C. Livestock Sector**

- Community-level skills training for increased production of improved quality fodder for animal consumption
- Training for women butchers and local traders in improved slaughtering and preservation techniques, and quality issues in hide/skin selection
- Community-level dairy farming skills training delivery, product development and marketing.
- Livestock owner and trader group building at community level to facilitate training inputs planning and delivery, and improved marketing.
- Training community animal-health worker who can then become self-employed in the practice

### **D. Farming**

- Crop selection and market responsiveness.
- Seed selection, storage and seed banking.
- Rainwater harvesting systems.
- Irrigated water systems, diversion/harvesting and management.
- Soil nutrition.
- Composting.
- Preparation and planting.
- Pest and disease control.
- Pesticides, insecticides, biopesticide production and spraying practices.
- Sustainable hay production.
- Crop rotation.
- Inter-cropping and inter-planting.
- Relay inter-planting and multi-storey cropping.
- Companion and repellent crops.
- Fruit tree planting and management.
- Benefits of farming groups and group formation.
- Harvesting and post harvest technologies.
- Training of local trainers.
- Training artisans involved in production of farm implements
- Basic business skills for self-help groups involved in trade

### **E. Aromatic Gum**

- Delivery of technical training programmes for aromatic gum and gum arabic farming, harvesting, and cleaning.
- Basic business / marketing skills

### **F: Bee Keeping**

Equipment Artisans:

- Product design and development and quality issues skills to make top bars, top bar hives, top bar keys, bait hives, smokers, bee veils and bee suits.

#### Wild Honey Hunters:

- Environmentally sound honey techniques including use of smoke rather than fire to access wild colonies.

#### Beekeepers:

- Principles of beekeeping.
- The hive space.
- Hive occupants.
- Diseases and pests.
- Avoiding beestings.
- Capturing wild bee colonies and transferring bees.
- Apiary siting and hanging of hives.
- Feeding bees.
- Avoiding absconding.
- Types of hives.
- Making hives.
- Inspecting hives.
- Bio-pesticide training for beekeeper-farmers as relevant where existing chemicals and spraying practices could be harmful for bees.
- Benefits of groups and group formation.

#### Beekeepers, Honey Hunters & Honey Traders:

- Uses of beeswax and making beeswax products.
- Honey harvesting and quality.
- Marketing honey.
- Basic business skills

#### **G. Gem miners and traders**

- Determining available gem resources and characteristics.
- Proper mining techniques.

- Where to explore for gems.
- Where and how to dig trial pits.
- Mining tools and equipment, and uses.
- Safety and environmental issues.
- Identification of minerals mined.
- Quality issues and relative values of minerals mined.
- Marketing.
- Formation of representative groups and group formation.

## **SECTION IV**

### **4. Local Economic Development Study**

In view the findings of this study, there is need for a LED study that will attempt to address some of the gaps that have been identified in the various subsectors. The study would focus on Puntland and Somaliland regions only.

The aim of such a study will be to:

- ix) Review the government's policy towards the NFE and Vocational training to determine to what extent that has implemented it.
- x) Review the identified sub sector gaps and identify other gaps and constraints that may not have been identified in other previous studies (including this one).
- xi) Determine the extent to which those gaps/constraints still exist.
- xii) Determine and highlight if any progress has been made towards addressing those constraints.
- xiii) Identify the principle challenges that stakeholders are likely to face in addressing the gaps
- xiv) Identify institutions/organisations involved in implementing programmes that are aimed at addressing those gaps – and suggest areas of improvement.
- xv) Recommend the best possible ways of addressing those gaps.
- xvi) Identify two key sub sectors that have the highest potential for employment creation and the technical skills required in those sector.

The study would focus on the following sub sectors:

- Fishery
- Livestock
- Farming
- Mining
- Bee keeping
- Telecommunication
- Micro, Small and Medium enterprises
- Aromatic gum
- Government agencies – specifically the Ports of Berbera and Bossaso

This study would involve:

- i) Literature review

ii) Interviews with stakeholders in the various sub sectors

The output of the study would be a detailed LED report with recommendations on how to address the various gaps that have been identified in the sub sectors.

The study would require the 17 days and ideally should be carried out by a Senior Consultant assisted by 1 junior consultant.

Task	Number of days
Planning meeting and literature review	1
Fishery Sub sector	2
Livestock Sub sector	1
Telecommunication Sub sector	2
Mining Sub sector	1
MSME Sub sector	1
Gum Sub sector	1
Government (Ports)	2
Farming Sub sector	1
Any other Sector (not identified here but which might be identified in the field)	1
Report writing	2

**List of people/Institutions Interviewed**

Save the Children Denmark	Stephen Ndichu
Hargeisa Mayor's and representative representative	Hussein Jair and Ahmed Guled
Minsitry of Labour	Suleiman
UNDP	
Berbera mayor	Abdi Jama Duallyeh
Port of Berbera	Hassan Egeh
Diakonia	Saida/Abdisalam/Said Farah
Nugal Electricity Company	Abshir Jama
Garowe Wate Company	
Alfadli Company	Abdinasir Mohamed Hussein
Mayor of Bosaso	Khadar Hajimire
Chamber of commerce ENT Television station	Abdi Hersi Abdiweli Hassan

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