



COUNTRY PROFILE

SOMALIA



Full Name:	The Somali Democratic Republic
Area:	637,657 km²
Population:	8,863,000 (July 2006 est.)
Capital:	Mogadishu
Main Languages:	Somali (official), Arabic, Italian, English
Currency:	Somali shilling (SOS)
Transitional Federal President:	Abdullahi Yusuf Ahmed



The Novatech 2007 Regional Investment Conference in Nairobi, Kenya is a component of the Pro€Invest programme which is a common initiative of the European Commission (EC) and institutions from the ACP states (Africa, the Caribbean and the Pacific).

This overview of the ICT sector has been prepared by BK Consultants on behalf of the organizers. The authors accept sole responsibility for the profile which does not necessarily reflect the views of the organizers: Pro€Invest, the Centre for the development of Enterprise (CDE), the African Union (AU) and the Common Market for Eastern and Southern Africa (COMESA).

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1. BUSINESS OVERVIEW

NOTE: most of the information included in the other country profiles is not available or applicable in the case of Somalia which is still in a conflict situation. The Transitional Federal Government (TFG) continues to struggle to exert its influence over the entire country, including the breakaway autonomous Republic of Somaliland which is not officially recognized by any country.

1.1 Economic Context

Despite the deep political divisions, Somalia's economic life manages to continue, partly because much activity is local and relatively easily protected. Agriculture is the most important sector, with livestock normally accounting for about 40% of GDP and about 65% of export earnings, but Saudi Arabia's ban on Somali livestock, due to Rift Valley Fever concerns, has severely hampered the sector. Nomads and semi-nomads, who are dependent upon livestock for their livelihood, make up a large portion of the population. Somalia's small industrial sector, based on the processing of agricultural products, has largely been closed down. However, the services sector has managed to survive and grow. Mogadishu's main port and airport (closed for 15 years) as well as some of the ports and airfields in southern Somalia, have re-opened. The ongoing civil disturbances and clan rivalries, however, have interfered with any broad-based economic development and international aid arrangements. Somalia's arrears to the IMF continued to grow in 2006.

Statistics on Somalia's GDP, growth, per capita income, and inflation are, at best, broad estimates, and should be treated cautiously. In 2006, total Gross Domestic Product (GDP) amounted to an estimated US\$2.5 billion at current market prices at the official exchange rate. Agriculture, hunting, forestry and fishing accounted for around 65 percent of the total GDP, compared with 10 percent for industry and 25 percent for services. The estimated real GDP growth rate was 2.5 percent in 2006. The average official exchange rate in 2006 was 1,438 Somali shillings per US dollar, but the unofficial black market rate was about 23,000 shillings per dollar as of February 2007.

1.2 Population and Labour Force

The population was estimated at about 8.86 million in July 2006. This estimate was derived from an official census taken in 1975 by the Somali Government; population counting in Somalia is complicated by the large number of nomads and by refugee movements in response to famine and clan warfare. The population is currently growing at about 2.85 percent per annum (July 2006 est.). The overall population density is approximately 14 persons per km². Around 70 percent of the total labour force is engaged in the agricultural sector.

1.3 Infrastructure Services

1.3.1 International air access

According to the latest information available (which may need to be checked as the situation can change), the main international airports are located at Mogadishu (MGQ), Berbera (BBO) and Hargeisa (HGA) in Somaliland. These are capable of handling wide-bodied jet aircraft. At present, international air services are provided by Daallo Airlines (which operates 2-3 services per week from Djibouti to Bosasso, Burao, Hargeisa and Galkacyo using an Ilyushin-18 aircraft) and Jubba Airways (which operates from Mogadishu to/from Dubai, Bossaso and Jeddah). The Jubba website also indicates that flights are available to/from Aden, and Djibouti, but these destinations do not appear on any current schedules. Their aircraft is also IL-18. The former national airline, Somali Airlines, has suspended services because of the unsettled conditions.

Prior to the re-opening of Mogadishu airport in August 2006, airlines used an airfield located many miles from the capital due to security concerns.

1.3.2 Domestic air services

Jubba Airways operates domestic air services to/from Mogadishu, Bossaso and Hargeisa.

1.3.3 Road and Rail Access

There are routes to Somalia from Djibouti, Ethiopia and Kenya. Roads are underdeveloped and travel requires suitable 4-wheel drive vehicles. Existing roads run from the capital to Burao and Baidoa and there are sealed roads between Kismayu and Mogadishu, and Hargeisa and Mogadishu.

1.3.4 Sea Access

The principal ports are Berbera, Bossaso, Kismayu, Marka and Mogadishu. Because the roads are poor and at times unsafe, coastal shipping is an important form of transport, both socially and economically.

2. ICT SECTOR

2.1 Overview

The telecommunications sector in Somalia is surprisingly flourishing, and this is said to be mainly because of the incoming funds from the Diaspora.

Somalia mainly has mobile networks and there are approximately 100,000 mobile subscribers in Somalia. It is worth underlining that all companies are private

2.2 Telecommunications

Telecommunication firms provide wireless services in most major cities and offer the lowest international call rates on the continent. Outgoing international calls must be made via the operator.

During the 1990's several partnerships with international companies were established, such as with the Norwegian Telenor and the American Starlight Communications. The company **Al-Barakaat** associated itself with the American giant AT&T and from 1997 the number of private companies multiplied. **Hormud Telecom Somalia** was additionally created in 2002.

- In 2005, the number of subscribers was estimated to be around 100.000 of a population of 10 million.

In Horgeisa, you can find 4 companies supplying mobile telephones and direct international telephonerlines.

Mogadiscio counts three telephone providers;

- **Hormud,**
- **Nationlink**
- **Aerolite Somalia.**

2.3 Internet

In 2005, there were reportedly about 83.759 Internet users in Somalia, while the number of private subscriptions remains low.

The country has 22 established ISP, the most important ones are the following:

- Global Internet Company (owned by Hormud Telecom, Telcom Somalia and Nationlink)
- Telsom
- Ts in Somaliland
- Golis in Puntland
- STG in Puntland
- SomaliNet, which was the country's first ISP

234 Internet Café with a growth of 15.6% per year.

The connections are mainly done via Dial-Up, but GPRS, ADSL and LRE (Long range Ethernet exist). Wireless and Satellite services also exist in Somalia. Most of the companies are additionally beginning to provide VOIP services.

2.4 Opportunities

Almost the entire infrastructure in Somalia is in need of rehabilitation (particularly electricity and roads). This could impede growth of the ICT sector.

3. INVESTMENT ENVIRONMENT

3.1 Investment Framework

3.1.1 Government policy

It is expected that the private sector will play a pivotal role in the re-construction and economic development of Somalia once settled conditions are restored.

3.1.2 Investment agencies

None at present.

3.1.3 Investment guarantees

None at present. Somalia is not a member of the Multilateral Investment Guarantee Agency (MIGA).

3.2 Investment Incentives

None at present.

3.3 Access to Finance

3.3.1 Banking system

Since the collapse of the political system in 1991, it is unclear whether the Central Bank of Somalia and other banks are still functioning. In the absence of a formal banking sector, money exchange services have sprung up throughout the country, handling between \$500 million and \$1 billion in remittances annually.

3.3.2 International Financial Institutions

Somalia, as a participant in the agreement between African, Caribbean and Pacific nations (ACP) and the European Union, known as the Cotonou Agreement, has access to the facilities of the European Investment Bank (EIB).

As a member of the World Bank, the facilities of the International Finance Corporation (IFC) would also be available for projects in Somalia. Other potential development finance sources include the Abu Dhabi Fund for Arab Economic Development, African Development Bank (AfDB), the Kuwait Fund for Arab Economic Development and the New Partnership for Africa's Development (NEPAD).

3.4 Residential and Work Visas

Valid passports and visas (obtainable from Somali Embassies) are required by all EU, US and other nationals.

3.5 Technical and Promotional Assistance

No generic tourism promotion is undertaken at present by either the Ministry of Tourism or the private sector.

4. LIST OF KEY CONTACTS

Useful Websites:

- **The British Broadcasting Corporation (BBC):** full profiles provide an instant guide to history, politics and economic background of countries and territories, and background on key institutions.

http://news.bbc.co.uk/2/hi/country_profiles/default.stm