

AGRICULTURE & FISHERIES BRIEF 2014



A Somali Economic Forum Brief

Sector: Agriculture and Fisheries

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1. AGRICULTURE IN SOMALIA

The agricultural sector in Somalia is by far the largest; accounting for around 65% of GDP and employs around 65% of the labour force. Also, it is perhaps the one sector that acts as the largest employer within Somalia, yet, the main economic activity is not crop farming but livestock raising. Indeed, livestock alone contributes about 40% to GDP and more than 50% of export earnings, especially in the more arid Somaliland and Puntland regions where livestock provides a significant source of revenue for citizens and the governments based there.

In terms of land mass; just 1.6% of Somalia's total land area is cultivated, and 69% is permanent pasture. Somalis have traditionally been nomads and thus associated with Pastoralism, this has meant that agricultural production has a long and comprehensive history within Somalia. The Somalis have traditionally engaged in rain-fed dry-land farming or in dry-land farming complemented by irrigation from the waters of the Shabeelle and Jubba rivers or from collected rainwater. Corn, sorghum, beans, rice, vegetables, cotton, and sesame are grown by both methods. Somali and Italian farmers operating the banana farms practice more modern European-style techniques, as do some of the newly created Somali cooperatives. Yet, it was only under the Socialist Siad Barre regime that a system of state-led farms grew rapidly during the early 1970s and during the 1980s.

According to FAO Somalia; there are four primary agricultural zones in Somalia:

- 1. Northwest in parts of Awdal and W. Galbeed - rainfed maize and sorghum with some livestock herdings**
- 2. Coastal Cowpea Belt Zone in Central and Southern Somalia**
- 3. Shabelle and Juba Riverine Valleys - rainfed and irrigated maize, with sesame cash crops**
- 4. Sorghum Belt in Bay and Bakool Region - rainfed sorghum with livestock production.¹**

Commercial crops and agricultural produce such as; sugarcane are grown on irrigated land along the two rivers in the South; notably the Shabelle etc. In Somalia's case; bananas constitute the nation's major commercial crop with major banana farms existing in Afgoyi and other Southern regions. However, in recent years banana production has decreased due to instability in the region. For example; crop

¹ <http://www.faosomalia.org/agriculture>

output of bananas was 50,000 tons in 1999, down from 110,000 tons in 1990. Sugarcane is cultivated at Giohar and Jilib by a state-owned company. Sugarcane production in 1999 totalled some 210,000 tons, down from 500,000 tons in 1985. Somalia also has the distinction of being the world's leading producer of frankincense. In terms of land usage; during Siad Barre's Socialist regime; all land was nationalized and seized by the state. Instead; the state seized large areas of irrigable land in the river valleys. Plantations had to register to obtain a concession grant, with the value of the land itself excluded from the selling price. In 1993, privatization and assistance from Italy (the main market for banana exports) began to help revitalize the agricultural sector. In 2001, agricultural products accounted for 47% of exports and 17% of imports; there was an agricultural trade surplus of \$10.2 million.



Image 1: Banana production in Afgoyi (Source: Reuters)

2. FISHERIES INDUSTRY IN SOMALIA

Somalia benefits from a 3,330 km (2,000 miles) coastline, which has the distinction of being amongst the longest in Africa and yet despite this it remains the country's most untapped and undervalued resource. Also, Somalia is located in a strategic geographical location with the mouth of the Red Sea facing Berbera in the North and the Indian Ocean in the North-Eastern, Central and Southern regions. In the Socialist Siad Barre era and under the auspices of his many “self-help schemes” fishery was promoted vigorously to the extent whereby various industries were set up promoting Somalia’s fishery export potential. However, since the collapse of the central government and advent of civil war in 1991; the various fishery business, whether state owned or private fell into disrepair and have only managed to regain their former levels in recent times.

Interestingly, despite having an enviable access to fresh fish, consumption of fish is very low in Somalia and usually only limited to Coastal regions exclusively. According to FAO in Somalia this is due to a myriad of factors, such as; “poor infrastructure, which has restricted access to fish for a large portion of the population, coupled with the lack of familiarity with fish, seasonality of supply and a tradition of meat-eating among the Somali communities.”²

When this is taken into account along with the fact that there is a lack of any genuine state-led investment in the fishery sector; it becomes clear that it provides a source of potential growth. Yet, there has been positive examples in recent times of private sector led developments in the fisheries sector. In addition, regional governments such as; Puntland and Somaliland have been at the forefront of promoting their nascent fisheries sector in order to provide them with an avenue of export revenue. For example, in April 2013, the Puntland Ministry of Fisheries and Marine Resources officially inaugurated a new fish market in Garowe. Constructed in conjunction with the DFID and the UNDP, it is part of a larger regional development plan which will see two other similar marketplaces launched within the year in Galkayo and Qardho. Also, there exists the Berbera College of Fisheries and Maritime Studies in Somaliland which acts as a key source of information and statistics for those wishing to enter the fisheries industry.

² <http://www.faosomalia.org/fisheries>

3. CASE STUDIES

CASE STUDY 1: Habo Tuna Factory:

In recent years there has been a trend amongst domestic Somali investors, whereby they have created fisheries businesses and start-ups in an attempt to carve out a chunk within the potentially lucrative fisheries sector. One such company that has succeeded is Habo Fish Processing and Canning Factory which has its base in Puntland and particularly coastal cities such as; Bosaso. It has as its objectives; the long term aim to become the premier firm within Somali Seafood industry whereby they state they can assure a superior quality of Somali origin, shelf-stable seafood products consistently with the best prices to meet consumer needs. Habo Tuna Factory attributes its success with Somali consumers to its focus on three core aims, namely; health, nutrition and convenience. According to Habo Tuna Factory's Managing Director; Ahmed Omar; "our main objective is to become the best brand of Somali Seadfood and we can assure you a superior quality of Somali origin".³



Image 2: Habo Tuna Factory Logo

³ <http://habotuna.com/about.php>

CASE STUDY 2: Pontus Marine:

Pontus Marine was founded in 2013 and is a Somali global fishing company based in the UK and Somaliland which is dedicated to providing quality fishery to both domestic and overseas markets. Pontus Marine Limited has as one of its objectives; the desire to become a global supplier of quality seafood through a sustainable fisheries sector. The company decided to establish a fisheries operation in the Gulf of Aden (initially based in Maydh and Berbera) which is one of the most productive phytoplankton and zooplankton areas in the world, sustaining rich feeding and nursery grounds for more than 600 fish species , including high value species like tuna, lobster, cuttlefish, shrimps, shark and many more. Pontus Marine also offers a sophisticated public shares system whereby it has auctioned its shares to diaspora Somalis and domestic Somalis with shares valued at \$1 a share with no maximum limit until their target of \$5 million is raised.⁴



Image 3: Maydh Coastline where Pontus Marine intends to establish its fisheries industries.

⁴ <http://somalilandsun.com/index.php/economic/3233-somaliland-pontus-marine-to-issue-fisheries-development-shares->

4. INVESTMENT OPPORTUNITIES

- Somalia's agricultural sector is perhaps the most neglected sector within its economy, which is surprising given the fact that it accounts for such a large percentage of GDP and employment. Therefore, it is imperative that the Somali Federal Government and regional governments focus on the potential of agribusiness to provide livelihoods to the major of Somalia's population.
- In addition, there should be a sustained focus on cultivating more land within Somalia which can then be subsequently used to increase agricultural production and by extension exports. Also, Somali authorities in conjunction with international organizations such as; FAO Somalia and other NGO's should focus on utilizing efficient irrigation methods in order to benefit from the immense potential of its two main rivers; namely both the Shabelle and Jubba rivers. This in turn will allow communities based in South Somalia to increase their livelihoods aswell as improve their food security.
- Often it is the case that Coastal communities in Somalia are amongst the poorest and most underdeveloped due to a lack of infrastructure which has led to their isolation. Therefore, it is imperative that fisheries industries are established in these regions which will in turn serve to provide employment opportunities aswell as; an increase in food security.
- In the long term there should be a government supported, concentrated campaign to encourage consumption of fish as a food staple in Somalia. This is because Somalia has a very low fish consumption rate and this is detrimental to its attempts to achieve food security and self-sufficiency. Indeed, with a demographic population with 70% under 30, these cultural attitudes towards fish consumption can indeed be tackled. An economic benefit will be that such a shift in food consumption patterns will serve to provide Somali fisheries companies such as; Habo Tuna Factory and Pontus Marine with a substantial consumer base in the future.
- Diaspora led investments in the fisheries industries aswell as agribusiness should be encouraged as this is an oft neglected sector within Somalia's economy. Prominent examples of such diaspora investments includes; Pontus Marine and the modern Tuna factory which was established in Las Qorey in recent years. Such diaspora led investments provides these industries with much needed capital and investment crucial to their future growth.