



Market Opportunity Mapping in Somalia

A value-chain analysis and rapid market assessment in
Baidoa and Beletweyne Provinces





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Acronyms

AS	Al Shabaab
ASI	Adam Smith International
AMISOM	African Union Mission in Somalia
BTI	Bertelsmann Stiftung's Transformation Index
CFW	Cash for Work
CSIS	Center for Strategic and International Studies
DRC	Danish Refugee Council
EBTVET	Enterprise Based Technical Vocational Education Training
FAO	Food and Agriculture Organisation
FGD	Focus Group Discussion
FGS	Federal Government of Somalia
FSNAU	Food Security and Nutrition Analysis Unit
GBV	Gender-Based Violence
GDP	Gross Domestic Product
HDI	Human Development Indicator
IASC	Inter-Agency Standing Committee
ICRC	International Committee of the Red Cross
ILO	International Labour Organisation
IOM	International Organisation for Migration
KII	Key Informant Interview
ODI	Overseas Development Institute
MFI	Micro-Finance Institution
MIS	Management Information System
MOS	Market Opportunity Survey
MSME	Micro, Small and Medium-Sized Enterprise
PMM	Participatory Market Mapping
PPI	Pro Poor Income
PSG	Peacebuilding and Statebuilding Goals
SATG	Somali Agricultural Technical Group
SGBV	Sexual and Gender Based Violence
SME	Small to Medium-Sized Enterprise
SNAF	Somali National Armed Forces
TFG	Transitional Federal Government
TREE	Training for Rural Economic Empowerment
TVET	Technical Vocational Education Training
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USD	United States Dollars
VC	Value Chain
VCD	Value Chain Development
VST	Vocational Skills Training
WFP	World Food Programme

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Executive Summary

This report provides an evidence-based strategy for increasing employment opportunities and skills training for youths, women and IDPs in Baidoa and Beletweyne districts in Somalia. This is both a timely and necessary exercise as the Federal Government of Somalia (FGS) continues to implement development and rehabilitation projects based on the five Peacebuilding and Statebuilding Goals (PSGs) of the New Deal. This study ties in closely with the fourth PSG: *Economic Foundations*, which prioritises the enhancement of high priority sectors and related value chains, and the expansion of opportunities for youth employment through job creation and skills development. The intervention strategies outlined in this study are based on a Market Opportunity Mapping exercise – comprising a Rapid Market Assessment and two Value Chain Analyses. The study highlights six key features of the local job markets in Baidoa and Beletweyne:

- 1. NO WORK** – 81% of respondents say that a fundamental lack of jobs is the main reason for difficulty in finding work. Recent droughts and continuing insecurity have forced many families to move to urban areas for work. Increased competition for labour in urban areas, combined with rural out migration leaves little room for employment.
- 2. A GLASS CEILING** – Female economic participation is often restricted to low-value activities such as kiosk or open-air trade, rather than ownership of larger private businesses or commercial enterprises. Thus, while women appear to play an active economic role in Somalia, businesses leadership and governance are still dominated by men.
- 3. ENTREPRENEURSHIP FOR SURVIVAL** – Many women appear to be driven to ‘entrepreneurship’ because there is no other form of work for them to do. This pressure may be particularly strong among households who have lost their primary source of income through loss of land, death of a family members or displacement.
- 4. CASTING A SMALL NET IN A BIG POOL** – Recruiting for new employers is often conducted through family or clan networks. Thus the job market is a comparatively closed environment in which most people simply do not get a look in, especially if they come from other parts of the country. 75% of respondents say that a lack of personal connections is one of the biggest challenges for finding employment.
- 5. SKILLS GAP** – Consumers and employers both complained about the lack of skills. Consumers think that they lack the skills to find a job, while employers struggle to find people who are skilled enough to work for them. Employers and consumers think that a lack of relevant skills is one of the main barriers to finding employment. The greatest demand for skills training is in tailoring and farming.
- 6. MARKET DEMAND FOR CONSTRUCTION, IMPROVED FOOD PRODUCTION AND SUPPLY, AND SERVICES** – Poor physical and services infrastructure are a cause of discontent for consumers. Consumer dissatisfaction in these areas shows room for improvement and

highlights areas in which skills training and employment should be directed.

Against this backdrop, the overarching theme of our intervention strategy is that the ILO should avoid the well-trodden path. Although demand for traditional skills such as tailoring and farming is high, numerous initiatives have already been undertaken in these areas. Our recommendations encourage the ILO to move beyond these traditional interventions.

⇒ General Intervention Strategies

The ILO is in a strong position to encourage a new type of skills training environment – one that looks to the future, rather than the past. Looking at the broad macro-economic trends in Somalia today shows that areas like IT and telecommunications are steadily growing, urbanisation is increasing, and unemployment remains high. Focussing on traditional sectors is a safe bet for developers because it mirrors current market demand. However, training in these areas, particularly for young people and women, fails to anticipate the growing demand for new skills and services and fails to anticipate the direction of social and economic change. For example, training women to cook and sew only serves to reinforce traditional gender roles, which are already showing signs of breaking down.

Area of intervention	Objective	Specific intervention	Beneficiary type
Traditional Market Promotion	To encourage youth/female participation in traditional economic activities	<ul style="list-style-type: none"> • Link Technical Vocational Education Training with commercial skills training; • Partner with local universities to create vocational skills modules for business degrees; • Design a business management training course tailored to local traditional sectors of employment such as agriculture and livestock. 	Youths and women
Public Sector Development	To strengthen the capacity of public sector to promote economic growth	<ul style="list-style-type: none"> • Identify skills gaps in key Ministries; • Provide tailored capacity building workshops current employees; • Partner with universities to design modules on public sector administration. 	Youths and women
Private Sector Development	To equip new market entrants with modern business administration skills	<ul style="list-style-type: none"> • Provide training courses in computer literacy and internet use. 	Youths and women
Infrastructure Rehabilitation	To strengthen the provision of	<ul style="list-style-type: none"> • Conduct a value chain analysis of transport services 	Youths and IDPs

	transportation	<ul style="list-style-type: none"> • Provide skills training in vehicle maintenance, repair and driving; • Conduct community-sensitive jobs mapping. 	
	To rebuild core infrastructure	<ul style="list-style-type: none"> • Map road conditions in local markets and identify bottlenecks; • Map utility supply black spots (areas of poor water/electricity supply); • Identify areas with poor availability of housing • Implement Cash-for-Work schemes to address deficit areas identified in the above steps. 	IDPs
	To equip IDPs with transferable, high-demand skills	<ul style="list-style-type: none"> • Provide construction-skills training to IDPs (e.g. carpentry, brick laying, machine/vehicle operation and maintenance). 	IDPs
Market Information Management	To increase market performance through improved access to market information	<ul style="list-style-type: none"> • Support current market information management tools; • Facilitate access to this information through appropriate channels. 	Youths, women and IDPs
	To facilitate, support and encourage entrepreneurship through access to civil and commercial advice services	<ul style="list-style-type: none"> • Set up a citizens' advice bureau 	Youths, women and IDPs
	To support active job seekers finding employment	<ul style="list-style-type: none"> • Broadcast/publish job advertisements in public forums; • Link skills training to companies that are actively seeking workers. 	Youths, women and IDPs

⇒ Intervention Strategy for the Sorghum and Onion Value Chains

Using the ILO Value Chain Development (VCD) framework we have identified specific bottlenecks in the sorghum and onion value chains. The recommendations below show how these bottlenecks can be leveraged to create employment for youths, women and IDPs. Some of the recommendations have already been addressed in the Rapid Market Assessment earlier in the report; wherever this is the case, readers are referred to the earlier section to avoid repetition. The recommendations begin with cross-cutting solutions for both value chains, followed by specific interventions in each.

Area of intervention	Objective	Specific intervention	Beneficiary type
Production and post-production business management	To equip value chain actors with tailored business management and commercial expertise	<ul style="list-style-type: none"> • Provide sector specific business management and administration training; • Develop university modules, or training courses that are tailored to specific commercial skill-sets required in sorghum and onion production. 	Youths and women
	To increase the sale and distribution of sorghum and onions	<ul style="list-style-type: none"> • Conduct training in marketing and advertising. 	Youths and women
	To strengthen and build community level producer groups, cooperatives and trade associations	<ul style="list-style-type: none"> • Leverage expertise within the ILO CoopAfrica team in Somalia¹ to guide and facilitate the creation of community level producer groups. 	Youths and women
Infrastructure rehabilitation	To strengthen the provision of transportation	<ul style="list-style-type: none"> • See detailed recommendations in the Rapid Market Assessment section of the report. 	Youths and IDPs
	To rebuild core infrastructure	<ul style="list-style-type: none"> • See detailed recommendations in the Rapid Market Assessment section of the report. 	IDPs
Service provision	To improve access to irrigation services	<ul style="list-style-type: none"> • Provide community-level irrigation equipment. 	Youths
	To foster an enabling environment for businesses and	<ul style="list-style-type: none"> • Support the development of micro-finance services. 	

¹ CoopAfrica website:

<http://www.ilo.org/public/english/employment/ent/coop/africa/index.htm>

	entrepreneurship through improved access to microfinance and credit		
Sorghum storage	To improve supply of sorghum and reduce price volatility through better storage options	<ul style="list-style-type: none"> • Provide local producer communities with improved storage facilities; • Provide training workshops to teach metal workers how to make silos. 	Youths and women
Sorghum production	To improve sorghum crop yields through basic and improved cultivation techniques.	<ul style="list-style-type: none"> • Provide basic skills training in sorghum cultivation techniques; • Provide extension services. 	Youths and women
Onion storage	To improve supply of onion and reduce price volatility through better storage options	<ul style="list-style-type: none"> • Provide local producer communities with cold storage facilities. 	Youths and women
		<ul style="list-style-type: none"> • Field test alternative onion storage facilities. 	Youths and women
Onion post production	To improve the marketability of onions	<ul style="list-style-type: none"> • Provide producer communities with packaging machinery. 	Youths and women
		<ul style="list-style-type: none"> • Train women to sort and grade onions using international commercial standards. 	Youths and women

1. Introduction

1.1. Background

With some of the worst human development indicators in the world, Somalia has faced years of protracted conflict, geo-political upheaval and severe drought. As a result, traditional markets have been heavily disrupted and critical infrastructure such as roads and irrigation systems have eroded after continual neglect. Between 2005 and 2011, GDP fell from around 2.3 billion USD to 1.1 billion USD², and Somalia is currently entertaining a trade deficit of around \$190 million.³ The 2012 Human Development Report estimates per capita GDP at \$284, which is the fourth worst in the world.⁴

Under these circumstances, the newly created Federal Government of Somalia (FGS) has been preoccupied with addressing security and donor funding⁵, and has had little opportunity to invest in stimulating domestic economic growth. Although economic growth is a central policy priority of the President's Six Pillars Policy⁶, and the Government's Peacebuilding and Statebuilding Goals⁷ (PSGs), the government is hamstrung by a lack of technical expertise and low capacity to design, implement and monitor necessary commercial legislation. Legislative reform at this level will be slow.

The civil war and ensuing transitional phases of government have widened the gap between large market actors and small-scale enterprises and livelihoods. While some large-scale private companies benefitted from the chaos, local livelihoods suffered greatly. Today many of the larger private companies monopolise their respective sectors and foreign companies are reluctant to invest.

At a local level, the Somali economy is heavily reliant on informal sectors in agriculture and livestock, which have greatly suffered from drought and conflict. Mass internal displacement has exacerbated the challenge of rebuilding the economy as rural populations have abandoned their livelihoods in search of aid and protection in urban IDP camps. It is estimated that around 1 million people are internally displaced.⁸ The on going AMISON mission to combat Al-Shabaab could affect a further 3 million people, many of whom could flee to urban areas in Baidoa and Mogadishu.⁹ In addition, Kenya has recently embarked on a programme of voluntary repatriation of Somali refugees that will further disrupt local markets. This means that local markets are constantly adjusting to new

2 UNStats (2013): *2013 World Statistics Pocketbook Country Profile: Somalia*. Found at: <http://unstats.un.org/unsd/pocketbook/PDF/2013/Somalia.pdf>

3 African Development Bank (2013): *Somalia Country Brief*, p.2

4 UNDP (2012): *Somalia Human Development Report 2012: Empowering Youth for Peace and Development*, p.25

5 Adam Smith International (2013): *Private Sector Investment and Barriers to Growth Analysis in South-Central Somalia and Puntland*. Report produced for the UK Department for International Development, p.3.

6 Bryden, M. (2013): *Somalia Redux?* Report written for the Center for Strategic and International Studies (CSIS)

7 The Federal Government of Somalia: *The Somali Compact*.

8 IOM (2013): *IOM Humanitarian Compendium 2013*, p.26

9 HCT (2014): *Humanitarian Implications of SNAF/AMISOM Military Operations in Somalia*.

population dynamics and fluctuating demand for certain products according to the pattern of exodus and influx.

Few employment opportunities and a weak enabling environment for starting new business ventures has resulted in high levels of unemployment – just over half (54%) of 15-64 year olds are unemployed.¹⁰ Young people are especially at risk from poor labour market conditions, and may be drawn towards criminal or terrorist elements, both of which are highly active in Somalia.¹¹ The situation is critical. According to the UNDP, youths are the largest population cohort in Somalia today, - 73% of the population is below the age of 30, with 67% unemployed.¹² The problem is exacerbated by some of the poorest Human Development Indicators (HDI) for education (0.118). On average Somalis are expected to attend 1.8 years of schooling in total, compared to 9.6 years in neighbouring Kenya. Women are even more at risk from poor market conditions. Strong social customs such as early marriage, polygamy and high fertility rates make it difficult for women to participate in economic activity as they are forced to take on unpaid home-based work.

Overall, in spite of these factors some observers are generally optimistic about the prospects of private sector growth, particularly at a local level where Somali entrepreneurship is much lauded.¹³ So what kind of economic growth can realistically be expected in the short term? Which sectors provide the greatest opportunities for growth and how can policy makers ensure that the labour market is aligned with the skills demand of evolving markets in Somalia?

Promoting economic growth and reducing levels of poverty through market-based approaches helps to deliver dividends at scale¹⁴ and ensures long-term buy-in from local beneficiaries. Such programmes must be firmly rooted in the realities of local economies and labour markets if they are to succeed. As a result, this study has been commissioned by the ILO to gather primary data on 2 value chains and to conduct a Rapid Market Assessment of opportunities for employment, entrepreneurship and skills training.

In line with the ILO TREE methodology, Samuel Hall conducted a Market Opportunity Survey (MOS) to identify the challenges and opportunities in the labour markets of Baidoa and Beletweyne districts in Somalia. The deficit of basic market data in Somalia makes it difficult to generalise about broad market trends, but small-scale in-depth studies help to build a more accurate picture of economic activity and lay the foundations for recovery.

10 UNDP (2012): *Op. Cit.* p.xviii

11 Danish Refugee Council (2012): *The Vocational Skills Training. Labour Market Study.* Nairobi, p.4

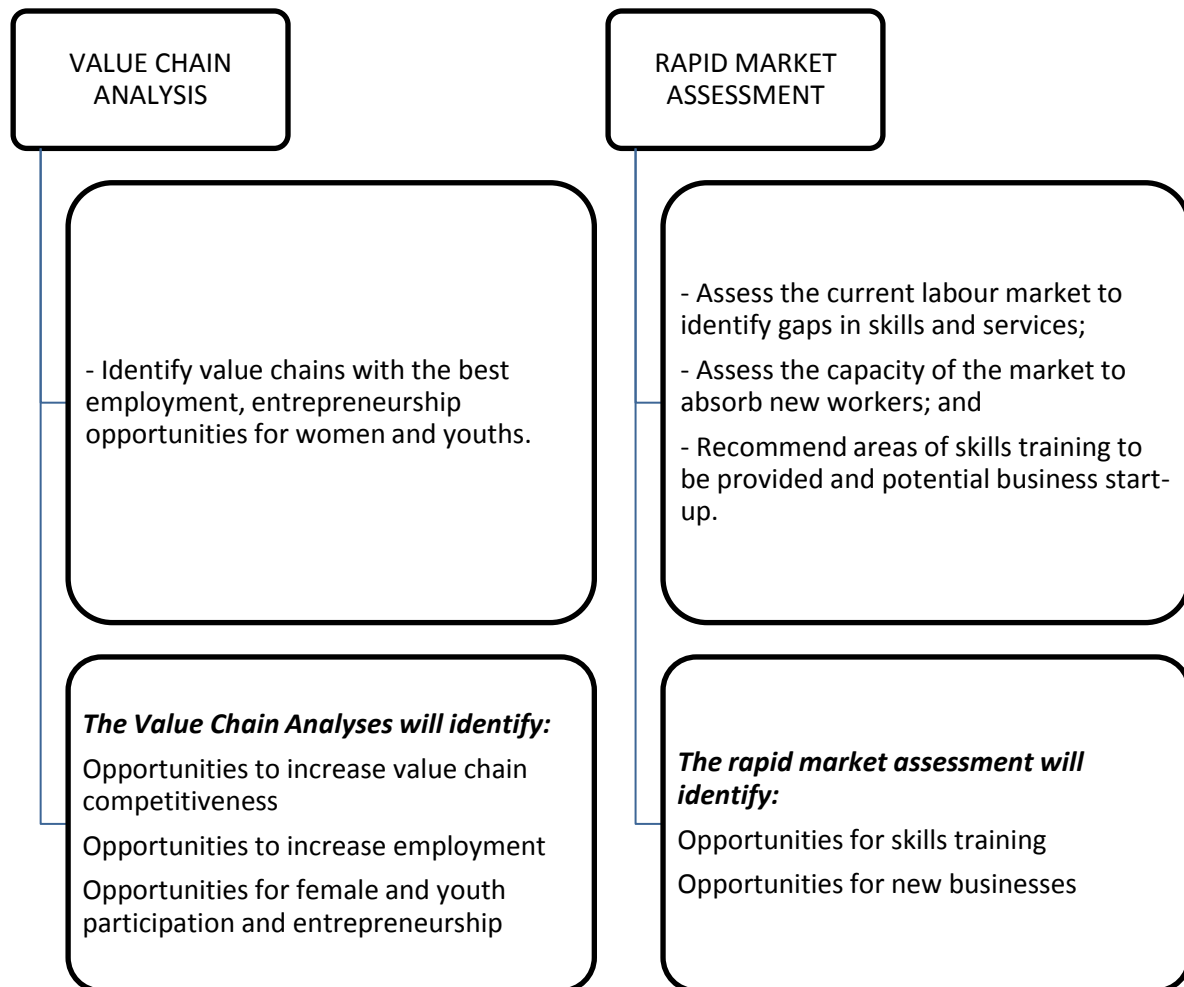
12 UNDP (2012): *Op. Cit.* pp. xx, 4

13 USAID (2014): *Somalia Economic Growth Strategic Assessment.* p.35

14 ODI (2009): *Value chain analysis and poverty reduction at scale: Evidence from tourism is shifting mindsets.* Briefing Paper, p.1

1.2. Objectives

The objective of this consultancy is to provide the ILO with an analytical review of the existing and potential value chains that could help women and youth generate some income and access the local urban and rural markets. The project comprises two research strands: 1) a Rapid Market Assessment to gather broad market data, and 2) 2 Value Chain Analyses to gather sector specific information.





1.3. Methodology Note

A mixed methodology quantitative and qualitative survey was conducted in Baidoa and Beletweyne. A full description of the methodology can be found at the end of the report in the appendices. The tables below summarise the sample sizes use in the Rapid Market Assessment and the Value Chain Analyses.

Value chain analysis	Baidoa	Beletweyne	Total
Actor interviews	30	30	60
Qualitative Focus Groups	1	1	2

Rapid Market Assessment	Baidoa	Beletweyne	Total
Observational analysis	1	1	2
Consumer Interviews	30	30	60
Qualitative Focus Groups	2	2	4
Employer Interviews	5	5	10

1.4. Report Structure

Given the dual methodologies employed in this study, the following structure is used to provide a clear narrative and to avoid repetition:

Part 1: Introduction – An outline of the objectives and background to the research study.

Part 2: Rapid Market Assessment – This section is an analysis of the markets in Baidoa and Beletweyne, with a specific focus on skills training.

Part 3: Value Chain Analyses – This section explores the sorghum and onion value chains and highlights opportunities for youth, female and IDP employment.



2. Rapid Market Assessment

KEY FINDINGS

- 1. NO WORK** – 81% of respondents say that a fundamental lack of jobs is the main reason for difficulty in finding work. Recent droughts and continuing insecurity have forced many families to move to urban areas for work. Increased competition for labour in urban areas, combined with rural out migration leaves little room for employment.
- 2. A GLASS CEILING** – Female economic participation is often restricted to low-value activities such as kiosk or open-air trade, rather than ownership of larger private businesses or commercial enterprises. Thus, while women appear to play an active economic role in Somalia, businesses leadership and governance are still dominated by men.
- 3. ENTREPRENEURSHIP FOR SURVIVAL** – Many women appear to be driven to ‘entrepreneurship’ because there is no other form of work for them to do. This pressure may be particularly strong among households who have lost their primary source of income through loss of land, death of a family members or displacement.
- 4. CASTING A SMALL NET IN A BIG POOL** – Recruiting for new employers is often conducted through family or clan networks. Thus the job market is a comparatively closed environment in which most people simply do not get a look in, especially if they come from other parts of the country. 75% of respondents say that a lack of personal connections is one of the biggest challenges for finding employment.
- 5. SKILLS GAP** – Consumers and employers both complained about the lack of skills. Consumers think that they lack the skills to find a job, while employers struggle to find people who are skilled enough to work for them. Employers and consumers think that a lack of relevant skills is one of the main barriers to finding employment. The greatest demand for skills training is in tailoring and farming.
- 6. MARKET DEMAND FOR CONSTRUCTION, IMPROVED FOOD PRODUCTION AND SUPPLY, AND SERVICES** – Poor physical and services infrastructure are a cause of discontent for consumers. Consumer dissatisfaction in these areas shows room for improvement and highlights areas in which skills training and employment should be directed.

2.1. Labour Market Overviews

A Rapid Market Assessment was conducted in Baidoa and Beletweyne, the main economic centres of Bay and Hiran regions respectively. The primary goal of the Rapid Market Assessment was to identify opportunities for delivering skills training tailored to local market conditions, in line with the ILO TREE methodology. A sample of 60 consumers was recruited for a quantitative survey (30 each in Baidoa and Beletweyne). The sample contained a good mix of youths (15-30 years old) and roughly equal proportions of men and women, allowing for tentative comparisons between key demographic profiles. Mixed qualitative and quantitative interviews were also conducted with 10 local employers of SMEs (5 in each district). Qualitative focus groups and key informant interviews provided further contextual and nuanced insight.



2.1.1. Baidoa Snapshot

With a population estimated at 320,463¹⁵, Baidoa is the primary sorghum-producing region in Somalia¹⁶. Until 2012 Baidoa had been under the control of Al Shabaab (AS) for three years, when it was finally relieved by AMISOM. However, many rural areas are still controlled by AS who often set up roadblocks to extort taxation from commodity transporters. According to the local Chamber of Commerce, the government only has effective control of a 10km radius around the town.¹⁷ In spite of these conditions, Baidoa is well connected to other urban centres in the country, such as Mogadishu, Bossaso, Galkayo Beletweyne, Bulo-hawa and Bardera.¹⁸

Commodity Price Index

1 litre petrol = \$1.2
1 litre diesel = \$1.2
1 litre cooking oil = \$1.4
1kg of rice = \$0.70
1kg potatoes = \$0.70
1kg onions = \$0.70
1kg tomatoes = \$1



15 FSNAU (2008): *Press Release, April 30th*

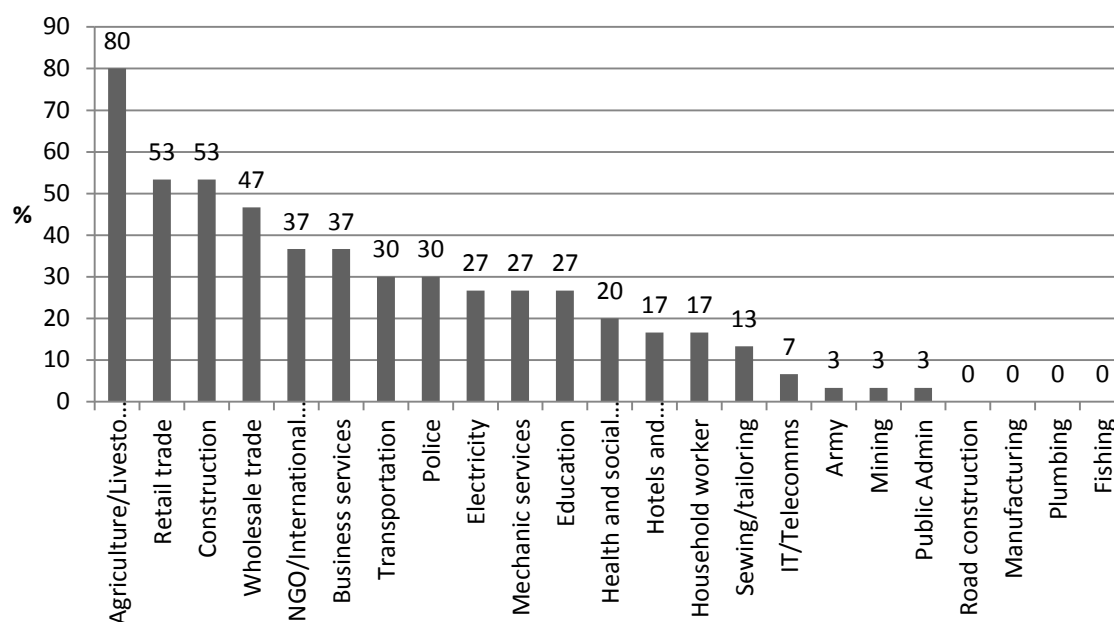
16 AMISOM (Undated): *Sector III Profile: Baidoa*, p.3

17 Key informant interview with Baidoa Chamber of Commerce

18 FSNAU (2009): *Livelihood Baseline Analysis Baidoa- Urban*. Technical Series, Report No. VI. 22, p.27

The main livelihoods in Baidoa are cereal production (mainly sorghum) and livestock (goats, sheep, camels, cattle), with many of the region’s economic activities centred on these sectors. Given the strong dependence on agriculture and livestock keeping, the urban and rural markets are heavily influenced by seasonality with drastic price fluctuations in wet and dry seasons. Sorghum prices have been recorded at 83% higher during the rainy season than the dry season.¹⁹ In addition to agriculture and agri-business, there is a diverse range of services and facilities available in Baidoa town. An illustrative rapid market observation found that Micro, Small and Medium-sized Enterprises (MSME) are well represented in the local market, with a particular focus on hospitality – 21 cafes, 17 hotels and 15 hairdressing/beauty parlours were recorded by enumerators. Field observations and interviews show that men tend to dominate medium and large-scale businesses, while women comprise the bulk of the workforce in small and micro enterprises.

Graph 1: Percentage of respondents who consider each sector to be a main source of employment in the area (n=30)



¹⁹ FSNAU (2009): *Op. Cit.* p. 10

2.1.2. Beletweyne Snapshot

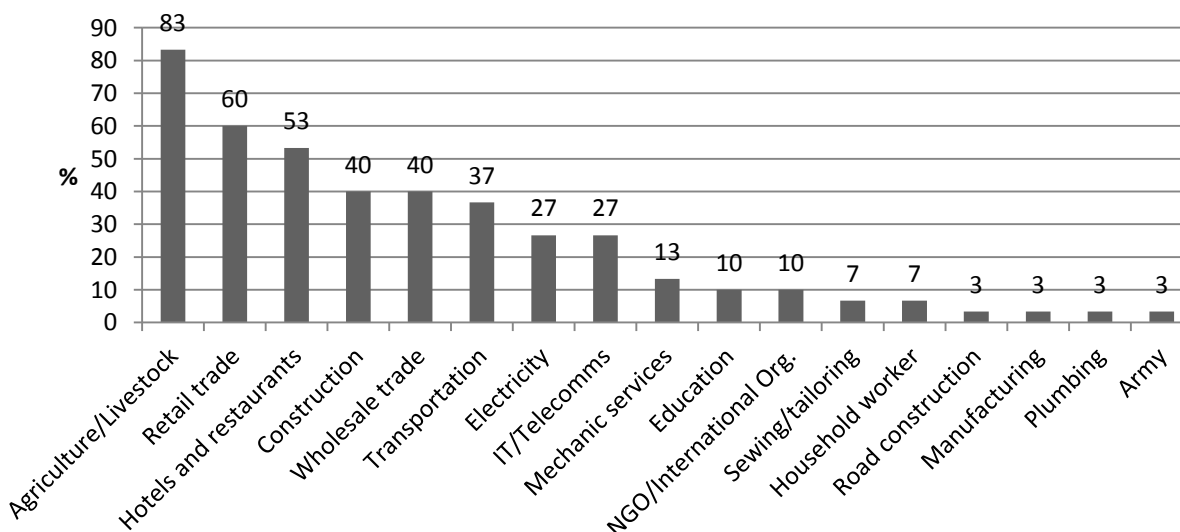
The population of Beletweyne is 329, 811 – 79% rural and 21% urban.²⁰ Located on the Shabelle river next to the Ethiopian border, Beletweyne district is ideally suited to agricultural activities, and acts as a trade hub with neighbouring towns. Beletweyne caters to local and international markets, linked by ports at Berbera and Bossasso in particular.²¹ Like Baidoa, livestock and agriculture characterise much of the local economic activity. The markets are adequately supplied with most basic commodities, mainly from Mogadishu, in spite of extremely high transport costs.²² Indeed, 26 out of 30 consumers in the rapid market assessment were satisfied with the availability of goods and services in their local market. According to respondents, the main sectors of employment are agriculture, retail trade, hospitality, construction, wholesale trade and transportation.

Commodity Price Index

- 1 litre petrol = \$1.2
- 1 litre diesel = \$2.5
- 1 litre cooking oil = \$1.5
- 1kg of rice = \$1
- 1kg potatoes = \$0.75
- 1kg onions = \$0.50
- 1kg tomatoes = \$2



Graph 2: Percentage of respondents who consider each sector to be a main source of employment in the area (n=30)



Field observations found that women play an active role in economic participation. In Beletweyne’s main commercial areas women can be seen selling onions and other vegetables in street kiosks and open air stalls, and an active textile industry employs numbers of women and young people.

20 AMISOM (Undated): *Sector IV Profile: Belet Weyne*, p.2

21 AMISOM (Undated): *Sector IV Profile: Belet Weyne*, p.5

22 DRC (2014): *Op. Cit.* p.15

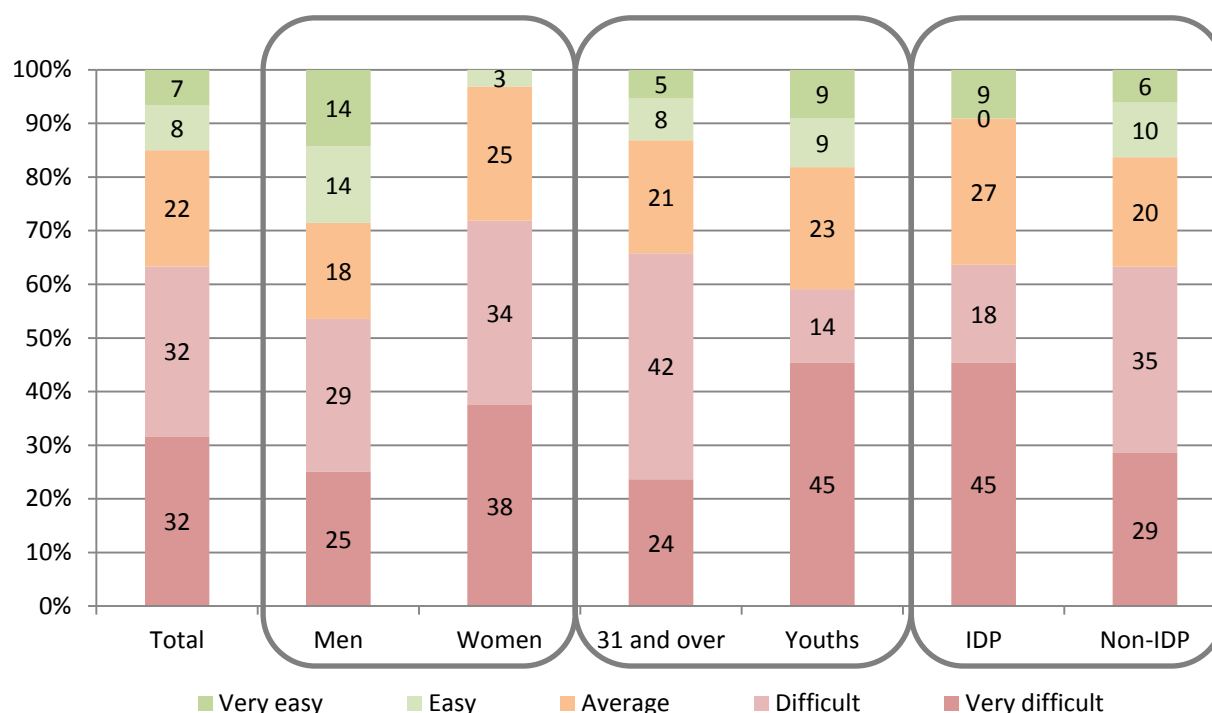
2.2. Employment for Women, Youths and IDPs

This part of the report looks at employment for youths, women and IDPs and attempts to create a working profile of each demographic, characterised by attitudes towards the labour market and barriers to entry. In addition it draws comparisons between demographic groups to illustrate gaps in perception and understanding with regards to employment. Later, these profiles help to guide the policy and practical recommendations at the end of this section.

2.2.1. Setting the Scene: Finding a Job in Somalia

With just over half of 15-64 year olds unemployed (54%²³), and uncalculated levels of underemployment, jobs in Somalia are scarce and hard to find. Respondents in the Rapid Market Assessment were asked how easy or difficult it is to get a job in their area. The table below shows the results split by three demographic categories: gender, age and IDP status.²⁴ As the graph below illustrates, clear differences are observed across each of the main demographic groups – women, youths and IDPs are notably more likely to think that finding employment is *difficult* or *very difficult* compared to other groups.

Graph 3: Difficulty finding a job (n=60)



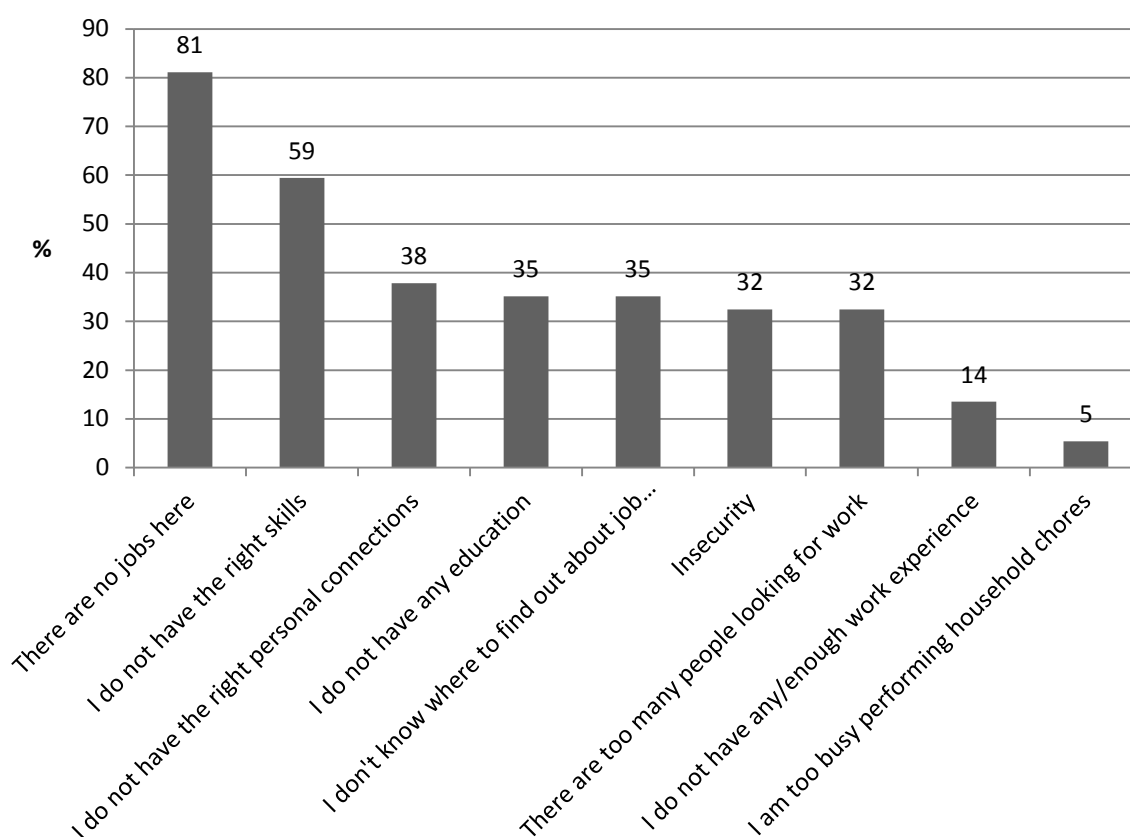
23 UNDP (2012): *Op.Cit.* p.xviii

24 Care must be taken when comparing figures due to small sample sizes: Men=28, women=32, 31 and over=38, youths=22, IDP=11, non-IDP=49

Respondents who considered finding a job *difficult* or *very difficult* were asked to explain why. A fundamental lack of employment opportunities is the main reason why respondents find it difficult to get a job – 81% of respondents said that there are no jobs in their area. The second biggest challenge is a lack of skills – over half of respondents (59%) feel this way. Thirdly, a lack of personal connections prevents many people from gaining employment (38%). Other factors such as a lack of education (35%), not knowing where to find out about jobs (35%), insecurity (32%) and competition from other jobseekers (32%) contribute to the difficult climate. The programming implications of these findings are explained at the end of this section in the Recommendations.

“It is easy to find a job if the employer is your relative” – Youth, Beletweyne

Graph 4: Reasons for difficulty in finding a job (n=37)



With these basic figures in mind, the report explores economic participation in greater detail for the three key demographic groups: women, youths and IDPS.

2.2.2. Women: An Emerging Workforce

The situation of women in Somalia is poor on most key indicators ranging from health and education to political voice and gender-based violence. However, the unique interplay of conflict and culture in Somalia necessitates a more nuanced analysis of gender than the basic indicators suggest. The UNDP Human Development Report from 2012 records high levels of gender inequality and inhibiting cultural practices that make it hard for women to find jobs – early marriages and high fertility rates (6.7²⁵) are good examples of this. Additionally, contraceptive use is low (15%²⁶), which leaves many women with children to take care for at home. On paper, women and men enjoy more or less equal status in the eyes of the law, yet in practice traditional dispute resolution mechanisms tend to favour men.²⁷

However, looking at female economic participation, a mixed picture emerges – women appear to be excluded from the formal sector, but play an increasing role in the informal sector. The literature highlights a bias against women in skilled labour activities or professional roles, which is why many are left with no option but to engage in petty trade on the street side. Female participation in some professional sectors remains extremely low – 1% of employees are female in telecommunications, and financial institutions (excluding cleaners etc.)²⁸. Corroborating this finding, a survey by DRC in

“There are no cultural or religious barriers that stop women to get the jobs they want in this market of Beletweyne. They can also travel freely in both urban and rural areas” – Employer, Pharmaceutical shop, Beletweyne

2012 found that 26.7% of female graduates felt that they faced culturally limiting conditions when trying to find a job, even after receiving vocational training.²⁹ However, there are some signs that this is beginning to change. The

barriers to female economic participation certainly appear to have their roots in cultural practices, yet for those who are determined, it is possible to succeed. An ILO study in Hargeisa and Mogadishu found that almost half (47%) of female entrepreneurs had not received any education and could neither read nor write.³⁰ Similarly, a UNDP report found that educated women, especially those from the diaspora, are beginning to break into sectors that have been traditionally dominated by men, such as livestock, fishery and petroleum importing.³¹ Indeed, female focus group participants in this study expressed a strong desire to start their own businesses, particularly in selling female clothing: ***“Businesses like wholesale/retail for clothing are the most profitable. The demand for women’s clothing is high” – Female focus group participant, Beletweyne.*** The question of female economic participation was explored further in the current study. Around three quarters of respondents (73%) think that women face barriers to employment. However, women are notably

25 UNICEF (2006): *Somalia Multiple Indicator Cluster Survey*, p.2

26 UNICEF (2006): *Op. Cit.* p.1

27 USAID (2014): *Op. Cit.* p.37

28 UNDP (Undated): *The Role of Somali Women in the Private Sector*, p.v

29 DRC (2012) *Op. Cit.* p.12

30 ILO (undated): *Institutional and Policy Assessment of Factors Affecting Women Entrepreneurs in Mirco and Small Enterprises in Hargeisa and Mogadishu*

31 UNDP (Undated): *Op. Cit.*, p.v



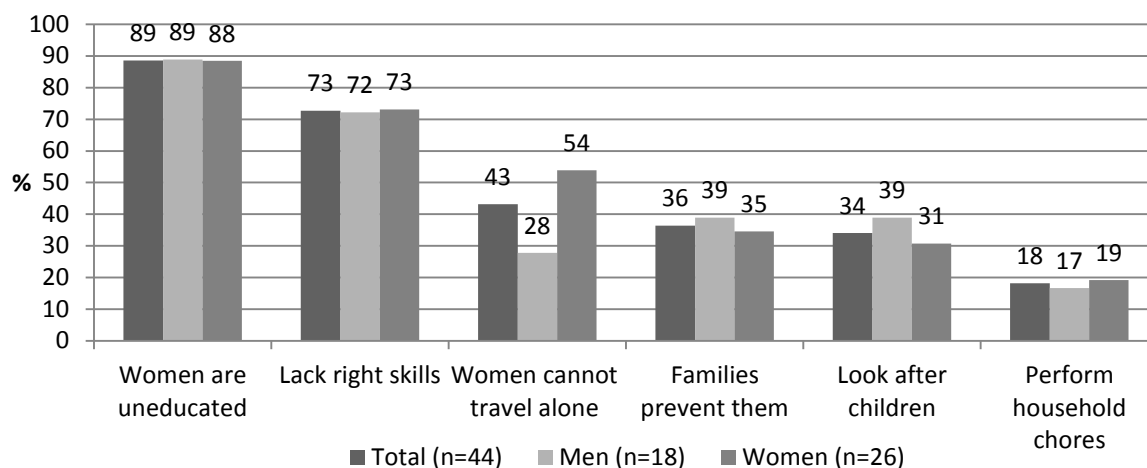
more likely than men to think that women face barriers to employment – 81% compared to 64% respectively.

Table 1: Do women face barriers to employment?

	Total		Men		Women	
	Count	%	Count	%	Count	%
Face barriers	44	73	18	64	26	81
Do not face barriers	16	27	10	36	6	19
Base	60	100	28	100	32	100

The biggest barriers are considered to be the facts that women are uneducated/illiterate or that they do not have the right skills. A focus group discussion with women in Beletweyne found that women themselves considered a lack of skills and a lack of local connections to be among the biggest barriers. These are unquestionably important inhibitors of female employment, but they obscure deeper, equally important, socio-cultural phenomena. 43% of respondents report that the inability to travel alone is a barrier to women’s employment, and notable proportions say that women are prevented from working by their families (36%), or because they have to look after children (34%) or perform household chores (17%).

Graph 5: Barriers to female employment



Male and female respondents tend to agree to similar extents on the main barrier to female employment, with one important exception: women cannot travel alone – over half (54%) of women consider this to be a barrier compared to under a third (28%) of men. Although women often run kiosks in the markets in Baidoa and Beletweyne towns, the inability to travel alone without a *maharam* prevents many women from undertaking even this kind of economic activity. However, there are signs that this is changing. The war in Somalia forced a shift in cultural attitudes - or at the very least, forced them to

“The most common barrier is the lack of skills and the fact that they are mostly engaged in household activities” – Employer, construction, Baidoa

adapt to a new context – whereby women play an increasingly important role in income generation and economic activities. High levels of displacement, low wages and limited employment opportunities have forced many women into the labour market. Such is the extent of this phenomenon that according to one report, men are often dependent on their wives' income.³² The same report says that during the war, women may have enjoyed greater freedom of movement compared to men since they were rarely themselves the target of revenge killings.³³ This effect is more clearly observed in the informal sector, where female economic participation is often higher than might be expected. The majority (70%) of petty street vendors in Baidoa market are women, and up to 20% of the unskilled construction workforce are women.³⁴ According to the UNDP³⁵, women tend to start businesses in the micro sector as a coping strategy in response to economic difficulty or turbulence. As a result women have become the main actors in businesses in this sector, selling *khat*, running tea kiosks, selling livestock produce (milk) clothing and even operating small restaurants.³⁶ Nevertheless, the amount of money earned in these activities is often barely enough to feed the family, which means that even if women *are* involved in economic activities, they are far from being economically independent.³⁷ Moreover, women tend to be paid less than men for performing the same task.³⁸

32 Musse, F. and Gardner, J. (2013): *Op. Cit.* p.13

33 Musse, F. and Gardner, J. (2013): *Op. Cit.* p.16

34 FSNAU (2009): *Op. Cit.* p.9

35 UNDP (Undated): *Op. Cit.*, p.v

36 Key informant interview with Baidoa Chamber of Commerce

37 UNWOMEN (Undated): *Building Somali Capacities to Promote Gender Equality, Women's Leadership in decision Making and Economic Empowerment in a Violence-Free Context.* P.9

38 Musse, F. and Gardner, J. (2013): *Op. Cit.* p.45

Recruitment: Casting small nets in a big pool

Personal networks are the lynchpin of employment in Somalia – without the right connections people struggle to find work. At the same time, it is also difficult for employers to find skilled and trustworthy workers, especially when the labour market is flooded by skilled and unskilled job seekers, and more so in the turbulent security context. Both would-be employees and employers must rely heavily on these networks. In this study, employers said that finding skilled workers is one of the main challenges for their businesses. As a result, they often rely heavily on recommendations from current employees or actively head hunt potential candidates. 7 out of 10 employers interviewed in Beletweyne and Baidoa said that they recruit people through current employees: **“Family connections are key when searching for a job in Beletweyne. People employ their relatives” – Employer, Pharmaceutical shop, Beletweyne.** As a result, the relationship between employers and the labour market is very one-sided: job seekers struggle to find work if they do not have the right connections, whether family or clan based. In a context like Somalia, the reliance on strong kinship and social networks has many advantages for the employer. Recruiting through family and friends provides the employer with a) character assurance, b) a guarantee mechanism (if the new recruit misbehaves or performs poorly, the other employees are incentivised to address the problem), and c) a comparatively quick way to select candidates from the large pool of job seekers. This is a real challenge in the labour market, but the effects are magnified for marginalised groups like IDPs who often find themselves in new locations without networks or contacts. Trying to break into these networks is difficult at a time of heightened distrust between political and clan factions.

2.2.3. Youths: Unemployed and Disaffected

Somalia is facing the largest youth bulge in its history – 73% of the population is below the age of 30.³⁹ The continual state of conflict, inter-clan warfare and transition in Somalia has left many young people without education, without skills, and often, without homes – 21% of youths are neither employed nor attending school.⁴⁰ Disaffected and out of work, many young people turn to Al Shabaab or other local militias out of desperation⁴¹, and many simply leave the country in search of better opportunities.⁴² Among the many challenges facing young people seeking work in Somalia are a lack of education, lack of vocational skills, and a weak enabling environment (poor transport, lack of finance etc.) for starting businesses.

The significant majority of respondents in Baidoa and Beletweyne think that youths face barriers to employment. Youths themselves are considerably more likely to think that youths face difficulties than respondents who are over 31 years old. Fewer than 1 in 10 youths think there are no barriers to youth employment compared to over a quarter of respondents (26%) who are over 31 years old. Of

39 UNDP (2012): *Op. Cit.* p.xviii

40 UNDP (2012): *Op. Cit.* p.xix

41 DRC (2012): *Op. Cit.* p.4

42 UNDP (2012): *Op. Cit.* p.xiX

those who think there are barriers to youth employment, most respondents – whether youths or not – think that a lack of skills is the main cause.

Table 2: Do youths face barriers to employment?

	Total		Youths		31 and Over	
	Count	%	Count	%	Count	%
Face barriers	48	80	20	91	28	74
Do not face barriers	12	20	2	9	10	26
Base	60	100	22	100	38	100

Interestingly, the findings highlight a potentially dangerous assumption about youths’ attitudes towards the local labour market (i.e. that they dislike traditional jobs). The trend of urbanisation in Somalia is both a cause and symptom of a growing appetite for

employment in new and emerging urban-based sectors (like IT and telecommunications) and fatigue with traditional sectors of employment in rural areas, which have been heavily disrupted by the conflict and disputes over land ownership. However, the findings in this study suggest that the situation is not quite as clear-cut as it first seems. Surprisingly, youths are less likely than older respondents to think that a lack of interest in locally available jobs is a barrier to youth employment. Only 50% of youths think that this is a barrier compared to 71% of respondents who are age 31 and over. Disinterest in traditional sectors of employment is certainly a feature of youths’ mind-sets, but it is far from universal. As discussed later, this means that policy makers must pursue twin strategies for skills training, focussing on both traditional and new sectors of employment, as previous studies testify. Demand for vocational skills training is high – in Mogadishu a labour market study by WARDO found that 88% of surveyed youths wanted fishing skills, 83% wanted to learn how to tailor, 76% wanted to learn carpentry and 74% wanted to learn how to repair satellite phones.⁴³ Demand for training in areas like telecommunications and IT is also particularly high.⁴⁴

“We are not following the footsteps of our parents, these are our own initiatives...” – Female focus group participant, Beletweyne

A second assumption about youths is also challenged by the graph below (i.e. that young people are more educated than older people). Youths (75%) are far more likely than respondents over the age of 31 (39%) to think that a lack of education among youths is a

“The barrier is lack of skills and job opportunities” – Youth, Beletweyne

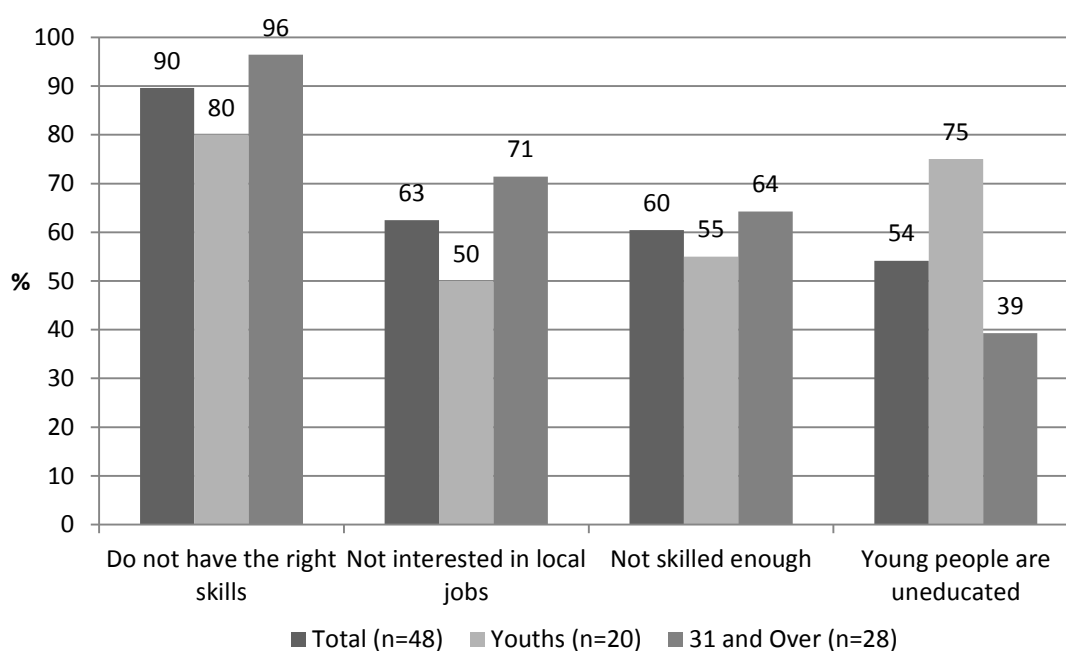
barrier to employment. The recent years of conflict and civil war in Somalia have had a marked impact on levels of education resulting in a situation in which younger people are often *less* educated than the preceding generations.

43 WARDO (2010): *Labour Market Need Assessment*. Mogadishu, Somalia, p.4

44 Musse, F. and Gardner, J. (2013): *A Gender Profile of Somalia*. Developed for the EU Somalia Mission. DRAFT, p.51

The third most significant barrier is the perception that youths are not skilled enough to compete with more experienced labourers in the same sector. Respondents over 31 years old (64%) are more likely to hold this view than youths themselves (55%). Irrespective of these differences in opinion, the findings illustrate a universal challenge for job market entrants – needing a job to gain experience, needing experience to gain a job. In this regard, apprenticeship schemes may provide a solution to this impasse.

Graph 6: Barriers to youth employment



2.2.4. IDPs: Entering an Uncertain Job Market

IOM estimates from 2013 suggest that at least 1 million Somalis are displaced because of insecurity, environmental calamity or food insecurity.⁴⁵ Indeed, recent severe droughts have forced many agro-pastoralist communities to abandon their homes and seek assistance in urban IDP camps.⁴⁶ IDPs face myriad problems from lack of basic needs (shelter, food, water) to a lack of services (education, healthcare)⁴⁷ and employment. Female IDPs are particularly vulnerable to physical abuse and trauma in IDP camps, and face considerable threat of Sexual and Gender Based Violence (SGBV)⁴⁸. Dispossessed of land and property, often without fathers or husbands, female IDPs are vulnerable to physical and sexual assault, rape and psychological abuse.

45 IOM (2013): *IOM Humanitarian Compendium 2013*. P.26

46 USAID (2013): *Economic Growth Assessment of South Central Somalia*. Prepared by the Somali Agricultural Technical Group (SATG), p.1

47 ICRC (2012): *Mogadishu IDP Survey*, p.5

48 Somali Gender-Based Violence Working Group (Undated): *2014-2016 Strategy*, p.5

This study focuses on the labour dimension of IDP vulnerability, which is a key part of building so-called *durable solutions* for IDPs because jobs provides long-term self-reliance and self-sufficiency and the means to provide for basic socio-economic needs, especially in the absence of a functioning welfare system. According to the Inter Agency Standing Committee (IASC): ‘A *durable solution* is achieved when IDPs no longer have specific assistance and protection needs that are linked to their displacement and such persons can enjoy their human rights **without discrimination** resulting from their displacement’⁴⁹

Defining IDPs

In this study, an IDP is defined as someone who has been forced to leave their homes for one, or a combination of three primary reasons:

1. The respondent **is an IDP** who has been forced to leave the place of last residence to come to this location due to **persecution / conflict**.
2. The respondent **is an IDP** who has been forced to leave the place of last residence to come to this location due to a **natural disaster**.
3. The respondent has moved due to a man-made development (road/damn/irrigation system) and is therefore a **development induced IDP**

General literature suggests that IDPs typically face a high degree of discrimination when they try to find work in new areas⁵⁰, and enjoy sub-optimal relations with the host communities due to competition for basic local resources.⁵¹ High levels of unemployment create competition for jobs, which can lead to friction between IDP and host communities who may also be struggling to find work in a job-poor environment. Further research is needed to explore this issue more closely as localised context-specific factors often determine the relationship between host and IDP communities. Research by Samuel Hall in other countries has shown that competition for jobs can create great hostility towards outsiders⁵², or very few problems at all.⁵³ In Somalia, clan agenda (or, more often, simply clan identity) often underpin relations between communities. From a programming perspective therefore, it will be important to overlay migratory patterns with geo-spatial clan profiles to determine whether people generally move within or between ‘clan-friendly’ areas, or whether they simply move to the nearest urban centre. The broad trend of urbanisation in Somalia suggests that the latter situation is more likely, which could exacerbate friction between clan groups, especially where clans have *de factor* control over certain sectors.

49 The Brookings Institute (2010): *Op. Cit.*, p.5

50 The Brookings Institute (2010): *IASC Framework on durable solutions for internally displaced persons*, p.7

51 Porter, G. et al. (2008): *Linkages between Livelihood Opportunities and Refugee-Host Relations: Learning from the Experiences of Liberian Camp-based Refugees in Ghana*. &

UNHCR (2007): *Handbook for the Protection of Internally Displaced Persons*. Global Protection Cluster Working Group

52 Samuel Hall (Forthcoming): *Community Perception Survey of Mining in Afghanistan*.

53 Samuel Hall (2014): *Living out of Camp: Alternative to camp-based assistance for Eritrean refugees in Ethiopia*.



Table 3: Do IDPs face barriers to employment?

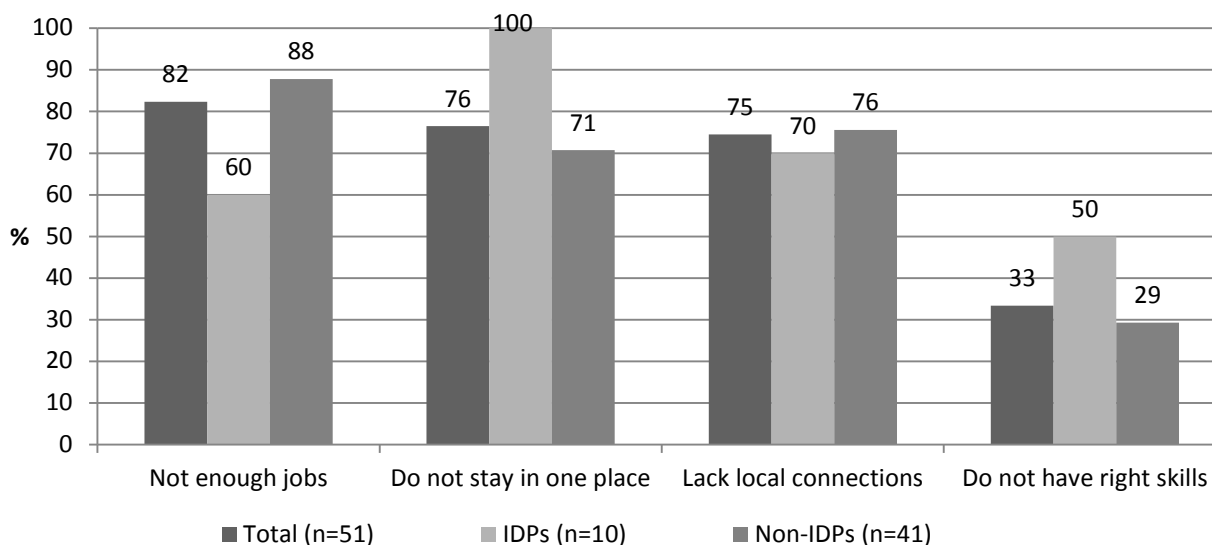
	Total		IDPs		Non-IDPs	
	Count	%	Count	%	Count	%
Face barriers	51	85	10	91	41	84
Do not face barriers	9	15	1	9	8	16
Base	60	100	11	100	49	100

Overall, 85% of respondents think that IDPs face barriers when trying to find employment. The figure rises to 91% among IDPs themselves, while 84% of non-IDPs think that IDPs face barriers. Great caution must be exercised when analysing the findings for IDPs given the small sample sizes, so the findings should be treated as illustrative rather than definitive. Nevertheless, looking at the specific barriers in more detail highlights some interesting differences of opinion. Perhaps the most interesting is the fact that non-IDPs are notably more likely to think that there are not enough jobs for IDPs, than IDPs themselves – 88% compared to 60% respectively. In the Somali labour market context, non-IDPs are understandably proprietary about local job opportunities – they consider that local jobs should be for local people. IDPs on the other hand, many of whom may have been attracted to their current location by the appeal of potential work, are much less likely to think that the limited availability of jobs is a barrier. By contrast, IDPs consider the fact that they do not stay in the same place long enough as a main barrier to finding work. This is corroborated by interviews with employers in Baidoa and Beletweyne.

From an employer’s perspective, IDPs are a risky investment because they are seen as flighty: **“IDPs do not have the right skills and the most of them are mobile” – Employer, Agriculture, Beletweyne.** According to another local employer from Beletweyne: **“IDPs do not stay in one place and generally are discriminated against because of their social status”.** Qualitative interviews also found that a lack of trust in ‘foreign’ labourers was a cause for concern among employers: **“...they are not trusted with a lot of cash. It will be better to have a relative [in your employ] or manage your own business” – Employer, Education, Baidoa.**

Similar proportions of IDPs (70%) and non-IDPs (76%) agree that a lack of local connections is a significant barrier to IDP employment. All entrants to the job market are faced with this difficulty, but the challenge is greater for those who have left their place of origin because they do not enjoy the same degree of social interconnectedness as local residents – in other words they are at a competitive disadvantage right from the start. Further research is needed to establish whether IDPs move from one location to another within existing social networks or whether they move in isolation.

Graph 7: Barriers to IDP employment



2.3. Market Gaps

Building on the findings from the previous section, this part of the report is about gaps – identifying gaps and exploring the potential for job creation. It asks:

- What products and services do consumers want?
- What do consumers need? And,
- What opportunities do these gaps present for skills training and job creation?

Consumers were asked to rate a number of attributes in their local market on a scale of 1-5, where 1= very bad and 5=very good. Mean scores are calculated to facilitate analysis: the higher the score the better this attribute is considered to be. Areas that are considered to be bad help to identify opportunities for market improvement and job creation. The table below illustrates:

- General satisfaction with the quality and supply of currently available food items, albeit with room for improvement;
- Improvements are expected in hospitality, housing, mobile coverage and the diversity of foodstuffs;
- Dissatisfaction with basic physical and services infrastructure, with are considered to be *very bad*.

Table 4: Satisfaction with local market attributes (n=60)

Beletweyne		Baidoa	
Local attributes	Mean score 1-5	Local attributes	Mean score 1-5
Availability of meat	4.8	Availability of meat	3.8
Availability of fruits and vegetables	4.6	Supply of water	3.5
Quality of meat	4.5	Restaurants/hotels	3.5
Supply of water	4.0	Quality of meat	3.5
Restaurants/hotels	3.8	Availability of fruits and vegetables	3.4
Availability of housing	3.7	Quality of fruits and vegetables	3.3
Quality of fruits and vegetables	3.7	Diversity of foodstuffs	3.1
Public/shared transport	3.5	Mobile phone coverage	3.0
Mobile phone coverage	3.5	Supply of electricity	2.9
Quality of housing	3.4	Availability of housing	2.8
Diversity of food stuffs	3.0	Quality of housing	2.6
Supply of electricity	2.9	Access to vocational courses	2.6
Access to vocational courses	2.6	Security	2.4
Security	2.3	Public transport	2.3
Internet access	1.8	Internet access	2.2
Access to credit	1.7	Access to credit	2.0
Road conditions	1.6	Road conditions	1.9

The generally positive scores for the supply and availability of food items testify strong links between adjacent producer communities and the local district markets in Baidoa and Beletweyne, as summarised in the market overviews earlier in the report. Although seasonality strongly determines levels of supply and demand (particularly for fruits and cereals), the close proximity to primary production units in surrounding rural areas creates a ready supply of fruits, vegetables, cereals and meat for much of the year. In addition, imported products from overseas, often coming through Mogadishu, help to maintain a basic degree of food provision to consumers in urban markets. Nevertheless, there is still room for improvement in both Baidoa and Beletweyne on the *quality of fruits and vegetables*, and *diversity of food stuffs*. In Baidoa, there is also room to improve the *availability and quality of meat*.

The negative scores for physical and services infrastructure are typical of developing and post-conflict environments. Poor supply of electricity, security, road conditions and access to credit are recurring complaints throughout this report. In terms of potential for job creation and skills training, there are three primary gaps, each of which entails a range of skills training opportunities that are outlined later in the report in the Recommendation Section. In order of priority, these gaps are:

- 1) **Construction gap** – infrastructure rehabilitation projects typically provide a large number of employment opportunities for unskilled labourers through cash for work

schemes (CFW). These schemes provide immediate and large-scale employment, cash relief and can act as catalysts for broader rehabilitation and economic recovery.⁵⁴ They are also a good way to incentivise people to stay in their home villages rather than migrate to urban areas.⁵⁵ Road construction is clearly a priority area, as poor weather conditions can leave communities cut off from local markets and exacerbate the volatility of commodity prices through unreliable and inconsistent supply. The poor availability of housing, particularly in Baidoa, also shows a strong market demand for construction skills.

- 2) **Services gap** – dissatisfaction with Internet coverage, electricity supply and access to credit services, shows that skills training in these areas could provide longer-term solutions to unemployment and help to create an enabling environment for businesses. In a similar vein, public transport is considered to be a major area for improvement.
- 3) **Supply gap** – consumer demand for improved quality and availability of fruits, vegetables and meat indicates potential room for improving production and supply of these items. Detailed value chain analyses are needed to identify specific production bottlenecks and to examine the mechanisms through which a product is delivered to the end consumer. In the second part of this study (the Value Chain Analyses), the report explores two such value chains – sorghum and onion – in order to find out precisely how these items can be brought to the market more effectively and what opportunities exist for job creation. As shall be shown, there is a large gap in supply in both of these value chains.

2.4. Skills Demand

The current level of skill in the labour market is difficult to assess objectively without conducting rigorous competency-based assessments of the workforce. However, high unemployment, employer frustration at the lack of skilled workers, and high demand for skill training among workers indicate a substantial *skills gap* in the Somali labour market. This gap is well recognised by development actors and vocational skills training (VST) in Somalia is well established, with actors such as IOM, INTERSOS, GREDO and DRC implementing a range of projects in recent years. In spite of these initiatives there is still a long way to go - only 7% of respondents in the Rapid Market Assessment said that they had ever received training. VST can play an important role in stimulating economic growth, and producing short-term relief to unemployment. In a context like Somalia – with high unemployment, low levels of education and massive infrastructure rehabilitation challenges – VST ticks a lot of boxes. In this regard, VST literally gives people the skills they need to rebuild their country.

As highlighted in Section 2.2 above, the majority of respondents think that a lack of skills is the main reason for difficulty in finding a job. This is particularly true for women and young people – 73% and

54 FAO (2012): *Cash-for-work in Somalia: linking relief to recovery*. Food Security Information for Decision Making. Concept Notes, p.1

55 Key informant interview with GREDO 5th August 2014



90% respectively think that they face barriers to employment because of a lack of skills. Section 2.3 above highlighted three primary gaps in the local markets according to consumer-driven demand: **construction, services** and **food supply**.

Thus the report evidences: a) high demand for skills training, and b) areas in which skills training is needed. In this section, we ask: *what skills do people want to learn, and how do they align with market expectations?* In other words: *is there enough demand from the market to match the kinds of skills that people want to learn?* Skills training is not a panacea to unemployment – training a thousand people to make wooden beds does not help anyone if people sleep in hammocks. The ILO TREE methodology is central to developing skills training based on market demand and extant local labour force capacity. Matching skills with local markets plays an important role in encouraging sustainable **local** economic development - this study finds that employers do not think twice about hiring workers from other areas if they cannot find suitable staff in the local market.

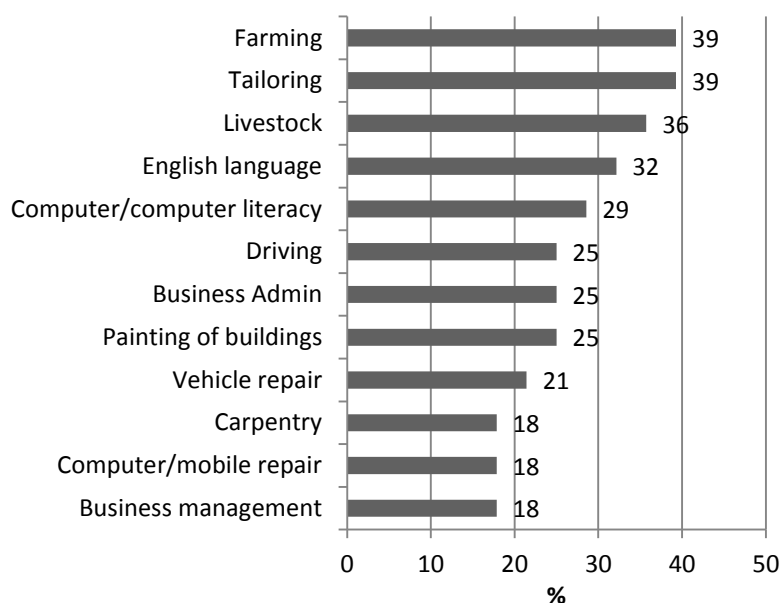
“Skilled employees are highly productive and sometimes we source employees from other regions” –Employer, Agriculture, Beletweyne

Respondents in the Rapid Market Assessment were asked what skills they would like to learn. Overall, the study finds that demand for skill training is closely aligned to the kinds of urban and rural economic activity currently underway in Baidoa and Beletweyne. The following graphs list only the skills that were selected by 5 or more people in each demographic grouping, except for IDPs, where a lower minimum of 2 was used because of the small sample size.

2.4.1. Gender Differences in Skills Demand

The demand for skills training is characterised by a strong reliance on traditional activities. The majority of men would like to learn new skills in farming and tailoring (both 39%) and livestock techniques (36%). Given the demand for improved **supply** of fruits, vegetables and meat highlighted in the previous section of the report, it is encouraging to see a comparable level of demand for skills training in areas that could help improve both supply and quality of food

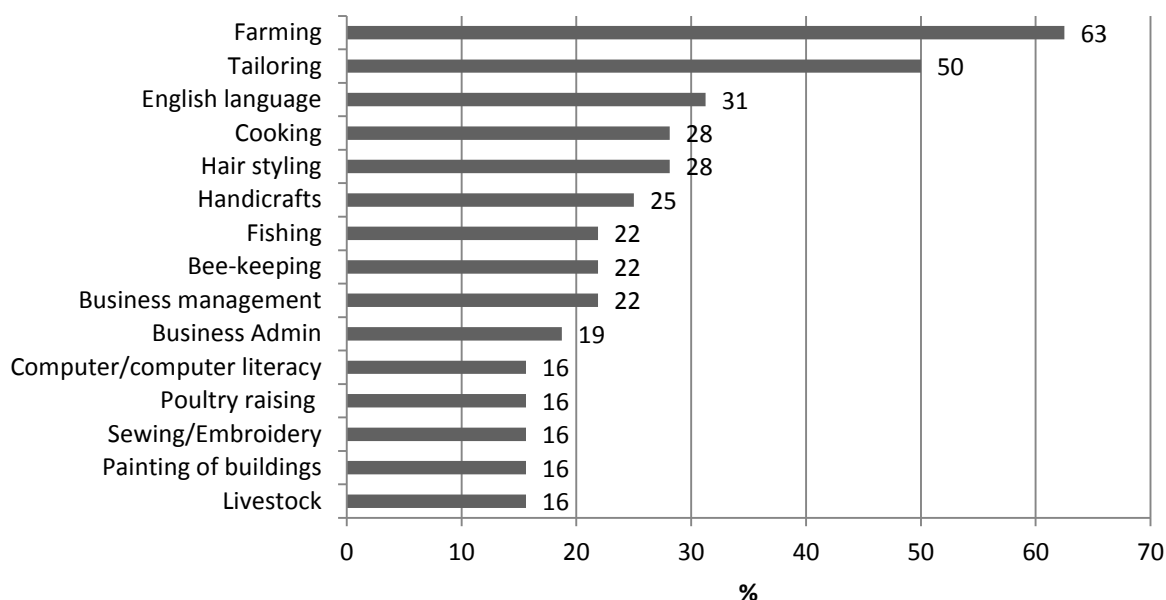
Graph 8: Desired skills among men (n=28)



products. Notable proportions would also like to be trained in English language (32%) and computer literacy (29%). Again, there is a close match between demand for improvements in the **services** sector and the kinds of skill training that people would like to receive. As discussed later, these types of skill have far-reaching relevance to a broad range of businesses and services in both urban and rural settings. The demand for skills training in the **construction** sector is muted, although around one fifth (18%) of people would like to learn carpentry skills and a quarter would like to learn painting. Male respondents would also like to learn skills in areas like driving (25%) and vehicle repair (21%), both of which would cater to the demand for improved public transport services in both Baidoa and Beletweyne.

Women’s demand for skills training shows some striking results. A large proportion of women would like to learn farming skills (63%), which reflects the strong agricultural influence on local markets in both Baidoa and Beletweyne. Women are often involved in agricultural activities (as shown in the value chain analyses later in the report), particularly during production stages like sowing, harvesting and processing. Anecdotal evidence from field observations shows that many women are unpaid family labourers, with a blurred division between *labour* and *household chore*⁵⁶, and with little decision-making responsibility.⁵⁷ Therefore a key challenge for programmers will be to ensure that training women in improved agricultural techniques will not result in greater levels of unpaid family labour.

Graph 9: Desired skills among women (n=32)



Women are also interested in learning skills in other traditional areas like cooking (28%), hair styling (28%) and handicrafts (25%). The temptation among project designers is to opt for traditional skills training in these types of gender-typical areas. This often makes sense because it follows the line of

56 UNESCO (1987): *Female Education in Somalia: A Survey to Assess the Situation and Needs of Women*, p.8
 57 UNDP (Undated): *Gender in Somalia: Brief II*, p.8

least resistance and maximises the number of potential beneficiaries. 36% of women in a recent market assessment by DRC said that they wanted to learn tailoring.⁵⁸ In this study, the figure is even higher – 50%. However, according to an interview with UNWOMEN in Mogadishu, this raises two important questions: What message is the international community sending to local women if they are only given the chance to practice basic traditional skills suited to home based labour? And, paradoxically, is entrepreneurship really the best model to pursue, or should the focus be on regular employment? Given the high rate of failure of small start-ups in Somalia⁵⁹, training women to start their own businesses may not be the best approach to creating long-term sustainable employment. These questions should underpin a detailed cost benefit analysis of skills training programmes. What we can say at this stage is that demand for services such as hairdressing, tailoring and even cooking, are likely to remain buoyant as the rate of urbanisation continues to increase, but skills-development programmes should also maintain market relevance by anticipating the further erosion of gender barriers and by offering training in more ambitious areas like business training.

As the results attest, significant numbers of women are also interested in being trained in English language (31%), business management (22%), business administration (19%) and computer literacy (16%). Demand for skills training in these areas is closely aligned to the market demand for improved services – ranging from access to credit, to internet provision. More importantly, skills such as these help to prepare the workforce for new and emerging sectors of employment. While the number of jobs available for skilled business administrators or accountants may be limited today, private and public sector growth will increasingly demand these kinds of skill.

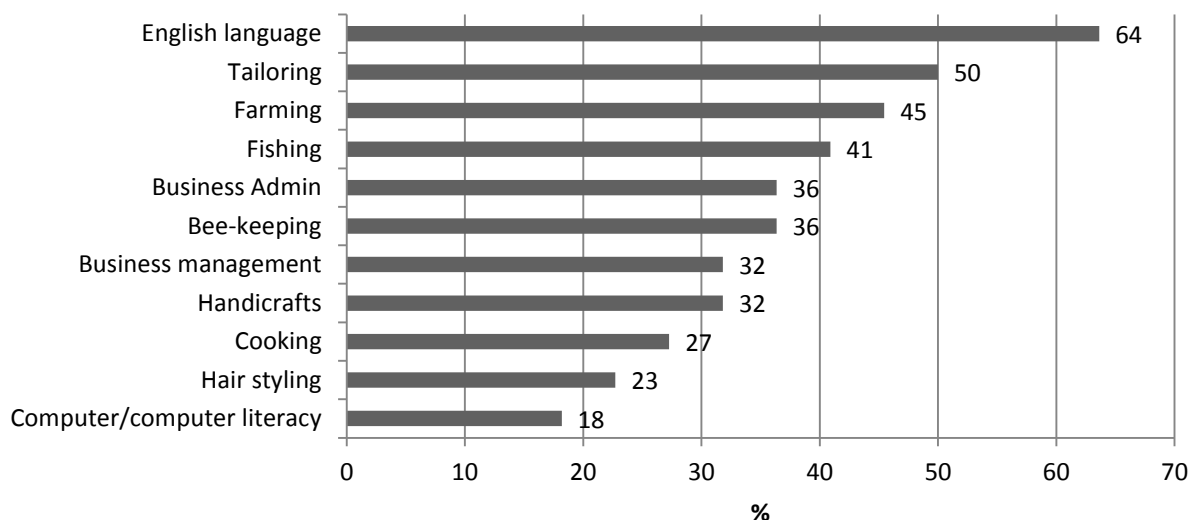
2.4.2. Skills Demand among Youths

Demand for skills training among youths is divided between traditional skills such as farming and fishing, and newer skills such as business administration and computer literacy. The greatest demand is for English language training – almost two thirds of respondents (64%) would like to learn English. The continued presence of international NGOs in Baidoa and Beletweyne, as well as increasing international influence in Mogadishu may underpin this demand to some extent. Discussions with some of the young enumerators who conducted this research showed that working for INGOs or international companies is an aspiration for many young people. Young people may also be inspired to learn English as a way to access labour markets in foreign countries.

58 DRC (2014): *Op. Cit.* p.16

59 USAID (2014): *Op. Cit.* p.v

Graph 10: Desired skills among youths (n=22)



Significant proportions of young people want training in areas like business administration (36%), management (32%) and computer literacy (18%). These kinds of skill lie at the heart of Somlia’s reconstruction effort. Economic growth requires rigorous administration, a solid regulatory framework, formalised (and implemented) business licensing and registration processes, national and local governance, anti-corruption mechanisms and, of course, security, all of which are currently lacking or severely sub-optimal.⁶⁰ This requires a new cadre of educated and professionally trained administrators. Necessary skills include IT and business administration. Building capacity in service industries is appealing because it serves both long and short-term agenda. In the short term, jobs are created for young people in new sectors of employment, while in the long term these sectors help to develop an enabling environment for new and existing businesses. IT and telecommunications are a good example: internet banking, mobile transfers and open-source Management Information Systems for market data would help to create a more conducive environment for commercial investment and ease of doing business in Somalia. The demand for skills training in areas like administration and management compliment these development aspirations.

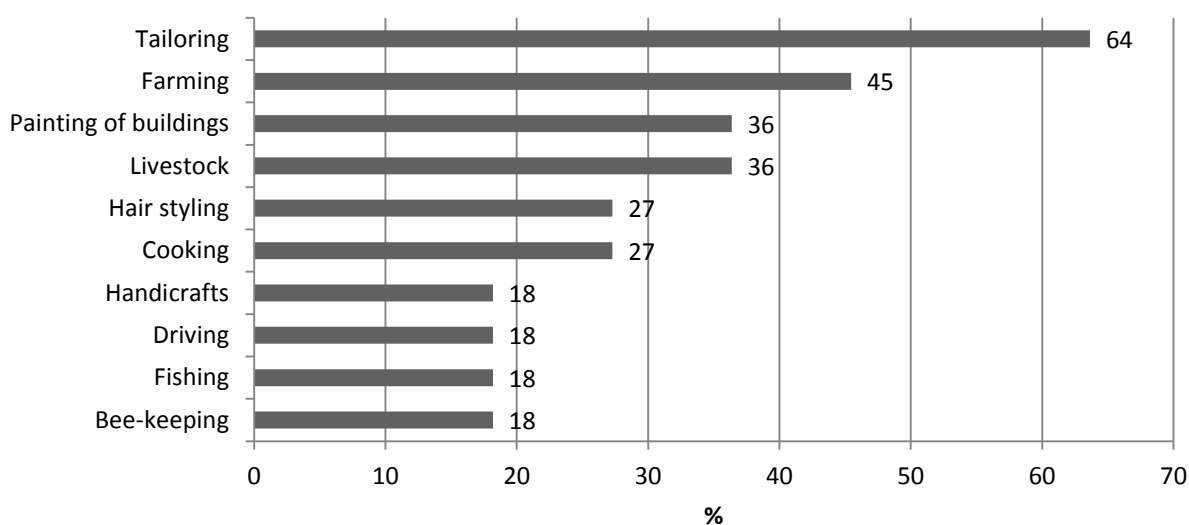
However, the fact remains that rural livelihoods are the backbone of the economy in Somalia and will continue to provide employment opportunities for generations to come. With regards to youth employment, the challenge for policy makers is to make these sectors appealing to younger people who may otherwise simply move to the main urban agglomerations in pursuit of jobs in the services or professional sectors. In reality, the capacity of towns to absorb this influx - in terms of facilities, housing and employment - is limited, so there is an added imperative for policy makers to encourage rural economic growth. In this regard it is encouraging to see that there is still a strong appetite for skills training in farming (45%) among youths.

⁶⁰ BTI (2012): *Op. Cit.* p.17

2.4.3. Skills Demand among IDPs

The findings from IDP respondents show that traditional skills are preferred to newer ones - tailoring (64%) and farming (45%) come out on top by a significant margin. Just over a third of respondents (36%) would like to be trained in painting and livestock techniques. Just over a quarter (27%) would like to learn cooking and hair styling. Importantly, all of these skills can be transferred to different locations should the need arise.

Graph 11: Skills demand among IDPs (n=11)



Programmers must consider how to create livelihood opportunities that do not compromise the right of return to the IDPs original home should they wish it. Recent Samuel Hall research in Somalia for the IDP Return Consortium found that one of the biggest fears of returning to their place of origin was unemployment.⁶¹ Therefore skills training for IDPs must:

- Minimise potential conflict over limited employment opportunities;
- Identify skills that can be transferred to the place of origin;
- Identify employment areas that utilise existing skill-sets among the IDP community.

As shown later, Cash For Work schemes in areas like construction are good solution because they are sensitive to these caveats. Moreover, they provide a robust basis for delivering further skills training in specific construction-related skills, from road laying, equipment use, to machinery maintenance or construction site management.

⁶¹ Samuel Hall (2014): *Towards Durable Solutions: Achievements and Challenges in Supporting Voluntary Returns of IDPs in Somalia*, p33

2.5. Entrepreneurship Challenges in Baidoa and Beletweyne

Starting a business in Somalia is difficult. Clan-based monopolies in many business sectors are a major impediment to entrepreneurship, especially in transport, communications, electricity and office space provision.⁶² Similarly, cartels control fuel and commodity prices in the construction sector, the import commodity markets⁶³, and even humanitarian and food aid.⁶⁴ The effects of clannism are pervasive and far-reaching – business owners who established footholds in the market during the war often take a ‘muscular’ approach to new market entrants.⁶⁵ 70% of respondents in the 2014 DRC market survey said that they needed permission from their clan before starting a new business.⁶⁶

The State’s inability to tackle this issue is matched only by its unwillingness to do so, since the benefactors of this structure often enjoy political patronage, or are themselves Members of Parliament. A fundamental weakness of state institutions to develop and implement legislation also curtails efforts to control these monopolies. As a report by ASI notes: *‘businesses can still act as spoilers today’*⁶⁷. In addition to this, a basic lack of physical and institutional services to support new businesses create major obstacles to entrepreneurship. Poor road conditions, security, unreliable electricity supply and poor internet access are just some of the challenges would-be entrepreneurs face. Perhaps most significant of all is the lack of access to credit. 73% of respondents in a DRC survey struggled to find access to start-up capital.⁶⁸ These findings are strongly reinforced by the current study.

“Challenges are many – like lack of capital, lack of skilled labour in the market” – Employer, Agriculture, Beletweyne

Samuel Hall interviewed 10 employers in Baidoa and Beletweyne to explore commercial challenges to starting and running a business. The interviews highlighted a number of common themes, consistent with the literature. The main challenges to setting up and running a business are:

1. ***A lack of access to credit*** – Operational costs on rental, staff salaries, and electricity require a significant sum to start a business. All employers interviewed said that lack of credit facilities was a problem, either for setting up the business or for running it.
2. ***A lack of skilled labour*** – Employers said that the supply of skilled labour was one of the main problems for running their business. A pharmacy owner in Beletweyne said: *“ I would like the employees to have the numerical and reading and writing skills, and some to have basic pharmaceutical skills.”* This was a recurrent theme throughout the employer interviews – the labour force is not equipped to meet labour force demand.

62 DRC (2014): *Op. Cit.* p.10

63 FSNAU (2009): *Op. Cit.* p.8

64 BTI (2012): *Op. Cit.* p.16

65 USAID (2014): *Op. Cit.* p.iv

66 DRC (2014): *Op. Cit.* p.16

67 Adam Smith International (2013): *Op. Cit.* p.2

68 DRC (2014): *Op. Cit.* p.16

3. *A lack of electricity* – Employers frequently list the supply of electricity as a problem in their workplace.
4. *Poor security* – Militias and Al Shabaab control large parts of Baidoa and Beletweyne. Aside from the threat of death or physical violence, these actors are known to extort money from goods transport. ‘Taxation’ by Al-Shabaab or other non-state actors on vehicles or goods moving between cities can be financially costly. According to one key informant, a vehicle travelling from Baidoa to Mogadishu can be charged as much as \$300 per direction.⁶⁹
5. *Transport* – Road conditions are very poor in most rural areas in Baidoa and Beletweyne. The black, loamy soil quickly turns to mud when the rains come, making the roads impassable and cutting off some of the more remote rural villages. Indeed, it is not uncommon for grain backlogs to accumulate due to poor transport infrastructure, which then flood the market on release causing prices to crash.⁷⁰
6. *Lack of connections* – Those who are not connected to broader networks (either through clans or families) struggle to set up business, especially since clans often have *de facto* control over certain sectors or industry.

Field observations and qualitative work showed that barriers to starting a business are felt more

“It is difficult considering the level of insecurity and inability to raise the initial capital unless you are from a rich family or have family in the diaspora” – Employer, Construction, Baidoa

acutely by larger businesses than smaller ones. The comparatively few barriers to entry at a micro level helps to explain why women are able to start micro-businesses as coping strategies, selling items such as

firewood, charcoal and *khat* on the streets. Such businesses often do not require electricity, a physical building, or skilled staff and could therefore be established in a comparatively short time assuming one is able either to source or invest in tradable commodities. Addressing some of these shortfalls through targeted skills training would be an important first step towards stimulating economic growth. Cash For Work programmes could address physical infrastructure rehabilitation and alleviate short-term unemployment. Skills training in areas like transport or IT could have a domino effect on economic development in other areas. Mutually reinforcing strategies such as these allow policy makers to maximise their returns on development programming through initial broad-based beneficiary appeal and subsequent positive knock-on effects. Potential interventions of this kind are summarised in the Recommendation section later in the report.

Entrepreneurship: An act of desperation?

The concept of *entrepreneurship* in Somalia requires refinement. A traditional interpretation is inadequate because it overlooks the fact that some people, especially women, may be forced into entrepreneurship because they cannot find other forms of employment. Entrepreneurship as a coping strategy is therefore very different from the concept of entrepreneurship for the thrill of starting a new business, or to exploit a niche in the market.

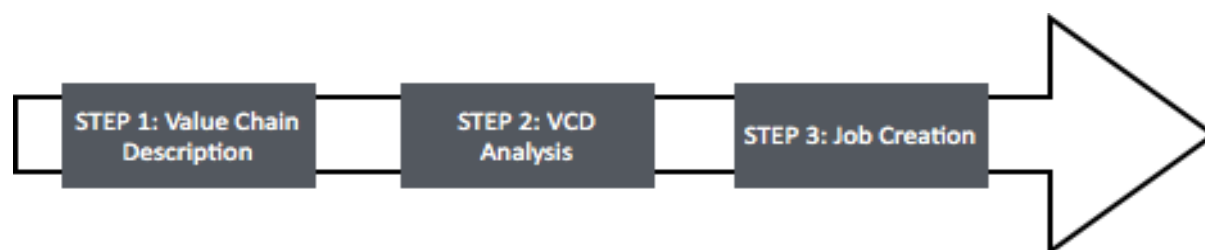
⁶⁹ Key informant interview with Somali research firm, SomReme, 29th July 2014

⁷⁰ Key informant interview with Ministry of Planning and International Cooperation 7th August 2014.

3. Value Chain Analysis

3.1. Overview of Value Chain Development

This section of the report examines two value chains: sorghum in Baidoa and onion in Beletweyne. For a detailed justification of why onion and sorghum were evaluated rather than other products, see Annex B at the end of the report. The sorghum and onion value chains face common challenges. In both sectors, one of the main problems is that supply often fails to meet demand due to a combination of factors such as seasonality, lack of storage, poor transport infrastructure and a weak enabling environment. This causes significant price volatility. The main opportunities for employment and skills training can be found in the post-production stages of the value chains, particularly in storage, packaging and business management. This part of the report asks: *How well do the onion and sorghum value chains function? Can they be improved? And by doing so, what opportunities exist for creating employment opportunities for women, youths and IDPs?* In order to do this objectively, a three-step approach is used:



The ILO Value Chain Development (VCD) framework has been adapted to create a context-relevant diagnostic tool. The report scrutinises the sorghum and onion value chains based on the five pillars of Value Chain Development: **system efficiency, product quality, product differentiation, social and environmental standards, and business environment.**⁷¹

⁷¹ ILO (2007): *An Operational Guide to Local Value Chain Development*.

Figure 1: Value Chain Development Criteria

Value Chain Development				
System Efficiency	Product Quality	Product Differentiation	Social and Environmental Standards	Business Environment
Communication with buyers	Packaging	Marketing/ Advertising	Transportation	Registration
Reliability	Post-harvest production	Product demand	Road conditions	Access to credit
Wastage	Irrigation	Competition	Security	Access to extension services
Price variance			Skilled labour	Access to business services/support

Each of these five pillars is further defined by specific criteria on which the value chains are assessed. These criteria have been selected based on available literature, and the amount and detail of information captured during the rapid fieldwork period (6 days). The specific criteria vary slightly between the onion and sorghum value chains in order to provide a more nuanced account of each value chain’s performance. The advantage of the VCD methodology is that it provides a systematic and structured framework for analysing value chains from input supply to the end-consumer, and every stage between. The VCD criteria will: a) help to identify bottlenecks in the sorghum and onion value chains, b) guide policy makers towards market-specific initiatives to alleviate problems with commodity supply and demand, and c) sign post and prioritise interventions for increasing youth, women and IDP employment.

Methodology Reminder

Onion value chain - A total of 30 value chain actors took part in a quantitative survey about the onion value chain. The sample was split between: 1 input trader, 2 middlemen, 5 retailers, 2 wholesalers and 20 producers. Sampling was intentionally asymmetric in order to reflect the distribution of actors at each stage of the value chain. An initial participatory market mapping exercise was conducted at the beginning of the process in order to determine the nature and location of value chain actors. 5 respondents took part in this exercise – 1 middleman, 3 producers and 1 retailer.

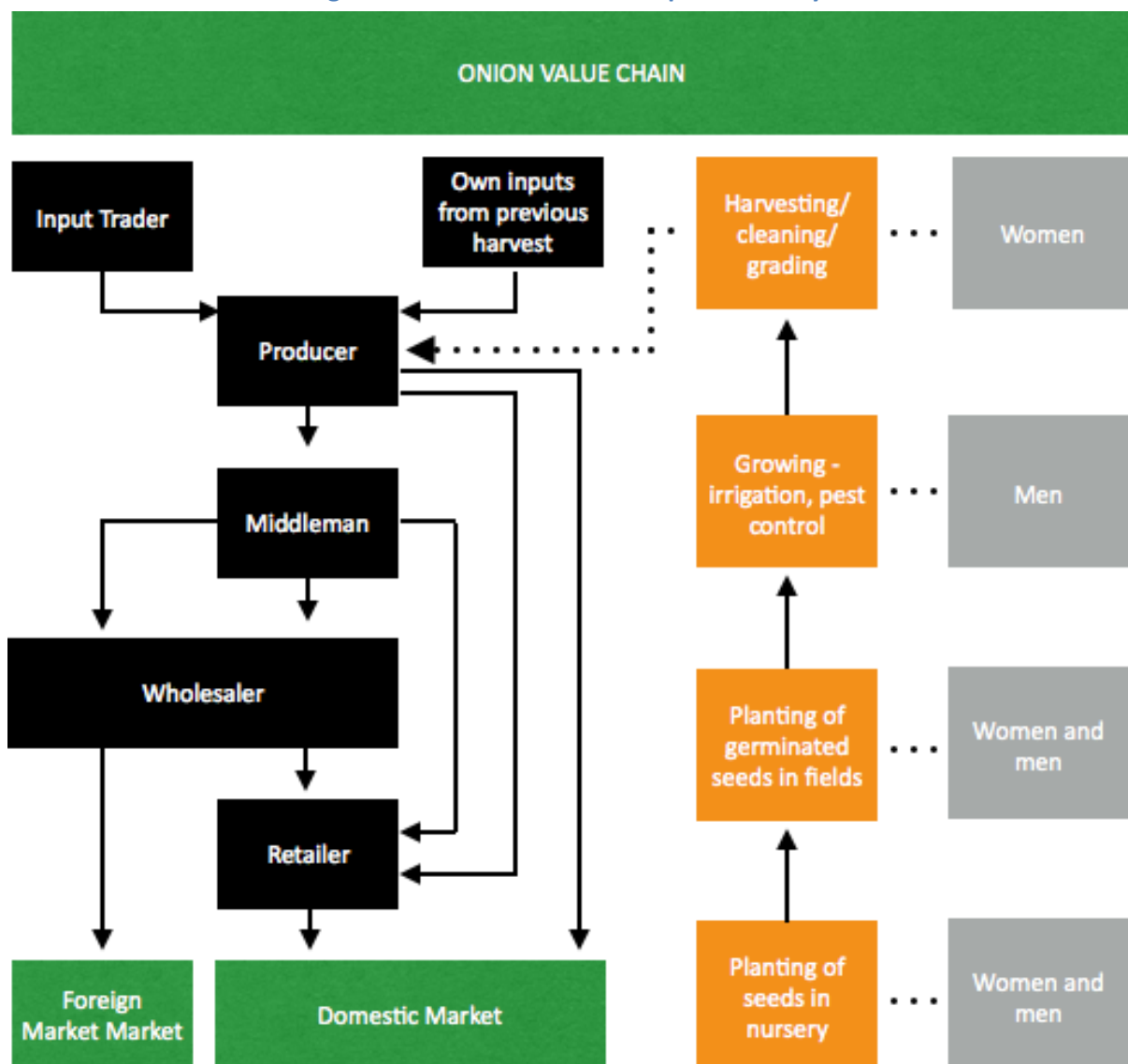
Sorghum value chain – The same methodology was used for the sorghum value chain. The sample was split between 20 producers, 1 input trader, 1 middleman, 3 retailers and 5 wholesalers. The participatory market mapping exercise was attended by 1 input supplier, 1 producer, 1 wholesaler, 1 retailer and 1 middleman.

3.2. Onion Value Chain in Beletweyne

3.2.1. Mapping the Onion Value Chain

Demand for onions is high across the country, as most households use onion as a basic cooking product. Riverine locations in Beletweyne make it ideally suited for onion growing, and Beletweyne often exports onions to other regions in Somalia (such as Baidoa). The key challenge for the onion value chain is wastage. The onion value chain is characterised by high levels of wastage (between 20-40%) and significant price volatility between harvesting and non-harvesting seasons. After the harvest season, surplus onions flood the markets, but the lack of storage facilities means that anything that cannot be sold goes to waste. The diagram below provides an overview of the onion value chain in Beletweyne and its key actors:

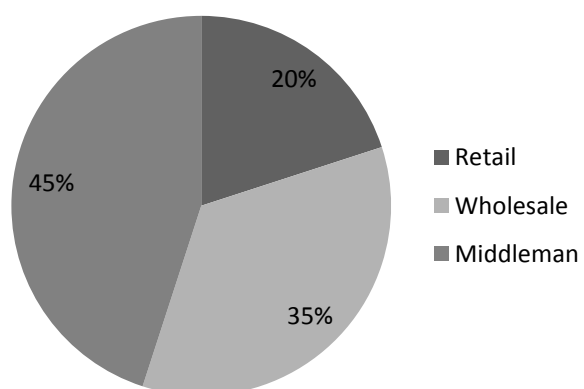
Figure 2: Onion Value Chain Map in Beletweyne



Input Traders - The inputs required for onion production include seeds, fertilizers and pesticides. Pesticides can be particularly expensive. There are three types available in the market today, costing around \$9 - \$12/litre, or \$50 for one box contain 12 sachets. Onions must be sprayed every three days to keep pests away throughout the 4-month cultivation period. Input traders can be found in the main markets of Beletweyne Specialist onion input providers do not exist, as most input traders also supply to other agro-horticultural businesses.

Producers - Onion growing is usually performed on a small-scale basis. Most producers in the sample population rent land (85%). A small proportion (15%) own the land they cultivate. Although none of the surveyed sample practised sharecropping, field observations recorded that this is a common practice, often as a way to share the costs associated with rent, irrigation and pesticides, and to reduce the financial risks of crop failure. Many producers do not employ anyone other than themselves until the harvesting period when a larger workforce is needed. In a small number of cases, wealthy traders may actually rent land from farmers and grow their own produce. Often, they will find a sharecropper to do the planting, cultivation and harvesting for them. The majority of producers (90%) are also involved in growing other vegetable cash crops, and a smaller proportion are also involved in growing other fruits (40%).

Graph 12: Sales arrangements among producers



As shown in the value chain diagram above, women are heavily involved in onion cultivation. The main cost at production level is often irrigation, especially since fuel prices are currently high in Somalia (\$1.2/litre of petrol). The average amount of fuel used by producers interviewed in qualitative work was around 200 litres each month. Little to no post-harvesting production takes place once the onions have been harvested. Onions are roughly hand sorted by size and quality (although not according to any formalised grading system) and left to dry for a few days to reduce the moisture content and reduce

the likelihood of mould. None of the producers in the sample carried out any post-harvest production. Producers usually sell raw, unprocessed onions in 50kg bags at around \$0.25/kg.

Depending on the time of year, producers will either typically sell to middlemen or directly to the market. Producers in the participatory market mapping exercise report: **“when demand is high we normally sell to the middleman, and when the season is not good we directly sell to the market...”** Selling to the middleman is ideal because it allows producers to offload large quantities of produce in one go, while selling to consumers in the market relies on small-scale purchases by individual buyers. As the graph above shows, a plurality of producers (45%) sell their onions to a middleman, while 35% sell to regional wholesalers and 20% sell directly to the market. Producers often lack large networks and are therefore unable to sell produce themselves beyond local markets. The lack of storage facilities means that producers like to keep their onions in the ground for as long as



possible until they find a buyer. This is a risky practice as it costs money (pesticides/irrigation) to keep onions in the ground and they may become over-ripe and therefore not suitable for sale. Onions can be kept this way for up to a month, but much after this the level of spoilage increased significantly.

Middlemen – Middlemen usually travel from one farm to another buying up surplus produce. Middlemen do not conduct any post-harvest processing – they sell raw, unprocessed onions directly to retailers, wholesalers and exporter. There are two types of middleman: i) Local middlemen from Beletweyne who earn a living by connecting produce to local wholesalers and retailers at an approximate rate of between \$0.20-0.30 /kg. ii) Non local middlemen who only visit during the harvest season from neighbouring districts. Local middlemen are able to leverage large networks of connections across wide geographical areas and play an important role in facilitating local trade. As a result, producers tend to sell through middlemen rather than directly to retailers or the market itself.

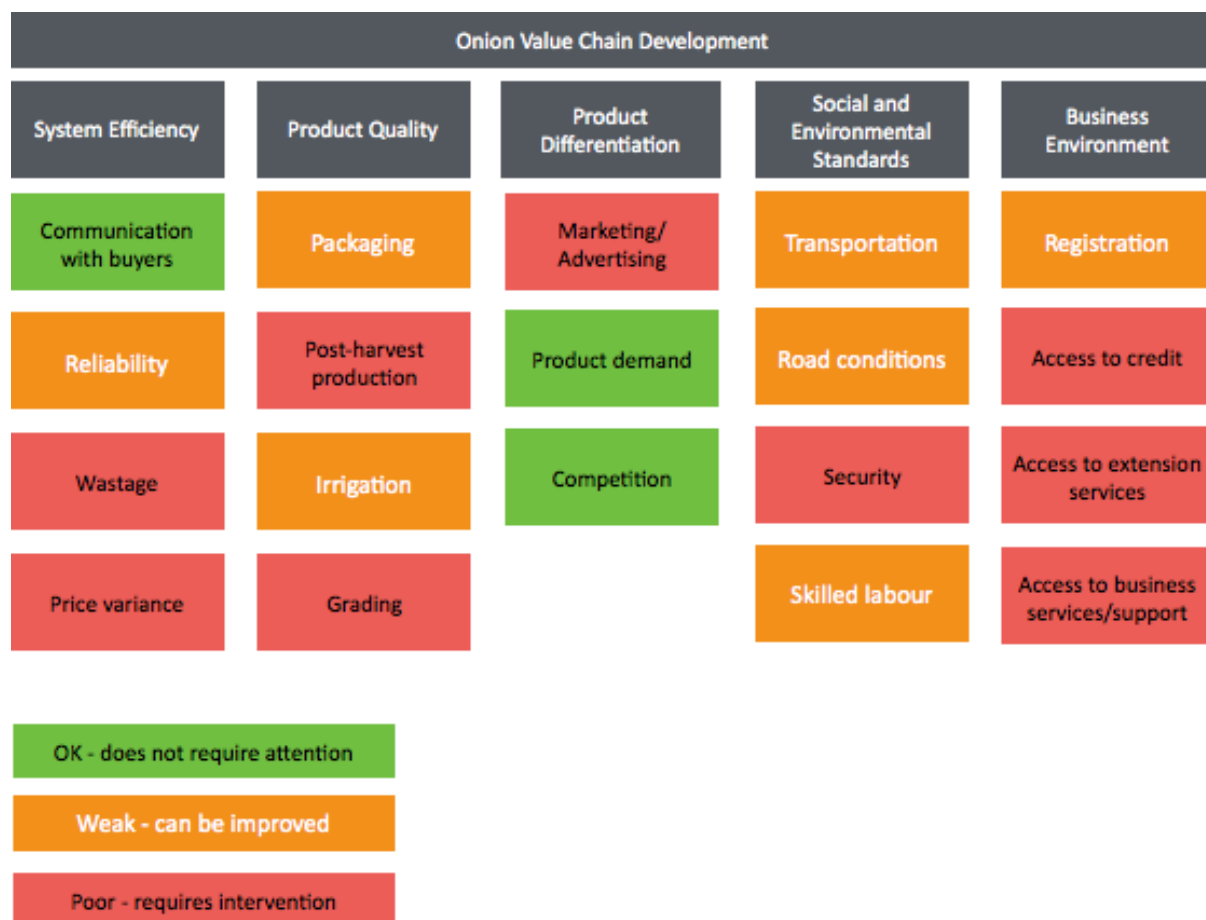
Wholesaler - Wholesalers sell to local retailers or redistribute to other regions. Wholesalers may own small, short-term storage facilities and are able to transport onions to neighbouring markets in Bossasso, Elbande and Mogadishu. As with other value chain actors, few wholesalers own their own vehicles, so they rely heavily on rented transportation. Like middlemen, wholesalers tend to trade only in unprocessed onions, and do not perform any other post-harvesting processes. They are also involved in export trade to Ethiopia.

Retailer - Field observations found that most retailers are women, who sell a range of fruits and vegetables in addition to onions. Research suggests that some female retailers are connected to the producers through family networks, although they are not necessarily themselves part of the direct family of producers. Others had established relations with local sharecroppers, who supply inputs on a regular/semi-regular basis. Others yet simply buy produce from the local wholesaler and begin trading. Retailers are often located in the main markets or alongside the main roads. As with all actors in this value chain, retailers do not further process the onions once they buy them from the middleman or wholesaler. Retailers typically do not have storage facilities for surplus produce, so they only buy what they can think they can sell. The cost of surplus produce is therefore often borne by the producers rather than retailers.

3.2.2. Onion Value Chain Development

The report now evaluates the performance of the onion value chain using the five pillars of Value Chain Development. It finds that there are many areas for substantial improvement as the diagram below shows:

Figure 3: Onion Value Chain Development Priorities



Systems Efficiency: The value chain is found to be inefficient in 3 out of 4 systems areas. Significant improvements are needed in this area.

- **Communication with buyers and suppliers:** Strong communication links exist between market actors. As can be expected, information exchange tends to flow upstream, from suppliers to buyers. Producers talk to their buyers much more regularly than they talk to their suppliers. 85% talk to their buyers on a daily basis, compared to 55% who talk to their suppliers with the same frequency. The main type of information that comes from buyers relates to new market trends (80%), costs and prices (60%), and to a lesser extent, quality standards (45%).

Graph 13: Type of information exchange in value chain among producers (n=20)

Buyer			Supplier		
	Count	%	Count	%	
New market trends	16	80	New market trends	7	35
Costs and prices	12	60	New technologies	4	20
Quality standards	9	45	Available business services	4	20
New technologies	7	35	Quality standards	3	15
Available business services	7	35	Costs and prices	1	5

A similar pattern is observed among the traders in the onion value chain. 4 out of 10 producers talk to their buyers (customers) daily, compared to only 1 who talks to the supplier daily. The data shows that both the *type* and *frequency* of information transfer are strongly consumer-driven. This could present some interesting opportunities for consumer-driven market reform, especially with regards to product quality, standards and availability – all of which require improvement as the findings from the Rapid Market Assessment showed.

- **Reliability:** Buyers are considered to be more reliable than suppliers. Both producers and traders generally consider their respective buyers to be more reliable than their suppliers. This is symptomatic of a basic supply and demand imbalance in the onion value chain. Supply exceeds demand during the harvest season, but cannot match it during the intervening periods. This is also a cause of price volatility (examined below). Locally produced onions are only available during the harvest seasons. 60% of producers consider their buyers to be reliable, while 70% consider their suppliers to be unreliable. The fact that contracts, if they exist at all, tend to be verbal may be another reason for supplier unreliability – none of the surveyed traders had any form of contract in place with their buyer or suppliers. Supply reliability could be addressed through improved storage and transport capability as discussed below.
- **Wastage:** A significant proportion of produce is wasted each harvest. According to producers, anywhere between 20-40% of each crop often goes to waste. The lack of suitable storage facilities for onions means that if they are not sold, they go to waste. High temperatures and relative humidity (RH) are perennial challenges to onion storage in tropical regions.⁷² Although most producers (75%) say that they are often able to find a buyer for their onions, the lack of storage facilities leaves only a short window of opportunity to get the onions to the markets before they go bad. 85% of producers do not have any storage facilities. Storage facilities, if they exist at all, are often just a basic overground store made from sticks. Most people simply keep the onions in a dry shaded area, where they are vulnerable to damp and pest-infestation.

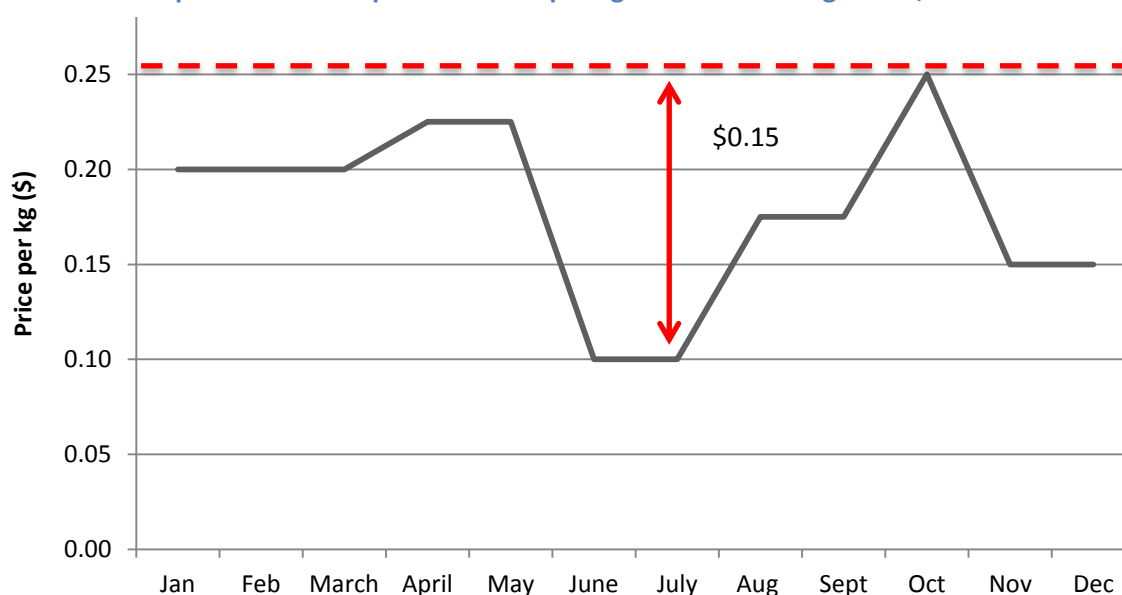
Cold storage facilities would preserve onions for longer and allow producers to release surplus produce during the off-season, thereby ensuring greater price stability, and reducing

⁷² Msuya, D.G. et al. (undated): *Evaluation of Field Performance and Storage of some Tropical Short-Day Onion (Allium cepa L.) Cultivars*, p.1

wastage. Under the correct conditions (0°C with 70-75% relative humidity) onions can keep for up to 6 months.⁷³

- Price stability: Strong fluctuations in supply trap producers in a cycle of low prices in synchronicity with the seasons. After the harvests, the markets are often flooded with onions and prices drop. The lack of storage facilities at a producer level means that unsold produce is simply wasted. Producers are acutely aware of this volatility – 85% of producers said that their prices are affected by seasonality. Again however, the lack of time-sensitive market information from Beletyweyne about onion prices makes it impossible to estimate local price variation from one season to another. Nevertheless, data from Mogadishu in 2003⁷⁴ illustrates the effects of seasonality of onion market prices more generally. The graph below shows that prices fluctuate by as much as \$0.15 per kg. If one takes an average of the yearly price per kg (\$0.18), this represents price variance of 83%.

Graph 14: Seasonal price variance per kg of onions in Mogadishu, 2003



73 FAO (2003): *Onion: Post-Harvest Operations*. INPhO – Post-harvest Compendium, p.11

74 FEWSNET (2004): *Op. Cit.* p.22



Product Quality: No post-production activities take place, whether packaging or processing. This area of the value chain presents a number of opportunities for job creation.

- **Packaging:** There is no professional packaging in the onion value chain. None of the surveyed producers said that they package their onions after they have been harvested. Once the onions have been cleaned and sorted, they are often put into large 50kg sacks and transferred to the trader. The traders themselves do not further package the onions. The main reason given by both traders and producers for not packaging the onions is that there are no packaging machines in their area – 80% of producers and 55% of traders answered this way. The lack of commercial packaging facilities has two implications. The first is that it impacts competitiveness in export markets. Typically, in order to meet export standards, onions: *'must be sorted and graded and packaged in new, clean packing material. They must also be marked with the kind and origin of the product according to the OECD International Quality Standard.'*⁷⁵ It was beyond the scope of this study to explore the onion export market, but this is a critical area for future research, especially with regards to increasing employment opportunities.

The second implication is that poor or absent packaging reduces the quality of the product by the time it reaches the consumer. Given the poor road conditions and climate, onions can easily degrade before they get to the market through transport damage.⁷⁶ Improved packaging could help to reduce loss incurred during transit and ensure that consumers have access to high quality onions.

- **Post-harvest processing:** No post-harvest processing is carried out. The final product in the onion value chain is...a raw and unprocessed onion. As shown earlier, 100% of producers and traders sell raw unprocessed onions. There is very literature about post-harvest onion processing, least of all in a development context, yet post-harvesting processes for other food items often account for up to 60% of economic activities in most developing countries.⁷⁷ Part of the issue here is *what can you do with an onion?* Consumers in Somalia generally desire unprocessed onions, which are used as a staple cooking product throughout the country. Onions can be dried and reduced to powder form, they can be pickled and they can even be used as a dye. However, demand for these items is currently unknown and producing them requires considerable investment in machinery and skills training. Further research is needed in this area before investing in new products or technologies.
- **Irrigation:** The demand for mechanised irrigation systems is high. 70% of producers complain that a lack of irrigation is one of the main challenges for their operations. Although many cultivable areas are located near to the Shabelle River in Beletweyne, expensive and

75 FAO (2003): *Op. Cit.* p.4

76 FEWSNET (2004): *Horticulture Study in Lower and Middle Shabelle Regions of Somalia: the case of expansion of fruit and vegetable production and marketing in greater Mogadishu.* Chemonics International Famine Early Warning System Network, Task Order No. 2, p.22

77 FAO (2003): *Op. Cit.* p.3



costly pumps and generators are needed in order to deliver water to the adjacent fields. Although the price of petrol has been steadily decreasing in Beletweyne since 2011⁷⁸, irrigation systems are expensive to purchase, maintain and run, especially since onions require considerable water over the 4-month growing period – roughly every two days the cultivated plot must be irrigated. Field interviews found that farmers often share irrigation equipment to reduce costs. Opportunities may exist here to support skills training in irrigation supply and maintenance.

- Grading: Limited grading and basic sorting are conducted. Women are often involved in sorting sale-quality onions from non-sale quality onions, but the distinctions are often arbitrary and subjective as no common commercial grading standards are employed. Size and general absence of blemishes, scars and rot are the primary criteria for selection. Basic onion grading standards are essential for maintaining consistent product quality and for maintaining competitiveness in the import and export markets.

Product Differentiation: No marketing or advertising takes place. Opportunities for job creation exist at this level of the value chain.

- Marketing/advertising: Virtually no marketing or advertising is carried out. Producers and traders were asked whether they advertise their products. 95% of producers and 70% of traders said that they did not advertise. Of those who do advertise (4 people in total), 3 rely on word of mouth and 1 uses a local radio station. The lack of marketing and advertising is unsurprising given the nature of agriculture and horticulture practices in Somalia in general. Small scale and subsistence farming does not typically lend itself to ancillary business services, and most producers simply do not have the time, let alone the means, to pursue a concerted marketing strategy. Nor perhaps, would this be relevant or useful at this level of the value chain, where producers already have fairly good links to their buyers. The real benefit from marketing would be derived at the trader level. Developing product brands for locally produced onions could help to improve quality, consistency, and packaging, and formalise producer-trader links. This may also help Somalia compete more effectively with export markets. Marketing strategies should be developed at a collective level using trade and producer associations as a focal point. We return to trade and producer associations later in the report.
- Product demand: The demand for onions is steady throughout the year, but cannot absorb surplus during harvest seasons. Producers are relatively optimistic about their sector and note increasing demand from their consumers – 80% of producers said that demand for onions is increasing. Demand for onions and other fruits and vegetables tends to come from

78 Data from FSNAU's Integrated Data System shows that the price of 1 litre of petrol in January has decreased from around \$1.6/litre in 2011 to \$1.2/litre. Database available at: <http://www.fsnau.org/ids/markets/index.php>



urban areas, as people living in rural areas are often able to provide for themselves.⁷⁹ As far as value chain interventions are concerned, there is little room for improvement in this area. As shown, the main challenge is *supply*, not *demand*.

- **Competition:** There is healthy competition amongst producers and traders. Both producers and traders report that competition in their sector is increasing – 100% of producers and 60% of traders. The lack of commercial market data precludes against a rigorous assessment of competition and its impact on market prices in the Somali onion sector, but the data suggests that the market place is already fairly crowded. Just over half (55%) of producers already think that high competition is one of the main challenges in their sector. The capacity to absorb more producers is therefore limited. Job-creation programmes should look at ways to distribute labour at critical junctions in the value chain rather than simply encourage more people to produce onions. This is discussed later in the Recommendations section.

Social and Environmental Standards: There is much room for improvement in this area. Poor road conditions and a lack of affordable transportation could create employment opportunities.

- **Transportation:** Public and commercial transportation is weak and expensive. 95% of producers and 70% of traders consider transport to be one of the main challenges in their sector. Cars and donkey-drawn carts are the main means of transporting goods to the market. The poor availability of transport puts a premium on goods transport and causes produce to accumulate in confined radii, unable to reach markets in non-producer areas where demand may be higher. As shown previously, transport cartels and monopolies on vehicle fleets make this a difficult market to break into.
- **Road conditions:** Poor road conditions in rural areas inhibit connectivity between market actors and increases transportation costs. As shown in the Rapid Market Assessment, road conditions in Beletweyne are very poor. Heavy rains can easily turn dirt roads into impassable quagmires, isolating producers from consumers and visa versa.
- **Security:** The security situation in Beletweyne remains highly volatile. Government control over rural areas remains weak and illegal roadblocks are not uncommon. Within Beletweyne town itself, clan-based factions are entrenched either side of the river, causing problems for the local administration and the local AMISOM contingent from Djibouti.

Skilled labour: There is a perceived deficit of skilled labour. 100% of producers said that a lack of skilled workers is one of the main challenges in their sector. This sentiment is

79 FEWSNET (2004): *Horticulture Study in Lower and Middle Shabelle Regions of Somalia: the case of expansion of fruit and vegetable production and marketing in greater Mogadishu*. Chemonics International Famine Early Warning System Network, Task Order No. 2, p.20



strongly reinforced by the data from the Rapid Market Assessment at the beginning of this report. Since most activities required for onion production are manual, a certain degree of experience is required to learn how to plough accurate furrows, or select ripe onions. Field observations found that training in weed ripping technologies, and the use of animal traction in particular could help to improve harvest yields. Drip irrigation techniques could also help to improve yields. The lack of skilled labour may also refer to a gap in new or improved post-production techniques, such as packaging, sorting and grading.

Business Environment: A weak enabling environment presents considerable opportunities for skills training and job creation.

- **Registration:** Most businesses operate informally without licensing or registration. Only 1 respondent in the value chain sample had an officially registered business. While the process can often be slow and confusing for businesses, registration and licencing play an important role in developing a regulated formalised economy.⁸⁰ While the informal sector continues to provide employment for large numbers, a move towards formalisation is a necessary step towards economic recovery. In addition to forming a solid foundation for a legislative and regulatory framework, business registration ensures that market information is current and accurate, which can further help businesses, government and developers promote sustained economic growth.
- **Access to credit, extension services and business support:** Virtually no business support services exist for onion producers or traders. Large proportions of producers said that a lack of credit facilities (75%) and access to extension services (50%) were among the biggest challenges to their operations. Indeed, 85% of producers said that they do not receive any business services or support. The absence of such services prevents market-improving information sharing at all levels of the value chain. Information about business registration processes, or available credit services could greatly improve market functioning. Similarly, extension services could also help to improve production and post-harvest processes.

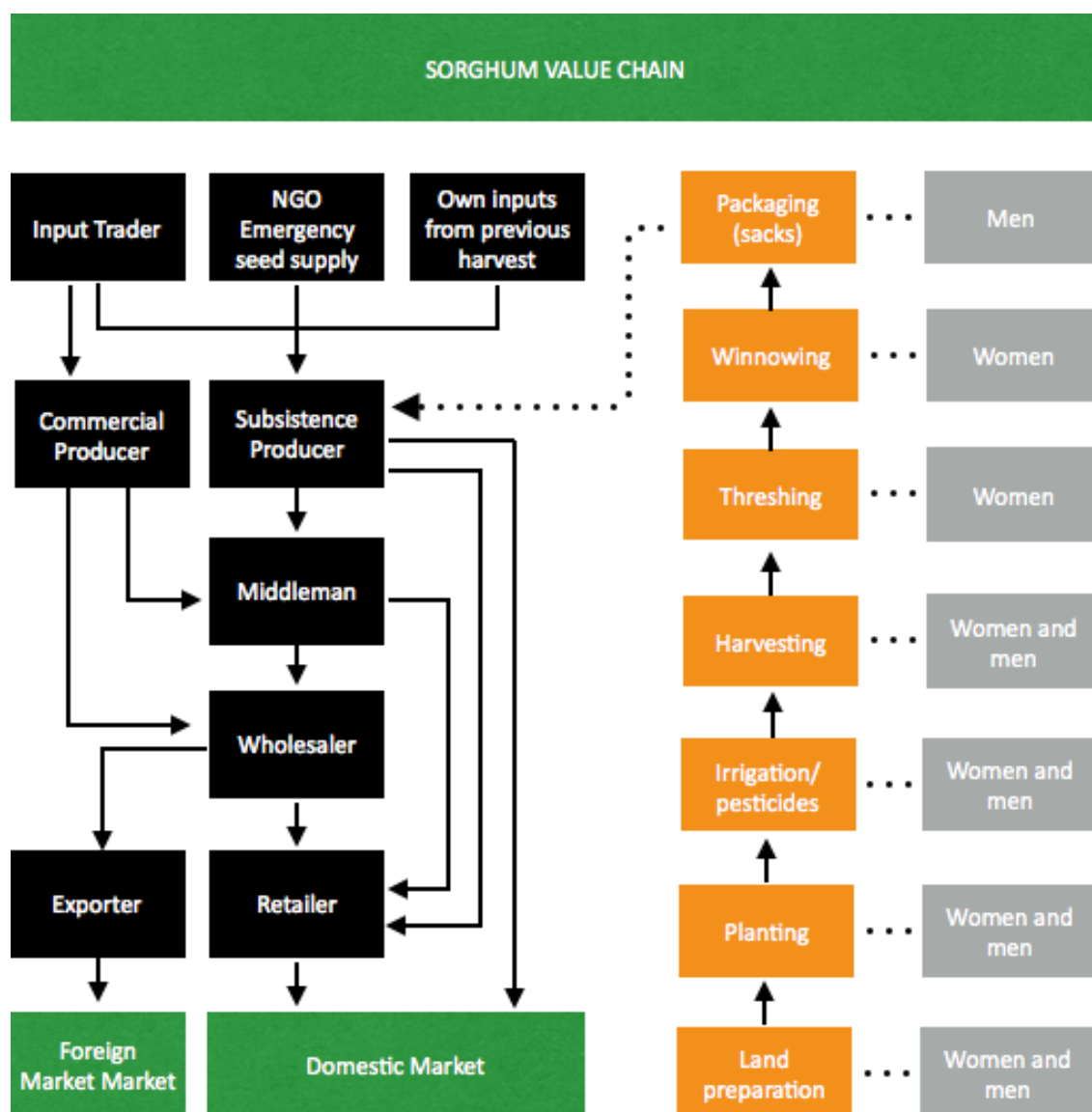
80 ILO (Undated): *Assessment on the Policy and Legal Frameworks for Small and Medium Enterprises (SMEs) in Somalia (Somaliland and Portland (sic))*, p.12

3.3. Sorghum Value Chain in Baidoa

3.3.1. Mapping the Sorghum Value Chain

Sorghum is the primary cereal crop in Baidoa, which is the main sorghum-trading hub in Somalia⁸¹. Trade networks stretch across the country and Baidoa has well-established commercial links with neighbouring markets. The main demand for sorghum comes from rural households who remove the husks and make a porridge-like dish known as *mordi*. Sorghum is primarily grown in rainfed areas and is therefore highly vulnerable to environmental calamity. There are usually two harvest seasons each year – one towards the end of June, and the other towards the end of December.

Figure 4: Sorghum Value Chain in Baidoa



Sorghum production is characterised by subsistence farming. The main challenge for the sorghum sector is a sharp imbalance between supply and demand. The dependence on rain-fed land leaves

81 FEWSNET (2004): *Op. Cit.* p.9

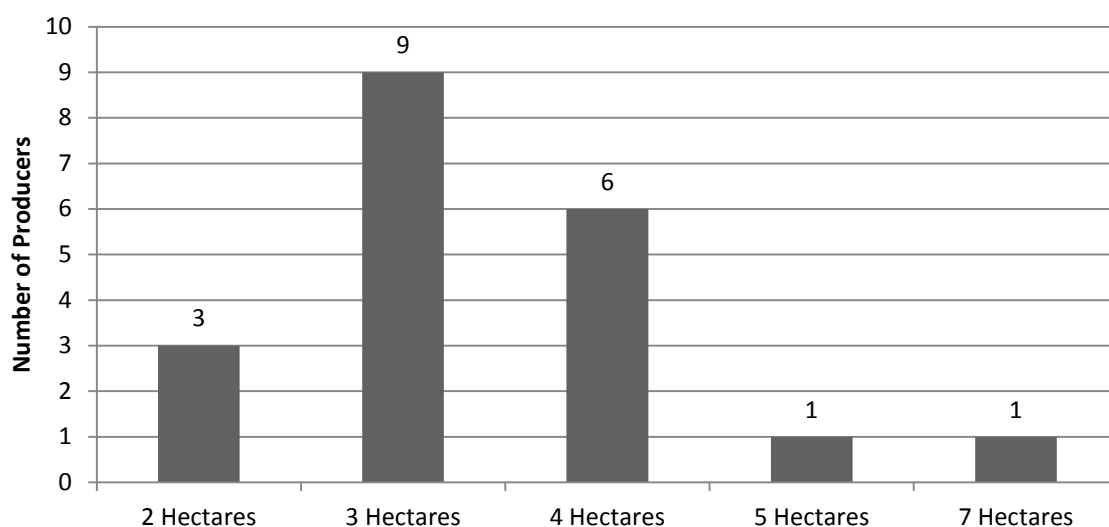
the market highly vulnerable to seasonal fluctuations and weather patterns. As a result, the supply of sorghum is not able to meet demand between harvest seasons.

Input traders – Input traders play a small role in the sorghum value chain as most producers use their own seeds from previous harvests or are able to access emergency seed distribution programmes from NGOs. The use of fertilizer and irrigation equipment is limited compared to onion production, so these inputs/services are rarely provided. Input traders are located in Baidoa town.

Producers – In general there are two types of producer in the sorghum value chain: i) subsistence producers (the majority), and ii) commercial producers. Subsistence producers simply grow sorghum for their own consumption and rarely have enough surplus produce to sell to the markets. Those who do have surplus sell directly to consumers, middlemen or retailers. Sometimes these small-scale producers will bring the unprocessed sorghum grain directly to the market, but the transport costs are prohibitive for many of the smallest producers. Subsistence producers usually have small land holdings and utilise family-based unpaid labour. Inputs, such as fertilizer, are rarely used – seeds are the primary inputs and are bought from either retailers or wholesalers, or are simply used from the previous harvest. During labour intensive harvest periods, small producer communities support each other in reciprocal labour exchanges. Most producers in the sample (85%) own the land they cultivate, while 15% are sharecroppers.

Commercial sorghum production is carried out on a much larger scale – often cultivating in excess of 10 hectares, sometimes using tractors and hired labourers. Commercial-scale farmers will often rent their land to sharecroppers in order to mitigate against the risk of crop-failure. Profits from sales are then allocated between the land owner and the sharecropper. The majority (90%) of producers in the sampled demographic practised comparatively small scale farming of between 2-4 hectares.

Graph 15: Size of cultivable plot (n=20)



Other than threshing, winnowing, and storing in sacks, none of the producers in the surveyed sample performed any further processing – the final product sold is invariably unprocessed sorghum



grain. Larger-scale producers typically sell sorghum in 50kg bags for around \$16, depending on the time of year and market conditions. Producers prefer cash payments (100%), although a significant proportion (80%) also offer credit. Smaller proportions offer discount for bulk-buying (30%) and discount for preferred customers (10%).

Middlemen – Middlemen purchase small quantities of sorghum from producers spread over Beletweyne district before selling to wholesalers and retailers. This process is known as bulking. Some middlemen offer informal credit services to producers and accept surplus grain as repayment. Sometimes producers will even advance their surplus to the middleman who will repay the producer once he has sold the grain. While these arrangements are strictly informal, they indicate strong quasi-formalised connections between producers and middlemen.

“...the middleman takes on loan the product and then a few weeks later he gives me back the money...” – Producer, Baidoa

Wholesalers – Wholesalers mainly supply to retailers, although some wholesaler are also retailers and sell directly to the market. In the value chain map above, this dynamic is simply represented as ‘retail’. Some wholesalers have storage facilities that allow them to sell produce during the off-season and command a stronger price. Wholesalers also facilitate trade with other regions in Somalia – typically transporting sorghum to the markets in Mogadishu for sale and further redistribution.

Retailers – Many retailers, who are often women, operate in open-air stores under improvised structures. According to a WFP report from 2011, many of these retailers move between markets in the local district, buying from producers in the harvest seasons and from wholesalers in the off-season. In the same report, WFP found that as many as 86% of all sorghum traders in are open-air retailers.⁸² Retailers sell sorghum from large sacks, scooping smaller portions into small plastic bags depending on the quantity the customer requires.

82 WFP (2011): *Food Market and Supply Situation in Southern Somalia*, p.11

3.3.2. Sorghum Value Chain Development

Using the same Value Chain Development criteria as before, the report assesses the performance of the sorghum value chain and highlights areas for improvement. As the table below shows, there are a number of areas for improvement, many of which are the same areas highlighted in the onion value chain analysis.

Figure 5: Sorghum Value Chain Development Priorities

Sorghum Value Chain Development				
System Efficiency	Product Quality	Product Differentiation	Social and Environmental Standards	Business Environment
Supply	Packaging	Marketing/ Advertising	Transportation	Registration
Communication with buyers	Post-harvest production	Product demand	Road conditions	Access to credit
Reliability	Irrigation	Competition	Security	Access to extension services
Wastage			Skilled labour	Access to business services/support
Price variance				

OK - does not require attention
Weak - can be improved
Poor - requires intervention



Systems Efficiency: Strong price fluctuations show that there is considerable room to improve value chain efficiency, particularly with regards to storage.

- **Supply:** Environmental vulnerability causes erratic supply of sorghum. Sorghum production relies on rain-fed land, therefore harvests can be heavily erratic. Indeed between 2005-2010 WFP reported that the contribution of domestic cereal supply (comprising mainly maize and sorghum) varied between 26%-57%, due to rain failure, drought and inadequate irrigation, and exacerbated by poor security conditions.⁸³ Half (50%) of the producers in this study consider environmental disasters to be one of the main challenges in their sector.

Safeguarding Genetic Diversity

Somali sorghum seed varieties are well adapted to the harsh local environmental conditions, but repeated droughts, habitat degradation, and migration to urban areas may already be having an impact on the diversity of locally adapted seed varieties (landraces).⁸⁴ In a 2001 report, ODI recommended conducting farmer-managed trials of promising new seed varieties.⁸⁵ The need for such trials today is even greater. Since many landraces are dependent on farmers, urban migration could lead to the extinction of some seed varieties, and with them the loss of important genetic information that could be used to further refine improved seed varieties. Improved seeds could help address the supply-demand imbalance and reduce dependency on imported products.

- **Communication with buyers and suppliers:** Regular communication links exist between value chain actors. As seen in the onion value chain, the majority of producers talk to their buyers every day (60%) or at least once a week (40%). Communication with suppliers tends to be less frequent; 25% of producers talk to their suppliers every day, 50% once a week and 25% at least once every three months. As the table below shows, the main type of information that producers get from their buyers relates to new market trends and quality standards (both 95%), and costs and prices (75%). The figures show that producers are relatively well connected with the next link in the value chains, whether middlemen, wholesalers or retailers. By comparison, traders speak to their buyers less frequently - 4 out of 10 producers speak to their buyers once a week, and 6 out of 10 speak to them at least once per month. Interestingly, traders seem to acquire more market information from their suppliers than from their buyers.

83 WFP (2011): *Op. Cit.* p.11

84 Manzelli, M. et al. (2006): *Agrobiodiversity in Subsistence Farming Systems of South Somalia – Collection and Agronomic Assessment of Somali Sorghum (Sorghum bicolor (L.) Moench) Germplasm.* Tropicultura, 24, 4, p.219

85 ODI (2001): *Supporting Local Seed Systems in Southern Somalia: A Developmental Approach to Agricultural Rehabilitation in Emergency Situations.* Network Paper No.115, p.11

Table 5: Type of information exchange among producers (n=20)

Buyer			Supplier		
	Count	%		Count	%
New market trends	19	95	Costs and prices	18	90
Quality standards	19	95	New market trends	14	70
Costs and prices	15	75	Quality standards	13	65
Available business services	7	35	Available business services	11	55
New technologies	1	5	New technologies	0	0

- **Reliability:** Buyers are considered to be more reliable than suppliers. Producers in the sorghum value chain considered their buyers to be more reliable than their suppliers. 75% of producers think that their buyers are *average* or *reliable*, compared to only 40% who think the same about their suppliers. 6 out of 10 traders considered their suppliers to be either *very unreliable* or *unreliable*. As we saw in the onion value chain, this is likely a symptom of the supply-demand imbalance due to seasonality and product availability. The problem of producers being able to meet the supply demand for sorghum is well documented by WFP.⁸⁶ As many farmers are subsistence producers, the sector is by definition inward looking – farmers are more concerned with producing for themselves than for the wider market.
- **Wastage:** Small, but notable, amounts of produce are wasted each harvest. Sorghum producers estimate that somewhere between 2-12% of each harvest is wasted each year because they are unable to find a seller. Compared to cash crops such as onions, cereal crop yields are often low⁸⁷, particularly if they are reliant on traditional farming techniques as they are in the sorghum value chain. Even accounting for the inherent errors and biases of self-reporting, the low figures for wastage in the sorghum value chain are interesting. 85% of producers say that they are *often* or *always* able to find a buyer for their surplus produce. This is likely a function of the fact that many producers practice subsistence farming rather than production for sale. Field observations found that many farmers only sell small quantities of grain to middlemen who then bulk the produce with grain from other small-scale farmers. With such small amounts of produce available to buyers, even if producers are unable to make a sale, they only lose a small proportion of their total harvest. Another reason why the wastage figures appear to be so low is that many farmers are able to store their seeds in underground storage facilities⁸⁸ to ensure that they have food and seed supply in times of hardship – the agricultural equivalent of putting money in a jar. In some countries this kind of storage is even used as a banking alternative.⁸⁹ Producers say that

86 WFP (2011): *Op. Cit.* pp.16-17

87 USAID (2013): *Op. Cit.* p.7.

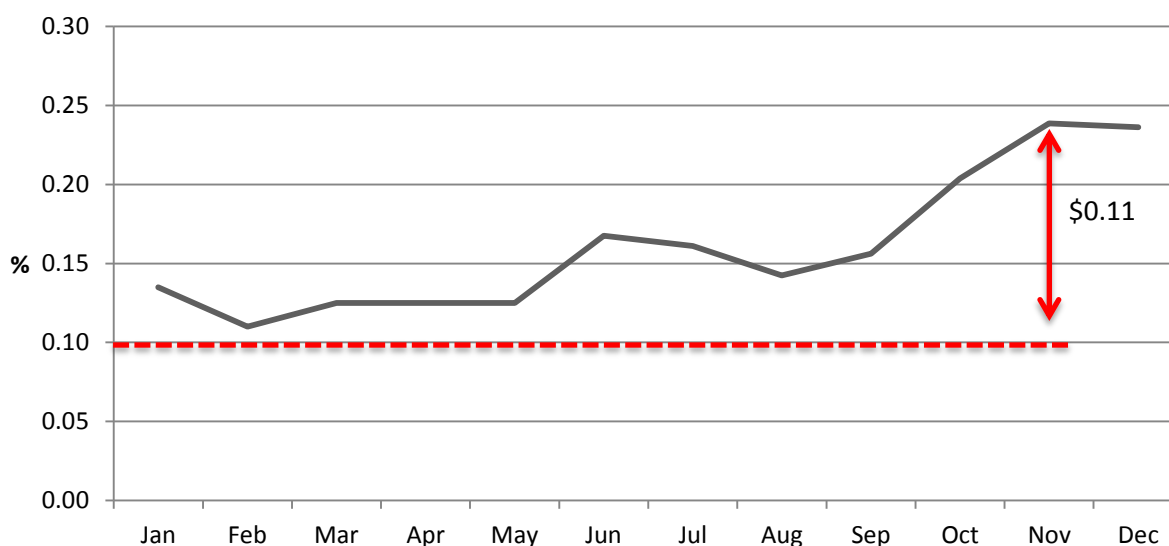
88 Underground storage facilities observed in the fieldwork are up to 2m deep, with fire-baked walls and mud plastering. Out of the wind and protected from moisture, these pits are nonetheless vulnerable to pests, moisture accumulation and temperature volatility.

89 Bakheit, N. et al. (2001): *Underground storage of sorghum as a banking alternative*. Leis Magazine.

they can store their seeds in this manner for 1-2 years. However, studies have shown that the germination capacity of seeds stored in these conditions is almost nil after one year of storage. Thus, while the seeds themselves may still be edible, they will produce extremely poor, if any, yields.⁹⁰ This kind of ‘invisible’ deterioration may also further erode the variety of seed types in Somalia, which is noted above. Therefore the actual level of ‘wastage’ significantly higher than the 2-12% estimated by producers when considered in the broader scheme of agro-biodiversity.

- Price stability: Prices fluctuate heavily between cultivating and harvesting time. The price of sorghum fluctuates heavily in line with the planting and harvesting seasons. Sorghum is typically planted between April-June and October-December, during which times the price of sorghum increases. When the sorghum crops are harvested between August-September and January-March, the prices drop.⁹¹ The graph below shows that prices vary by as much as \$0.11/kg, which is 69% of the average annual price of \$0.16. The cause is simply a matter of supply – during cultivation periods there is little sorghum available and so the prices are high. Once the harvests are completed, the market is flooded and the prices drop. As supply fluctuates from glut to dearth, so too do the prices. Grain silos at community and commercial levels could help to distribute the supply of sorghum throughout the year and reduce price volatility.⁹²

Graph 16: Sorghum price volatility⁹³



90 Ahmed, E. and Alama, S. (2010): *Sorghum (Sorghum bicolor (L.) Moench.) Seed Quality as Affected by Type and Duration of Storage*. Agriculture and Biology Journal of North America. 2151-7252, p.6

91 FSNAU (2009): *Op. Cit.* p.10

92 CIMMYT (2011): *Effective Grain Storage for Better Livelihoods of African Farmers Project*, p.19

93 FSNAU website: <http://www.fsnau.org>



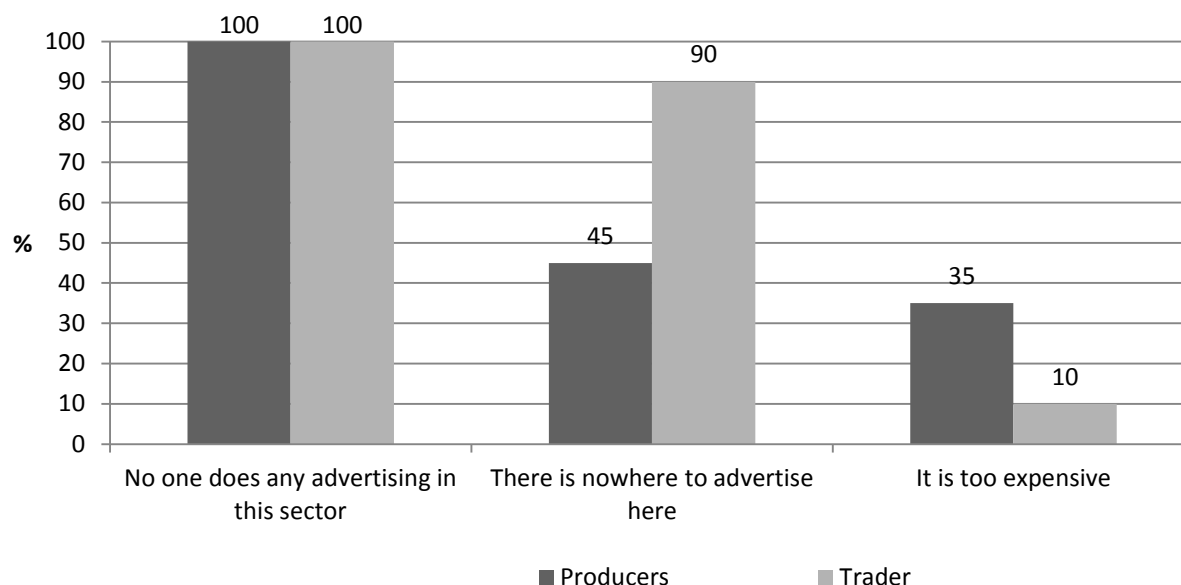
Product Quality: The main weakness at this stage of the value chain is a lack of irrigation, which leaves farmers extremely vulnerable to weather patterns and seasonality, and directly impacts on produce availability.

- **Packaging:** Basic packaging is conducted, but specialised packaging facilities are not available to most producers. Indeed, none of the producers and traders in the survey had access to packaging facilities. Sorghum grain tends to be packaged into 50kg sacks by hand in order to be transported to the markets. There is a limited range of packaging options available to producers and traders alike. Unlike onions, or other fruits and vegetables, sorghum grain is fairly resilient to damage incurred through transportation, so basic packaging is often sufficient. The main threat to grains such as sorghum is pestilence. Sacks treated with fumigant insecticides are available in both Kenya and Malawi, but these types of sacks are not common in Somalia. In the markets retailers often scoop grain out of the larger sacks into small clear polyurethane bags to serve customers, but this is done on a customer-by-customer basis and no pre-packaging takes place.
- **Post-harvest processing:** Limited post-production processing is conducted. The survey found that 100% of producers and 100% of traders sell unprocessed sorghum seeds. Field observations found that some retailers sell sorghum grains with the husk removed, and some sell sorghum flour, but this is not common. The lack of post-production processing is mainly a function of the fact that there are few options for further processing. Most consumers simply grind the unprocessed grain to partially remove the husks to make a porridge-like meal on a needs basis.
- **Irrigation:** Sorghum crops are grown in rain fed areas with no irrigation. The majority of small-scale farmers seem to rely only on rainfall for their crops. In some locations, shallow wells provide farmers with access to water, but the amount of water available is often limited and irrigation relies on hand-drawing water from the well. As a result, farmers are extremely vulnerable to environmental changes and weather patterns. As shown earlier, the lack of irrigation contributes to supply volatility. Demand for irrigation services is high among producers – 85% of producers consider a lack of irrigation to be one of the main challenges to sorghum cultivation.

Product Differentiation: There is considerable room to improve the marketing and advertising of sorghum, particularly as it could help to alleviate distribution and supply challenges.

- **Marketing/advertising:** Virtually no advertising or marketing is carried out in the sorghum value chain. As seen in the onion value chain, none of the producers or traders advertises or markets sorghum produce. When asked why, all responded that no one in their sector advertises. The findings are characteristic of Somalia's nascent services sector. The lack of advertising and marketing is mainly due to a lack of precedence: *no one has done it in the past, and no one is doing it now.*

Graph 17: Reasons for not advertising (producers =20, traders = 10)



There is clearly room for encouraging growth in this area, but it will be a slow process both in terms of skills development and uptake. The kind of marketing and advertising that would be useful in the sorghum sector ranges from simple labeling of produce to promoting specific seed varieties. More importantly, sorghum advertising could help traders and buyers to find pockets of surplus produce during deficit seasons or in deficit locations, thereby reducing glut and dearth cycles. Developing this part of the value chain should be linked closely with packaging facilities to create market competitive produce for domestic and international trade.

- **Product demand:** The demand for sorghum remains high, but supply cannot keep up. Reliable time sensitive import-export data for sorghum is not available, but data for other cereal crops show that imports have been increasing due to bad weather conditions and poor harvests.⁹⁴ As noted above, the sorghum sector, like most cereal crops in Somalia, is hostage to fortune. Acute sensitivity to environmental conditions encourages farmers to ‘bank’ surplus produce in underground storage in order to ensure against crop failure and drought in the future. Thus, sorghum supply is often unable to meet demand. Sorghum producers themselves note that demand for sorghum is increasing – 80% said that demand is increasing.
- **Competition:** Competition amongst producers and traders in the sorghum sector is high. Three-quarters (75%) of sorghum producers said that competition in their sector has increased. The recent droughts have increased competition among producers for limited resources, such as wells (if they exist at all), and traders continue to struggle to supply their

94 WFP (2011): *Op. Cit.* p.14



customers with locally produced sorghum throughout the year. Taken together, the findings suggest that the sorghum sector is fairly crowded at producer and trader levels

Social and Environmental Standards: Transportation infrastructure is poor and creates a difficult operating environment. There is considerable room for improvement in this area.

- **Transportation:** The provision of public and commercial transportation is poor. According to both producers and traders the most common challenge they face is poor transportation – 90% and 100% respectively think it is a problem. As shown in the onion value chain analysis previously, the lack of safe and reliable transport makes it difficult and expensive to transport goods to the market. In the sorghum sector, it may also increase producers' willingness to store surplus produce underground rather than incur heavy transport costs to take it to the market.
- **Road conditions:** Poor road conditions cause high transportation costs and further isolate producers from local and regional markets. A recurring theme throughout the report, field observations found that road conditions in rural Baidoa were extremely poor. 90% of producers said that road conditions were either *sometimes*, *often* or *always* a problem for their operations.
- **Security:** The security situation remains volatile. Clashes between Al-Shabaab and AMISOM continue in villages on the outskirts of Baidoa, particularly in Bardale, and Awdinle districts. Local residents in these areas have even taken up arms in protest against *zakat* (taxation) payments to Al-Shabaab. Illegal rents and taxation extorted by Al-Shabaab are a continual cause of friction. As seen earlier, transportation taxes are a particular spoiler of local trade, especially for smaller producers who cannot afford the fees.
- **Skilled labour:** Demand for skilled labour is high. 90% of producers and 70% of traders consider the lack of skilled workers to be a challenge to their operations. This is a problem in a sector such as sorghum producing, in which the majority of activities require skilled and experienced workers, as the table below shows.

Table 6: Type of labour by activity (n=20)

	Skilled	Unskilled
Planting seeds	80%	20%
Harvesting	80%	20%
Cleaning (winnowing)	80%	20%
Irrigation	75%	15%
Threshing	70%	30%

The perceived lack of skilled labour seems to tie in closely with the reported large-scale population movements from rural to urban areas, and therefore a gradual erosion of a skilled and experienced workforce. Skills training is therefore more a question of providing potential labourers with basic techniques, rather than finding new methods. Nevertheless, as with the onion value chain, field observations found that skills training in animal traction techniques as well as the introduction of mechanized weed ripping technologies. The use of phosphorus fertilizers should also be considered as this has been shown to increase sorghum crop yields – increases of between 100%-400% have been reported by SATG.⁹⁵ Skills training would be necessary to demonstrate how fertilizer should be used. Pest control mechanisms, such as the use of pesticides, could also help to increase crop yields and reduce the volume of wastage. Pest control is important at both the production and storage stages. This would also be beneficial for the onion value chain in Beletweyne.

Business Environment: A weak enabling environment and lack of access to credit are big challenges for producers and traders.

- **Registration:** The sorghum value chain is characterised by informal operations, with no registration. None of the producers or traders had registered their operations with the relevant authorities. Informal labour characterises much of the economic landscape in Somalia. As noted previously, business registration is important because it lays the foundation for regulated trade and formalised taxation policies. It also creates a solid information base for business-facilitating networks such as local and national Chambers of Commerce who rely on information like this to support their members.
- **Access to credit, extension services and business support:** There is limited access to formalised credit and business support services. When asked about the main challenges in their sector, almost two-thirds (65%) said that a lack of credit facilities was a challenge. Although informal credit services are available between producers and middlemen, additional credit facilities could provide farmers with greater income security and purchasing ability during poor harvest, and may even reduce the practice of 'banking' surplus produce each harvest. Research conducted among Small to Medium-sized Enterprises (SMEs) in Mogadishu found that lack of access to micro-finance institutions (MFIs) caused many nascent businesses to fold soon after starting, and prevented many other would-be entrepreneurs from setting up a business.⁹⁶ 100% of producers and traders in this survey said that they do not get any business services or support. Since many producers are only small-scale market actors, the need for business services is minimal.

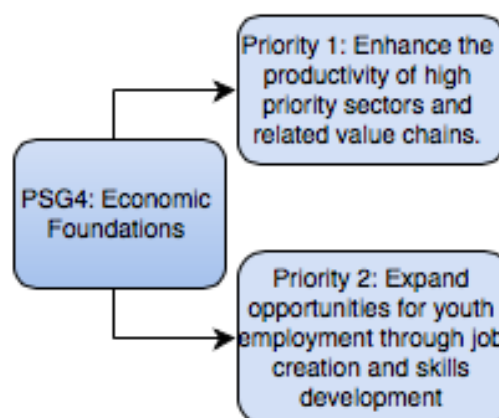
95 SATG website: <http://www.satg.org/work/agriculture/phosphorus-as-the-most-important-factor-limiting-crop-production/>

96 Ali, A. H. et al. (2013): *The Accessibility of Microfinance for Small Businesses in Mogadishu, Somalia*. International Journal of Humanities and Social Science. Vo. 3, No. 11, p.1

4. Intervention Strategy for Skills Training and Employment

4.1. Overview

What do the findings mean for youth, women and IDP employment, and what opportunities exist to create jobs and increase economic participation of marginalised groups? In this section of the report we present a strategic vision for project interventions targeting youths, women and IDPs. The recommendations tie in closely with the Federal Government of Somalia’s (FGS) Peacebuilding and Security Goal 4 (PSG4): *Economic Foundations*. Taken together, the findings from this Market Opportunity Mapping exercise – comprising a Rapid Market Assessment and two Value Chain Analyses – provides the ILO with both broad and specific intervention options. The overarching theme of our intervention strategy is that the ILO should avoid the well-trodden path. Although demand for traditional skills such as tailoring and farming is high, numerous initiatives have already been undertaken in these areas. Our recommendations encourage the ILO to move beyond these traditional interventions.



4.2. Intervention Strategy based on the Rapid Market Assessment

The ILO is in a strong position to encourage a new type of skills training environment – one that looks to the future, rather than the past. Looking at the broad macro-economic trends in Somalia today shows that areas like IT and telecommunications are steadily growing, urbanisation is increasing, and unemployment remains high. Focussing on traditional sectors is a safe bet for developers because it mirrors current market demand. However, training in these areas, particularly for young people and women, fails to anticipate the growing demand for new skills and services and fails to anticipate the direction of social and economic change. For example, training women to cook and sew only serves to reinforce traditional gender roles, which are already showing signs of breaking down. The recommendations are mutually reinforcing and there is naturally a significant degree of overlap between the suggested interventions. Many of the recommendations from the Rapid Market Assessment are also relevant for the developing the sorghum and onion value chains and visa-versa.



Area of intervention	Objective	Specific intervention	Description	Beneficiary type
Traditional Market Promotion	To encourage youth/female participation in traditional economic activities	<ul style="list-style-type: none"> • Link Technical Vocational Education Training with commercial skills training; • Partner with local universities to create vocational skills modules for business degrees; • Design a business management training course tailored to local traditional sectors of employment such as agriculture and livestock. 	<p>This type of approach would make traditional sectors of employment more appealing to younger people who are looking to break with tradition or to carve their own path. Illustrating the commercial and entrepreneurship potential of traditional sectors such as farming could encourage youths to reconsider employment in these areas. The demand for new and traditional skills training among young people presents a new opportunity for linking technical and commercial training together, similar to so-called Enterprise Based Technical Vocational Education Training. Partnering with universities or local businesses, the ILO should develop a practical component to business courses to ensure that students are taught the rudiments of a vocational skill. Graduates from such a course would be equipped with the basic practical knowledge of a vocation <i>and</i> the business skills to know how to turn the vocation into a viable commercial enterprise. Within the agricultural sectors, irrigation techniques, farm vehicle maintenance, packaging and transportation all provide potential areas for this kind of approach. The ILO could reinforce university-level training by:</p> <ul style="list-style-type: none"> i) Conducting centre-based and field-based training. Centre-based learning would be appropriate for urban beneficiaries, but in-field and on-the-job training would be necessary for rural beneficiaries given the difficulties and dangers of transportation, and the associated costs of bringing beneficiaries into town.⁹⁷ ii) Conducting training of trainers workshops - In order to sustain the 	Youths and women

⁹⁷ Africa Education Trust (undated): *Vocational Skills for Nomadic Pastoralists: DARET 2 (Developing Appropriate and Relevant Education Training)*, p.10



			<p>momentum of skills training, the ILO should identify and train local craftsmen or highly skilled labourers (such as mechanics etc) to pass on their skills to younger generations, who in turn will pass them on to the next. This is especially important for reinforcing field-based training in remote or rural areas, where it is not possible to conduct centre-based training. The study found that many employees would be willing to take on young trainees to help them learn about their own trade. Indeed, the programme could be a part of the linked TVET-business training model (see above), in which <i>de facto</i> apprenticeships run in parallel to centre-based or university-based classes. The most promising students from each intake would be selected to train the next intake. The cascade effect of this approach would help to ensure that pro-active skills exchange continues long after development programming has ended. Moreover, by keeping the trainers ‘young and fresh’ this approach could help to ensure that there are still enough young people to fill the shoes of their parents in the traditional sectors, which still form the backbone of the economy. This approach would also have the cost-benefit of relying on indigenous experts who remain in situ and are therefore constantly accessible to trainees and inexpensive to maintain in the field.</p>	
Public Sector Development	To strengthen the capacity of public sector to promote economic growth	<ul style="list-style-type: none"> • Identify skills gaps in key Ministries; • Provide tailored capacity building workshops current employees; 	Private sector development and economic growth require strong, centralised governance. Private sector development is appealing because, in theory, it pays for itself. However, lessons from Afghanistan should serve as a warning to large multinational donors that injecting money into government ministries to increase capacity is like trying to fill a leaking	Youths and women



		<ul style="list-style-type: none"> Partner with universities to design modules on public sector administration. 	<p>bucket. This will be especially true in Somalia, where elite rent capture is already a serious problem.⁹⁸ Instead, the ILO should identify specific capacity deficits within key line Ministries and develop tailored training schemes in partnership with local universities to train a new cadre of public sector administrators. This type of training would be well suited to youths – both male and female – who have recently graduated from secondary school or university.</p>	
Private Sector Development	To equip new market entrants with modern business administration skills	<ul style="list-style-type: none"> Provide training courses in computer literacy and internet use. 	<p>As above, private sector development requires skilled and trained managers and administrators who are well-versed in modern, international commercial standards and practices. This is particularly relevant as Somalia seeks to engage with international markets and embraces new business-facilitating services like the internet, online banking and computerised account keeping. Again, these types of skills are well suited to young graduates of both sexes. The beneficiary base will necessarily be very small, but it would be a long-term investment for future growth.</p>	Youths and women
Infrastructure Rehabilitation	To strengthen the provision of transportation	<ul style="list-style-type: none"> Conduct a value chain analysis of transport services Provide skills training in vehicle maintenance, repair and driving; Conduct community-sensitive jobs mapping. 	<p>The majority of respondents are dissatisfied with current public transport provision, and demand for transport-relevant skills such as vehicle repair and driving, are high. The ILO should conduct a thorough value chain analysis of the transportation sector, looking at both goods transport and public transport. The transport sector and ancillary subsectors, such as vehicle repair, spare parts and vehicle supply, have the potential to create substantial job opportunities and would have a positive effect on stimulating local trade by reducing transport costs. Strengthening the transport sector would require considerable investment in skills training for mechanics and drivers, but the knock-on benefits to wider market operations could be exponential. Transportation offers good opportunities for both youths and</p>	Youths and IDPs

98 USAID (2014): *Op. Cit.* p.35



			<p>IDPs, both of which groups tend to gravitate towards urban areas. For young people, the appeal of working in a non-traditional sector, as well as learning the concomitant business skills necessary for managing a small company, make transportation a promising sector to explore. For IDPs, skills training in this area equips them with a livelihood that does not tie them directly to the local area should they wish to return to their place of origin.</p> <p>The ILO must also ensure that IDP-skills training does not increase the likelihood of friction between IDP and host communities. The ILO and its partners should facilitate community-level discussions between IDP enclaves and host communities to identify more closely areas of overlap and non-overlap in employment expectation. The findings show that IDPs would like skills training and employment in similar areas to non-IDPs. Such a mapping exercise will be especially important in areas like transportation, where IDPs could play a role, but also where clan-based monopolies reputedly hold sway.</p>	
	<p>To rebuild core infrastructure</p>	<ul style="list-style-type: none"> • Map road conditions in local markets and identify bottlenecks; • Map utility supply black spots (areas of poor water/electricity supply); • Identify areas with poor availability of housing • Implement Cash-for-Work schemes to address deficit areas identified in the above 	<p>Poor road conditions, poor electricity supply, and poor availability of housing were frequently mentioned in the survey. Cash For Work schemes would provide short-term relief for unemployment and would have a broad beneficiary base. Since much of this type of work requires very little skills training, it would be particularly suitable for IDP communities. Even so, there are additional opportunities here for specific skills training. Specialist training in road laying, machinery and equipment operation and even basic surveying could be taught. There would also be a need to train foremen to oversee operations, which could entail workforce management training. In the longer run, infrastructure rehabilitation projects could lead to wider economic growth by facilitating trade and commerce and reducing business</p>	<p>IDPs</p>



		steps.	operating costs. Work with development partners and the government to fill these gaps – especially in areas that support key markets and economic activity.	
	To equip IDPs with transferable, high-demand skills	<ul style="list-style-type: none"> • Provide construction-skills training to IDPs (e.g. carpentry, brick laying, machine/vehicle operation and maintenance). 	Cash For Work schemes (above) must be accompanied with appropriate skills training to ensure that beneficiaries reap both short and long term benefits from projects. As shown above, Somalia’s massive rehabilitation challenges create massive potential for absorbing a large workforce. The ILO should identify specific rehabilitation projects (whether roads, housing or irrigation) and find construction companies that are actively looking for skilled labour. Training programmes could then be developed to meet the skills requirements of the construction firms. This would ensure that beneficiaries would have a job to go to once the training course has been completed. A similar approach was successfully used by GREDO in Somalia. ⁹⁹ Training women would also be viable in this context as they already play an active role in informal unskilled construction.	IDPs
Market Information Management	To increase market performance through improved access to market information	<ul style="list-style-type: none"> • Support current market information management tools; • Facilitate access to this information through appropriate channels. 	The limited availability of market information ranging from commodity prices to security updates makes it hard for Government, private businesses and development practitioners to identify market gaps, and to design appropriate solutions. The lack of information is particularly conspicuous for agricultural produce, which makes it difficult for farmers to make pre-planting decisions about seed varieties or respond to weather patterns. ¹⁰⁰ The ILO should ensure that all market actors have access to this information, from small-scale producers to government line ministries. Radio or television broadcasts would facilitate access to those who do not have	Youths, women and IDPs

99 Key information interview with GREDO, 5th August 2014

100 Somaliland Investment Portal: <http://somalilandinvest.net/sectors/agriculture-sector/market-demand-and-preference>



			internet access or are illiterate. Paper publications, similar to traditional farmer’s almanacs could also be distributed in areas where there is an unreliable supply of electricity. For government and other national/international actors, FSNAU has already set up an online database of market information, but it requires considerable data entry in order to generate the kind of information necessary to inform macro- and micro interventions. The ILO should liaise closely with FSNAU to ensure that survey data collected by the ILO and its subcontractors can be used to populate this online repository.	
	To facilitate, support and encourage entrepreneurship through access to civil and commercial advice services	<ul style="list-style-type: none"> • Set up a citizens’ advice bureau 	A lack of civil society in Somalia makes it difficult for people to learn about, or access their rights as citizens. A ‘Citizen’s Advice Bureau’, based on models in the UK, could help businesses navigate commercial registration processes, inform women of their inheritance claims or direct people towards microfinance and credit options available to them. Such a service would be particularly useful for women and IDPs. In terms of job creation, this would also create a small number of jobs in Baidoa and Beletweyne markets. These jobs would be ideally suited for women and youths. Female advisors would be necessary for giving sensitive advice to female petitioners, and would ensure that cultural sensitivities are not transgressed. Young, educated people would also be well suited to this role because: a) they are literate, and b) it would be primarily and urban-based role. All demographics – youths, women and IDPs – would benefit from the types of advice and services provides by a citizens’ advice bureau.	Youths, women and IDPs
	To support active job seekers finding employment	<ul style="list-style-type: none"> • Broadcast/publish job advertisements in public forums; • Link skills training to 	Recruitment is heavily reliant on personal networks. Many job seekers are unable to access the labour market because they do not have the right connections. Women and IDPs are particularly vulnerable to this effect. A lack of personal connections is considered to be one of the biggest barriers	Youths, women and IDPs



		companies that are actively seeking workers.	to employment. Eliminating the reliance on personal networks is clearly an unrealistic goal, however, there are two strategies that could help to even out the odds for those lacking personal connections: i) The ILO should create job information channels for job seekers and employers to access. Given the poor Internet coverage in many rural areas, job advertisements could be broadcast over the radio, published in newspapers or simply posted on community information boards in public markets. ii) In addition to this, the ILO should link skills training courses with specific businesses, so that the type and number of courses offered is directly related to the capacity of the labour market to absorb new workers. ILO should identify companies that are looking for skilled employees and build a training course around these skill sets. In this way, graduates would be able to move straight into employment once their course has finished, and bypass the reliance on personal networks. The ILO, or implementing partners, would act as a guarantor for the calibre of the graduate and the quality of training that they have received.	
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4.3. Intervention Strategy for the Sorghum and Onion Value Chains

Using the ILO Value Chain Development (VCD) framework we have identified specific bottlenecks in the sorghum and onion value chains. Here, we explore how these bottlenecks can be leveraged to create employment for youths, women and IDPs. Of course, each of these areas could also create employment opportunities for non-vulnerable and non-marginalised groups, but the particular focus of the recommendations is on these demographics. It is worth noting that not all of the bottlenecks may be appropriate for the ILO’s programming. For example, security improvements are not within the ILO’s remit and it would be inappropriate to suggest interventions in this area. Therefore we focus only on areas in which interventions are practical and realistic. Some of the recommendations have already been addressed in the Rapid Market Assessment earlier in the report; wherever this is the case, readers are referred to the earlier section to avoid repetition. The recommendations begin with cross-cutting solutions for both value chains, followed by specific interventions in each. The VCD framework is presented again below for reference:

Value Chain Development				
System Efficiency	Product Quality	Product Differentiation	Social and Environmental Standards	Business Environment
Communication with buyers	Packaging	Marketing/ Advertising	Transportation	Registration
Reliability	Post-harvest production	Product demand	Road conditions	Access to credit
Wastage	Irrigation	Competition	Security	Access to extension services
Price variance			Skilled labour	Access to business services/support



Cross-Cutting issues: Common Challenges, Common Opportunities

In both value chains the study found bottlenecks in: transportation, road conditions, and the provision of business services. These challenges require universal solutions and present shared opportunities for job creation and skills training.

Area of intervention	Objective	Specific intervention	Description	Beneficiary type
Production and post-production skills training	To equip value chain actors with tailored business management and commercial expertise	<ul style="list-style-type: none"> • Provide sector specific business management and administration training; • Develop university modules, or training courses that are tailored to specific commercial skill-sets required in sorghum and onion production. 	The ILO should partner with local secondary schools and universities to design and deliver market-targeted business training. This kind of training would facilitate economic growth in both the onion and sorghum value chains. For example, community-based shared storage facilities require management and maintenance, both in terms of physical infrastructure and administration. Rigorous bookkeeping and accounting is needed to ensure that producers deposit and withdraw their own produce, and constant monitoring of produce quality is needed. These skills could also be taught through dedicated skills training courses. Business skills training would further reinforce broader initiatives to empower female entrepreneurs and female economic decision-making. Female economic participation is often confined to perfunctory roles during the planting and harvesting stages, or vending produce at the side of roads or in local markets. Training women in business administration skills so that they can manage community-level production assets, such as cold-storage or silo facilities, would represent a break in tradition from typical skills training for women, as discussed previously in the recommendations from the Rapid Market Assessment.	Youths and women
	To increase the sale and distribution of sorghum and	<ul style="list-style-type: none"> • Conduct training in marketing and advertising. 	The virtual absence of marketing and advertising of sorghum and onion inhibits larger-scale commercial development. Since most producers are small-scale semi-subsistence actors in both sectors, marketing and	Youths and women



	onions		<p>advertising should be administered at a communal level (e.g. Producer /Trade Associations or Cooperatives). As a longer-term investment in market growth and job creation (and similar to business management and administration training), the ILO should partner with universities to develop specific courses aimed at agri-business marketing. Increasing use of multi-media platforms for entertainment and information - from mobile phones to the Internet – will create considerable opportunities for entrepreneurship in the services sector, including marketing and advertising, for both women and youths. As the market moves further in this direction, the ILO should ensure that universities are preparing younger generations for this new climate. In the shorter term, current market actors could be encouraged to advertise produce through radio or even television. Rather than traditional brand-based advertising, producer communities could simply broadcast the amount of surplus produce they have, so that traders living in other areas can more easily source onions should there be unmet local demand.</p>	
	To improve crop yields in both onion and sorghum value chains	<ul style="list-style-type: none"> • Provide skills training in existing and new cultivation techniques; • Employ an agricultural expert to identify new skills or technologies that could improve crop yields; • Develop appropriate skills training courses. 	<p>Skills training in basic traditional cultivation techniques should be delivered in order to address the perceived lack of skilled labour among producers. An agricultural expert should be employed to conduct a rapid assessment of new technologies that could be utilised to maximise yield potentials in both value chains. This study highlights a potential need for skills training in the following areas: i) animal traction, ii) mechanised weed-ripping technology, iii) the use of phosphorus fertilizer; iv) pest control.</p> <p>Demonstration plots could be used to illustrate the tangible benefits of new approaches and to provide practical instruction for each activity.</p>	Youths and women
	To strengthen and	<ul style="list-style-type: none"> • Leverage expertise within 	CoopAfrica has already developed tools for doing precisely this. The	Youths and



	build community level producer groups, cooperatives and trade associations	the ILO CoopAfrica team in Somalia ¹⁰¹ to guide and facilitate the creation of community level producer groups.	My.Coop training package already exists and would be ideally suited to this context. Producer Associations or Cooperatives would create an administrative platform for shared resource management, planning and risk sharing. Many of the recommendations in this section are contingent on, or would be greatly facilitated by, the creation of community level producer groups. The management and administration of these groups would also provide further opportunities for young graduates with relevant business/commercial qualifications. The fieldwork did not highlight any reason why female cooperatives could not be created in both sectors, as women are involved in all stages of the value chains. As the FAO notes, Somalia’s traditional farming cooperatives have been severely eroded by the last 23 years of conflict and are now the focus of concerted rehabilitation schemes by FAO and WFP. ¹⁰² None of the traders or producers in the survey were members of Producer or Trade Associations, but risk-sharing initiatives and collectivised economic activity are both commonly practiced through sharecropping and neighbour farmers assisting each other at labour-intensive stages of the cultivation and harvesting stages. Therefore, community-based models for commercial resource management would be part of a well-established economic tradition.	women
Infrastructure rehabilitation	To strengthen the provision of transportation	See detailed recommendations in the Rapid Market Assessment section of the report.		Youths and IDPs
	To rebuild core infrastructure	See detailed recommendations in the Rapid Market Assessment section of the report.		IDPs

101 CoopAfrica website:

<http://www.ilo.org/public/english/employment/ent/coop/africa/index.htm>

102 <http://www.fao.org/archive/from-the-field/detail/en/c/210857/>

Service provision	To improve access to irrigation services	<ul style="list-style-type: none"> • Provide community-level irrigation equipment. 	<p>Irrigation equipment is expensive to purchase and expensive to run. As above, the ILO could provide equipment to community-level groups who would be in charge of allocating irrigation services to member producers. The provision of machinery should be accompanied by a brief training course in machinery maintenance and upkeep, as well as the latest irrigation best-practice techniques. Limited opportunities may even exist to encourage the creation of small-scale irrigation service providers, who could travel from one farm to another providing irrigation when needed. This would prevent farmers from having to own and maintain expensive equipment (either individually or collectively) and would create an additional layer of economic activity and technical specialization in the onion and sorghum value chain. This model would be appealing to younger generations, especially if combined with business administration and management training. Field observations found that such businesses already exist, which suggests that the model is economically viable. Since irrigation tends to be a male-dominated area of work, and since many women face cultural restrictions to freedom of movement, these opportunities would be better suited to young men rather than women.</p>	Youths
	To foster an enabling environment for businesses and entrepreneurship through improved access to	<ul style="list-style-type: none"> • Support the development of micro-finance services. 	<p>The ILO should partner with local financial institutions to develop tailored financial service packages to onion and sorghum producer communities. The survey found that informal lending and credit services already exist between middlemen and producers. A detailed market study would be needed to assess consumer demand for product specifications, such as the timing and size of loans, repayment options, potential for group lending and mobile services.¹⁰³ Such a study would also help to design products based on current informal credit systems. Consumer-based research would also be necessary</p>	

103 Samuel Hall (2013): *Assessing Potential for Micro-Finance in Rural Livelihoods*.



	microfinance and credit		to ensure that mobile products are accessible to traditionally hard-to-reach groups such as women or the elderly. ¹⁰⁴ Mobile financial services are already extant ¹⁰⁵ in Somalia and could be used as a platform for these types of service, especially for small producers living in remote areas. Micro-finance services would be a particular benefit for community-level purchases of packaging machinery or improved storage facilities.	
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104 Samuel Hall (2014): *Humanitarian Assistance through Mobile Cash Transfer in Northern Afghanistan*, p.57

105 ZAAD website: <http://www.zaad.net>



Sector-Specific Issues: Unique Challenges, Unique Opportunities

Area of intervention	Objective	Specific intervention	Description	Beneficiary type
Sorghum storage	To improve supply of sorghum and reduce price volatility through better storage options	<ul style="list-style-type: none"> • Provide local producer communities with improved storage facilities; • Provide training workshops to teach metal workers how to make silos. 	<p>Although traditional storage facilities exist, metal storage silos could improve both the quantity and quality of stored grain and ensure an even supply of grain throughout the year. Metal silos could be provided at a community level to ensure that small-¹⁰⁶scale subsistence farmers can access the benefits of improved storage. The advantage of metal silos is that they are better able to maintain controlled conditions for optimum storage, which in turn helps to maintain seed moisture, viability, germinability and field emergence. Field tests have shown that seeds stored under controlled conditions maintain all the features of newly harvested seeds. Metal silos have been shown to: ‘improve food security, empower smallholder farmers, enhance income opportunities, increase employment and safeguard agro-ecosystems.’¹⁰⁷ Encouraging farmers to adopt metal silos would lead to further positive market outcomes in other sectors. For example, demand for metal silos would create employment and work in the metal working sector.</p> <p>Metal working skills training would be required to teach metal workers the designs and specifications of suitable metal silos. Metal workers are currently operating in Baidoa town, which means that training</p>	Youths and women

106 Ahmed, E. and Alama, S. (2010):*Op. Cit.* p.6

107 Tefera, T. et al. (2011): *The metal silo: An effective grain storage technology for reducing post-harvest insect and pathogen losses in maize while improving smallholder farmers’ food security in developing countries.* Crop Protection, Volume 30, Issue 3: pp. 240-245, p.1

			workshops could be established relatively swiftly. Past experience has shown that capable metal workers can learn to build a silo in 1 week ¹⁰⁸ , so farmers could reap the benefits of metal silos within a matter of weeks of project implementation.	
Sorghum production	To improve sorghum crop yields through basic and improved cultivation techniques.	<ul style="list-style-type: none"> • Provide basic skills training in sorghum cultivation techniques; • Provide extension services. 	<p>The exodus of skilled and experienced labour leaves many producers frustrated at a lack of skilled labour. ILO should engage an agriculture expert to identify specific best-practice techniques that can be transferred to potential employees through training programmes. The training should cover key skills in land preparation, planting, and harvesting.</p> <p>In addition to traditional skills training, there may be new or improved techniques in the sorghum sector that could help increase levels of production. Again, ILO should engage an agriculture expert to identify exactly which techniques could leverage benefits in sorghum cultivation. One area that should be covered by extension services is seed selection. Extension services could introduce producers to a wider range of seed varieties better suited to their particular location. Long-stem sorghum varieties are better suited to fodder production and are more resilient to irregular rainfall patterns than shorter-stem varieties that produce higher grain yields.¹⁰⁹ Somalia’s large livestock sector certainly has the capacity to absorb increased fodder production. Extension services could therefore help to diversify the range of sorghum varieties that are grown and connect farmers to different types of consumer. This could also help to alleviate over-supply during harvest seasons as producers would have access to a broader range of potential buyers who use sorghum for</p>	Youths and women

108 CIMMYT (2011): *Op. Cit.* p.17

109 ODI (2001): *Op. Cit.* pp:4-5



			consumption or fodder.	
Onion storage	To improve supply of onion and reduce price volatility through better storage options	<ul style="list-style-type: none"> Provide local producer communities with cold storage facilities. 	<p>The lack of storage facilities impacts on supplier reliability, price variance and wastage through decay and pest contamination. Addressing the lack of cold storage facilities could help unlock further benefits in the value chain by reducing wastage and evening out price fluctuations. Storage facilities would empower producer communities to release surplus produce into the market during the off-season, thereby ensuring local market demand can be met by local produce, and providing steadier income revenue for producers. It would also facilitate the redistribution of onions within Somalia and provide a degree of short-term insurance against crop failure or poor harvests. Skills training in machinery maintenance and business administration would be well suited to youths and women. Women are already heavily involved in the sorting and grading of onions post-harvest, so the transition to adjacent post-harvest processes would be a logical and socially permissible move. Indeed, since little/no cold storage currently exists, there is no precedent for sociocultural discrimination in this activity. There are three ways in which cold-storage facilities could be provided:</p> <ul style="list-style-type: none"> i) <i>Community-level shared asset</i>: the high cost of cold storage facilities would exclude many small producers from reaping the benefits. Building shared cold-storage facilities at a community level would distribute the cost and help smaller producers access the facilities. Such facilities would be administered through producer groups or producer associations. ii) <i>Large-scale producer renting</i>: larger scale producers may already possess cold storage facilities and should be encouraged to rent surplus space to smaller producers 	Youths and women



			<p>iii) in the neighbouring areas.</p> <p><i>Third party cold storage provider:</i> ILO could support young entrepreneurs of both genders to set up dedicated cold-storage facilities within easy reach of producer communities. The advantage of this approach is that, a) it removes the financial strain from producers to purchase and maintain their own facilities, b) it creates opportunities for creating new jobs, and c) it requires specialist training in building, maintaining, and managing cold storage facilities.</p> <p>From a financial perspective, a detailed cost-benefit analysis should be conducted to determine which option would be best suited to each producer locale. Overall, cold storage facilities would likely require considerable investment, but the returns over time could offset initial investment.</p>	
		<ul style="list-style-type: none"> Field test alternative onion storage facilities. 	<p>Should the cost of cold-storage facilities prove to be prohibitive, ILO should fund field tests to determine which types of storage facility could reduce wastage. Similar tests have been carried out in India, using different types of single and multiplatform brick-bamboo constructions. By adjusting dimensions, shape, ventilation and construction materials, researchers found that they could reduce loss by 8-15% compared to local traditional storage facilities.¹¹⁰ This approach would be particularly necessary in areas where supply of electricity is poor or unreliable. As with commercial cold storage facilities, alternative storage options could create the same employment opportunities for youths and women.</p>	Youths and women

110 Yadav, S.S. and Yadav, V.V. (2011): *A Comparative Study on Different Types of Structures for Onion Storage*. Vegetable Science, 38 (1): 92-94.



Onion post production	To improve the marketability of onions	<ul style="list-style-type: none"> • Provide producer communities with packaging machinery. 	<p>The lack of professional commercial packaging for onions exacerbates transport damage and increases the likelihood and volume of wastage. As with cold-storage units, packaging machinery should be provided at a community level, since initial costs are high. Excluding shipping costs, a simple pillow packing machine for onions can cost between \$6,800-\$8,500 per unit.¹¹¹ Most weighing and bagging models can also be used for other vegetables. Since most onion producers also grow other vegetable cash crops, investment in this machinery could generate returns from other marketable produce.¹¹² As a communal resource, the machinery would require a similar level of managerial oversight and maintenance as the cold storage units. Again, the opportunities that this creates would be well suited to youths and women in particular.</p>	Youths and women
		<ul style="list-style-type: none"> • Train women to sort and grade onions using international commercial standards. 	<p>Simple and clear grading criteria for onions are summarized by the FAO in the <i>Onion Post-Harvest Operations Compendium</i>.¹¹³ Sorting and grading allows for differential price points according to the quality of the end product. The apparent absence of rigorous grading in Beletweyne (and Somalia more generally) means that producers may be losing out on higher prices for better quality onions. Since women already conduct this activity, albeit in a very simple manner, up-skilling their capacity in this area would capitalize on existing expertise.</p>	Youths and women

111 Ketian CE Pillow Packing machine for onions, found at: http://www.alibaba.com/product-detail/Ketian-CE-Pillow-Packing-Machine-for_1879577869.html?s=p

112 Uniekum website: <http://en.uniekum.co.za/products/processing/weighing-packaging/weighing-bagging-unit/?id=130>

113 FAO (2003): *Onion Post-harvest Operations Compendium*, p.5



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CoopAfrica: <http://www.ilo.org/public/english/employment/ent/coop/africa/index.htm>

FAO: <http://www.fao.org/archive/from-the-field/detail/en/c/210857/>

FSNAU: <http://www.fsnau.org>

Somaliland Investment Portal: <http://somalilandinvest.net/sectors/agriculture-sector/market-demand-and-preference>

Uniekum website: <http://en.uniekum.co.za/products/processing/weighing-packaging/weighing-bagging-unit/?id=130>

ZAAD website: <http://www.zaad.net>



6. Annex A – Methodology

Following preliminary discussions with ILO in Kenya and initial fieldwork planning, the scope of the research study, as outlined in the original terms of reference, has been refined. The research objectives have not changed. To begin with, we have ‘rebranded’ this exercise as ‘Market Opportunity Mapping’ because the purpose is to identify *opportunities*. There are two parts to this approach: 1) analysis of 2 value chains, and 2) rapid market study. Both exercises will identify opportunities for economic growth, increasing competition, skills needs and opportunities for increasing female and youth economic participation and entrepreneurship.

6.1. Value Chain Study

6.1.1. Step 1: Selecting Value Chains

Simple selection criteria have been used to identify the value chains that contain the best potential for growth and employment (see Annex B). The value chains selected for the value chain analysis were sorghum and onion.

6.1.2. Step 2: Focus Groups

Following ILO’s Value Chain Development (VCD) methodology, two participatory focus group discussions were held during the first day of fieldwork to map out the value chain actors and their geographic locations. Focus group participants were drawn from the local market and contained a mix of market actor, from producers to retailers. The sessions lasted between 1 and 2 hours and provided important qualitative information to help guide both the analysis and the subsequent value chain interviews.

6.1.3. Step 3: Value Chain Interviews

Samuel Hall then conducted a survey of 30 respondents in each value chain using a quantitative questionnaire. Snowball sampling was used in order to identify potential respondents. A snowball sample is a non-probability sampling technique that is appropriate to use in research when the members of a population are difficult to locate. In practice, this meant that enumerators asked respondents to identify other potential respondents. This is a particularly effective tool for value chain studies, especially if the type and location of actors is unknown.¹¹⁴ In total, 60 value chain actors were interviewed using a mixed quantitative and qualitative survey questionnaire.

114 Babbie, E. (2001). *The Practice of Social Research: 9th Edition*. Belmont, CA: Wadsworth Thomson

6.2. Rapid Market Assessment

6.2.1. Tools

In parallel to the value chain study, Samuel Hall also conducted a rapid market assessment to gather broad data on wider market trends. Several tools were used:

Observational analysis was carried out in Baidoa and Beletweyne’s principal areas of economic activity using a detailed checklist to provide a systematic account of market activity. The information collected included products available and costs.

Consumer demand interviews were conducted among a purposive-then-random sample of male and female respondents recruited from commercial areas in the District capitals. The interviews identified levels of satisfaction with current market products and demand for new products.

Qualitative focus group discussions were held with – two in each province. The focus groups contained a mixture of youths, women and men.

Local stakeholder interviews (qualitative) were conducted among government officers in relevant departments and agencies depending on security and availability. Qualitative interviews will be conducted face-to-face or over the telephone by native Somali speakers, and will last 30-45 minutes. A total of 7 interviews were conducted with local stakeholders.

Employer interviews (qualitative) were conducted among employers who own MSMEs. The interviewers gathered important information about local market dynamics, desirable skills and the demand for labour.

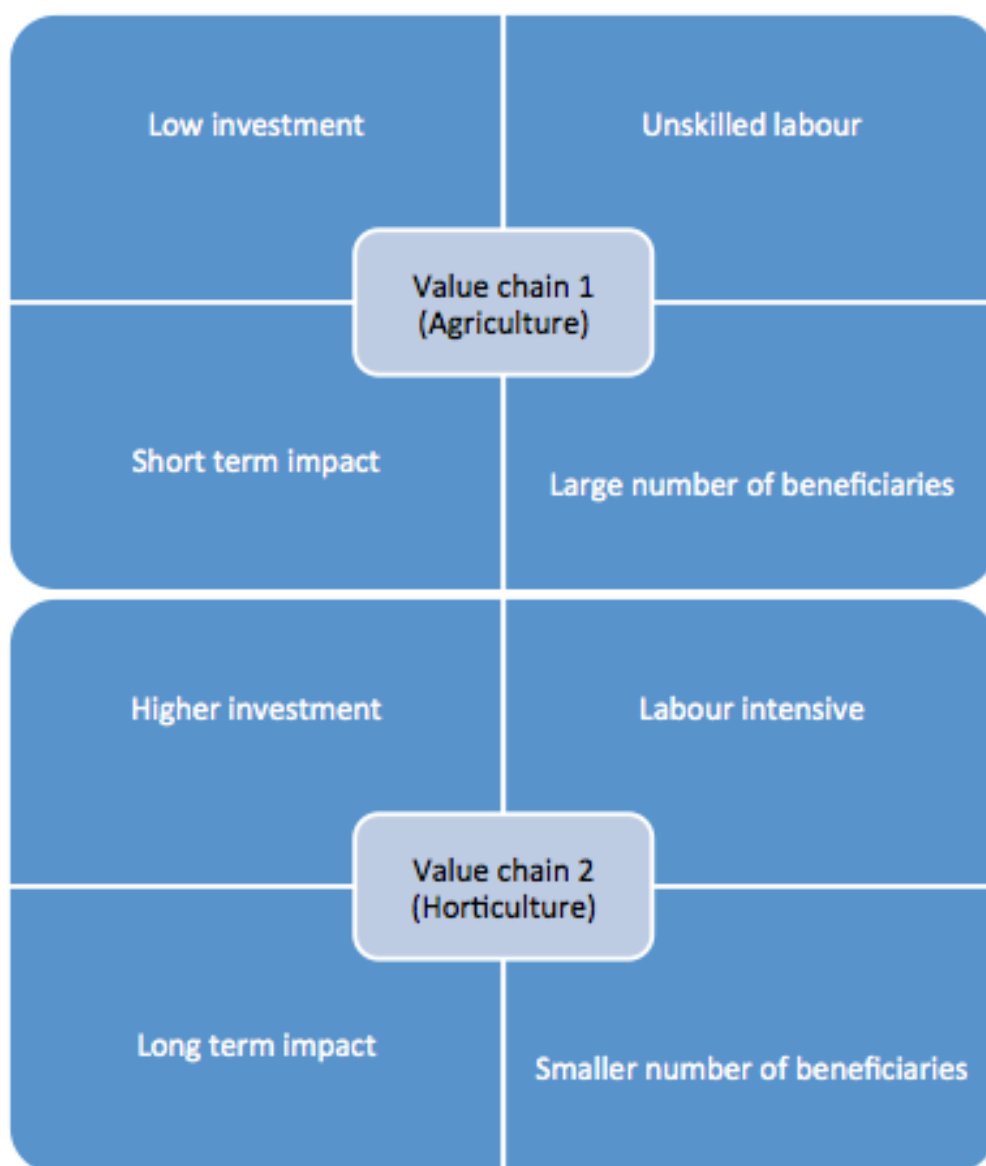
6.3. Sampling Summary

Value chain analysis	Baidoa	Beletweyne	Total
Actor interviews	30	30	60
Qualitative Focus Groups	1	1	2

Rapid Market Assessment	Baidoa	Beletweyne	Total
Observational analysis	1	1	2
Consumer Interviews	30	30	60
Qualitative Focus Groups	2	2	4
Local stakeholder interviews	-	-	7
Employer Interviews	5	5	10

7. Annex B – Selecting Value Chains

Samuel Hall undertook an analysis of two value chains representing different sectors. The aim is to provide ILO with practical recommendations for a broad range of potential programmes that have both long and short term impacts and can be tailored to different beneficiaries (skilled/unskilled, urban/rural etc). For this reason we opted for an *agricultural* value chain and an *horticulture* value chain. The charts below illustrate the respective programming implications of both an agricultural and horticultural value chain analysis.





The next step was to identify specific sectors in agriculture and horticulture for the value chain analysis through a pre-selection process. Pre-selecting value chains in a context of limited data requires a combination of qualitative and empirical observations and a good deal of educated guesswork. Such an approach is unavoidably subjective, but the use of numerical scores for a series of ‘appropriateness’ metrics helps to reduce the degree of subjectivity. The table below presents the scores for some of the main economic sectors for which *some* information was available. There are many other economic activities taking place in Baidoa and Beletweyne, but the conspicuous lack of data - even in this data-poor context -precludes against anything other than pure speculation. The sectors represented in the table below are those that appear in one or more reports on local markets, those mentioned in key informant interviews, and those for which several scores could be extrapolated either directly or by inference.

Services were not been included in the value chain selection matrix as they are often exclusively urban based, too nascent to provide to provide enough information, or simply without data altogether. Note: the potential for IDP employment was not factored in to the VC, since IDPs were only added to the study *after* the initial VC chain selection process had begun.

The scores are based on the following premises:

- 1 = Specific/inferred reference to poor performance**
- 2 = Inferred reference to poor performance**
- 3 = Default score/uncertainty**
- 4 = Inferred reference to good performance**
- 5 = Specific/inferred reference to good performance**
- NA =not enough information to make a judgement**

Sector	Programme Suitability					Sustainability			Impact				Total Score
	Short term employment potential	Long term employment potential	Prevalence of women, youths	Presence in Baidoa or Beletweyne	Product demand	Growth potential	Income generation	Desirable skill	Scope for value added	Scope for entrepreneurship	TOTAL		
Agriculture	Sesame	3	3	4	4	3	2	3	2	3	29		
	Sorghum	3	4	4	5	3	3	4	4	4	36		
	Maize	3	3	4	4	3	4	4	4	4	35		
	Dairy	3	3	5	4	3	2	2	3	2	29		
	Camels	2	2	2	3	4	3	2	2	2	24		
Livestock	Goats/sheep	2	2	2	4	4	3	3	2	2	26		
	Cattle	2	2	2	3	3	4	2	2	2	24		
	Bananas	1	2	3	3	3	3	3	3	3	26		
Horticulture	Lemon	1	5	3	2	3	4	4	2	4	32		
	Lime	1	5	3	2	3	4	4	2	4	32		
	Papaya	1	5	3	2	3	4	4	2	4	32		
	Onion	3	4	4	4	4	4	3	3	3	35		
	Tomato	3	4	3	2	4	4	4	4	4	34		
	Mango	1	5	3	2	3	4	4	4	4	32		
Manufacturing/Construction	Tailoring	2	3	4	3	3	NA	3	3	3	27		
	Metal fabrication	NA	4	1	3	4	4	3	3	4	29		
	Furniture making/carpentry	2	3	4	3	3	4	4	4	4	34		



The scores in the table above suggest that the sorghum, maize, onion and tomato value chains may contain the most opportunities for growth and employment for youths and women in the agricultural/horticultural sphere. Since the survey covered two value chains only, we selected sorghum and onion growing. Below is a brief rationale for the section:

- Sorghum (Baidoa) – Sorghum has been selected primarily for the opportunities it presents for post-production processing and for the fact that it is widespread, with potential to absorb a large workforce. Sorghum is the primary cereal crop in Baidoa, which is the main sorghum-trading hub in Somalia¹¹⁵. Trade networks stretch across the country and Baidoa has well-established commercial links with neighbouring markets. The basic skills base is already in place among the labour force since sorghum cultivation has been carried out for generations. Cereal crop yields in general are low and have been hit hard by the war.¹¹⁶ This gap is being filled by imports and food aid. The main problem with the sector today is the lack of storage facilities for surplus grain, and the near complete absence of post-production processing such as cleaning, milling, packaging, labelling and marketing. While many young people are disinterested in the traditional sectors of their parents, there is great potential for value added production stages, which offer commercial as well as vocational opportunities for young people. Moreover, interventions could be staggered over a series of phases to allow incremental growth to proceed alongside concomitant market and skills developments. For instance, in the first stage ILO could provide silos to store grain. In the second phase it could train local metal workers to make these silos. In the third stage it could train farmers how to clean, sort and mill surplus grain for wider trade. In the final stage it could stimulate packaging and marketing entrepreneurship.
- Onions (Beletweyne) – Like most cash crops, onion growing is a labour intensive activity. Future growth potential of this sector is strong. The demand for onions is high across the country, as most households use onion as a basic cooking product. Domestic production cannot keep up with consumption and Ethiopian imports often make up the deficit.¹¹⁷ Riverine locations in Beletweyne make it ideally suited for onion growing, and like Ethiopia, Beletweyne often exports onions to other regions in Somalia (such as Baidoa). Unlike softer fruits and vegetables, onions tend to travel better. Extant regional trade networks could provide further opportunities for growth. Onion growing can also be done by sharecroppers, and may therefore offer potential opportunities for IDPs who do not own their own land. Further opportunities may exist in the associated support services such as generator and pump irrigation leasing.

115 FEWSNET (2004): *Horticulture Study in Lower and Middle Shabelle Regions of Somalia: the case of expansion of fruit and vegetable production and marketing in greater Mogadishu*. Chemonics International Famine Early Warning System Network, Task Order No. 2, p.9

116 USAID (2013): *Op. Cit.* p.7

117 117 FSNAU (2009): *Livelihood Baseline Analysis Baidoa – Urban*. Technical Series Report No. VI. 22. P.19

The justification for **not** selecting the other products is provided below:

1. Tomatoes – Tomato growing is potentially a highly promising sector. The demand for tomatoes is fairly high, as most households use tomatoes, or tomato paste for pasta dishes¹¹⁸. However, very little post-harvesting processes currently take place in Somalia for tomatoes, which means that the current demand for sauce in particular is being met from overseas. The returns for tomato growing are potentially high. A single crop of tomatoes can yield three harvests a cycle and can be harvested in as little as 2 months from planting.¹¹⁹ However, since tomatoes are a highly perishable good surplus tomatoes often go to waste. Opportunities exist for converting surplus produce into dried or pasted products, which can then be stored, transported and sold in wider markets. Although tomatoes could offer potential opportunities for growth, there are some notable barriers to post-harvest production. In Afgoy, notably, there used to be a tomato processing facility that converted tomatoes into puree, but the high cost of energy and strong import competition forced operations to cease.¹²⁰ Thus, although there is potential to resuscitate this industry, Samuel Hall and ILO have decided to focus on exploring new options in other sectors.

2. Sesame – Sesame has many of the same advantages as maize and sorghum in terms of post-harvest production. However, the main demand in the future could come from export markets¹²¹, to which Somalia is currently unable to cater due to an unfavourable export climate – for example, double taxation at Mogadishu and a lack of government certification to show provenience. Moreover, ‘elite-capture’ at trade entry and exit points is a serious barrier to entrepreneurship in the import/export markets. Since reform in these areas will take many years, we do not deem sesame as high potential as sorghum or maize.

3. Dairy – Women play a very active role in the dairy sector – 85% of the milk traders in a FSNAU study were women. According to a USAID report¹²², domestic milk demand is not being met by domestic production, so there is certainly scope for trying to bridge this gap. However, potential for value addition would come at a high initial input cost for sterilising, pasteurising and bottling equipment.¹²³ Moreover there is little appeal among young people for learning skills in this sector.

118 FEWSNET (2004) Op. Cit. p.16

119 FEWSNET (2004) Op. Cit. p.16

120 KII with Ministry of Planning and International Cooperation, Director of the Population Survey, and Skype exchange with ILO, Nairobi

121 USAID (2013): *Economic Growth Assessment of South Central Somalia*. Prepared by the Somali Agricultural Technical Group (SATG), p.2

122 USAID (2013): *Op. Cit.* p.3

123 FSNAU (2009): *Op. Cit.* P.9

4. Livestock (camels, goats, sheep and cattle) – The livestock sector faces many challenges common to all animal types. Although livestock keeping is Somalia’s main livelihood strategy, it is a heavily export driven market. However, packaging, storage and hygiene standards are extremely low in Somalia, and sanitary and phytosanitary standards are still far behind internal market standards. Moreover, as a mature sector, there are few opportunities for job creation.¹²⁴

5. Fruits – Mangos, papaya and guava are all cultivated to a small extent in Somalia, and the returns can be significant. A single mango tree can produce three harvests. As with tomatoes, there is considerable potential for post-harvesting production and value-added processes like jam making, juicing, pulping or drying. However, fruit trees require a significant initial investment (seeds, nurturing, irrigation) and give very low returns for the first few years.

6. Tailoring – Although demand for tailoring is high in Somalia, especially for women¹²⁵, the potential for employment is constrained by demand for tailoring services, which although present, could not support a large number of tailor shops in a single location. The growth potential of tailoring, therefore, is extremely difficult to gauge. Moreover, the potential for value addition is limited since clothing is a final market item.

7. Metal fabrication – There is very little information about metal fabrication since value chain studies in Somalia have traditionally focussed on agriculture, horticulture and livestock rather than industry, construction or manufacturing. There is certainly a high demand for infrastructure rehabilitation (of which metal fabrication would play a significant role), yet there would be few opportunities for female employment and it is unclear how many people are currently involved in this activity. A value chain study in this sector would be important, but within the constraints of the project scope, it may be more of a gamble than either sorghum or tomatoes, for which more information exists.

Furniture making/carpentry (Beletweyne) – A lack of solid data makes it difficult to make robust predictions about growth potential in this sector. However, furniture making and carpentry are transferable skills that can be used in other sectors (such as construction) and, more importantly, in other geographical areas. This is especially important for IDPs, many of who may wish to return to their location of origin. Importantly, NGOs like IOM and DRC have already focussed on carpentry and self-report high demand for furniture products, and high employment post skills

124 USAID (2014): *Somalia Economic Growth Strategic Assessment*. P.x

125 WARDO (2010): *Labour Market Need Assessment*. Mogadishu, Somalia



training.¹²⁶ In addition furniture making appears to be fairly profitable – inputs (wood and nails) for a basic wooden bed can cost as little as \$10, whereas the finished bed can sell for \$30. In spite of these positive attributes, furniture making remains a fairly small-scale industry with limited opportunities for creating a large number of jobs.

126 IOM KII with Livelihoods Officer 05/08/2014

8. Annex C – Key Definitions

Term	Definition	Source
Value chain	<i>“A value chain is a sequence of target-orientated combinations of production factors that create a marketable product or service from its conception to the final consumption.”</i>	ILO (2006): <i>An ILO guide for value chain analysis and upgrading</i> . Geneva.
Value Chain Development (VCD)	According to the ILO, VCD is built around <i>“five drivers of change that could prompt value chain development”</i> : <ol style="list-style-type: none"> 1. Systems efficiency 2. Product quality 3. Product differentiation 4. Social and environmental standards 5. Business environment 	ILO (2009): <i>Value Chain Development for Decent Work: A Guide for Development Practitioners, Government and Private Sector Initiatives</i> .
Mapping	<i>“Mapping means giving visual representation business actors along the value chain and the connection between them, illustrating the entire production (or service delivery) process from the beginning (raw materials, conception, design, input supply etc) to the final consumer.”</i>	ILO (2007): <i>An Operational Guide to Local Value Chain Development</i> .
Youth	In the absence of universally applied definitions of youth, this report follows the definition applied by UNDP in the 2012 Human Development Report: 14-29. This age bracket recognises ‘youth’ as a transitional phase between adulthood and childhood. The UN considers anyone under the age of 18 to be a child, but the ILO recognises that children as young as 14 can be permitted to work under certain conditions. Perhaps the broadest definition of youth comes from the African Union, which describes anyone from the age of 15-35 as a youth. Creating strict definitions of youth based on age fails to recognise other factors that determine <i>youth</i> such as attitude, experience and upbringing. Therefore in order to accommodate as wide a range of definitions as possible, and in order to reflect the age brackets outlined in the ILO ToRs for this project, youth are defined loosely as people between 15 and 30 years old.	UNDP (2012): <i>Somalia Human Development Report 2012: Empowering Youth for Peace and Development</i> . UN (1989): <i>Convention on the Rights of the Child</i> ILO (1999): <i>Worst forms of Child Labor Convention (No.182)</i> <i>African Youth Charter</i> , p.3
Economic growth	Following the USAID’s economic growth assessment in	USAID (2013): <i>Economic</i>

potential	Somalia, this report uses the same definition: <i>“Economic growth potential is defined as activities that can generate more employment, generate more wealth and attract more investment.”</i>	<i>Growth Assessment of South-Central Somalia.</i>
Training for Rural Economic Empowerment (TREE)	<p>TREE is a methodology that <i>“ensures that training is linked to economic and employment opportunities, and that disadvantaged target groups, including poor women and people with disabilities, can realize these opportunities and thereby become economically empowered”</i></p> <p>This report fits into the broader TREE methodology by providing an assessment of labour market demand, and identifying economic opportunities and training needs through first hand data collection and participatory community discussions (focus groups)</p>	ILO (2009): <i>Rural Skills Training: A generic manual on training for rural economic empowerment (TREE).</i>