

A Need to Develop Somalia's Resources

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With a territory of 631,000 sq.km. and a coastline of 3,300 km., Somalia's population of 6 million or so has one of the lowest standards of living in the world. The country is categorized as underdeveloped, because its people are unable to exploit and develop it rationally. However, Somalia cannot be described as poor country in terms of natural resources. It is endowed with immense agricultural potential. It has 35 million head of livestock, the second longest coast in Africa, 13 million hectares of cultivable land and perhaps mineral wealth.

The country is in a very early stage of economic and industrial development, which is typified by low productivity, unemployment, and lack of utilisation of domestic resources. It badly needs to develop its domestic technological, entrepreneurial and managerial skills and capabilities to an adequate level and to embark on a conscious policy of attracting foreign investment.¹

The scope of this short paper is to attempt to outline three interrelated factors in the current discussion of Somalia's economic development.

Firstly, a brief general description is given of the present status of the economy. As traditional systems of production such as grazing seem to fail to bring about required progress, we come to the second phase of the argument: Is pastoralism in Somalia conducive to the type of industrial development envisaged? The pastoral system, as it is, does not seem to be a viable one. The environment has been changing over the last half century in the whole Sahelian zone including Somalia. Desertification, lowered rainfall and war continue to threaten year after year the once-self-supporting rural life of Somalia. The vast majority of Somalia's nomadic population struggle for survival on the threshold of hunger. The number of nomads drifting into towns annually is increasing, crowding into urban squatter compounds, adding to the ranks of thousands of unemployed.

This essay points out the importance of the need to employ Somalia's pastoral system and the idle valuable human potential to a productive end. I shall only refer briefly to the need to seek alternatives to current development. Thirdly, I would argue that Somalia is not a poor nation. It has vast natural, mostly renewable, resources. Is it impossible to exploit this potential? This will be treated as an open question and is meant to be basis for debate and further research.

¹ The country has suffered as a result of serious brain drain. It may be a wise idea for Somalia to launch a campaign to attract its lost skilled and educated expatriates in the Middle East, West and East Africa.

Despite vast potential, Somalia remains one of the poorest of the least developed countries. Accurate figures are scanty, but there is clear indication that there is general malaise in the economy. The rate of the economic growth, on average, may not exceed the rate of the population growth, which has been estimated at 2.3 per cent *per annum*. Somalia's export-earning capacity has been greatly reduced by Saudi Arabian ban on importing Somali cattle. There are no operational meat-processing facilities in the country; the country is therefore unable to compete with other sources of meat such as Australia and New Zealand. Agricultural utilisation is limited to 1.3 per cent of the total land area. Of the two major cash crops grown, banana and sugar, large quantities of the latter are imported. Thus, the levels of production and trade are extremely low.

In addition, there have been continuous inflationary pressures over the last 8 years and the level of inflation has been estimated at over 50 per cent a year.

The Somali shilling dramatically depreciated in value. Since July 1981, the shilling has been devalued four times. The official rate stands today at So.Sh. 65 = \$1, which is less than 10 per cent of its value in 1981. There are also two other rates in operation; a business rate at So.Sh. 85 = \$1 and a free market rate, which is running at around So.Sh. 150 = \$1.

The reduction in value of the national currency could help increase the level of exports. However, Somalia, being a net importer of almost all its requirements, the devaluation aggravated the acute foreign exchange problem and created added inflationary pressures.

The current economic crisis is one of underdevelopment combined with man-made disasters such as wars and natural calamities such as droughts. It may be worthwhile to give here the standard definition of underdevelopment as «the socio-political and socio-economic situation of a society which is no longer structurally able to achieve the self-determination of its political superstructure and its economic basis». In the Somali case, the degree of dependence on other countries is very high.

The Mainstay of the Economy

Talking of developing underdeveloped pastoral Somalia requires a quick look at the livestock sector. The importance of livestock to the economy is paramount. For centuries, livestock-rearing has been the main occupation and has formed the basis of existence for most of the Somalis.

Today, traditional nomadic livestock production accounts for about 40 per cent of the Gross Domestic Product (GDP) and, through export of live animals and hides and skins, the livestock sector accounts for about 80 per cent of the total export earnings.

About 60 per cent of the total human population are engaged directly in the actual rearing of livestock and about 10 per cent are directly or indirectly connected with livestock trade. This means that two-thirds of the population are dependent upon stock-raising.

A 1975 Government census, based upon interviewing livestock owners and physical counts of selected herds, produced the following estimate of livestock population figures:

Camels	5.29 million
Cattle	3.72 million
Sheep	9.40 million
Goats	15.30 million

This sector should be given a high priority in the national development plan. This should be done to support the livelihood of the major part of the population.

However, droughts and famine have become a reality for millions of animals and their owners. Drought and desertification which hit hard Africa's Sahel zone, has been seriously affecting the pastoralists in Somalia. Since 1968, there has been inadequate rainfall. The great drought of 1974 was only its high point. The poor rainfall and soil conditions reduce animal herds while they cover vast distances in search of pasture and water during the dry season. This trend is likely to persist over the coming decades according to forecasts made by the World Bank.

Unless the situation of livestock-rearing is transformed into a more manageable aspect of life, the reality is that Somalia's nomadic majority cannot free itself from the scourge of destitution, let alone contribute to the development of the country. Nomadic pastoralism, I would argue, is an indulgent way of life but the good days of it must be behind us. A true nomad cannot envisage any alternative source of employment to that of his own. He sticks to it as it is the only trade he knows. The nomad of today knows no better method to survive other than the only one his forefathers had to use for centuries i.e. regularly being on the move with their livestock in search of fodder and water. This pattern of movement puts shackles upon the nomad making him a prisoner of nature.

Desertification and drought increasingly debilitate his stock and the going gets tough as the prices of commodities from the town soar and the value of his animals depreciates compared with exorbitant prices rises, caused by the fast depreciation of the shilling.² In the local marketing of livestock, the nomad hardly gets a fair price for his produce. Profits that would otherwise be his are largely expropriated by the middleman. The nomad brings few of his live animals to town for sale to purchase food and other manufactured goods during the dry season but he is forced to sell these quickly for a price far below their value to escape an expensive stay and disappointment. Often there is no place to keep and feed the animals when brought to town so that satisfactory offers come through. This unequal exchange further undermines the statue of the herdsman. The result is an ever-deteriorating and archaic method of subsistence farming.

This is the condition of pastoral Somalia. One would not deny that pastoralism is the original and most dominant form of livestock production. Indeed, it is a rational way of using scarce resources, but by no means one that leads towards modernisation. Despite its enormous contribution to the economy at present, it is an obvious sign of underdevelopment for the nomadic society to remain as it was centuries ago. This is particularly so when it is threatened by galloping attacks of drought or it is impossible to market its products because it cannot compete with other settled sources of meat production. This should not be understood that sedentarisation, the forced or encouraged settling of nomads, is taken as a universally improved system of pastoralism. One side of the argument is

² The nomad exchanges live animals for agricultural and manufactured goods. He buys essential food grains, clothing and luxuries such as tea and sugar.

that, by increasing the dispersion and mobility of livestock, it may be possible to stop desertification. Another would be that haphazard and unplanned settlements bring about havoc in the pastoral economy. There is no question, therefore, of compulsorily imposing settlement on the nomads, but only of addressing the dire necessity to carry out research on techniques which can make livestock-rearing more productive. It certainly does not appear that pastoralism in Somalia had its fair share of development research. There have been a number of failed attempts to rationalize pastoralism in Africa. However, commercial ranches which were established in Kenya early this century, have been yielding high-quality beef and dairy cattle. None of these projects has been tried in Somalia, the country with the largest number of livestock population per square mile. One of the planning strategies may start from transferring nomads from pastoralism to fisheries and agriculture, so that the pastoral sector does not continue to grow in absolute size (Swift 1977). In the simultaneous development of the pastoral ecosystem, productivity less subject to the vagaries of nature could be created.

The need to survive and develop in order to achieve a modern economy, requires the transformation of the traditional pastoral system into a much-improved, more productive form of production. An economic system based mainly on manufacturing is required.

A Need to Develop Resources

The country is often portrayed as a sun-baked desert, useful only for its strategic importance in the Horn of Africa. The fact is that in this age of exhaustion of world resources, embracing pollution and exploitation, whether of the atmosphere or soil, or of seas which are being overfished, Somalia could be a source of a steady supply of raw materials. Its land area is much bigger than the land areas of Great Britain and Italy combined. Its potential is vast, including fisheries, agricultural land, livestock, frankincense, tourist attractions and possibly mineral and oil wealth.

Statistical figures are tentative. However, estimates of fishery resources based on surveys give a total yearly fish production potential as high as 1,078,000 tons without harming the fauna. This includes all kinds of fish species: pelagic, demersal, crustacean and mesopelagic.

Compared with the potential mentioned above, the present fishing activity in Somalia is insignificant and mainly comprises artisanal operations, restricted to coastal fisheries, employing several thousand fishermen with traditional wooden vessels (badens and houris). Lack of jetties, processing facilities and coastal roads are some of the difficulties faced by productive fishing industry.

Lack of infrastructure in the country as a whole frightens away the foreign investor. Apart from ecological problems, the burden of underdevelopment makes most of the land uninhabitable for modern economic activity and unattractive to the profit-seeking foreigner. The establishment of infrastructure could create a hospitable investment climate, which will attract foreign firms to build an industrial base, which would provide employment and stimulate development throughout the economy.

Somalia has to develop a policy of attracting direct foreign investment, a policy less restrictive but more clear-cut than that in the past. A climate of confidence

for business and investment should be created. New laws and regulations should provide guarantees for the protection of approved foreign investment, freedom to remit profits and repatriate capital, and international arbitration for settling disputes. Tax and export incentives could also encourage foreign investment.

The prospect of turning this society into a more conscious and productive force depends on the reappraisal of priorities. The major part of military bill which is now approaching over half the annual budget, must be seen as futile expenditure. The bureaucratic and inefficient state agencies, many of which, are known to misuse through graft the responsibility entrusted to them, should be reorganized. In the light of our experience of their performance in the past, Ministries and State Agencies should act as mere regulators of economic policies in their appropriate fields. The State Sector does not seem to have done its job well. It has not led to individual self-fulfillment and a creative partnership in the use of the nation's productive forces and its full human resources. Some Government officials boast how much they can swindle out of their departments they have lost sight of their prime objective, the development of the country. The State Sector, therefore, ought to be relieved of the job and at least some of the responsibility transferred to the private sector. As privatisation will involve more people, and people are aware of their cultural identity and therefore of what they want, they can adapt and support appropriate economic development. It is assumed here that private enterprise can stimulate incentives. The urbanised nomad would be more caring in looking after his own business as he would his herds. The incentives and opportunities offered by the private enterprise would replace public sector apathy.

Somalia needs an urgent injection of foreign investment. New projects, joint venture or otherwise, would bring with them new technical skills to the local and would offer Somalis employment opportunities and would encourage development of the infrastructure. The attraction of foreign investment requires reappraisal of Somalia's priorities and particular emphasis of its natural resources. There has to be a concerted effort and policy by the state and its people to encourage efficiency and foreign investment in order to eradicate the poverty and problems inherent in a backward economy. This is an immense task. When there is a will, there is a way.

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