

AN OPPORTUNITY TO CONTRIBUTE

An Assessment
of
Small Enterprise Prospects
in
Somalia

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More specifically we wish to acknowledge the constant and considerable support of Frank Pavich, Chief RD/RA USAID/Somalia, and the staff of the USAID Mission.

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I. Introduction

The Government of Somalia began in the early 1980's to reconsider its strategy for development, and to look for new sources of growth. The new approach attempts to liberalize the economic system and to mobilize private sector energies.

The Government moved in 1983 towards an endorsement of refugee settlement which assumes that the refugees will be equipped with a certain degree of self-reliance skills and resources to facilitate their settlement.

Two of the four broad goals stated in the Five Year Development Plan, FYP 1982-1986, underline this strategy:

- accelerate growth in production leading to increase in per capita income
- increase self-reliance and popular participation in the development effort.

In response to this, USAID/Somalia has formulated a country development strategy that directs more support to the private sector and to refugee programs for self-reliance in anticipation of and preparation for settlement.

This report is a needs assessment of the enterprise development requirements of both refugees and the larger economy, including the refugees; within the context of national goals. Consistent with the terms of reference, training has been emphasized.

The report has been prepared by Partnership for Productivity (PfP) under the Small Business Capacity Development Contract. The team comprised a Small Enterprise Design Specialist and a Small Enterprise Program Management Specialist. Project duration was three weeks, all in the field. This report was submitted to the

mission at the conclusion of the field period. The terms of reference are annexed to the report.

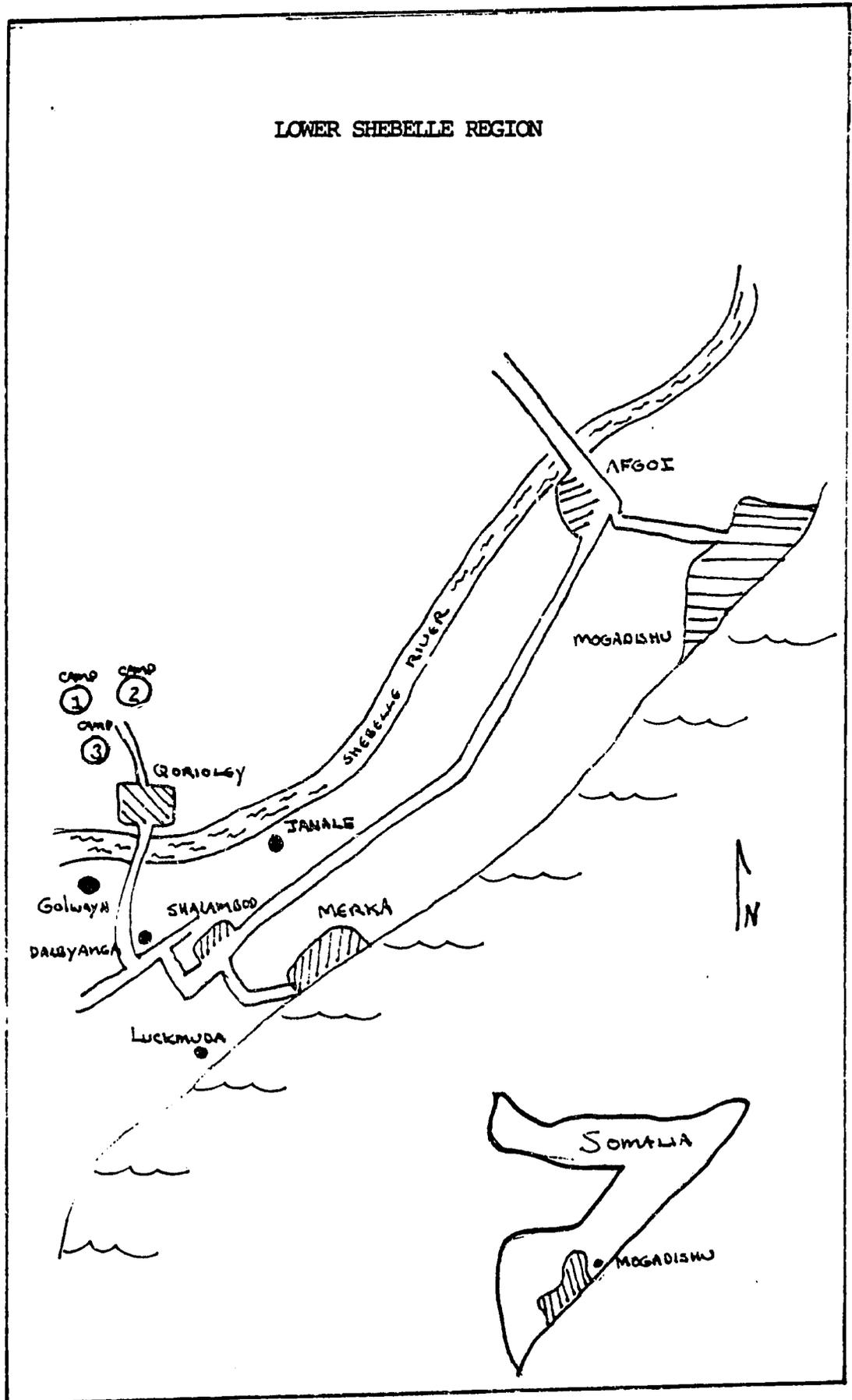
The PFP team focused on one region of Somalia and assessed the enterprise development requirements within that region. The selection criteria included the following:

- a. The existence of a diversification of sub-economic sectors to include towns, ports, agricultural areas, fishing villages, a significant herder presence, and of course, refugees. The existence of these different sub-economic sectors would allow a degree of representation of Somalia generally and reflect its diversity.
- b. Easy accessibility to allow research, assessment, and report preparation, in the limited time available.

The PFP team conducted the field research in Lower Shebelle Region. Three towns, Merka, Qorioley and Janale; three villages, Golwayn, Dalbyanga and Luckmuca; and three refugee camps were visited. Representatives of national, regional and local Government, USAID officers, international donor and relief organizations, private voluntary agencies, refugees, entrepreneurs, vendors, farmers and fishermen were interviewed during the study. The markets of the towns, villages and camps were also studied. Vocational and technical training schools in Afgoi and Mogadishu were visited. A literature review of recent relevant documents was conducted.

To complete the scope of work, the assessment analyzed and assessed the requirements for enterprise development within a region that includes a significant refugee population, and then specifically assessed enterprise development needs for self-reliance at selected refugee camps. Recommendations for both the promotion of small enterprises within a region and promotion of small enterprises within camps have been formulated.

LOWER SHEBELLE REGION



II. Analysis of the Components of Small Enterprise

An assessment of small enterprise requires an examination of the different components and linkages within the economic productivity process. Components such as raw materials, supply, training, skills, management, transportation, maintenance, marketing, and credit; together, form a development chain that allows entrepreneurial activities to exist and sustain itself. The extent and appropriateness of these components determine the degree of sustainability of the enterprises.

This assessment begins by describing existing small enterprises in Lower Shebelle and then examines the relevant major economic components related to small business. Particular attention will be given to the appropriateness of each component and their inter-relationships.

The vast majority of Somalis belong to traditions of high mobility, risk-taking and trade. These traditions are well suited to the rigors of the private sector. Such traditions are among the reasons that makes the economy in Somalia remain largely a private economy even after a decade of "scientific socialism".

At present, in rural Somalia, this mobile, diverse, energetic population manifests itself in the different economic subsectors, and indicates the possibility for expanded entrepreneurial activity.

Rural small enterprises exist in towns and villages in three basic forms:

- 1) productive enterprises such as: carpenters, blacksmiths, bakers, potters, weavers, tailors, shoemakers;
- 2) processing enterprises such as: maize grinding mills, sesame oil processing, confection production;
- 3) service enterprises such as: tea shops, restaurants, fuel-wood vendors, retail shops, barbers, transportation services (donkey carts and trucks), repair and maintenance shops.

Characteristically, these enterprises are small in size and employ the owner and a small number of workers. Most of them rent a small workshop and pay annual taxes. Their markets are in their own villages and sometimes extend to the neighboring villages and towns.

Training

The vast majority of the small entrepreneurs interviewed during field research learned their skills on the job. A good number of them such as blacksmiths and carpenters were apprentices at their father's workshops. Others, such as bakers were workers in somebody else's enterprise. Many, such as tea house owners, transferred their skill from the household to the enterprise. Extensive recent research has catalogued the many vocational and technical training institutions in Somalia. These institutions focus on skills that are relevant to small business though they by no means address the full array of needs. The findings of the field research and literature search on the current capacity of existing training institutions indicate that most of the vocational and technical training takes place within the formal education system. The exceptions being the apprenticeship and in-house (on-the-job) schemes of large businesses and state enterprise.

The "Somalia Education and Human Resources Sector Assessment" of January 1984 examined thoroughly the vocational and technical institutions in Somalia. The following summarizes the findings:

1. Vocational education refers to two year school training, primarily oriented toward craft skill development.
2. Technical education refers to three year and four year school training involving both academic and occupational training aimed at higher level technical skills.
3. Existing vocational and technical institutions are designed only for students who completed Grade Eight. These institutions

do not attract a clientele from outside the school system and, indeed do not permit them.

4. Most of the vocational and technical institutions in the country are teaching basic rather than more advanced trade skills.

5. Teaching emphasizes theory rather than practice. This is not by design. It results from a critical shortage of equipment and materials.

6. Equipment, if available, is often inoperable.

7. There is no unified curriculum. Often the teachers at each institution develop their own curriculum. Indeed the EHR states: "The Curriculum Development Center of the Ministry of Education does not develop curricula or instructional materials for vocational and technical education".

8. Textbooks and teaching aids for both teachers and trainees are lacking, absent or inappropriate (i.e. not in the language of instruction).

9. While graduates are guaranteed government employment, many emigrate for job opportunities to the Gulf States and Saudi Arabia. Few enter the job market. Some go on to higher education and a small percentage remain unaccountably unemployed.

10. Instruction is in English only.

Our field research confirmed these findings and noted others:

1. The majority of these vocational and technical institutions teach technical skills such as: auto mechanics, masonry, plumbing without emphasis on management, administration, accounting or bookkeeping. Hence, graduates are equipped to seek jobs rather than create them. There is no training or post graduate

assistance specifically intended to encourage them to start their own business.

2. Students who enroll in these institutions are given no choice in the selection of the skill they will learn. They are simply assigned without reference to aptitude or aspiration to a program of study.
3. The programs of study (e.g. carpentry, welding) do not appear to have been determined in response to market need or employment opportunity.
4. There are no short-term, two weeks to six months, courses. All those who need or wish to learn a skill have to enroll for two, three or four years and this privilege is restricted to those few who are proceeding through the government schooling system.
5. There are no training institutions, formal or informal, for skills needed by artisans such as blacksmiths, tanners, leather workers, pottery makers, weavers and bakers.

The formal vocational and technical education subsector comprised 32 institutions in 1982-1983. The following table^{1/} displays these institutions and the programs they offer.

Raw Materials, Supplies, Equipment

Lower Shebelle Region has diversified resources of raw materials. Water, wood, forage, fiber, fish and animal skins are among its main resources.

Lower Shebelle has the benefits of one of the country's two permanent rivers. During flood seasons (April to May, and October to

^{1/} Ministry of National Planning of the Somali Democratic Republic and USAID, Somalia Education and Human Resources Sector Assessment, January 1984.

November) the Shebelle River may be full at a point near Jillib and occasionally break through to the Juba River further south. Favorable rainfall and soil conditions make this entire riverine region a fertile agricultural area. Lower Shebelle is rich in savanna woodland. The principle economic value of the forests is that they provide fuel, (e.g., firewood, charcoal) forage and fiber. Excessive cutting and overgrazing have led to steady deterioration of the forests. Continued use of the resources of the savanna woodlands will require extensive reforestation efforts.

Lower Shebelle Region, like much of the Somali coast, has considerable artisinal fishing. Fishing is the main source of livelihood for many of the estimated 90,000 people living in the small fishing towns and villages along the coast.

Livestock is the dominant sector of the Somali economy. Milk and meat provide about half of the diet of the approximately 60 percent of the population who are nomadic pastoralists. Many of the other foodstuffs they consume are obtained through sale of animals and animal by-products. However, even though livestock is the dominant economic sector, it appears that animal by-products are underutilized and tanning and leather product industries are underdeveloped.

The existence of this diversity of raw material in Lower Shebelle in particular and in Somalia in general, demonstrates the potential for small enterprise development. An additional dimension is the agricultural production which supports the growth and diversification potential of small businesses in the area.

The existence of basic raw materials should facilitate the operation of enterprises based on these resources but restricted access often limits or prevents exploitation. Land tenure issues and transportation availability and cost often make access to these resources difficult.

The situation is compounded by the problem of access to supplies and equipment. Many small entrepreneurs interviewed highlighted the fact that their operations do not function on a continuous basis due to lack of access to either supplies or equipment. The two bakers interviewed were not working due to a shortage of wheat flour. The blacksmiths interviewed did not have easy access to metal or tools. All turn down some production demand due to a shortage of supply. Women in the refugee camps with a certain degree of sewing skill expressed an interest in starting their own tailoring businesses if they had access to sewing machines. These few examples noted during field research serve to highlight the difficulties of access to supplies and equipment. Among the major reasons are high transportation cost, high unit costs and severely restricted foreign exchange access.

Transportation

The transportation and communication infrastructure within Somalia is poor, resulting in exorbitant collection and distribution costs. In Lower Shebelle, even though the roads are better than in other regions of the country, access to inner villages is difficult and expensive. Transportation and collection operations require levels of planning and coordination which so far only big businesses have been able to accomplish successfully. Small entrepreneurs could enhance their efficiency by pooling their resources in order to meet transportation costs. In "The Qorioley Forestry Project Recommendations" Report, it is mentioned that refugees often pool resources to hire transport to collect building materials. Charcoal makers also pool their resources to meet transportation costs. Research indicates that many small entrepreneurs need assistance in organizing themselves to meet transportation costs as well as make more efficient use of this scarce and critical resource. In Lakmorda, a coastal fishing village, a basic problem is transporting the catch to Merka's market 15 kms. away, as well as inland to Janale and Gollwean. Lakmorda's fishermen do so by manual transport,

carrying the fish in baskets on their backs. Each fisherman is capable of catching up to 80 kilos daily. The fishermen believe that they can sell all that they can catch. Demand in the market is reported to always exceed supply. The weak link between supply and demand is transportation. In case of the villages that are more remote the problem becomes more acute.

Markets, Marketing, Pricing System

The Berg Report on "Encouraging the Private Sector in Somalia" highlights the changes in government policies towards the private sector in rural areas. "After 1977, there began a gradual relaxation of state controls in rural areas." Among the most important elements in the new policy environment was the reduction in the role of the marketing monopoly, by the parastatal agency, the Agricultural Development Corporation (ADC). Until 1981 farmers could not legally sell foodgrains except to the ADC. The ADC did not allow the farmers to store more than one third of their crop as a way to force sales. Since May 1981, farmers are no longer required to sell their marketed grain crops to ADC and they can store the quantities they choose. This gradual relaxation does not yet fully support free trade. According to the Berg Report: "Any sales in bulk are still supposed to be made to ADC, but non-bulk sales (one quintal or less) can be sold to consumers." In reality, the literature and field research demonstrate that a free grain market now exists and that trader purchases in bulk are openly tolerated.

Multiple and unclear pricing systems resulting in considerable confusion and differences continue to be the rule. The Boston University Social and Institutional Profile, points out that the perceived "illegality" resulting from government mixed signals results in needlessly inflated marketing costs and consumer prices. Despite continuing ambiguities, rural grain markets are effectively free and sales at much higher than official prices are tolerated.

For products other than agricultural produce, prices vary in different markets. Small roll breads were sold at a greater price in Janale than in Shalloomood. A kilo of wheat flour was 50 shillings in Merka, and 60 shillings in Janale. Most of the items studied in the markets of Merka, Janale, Qoriolley town, Qoriolley camps and a few villages were sold at different prices. In every case the pricing equation was predictably if dramatically effected by distance from the center of supply, transportation and the number of transactions that took place in between the point of origin and the final marketing point.

Credit

In 1981, the Somali Development Bank (SDB) made credit available for "rural development" to landowners. Research indicates that small entrepreneurs find it difficult to access credit through the Somali Development Bank because of collateral requirements. The perception of those interviewed was that the only guarantee of access to credit from the SDB would be through owning "big" houses. Borrowing capacity was reported as being in practice one third of the assessed value of the property pledged as collateral. An interview with the General Manager of the SDB confirmed this. The General Manager stressed that the SDB has "very conservative, strict" collateral requirements. This may be a moot point. The Bank has a current minimum basic level of loan they will consider of SS500,000 if machinery or equipment is to be purchased. Further they loan only for agriculture and "productive" industry which fails to consider the needs, much less the economic contribution, of transport operations, agro-industrial service operations and many others in trade, maintenance and distribution.

On the other hand, even though entrepreneurs face some difficulties in obtaining credit from the Bank, it seems that a very efficient and highly developed extended-family credit system exists. Most of those interviewed had access to credit through the extended

family. Members of the family in Somalia, often with remittances from the Gulf States and Saudi Arabia, are the standard and most often the only providers of credit. Grinding machines, sewing machines, carpentry equipment and tools, were usually bought with resources that were made available through members of the extended family. Repayment of this type of credit seems to be a debt of honor, but not an onerous one. Schedule of repayments seems to be flexible based on an agreement between the owners of the enterprises and their relatives with the prime element being the capacity of the business (owner) to repay, not the time-frame of the lending institution. Credit made available through members of the extended family in the Gulf States and Saudi Arabia comes in different forms of cash and equipment. It is not clear yet how well developed and extended this family credit system is and if the majority of the active and potential entrepreneurs have access to it. Further examination of the extent to which the system services all members of the extended family is needed; as well as further examination of the repayment mechanism. This further analysis would help determine if and to what extent additional credit schemes are needed.

III. Assessment of the Refugee Enterprise Development Potential Within the Context of Self-Reliance and Settlement

Beginning in 1978 a massive influx of refugees poured into Somalia. As a result, Somalia now hosts the largest refugee population in Africa. The UNHCR Mission Report of November 1983 cites a "planning figure of 700,000".

Currently the working estimate of most agencies is approximately 500,000. This is equal to a seventh of the total population of Somalia.

The refugee population is largely of Somali ethnic background with the Oromo (Galla) ethnic group well represented. The population is of nomadic and semi-nomadic background with a degree of sedentary and semi-urban representation.

Most refugees have some agricultural experience and many are actively engaged in agriculture or wish to be. There is an evident but unmeasured degree of entrepreneurial skill. The refugee population is estimated to be 50 percent children under 15 years of age, 27 percent female and 23 percent male. Female headed households are estimated to be up to 60 percent. These imbalances somewhat disrupt traditional work allocation patterns. Extended family and kinship ties between the refugee population and indigenous Somalis exist though the extent is unclear. Hence, formal social structures are less well developed within the refugees.

The refugee population live in 35 camps in four regions with an unknown but small population living outside the camps. It is reasonable to assume, though hard evidence is lacking, that those living outside the camps have skills that allow them to do so. This perhaps bears investigation as it may prove one of the several needed settlement "models".

The high population concentration in the camp areas has caused serious ecological depletion and has resulted in some degree of difficulties with the indigenous population.

Assistance to the refugees has been very much focused on relief. During 1982 and 1983 there was a policy and programming adjustment in the direction of self-help and self-reliance. In October 1983, a Presidential Communique authorized the settlement of refugees within Somalia as an alternative to the previously presumed voluntary repatriation.

Self-reliance has become an accepted and encouraged part of refugee policy. Government, the relief agencies and the donor community are striving to define both individual policies and reach mutual accord on settlement.

Some basic principles are suggested by these disparate efforts which future policy should consider. These principles are:

1. Regionality. Settlement should not be considered or approached as refugee specific. All refugee policy and programs should be developed within the context of the regions they will effect.
2. Inclusion. Refugee assistance and settlement programs should simultaneously assist or be available to assist the general population of the regions they service. Refugee settlement programs must be a component of regional development.
3. Variety. Settlement efforts should be multi-faceted: agricultural, entrepreneurial and marine.
4. Dispersion. Settlement planning should disperse refugees to diminish both impact and settlement resistance. This is perhaps made imperative by the very limited potential for existing camp sites to become self-supporting settlements.

5. Progression. Self-reliance should be recognized as a step towards ensuring successful settlement. Self-reliance assistance programs should be designed to achieve this. Self-reliance project efforts should give first priority to developing capacities for economic self-sufficiency that can be utilized in place and transferred to the larger economy. Hence, there should be a clear framework of progression from self-reliance to settlement and from settlement to full productive integration in the economic system.
6. Viability. Self-reliance and settlement opportunities should be economically viable and sustainable to ensure refugee receptivity, project success and national development. Resistance to and rejection of certain earlier efforts can be attributed to a perception of the prospects as economically non-viable.

These principles have been taken into consideration when assessing the potential for refugee enterprise development. The elements of assistance presented in the following chapter and the recommendations formulated have taken these principles into account without assuming that assistance programming would require them for pre-conditions.

Experience suggests that amongst refugees, as is virtually universally the case, self initiated activities enjoy a greater record of success. This study has noted an encouraging increase in refugee initiative, policies (whether de facto or de jure) that encourage initiative and programs that support refugee initiated activities.

There is a clear sense amongst the refugees, manifested not least in increased entrepreneurial activity, of the need to move in the direction of self-reliance activities.

The national discussions of increased self-reliance, reduced provision of relief and eventual movement to settlement have clearly reached the ears of the refugees.

Refugee initiative is responding in anticipation, much as these policies will no doubt eventually intend. PVO programming shows some indication of responding to this demonstration of refugee initiative. This study noted that Camp Commanders, Regional Refugee Officials and PVO Project Managers all reported an increase in unilateral self-initiated enterprise activity. Requests for various types of support, permission and encouragement are increasing.

There is considerable evidence of an active economy within the refugee camps. This is not surprising considering the kinship links with the Somali population (and the access to extended family resources this provides), the "raw materials" introduced by relief efforts and the entrepreneurial traditions of the refugees. This economy is certainly more modest and more narrowly based than the larger economy, but is just as certainly a component of the larger economy.

While many issues undesirably restrict the evolution and integration of this sub-economy, most notably land tenure issues, the absence of a firm settlement policy and the considerable numbers of refugees, much can be done to promote and encourage economic development.

There are some circumstantial differences between refugee and indigenous entrepreneurs that determine the focus and progression of assistance. While the overall needs are essentially the same the difference in their present circumstance will require that the priorities and progression of technical assistance consider and accommodate these differences.

This factor must be considered in detail at the design stage. It is beyond the scope of this study to elaborate these differences, but some illustrative examples may prove helpful.

Interviews with Somali businesspeople invariably highlighted the problem of supply. These people are already in business and applying a skill, however modest, with some degree of success. Their fundamental problem is not one of skill (which they have) nor of capital in that they are to some degree capitalized.

A refugee who may have identified a similar market niche that he wishes to become self-reliant by filling, might need assistance with training and capital.

The fundamental difference in the circumstances of these otherwise very similar individuals would dictate a quite different type of assistance to be provided.

The first would emphasize the problem of improving material supply, essentially a short-term specific service. The second would emphasize a much longer-term provision of skill training followed by the assistance with the basic capacity to utilize the skill provided.

Another Somali who is a potential businessperson might need assistance with the processes of license application and various bureaucratic permissions. He will need to be made aware of the continued demands on his time and funds of these procedures. Perhaps representations will need to be made on the businessperson's behalf or on behalf of a group of people with similar aspirations. The aspirant refugee businessperson is essentially free of these bureaucratic burdens even while competing (if from the base of a camp) in the same market place.

A program designed to assist Somali businesspeople must contend with the demands of bureaucracy; while a camp-based self-reliance

program need not be so burdened. A program designed to move refugee entrepreneurs through self-reliance to settlement would want to anticipate this issue as a future component.

Each element of assistance must be considered in its specific as well as the larger context. The license issue might be cited as a good example of a situation that can be viewed from many angles. From the narrow perspective of self-reliance (camp-based) it is seen as the benefit of relief from bureaucracy. In the larger view it is a hidden subsidy that may be considered unfair competition or as unreasonable denial of municipal revenues. The narrow, rather than the regional perspective, may allow otherwise avoidable resistance to refugee settlement to evolve.

The elements of assistance presented in the following chapter include the array of support services needed. They are not weighted to indicate relative importance to refugee or indigenous entrepreneur need. It is, however, imperative that designers using this document as a resource, weigh the issue of these differences carefully when structuring assistance programs.

IV. Necessary Elements of Assistance to the Small Enterprise Sector

Somalia enjoys many aspects of tradition, geography and economics that form the basis for an active and dynamic private sector. Virtually every investigation into Somalia notes the entrepreneurial traditions of Somalis, their successful application of these traditions (most notably in the livestock trade), and the presence of an active and diverse private sector in Somalia.

This study finds considerable reason for optimism when considering enterprise sector development. Recent evaluations of resources and opportunities such as the Boston University Study, Somalia a Social and Institutional Profile, cite a strong human resource base characterized by flexibility, durability, skill diversification and management capacity.

The private sector in Somalia has been and remains strong. The economy, as noted in the Berg report on Encouraging the Private Sector in Somalia, has remained essentially a private one throughout the recent period of scientific socialism.

The current Five Year Plan (FYP) 1982-1985 moves away from the emphasis on scientific socialism to highlighting increased production, and increased self-reliance and popular participation. There is a deemphasis on central management of the economy. State controls in many areas of trade and industry have been reduced and state monopolies have been dramatically curtailed. These positive moves, and the clear recognition of the private sector as a vehicle of development by Somali Officialdom, bode well for the acceptance of further efforts to encourage and utilize the private sector.

Thus, the foundation has been laid and the current political climate is encouraging. Much more is needed to take advantage of this opportunity. This chapter will detail areas of necessary interven-

tion and this report will recommend how USAID, the Government of Somalia and the donor community might structure appropriate interventions.

In the past there have been limited positive interventions and a considerable catalogue of disincentives. In spite of this the private sector has survived and flourished. It has remained rather narrowly focused, however. The challenge for the future will be to initiate programs of positive intervention while reducing the disincentives. This will allow the private sector to expand and confront the current economic crises.

Much of recent research, while noting the durability of the Somali entrepreneur, has noted the potential vulnerability of the private sector. Meyers, particularly, stresses in his report, *Toward a Rural Development Strategy*, that "particular care must be taken so as not to inhibit the already flourishing private sector while at the same time recognizing the appropriate and necessary role of government". Efforts to design or influence policy in a wide variety of areas (education and land tenure, etc.) should be done in light of the effects on the private sector, particularly the small enterprise sub-sector.

Some development strategies and activities have certainly suffered from a narrow, formal, sub-sector specific and Somalia internal focus.

Small enterprise development must not be viewed in isolation. Small enterprise is clearly a sub-sector of the private sector. More importantly, it is a vital component of the larger economy that is complementary to the agricultural and livestock sectors.

Many negative aspects of Somalia's very fluid current economic circumstance can be relieved in part by small enterprise development. Many of the thrusts of current development can be enhanced by small

enterprise development. Small enterprise is widely recognized as an important component of rural development. Small enterprise is a source of earnings and employment, a provider of non-farm goods and services and an important farm to market link in the economic chain.

Small enterprise is characteristically labor intensive, low technology, has low labor costs, is an efficient user of capital and is very market responsive.

The larger context must be taken into account. The small enterprise sector needs detailed here are seen in the context of a Somalia that is an active participant in the thriving Gulf economy. Development strategies and in particular private sector development strategies must acknowledge this and capitalize on its many positive aspects. The significance of a Gulf perspective will be noted when discussing supply, markets, training and credit.

Small enterprise makes productive use of a significant percentage of remittance goods and monies from the Gulf States.

The small enterprise sector can be expected to be a significant employer. This is of increasing importance as government wage shrinkage and budget constraints continue to make government employment both less likely and less attractive. The employment situation would be further exacerbated by a labor saturation or economic downturn in those Gulf States who host Somali expatriates. An existing employment problem is that of the refugee community. Small enterprise generated employment will be a significant component of immediate refugee self-reliance and anticipated refugee settlement.

Assessment, planning and design are made more challenging by the much decried dearth of existing or reliable statistical data. It is difficult to remain undaunted in the face of this, but the need

and the opportunity require that we do so while simultaneously addressing the problem of a modest data base.

The following needs serve this large context.

A. Training

Training is highlighted due to its special emphasis in the scope of work. Recent and very extensive research, most notably the Somalia Education and Human Resources Sector Assessment, January 1984, has detailed the extent and state of commercial, administrative, vocational and technical education. Our report has drawn extensively on the EHR document in that it is both current and comprehensive. The team leader of this assessment also served as a team member of the EHR assessment. The approach of the EHR was to determine the extent and assess the capacity of existing institutions and to recommend how they might be improved. The EHR list of training institutions and their recommendations are shown in Table 1.

This investigation has expanded on that considerable body of work to consider the vocational, technical, commercial, and administrative training needs of the private sector with particular reference to small enterprise, the extent to which existing institutions address these needs, and to propose how these needs might be addressed.

1. Commercial, Administrative Training

This investigation could identify no single institution, whether formal or informal, doing commercial or administrative, training specifically for the private sector. This hard fact is somewhat softened by the presence of a few (albeit modest) internal programs of government and parastatal industry, and by some vocational training in secretarial and clerical skills.

This last is essentially for government though graduates may elect to enter the private sector.

The following bear mention:

- a. Technical Teacher Training College (TTTC) - The TTTC has six programs of study, one of which is Commercial Studies. The number of graduates is limited, the program is new and the purpose is to provide instructors for the academic and theoretical portions of the technical training institutes.
- b. Somali Institute for Development Administration and Management (SIDAM) - SIDAM provides training in management, administration and clerical and secretarial skills for the government.
- c. Accounting Institute - The Accounting Institute trains government accountants.
- d. Formal Apprenticeship programs and Company In-House Training Programs - There is no indication of the former providing training in commercial or administrative skills. We have included apprenticeship programs on the possibility that there might be isolated cases and to note the existence of the mechanism. The latter is much more encouraging. Larger private companies and the foreign contractors managing state enterprises often have in-house training programs. The best example (from the small sample available) is the Booker International managed Juba Sugar Project Training Scheme, known as the "Juba Model". The Juba Model enjoys skilled instructors and a well equipped training workshop for its crafts training and has facilities for conducting management workshops.
- e. On-the-Job Training - While acknowledging that it stretches the limits of our mandate to describe on-the-job training as a business training facility it must be included in that it is the prime source of such training at present. This method has been successful in passing

entrepreneurial skills on from generation to generation and in providing the skill base for the management of far flung and often complex systems of family enterprises. It does not provide the skills necessary to enter the "modern" sector and it does not allow transfer of modern skills to the existing enterprise sector.

Of this modest catalogue of existing facilities only the TTTC and the Juba Model have relevance as models. Clearly, there is a need for the provision of basic business skills training that, with the exception of in-house training on a very limited scale for government and selected industries, is wholly unprovided for at present.

More to the point, that which is available is virtually inaccessible by the private sector and completely inaccessible by the small enterprise sector.

The strategy of the current FYP reflects government awareness of the need and its intent to address, in part, this need. There are targets for the development of additional training facilities including:

- Technical Schools (3-4 years)
 - 2 Commercial
- Vocational Schools (2 years)
 - 3 Commercial
 - 1 Tourism

These targets reflect an encouraging awareness on the part of government. Unfortunately, they are based on the existing models. This model is characterized by the long-term training, emphasizing theory, of school age children enrolled in the formal schooling system. Neither the subject areas nor the curriculum are developed with reference to or in consultation with the market. There is no student selection of subject area of study. There is no assistance with job placement nor assistance with the establishment of an enterprise upon graduation. There is no access whatsoever for

for those outside the formal schooling system. Hence, the system provides to the market (in part after government needs are met) without reference to market needs and makes no provision for, indeed does not allow, the market to feed into the system those who need skill training or upgrading. The effect of this exclusion would be less dramatic if there were alternate sources of training.

In summary, there is a need for the creation of every level of skill training of commercial and administrative skills.

Clearly, there is a need for this training to be both short and long-term as well as formal and informal. It should be accessible by the private sector, particularly the small enterprise sector, designed to address the needs of the market place and with a mechanism to remain responsive to the market.

Not surprisingly this study found that there was a very low level of perceived need amongst business people interviewed for commercial or administrative training. The conclusion was that this stemmed from three factors; the high priority of more immediate concerns such as supply of tools and materials, the perception of training as pertinent to more technical skills (i.e. welding) and a reduced awareness due to a virtual complete absence of such training in the environment.

2. Vocational, Technical Training

There are a considerable number of vocational and technical training institutes, all are departments of various ministries. These have been considered in detail by the EHR study. They are supplemented by the legally imposed apprenticeship scheme (for "big" business) and by various in-house schemes of big business and parastatal industry.

The models and the problems with these programs are the same as those described for Commercial and Administrative Training.

The need, also, is the same: to provide appropriate skill training to the private sector, both formal and informal in response to market place demands.

The most critical need is for access to those wanting skill training or up-grading who are at present totally excluded if they are outside the formal schooling system. Much needs to be done in the way of subject selection and curriculum development. Extensive recommendations in this regard have been made by the EHR study. These recommendations, which are appended, are endorsed by this study with additional recommendations pertinent to small enterprise needs added in our recommendations.

This situation is less bleak than that of Commercial and Administrative training in that there are existing programs and facilities. The essence of the need is to make, in the first instance, these resources responsive to private sector needs.

B. Access to Supply

Virtually every business person interviewed cited supply of goods or materials as the prime problem faced. There is a need to develop internal sources of raw materials, the processing of raw materials and the movement of these materials to point of sale or manufacture. There is a need to make foreign exchange available to enterprise.

C. Facilitation of Transportation

Transportation resources are strained, sporadic and limited. The private sector along with every sector would benefit from better utilization of existing resources and by efforts to expand on those

presently available. The need for improved transport must be preceded by a detailed examination of the sector.

D. Management and Technical Services

There is at present no available source of management or technical assistance for such needs as market development, costing, production scheduling, equipment design and selection, processing technology, feasibility studies and loan analysis. The need for these services is made more urgent by the complete absence of training facilities that would allow acquisition of these skills. It must be noted that the occasional nature of such services and their complexity often make training a poor or unsuitable substitute even when available.

E. Credit

Somalia enjoys a complex and effective traditional credit mechanism that serves a large part of the population. This system is based primarily on the dispersal of family assets. Thus, there is a need for alternate credit mechanisms to serve those who do not have access to this system, those who are far removed from family credit resources, and perhaps most importantly to broaden the array of activities that Somali entrepreneurs participate in.

F. Incentives/Disincentives

There is a need to determine the extent to which disincentives obstruct private sector development and to formulate policies and plans to reduce them. There is a need to reconcile current practices in tax, licensing, etc. with current policy and economic reality. There is a need to determine the appropriate incentives which are at present virtually absent.

G. Coherent Articulated Policy

At present there is a lack of specific private sector policy and a fluid political and economic situation that means de facto charges in actual practice. Grain marketing is an example of market perception of policy being at variance with the policy reality. There is a need to assist government to formulate a clear policy posture and to see that the market is aware of the practices this policy directs.

H. Business Organizations

There is a need to assist and promote the formation of representative organizations of business people. This is most pronounced where it is most lacking - at the small and micro enterprise level. These organizations will be not only a voice and a lobby for enterprise interests, they will serve as a valuable conduit of information on enterprise requirements to such as educational planners.

I. Data, Research

There is a critical need for data pertinent to the private sector to assist planners and program designers. Research should be operational research and should focus on guiding the evolution of program implementation. There is a need to include an operational research component into assistance program design.

J. Manuals, Publications

There is a need to develop materials to support enterprise development. These materials should be programmatic, user-oriented and Somalia specific. The development of these materials should be anticipated in assistance program design and coordinated where possible with operational research.

V. Recommendations

The following attempts to establish a framework for the stimulation and promotion of small enterprise within the rural development context as well as in anticipation of refugee settlement.

The recommendations are divided into three categories: Policy Recommendations, Implementation Recommendations and Operational Research Recommendations. Together, they provide a framework for future program development in the small enterprise sector.

A. Policy Recommendations

This set of recommendations provides an overall analytical framework for stimulating and promoting both rural and refugee small enterprise. It is an attempt to set forth an approach to small business development.

1. To continue supporting the government's policies to liberalize the economic system and to mobilize the private sector energies by recognizing small enterprise as a vital sub-sector. This recognition will acknowledge small enterprise's role as an essential component of the larger economy and a complementary economic base for the agricultural sector. The recognition of the vitality and potential of the small enterprise sector, becomes the focal point of the strategy of promoting small enterprise in particular and the private sector in general.

2. Given the importance of the small enterprise sector and its potential, it is imperative to support the establishment of organizations that would have as their objectives the stimulation and promotion of small enterprises through the provision of technical assistance that will allow the small enterprise sector to grow and realize its potential. This, in turn, will

strengthen both the agricultural sector and the private sector in general.

3. Small enterprise development needs to take into account a regional perspective and in the long run a national perspective. This translates into an integrated approach to rural development that includes the refugee population. A refugee settlement strategy also must be formulated within a regional perspective. Settlement schemes will have a higher rate of success if they exist within the context of regional resources and needs. An increase in the economic productivity of a region will result in an increased potential for refugee settlement in that region. Conversely, increasing the economic potential of refugees will mean more self-reliance and productivity within the region. The extent to which the refugees are productively integrated into the local population and the economy of the region is an indicator of their capacity for sustained productivity and settlement.

4. The promotion of small enterprise need be approached within a socio-economic context that examines carefully the subsistence economy as well as the monetized economy and that understands the linkages with other sectors such as agriculture, livestock, nutrition, and industry. An integrated approach that is sensitive to the linkages and interrelationship of the different components within the economic productivity process is essential.

5. Design and implementation of small enterprise development programs need to give attention to management, training, marketing, transportation, maintenance, repair, credit and other appropriate components.

Appropriateness is a basic element of the small enterprise development approach. Appropriate management, appropriate technology, appropriate training mechanisms become the vital issues for the growth of the sector. Technical assistance

itself needs to be designed and delivered in appropriate doses so the individual or group can absorb it, internalize it and maximize its usage.

6. Establish priorities that acknowledge the constraints of limited resources. This set of priorities should include:

- a. use of local resources
- b. use of local labor
- c. use of local markets
- d. enterprises contributing to agriculture, livestock, and to farm to market linkage
- e. enterprises that support and are served by other enterprises in the area
- f. build a sense of economic responsibility
- g. enterprises showing greatest degree of individual or group initiative and self-reliance
- h. coordinate with other development resources.

Policies and programs should by conscious design integrate with and link the considerable elements of the development environment.

B. Implementation Recommendations

This set of recommendations provides a practical framework to design interventions that stimulate small business. These interventions comprise a mechanism for small business development.

1. A program of small enterprise development needs to provide training in three areas:

- a. technical and vocational skills training:
 - (1) training to up-grade existing skills
 - (2) introduce training for needed skills that are non-existing, particularly at small and micro levels.
- b. administrative skills training
 - (1) management: business start-up, business operations
 - (2) inventory control

- (3) production management
- (4) other management skills as needed.
- c. commercial skills training
 - (1) accounting
 - (2) bookkeeping
 - (3) other skills as needed

Equally important to the substance of the training (i.e. technical) is the format this training will adopt.

2. Training program design needs to allow and encourage small entrepreneurs, including refugees, access to the training offered. Necessary elements of this design will be:

- a. Decentralized. Offered in many sites with consideration given to mobil facilities where appropriate (i.e. welding, metal fabrication for blacksmiths)
- b. Informal. Accessable from outside the formal school system. No, or minimal, literacy requirement. Short and long term.
- c. Pragmatic. Skill transfer focused, minimal focus on theory.
- d. Appropriate. Based on available technology, supply and material.
- e. Affordable. Minimum cost. Scheduled in increments of time, and at times, to allow the trainees to continue business or domestic operations, and to encourage movement between work site and learning site during the educational process.
- f. Market responsive. Curriculum developed by and adjusted in response to market needs.

3. We recommend that implementation programs for small business development consider the need to establish supply centers in the areas where small enterprises are being promoted.

The difficulty of access to materials, tools, equipment and spare parts may require the provision of a supply facility. These supply centers need to provide the basic supplies and equipment that both entrepreneurs and farmers need such as: farming tools, metal, wood, fiber, burlap sacks, water pumps, blacksmithing tools, carpentry tools and spare parts for machines used by entrepreneurs and farmers. Such centers need to be managed during the initial phase by the organization promoting small business. Provision for training of Somalis to manage the supply center needs to be made. The development organization might find it appropriate to eventually turn over the supply center to a local commercant(s) to ensure continuity.

4. Even though Somalia enjoys a traditional, extended family credit mechanism, alternate credit schemes need to be developed to broaden horizontal and vertical credit outreach. The additional credit systems will serve those individuals or groups who do not have access to the traditional system. Field research indicates that many among the refugees and the indigenous populations, cannot access the extended-family credit mechanism either because the resources of the family do not suffice to provide credit, because the selling season of cattle was not successful, due to the absence of relatives in the Gulf region or some other economic or social reasons. This fluid and incomplete situation requires alternate credit schemes to complement the traditional one.

An important impact of the alternate credit scheme would be the broadening of the array of activities that rural Somali entrepreneurs engage in at present.

Accompanying the credit scheme would be orientation in credit management and repayment.

5. License fees, taxes, handling fees, road use levies need to be reduced. The organization supporting the small enterprise sector will have to coordinate with local and central government authorities to reconcile current practices in tax, licensing and handling fees with the economic realities of small entrepreneurs. The present tax and licensing system is considered a disincentive. The organization promoting small business needs to work to reduce the disincentives and replace them with appropriate incentives.

6. Programs for small enterprise development should facilitate the flow and growth of small business by gathering information on policies, rules, and regulations relevant to the sector and by disseminating this information to individuals and groups involved. In certain instances there is a lack of specific policy or a lack of clarity around specific issues. In such cases the organization implementing small enterprise development, needs first to assist the authorities to coordinate, formulate, and clarify their policies and then disseminate the information.

7. The issues of refugee skill training, broadened access to and expanded scope of existing vocational and technical education, refurbishment of equipment and facilities of training institutes and relevant curriculum development can all be addressed simultaneously. We recommend the adoption of a methodology to do so.

This methodology would involve the use of refugee funds to supply equipment (such as lathes and welding equipment) and materials (such as textbooks and tools) to existing training institutes. This contribution would entitle refugee access to these facilities while affecting a much needed rehabilitation of their facilities. The refugee training would be informal. This will serve as the pilot of the expanded access

model recommended by this study and an opportunity to refine the model in practice. The methodology proposed would include the development and adoption of a suitable curriculum and of its translation into Somali to facilitate the replication and transfer of the pilot to both formal institutions and to informal training mechanisms.

The successful implementation of this methodology would result in:

- a. Trained refugees
- b. A refugee training facility
- c. Expanded vocational/technical training access
- d. The demonstration of the viability of the expanded access model
- e. Refurbished technical and vocational training resources
- f. More efficient use of existing training resources
- g. A cost effective rapidly implemented expansion of existing training capacity
- h. Expansion of much needed technical curriculum both formal and informal

C. Operational Research Recommendations

The value of operational research is to gather and analyze practical information around areas and issues where only a dearth of data is available. Results of operational research should be used to guide the evolution of implementation. Implementation need not await research. It is imperative that program activities and operational research take place at the same time.

The following is a list of topics where the results of operational research would help guide the evolution and direction of implementation:

1. Investigate commercial potential for processing and marketing of agricultural products; such as

- a. tomato processing
 - b. banana by-products
 - c. vegetable oils
2. Investigate commercial potential for local industries relevant to small enterprises such as:
 - a. fiber based industries
 - b. tanning and leather products
 3. Investigate commercial marine industries relevant to small enterprises for example:
 - a. salt reclamation
 - b. drying, smoking and salting fish
 - c. utilization of fish by-products.

Feasibility studies need to be conducted whenever economic viability is indicated.

4. An analysis of transportation from a users perspective. The reach of the transportation network, who can afford access to the network, and the disincentives to the use of transport.
5. Land tenure issues pertinent to settlement need to be studied in detail as background to the formulation of settlement policies and implementation.
6. Survey the economic resources of the refugee camp sub-economy and the skills of refugees to determine entrepreneurial, agricultural and marine activities.
7. Survey skills and economic activities of non-camp based refugees.
8. Survey occupational skills of small and micro-entrepreneurs with a view to restructuring the curriculum of vocational and

technical training institutes and the design of the informal training program.

9. Examine commercial credit available to small enterprise with special emphasis on the traditional extended family credit system to determine access, repayment modes, collateral and obligations.

VI. Annexes

ANNEX 1

Profiles of Small Entrepreneurs

Several days were spent interviewing businesspeople in towns, villages and refugee camps in the Lower Shebelle Region. In-depth interviews were conducted followed by myriad brief interviews to confirm the trends suggested by the original findings.

The bulk of the interviews were with small and micro entrepreneurs. A wide variety of entrepreneurial activities were selected and their interrelationships explored.

The interviewees proved open, willing and cooperative. They remained enthusiastic throughout the often ponderous process of seeking to confirm certain points through repeated inquiry. And this while displaying unfailingly elegant nomadic hospitality to unannounced strangers. This is perhaps best characterized by a small boy of perhaps ten years who eased his way through a crowd of interested children to approach the shop owner we were interviewing. He then produced a coin, purchased one small candy, peeled back its paper cover and with that special dignity of desert peoples offered it to the lady of our team.

We hope the following profiles of entrepreneurs are as representative as is this young man.

A. Mohammed. Mohammed is a blacksmith in the rural port town of Merka, the supply and transport nucleus of Lower Shebelle region. He is 27 years old and single. He learned his trade from his father and has practiced it for ten years. He is also a maker of

keys. He duplicates keys from originals or makes keys from scratch if the originals are lost. He describes himself as the manager rather than the owner, out of respect for his father perhaps, though he has full control of the business. His workshop is perhaps 18 m² in total area including a small internal storeroom. It is of mud and wattle construction with a dirt floor. The business is located in an area of seven blacksmiths, all housed in similar structures. All work is done on the ground. He has a rudimentary forge using charcoal as fuel and an anvil made from a block of scrap iron. There are a few tools, none of commercial manufacture. He has one assistant/helper.

He has no technical training. He has attended Koranic school for religious instruction as well as primary and middle school. He is literate and numerate in Somali. He keeps no records and felt no need to keep them. He had a very good conceptual grasp of costing and pricing and could describe in detail the costs, both direct and indirect, of each item he made.

His "bread and butter" line involves the manufacture and repair of tools and agricultural implements. This is normally on a special order basis. He is supplied primarily by scrap he purchases from local garages. He buys axe and hoe handles as a finished product from a local carpenter.

His main customers buy in modest bulk for resale in Merka and local markets. When not producing in bulk he fills his time either making implements such as hoes, hatchets and chain in anticipation of future sales, doing special orders such as hasps and latches or making keys.

He requires his customers to pay either cash on delivery or, in the case of "big" orders, a 50% down payment and the balance upon delivery. He gives no credit and receives none. He pays rent on

his shop and an annual tax. The tax is an estimate by the local municipality based on expected earnings. Once estimated it becomes a fixed expense. He has a license which the annual tax payment validates.

He is very modestly capitalized and has virtually no depreciating assets. He has practically no inventory on hand. He pays his helper daily, his rent monthly and his taxes annually. He pays all other expenses in cash as they occur.

His total capitalization is approximately SoSh 5000. Raw materials inventory, finished goods and tools are perhaps SoSh 2500. He reported a daily net profit, and explained in detail its computation, of SoSh 200.

He reported that his two main problems were equipment (he needed a bellows) and supply of raw materials (increasingly more scarce and costly).

Mohammed has a very good grasp of basic business concepts. He knew the present position of his business. He had a clear vision of future expansion and was aware of the issues involved in accomplishing his goal.

B. Fatiah. Fatiah is a teahouse manageress in Qorioley Refugee Camp 2 A, Lower Shebelle Region. She is 22 years old, married and has two children. She is a refugee. Her husband is not with her. Her children are cared for during the day by her mother, also a refugee.

She has been the manageress of the teashop (a major social institution in Somalia) for one month. She has a tenancy agreement for two months. It is renewable if she wishes and may be renewed indefinitely. The shop and equipment are owned by the (refugee) Women's League. The shop was built by an informal group of refugee contractors.

Fatihah has no formal schooling. She is neither literate nor numerate. She has been a market vendor. She prefers market vending because her profits are higher though she acknowledges that teashop management is both cleaner and easier than market vending.

The teashop is approximately 24 m². There are three small tables and about 20 chairs and stools. There is a portable stove, a water container, several thermos flasks and various glasses, spoons, and cutlery.

The shop serves no food. It is located adjacent to another teashop which does serve food. Fatiah sells only tea. Her daily sales are estimated to be SoSh 60. Of this, half is paid to the Women's League for supplies and rent. She has no paid employees. She pays no license fees or taxes because she is inside the refugee camp. Her profit is 50% of sales. She must keep records so that rent can be calculated. Because she is illiterate this is done by her younger brother, a student, on a weekly or bi-weekly basis.

Fatihah would like to open a small restaurant. She would prefer this to be outside the camp in a neighboring village or town. She worked in Qorioley when she was a market vendor and feels she would be successful there. She cites lack of capital as the only impediment. She reported that her present position in the teashop did not produce enough revenue to allow her to accumulate the capital to pursue her restaurant goal. She did not know if she would renew her tenancy agreement.

C. Abdullahi. Abdullahi is the owner of a sesame crushing mill in the rural market town of Jenalle. He is 30 years old, married with three children. He has no formal training other than Koranic school and primary school. He has basic functional literacy in Somali. He has skills as a machine operator and basic machine mechanic learned on the job from his father. The crushing machinery is diesel powered of Japanese manufacture.

He is a working owner/manager and employs four assistants.

The shop is approximately 30 m². It is of wood construction with a dirt floor and tin roof. It is located in the center of a bustling rural market. The market has perhaps 100 widely diverse businesses. Perhaps 50 are in wooden structures like Abdullahi's. Many are stationary vendors of charcoal, firewood and agricultural produce. Many are mobile vendors. There is a municipality owned row of five block construction butcheries.

The machinery of Abdullahi's shop includes a water cooled diesel engine and a crushing mill. There is a storage area for uncrushed seeds, another for tins of extracted oil and third for the pulp that remains after crushing. All are in an unshaded shed having two windows and an open door. The worksite is very loud, very hot and very crowded.

Abdullahi crushes sesame seed for his family at no charge. They sell the oil in rural villages 20-50 kilometers from Jenalle. He buys sesame seed that he crushes for oil which he then sells. He crushes seed as a service business. This latter is the bulk of his business. The pulp that remains after crushing is sold as cattle feed. All of the pulp belongs to Abdullahi. His pricing system assumes that the pulp will remain his.

He keeps no records. All sales and purchases are on a cash basis. He has a license and pays annual taxes. He pays each of his assistants SoSh 30 per day. He has fuel, oil and spare parts expenses and transportation expenses associated with seed purchase, pulp sales and oil sales. He has equipment worth SoSh 250,000 that cannot currently be replaced unless it is sent as a remittance from the Gulf. He has two family members working as expatriates, one in Kenya and one in Saudi Arabia.

Abdullahi estimates his daily profit as SoSh 800 - 2,000 daily. He has no clear picture of his costs and no concept of depreciation. His reported "profits" vary widely due to his tendency to consider all expenses as direct expenses allocated as incurred. The level of business activity varies with the agricultural cycle.

Abdullahi was very worried about the increasing cost and difficulty of obtaining spare parts. This situation worsened as his equipment aged. He had no alternate activity when his equipment was inoperable. He does not have a clear picture of the position of his business and does not know how to correct this situation. He thinks he is doing satisfactorily.

NOTE: The Somali Shilling (SoSh) trades official at an official rate of 17.3 per U.S. Dollar. The parallel rate is approximately 60:1. The latter is generally deemed to present a more accurate picture of true market value.

ANNEX 2

A List of Private Voluntary Agencies
Working in the Different Refugee Camps

Geographic Area	Health	Refugee Relief	Water Supply Sanitation	Social Services Education	Agriculture Forestry	Income-Generating Activities	Small Enterprise Development
Lower Shebelle	RHU MWL IGP	CARE (ELU)	ERDGS	IITT	NRA/RAU SCF (US)	FHI	
Hiran Belet Uen	RHU MWL IGP	CARE (ELU)	ERDGS	IITT	RAU IGP ERDGS CARE		
Hiran Jalalaqsi	RHU MWL IGP	CARE (ELU)	ERDGS	IITT	ILO AFRICARE UNHCR RAU	SCR	
Gedo Luuq	RHU ICR WCI	CARE (ELU)	ERDGS	IITT	ICR CEAR RAU	ACTION AID ICR	
Gedo Bur Dhubo	RHU	CARE (ELU)	ERDGS	IITT ACTION AID MCC	ACTION AID MCC CEAR	ACTION AID MCC CEAR	
Northwest	GED NWL RHU HTA	CARE (ELU)	OXFAM	IITT AFSC ACTION AID	UNHCR RAU	ACTION AID AFSC	

RHU Refugee Health Unit
 MWL Moslim World League
 IGP Italian Government Programme
 WCI World Concern International
 GED German Emergency Doctors
 FHI Food for the Hungry International
 ICR Inter-Church Response
 IITT Institute of In-Service Teachers Training

MCC Mennonite Central Committee
 SCR Swedish Church Relief
 HTA Help the Aged
 AFSC American Friends Service Committee
 ILO International Labour Organization
 CEAR Comite European D'Aide Aux Refugees (France)
 ERDGS Ecumenical Relief and Development Group for Somalia (Denmark)

ANNEX 3

Education and Human Resources Assessment
Vocational and Training Recommendations (Extract)

Recommendation 1: Link Training to the Demand for Skills in Somalia and the Gulf Region.

Possible action steps: Because little information is available on the demand for skilled labor, a comprehensive study of labor demand in Somalia and the larger Gulf Region could be undertaken to identify both the occupational areas and the skill levels within those areas at which demand is expected. This analysis would provide a basis for expansion and modification of the present trade-training system.

Recommendation 2: Increase Involvement of Employers.

Possible action steps: (a) Trade advisory committees, composed of skilled tradesmen and leaders in business and industry, could assist (in an advisory role) in curriculum development and review. This serves both to further reflect employer needs in curriculum development and to inform private sector leaders of the current status of occupational and trade education. (b) Opportunities for students to gain work experience associated with their trade as a part of their formal schooling could be developed. These opportunities may develop as work-study programs, modified apprentice programs, or, at a less complicated level, the sharing of facilities and equipment by industry for certain portions of a training program.

Second Priority - Improve Internal Efficiency:

Recommendations 3-5.

The following three recommendations follow from the second conclusion that both internal and external efficiency of vocational/

technical training will be enhanced by an emphasis on increasing educational quality relative to increasing quantity.

Recommendation 3: Reallocate Resources to Emphasize Educational Quality.

Possible action steps: A renewed emphasis on quality might take several forms. One strategy would be to identify those schools that have the greatest potential for quality improvement and target them for a special program of quality enhancement. Programs in schools which are found to have inadequate academic or financial resources may need to be modernized.

Within the target schools, quality enhancement may be accomplished through activities addressing teacher preparation, curriculum development, and facilities improvement. For example, a program of in-service teacher education would help ensure that instructors are familiar with new equipment, procedures, and trade standards. Target schools might also become curriculum and instructional materials development centers. Once developed, materials could be pilot tested at the school and, if successful, distributed across other schools with the same program. The integration of the in-service teacher training and materials development activities would provide a foundation for implementing competency-based on-skill training. Competency-based instruction also provides a clear basis for subsequent skill testing. To keep materials-development costs down, it would be important to adapt materials from existing sources whenever possible.

A persistent problem in vocational and technical education is the lack of equipment and limited opportunity for students to practice their trade skills. Target schools would need special funding to update and modernize their workshops with enough equipment to provide students with meaningful practice opportunities.

An effective strategy for quality enhancement is likely to be one that integrates improvement in all three areas--teacher preparation, instructional materials development, and facilities improvement. An important associated strategy would be to find donor support for individual institutions. This, in turn, ties closely to a later recommendation regarding administration and supervision of vocational and technical education.

The preceding suggestions can be summarized as a series of possible action steps:

a) Develop in-service teacher-improvement programs in target schools.

These programs could provide instruction in such areas as the use of competency based education, operation and repair of new machines, and pedagogical skills (e.g., how to demonstrate equipment, safety procedures in the workshop, etc.).

b) Adjust policies regulating government employment to make it easier for teachers to leave and return to teaching in order to gain work experience in their trade. Many teachers did not have much opportunity to practice their trade skills during their own training program. Few teachers have earned a living at their trade. One way to upgrade teachers' practical trade experience is for them to work in business or industry at various times during their teaching career. Policies to allow this would have to be developed in conjunction with incentives to encourage people to return to teaching.

c) Give target schools adequate resources to undertake systematic instructional materials development.

d) Base instructional materials on systematic occupational and task analysis.

e) Develop instructional materials which are competency based. Competency-based instruction is particularly appropriate when the focus of instruction is on skill training. The competency-based

approach allows for the organization and sequencing of instruction. It also provides a clear basis for subsequent skill testing.

f) Adapt instructional materials from existing sources whenever possible. Good competency-based instructional materials for vocational and technical training are widely available. Their advantages are that other groups have already borne the development costs and the materials are immediately available.

g) Begin or expand programs only when there is adequate equipment and appropriately trained staff to teach at the level necessary.

Recommendation 4: Begin Offering Selected Technical Education Programs as Two-Year, Post-Secondary Training Programs.

Possible action steps: One strategy for enhancing quality would be to provide technical students with a stronger academic base in math, science, and language. This might be accomplished by having technical students complete a full general secondary curriculum before specializing in a technical area. In particular, students who anticipate pursuing post-secondary technical training could be given a special intensive English language training program to better prepare them for the technical curriculum.

Recommendation 5: Begin Offering Vocational Training as Two-Year Programs Following Grade Ten.

Possible action steps: One strategy for enhancing the quality of vocational education would be to provide students with a set of basic "core" courses in mathematics, science, and language before they begin their vocational training. Students may be able to acquire this academic background through the existing general secondary school curriculum. Particular attention might be given to intensive English language training to better prepare vocational students for the language of vocational instruction.

Third Priority - Administration and Supervision:

Recommendations 6-7.

Recommendation 6: Prepare a Unified Plan for the Continued Development of Vocational/Technical Education.

Possible action steps: Funding for the preparation of such a plan is available under the IDA Fourth Education Project. One immediate action step is to initiate the IDA study. A unified plan might identify a mechanism that would: (1) link responsibility for budget, curriculum, and administration within and across vocational and technical schools; (2) coordinate educational resources with projected labor demand; (3) oversee the target school concept suggested earlier; and (4) advise and help coordinate donor assistance. Previous efforts to develop an inter-ministerial coordinating group have met with limited success. An alternative strategy might be to consolidate responsibility for vocational technical education within a single ministry. This office or agency might be the coordinating mechanism for donor assistance.

Recommendation 7: If Improved Educational Quality Does Not Result in Increased Demand for Vocational or Technical Education Graduates, Government Should Consider Reducing the Size of the Vocational and Technical Education Program.

Possible action steps: One means of determining whether declining enrollments are more strongly linked to demand or quality would be to enter into a quality enhancement program (as described in Recommendation 3), and carefully monitor the effects of enhanced quality on graduates' employment. If labor demand is responsive to quality improvement, the quality enhancement strategy should be continued. If demand is not responsive to quality, government should consider cutting back on the availability of vocational and technical education until demand can be generated through an invigorated economy or major development projects.

ANNEX 4

Terms of Reference

PfP/Somalia (SBCD) Enterprise Development

Scope of Work

- Objective:
- 1) Needs assessment of enterprise development requirements with recommendations for structuring an enterprise development pilot project (regionally focused).
 - 2) Assessment of current capacity of existing training institutions (business training) with recommendations of other technical assistance needed.
 - 3) Assess enterprise development needs for refugee self-reliance at selected refugee camps and projects.

- Tasks:
- A. Meet with USAID/Somalia and review documents for Rural Development and Refugee Settlement programs.
 - B. Meet with USAID/Somalia regarding previous experience in Somalia with private sector initiatives and enterprise promotion.
 - C. Meet with Settlement Program officials, NGO representatives, UNHCR, UNDP, Government of Somalia and other participant officials in enterprise development.
 - D. Visit towns, villages, markets and refugee camps to determine the types and levels of existing enterprise.
 - E. Sample existing entrepreneurs to assess management capacity and training needed.

- F. Assess demand for goods and services that can be met by local enterprises.
- G. Assess current capacity of enterprise training institutions through staff interviews and literature review.
- H. Recommend the structuring of both a regional enterprise development project and enterprise development project as a part of Refugee Self-Reliance.

ANNEX 5

List of Contacts

In Mogadishu

Ministry of Planning

Hussein Allabeh Director General

National Refugee Commission

Mohamed Abdi Tarah Extraordinary Commissioner
Mohamed Dubed Deputy Commissioner
Robert Hitchcock
Frank Catania
Willie Young

USAID Mission

Lou Cohen Director
Gary Nelson Deputy Director
Fred Witthans Program Economist
Frank Pavich Chief RD/RA
Girard LaBombard Chief CIP
Raga Elim Human Resource Development RD/RA
Isabelle Blanco RD/RA
Farah Abokar Khagre RD/RA
Abdulkadir Hawes Osman RD/RA

International Agencies and Private Voluntary Agencies

Robert Borthwick Resident Representative, UNDP
Jean-Marie Fakhoury Assistant Representative, UNHCR
Robert Hollister Director, Experiment for International Living
John Huffaker Director, Food for the Hungry
Collin Williams Director, Action Aid

Somali Development Bank

Osman Yusuf Farah General Manager

Others

Peter Gay First Secretary, British Embassy
Ted Lewis Consultant, USAID
Abdow Hamid Manager, Dairy Farm, Research Station
I.D. Waring Auditor, Pannell Kerr Forster
Chartered Accounts
Virgil Zimmermann Consultant, Suny, USAID

In Lower Shebelle Region

Somali Officials

Colonel Said Bile	Governor
Ismail	Deputy Regional Refugee Commissioner
Ali Somal	Camp Commander of Camp I
Ali Oure	Camp Commander of Camp II A
Garo Abdi	Camp Commander of Camp II B
Mohamed Jama	Camp Commander of Camp III

Lafole Technical Institute

Ahmed Elmi Ismail	Headmaster
Rahim Ibrahim Osman	Mechanical Instructor

International and Private Voluntary Organizations

Trisha Caffrey	Field Coordinator, SCF
Mike Crooke	Agricultural Officer, SCF
Robyn Crooke	SCF
Abdullahi Hirreh	SCF
John Nittler	Forestry Officer, SCF
Alberto Perra	Team Leader Italian Gov. Program
Domenico Pelizzi	Agronomist Italian Gov. Program
Ruquiya Warsame	Women's Officer, SCF

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