

SOMALI DEMOCRATIC REPUBLIC

MINISTRY OF AGRICULTURE

Department of Planning & Statistics

Food Security Project

An Assessment of the Impact of  
Agricultural Marketing Liberalization on  
Performance of Cereal Subsector in Somalia

BY

Abukar Osman Abikar

Working Paper #4

April 1987

WORKING PAPER SERIES

DIRECTORATE OF PLANNING & STATISTICS (MOA)

Working Paper

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## 1.0 INTRODUCTION .

### 1.1 An Historical Overview of Government Marketing and Pricing Organizations

Somalia's food pricing and marketing policies date back to the 1950s when Somalia was still under colonial administration. Credito Somalo (1956-58), a joint Somalia-Italian bank, operated a grain marketing scheme. In 1958 the joint Italian-Somali government (AFIS)<sup>1/</sup> created a state controlled pricing and marketing institution, ENTE Nazionale Ammassi Moto-arature (ENAM), under the Ministry of Agriculture and Animal Husbandry. ENAM was established for the specific purpose of collecting, storing and distributing surplus grain. In addition, the agency was also given the responsibility of providing a guaranteed price scheme, through which it would encourage increased grain production. ENAM was also intended to supply good quality grain to consumers at a small profit, to reduce violent price fluctuations, and to improve storage and pest control measures that would reduce the severe grain losses estimated to be over 20% at that time.

After independence the newly created government of Somali Republic attached great importance to pricing and marketing of cereal products. It therefore created the Agricultural Development Agency (ADA), which had the following objectives:

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<sup>1/</sup> AFIS, or the Amministrazione Fiduciaria Italo-Somalo, was entrusted by the United Nations to lead Southern Somalia (Italian Somaliland) into independence in 1960. Southern Somalia was under AFIS administration for ten years ending July 1, 1960.

- 4 -
1. Provision of incentives for increased cereal production,
  2. Increase farmers' income
  3. Stabilization of consumer prices; and
  4. Creation of buffer stocks.

When the Revolutionary Government came to power, it transformed ADA into the Agricultural Development Corporation (ADC), which assumed responsibility for the overall marketing of cereals in Somalia. Among the specific objectives of the ADC were:

1. To purchase, store and sell cereal products throughout Somalia;
2. To protect farmers and consumers from severe price fluctuations,
3. To maintain national food security stocks; and
4. To provide essential inputs to small farmers.

It is also important to note that the Ente Nazionale di Commercio, which was established in 1962, has also played an important role in shaping food pricing and marketing policies since its creation. Among the objectives of the ENC were:

1. To import on a competitive basis cereal products such as rice, wheat, wheat flour and cooking oil.
2. To store and distribute these cereal products in a timely manner to public agencies and governmental parastatals.
3. To act as a government exporting agency.

In addition to ADC and ENC, the pasta factory in Mogadishu has also been important in processing wheat to spaghetti since the mid 1970s.

## 1.2 Scope and Objectives of the paper

This paper focuses on the various aspects of pricing and marketing policies of major cereals followed by the government of somalia during the 1970s, when the pricing and marketing of cereals were under state control, and following the liberalization since the beginning of this decade. The paper will examine the impact that state controlled marketing had on the production of Maize and Sorghum in the 1970s. It will also discuss the influence that market liberalization has had on the increased production of maize and sorghum.

The objectives of this paper are therefore:

- (1) to provide an overview of food production, supply and marketing in Somalia from 1971 to 1986;
- (2) To discuss the development of pricing and marketing policies before and after the early 1980s, when the market liberalization policies were introduced;
- (3) To analyze the effect of policy reform on the production of maize and sorghum; and
- (4) To asses whether relevant import policies were introduced along with the marketing and pricing policies since 1980.

## 1.3 Data Appraisal

There are various government institutions and international organizations responsible for collecting and publishing agricultural statistics. The Ministry of Agriculture publishes crop production figures periodically. ADC issues statistics at the end of every year on total cereals purchased buying prices

Selling prices and information regarding its various operation. ENC collects information on the importation and distribution of cereal products. The pasta factory, though not discussed in this paper, has some information on the quantities of wheat processed and spaghetti produced. The Ministry of Commerce publishes import and export figures. Information gathered by sectoral Ministries is passed annually to the Ministry of National Planning, which is responsible for publishing nation-wide statistical information. The international organizations that collect and publish statistics include the Food and Agriculture Organization of United Nations (FAO), the World Food Programme (WFP), the U.S. Agency for International Development (USAID), the World Bank and others.

In 1985 the Government of the Somali Democratic Republic carried out a nation-wide agricultural sector survey in collaboration with USAID and the World Bank. Data on agricultural production, imports, exports, and consumption were collected and compiled in an Agricultural Statistical Handbook. The production, and import figures used in this paper are taken from the above Handbook. Production figures are obtained from the Ministry of Agriculture, and 1985 import figures were provided by the World Food Programme. Prices figures are those of ADC except Mogadishu retail prices collected by the Central Statistical Department of the Ministry of National Planning. Seasonal price fluctuation was calculated from Mogadishu retail prices collected by the Ministry of National Planning.

#### 1.4 Data Analysis

This paper will examine sixteen years of time-series data (1971-86) on maize and sorghum production, imports of wheat and rice, and ADC purchasing and import prices of maize and sorghum in order to understand cereals marketing and pricing before and after the introduction of corrective marketing policies early in 1980.

Methods of analysis employed include the use of percentages, averages, and measures of dispersion (coefficient of determination, standard deviation) and standard deviation to examine the variability of production, imports and prices. Graphical presentation of production, imports and prices from the period 1971-1986 is also employed. No mathematical equations or econometric models are used due to data limitations.

## 2.0 Review of the Food Production, Marketing and Price Situation in Somalia

### 2.1 Institutions Involved

In the first section of this paper, we noted the importance that the Government of Somalia attached to pricing and marketing policies and provided some brief background information on the institutions created for the implementation of policies before and after the independence. This section is an overview of supply and marketing of cereals between 1971, when ADC was created and given absolute monopoly over the purchase and selling of maize, sorghum, rice and sesame, and 1980 s, when the grain monopoly was relaxed. We will discuss ADC's pricing and marketing policies, and provide an overall assessment of the food supply situation in Somalia, including the role played by imports.

In 1971 the Government of Somalia created the Agricultural Development Corporation (ADC) and granted it an absolute monopoly over the trade of major food items. The purchase, storage, sale and distribution of maize, sorghum, and sesame by private persons for Commercial purposes was prohibited by Law No. 60 of 8 September 1970. Each farmer was authorized to store for domestic use up to one quintal of each product for each member of his family. All other maize, sorghum, rice and sesame output was to be sold to ADC. On the other hand,

ADC was never been able to provide the necessary inputs to the producers, which was clearly indicated by the same law. Table 1,2 presents ADC purchases of maize and sorghum from 1971-86.

In addition to ADC, the ENTE Nazionale di Commercio (ENC) handled concessional imports and domestic distribution of imported rice, wheat, wheat flour and cooking oil. Private traders were not allowed to import, or distribute imported items. In 1977 the third public institution, the government pasta factory, came on stream. Concessional wheat became its feed stock, from which it produced spaghetti domestically to substitute for spaghetti imported by ENC.

The government agencies shared the administration of the monopoly with local government retail stores and regional and district food committees, which were responsible for deciding where and to whom grain would go. Local government retailers and regional and district food committees are now inactive. The government monopoly of the grain trade has also totally disappeared. Private traders are now allowed to market both locally produced and imported commodities.

## 2.2 Cereal Production:

During the 1970s when ADC, ENC and the Pasta Factory were exercising a monopoly power over the trade of both domestically produced and imported food in Somalia, domestic food production was stagnant or even declining. On the other hand, imports of major food items increased, (see table 3).

Table 1: Purchases, and Sales of Sorhgum by ADC

(1971-86) (000Mt)

Calender Years	Local Purchases		Imports		Sales	Ending Stock
	Tons	As O/O Est. Prod.	Com.	Aid		
1971	29	22	-	-	24	0
1972	38	25	-	-	25	5
1973	15	12	-	-	32	18
1974	17	13	-	-	17	1
1975	13	9	7.0	6.0	26	1
1976	20	14	9.0	-	26	1
1977	52	35	-	-	27	2
1978	61	43	-	-	50	27
1979	56	40	-	-	73	38
1980	12	8	-	-	32	21
1981	23	-	-	-	4	1
1982	8	3	-	-	13	20
1983	9	4	-	-	-	15
1984	0.4	0.2	-	-	-	60.0
1985	14.4	5.5	-	-	-	85.0
1986	17.5	7.0	-	-	-	-

Table 2      Purchases & Sales of Maize by ADC (1971-86)  
 (000 Mt)

Calendar Years	Local Purchases		Imports		Sales	Ending Stocks
	Tons	As. % of Est. Prod.	Com	Aid		
1971	55	56	-	-	40	15
1972	60	52	-	-	50	25
1973	37	37	-	-	52	10
1974	33	34	11	-	54	0
1975	20	19	49.3	40	110	-1
1976	30	28	37.3	42	93	15
1977	21	17	28	6	47	23
1978	31	29	-	-	43	11
1979	11	10	-	22	35	9
1980	4	4	16	32	54	7
1981	6	-	22	69	59	45
1982	2	1	-	-	-	-
1983	4	3	-	-	-	-
1984	0.7	0.3	-	1	-	-
1985	12.4	3.3	-	20	-	-
1986	18	4.9	20	3	-	-

Domestic grain production declined from 282.9 thousand tons in 1970 to 226.4 thousand tons in 1974. It is important to indicate that the low grain production during 1973-74 coincide with the worst drought in the memorable history of Somalia. Perhaps only part of the reason for the low output of 1973-74 was disincentive pricing and marketing policies. It is clear, however, from the 1970s data that domestic food production stagnated throughout the decade. Table 3 depicts aggregate domestic production and imports of grains from 1970-86.

### 2.3 Cereal Imports

Somalia imported higher volumes of food grains during the 1970s as a result of low levels of domestic food production and increasing consumption, due mainly to the urbanization and changing food preferences of major segments of the population. Imports of grain increased from 56.2 thousand tons in 1970 to 301.4 thousands tons in 1980. Food imports fluctuated considerably during the 1970s, but the general was upward.

Government pricing and marketing policies introduced during the 1970's resulted, in addition to lower food production and higher imports of food, in the following:

1. Farmers were discouraged from producing grain and staying in rural areas so they moved to urban centers where they became net food consumers.
2. Food imports expanded and made available to urban consumers at low prices.

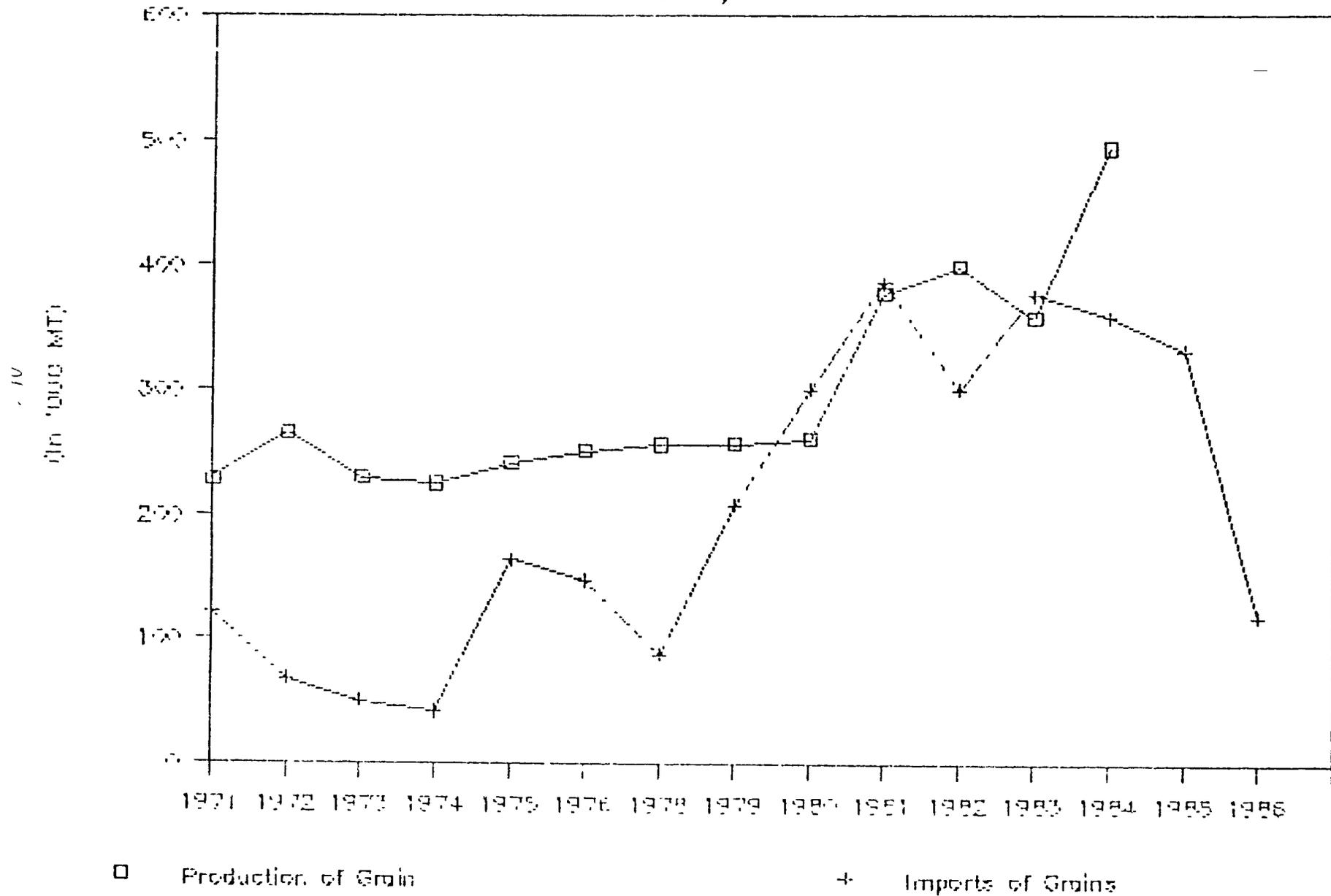
Table 3: Domestic Production and Imports of Grains  
1971-1986 (in 000 Mt)

	Production	Imports
1971	230.0	123.4
1972	266.9	68.3
1973	230.6	50.1
1974	226.4	42.2
1975	243.0	162.8
1976	252.3	148.1
1977	258.0	87.3
1979	258.1	209.1
1980	262.5	301.4
1981	377.7	386.8
1982	399.5	301.4
1983	358.3	377.0
1984	495.3	359.1
1985	643.0	333.0
1986	633.0	

Sourec: GSDR and World Bank, 1985. Agricultural  
Statistical Handbook.

Note: Domestic Production figures are for maize, sorghum,  
rice and wheat.

# Domestic Production and Imports of Grains during 1971 - 1986



3. Both domestic and imported food items were priced low, which encouraged consumers to buy more and increased overall cereals consumption.
4. Long term traditional storage disappeared, as farmers were avoided to store surplus food, even for their own consumption.
5. The parallel market was encouraged, and in many instances prices offered by the parallel markets were 3-4 times higher than the prices offered by the government institution (ADC).
6. Those farmers who remained in the rural areas shifted from producing maize and sorghum to vegetables.

#### 2.4 Marketing Liberalization

Though the illegal private trade of maize and sorghum had been active during the 1970s, it was not until about 1979 that ADC and ENC relaxed their monopolies and began to allow private grain traders to resume active participation in the marketing of grain. ENC lifted restrictions on the private trade of rice, wheat and wheat flour. Private traders were allowed to import and distribute rice, wheat and wheat flour. ADC began a gradual withdrawal from the maize and sorghum markets. The agency started to buy 5 percent of each farmer's produce in 1980, providing higher purchasing prices. By 1984, the three government agencies that once monopolized Somali grain markets no longer exercised a monopoly over the grain trade and their role was limited to very specific operations.

By 1982 ENC handled only concessional imports which are sold to wholesale traders at prevailing market prices. The pasta factory was buying wheat, processing the spaghetti and supplying to other government agencies.

ADC is presently playing the role of domestic price stabilizer buying surplus grain at prices fixed by the government before each harvest and selling to the open market when market prices exceeds the trend average. From 1987 on, ADC will be announcing purchasing prices before planting time so farmers can count on assured prices in making their planting decisions.

During 1985 ADC paid farmers higher prices than private traders, which encouraged many farmers to grow more maize and sorghum in 1986. During the three months following the Gu harvest in 1986, ADC prices also exceeded open market prices in maize producing areas.

Changes and improvements in grain marketing that have accompanied liberalization and privatization will be discussed in section 3.0.

#### 2.5 Description of the price structure

The grain price structure is influenced by both domestic supplies and import plus government interference factor. On the other hand ADC purchasing and selling prices is not in line with ENC import and selling prices.

There has never now been coordination with respect to the pricing of domestic and imported commodities. It is therefore quite difficult to analyze prices due to the absence of relevant price data in somalia. Though overall availability of food data is low yet there is figures available on production data. The main problems is then however import data.

#### 2.5.1 ADC Price Structure

In the 1970s ADC buying and selling prices were generally fixed for several years, regardless of the fluctuation of the costs of applied inputs and consequently the cost of producing maize and sorghum. Berg and associates (1984) have indicated that ADC appears to have set prices near to market levels when it began its operations in 1971. But ADC applications for price changes have had to be submitted to a committee consisting of the Ministers of Agriculture, Commerce, Finance and Planning, the Presidents of Commercial Bank and the Central Bank, and the Chief of Tribune Police. Due to the complexity of the system, the flexibility of adjusting prices annually with the changes in the cost of production has always been limited. Instead of annual or seasonal price adjustments, prices used to be reviewed once every three years. Table 4 shows ADC purchasing and selling prices of maize and sorghum from 1971 to 1986.

Table 4 : ADC Purchasing and Selling Prices of Maize & Sorghum  
(1971-86) (Shillings/100 Kgs)

Calendar Years	M a i z e		S o r g h u m			
	R e d		W h i t e			
	Purchasing	Selling	Purchasing	Selling	Purchasing	Selling
1971	35	55	40	60	40	60
1972	35	55	40	60	40	60
1973	45	65	45	65	45	65
1974	50	70	50	70	50	70
1975	55	75	55	75	55	75
1976	60	80	60	80	60	80
1977	75	90	75	95	75	95
1978	75	95	75	95	75	95
1979	75	95	75	95	75	180
1980	120	180	120	180	120	180
1981	180	250	150	220	160	230
1982	180	250	150	220	160	285
1983	220	325	160	265	180	285
1984	360-650	470-1	180	290	220	330
1985	1500	1850	1300	1700	1300	1700
1986	1500	1850	1300	1700	1300	1700



The table clearly indicates how prices were stagnant from 1971 to 1980 where government parastatals had monopoly power over the trade of maize and sorghum, and gradual increase from 1980 to the present.

We have indicated above that one of the problems created by ADC pricing and marketing policies has been the provision of lower prices to producers, which has encouraged farmers either to abandon farming and migrate to urban centers or shift from grain production to vegetables. Table compares prices offered by ADC to farmers for maize with the world prices of maize. It is clear that price set for ADC purchases of maize is lower than the world prevailing prices. ADC purchase prices were also lower than the parallel market prices, though historical data on parallel market prices, are not available.

The only published data available on past grain prices is Mogadishu retail prices used in calculating the Consumer Price Index (CPI) and ADC buying and selling prices. Data reported in the Mogadishu retail price series give average monthly prices for white (domestic) and yellow, (imported) maize. White sorghum, rice and flour for the period 1977-86. No monthly figures are available for earlier years.

At almost all times in recent years the open market prices of maize and sorghum have been substantially higher than ADC selling prices, even though ADC's official selling prices were intended to be low for the consumer. ADC buying prices have also been kept

TABLE 5: ADC Purchasing Price and World  
Prices of Maize (1971-86)

Year	<u>World Price of Maize (US\$)</u>	<u>World Price of Maize (So.Sh) (ton)</u>	<u>ADC Purchasing Prices (So.Sh.) (100 kg)</u>
1971	58.4	367.92	35
1972	56.0	352.80	35
1973	98.0	617.40	45
1974	132.0	831.60	50
1975	119.6	753.48	55
1976	112.4	708.12	60
1977	95.3	600.39	75
1978	100.7	634.41	75
1979	115.5	627.65	75
1980	125.3	824.04	120
1981	130.8	1646.77	180
1982	115.5	1790.25	180
1983	134.4	2358.72	220
1984	138.05	3630.72	360-650
1985	107.00	4344.20	1500
1986	80.7	5043.75	1500

Source: World price data is obtained from Commodity Trade and Price  
Trend. World Bank, 1972, John Hopkins University Press.

Official exchange rate data is obtained from Central Bank of  
Somalia. ADC Purchasing Prices were provided by ADC.

Note: The official exchange rate of Somali Shilling has changed  
several times since 1971. The following is the pattern:

1971-80	1US\$ = 6.30 So. Sh
1981	1US\$ = 12.59 So. Sh
1982	1US\$ = 15.50 So. Sh
1983	1US\$ = 17.55 So. Sh
1984	1US\$ = 26.30 So. Sh
1985	1US\$ = 40.60 So. Sh
1986	1US\$ = 62.50 So. Sh

persistently below market prices. The difficulty here is that very limited information is available on prices paid to farmers in private markets. However, Berg and Associates (1984) have calculated producer prices as a percentage of retail prices. The authors have estimated that between 1977 and 1981 the gap has been about 25 percent, while during the subsequent years (post-1981) as well as in years before 1977, the gap has ranged from 100 to 300 percent.

#### 2.5.2 ENC Price Structure.

The setting of selling prices for ENC has been similar to that of ADC. The same Inter-Ministerial Committee was responsible for any price changes to be applied by ENC. ENC handled only concessional imports and marked up prices enough to cover its own costs, including staff salaries and an original lump sum to be paid to the Ministry of Finance. ENC was keeping the difference between its selling prices and its payment to the Ministry of finance which was wide enough to cover costs, so that it is protected against cost overruns.

Prices are still presently fixed for concessional imports regardless of the prices of domestically produced cereals. this has had output depressing effects on producers particularly in the past 2 years.

### 2.5.3 Seasonal Prices Fluctuation

Maize and sorghum prices vary across seasons. There is a tendency for retail prices to decline sharply after the Gu harvest and reach peaks during the pre-harvest period. There is no nation wide information on the behavior of retail prices over the years, but Mogadishu retail prices show that prices are above average during the months of April, May, June and July. The rest of the year prices are either average or below average (see Wehelle, 1987).

### 3.0 Improvement of Pricing and Marketing Policies

In the previous section we noted that food production was stagnant before the new marketing policies were formulated, mainly due to the monopoly power exercised by ADC and low prices paid to farmers. The Government of Somalia adopted new pricing and marketing policies in order to create incentives for farmers to produce enough for their own consumption as well as a surplus for urban population. The next sections will discuss the role that the Government of Somalia played in order to develop and implement adequate marketing policies, as well as the reaction of both ADC and producers to the policy changes.

#### 3.1 Introduction of New Policies

Policy changes were not implemented all at once but necessitated gradual introduction and frequent modifications. This was natural due to the fact that ADC completely monopolized grain marketing in the 1970s. We have mentioned in the previous chapter that traders and middlemen disappeared from the marketing systems in the 1970s except for a few traders active in the omnipresent parallel markets. Wholesalers in both producing and consuming areas were inactivated by the

Government. Even rural food transportation and distribution were carried out by local government organization which shifted food from a central point such as Mogadishu, regional capital, or a district capitals to the rural centers and subcenters. Producers attitudes had even changed since they have been buying food on many occasions, rather than producing and selling it.

The grain marketing situation of the 1970s was characterized by low domestic production and higher imports of cereals. The Government of Somalia decided to introduce the grain marketing policy changes gradually rather than all at once. The implementation of new policies in fact took almost seven years to be completed.

From 1971 on, the Government of Somalia started a marked shift towards a more centralized and state dominated organization of agricultural production and distribution. By the end of the decade, however, Somalia was in the midst of a severe economic crisis, created mainly by decreased domestic agricultural production and compounded by a massive influx of refugees and a sharp increase in international oil prices.

Late in 1979 ADC was asked to raise the prices of maize and sorghum paid to producers. ADC raised the purchasing prices from 75 to 120 Shillings per quintal. Although higher prices were welcomed by many farmers, ADC still monopolized grain trade in Somalia and traders were not allowed to participate. Moreover, to the extent that producers complied with the requirement to sell all of their output to ADC, they were not able to keep/store enough food for their own consumption which was of course unacceptable to the farmers.

One year later (1980) one more important policy measure was taken by the Government of Somalia, namely hidden relaxation of ADC's monopoly over grain purchasing from producers. During each harvest season of the 1970s, ADC used to establish buying centers throughout the grain producing areas. local forces were normally sent along with ADC agents to farmers to sell all of their produce without any consideration given to family size or the prevailing situation of particular geographic area.

Before the new policies were publicly announced the Government of Somalia relaxed ADC's monopoly over the grain trade within the producing areas and left with the remaining function of distributing imported maize and sorghum. Farmers were allowed to keep enough grain for family consumption. Police ceased going to the producing areas to force farmers to sell all their produce to ADC. Traders were also allowed

to purchase grains and ship to deficit areas. Since the old regulations were still legally in effect and these forbade traders from participating in grain marketing, traders were cautious and afraid of being caught and disciplined.

In addition to the relaxation of the grain marketing monopoly, ADC was requested to review its purchasing prices frequently. ADC purchasing prices increased from 120 to 180 Shillings per quintal for maize and from 120 to 160 Shillings per quintal for sorghum in 1981. ADC purchasing prices were also reviewed in 1982 and raised from 180 Shillings and 160 Shillings for maize and sorghum to 220 Shillings and 180 Shillings in 1983 respectively. It was not until 1984, however that grain marketing was fully liberalized and ADC's monopoly was officially lifted.

Liberalization consisted of several key elements. Firstly, farmers were freed to sell their products to whomever they wanted for whatever price they were able to obtain from the market. Secondly, ADC was limited to buying only grain made available to it from farmers who were willing to accept ADC purchase prices. Thirdly, ADC's purchasing prices were set at prevailing world prices and the current cost of producing maize and sorghum. It is also important to note that President's circular of 1982 instructed ADC and local authorities not to purchase grains by force from farmers which further encouraged farmers not to sell to ADC and channel their produce to the more profitable parallel markets.

### 3.2 Implementation of New Grain Marketing Policies

Elements of improved policies and ways in which policy changes were initiated were discussed in the previous sections. This section presents the different roles played by the central government, Ministry of Agriculture as an implementing agency, ADC as a grain marketing agency, regional authorities and the private sector. We will also briefly highlight the role played by international organizations in helping the Government of Somalia implement the newly introduced policies.

The Ministry of Agriculture (MOA) in collaboration with the central government was the implementing agency in promoting policy reform. The MOA oversees not only ADC, but also a Tractor Hiring Agency (ONAT), the Agricultural Settlement Agency (SDA), and the Crash Programme all of them designed to assist increased agricultural production. In addition; the Ministry has introduced a strong national extension system, developed new maize varieties improved irrigation networks in the riverine areas, constructed rural roads, and initiated other programmes designed to improve domestic food supply and reduce food imports. These will be discussed below (see 3.4). The rest of this section will focus on the roles played by the Ministry of Agriculture and ADC in implementing the pricing and marketing reforms.

Since the introduction of policy reform, ADC had to become an institution maintaining price supports rather than a grain marketing agency exercising a legal monopoly. ADC was also given the responsibility of maintaining food security reserve stocks for emergency relief. This has required a significant reorientation, which has not been easy for ADC to realize.

Foreign assistance was requested early in 1980s for strengthening ADC. FAO funded an institution-building project which provided in-service and overseas training to ADC professional staff. The same projects also provided pest control measures and transportation facilities. Local assistance was also provided to rehabilitate existing ADC storage so that long-term storage is possible. The Finnish Government also provided assistance for the rehabilitation of ADC's old warehouses and construction of new warehouses. In order to cover its costs, ADC began to rent out some of its facilities, particularly warehouses and vehicles, to private firms. This has indicated that ADC was flexible and prepared to operate as an autonomous profit making institution.

### 3.3 Problems and Difficulties Faced in Policy Reform

During the implementation of these fundamental policy changes, the Somali government encountered many problems. One problem has been the difficulty in

transmitting information about policy reform to farmers. Governmental institutions and farmer organizations are often the structures by which information is transmitted to farmers or farmers associations in many countries. During the early phases of pricing and marketing reforms in Somalia, a lot of misinformation was spread, which confused farmers. The inaccessibility of some farmers located in remote areas, and the higher costs of informing them and supplying them with necessary supporting services has also become an obstacle for implementing the policies.

Another set of problems faced in implementing marketing policies was the difficulty in convincing ADC, producers and traders follow price liberalization policies. ADC had established through the 1970s an organizational structure and standard operating procedures designed to enforce a grain marketing monopoly. Its main function had been purchasing, storing and selling grains collected by force from farmers and not providing services to the producers. ADC was understandably reluctant to loosen its monopoly over the marketing of grains, and therefore did not accept the new government policy easily.

Farmers who had waited long time for such changes were happy with the pricing and marketing policy reforms which were designed to increase food production and raise farmers income. Nevertheless, two problems were faced during the introduction of the new policies.

First, there were no precise and definite written directives from the central government instructing farmers in the policy changes. Second, and as a result of the previous point, so much confusing and contradictory information circulated which convinced farmers that the changed marketing and pricing policies would not actually be implemented.

One final problem has been that the law forbids the purchase, sale, and distribution of maize and sorghum by private persons for commercial purposes was still standing legally. Although the law has been widely circumvented, its existence has created an atmosphere of uncertainty and a lack of confidence among traders, which limited their participation for quite some time after the policy reforms were introduced (Berg and Associates, 1984).

#### 3.4 Complimentary Measures:

During the implementation of pricing and marketing policies, parallel activities designed to support the new policies were initiated. These have been formulated by the central government and related ministries. The central government has mobilized regional and district authorities, village chiefs and SAMADONS and NABADONS responsible for specific geo graphic areas or groups of

people to help implement the pricing and marketing policies. The central government also requested the Commercial and Savings Bank of Somalia (CSBS) to provide low interest loans to ADC, while the central government guaranteed the ADC would repay the loans on time. In 1985 only 600 million Somali Shillings were lent to ADC at a 19% interest. In July of 1986, the Council of Ministers decided that the interest owed by ADC following the 1985 campaign will be paid by the central government except the Treasury interest which is 13%. Beginning in July 1986, ADC had to pay only the principle plus Treasury interest to the Commercial and Saving Bank, while the central government will pay other interests charges.

Several ministries have also initiated special and/or joint programmes to help improve agricultural production and marketing. The Ministries of Agriculture and the Interior jointly initiated integrated rural development programmes. With the help of the World Bank, the Federal Republic of Germany, Italy and Japan, the Ministry of Agriculture has also initiated the Agricultural Input Programme (AIP), which is aimed at improving the availability of essential agricultural inputs in somalia. The programme provides pesticides, fuel for agriculture, and other related inputs such as tractors and heavy machinery.

Additionally, the programme is in the process of strengthening the agricultural services, particularly the Plant Protection, Water and Land, and Planning Departments of the Ministry of Agriculture and ADC.

In addition to these programmes, the Ministry of Agriculture initiated several projects aimed at increasing crop production by providing adequate services and/or direct inputs to the producers. These include irrigation infrastructure, water management, agricultural research, and extension and production projects.

#### 4.0 Impact of Marketing Policy Improvement

In the previous section of this paper, we have discussed the improvement of pricing and marketing policies that have taken place during past six years. The different roles played by the central government, regional authorities, Ministry of Agriculture and related agencies and private producers were described. Problems that arisen during the implementation of the programme were also presented. These pricing and marketing reforms have had impacts on domestic food supply, food availability, prices paid by the consumers, and food producers' income. These impacts will be discussed in this section. We will also discuss the role that the Ministry of Agriculture should play to provide incentives to farmers and to avoid the disincentive effects that might arise from oversupply of maize and sorghum during harvest times and in years of bumper crops and food shortages during the dry seasons and periodic or prolonged droughts.

##### 4.1 Impact of Policy Reform on Production:

The production of maize and sorghum stagnated during the 1970s. The annual production of maize increased slightly from 1971 to 1972 but sharply declined during the drought years of 1973-75 and remained low up to 1980. Table 6

Table 6: Area Cropped and Production of Maize & Sorghum  
(1971-1985)

Year	M a i z e		S o r g h u m	
	Area (000 ha)	Production (000 Mt)	Area (000 Ha)	Production (000 Mt)
1971	102.0	99.4	280.0	128.7
1972	117.0	114.9	390.0	149.1
1973	101.0	98.9	345.0	128.4
1974	99.0	96.8	330.0	125.7
1975	106.0	103.8	400.0	134.7
1976	119.0	107.6	490.0	139.9
1977	150.6	111.3	458.3	145.1
1978	148.7	107.7	420.1	141.1
1979	147.5	108.2	460.8	140.1
1980	109.0	110.0	456.8	140.0
1981	197.0	142.0	517.0	222.0
1982	209.0	150.0	540.0	235.0
1983	300.0	235.0	475.0	120.0
1984	350.0	270.0	445.0	221.2
1985	350.0	383.0	520.0	260.0
1986	246.2	382.0	376.5	251.3

Source: Area and production figures between 1971 and 1984 were obtained from the Agricultural Statistical Handbook completed during the Agricultural Sector Survey, 1985. Production figures are those of Food Early Warning Department, Ministry of Agriculture. Production were calculated from the same figures.

presents area and production data of maize and sorghum over the period 1971-86.

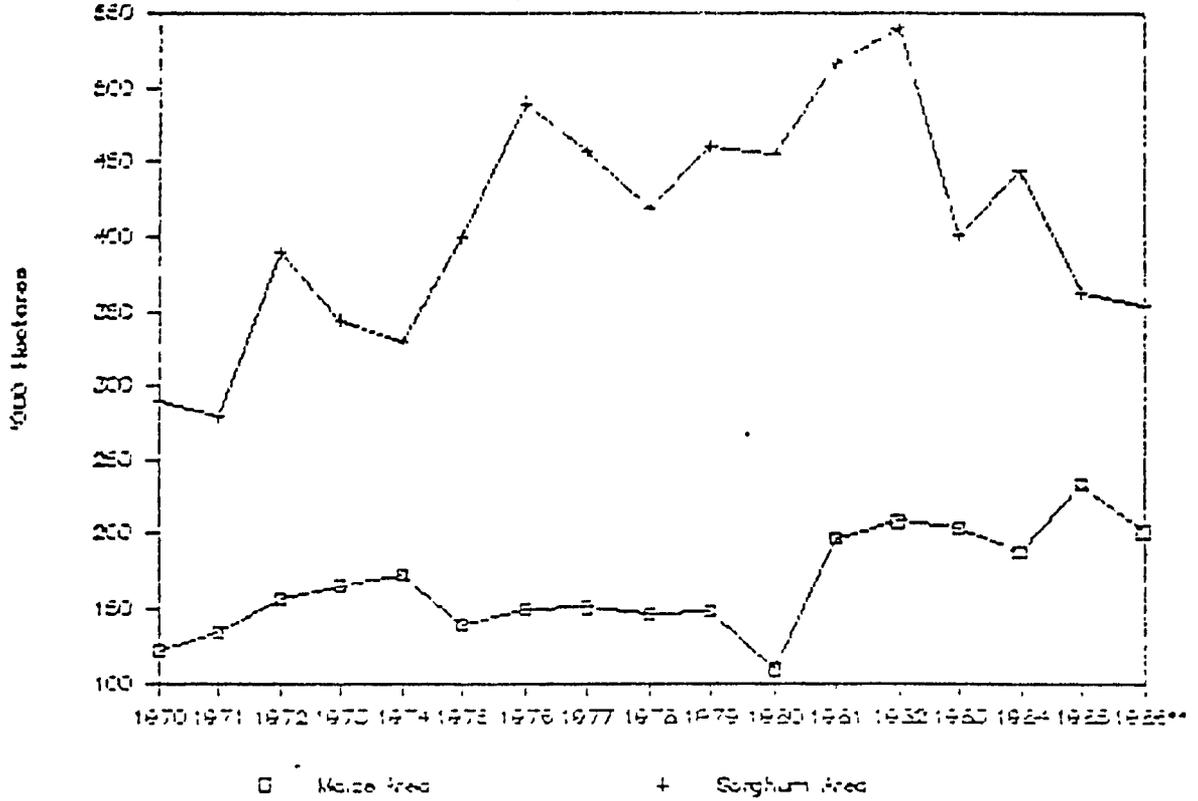
The exceptionally low production of maize during 1973-75 cannot only be attributed to the lower prices paid to the farmers, but also to the lower rainfall of those particular years of severe drought. It is therefore difficult to separate out price effects from the weather effect, however, this is true also in times of good harvest and high producer prices (1985, Gu 1986).

The nature of sorghum production, pricing and marketing is different from that of maize. Though the production of sorghum has also been stagnant during the decade of 1970s, the rate was lower than that of maize. Sorghum output declined from 158.1 thousand metric tons in 1972, but then increased to 149.1 thousand metric tons in the following year. However, the annual production of sorghum during 1974-75 was extremely low, which was due, in large part, to the lower rainfall of those years. Although sorghum production went up during the subsequent years of the 1970s, it did not reach the level of 1971.

After the introduction of improved pricing and marketing policies, sorghum production has shown a remarkable increase. The highest annual production

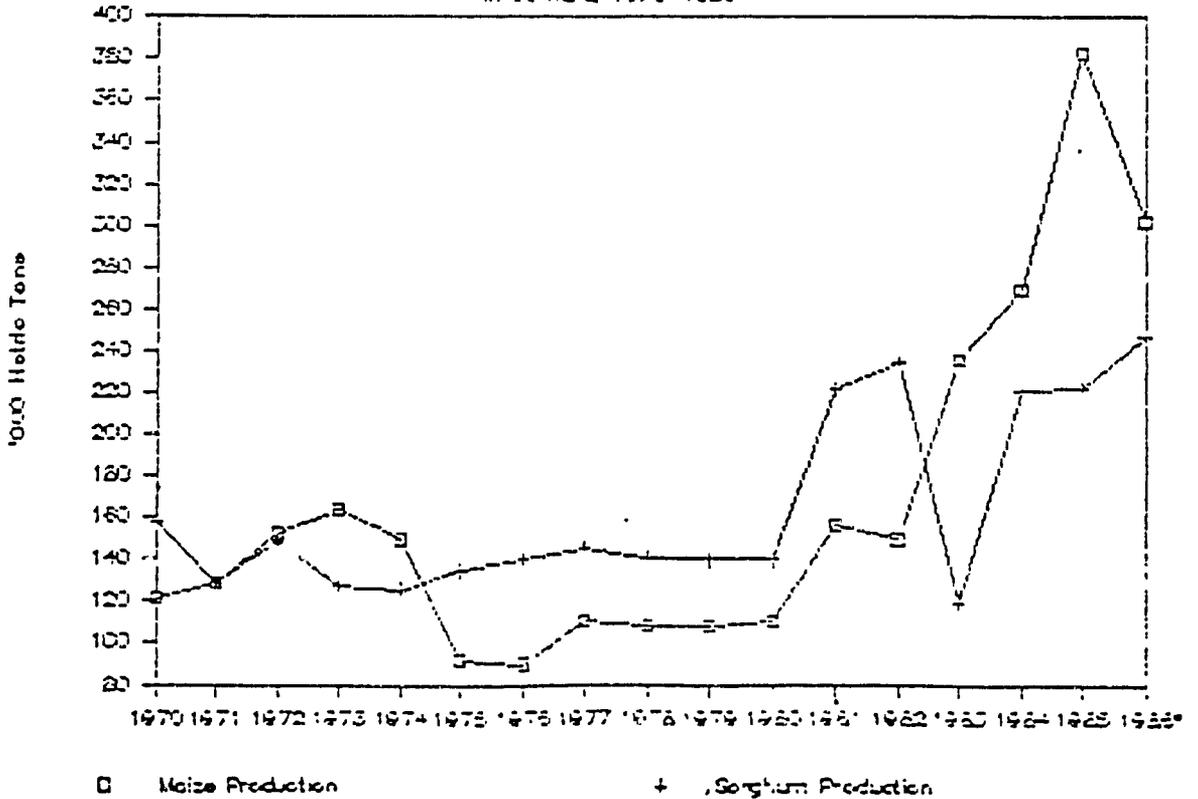
### Maize and Sorghum Area Cropped

in Senegal 1970-1988



### Maize and Sorghum Production

in Senegal 1970-1988



experience during the 1970s was 158.1 thousand metric tons (1971), while the annual production of sorghum during the first half of the decade of the 1980s increased from 140 thousand metric tons in 1980 to 235 thousand metric tons in 1983 and remained in 200-232 thousand metric ton range since 1983.

As indicated in table 5 production has fluctuated throughout the two decades, yet the drop in production was lower for maize except for the low rainfall years (1974, 1975, 1983). This suggests that sorghum experiences less volatile price changes than maize due to its subsistence nature and lower commercialization. One final point is that maize production was affected less than sorghum production during the drought years of 1973-75 and 1983, because maize is grown along the riverine areas and therefore partially irrigated, whereas sorghum is grown only in rainfed areas and highly effected by rainfall variations.

It can be concluded that maize production was affected positively by increasingly attractive prices paid to farmers. This is clearly shown in table 6, which indicates that production has been low during the 1970s when prices paid to farmers were low and increased during the 1980s. Unlike maize, sorghum production was not highly affected by the producer prices before and after the liberalization of grain marketing, as indicated in table 6. Production of sorghum did not go down as much as

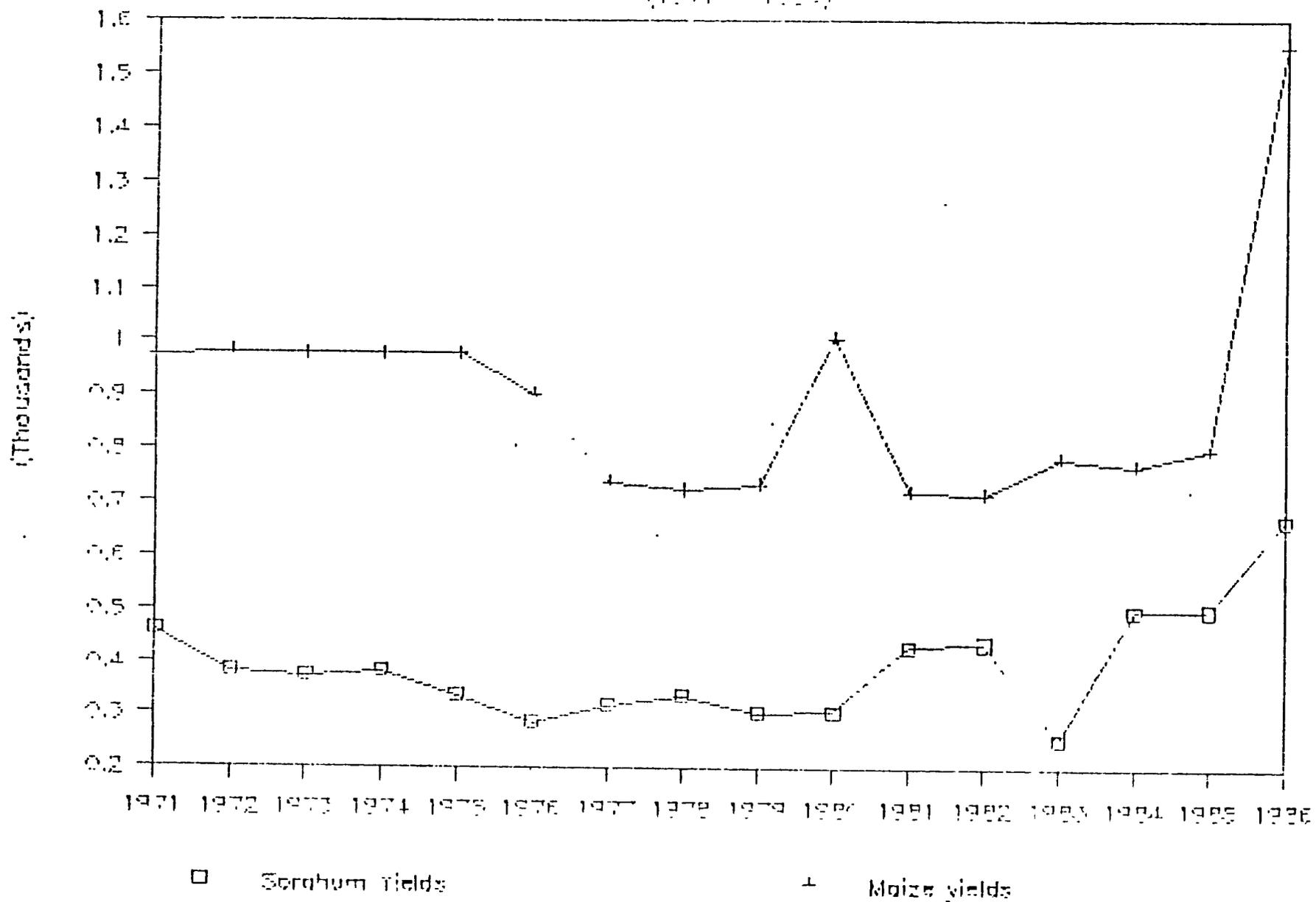
Table 7 : Maize and Sorghum Yields in Somalia  
(1971-86) (Kg/ha)

<u>Year</u>	<u>Sorghum</u>	<u>Maize</u>
1971	460	975
1972	382	982
1973	372	979
1974	381	978
1975	337	979
1976	286	904
1977	317	739
1978	336	724
1979	304	734
1980	306	1009
1981	429	721
1982	435	717
1983	253	783
1984	497	771
1985	500	800
1986	667	1552

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Source: Data on yields from 1971 to 1985 is compiled from Agricultural Statistical Handbook. 1986 yield information is obtained from various sources such as ARI and Early Warning Project and made average of it.

# Maize and Sorghum yields in Somalia (1971 - 1986)



maize production during the 1970s, when prices were low, nor did sorghum production go up remarkably when prices were liberalized during the first half of this decade.

4.2. Domestic Supply, Imports and Consumption of Grain 1971-1986

Domestic supply of maize and sorghum was low during the 1970s, but increased from 1981 onward after the reform of agricultural marketing policies has taken place. The total output of maize and sorghum ranked from 230 to 263 thousand metric tons during the 1970s while the production of the two crops reached 633.3 thousand tons in 1986. The nearly tripled production of maize and sorghum can be attributed in part to the good rainfalls of 1985-86 but also to the appropriate pricing and marketing policies implemented by the government of Somalia since the beginning of the decade.

Although domestic production increased dramatically from 1981 to 1986, grain imports did not decline as expected. This may be because the major imported commodities (wheat and rice) are different from domestically produced crops and the degree substitutability is low. Additionally there has not been a strong and clear government food import policy that either restricts or regulates the imports.

In 1985 for example, when Somalia was having its best harvest in two decades, USAID was dumping imported grains on the market. The heavy cereal imports during 1985 coincided with the good harvest of 1985-86 and exacerbated the relative oversupply situation. As a result, ADC was not able to sell its stocks, because the cereals markets were saturated with cheap maize and sorghum. Cheap imports also created financial difficulties for ADC, which was unable to sell its stocks and pay back its loan to the Commercial and Savings Bank which resulted lower ADC purchases of grains during the Gu season of 1986.(see table 7 )

Table 8: Total Supply of Grains 1971-1985  
( 100MT)

Years	Domestic Supply (Maize & sorghum)	Imports (Rice/Wheat)	Total Grain Supply
1971	257.5	123.4	315.2
1972	243.6	68.3	240.6
1973	248.0	50.1	290.1
1974	225.2	42.2	280.3
1975	229.5	164.8	338.5
1976	242.3	148.1	358.5
1977	251.2	173.8	377.6
1978	252.8	87.3	331.6
1979	249.3	209.1	446.6
1980	250.0	301.4	449.3
1981	282.0	386.8	530.5
1982	372.0	301.5	684.9
1983	470.0	377.0	807.1
1984	491.2	359.0	807.1
1985	613.0	333.0	798.1
1986	633.0	633.0	633.0

Source: Table is calculated from table 3.  
Total supply of grains for 1986 does not include  
import data

## 5.0 Conclusion and Some Recommendations.

This paper has discussed in a preliminary way the improvement of pricing and marketing policies during the first half of the 1980s. It has focused on the role of the government in formulating and implementing pricing and marketing policies, as well as the positive impacts that improved policies have had on increased grain production and farmers' income.

### 5.1 Conclusions:

Based on the discussion in the paper, the following conclusions can be drawn:

- 1) Cereal price policies in the 1970s provided disincentives to grain production. ADC buying prices were fixed lower than market prices and cost of production throughout the country, this resulted in reduced area under production of maize and sorghum, lower annual output of both crops, less availability of maize and sorghum, and lower income for small farmers.
- 2) Lower ADC buying prices combined with extremely high levels of imports discouraged domestic farmers from producing maize and sorghum.
- 3) Lower prices provided by ADC to producers resulted in chronic food shortages in the 1970s, which forced both producers and consumers to exchange cereal products on the parallel markets in which prices were three to four times higher than prices offered by ADC.

- 4) Early in the 1980s, when the Government of Somalia reviewed its pricing and marketing policies for food crops, ADC was instructed to raise buying prices. Farmers were not only willing to produce more grains but also to sell more cereals to private traders or to ADC (depending on prices offered by both).
- 5) Price liberalization has given farmers more opportunities to sell their products to traders or to ADC, or store grains in anticipation of higher prices.
- 6) ADC buying prices have gradually approached world prices, which resulted farmers producing more, increasing their income, and increasing the overall availability of cereal products.
- 7) As farmers were free to market their products, the parallel market has disappeared and hence consumer prices of cereals have become more stable and lower than in the 1970s.

#### 5.2. Some Recommendations:

ADC has been a grain marketing monopoly agency for over a decade and has accumulated some experience with respect to purchasing, storing and releasing of maize and sorghum. However, due to the recent decentralization policy of cereal pricing and marketing, ADC's role should be redefined. In order for ADC to become cost effective, the agency should review its structure and functions. Because appropriate pricing policies and adequate marketing systems bring powerful and positive incentives to producers, it is proposed that ADC play a price stabilization role.

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**A N N E X I**

PARTE PRIMA

ATTI LEGISLATIVI ED AMMINISTRATIVI

FIRST PART

LEGISLATIVE AND ADMINISTRATIVE ACTS

LAW No 60 of 8 September, 1970.

Agricultural Development Corporation Law

THE PRESIDENT

OF THE SUPREME REVOLUTIONARY COUNCIL

TAKING NOTE of the approval of the Supreme Revolutionary Council;

HEREBY PROMULGATES

the following Law:

CHAPTER I

GENERAL PROVISIONS

Article 1

*Establishment*

1. The Agricultural Development Corporation, hereinafter referred to as «The Corporation», is hereby established.

It shall be an autonomous agency with juridical personality

2. The Corporation shall be subject to the provisions of the Law governing Autonomous Agencies, Law No. 16 of 1st April 1970.

Article 2

*Incorporation and Succession*

1. The following autonomous agencies shall be incorporated with the Corporation:

- (a) the Agricultural Development Agency (ADA), established by Decree-Law No. 1 of 16th February 1966, converted into law by Law No. 2 of 21st March 1966;

- (b) the National Pool of Motor vehicles and Tractors Organization (ONAT) established by Decree Law No 8 of 24th September 1963 converted with amendments into law by Law No 23 of 18th November 1963 and amended by Law No 14 of 6th July 1965,
- (c) the National Grain Marketing Organization (NGMO), established by Decree Law No 9 of 29th October 1964, converted with amendments into law by Law No 31 of 17th December 1964.

2 All movable and immovable properties which at the time of coming into force of this Law belonged to the autonomous agencies referred to in para (1) above, are hereby transferred to the Corporation

3 All the rights and obligations of the autonomous agencies referred to in para (1) above shall vest in the Corporation

### Article 3

#### *Supervision*

1 The Corporation shall function under the supervision of the Secretary of State for Agriculture

2 The Secretary of State for Agriculture may give the Corporation such directives as he may consider necessary from time to time in order to ensure that it acts in accordance with the best interest of the State

### Article 4

#### *Head Office*

The Corporation shall have its head office in Mogadishu, and may, whenever found necessary, establish branches in any other place within the Somali Democratic Republic

### Article 5

#### *Objectives*

1 The main objective of the Corporation shall be the promotion of agricultural development and production.

2. In pursuance of the above objective, the Corporation may:

- (a) supply at reasonable prices any agricultural materials and farm implements, such as seeds, fertilizers, insecticides, weed killers, tools, irrigation and fumigation equipment water pump and threshers;

- (b) encourage agricultural cooperatives, agricultural corporations and farms
  - (i) by helping the amalgamation of farm holdings into economic units,
  - (ii) by helping agriculture cooperatives and farmers to get credits necessary for the agricultural development,
- (c) encourage the agricultural production in general by purchasing and storing, as and when possible, any agricultural produce from cooperatives and farmers, and selling it with a view to effect a stabilization of prices,
- (d) hire farm's machinery and motor-vehicles for agricultural purposes, and provide maintenance for such machinery,
- (e) take up direct cultivation, as and when necessary, so as to raise the level of food production in the country;
- (f) promote the formation of light industries connected with the processing of agricultural produce,
- (g) perform any other function connected with agriculture which the Ministry of Agriculture may delegate to the Corporation

#### Article 6

##### *Powers*

The Corporation shall have all the powers necessary for the achievement of its objective.

#### Article 7

##### *Power to collect fees*

1. The Corporation may, whenever appropriate, collect special fees for services rendered in pursuance of its objective
2. The rate of the fees referred to in the preceding para shall be established by Decree of the Secretary of State for Agriculture, on the proposal of the Board of Directors.

CHAPTER II

ORGANIZATION

Section 1. — Organs of the Corporation

Article 8

*Organs*

1 The organs of the Corporation shall be

- (i) the General Manager,
- (ii) the Board of Directors, consisting of
  - (a) the General Manager, as Chairman,
  - (b) Director of Agriculture in the Ministry of Agriculture, as member;
  - (c) Director of Planning in the Ministry of Planning and Coordination, as member;
  - (d) Director of Budget in the Ministry of Finance, as member;
  - (e) Director of Commerce in the Ministry of Industry and Commerce, as member,
  - (f) Director of the Somali Development Bank, as member;
  - (g) Director of Water Department in the Ministry of Public Works, as member;
  - (h) Three (3) representatives of farmers

2 The three representatives of farmers referred to in para (1) above shall be appointed by decree of the Secretary of State for Agriculture for a period of two years

Article 9

*Appointment*

The General Manager shall be appointed by decree of the President of the Supreme Revolutionary Council on the proposal of the Secretary of State for Agriculture, having heard the Supreme Revolutionary Council and the Council of Secretaries

Article 10

*Emoluments*

The emoluments of the General Manager shall be established by decree of the President of the Supreme Revolutionary Council, on the proposal of the Secretary of State for Agriculture, having heard the Council of Secretaries

Article 11

*Sitting allowances to members of the Board of Directors*

The members of the Board of Directors shall be paid a sitting allowance at a rate fixed under Article 6 of the Law governing Autonomous Agencies, Law No 16 of 1st April 1970

Section 2 — Functions

Article 12

*Functions of the General Manager*

1. The General Manager shall be the executive head of the Corporation and shall represent it
2. He shall convene and preside over the meetings of the Board of Directors and determine the agenda
3. He shall be responsible for the implementation of the decisions of the Board of Directors
4. He may, with the authorization of the Board of Directors, conclude operating contracts on behalf of the Corporation
5. He shall be responsible for the funds of the Corporation, and for the maintenance of the accounts of the Corporation
6. In case of temporary absence or impediment, his functions as Chairman shall be performed by a member of the Board of Directors designated by the Secretary of State for Agriculture.

Article 13

*Functions of the Board of Directors*

1. The Board of Directors shall be responsible for policy and general directions of the Corporation.
2. At the meeting of the Board of Directors, six members shall constitute the «quorum».

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**Section 3 — Staff**

Article 14

*Staff*

1 The Corporation may, for purpose of administration, have one or more heads of departments, who shall be appointed by decree of the President of the Supreme Revolutionary Council, on the proposal of the Secretary of State for Agriculture

2 It may appoint the staff required by it except the heads of departments referred to in para 1 above

3 The terms and conditions of service of the members of the staff referred to in para (2) above, shall, subject to any general rules governing the terms and conditions of service of the staff of Autonomous Agencies issued by Government, be established in the Regulations of the Corporation

Article 15

*Responsibility of the General Manager, Members*

*of the Board of Directors and Staff*

The General Manager, the members of the Board of Directors and the staff of the Corporation shall, while performing their duties, be deemed to be officers of the Civil Service for the purpose of responsibility.

CHAPTER III

FINANCIAL PROVISIONS

Article 16

*Patrimonio (Capital Etc.)*

The patrimonio (capital etc.) of the Corporation shall consist:

- (a) the properties referred to in Article 2 para (2) of this Law,
- (b) contributions, if any, granted by the State, international organizations or public or private bodies,
- (c) reserve funds to be set aside from the Corporation's profits,
- (d) receipts from services rendered by the Corporation,
- (e) any other receipts from public or private source.

Article 17

*Budget*

The General Manager shall, not later than 30th September in each year, prepare a statement to be called the Annual Budget Statement for the next financial year of the Corporation, showing the estimated receipts and expenditures of the Corporation. The Annual Budget Statement shall be submitted to the Board of Directors, who, after approval, submit it to the Ministry of Agriculture and the Ministry of Finance.

Article 18

*Annual Accounts*

1. Within 31st March in each year, the General Manager shall prepare the Annual Accounts and the Profit and Loss Statement of the Corporation and shall present them to the Board of Directors, who, after approval, submit them to the Ministry of Agriculture and the Ministry of Finance.

2. The Secretary of State for Agriculture shall, in consultation with the Secretary of State for Finance, be competent to approve the Annual Accounts and shall give instructions for their publication in the Official Bulletin at the expense of the Corporation.

Article 19

*Authorized Loans*

The Corporation may, for purposes of its activity, obtain from financial institutions within the Republic and abroad, with prior approval of the Secretary of State for Agriculture

Article 20

*Accounts*

The accounts of the Corporation shall be maintained in the manner prescribed by any general rules issued by the Government for the purpose and by its Regulations

Article 21

*Audit*

The accounts of the Corporation shall be audited by the unit established in the office of the Magistrate of Accounts for the purpose of auditing Autonomous Agencies

CHAPTER IV

FINAL PROVISIONS

Article 22

*Regulations of the Corporation*

The Regulations of the Corporation shall be issued by the President of the Supreme Revolutionary Council, on the proposal of the Secretary of State for Agriculture, having the approval of the Board of Directors.

Article 23

*Repeal*

The following laws are hereby repealed:

- (a) Decree Law No. 8 of 24th September 1963, converted into law by Law No. 23 of 18th November 1963, and amended by Law No. 14 of 6th July 1964

- (b) Decree Law No 1 of 16th February 1966, converted into law by Law No 2 of 21st March 1966,
- (c) Decree Law No 9 of 29th October 1968, converted with amendments into law by Law No 31 of 28th December 1968

Article 24

*Entry into force*

1. This law shall come into force on the day following the date of its publication in the Official Bulletin, and included in the Official Compilation of Laws of the Republic.

2. Every one shall be required to observe it and cause others to observe it, as a Law of the Republic.

Mogadishu, 8 September, 1970

*Major General Mohamed Siad Barre*  
PRESIDENT  
of the Supreme Revolutionary Council

*Dr. Abdurahman Mohamed Hassan*  
Secretary of State for Agriculture

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DISPOSIZIONI, COMUNICATI, AYYISI, YARIE

N. N. .

A N N E X I I

II. The Presidential Circular of 9 August 1982  
(Unofficial translation)

SOMALI DEMOCRATIC REPUBLIC  
THE PRESIDENCY  
OFFICE OF THE PRESIDENT

REF/JDS/XM/E/4-1920/82

Mogadishu, 9th August 1982

SUBJECT: GATHERING, SAFE-GUARDING  
AND STORAGE FARM CROPS

We have reached the time of the Gu harvest and should prepare to gather, safeguard, and store this harvest. As you are already aware, production of these crops, of which the Somali nation has a great need, has been expanded during this season in many regions of the country, including the Lower Shabelle, Central Shabelle, Lower Juba, Baw, Bakool, Hiran, and Northwest. As the Somali people have done their part in a campaign to raise production of agricultural crops, it is proper that progressive steps should be taken to assure efficient gathering, safeguarding and storing of these crops. These steps should be taken to permit optimal use of these crops both at the time of harvest and for future needs. We must not tolerate any mis-use of crops that have cost the Somali people so much precious time and labor. Therefore, in order to fulfill this order, all agencies to which this letter is addressed are instructed to take all steps necessary to fulfill its purposes. In particular, the Agricultural Regional and District Party Committees are instructed to conduct a comprehensive national campaign to gather agricultural crops -- which means giving full support to the ADC, to help it with a task that ADC alone cannot administer. This campaign of crop gathering is to be based on self-help schemes. In order to succeed in this great task and to save on expenses that could burden the ADC budget, responsibility for this campaign is distributed among the following committees:

1. The Supervisory Committee which consists of:
  - a) Regional Party Committee Secretary,
  - b) Officer Commanding Regional Police Division,

- c) Officer Commanding Regional NSS,
  - d) Secretary of the Party District Committee,
  - e) Commanding Officer of the Party District Police Station, and
  - f) District Officer of the NSS;
2. The Regional Crop Gathering Committee which consists of:
- a) Regional Coordinator of the ADC,
  - b) Regional Coordinator of the Ministry of Agriculture, and
  - c) Regional Representative of the Somali Youth League;
- 3 District Gathering Committee which consists of:
- a) District ADC Administrator
  - b) District MOA Administrator, and
  - c) Representative of the Somali Youth League District office.

These committees shall fulfill their duties in accord with the following instructions:

- i) They must organize and implement a crop-gathering campaign that will fully support in their work to protect the crops after the harvest.
- ii) Crops shall not be taken by force from the farmers.
- iii) Farmers should be well treated and when they bring crops to the selling stations they should be promptly paid cash if the amount is not more than that due to them on one quintal (or 100 kilos).
- iv) Weighing should be performed accurately by both sides, by ADC and by the farmers.
- v) ADC should not buy crops that have been spoiled during storage, or those that have been eaten by pests, are wet, or are covered by dirt or mud.
- vi) Selling stations should mark identification numbers on their sacks to permit identification of the buying stations. (This will help ADC enforce the provisions of (v) above.
- vii) Buying posts should be restricted to districts and big Villages in which each station will be able to buy at least 50 quintals daily.
- viii) Agents, who are to buy crops for the Agency, should be trustworthy and honest people, who will safeguard cash

and grain in their possession, and who will take care that mistakes that occurred in the past shall not be repeated.

AGRICULTURAL DEVELOPMENT AGENCY

The ADC is responsible for providing each selling station with money, sacks, weighing machines, drums, and all the equipment that may be needed in the selling station.

RESPONSIBILITY OF THE SC & SB

The Somali Credit and Savings Bank is responsible for providing overdraft facilities that permit ADC easily to obtain the cash it needs to buy crops.

MINISTRY OF NATIONAL TRANSPORT

The Ministry of National Transport is responsible for providing extra transport, if requested by ADC, for fulfilling national needs during the harvest time, and, if needed, for collecting the crops from the selling stations and bringing them to ADC Regional and District headquarters. Fuel and other expenses will be paid for by ADC.

NATIONAL PETROLEUM AGENCY

The Agency is instructed to give priority to grain trucks while the harvest is in progress.

AUTHORITY OF CROP GATHERING COMMITTEE

The Crop Gathering Committee has authority to assign all transport vehicles to carry crops from the buying stations, so that the expenses to be included in the selling price are kept low. If necessary, they may hire private vehicles. Further, they have the authority to take steps against any one or anything hindering the gathering of crops. They are also responsible for protection of the money collected from the buying stations.

MAKING OF STORES

In order to find suitable storage places, the Crop Gathering Committees are instructed to make use of self-help schemes drawing on the experience of old Somali farmers while following these rules:

- a) Each store must be able to hold at least 5,000 quintals,
- b) Each is to be built on high ground to avoid water seepage, and
- c) Each should be made by experts who know the correct way to store grain by traditional, time-tested methods.

ORGANIZING BUREAU

The Organizing Bureau of the SRSP should supervise the implementation of these instructions. It should make use of Part Supervisors and should make sure all of the harvest is stored safely and that none of it passes into the hands of the nation's enemies.

SECURITY COMMITTEE

The Regional and District Security Committees shall cooperate with the Security Agencies (Police, NSS, and Militia) to make sure that the crops do not fall into enemy hands. Any person involved in such activities, shall be taken into custody and prosecuted.

STATISTICS

In order to provide a clear record of the country's production and sale of crops, the ADC should, once a month, send to the Ministries of Agriculture and Finance reports of the number of purchases of crops by category, and the value of those purchases.

MINISTRY OF DEFENSE

ADC shall administer this work at the national level. Therefore, the Somali National Forces, wherever they may be, when asked, help in transport during this Gathering-of-Crops Campaign. If the National Defense Forces require transportation assistance, they can ask the Ministry of Agriculture and the Director General of ADC to help them.

ANNEX II

SPECIAL POINTS

ADC should re-use old sacks and should avoid the need to buy new ones.

ADC should sell crops now in ADC stores to traders. The money collected should be used to repay the advances provided by the Somali Credit and Savings Bank.

ADC should not neglect any property in its possession.

CONCLUSION

Lastly, ever aware of the threats of our enemies, I wish to encourage the Crop Gathering Committees to move swiftly and effeciently in this campaign and to complete it quickly, and at the same time to respect the farmers and the ADC so the size of the task may be kept to a minimum.

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Mohamed Siad Barre  
President  
Somali democratic Republic