



Special Report: Somalia

The impact of piracy on livelihoods and food security in Somalia

Background

Increased piracy off the coast of Somalia is negatively affecting livelihoods, especially in the south where food security conditions are critical. Piracy is hampering both commercial and humanitarian shipping, which accounts for the majority of the country's imports. As a result, commodity prices are increasing (including food and fuel), income from commercial activities and related logistical operations are being undermined, and humanitarian aid deliveries are being delayed and their costs are increasing.

Somalia's 3,300 kilometer (km) coastline is the second longest in east Africa and is host to a higher density of live marine resources than neighboring coasts. Civil unrest in Somalia and recurrent droughts have increased competition over these resources.

In recent years, the number of households reliant on fishing has doubled from one percent of the population in 2000 to two percent of the population in 2005. Many of these new fishermen are formerly destitute pastoralists who have turned to fishing to survive. In addition, there has been an increase in fishing by foreign vessels in Somalia's poorly controlled waters.

Concurrently commercial traffic along Somalia's coast has increased. In a normal year, traders import between 200,000 and 400,000 metric tons of foodstuffs--especially rice, sugar and pasta--via ocean transport. About half of the country's cereal food requirements and most of its non-food items come via sea freight.

Piracy has been a problem for a number of years, but has become increasingly prevalent in recent years. In 2003, the International Marine Bureau (IMB) recommended that ships stay 50 nautical miles off the Somali coast in response to increasing attacks on fishing boats. In 2004, this cautionary distance was extended to 100 nautical miles due to an increasing number of attacks close to the shore. In recent months, the cautionary distance has been increased once more to 200 nautical miles because of a further escalation in piracy affecting both commercial and humanitarian ships sailing near the Somalia coastline. Since March 2005, 32 hijackings and attempted seizures have been recorded off the Somalia coastline. If the situation does not improve, it is conceivable that the IMB could issue a ban on the passage of vessels off the coast of Somalia.

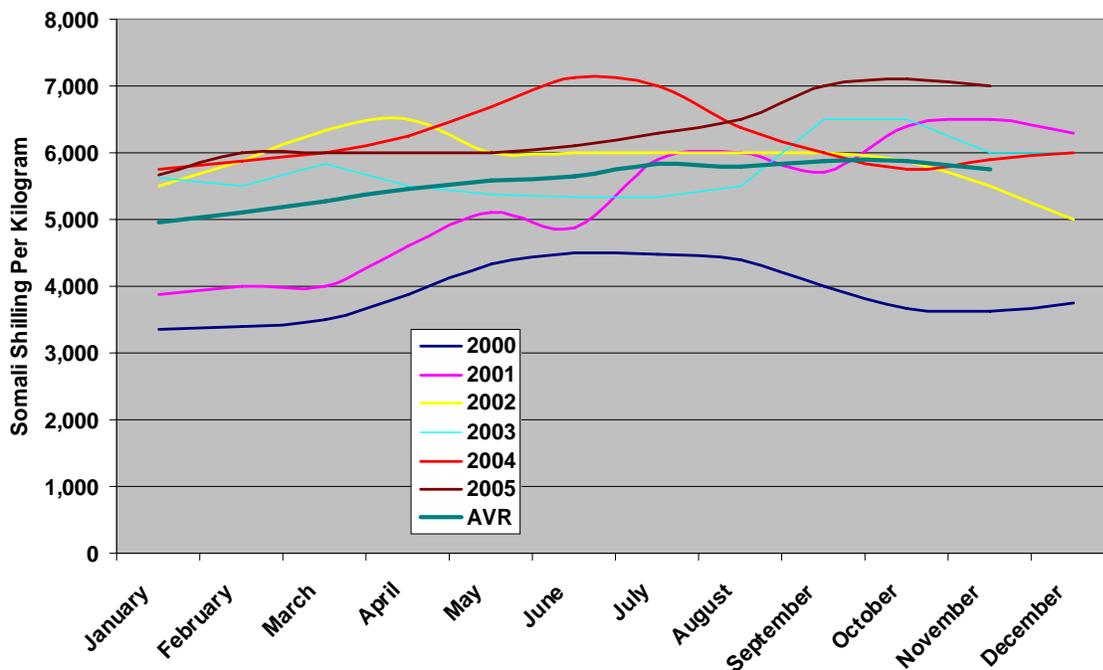
The increase in piracy is having a direct impact on food security and livelihoods in Somalia as a result of increases in commodity prices, lost income from reduced commercial trade and port activities, and delays in humanitarian aid shipments and increased transport costs.

Increased commodity prices

Piracy is constricting the supply of commercial cargo to Somalia. Increasingly, commercial cargo vessels are being diverted to Persian Gulf countries to reduce the risk of piracy which is leading to a reduction in the amount of cargo arriving in Somalia. As a result of piracy, most urban markets in southern Somalia

are reporting a slowdown of imported commodities, followed by price increases over the last six months for rice, sugar and fuel. For instance, in Mogadishu's main Bakara market, rice prices are twice that of a normal year¹ and increasing. Contrary to the norm, rice prices increased by 17 percent from 6,000 SOSH per kilogram in September 2005 to 7,000 SOSH per kilogram in November 2005 (see fig 1). Rice prices normally fall between September and November after the high season monsoon is over because the calmer seas allow smaller vessels which account for a significant portion of the cargo that enters Somalia to safely navigate the Somali coast.

Imported Rice Price in Mogadishu Bakara Market compared with Average, from 2000 to 2005 (November)



source: WFP, FSAU and FEWS NET

Piracy has also resulted in fuel shortages in Somalia. Due to high global fuel prices and disruptions in supply to the country, fuel prices have increased by ten percent between September and November from 10,000 Somali Shilling (SoSh) to 11,000 SoSh per liter.

The combination of reduced supply, higher fuel prices and, therefore, higher per unit transport costs and longer supply chains created to avoid the southern Somali coast (i.e. via Kenya)--have resulted in increases in basic commodity prices having a significant impact on food security by reducing the purchasing power of households. This situation is unlikely to change, unless some significant action is taken to bring piracy under control.

Reduced income from commercial trade

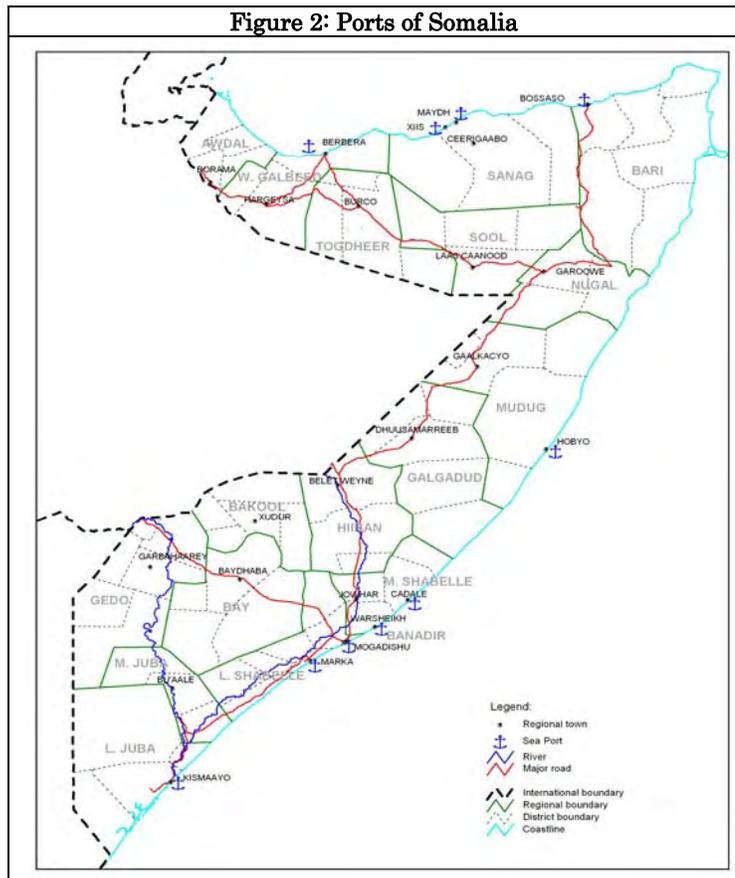
Since the civil war broke out, many Somalis, especially those in the south, have been struggling to improve their livelihoods by stepping up commercial activities to the point that many household livelihoods revolve around self employment. According to UNDP about 30 percent of per capita

¹ 2000 is used as a normal year for comparison.

household income² is derived from self employment through such activities as petty trade, sale of farm and livestock products, sale of bush product, the provision of transport, etc. Piracy has reduced commercial activity especially in coastal areas of southern Somalia thereby reducing the income generated from these activities.

Income from ocean transport operations in ports

Sea ports (fig 2) are important centers of employment. For instance, in a normal year about 22 vessels arrive in Elmain harbor in northern Mogadishu. About 200 people earn between two and four US dollars a day each time a vessel passes through the port. However, piracy has reduced the number of ships entering Elmain harbor to 11 so far this year. Thus, the demand for dockside labor has been significantly reduced. In addition to the direct reduction in port labor, petty traders in port cities have also lost business. A similar pattern is visible throughout southern Somalia's ports.



Increased transport costs

Not only has piracy increased fuel costs which have a direct impact on in-country transport costs, it is forcing humanitarian and commercial cargo through more expensive terrestrial routes including via Kenya and Djibouti. These additional transport costs are either being passed on to consumers in the form of price increases or resulting in higher cost humanitarian operations which potentially mean less humanitarian aid at a time when the food security southern Somalia is critical following the failure of both the *Gu* (March – May) and *Deyr* (October – December) rains this year. The World Food Programme (WFP) indicates that it costs 25 - 30 percent more to transport food aid to Somalia by road via Kenya than by ocean freight.

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Delays in delivery of humanitarian aid

Humanitarian interventions are being hampered in a number of ways. Although community elders were able to secure their release, two vessels carrying WFP food aid have been hijacked so far this year. As a result, humanitarian organizations are looking for alternative routes to bring food aid into southern Somalia, including overland from Kenya and through Djibouti. Despite high costs, WFP has already delivered about 500 metric tones via land (from Kenya to Wajid District of Bakool Region in southern Somalia) to avoid potential delays due to piracy.

² Source: UNDP H/H survey 2001

Piracy is also exacerbating fuel shortages affecting flights and thus humanitarian access to drought affected regions. This has a significant impact on humanitarian interventions, particularly on relief transport costs and on assessment and monitoring.

Conclusion

Over one million people are food insecure in Somalia. Over 600,000 of these people are currently facing severe food shortages in southern Somali. Piracy is choking the maritime supply of basic commodities because private commercial vessels are unwilling to risk sailing in Somali waters. Food imports have been especially affected at a time when they are most needed to off-set poor and failed production in 2005. At the same time humanitarian organizations are intensifying their interventions to mitigate the extreme food insecurity created by conflict, crop losses, high cereal prices and insufficient income-earning opportunities. But these critical interventions are being slowed down by piracy.

Although livestock has traditionally been Somalia's predominant industry, the livestock export ban between 1998 and 2004 has reduced its importance pushing more people to rely on the ocean for their livelihoods. The looming possibility of a ban being placed on international vessels sailing in Somali waters by the IMB, would have a serious impact on the livelihoods and thus the food security of the country, similar to the impact of the livestock ban.

Although the Transitional Federal Government of Somalia has made an effort to improve the situation by contracting the Topcoat Marine Security, piracy remains rife. If action to contain the piracy problem is not successful, the coastline could be declared a war zone resulting in a ban on international marine transport. This would have profound consequences for vulnerable populations who would find themselves subject to even higher basic commodity prices and be stripped further of income-earning opportunities. Furthermore, humanitarian organizations would face even greater challenges in accessing and providing assistance to these populations.