

THE SOMALIA INVESTOR

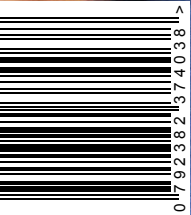
THE AUTHORITATIVE ANALYSIS OF BUSINESS AND ECONOMIC ISSUES

ECONOMY

SOMALIA READY TO VIE FOR THE REGION'S BANKING PIE



Gamal M. Hassan,
the Somalia ambassador
to Kenya



DOMINANCE ABUSE
Somalia must stem
anti-competitive
behaviours

PAGE 14

DIASPORA INVESTMENT
Somali diaspora send
home billions despite
set backs

PAGE 16

INFRASTRUCTURE
DP deal set to
double Somalia port
capacity

PAGE 18

BANKING
Somalia's banking
sector is the next
goldmine in the region

PAGE 20

Now you can send money to the world from your mobile.



EVC PLUS SERVICE

Contents



10 Bid to create a unified Somali diaspora gathers pace



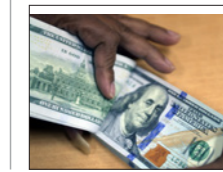
12 Concern over diversion of diaspora remittances from intended investments



14 Somalia must stem anti-competitive behaviours



17 Somali diaspora send home billions despite set backs



20 The next goldmine in the greater Eastern Africa region



24 Turkish Airlines returns

26 Somalia ready to vie for a share of East Africa's banking pie

30 You cannot do without us, Somalia tells Kenya



32 In partnership, we will bring Somali refugees home



36 Somalia to get a slice of Old Mutual's \$25m speciality insurance cover

38 How Brexit will hurt one of Somalia's most reliable financial lifelines



44 Remodeling the national security system is what Somalia needs

48 The rise of Somalia's social media narrative



52 Creating a stock exchange for Somalia



Our Services:

- 01 **Fliers**
- 02 **Office Stationary**
- 03 **Complimentary Slips**
- 04 **Books & Magazines**
- 05 **Company Profile**
- 06 **Folders**
- 07 **Calenders**
- 08 **Letter heads**
- 09 **Posters**
- 10 **Business Cards**
- 11 **Certificates**
- 12 **Brochures**
- 13 **Graphic Design**
- 14 **Gift Bags**
- 15 **Banners**
- 16 **Caps**
- 17 **Pens**
- 18 **T-shirts**
- 19 **Stickers**
- 20 **Diaries**

We Love to Print

Address: P.O. Box 49912-00100 Nairobi-Kenya Email: info@graphic.co.ke
 Phone: +254 720 55 50 50 / 0720 88 88 82 / 0712 75 99 93

Editorial

Foreign financial institutions setting up shop in Somalia is something we should all be proud of

How ready is Somalia to host foreign banks? In May this year, KCB Group Ltd., the largest bank in Kenya, and Nairobi-based Commercial Bank of Africa Ltd held talks with Governor Bashir Issa Ali. "They are expressing an interest to gain a foothold in Somalia," Ali is quoted to have said in an interview. Its is also understood that there are a number of Middle East based banks seeking licenses to operate in the country. In total, 12 commercial banks have supposedly applied for a banking licence in Somalia.

This will not be the first time Somalia will be hosting international banks. Barclays Plc and lenders from Italy, India and Egypt, have operated branches in the country between 1920 and 1970, when all international banks were nationalized notes the Central Bank's website.

Just like most other institutions in Somalia, the financial sector collapsed when the government imploded in 1991.

International Monetary Fund predicts that government reforms and donor funds will help the economy expand about 3.7 percent through 2017. Financial institutions are good to help economies grow - they led money and of course safely keep your money.

But what does it mean to host international banks? Would the central bank print new notes and hope that residents would quickly stopping using the dollar and re embrace the Somali shilling?

A lot needs to be done to win confidence of citizens into their buying of using formal financial institutions.

Why would I want to start using a Visa card while I can pay my bills using my cell phone? This is just one of the many factors that the Central Bank/ foreign banks will have to deal with as they prepare to set foot in Somalia.

However, mega businesses are coming up in the country and so are non-governmental and aid agencies who have started operations into Somalia (instability had kept Aid agencies from having physical offices in Somalia and opted to do so from Nairobi yet serving Somalia).

Similarly, there is projected growth anticipated from Somalis in diaspora who are putting up investments. More and more Somalis abroad are not only sending money for daily upkeep but also for long term investments such as building homes. Above all, relative peace has been witnessed in recent years.

All in all, the Central bank of Somalia will need the support of the federal government for the introduction of new bank notes to succeed.

Foreign banks will also need endorsement from the federal government and cooperation from the business community.

Abdikariim Jama

The editor welcomes brief letters on topical economic and business issues. Opinions expressed here are not necessarily those of the editor or publisher. They may be edited for clarity, space or legal considerations. Send via-mail to: editor@somaliainvestor.so

EDITORIAL TEAM

MANAGING EDITOR
FRANKLIN AWORI

EDITORIAL COORDINATOR
ABDIKARIIM JAMA

SENIOR WRITERS
ABDIRAHMAN YUSUF
AYAN ABDI DIRIYE
EGAL ABDI WALI
ABDULMAJID FARAH

CONTRIBUTORS
GEORGE BODO
MARTIN RIVERS

LIBAN OBSIYE
ABDIHAKIM AINTE

PHOTOGRAPHER
FORESIGHT FILMS

CREATIVE DIRECTOR
MEDIA INSIDE OUT LTD

CREATIVE DESIGNER
SHARMA WASUGE

DISTRIBUTION
ABDIFITAH MOHAMED NOOR-
SOMALIA & DJIBOUTI
JETSAM DISTRIBUTION LIMITED -

EAST AFRICA REGION

SALES & MARKETING
FOR SOMALIA

KADAR MOHAMED
+252 619 999 685
+252 690 010 000
Email: marketing@
somaliainvestor.so

MOGADISHU - SOMALIA
FOR EASTERN AFRICA REGION

KIJANI COMMUNICATIONS LIMITED
P. O. BOX 23789 - 00100, GPO, NRB.
TEL: +254 739 104 150

+254 727 479 540

Email: info@
kijanicommunications.com

SUBSCRIPTION
info@somaliainvestor.so

FEEDBACK
editor@somaliainvestor.so

PRINTING
GRAPHIC LINEUPS LIMITED
P. O. BOX 49912-00100
NAIROBI-KENYA
info@graphic.co.ke

PUBLISHER



Powered by
TARGET MEDIA
Telling the other side of the story

The Somalia Investor Magazine
@somaliainvestor

IN YOUR OWN WORDS

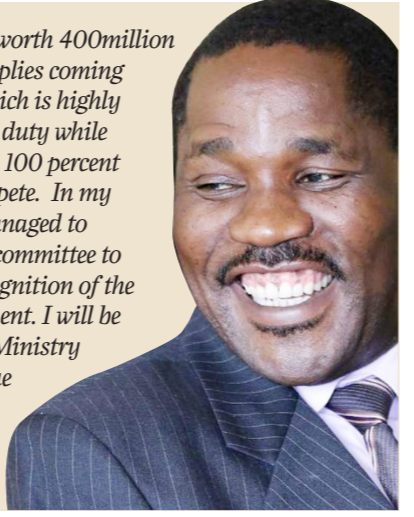
"Britain is increasing its support to the UN peace operations, with around 70 British military personnel deploying to Somalia. A secure and stable Somalia is the UK's top priority in East Africa and is in our own national security interests."

Philip Hammond,
Immediate former UK Foreign Secretary



"The Mirra market in Somaliland is worth 400million US Dollars with 99 percent of the supplies coming from Ethiopia. Mirraa from Kenya which is highly preferred there, is charged 300percent duty while the one from Ethiopia is charged only 100 percent duty making it impossible for our people to compete. In my deliberations with top government officials, I managed to convince the government to appoint a technical committee to review the duty in exchange of some form of recognition of the Republic of Somaliland by the Kenyan Government. I will be presenting a report and a brief to our National Ministry of Foreign Affairs on this new development in due course."

Peter Gatirau Munya,
Meru County Governor



"We understand well our international obligations. We have unfortunately... not seen a shared responsibility in Somalia. We not only risk leaving Somalia behind, we risk forgetting Somalia all together. The refugee camp poses an existential security threat to Kenya. Take humanitarian aid for refugees to Somalia. Kenya's decision to close down the Daadab Camp is final."

William Samoei arap Ruto,
Deputy President of Kenya at World Humanitarian Summit, Istanbul, Turkey



"I can confirm to you that there is every intention for Britain to remain fully engaged on the international stage. When it comes to countries like Somalia we are the pen holders. We remain a permanent member of the United Nations and fully committed with the desire and determination to play our role on the international stage. And that, am sure, will continue here in Somalia as well,"

Tobias Ellwood, UK's Minister for Africa



"Somalia is an important ally for us, I can see a remarkable change here since my first visit in 2011. I hope Somalia will hold a free and fair election. I will return to Somalia again to open a polytechnic school and a \$400 million military training camp that are now under construction. Turkey will send humanitarian aid to Somalia and Ethiopia, especially drought-affected areas in Puntland, Somaliland and Ethiopia."

Recep Tayyip Erdogan,
Turkish President



"Remittances and other business transactions from the UK and generally from Europe have changed the lives of many in Africa. Brexit is likely to increase uncertainty and market volatility, which might translate to slower economic activity and affect trade relations. We hope things will be stable especially for the good of global businesses," he says.

Abdirashid Duale,
Dahabshiil Chief Executive Officer





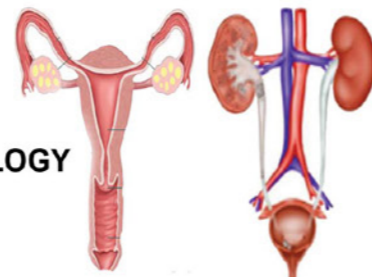
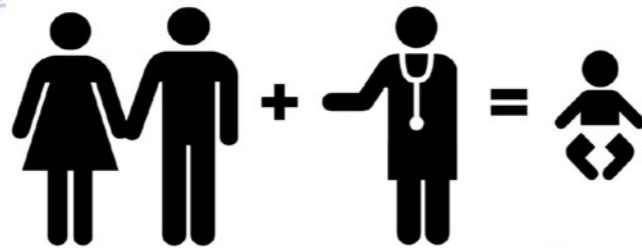
KALKAAL SPECIALITY HOSPITAL



LAPAROSCOPIC SURGERIES

- CHOLECYSTECTOMY
- APPENDECTOMY
- TURP
- HERNIOTOMY
- VARICOCELECTOMY

SOLVING INFERTILITY PROBLEMS



SPECIALISTS

- PEDIATRICS
- OBSTETRICS AND GYNECOLOGY
- INTERNAL MEDICINE
- GENERAL SURGERY
- UROLOGY



OUR PARTNERS



CONTACTS

0617633661/0690464646 | ksh.somalia@gmail.com | Kalkaalspecialisthospital



OUR MISSION

- We are dedicated to translating your vision into exceptional, compelling video that delivers measurable results.
- We value the relationships with our clients and their organizations.
- We utilize the highest quality video equipment, technologies and talent available.
- We are morally and ethically committed to producing only positive and responsible content.

OUR VISION

- Our Vision is to provide technical and creative solutions that fit our customer's needs and by awith integrity, respect and honesty.

OUR SERVICES

- Corporate videos.
- Documentries.
- Business Advertisement.
- Business Profiling.
- Fundraising Trailer.
- Video Production Training.
- Wedding Ceremonies.
- Promotional Videos

Makka Al- Makarrama street, Via Liberia, Mogadishu, Somalia

+252615516297/+252615880476/+252618709537 | info@foresightfilmsvp.com

Bid to create a unified Somali diaspora gathers pace

Final touches are underway for the Global Somali Diaspora conference, first of its own, in Mogadishu on August, 2016. The conference aims to promote investment for the Horn of Africa country, and use it as a platform to positively rebrand Somalia as the last frontier of investment in the Horn/Eastern Africa region.

Abdirahman Yusuf

Final touches are underway for the Global Somali Diaspora (GSD) conference, first of its own, in Mogadishu on August, 2016. The individuals drawn from various parts of the world are meeting next month in Mogadishu to share experiences and to inspire other potential investors to consider channeling investments in Somalia.

"We have more than two million Somalia people in the diaspora with most of them having fled the conflict, hunger and famine economic despair. We are seeking a global platform to bring together all these people with their vast experiences to help rebuild Somalia. They have better education, more exposure and in most cases better economically and those are among the things we want to tap into," said Abdi Barud GSD Executive Director.

Since its inception in 2014, GSD, has been holding various meetings in locations including USA and the major bases for Somalis in diaspora.

The meetings are aimed at cultivating the need for unity among Somali citizens and forge robust investment frameworks that will create impacts back home and help raise the standards of living for those at home.

"We want to mobilise Somali diaspora for positive actions, because they have diverse skills that this county needs to rebuild, ranging from education and medicine,"

Mr. Barud told The Somalia Investor Magazine.

At the conference, those in the diaspora who have already been engaged in various forms of investments are expected to share their experiences and create benchmarks for others who would want to take similar initiatives.

This is also a chance for attendees to experience and tour the country as some may have never been in the country or left when they were very young.

The World Bank estimates that \$1.4 billion flowed into Somalia from the worldwide diaspora in 2014, equal to 24 per cent of the country's Gross Domestic Product. In addition to remittances, which are largely spent on monthly household expenses, diaspora funds contribute significantly to private sector investment.

Formed in Turkey in June 2014 by a group of young professionals, academicians, community leaders and businessmen from 20 countries, which have community Somali diaspora, the main objective of GSD is to mobilise Somali diaspora for positive actions, to promote investment in the country and create jobs in the rebuilding the nation.

About 250 people are expected to attend the event daily since the event was tied to the summer when most people travel home for holidays.

The organisers believe the move will chart a new path that will promote investment in Somalia as the countries strives to regain its economic balance following two decades of political instability.



You know we have more than two million Somalia people in the diaspora. We are seeking a global platform to bring together these people with their vast experiences to help rebuild Somalia. They have better education, more exposure and in most cases better economically and those are among the things we want to tap into," Mr. Barud said.



Abdi Barud,
Global Somali
Diaspora-
Executive Director

The Global Somali Diaspora aspires to create the missing links between local and diaspora Somalis – the two groups of the Somali people geographically and socially divided following decades of separations.

The two groups are said to be experiencing some tension with most locals still believing that those who left the country during the war are only coming back when things have settled.

"Our main aim is to ensure that the various communities stay united based on the experiences they have gathered

from outside the countries. They are also more exposed and resilient to any intercommunity divisions hence we need them to be the champions of a new united Somalia," Barud says. A more unified Somali in the diaspora will also help champion for the rights of those abroad and address their concerns according to the organisers.

If successful, this will be one of the largest gatherings of Somalis with the aim to promote investments back home at a time when most African countries are struggling to attract investments.

DIASPORA INVESTMENT

Concern over diversion of diaspora remittances from intended investments

A diaspora remittance survey carried out last year found out that some of the money being remitted in lieu of investment ends up diverted to other uses.

Ayan Abdi Diriye

While World Bank estimates that Somali's diaspora sent home more nearly twice the level of development aid (\$642 million) and five times the level of humanitarian aid (\$253 million), attention now focuses on where the money ends up. Even though the remittances account for about 24 per cent of Gross Domestic Product, far outweighing government revenues, and help to support

livelihoods for an estimated 40 per cent of the population, a good portion of it is meant for investment. However, a diaspora remittance survey commissioned by the International Fund for Agricultural Development carried out last year found out that some of the money being remitted in lieu of investment ends up diverted to other uses.

"First, accounting for remittance spending is largely informal or non-existent. This is especially the case for funds remitted between family members, where the social bonds are sufficient to establish trust between sender and recipient," said the research conducted in

33 countries. The main concern, according to the survey was that remittance funds might actually being used as investment capital raising eyebrows on conceptual difference between remittances and investments is unclear.

Researchers found out that three categories—food, education, and health care—dominate the responses. This suggests the majority of remitters believe they are financially supporting the basic needs of recipients, rather than making long-term financial investments or generating savings for future use

The senders rely on the family members to address concerns about the use of funds, especially when they want to verify spending, showing the doubt they have that what they send home ends up in the right use.

Most of the diaspora groups surveyed showed that they prefer to send money to women, as they are perceived to be more trustworthy and better stewards of family funds.

"I send money to women. I have been sending money to my sister. After six years she said she's building a house. Every month she saved money and when it accumulated to \$2,000 she bought land. Now that land is worth \$8,000. Because she saved her money and made a responsible investment, I'm helping her build a house on that land. Women are the backbone of Somalia," a Focus Group Participant, Denver, USA told the Somali Diaspora Investment Survey in December 2015.

Although many participants indicated they remit money to friends and family in the Somali regions, fewer identified as investors. In fact, of the individuals who provided data on whether they had invested in the Somali regions during the past three years, only 33 per cent identified as being a past investor. However, 59.3 per cent of respondents who provided information on investment activity indicated they considered themselves to be active investors.

"Every individual family is different. If you have a good brother, he'll spend it the right way. Each family is different. Majority of family members just trust the money is being spent well—we don't actually ask them how they are spending the money," said another focus Group Participant, Minneapolis, USA.

The diaspora investors also have investments in places other than the Somali regions. This makes sense given that investment decisions, unlike remittances, can be targeted in many different ways.

Somalis diaspora were also found to be investors in the financial markets in Somalia. Outside of the Somali regions, respondents indicated investing most frequently in businesses, stocks, real estate, mutual funds and direct investment into businesses in the diaspora community. This demonstrates a comfort level with and knowledge of a range of investment vehicles and stands in stark contrast to remittances targets, which are not flexible.



Every individual family is different. If you have a good brother, he'll spend it the right way. Each family is different. Majority of family members just trust the money is being spent well—we don't actually ask them how they are spending the money;

- Member of the Somali Diaspora in Minneapolis, USA.

"Unlike with remittances, investors expressed deep concern over the processes in place to monitor and track the status of Somali investments. Investors seem much more concerned about having processes in place to ensure good business practices and a return on their money.

They are also much more likely to view third parties (e.g., international institutions, professional accountants, or auditors) as the most capable entities involved in these processes," noted the Survey.

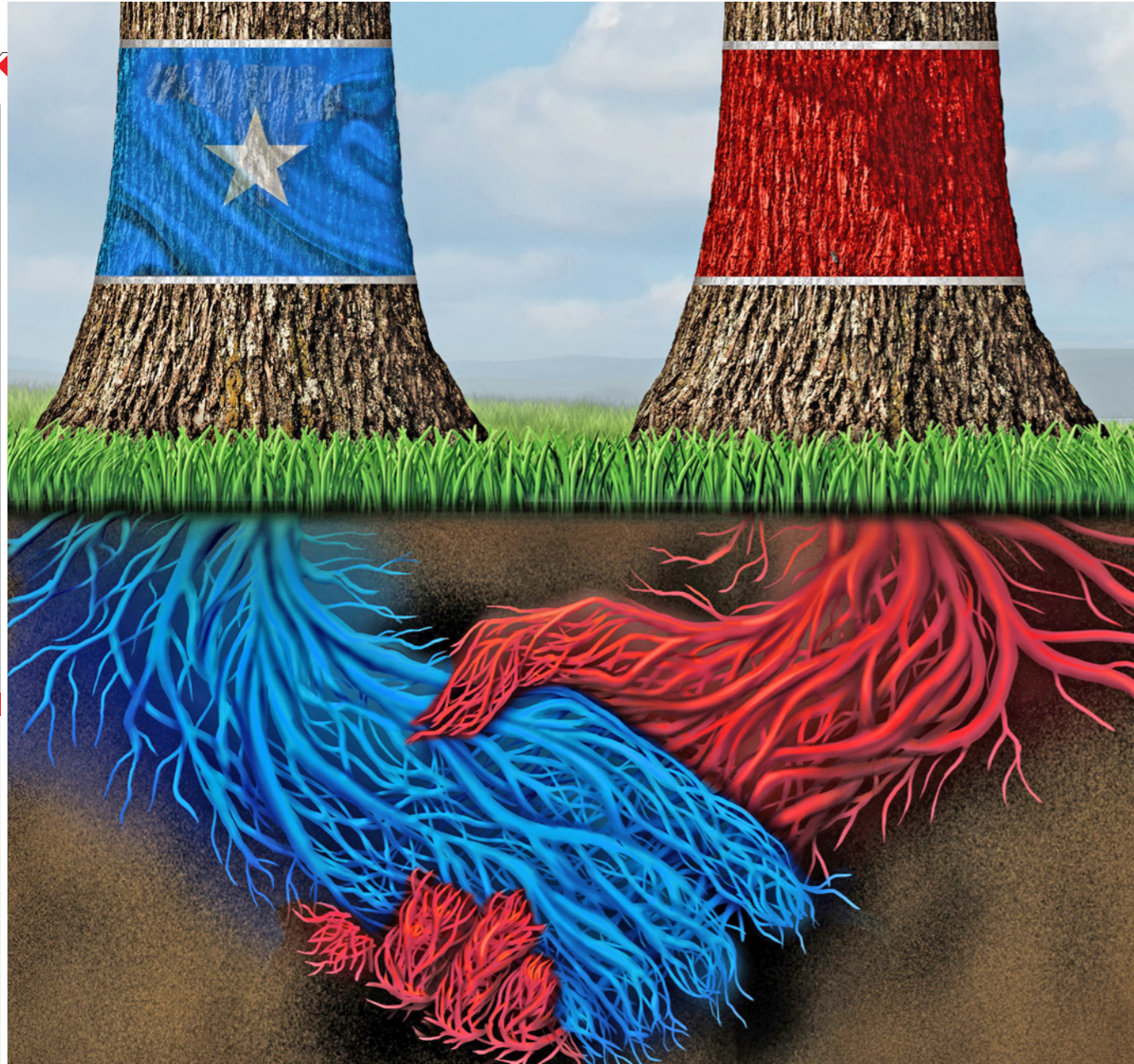
Such behaviours stand in stark contrast to the concerns of remitters, whose spending seems more obligatory, frequent, and informally assessed.

The central role played by these remittances to the growth of Somalia as a country cannot be underscored though.

One crucial detractor however remains the uncertainty for individuals and institutions working to increase the economic prosperity of the Somali regions vis-à-vis the diaspora population is whether remittance funds can be or are being substituted for investment (or vice versa).

For instance, if remittance funds are being spent in substantively different ways than investments, then one would need to better understand each as a unique financial inflow in order to reach specific programmatic goals.

If, on the other hand, remittances and investments are being used to bolster the same activities, the programmatic approach to increasing Somali growth should be less contingent on the specific financial input.



14

Similarly, taming the Telco sector in Somalia and opening up the cross network links as well as removing the anticompetitive barriers will go a long way in improving services and lowering costs.

Egal Abdiwali

After outlining her foreign policy to boost trade and diplomatic relations with the neighbouring countries, Somalia has a task to work on its competition policies to boost internal trade.

The move which helps to check how dominant businesses conduct their affairs in relation to other players is a key tool for the country's economic agenda according to World Bank reports. World Bank Senior Economist, Trade and Competition Unit Tania Begazo said the need to address Trade and Competitiveness Global Practice is a crucial component for growing economies like Somalia.

"Collusion practices like price-fixing cartels, market shar-

ing, self-regulations that limit competition have led to high cost of commodities, lowered sales volumes and slowed growth in many economies. It is very important that the government uses every available tool to see how competition is monitored to avoid skewed benefits to certain players at the expense of other players and the consumers," MsBegazo said.

The global lender estimate that bad market behaviours by dominant players inflate the cost of commodities by at least 20 per cent, translating to pain for the consumers.

The trend is said to spill over into the service industry like transportation, telecommunications, energy and professional services inflating costs as well as suppressing the lower income groups in particular.

The telecommunications sector which is a key driver in the modern economic trends is said to be most affected with giant players locking out any links between them and suppressing upcoming ones.

In Somalia for example, customers are subjected to anti-competitive behaviours in the Telco sector. One is not able to call across network, unable to carry out money transfer across the players and are forced to align many other products offered by the Telco firms to crucial services like mo-

Somalia must stem anti-competitive behaviours



Collusion practices like price-fixing cartels, market sharing, self-regulations that limit competition have led to high cost of commodities, lowered sales volumes and slowed growth in many economies.

- World Bank Senior Economist, Trade and Competition Unit Tania Begazo

bile banking and money transfer.

One such player is the Hormuud Telecom. The company which started in 2002 now offers over 13 mobile-telephone related products apart from being a major player in the banking and money remittances services in Somalia.

With over 80 per cent of mobile service subscribers using her services, the provider has made all possible ways to lock in the customers through the provision of other essential services like power supply as well as money transfer.

"Even when you have one of their services and you fail to take up their mobile lines, then you are locked out of the integrated services essentially compelling you to subscribe to Hormuud mobile services. It is quite frustrating but we have no choice because it then becomes quiet tough to access essential services without the line," said one of the subscribers based in Mogadishu. Hormuud also provide internet services and mobile phone on rent with the restrictive practices giving an edge over other struggling Telcos in the country.

The World Bank says weak government competition policies including those that allow for legal framework that limits entry or affects firms' capacity to compete enable such firms to work against the very consumers they serve.

Such rules that restrict entry of competitors or failure by governments to reinforce dominance, rules that facilitate collusion, control of markets variables, and discriminatory treatment in favour of certain firms are responsible for market distortions usually to the disadvantage of both consumers and governments.

Such practices championed by giant firms like Hormuud telecom are responsible for higher spending for poor households and higher spending for the government.

Somalia is not an isolated case though, World Bank says that the level of competition in African markets is lower than expected given Gross Domestic Product levels. Many countries in the continent are said to register one firm with more than 50 per cent market share in key sectors including telecommunications.

An interesting research done in South Africa in 2014 revealed that there is a huge potential annual consumer savings from removing anticompetitive overcharges on cement under different competitive benchmarks, based on 2014 cement consumption.

In Kenya, the establishment of an Anti-competitive Authority helped resolve a stalemate where a dominant mobile telephone company had restricted its money transfer agents from offering services of the competitor in their shops. Safaricom was ordered to remove the restrictions that prohibited M-pesa agent from offering Airtel money or Orange money excluding those seeking the services from the agents who have a huge network across the country.

As a result of the removal there was a nine per cent fall in agent exclusivity in the mobile financial services (MSF) market compared to 2013 and 11 per cent points fall in Safaricom's share of agents relative to its competitors.

Consequently, there was an increased income for small and medium MFS agents recording a 10 per cent rise in the profitability of agents overall and 45 per cent increase in rural areas showing how removal of restrictive market behaviours have a ripple effect in the market with the government and the smaller players reaping the biggest benefits.

Similarly, taming the Telco sector in Somalia and opening up the cross network links as well as removing the anticompetitive barriers will go a long way in improving services and lowering costs.

The risk of price fixing by the big players will also lead to increased earnings for the government which needs the revenues to support the economic renaissance. More investors are likely to be attracted and competition is going to lower costs of services in Somalia.

The World Bank also estimated that slight removal of restrictive product market regulations in service sectors (including professional services like legal services, telecom) has an increase of GDP growth of a country by 0.39 per cent.

The wave of competition intervention measures will have even wider positive impacts in other sectors like food and transport services which the country needs as the population continues to grow with urbanization.

Energy services, money transfer services and other utility services are also in urgent need for such interventions to stem restrictive behaviours known to skew the market in favour of dominant players. Will Somalia listen to the voice calling for her key bait in attracting investments and making goods and services cheaper?



The men and women who went to search for better economic prospects outside the country have their investments distributed across 22 sectors, with the greatest concentration in agriculture, real estate and education.

Ayan Abdi Diriye

A diaspora remittance survey commissioned by the International Fund for Agricultural Development and carried out in 33 countries also revealed that those in the diaspora sent an average of \$430 per month to family and friends in Somalia regions.

In a rather little known business twist, the research shows that nearly 60 per cent of respondents reported being active investors with 33 per cent having recently invested in Somalia. Active investors responded from 12 countries across Africa, Europe and North America, the highest concentration of which (78 per cent) came from only four main areas: The Somali regions, the UK, Canada and the US (in descending order).

The researchers say this is a positive indicator for the country finding its feet after decades of conflict and eco-

nomical turmoil. They however warn that more will need to be done to see the horn of Africa Nation on its stable financial footing.

"Diaspora communities around the globe contribute to the socioeconomic development of their home countries through remittances, investment, human capital transfer, trade facilitation and philanthropy. While the Somali diaspora has played a role in mitigating the worst of the humanitarian disasters through remittances, this is a short-term solution. Increased diaspora investment will be necessary if their financial transfers are to be effectively leveraged for sustainable, long-term economic development in the Somali regions," note the Somali Diaspora Investment Survey seen by The Somalia Investor Magazine.

The World Bank estimates that \$1.3 billion flowed into Somalia from the worldwide diaspora in 2014, equal to 24 per cent of the country's Gross Domestic Product. In addition to remittances, which are largely spent on monthly



The top five most frequently cited obstacles to investing are political instability, security concerns, absence of rule of law, corruption and an inadequate banking system. The top five obstacles are less about the actual number or quality of investment opportunities or logistics than the systemic institutional obstacles reflecting the current state of governance in the region,"

- Somali Diaspora Investment Survey.

Somali diaspora send home billions despite set backs

household expenses, diaspora funds contribute significantly to private sector investment.

Somalis across the borders are said to be currently involved in investments valued between \$5,000 and \$100,000, with the majority being between \$5,000 and \$50,000. The research also said nearly one third of respondents indicated having made investments in the Somali regions in the past three years.

The men and women who went to search for better economic prospects outside the country have their investments distributed across 22 sectors, with the greatest concentration in agriculture, real estate and education (in descending order).

According to the survey conducted between March and August 2015, Somalis in diaspora are most likely to trust business partners and local family members to originate and recommend investment opportunities. Friends and international institutions came in as the third and fourth most important sources of investment opportunities, but their influence on origination was less than half the level of the first two. The diaspora community, local chambers of commerce and other agencies play a significantly smaller role in investment origination.

Without clear channels and available investment vehicle back at home, the survey found out that a majority of those living abroad had resorted to directly investing in the country rather than be bridged through third parties.

"Many expressed a preference for direct investment into a single business, although this is more significant among active investors. In comparison, those who did not identify as active investors were more likely than those who did to prefer co-investments with other diaspora members and mutual funds as forms of investment, due to their greater risk aversion or relatively weaker wealth position," said the survey done by Shuraako (a project of the One Earth Future Foundation).

While multiple motivations were found to influence investment decisions of those living abroad,

certain trends including financial return, social good, and the potential for a future return to Somalia formed the key drivers for investment back home.

Prominent among the criteria was the motivation to protect and grow capital, though sizeable numbers of respondents also noted social good as being a motivating influence. To ensure capital protection and growth, investors seek three primary assurances: Well-developed business plans, profitability and high growth potential. When asked, 85 per cent of respondents claimed they placed capital with the goal (both express and in addition to profitability) to create jobs. They also indicated placing investments that pursue future financial security or housing for their own potential return to Somalia.

The survey found out that almost half of those in the diaspora identified themselves as having a "moderate" level of risk tolerance, with 34 per cent saying their risk tolerance as "low" or "very low," while only 19 per cent identifying as "risk tolerant" or "risk acceptant."

The resilience was lauded with many of the diaspora communities having cut links with the country more than ten years ago. Active investors were moderately more likely to describe themselves as more risk tolerant than the total respondent population.

The Somali business community (including chambers of commerce, business associations, and the private sector); Somali financial institutions; diaspora members; the global community (including governments, multilateral organizations, development actors and international financial institutions) would be crucial in identifying the gaps to address to create a smooth path home for potential investors.

There is also a growing need to develop financial and business infrastructure, improve the quality of Somali market information, connect diaspora investors around the world, develop diaspora-specific investment products, and leverage locked-up real estate value through hybrid mortgage products.

INFRASTRUCTURE

DP world's deal set to double Somalia port capacity



Somalia is set for yet another huge infrastructure transformation with one of its busiest shipping lanes set to make it a key trade point along one of the world's busiest shipping lanes. The Berbera container terminal which is the main transport hub in Northern Somalia recently signed a \$442 million contract with Dubai's giant global port company, DP World, which will see the port developed into a class of its own.

TSIM reporter

The Dubai port investment is not only a financial windfall of hundreds of millions of dollars, but also seen as a vote of confidence in the stability of the horn of Africa nation- Somalia.

"We're going to make Berbera one of the

world's busiest ports and also have it become a gateway for the Horn of Africa," said port director Ali Mohamed.

While exact details of the agreement with DP World are yet to be finalised, the deal is set to increase the port's capacity by five times after its completion. "In a year, we will be able to process 200,000 containers (the port currently handles 40,000 containers). This port Berbera is as

strategic as Djibouti," Mohamed said.

On the southern coast of the Gulf of Aden, Berbera offers an African base sitting at the entrance to the Red Sea and the gateway to the Suez Canal, at the crossroads for cargo traffic between the Arabian Peninsula, Asia and Europe.

Somalia itself is far from being a major international trading partner, but offers another route into neighbouring, landlocked Ethiopia, with a growing market of 96 million inhabitants. Expanding the port could help bypass the congested port of Djibouti.

Plans to boost the port have long been in the works: France's Bolloré Africa Logistics had hoped to win the contract, but Dubai clinched the deal amid wider investment and expanding influence in Somalia by Gulf nations.

Kuwait has already financed the renovation of the airport in Hargeisa, as well as construction of religious schools, while Emirates is one of the few airlines providing daily flights.

"The DP World bid was the best," said port chief Mohamed, adding that Bolloré may have "a second chance" as Berbera will undoubtedly need further development if the port is a success.

The most pressing challenge will be building a road able to handle the Lorries carrying containers to Ethiopia. For Somaliland region, with a population of some four million, the port offers a chance of taking a bigger role in the region.

Without legal recognition Somaliland is in limbo. The government has a budget of \$250 million but cannot directly access the World Bank or IMF loans needed to develop infrastructure without the approval of the Federal Government of Somalia.

The administration in Hargeisa hopes that the port might offer economic independence, even if political recognition remains a distant dream.

"We did all that was possible politically and it did not work," said Hanad Hashi, a councillor in Hargeisa. "We have to try the economic way. We need investors."

Somalia's neighbour, Ethiopia, lost direct sea access in 1993 when Eritrea gained independence after a three-decade civil war. It is heavily reliant on the port of Djibouti.

In July 2014, Djibouti's government rescinded DP World's concession at the Doraleh Container Terminal after finding evidence of corruption. The 30 years deal had been running for 14 years.

The agreement was cancelled after an investigation that showed an accord signed with the company "unfairly favoured" Dubai-based DP World, according to a statement e-mailed by Consulum, a London-based communications consultancy, on behalf of the government. DP World rejected the accusations and vowed to vigorously defend its position during arbitration.

The loss of the Djibouti operations, if confirmed during arbitration, would be its second loss in the Horn of African region which is strategically located, reducing the ambitious company's regional footprint.

In September 2012, DP World ended operations at Aden's container terminal in southern Yemen after "amicably" divesting its stake in the Indian Ocean port. The divestment came after Yemeni officials accused DP World of failing to meet its contractual commitments at the port.

The past records of the giant port operator now imply that Somalia must be keen before sealing the deals with DP world with a lot of restructuring needed at this and other ports to accommodate different services for its ports.

There is need for specialization with Service ports, container terminal port, Livestock dedicated port, Oil and Gas import/export port well marked to boost revenues from this crucial source.

Any such contracts in the future will also require due diligence beforehand and consider shorter Build, operate and Transfer while ensuring training and skill for its people to manage such national facilities after transfer.

Such concessions must also include additional investments in supporting infrastructure including national roads to expand its internal economy through ease of transport.

BANKING

Somalia's banking sector: The next goldmine in the greater Eastern Africa region

George Bodo

A couple of weeks ago, I coincidentally got caught up in origination of nostro relationships between a Somali bank and two South African counterparts non-concurrently. I didn't follow all the discussions up to the end but from my inquiries later on, it seemed as if nothing crystallized. On further inquiry, the sticky points weren't much to do with existing sanctions – which appear not to target normal financial services – and neither were they to do with any money laundering red-alert concerns-as Somalia is currently not on the Financial Action Task Force's list of jurisdictions that have strategic Anti Money Laundering deficiencies.

Rather, from my assessment, the issues gravitated around the fact that the Somali Central Bank (SCB), the regulatory judicature for commercial banks, was viewed as largely incapable of elevating its anti-money laundering oversight capabilities. This concern is likely to continue being an obstacle in originating new correspondence banking relationships between Somali banks and their foreign partners-especially those whose countries do not have any bilateral relationship with Somalia.

Since the economy is dollarized, I'm talking of such currencies as the Rand and Euro. But make no mistake, Somalia's banking sector remains a beehive of activities; and the market potential is huge.

Two Kenyan banks-KCB and Commercial Bank of Africa-have expressed an intention to enter the market. At the same time, there are reportedly a number of Gulf banks also seeking licenses to operate in the country. In total, 12 commercial banks have supposedly applied for a banking licence. Of course this points to the huge market potential.

So what could have attracted these twelve banks to Somalia? The answer is three-pronged. First is access to zero-cost US dollar customer liabilities. Somalia still remains a dollarized economy. Back-of-the-envelope calculations suggest that 99% of payments, from retail to wholesale, are done in US dollars.

Therefore the strong dollar deposit franchise in Somalia remains a huge attraction to foreign-domiciled banks-especially Kenyan based, who often struggle to raise US dollars at the right cost.

This is realizable in two ways: Establishing physical branch presence in the country-especially in the commercial hub of Mogadishu; and developing a value proposition in the processing of in-bound payments. In the

Somalia needs foreign banks- especially from its key allies and neighbours such as UK, Kenya, Turkey and Ethiopia to bring in global best practices and in the process help elevate the profile and credibility of the sector

diaspora remittances space, the pie looks quite big. Somalia is estimated to receive approximately \$1.4 billion annually through remittances, especially from Europe and the Americas. Beyond diaspora remittances, the humanitarian community (especially UN agencies), the African Union mission in Somalia as well as some of the multinationals that have set-up base in the country all need some form of in-bound payment services.

Secondly, off-balance sheet opportunities remain abundant. Somalia is an acutely import-dependent economy and due to the dollarization element, it makes it cheaper to import rather than manufacture locally.

Consequently, documentary credits remain a huge attraction especially for banks with strong trade and commodity financing capabilities. Just to give you some perspective, in 2015, official statistics from Trademap show that Somalia's imports stood at \$2 billion, although this was a 22% year-on-year decline from the \$2.57 billion recorded in 2014. If you anecdotally adjust to include unofficial inflows, the figure could be much higher than that.

Food items accounted for 57% of total imports. One of the biggest single import commodities in this category is sugar-whose import value stood at USD180 million in 2015.

Effectively, issuance of guarantees and letters of credit for the importation of such vital commodities to the economy is a lucrative business. Externalizing trade and commodity financing capabilities into Somalia to capture such flows is attractive to any commercial bank. Finally, there are also on-balance sheet lending opportunities-specifically in niche real estate as well as targeted high-net worth individuals (HNIs).

The demand for affluent housing in Mogadishu is rising with housing prices elevated in US dollar terms. Due to the lack of a robust land titling as well as financial dispute resolution mechanisms, a well ring-fenced lending (often mostly through secured pre-sales) to this sector could be one of the only ways out.

On the HNI front, cash-covered products will always suffice to the high liquid nature of the target market. However, the market is still not ripe for any mass-market focused lending product due to the lack of credit referencing, robust identification system as well as a water-tight financial dispute resolution mechanism. All in all, the market is still relatively untapped-it just requires a root-to-branch confidence.

But with all these massive growth bumps, it will take a very long time for the international banks, especially names

in jurisdictions that do not have bilateral exposure to Somalia or are not immediate neighbours, to build full confidence in the country's banking sector. However, I don't think confidence rebuilding will come from the Central Bank putting its house in order. Some banks are already too large to fit into a new regulatory cube. Additionally, some banks came into being by simply regularising their forex bureau licenses (hawallas) into banks, in which case they could have skipped some key pre-licensing compliance requirements.

Instead, I think that Somalia will need foreign banks, especially, from its key allies and neighbours such as UK, Kenya, Turkey and Ethiopia to bring in global best practices and in the process help elevate the profile and credibility of the sector.

Already, the Somalia Central Bank has reportedly declared a moratorium on licensing of new commercial banks. In a thinly-veiled statement attributable to the SCB Governor, the apex bank was recently quoted as saying it will only license "reliable" lenders. If indeed this is true, then it is my considered view that the SCB should stretch this moratorium period by up to a minimum of five years and utilize this period to encourage some of the top foreign banks whose applications, especially, the two Kenyan banks currently in queue-to acquire some of the dominant local names.

By allowing this, the SCB will achieve three goals: One, being able to bring under control the too-big-to-fix names by unwrapping the personality-cult plastered around these institutions, thereby restoring some levels of corporate governance in the process. Secondly, utilizing this moratorium period to recapitalize its oversight capabilities especially the supervision functions and three, taking advantage of de-elevated vested interests to draft and promulgate the requisite key banking sector regulations.

I see three ways of achieving this. It could start with capping individual ownership of commercial banks at a single-digit figure. Secondly, capping ownership of commercial banks by legal entities at not more than a quarter of issued and fully paid capital-and beneficial ownership of such legal entities fully disclosed; and lastly, significantly elevating minimum paid up capital requirement for existing licensees with a compliance period of between 12-18 months to the extent that they have to resort to selling majority stakes in order to comply.

In signing off, I just don't think that allowing foreign banks to set-up shop in Somalia through Greenfield operations will help the SCB achieve its goal of wresting back oversight of the market from the gnashing teeth of vested interests. SCB's continued lack of total grip of market oversight will continue to dent market's credibility as well as fail to spur confidence in the sector.

The ultimate losers will be the seemingly compliant-initiative banks in their quest to establish correspondent relationships outside of the country as they strive to offer a bouquet of trade payment solutions to their clients.

The author of this article is banking sector analyst, tracks banking sector policy matters, balance growth dynamics as well as risk pricings. He can be Tweeted @GeorgeBodo

Somalia's diplomatic revolution

Somalia's visa policy states foreigners from all nationalities require visas, often provided on arrival at the mainstream international airport in Mogadishu and other entry points. The government plans to change the policy, requiring visitors and potential visitors to acquire the visas before traveling to Somalia.

TSI Reporter

Somalia is ready for a diplomatic turnaround. After 25 years of civil conflict, Somalia is looking to turn the diplomatic corner. With a series of bilateral agreements with neighbouring countries already signed, Mogadishu is preparing to start the issuance of visas and other travel documents to visitors before the end of the year.

The Somali embassy in Nairobi, Kenya, is being prepared to become not just a hub for diplomatic and consular works, but will be transformed into a regional trade center.

Somali ambassador to Kenya Gamal Mohamed Hassan said the various initiatives being undertaken to reform and restructure the consular section of the Embassy are not meant to curtail travel, but are initiatives aimed at enhancing security and streamlining formal trade between Somalia and its neighbours.

"The visas are not to hinder travel to Somalia. They are for security reasons. Like any other country, we want to know who comes in and who goes out," Ambassador Gamal said. "The visa processing will be implemented across all Somali embassies around the world."

Somalia's visa policy states foreigners from all nationalities require visas, often provided on arrival at the mainstream international airport in Mogadishu and other entry points. The government plans to change

the policy, requiring visitors and potential visitors to acquire the visas before traveling to Somalia.

Somalia is considering the visa rule exemptions to some countries on a reciprocal basis. The issuance of the visas is a sign of Somalia's growing efforts to bolster provision of services. The provision of services will also extend to other social and financial services, which is symbol of Mogadishu's recovery efforts after years of conflict.

"We are treating all visa requests on a case-by-case basis," Ambassador Gamal said.

Somalia has also intensified diplomatic lobbying against the security measures put in place in Kenya, which have raised the cost of travel to Somalia and also made air travel to Somalia more cumbersome.

Kenya enforced a series of tough measures against travelers from Somalia in January, 2007 when an Ethiopian forces-led military campaign sent several people fleeing Mogadishu. The Kenyan government temporarily suspended flights from Mogadishu into Wilson airport in Nairobi.

Part of the conditions for the resumption of the flights was to have all flights land in Wajir for inspection. The security check-in procedures for all passengers traveling to and from Somalia have also been enhanced, making the travel much more tedious and tiresome.

The flight suspensions enforced by the Kenyan authorities in November 2006, were later reviewed with stringent controls and curbs. Passengers arriving in Kenya are forced to undergo a second check-in and



screening at Wajir airport before being allowed to fly into Nairobi, where they again undergo further screening.

"The movement of people has always been an issue. We want the second check-in at the airport to stop. This is absolutely unnecessary inconvenience to our people" Ambassador Gamal said in an interview at the Somali embassy in Nairobi.

Discussions and meetings on this issue have been taking place in Nairobi in the last few months, and there is an effort underway to address the issue concerning the travel between the two countries.

Kenyan ambassador to Somalia, retired Major-General Lucas Tumbo, met recently with Ambassador Gamal in Nairobi for talks on matters of mutual concern to the two sides.

Kenya and Somalia have formed a Joint Commission for Cooperation (JCC), a ministerial level framework of cooperation. The Commission offers a platform for discussion on issues such as the resettlement of Somali refugee affairs; trade and economic cooperation. The two ambassadors met to push forward the implementation of matters before the JCC.

Ambassador Gamal said the issues under discussion include how to end the mandatory stop-over in Wajir for the flights from Somalia and other issues of mutual concern "There are issues of basic cooperation. We do not impose visas on Kenyans traveling to Somalia. We want to discuss these issues," Ambassador Gamal said.

The two sides are also discussing the implementation of measures such as investment guarantees for

both Kenyan and Somali investors. Somalia wants Kenya to extend similar treatment to Somali investors in Kenya. There are also issues such as tax incentives for the investors and the investment protection.

"We are working on these issues. We want to attract investments to Somalia. Our laws are liberal. We are also trying to increase our capacity to handle the enhanced role that we want our Embassy to play on matters of regional trade" Ambassador Gamal said.

During a recent visit to Kenya, Somali President Hassan Sheikh Mohamud held talks with President Uhuru Kenyatta in Nairobi, agreeing to the immediate convening of the JCC. The leaders said the Commission should discuss the progress on matters pertaining to the border crossings, security, trade and investment, health, education, sports culture and scientific research.

During the 8 June bilateral talks in Nairobi, President Mohamud and President Kenyatta agreed the customs clearance and immigration clearance procedures for flights from Somalia to Kenya be carried out at one point of entry to be determined within the short-term. Both sides resolved modalities of ensuring the direct flights between Nairobi and Mogadishu would be discussed as a long-term measure.

Somalia's increasingly expanding diplomatic prowess remains to be confirmed with the next Summit of the Intergovernmental Authority on Development (IGAD), being proposed to be held in Mogadishu.

The holding of the next IGAD Summit in Mogadishu was one of the issues discussed between President Mohamud and President Kenyatta.



The visas are not to hinder travel to Somalia. They are for security reasons. Like any other country, we want to know who comes in and who goes out. The visa processing will be implemented across all Somali embassies around the world." Ambassador Gamal said.

AVIATION

Turkish Airlines returns



Turkish Airlines became the first major international carrier to serve Mogadishu for more than two decades in 2012, underscoring Ankara's deep-rooted political and humanitarian support for the Horn of Africa nation.

Martin Rivers

Turkish Airlines resumed flying to Mogadishu in May after a three-month hiatus caused by the bombing of Daallo Airlines Flight 159 – an attack that, according to officials, was likely aimed at Turkey's flag-carrier.

The on-board explosion on 2 February killed only the suspected suicide bomber because Flight 159 had not reached cruising altitude and therefore did not have a fully pressurised cabin. Although Somali-owned Daallo was targeted in the attack, the as-

sailant had purchased a Turkish Airlines ticket and only switched planes due to a flight cancellation.

Speaking to The Somalia Investor Magazine at a meeting of airline executives in Dublin in June, Temel Kotil, chief executive of Turkish Airlines, declined to comment on the circumstances of the bombing but promised to redouble his flag-carrier's commitment to Mogadishu.

"We stay daily [frequencies] this summer, and then next summer we go double daily," he revealed. "We resumed the route and everything is good so far, Inshallah, no problems ... We pray for the Somali people and hopefully nothing will happen."

Turkish Airlines became the first major international carrier to serve Mogadishu for more than two decades in 2012, underscoring Ankara's deep-rooted political and humanitarian support for the Horn of Africa nation. It currently operates the route from Istanbul with a stopover in Djibouti. Mogadishu's Aden Adde International Airport is also managed by a Turkish company, Favori, while TIKA (the Turkish International Cooperation and Development Agency) is funding various transport-infrastructure projects across the country.

Within days of the flag-carrier touching down again in Somalia, Turkish President Recep Tayyip Erdogan made his third official visit to Mogadishu to open the new Turkish embassy – Ankara's largest consular facility anywhere in Africa.

The decision by Turkish Airlines to make Mogadishu a twice-daily service is not purely political, however. Demand on the route has risen steadily over the past four years as Somali nationals, members of the diaspora, and foreign contractors accelerated reconstruction work in the country. Capturing traffic to emerging economies like Somalia is now a major driver of the flag-carrier's business model, with Kotil describing Africa as the "future of Turkish Airlines". "What we are doing the last ten-plus years [is] we are putting a massive network together," he explained.

"The purpose is actually if anything goes bad, [then we can] rely on the rest of the network. Right now Africa is booming, but the Chinese and Japanese and Koreans are not travelling that much anymore ... So we substitute [Asian traffic] with the Middle East, we substitute with Africa."

Turkish Airlines now serves 40 destinations on the continent, having recently launched flights to Maputo in Mozambique, Durban in South Africa, Antananarivo in Madagascar, and Port Louis in Mauritius. Addis Ababa in Ethiopia and Khartoum in Sudan have also been earmarked for frequency hikes.

The flag-carrier's intercontinental hub model – which uses Istanbul as a stopover for connecting flights between other regions – has helped to offset a fall in tourism to Turkey. Visitor numbers fell by 28% in April – the steepest year-on-year decline for nearly two decades. Security concerns were largely to blame for the exodus, with Syria's five-year civil war increasingly spilling across the border into its northern neighbour.

Suicide bombings in Turkey have killed dozens this year, including German and Israeli tourists. Although the downturn contributed to a \$421 million net loss in the first quarter, Kotil predicted a strong recovery during the summer season. The airline is still targeting an 18% rise in capacity this year, he confirmed, adding: "For us, growth is a must. If I don't have new frequencies ... the rest of the destinations we are serving become hungry." The hub-and-spoke strategy has proven so effective that Turkish Airlines de-

cidated to lease an additional three Boeing 777-300ERs from Kenya Airways this year.

Like Turkey, Kenya is also suffering from a security-related downturn as Somalia-based Al Shabaab steps up cross-border attacks on the country. Unlike Turkish Airlines, however, Kenya's flag-carrier has little scope to shift capacity away from traditional point-to-point traffic. The airline posted its worst-ever financial results last year, prompting management to sharply cut back operations.

East Africa's largest and most profitable carrier, Ethiopian Airlines, is meanwhile looking to complement its own successful operation with a Turkish Airlines tie-up.

“We stay daily [frequencies] this summer, and then next summer we go double daily. We resumed the route and everything is good so far”.

*Temel Kotil,
chief executive
of Turkish
Airlines*

"We are really open for the joint ventures with so many airlines, and hopefully we get to them," Kotil confirmed, singling out Ethiopian and LOT Polish Airlines as prime targets. "We are talking with some [airlines], but Ethiopian already publicised it. We need these route-based joint ventures ... [They can cover the] trunk routes [between two countries] and the rest of the network by feeding each other."

Given the paucity of nonstop flights from Somalia, strong hub-and-spoke networks in Addis Ababa and Istanbul create attractive connecting options for the country.

Along with the Turkish-operated Istanbul-Djibouti-Mogadishu route, Ethiopian runs a twice-daily service from Hargeisa to its home base. Asked about Turkish Airlines' route-development priorities over the coming years, Kotil said the flag-carrier is now shifting its focus to higher frequencies on existing points such as Mogadishu. "In terms of routes the company is really developed," he said.

"Don't expect us every year [to launch] 20 more routes."

The steady growth of African economies should also lead to a gradual up-gauging of

aircraft. Almost all of Turkish Airlines' flights to the continent are currently served with narrowbody planes that seat fewer than 200 passengers.

The attack on Flight 159 in February was an uncomfortable reminder that Somalia remains very much a warzone. Any passengers flying into the country put their lives in the hands of AMISOM (the African Union Mission In Somalia) and the Somali government, both of which share responsibility for securing Aden Adde Airport and other gateways. No-one can guarantee that similar attacks will not be attempted in the future.

However, by restoring and even bolstering its Mogadishu route Turkey is sending a defiant message about its unwavering commitment to Somalia. That is good news for everyone involved in the country's reconstruction.

The writer is Commercial Air Transport writer based in Edinburgh

COVER STORY

Somalia ready to vie for a share of East Africa's banking pie

Somalia Members of Parliament have been having a busy 12-monthlong legislative agenda, aiming to better the investment climate as well as providing the necessary support base for businesses to thrive in a new regulatory regime that remains pro-business.

TSI Reporter

Somalia is ready to shake off a violent past. The country has embraced a brand new face marked by a series of laws aiming to create an attractive investment climate. Mogadishu is also moving towards institutional reform amid an intensified campaign to become the next frontier for foreign investment.

Somali ambassador to Kenya, Gamal Mohamed Hassan, a soft-speaking diplomat and a veteran of international relations, talks of a surprising interest on Somalia's banking sector. This follows a major in-

vestment forum organized by the Somali Embassy in Kenya and attended by the most-influential bankers in East Africa's financial services hub.

"We had not expected the kind of turnout we received when we held the Somalia investment forum in Nairobi," Ambassador Gamal Hassan told The Somalia Investor Magazine during a courtesy call at the Somali Embassy in the up-scale Kilimani area in Nairobi.

The Central Bank of Somalia (CBS) is currently reviewing a new series of licenses to new banking institutions, the Ambassador revealed. Somalia currently has six banks with assets currently valued at

CONTINUED ON PG 28



Somalia is a high-return investment destination, we have vast untapped natural resources and we are also the largest single exporter of livestock to the Middle East. We have a vibrant business community. The Somali people are an entrepreneurial in nature.

Gamal Hassan, the Somalia ambassador to Kenya.



*Gamal M. Hassan,
the Somalia ambassador to Kenya.*

CONTINUED FROM PG 28

Kenya Commercial Bank (KCB) and a number of insurance companies, are currently preparing to enter Somalia's largely virgin economy.

The commercial banks are also backed by international and regional banks, which are known as the development finance institutions. They include the African Development Bank (AfDB), the Islamic Bank, the World Bank and its private sector wing, the International Finance Corporation (IFC).

"These people all have one thing in common, to strengthen the trade and business environment in Somalia. We will revive the Somali economy," Ambassador Gamal said in an interview.

Meanwhile, the Somali embassy has sought the services of a consultant to carry out studies on the nature and scope of Somali businesses currently operating in Kenya, the ambassador revealed.

The idea behind the initiative is to begin formalizing the Kenya-Somali trade relations as per the recently signed Joint Commission for Cooperation (JCC) Agreement.

The results of the study would be used to gauge the extent to which Kenya and Somalia currently trade.

Ambassador Gamal said getting information about the nature of businesses the Somali business community is currently engaged on with their Kenyan counterparts, is also important as the two sides intensify their high-level state-to-state diplomatic relations.

This information will also help Somalia in ensuring that Somali businesses in Kenya get the necessary support and protection they need.

Somalia is a high-return investment destination, we have vast untapped natural resources and we are also the largest single exporter of livestock to the Middle East. We have a vibrant business community.

Somalia's vibrant livestock sector provides an opportunity to investors seeking to diversify to new high-growth-high return segments.

Most foreign investors, from Cape Town to Cairo, are looking to diversify to new sectors such as ag-

riculture, moving away from the mining sector, currently facing low demand. The presence of livestock and the potential to revive agriculture and fisheries, interrupted by the decades of civil strife are likely to propel Somalia's economy on the path to micro-economic and macro-economic stability. This is because the secure food environment would work against food price hikes, which is good for the economy.

For external investors, Somalia Members of Parliament have been having a busy 12-monthlong legislative agenda, aiming to better the investment climate as well as providing the necessary support base for businesses to thrive in a new regulatory regime that remains pro-business. The Ministry of Foreign Affairs and Investment Promotion has an investment portfolio dubbed SomInvest, which guides investors and encourages investment opportunities in the country. Ambassador Gamal said.

THE LAW PROTECTS FOREIGN INVESTORS.

"It is a liberal law," Ambassador Gamal said, of the new investment law and business regulations currently in place in Somalia to provide investors with the guarantees necessary to secure their businesses. "We have also passed the Anti-Money laundering law which is also meant to protect the banking sector".

The various laws now in place are meant to ensure the safety and guarantee of foreign investments into Somalia. The government has also put in place measures to ensure faster dispute resolution. "We will protect the investors to ensure there is return on investment," Ambassador Gamal added.

The Somali economy, almost one tenth of the Kenyan economy, provides a new avenue for the Somali and Kenyan business communities to flourish further.

The stability inside Somalia has seen at least 30 flights taking off from Kenya into Somalia daily.

Ambassador Gamal said the business vibrancy on the Somali side calls for further diplomatic engagements between Somalia and Kenya, to remove any restrictions on the free movement.

IN NUMBERS

6

The number of banks in Somalia with assets currently valued at US\$194 million.

30

The number of flights taking off from Kenya into Somalia daily.

12

Banks have applied for licenses in Somalia, including local and foreign banks.

*Gamal M. Hassan,
the Somalia ambassador
to Kenya.*

You cannot do without us, Somalia tells Kenya

30

Kenya and Somalia have had a cocktail of diplomatic association but the recent directive for refugee relocation almost dipped the relationship.

Abdirahman Yusuf

Kenya and Somalia have reached a gentleman agreement after the two neighbours neared a diplomatic spat following the announcement to shut down one of the world's largest refugee camps in Kenya. The Daadab refugee camp holding about 330,000 refugees mainly from Somalia has been in existence for close to three decades with Kenya having announced its arbitrary closure last month. The Kenyan government even went ahead to disband its department responsible for managing the affairs of the refugees.

Somalia President then signaled a ban on Kenya's export cash cow to Somalia, Khat, popularly known as Miraa in Kenya. The crop commonly grown in the Eastern parts of the country and near Mount Kenya regions was banned two years in the United Kingdom dealing a heavy blow on the economic lifelines of the people in those regions.

Somalia was the only hope after the ban on Khat by United Kingdom with tones after tones of the stimulus twigs being flown to Somalia daily from Kenya's main airports in Nairobi. On average 16 flights from Nairobi ferry miraa to and from Somalia daily. So dire is the situation that Kenyan President

Uhuru Kenyatta recently gave out a USD100 million to the region to cushion farmers from the shocks associated with the ban on the product.

The recent budget clearly allocated the stimulus package for the miraa farmers in the region signaling the extent of loss Kenya would have undergone had Somalia maintained the ban.

"... I have also set aside Sh1 billion for Crop Diversification Programme in the Meru region for the Miraa Farmers," Kenya's cabinet secretary in charge of finance said while reading the Kenyan budget.

When Somalia president Hassan Sheikh Mohamud visited Kenya in June, the talks between the two heads of state seemed to have reached a truce with the government regressing to the voluntary repatriation while the Khat business to Somalia will continue.

Kenya will for now continue to depend on Somalia as its sole importer of the stimulant twigs.

Kenya and Somalia have had a cocktail of diplomatic association but the recent refugee subject almost drove the relationship south.

The Somali refugees some of whom have known no other home will now be repatriated to the places of their choice which they reportedly made known during the visit by the Somalia president Mohamud.

The president became the first Somali leader to visit Daadab refugee camp as Kenya piled pressure



I have also set aside Sh1 billion for Crop Diversification Programme in the Meru region for the Miraa Farmers...," Kenya's National Treasury Cabinet Secretary, Henry Rotich said while reading the Kenyan budget.

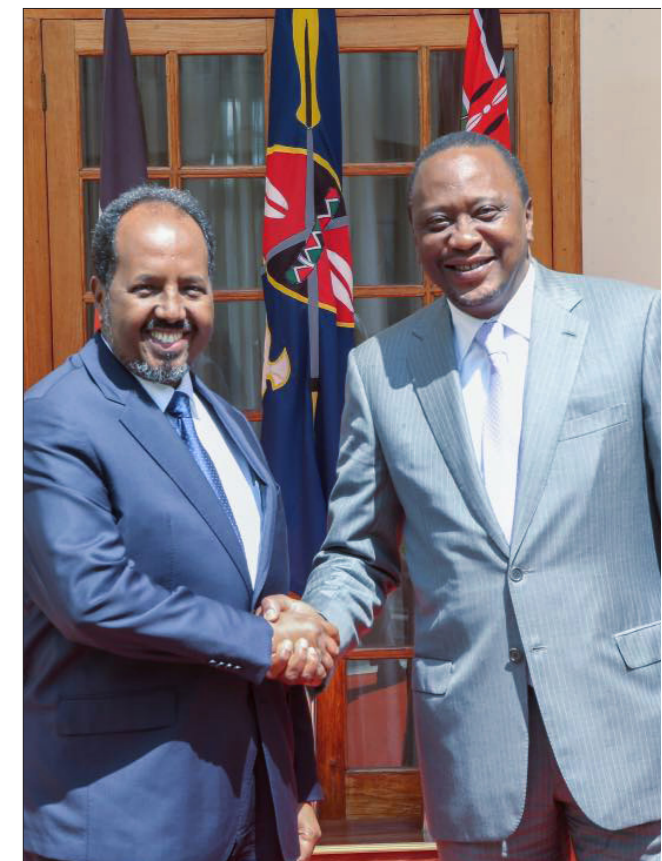
on the state to receive its citizens who have been camping in escape of war and insecurity.

The two presidents were accompanied by high-ranking officials from both countries including Somali Foreign Affairs Minister Dr Abdusalam H. Omer and Somalia ambassador to Nairobi Jamal Mohamed as well as Kenya's Interior Minister Joseph Nkaissery.

The Somali Leaders said the horn of Africa nation was ready to receive the Daadab returnees. President Mohamud also assured the refugees that they will be fully included in the rebuilding and the peaceful existence of Somalia. "Somalia needs its people back home a process which has to end in a smooth, friendly and amicable manner," said President Mohamud.

With the two presidents agreeing on the modality to repatriate the refugees, the business ties which played a huge role in the harmonized positions will be expected to guide future diplomatic engagements and possibly balance the trade between the two countries.

Trade has for a long time been skewed in favour of Kenya with most products including the lucrative Khat business while very little leave Somalia in formal trade that may earn the country the millions in revenues it badly needs for economic renaissance.



RELATIONS

In partnership, we will bring Somali refugees home

32



Dr Abdusalam H. Omer

IN SUMMARY

My first visit to the Dadaab refugee camp as part of Somalia President His Excellency Hassan Sheikh Mohamud's delegation this week truly moved me.

I saw and felt both struggle and hope in the same place, people and in all partners tasked with helping this most vulnerable group lead their daily lives while also preparing to return home in a dignified manner.

The visit to Dadaab was historic and throughout our tour, we were accompanied by Major-General Joseph Nkaissery, Kenya's Interior Cabinet secretary, and senior officials of the United Nations High Commissioner for Refugees (UNHCR). Regardless of recent tension invoked by irresponsible media reports, it was clear from all partners that there was a determination to, YES, return Somali refugees home but to do it in a way that is dignified, orderly and in line with all international laws and existing agreements.

The experience of refugees generally is almost impossible to describe in simple words. The upheaval, separation, loss of loved ones, property and having to restart life essentially is an experience that cannot be simply and easily explained on paper.

HISTORIC OPPORTUNITY

The raw emotion of loss and displacement alone are overwhelming. Therefore, it is absolutely my belief that no one would ever want to be a refugee for a minute, let alone over two decades in a camp.

The section of Dadaab we visited was well maintained and the Kenyan government and partners on the ground like the UNHCR, in conjunction with other groups like Islamic Relief, are implementing life-changing education and health projects within it.

I was emotionally moved to listen to a poem by young learners at Hilaac Primary School in the IFO 2 Camp, which highlighted the importance of education to the stability of their uncertain lives and the centrality of not disrupting the precious little opportunity they had with hasty political actions.

Given the international refugee crisis, Somalia, Kenya and the UNHCR have a historic opportunity to work through and within the principles and guidelines of the Tripartite Agreement to create a blueprint for successful refugee resettlement policies that can be transferred across borders. While this will not always be easy, we have the conditions for success.

COMMON CHALLENGES

The Somali refugees our delegation met in Dadaab want to return home and our government wants them home. In fact, the young learners at Hilaac and the majority of the people in the camp are those that our nation will rely on to contribute to and continue with the rebuilding and institutional, political, social and economic development of Somalia.

However, and to reiterate my point, their return must be dignified, orderly and carried out in a manner that allows them to have meaningful lives upon arrival.



However, and to reiterate my point, their return must be dignified, orderly and carried out in a manner that allows them to have meaningful lives upon arrival."

- Dr. Abdusalam H. Omer, the minister for foreign affairs and investment promotion of the Federal Republic of Somalia.

The Somali government will always thank the government and people of Kenya for their generosity, patience and support during Somalia's hours of need as President Mohamud made clear during the historic visit to Dadaab.

However, a better acknowledgement of Kenya's generosity and an even deeper appreciation was expressed by the refugees we met in the camp who have integrated with the local community.

Somalia and Kenya have a common future and challenges as neighbours. Our two nations' ties are historic and I am certain that in close partnership and with continued cooperation, we will overcome the common challenges of regional and international insecurity and capitalise on the opportunities for trade and commerce available to us.

FROM REFUGEES TO LIAISONS

Upon their successful return to Somalia, the refugees now living in Dadaab will no doubt act as a further bridge between Somalia and Kenya by bringing us even closer together through language, culture, commerce and enhanced people-to-people relations. This is a noble outcome that we must all protect and promote through the refugees' orderly and safe return home.

Somalia is turning the corner towards stability and progress. A strengthening Somali government and institutions are working with partners, including the Kenyan government, to prepare the ground for the return of our citizens by defeating the last pockets of opportunistic terrorism and creating opportunities at home.

With this partnership based on a commitment to resettle this most vulnerable group in a dignified, timely and well-planned manner, we are confident that we will succeed in our common endeavour.

Dr Abdusalam H. Omer is the minister for foreign affairs and investment promotion of the Federal Republic of Somalia. This article first appeared in Daily Nation, Kenya

Daryeel Dantaada Ku Daabaco Dalkaaga



Leaders in:

- Design
- Printing
- Finishing

All Professionally Done in Mogadishu, Somalia So You Don't Have to Go Far for Quality.



The Leading Printing Press in Somalia

CONTACT US:

- 📍 K4, Mogadishu, Somalia
- ☎ +252 850 555 / 93 2333
- ☎ +252 (0) 61 721 7770 / 69 721 7770
- ✉ info@somprint.so, somprint.ltd@gmail.com
- 🌐 www.somprint.so



Recognizing Business Excellence

The Somalia Investor Magazine is proud to announce the unveiling of Somalia Business Excellence Awards. These Awards provide a platform to recognize, reward and celebrate successful businesses and professional individuals on the frontline of driving the Somalia economy forward.

The structure of the awards' ceremony is aimed at facilitating the formation of strong relationships as well as strong networking opportunities across sectors and geographical locations.

The Somalia Business Excellence awards will be an annual event conducted by The Somali Investor Magazine. This event will be aimed at recognizing the outstanding performance of business enterprises in Somalia. In an effort to foster and grow a healthy competitive spirit among firms and professionals, the awards will seek to motivate the best of the best by recognizing and awarding them with excellence awards in their respective fields.

The maiden Somalia Business Awards will be held in November 2016.



For information on how you and your organization can be a part of this ground breaking event, kindly contact us via marketing@somaliainvestor.so

Somalia to get a slice of Old Mutual's \$25m speciality insurance cover

36

Expatriates working in Mogadishu have always been forced to seek insurance cover from overseas, but with the introduction of the specialty package, the revenue and efficiency of having it done locally will be a huge relief.

Egal Abdiwali

As Africa continues to experience terrorism and political risk, insurance service providers are now gearing up to provide insurance services many conflict countries yearn for. British oldest underwriter Old Mutual has announced her entry to conflict and post conflict countries like Somalia with its \$250 million specialty package.

The UK and South African insurer which acquired Kenya based UAP insurance has created a Lloyd's cover holder to write specialty business in Sub-Saharan Africa targeting South Sudan, Somalia and DRC Congo.

"We're working in partnership with leading Lloyd's spe-

cialty underwriters to enhance our in country capabilities - world-class insurance expertise delivered directly by local teams that have a deep understanding of Africa. From Kenya we will venture into Somalia first, then to South Sudan and Congo to offer this complicated package right at their doorstep," Martin Hudson, Chief Executive, Old Mutual Specialty Insurance said. Old Mutual Specialty Insurance will cover nine products: Terrorism, commercial property, energy, construction, political risk and trade credit, mining, kidnap and ransom, cargo, transit and delay in start-up and general aviation.

The specialty insurance solutions will be delivered through established Old Mutual insurance businesses in sub-Saharan Africa, including Mutual & Federal, UAP and Old Mutual Nigeria. Old Mutual Reinsurance (Mauritius)

Limited will be taking an additional share of the underwriting risk through a specific reinsurance contract to demonstrate commitment to the long term underwriting integrity of their proposition.

Somalia has been going through two decades of Political instability creating risks for multimillion Dollar business investments.

The provision of such insurance services covering political violence and terrorism has however been scarce in the Eastern and Southern African region with Insurers shying away from the highly risky venture.

Many expatriates working in Mogadishu have always been forced to seek insurance covers from overseas but with the introduction of the specialty package, the revenue and efficiency of having it done locally will be a huge relief.



We're working in partnership with Lloyd's specialty underwriters to enhance our in country capabilities - world-class insurance expertise delivered directly by local teams that have a deep understanding of Africa. From Kenya we will venture into Somalia first, then to South Sudan and Congo to offer this complicated package right at their doorstep,"

- Martin Hudson, Chief Executive, Old Mutual Specialty Insurance.

Logistic disruptions have also attracted the market as foreign companies importing goods and services seek insurance against the risk of their business getting interrupted during terrorist activities and political tensions.

Terrorism risk has also become a major concern denying the country huge revenues from the sector that has the potential to earn the recovering state millions of dollars in annual revenues. Old Mutual Chief Operating Officer Robert Bartlet said that the underwriter had identified specialty insurance as underrepresented and they wanted to remain the Africa champion of financial services provision in Africa.

"In countries rebuilding like Somalia, there is a significant investment in infrastructure, natural resources, economic services provided for the growing wealth in the country and all these are creating a new risk or exposure.

The sprouting real estate sector will need this type of cover. The country also benefits by being more resilient and make it more investor friendly because project financiers have the confidence to support them, they basically become bankable," said Mr Bartlet. Governments and regulators are increasingly requiring that insurance transactions happen within the country.

That kind of commitment to domesticate transactions has cost saving elements to it because as in any other trade the longer the supply chain the more expensive it is. That means construction firms in Somalia and those engaged in massive infrastructure projects have some savings to make out of this.

Old Mutual said it will seek to partner with investors from both local and foreign firms with the strategic intent to deliver the service locally and create robust bases in Africa.

Somalia's insurance penetration is bound to remain low for a while as the country walks the long path to economic recovery after more than two decades of political instability. Unlike other services, insurance penetration grows as wealth grows. You wouldn't be issuing people with Travel insurance if they did not have disposable income (to travel). Would you?

How Brexit will hurt one of Somalia's most reliable financial lifelines

Britain's exit from the European Union (EU) will cause a contraction of the Diaspora remittances from Britain, shaking one of Somalia's most dependable sources of funds for both livelihood and economic development.

Abdikariim Jama Barre

The United Kingdom made a dramatic exit from the Union it joined for decades, on June 23 through a referendum.

Many Somalis who live and work in the United Kingdom will definitely feel the pinch (also felt by other foreigners) as the British economy undergoes a regime change limiting cash flow for Somalia hence a ripple effect on the remittances home. A historic 52 per cent vote in favour of exit from Britain has caused a plunge in the pound value by to its weakest level since 1985. The pound lost nine per cent against the US dollar in the first two days after Brexit and while it has recovered slightly since then, the pound is predicted to fall further before the end of the year.

This drop will reduce the value in local currencies of the remittances sent by UK remitters. Further, any long-term damage to the UK economy will be bad for migrants' earning potential hence narrowing what they can send home. If the UK economy grows much slower than previously forecasted or enters a recession, this will also hit the value of remittances. Unfortunately, it is likely that the UK economy will at best stagnate over the next two years.

Another threat to the remittances that Somali in the diaspora will send home arises from the risk that the system of 'passporting' for financial services between the UK and the rest of the EU might break down.

Passporting is a means by which banks, remittance companies and other financial firms based in one country in the European Economic Area (EEA) are automatically cleared to offer their services to clients in another country. The EEA is the eco-

nomie union among all countries in the EU, though there are some EEA countries that haven't opted for the deeper level of integration of the EU.

Since the UK has chosen to leave the EEA, then, it is high likely that UK-based financial firms will lose their right to passport their services to the rest of the continent. A rough estimate shows that UK-based remittance companies manage a network of over 40,000 remittance agents across the European continent as well as provide more than half of all remittance services listed in the World Bank's remittance prices worldwide database.

Without passporting rights, many UK companies will be not be capable of offering these services in European countries. This would be bad for competition: Somalis would have fewer choices of services and perhaps, at the margin, have to face more expensive and/or lower quality products.

In order to keep passporting for financial services, Britain could stay in the EEA despite leaving the EU. That outcome seems unlikely. It is said that the French are seeking an 'EEA-' deal that offers Britain migration restrictions in return for access to the single market without passporting.

Without this service in the UK, this could mean that the services to send money home from Britain become limited and or more expensive hence the slowdown in the amounts the diaspora community will send home.

Reducing the funds from relatives abroad will also hurt Somalia's effort to narrow the huge trade deficit of more than 50 per cent of Gross Domestic Product (GDP), as remittances pay for about 40 per cent of total imports.

The country's per capita income is 20-40 percent higher than GDP per capita, because massive inflows of remittances allow households to top up own-generated income (used to measure GDP per capita).

Household consumption, financed by remittances, was equivalent to more than 100 percent of Somalia's nominal GDP in 2014, with food and beverages accounting for about 60 percent of the total.



Construction of Mogadishu's first major beachside tourist resort kicks-off in Dec 2016



By December this year businessman Bashir Yusuf Osman will break ground for phase one of the first international standard beachside tourist resort in Mogadishu, cementing his long-running loyalty for the city that is fast rebuilding after a protracted civil war.

Special Correspondent

The facility that is projected to cost about \$4.5 million on completion will be built on a chunk of land Osman acquired in Jazeera beach, south of the city. "We plan to implement the beach resort project in three phas-

es that will each cost about \$1.5 million. Construction of phase one of the project should commence by December 2016," he told The Somalia Investor Magazine in an exclusive interview.

The businessman already owns three other facilities operating under the Peace Hotel chain in Mogadishu.

The chain of hotels are among the few that were still

operating in Mogadishu even during the conflict with most of their clientele drawn from the humanitarian and international media sectors.

"We are neutral and see no reason for targeted attacks on us. We want to show the community that we are doing this for them. We want to invest back in Mogadishu."

"The business people have a big role in changing the situation in Mogadishu and one way we can do this is by creating jobs for our youth," said the businessman.

Although security remains shaky, Mogadishu has in recent years been experiencing an economic renaissance, buoyed by members of the diaspora returning home to rebuild the country as well as the efforts of local business community who remained at home throughout the conflict such as Osman.

Osman hopes his new beach resort will attract holidaymakers from abroad as he consolidated his businesses.

"I have been in Mogadishu all my life taking the risk and I will soldier on. In any case the situation has improved immensely and today we have street lighting, running tap water and paved roads, luxuries we didn't have at the peak of the conflict," he said.

"Now we can clearly see where we are going in terms of the country's future and we are happy about that," added Osman.

The entrepreneur said business reforms in key areas such as project approvals have also boosted confidence among investors in Somalia.

"When you look back business is much better than before and we hope it only gets better," Osman said.

Mogadishu's growing economy is manifested not just in real estate and the hotel sectors, telecommunications and aviation are also rising.

Osman says Mogadishu offers huge potential especially in the real estate and construction as the city rebuilds from war. He notes that finding construction material is now easier as materials are readily available.

Besides running secured hotels, the businessman also runs security services that cover offices, homes and even motorcade escorts around Mogadishu. Osman arranges professional security teams for journalists and foreigners visiting the Peace Hotels.



Tourism numbers are improving and we want tap into the opportunities presented. The story of Mogadishu is one of great potential contrary to the imagery that is painted by many people out there,"
businessman
Bashir Yusuf
Osman of Peace
Business Group.

"Tourism numbers are improving and we want tap into the opportunities presented. The story of Mogadishu is one of great potential contrary to the imagery that is painted by many people out there," he said.

An influx of foreign investors into Somalia has also heightened demand for conference facilities.

Somalia is also registering growth in its tourism industry. Despite the constant threat of terror attacks, many daring tourists are queuing to explore Mogadishu's bustling markets and idyllic beaches.

According to top US travel website, TripAdvisor some must-visits sites that are popular for visitors to Mogadishu including Shanghai old city and the union mosque among other sites.

Tourism remains a key contributor to Gross Domestic Product of countries worldwide and the resurgence in the sector could help Somalia shore much needed resources for its reconstruction programmes after a lengthy war.





JAZEERA

PALACE HOTEL



HOTEL | ACCOMMODATION
CONFERENCE | RESTAURANT
Excellent Hospitality & Security

We at Jazeera Palace Hotel are providers of first class hotel facilities in Accommodation, Cafe, Restaurant & Conference services at affordable rates.

We are located 300 metres from Aden Adde International Airport, and next to UNCC Complex. Jazeera Palace Hotel is re-open, vibrant and ready to offer excellent hospitality and security.

Airport Road, Mogadishu | Email: info@jazeerapalace.com
Cell: +252 616268777, +252 616460045 | Tel: +252 1857500
www.jazeerapalace.com



KULMIYE NEWS NETWORK

Radio Kulmiye FM 88.0 MHz

www.kulmiyeneews.com Email: info@kulmiyeneews.com

COVERAGE RADIUS (AREA) AND REGISTRATION

Radio Kulmiye is licensed by the Somali government, has a transmitter of around 1,500 Kilowatts that can reach up Bal'ad, Marka and Afgoye corridor.

HOURS OF BROADCAST

The station broadcast 16/7.

STAFF AND MANAGEMENT

We have 34 permanent staff and 6 temporary staff.



CONTACT DETAILS

Headquarter, Mogadishu, Somalia. Location: Mothers' Building at Hamar-Wayne District.
Telephones: +252699-999955/+252615-999955/+252616-666666
info@kulmiyeneews.com www.kulmiyeneews.com/ radiokulmiye.com/ radiokulmiye.net



NATIONAL ARMY

Remodeling the national security system is what Somalia needs

The return of Somali citizens to Lido Beach was a significant sign of restoration of civil order and stability in Mogadishu. However, analysts say the attack on the beach as well as attacks on hotels is meant to instill further fear in Somalia. Specifically, to ensure Somalia does not hold credible elections this year and Somalis in diaspora discouraged to return.

Abdulmajid Farah

The convoy of armoured vehicles makes its way from Mogadishu's "green corner," a fortified security zone in the capital of Somalia to a police station in the centre of town. As the convoy grinds to an abrupt halt, a lean squadron commander jumps out, heading straight to the police report office. At the report office, the Ugandan squadron commander receives a brief from the top Federal Police chief on the status of security.

At this point, the Squadron Commander, a lance corporal, gives a report on the "assets" under his control, including all the guns carried on this mission. It launches an overnight patrol destined to hold ground at Kilometre Four (K4), Mogadishu's most strategic location. The armoured vehicles each park strategically at each corner of the series of roundabouts, as the Formed Police Unit of the African

Union Mission in Somalia (AMISOM) gets down to work. Their military transport squadron momentarily instructs visitors on the convoy to stay close to the armoured vehicles.

This particular formed police unit, made of Nigerian, Ugandan and Somali trainees, is aiding the Somali police to carry out routine patrols, cordon and search operations around the city of Mogadishu. The area around K4 appeared headed towards miraculous recovery since the city was liberated from the Al Shabaab. These days, boys brave the night for a game of football and businesses stay open for longer.

"The Al Shabaab does not sleep. The Federal government too cannot afford to sleep," said the Hodan District Commissioner, joining the night patrol to motivate the patrol team. In 2012, a suicide bomber hoodwinked security forces into believing she was a pregnant woman before detonating the bomb near a theatre where the

Somali Prime Minister was having a national event some time back. Still, the latest series of terror attacks, including the attack on Sahafi Hotel late last year, and the series of attacks around the location, demonstrate the volatility of Mogadishu's security progress.

"The AMISOM combat force remains unreliable. It is combat-ineffective. The Burundi army which makes a big part of the force has fallen apart and now lacks the technical capacity," said Andrew Franklin, Managing Director of Franklin Management Consultants, a security advisory firm based in Nairobi.

Somalia is heading towards a new round of General Elections. The polls include the selection of Members of lower house and the senate who would in turn elect the President. To prepare Somalia to handle the national security challenges at hand, Franklin, a former U.S. marine who spent his youthful days in the U.S. Marine mentoring young officers on the security threat levels in Africa as an Army Major, says a massive increase in the number of AMISOM troops is required.

Ahead of the presidential elections in Somalia, security experts propose a wide-ranging security sector reform plan, with key focus on arming and equipping the Somali security agencies, empowering the regional states to act as security watchdogs and creating security forces modeled alongside clan militias as well as devolving security operations to allow each member state to secure its jurisdiction.

"The will to fight and defeat the Al Shabaab is disappearing," Franklin said. "We have never had a war this long. Somalia is more unsafe compared to amount of money spent on securing the country."

In an apparent response to Mogadishu's slow security progress, the European Union (EU), which has been funding the AMISOM's 360 million Euros annual budget, recently announced a 20 per cent budget slash, which infuriated the countries contributing troops to the mission.

Security experts familiar with the goings on within AMISOM, decry the lack of strategic direction in the deployment of the military assets in the efforts to stabilize Somalia. For starters, critics worry that AMISOM has more staff officers than necessary. Secondly, the AMISOM Force Commanders are not effectively trained in control of the troops in the "theatre of operations."

The result of this imbalance in the distribution of the troops is such that out of the 22,000 troops, including the police and civilian components, only 60 per cent (5,000/16,000) troops are currently fighting some 7,000/6,000 Al Shabaab fighters inside Somalia, according to an estimate by Franklin.

Franklin said the Somali forces are subjected to 18-months of strict military training but are not given the supporting arms

to make them much more effective. Franklin said in order to have any meaningful impact on the security situation, the air strikes conducted by AMISOM's strategic partners, notably, the Kenya Defence Forces (KDF) and the U.S. Pentagon, should be coordinated and strategic, rather than retaliatory and punitive reaction to the Al Shabaab's offensive. To consolidate the national security situation in Somalia, Franklin and a number of regional security analysts agree that a review of the AMISOM mandate is necessary to give the troops a fair fighting chance to defeat the Al Shabaab.

There is also the need for more profound and coordinated investments in securing the Somalia regional states and arming them accordingly to be able to hold and secure their territories.

Mehari Taddele Maru, a Regional Security Analyst, said Somalia regional member states should be empowered by private security forces. These private security agencies, according to Dr Mehari, could be under the control of the regional states, equally empowered to scrutinize the activities of the regional army.

"For now, the most important security sector investment is training of militia and armies of the regional member states," Dr Mehari said.

"Without the regional states, Somalia would likely fail to achieve any level of stability and order. More so there is a big demand for the training of the private security firms and armies which could provide transnational security. There is need for training and equipping these regional member state armies," added Mehari.

In the past few months, the Al Shabaab has intensified its attacks against AMISOM troops. The insurgents attempted to blow an airline in Mogadishu, put bombs of vehicles as well as intensified cross-border attacks into the Kenyan territory as well as an attack on landmark targets in Mogadishu, including Lido Beach.

The return of Somali citizens to Lido Beach was a significant sign of restoration of civil order and stability in Mogadishu. However, analysts say the attack on the beach as well as attacks on hotels is meant to instill further fear in Somalia.

Specifically, to ensure Somalia does not hold credible elections this year and diaspora

discouraged to return. Franklin supports the Somali regional member states should be recognized in the national security set-up to secure Somalia for posterity.

Franklin proposes that Somalia should embark on creating local security units, modeled alongside the General Service Unit, a riot squad unit similar to the AMISOM's formed police units, to work towards securing the Somali borders while also incorporating the clans into security management.

The writer is a TSIM Defense and Security Reporter

“...in order to have any meaningful impact on the security situation, the air strikes conducted by AMISOM's strategic partners, notably, the Kenya Defence Forces and the U.S. Pentagon, should be coordinated and strategic, rather than retaliatory and punitive reaction to the Al Shabaab's offensive.” Andrew Franklin, Managing Director of Franklin Management Consultants.

Somalia's stable future depends on the Horn of Africa states security strategies

There is need for leaders in the region to fully pronounce their securitization of Somalia and pledging additional support to train more of the Somali troops. The kind of support that Somalia requires from its neighbours, in the middle of a pending security withdrawal, also extends to political support. Somalia's hope for a secure future rests on the ability of the country to build local security capability.



46

Editorial Analysis

Imperfect as Mogadishu remains, the African Union Mission in Somalia (AMISOM), the peacekeeping operation launched in Somalia in March 2007 in the middle of a fragile security situation, is finally preparing an exit strategy, which is expected to end with the last boot leaving Somalia in 2020.

The withdrawal plan is expected to be executed from 2018, during which, an official process to hand over the security responsibilities of Somalia to the national security apparatus would begin.

While the protagonist force, the Al Shabaab, continue to intensify attacks (to demonstrate its capabilities to infiltrate and carry out much more complex attacks against the established forces), security analysts worry about the readiness of the Somali security forces to take on the challenge.

Andrew Franklin, Managing Director of Franklin Management Consultants, a Nairobi-based security advisory services firm says the series of terror attacks executed by the Al Shabaab in Kenyan towns like Mandera and Wajir in the north eastern Kenya region point out the weaknesses of the regional security architecture, even as the Horn of African states plan to hand over the security responsibilities.

"These attacks are carried out by a band of 300 Al Shabaab fighters in the region. The fact that this group continue to operate across the border suggests the lack of coordination between AMISOM and the Kenya Defense Forces (KDF) in handling this issue," Franklin said.

The lack of proper and adequate security equipment such as attack helicopters and armed fighting units required to conduct reconnaissance operations have all remained on the list of requests done without success.

Despite the delay in obtaining these critical equipment known in military circles as 'force multipliers and enablers,' security experts believe Somalia stands to gain more if all the neighbouring states were to withdraw to "forward operating bases inside their own territories".

According to Franklin, Somalia could continue to benefit from Kenya's military support if the troops, inside Somalia since Kenya's entry on a "hot-pursuit" operation against the Al Shabaab in 2011, formed a security cordon along the expansive Kenya-Somalia common border to offer security. "I support the withdrawal of the Kenyan troops to the forward operating bases inside Kenya.

Through this operation, the Kenyan troops would support the national Police in securing Kenya," Franklin said.

Somalia is also being advised to also pay close attention to the Israel security cooperation with Kenya, especially the particular components dealing with the training of the border security personnel.

The kind of support that Somalia requires from neighbours like Kenya in the middle of a pending security withdrawal also extends to political support.

The security analyst also note that despite its limited mandate to provide support and the building of the capabilities of the Somali Federal Government institutions, the AMISOM civilian component too did not fair too well in preparing the relevant civilian authorities to be capable of leading the national security.



Defeating the Al Shabaab is a doable project. An ideal situation would have been to allow all the countries with troops inside Somalia to allow the freshly trained Somali soldiers to integrate with their colleagues as a way to motivate them into vigorously fighting the Al Shabaab.

To emphasise the need for political, technical and diplomatic support, Franklin said the measures being explored by the Kenyan government since the launch of the 'Linda Nchi' operation, notably, to provide support to the creation of the Jubaland administration, also remains a commendable step.

"We have never had a war this long," Franklin said, referring to the slow progress towards ending the conflict in Somalia, essentially due to what some diplomats attribute to the lack of understanding about the political objectives of the armed terror outfit, the Al Shabaab.

Before the final exit of the troops from Djibouti, Ethiopia, Kenya and Uganda, Franklin says these countries should also continue with an international campaign to be allowed to fight the Al Shabaab.

Meanwhile, the regional support for the Somalia operation could also be expanded internationally to include a proposal to the U.S. Government to request U.S. Congress for authorization of a stabilisation force for Somalia, with a mandate of anything between five to 10 years to battle the Al Shabaab.

"Defeating the Al Shabaab is a doable project," Franklin says. According to him, an ideal situation would have been to allow

all the countries with troops inside Somalia to allow the freshly trained Somali soldiers to integrate with their colleagues as a way to motivate them into vigorously fighting the Al Shabaab.

On the regional and international front, the friends of Somalia could pursue the old plan of rapidly bolstering the number of troops deployed inside Somalia to enable them expand security.

The rise of Somalia's social media narrative

Most popular hashtags including but not limited to; #Cadaanstudies aim at challenging non-Somali scholars for academic production; the #HadhicinDhalinyarada, which galvanized thousand of youths to demand a greater participation in the political sphere; #UhiiliHaweenka, which is meant to demand justice and increased participation for Somali women in the political process and most encouraging of all #SomaliRising, which intends to showcase the rise and new paradigm in Somalia.



Abdihakim Ainte

1st July, 1960, Somalia gained independence from the British in Northern Somalia and Italy from Southern part of the country. Indeed, it has been 56 years with extraordinary ups and downs.

For generations, the traditional means of communication among Somalis has been oral, earning a widely reciprocated nickname known as 'oral society' – a society that barely writes or keeps communication records. This has its roots as academics and historian would argue, the nomadic culture that is inherently illiterate.

Today, in the age of social-media and the digital world, that trend is sweepingly changing. This is also due to the fact that demographics Somalia place the youth at 70 per cent. This coupled with the development of mobile telephony and interconnectivity; conversations are now taking place via mobile text messaging, social media (mainly Facebook and Twitter), WhatsApp and other virtual communication platforms.

Other studies also show that almost every Somali – regardless of his/her social status are more likely access to mobile phone and equally likely access to Internet, paving the way for the new technological literate.

Welcome to Somalia's quantum leap into social media. A recent study on the state of Somalia's ICT sector carried by Centre for Global Communication Studies has established that the growth of ICT and Internet penetration in Somalia has exponentially increased over the last decade, in part due to the thriving private sector and telecommunication companies that offer affordable mobile services and free sim-cards subscription.

As a result, access to ICT-related devices such as mobile phones, tablets, iPads and other modern gadgets

has equally increased. Take for instance mobile-banking scheme that is becoming an alternative to formal banking system. Across Somalia – poor, rich, nomadic and urbanites – use this for day to day; to deposit and withdraw money on their cell phone.

In the rural areas, camel-herders are introducing more innovative ways to utilize this technology by spraying their mobile number on the body of their camels, goats, cows, should they lose their phones. This smart and indeed creative approach has been dubbed as nomad-tech at its best.

Even though Internet services are prohibitively limited due to Al-Shabaab's ban on 3G services, almost every coffee shop and restaurant in Somalia has a free WiFi spot.

Granted, social-media is making a huge foothold within the millennials. Social media platforms are offering new ways of mobilizing and organizing local communities. More importantly, it allows and gives the youth a strong voice and space to share, disseminate information and connect with each other.

In fact, Somali youths are much more organized and outspoken (online) than they were a few years ago. This is evident across the country and this new sense of awakening has seen the rise of more youth-led organizations, forums and initiatives than ever before.

In a sense, this amplifies how the spread of technology has transformed Somalis.

Take for example following the terror attack on Liido beach earlier this year, Somalis were quickly able to come around a single hashtag #tweetLiidoPictures to demonstrate a sense of defiance and to send a signal to terrorist that the spirit of Somalis cannot be defeated.

Moreover, other Somali hashtags for different purposes operate and are available on social media.

Most popular hashtags include but not limited to; #Cadaanstudies that aims at challenging non-Somali scholars for academic production; the #HadhicinDhalinyarada, which galvanized thousand of youths to demand for greater participation of Somali youth in the political sphere; the #UhiiliHaweenka, which is meant to demand justice and increased participation for Somali women in the political process.

Audaciously, some hashtags have taken a rather tepid campaign to international journalists, including that of BBC's Mary Harper, which was dubbed #SomeoneTell-Mary, which meant to constructively challenge international media's narrative and coverage on Somalia (which often paints a negative image and quite often, biased).

Needless to say, there is a disadvantage – and sometimes dangerous side of social media usage. Perhaps I will write another column on this issue for another day.

Abdihakim Ainte is a writer and consultant. He tweets at @AbdihakimAinte



The growth of Information and Communication Technology (ICT) and Internet penetration in Somalia has exponentially increased over the last decade, in part due to the thriving private sector and telecommunication companies that offer affordable mobile services and free sim-cards subscription. As a result, access to ICT-related devices such as mobile phones, tablets, iPads and other modern gadgets have equally increased,” Center for Global Communication Studies.

PICTORIAL

PICTORIAL



1- Somalia Ambassador to Turkey receives buses to be used by the Somali judiciary institutions from Turkish ministry of Justice

6- Mogadishu mayor meets his Istanbul counterpart

2- President Mohamud and Nkaissery arriving Dadab refugee camp

7- Hon. Dufle being awarded

3- Somalia banking stake holders at Somalia financial sector symposium in Nairobi

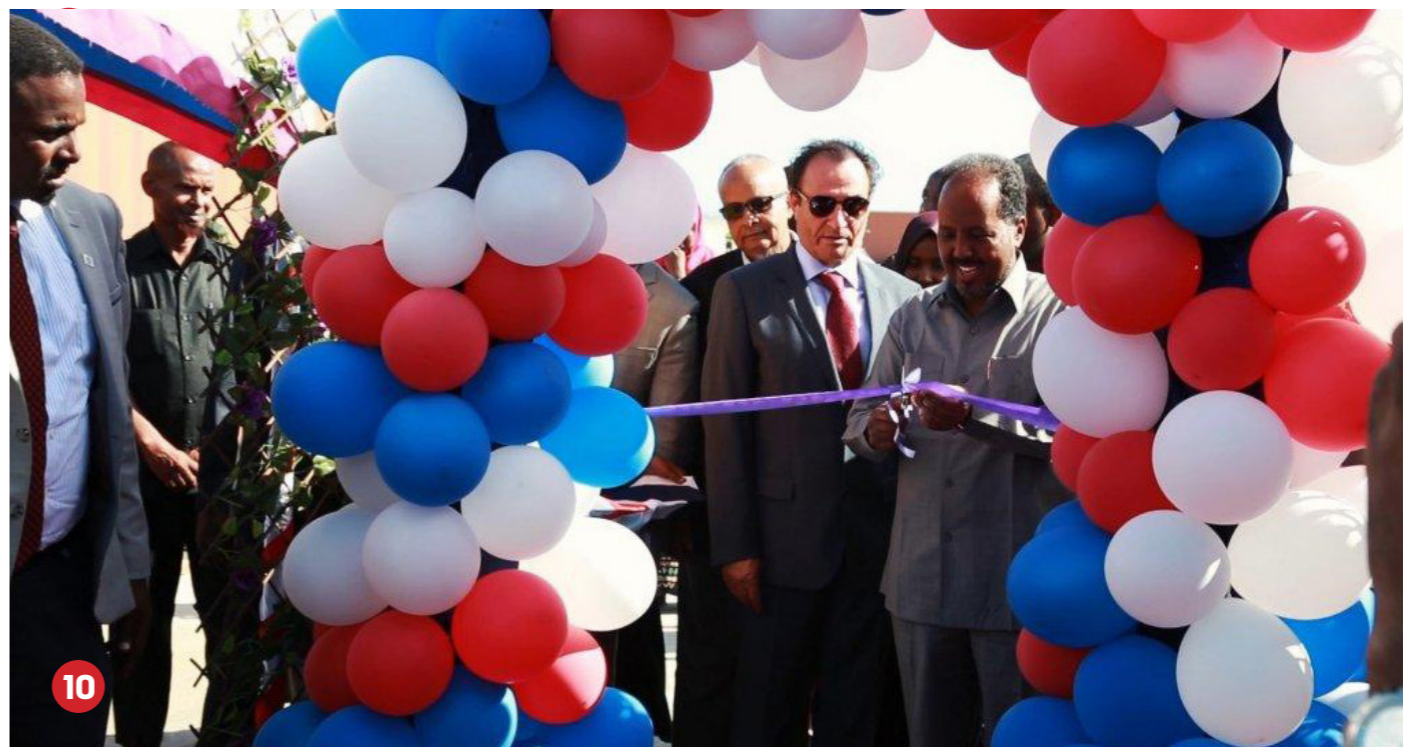
8- Somali Chamber of Commerce president promoting Somali banana

4- Somalia financial sector symposium participants in Nairobi

9- President Mohamud meets president Uhuru on the Sidelines of the AU 27th ordinary session

5- President Mohamud laying stone at a hospital construction site in Mogadishu

10- President Mohamud launches Simatech container Yard, freight Station and Logistics Zone in Mogadishu





Spreading the opportunity and embedding wealth

Somalia is one of the economically poorest yet resource wealthy nations in the world. That Somalia is officially on the UN's list of Least Developed Countries, and at the bottom of it too, is a true tragedy which can be attributed to the painful and destructive civil war and lack of industrial and economic leadership owing to the central Government's sole focus on peace, security and the State formation process.

Liban Obsiye

Somali politics is complex and sometimes difficult to understand for many. The question always is, "Why don't they just get along?" While the question might be imperative how Somalis get along in this age of fragility and ongoing state building after a difficult near quarter century civil war is not easy to agree on.

Despite the fact that the state formation process is ongoing and led by President Hassan Sheikh Mohamud and Regional leaders in the Leaders Forum established early last year, the economic integration to secure any future agreement have received limited or no attention at all. In post conflict society's, history shows that there is competition for resources, opportunity and investment. Different regions and their constituents often fight to have what their counterparts have in other parts of the country in order to progress and this often reverses development gains by returning developing states to a state of conflict.

Somalia is one of the economically poorest yet resource wealthy nations in the world. That Somalia is officially on the UN's list of Least Developed Countries, and at the bottom of it too, is a true tragedy which can be attributed to the painful and destructive civil war and lack of industrial and economic leadership owing to the central Government's sole focus on peace, security and the State formation process.

While these are the building blocks for the Somali state, it is how the nation shares its wealth among its people and regions that will sustain the peace and advance wealth creation going forward.

Regional Economic Development (RED) is important and possible in Somalia given that most of the resources are spread across the regions.

The abundance of agricultural land, fisheries because of the longest coast in Africa and the possibilities of renewable energy from solar and wind available almost everywhere can enhance regional development and connectivity. RED will also drive the current region's focus away from simple politicking and further bloating the public sector by encouraging entrepreneurship, improving the human resources and encouraging industry-university partnerships to create new innovations that can spur further economic growth.

In order to make RED work, the Central Government must work closely with the Regional administrations to undertake national resource mapping, agree on a policy of fiscal devolution, create industrial zones based on economic viability and strength as well as encourage competition of innovation and good corporate governance between regional administrations. Besides these, RED requires proper infrastructure and energy policy implementation. These two enablers are fundamental to connect regions, opportunities and to promote investment that would likely be concentrated in the capital.

It is a welcome sign that the Somali Government has prioritised both Energy and infrastructure in terms of investment and is seeking international investors to assist



The Central Government must work closely with the Regional administrations to undertake national resource mapping, agree on a policy of fiscal devolution, create industrial zones based on economic viability and strength as well as encourage competition of innovation and good corporate governance between regional administrations.

under a Public Private Partnership model. However, if a RED strategy could be agreed between the Central government and the regional States, investment finance in energy and infrastructure could be secured much more easily given the possible opportunities available.

The Somali investment law provides incentives for entrepreneurs who assist the Government to achieve its economic policy goals. Strengthening of the RED model through dispersed opportunities will encourage regional leaders to work closely with both the central government and investors in their regions to capitalise on all available opportunities.

RED does not always mean competition between regional administrations for investment. After a thorough process of resource mapping, the governments can create priority economic zones and direct investment to the most relevant and economically viable regional states in Somalia. Those States with limited resources can be transformed into commercial hubs for professional services like legal, finance and education.

To also bear in mind is that RED does that mean that each regional member state can form its own policies on tax, employment law, finance law and company law.

In order to streamline investment, these laws must first compliment the national investment law and be determined at the national level by the relevant Ministries and agreed by Parliament. In a post conflict country where investors already are uneasy, we cannot have any more procedural or policy uncertainties.

RED in some unorganised form existed under the last government of Somalia led by Siad Barre. However, this time round it must be an agreed, coherent and implementable blueprint for Somalia's sustainable development. To ensure this, responsibility, ownership and leadership must be demonstrated by both the central government of Somalia and the regional states.

The writer is the Senior Advisor to the Minister for Foreign Affairs and Investment Promotion, Federal Republic of Somalia.



Cheap PVC Labels
(Plastic Labels)
Stickers and Self
Adhesive Labels

Sahalpack

your packing is our passion

High Quality at great low prices.

Products: Beverages | Cosmetics | Personal Care | Pharmaceuticals
Veterinary | Lubricants & Automotive | Security Seals.



REACH OUR SALES & MARKETING TEAM ON: +254 700 003 224 | +254 735 694 770 | +254 724 773 818

SAHALPACK LIMITED • P.O Box 221 - 00519 Mavoko - Mlolongo
Off Mombasa Road (behind Meds Center) • Vishva Business Park - Godown No. A5
Tel: +254 705 883 377 / +254 732 883 377 • www.sahalpack.com



INTERNATIONAL BANK OF SOMALIA

بنك الصومال العالمي



IBS EQUIPMENT FINANCE

Have you got plans to expand your business and maximise your cash flow, but don't have the equipment you need to do the job? .

IBS Gives you options for financing new plant machinery, vehicles, earthmoving, trucks equipment, aricultural equipment, manufacturing equipment, medical equipment or IT equipment that may help kick-start a new business project or expand an already existing one.

A STAR ALLIANCE MEMBER 

WIDEN YOUR
W O R L D

TURKISH
AIRLINES



Where you go
is who you are



TURKISHAIRLINES.COM