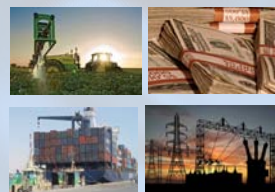




**FEDERAL
GOVERNMENT
OF SOMALIA**



NATIONAL INVESTMENT PRIORITIES



DECEMBER 2015

Where **Investment** meets **Opportunity**



S O M A L I Y A
Stability . Organization . Management . Authority . Leadership . Innovation . Youth . Assurance

FOREWORD

Somalia is Open for Business



H.E Abdusalam H. Omer | MINISTER OF FOREIGN AFFAIRS AND INVESTMENT PROMOTION

There has never been a better time to invest in Somalia. The government is determined to restore the country as the regional hub for commerce, transportation, trade and industry. We welcome investors to participate in the rebuilding of hope, opportunity and prosperity in the Horn of Africa.

Somalia is strategically placed to connect people, enterprise and opportunity to all investors. Our strength in agriculture, fisheries and livestock can help to overcome the food security challenges of many parts of the world. Our unique wind and solar capabilities can pioneer a new age of affordable and clean energy to spur further economic growth across the region.

Somalia has the longest coast in Africa, a young and ambitious population and the political stability to sustain and manage long-term reforms and economic and social progress. Furthermore, Somalia is the gateway to a thriving region with millions of potential customers needing goods and services.

Somalia’s Investment Law is among the most competitive internationally. It provides investors with flexible incentives to ensure all their needs are met effectively and efficiently. It also provides for various incentives to all investors in our key national priority sectors, such as those contained in this document.

SomInvest, the investment promotion office of the government of Somalia under the Ministry of Foreign Affairs and Investment Promotion, will be a one stop shop for providing comprehensive information, advice and assistance to all foreign investors. This service, coupled with our country’s abundant natural resources as well as human capital, makes the best case for Somalia’s readiness for Investment.

Our message to investors is clear: Invest in Somalia. Invest in hope. Invest for prosperity.



Food security

Infrastructure

Energy

Finance

Resourceful
Somalia
DEFINING NEW HEIGHTS

ENDLESS
OPPORTUNITIES

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Where **Investment** meets **Opportunity**

Enabling Environment Will

- ✓ Open the door for Investment
- ✓ Promote Diaspora Brain-gain
- ✓ Lead to job creation

Enabling Environment

ABOUT SOMALIA

The Geography

Somalia is situated in the most eastern tip of Africa known as the “Horn of Africa.” It has been the Gateway to Africa for business and trade for millennia. Somalia’s unique geographic location makes it a dynamic meeting place, where East meets West and North melts into South.

Somalia is bordered by its historic trading partners; Kenya in the South-west, Ethiopia in the North-west and Djibouti and the Red Sea to the North. The vast Indian Ocean waves meet Somalia’s long coastline to the East and South.

Somalia’s wondrous equatorial forest is seamlessly joined by the white sand beaches of the Indian Ocean as one travels toward the South of the country. With a landmass of 637,000 Sq km and the longest coastline in all of Africa, Somalia is more than twice the size of Italy, but with less than one-third of the latter’s population.

Somalia has turned the corner from recent turmoil and is ready to resume its historical role as the Gateway and Business Centre of Africa and the Indian Ocean, and the Red Sea corridor.

Somalia has nearly 2,000 miles of coastland, giving it an ideal vantage point of all trade that pass from the Western Hemisphere to the Eastern Hemisphere through the Indian Ocean (Eichstaedt, 2010). Shipping cargo goes from the Mediterranean through the Suez Canal into the Red Sea, where it must then pass through the Strait of Bab-el-Man-deb before it can enter the Gulf of Aden and the Indian Ocean.

The People

Somalia’s population of over 12.3 million people and two million Diaspora living across the globe are a homogeneous society that shares a common ethnicity, religion, and language. The Somalis traditional way of life is mainly nomadic pastoralism, although there are sedentary communities in the riverine and inter-riverine. The Somali have systematically stretched their mercantile culture to their neighbours.

Today’s multilingual descendants of their pastoralist and farmer forefathers have continued the business tradition and are now Telecom Operators, Logistics and Supply siders, Multi-Lingual and Multiculturalists, and Farmers and Livestock

traders. Over 70 per cent of the Somali population are under 35, with most of them having attained advanced academic and vocational education and training. They are multi-skilled and ready for all manner of employment opportunities. Somalia is now ready to share its abundant opportunities with your investment dollars.

Over 2 million Global citizens

Somalia is a country of entrepreneurs with over 2 million Diaspora members living across the world. The active Diaspora, in partnership with local firms, communities and individuals, are spearheading the economic recovery of the country with the expertise, skills, experience and capital they acquired in their time abroad. International research shows that a majority in this group intend to return to Somalia to invest. For this, they require modern banking, housing, education, infrastructure, technological and professional service support to make long-term investments more profitable. This is a great opportunity for Investors to enter into partnership with this influential and successful group driving forward change and prosperity in Somalia.

A Growing Economy

According to the International Monetary Fund, Somalia's "economic activity is estimated to have expanded by 3.7 per cent in 2014, driven by growth in agriculture, construction, and telecommunications." In 2014, GDP increased by 6.6 per cent. It is projected to grow by 2.7 per cent in 2015. The IMF report recognised the vast opportunities available to investors in Somalia through its natural resources, which have the potential to contribute large revenue to the Somali economy.

An enabling environment for investment

The Federal Government of Somalia has a clear vision for growth through good governance and private sector investments set out by the Economic Recovery Plan. The 2014 IMF report recognised that the Federal Government of Somalia was undertaking an ambitious reform programme towards good governance with sound and accountable institutions. This is important for the restoration of public confidence in government and for the promotion of investment in Somalia.

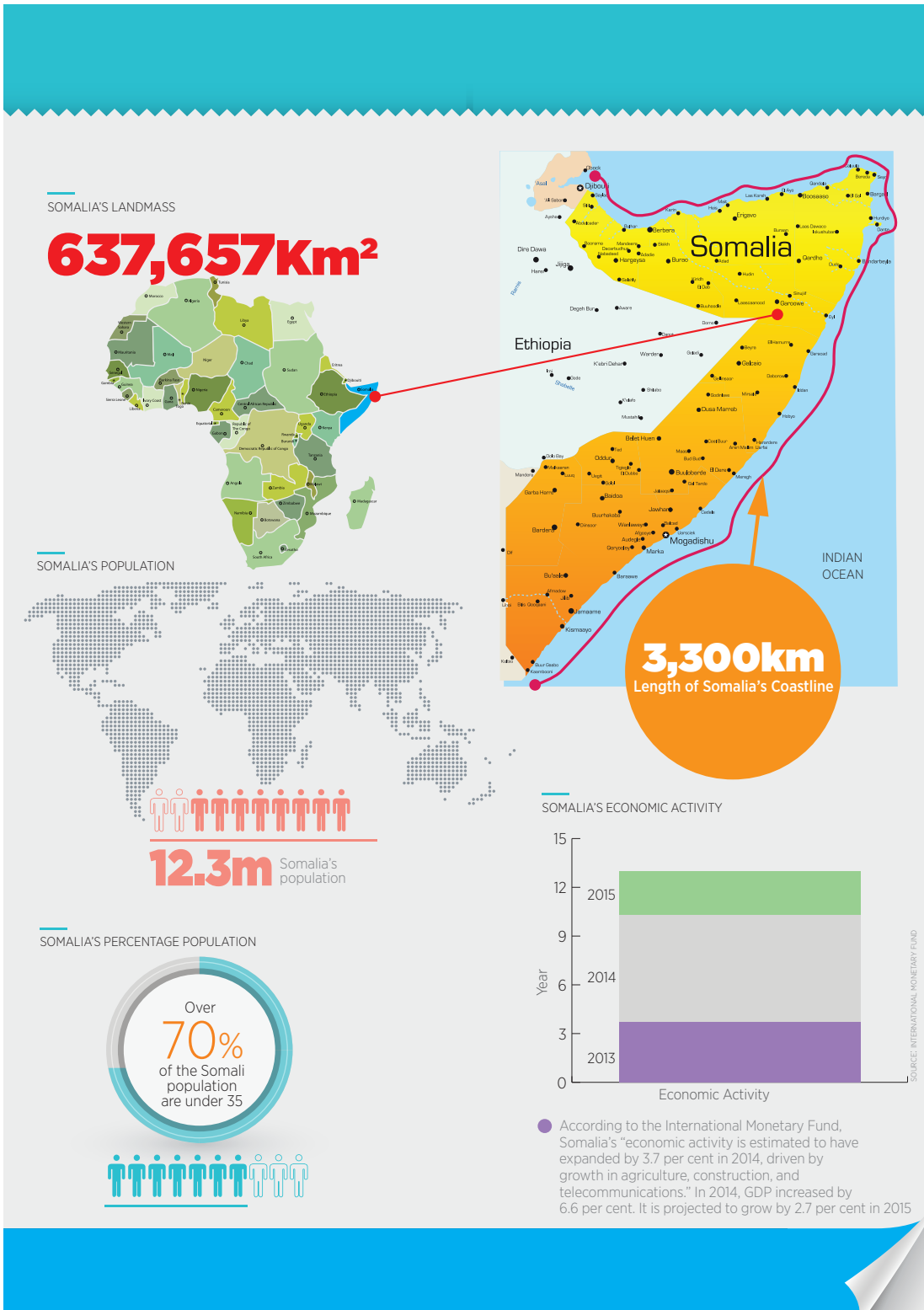
The Foreign Investment Law of Somalia is among the most competitive in the world and offers comprehensive protection and assurances to all investors.

Somalia is open for business. This is the message that the Federal Government of Somalia is sending out to the world loud and clear. In line with this, our Government is making every effort to further enhance the investment environment so that the resources of our rich land can be maximised for the benefit of our people, nation and all investors.

The Federal Government of Somalia welcomes all investments, including public private partnerships and other alternative investment financing opportunities. The Federal Government of Somalia encourages and rewards these innovative projects, especially where they advance economic, social and human development in Somalia.

SomInvest, the government's investment promotion office operating within the Ministry of Foreign Affairs and Investment Promotion, will be dedicated to providing free, comprehensive and confidential information, advice and all manner of support to all investors in Somalia.

The Federal Government of Somalia presents national investment priority projects on Energy, Food Security, Infrastructure as well as finance sectors.



ENERGY



Somalia's economy is growing and needs affordable energy to continue developing. One of the most critical needs for economic growth and stability in Somalia is reasonably priced access to electricity. For Somalia to fully capitalise on its economic strengths, cheaper and reliable access to electricity is urgently needed.

Somalia has one of the most expensive tariffs in the world, with customers paying over US\$0.8-1.2 per KW per hour. In Kenya, electricity is 5 times cheaper. In Turkey, it is 10 times cheaper, while in the US, the power tariffs are 12 times lower. Somali citizens live in one of the poorest countries in the world and pay one of the highest tariffs for electricity of any country.

The tariffs that Somali businesses pay are among the highest in the world, which makes the high costs of electricity in Somalia more serious than problems stemming from reliability. This fact impedes the development of new businesses and threatens the thriving business development that has already occurred. The high cost of electricity devours Somali business margins at such a high rate that to remain competitive, production costs must be offset in disproportionately lower raw material or labour costs. Imports are produced more cheaply simply because overhead costs are lower abroad.

The Federal Government of Somalia is seeking investment in the construction of a Gas Turbine Power Plant and Grid to spearhead economic development and provide affordable energy to the capital, Mogadishu.

The Federal Government of Somalia welcomes Public Private Partnerships (PPP) and Joint Ventures (JV) for the full utilisation of the potential of the energy sector. The investment law provides generous incentives to all investors wishing to pursue investments in this crucial sector.

The Federal Government of Somalia encourages and firmly welcomes investors to undertake independent feasibility studies in all their forms to ascertain detailed financial and technical needs related to the energy sector.

The Federal Government of Somalia presents unique opportunities for a priority project in the energy sector in the establishment of a Gas Turbine (GT) Power Station and Grid.

Project 1: Gas Turbine Power Station and Grid

Ministry: Energy and Water Resources

Sector: Power

Total Estimated Amount: US\$162m

Expected Project implementation Period: TBD

1. PROPOSED PROJECT

The government of Somalia is seeking investment partners to execute a short-term high impact power project by early 2017. It intends to build a medium-sized power plant that will operate under a public-private partnership, appropriately set up to compliment and leverage some of the existing infrastructure.

Prior to the civil war, electricity demand in Mogadishu alone was reported to be in the range of 40 MW. The bulk of generation sources were diesel-fired generators with the exception of 15 MW rated oil-fired steam unit at Jazeera site. The nationally owned Ente Nazionale Energia Elattrica (ENEE), responsible for generation, transmission and distribution, could only meet less than 35 per cent of this demand. Improvement initiatives, including the World Bank's Power Rehabilitation and Energy Project for Somalia, were successfully implemented close to 1991. ENEE collapsed during the civil war and the electricity infrastructure is all but destroyed today.

Currently, Mogadishu is served by a single company with a generation capacity of 14 MW, while the current demand from households and businesses is estimated to be above 120 MW.

The existing Generators are located in more than 20 sites within Mogadishu, and are inefficient by basic international standards. The power stations themselves are temporary structures with no engineering, construction, layout, cleanliness and safety standards. There is no parallel operation of generators and each machine is permanently tied to its 380V overhead line, meaning that current suppliers are lacking transmission systems up and down transformers.

Moreover, a kilowatt hour of electricity is estimated to cost \$0.8-1.2, one of the highest, if not the highest, in the world. As Somalia recovers from the civil war, the high cost and poor reliability of electricity is an obstacle to economic growth, improvements in security, health care, education and the general living standards of all Somalis.

2. PROJECT OVERVIEW

2.1 Summary of the Project

This project seeks to improve the capacity, efficiency and reliability of the electricity supply in Mogadishu, Somalia's capital and commercial hub. Mogadishu is a large city with a population of about 2 million. It is envisaged that the installation of two units of heavy duty Gas Turbines (GT) with total capacity of about 100 MW would support the Somalia Federal Government's vision to significantly improve the electricity supply in the city. Furthermore, given its relatively higher efficiency, compact nature and shorter delivery cycle, the GT is the technology of choice. Capable of operating on a variety of fuels, the GTs will deliver electric power to Mogadishu's 50 Hz grid in open cycle mode. It shall also be designed for future conversion to have combined cycle operation.

Each GT will be coupled to an electric generator. The electric generators will in turn be connected to a high-voltage bus in the plant facility switchyard via a dedicated generator circuit breaker, GSU. The plant will be controlled using a distributed control system (DCS). The DCS will provide centralised control of the plant by integrating the control systems of the individual GT's electric generator and the balance of plant BOP systems and equipment.

The use of natural gas is currently ruled out by the lack of receiving terminal and distribution network. Instead, liquid fuel will be transported via Mogadishu port and stored in purpose built fuel storage tanks, with capacity to hold two months' supply each. The required process water is viable from the ocean or from other nearby sources. The power plant facility will be equipped with a water treatment system.

Regarding the institutional arrangements for the future operation of the power station and grid, it is proposed that both the power station and the grid be separately or jointly operated in a Public Private Partnership (PPP).

The grid can be owned by the local government and Operated by the private sector, or can be directly owned and operated by a private company. The Power Station will be owned by the government. The private companies can sell electricity through the (PPP), which will establish an independent regulating body. The central authority will provide a legal and regulatory framework. At this stage, both the government and the private company could initiate discussions to determine how the government should take the responsibility and also be financially involved in the industry's development.

2.2. The Purpose for Investment

- Meet or reduce power supply and demand gaps.
- Spur economic growth and industrialisation.
- Reduce electricity cost drastically in order to provide incentive to small and

medium power incentive enterprises.

- Assist the Ministry of Energy and Water Resource in strengthening its performance in key technical, financial and managerial areas to fulfil its duties.

Figure 1: Typical Gas Turbine power plant in combined cycle arrangement



Figure 2: Gas Turbine Power Plant



2.3. Financial Costing

Capital cost estimates are shown below for a single reference power plant. These estimates are based on the findings of the Updated Capital Cost Estimates for Utility Scale Electricity Generating Plants 2013 report prepared by the U.S Energy Information Administration (EIA), the statistical and analytical agency within the U.S Department of Energy. However, the Federal Government of Somalia encourages and firmly welcomes the undertaking of independent feasibility studies in all their forms by investors to ascertain detailed financial and technical needs.

Technology: Open Cycle Gas Turbine, Nominal Capacity (ISO): 50,000 kW each Nominal Heat Rate (ISO): 9,474 Btu/kWh-HHV Lead Time (delivery): 14 months from award	
Category	Cost US\$
Civil Structural Material and Installation	5,793,000
Mechanical Equipment Supply and Installation (1 x 6FA or equivalent)	20,000,000
Electrical / I&C Supply and Installation	10,608,000
Project Indirects	12,738,000
EPC Cost before Contingency	49,139,000
Contingency	12,532,000
Logistics	5,500,000
Total Project EPC	67,171,000
Owner Costs (excluding project finance)	13,785,000
Total Project Cost for 1 unit (excluding project finance)	80,956,000
Total Project Cost for 2 unit (excluding project finance)	161,912,000

Technology: Open Cycle Gas Turbine, Nominal Capacity (ISO): 50,000 kW each Nominal Heat Rate (ISO): 9,474 Btu/kWh-HHV Lead Time (delivery): 14 months from award

The **civil and structural costs include** allowance for site preparation, such as clearing, roads, drainage, underground utilities installation, concrete for foundations, piling material, structural steel supply and installation, and buildings.

The **mechanical equipment supply and installation** includes major equipment, including but not limited to the GT, other auxiliary equipment and balance of plant (“BOP”) equipment, such as fire protection.

The **electrical and I&C supply and installation** includes electrical transformers, switchgear, motor control centres, switchyards, distributed control systems (“DCS”) and instrumentation, and electrical commodities, such as wire, cable tray, and lighting. The **project indirect costs include** engineering, distributable labour and materials, scaffolding costs, construction management, and start-up and commissioning. The **contingency** is considered “contractor” contingency, which would be held to mitigate its risk in the construction of a project.

The **owner’s costs** include development costs, preliminary feasibility and engineering studies, environmental studies and permitting, legal fees, project management (including third-party management), insurance costs, infrastructure interconnection costs (e.g., gas, electricity), and property taxes during construction.

The Somalia investment law provides favourable incentives and support to investors. Most of the above mentioned preliminary financial and technical requirements qualify for incentives under the investment law. It is important to note that the rebuilding of the transmission and distribution system are not addressed in this paper.

2.4. Impact

Mogadishu, as the economic hub of Somalia, is in dire need of a powerful and secure electricity supply system that is capable of meeting its demand at all times. The above proposed initial investment programme is a step towards the realisation of this goal. It aims at constructing a Gas Turbine (GT) Power Station and Grid as soon as possible. This would allow further profitable investment for future expansion, which can be taken up by the system operators. This is because in the long run, further investment will be necessary to build additional power stations or expanding the proposed power station, 33 kV transmission lines and substations and distribution system extensions in order to cope with the demand growth without compromising system reliability, security and safety.

The Best Wind and Solar

The long-term objective of the Federal Government of Somalia is to create a renewable energy centred market that takes advantage of Somalia’s favourable renewable energy potential, such as solar, wind, hydro, geothermal and tidal. Investments in these areas are highly welcomed and will be rewarded generously by the investment law.

Energy

SOMALIA TARIFFS

Somalia has one of the most expensive tariffs in the world, with customers paying over

US\$0.8-1.2 per kw per hour



In **Kenya**, electricity is **5** times cheaper



In **Turkey**, it is **10** times cheaper



While in the **US**, the power tariffs are **12** times lower

- Currently, Mogadishu is served by a single company with a generation capacity of **14mw**, while the current demand from households and businesses is estimated to be above **120mw**

- It is envisaged that the installation of two units of heavy duty **Gas Turbines (GT)** with total capacity of about **100 MW** would support the Somalia Federal Government's vision to significantly improve the electricity supply in the city.

FOOD SECURITY

With 8.9 Million hectares of cultivable land, Somalia can be the food basket of the region and many parts of the world. There are huge swathes of productive land, in particular the Upper and Lower Shebelle regions that, if well managed, can produce enough food to feed the country and meet export demands. The 2008 food crisis experience underscores the need for food security agenda for countries. It makes perfect sense to provide investment in these vast investor-ready fertile lands and increasing the subsidised agricultural inputs to the farmers in order to fully benefit from this incredible window of investment opportunity.



The agriculture sector in Somalia is a major employer, and is the largest economic sector in the country now. It contributes more than 65 per cent to the national GDP, and exports to other parts of the continent, the Middle East, Europe and the rest of the world. Investment in this sector will enormously contribute to improving national and international food security. The Ministry of Agriculture has started assisting commercial farmers directly. As a result, in June 2014, Somalia was able to send its largest banana export in a decade to a number of Asian and Middle East countries.

However, there are critical challenges facing this sector. These challenges can be overcome with relatively small investments in irrigation infrastructure and the construction of roads that connect the key agricultural centres like Jowhar and Afgoye to the large national and international markets. This investment injection to the sector would also create employment, nurture other supply chain linked enterprises and provide a speedy return on investment for all investors.

The Federal Government of Somalia welcomes Public Private Partnerships (PPP) and Joint Ventures (JV) for the full utilisation of the potential of the food security sector. The investment law provides generous incentives to all investors wishing to pursue investment in this crucial sector.

The Federal Government of Somalia encourages and firmly welcomes investors to undertake independent feasibility studies in all their forms, to ascertain detailed financial and technical needs related to food security.

The Federal Government of Somalia presents unique opportunities for priority projects in food security, which consists of flood control, fisheries, and chilled meat export.

Project 2: Rehabilitation of Lower Shebelle Irrigation and Flood Control Project

Ministry: Ministry of Agriculture

Sector: Agriculture

Total Estimated amount: US\$10m

Expected Project implementation Period: 3 years

1. PROPOSED PROJECT

In order to recover agricultural productivity in the Lower Shebelle region and capitalise on its high potential, minimal investment in irrigation infrastructure is required. Irrigation is practiced mostly along the Shabelle and Jubba rivers. Irrigation potential is estimated at 240,000 hectares. Shabelle and Jubba rivers have for a long time been used for irrigation by farmers in the medium to large irrigation schemes. This project focuses on the rehabilitation of irrigation and flood control infrastructures and enhancing agricultural productivity through the following activities:

- Increased food production through research, extension, farmers training and distribution of improved inputs; and
- Rehabilitation of irrigation and flood control infrastructure, such as barrages, primary canals, relief canals and river embankments.

2. PROJECT OVERVIEW

2.1 Summary of the project

Sub-Component 1.0: Rehabilitation of Irrigation Infrastructure in Lower Shabelle

Sub-Component 1.1: Rehabilitation of 6 Barrages in Afgoi, Marka and Qoryooley

Lower Shabelle region has six barrages that contribute to efficient irrigation when in good condition. However, the civil conflict and the absence of functioning agricultural institutions resulted in the damage and disrepair of these valuable assets. This sub-component is intended for the rehabilitation of these six barrages. The six barrages are: Janale, Mashalay, Qoryooley, Abdi Ali, Garowley and Sablaale.

Sub-Component 1.2: Rehabilitation of 140km Primary Canals

The region also has 17 primary and flood relief canals that require annual de-silting in order to provide efficient irrigation. Due to the lack of regular maintenance, major de-silting and repairs, including the gates, are required.

In addition, annual de-silting needs to be carried out by the MOA once the project implementation is completed.

Sub-Component 1.3: Rehabilitation 40km of River Embankments

The river, during high flow season, results in floods. Therefore, the river has embankments that prevent flooding. These embankments need seasonal and annual maintenance. This sub-component is intended for this activity.

Component 2: Rehabilitation of 100km of Secondary Roads

Prior to civil war, there were rural secondary gravel all weather roads on both sides of the Shebelle River, that facilitated the access to agricultural inputs and markets. The key portions of this road system shall be rehabilitated.

Sub-component 3: Increased food production through research, extension, farmers training and distribution of improved inputs

A key feature of the project proposal to address the food crisis is the inclusion of a component to support resumption of agricultural production and increased household food security by removing the main production constraints. The project will support provision of seeds of major crops that are grown in the area, such as maize, sugar cane (mainly state farms), bananas (mainly private farms), sesame and vegetables, which have proved to be highly productive in similar environmental conditions.

Seeds will be procured from the local seed growers and distributed by MOA through farmers associations and NGOs that have proven agricultural experience and knowledge of the area. Such institutions could be competitively contracted to carry out the needed research, extension and farmers training.

Complementary inputs, such as fertilizers, mainly urea and diammonium phosphate (DAP), will also be made available to farmers. The NGOs shall carry out the distribution of the improved inputs in collaboration with the farmers' associations. This sub-component will focus on the following activities:

- Distribution of technology packages (seeds and fertilizer) to farmers;
- Training of farmers, both men and women, to achieve improved agronomic practices. This will include training in the use of new technology, including seed quality management and farm management; and
- Evaluation of use and impact of technology packages. This will include post-distribution review evaluation exercises carried out to inform/improve future assistance and discover lessons learned for purposes of future improvements.

2.1 The Purpose for Investment

- To help utilise the available land for agriculture

- To help in diversification of crops like maize, corn, beans and sesame
- To help increase and sustain agricultural production/output.

2.2 Impact

The civil war and absence of effective government resulted in only about 15 per cent of the land that used to be irrigated prior to civil war, being currently used. Furthermore, the slightest rise in the level of the Shebelle river results in floods due to the deterioration of flood control embankments and relief channels in the region.

In the Lower Shebelle, some irrigation rehabilitation was funded by the European Union (EU) and the World Bank, and implemented by FAO with positive impact on agricultural production in 2010.

However, the absence of annual maintenance activities resulted in the relapse and lack of sustainability of the progress achieved. Therefore, enhancing the capacity of the MOA to do annual maintenance is required for the sustainable and efficient utilisation of the existing infrastructures.

Thus, the re-establishment of the DWLM is essential for the sustainable maintenance and management of the irrigation and flood control infrastructures in all the irrigated areas of the country, including Lower Shebelle.

Project 3: Fishing and Marine resources

Ministry: Ministry of Fisheries and Marine Resources

Sector: Fisheries

Total Estimated amount: US\$46m

Expected Project implementation Period: TBD

Contact: Ministry of Foreign Affairs and Investment Promotion

1. PROPOSED PROJECT

Somali waters have the potential to support some of the most productive fisheries in the world. Yet, the domestic fishing sector in Somalia is relatively small and run by small scale fishermen.

Spanning over 3300 km, Somalia has one of the longest coastlines in Africa (along the Gulf of Aden and the Indian Ocean). The 200 nautical mile (nm) Exclusive Economic Zone (EEZ) covers 830,390 km, an area much larger than Somalia's land area of 637,540 km.

As per the provisions of the Law of the Sea, Somalia is responsible for managing fisheries within this zone. As a result, Somalia has enormous potential to harness

its marine resources to develop fisheries. If fully utilised, these resources could have a positive economic impact on the country.

Somalia has the potential to produce 300,000 to 400,000 tons of fish resources annually. With the growing international demand for seafood across the globe, profitable investment opportunities are available.

The Somali coast offers abundant possibilities and opportunities for investors. A great variety of commercially valuable seafood, including the tropical spiny lobster, swordfish, and multiple species of tuna, are found on this lengthy coastline.



Species caught in Somalia's EEZ	Value per ton (avg 1997 – 2006)	Annual Landings (1997 - 2006)	Total Annual Value
Yellowfish Tuna	\$2,333	2,168	\$5,707,851
Bigeye Tuna	\$2,913	1485	\$5,044,167
Skipjack Tuna	\$1,035	1417	\$1,471,568
Albacore	\$2,516	90	\$263,354
Tropical Spiny Lobster	\$9,959	453	\$4,390,080
Swordfish	\$2,639	393	\$1,245,157
Mixed Group	\$1051	26.413	\$27,770,359
Total	\$1,416	32,419	\$45,892,437

According to the **Somali Fisheries Society**, Somali fishery's potentiality is estimated to be about 300,000t fin-fish and 10,000t crustaceans, 450t lobsters, 100t sharks and 10t shrimp; a total of 2,570 t/year. **Somalia fishery is a multimillion-dollar industry.**

Some concerns of Somali fishermen are:

- Competition from illegal foreign fishing vessels
- Overfishing of certain fish stocks
- Lack of knowledge on effective fishing methods
- Lack of adequate facilities and techniques to process and prevent spoilage of fish caught.

These concerns could be adequately addressed through modest investment in fisheries in Somalia.

The fishing industry off the coast of Somalia has tremendous growth and job-creating opportunities. Private investors are highly advised to venture into both the fishing and processing stages of the industry.

The Federal Government of Somalia is committed to addressing regional food insecurity and the quality control of its marine resources.

Similarly, investors are advised to develop an intermediate fishing industry targeting levels of technology and investment between the artisanal fishing that Somalis currently pursue, and the deep-sea, high-technology and heavily capitalised foreign off-shore fishing industry.

New, larger boats would be required as well as new processing facilities and a continuous cold chain, including both land and air transport. Fisheries experts estimate that this industry will employ 20 people on land for every five jobs created at sea.

Investing in cold storage facilities with the capacity of up to 500 metric tons per day in Mogadishu and smaller scales of up to 100 metric tons in cities, including Bosasso, Kismayo, Barawe, Hobyo, Merca, and Berbera, will have a greater and positive impact when exporting fish.

Boosting the available infrastructure by setting up facilities to manage the process of fishing, from harvesting to processing and storage, will be hugely profitable for investors.

2. PROJECT OVERVIEW

2.1 Summary Of the Project

This proposal seeks to improve the sustainability and economic growth of the local fisheries sector through the:

- Promotion of artisan and subsistence fishing
- Development of cold storage and processing facilities along the coast
- Combining licensing with small-scale fishing.

2.2 Purpose of the investment

- Develop an equitable and competitive fishing industry that has the potential to be an important source of food and income security and, eventually, of stability
- To properly utilise available fish stocks and improve production within the domestic fisheries sector
- Put into place facilities to manage the process of fishing, from harvesting to processing and storage
- Promote economic development within the coastal communities
- Develop fishing industry supply chain and value addition.

2.3 Impact

- Enhance the competitiveness of Somalia's fisheries products in global markets

- Meet the domestic supply of marine products for the realisation of a food secure nation
- Build a vibrant fishery sector value chain that would create investment opportunities and incentivise the sector.

The investment law provides incentives to all investors wishing to pursue investment related to this crucial sector.

Project 4: Mogadishu Modern Export Slaughter House

Ministry: Livestock, Forestry and Range

Sector: Strategic infrastructure investments

Total Estimated amount: \$14m

Expected Project implementation Period: TBD

1. PROPOSED PROJECT

With the highest per capita livestock in the world, Somalia is perfectly placed to contribute to the Food Security challenge the world faces today.

Livestock is Somalia's largest sector, its largest employer, and is often described as the backbone of the economy. Pastoralism lies at the heart of the Somali nomadic culture and identity. Livestock in Somalia means goats, sheep, camels and cattle in descending order of headcount. The majority of livestock produced are exported – almost exclusively to the Middle East and mostly as live animals.

In the 1980s and early 1990s, livestock played a critical role in boosting the Somali economy through high internal and external demand. Recently, Somalia exported a record 5 million livestock to markets in the Middle East in 2014 alone, owing to the heavy investments in the sector and increased stability in the Country.

The export data, collected by Food Security and Nutrition Analysis Unit (FSNAU), indicates that Somalia exported 4.6 million goats and sheep, 340,000 cattle and 77,000 camels in 2014, worth an estimated US\$360 million.

This is the highest number of live animals exported from Somalia in the last 20 years as per the available statistics. As per the tentative economic sector's forecast, this demand is only likely to increase further.

As per the current rate of the Somalia livestock export, there is need for a value addition to its livestock. Not only can livestock be exported in the traditional manner, but also wholesome and fresh meat could be exported from Somalia to the Middle East countries and to the rest of the world.

With improving transport infrastructure, it is easy to connect livestock produce, both live animals and chilled meat, to international markets, of which the Middle East is the most prominent.

What makes Somalia livestock special?

- 100 % Natural
- Grass-fed Livestock
- Virgin Organic Pastures
- Preferred body shape and taste in the GCC and ME Region
- Taste of sheep and goats is not as strong as Australian sheep.

2. PROJECT OVERVIEW

2.1. Summary of the project

Somalia's economy is livestock export driven. This is predominantly the export of live animals, including sheep, goats, cattle and camels.

This proposal describes the need for and briefly details the design of a high quality, modern meat export slaughterhouse with full traceability systems to ensure that the meat processed at the facility is hygienic, safe, tested for purity and traceable so that all potential issues can be identified, traced to their source and rectified, preventing the risk of contaminating the human food supply of importing partners and domestic consumers.

- This proposal will provide export/import trade balance while enhancing market liquidity and currency stability
- Contribute to the food security of trade partner nations
- It will help Somalia to rebuild the economy and aid the Federal Government to maintain its pathway to peace.

2.2. The Purpose for Investment

- Setup an international Standard Halal Livestock Export Slaughterhouse. The slaughterhouse will create employment and encourage re-investment in the livestock sector across Somalia.
- Enhance quality standards required for international markets by providing safe, hygienic, healthy and wholesome meat.

2.3. Impact

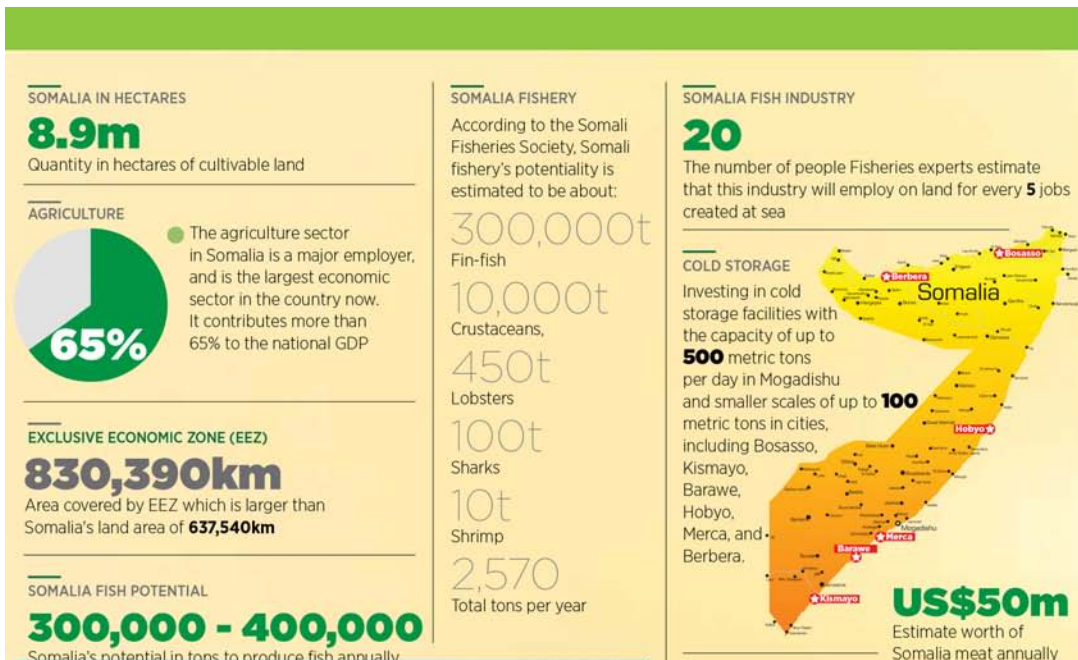
1. Boosting Somali Meat Exports

To ensure that healthy and wholesome meat is exported from Somalia, the Federal Government of Somalia proposes the construction of new slaughterhouses with

full traceability systems and independent international management under government supervision, to ensure that all meat exported is of international standard.

2. Potential Somali Meat Export destinations

Somalia exports significant quantities of meat to the Middle East to this day. Wholesale meat is considered to be a significant hard currency earner in the Somalia economy once its standards and capacity is raised to a maiden level. It is also in high demand in the Middle East, both by retailers and customers. The short-term projection of **Somalia meat export is estimated to be US\$50m annually**. This has the potential to grow further.



Species caught in Somalia's EEZ

Species	Value per ton (avg 1997 - 2006)	Annual Landings (1997 - 2006)	Total Annual Value
Yellowfish Tuna	\$2,333	2,168	\$5,707,851
Bigeye Tuna	\$2,913	1,485	\$5,044,167
Skipjack Tuna	\$1,035	1,417	\$1,471,568
Albacore	\$2,516	90	\$263,354
Tropical Spiny Lobster	\$9,959	453	\$4,390,080
Swordfish	\$2,639	393	\$1,245,157
Mixed Group	\$1,051	26,413	\$27,770,359
TOTAL	\$1,416	32,419	\$45,892,437



INFRASTRUCTURE



The Federal Government of Somalia understands the importance of infrastructure in attracting investment and development in a competitive and prosperous private sector led economy. To this end, the Federal Government of Somalia encourages investments in all forms of infrastructure, specifically roads, which will serve to connect opportunities across the country and the wider region to investors and customers.

Somalia has a road network that totals 21,950km, consisting of primary, secondary and rural roads as well as bridges across the river Shabelle and Jubba. All of these need investment today to further open up other enormous investment opportunities.

Investment in roads will ensure Somalia fully integrates itself into the wider Horn of Africa region and the world as the Gateway to over 200 million customers.

Since infrastructure investment is a priority area of investment, the Federal Government of Somalia is willing to explore all manner of public private partnerships. Different modalities of financing will be explored.

The Federal Government of Somalia welcomes Public Private Partnerships (PPP) and Joint Ventures (JV) for the full utilisation of the potential of the infrastructure sector. The investment law provides incentives to all investors wishing to pursue investment related to this crucial sector.

The Federal Government of Somalia encourages and firmly welcomes investors to undertake independent feasibility studies in all their forms, to ascertain detailed financial and technical needs related to the infrastructure sector.

The Federal Government of Somalia presents unique opportunities for priority projects in infrastructure, which consists of Roads, ports and ICT.

Project 5: Roads Network Rehabilitation (Economic Belt)

Ministry: Public Works and Housing

Sector: Transport (Roads)

Total Estimated Amount: US\$100m

Expected Project implementation Period: TBD

1. PROPOSED PROJECT

The 21,950 km long road network in Somalia comprises of the main North-South Corridor, main roads linking the major ports and border crossings to the corridor, and secondary, feeder and coastal roads. The secondary, feeder and coastal roads and roads connecting to border crossings are nearly all earthen. The paved roads are also mostly in very poor condition. The need for reconstruction or resurfacing of existing paved roads in all of Somalia cannot be overemphasised. However, the task is monumental in terms of both resources and institutional capacity.

In view of these challenges, the Federal Government of Somalia is to prioritise the reconstruction work urgently. After a careful review of the road network in terms of the overall geographic, demographic development paths and opportunities, important transport routes have been marked for rehabilitation. The reconstruction of these roads will have a profound and huge impact on the country's key economic sectors, specifically agriculture.

2. PROJECT OVERVIEW

2.1 Summary of the Project

As most African nations depend on agriculture as the backbone of their economies, improvement of roads will have far reaching effects on agricultural productivity. The African Development Bank (AfDB) estimates that 34 per cent of rural Africa [where 80 per cent of the citizens dwell] can access roads compared to 90 per cent in the rest of the world.

Dilapidated road infrastructure has resulted in slow agricultural development in Somalia. Farm inputs have become scarce and therefore expensive, and markets for farm produce are hard to access.

The Federal Government of Somalia has identified 270 km of paved roads that are in immediate need of reconstruction and considered as the 'Economic Belt' connecting agricultural, livestock and fisheries zones to the capital city, Mogadishu. These roads consist of three road sections, which depart from Mogadishu.

- Reconstruction of Mogadishu - **Marka** (120 km).
- Reconstruction of Mogadishu - **Wanleweyn** (60 km).
- Reconstruction of Mogadishu - **Jowhar** (90 km).

The Mogadishu-Marka road and the Mogadishu-Jowhar road are a section of the main primary road that connects the south to the north of the country. The geographical locations of the two regions (Middle and Lower Shabelle) served by the proposed roads are north and south of the capital city Mogadishu respectively. Both of these two regions border the Indian Ocean and can provide assistance to propel economic activities and access to new industries and markets.

Middle/Lower Shabelle regions are

the most productive in Somalia in terms of agricultural, livestock and fishing products. Before the civil war, these two regions were the food baskets of Somalia and the infrastructure development was a priority by the government. Most of the paved feeder roads were in these regions that contributed to producing 90 per cent of exported fruits and vegetables and other agricultural produce, such as maize, legume, oilseeds and sugar cane.

Figure 3: The Economic Belt roads network



2.2 The purpose for Investment

- To conduct feasibility studies and surveys and undertake detailed engineering design for the 270 km roads network identified for rehabilitation.
- To rehabilitate and upgrade the 270 km roads network to standards that will improve movement and trade across Somalia.
- To restore immediate and most economic and socially opportune connectivity in Somalia.
- Reduce the vulnerability of Somali population by improving their access to markets.
- Help in state-building by making possible the delivery of government and services, improving revenue collection, and contributing to political cohesion and regional integration.

2.4 Impact

- Easy access of agricultural produce to Mogadishu for internal and external markets
- Supports enhancement of agriculture, livestock and fisheries production
- Contributes to poverty alleviation, food security and job creation
- Promotes regional integration.

Project 6: National Construction of Ports

Ministry: Ministry of Ports and Marine Transport

Sector: Ports, Strategic Infrastructure Investments

Total Estimated amount: TBD

Expected Project implementation Period: TBD

1. PROPOSED PROJECT

Somalia's strategic location of the Gulf of Aden and the Indian Ocean assures investors in port infrastructure a high return. There is a strong demand for ports and service centres from international traders, including multi-national shipping companies and exporters of Somalia's agriculture, livestock and fisheries.

Connecting Somalia to the rest of the Horn of Africa will be a profitable venture for investors. Investors can develop various types of ports and facilities currently needed for trade in Somalia, for instance trade ports, maintenance and repair ports and container terminals.

2. PROJECT OVERVIEW

2.1 Summary Of Project

Somalia is strategically located on the eastern coast of the Horn of Africa along the Indian Ocean, bordering the Gulf of Aden. The 3,300 km coastline has the potential to serve millions of customers in the region.

In order to boost trade and economic development in the Horn of Africa, the Federal Government of Somalia encourages investments on port developments. Development of ports is a key priority in order to enhance regional economic integration. This initiative is also to expand trade routes and provide choices of corridors to neighbouring countries.

Somalia's ambitious plans for port development are in line with the regional integration strategies envisioned by both the IGAD and the African Union vision for an interconnected Africa trading with the world. Port developments are crucial for the movement of goods, facilitation of trade within Africa and the export of goods to international markets-free economic zone.

The Ports of Adale, Harardheere, Hobyo, Gara'ad, Eyl, Barawe, Meydh, Saylac, Lughaya are Somalia's potential port infrastructure zones. These ports can be developed for a variety of different purposes, including but not limited to:

- Fishing ports with unique fishing facilities
- Cargo ports, which will handle different types of products and have facilities to load or unload shipments

- Container / depots
- Trade ports
- Inland ports for transportation.

2.2 Purpose of Investment

- Create competitive product markets for the Horn and East Africa
- Create strategic and competitive free economic zone
- To develop an economic foundation for coastal cities.

2.3 Impact

- Enhance regional trade and integration
- Reduce cost of international trade through efficiency and connectivity
- Facilitate export to balance the current trade imbalance
- Provide skills and employment opportunities.

Project 7: National Broadband/ICT Plan

Ministry: Ministry of Posts & Telecommunications

Sector: ICT

Total Estimated Amount: \$80m

Expected Project implementation Period: TDB

1. THE PROJECT

The Somalia ICT sector has shown remarkable growth in a self-regulated private sector regime. However, the growth in the ICT sector has been geared more towards voice/SMS services. This is because Internet services remain very expensive primarily due to reliance on satellite internet connectivity. So while the teledensity is about 7 per cent, the proportion of Internet users is only about 1 per cent. In terms of ICT applications, electronic money transfer is flourishing.

Designing and implementing a National Broadband communications superhighway is of high priority for Federal Government of Somalia in order to transform the country from an emergent communications gateway to the ICT Hub in East Africa. This will provide the Somali people and its economy greater, cheaper and more reliable connectivity.

The Federal Government of Somalia is focused on improving the reach of its services to the various regions of the country. The Government security and civil service agencies need for secure communication is not being satisfactorily met by the presently operating commercial networks. As a result, this inability to relay confidential and secure government information is severely compromised, and by extension, their ability to function effectively is curtailed.

The implementation of the National Broadband/ICT Plan, of which the government is seeking an initial investment to connect all government agencies in both federal and regional states and in all government assets, such as airports and seaport, is expected to generate an estimated annual revenue of close to US\$100 million. This will allow Somalia to substantially continue to grow the sector and enhance available services to the public.

2. PROJECT OVERVIEW

2.1 Summary of the Project

This project seeks to establish a national broadband infrastructure network complete with a nationwide backbone and its attendant access infrastructure capable of meeting the needs of all sectors of the economy, including a national security network to provide for a secure government communication interactions and commercial telecommunications networks to benefit both the private sector and the general public through faster and more reliable telecommunications and internet connectivity.

2.2 The Purpose for Investment

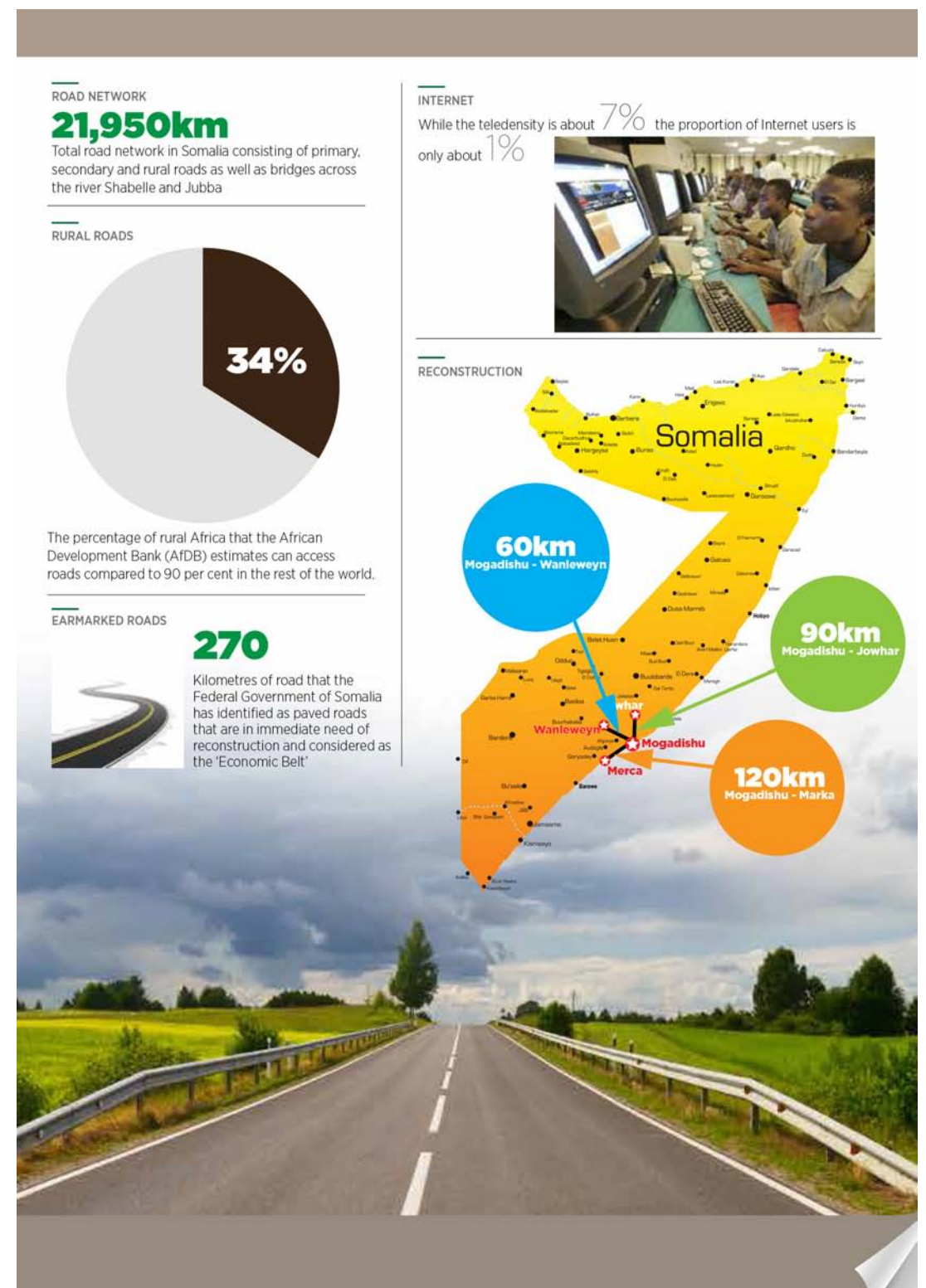
This national Broadband/ICT initiative is to improve public and private ICT connectivity in order to enhance social and economic development in Somalia.

2.3 Impact

ICT's cross-cutting nature will create well-paying sustainable jobs, deliver efficiency in communication networks, enhance service delivery in all fields, including security, education, economic and social services, and grow revenues.

The project will create a seamless on-demand and countrywide communications network to independent, private and public sector entities at competitive rates. Current mobile service operators will gain the opportunity to purchase bandwidth that will enable them to offer 4G services to their customers.

The public agencies, such as regional government, universities and other institutions of learning, airports, seaport, law enforcement and immigration services, to mention but a few, will be able to tap into this national communication superhighway. This will improve public service delivery and generate revenue to sustain socio-economic growth in Somalia.





Central Bank of Somalia (CBS)

FINANCE



The Central Bank of Somalia (CBS) took concrete steps towards formalising the financial sector, designing and introducing new prudential regulatory and compliance framework, and re-engaging with International Financial Institutions. Currently, the financial sector consists of CBS, six commercial banks with provisional licenses, and nine licensed money transfer firms.

CBS promotes a sound financial system and seeks to strengthen the sector with international partnerships and joint ventures. Commercial banks are very critical to any effective economy. They will connect the financial sector to the wider integrated world market as well as with developing local banks. Commercial banks will further be able to channel retail savings into large-scale industries in order to promote industrialisation and growth.

The Somali economy is highly dollarized, with estimated billions of currency available and sitting in vaults, and being distributed through informal lending practices. Such a highly liquid financial market provides tremendous opportunities and incentives for commercial banks to invest in profitably, and channel cash through institutional investors, pension funds and insurance companies. Thus, their presence will increase private investment and growth. Local and international institutional investors depend on commercial banks for analytical, financial, administrative and deal making support.

The CBS welcomes both public and private direct institutional investment and Public Private Partnerships to promote and establish a vibrant and profitable commercial banking sector in Somalia. All international banking firms and institutions interested to invest in Somalia are welcome to undertake a feasibility study. The CBS will work closely to assist with information, advice and support in order for investors to make the right decisions.

The Federal Government of Somalia welcomes Public Private Partnerships (PPP) and Joint Ventures (JV) for the full utilisation of the potential of the finance sector. The investment law provides generous incentives to all investors wishing to pursue investments in this crucial sector.

The Federal Government of Somalia presents an opportunity for a priority project in the banking sector through a commercial bank partnership.

Project 8: Commercial bank partnership

Agency: Central Bank of Somalia (CBS)

Sector: Financial Sector Investments

Total Estimated amount: TBD

Expected Project implementation Period: Envisioning long-lasting partnership

1. PROPOSED PROJECT

Somalia has emerged from a protracted civil war, but has continuously engaged in trade with the world. The economic activity of the country is estimated to have expanded by 3.7 per cent in 2014, driven by growth in agriculture, livestock, construction, and telecommunications.

Consumer price inflation was 1.3 per cent. For 2015, real growth is projected at 2.7 per cent, and inflation should remain at about 4 per cent.

The gradual recovery of the Somali economy continues. Despite the security and political challenges, export growth, particularly from agriculture and fishery, has remained strong, and domestic demand has continued to strengthen.

Private sector participation in the economy remains strong, especially in communications, construction, and financial services. An active Diaspora community leads this growth. It is difficult for this trend to continue and for the Somali economy to blossom without an established international bank facilitating the flow of funds for individuals and businesses.

2. PROJECT OVERVIEW

2.1 Summary of the project

The financial sector of the country is mainly informal. Informality contributes to insufficient market information and limits access to productivity tools and market opportunities, especially for Small and Medium Enterprises (SMEs). Central Bank of Somalia (CBS) took concrete steps towards formalising the financial sector; designing and introducing new prudential regulatory and compliance framework; and reengaging with International Financial Institutions. Currently, the financial sector consists of the CBS, six commercial banks with provisional licenses, and nine licensed money transfer firms.

The sector is relatively small, and as a priority area to strengthen, it is open for investment. The annual liquidity of the market and remittance alone are estimated to be over US\$2 billion and 1.33 billion respectively. Much of this amount is kept cash in vaults, while some are deposited into provisionally licensed banks

and Hawala companies, waiting for investment opportunities.

In 2014 alone, exports of goods and services were US\$819 million, while imports of goods and services were about US\$3.5 billion. Remittances were US\$1.133 billion, and transfers amounted to US\$1.137 billion. Hence, commercial banks have advantages of scale and scope to facilitate trade finance.

CBS promotes a sound financial system and seeks to strengthen the sector with international partnerships and joint ventures.

Commercial banking is very critical to any effective economy, and as such, will connect Somalia's financial sector to the wider global market on one hand, and channel retail savings into large-scale industry in order to promote industrialisation and growth, on the other.

The economy is dollarised, with estimated billions of cash sitting in vaults and transacted in informal lending practices. Such high liquid financial market provides tremendous opportunities and incentives for commercial banks to invest profitably, and channel cash through institutional investors, pension funds, and insurance companies, thereby, increasing private investment and growth. These institutional investors would require commercial banks for analytical, financial, and administrative and deal execution support.

Current commercial banks provide the critical link between depositors and investors. To this end, CBS is willing to equally partner with established commercial banks to invest in the banking and financial sector.

CBS is committed to create a good investment climate that provides business opportunities and incentives for commercial banks by minimising cost of complying with regulations and licenses, which is believed to encourage market entry, and improve our way of doing business by targeting inclusive growth

The proposed partnership will be better positioned to tap this market and seize the earlier advantage. It will also cover business needs in international trade financing, such as imports, exports, guarantees and short-term financing by providing letter of credit, pre/post shipment finance, collecting and advising, letter of guarantees, confirmation of documentation credits and documentation credit collection, receivables financing and trust receipts.

2.2 The Purpose for Investment

The main purpose for the investment is to gain a reasonable rate of return and enhance the wealth and fulfilment of our citizens. Banking, savings, investment, insurance and debt equity financing help private citizens to save money, guard against uncertainty and build credit, while enabling businesses to start up, expand, increase efficiency and compete in local and international markets. For the poor, these services reduce vulnerability and enable people to manage the assets

available to them in ways that guarantee income and options.

The proposed partnership will strengthen the existing banking systems in the country and ensure that remittance, international trade financing and other deposits are channelled through the international banking system.

Currently, there are no official saving accounts for the 12.3 million Somali population. Real estate and insurance industries are in their infancy with high demand. At the same time, access to capital and lending to SMEs is very low due to weak banks and informal lending practices. The new partnership will use deliberate strategies to expand economic opportunities through business models that serve all clients.

2.2 Impact

- Commercial banking will integrate the Somali financial sector into the global financial systems.
- It will strengthen Somali banks and increase efficiency.
- Banks will support SMEs, which are major source of employment and generate significant domestic and export earnings.
- Banks will facilitate international trade finances and provide expert advice to all customers.
- Banks will encourage direct foreign investment and will have a significant impact on the way the Somali financial system currently operates.
- Banks will ultimately reduce the transactional cost of international trade, due to the economics of scale and scope of commercial banks in doing foreign trade.

The Federal Government of Somalia encourages and firmly welcomes investors to undertake independent feasibility studies in all their forms to ascertain detailed financial and technical needs related to the Banking sector.

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FEDERAL REPUBLIC OF SOMALIA