



Agriculture



Infrastructure



Energy



Financial

Resourceful
Somalia 
WHERE INVESTMENT MEETS OPPORTUNITY



2016

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SOMINVEST

An Investment and Trade Promotion publication by the Ministry of Foreign Affairs
and Investment Promotion



Minister's Statement

Somalia is open for business

There has never been a better time to invest in Somalia. Somalia as a regional hub for commerce, transportation, trade and industry is back and our Government welcomes all 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 considering investing in our many industries and sectors of international economic advantage and strength. Our strength in agriculture, fisheries and livestock can help to overcome the food security worries 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 the continent with over 200 million potential customers needing goods and services.

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

SomInvest, the investment promotion office of the government of Somalia operating within the Ministry of Foreign Affairs and Investment Promotion, will be a one stop shop which provides 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

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Invest in Somalia.
Invest in hope.
Invest for prosperity.

H.E. Abdusalam H. Omer,
Minister of Foreign Affairs and
Investment Promotion of Somalia

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



TRADE
 Gateway to Africa

BUILD
 Development Opportunities

INVEST
 Boundless Natural Resources

S O M A L I Y A

Stability . Organization . Management . Authority . Leadership . Innovation . Youth . Assurance



Country Overview

Where Investment meets opportunity



The Geography

Somalia is situated in the most eastern tip of the African continent 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, Djibouti and the Red Sea to the North and 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 with less than 1/3 of its Population.

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

Somalia lies on the Horn of Africa and has nearly 2,000 miles of coastland, giving Somalia an ideal vantage point of all trade that passes 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 then must pass through the Strait of Bab-el-Mandeb before it can enter the Gulf of Aden and the Indian Ocean.

The People

Somalia’s over 12 million population and the additional 2 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 pastoralists with sedentary communities in the riverine and inter-riverine areas who have systematically stretched their mercantile culture to their neighbors.



Somalia is a country of entrepreneurs with over **2 million Diaspora members** living across the world.

Today's multilingual descendants of their pastoralist and farmer forefathers have continued the business tradition and are now Telecom Operators, Logistics and Supply sides, Multi-Lingual and Multiculturalists, and Farmers and Livestock traders. Over 70 per cent of the Somali population is under 35 and with the advancement of academic and vocational education and training, are multi-skilled and ready for all manner of employment opportunities.

Somalis are ready to share their 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 Somalia with the expertise, skills, experience and capital they acquired from their time abroad. International research shows that most of this group intend to return to Somalia to invest. For this, they require modern banking, housing, education facilities, infrastructure and 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 Somali "Economic activity is estimated to have expanded by 3.7 percent in 2014, driven by growth in agriculture, construction, and telecommunications." In 2014 GDP increased by 6.6% and it is projected to grow by 2.7% 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 Somali Federal Government has a clear vision for growth through good governance and private sector investments set out by our Economic Recovery Plan. The 2014 IMF report recognized that the Somali Government is undertaking an ambitious reform program that leads to progress 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 our government 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 government of Somalia welcomes all investments including the public private partnerships and other alternative investment financing opportunities. The Somali Government encourages and rewards these innovative projects especially where they advance economic, social and human development in Somalia.

SomInvest, the investment promotion office of the government of Somalia 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.

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**ENDLESS
OPPORTUNITIES**



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Enabling Environment Will

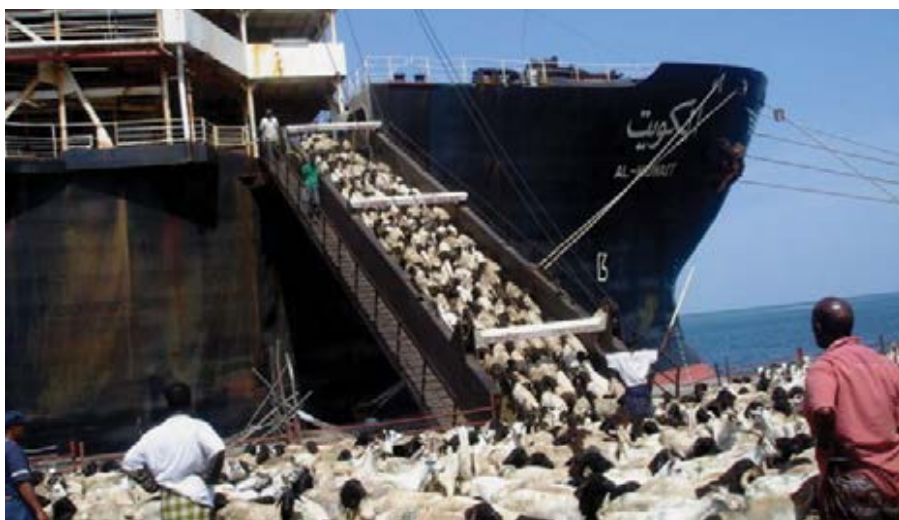
- Open the door for Investment
- Promote Diaspora Brain-gain
- Lead to job creation

Enabling Environment

Food Security

Where Investment meets Opportunity

With the highest per capita livestock in the world, 8.9 million hectares of cultivable land and vast marine resources, Somalia is perfectly placed to contribute to the Food Security challenge the world faces today. There has never been a better time to invest in the Somali agriculture, livestock and fisheries sectors. Coupled with its geographic location and its youthful population, Somalia could offer an export platform for these sectors, potentially creating immense wealth and food security for hundreds of millions of people.



Livestock

Somalia record livestock exports of 5 million in 2014

Long-term view of the sector's investment assures expansion in the Somali livestock trade.

Somalia exported a record 5 million livestock to markets in the Gulf of Arabia in 2014 thanks to heavy investments in animal disease prevention and increasing stability in the Country. This is the highest number of live animals exported from Somalia in the last 20 years as per the available statistics.

The United Nations 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 **\$360 million.**

Somalia is a world leader in the export of Livestock and this is the mainstay of the Somali economy, contributing 40 percent to the country's Gross Domestic Product.

Buyers from Saudi Arabia, Yemen, Oman, Kuwait, Qatar and United Arab Emirates have all established long term trade relationship with Somalia's thriving livestock scene and this will only strengthen as a result of improved disease surveillance and control mechanisms.

Saudi Arabia, in particular, has contributed to steadily rising exports over the last six years, following a move to lift a 9-year ban on the import of livestock from Somalia aimed at preventing the spread of Rift Valley fever.

Other livestock value addition products exports are also on the rise, requiring additional investment in order to expand the sector further. For instance, in May 2015, Somalia, in partnership with its international partners, trained 150 Somalis in curing leather, a potentially lucrative opportunity for the entire livestock sector, while an EU-funded program is currently underway to improve milk quality in north-western Somalia, one of the country's main milk production regions.



Fisheries

Revitalising fisheries in Somalia

The Somali Fisheries industry has the potential to be one of the biggest and most profitable in the world. Somalia has the longest coast in Africa and this is strategically placed to serve both the local and many international markets simultaneously.

The Somali fisheries industry is one of the sectors that the Government of Somalia and international experts agree has the greatest potential for expansion and profitability for all investors. Across the long Somali coast, there is high quality fish, including tuna, lobster and over several hundred demersal fish species.

To fully maximise the potential of the Fisheries industry in Somalia basic and relatively small investment must be made to make the process of fishing and the management of the process from the harvesting to processing and storage more effective and economically sustainable.

The current Fisheries market in Somalia is not developing due to underinvestment and lack of understanding of the marine resources of the land by the population and traditional local inves-

tors. Illegal fishing has also hurt the industry and the Government is working hard to end this. Direct Investment in this sector can reverse all of this.

In order to allow investment to reach a level where significant yields become possible, the Somali fishing industry will require investor assistance. This assistance should be directed towards mitigating the risks associated with fishing industry as well as boosting infrastructure.

Furthermore, investment in Fisheries in Somalia will not only be hugely profitable but it will start a chain of other industries connected to this supply chain creating further wealth for investors, employees and local coastal communities.

Due to its strategic and beautiful location, the investment in Somali

Fisheries is a sound and lucrative initiative. The Priorities of the Government of the Federal Republic of Somalia are:

- Fighting illegal fishing
- Establishing appropriate cold storage facilities.
- Fish drying system.
- The canning of processed products.
- The rehabilitation and reconstruction of fishing facilities and infrastructure including fish processing plants and storage along the Somali coastline.

With these investments and Somalia's strategic national location, there is no doubt that the Somali Fisheries industry would be one of the most productive, lucrative and world beating.



Farming

From a food secure nation to food exporting country

In 2014, Somalia was able to send its largest **banana export** in a decade to the UAE, Kuwait and Qatar.

With 8.9 Million hectares of cultivable land, it is no secret that Somalia can be the food basket of the region and many parts of the world including the Middle East. There is huge swathe of productive land in the Upper and Lower Shebelle regions that, if well managed, can produce enough food to feed the country and meet the export demand from the region and Middle East. The 2008 food crisis 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 subsidized agricultural inputs to the farmers in order to fully benefit from this incredible window of 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% to the national GDP from domestic distribution and exports to other parts of the continent, the Middle East and Europe.

Investment in this sector will enormously contribute to improving national and international food security.

The Ministry of Agriculture is working on reviving the agricultural sector by concentrating on some key strategic approaches that intends to hasten agricultural recovery, improve the efficiency of supply chains, increase food production and, ultimately, make the country self sufficient in terms of food security by investing in science, technology and innovation techniques.

A series of consultations with various stakeholders, small farmers, commercial farmers and also non-governmental organizations working around livelihoods and food security have been done, culminating in the development of the 2014 to 2017 strategic plan.

Key to the 3 year strategic plan is to rehabilitate the irrigation infrastructure in the country. Two key rivers flow

through Hiiraan, Lower Shabelle, and Middle Shabelle regions, which have great potential to unleash great agricultural productivity for both national consumption and international export.

The Ministry of Agriculture has started assisting commercial farmers directly. In June 2014, Somalia was able to send its largest banana export in a decade to the United Arab Emirates, Kuwait and Qatar. However, although Banana can be exported on regular basis, unlike other cash crops, there are critical challenges facing this sector. These challenges can be overcome with investment 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.



Infrastructure

Where Investment meets Opportunity

Roads and Ports

The 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 government encourages investment in all forms of infrastructure, especially ports and roads, and to build a modern International Airport in Mogadishu which will serve to connect opportunities across the country and the wider region to investors and customers.

Somalia has a road network which 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 and all open up enormous further investment opportunities.

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

Due to Somalia's strategic location of the Gulf of Aden and the Indian Ocean, investment in infrastructure will bring a high return for investors. There is a strong demand for ports and service centres from international traders including multinational shipping companies and exporters of Somalia's agriculture, livestock and fisheries sectors.



Connecting Somalia and the wider Horn of Africa region through road networks and ports will certainly be a lucrative opportunity for all investors.

Within Somalia, road networks and ports will connect the rich food producing and fisheries regions, like Jowhar, Afgoye and Marka to both the local and international markets. This is a real economical and profitable solution to creating a more food secure region and world.

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

Somalia puts emphasis on the best practices of Public Private Partnerships

Investment in roads, ports and international airports will ensure Somalia fully integrates itself into the wider Horn of Africa region and the world.

and encourages all investors to explore all modalities related to this.

Somalia benefits from a climate and topography that allows for comparatively quick transport development and a youthful population that provides for a trained and flexible workforce for the private investor. This combination of location, access to multi-billion dollar trade lanes as well as a comparatively low labour cost is the advantage Somalia provides to the investors willing to profit from Somalia's inevitable future growth.



Airport

Mogadishu International Airport

Connecting Somalia to the world

The Airport will serve over **12 million Somali** citizens travelling within **Somalia** and the **world** for different reasons on an annual basis.

Somalia is located strategically in the Horn of Africa and is a gateway to the Middle and Far East, Asia and Australasia. From any point in Somalia it is also easy to fly to any other destination in the world.

In line with the Somali Government's ambitious plans for investment led development, it is important that an International airport is built in Mogadishu. This airport will serve to connect the world to Somalia and attract foreign firms, individuals and citizens to move freely across the globe for business and pleasure. The proposed Mogadishu International airport will be the gateway into the capital city and our beautiful country for all investors, tourists and other visitors. It will also serve over 12 million Somali citizens travelling across the Somali regions and the world for different reasons on an annual basis.

An international airport in Mogadishu will bring great economic opportunities to investors and strengthen the connection between local, national and international investors and their client

base across the globe. It will also provide further business opportunities for other enterprises involved in the management of the airports supply chain, such as airport hotels, duty free shopping and entertainment venues.

The location of Somalia allows for a modern airport to serve as a hub of air transportation for international airlines that are increasingly adopting a multi modal business model, reducing their costs as well as increasing the frequency and quality of the services they provide. With Somalia placed at the geographic confluence of the booming air travel markets of Africa, MENA as well as the Far East, the investor with the foresight to invest now will benefit consistently over the long-term in this expanding market.

A beautiful capital city like Mogadishu with abundant resources and economic possibilities will only prosper with the establishment of an international airport. Travellers and investors will most certainly be the biggest winners in this lucrative project when it is completed.

The Somali Federal Government welcomes investors to undertake this crucial long term project under a favourable Public Private Partnership model. Furthermore, investment in an international airport will be supported with generous incentives by the Somali Government.

The Somali Ministry of Transport and Civil Aviation has undertaken an extensive feasibility study on this project and it is ready for investment immediately.





ICT

Broadband Investment Program

Somalia Government is seeking an initial investment of **\$US80 Million** connecting all Government Agencies both **federal** and **regional** states

The ICT sector in Somalia has flourished under a self-regulated private sector regime and is known to be a key contributor to the economy. The GSMA reports that Somalia is a market with 11 operators and 4 million mobile connections. Telephone and internet services are available across most of Somalia which has among the lowest international call rates in Africa. Still, the growth in 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%, the proportion of Internet users is only about 1%. In terms of ICT applications, electronic money transfer is flourishing.

A top priority for the Somali Government is to establish a broad band network and service that enables greater, cheaper and more reliable connectivity.

The Somali Government is focused on improving the reach of its services to the various regions of the country as security services continually pacify regions throughout the country. The Government security and civil service agencies need for secure communica-

tion 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.

Therefore the goal of the ongoing World Bank ICT project, set to meet its Phase 1 goal in Dec 2015, will begin to create a limited Government Broadband network that will become the foundational step of the formation of a Government Broadband network and, by extension, the National 10-Year ICT Plan.

The Somali Government recognizes the tremendous value and potentially positive rate of return in capitalizing on this sector, and therefore is pleased to present this unique investment opportunity, the Government Broadband Investment Program, which will afford "first-in" status to early investors.

Somalia's ICT/Telecom sector has been one of the bright spots that has grown in the past 20 years. Its continuing success is indicative of the sector's growth potential when it meets with investment and an enabling environment that the Federal Government is

working hard to establish. This purely commercially-driven sector in the past 2 decades owes its success to the Somali people's consistent show of resilience and innovation. While by and large, the current operating commercial networks have been worthwhile in facilitating the communications needs of society and various arms of the government, the current cost-benefit analysis is not desirable with limited data services, limited access points and the relative high cost.

The FGS' considerable political investment in pushing through sound regulatory framework, National Telecommunications Act (NTA) due to pass the Federal Parliament soon and drafted with the World Bank's guidance, is indicative of its iron cast commitment to creating an enabling environment suitable for investment and growth by introducing regulations and standardizing services, ensuring a competitive marketplace that embraces innovation and welcoming investment capital.

Accordingly, with the advent of the new law coupled with current ICT infrastructure in place in Somalia today, the expected tax-revenue will be more than Twenty Million Dollars US (\$US20)

according to the latest World Bank assessment. Yet still, with the implementation of the National Broadband/ICT Plan, of which we are seeking an initial investment of \$US80 Million connecting all Government Agencies both federal and regional states and all government assets such as Airports and Seaport; the expected estimate Annual Revenue of close to \$US100 Million per year will allow Somalia to substantially continue to grow the sector and enhance available services to the Somali public.

Government Broadband infrastructure network complete with a nation-wide backbone and its attendant access infrastructure that will be capable of meeting the needs of all sectors of the economy including but not limited to:

1. **Commercial telecommunications networks** – Open Access backbone and last mile services.
2. **Private sector and industry** – Broadband connectivity and Virtual Private Networks.
3. **Public sector / Government Connectivity** – Broadband Connectivity and Virtual Private network
4. **Services**
5. **Public Sector / National Security Network** – Secure government communications network
6. **Public sector / non-Government** - Broadband Connectivity and Virtual Private network services
7. **Private Sector / Industry** - Broadband Connectivity and Virtual Private network services

8. **Private Sector / Financial sector** – Open Access interface to connect to any user in any network for provisioning mobile money and payment services.

ICT's cross-cutting nature will create well-paying sustainable jobs, deliver efficiency in communications networks, grow a mature revenue collections program, enhance service delivery in the fields of Security, Education, Economic, Social Services and forever change Somalia.

The NTA will also create the National Telecommunications regulatory body which will also regulate all Spectrum in the country and in addition will regulate the widely used mobile money market in Somalia. Somalia's ICT sector's steady innovation has brought about the nexus where large Telecommunications and Money Remittance Companies (\$US2 Billion per year estimate in transactions) collaborated to provide a mobile payment-banking solutions for their customers. A user can easily pay for goods and services today just as easily as one would send an SMS.

The Government Broadband network 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 be afforded the opportunity to purchase bandwidth that they will then be able to use to sell 4g and other services to their users. Likewise public agencies such as Regional Governments, University and

Institutes of learning, Airports, Seaport, Law Enforcement and Immigrations Services, to mention a few, will be able to tap into this National communications superhighway.

A National Broadband network is no different from a logistical relay network and, as has been noted in many circles, Somalia stands at a unique geographic point making it the gateway between much of East Africa, the Arab World and Asia. And so, as part of our National 10-Year ICT Plan, we are committed to expanding this communications network into neighboring countries so they would gain access to our communications superhighway at market rate. Beginning with our large neighbor of nearly 100 Million persons, Ethiopia, will ensure regional economic dependency and enhance regional stability, while guaranteeing a steady return on investment into our bandwidth infrastructure.

Therefore designing and implementing a National Broadband communications superhighway is of a high priority for our Government as it is our vision to transform Somalia from an emergent communications gateway to the ICT Hub in East Africa.

This sector is a high priority for the Somali Government and investment in it is highly encouraged.



Real Estate

There has never been a better time to invest in the booming Somali real estate market.

The **construction industry** is a key sector of the **Somali economy** and contributes **1/3 of the GDP** and provides **25-30% of employment** nationally.

The Construction and real estate sectors are key drivers of the future economic growth of Somalia. The building and construction industry is a key sector of the Somali economy and contributes 1/3 of the GDP and provides 25-30% of employment nationally.

The increase of economic activities in Somalia needs to be supported by the Construction of homes, offices and shopping centres to fill the growing local and Diaspora demand for world class services that can allow the Somali economy to serve the wider region.

The Somali Diaspora and trading community that numbers over 2 million provide a ready market for well-structured urban housing projects and leisure resorts across Somalia. The demand for structured housing projects with amenities expected of modern urban communities is very high and this demand is only likely to increase with Somalia's progress.

The demand for urban housing projects is driven by the return of a large number of Somalis from the Diaspora and investors. Going forward, this growth will accelerate as Somalia transforms into a regional hub for trade, commerce, industry and tourism as a result of its strategic location.

Due to the housing boom, there will be further lucrative opportunities for construction related industries and manufacturing of housing inputs such as cement, roofing materials, electrical

wiring, plumbing and tarmacking to name a few. There is also a huge market for heavy equipment manufacturers to set up shop in Somalia to support the on-going housing boom.

The Somali Federal Government welcomes investors to participate in the transformation of Somalia's real estate market. Furthermore, investment in this sector will be supported with generous incentives from the Somali Government.



Energy

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

Power and Renewable Energy

Somali economy needs affordable power to grow

One of the most critical issues for economic growth and stability in Somalia is affordable access to electricity. For Somalia to fully capitalise on its economic strengths, more affordable and reliable access to electricity is needed.

Somalia has one of the most expensive tariffs in the whole world with customers paying over \$1.5 dollars for per KW per hour. In Kenya it is 5 times cheaper, in Turkey 10 times cheaper and U.S.A about 12 times cheaper.

With a population of over 10 million people there is enormous demand for cheaper and reliable electricity throughout the country generated by international standard power plants.

The Government of the Federal Republic of Somalia truly believes that investment in its energy sector, including electricity, will unleash the dynamic and sustainable economic growth and profitability that will benefit both citizens, investors and ultimately, the whole country and region.

Like it has in other countries, more affordable electricity would have a strong economic effect, increasing

agricultural and manufacturing productivity and creating opportunities for the emergence of new businesses.

The Best wind and sun radiation in the world

Renewable energy sources are a viable and immediate way to achieve affordable access to energy for the public and businesses in Somalia.

The Somali Government is keen to capitalize on the great opportunity afforded to it by its strategic location to pioneer renewable energy. Renewable energy will assist Somalia to achieve affordable, reliable and efficient energy as well as protect its environment.

Somalia has one of the highest potentials for onshore wind power in Africa and one of the highest rates of daily total solar radiation in the world. This, coupled with the decreasing cost of renewable energy when compared to diesel options and the great need there is for reliable and affordable energy by citizens and businesses, makes it a golden opportunity for early investors.

The Somali Government is keen to capitalize on the great opportunity afforded to it by its strategic location to pioneer **renewable energy.**

There already is small scale renewable energy projects across Somalia and this demonstrates the viability of investments in the sector. Given the importance of this sector to the wider Somalia economy, the Government of Somalia will provide generous incentives to investors who invest in renewable energy.

Investment in affordable, reliable electricity and renewable energy will unleash the economic development and prosperity of Somalia. It will also generously reward all investors in this field as will our Government through generous incentives.



Finance

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

The Somali financial sector promises **high returns for investors**

The Somali financial sector promises high returns for investors in banking and insurance.



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

The banking sector in Somalia is very small and but vibrant and much needed

and therefore open for investment. The annual liquidity of the market and remittance alone are estimated to be over two billion USD respectively and the majority of this amount is kept in cash in vaults and some are deposited into a developing banks and Hawalla companies, waiting for opportunities to invest informally.

In 2014 alone, Exports of goods and services were USD\$819.00 million, while imports of goods and services were USD\$3.50 billion and Remittances

were USD\$1.133 billion. Moreover, Somali and foreign investors require professional advice and guidance to navigate through the complexities of the current financial system and international trade requirements. These two mostly increase transactional cost and since a commercial bank has the advantages of scale and scope, it is able to facilitate trade finance more effectively while also been able to expand into the business advisory and consultancy fields quite easily.

CBS promotes sound financial system and seeks to strengthen the sector with international partnerships and joint ventures. Commercial banks are very critical to any effective economy and as such, will connect our financial sector to the wider integrated world market on the one hand, and with a developing local banks, commercial banks will be able to channel retail savings into large-scale industry in order to promote industrialization and growth on the other.

The Somali economy is highly dollarized, with estimated billions of currency available and sitting in vaults and been distributed through informal lending practices. Such high liquid financial market provides tremendous opportuni-



ties 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 local and international institutional investors depend on commercial banks for analytical, financial, and administrative and deal making support.

In Somalia, Commercial banks will provide critical link between depositors and investors. To this end, CBS is willing to equally partner with any UAE established commercial bank to invest in the banking and financial sector. The UAE remains a major trading partner and its banks have the expertise, reputation and geographic reach to have a significant direct impact and, through the partnership with CBS, to change the way the entire Somali market operates.

Insurance

The Somali insurance market is in its infancy and provides investors with enormous opportunity. The market for Insuring goods, services, property, industries and personal items is large and potentially profitable for early investors. The follow on chain of other industries such as claim management,

risk analysis and insurance advise is also a lucrative opportunity that will spur this sectors growth and development. Investing in Insurance in Somalia will open the door for further investment as consumer and investor confidence will strengthen.

The CBS is committed to creating a good investment climate that provides business opportunities and incentives for commercial banks by minimizing the cost of complying with regulations and licenses, which we believe encourages market entry and improves our way of doing business by targeting inclusive growth. The proposed partnership between the CBS and UAE Commercial Banks will be a highly profitable, ethical and long term commercial investment with guaranteed high returns in a short time scale. It aims to facilitate business needs in 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.

According to the IMF country report 2014 Somalia's economy grew by 3.7

per cent. Commercial Banks will strengthen the developing banking system of the country and ensure that remittances, trade finances and other deposits can be channelled through the international banking system. Currently, there are no proper saving accounts for customers and the real estate and insurance industries are in their infancy with high demand. Access to capital and lending to SMEs is very low and expensive due to developing banks and informal lending practices. The new partnership will use deliberate strategies to expand economic opportunities through business models that serve both individuals and commercial clients, especially start-ups and SMEs.

With strengthening security, peace and political stability and the current rate of investment, Somalia's economic future looks brighter by the day. Growth is predicted to skyrocket in the next decade thanks to Somalia's vast economic strength in marine resources, agriculture, livestock, fisheries, tourism and Green technology. This is coupled with over 2 million Diaspora members living across the world of whom the vast majority are already investing and others expressing serious interest in investing in their motherland. All this makes clear the need for, and potential profitability of, commercial banks in Somalia today and tomorrow.

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 investors make the right decision for their institutions. Since this is a priority area of Investment, the Somali Government provides all investors with favourable incentives for investment.

Mineral and hydrocarbon

Where Investment meets Opportunity

Natural Resources

Somalia's Extractive Industry: Potential and prospects

Somalia is a vast, extensive and mineral-rich country that requires investment to fully capitalise on its minerals wealth. From Galmudug State to South West State, various minerals required for and by companies for everyday products globally, can be found. The diverse minerals sector and its enormous potential, has remained unexplored in Somalia and is now ready for investors to partner with the Government of Somalia to bring this profitable industry to life.

The opportunities presented for investment are the minerals that are known to exist based on the explorations and discoveries of the Government of Somalia, partner nations and past investors. All of the minerals such as rock salt, sepiolite, lithium and uranium to name a few, underwent a detailed evaluation and assessments process and are marketable and ready for investment immediately by mining and energy resources investors.

Hydrocarbon Sector

The offshore Indian Ocean portion of Somalia has shown tremendous potential for Hydrocarbon exploration and investment after the recent discoveries in Mozambique, Tanzania and Kenya. Somalia has a vast offshore area that is underexplored and considered to be the

“last frontier country in the world” for Hydrocarbon. New seismic acquired in 2014 demonstrated the structures existent under the sea-floor as containing potential prospects that justifies further exploration, drilling and production. In addition, Somalia intends to complete 2-D seismic acquisition in the offshore areas left by the survey of 2014. Once survey 2015 is implemented, offshore Somalia (the Indian Ocean portion) will be ready for awarding and granting Production Sharing Agreements (PSAs).

Onshore Somalia is covered with eight thick sedimentary basins (except two Precambrian outcrops – one in Bur and the other being the Golis Mountain Range) that exceeds thicknesses of more than 5000 m in some areas. Well data has shown the existence of working petroleum systems: source rocks in multiple layers; reservoir rocks, seals and traps. Drilled wells have also demonstrated oil and gas shows. This evident potential of untapped hydrocarbon resource is one that will prove lucrative for investors and it will unleash economic development throughout Somalia.

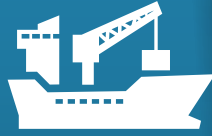
The Mineral Sector

Somalia is endowed with mineral resources but it requires investments to

make it into the thriving industry it can be. Despite the opportunity it present for economic growth and development for Somalia, the minerals industry produced negligible amounts of gemstones, gypsum, salt and sepiolite in the last few years. Artisanal mining is growing rapidly but the whole lucrative mining sector in Somalia needs investments to develop to full capacity.

Somalia also has some deposits of feldspar, potash, iron ore, kaolin (China clay), limestone, piezo-quartz, silica sands, tantalum, apatite (phosphates), coal, tin, bauxite, uranium and lignite. None of these deposits are developed. Bur Area and the Golis Mountains Range have the main occurrences of metallic mineralization in the country. In the past, a number of base metal, auriferous (golden), copper and molybdenum manifestations were registered, amongst them many hydrothermal ones. Some of these resources could be turned into proved deposits, after proper prospecting.

The Government of Somalia considers investment in the Extractive Industry a priority and will provide attractive incentives to all investors in this area.



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