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Travel briefs, Somalia

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SOMALIA

SOMALIA

Brief for Mr. McNamara's Visit

Nov. 13 - 15, 1972

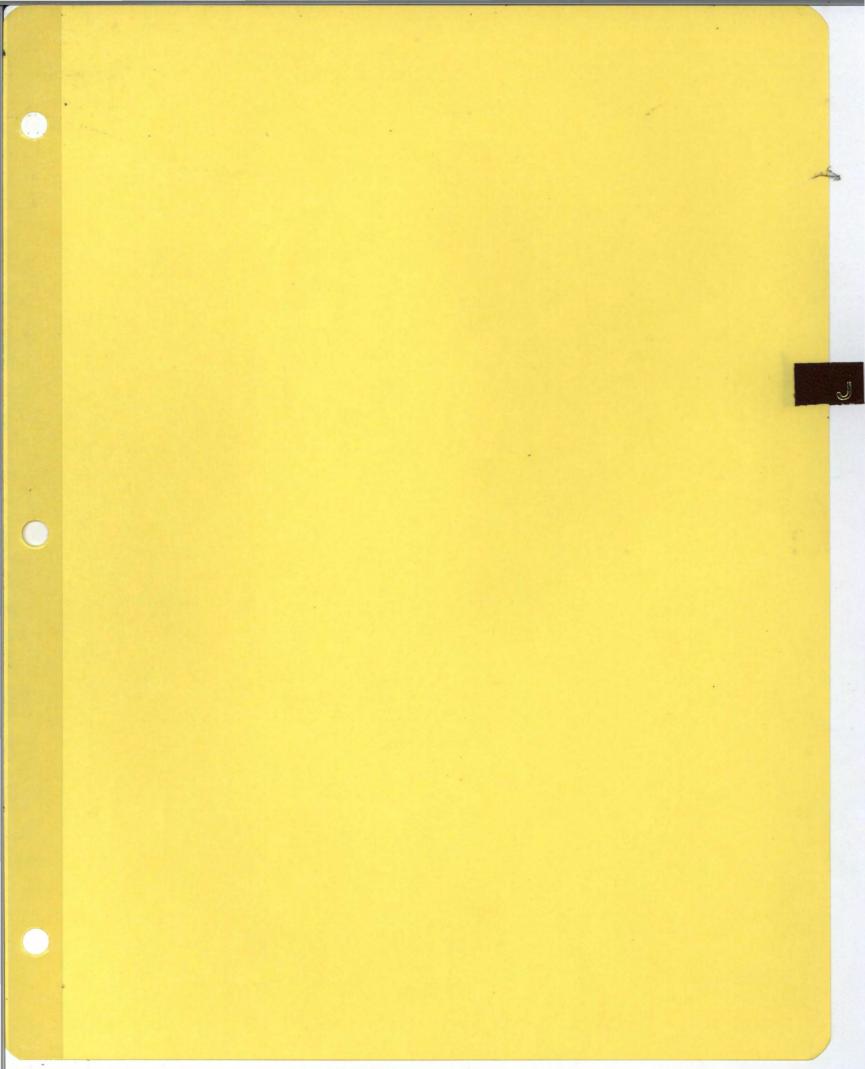
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Economic and Social Situation Political Situation Recent Development and Prospects of the Main Sectors IDA Operations

Q. UNDP Annual Report (Extract)



OFFICE MEMORANDUM

TO:

Mr. Robert S. McNamara

FROM:

Michael L. Lejeune

SUBJECT:

SOMALIA PROGRAM

DATE: November 1, 1972

For your weeting with the Kochman at 510 per wonday Wo he Wancan

Nassim Kochman phoned me from Rome this afternoon to give me the Somalia program as worked out by him. It was a poor line and I had some difficulty in hearing him, but the following is what I got out of the conversation.

Monday, November 13

14:00

Arrive Mogadishu from Khartoum

16:30 - 19:00

A working meeting chaired by the Secretary of State for Planning and participated in by the Secretaries

of State for: Education

Agriculture

Rural Development & Livestock

Transportation

Commerce

and the Governor of the Somali National Bank.

19:20

Courtesy call on the President

20:30

Small dinner by the Governor of the Somali National Bank. (Mrs. McNamara is invited)

Tuesday, November 14

08:00

Depart on field trip during which visits will be made to the National Teacher Education Center, the RRevolutionary Youth Center, an agricultural cooperative, the site of one of the "crash programs", and an agricultural project, the identity of which I was unable to catch.

13:00

Lunch by the Secretary of State for Finance (it appeared that this lunch would be at a point along the itinerary of the field trip).

16:30

Arrive back in Mogadishu.

17:00 - 18:30

Free

Tuesday, November 14

18:30 - 20:00 Visit the University and address the students. Apparently the President

particularly wishes you to do this and leaves to you the choice of subjects but suggests "Africa and the World Bank".

I am alerting William Clark.

20:10 Interview with the Head of State followed

by dinner given by him (Kochman has emphasized that dinner must be over by

22:30)

Wednesday, November 15

08:00	Receive the U.N. Resident Representative
09:00	Call on the Governor of the Somalia National Bank
09:30	Depart for airport where refreshments will be served as the Somali officials gather to say goodbye.

10:00 Depart for Nairobi.

MLLejeune:neb

Misholy 5

Programme of the official visit of Mr. Robert S. McNamara, President of the World Bank Group to the Somalia Democratic Republic.

20.00 Meeting with H.B. The Head of State

(13 - 15 November 1972)

MONDAY, NOBEMBER 13

08.00	Leave Khartoum
11.00	Arrive Hargeisa
11.00 to 13.00	Visit of Hargeisa and Livestock Marketing Areas
13.00 to 14.30	Lunch with Government Representative Officials
15.00	Departure for Mogadiscio
17.40	Arrival to Mogadiscio
20.30 to 22.30	Dinner offered by the Governor of the Somali National Bank

TUESDAY, NOVEMBER 14

8.00	Vigit	to	Genale-Merca	areas
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- a) National Teachers Education Center "College of Education"
- b) Revolutionary Youth Center
- c) Ex prisonners cooperatives (Rehabilitation programme)
- d) Crash Programme (2 Large programmes)
- e) Visit of Agricultural schemes (Banana-grape-fruit EEC has financed projects)

13.00 to 14.30	Lunch by Secretary of State for Finance (After lunch we continue visit of aforementioned areas (a, b, c, d,e))
15.30	Return to Mogadiscio
16.30	Arrive Mogadiscio
16 30 to 18.30	Rest
18.30	

to Working meeting with Government Officials 20.00

20.00 Meeting with H.E. The Head of State
to
20.30
20.30
to Dinner offered by H.E. The Head of State.
22.30

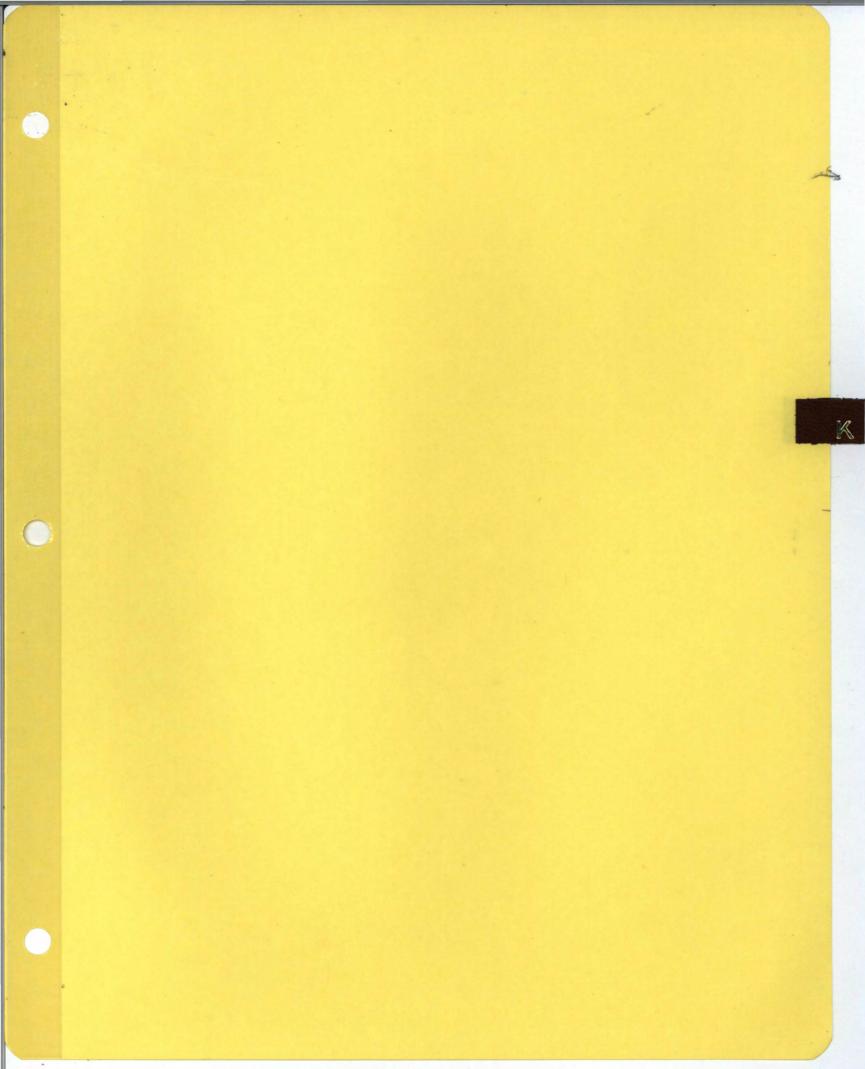
WEDNESDAY, NOVEMBER 15

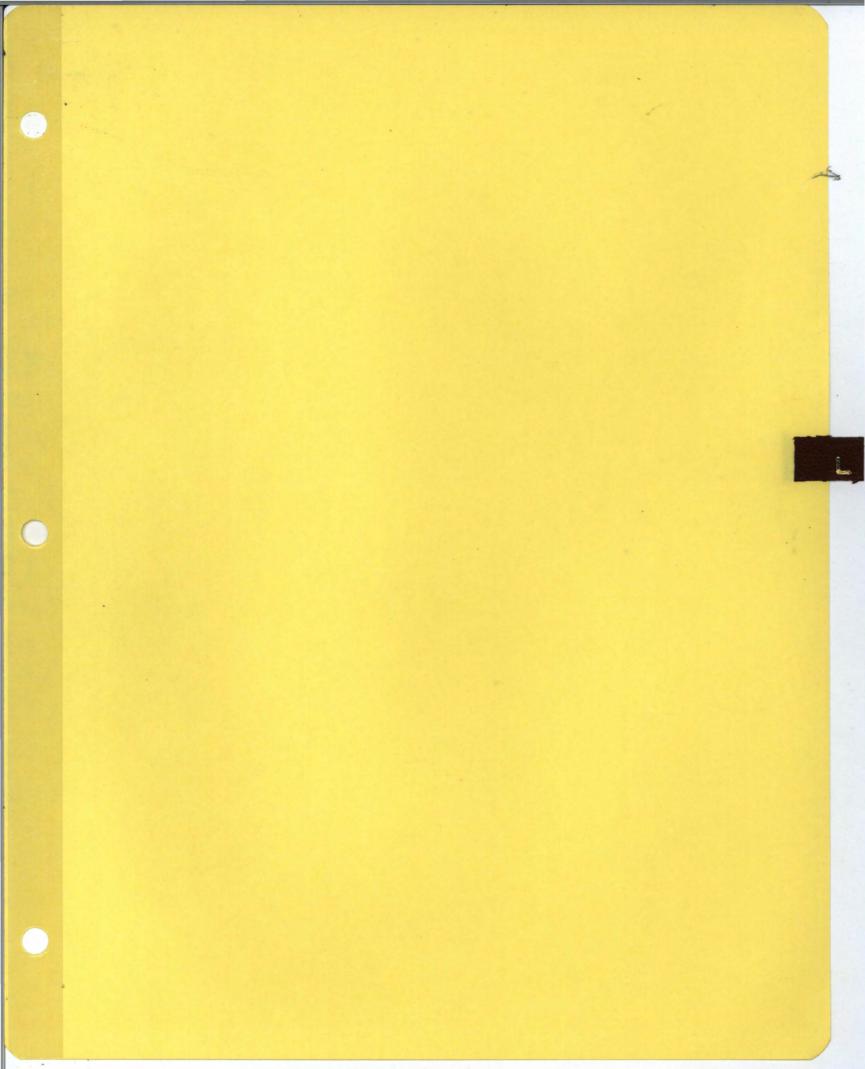
Briefing with U.N. Resident Representative

Call on Governor of the Somali National Bank

Arrive Airport (refreshment - chat with officials who are seeing off Mr. McNamara).

Departure to Nairobi.







SOMALI DEMOCRATIC REPUBLIC

BACKGROUND NOTES

Population: 2.7 million (1968 est.) Capital: Mogadiscio

The Somali Democratic Republic comprises Italy's former Trust Territory of Somalia and the former British Protectorate of Somaliand. It is located on the east coast of Africa north of the Equator and, together with Ethiopia, is often referred to as the Horn of Africa. The 1,700-mile Somali coastline is bounded on the north by the Gulf of Aden and on the east and south by the Indian Ocean. To the west, Somalia's land frontiers are with the French Territory of Afars and Issas, Ethiopia, and Kenya. The country, which is shaped like a figure seven, has a total area of about 246,000 square miles—slightly less than that of Terras

The northern part of the country—formerly British Somaliland—is hilly, and in many places the altitude ranges between 3,000 and 7,000 feet. The central and southern portions, however, are flat with an average altitude of less than 600 feet. Crossing the country are two rivers, the Juba and the Shebelli, which rise in Ethiopia and flow south to the Indian Ocean.

The prevailing climatic factors are monsoon winds, a hot climate, and scarce, irregular rainfall with recurring droughts. The southwest monsoon, a cool sea breeze, makes the period from about May to October the most pleasant season at Mogadiscio, with the December to February period of the northeast monsoon also being quite bearable. The so-called "Tangambili" periods intervening between the two monsoons—October to November and March to May—are hot and humid, the latter being especially oppressive.

The Somali flag consists of a five-pointed white star against an azure blue background. Each of the five points represents a Somali-inhabited territory: former British Somaliland, former Italian Somalia, the French Territory of Afars and Issas, the Ogaden region of Ethiopia, and the northeastern region of Kenya.

THE PEOPLE

The population of the Somali Democratic Republic is estimated to be about 2.7 million. However, no census has been taken for many years and some estimates place the figure considerably higher. The Somalis are a Hamitic people, predominantly Moslem, and more than 75 percent are nomads or seminomads. There are four major tribal groups; the Darod, largest of the groups,

predominating in the northern and northeastern parts of the country; the Hawiya in the central part; the Rahanwein in the area between the two rivers; and the Ishaak in the north-central portion. Other sizable ethnic groups in the country include some 35,000 Arabs, about 2,000 Italians, and 1,000 Indians/Pakistanis. The population growth rate is estimated at 2.9 percent annually.

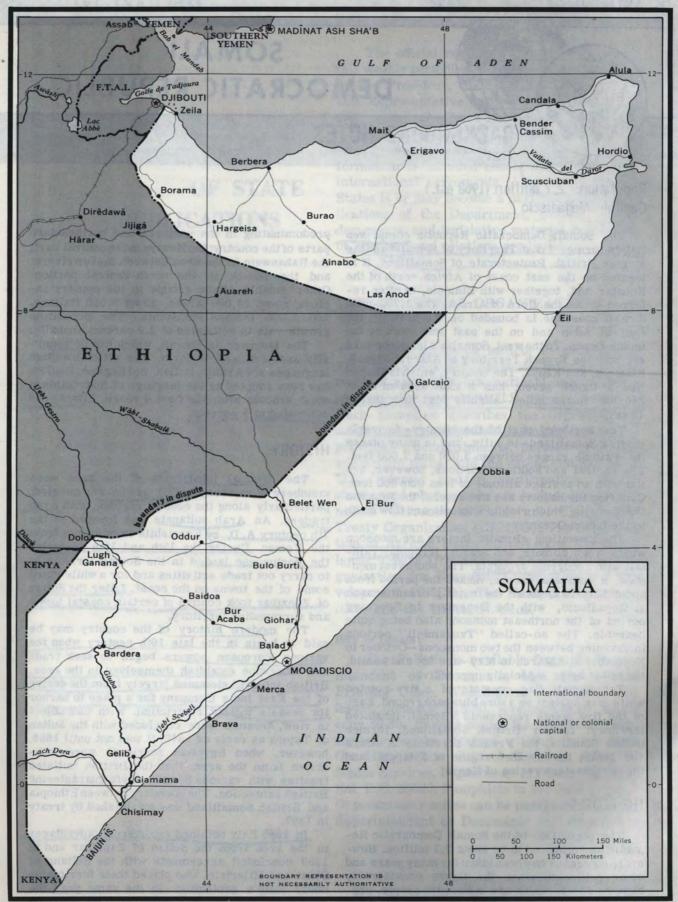
The language is Somali, which has no generally accepted written form. The official written languages are Arabic, Italian, and English. English has been adopted as the language of instruction in most schools after the first 4 years. Literacy is estimated at 5 percent.

HISTORY

The original inhabitants of the area were members of various Hamitic groups who mingled, particularly along the coastal regions, with Arab traders. An Arab sultanate was founded in the 7th century A.D. by Koreishite immigrants from the Yemen. During the 15th and 16th centuries the Portuguese landed in the Somali territories to carry out trade activities and for a while ruled some of the towns on the coast. Later the Sultan of Zanzibar took control of certain coastal towns and surrounding territory.

The modern history of the country may be said to begin in the late 19th century when the various European powers began to seek trade and otherwise establish themselves in the area. British interest stemmed largely from the desire of the East India Company for a place to harbor its vessels without restriction. With this object in view, treaties were concluded with the Sultan of Tajura as early as 1840. It was not until 1884, however, when Egyptian garrisons were withdrawn from the area, that the British initiated treaties with various Somali chiefs guaranteeing British protection. The boundary between Ethiopia and British Somaliland was established by treaty in 1897

In 1885 Italy obtained commercial advantages in the area from the Sultan of Zanzibar and in 1889 concluded agreements with the Sultans of Obbia and Mijertein, who placed their territories under Italy's protection. In the same year the Italian protectorate was extended to the ports on the Benadir coast—Warshek, Mogadiscio, Merca, and Brava—all then held by the Sultan of Zanzibar.



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After initial Italian occupation of the Somaliland coast in 1891, an agreement was concluded in 1892 between the Sultan of Zanzibar and the British Government (Protector over the Sultanate of Zanzibar) on the one hand, and Italy on the other, whereby the Benadir ports and the hinterland within a radius of from 6 to 10 miles were leased to Italy for 50 years. In 1905, by agreement with the British Government, Italy purchased the coast from Warshek to Brava. Administration was assumed directly by the Italian Government, which gave the territory colonial status.

From that time on, the Italians gradually extended their occupation inland. In 1924 the Jubaland Province of Kenya, including the town and port of Chisimaio, was ceded to Italy by the United Kingdom. The subjection and occupation of the hitherto independent Sultanates of Obbia and Mijertein, begun in 1925, were completed in 1927 and brought direct Italian administrative control over the whole territory. This control continued until World War II.

Following the declaration of war on the United Kingdom by Italy in June 1940, British forces began operations against the Italian East African empire, and by February 1941 the greater part of Italian Somaliland was under British control. From 1941 to 1950 Somalia was under British administration, and the transition toward self-government was begun.

By article 23 of the peace treaty of 1947, Italy renounced all rights and titles to Italian Somaliland. In accordance with the treaty stipulations, the Four Powers, on September 15, 1948, referred the question of disposal of the former Italian colonies to the U.N. General Assembly. On November 21, 1949, the General Assembly adopted a resolution recommending that Italian Somaliland be placed under the international trusteeship system for a period of 10 years with Italy as the administering authority followed by independence for Italian Somaliland, At its 14th session, in 1959, the U.N. General Assembly, at the request of the Somali Government, advanced the date of independence from December 2 to July 1, 1960.

Meanwhile, rapid progress toward self-government was being made in British Somaliland. Elections were held in February 1960, and one of the first acts of the new legislature was to request the United Kingdom to give the area its independence so that it could be united with Italian Somalia when the latter became independent. The United Kingdom agreed, and the protectorate became independent on June 26, 1960. Five days later, on July 1, it joined Italian Somalia to form the Somali Republic.

On October 21, 1969, the army and police seized power and renamed the country the Somali Democratic Republic.

GOVERNMENT

The constitution unanimously accepted by the Somali Constituent Assembly on June 1, 1960, established a representative, democratic, unitary

Republic and was approved in a nationwide referendum on June 20, 1961. Following the coup d'etat on October 21, 1969, the constitution was abolished although drafting began on a new one.

After the army and police seized power, the previous National Assembly, political parties, and cabinet were dissolved. The former cabinet ministers were placed under house arrest, and a new system of government was instituted.

A Supreme Revolutionary Council (SRC) of 25 members—20 army officers and five police officers—was created to rule Somalia. In order to carry out the legislative power of the SRC, a Cabinet of 14 men—13 civilians and the police Commandant—was formed.

Much of Somalia's judicial system is based on Islamic law and was unchanged by the coup. New members and the chairman of the Supreme Court have been selected by the SRC. The SRC exercises supreme power in certain cases. Local judicial power continues to be exercised by the

regional and district courts.

For administrative purposes Somalia is divided into eight regions, each governed by a Regional Revolutionary Council whose members are appointed by the SRC.

POLITICAL CONDITIONS

Until the 1969 coup, the Somali Youth League (SYL) had been the predominant political party. At the present time no parties are permitted. Regional and District Revolutionary Councils have been formed to partially substitute for political parties. The internal policy of Somalia as stated by the SRC is to:

 Constitute a society based on the right to work and social justice;

Promote rapid progress in the economic, social, and cultural fields;

3. Eliminate illiteracy and develop an enlightened cultural heritage;

Develop a written Somali language; and
 Abolish all forms of corruption, anarchy, nepotism, and tribalism.

ECONOMY

The Somali Democratic Republic is one of the poorest countries in Africa. The gross national product (GNP) for 1968 was U.S. \$170 million—\$63 per capita.

Its economy is of the pastoral-agricultural type, the main form of wealth being livestock, principally camels, cattle, sheep, and goats. Because of the scanty and irregular rainfall, agriculture is generally restricted to the vicinity of the rivers, certain coastal districts, and the dry farming area between the Juba and Shebelli Rivers and around Hargeisa. The principal crops are sorghum, maize, beans, peanuts, bananas, sesame, sugarcane, and cotton. Frequent droughts

are characteristic of the area and cause many hardships for the inhabitants. During the trusteeship period Somalia depended on grants-in-aid from the Italian Government, and the protectorate required similar assistance from the United Kingdom. External financial assistance will continue to be required for some time to permit Somalia to meet its budgetary deficit and economic development needs.

A small fishing industry has begun in the north where tuna, shark, and other warm-water fish are caught. Aromatic woods—frankincense and myrrh—from a small forest area also contribute to the country's exports. Minerals, including uranium, are found throughout the territory, but none have been exploited commercially. Several oil companies currently are carrying on exploration activities. With the help of foreign aid, small industries, such as textiles, fish and meat canning, and printing, are being established.

The "European" sector of the agricultural economy consists primarily of plantations along the rivers utilizing widespread irrigation and upto-date farm machinery. In 1967 the value of exports totaled \$27 million and imports \$41 million. The principal export crops are livestock products and bananas. Livestock products account for about 70 percent of the country's total exports. Imports consist primarily of textiles, cereals, and transportation equipment. Somalia's major trading partners are Italy, the United Kingdom, and Saudi Arabia.

There are no railways in the country, and internal transportation is by truck and bus. There are about 9,000 miles of roads, including 700 miles of all-weather roads.

Air transportation is provided by Alitalia, United Arab Airline, East African Airways, and Somali Airways. They provide service to Aden, Southern Yemen; Djibouti, French Territory of Afars and Issas; Khartoum, Sudan; Cairo, United Arab Republic; Nairobi, Kenya; and Rome, Italy. The new Somali National Airline also provides internal service.

Mogadiscio is the chief port of the country, but it is not able to accommodate oceangoing vessels for direct cargo loading and unloading. The United States is financing the construction of a medium-draft port at Chisimaio, the basic part of which was completed at the end of 1965. Smaller ports are located at Berbera, Merca, Brava, and Bosaso.

There is a radio-telephone service to Aden, Zanzibar, and Nairobi, as well as Rome and London. Most of the small towns and villages are linked to the capital by telephone and telegraph wires. Radio broadcasting stations operate in Mogadiscio and in Hargeisa with programs in Somali, English, Italian, Swahili, and Arabic.

FOREIGN RELATIONS

Somalia was admitted to the United Nations on September 20, 1960. It is also a member of several U.N. specialized agencies, the Organization of African Unity (OAU), and is an associate member of the European Economic Community (Common Market).

Since independence Somalia has followed a foreign policy of nonalignment. It receives economic assistance from the United States, Italy, and the Federal Republic of Germany, as well as from the Soviet Union and Communist China. The U.S.S.R. has provided about \$35 million in military assistance.

An important issue on the foreign, as well as the domestic, policy level is the question of the Somalis who reside outside the Republic. It is the goal of Somali nationalism to unite the other Somali-inhabited territories and their 1 million Somalis with the 2.7 million in the Republic. The former constitution specified that this be accomplished by "peaceful and legal means." This issue has been the main cause for crises between Somalia and Ethiopia and Kenya. In March 1963 Somalia severed diplomatic relations with the United Kingdom over Kenya's northeastern region (Northern Frontier District), an area inhabited mainly by Somalis. Somalia urged self-determination for the people of the area, while Kenya refused to consider any steps which might threaten its territorial integrity. Related problems concern the undemarcated boundary with Ethiopia and the large-scale migrations of Somali nomads between Ethiopia and Somalia. The Somali Governments elected in August 1967 and April 1969 made a concerted effort to normalize Somalia's relations with its neighbors. In January 1968 Somalia reestablished diplomatic relations with the United Kingdom and established relations with Kenya.

In its foreign policy statement issued a few days after taking power in October 1969, the SRC said it will:

- Support international solidarity and national liberation movements;
- Oppose all forms of colonialism and neocolonialism;
 - 3. Struggle to maintain Somali national unity;
- 4. Recognize the principle of peaceful coexistence;
- Continue the policy of positive neutrality;and
- 6. Respect and recognize all international commitments undertaken by the previous government.

U.S. POLICY

The primary objectives of U.S. policy with respect to the Somali Democratic Republic include: (1) the maintenance of friendly, cooperative relations; (2) the preservation of Somalia's independence within a democratic framework; and (3) encouragement of and assistance in the balanced and orderly development of the economy of the Republic.

U.S. Agency for International Development (AID) projects include construction of a port at Chisimaio, development of Somalia's police force, and a teacher-training center.

PRINCIPAL GOVERNMENT OFFICIALS*

President, SRC-Maj. Gen. Mohamed Siad Barre Vice Presidents, SRC-Maj. Gen. Jama Ali Korshel and Maj. Gen. Mohamed Ainanshe

Cabinet Secretaries

Education—Hassan Ali Mirreh
Justice, Religion, and Labor—Osman Nur Ali
Health—Mohamud Aden Sheikh Osman
Communications—Mohamed Ashor
Agriculture—Abdulla Aw Farah
Minerals—Mohamed Burraleh
Information—Mahamoud Jama Ahmed
Planning—Ahmed Mohamed Mohamoud
Finance—Mohamoud Abdi Arraleh
Foreign Affairs—Omar Arteh Ghalib
Public Works—Abdulkadir Adan Abdulle
Rural Development and Livestock—Mohamoud
Mohamed Osman
Interior—Maj. Gen. Jama Ali Korshel
Commerce—Mohamoud Gelleh Elmi

Ambassador to the U.S.—Yusuf Omar Azhari Ambassador to the U.N.—Abdulrahim Abby Farah

The Somali Democratic Republic maintains an Embassy in the United States at 1875 Connecticut Avenue, N.W., Washington, D.C. 20009.

PRINCIPAL U.S. OFFICIALS

Ambassador—Fred L. Hadsel
Deputy Chief of Mission—Alfred P. Dennis
Director, U.S. AID Mission—Daly C. Lavergne
Public Affairs Officer—Dan Herget
Consul at Hargeisa—Edward W. Schaefer

The U.S. Embassy in the Somali Democratic Republic is located at Corso Primo Luglio, Mogadiscio.

READING LIST

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DEPARTMENT OF STATE PUBLICATION 7881 Revised February 1970

> Office of Media Services Bureau of Public Affairs

^{*}The first name is the man's own name, the second is his father's, and the third, his grandfather's. Unless one knows which name is most commonly used, it is best to use all three.

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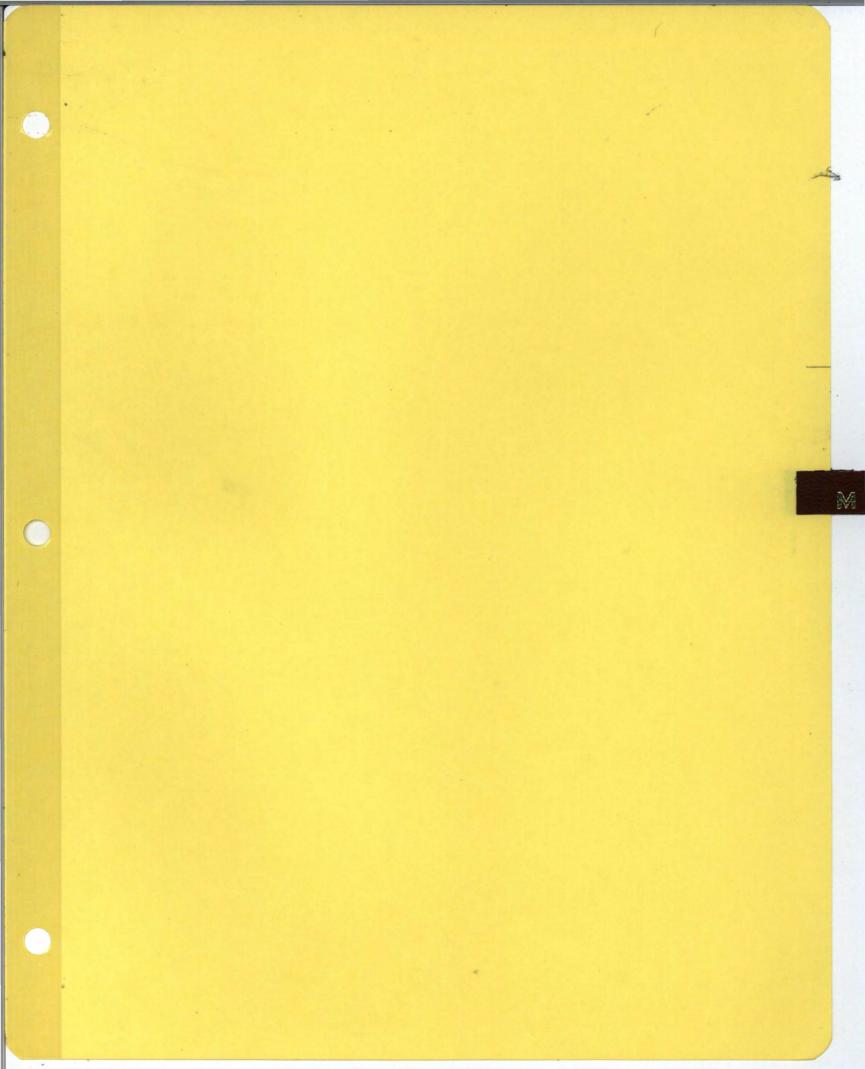
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BIOGRAPHICAL DATA

Major General Mohamed Siad Barre: President

On June 26, 1965, Brigadier General Mohamed Siad Barre became Commanding General of the Somali National Army (SNA), succeeding the late General Daud Abdulle Hersi.

Siad was born in Lugh-Ganane in 1920. Siad attended local courses while a member of the police under the British administration in 1941 and took an Italian military preparatory course in Mogadiscio in 1951. He also received police training in Italy for 18 months around 1952 and attended short courses in the UAR and Britain. In March 1960 he attended a two-month course in England.

General Siad's rise to army commander began in the Somali police force. In 1941, after six years as an enlisted man in the Italian military forces, he joined the police force of British Somaliland after the Italian defeat (1941), rising to chief inspector in 1950. He joined the police force in Somalia in 1954. He was commissioned a second lieutenant, promoted to police subdivision commander in Mogadiscio (1955), division commander (1958) and chief of the Special Branch with the rank of major (1959). In 1960 he was promoted to colonel and transferred to the newly created SNA as its chief of staff.

Siad speaks good Italian, the language he prefers for serious discourse, fair English and poor Arabic. He is married and has many children.

Mohamed Yussuf Weirah: Secretary of State for Finance

Weirah, who had his university education in Italy, was a career civil servant and served in the Department of the Accountant-General before the Revolution. Since the Revolution, he has been in general administration, working with the President of SRC on economic matters.

In August 1971, he was appointed as Secretary of State for Finance.

Omer Arteh Kelib: Secretary of State for Foreign Affairs

He had his elementary and secondary education in Hargeisa and attended College of Education, Bristol University (St. Paul's College). Mr. Arteh joined the service in 1951 as teacher, became Vice-principal at Sheikh Intermediate School 1954-58 and principal at Gabileh Intermediate School 1958-60; Ass. District Commissioner Hargeisa 1960; DC Erigave 1960-1961; First Secretary Moscow 1961; Permanent Mission to the UN 1962-65; Ambassador to Ethiopia 1965-68 and member of the dissolved Parliament 1969. Since the revolution in October 1969 he has held the current portfolio.

He was elected President of a youth organization called S.O.B.A., President of Teacher's Association and President of the Somali Officials Union. He is married with 7 children.

Ibrahim Megag Samater: Secretary of State for Industry

Mr. Samater was born at Hargeisa in 1942. He received his primary education at the Hargeisa Primary School (now "Scek Bascir School") and continued his studies at the Amud secondary school and the Sheikh College. In 1961 he went to the United States to study at the Yale Faculty of Economics, where he gained the degree of Bachelor of Economics in June 1965.

In September 1965, he joined the Revenue Department of the Finance Ministry, where he stayed until September 1965 when he went back to the United States to spend a further year at Yale in order to obtain his Master's degree in economics.

On his return, in September 1967, he was transferred to the Budget Department of the Finance Ministry, becoming Director of that Department in June 1968. He then held this position until March 16, 1970, when he was promoted to Director-General of the Finance Ministry.

Samater has taken an active part in student and youth movements, both in Somalia and abroad. He is married without children.

From April 1970 to August 1971, he was the Secretary of State for Finance, and assumed the current portfolio in August 1971.

Scek Abdilgani Scek Ahmed: Secretary of State for Justice and Religion

Mr. Scek Abdulgani Scek Ahmed was born at Oddur in the Upper Juba in 1931. He attended the Koranic school in his home town and specialized in Arabic and the teachings of Islam.

In 1952, he went to the UAR to continue and complete his studies at the advanced level, enrolling at the "Al-Azhar" University where he graduated in Islamic law in 1956.

Upon returning to Somalia, he was appointed Professor of Islamic Law at the then "Istituto Universitario" (now the National University).

Later, in 1957, the Minister of Education also appointed him Secondary School Professor.

In 1961 he was made Attorney General for Religious Affairs.

In 1963 Mr. Ahmed was appointed a member of the Supreme Court. In April 1970, he was elevated to the current position. He is married with three children.

Ahmed Mohamed Mohamoud: Secretary of State for Planning

Born in 1936 and educated at Sheikh and Amud, he went to Britain for higher education in 1958 and received his BA and MA in economics from British Universities.

He joined the service of the then British Somaliland Protectorate in 1957 as translator of "War-Somali Sidihi" (October Star) became teacher for a while and worked at the Planning as Director of Department since 1965. Since the Revolution in October 1969, he has held the current position.

He attended many seminars, conferences and symposiums connected with various aspects of economic development. He attended courses and travelled Africa, Asia, Europe and America and the Soviet Union. He is married with a daughter.

Said Ibrahim Hagi Said: Secretary of State for Rural Development and Livestock

Mr. Said Ibrahim Hagi Said was born at Bosaso in 1939. After completing his primary schooling in his home town, he moved to Mogadiscio where he attended the secondary school and teacher training college. In 1956, he went to Italy for an eighteen-month specialized course, which he completed successfully. Upon his return to Somalia he joined the Ministry of Education as a teacher.

At the beginning of 1961, Mr. Said left for the Soviet Union, where, after a language course, he enrolled at the Kiev State University Faculty of International Law. In June 1966, he was awarded a first-class degree as Master of International Law.

After coming back, he transferred from the Ministry of Education to that of Industry and Trade, where he worked for two and a half years. In March 1968, he was illegally dismissed for political reasons, which obliged him to obtain employment as a clerk at the Banco di Roma, where he was working at the time of his appointment as Secretary of State in April, 1970.

Since 1958 Mr. Said has been an active member of Somali trade union and student organizations. He speaks and writes four languages fluently: Italian, Arabic, English and Russian. He is unmarried.

Abdulaziz Nur Hersi: Secretary of State for Transport

A lawyer and member of the pre-revolution council. Before this appointment he had never served in Government.

CURRICULUM VITAE (UNDP Resident Representative)

NAME:

ABDOURASHIDOV, Gafour

DATE OF BIRTH:

December 6, 1924

NATIONALITY:

U.S.S.R.

MARITAL STATUS: Married (two children)

LANGUAGES:

Russian, English, French (some), Arabid (some), Turkish (some,

Persian (some), Uzbek.

EDUCATION:

1950 Diploma of Oriental History from the University of

Tashkent and the Institute of International Relations,

Moscow, U.S.S.R.

1952 Diploma of English Philology - Pedagogical Institute

of Foreign Languages, Tashkent, U.S.S.R.

EXPERIENCE:

1962-present - Head of External Relations Department, Uzbek State Committee for Co-ordination of Scientific and Research Work;

subsequently, Council of Ministers of Uzbekistan, Tashkent.

1968-present - Also Member of Commission on External Economic

Relations of the Praesidium of Council of Ministers of the

Uzbek Soviet Socialist Republic.

1958-1962 - Representative of the Soviet Committee for

Solidarity with Afro-Asian Peoples - Permanent Secretariat of the Afro-Asian People Solidarity Organization, Cairo, U.A.R.

1950-1958 - Head of Uzbek Office of Society for Cultural

Relations with Foreign Countries; thereafter Vice-President

of Society.

June 1970 - UNDP Resident Representative to Somalia.

Eastern Africa, Programs I October 25, 1972

MEMBERS OF THE SUPREME REVOLUTIONARY COUNCIL AND THE COUNCIL OF SECRETARIES

- In Somalia, the Supreme Revolutionary Council (SRC) is the highest decision-making authority. All legislative, executive and judicial powers are vested in the SRC. The SRC is assisted by an executive body, the Council of Secretaries consisting of secretaries of states for each Ministry and chaired by the President of the SRC.
- 2. The Council of Secretaries is composed of the following members:
 b/

 President: Major General Mohamed Siad Barre

Secretary of State for Agriculture
Secretary of State for Commerce
Secretary of State for Defence
Secretary of State for Education
Secretary of State for Finance
Secretary of State for Foreign
Affairs

Secretary of State for Health Secretary of State for Industry Secretary of State for Information

and National Guidance
Secretary of State for Justice
and Religion

Secretary of State for Labour and Sports

Secretary of State for Minerals Secretary of State for Planning Secretary of State for Posts

Secretary of State for Posts and Telegraphs

Secretary of State for Public Works
Secretary of State for Rural
Development and Livestock

Secretary of State for Transport

Secretary of State for Interior

- Dr. Abdulrahman Mohamad Hussan

- Dr. Mohamed Warsama Ali

- Brig. Gen. Mohamed Ali Samater ab/
- Major Abdulrizak Mohamud Abucar b/

- Mohamed Yussuf Weirah

- Mr. Omar Arteh Kelib

- Dr. Mohamed Adan Mohamud

- Dr. Ibrahim Megag Samater

- Colonel Ismail Ali Abokor a,b/

- Dr. Sheikh Abdulgani Sheikh Ahmed

- Colonel Mussa Rabile

- Mr. Mohamed Gurrala

- Dr. Ahmad Mohamed Mohamud

- Lt. Colonel Ahmed Mohamed Farah b/

- Colonel Mohamed Sheikh Osman b/

- Dr. Said Ibrahim Hagi Said

- Dr. Abdulaziz Nur Hersi

- Brig. Gen. Hussein Kulmie Afrah a,b,

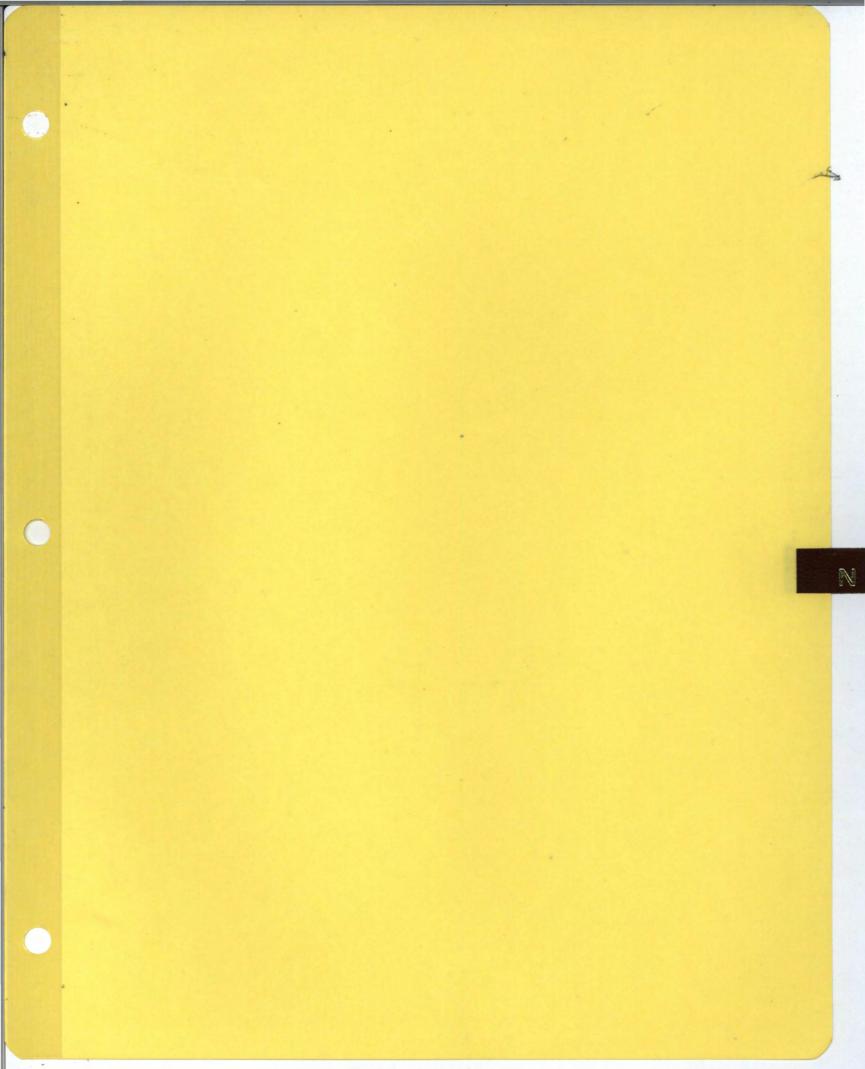
(continued)

a/ Denotes Vice Presidents.

b/ Denotes a member of the SRC.

3. In addition to seven members of the SRC who are concurrently members of the above Council of Secretaries, the following fourteen members constitute the remainder of the Supreme Revolutionary Council.

Brig. General Abdulla Mohamed Fadil
Colonel Ali Mattan Hashi
Colonel Mohamoud Mire Musa
Colonel Ahmed Sulliman Abdulle
Colonel Mohamed Ali Shirreh
Lt. Colonel Mohamed Ghelle Yusuf
Lt. Colonel Faraj Wais Dualleh
Lt. Colonel Musa Rabille God
Lt. Colonel Ahmed Hassan Musa
Major Mohamed Omar Ges
Major Osman Mohamed Gelle
Major Mohamed Yusuf Elmi
Major Abdi Warsam Issak
Major Abdulkadir Haji Mohamed



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WBG ARCHIVES

CONFIDENTIAL August 18, 1971

COUNTRY PROGRAM NOTE

SOMATIA

1971 Population: (2.8 million

Bank/IDA Lending (\$ million)1,

1970 per capita GNP: (\$60

FY73-77 FY69-73

Current Population Growth Rate: (25) per annum

IBRD

Current Exchange Rate: So. Sh 7.14 = US\$1

US\$0.14)= So. Sh 1

22.1

IDA

Operations Program

Annual average per capita (\$) 2.64 IDA

A Country Program Paper on Somalia, dated September 8, 1970, was reviewed on September 14, 1970. The paper was based on the findings of the last Bank economic mission, which visited Somalia during May/June 1970. The economic report was distributed to the Executive Directors on January 15, 1971.

Political Background

- 2. The Somali Democratic Republic was born as an independent nation on July 1, 1960 through a merger of the former Italian Trust Territory of Somalia and the former British Protectorate of Somaliland. After a decade of parliamentary rule by the predominant political party, the Government of Somalia was taken over by the military in a bloodless coup on October 21, 1969. The Supreme Revolutionary Council (SRC), consisting of Army and Police officers, became the highest decision-making body in the country. The SRC keeps itself from public view and runs the government ministries through Secretaries of State, consisting mainly of civilians. The Secretaries of State are mostly in their 30's, holders of post-graduate degrees, but with necessarily limited experience in government.
- There have been no major political changes in Somalia since the 3. last review. There were Cabinet reshuffles in March and early August, 1971. The latter included the creation of three new ministries, which increased the size of the Cabinet to 18. In May the Government reported that it had foiled an incipient counter-coup. It appears, however, that the SRC is now quite firmly entrenched and no immediate threat to its rule is discernible.

In foreign affairs, the Government remains committed to the policy of non-alignment, and uncompromising opposition to all forms of colonialism. It is also committed to the eventual reunification of all the Somali peoples by peaceful means. Somalia's relations with her neighbors, Ethiopia and Kenya, which have in the past been embittered on the reunification issue, may currently be characterized as correct. In any case, the new Government has concentrated most of its attention on the solution of domestic problems, particularly in economic development.

Recent Economic Performance

- Average per capita income is at most \$60 per year. Some three-fifths of the population are nomads relying on extensive livestock production for their livelihood. The monetary sector is small and provides only a limited market, and exports consist almost entirely of livestock and bananas. Transport and communications are generally very undeveloped and most rural communities are almost entirely isolated.
- 6. On Independence, Somalia inherited chronic budget deficits and has had to rely on external aid to balance the recurrent budget and to finance the whole of development expenditure. However, the budget deficit has been progressively reduced and the balance of payments has steadily improved over recent years, with assistance from the IMF.
- 7. The three priority tasks for the Government are: (a) to eliminate the current budget deficit; (b) to bring existing projects into efficient operation where possible and, (c) to identify the most promising sectors for future development. In 1970, the Government made some further progress toward eliminating the budget deficit. A major effort was made to curtail-expenditures, including the imposition of salary cuts, effective from September 1970, for Government personnel, ranging from 5 percent in the low-wage groups to 40 percent in the highest salary bracket. An increase in total revenue came from two main sources: an improvement in tax collection and a development levy imposed on private sector employees so as to bring their salaries in line with those of Government employees. As a result, the portion of foreign assistance required for budget support fell further from So. Sh. 20 million in 1969 to So. Sh 16 million in 1970.
- 8. The 1971 budget indicates further improvement in financial management. A modest increase in revenue is projected, while total expenditure is held at its 1970 level. Within this total, most ordinary expenditures, other than defense and police, were further reduced, while expenditures under development heads increased from 5.1 percent to 7.3 percent of total Government expenditure. Defense and police expenditures are projected to increase by about 5 percent over the 1970 budget estimate; their share in total budget expenditure would thereby increase from about 38 percent in 1970 to 41 percent in 1971.

Planning and Prospects

- 9. Somalia ran into problems in her first attempts at economic planning, mainly owing to an uncritical willingness to accept any foreign aid offered. Both Eastern and Western aid was provided with an equally uncritical willingness by major donors to consider development priorities or feasibility. For example, the Russians financed an excessively large harbor in the North at Berbera and the United States did much the same at Chisimaio in the South, whereas the most serious problem was the inefficiency and lack of capacity at Mogadiscio. Other Eastern Bloc aid went, as in Guinea, to industrial or processing plants built without any evident attention to location, supply or market prospects. Somalia has thus received what appears to have been a very high level of foreign aid (see paragraph 14) whereas, translated into terms of effective development assistance, the total would be relatively modest.
- 10. The first Five-Year Plan, published in 1963, was quite unrealistic in terms of Somalia's resources and its ability to prepare and execute projects. A 1968-70 development plan was introduced mainly to complete projects carried over from the first Five-Year Plan. In 1970, the Government initiated a program aimed primarily at stimulating growth in the agricultural sector, particularly food production, although it includes some road building schemes and other projects which should have the immediate effect of reducing unemployment. In general, 1970 can be regarded as a transitional year; a number of major projects were completed and the new Government was assessing the country's needs and seeking improvements in its development program.
- 11. The Somali seem to have learned from the mistakes of previous development efforts and have just completed a So. Sh 1,000 million (\$140 million) Short-Term Development Plan for 1971-73. The Plan was released in Mogadiscio in the last week of July and we have not yet received a copy. Until now, a large proportion of development expenditure has been devoted to improving basic infrastructure, particularly transportation, and most of the foreign aid has been used for this purpose. This can be expected to continue, but the Government intends to devote more of its own resources to the productive sectors, particularly agriculture. The shortage of managerial and technical personnel and the primitive transport network remain the major constraints on development.

Nationalizati on

12. In May 1970, the Government nationalized a number of foreign (mainly Italian) private enterprises, including the commercial banks. The Government has stated that it will pay compensation and negotiations for the terms of compensation of these firms have now begun. We have been told informally by the Italian Government that they will in principle consider help to Somalia to fund compensation if reasonable terms are agreed.

The Bank/IDA Plan

- In the last few years Somalia's economic performance has been improving. From 1965-1969 the total value of exports increased at an average annual rate of 5 percent. The overall budget deficit (and the corresponding external budget support) fell steadily from So. Sh 26.5 million (\$3.7 million) in 1967 to an estimated So. Sh 13.7 million (\$1.9 million) in 1971. The new regime has generally faced its financial problems realistically and tackled them pragmatically. It places a premium on selfreliance and emphasizes the need to terminate Somalia's dependence on external budget support. It is expected that the 1971-73 Short Term Development Plan will reflect an improvement in the Government's development strategy. Nevertheless, the Government is still not financially selfsustaining and hence we should continue to regard it as an IDA-only country. All projects will in fact have to be financed 100 percent externally, since even a token Government contribution would draw on funds made available for budget support, which will be required for another few years, even given optimistic assumptions and good performance. Projects requiring recurrent budget expenditures or working capital must be examined with particular care to ensure that the necessary funds will be available. In addition, more technical assistance in project management will have to be provided than is required for most countries.
- 14. According to a survey by the UNDP office in Mogadiscio in March 1969, the total volume of external assistance during 1960-69 amounted to some \$388 million, of which \$240 million (62 percent) was in the form of grants, and much of the remainder loans on concessional terms. The European Economic Community has been the most important multilateral donor (\$27.3 million) with its emphasis on infrastructure development. The chief sources of bilateral aid were Italy (\$112.4 million), USA (\$70.9 million), USSR (\$53.1 million), the Federal Republic of Germany (\$29.2 million) and Mainland China. Italy provided over a third of the foreign grants, mostly in the form of budget assistance. The United Nations has been very active during the period, but so far the Bank Group has been a relatively minor source of capital to Somalia. However, the United States and the Federal Republic of Germany are drastically curtailing their aid and Somalia will have to turn increasingly to multilateral sources in the future. Hence there is likely to be an increasing role for IDA in Somalia, particularly in view of the indications of her improved ability to make use of aid.
- 15. Somalia's total external debt outstanding at the end of 1970 was \$105.2 million. Of this, IDA accounted for only \$9.1 million or 8.6 percent. The United States accounted for \$16.5 million or 15.7 percent of this debt while the Federal Republic of Germany accounted for 14.7 percent (\$15.4 million).

- 16. The FY72-76 five-year lending program approved at the last review amounted to \$30.5 million, of which 47 percent was for agriculture, 36 percent for transportation and 15 percent for education. Since that review an IDA credit for \$3.3 million for an education project has been signed and negotiations for a road credit for approximately \$8.7 million have been substantially completed. The road project is being financed jointly with the African Development Bank, which is to contribute the remainder of the project cost, about \$0.9 million.
- 17. The proposed lending program for FY73-77 is \$37.0 million for 6 projects. To achieve this, and taking into account the likelihood of substantial wastage and slippage, an operations program of \$45.5 million with 10 projects is proposed. Both the operations and lending programs are somewhat larger than the FY72-76 program approved last year. This is due to the inclusion of two new road projects in the program; the FY72-76 lending program contained only one transportation project, the Port of Mogadiscio project. The proposed program also includes a new education project of \$4.0 million.
- 18. Transportation projects account for nearly 41 percent of the FY73-77 operations program. In a country like Somalia, with a vast area and a small and scattered population, transportation projects are almost inevitably large relative to other projects. The program includes credits for the two new road projects (Roads III, Hargeisa-Borams and Roads IV, Berbera-Burao) 1776 which will be based on feasibility studies expected to be launched in the spring of 1972. The justification of these roads would be based mainly on agricultrual development and expansion of exports. We have been involved with the Mogadiscio port project for some years, but its financing was delayed in 1967 because of a shortage of IDA resources. As an interim step, we provided a credit for final engineering and accounting assistance so that the project could be ready for construction as soon as financing became available. Final engineering was completed in 1970. However, recent shipping statistics show a decline in port traffic in 1970. It will be necessary, either before or during appraisal which is now scheduled for this fall, to analyze the reasons for this decline and their possible effects on future traffic growth in order to decide whether some scaling down of the project is required. FED has agreed in principle to participate in joint financing of the project with IDA on a 50:50 basis.
- 19. Agriculture claims some 40 percent of the operations program. It contains no new projects and still consists of possibilities for which substantial preparation still needs to be done. To realize these projects and expand our lending to Somali agriculture, PMEA has been instructed to intensify its efforts in identification and assistance with project preparation. However, it should be recognized that successful project preparation will be difficult due to the lack of statistical information and research findings, and the scarcity of agriculturally trained counterparts. Other difficulties are illustrated by the Government's recent decision to reject a livestock project which had reached an advanced state of preparation, following substantial efforts on the part of PMEA. The Government would not accept the project unless it included a fattening ranch which PMEA considers

economically unjustified. A mission from PMEA is scheduled to visit Somalia this fall to try to identify other possibilities in the agricultural sector, including, if possible, another livestock project. In view of these developments the first livestock project scheduled for FY73 in last year's lending program has been moved to FY74.

- 20. The share of education in the operations program is about 18 percent. The proposed program includes one new education project scheduled for FY77. At present, only 7 percent of the school-age population can find places in school, few children go beyond elementary school and qualified teachers are scarce. This situation will be improved as a result of the first education credit, and the experience gained in implementing this project will facilitate the preparation and execution of future projects.
- 21. A DFC project of \$1.0 million is proposed for FT76. It is hoped that by that year sufficient progress would have been achieved in the strengthening of the organization, management and staff of the Somali Development Bank (SDB) and in the development of new and sound investment opportunities to enable SDB to use a line of credit.

Attachments

Eastern Africa Department August 17, 1971 Executly revised lending program for Somalia PAGE 13

. POPULATIONS 2.7M

						160	
GNP PER CA	P1 \$<100						
	IVA SOMALIA	- 5 YI	EAR OPER	ATIONS	AND L	ENDING	PROGRAMS
	(BY FISCAL	YEAR .	- AMOUNT	S IN S	MILLI	ONS)	
OPERATIONS F	ROGRAM		1973	1974	1975	1976	1977
2-SOM-AD-01	GENERAL AGRICULTURE	IDA		(2.0)	-		
2-SOM-AI-01	IRRIGATION	IDA		~	(5.0)		
2-SOM-AL-01	LIVESTOCK	IDA		(3.0)	_		
2-SOM-AL-02	LIVESTOCK II	IDA				3.0	
2-SOM-AX-01	AGRICULTURE UNIDENT.	IDA					6.0
2-SOM-DD-01	DFC	IDA			-	1.0	
2=50M=EE=02	EDUCATION II	IDA			(4.0)		
2-SOM-EE-03	EDUCATION III	IDA			_		4.0
2-SOM-TH-05	ROADS IV	IDA				(5.0)	
2-SOM-TP-02	-MOGADISCIO PORT II	IDA	12.9			0	

	1964-68	969=73	1973-77							
IBRD				IBRD						"
IDA	8.5	26.4	45.9	IDA	12.9	5.0	9.0	9.0	10.0	
TOTAL	8.5	26.4	45.9	TOTAL	12.9	5 . 0	9.0	9.0	10.0	
										- 4
NO	2	4.	10	NO	1	2	2	3	2	
						a consideration of	and it has been been been a		W. C.	
							The state of the s			
LENDIN	G PROGRAM	4 (9/	2/71)	*						
IBRD				IBRD	*	- Andrew or All of	-		-	10
IDA	8.5	21.0	38.5	IDA	7.5	7.0	8.0	8.0	8.0	
TOTAL	8.5	21.0	38.5	TOTAL	7.5	7.0	8.0	8.0	8.0	
NO	2	5	7	NO	2	1	2	1	1	
-					1-17	77 (1 40)			White has been	

8 8 10/10/72

Attachment 1

Population: 2.8 million Per Capita Income: \$60

SCHALIA - ACTUAL AND PROPOSE) LENDING THROUGH FY 1977 (\$ willion)

		Through 1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	Total 1964-68	Total 1969-73	Total 1973-77
General Agriculture	IDA									2.0					,		
Irrigation	IDA											5.0					
Livestock I	IDA										2.0	,,,					
Livestock II	IDA												3.0				
Agriculture - unidentified	IDA												,	6.0			
DFC	IDA												1.0				
/																	
Education I	IDA							3.34							,		
Education II	IDA											4.0		-			
Education III	IL.									* .				4.0			
Roads I	IDA		6.2		•												
Roads Project Supplementary	IDA		0.2		2.3				2.6			**					
Roads II	IDA				,				9.6								
Roads III	IDA								0.1		8.5						
Roads IV	IDA										0.5		10.0				
Port of Mogadiscio I	IDA					0.6							10.0				
Port of Mogadiscio II	IDA								300	18.9	7						
Operations Program	IDA								16.2	2.0	10.5	9.0	11:0	10.0	8.5	22.1	45.5
	-								Methodox	BURELING.						201000	
	No								21	1	2	2	3	2	2	- 5 ,	10
Lending Program	IDA		6.2	_	2.3	0.6		3.3	365	18.9	8.0	9.0	9.0	9.0	8 5	20.4	37.0
Denortif Linklam	TIM		BURGERE	-	2.3	0.6	-	3.3	Married Co.	NAME OF THE PARTY OF	SERVICE OF STREET	PROTECTION.	THE PARTY NAME OF	PROPERTY	8.5	MARCH TO	37.0
	No.	-	1	-	1	1	-	1	2	1		5			2	5	6
IDA - gross disbursements		-	-	-	-	2.3	4.8	1.4	1.9	4.1	9.0	7.3	8.2	8.1		14.5	36.7
		-	-	-		2.3	4.8	1.4	1.9	4.1	9.0	7.2	8.1	8.0	-	14.5	36.4
- net disbursements																	

agreement signed but not yet effective assuming \$7.5 million from FED

Eastern Africa Department August 17, 1971

SOMALIA

INDICATORS OF DEVELOPMENT

				Annual Ay	erage	
		Unit	1963-65	1966-	69	1971-75
ECC	MOVIC AND STRUCTURAL INDICATORS					
	Gross Domestic Product (in constant prices)					
	Manufacturing Output		=	-		-
	Agricultural Cutput		-	-		-
	Imports of Goods	% change	14.1	4.		3.4
	Export of Goods	% change	9.8	3.		5.2
6.	Cost of living index, Mogadishu	% char 59	13.0	3.	3	10-1-10-1
			1963	1965	1970	1975
?.	Gress National Savings		-	-	-	
	Resource Gap		-156	-214	-	-
	Net Factor Payments Abroad		0	- 1	-	-
	Gross Domestic Investment	Name and Advanced	-	-	-	-
	Debt Service	% exports	-	-	+6	-
	Central Government Current Revenue	mill \$	21	25	29	48
	Central Government Total Deficit	mill \$. 7	6	3	0
	Public Expenditure on Social Services	mill \$	Ls	- 4	7	8
	Military Expenditure	mill \$	8	9	17	17
	Manufacturing Output		-	-	-	-
	Energy Consumption		-		-	-
.0.	Fertilizer Consumption		-		-	-
500	CIAL INDICATORS		,			
0	Population Growth Rate			0./1		-
	Urban Population Growth Rate	. 6		1. 1		
	Birth Fate	P		4 /1		
2.	Family Planning		1	No program		
3.	Income of: Highest quintile			No program		*
Ĺ.	Lowest quintile			-		
5.	School enrollment: Primary and Secondary	% school age		5/1		
	concer emorphism rimary and secondary	population		2 (1		
6.	Literacy Rate	Population				
	Population per hospital bed	Number		615 /1		
	tobaration box montrour nea	Treate CI		OT) T		

/1 Rough estimate

Eastern Africa Department August 17, 1971

SOMALIA: CUMULATIVE ESTIMATED AND ACTUAL DISSURSEMENTS ON LOAMS AND CREDITS

(\$ millions)

	- Original - Cancelled	Date: - Approved - Signed		osing	Forecast					FY	71			m	172	
Project & No.	- Net	- Effective		Date	Date	FY168	FT:69	FY'70	1	_2_	-3-	4	1	_2_	1	-4
Road	6.2	12/22/64	Origi	6/30/69	N.A.			-		-	-	-				
Project		3/29/65			9/30/70	(first)			5.8	6.2		-		-	-	
IDA 74		9/16/66	Revs	12/31/70	-	-						-			-	
			Act:	12/31/70	-	1.1	2.3	5.1	5.9	6.2			-	-		-
Road Project	2.3	6/25/68	Origi	12/31/71	N.A.		-	-			-	-		-	-	
Supplementary		6/26/68			9/30/70	(first)	-		-	.6	.1.9	2.3				
IDA 123		2/25/69	Rovs	-	1/19/71	-					1.3	. 1.9	2.1	2.3		-
			Acts	-	-	-	-	-	-	.4	1.3	-	-	**		
Dotailed Engineering and	.6	2/25/69	Origi	3/31/71	N.A.	-	-		-		-			-	-	-
Accounting Asst. Project		3/3/69			9/30/70	(first)	**		.5	.5	.5*				-	-
IDA S-5		1/6/70	Revt	9/30/71	-										-	
			Acts	-	-	-	-	.4	·le	.5	.5					

[·] Balance indeterminate.

Controller's 5/20/71

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COUNTRY PROGRAM NOTE - SCMALIA

POSTSCRIPT

- 22. This paper was reviewed in a meeting with Mr. Knapp on September 2, 1971. It was noted that some of the Government's policies did not reflect good economic performance. One was the nationalization of enterprises in spite of the scarcity of experienced Somali personnel to operate them. Another was the fact that over 40% of budget expenditure is allocated to defense and security. On the other hand, it was recognized that the Government was exercising strict discipline in its financial management and was making good progress in reducing its dependence on foreign aid for budget support. The Government's dedication to economic development was also noted as well as the improved climate for IDA operations in Somalia resulting in large part from the signing of an Education Credit on June 3, 1971 and the negotiation of a credit for a Second Highway Project in July. Finally it was noted that a fuller discussion in the Country Program Note of recent problems encountered with ongoing projects would have been useful.
- 23. It was felt that both the operations and the lending program for FY72-77 were too high in terms of the amount of IDA lending, and that this was due mainly to the inclusion of three rather large transportation projects. It was decided that Somalia should seek about 50 percent of the financing for Roads III and IV from other sources, and that IDA allocation in the operations program was reduced to US\$5 million for each project. No appreciable reduction in the size of the Port of Mogadiscio project appeared likely. It still called for a rather large IDA credit even after allowing for the expectation that FED would provide one-half of the required external financing, but it was pointed out that the size of this project made it a special case. It was slipped to FY73 as a more realistic date for Board presentation.
- Shortly after the review, a communication was received from the Somali Government in which it withdrew its rejection of the livestock project discussed in para. 19 of the Country Program Note. The Government indicated its desire to reopen discussions on the project. In view of this development, Livestock I has been moved forward from FY74 to FY73 and General Agriculture was slipped one year to FY74. The revised program is shown in Attachment 1. The only effects of these revisions on the number of projects is an increase of one in both the operations program and the lending program for FY73-77 (due to the slippage of the Port of Mogadiscic Project from FY72 to FY73).

Attachment

Eastern Africa Department September 21, 1971

Attachment 1

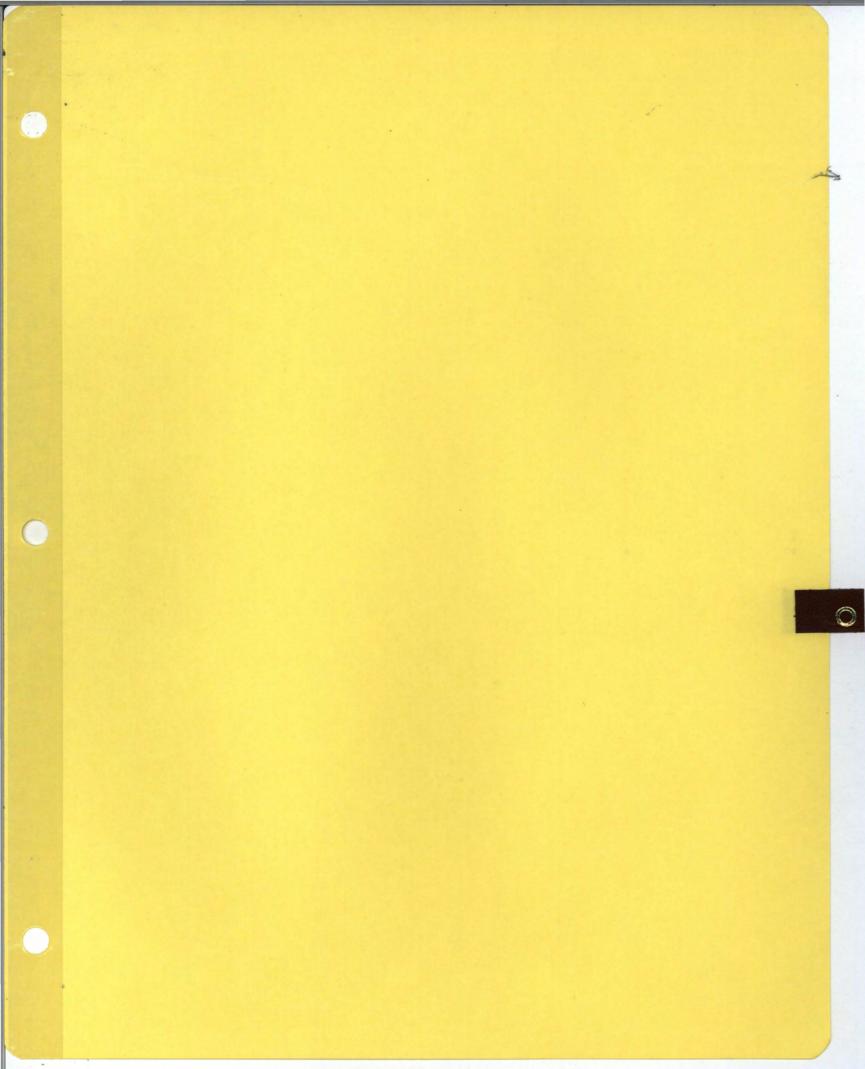
Population: 2.8 million Per Capita Income: \$60

SCMALIA - ACTUAL AND PROPOSED LENDING THROUGH FY 1977 (\$ million)

		Through 1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	Total 1964-68	Total 1969-73	Total 1973-77
General Agriculture Irrigation	TDA IDA									2.0	2.0	5.0					
Livestock I Livestock II Agriculture - unidentified	IDA IDA IDA									2.0			3.0	6.0			
DFC	IDA												1.0				
Education I Education II Education III	IDA IDA IDA							3.3/				4.0		4.0			
Roads I Roads Project Supplementary Roads III Roads IV Port of Mogadiscio I Port of Mogadiscio II	IDA IDA IDA IDA IDA IDA IDA		6.2		2.3	0.6			8.7	7.5	5.0		5.0				
Operations Program	IDA				Anti-				8.7	9.5	7.0	9.0	9.0	10.0	8.5	22.1	445
	No.								1	2.	2	2	3	2	2	5	11
Lending Program	IDA		6.2		2.3	0.6		3.3	38-7	7.5	7.0	8.0	8.0	8.0	8.5	20.1	38.5
U	No.	-	1		1	. 1	- '	1	1	2		5			2	5	7
IDA - gross disbursements - net disbursements - net transfer		:	:	:	:	2.3 2.3 2.3	4.8	1.4	1.2 1.2 1.2	3.2 3.2 3.2	7.0 7.0 7.0	7.6 7.5 7.5	7.9 7.8 7.8	7.7 7.6 7.6	:	12.9 12.9 12.9	33.1 33.1 33.1

[/]l agreement signed but not yet effective // assuming \$7.5 million from FED

Eastern Africa Department September 21, 1971



TOPICS FOR DISCUSSION

- Somalia has made good progress since the Revolution of October 1969. There are a number of gratifying developments on which the Somali Government should be commended. The seriousness of the present administration, the dedication of the civil servants to the objective of economic development, and the attempts to eliminate waste and inefficiencies are all important bases for the foundation of a sound development policy. The Government's success in balancing its recurrent budget in 1971 has exceeded our expections on that front and provided a very positive indicator of the Government's belief in self-reliance and that external assistance complements rather than substitutes for indigenous efforts. At present, the Government is in the process of drawing up a Development Plan which would be launched in 1974. This will represent the Somalis first serious attempt to undertake medium-term planning which has a fair chance of being implemented. This is in direct contrast to previous short-term plans which were more or less tailored to the wishes and preferences of external donors.
- Against this background, there are a number of topics on which it would be useful to search out the Government's thinking and plans, not only to get a good understanding of Somalia's particular problems and its Government's capacity to tackle them, but also as an example of how in a small country with a minimum of resources the prospects for development may be affected by determined leadership.

RURAL DEVELOPMENT

Rural development is one of the Government's principal concerns. They are beginning to think about "integrated rural development projects" but so far we have not seen anything very definite. We have a small agricultural mission visiting Somalia for three weeks beginning November 9 to identify projects and it will dig into this question. The people in Somalia's rural areas are nomadic and this adds another dimension to the problem. In discussing with the Government their ideas about rural development, it would be useful to particularly address the additional complexity imported by virtue of the nomadic character of the society.

SELF-RELIANCE

- 4. Somalia's history is that of a country almost entirely dependent on external assistance, but they are now <u>firmly embarked on a policy</u> of <u>self-reliance</u>, and they have a program of self-help projects (usually referred to as crash programs) which has several objectives:
 - (a) Reducing dependence on foreign aid.
 - (b) Involving the people at the grass roots in the national development effort.

- (c) Providing employment.
- (d) Providing a Somali contribution to projects financed by external assistance.

The implementation of this program is fairly recent, and we do not know as much about it as we should. It would be useful to learn more and begin to reach some conclusions on its worth as part of the general development effort.

BUDGET VIABILITY

The Government has been determined in its efforts to live within its current budget and even to achieve some surplus. To do this they have drastically cut back on some kinds of expenditure. For example, the salaries of senior officials were cut by as much as 40%. There may be a question as to whether they have cut expenditure to a level which cannot be maintained in the long run. Have they, for example, postponed maintenance of public facilities, such as buildings and roads, which will land them in trouble in the future?

THE GOVERNMENT'S BASIC STRATEGY AND GOALS

6. The Somalis are about to start work on a new development plan. It would be interesting to discuss the strategy and goals upon which this plan is to be based. What in their view are the principal constraints? In particular, how do they intend to overcome the acute shortage of skilled manpower?

FOREIGN AID AND INVESTMENT

- 7. The policy of self-reliance appears a worthy goal and certainly a useful means of rousing public support for the Government's development efforts. Also it is salutary that the Government seems to recognize that foreign aid must be looked upon as supplementary to their own efforts, rather than a substitute for them. Nevertheless, given the extreme poverty of the country and the dearth of potential resources, are the Somalis being realistic enough about the need to attract foreign aid and foreign investment?
- 8. As to foreign aid, the Somalis have had some unhappy experiences in the past where projects financed with foreign aid were undertaken without sufficient preinvestment investigation and subsequently have turned sour. The Somalis therefore are cautious, perhaps even suspicious, respecting bilateral aid. Given, however, the likely limits on multilateral aid, they would be well advised to get help for sound projects from bilateral sources.

9. Private foreign investment does not seem likely to play an important part in development unless there are minerals to be exploited. Private investment in the past has been small and mainly limited to the banana industry, a few manufacturing and service establishments, and oil and mining exploration companies. It is hard to tell whether it could play a more important part in a country at such an early stage of development and with so few exploitable resources. The Government has not as yet given it much of a chance, having nationalized a number of foreign-owned enterprises in May 1970. Although negotiations for compensation are reportedly progressing satisfactorily, potential investors must be in some doubt as to the climate for future investment. It would be interesting to have a better understanding of the Government's estimate of the potential for foreign private investment and whether they plan to encourage it, but is is not likely to be an important force in development.

POINTS WHICH MAY BE RAISED BY THE GOVERNMENT

- 10. During a recent visit to the Bank, Mr. Mohamoud, Secretary of State for Planning, made tentative enquiries as to the Bank Group's possible interest in financing a number of projects. Our information about these proposals is still very sketchy, but the Somalis may raise the requests again during Mr. McNamara's visit. If they do, we should respond by asking them for further information. The main projects mentioned were as follows:
 - Power consumption in Mogadiscio, which is mainly for lighting purposes, has been growing at an average rate of about 15 percent per year. At present the installed generating capacity in Mogadiscio is 6000 kw which is the country's largest power station. The supply is costly and unreliable. Therefore, the Government wishes to install a new generating plant. However, it seems doubtful whether this project should receive a high priority for scarce IDA funds. Bilateral assistance might be more appropriate.
 - (b) Sea Salt Export Project:

 The Government wishes to exploit a large coastal lagoon near Hafun at the north-eastern corner of the country which could be used for sea salt evaporation. Production is tentatively estimated at four million tons per year. This project was discussed with IFC. A pre-investment study should be carried out focussing on, among other things, marketing aspects. UNDP might be a suitable organization to sponsor such a study.
 - (c) Fisheries Project:

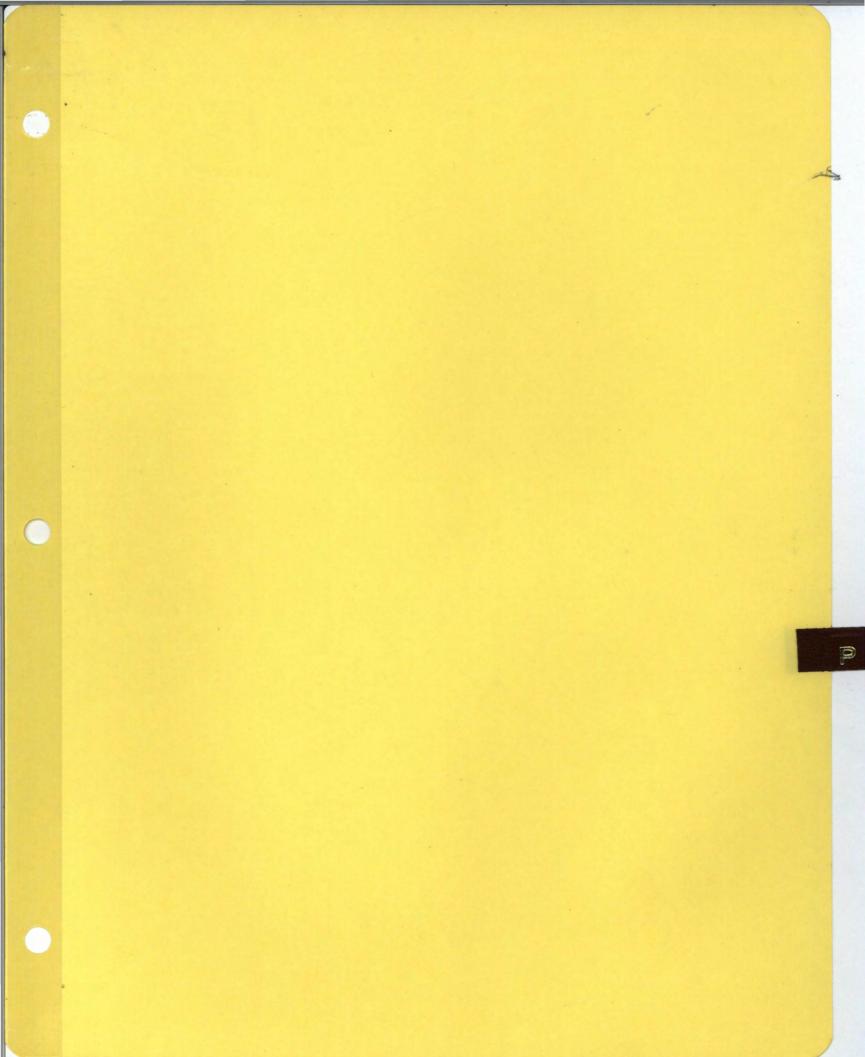
 Although Somalia is endowed with a 1700 mile coast, the largest in Africa, it has hardly any fisheries. The Government hopes to identify and prepare a suitable fisheries project. The FAO has been carrying out a fishery survey since 1969. Assistance in project identification perhaps with participation of FAO experts would be the next step following the completion of FAO's survey in 1973.

(d) Roadlink with Kenya:

The Somali authorities are thinking of a highway link between Somalia and the planned Trans-African Highway. They enquired whether the Bank would be interested in this type of regional project which would have to be carried out jointly by Somalia and Kenya.

11. The Somali delegation to the Annual Meeting requested the Bank-possibly in collaboration with the UNDP - to assist the Ministry of Planning in the preparation of their new Plan, as well as in the establishment of adequate planning machinery. We believe that such a request should receive high priority, subject to our staff constraints, and we are discussing with the UNDP what, between us, can be done.

Programs Department I Eastern Africa October 27, 1972







			253			
File Title						Barcode No.
Travel Briefs: Somalia						
						1772638
Document Date	Document Type					
Nov 8, 1972	Memorandum					
Correspondents / Participants To: His Excellency Mr. Mohamed Y From: Mohamed Nassim Kochman,					World Bank	for Somalia
Subject / Title Official Visit of the President Robert	S. McNamara to the Some	ali Democ	eratic Repo	ublic (Novembe	er 1973)	
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Apr 12, 2013

Tonya Ceesay

OFFICE MEMORANDUM

D: Files

DATE: October 13, 1972

OM: Howard E. Tolley

JECT: Eastern Africa Department Meeting with the Somali Delegation to the Annual Meeting September 25, 1972, at the Sheraton Park Hotel

Present: Somali Delegation

- Director General, Somali National Bank Dr. Omar Ahmed Cmar Mr. Mohamed Mohamud Nur - Director General, Ministry of Finance - Director General, Ministry of Planning Mr. Jama Rabile God and Coordination

Bank

Messrs. Lejeune, Kirmani, Brakel, Please, Tolley, Malone, Barry, Wakiyama Mr. Kochman attended for part of the meeting

Mr. Lejeune gave a brief commentary on the Bank's reorganization and explained that, as from October 1, the responsibility for Bank/IDA operations in Somalia would be transferred from Mr. Tolley's Division to Mr. Malone's Division.

Port of Mogadiscio Project

Mr. Lejeune informed the delegation that negotiations had been successfully completed on September 15, 1972, with the understanding that signing of the proposed credit was contingent upon additional IDA funds becoming available. He informed them that subsequently the United States had made its contribution to HDA replenishment and that as a result, IDA funds would be available for this project. The immediate outstanding question on this project was to reach final agreement between FED, IDA and the Government on the bidding documents prior to their distribution to the prequalified bidders. We expected this agreement to be reached within the next few days.

Proposed Livestock Project

Mr. Jama explained that the draft project proposal had recently been discussed in Mcgadiscio with a mission from the Permanent Mission in Eastern Africa (FMEA) and that PMEA was now making some amendments as a result of those discussions. It was agreed that as soon as the revisions were completed, which was expected to be in the first part of October, Mr. Brakel would telephone Mr. Jama and make arrangements to transmit the project proposal to IDA headquarters.

RECEIVED

Education

4. With regard to the Government's recent request for changes in the Education Project (Credit 247-SO), Mr. Tolley informed the delegation that the Association had agreed to the proposed changes in secondary schools but needed additional information concerning the proposed changes at the National Teachers' Education Centre (NTEC). In order to obtain this information and reach an early decision, IDA would send a mission to Mogadiscio in early October.

Preparation of New Development Plan

- 5. Mr. Jama said that work had started on the preparation of a new National Development Plan. Various ministries are now preparing sectoral surveys which are scheduled for completion by the end of this calendar year. At the same time the Planning Ministry is preparing regional programs. The sectoral surveys and regional programs would then be compared and coordinated, following which drafting the National Plan would begin about next March. He stated that the Government needed assistance on two of the sectoral surveys agriculture and tourism. In this connection, he indicated that the Government was depending on a proposed mission from PMEA to identify agricultural projects and enquired when the mission would arrive in Somalia. Mr. Brakel said that a mission was tentatively planned for November, and that he would firm up these plans as soon as he returned to Nairobi.
- 6. Mr. Jama then asked whether the Bank could provide assistance in planning for the tourism sector. Mr. Tolley agreed to consult the Tourism Projects Department on this matter and inform the delegation concerning the possibilities.

Regional Highway Projects

7. Mr. Jama enquired whether the World Bank Group would consider financing the Trans-African Highway and links to that highway from countries which would not be directly served by it. Mr. Lejeune explained that we would look at each section of the Trans-African Highway, and any links thereto, on its own merits. In considering any lending, we would essentially approach the proposals as a series of national highways rather than as a regional project.

Rural Development Problems

8. Mr. Jama stated that the Government was very much concerned with rural development problems which were made all the more difficult because 80% of the population were nomads. They felt that rural development projects must be integrated - including transportation, education, agriculture, health, etc. - and must provide employment. However, they were searching for ideas on how to formulate projects which would meet these goals. In this connection, they had noted with interest the Rural Development Fund Project in Upper Volta which had recently been financed by IDA. Mr. Lejeune said that

the Bank Group was still in the learning stage in the field of rural development. One approach was to devise a project along the lines of our DFC projects, i.e., to make available a sum of money to an agency in the borrowing country which would then use the funds for a number of small projects. This was generally the approach used in the Upper Volta Project.

Statistical Problems

9. Noting that Mr. McNamara in his opening speech to the Board of Governors had deplored the lack of statistics in the developing countries, Mr. Jama enquired whether the Bank could assist Somalia with agricultural and livestock censuses. Mr. Lejeune suggested that it might be possible to attach such assistance to an agricultural project. However, he suggested that the Government send us a description of the job to be done and we would then see whether, and how, we could help.

cc: Mr. Kochman



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT INTERNATIONAL DEVELOPMENT ASSOCIATION WASHINGTON, D. C. 20433, U.S.A.



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MAY 2 2 2013
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Washington, June 15, 1972

MEMORANDUM ON THE STATUS OF OPERATIONS OF THE WORLD BANK GROUP IN THE SOMALI DEMOCRATIC REPUBLIC

I. PAST OPERATIONS

Summary

The following is a summary of IDA credits to Somalia as of April 1971:

No.	Year	Purpose	Amount Total	(US\$ million) Undisbursed
74-S0	1965	Highway	6.20	
123-SO	1968	Highway	2.30	0.32
S5-S0	1969	Port of Mogadiscio (Engineering and Accounting Services)	0.55	0.05
247-SO	1971	Education	3.30	3.30
295-SO	1972	Highway	9.60	9.60
		Total	21.95	13.27

First Highway Project

Two IDA credits (74-SO and 123-SO) have been provided toward the financing of the 200 km Afgoi-Baidoa road. In addition, the European Development Fund (FED) has provided \$4.85 million for the engineering and construction of this road, the provision of highway maintenance equipment and the construction of an office for the Highway Department. The third partner in this project is UNDP which has provided \$2.15 million for consulting services and training for the Highway Department and transportation studies (with the Bank as Executing Agency).

Construction of the Afgoi-Baidoa road started only in 1968; the main reason for the delay being the unforeseen difficulties in FED's approval of the contractual arrangements with the consulting engineers, a realignment of the road, and slow progress by the consultants in design and specifications. Because of this, it was not possible to invite bids for the construction of the road until March 1967. By that time construction costs had increased by \$2.8 million, probably due to the Middle East war and the closing of the Suez Canal, and work on the road could not proceed until additional financing had been arranged. To cover part of the additional construction cost of the road, a supplemental IDA credit (123-SO) amounting to \$2.3 million was granted in June 1968.

Construction of the Afgoi-Baidoa road was substantially completed at the end of March 1971, with the contractor responsible for maintenance of the road through March 31, 1972. However, the Government has informed us that a number of corrective measures have not yet been completed satisfactorily by the contractor, and the Government has not released the contractor's bank guarantees. The current estimate of the remaining costs, excluding unsettled claims by the contractor, is about \$100,000 less than the funds still available from IDA and FED. However, the contractor has submitted claims totalling about \$2.4 million and has given formal notice to the Government of proceeding to arbitration on these claims. It is not known how much of these claims will eventually have to be paid but the Somali Government may be called upon to meet a sizeable cost overrun.

Due to delays in the provisions of maintenance equipment financed under the project, implementation of the UNDP training program was slowed down. However, the UNDP technical assistance arrangements, which were scheduled to end in August 1970, have been extended for three years.

Port of Mogadiscio Studies

The detailed engineering studies for a new port of Mogadiscio and modern accounting services for the Somali Port Authority (SPA), financed by IDA credit No. S5-S0, have been substantially completed. 1/The closing date of this credit was extended until September 30, 1972 to permit remaining funds to be used for additional consultants services including modifying the engineering documents to provide for an optional third berth and a mooring facility for livestock vessels.

Education Project

The Board of Executive Directors approved an IDA credit for an education project on May 20, 1971. This credit (247-S0), which was signed on June 3, 1971 and became effective on September 30, 1971, provides

.../...

The accounting consultant complains that invoices totalling about \$6,000 remain unpaid since 1970. The Bank's letter of March 8, 1972 inquiring about the situation has not yet been answered.

\$3.3 million out of an estimated project cost of \$3.67 million. The project provides for the construction, furnishing and equipping of one new secondary school, extensions to ten secondary schools, the National Teacher Education Center, one technical school, and one technical and commercial school, and eight mobile units for agricultural training, a unit for supervision of project implementation, and technical assistance. Implementation is about six months behind schedule due to changes in the upper echelon at the Ministry of Education, including Project Unit staff, and delays in the arrival of experts to assist in the implementation of the project.

Second Highway Project

The project, estimated to cost \$10.6 million, consists of:

- (a) the construction (including paving) of a two-lane highway between Hargeisa and Berbera (about 158 km), the detailed engineering of which was prepared by consultants with financing provided by UNDP and African Development Bank (ADB); and
- (b) consulting services for:
 - (i) assistance in the prequalification of contractors, evaluation of contract bids and the award of contracts for the highway referred to above;
 - (ii) supervision of construction of the road;
 - (iii) preparation of a feasibility study and, if it confirms the technical and economic feasibility, subsequent detailed engineering of the Hargeisa-Borama highway (about 140 km) with a spur to Tug Wajale (about 20 km) on the Ethiopian border; and
 - (iv) technical assistance in transport planning.

The project is financed by an IDA credit (295-S0) of \$9.6 million and an ADB loan of \$1.0 million. The credit became effective on May 11, 1972. The Bank is still awaiting receipt of the authorized signatures for withdrawals under the credit, and a withdrawal application for work done by the consultants on the preparation of bid documents and evaluation of bids for which a provision of up to \$20,000 retroactive financing was included in the credit and ADB loan.

II. POSSIBLE FUTURE OPERATIONS

Port of Mogadiscio Construction

When this project was first appraised in 1967, a two-berth deepwater harbour was recommended for financing. Since sufficient IDA resources were not available for the construction of the project at that time, we agreed

to finance under credit S5-SO (1969) detailed engineering and accounting services in order to prepare the project for financing at a later date. Because of the subsequent closure of the Suez Canal and developments concerning the port management, finances and traffic it was decided to reappraise the project. It was thought that reduced traffic and the very substantial cost of the project might make it necessary to consider a smaller project designed to be expanded when traffic increased. However, the reappraisal mission which visited Somalia in November/December 1971 found that the traffic forecast was more favorable than expected and recommended that the project be enlarged to include a third berth and a mooring facility for livestock vessels. In addition, the layout of the project was modified to take account of the possibility of using a former military facility which became available for port purposes. The Government and FED agreed on the enlarged project and the consultants were instructed to revise the engineering and tender documents accordingly. The final report on the revised project is expected by mid-July.

The revised project consists of construction of a 770 m breakwater, three berths (two of 160m and one of 140m), a dolphin berth for mooring livestock vessels, a marshalling area for livestock, an access road, paved areas, two transit sheds, one warehouse, ancillary buildings, services and some cargo-handling equipment. Technical assistance and consulting services are also included.

Agreement has been reached in principle with FED to consider joint financing of the project on a 50-50 basis. The estimates of the total cost of the project have increased from \$16-17 million to a current estimate of about \$23 million. Because there has been a tendency for bids to exceed cost estimates on projects in Somalia and because Somalia does not have the resources to cover a cost overrun, it is proposed to obtain bids for the project prior to presentation to the Board.

Construction of the project will be delayed several months unless the winning bidder is able to get his equipment on site before the 1973 monsoon begins around April 1973. In an effort to accelerate the bidding process, the Bank, FED and the Government have agreed that contractors will be prequalified prior to the time the project is presented to the Board and to the FED Commission and that tender documents will be given to prequalified contractors on an informal basis as soon as they are available so that bids can be received and evaluated in time to award the contract in sufficient time to allow the successful bidder to mobilize by April 1973.

A draft appraisal report has been prepared and is under review. Negotiations may possibly take place toward the end of July at the earliest but may be somewhat later. Assuming bids could be opened in December 1972, it is planned that the project will be presented to the Board in December 1972 or January 1973.

Livestock Development Project

Following discussions between the Government and the IBRD mission which visited Somalia recently in connection with this project, agreement was reached on all the components to be included in the project except for the proposed fattening ranch. A mission was scheduled to visit Somalia in December 1971 to review the work to date and hopefully reach agreement on project composition. This mission was postponed at the Government's request. The mission was rescheduled for March 1972. At that time the mission expected to inspect a rain-fed fattening ranch site to be used instead of the site previously considered unsuitable for inclusion in the project due to the excessive cost of clearing heavy brush. The mission was informed in Somalia, however, that the Government now proposed an irrigated fattening ranch as the alternative. The mission noted that this might cause substantial delays in project preparation and recommended a rain-fed ranch located in the Afmadu-Diff region together with feasibility studies of an irrigated fattening ranch to be considered for a second stage project. This was rejected by the Government based on a contention that constant supply of beef could not be insured without irrigation. The Bank agreed to send a further mission including an irrigation expert to see whether a pilot scale 2,000 hectare irrigated fattening ranch could be justified, with provisions in the project for preparation for expansion in a second phase if justified by pilot study data. A mission for this purpose is scheduled to visit Somalia about June 22.

It was agreed with the Government that the following components were also suitable for inclusion in the project:

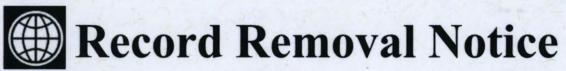
- (a) development of four cattle markets;
- (b) establishment of two small market intelligence centers at Dolo and Bursar;
- (c) provision of water and staging points on 573 km of stock routes, financing of minor improvements on stock routes and one ferry, development of one new holding ground at Fafmadune (20,000 ha), and provision of additional water and carrying out of bush clearing on existing holding grounds at Kismaiu and Gelib;
- (d) construction of five field and one export veterinary centers, including stock handling and laboratory facilities; four smaller veterinary sub-centers; and provision of transport and equipment for field work; and
- (e) provision of technical assistance and funds for feasibility studies and project preparation.

III. OTHER ACTIVITIES

An economic mission is scheduled to go to Somalia in October or November. Two Bank economists will visit Mogadiscio on June 17 and 18 to discuss arrangements for this mission.

Mohamed Nassim Kochman

pm





Somalia - Credits 74-SO and 123-SO - Afgoi-Baidos Road Exception No(s). 1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict Reason for Removal Information Provided by Member Countries or Third Parties in Confidence	File Title	* *				- 1-1-1				Barcode I	No.
Document Date Aug 23, 1971 Correspondents / Participants Mohamed Nassim Kocham, Executive Director Subject / Title Somalia - Credits 74-SO and 123-SO - Afgoi-Baidos Road Exception No(s). 1	Travel briefs, Somalia										
Aug 23, 1971 Memorandum Correspondents / Participants Mohamed Nassim Kocham, Executive Director Subject / Title Somalia - Credits 74-SO and 123-SO - Afgoi-Baidos Road Exception No(s). 1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict Reason for Removal Information Provided by Member Countries or Third Parties in Confidence Additional Comments The item(s) identified above has/have been in accordance with The World Bank Policy or to Information. This Policy can be found on the Information.								1	1772638		
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Trudy Huskamp Peterson



EXECUTIVE DIRECTOR

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



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CONFIDENTIAL

Washington, August 23, 1971

MEMORANDUM ON THE STATUS OF OPERATIONS OF THE WORLD BANK GROUP IN SOMALIA

I. PAST OPERATIONS

Summary

The following is a summary of IDA credits to Somalia (an IDA-only country) as of June 30, 1971:

			Amount ((US\$ million)
Credit No.	Year	Purpose	Total	Undisbursed
74-S0	1965	Highway (Afgoi-Baïdoa)	6.20	-
123-S0	1968	Highway (Afgoi-Baidoa)	2.30	0.50
S5-S0	1969	Port of Mogadiscio (Engineering and Accounting Services)	0.55	0.06
247-S0	1971	Education	3.30	3.30
		Total	12.35	3.86

1. First Highway Project

Two IDA credits (74-SO and 123-SO) have been provided toward the financing of the 200 km Afgoi-Baidoa road. In addition, the European Development Fund (FED) has provided \$5.22 million for the engineering and construction of this road, the provision of highway maintenance equipment and the construction of an office for the Highway Department. The third partner in this project is UNDP which has provided \$2.15 million for consulting services and training for the Highway Department and transportation studies (with the Bank as Executing Agency).

Construction of the Afgoi-Baidoa road started only in 1968; the main reasons for the delay being the unforeseen difficulties in FED's approval of the contractual arrangements with the consulting engineers, a realignment of the road and slow progress by the consultants in design

and specifications. Because of this, it was not possible to invite bids for the construction of the road until March 1967. By that time, construction costs had increased by \$2.8 million, probably due to the Middle East war and the closing of the Suez Canal, and work on the road could not proceed until additional financing had been arranged. To cover part of the additional construction cost of the road, a supplemental IDA credit (123-S0) amounting to \$2.3 million was granted in June 1968.

Construction of the Afgoi-Baidoa road has just been completed. The current estimate of the remaining costs, excluding unsettled claims by the contractor, is about \$100,000 less than the funds still available from IDA and FED. However, the contractor has submitted claims totalling about \$2.7 million. It is not known how much of these claims will eventually have to be paid but the Somali Government may be called upon to meet a sizeable cost overrun (see my confidential memorandum on Afgoi-Baidoa road).

Due to delays in the provisions of maintenance equipment financed under the project, implementation of the UNDP training program was slowed down. However, the UNDP technical assistance arrangements, which were scheduled to end in August 1970, have been extended for three years.

2. Port of Mogadiscio Studies

A credit (S5-50) of \$550,000 for detailed engineering of a new port of Mogadiscio and accounting services to the Somali Ports Authority (SPA) was signed on March 3, 1969. Due to delays in Government ratification and other steps necessary to meet conditions of effectiveness, the credit did not become effective until January 6, 1970. However, considerable work was done by both the accounting and engineering consultants before effectiveness of the credit so that delays have been less than they might have been.

To this date, the detailed engineering studies for the new port of Mogadiscio and modern accounting services for the Somali Port Authority have been substantially completed. Implementation of the accounting services, however, encountered some difficulties following the change in SPA management last year.

3. Education Project

The Executive Directors approved an IDA credit of \$3.30 million for an Education Project on May 20, 1971. This Credit (247-S0), which was signed on June 3, 1971, includes as a condition of effectiveness, the establishment of a Project Unit within the Ministry of Education and the appointment of its Project Director, its Deputy Project Director and its Architect, all to be mutually acceptable to the Government and the Association. The Association since agreed with Government's suggestion for these positions, but it still requires, for effectiveness, legal evidence that the Project Unit has been established and the proposed appointments made. The Association also requires for effectiveness a legal opinion that the Credit Agreement has been duly ratified and constitutes a legal

binding obligation of the borrower. The Association has cabled the Government reminding them that the deadline for effectiveness is September 1, 1971 and that, if they cannot meet this deadline, they should cable the Association stating the reasons and requesting a postponement.

II. POSSIBLE FUTURE OPERATIONS

1. Second Highway Project

Based on the findings of the transport survey and a feasibility study carried out by consultants financed under the First Highway Project, an IDA mission appraised a second highway project in December 1970. A representative of the African Development Bank (ADB) joined the mission and ADB has agreed in principle to participate with IDA in financing the proposed project under joint financing arrangements.

The proposed project is estimated to cost about \$9.6 million and would consist of:

- (a) the construction (including paving) of a two-lane highway between Hargeisa and Berbera (about 158 km), the detailed engineering of which was prepared by consultants with financing provided by UNDP and ADB; and
- (b) consulting services for:
 - (i) assistance in the prequalification of contractors, evaluation of contract bids and the award of contracts for the highway referred to above;
 - (ii) supervision of construction of the road;
 - (iii) preparation of a feasibility study and, if it confirms the technical and economic feasibility, subsequent detailed engineering of the Hargeisa-Borama highway (about 140 km) with a spur to Tug Wajale (about 20 km) on the Ethiopian border, 1/2, and
 - (iv) technical assistance in transport planning.

The financing plan provides for an IDA credit of US\$8.7 million equivalent (90% of project cost) and an ADB loan of US \$0.9 million equivalent (10% of project cost). The precise amounts of the proposed credit and loan can be determined only after actual bidding prices for the construction work have been received. The Government has prequalified contractors and will

It was agreed that the Government would submit this study for financing to the UNDP (with the Bank as Executing Agency). If the UNDP is willing to provide a grant for this study, estimated to cost about \$600,000, financing would be excluded from the proposed credit.

shortly call for bids. The Civil Engineering Department (CED) of the Ministry of Public Works would be responsible for the execution of the proposed project.

A delegation of the Somali Government, led by H.E. Ibrahim Meigag Samater, Secretary of State for Finance, came to Washington during the first half of July and negotiations for the project have now been substantially completed. It is understood by both parties that the proposed credit will not be submitted to the Executive Directors for consideration until the bids have been received and their results taken into account. The ADB participated fully in the negotiations.

It seems that the Association has been concerned that the amounts allocated in the Government's budget for road maintenance have been insufficient for the proper maintenance of the road network. During the negotiations, the representatives of IDA sought and obtained the agreement of the Somali Government on appropriate steps for obtaining adequate allocations for the maintenance of the highway system in accordance with sound engineering practices.

According to the Transportation Projects Department of the Association, the Government has not yet fulfilled its commitment under the First Highway Project to enact adequate regulations governing the size and weight of vehicles using its roads. Before presenting the Second Highway Project for consideration by the Executive Directors, they would need to receive confirmation that legislation on vehicle weight and dimensions has been enacted.

In 1968, the consultants, financed by UNDP under the First Highway Project, recommended a reorganization and expansion of CED but the Government has not yet approved the plan. Approval of a suitable plan for reorganization of CED is a condition of Board presentation of the proposed credit.

2. Port of Mogadiscio Construction

This project was appraised in 1967 and, as the situation was then, was found to be suitable for financing. Since there was no sufficient IDA resources for the construction project at that time, IDA agreed to finance under Credit S5-S0 the detailed engineering and accounting services in order to prepare the project for financing at a later date. The total cost of the project is currently estimated at about \$16-17 million, of which at least \$15 million would have to be provided on IDA-type terms, due to Somalia's financial situation. IDA had reached agreement in principle with FED to consider joint financing of the \$15 million on a 50-50 basis, subject to the results of a reappraisal of the project. Reappraisal is necessary both with regard to the effects of the closure of the Suez Canal, and more recent developments concerning port management, finances and traffic. An appraisal mission has been scheduled for November/December 1971. According to IDA staff, in view of recent traffic figures and the very substantial cost of the project as it stands, it may be found advisable to consider a smaller project initially, designed so as to facilitate provision of additional berths and facilities when traffic warrants.

3. Livestock Development Project

Since the beginning of 1966, the authorities responsible for agriculture in Somalia have received several visits from the staff of the World Bank Permanent Mission in Eastern Africa (PMEA). Over the past two years, these visits have been specifically intended to identify a livestock project and subsequently to assist the Somali Government in formulating a proposed livestock and marketing project for the Juba region at a total cost of about \$3.0 million. The components of the project as suggested by PMEA are summarized in the attached Annex.

The latest PMEA mission visited Somalia in January 1971, mainly to determine whether or not it would be economically feasible to include a 24,000 hectare cattle fattening ranch at Bardera in the project. The site had been identified previously by the Livestock Development Agency (LDA) of the Ministry of Agriculture. Because of a cholera epidemic in the area, the mission could not obtain permission for a ground visit to Bardera, which lies between Jiamama and Gelib within the tse-tse fly belt on the right bank of the Juba River. Instead, the mission flew over the Bardera area, where the proposed ranch was to be located, and concluded that at least 80% of the area was under extremely heavy riverine tree and shrub cover. This would make it uneconomic to establish a ranch in that area since, the mission sstimated, the cost of mechanical clearing alone would be about So.Sh. 1,500 per hectare, while prevailing meat prices in Somalia would justify a total on-ranch investment of only So.Sh. 110 per hectare. Another argument against the proposed site was that the area is subject to a high risk of excessive flooding. The findings of the mission were communicated to the Director General of the Ministry of Rural Development and Livestock by PMEA's letter of February 4, 1971 (attachment).

The Somali officials informed the January 1971 PMEA mission that the Government would prefer to develop the holding grounds at Kismaiyo and Gelib (ca 26,000 ha) outside the proposed project and with its own funds. In PMEA's letter of February 4, they indicated that, while the question who would take care of financing the holding grounds can indeed be considered a matter of choice, there can be little doubt that their development is an integral part of the rest of the project in the sense that, unless it takes place in step with the improved marketing facilities, the benefits of improved marketing could be lost. For this reason, PMEA considered it necessary that holding grounds be included as a component in the project, regardless of the source of finance.

In his letter of June 22, 1971, the Director General informed PMEA that, after careful restudy of the project, the Somali Government had reached a decision to turn down the project because:

- (a) it is the Government's firm and conclusive opinion that the Bardera ranch is the only and most essential infrastructural component of the project, without which there would be no need to develop a livestock project at Juba region;
- (b) the Government had decided to develop the other components of the project from its own national resources;

(c) the terms of a World Bank loan (credit?) were found less favorable than other loans which could be obtained from other sources.

The following comments on Government's decision to reject the proposed project have been offered to me by the senior officers of the Bank:

- (a) a PMEA mission which visited Somalia in December 1970 had agreed with the Somali officials to include a fattening ranch in the project provided further investigations would confirm the economic feasibility of this project component; the findings of the January 1971 mission were negative only in respect of the location proposed. The Association would be prepared to explore with the Government possible other sites for a fattening ranch that would not suffer from the drawbacks of the Bardera site;
- (b) The Bank believes that, subject to full appraisal, there would be substantial benefits to Somalia if the project could be implemented as proposed by PMEA (Annex); there would obviously be no objection on our part if the Government wished to finance the fattening ranch from its own resources;
- (c) The Bank does not understand the remark on loan terms (since it had in mind an IDA credit: 50 years - 10 years period of grace and 0,75% per annum) unless the Government can get project financing on a grant basis, in which case they would obviously be well advised to do so;
- (d) regardless of the outcome of this project, the Bank has instructed PMEA to consult the Government as to whether it wishes us to schedule a mission to Somalia to identify other project possibilities either in livestock or in the rest of the agricultural sector.

I would respectfully suggest that the contacts be reestablished and the dialogue be pursued due to the importance of this sector and the long-term part that could be played by the World Bank Group in developing a series of livestock projects in the forthcoming years.

Mohamed Nassim Kochman Executive Director

February 4, 1971:

The Director General, Ministry of Rural Development and Livestock, Mogadiscio, Somalia.

Dear Sir,

Recently a mission, comprised of Messrs. Nottidge and Grimshav, from our Office, visited Somalia to continue to assist your Government in preparing a livestock project suitable for Bank Group financing and, within this context, to investigate in detail the economic and technical feasibility of establishing a cattle fattening ranch at Bardore on the Giuba River and to assess the requirements for holding grounds.

I am happy to report that this and previous missions from our Office have made substantial progress in helping your staff prepare a viable livestock development project. Annexed to this letter please find an outline of a proposed project as discussed with your officials for your consideration.

The recent mission feels that project preparation could be completed in a matter of weeks and a request to the Bank Group for finance be submitted soon thereafter if agreement can be reached on the components to be included in the project. I understand that your officials, especially Dr. Ghani, General Manager of LDA, are in basic agreement with the proposed project as outlined in the Annex. In particular, they agree that a fattening ranch at Bardere is technically and economically not viable at this time considering the prevailing cattle prices, the high bush clearance cost (estimated at So.Sh 1,500 per hectore) and the risk of inundation of large areas from the annual flooding of the Giuba River.

However, as far as the holding grounds are concerned, no final solution was reached during the recent discussions between Dr. Ghani and our mission and I am writing to ask for your advice and decision in this respect. Our mission found that, in the light of the new Government policy to quarantine all cattle purchased by LDA for a period of twentyone days, prior to export or canning, it will be necessary to clear an additional 26,000 hectures on the holding grounds at Kishayu and Galib to hold the expected 84,000 head of cattle (rather than the 15,000 to 20,000 head of

February 4, 1971

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cattle presently being bought), which LDA will be able to purchase and move to Kismayu due to the improvements of marketing and stock route facilities under the proposed project. Consequently, the mission proposed that the cost of bush clearance of these 26,000 hectores, excenting to some So. Sh 6.5 million should be included in the project proposals. On the other hand, I understand that the General Manager of LDA would prefer to develop the holding grounds outside the proposed project and with his own funds. While the question who would take care of financing the holding grounds expansion can indeed be considered a natter of choice, there can, on the other hand, be little doubt that their development is an integral part of the rest of the project in the sense that unless it takes place in step with the improved marketing facilities, the benefits of improved marketing would be lost. For this reason, our mission considered it advisable that the clearing of 26,000 hectares on the holding grounds of Kismaya and Gelib be included in the project and I vould be grateful if you could indicate - in writing - to me what your views on this matter are.

In this connection, I should point out that if instead of the holding grounds expansion your officials would want to add other components to the project - if economically viable - this would most likely result in serious delay in the final preparation of a project suitable for submission to the World Bank Group. However, if you should be in a position to approve, in general, the proposed project, as outlined in the Annex, we would be happy to send up a team to Somalia very soon thereafter with a view to putting it in final form after discussing the details with you and your associates.

I am locking forward to your reply.

Sincerely,

Willem Brakel Chief Permanent Mission in Eastern Africa

PROPOSED LIVESTOCK AND MARKETING PROJECT - SOMALIA

The components of the project as suggested by PMEA are as follows:

1. Markets, Stock Routes and Holding Grounds

- (a) Markets: the development of six new livestock markets at Tabda, Maskati, Badada, Garisie Washan, Kunyambaro and Yak Bravai, together with the establishment of two market intelligence centres at Dolo and Busar.
- (b) Stock Routes: the construction of staging camps and water supplies along 763 kms of stock routes including minor improvements to roads leading to the more important markets and renovation of the ferry across the Guiba River at Gelib.
- (c) Holding Grounds: the clearing of 12,000 hectares of bush on the Kismaiyo Holding Ground and 14,000 hectares on the Gelib Holding Ground. The establishment of three further boreholes at the Kismaiyo Holding Ground and Housing and office accommodation at both for the two peripatetic cattle buying teams.
- (d) Field Construction Unit: the establishment of a unit, including the provision of machinery and equipment, to undertake the construction work at markets and along stock routes.
- (e) Market Ferry Service: the purchase of a small launch to ensure that marketing personnel can reach Badada market all the year round.

2. Veterinary Coverage

The construction of five field and one export veterinary centres, together with erection of four smaller sub-centres to effect veterinary coverage over a limited area with the intention of creating a disease-controlled area in that part of the project area containing the greatest cattle population.

3. Technical assistance

The provision of equipment and consultants services to prepare preinvestment studies for selected areas in the Trans Guiba and Mudugh regions.

4. Training of Range Management Staff

The provision of scholarships for training Somali staff in Range and Wildlife management at Degree, Diploma and Certificate level.

ECONOMIC AND SOCIAL SITUATION

I. INTRODUCTION

- While there are no national accounts, Somalia is recognized to be one of the poorest countries in Africa. The economy is simple and largely undeveloped, and there are few natural resources which can be easily exploited at present. Most of the people depend upon livestock and subsistence crop production for their livelihood, and living conditions for the largely nomadic population are generally harsh. Much of the country is arid, water supplies are scattered and often unreliable, and periodic droughts bring great hardship to both people and their livestock. The small monetary sector of the economy provides only limited opportunities for employment. Apart from the traditional export of livestock, commercial agriculture is mainly centered around the production of bananas, principally by Italian concession holders, and the production of sugar for the domestic market. Manufacturing and other sectors of the economy are restricted in their potential by the small size of the market, poor infrastructure and the shortage of capital and entrepreneurial ability. Social services are still very inadequate, only a small minority of children go to school and most rural communities are virtually isolated from the rest of the country by poor roads and communications.
- On gaining Independence in 1960, the new administration was faced not only with daunting problems of poverty and a very limited budget, but also with a diversity of civil service procedures, education and language inherited from the previous Italian and British territories. One of the first priorities was therefore to achieve national unification, and in ten years considerable progress has been made in this direction. Until the Revolution in October 1969, this period was also one of continued political stability. On the economic front, the first decade has been characterized by government's chronic financial difficulties which obliged Somalia to depend upon the outside world to balance her recurrent budget as well as to finance the whole of her development program. However, Somalia has made steady progress towards achieving a surplus on the recurrent budget, despite the growing burden of defense expenditure, and was fortunate in being able to attract a large amount of foreign aid and technical assistance on very soft terms. This assistance was, however, less effective than it might have been because of the inability to prepare and implement sound projects and because of the continuing shortage of recurrent funds to meet their local operating costs.
- 3. The new administration, which came to power in October 1969, appears seriously committed to the goal of economic development. It places a premium on self-reliance, which is evident in its management of public finance. Somalia's budgetary position showed considerable improvement starting in 1970, and in 1971 Somalia was able to eliminate its deficit in the recurrent budget, although its development budget is still in a deficit. This achievement is mainly due to effective expenditure control measures, administrative reforms in the tax collection machinery, new tax policies, and cuts in salaries and wages of government employees ranging from 5 percent in low wage brackets to 40 percent in the highest salary bracket.

Expenditures on defense and security still account for about 40 percent of total recurrent expenditure but its rate of increase has been reduced to five percent between 1970 and 1971, compared with average annual rate of increase of more than ten percent between 1967 and 1970. Budgetary support from Italy, which Somalia has been receiving since 1961, is still continued and now is used in effect to finance the development budget.

II. BALANCE OF PAYMENTS AND FOREIGN RESERVES

Somalia's trade balance has been constantly in deficit in recent years; the average annual trade deficit over the period 1968-71 has been So. Sh 116 million. During this period, exports and imports have increased by 31 percent and 25 percent, respectively. Somalia's exports are heavily concentrated in livestock and agricultural products. Over the last four years, exports of livestock, meat, hides and skins, and bananas have accounted for over 90 percent of total exports. Since 1968, Somalia's overall balance of payments has been in surplus. In 1970 and 1971, a surplus (excluding allocations of SDR's) of So. Sh 40 million and So. Sh 43 million respectively were recorded. The balance on goods and services showed a deficit in both years of about So. Sh 130 million. The inflow of foreign resources, both grants and loans, approximated So. Sh 180 million in both years. Somalia's foreign reserves, which started to recover from their lowest point in a decade in 1965, amounted to So. Sh 216 million (\$31 million) at the end of March 1972, the equivalent of more than six months' imports.

III. EXTERNAL ASSISTANCE AND PUBLIC DEBT

- Since independence, Somalia has received substantial amounts of foreign aid. In the last six years the annual average disbursements of loans and grants were in the order of US\$23 million with the major part (70 percent) in grants. Major donors have been Italy, the United States, the European Economic Community, the United Nations, the Federal Republic of Germany and the USSR. Grants (in addition to those financing the budgetary deficit) and project loans have been used to finance infrastructure works as well as a number of industrial projects. The fact that these latter projects have been facing many problems and have been working under normal capacity, or shut down altogether, suggests that Somalia may have strained her absorptive capacity and that ill-conceived foreign aid projects which are not based on good pre-investment studies could be counter productive. The United States and the Federal Republic of Germany have suspended their economic aid programs to Somalia since June 1970, although the implementation of already committed projects has not been affected. The United States has terminated aid because ships under the Somali flag have been calling at North Vietnamese ports. The decision of the Bonn Government was due to Somalia's recognition of East Germany.
- 6. At the end of 1971, Somalia's total disbursed public debt amounted to the equivalent of US\$83 million of which the USSR share was 48 percent and IDA 10 percent. While debt information is incomplete, it is estimated

that the debt service ratio was in the order of 6 percent in 1970. Somalia has experienced some difficulties in the past in servicing her external debt and has had to seek some relief through rescheduling arrangements with the USSR in 1966, 1968 and again in 1971. In view of the strained budgetary position of the Government, the management of the public debt, particularly the terms of new debts, is of critical importance. However, the new commitments, amounting to US\$94 million, obtained since June 1971, particularly those from the People's Republic of China, the USSR and IDA, have been generally on concessionary terms.

7. The Government has started compensation negotiations with the owners of enterprises nationalized in May 1970, mostly Italian firms. The negotiations are reportedly progressing satisfactorily but no agreement has yet been reached. Depending on the terms of agreement, compensation payments will increase Somalia's external payments in the short to medium-term.

IV. STATUS OF DEVELOPMENT PLAN

- 8. The So. Sh 1,000 million development program (1971-73), introduced in July 1971, differs in a number of significant respects from the first Five-Year Plan (1963-67) and the Short-Term Development Program (1968-70). The earlier plans looked to foreign aid for virtually all the financing. In the present plan, the Government, placing a high premium on self-reliance, intends to finance 20 percent of the plan from internal sources. The earlier plans were drawn up within the framework of a free enterprise economy. The current plan is based on the principles of socialism.
- 9. The plan gives the highest priority to transport and communications, which claims 35 percent of the total plan expenditure. A 1045 km road from Belet Uen to Burao being financed by the People's Republic of China, the Hargeisa-Berbera Highway (IDA), the Port of Mogadiscio (IDA and FED) and a telecommunications project account for 85 percent of investment planned for this sector.
- 10. Agriculture (including irrigation, forestry and game), livestock, and water resources development account for 34 percent of the plan budget. Banana development receives the largest share, but considerable allocations also go to cotton development and the agricultural crash program aimed at ultimately making Somalia self-sufficient in food supplies. Self-sufficiency is envisaged during the plan period for sorghum and maize, the two most important food crops in Somalia.
- 11. Water Supply has been a perennial problem to man, animal and crop throughout Somalia. The priority given to irrigation and water resources therefore appears amply justified on economic and social grounds. Although Mogadiscio and Hargeisa claim a sizeable portion of the water development budget, the plan gives due emphasis to drilling boreholes and constructing wells and reservoirs in the drier regions and extending irrigation schemes to harness the water of Somalia's two rivers, the Juba and the Shebelli, for agricultural purposes. The allocation of 6 percent of total plan expenditure to livestock does not reflect the importance of that sector and the priority accorded it. As regards the recent development and prospects of the major

sectors please refer to a later chapter on "Recent Development and Prospects of the Main Sectors."

12. The plan budget of So. Sh 1,000 million is very large compared with the First Five-Year Plan (1963-67) and the previous three-year program (1968-70) which called for average annual expenditures of So. Sh 280 million and Sc. Sh 235 million, respectively. Both plans proved to be over-ambitious and the administrative machinery has been bottleneck to implementation in the past. Even if all the external and domestic finances would be available, the shortage of qualified and experienced personnel will make it difficult to prepare projects as fast as called for under the plan. The rate of achievement in 1971 was considerably below the planned target.

Eastern Africa Region - Program I October 26, 1972

POLITICAL SITUATION

- Somalia was constituted as an independent Republic on July 1, 1960, merging the previous Italian Trust Territory of Somalia and the former British Protectorate of Somaliland. Throughout the first decade of its independence, the new republic was ruled by the predominant political party - the Somali Youth League, although the political scene was characterized by the existence of many parties. The new government was faced with difficult problems in uniting the different administrative, legal and financial systems of the previous two territories, and in tackling the severe economic and financial constraints with which it was faced. On the external political front, Somalia successfully followed a policy of non-alignment, but became heavily engaged in a series of confrontations with neighboring Ethiopia and Kenya over the issues of border definition and the activities of Somali-speaking people in the border areas. As a consequence, a significant proportion of Somalia's resources were devoted to defense and internal security during the 1960's. In 1967, the previous Shermarke/Egal regime reached an understanding with Ethiopia and Kenya that force would not be used to solve their border problems, but although these agreements appeared to have been successful in reducing border hostilities, defense expenditure has continued to absorb a large and increasing share of the central government budget.
- During the nine years of rule by the Somali Youth League, Somalia earned a reputation in the World for its political stability and democratic institutions. But there was a growing dissatisfaction within Somalia at the regime's failure to solve the problems of poverty and unemployment, and accusations of nepotism and personal corruption were levelled at government leaders. In October 1969, the President of the Republic, Abdirashid Ali Shermarke, was assassinated apparently for non-political reasons. Immediately after the state funeral on October 20, the Somali Youth League met to nominate a party candidate for the Presidency, and there was apparently widespread dissatisfaction both with the choice of candidate and with the method of election, involving charges of widespread bribery. On October 21, a group of officers of the Somali armed forces and police seized power in a bloodless coup, suspended the Constitution, and established a Supreme Revolutionary Council (S.R.C.) to rule by decree.
- 3. Since the coup, the S.R.C. has been the highest decision-making body in the country. All legislative, executive and judicial powers are vested in the S.R.C. The S.R.C. consists of the President, Major-General Mohamed Siad Barre, the three Vice-Presidents and seventeen military or police officers. The S.R.C. is assisted by another Council consisting of Secretaries of State, eight of whom are officers of the armed and police forces and ten are civilians. The Council of Secretaries is chaired by the President. The Secretaries of State have apparently been appointed to their positions on the basis of their qualifications and experience. Most of them are young and have university degrees, as well as experience in administration.

- On the domestic front, the Government's main objectives are to eradicate tribalism and corruption; to promote economic development through the efforts of the people and the exploitation of the country's natural resources; to achieve social justice and "the right to work"; to eliminate illiteracy; and to develop a Somali language script. The President, Siad Barre describes Somalia's basic political philosophy as one of "scientific socialism." According to him, "scientific socialism" as distinct from dogmatic socialism, implies harmonizing local conditions and beliefs, particularly the Islamic faith, with the experience gained by the international socialist community. The Government started a "crash program" or a "self-help scheme" shortly after the revolution to educate the country in the newly enunciated principles. In May 1970, the S.R.C. also went some way towards reorganizing the nation's economic structure by nationalizing key enterprises ranging from commercial banks to international trading firms. Government has often indicated that foreign investment is welcomed as long as such investment does not lead to "exploitation", but practical application of this general criterion still remains to be confirmed.
 - The Government has stated that its external policy rests on four main principles: (i) the continuation of the policy of positive neutrality; (ii) support for international solidarity, peaceful co-existence between all peoples, and for national liberation movements; (iii) opposition to all forms of colonialism; and (iv) continued support for the "reunification" of all Somalia. While continuing to support the principles of re-unification and self-determination for all Somali people, the Government has stated that it is opposed to the use of force to settle international disputes, and has declared its wish to continue friendly relations with Ethiopia and Kenya, as well as with other OAU member countries. During the Egal period, Somalia had applied to join the East African Community and the Somali Secretary of State for Foreign Affairs reaffirmed his Government's commitment to the principle of membership. Somalia has been a member of the Yaounde Convention and has received a considerable amount of aid from FED.
 - Although the military government has undertaken to draw up a new constitution and to eventually return the country to democratic civil rule, a definite time has never been indicated by responsible sources. For example, in an interview with an AP correspondent in July 1972, the President, Siad Barre, stated that the Somali people are not yet politically mature and need "remoralization, re-education and re-orientation to enable them to select the right leaders to lead their destiny." An abortive, revanchist plot to overthrow Siad in May 1971 by a group of army officers favoring, inter alia, a more pro-Western foreign policy, including the then Vice-President, Major-General Ainanshe, and the then Secretary of State for Public Works, Salad Gaveire, revealed serious disunity among the revolutionary leadership. It was the second time that a vice president had been so accused in the short history of the S.R.C.'s rule. In June 1972, after a public trial, the three ringleaders were executed and the others received long prison terms. Since then, Siad has moved in the direction of a more pro-Soviet foreign policy, more orthodox Marxist-Leninist doctrine, and less reliance on the remaining S.R.C. members.

RECENT DEVELOPMENT AND PROSPECTS OF THE MAIN SECTORS

I. AGRICULTURE

1. While the agricultural sector continues to offer the greatest potential for the future economic development of Somalia, most rural activities are at an early stage of commercial development, and the country is faced with an awesome range of difficulties to be overcome if agriculture is to thrive. The majority of the population who depend on agriculture for a living are faced with a basically hostile environment. Soils are for the most part poor, nearly all areas are arid or semi-arid, and rainfall for crops or water for livestock is often uncertain. Periodically, a particularly harsh drought will bring misery and death to both human and livestock populations. With an already difficult problem, Government is generally poorly equipped to improve matters quickly.

Irrigation Crops

- 2. Because of the generally arid conditions prevailing in Somalia, the possibilities for large-scale irrigation have received considerable attention over the years. Some irrigation has been undertaken on the Shebelli and Juba rivers for many years, both on a commercial basis in the case of bananas and sugar, and on a more primitive basis in the case of many small-scale producers along the river banks.
- 3. Of the two rivers, the Shebelli has received the more attention, even though the Juba appears to have a far higher potential. The Shebelli was favored for early development not only because it allowed for comparatively cheap flood irrigation in contrast to pumping from the Juba, but also because the Juba previously formed the border with Kenya and was therefore not a particularly attractive river for development. The principal constraint to further development on the Shebelli is its seasonal flow which presents the two-sided problem of flood control in the peak months and water scarcity in the lowest months. In the average flood season about half of the Shebelli's discharge flows into the swamp areas to the South of Coriolei and is wasted. In the dry months January-March, the flow of water is usually insufficient to meet the needs of existing irrigation, and has to be supplemented by groundwater supplies, and in some years the river dries up altogether in the lower reaches.
- In the short run, therefore, it is clear that any further development of the Shebelli must avoid taking water from the river during the critical months January-March. This means that the short-run potential is limited either to seasonal crops, such as rice, which might be grown during months when the water flow is adequate, or to the further development of those areas which have an adequate reserve of groundwater to supplement river water during the dry months. The UNDP-financed pilot farm for irrigated rice production on the Shebelli river was begun at the end of 1971. Furthermore, the ADB has agreed to finance a 3,000 ha pumped irrigation project at Afgoi-Mordile.

- 5. Much less is known about the Juba than about the Shebelli, although as Somalia's only perennial river, Juba has in the long run a higher potential than the Shebelli. In 1971, the USSR committed a loan for the construction of a dam at Fanole on the Juba river with irrigation canals and hydroelectric power station. While a large-scale program for the development of the Juba is essential, the immediate priority would seem to be to devise smaller and less costly projects, which will be within the country's capacity to implement and which can be expected to give quick returns. Some of the more promising crops suitable for such projects are discussed in the following paragraphs.
- 6. Bananas. Bananas are Somalia's most important cash crop and the second most important foreign exchange earner, accounting for one fourth of the total value of exports. Commercial production of bananas is concentrated in two areas: on the Shebelli River around Afgoi and Genale (Afgoi-Genale) and in the Lower Juba area. Scarce rainfall makes irrigation indispensable. For most of the year irrigation water is taken directly from the Shebelli River in Afgoi-Genale, but when it runs dry (60-70 days a year) water is pumped out of farm wells. In the Lower Juba, water is taken from farm wells all the year round.

After a five-year period of relative stagnation, the area under cultivation increased by 21 per cent, from 7,200 hectares in 1970 to 8,700 hectares in 1971. Production rose to a level of 128,000 metric tons in 1971, which is nearly 8 percent higher than in the previous year.

Farm size varies widely but tends to be larger in Lower Juba than in Afgoi-Genale. The yield per hectare varies a great deal from farm to farm but is generally low, averaging 12 metric tons per hectare in Afgoi-Genale and 18 metric tons per hectare in Lower Juba. The production cost of Somali bananas is still higher than that of competing Central and South American bananas.

- vas formed. ENB is primarily a marketing agency, but it is also playing a major role in increasing the production and yields of banana farms. ENB supplies farmers with technical assistance, fertilizer, tractors, and packing material. Two pilot farms, each comprising 250 hectares, have been set up in the Shebelli and Chisimaio regions to assess costs of production and soil suitability and to experiment with new production techniques to raise yields. The results of these experiments will be disseminated to all farmers, especially small farmers, in order to encourage them to move to areas suitable to banana cultivation and to modernize techniques. Medium and large farmers, particularly Italian farmers, have been consolidating their holdings in recent years. ENB is encouraging small farmers to consolidated holdings and to form cooperatives.
- 8: The closure of the Suez Canal had an adverse impact on exports of bananas. Recently several improvements have been made in shipping bananas. With the use of bigger and better ships, average transport costs have been reduced to levels below those prevailing before the closure of the canal, even though ships have to go around the Cape.

- exports to the Middle East, Italy remains the major market for Somali bananas. Up to the end of 1969, Italy granted a tariff preference of 33-1/3 percent to Somalia on the general rate of duty on imports of bananas up to a sales volume of 100,000 tons. Under a new import policy, Italy has fixed a global quota for banana imports of 315,000 tons per annum, one-third of which is reserved for countries associated with the Common Market. As most of the French speaking Common Market associate countries export their bananas to France, Somalia is virtually guaranteed 105,000 tons on the Italian market. At present only 60 percent of the available quota is being utilized by Somalia. Insufficient production appears to be the major constraint to increaseing exports. To mitigate the effects of the withdrawal of the tariff preference to Somalia, Italy has provided a grant of So. Sh 58 million to be disbursed over the period 1970-73, for financing improvements in Somalia's banana Industry.
- 10. Sugar. The most important commercial crop grown for domestic consumption is sugar, which is produced by the Societa Nationale Agricole Industriale (SNAI) at Jowhar. Until the nationalization measures of May 1970, this organization was partly state and partly privately owned, but is now wholly owned by Government. Because of the sharp increase in production since 1965, the country is now virtually self-sufficient in sugar. Any expansion in the production of sugar is limited to satisfying the modest increase in local consumption since the high cost of production (over \$150 per ton) virtually rules out the possibility of export or the use of local sugar in processing. However, for any major new developments in irrigation (including longer term expansion in sugar planting), SNAI would have to consider extending its operations to the Juba because of the shortage of water in the Shebelli.
- Grapefruit. There is good reason to believe that Somalia could establish a successful grapefruit export industry. Grapefruit of good quality can be produced in Somalia under irrigation, and the favorable reception given to the small quantitites which have been exported to Europe in recent years suggests that Somalia could benefit from her associate membership of the EEC in this market. In recognition of this potential, the EEC approved a grant aid in 1971 to start a 1,500 ha irrigated nursery for the cultivation of grapefruits in the Lower Shebelli area. The EEC project was originally conceived as part of the banana diversification program, and it was envisaged that grapefruit seedlings produced under the project would be distributed to existing banana producers, who would thereby be assisted to phase out of banana production. However, if banana production is shown to be profitable, the emphasis will be on expansion rather than diversification, and existing producers will probably not be too enthusiastic about undertaking a new and long-term investment in grapefruit. Moreover, if banana production is expanded or even maintained, there would be insufficient water in the Shebelli River for the Genale area to become the center for grapefruit production, as is presently planned.

Whatever strategy is followed, it is urgent that a decision on the development of grapefruit in Somalia is taken seen. Grapefruit seedlings will be ready for transplanting soon after they are grafted, and project preparation should be in hand now for their utilization.

Rice. Rice comprises one of Somalia's most important staple foods, and is the largest single food commodity imported. In recent years, imports have been running at around 20,000 tons a year, valued at about Sh. 20 million, and rice is clearly a strong candidate for an import substitution program. Recent research work at Afgoi suggests that suitable upland varieties of rice are now available, and that knowledge of rice agronomy under Somali condition is sufficiently advanced to allow a greater effort in production to be made. The Agricultural Development Agency is presently attempting to increase rice production amongst smallholders, but a much larger production effort will need to be mounted if a significant reduction in imports is to be achieved. Consideration might be given to an integrated irrigation project, under central management, which would provide production inputs and services, machinery and tools, extension and supervision, hulling, and marketing. A recent UNDP study has identified a site for a 3,000 ha controlled irrigation project in the Afgoi-Mordile area, which could provide some 1,500 ha for upland rice production and the pilot irrigation scheme started in 1971 on the basis of this study.

Dryland Crops

- 13. There is considerable potential for a much larger increase in crop production under natural rainfall conditions, particularly in the areas of reasonable soils and higher rainfall between the two rivers. However, this is the field in which progress will be hardest to achieve because of the general paucity of knowledge concerning agronomic methods and the difficulties of extending new crops and techniques to the indigenous cultivator. The three priorities for attention are grains, oilseeds and cotton.
- 14. Grain Crops. Maize, millets and sorghum are all produced as predominantly subsistence crops, with small surpluses sold on the local market. Yields are normally very low, and losses are caused both by climatic adversity and through damage from insects, birds and other pests. The two highest priorities for government action are research into higher yielding varieties and an improved marketing system. Recent research on cereals has so far not been very promising although rather more success has been experienced in variety trials with sorghum than with maize.
- Marketing is mostly undertaken individually or through traders, and the system is characterized by severe fluctuations in price, both for the producer and consumer. In an attempt at establishing a more orderly system of pricing and marketing, a Grain Marketing, Storage and Price Stabilization project was approved by UNDP towards the end of 1966. The project was suspended early in 1970, mainly through difficulties over providing staff acceptable to Government, and resumed operations in 1971.

- 16. Cotton. The establishment of the Somaltex textile factory at Balad has provided a substantial market for cotton within Somalia. The agricultural industry will have to overcome various difficulties in responding to this market, however. On the technical side, cotton production is presently beset with problems of seed supply, pest and disease control, inadequate extension cover and marketing services, high ginning costs and poor organization. Yields are very low and there is need for much more research, particularly into suitable methods of pest control. In view of these problems it is difficult to see any rapid expansion in cotton in the short term. However, Somali farmers do have experience of growing cotton, and at various times in the past considerable areas (up to 25,000 ha) of cotton have been cultivated in Somalia. There seems no inherent technical reason why cotton production should not be developed.
- 17. In planning the longer term development of cold on there may also be a problem of choosing the appropriate staple length. The textile factory is geared to produce cheap grey and bleached cloth for the local market, and requires mainly shorter staple cotton for this purpose. On the agricultural side, Somalia would appear to have the potential for producing longer staple cotton for the export market. In the longer term if Somalia can produce good quality cotton at competitive cost, it should be considered whether it might not be better to export local cotton and allow Somaltex to import its requirements of low-grade cotton.
- 18. Oilseeds. A number of oilseeds have been grown in Somalia under traditional agricultural methods or as part of research programs, including groundnuts, sesame, safflower, sunflower, soya, and coconut. Some of these are used for edible oil purposes in a number of small oil expressing plants. In addition, cottonseed will be available for oil expressing once the backlog of seed for planting purposes has been overcome. Further research will be required before a policy for oil production can be evolved.

Livestock

- 19. The livestock industry continues to have the highest known potential of any sector of the Somali economy. Most of Somalia's land area is suitable only for extensive livestock production, and most of the people are traditional pastoralists who are not only wholly dependent on livestock, but have long experience of the difficulties of handling stock under the often tough conditions imposed by sparse grazing and water supplies. Somalia also has established valuable export outlets for its surplus livestock in the Arabian peninsula and Kenya, and has, in her indigenous breeds of cattle, a potential export for world markets. All these factors suggest that the livestock sector is a priority for future investment, particularly for measures designed to relieve the major factors presently constraining increased production, off-take and export.
- 20. There are four major constraints facing the industry: disease, water supplies, grazing and marketing. More efficient disease control and an improved animal health service are required not only to reduce mortality and increase the fertility of the national herds but also to provide the control required to satisfy export standards, particularly in regard to foot and mouth and rinderpest control. Some of the restrictions on exports of live animals and meat can be overcome by the stricter quarantine arrangements now being implemented in the Lower Juba, but to tackle the basic problem of animal health there is a great need for an expanded veterinary service. There is

also need to assess the threat imposed by tsetse fly infestation and to propose remedial or eradication measures.

- The constraining factors of water supplies and grazing control 21 . really need to be taken together because they are not unrelated. The demand for reliable, perennial sources of water, for both human and animal consumption, is perhaps the most keenly-felt need throughout Somalia, and there is great enthusiasm for programs - including self-help projects - which will improve water supplies. An inherent danger, however, is that the provision of such water points, by encouraging permanent settlement, will destroy the delicate equilibrium between stock numbers, water and grazing which has been established over the years, unless close attention is also given to pasture management in these areas. It is widely believed that any form of pasture control or paddocking will be very difficult to impose on the traditionally conservative and independent Somali herdsman, but the risks of deteriorating grazing and soil erosion, as a result of overstocking, are sufficiently high to justify serious and urgent consideration being given to the matter. The problem is probably most urgent in the North, where there is already evidence of serious pressure on available grazing, and a UNDP project (Survey of Northern Rangelands) has now been set up to study this problem.
- 22. The need for marketing covers both internal handling, purchasing and transport requirements, (which, since the animals move on foot, means stock routes, watering points, etc.), as well as the need for an efficient processing and export organization. The Livestock Development Agency (LDA), established in 1966, has made a good start in providing the basic infrastructure necessary to provide a comprehensive marketing service. A priority need at present is to provide better facilities for the purchase and handling of cattle, and for further improvements in the shipping of live animals and meat.
- 23. The export of small stock and camels from the North (mainly Berbera) follows the traditional trade in livestock with Saudi Arabia and the Gulf States. The previous problem of a heavy death rate up to 20 percent during shipment has been partly overcome by the introduction of new handling regulations in 1969 and by the use of better vessels, and further improvements in handling are expected.
- 24. The export of hides and skins, particularly goat and sheep skins, is an important source of foreign exchange for Somalia, although difficulties have arisen since the closure of Suez and the nationalization of hide importers in Aden. It is intended to set up a small pickling plant in Burao to process sheep and goat skins. A UNDP project (Training Center for Hides, Skins and Leather Development) has been established near Mogadiscio to evolve suitable methods of improving the utilization of hides. The Chisimaio factory has demonstrated that good quality hides can be produced in a modern plant.

II. FISHING

25. Despite Somalia's long coastline and easy access to both the Indian Ocean and the Gulf of Aden, the fishing industry has never been a very important sector of the economy. While estimates vary very greatly, there are

probably no more than 20,000 people dependent on fishing, and most of these are part-time fishermen operating on a very small scale and using primitive methods. Many of the preconditions for a traditional fishing industry have not been present in Somalia. Small scale operations along the Coast are restricted by the scarcity of natural harbors, seasonally rough seas and the long stretches of coral reef enclosing the coast. Since the Somali people are not traditionally fish eaters, the internal market has been small and poorly organized, and the general scarcity of all-weather roads has made access to the fishing areas difficult. Finally, the fishing industry has had little support from Government in the past, and virtually no services are available to the fishermen.

- Inshore fishing. The main prospect for the bulk of small-scale fishermen is in the production of dried fish for export. Export markets are known to exist in Ceylon and elsewhere, but it will be necessary to bring improved technology, extension advice, credit and marketing services to fishermen in those areas where communications exist if the industry is to expand. The development of the small-scale fishing sector would seem to have a high priority.
- 27. Deep-sea fishing. While tuna and other deep-sea fishing is thought to have a large potential in Somali waters, little is known of the movements of fish and the optimum methods of catching them. These questions are now being studied by a UNDP project.
- 28. In 1970, a fishing freezing and canning factory was built under Russian economic aid at Las Khoreh. The factory is badly sited, with very poor communications, no harbor and few local fishermen, and will be faced with the problems of an unreliable supply of raw materials. It also seems that no market has yet been secured for its large potential output of 8 million cans (250 gr.) a year.

III. WATER SUPPLIES

- 29. Water for human consumption as well as for livestock and agriculture is a great need throughout most areas of the country. The Somali Government is now putting considerable emphasis on the provision of water supplies, and both multilateral and bilateral assistance have been received in the past, particularly for livestock purposes. The most successful aspect of the WFP multi-purpose community development project has been the provision of self-help water points, and this work is planned to expand considerably. The third phase of the UNDP Mineral and Groundwater Survey will continue to give attention to the exploration and identification of groundwater reserves.
- 30. The Development Programme envisages a plan for the construction of deep and shallow wells, and cement tanks to fulfill the needs of the nomadic population and their animals. Work on the Mogadiscio water supply project and the Hargeisa water supply continued with assistance from USAID and the reople's Republic of China, respectively. The Chisimaio water supply project which was incorporated in the second phase of the Chisimaio port has been completed.

IV. MINING

31. Considerable hope is still attached to the work of the companies that are engaged in prospecting for oil and uranium. The three companies that have been granted licences for oil prospecting are continuing their operations, but it is estimated that it will take another two or three years before final conclusions can be reached. Two of the three companies which obtained prospective rights for uranium over the radioactive anomalies found by the UNDP-financed Mineral and Groundwater Survey have withdrawn leaving only one Italian company which had the most promising blocks. The Mineral and Groundwater Survey for which a Phase III project has been approved continued its investigations which resulted in new information on deposits of uranium, piezoquartz, titanium and groundwater.

V. TRANSPORTATION

32. The exploitation of Somalia's limited resources has been inhibited by lack of adequate transportation facilities, particularly ports and good roads between inland livestock-raising areas and the ports. The transport system is in the early stages of development. Many areas are not accessible by motor vehicles for much of the year. There are two (recently completed) deep-water ports, at Berbera in the north and Chisimaio in the south; Mogadiscio is served by an inefficient, uneconomic, lighterage port. An internal air transport system is beginning to be developed. In all modes the density of cargo and passenger flows is light.

Road Transport

33. The road network comprises about 16,000 km of which less than 1,000 km are bituminous surfaced roads. Long distances and light traffic densities make road projects difficult to justify economically although they are necessary to ensure national unity and administrative accessibility. Apart from the Afgoi-Baidoa highway, providing a road link from Mogadiscio through the center of its service area, the Hargeisa-Berbera road and a feasibility study of the Borama-Hargeisa road, all IDA financed, a 1,045 km road is programmed from Belet Uen in the central region, from which there is a road to Mogadiscio, to Burao in the north, to be financed by the People's Republic of China.

Ports

Somalia has 27 ports along the more than 3,000 km of coastline, including four major ones at Berbera, Chisimaio, Merca and Mogadiscio. New ports have recently been built at Berbera in the north and Chisimaio in the south, with the help of the USSR and USAID, respectively, and now have sheltered deep-water facilities. Mogadiscio and Merca are lighterage ports open to the Indian Ocean with its rough sea and seasonal high swells. The four major ports account for more than 95% of Somalia's oceanborne foreign commerce. There is little coastal traffic and virtually no passenger traffic. Mogadiscio, the principal import port, handles about two-thirds of the country's imports but normally only about 5% of its exports. Berbera is the only major port on Somalia's northern coast and the principal outlet for livestock exports. Merca and Chisimaio, located respectively 90 km and 500 km south of Mogadiscio, are primarily banana export ports but also handle small quantities of imports; Chisimaio also exports livestock and

meat products and handles, during the southwest monsoon season, some import cargo destined for Mogadiscio.

Air Transport

Somalia is beginning to develop its domestic air transport system (Somali Airlines) to connect scattered urban areas with Mogadiscio and now has direct flights between Mogadiscio and twelve other centers. Domestic freight transport reached only 321 tons and domestic passenger movements 18,000 in 1969, growing at an annual average rate of 34% and 19% respectively in recent years. International airlines have scheduled flights connecting Mogadiscio with Europe, the Middle East and North and East Africa. Between 1965 and 1969, international freight traffic (166 tons in 1969) grew at an annual rate of about 34% and passenger traffic (10,000 in 1969) at about 26%.

VI. EDUCATION

- The structure of education has three levels: elementary, intermediate and secondary, each of four years. Arabic is the language of instruction at the elementary level and English is slowly replacing Italian at the intermediate and secondary levels. There are three public technical schools, with 3 and 4-year courses, after intermediate education. A secondary agricultural school is being built and is expected to be in full operation by 1974. The National Teacher Education Center (NTEC) which trains secondary teachers and the National University are the only post-secondary institutions in the country.
- Elementary education enrollment increased by 53% in the last decade while doubling in most African countries. In 1969, about 29,300 pupils, or approximately 8% of the relevant age group, attended elementary schools. This compares, for 1969, with: Ethiopia 12.5%; Tanzania 35%; Uganda 45%; Kenya 65%. Growth has been sluggish, not only because of scarcity of financial resources, but mainly because of the government policy, from 1965 to 1969, of controlling elementary enrollment in order to expand intermediate and secondary education. The government now intends to devote more attention to the quantitative and qualitative growth of elementary education.
- Intermediate education has grown rapidly, with enrollment increasing from 2,800 in 1960 to 14,300 in 1969, equivalent to 5% of the relevant age group. Although retention rates are good, the quality of instruction requires improvement. A high percentage of teachers is unqualified and most of the teachers qualified by government standards need retraining in English, the new language of instruction.
- 39. General secondary education enrollment is still equivalent to less than 2% of the relevant age group as compared to:

Ethiopia	Tanzania	Uganda	Kenya	Zambia
1970	1970	1969	1968	1968
3.4%	2.4%	5%	8%	10.5%

It has increased from 750 in 1960 to 3,900 in 1970. The quality of instruction is unsatisfactory. 45% of the teachers are expatriate, provided mostly under bilateral aid, and about 50% of the remainder are unqualified by government standards. The curriculum has been unsuited to the country's needs, being mainly academic and geared toward post-secondary education abroad. A new curriculum is being introduced. Its major feature is the inclusion of options in agriculture, industrial arts, commerce and home economics.

- 10. Teacher training for secondary teachers is carried out at NTEC. In 1969, enrollment was 180 of which 60 were in a one-year program for intermediate school teaching. Intermediate and secondary school graduates, without training in teaching techniques, are employed directly as elementary teachers. Although about 120 unqualified elementary teachers per year receive in-service training, the lack of pre-service training reduces the quality of elementary and intermediate education. The extensions to NTEC, included in the IDA credit of 1971, will provide permanent facilities for pre-service elementary and intermediate teacher training.
- 41. Technical education is given in three public technical schools, with a total of 400 students. The Mogadiscio school provides 4-year courses in mechanical and electrical engineering. The Technical Institutes offer 3-year courses at the post-intermediate level in general and automotive mechanics and electricity (in Burao) and in carpentry (in Hargeisa). Except in the Technical Institute in Burao, which was established with bilateral aid from the Federal Republic of Germany, equipment and facilities are old and inadequate. Curricula are outmoded and over 50% of the teachers are expatriates. Workshop instructors are insufficiently qualified. An Italian private school trains quantity surveyors in a 4-year course (grades 9-12).
- 1. The National University, established in 1969, has an enrollment of more than 1,000 students, mostly part-time. Full-time attendance in the two existing schools, Law and Economics, is estimated at 220. The National University plans to open Schools of Agriculture, Veterinary Science, Engineering, in the seventies to accommodate 2,000 students.
- 43. In summary, Somalia is improving her educational system by focussing her educational planning for a qualitative and quantitative advance at all levels of education, but requires to upgrade the administration and inspection functions of the Ministry of Education and raise the quality of teaching. The IDA credit of 1971 will assist in achieving the goals of the plan by (i) eliminating a major bottleneck in teacher training; (ii) providing adequate facilities for the implementation of a diversified secondary school curriculum; (iii) permitting a more practical technicians' and skilled workers' training; and (iv) expanding farmers' training. The schools improved under the project will cater for all elementary and intermediate teacher training and for about 80% of the enrollments in secondary, technical and commercial education.

IDA OPERATIONS IN SOMALIA

I. PAST OPERATIONS

1. The following is a summary of IDA Credits to Somalia (an IDA-only country) as of September 30, 1972:

No.	Year	Purpose	Amount Total	(US\$ million) Undisbursed
74-S0	1965	Highway	6.20	-
123-S0	1968	Highway	2.30	0.32
S5-S0	1969	Port of Mogadiscio (Engineering and Accounting Services)	0.55	0.01
247-S0	1971	Education	3.30	3.30
295-S0	1972	Highway	9.60	8.60
			21.95	12.23

First Highway Project

- Two IDA Credits (74-SO and 123-SO) have been provided toward the financing of the 200 km Afgoi-Baidoa road. In addition, the European Development Fund (FED) has provided \$4.85 million for the engineering and construction of this road, the provision of highway maintenance equipment and the construction of an office for the Highway Department. The third partner in this project is UNDP which has provided \$2.15 million for consulting services and training for the Highway Department and transportation studies (with the Bank as Executing Agency).
- 3. Construction of the Afgoi-Baidoa road started only in 1968; the main reasons for the delay being the unforeseen difficulties in FED's approval of the contractual arrangements with the consulting engineers, a realignment of the road, and slow progress by the consultants in design and specifications. Because of this, it was not possible to invite bids for the construction of the road until March 1967. By that time construction costs had increased by \$2.8 million, probably due to the Middle East war and the closing of the Suez Canal, and work on the road could not proceed until additional financing had been arranged. To cover part of the additional construction cost of the road, a supplemental IDA Credit (123-SO) amounting to \$2.3 million was granted in June 1968.
- 4. Construction of the Afgoi-Baidoa road was substantially completed at the end of March 1971. However, the contractor has submitted claims totalling about \$2.4 million and has given formal notice to the Government of proceeding to arbitration on these claims. It is not known how much of these claims will eventually have to be paidbut the Somali Government may be called upon to meet a sizeable cost overrun.

5. Due to delays in the provision of maintenance equipment financed under the project, implementation of the UNDP training program was slowed down.

Port of Mogadiscio Studies

6. This Credit covers the detailed engineering studies for a new port of Mogadiscio and modern accounting services for the Somali Ports Authority (SPA). The project has been completed.

Education Project

The project provides for the construction, furnishing and equipping of one new secondary school, extensions to ten secondary schools, the National Teacher Education Center, one technical school, and one technical and commercial school, and eight mobile units for agricultural training, a unit for supervision of project implementation, and technical assistance. Implementation is about six months behind schedule due to changes in the upper echelon at the Ministry of Education, including Project Unit staff, and delays in the arrival of experts to assist in the implementation of the project. Since the experts arrived in the end of August, the project has been actively progressing.

Second Highway Project

- 8. The project consists of:
 - (a) the construction (including paving) of a two-lane highway between Hargeisa and Berbera (about 158 km), the detailed engineering of which was prepared by consultants with financing provided by UNDP and African Development Bank (ADB); and
 - (b) consulting services for:
 - assistance in the pre-qualification of contractors, evaluation of contract bids and the award of contracts for the highway referred to above;
 - (ii) supervision of construction of the road;
 - (iii) preparation of a feasibility study and, if it confirms the technical and economic feasibility, subsequent detailed engineering of the Hargeisa-Borama highway (about 140 km) with a spur to Tug Wajale (about 20 km) on the Ethiopian border; and
 - (iv) technical assistance in transport planning.

The project is financed by an IDA Credit (295-SO) of \$9.6 million and an ADB loan of \$1.0 million.

II. FUTURE OPERATIONS

9. IDA Strategy. Although IDA Lending has so far been concentrated in transportation and education, fulfilling obvious needs of the country, more emphasis should now be placed on agriculture, including livestock, which is by far the most important sector in Somalia. Although the problem is all the more difficult because most of the population are nomads, rural development projects will be identified which would directly benefit a large number of people.

Mogadiscio Port Project (FY1973)

- At present, four major ports handle practically all of Somalia's ocean transport: Berbera in the north, Mogadiscio and Merca in the center and Chisimaio in the south. Of these, Berbera and Chisimaio are modern, deep-water ports. In Mogadiscio and Merca ships anchor in the open sea and all loading and unloading is done by lighterage. The proposed project, the first stage in a master plan to replace the lighterage harbor with a new sheltered deepwater port, and consequent increase in efficiency and capacity would enable Mogadiscio to recapture some of its service area traffic now handled uneconomically through other ports. Livestock now moved from the Mogadiscio service area to the port of Berbera in the north for export would be handled by Mogadiscio, as would cargo that must now be handled by Chisimaio, 500 km to the south, when the monsoon season makes lighterage operations at Mogadiscio impossible. Bananas now exported through the inefficient lighterage port of Merca, 90 km to the south, would also go through Mogadiscio. Furthermore, the efficiency and lower cost of operations at the new port would generate new traffic. These developments would increase the annual volume of dry cargo traffic through Mogadiscio from the current 160,000 tons of 525,000 tons in 1981 and 660,000 tons in 1986.
- 11. Under a joint-financing arrangement of FED and IDA on a 50/50 basis, the project would provide for:

(i) a 770 m breakwater;

(ii) three berths (two of 160 m and one of 140 m); (iii) a dolphin berth for mooring livestock vessels;

(iv) a marshalling area for livestock;

(v) an access road;

(vi) two transit sheds, one warehouse and ancillary buildings;

(vii) the purchase of some cargo-handling equipment;

(viii) the purchase of a tug and harbor and navigational equipment;

(ix) engineering supervision services;

(x) technical assistance and training in port operations, accounting, tariffs, and management.

The total cost of the project is estimated at about \$25 million. It is proposed that the IDA-credit and the FED grant each finance one-half of the total project cost.

12. Negotiations were completed in September. Because past experience shows that bids on work in Somalia can substantially exceed the cost estimates, it is now arranged to obtain actual bid prices for port construction before Board Presentation to confirm the adequacy of the financing plan. The tender documents were issued early October, bid opening is scheduled for December 18, and selection of contractor for early February 1973. Accordingly, the presentation of the credit to our Executive Directors is scheduled for February 1973.

Livestock Project (FY1974)

- 13. Since 1968, several Bank missions mostly from PMEA visited Somalia to identify and prepare a livestock project suitable for IDA financing. PMEA and the Government finally reached agreement on the substance in September this year, and PMEA has completed a final draft of its preparation report. The appraisal mission is scheduled to be fielded in February 1973, and the presentation of the credit to the Executive Directors for mid-1973.
- The project as proposed by PMEA would cover the area lying between the Juba River and the Kenya border, and bounded in the north by the Somali-Ethiopian border and in the south by the Indian Ocean. Preliminary calculations indicate a total project cost of So. Sh 80 to 90 million, i.e., US\$11 to 13 million. According to the PMEA proposal, the IDA credit should cover 85-90 percent of the total cost.
- 15. The project would mainly consist of the following components:
 - i) The construction of three new permanent markets and two market intelligence centers;
 - ii) The construction of water supplies and staging points along some 600 km of stock routes;
 - iii) The construction and operation of a 20,000 ha holding ground near Afmadu;
 - Approximately 12,000 ha bush clearing and the construction of water supplies on Chisimaio Holding Ground being operated by the Livestock Development Agency;
 - v) The provision of short-term loan funds for the purchase of the incremental livestock throughout;
 - B. Production (30,000 head output)

 i) The phased construction of 3 x 80,000 ha rainfed grass growing out ranches;
 - ii) The construction of irrigation, drainage and road works on a 1,500 ha farm and the phased agricultural development of it for fodder production;

- iii) The phased construction of feed storage facilities (silage) and feeding yards;
- iv) The provision of short-term loan finance for the purchase of livestock for growing out and fattening;

C. Disease Control

- i) The construction of one Regional and four District Veterinary centers and five houses for Veterinary Officers;
- ii) The purchase of vehicles and laboratory equipment, and veterinary expenses for these five centers;

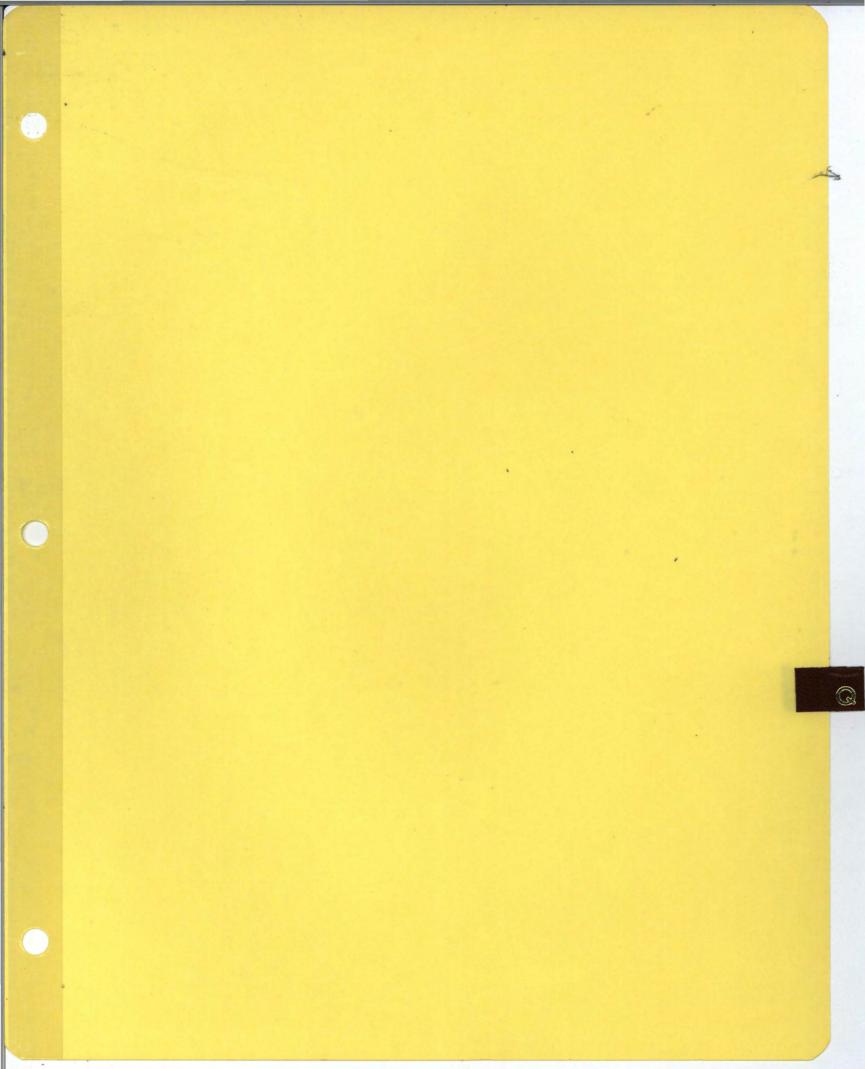
D. Technical Assistance & Training

- i) The provision of funds for the employment of suitable staff to carry out feasibility studies and project preparation for further livestock projects;
- ii) The provision of funds for the training of project personnel.

Rural Development

16. A rural development identification mission from PMEA is scheduled to visit Somalia in early November 1972.

Eastern Africa, Programs I October 25, 1972



EXTRACT

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ANNUAL REPORT FOR 1971

for the

INTER-AGENCY CONSULTATIVE BOARD

by Gafour Abdourashidov

Resident Representative of the UNDP in the

Somali Democratic Republic

28 March 1972

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Part III: UNDP AND OTHER EXTERNAL ASSISTANCE

- 69. Reliance on foreign assistance for the development effort has continued and this is a fact which has been taken into account in the Development Programme 1971-73 which counts on foreign assistance, either in the form of grants or loans for approximately 80% of all outlays.
- 70. As figures for assistance to a great number of aid projects in 1971 are not available, one can only make rough guesses as to the magnitude of total assistance efforts.
- 71. Looking at the estimates on percentage of external assistance of total sectoral outlay of the Development Programme 1971-73 one notices that e.g. in electricity and power 100% of outlays are calculated to come from external sources. Next to this sector are transport and communication (94.7%), irrigation (93.1%), health (86.7%), information (98.7%), labour and training (82.3%), livestock (71.5%), and agriculture (68%). In mining and industry, external assistance is slightly over 50% of the total outlay. The lowest percentages of external aid are in the sectors of housing, statistics and cartography, tourism and social welfare.
- Out of the total external assistance to development projects, assistance from the UN and Specialized Agencies counts highest in the sectors of forestry and game, mining, social welfare, labour, training, and statistics and cargography. These sectors are solely assisted by the United Nations. In education, the percentage is 70.4%, in transport and communication 34.5%, in health and in all other sectors it plays, compared to other assistance, a minor role. The significance of the UN assistance is quite evident in several crucial sectors of the economy, e.g. mining, transport and communication, and education.
- 73. The bulk of the UN assistance continued to be channelled during the year in the sectors of agriculture, fisheries and livestock, even though there were indications that projects at the moment in the pipeline would be decreasing their share. The Training School for Animal Health Assistants (SOM-9) continued its work and a second phase project was in the pipeline. The Training Centre for Hides, Skins and Leather Development (SOM-11), besides continuing training, started pilot production operations. The Fishery Survey project (SOM-13) concluded the first phase composed principally of research

activities and entered now, with the full support of the Government, into field operations. The Grain Marketing, Storage and Price Stabilisation project (SOM-7) resumed operations. The Survey of Northern Rangelands (SOM-12) experienced difficulties and was drawing to a close, but a follow-up project is being planned. The Pilot Farm for Irrigated Agriculture on the Shebelli river was begun at the end of the year. The ADB has agreed to finance a 3,000 ha. pumped irrigation project at Afgoi-Mordile. Out of the total costs of So.Sh. 13.4 million for the project, the ADB loan covers So.Sh.8.8 million. A number of other projects, principally in the area of livestock development, have been conceived and are waiting their turn. This is an area which is also attracting assistance from other multilateral and bilateral sources. Thus the EEC continued temporary aid to the banana production and has has approved a new grant to start a 1500 ha. irrigated farm for the cultivation of grapefruit. Its assistance to the citrus fruit station in Genale and to the animal production and health pilot project in the south continued. Other assistance include the British bilateral project for veterinary services in the north, assistance from the Federal Republic of Germany to the seed multiplication project, and Italian assistance for the development of banana. New commitments in this area include the planned assistance from the USSR for the construction of a dam at Fanole on the Juba river with irrigation canals and a hydroelectric power station, equipment for agriculture and assistance to the development of fisheries.

74. In the area of education the major development was the signing of the US\$ 3.3 million loan agreement with the IDA for the multi-purpose education development project. This will concentrate mainly on technical education, vocational training and teacher training, and will be supported by two UNDP large-scale, UNESCO-executed projects, which will begin in 1972. It should be noted with special satisfaction that 1971 saw the emergence of a number of large-scale training and educational projects, thus promising more attention to these areas which have too long been neglected. These projects, referred to above, are the Teacher Training, Technical Education and Vocational Training projects, as well as the Somali Institute for Development Administration and Management, mentioned in the next paragraph. Small-scale project in educational planning with two experts, a planner and a statistician in attendance, continued. Italian large-scale bilateral assistance to the

National University and to secondary schools continued. Other assistance in the form of fellowships for teachers came from the EEC, the Arab Republic of Egypt, the Netherlands, the USSR, Italy, India, France and the German Democratic Republic.

- 75. The UN-executed Somali Institute of Public Administration continued full scale operations and plans were formulated to make it into the Somali. Institute for Development Administration and Management by injecting into it a new component of management training which will begin in 1972.
- 76. WHO projects for malaria pre-eradication, tuberculosis control, and in health training, basic health services, nursing education, smallpox eradication, organisation of medical care and public health laboratory services were continued, and a new project for the establishment of a training centre for the repair and maintenance of medical equipment was under planning. EEC assistance to the Mogadiscio General Hospital continued, and other assistance from bilateral sources, principally as doctors and nurses, was also granted.
- 77. In irrigation and water development the work done by the Mineral and Groundwater Survey project as well as by the FAO hydrologist has to be mentioned. Work on the Mogadiscio water system continued under US/AID and the People's Republic of China has agreed to conduct water survey in Hargeisa, Belet-Uen and other towns, and to construct 6 wells in the north.
- 78. The UNIDO Industrial Programmer finished his assignment towards the end of the year but the Cost Analyst continues. He has now completed his studies on all major government industrial enterprises. UNIDO assistance to the Development Bank continued. Future plans include a large-scale project in strengthening the Ministry of Industry and the Development Bank as well as an industrial survey, and the establishment of a Prototype Foundry and Mechanical Workshop on voluntary contributions from Yugoslavia through UNIDO. Other aid commitments in this area include a cement factory possibly with the assistance of the People's Democratic Republic of Korea and a factory of cigarettes and matches with the assistance of the People's Republic of China. The IIO expert in Manpower Assessment and Planning, together with an associate expert, continued their work which was mainly concentrating on a manpower survey undertaken by the Ministry of Labour.

- 79. In the development of natural resources the UN-executed Mineral and Groundwater Survey project finished its second phase and continued into the third phase in 1972. Other assistance under discussion in this field is for a possible gypsum exploitation pilot project with UNIDO/UN/UNCTAD assistance, bilateral assistance from the USSR, and possibly from the People's Republic of Bulgaria for exploitation of tin deposits.
- 80. In transport and communication the IBRD-executed Special Fund project Highway Development Programme continued. Further assistance for highway construction was under consideration by the ADB and IBRD group. Bilateral assistance has been committed by the People's Republic of China into a major road construction between Belet-Uen and Burao.
- 81. Among other UN projects which have contributed their share in the development and ought to be mentioned are the following: in the area of electric power, the UN adviser and electrical engineer completed a number of studies relating to all major power stations in the country, and a legal adviser assisted in drafting the necessary laws and decrees. A UN low-cost housing team continued its assistance to the National Housing Agency. An expert in maritime law assisted in drafting the Maritime Code and concomittant regulations.
- 82. A UN team consisting of a planner and two statisticians continued their work at the Ministry of Planning and Coordination. Other assistance in the form of planning experts in this field came from the Federal Republic of Germany, the USSR and Italy.
- 83. UNICEF continued its assistance in the area of public health with supplies and stipends, and similarly in teacher training where a UNESCO team of three teacher training experts also continued their work.
- 84. The World Food Programme sent 1,340 metric tons of food commodities at a total cost of approximately US\$ 314,500 in support of two ongoing projects in community and agricultural development and of a school-feeding project launched in October 1971. The WFP has also been committed to contribute a total of 9,084 metric tons of commodities in three years at a total cost of US\$ 2,473,300 for three new projects: the expansion of the community development project, a hospital feeding programme and a water development scheme.

- 85. The Government has submitted two requests for further WFP food aid during the period under review. The first is for the development of rangelands and the second for the promotion of forestry resources. Both projects are to be located in the north.
- Other assistance for which agreements or commitments were made during 1971 include assistance from the USSR for the improvement of the broadcasting system and for construction of bulk storage facilities for petroleum products at Mogadiscio, Kismayo and Berbera; assistance from the Arab Republic of Egypt in training and fellowships for youth leaders and a loan of £2 million from the Government of Iraq.
- 87. Several countries responded with assistance for the emergency situation caused by the cyclone which hit the north-western part of the country in November 1971, causing approximately So.Sh.10 million damage to livestock, buildings, agriculture and fisheries. The UN Secretary-General granted US\$ 15,000 for the emergency operation and this has been used for the purchase of construction materials.
- 88. In general, external assistance is relevant and in accordance with the national development needs and objectives. The design of projects and their implementation are the crucial areas where more attention is needed.
- 89. Coordination of foreign assistance takes place only within the Government.
- Barring new discoveries in natural resources the basis of the livelihood and economy of the country will be its livestock. This is correctly identified as one of the top priority areas in the Development Programme, and a number of projects have been prepared. Due to limited resources under IPF and earlier commitments, it would appear that assistance from UNDP will not be coming quickly enough and not in sufficient quantities. For various reasons credit negotiations have not brought results so far. There is need and scope for related projects in animal health and production, strengthening of infrastructure, marketing and shipping, utilisation of by-products, strengthening of extension services, mass education of livestock owners and development of water resources.

- The main obstacles hindering the effective implementation of projects 91. have been on the side of the Government the difficulties in finding counterparts with adequate training and background, the constant reassignment of personnel attached to counterparts, lack of transport facilities and inadequate supporting services, e.g. clerical personnel. In this situation there is no immediate relief and the recent curtailment of fellowships abroad is likely to retard progress even further. With regard to transportation and secretarial services various remedial measures, such as schooling, should be considered. On the side of the Executing Agency the difficulties in recruitment have become even more pronounced and delays in detting experts to the project sites have been reasons of embarrassment in some cases. On some occasions experts whose specialities do not match their assignments, and below standard experts, have been fed to the Government. The input of the UN system in Somalia in terms of equipment and experts is considerable, thus it is unfortunate that for the various reasons some of them enumerated above, their full potential has not been used and the returns on the money invested? is unsatisfactory.
- 92. In fact, due to shortage of qualified manpower in the Government much too high a number of experts are being used for minor routine work; in some cases even of a clerical nature.

From aircraft Wednesday, November 15, 1972 12:35 pm

His Excellency Major General Jaalle Mohamed Siad Barre Mogadiscio

I leave Mogadiscio with my wife and my associates extremely grateful to you and your Secretaries of State for your warm hospitality and genuine Somali generosity. It has been one of my best visits and we did enjoy the fruitful and constructive talks we had at various levels. The field trips made possible for us to understand the emphasis you have placed on self-reliance and your economic and social needs and priorities. You can rest assured that the World Bank Group will bring its modest contribution to your national struggle for economic, social and cultural promotion of the Somali Democratic Republic. My delegation joins me in wishing to you and your partners good health, prosperity and success in your battle against the real enemies of your people: hunger, disease and ignorance. Highest regards. Jaalle Robert McNamara

cc: Mr. Kochman Mr. Lejeune