

Labor Market Study in High Growth Sectors

Mogadishu |
Kismayo

Prepared by



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Acronyms

AMISOM	African Union Mission in Somalia
ARC	American Refugee Committee
AS	Al-Shabaab
FAD	Fish aggregating device
IDP	Internally-displaced person
INGO	International Non-Governmental Organizations
IOM	International Organization for Migration
NRC	Norwegian Refugee Council
SNA	Somali National Army
TVET	Technical vocational education and training
UNHCR	United Nations High Commissioner for Refugees
WFP	World Food Program

Executive Summary

In July 2015, the Tripartite Commission, formed by UNHCR, and the governments of Kenya and Somalia, agreed to scale up efforts to support the voluntary repatriation of Somali refugees. The Commission expects that the effort will repatriate some 425,000 Somali refugees over the course of 5 years. In order to facilitate the reintegration of these returnees to their homeland, the American Refugee Committee's *Provision of Employment/Livelihood Opportunities for 10,000 Returnees in Lower Juba and Mogadishu* project aims to create livelihood opportunities that enable returnees to achieve self-reliance and economic independence. The present labor market study seeks to determine the most immediate labor needs and range of skills required in sectors of high potential employment in Mogadishu and Kismayo. The study undertakes a qualitative approach, targeting industry stakeholders responsible for hiring in companies from four high-growth sectors: 1) construction, 2) fishing, 3) hospitality, and 4) energy. The main findings from Mogadishu and Kismayo across these sectors are summarized below:

Kismayo

Construction: The sustained growth of the construction sector in Kismayo has led to a correspondingly high number of hires in the past 12 months. Construction workers, engineers, plumbers, carpenters, and supervisors were among the positions for which there was the most hiring. The greatest labor need for construction companies was for skilled employees who would be able to join a project and immediately begin doing high quality work. However, the deficits in human capital due to decades of civil unrest and a weak economy means that few can meet their hopes for instant competency. Specific to Kismayo, each year there is a seasonal sea lock due to the monsoon season from approximately May to October that causes prices of imported goods, such as many of the construction materials, to be driven up. This would be less problematic if companies could access loans to buy construction materials before the sea lock is put in place.

Fishing: In the past 12 months, the interviewed fishing businesses hired rapidly, though not to the degree of construction companies. However, unlike the construction sector, much of the hiring for the fishing sector was for full-time employees. The positions with the most frequent hires were fishermen, fish processors, and marine pilots. Future hiring needs included the aforementioned positions along with boat repairmen for those companies looking to bring boat repair services in-house. The most frequent request by these companies was for greater investment in the equipment needed to create cold lines in which to store fish from catchment, processing, to distribution.

Hospitality: Hotels and restaurants in Kismayo hired for jobs that related to handling food such as cooks and waiters. Like the fishing sector, jobs acquired in the hospitality are not as plentiful, but once gained, there is the promise of regular wage payment and little turnover. While none

of the companies interviewed in the hospitality sector had current vacancies, they said that following the upcoming parliamentary elections, they would most likely hire waiters, cooks, cleaners, beverage preparers, and baristas. In order to improve their business, they seek skilled individuals that are able to prepare a wide variety of foods. Some of these businesses have cited a desire to diversify their suppliers.

Energy: In the immature Kismayo energy market, there are only three energy companies, of which one was a solar energy company. Due to the high demand for electricity in the city, their enterprise performance was high. Employment, however, was not correspondingly high, with only a few electrical engineers, electrical linemen, and solar technicians hired in the past 12 months. Due to the relative unfamiliarity of Kismayo's residents to solar energy, continued growth in solar energy can be supported with awareness-raising campaigns about the potential savings that solar energy could create and its potential usages in homes, businesses, and offices.

Mogadishu

Construction: The enterprise performance of companies in the construction sector was mixed. While some had benefitted from the growing stability and rebuilding process underway in Mogadishu, there were businesses that were still subject to insecurity—the sense of which has only been exacerbated by the tension surrounding the upcoming election. Nevertheless, hiring of engineers, construction workers, electricians, carpenters, and plumbers was high. Like the construction companies in Kismayo, those of Mogadishu would also like to hire and train more skilled workers so that they will be ready to do quality work immediately for these temporary positions.

Fishing: Due to higher demand for fish arising from greater local consumption of fish, the fishing sector continues to grow steadily. In the coming 12 months, fishing companies expect to hire many more fishermen, marine pilots, and technicians capable of using fish aggregating devices. Like their Kismayo counterparts, the fishing companies in Mogadishu said that the most significant problem facing them was their lack of investments, which prevented them from being able to invest in larger refrigerators, boats, and updated equipment.

Hospitality: The target of several attacks over the past 12 months, insecurity has had a clear negative impact on the enterprise performance of several hotels and restaurants, causing them to let go significant portions of their staff. Nevertheless, hiring continued for several others and included cleaners, cooks, waiters, beverage preparers, and baristas. Their greatest need was for well-trained staff.

Energy: The energy companies in Mogadishu have been performing well due to the still low levels of electrification in the city, but also the recent high demand for solar energy. Hiring was highly active in the past 12 months. Energy companies hired up to 430 electricity technicians,

while a solar energy company hired 18 of them. Other common positions hired for include money collectors, accountants, and managers. Interviews revealed the need for technical training relating to solar panels, and decried the lack of any schools to teach these skills.

Key Recommendations

1. Evaluate the level of training provided by current TVET programs in Mogadishu and Kismayo
2. Develop a robust system of TVET schools in Mogadishu and Kismayo
3. Improve access to and knowledge about financial credit
4. Link technical vocational education and training centers with relevant businesses

1. Project Overview

1.1 Background

The world's largest refugee camp is in Dadaab, Kenya where 261,496 Somali refugees continue to reside.¹ Beginning in October 1991, three camps were set up by the Office of the United Nations High Commissioner for Refugees (UNHCR) to host the Somali refugees fleeing the civil war that had erupted earlier that year. Dadaab would serve as a shelter for Somalis that fled the civil conflict that continued to roil and fracture the country for over two decades, and in 2011, Dadaab was the shelter at which many Somalis arrived to escape the ravages of drought and famine. Over the years, it grew to include five camps and, in addition to being the largest, became one of the world's oldest.

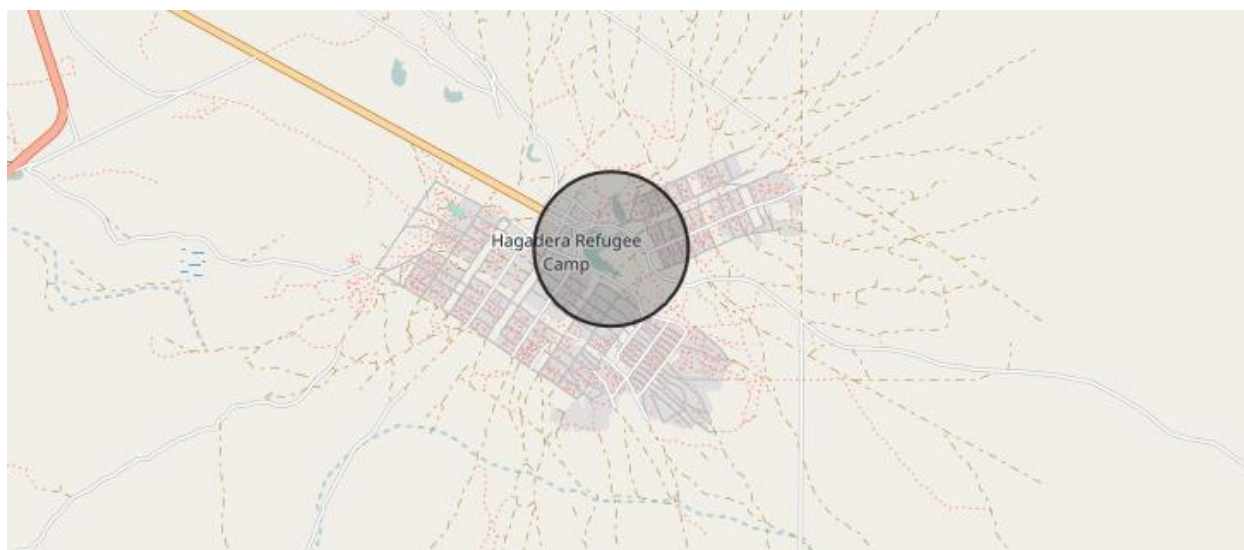


Photo 1 Overhead map of Hagadera Refugee Camp, the largest of Dadaab's 5 camps, where 82,167 refugees reside

On September 10, 2012, the Federal Government of Somalia was established, elections, albeit indirect elections, were held for the first time in four decades, and stability slowly returned to Mogadishu, Kismayo, and surrounding regions. As the unrest in their homeland has receded, the UNHCR shifted its approach from care and maintenance to durable solutions, including repatriation.

UNHCR and the governments of Kenya and Somalia comprise the Tripartite Commission, and in July 2015, the Commission agreed to scale up efforts for the voluntary repatriation of Somali refugees. The Commission plans for the repatriation of approximately 425,000 Somali refugees over 5 years.

¹ "Refugees in the Horn of Africa: Somali Displacement Crisis," UNHCR, 30 September 2016, <http://data.unhcr.org/horn-of-africa/settlement.php?id=10&country=110®ion=3>

Today, the repatriation of these Somali refugees is well-underway. From December 2014 till August 2015, there were 2,969 Somali refugees who have returned to Somalia with the assistance of UNHCR as part of a pilot phase.² The rate of return only appears to be increasing. According to the Somali Refugee and IDP Return Dashboard, a total of 12,976 returnees were transported back to Somalia in 2015,³ and from January 1 – February 10, 2016, 2,864 individuals had already returned to Somalia.⁴ The returnees are going to Kismayo, Mogadishu, Baidoa, and Luuq, with the most common destinations for return being Kismayo and Mogadishu.

Given the increasingly rapid return of Somali refugees to these cities as well as Somalia's difficult economic conditions where unemployment is estimated at 67% for youths⁵, UNHCR and ARC are implementing programs to aid in the returnees' transition back to Somalia. UNHCR provides financial and in-kind assistance as well as longer-term support to reintegrate returnees into their communities. With the *Provision of Employment/Livelihood Opportunities for 10,000 Returnees in Lower Juba and Mogadishu* project, ARC aims to increase job placement and self-employment opportunities by providing market-driven skills training, financial services, business development services (BDS), and strengthening strategic linkages among business education providers within the public and private sector in Mogadishu and Kismayo.

1.2 Purpose

The purpose of this labor market study is to determine the most immediate labor needs and range of skills required in sectors of high potential employment in Mogadishu and Kismayo. The study focuses on interviewing industry stakeholders who are directly responsible for organizational hiring. Included in the report are a multitude of quotes from these industry representatives in order to allow them to give voice to their own specific needs.

The study will be used to inform the American Refugee Committee's programs to increase job placement and self-employment of these returnees by matching youth skills with jobs, skills training, business development services, provision of financial services, and strengthening linkages between business education providers.

1.3 Methodology

While previous research on the labor markets of Mogadishu and Kismayo have suggested several growth industries in the two cities, these labor market studies have seldom been able to articulate

² "116 Somali refugees return from Dadaab camps to Mogadishu, spearheading new phase of voluntary repatriation," UNHCR, August 2015, <http://www.unhcr.org/55c1fadd9.html>

³ Somali Refugee and IDP Return Dashboard

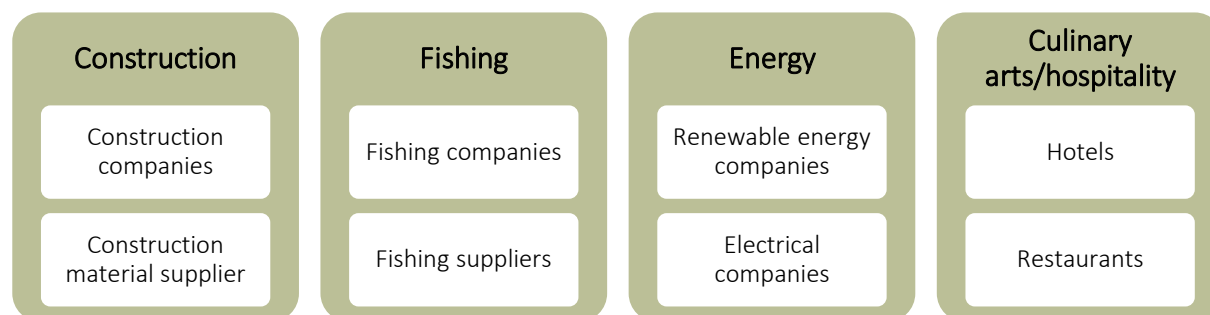
⁴ UNHCR S.O. Dadaab (ProGeres)

⁵ 2012 Somalia Human Development Report, UNDP

why jobs in these industries are growing, how much they are growing by, the volume of available jobs, future employment demand, or the specific skills required to obtain these jobs.

The present study will be qualitative in its entirety and seeks to provide rich detail on the specific jobs available in four sectors that are thought to be growing in Mogadishu and Kismayo. The companies interviewed for the study worked in the following sectors and types of companies within these sectors.

Figure 2 Sectors and Companies Interviewed



Previous labor market studies highlighted these sectors and subsectors as those which were experiencing growth in the two cities, and they were chosen in collaboration with the American Refugee Committee for a deep dive analysis. This study aimed to target stakeholders along each sector’s production process, specifically suppliers and producers. Key informant interviews with these stakeholders sought to obtain information on production, employment, skill level, jobs and vacancies, future employment prospects, future labor demand, and hiring and firing practices.

In countries in which labor data is scant, the International Labor Organization suggests using establishment surveys to obtain data on business and their characteristics.⁶ A matrix of the objectives, information generated, and indicators of such an establishment survey is presented below.

Table 1 Establishment Survey Objectives and Indicators

Survey Objectives	Specific Information Generated	Indicators
1. Which sectors of the national/local/regional economy are growing	1.1 Enterprise developments (short-term)	Turnover trends in short/mid-term
		Economic performance of enterprises

⁶ “Youth Labor Market Analysis: A Training Package on Youth Labor Market Information,” International Labor Organization, 2013, http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/instructionalmaterial/wcms_302416.pdf

and are likely to require additional workforce (and which sectors are declining)	1.2 Emerging and developing sectors	Newly created jobs
	1.3 Trends in recruitment	Current structure of workforce by type of contract, age, sex, and level of education
		Inflow and outflow of workforce by main reasons
		Inflow of youth aged 15-30
2. Which types of occupations are likely to be required by expanding sectors/enterprises	2.1 Assessing skills shortages	Current vacancies by occupation and skills required.
		Average duration of vacancies
		How companies plan to fill existing vacancies
		Reasons for which some posts are hard to fill
	2.2 Planned employment next 12 months	Planned increasing and decreasing workforce by occupations
3. Which skills and knowledge are required by emerging occupations/economic sectors	3.1 Which occupations opened and which vocational non-vocational skills required	Occupations opened the previous year
		Required skills and knowledge for individuals employed during the previous year (vocational/non-vocational)
		Planned employment by occupation and required skills and knowledge
	3.2 Assessing the skill gap	Level of employers' satisfaction with skills/knowledge of persons employed during the previous year
		Preferred strategies to fill the skills gap

Along with obtaining information on businesses in these sectors, working relationships with the interviewed firms can be developed and relied upon to create more relevant courses for trainees, provide opportunities for mentorships, apprenticeships, and job placement.⁷

1.4 Sampling Method

Businesses were selected with the collaboration of ARC staff, Chambers of Commerce in the respective locations, and field researchers. ARC staff and Chambers of Commerce representatives used their social networks to obtain permission for interviewing. Following a snowball sampling

⁷ Mercy Corps, "Labor and Market Assessment Guidance and Tip Sheets," <https://www.mercycorps.org/research-resources/labor-and-market-assessment-guidance-and-tip-sheets>

method, a wide variety of initial interviews were set up, and from these companies, the contact information of other businesses working within the same sector could be obtained. This was frequently used to interview producers and suppliers of the companies initially interviewed.

A total of 106 interviews were completed, 54 of which were in Mogadishu, and 52 of which were in Kismayo. The plan for the sampling method had been to divide the total number of interviews at each location evenly across the different sectors. Finding businesses to be interviewed for most sectors was unproblematic, but energy companies and, in particular, renewable energy companies were few in both locations. When this was discovered, these interviews were instead conducted with businesses from the construction and fishing sector, which the review of initial interviews conducted showed were providing the most employment among the sectors surveyed.

Table 2 below presents all the businesses interviewed in Mogadishu. In total, the representatives from 24 construction, 17 fishing, 7 hospitality, and 5 energy companies were interviewed.

Table 2 Businesses Interviewed in Mogadishu

Construction	Alhi Model Engineering Co
	Alla Amin Furniture & Carpentry
	Amaana Construction Engineering Co
	Badbaado Construction
	Brothers Construction & Trading Logistics Co.
	Buurhakaaba Construction Co
	Dallad Group of Companies
	Dankulmis Corporation
	Donyale Construction Co
	Garbood Construction and General Services
	Gobanel Construction Co
	Horn Star Aluminum Co
	IESCO Construction Co
	Iman Construction Co
	Mansoor Enterprise and Construction
	Mumtaz General Services and Construction Co
	Nur Yerow Construction and Trading Co
	Owdweyne Construction Co
	Sadco Construction Company
	SECCO
	Shakir Construction and Housing Co
	Southern Foundation & Construction Co
	Tawakal Construction Sales and Trading Co
	Unity Construction and Trading Co
Fishing	Arakaay Fishing Co
	Barwaaqo Catchment Trading Co
	Ceel Macaan Sailors and Navy Fishing Co
	Ceel-macaan Fishing Co
	Cigo Corporation and Fishing C

	Ciise Moos Fishing Company
	Dankulmis Fishing Co
	Fin Construction & Fishing Co
	Indian Ocean Fishing LTD
	Mamo Fishing Company
	Mareeg Fishing Supplier
	Mareeg Union Fishing Co
	Marrale Fishing Co
	Meeralay Fishing Co
	Moqdishu Fishing Union
	Tawakal Fishing Co
	Warshiiq Fishing Co
	Al Khayraad Restaurant
Hospitality	Dayax Bar and Restaurant
	Hadra Mindi Bar, Hotel and Restaurant
	Hilaac UK Bar, Hotel and Restaurant
	Sahafi Hotel
	Sieda Vegetable Company
	Spaghetti House and Restaurant
	SolarGen
Energy	BECCO Power Energy Supply LTD
	Blue Sky Energy
	Mogadishu Power Energy and Water Supply
	Mogadishu Power Supply
	Solargen

The list of companies interviewed for the study in Kismayo can be found below in Table 3. Representatives from a total of 22 in construction, 14 in fishing, 13 hospitality, and 3 energy companies were interviewed.

Table 3 Businesses Interviewed in Kismayo

Construction	Al-Aamin Building Material Supplier
	Al-Cayn Construction and Trading Co
	Al-Fadli General Trading Co
	Al-Fajr Building Supplier
	Al-Kahf Construction
	Afrah Building Material Distributor
	Afrah Construction Co
	Horn International Co
	Idman Construction Co
	Jubba Construction Co
	Kinoor Construction Supplier
	Mubarak
	Mustaqbal Construction
	Nothern Supplier and Constructor Limited
	OPEC Supplier Co

	Pioneer Construction Co
	Sagal General Supply and Construction Co
	Samoha
	Somali Construction Co
	South Supply and Construction Co
	Waamo Trading & Transport Co
	Zamiil Construction
Fishing	Al-Aamin Fishing Co
	Barwaqo Fishing Co
	Cadaani Ali
	Cawaale Fishing Co
	Dayax Bar and Restaurant
	Horseed
	Kasima Fishing Supplier
	Kiboora One
	Kisma
	Manarani Fishing Co
	Midnimo Fishing Co
	Santog Food Sea and Supply Company
	Suq Weyne
	Xebaha Konfured Fishing Co
Hospitality	3 3 Store
	Afi Mineral Water
	Agan Hotel
	Akara Store
	Al Khayraad
	Coca Cola Branch
	Golden Waamo Hotel
	Hotel Fadlulahi
	Hotel Qiilmawaye
	Kismayo Hotel
	Maasha Allah Hotel
	Makka Hotel
	Tawakal Hotel
Energy	Jubba Electric
	SolarGen
	WESCO

1.5 Limitations

Snowball sampling is inherently subject to the bias of those initial participants gathered from the consultation of the Chambers of Commerce and ARC staff. The companies interviewed may be less representative than would result from a random sampling of businesses. This non-random sampling method was considered necessary in view of the difficulty of interviewing companies without introduction from a third party.

Representatives of the company at times could not speak accurately about the hiring practices or the enterprise performance of the company in the past due to a lack of record-keeping. In addition, representatives sometimes could not describe plans for employment in the future, because future hiring plans had not been made. Nevertheless, they were asked to provide their best estimate of their business' employment needs in the coming year based on their projections.

1.6 Ethical Considerations

In keeping with general research ethics protocol, Forcier obtained informed consent orally from all participants to establishment survey, including:

1. Participation is voluntary and no negative consequences will follow from refusal;
2. Any respondent is free to end the survey or leave the focus group at any point without any negative consequences;
3. Any respondent is free to refuse to answer any individual questions;
4. Establishment surveys will be recorded for future reference.

In keeping with the confidentiality agreement of the survey, the information provided by all companies interviewed will not be attributed to any specific company.

2. Kismayo

A city of 210,000 in the Lower Juba region, Kismayo is the capital of the Interim Juba Administration (IJA). The IJA was established by the Somali National Army (SNA) and the African Union Mission in Somalia (AMISOM) army, a coalition that was able to drive Al-Shabaab out of one of its crucial strongholds. The legacy of the decades of civil unrest remains evident in the poor provision of education, the lack of financial institutions, and the critical skill shortages.

The analysis of the qualitative data will take the following structure for each of the sectors under analysis: 1) the report presents findings on stakeholder views regarding employment, 2) findings on hiring trends in the past, currently, and in the future, and 3) proposes a menu of interventions to undertake.

2.1 Construction

2.1.1 Enterprise Performance

When asked about their business performance over the course of the past 12 months, the majority of construction companies surveyed, 19 out of 23 companies, said that their business had performed well, citing high demand for construction in the city and new customers, particularly from INGOs, multilateral institutions, and private individuals.



Photo 2 Construction team putting the ceiling for a shelter for returnees

“ In the past 12 months, we have constructed and implemented several substantial projects for wealthy individuals to build their homes. In the past year, we have also done a lot of work with international organizations and the government. In 2015, we built 100 temporary shelters for IDP settlements in Kismayo funded by NRC, rehabilitated 5 shallow wells for ARC, constructed a Jubaland police training camp with 5 large halls, 20 latrines with septic tanks, 1 mosque, and a high perimeter wall of 94 KM. ”

– Construction Company Rep., Kismayo

“ Last year was a good year for us as we received several new clients.... We worked closely with organizations like NRC, WFP, and other INGOs operating in Kismayo. For the NRC we built a youth sports center, and for the WFP we built refugee returnee IDP settlements. ”

– Construction Company Rep., Kismayo

A commonly cited reason for the increase in demand of construction was the return of peace and stability to the city which in turn brought people and investment.

“ Our business performance was good, because Kismayo has been progressing as a city since it has had peace. During the seasonal sea lock, people in Kismayo don't build houses because of the high price of goods needed for construction, but during the other months, people try to build a great deal, especially the Somali diaspora. ”

– Construction Company Rep., Kismayo

“ The demand for construction was high since Kismayo is a growing city. Somalis are coming back Kismayo to build houses since Kismayo has security, and the diaspora from abroad are coming back to the city as well. ”

– Construction Company Rep., Kismayo

Despite the generally positive business performance of the businesses interviewed, there were a few exceptions. Several of the companies appear to be construction companies that have struggled to win projects with the new customers or to gain traction in a newly competitive business environment.

“ The economic market is not good. The government takes from us too much taxation, and also many construction suppliers have joined the market. Therefore, we do not have the same profits as we used to in past years. ”

– Construction Materials Supplier Rep., Kismayo

“ The demand for construction is high in Kismayo and the development of the city is going well since there are a lot of people coming back to the city. There is a large increase in building in the city during this year.... However, the number of construction companies have increased even more, and so the opportunity for each construction company to get work has become fewer. ”

– Construction Materials Supplier Rep., Kismayo

The overall outlook for construction in Kismayo is positive, and the findings broadly support previous research that suggested the construction sector can provide employment to a large number of unemployed youths who would be resettled in the city.

2.1.2 Hiring Practices

The general growth of the construction sector in Kismayo corresponded with a high number of hires. When asked about the positions for which they hired over the course of the past 12 months, construction workers, engineers, plumbers, carpenters, and supervisors were frequently cited by business representatives.

The number of construction workers hired by the companies interviewed ranged from 20 to 300. These construction workers were responsible for working with wheelbarrows and buckets to bring cement to the construction site, mixing the cement with sand and water in the correct proportions for different uses, and bringing that cement to the masons and bricklayers. Most of these positions were casual labor positions, lasting only the duration of the project after the project was completed.

Like construction workers, carpenters were often hired together at the beginning of a project. Companies hired from 1 to 40 carpenters for their projects in the past 12 months. Their responsibilities for



Photo 3 Recently constructed shelters for returnees

work are broad. They range from producing doors, windows, and molding to constructing ceilings and roofs. Also like construction workers, carpenters often were hired at the beginning of the project and let go at the project's end.

Plumbers were in demand by construction companies although far fewer than construction workers and carpenters were needed by each of the companies in the past year. Five of the six companies that hired plumbers in the past year hired fewer than six plumbers. Only 1 of the larger construction companies hired 15. Plumbers, likely because they require a more specific set of skills and knowledge that are built on experience, were not let go after the end of the project as construction workers were.

Engineers were also commonly cited as having been hired in the past 12 months. The companies that did so most frequently hired only 1 engineer in the past year, but 1 company hired 12. The main responsibility of engineers is to oversee all the construction activities and give technical support and direction to all teams. Unlike construction workers, there was little turnover in this position, and engineers almost always retained after projects ended. Supervisors also were cited

as hires in the past 12 months and they carried out similar duties to the engineers. The difference between the positions were that supervisors would report to the engineer, and also they were often only hired for the duration of the construction project.

In terms of plans for future hiring, engineers were the most sought after hire for the coming 12 months as many companies expected their company to continue to grow. Construction workers and carpenters were also sought after. Construction material suppliers expect to hire around 5 laborers each in order to help carry out the materials purchased by customers and store keepers to stay in the stores and serve customers.

2.1.3 Sector Interventions

The businesses in the construction sector interviewed, both construction companies and construction material suppliers, were unanimous in their call for technical vocational education and training centers to provide construction-related skills and knowledge, particularly construction companies.

“ We have an extreme need for these kinds of vocational skills in order to avoid wasting time. If we have access to these vocational skills such as masonry and carpentry, it will be easy for us to recruit the number of staff we want. ”

– Construction Co. Rep., Kismayo

“ Most of the challenges we have at work is due to lacking a qualified and skillful employee who is willing and able to do the work to be done. For this reason, we really need to link with these TVET providers to communicate with them the skills we need and recruit the number of staff that we want. ”

– Construction Co. Rep., Kismayo

Another point of pain for construction companies is their lack of access to the financial system. When asked whether they need help to gain access to financial services, all businesses with the exception of a large construction material supplier replied in the affirmative. Some were not even sure that a financial system existed in the Kismayo to be used.

The repercussion of this lack of access to the financial system is that these companies are not able to use the loans to prevent the negative impact of price fluctuations which several companies cited in their interviews. Every year, the monsoon season, which stretches from approximately May to October, causes a seasonal sea lock in which few boats enter or leave Kismayo's port. The result of the sea lock is that prices of imported goods, such as many of those used in construction, become prohibitively inflated and, as a result, very little construction is completed. In this instance, loans could be used to buy the construction materials at a reasonable price before the sea lock is in place. The lack of financial access also prevents business from making productive investments. ARC could help fill this gap by facilitating access with banks in Kismayo or Mogadishu.

2.2 Fishing

2.2.1 Enterprise Performance

The enterprise performance of the fishing companies and fishing suppliers interviewed was generally positive. The fishing sector's development owes its growth to the city's own growth over the past year with the arrival of diaspora, immigrants from other areas surrounding Las well as the increased willingness of residents in the city to consume fish. Fish had long been considered second class food in Somali culture, but the consumption habits of the residents of Kismayo have been changing. The buyers of these fish include hotels, restaurants, and, much less frequently, foreign countries.

While enterprise performance throughout much of the year is good, during the seasonal sea lock prevents the smaller, non-metallic boats of Kismayo cannot go out into the Indian Ocean for fear of being stuck in the monsoon. As such, though fish becomes much more expensive, it does not make up for the loss of revenue the fishing sector experiences over the course of four months.

“ Compared with past years, our business has been growing, because the number of people buying fish in Kismayo has increased. This is due to the stability and business development of Kismayo—the number of hotels are increasing every day, diaspora are returning, and our business has grown day after day with the exception of the four months of seasonal sea lock. We decrease the number of boats at sea, because we only have one large boat, and only that boat is capable of fishing during the seasonal sea lock. However, even that boat cannot go far out into the sea, and we cannot catch as many fish as during other times of the year. ”

– Fishing and Supply Co. Rep., Kismayo

2.2.2 Hiring Practices

Half of the 14 fishing companies interviewed said that they hired from 1 to 30 fishermen in the previous 12 months. These fishermen were hired as full-time employees. Some turnover occurred because fishermen took jobs in other companies, and a few were let go because they sold the fish that they had caught during working hours, tardiness, or chewing khat. However, the most frequently cited reason for turnover with fishermen was that they would often leave the company to start their own fishing company.

“ They left because they wanted to start and run their own business as a coalition. This scenario usually happens in the market. A company trains their employees, and then they want to be independent and start their own business. ”

– Fishing Co. Rep., Kismayo

Another frequent hire in the past year for the interviewed businesses were fish processors who were responsible for chilling, drying and salting the fish, and packing away the fish in ice. Five of the 14 interviewed fishing companies hired between 2 and 10 fish processors in the past 12 months. Marine pilots were also hired by fishing companies although in fewer numbers, with about one-third of interviewed businesses hiring only one to two marine pilots in the past 12 months. Both the fish processor and the marine pilot role experienced little turnover.

When asked about future hiring, 8 of the 14 companies said that their greatest hiring need in the coming 12 months would be for between 6 and 60 fishermen. They also expressed a need to recruit in-house boat repairmen. Four of the 14 said that they would hire between 2 and 5 boat repairmen. Fishing companies often needed to pay a contractor to fix their boat for them when a problem arose. As the fishing companies are planning to expand their businesses, they are expecting that it to be more efficient to hire boat repairmen in order to always have them on hand to maintain and resolve issues for the increased number of boats.

2.2.3 Sector Intervention

The most frequently heard request by these companies, and very likely the best opportunity to increase the productivity of the fishing sector, was for greater investment in creating cold lines to prevent fish from spoiling from when fish are caught at sea, to processing, to selling the fish to the local market or for export. Only 3 of the 14 fishing companies interviewed exported fish to Kenya or other countries. These companies sold their daily catch directly to Kenyan businessmen who acted as middlemen between the Somali fishing companies and foreign markets. The creation of the cold lines for Somali fishing companies and linking with shipping services may allow them to access these markets directly.

Cold lines would also help expand the market in Somalia. Currently, fish consumption is restricted to Somalis living near the coast, since without refrigeration, fish spoils by the time it reaches the interior. In addition to the lack of refrigeration, electricity is so expensive that even if there were large refrigerators to store and ship the fridge, the electric bill would make doing so highly costly. Even so, many businesses deem that the benefit of having a large refrigerator outweighs the high cost of electricity. To moderate the cost of electricity, fishing companies could connect with renewable energy to provide electricity at less than half the cost of electricity from the grid.⁸ Investing in either refrigerators or renewable energy would for most fishing companies require flexible repayment plans and/or loans from financial institutions.

Few businesses in the fishing sector had access to the financial sector, and at least one business which was unfamiliar with the financial system did not trust it. However, the financial system will be crucial in promoting investment, allowing businesses to trade future consumption with present

⁸ "Somalia Economic Growth Strategic Assessment," USAID, July 2014, pdf.usaid.gov/pdf_docs/PA00JXG7.pdf

consumption. Besides refrigerators, businesses in the fishing sector would like to invest in larger, better-equipped boats, motors, nets, shark hunting tools, and oxygen tanks.

2.3 Hospitality

2.3.1 Enterprise Performance

Each of the hotels and restaurants interviewed in Kismayo described their business performance in the last 12 months as a year of growth and new customers. As in construction, much of the growth is driven by the return of peace to the city which for its part has attracted both Somalis and international organizations to come to Kismayo.

“During the last 12 months, business has been doing well because number of customers has increased.... The people coming to Kismayo have increased. Kismayo is a growing city due to the stability of the city as well as those who are coming to Kismayo to do work with NGOs and international organizations.”

– Hotel rep., Kismayo

In recent months, candidates for the upcoming election of representatives of Jubaland in the central government have been coming to Kismayo to campaign, and their business will continue to be more regular as Kismayo solidifies itself as the political as well as commercial capital of Jubaland.

“Our enterprise performance was good the last 12 months, especially the last 2 months. Due to the election campaign, the representatives of the regions came to Kismayo to elect and to be representatives in the central government of Somalia, and this has caused the customers of the hotel to increase.”

– Hotel rep., Kismayo

The development of the hospitality sector has also driven up the demand for the suppliers of the hospitality sector such as suppliers of foodstuffs, mineral water, and beverages. In the past, some of these goods had to be imported from other countries, but one domestic supplier which began operations only in the past year had already supplanted some of the imports.

“The demand was good for the last months since hotels are increasing and our customers are increasing. There were other beverages brought from Nairobi and those beverages were expensive, but our beverage replaced them because our goods were cheaper.”

– Beverage company rep., Kismayo

2.3.2 Hiring Practices

In the past year, jobs relating to handling food such as cooks and waiters have increased. This is in part due to the addition of restaurants to some hotels or the expansion of their cafeteria. The number of cooks to be hired in the past year ranged from 2 to 8 for the hotels, and ranged from 1 to 16 waiters were hired. Cleaners for these restaurants were also sought for to clean off the table and wash the used dishes. These restaurants each hired from 1 to 7 more cleaners in the past year. Security guards and receptionists were also hired to check in and greet guests as they entered the hotel, but the level of hiring in these positions was relatively lower. Hospitality suppliers of food stuffs and beverages also offered a few jobs as assistant salesman and storekeepers.

While these jobs are not as plentiful as the jobs in the construction sector, they provide steady work for those that can enter the professions as well as training. Many of these jobs experienced little turnover in the past 12 months, frequently with only one employee leaving per company. The voluntary turnover that these hospitality businesses have experienced has been due to employees voluntarily leaving the business for another job in the same sector that pays better, moving to another part of the country, or going to school. Employees were less frequently fired from their job, but when it did occur, the company representative cited laziness, khat-chewing, and defiance to management as reasons they were let go.

For those looking for the steady work offered by jobs in the hospitality sector, almost none of the businesses interviewed had current vacancies. However, over the next year many they said they were hoping to continue hiring in many of the same positions as the previous year. They cited waiters, cooks, cleaners, beverage preparers, and baristas as positions for which they would likely hire over the coming 12 months.

2.3.3 Sector Interventions

One of the primary interventions in this sector should be technical vocational education and training. Several companies have suggested that due to the low level of skills in staff, they look outside of Kismayo find staff.

“ In Kismayo it’s difficult to find qualified staff—most have been brought from Mogadishu, and we need to train them to improve their skills. ”

– Hotel rep., Kismayo

“ We have cooks from Kenya, and their salary is high, so we would like to get high quality Somali cooks, and we wish TVET centers could provide training to cook different kinds of food. ”

– Hotel rep., Kismayo

While businesses acknowledge that the tendency to hire family members and tribalism still remains, nearly all businesses interviewed said that they would like to be linked to TVET/business education providers and were open to hiring well-trained graduates of a TVET program.

“ We need qualified persons but tribalism and family ties are strong. If they are qualified candidates, then we will hire them. These are needy people, and if they are skilled, then we’re ready to hire them. A skilled person can play a great role in business, and I believe if these technical centers who are skilled, then we will be the first restaurant to hire these employees. ”

– Hotel rep., Kismayo

Several in the hospitality sector have also made mention of the desire to diversify their suppliers. Hotels and restaurants are looking for cheaper suppliers with greater selection. According to one hotel, neither chicken nor coffee were supplied in Kismayo and instead had to be imported from Kenya and Mogadishu, respectively.

Suppliers to the hospitality sector said that while they are satisfied with their own suppliers, they would welcome other suppliers as long as, like their current suppliers, they would be allowed to receive the goods upfront and pay for them after they have made their sales. In addition, they have mentioned trade finance as an area in which they would welcome support. Several suppliers and hotels want to import commodities from Dubai, and would like financial support. One tried to import from Dubai, but was unable to do so because of difficulty in getting trade financing. These problems could be ameliorated by taking steps to facilitate trade, for example by guaranteeing trade finance loans and guiding importers through the process of arranging letters of credit with foreign banks.

With regard to domestic financing, some businesses would like to receive loans in order to invest them into expansion of their hotel by building more rooms or installing solar panels to lower electricity costs. Facilitating collaboration between the hospitality sector and the young renewable energy sector in Kismayo, may allow for both parties to find mutually beneficial solutions.

2.4 Energy

2.4.1 Enterprise Performance

As the city continues to grow, so does its energy needs, and demand for electricity whether from fuel-based generators or solar panel is high. The energy market in Kismayo has not yet matured, and there are only three energy companies operating in the whole of the city. The largest of the electric companies in Kismayo, which claims to provide 80% of all electrical power supplied to Kismayo, says that it



Photo 4 Newly-installed solar panels

gains customers every day and every month about 300 new home electric installations are completed. The representative of another electric company in Kismayo did not get more customers during the past 12 months, but instead noted their struggle in competition with the larger electric firm as well as with customers who could not pay due to their lack of income during the monsoon season.

Although there is only one renewable energy company in Kismayo, demand for its solar energy products is high.

“ Even though we are new to the market, for the last 12 months, the market has been good, because we bring something new to Kismayo, and people are interested. Some are skeptical that solar energy can replace electricity from the grid, but we try to reassure buyers by giving customers a one year guarantee to test the solar panels. ”

– Solar Energy Co. Rep., Kismayo

This solar energy company sells mostly solar panels and batteries to its customers, but for rural customers without access to the electrical grid, they have successfully been selling smaller solar panels that can be used to charge the phones

2.4.2 Hiring Practices

Despite the growth of the electric companies, hiring in these positions has been limited. One electrical company did not have any new hires while the other electrical company hired an electrical engineer and 3 electrical linemen who will install, maintain, and repair the high-power transmission and distribution lines and systems that deliver electrical power from the generator to the end user. The solar energy company in the previous year hired 2 additional technicians whose job it is to connect solar panels to batteries and make sure they work together.

There was some turnover in these companies over the last 12 months with 5 technicians being released from the traditional electric companies due to poor performance. The solar energy company did not experience any turnover.

2.4.3 Sector Intervention

The three common themes for intervention in the energy sector were technical training, investment, and financial access. Technical training would be important for the energy companies in order to reduce errors in their work, to train them with the tools that will be used in their daily work, and to reduce the time it will take to train them on the job. Companies also asked for direct financial investments or to help them access credit so that they would be able to expand their branches across Jubaland.

Another point of intervention could be in the promotion of renewable energy in Kismayo. Due to the unfamiliarity of Kismayo’s residents to solar energy and the potential savings that it could create for them, ARC could work with the solar energy company to promote its usage in homes, businesses, and government offices.



Photo 5 Solar-powered water pump

3. Mogadishu

Since AMISOM ousted Al-Shabaab in 2011, the Mogadishu economy has shown positive and encouraging development over the last three years. Encouraged by the growing stability, Somalis have returned to the city, companies have opened or re-opened, diaspora have poured investments in the city, and international organizations and businesses have opened offices. Nevertheless, security remains a concern in Mogadishu, and the tensions surrounding the upcoming national elections in 2017 have put a damper on the economic activity of the city.

3.1 Construction

3.1.1 Enterprise Performance

The enterprise performance of construction sector companies in Mogadishu has been mixed. Of the 24 companies within the construction sector that were interviewed, 12 of them said that they had experienced growth, while 10 of them said that their business performance declined in the past 12 months. Two other companies said that little had changed in their business' performance in the past 2 months.



Photo 6 Building under construction

For those who said that their business was performing relatively worse than previous years, nearly all cited the upcoming elections or insecurity within the city as a cause for the drop in business activity.

“For the last twelve months, the construction sector’s performance was not good as the previous years because of the election. People in Mogadishu have fear surrounding the election because the election can affect the security of the city. If the election does not go well and is disputed, it may cause civil war.”

– Construction Co. Rep., Mogadishu

“We haven’t made investment for the last twelve because the construction market was not good. The city is insecure. There are bomb explosions that take place in the city sometimes that cause the people to have fear about the continued safety of the city and choose not to build houses in the city.”

– Construction Co. Rep., Mogadishu

There were several construction sector companies that appeared able to conduct business even amid elections and bombings within the city. These businesses said that the relative peace and stability of the city compared with past years were crucial in drawing people to the city as well as diaspora back to the city to invest and build.

“ Over the last 12 months, business has been good and the construction companies were increasing due to the greater number of people willing to build houses and there were fewer construction companies. However, now the companies are more numerous, and even Somali diaspora are starting companies to work in the construction sector. ”

– Construction Co. Rep., Mogadishu

In addition to the local business, several of those who believed that their business performance had improved cited work with INGOs like NRC, WFP, ICRC, and UNHCR.

3.1.2 Hiring Practices

Despite the skepticism some of the construction sector’s representatives had of this sector, hiring appears to continue vigorously in the city. Ten construction sector companies were hiring between 1 to 30 engineer each—9 hired a dozen or less engineers—to design the building, guide teams and monitor its construction. Five construction companies in the past 12 months hired between 8 and 32 construction workers each. Four construction companies hired between 2 - 50 electricians, 14 - 30 carpenters, and 4 - 30 plumbers each.

The turnover rate for these jobs were relatively few as compared to those in Kismayo. Twenty-seven carpenters left a construction company in the past 12 months. The reason that company representative mentioned was that they left to another region such as Bossaso to pursue a better living elsewhere. Five plumbers from two construction companies also left due to their dissatisfaction with their work. Two construction companies let a total of 17 masons go due to poor performance. More specifically, the masons failed to perform their daily required tasks and did not work hard.

Planned employment goals for the construction sector businesses over the course of the next 12 months is modest. One company sought to hire 5 engineers, another 2 quantitative surveys, and one other 2 draftsmen. Other companies said that they would likely hire masons, construction workers, and plumbers but did not specify how many.

3.1.3 Sector Intervention

Construction sector companies would like investment for machines, concrete mixers, and equipment. They would also like to hire and train more workers skilled in construction. ARC may be able to facilitate financial services for these construction and building material suppliers in order for them to make these investments.

Technical vocational education and training/business education was another strong need for construction sector companies in Mogadishu. Due to the casual labor of construction workers, masons, and carpenters, there is little room for training.

“ It is good to training the staff but the staff we hire always depend on the duration of the construction project and we have no time to training staff because the work of the construction has limited time so it is good to train the construction workers. ”

– Construction Co. Rep., Mogadishu

Providing training for returnees for construction work would allow them to do quality work quickly with companies that hire them, and help them find continued work based on the strength of their competency.

3.2 Fishing

3.2.1 Enterprise Performance

While nearly all of the interviewed fishing companies agreed that the market for fish had increased among a population gradually consuming more fish, only 8 out of 15 companies said that their business had done well in the previous 12 months, 6 said that their business performance had not changed or changed along with the swings of the market, and 1 described his company's performance as very poor, because his boats had been damaged by strong winds.

The companies whose business had improved over the past 12 months saw the demand for their business improving which in turn improved other parts of the production cycle.

“ In the past year, the company's performance was very good. We saw great demand from customers. Therefore, we increased the number of employees from 60-100 employees. Profits for the company grew as well, and these profits were saved and invested in the company's needs such as purchasing nets, buying boat equipment, and repairing boats. ”

– Fishing Co. Rep., Kismayo

Even the few that experienced no change or negative change during the past 12 months, admitted that demand for fish in the city had been improving.

“ The demand for our fish has been getting better in the last months since we made new customers in Mogadishu, and there are also some hotels that buy our fish. Because we have big fridges that are able to keep fish for weeks, this has helped us to sell to customers in Mogadishu. Previously, we had customers that export our fish to Nairobi, but now we have local customers. ”

– Fishing Co. Rep., Kismayo

3.2.2 Hiring Practices

As might be expected, in the coming year, most fishing companies expect to hire fishermen over the next 12 months. Twelve of the 15 companies said that they would hire from 4 to 170 fishermen. These fishermen’s responsibilities would include using nets, fishing rods, traps to catch fish and other marine life, and, if needed, cooling and storing the fish till it arrives to shore. Fishing companies also believed that they would hire several fish processors. Six companies said that they would likely hire from 3 to 30 fish processors for them to cool, dry, and make ready for sale to food suppliers. Boat drivers to transport the fishermen to safe areas were also in the list of positions to be hired in the coming year with 5 companies saying that they would her 2 – 17 of them.

Turnover for fishermen is somewhat high with 11 companies having seen from 3 to 19 fishermen leave each of their companies. The most common reason for leaving was to find another job in the same sector followed by poor job performance. Four companies saw from between 7 and 21 fish processors leave, all of whom left for another job in the same sector. Between 3 and 25 boat repairmen left from four companies in the past 12 months to find work with other companies in the fishing sector. Marine pilots were another source of attrition with between 2 and 25 of them leaving from 5 fishing companies.

The fishing sector businesses expect to hire vigorously over the next 12 months. Eleven companies sought to hire between 5 and 60 fishermen, 5 companies expect to hire between 3-5 marine pilots, and 5 companies say they are planning to hire 3 to 10 boat repairmen. Showing the desire for the fishing companies to improve their use of technology, 4 of the companies want to hire employees that understand how to use fish aggregating devices.

3.2.3 Sector Intervention

Similar to the fishing sector in Kismayo, the fishing companies in Mogadishu said that the most significant problems facing them was lack of investments. Interviewed companies described their need to update equipment, buy large refrigerators, boats, and high speed motors. These investments could be used to meet the increased demand for fish among Mogadishu’s population.

“Our buyers are the residents and the hotels in Mogadishu. Before we had business customers that exported the fish we caught to other countries such as Kenya.”

– Fishing Co. Rep., Mogadishu

The infrastructure to create cold lines to store the fish from time of catchment to the shore where it can be processed and delivered to the markets, hotels, restaurants, and canning companies is weak. In addition to the high cost of electricity, there is a crucial lack of refrigeration.

“Since we are a cooperative fishing company, the main challenges we daily face is lack of proper fish equipment.... When we hunt and capture fish we do have a good refrigerator to keep the fish, and this may quickly start spoiling.”

– Fishing Co. Rep., Mogadishu

Financing and investment from traditional banks or microfinance institution would help fishing companies access credit and buy the refrigerators. As in Kismayo, there may also be an opportunity for mutual collaboration between the renewable energy and fishing sector. The more mature renewable energy sector in Mogadishu could play a key role in reducing the cost of electricity to power the refrigeration required for the cold lines.

Unlike in Kismayo, several fishing companies seemed to have difficulty finding a market for their fish.

“We also need customers of our goods, because sometimes when we catch the fish and bring them we couldn’t find customers. Therefore, we need to find new customers.”

– Fishing Co. Rep., Mogadishu

“Customers they come to us daily, but what we need is a market structure. We don’t have a good market whereby buyers can meet their needs.”

– Fishing Co. Rep., Mogadishu

Business education and mentoring may help these fishing companies identify markets and customers as well how to advertise their goods to Mogadishu’s populations. Business to business linkages between fishing companies and those that lease space in markets would help create venues for those companies that do not have a market for their fish.”

3.3 Hospitality

3.3.1 Enterprise Performance

As hotels and restaurants have been the target of several attacks over the past 12 months, the insecurity surrounding these restaurants have had an evident effect on the enterprise performance of the sector.

“Due to the low market, road blocks, and security, the hotel has not made any improvements in the last 12 months. The hotels are waiting for bombers from terrorist groups. The attackers can destroy our properties as we are only civilian, and our hotel has become a target. For the past months, we don’t have more customers, because everyone fears for his/her safety. Under these circumstances, our business has become a failure, and we don’t have steps toward improvement.”

– Hotel Rep., Mogadishu

“*The customers who used to come have been declining day after day. The amount of food we used to cook has been reduced due to the absence of more customers. Many of our employees were forced to leave their jobs, because we were not able to pay their wages.*”

– Bar and Restaurant Rep., Mogadishu

The insecurity described above here is compounded by the increased tensions surrounding the upcoming parliamentary elections next year. Nevertheless, this dramatic of a negative impact due to insecurity was not seen among all the businesses interviewed. Some saw steady business, but not the growth that they had hoped for. More rarely, two restaurants said that their business had improved, and cited the city’s growing population, the return of diaspora, and the increase in security as reasons.

3.3.2 Hiring Practices

Nearly all hospitality businesses interviewed mentioned that their hiring in the last 12 months included from between 1 and 12 cleaners. The cleaners are divided into either cleaners for the bar/restaurant or they were cleaners for the hotel rooms. The cleaners in the bar/restaurants are responsible for cleaning all the tables before and after the customer has arrived, and then he will collect and clean all used dishes, plates, and cups. The cleaners in the hotel rooms are responsible for cleaning the bathroom and bedrooms of the customers. There was little turnover in this position, with only 1 cleaner having been let go for poor performance. With regard to future hiring, most businesses interviewed sought to hire between 1 and 3 more cleaners. They are expecting tensions to ease after the upcoming election in 2017 which they hope will bring more people back to Mogadishu from surrounding regions as well as from abroad.

Cooks were sought for by many hotels and restaurants. Five of the 7 companies interviewed hired from 6 to 8 cooks. These cooks were responsible for preparing the food on time and preparing rice, meat, fish, and beverages. Only 1 cook had been let go in the past 12 months and was let go due to the lack of business. Nearly all of the businesses interviewed wanted to hire cooks in the coming 12 months, from between 2 to 6 of them. Some of them mentioned that they would prefer some of these cooks to be trained by westerners to cook different kinds of food.

Several waiters to take customer’s orders for the cooks were also hired. Five of the 7 companies hired between 1 and 10 waiters. The waiters’ duties included taking orders, serving food and beverages, and checking with customers to ensure that they are enjoying their meal taking action to correct any problems. There was little turnover among waiter staff with the exception of one the companies mentioned in the section above which had to let go of staff due to its lack of

business. Nearly all restaurants said that they would a few more waitresses to keep up with what they anticipate to be better business in 2017 post-election, from 2 to 4 waiters.

Also in demand for hiring were beverage preparers and baristas. Two companies expected to hire 4 beverage preparers and between 1 and 4 baristas.

3.3.3 Sector Intervention

While little can be done by ARC or the businesses to decrease the level of violence and tension, ARC and help stimulate the growth of these companies with training and access to financial investments. For many of those interviewed their primary challenge lie in their staffing followed by their inability to make large investments.

“The challenges we have are uncountable, but the greatest challenge we daily face is the lack of qualified staff. Getting well-trained staff is the main challenge we have. When we recruit unskilled staff, it takes time to train and guide them. Therefore, we recommend an INGO like ARC to train our staff. The other main challenge we have is the lack of suitable equipment to cook, cool beverages, and to make ice creams.”

– Bar and Restaurant Rep., Mogadishu

Business interviewees admit that tribalism still gets in the way of hiring based on merit and competency, however they each say that they are willing to take on staff if they are well-trained in doing the required job.

3.4 Energy

3.4.1 Enterprise Performance

The enterprise performance of all the energy companies in Mogadishu in the past 12 months according to their representatives has been positive. Their successes in the past year can be owed not only to the still low levels of electrification in the city, but also the recent high demand for solar energy.

“The first years of the company were not good for us, and we did not have many customers. But 2016 has been good for us. We had a great number of customers that is progressively increasing, and the company’s performance was massive.”



Photo 7 Electrical technician repairing fuse box

– Renewable Energy Co. Rep., Mogadishu

“The company’s overall performance in the last year was very good, because we implemented many projects. Our company has grown since, when we are implementing many projects we hire more employees to do the work to finish on time. Our clients have increased by a notable figure, and we have increased their proposals and MoUs. We also increased and open more offices and branches in the town to satisfy our clients and customers.”

– Renewable Energy Co. Rep., Mogadishu

All the traditional energy companies in Somalia have solar energy components in their business and have also benefitted from the increased demand for solar power.

“The past twelve months of business were good, and the customers were increasing because of the growing awareness of the benefits of solar energy. The customers were increasing for the past twelve months, and most of them were locals. Even business centers have started using the solar because their electric bills were so high. The demand became high because people understood the cost savings that solar energy can offer, and that when you buy solar you will not pay the electric bill every month.”

– Energy Co. Rep., Mogadishu

3.4.2 Hiring Practices

The hiring in the energy sector in the past 12 months was highly active, and many more people were hired in Mogadishu in the sector than in Kismayo. The position in which there was the most hiring was that of electricity technician. The traditional energy companies hired 430, 200, and 12 electricity technicians, while a solar energy company hired 18 of them. The role of these electrical technicians is to provide technical support, collect money from customers, repair wires and any damaged company properties, and be on call to fix electrical problems at night. With the advancement of solar energy in recent years in the city, these electrical technicians also are responsible for fixing solar panels.

Money collectors were also hired to collect the monthly payment for electricity around the city and bring them back to the officer or transfer the money to the office via Dahabshil or Salaama accounts. One company hired 47 money collectors, another hired 9, and the last hired 3.

In order to keep track of the payments of increasing numbers of customers and the rapidly growing size of the company, several more accountants were hired in three of the companies interviewed. One of the companies hired 20, another hired 12, and the other only hired 2. The accountants manage the daily cash flow of the company using Excel and Access, set up and maintain debit and credit accounts, and create financial statements.

The rapid increase in staff described above for several companies meant that they also needed to hire more managers. Four energy companies hired between 5 and 28 managers each. These managers direct teams of technicians, manage the accountants from the office, and handle customer service.

For all the hiring that had been done in the past 12 months, there was remarkably little turnover in the energy sector. Four of the 5 energy companies interviewed reported no turnover in the past 12 months, and the sole company which saw turnover in that position only had 1 solar technician leave for a job in the same sector.



Photo 8 Solar lights brighten streets of IDP camp in Mogadishu

3.4.3 Sector Intervention

The companies interviewed highlighted the need for technical training relating to solar panels. The relatively recent introduction of solar power into Somalia's electricity market has meant that there are only a few that are qualified when they are first hired to do the work of electrical technicians, and there are no schools that teach these skills.

“In Somalia, there is no school in which people can learn the technical skills related to the solar panel systems. If we can get a place that trains the solar technician staff, then the quality of the staff will be high.”

– Energy Co. Rep., Mogadishu

“Yes, we need TVET training. We are in need of skilled staff, and thus the technical and vocational providers would play a great role for us if they can produce qualified staff. In Mogadishu, there is no vocational skills center that produces qualified students. As a growing company we always consider and want to have a prepared and qualified staff.”

– Renewable Energy Co. Rep., Mogadishu

Another point of intervention to spur on the growth of the renewable energy sector is to help market solar energy and its benefits. Another consequence of the relative novelty in Mogadishu of renewable energy, many do not know what solar energy is and how it works.

“One of the main challenges we have experienced is that most of populations have no idea about solar energy and don't know solar services we provide. It takes a much longer period of time for them to understand the services we offer. Only a few people know the quality of services we provide.”

– Renewable Energy Co. Rep., Mogadishu

Greater awareness of the cost savings, reliability, and environmental benefits of solar energy will allow renewables to more rapidly extend its penetration of Mogadishu’s energy market.

In addition, greater investment, whether by financial credit or from domestic or international investors, in these companies would allow them to not only import more generators and solar energy equipment that they would be otherwise unable to purchase, it would also allow them to create new branches and continue the electrification of Mogadishu.

“We would like financial support, because we want to extend our business by making new branches in Mogadishu. This will allow our business to improve and the number of our staff to increase. If this happens we will participate in reducing the jobless youth in Mogadishu.”

– Energy Co. Rep., Mogadishu

The types of interventions that could bring greater financial support to Mogadishu could include linking these companies with internal and external commercial investors, connecting them with social entrepreneurs, and loan guarantees.

4. Key Recommendations

Based on the findings from the research, several key recommendations emerge:

Priority #1

Evaluate the level of training provided by current TVET programs in Mogadishu and Kismayo

The lack of skilled labor was the most persistent need mentioned by employers in high growth sectors across both Mogadishu and Kismayo. The effects of two decades of civil strife in Somalia persist in the lack of education and vocational skills present in Somalia's labor force. The lack of public provision of education and the scarcity of work in the private sector have led to the current deficiencies in technical and non-vocational skills.

Action Points:

To promote the process of building the necessary skills to provide Mogadishu and Kismayo's growth sectors with a supply of competent workers and, in turn, increase livelihood opportunities to returnees, it will be critical to work with TVET providers to assess their current level of skills training, and to provide the skills training that will be most relevant for the jobs which need to be filled. Where possible, assessments of TVET providers should be done in conjunction with actual employees currently doing those jobs in order to assess the gap between the knowledge and skills of employees and those provided by TVET programming.

The outline below provides topics TVET providers should cover and which evaluators should assess. In addition to the technical skills training, it is also necessary to provide professional soft skills such as communication in teams, attention to detail, punctuality, not using khat or other drugs while on the job, and taking initiative.

Vocations/technical skills each sector should evaluate:

Construction:

- Construction worker: mix cement with sand and water in the correct proportions for different uses, use wheelbarrows and buckets to bring cement to the construction site and to masons and bricklayers
- Carpenter: producing doors, windows, molding, constructing ceilings and roofs
- Plumber: locate and mark the position of pipe installations, connections, passage holes, and fixtures in structures; installing, repairing, and maintaining pipes
- Engineer: oversee construction activities, give technical support, and direction to construction teams

Fishing:

	<ul style="list-style-type: none"> • Fisher: using nets, fishing rods, traps to catch fish, and other marine animals, cooling, and storing fish • Fishing technician: using fish aggregating devices • Fish processor: chilling, drying, salting fish, packing away fish in ice • Refrigeration repairman: assess problems with refrigeration equipment, foresee and prevent problems <p><u>Hospitality:</u></p> <ul style="list-style-type: none"> • Cook: bake, roast, and stir meats, prepare food from a variety of cuisines, hygienic practices, prepare juices and other drinks • Waiter: take orders, serve food, and make sure customers enjoy the meal <p><u>Energy:</u></p> <ul style="list-style-type: none"> • Electrical technician: electrical line installation, electrical troubleshooting and repair, and solar panel installation
<p>Priority #2</p>	<p><u>Develop a robust system of TVET schools in Mogadishu and Kismayo</u></p> <p>While some TVET providers will be able to meet some of the standards of the industry, the expectation of the above evaluation of TVET providers in Mogadishu and Kismayo is that there will be a need for ARC to create schools that can provide quality and relevant training.</p> <p><u>Action Points:</u></p> <p>As in the evaluation, the development of the curriculum should be done in close collaboration with businesses in the sector and ought to focus on the soft skills and technical skills outlined in Priority #1 as well as job search skills.</p> <p>To ensure that these programs are working effectively, it is further recommended to have evaluations of the effectiveness of employment services through performance management and evaluations of the cost-effectiveness of TVET programs.¹ Periodic calls at 6-month intervals to check the employment status, employer, and earnings will give a sense of the relevance of the skills training and can be used as data points to modify the existing programs to improve skills training.</p>
<p>Priority #3</p>	<p><u>Improve access to and knowledge about financial credit</u></p> <p>While the sectors studied are growing quickly and producing profits that can be re-invested in the businesses, there is tremendous opportunity lost when business cannot access financial credit to afford big-ticket purchases. They are unable for example to buy generators, large fishing boats able to venture far into the sea, or room renovations for hotels—all investments which could promote the growth of their company, but which may not be afforded now. In other words, without credit they are unable to trade present consumption against future consumption.</p>

Financial access also limits the ability of companies to smooth their consumption, unable to continue spending due to a temporary downturn in business. This is most evident in Kismayo where for four months of the year, high prices prevail because few ships can enter the port during monsoon season.

Action Points:

Steps should be taken to connect businesses through financial education and coaching with commercial banks, banks which can take deposits from customers and lend them out to those who are able to use credit. Commercial banks are rare in Somalia, but they do exist. In Mogadishu, the Salaam Somali Bank opened in 2009, receive deposits as well as First Somali Bank, and International Bank of Somalia.ⁱⁱ In addition to these local banks, banks of neighboring countries such as Equity Bank, Kenya Commercial Bank, the Islamic Community Bank, and Gulf African Bank have expressed interest in offering Sharia-compliant financial services in Somalia. The low level of financial access means that financial services offered by the banks requires education which ARC could provide through financial coaching.

Greater access to financial credit can also be promoted by education on the use of microfinance. The Somali Development and Reconstruction Bank, the International Bank of Somaliaⁱⁱⁱ and others have begun providing microfinance in Banadir.

In addition, financial access can be advanced by finance specialists from ARC who map out the financial institutions available to businesses in Mogadishu and Kismayo and work through the Chambers of Commerce to select businesses that they think could benefit from a financial credit and work with the business in obtaining that service.

Priority #4

Link technical vocational education and training centers with relevant businesses

Many businesses in our study acknowledged that tribalism and the social pressure to hire family members persists, but many also expressed a willingness to put these sentiments aside to fill the wide gap in skills that they witness daily in their businesses. However, our research also showed that many of these businesses need help connecting with TVET providers and graduates

Action Points:

One way to increase the linkages between employers and graduates is through databases to be used both by graduates and businesses in which graduates can promote their skills and experience and businesses can advertise their openings. In addition, apprenticeships and

mentorships between graduates and experienced employees can also be promoted.

Employment solutions specialists from ARC or the TVET providers could more actively connect employers and TVET graduates. These employment solutions specialists could utilize Chambers of Commerce and past employers of TVET graduates gathered from TVET performance evaluations to find job opportunities in Mogadishu and Kismayo, assess TVET graduates, mabuild a resume, and prepare graduates for interviews. Long-term relationships between the TVET providers and employers can be cultivated and used also for apprenticeships and internships.

ⁱ “Activation policies for more inclusive labour markets,” OECD Employment Outlook 2015, OECD, 2015, http://www.keepeek.com/Digital-Asset-Management/oecd/employment/oecd-employment-outlook-2015/activation-policies-for-more-inclusive-labour-markets_empl_outlook-2015-7-en#page3

ⁱⁱ Dr. Victor Owuor, Somalia Banking: Transfers, Challenges and Opportunities, Shuraako, 2013, <http://shuraako.org/sites/default/files/documents/Somalia%20Banking%20Transfers,%20Challenges%20And%20Opportunities.pdf>

ⁱⁱⁱ Mohamed Sheik Nor, “Somalia Bank Gives Microfinancing to Rebuild Economy Hit by War,” Bloomberg, 18 May 2016, <https://www.bloomberg.com/news/articles/2016-05-18/somalia-bank-gives-microfinancing-to-rebuild-economy-hit-by-war>