



SOMALI BUSINESS REVIEW

IS UNEMPLOYMENT A CHOICE IN SOMALIA?

A DECADE OF PARTNERSHIP BETWEEN SOMALIA AND TURKEY: WHO HAS BENEFITED MOST?

SOCIAL MEDIA PLATFORMS: WASTE OF TIME OR SOURCE OF INCOME?

INSIDE THE BOOMING REAL ESTATE IN MOGADISHU: THINGS YOU SHOULD KNOW



THE GROWING SOMALI DIGITAL ECONOMY: AN OPPORTUNITY FOR THE YOUTH

SEP 2021

THE ANNIVERSARY ISSUE

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ABOUT



For a latest, rigorous and dynamic analysis and insights about Somalia's business, economy, and technological transformation, subscribe to Somali Business Review (SBR). SBR is a lively quarterly magazine of SIMAD University that brings you in-depth, on- ground, and expert-led analysis by prominent analysts and experts.

All materials produced are aimed to inspire, empower and enrich you in understanding the development of the private sector landscape in Somalia. Additional features usually included book reviews; profiles of prominent business; SBR insights, that offer management, personal growth and productivity tips for leaders. SBR is essentially read by entrepreneurs, leaders, policymakers, academics, government practitioners, and decision makers in Somalia and beyond.

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EDITOR'S NOTE



IN THIS EDITION, we celebrate 13 years of producing in-depth, on-ground, and expert-led analysis & Insights about the private sector development in Somalia. Congratulations to all of our SBR community for being part of this journey! In these past years, we produced rigorous and dynamic analysis and insights about Somalia's business, economy, and technological transformation to the leaders, organizations and governments to become better informed, inspired and enriched. In doing so, the SBR developed and produced almost 14 volumes with over 40 issues and 400 articles of multidisciplinary analysis that contributed to Somalia's growing business landscape.

Now unto, we are embarking on a new destination in becoming the authoritative and influential source of ideas, insights and analysis about the dynamic business environments and organizations. As it has been said, information is power! We are taking further steps in digitizing our content for our readers to become powerful and unleash leaders' potential and the economies grow. SBR will not only be limited to printed copies but digital formats as well.

WE FOCUS THIS ISSUE on several key things shaping the business atmosphere in Somalia. It has been said that there are decades where nothing happens, and there are weeks where decades happen. This is true more than ever when it comes to the digital transformation and its adoption in the world fueled by the COVID-19 Pandemic. The digital transformation is taking place at a faster pace in Somalia as well which has created tremendous opportunities.

Internet penetration has been growing in Somalia with affordable and accessible data bundles. This could be a positive indication of where the younger generation is heading from traditional to modern. But the critical question lies on how the youth are benefiting from these opportunities; wasting resources or source of opportunities. Somalia suffers chronic un/underemployment which requires it to be addressed through holistic approaches with any other similar national priorities within NDP9. The Somali youth should reap the growing digital opportunities for the betterment of the nation, but that will depend on how the policymakers prioritise it. The failure of tackling the scars of unemployment will not only be a crisis but a choice by a few for the many.

On the other hand, in this edition, we have introduced SBR insights, a new section, dedicated to featuring timeless management ideas, advice, and productivity tips. Many more new features will be introduced in the upcoming issue. Stay with us. Congratulations again for celebrating with us on our 13th anniversary of dedicated service to keep our audience understand the Somalis business atmosphere for growth and transformation.



Mohamed Okash  MohamedOkash_ ,
Editor-In-Chief

SOMALIA DEVELOPMENT DIGEST



Population
(2019):
15.4M



Doing Business
Rank:
190



GDP
(2019):
\$5.3 BILLION



Unemployment:
24.8%



Growth Rate
(2021):
2.4%



CPI
Inflation:
126.89%



National
Budget:
\$671 MILLION



Life expectancy
Rate (2019):
57 YEARS



External
Debt:
\$3.9 BILLION



Maternal Mortality
Rate:
692

SOURCE: NBS SOMALIA & WORLD BANK



01

RECOVERING FROM
THE SHOCKS

MOHAMED OKASH



RECOVERING FROM THE SHOCKS

For the last several years, Somalia has enjoyed a stable economic growth rate with strong positive indications of a progressing business environment. Even though Somalia ranks 190 on the World Bank's annual flagship report of Ease doing business, the country is among the top ten countries for startups in Africa. "Mogadishu is the most innovative city in Somalia. At rank 587, Mogadishu ranked relatively high in 2020. Additionally, Mogadishu took the 14th spot of Africa's 36 ranked cities. According to Startup Blink 2020.

Somalia positioned itself as a hub of opportunities with intensive ongoing institutional reforms and global partnerships to spur the growth and development of the economy. Somalia has huge opportunities to set ambitious milestones to recover and rebound its economy in the long run. The growing use of frontier digital technologies, rapid urbanisation and government reforms might be a gamechanger for the betterment of the new Somalia.

Since the COVID-19 pandemic broke out in 2019, similarly to the global economy, the Somali economy has been struggling to perform with its potential. The progressive business atmosphere has been hindered by the triple threats, floods, Locust invasion and COVID-19.

These threats have become the major bottleneck to the growth of the economy. The GDP has decreased by 0.3% in 2020 which is the lowest since 2017.

Fortunately, the storms cooled off. Somalia is now recovering from the crisis to maintain its position. Since the year 2021 began, the country's economic performance has registered progressing figures compared to last year. According to the Central Bank of Somalia (CBS), the real GDP growth is projected to grow 2.4% in 2021. Similarly, the changes in figures have also been registered in the consumer price index (CPI). According to the Somalia National Bureau of Statistics (SNBS), the overall inflation rate increased to 2.17 per cent on majorly increasing prices in health, food & non-alcoholic beverages, electricity, water and gas since they are the most significant expenditure in consumer baskets in household consumption. Fortunately, the exchange rate has been relatively stable in 2021. According to CBS, the Somalia Shilling exchange rate was 26,064 SOS per US Dollar.

In this third quarter for 2021, the private sector made remarkable achievements in introducing new products and services to the markets.

In real estate, Dahabshiil launched flagship projects, Dahab Tower, which may disrupt the apartments and the housing sector in Mogadishu. Housing and real estate are some of the most expensive and lucrative industries in the country. It's also a major concern for almost everyone. The growing middle-class generation spends most of their earnings and savings either renting or buying a house or a land. Similar projects have been increasing in the city, although it's not sure how they will reduce the current housing price in the future.

Additionally, Somtel launched eSIM card service in Mogadishu. The new service will help subscribers to access all services without using sim cards or linking to routers. These services include calls, internet and edahab. The new eSIM service is hoped to increase internet penetration and connectivity among people. Somalia has been among the leading telecommunications countries in cheap mobile data.

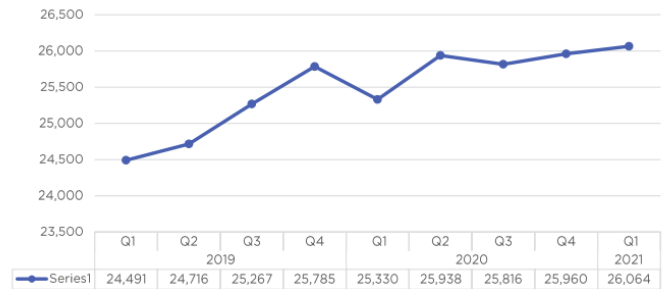
A National payment system (NPS) spearheaded by CBS has been adopted by some of the private banks to ease money transfer among the banks. It has been a long term Challenge to the interconnectivity between the local banks. Through the NPS, the CBS will provide regulation and supervision of payment systems to payment service providers to become inter-operable and connected. Although the NPS has been backlashed with bureaucracies since the CBS will require to clear every transaction being made by a financial service provider.

The Ministry of Commerce and Industry launched the Somali Trade information Portal (STIP). The site, found at www.stip.gov.com, will serve as a one-stop centre for accessing all trade laws, regulations, policies & procedures for all kinds of businesses to do business in Somalia. This is expected to attract investors, increase the FDI and stimulate the economy. "With the launch of the Somalia Trade Information Portal, we hope that our business community will have a useful tool to find the information necessary to facilitate their import-export activities. We are committed to closely coordinating with the public and private sectors as well as international organizations to ensure the sustainability of the portal," said H.E. Abdulkadir Sharif Shekhuna, State Minister, Ministry of Commerce and Industry.

The Site is an important step to improve trade competitiveness and to facilitate Somalia's accession to the World Trade Organization (WTO) by complying with the WTO Trade Facilitation Agreement. This development of the portal was supported by IFC as part of Somalia Investment Climate Reform Project II.

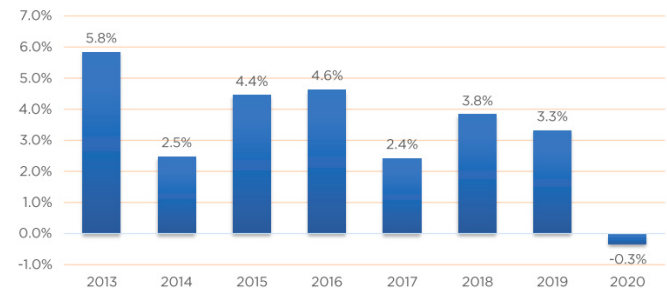
Accelerating the public and private engagement and their contributions to improving the business atmosphere is inevitable. The recovery process seems to put the country on the path of rapid growth.

Figure 4: Exchange Rate Trends



Source: CBS, 2021

Figure 1: GDP Growth rate 2013-2020



Mohamed Okash  MohamedOkash_ ,
editor-in-chief, SBR

02

THE GROWING SOMALI DIGITAL ECONOMY: AN OPPORTUNITY FOR THE YOUTH

DAHIR HASSAN ABDI



The Somali people are known to be an enterprising society with business ingenuity and a drive to excel in business, which is a cultural trait that has been sharpened by years of hardships and a continuous search for resilience. The migration of our people in the past 4 decades to the east, the west, and neighboring countries is a living testimony of how the Somali people's entrepreneurial spirit has been inflamed by the need to survive. The sound business environments that exist in the destinations and host countries chosen by them have helped their efforts to bear the fruits they hoped for and more. In Kenya, which is our neighbor and an East African economic hub, the Somali people have established themselves as a successful business community that creates jobs in the real estate and financial services industries by starting and operating businesses that would mostly be categorized as small to medium-size enterprises (SMEs). In Europe, Somali entrepreneurs have emerged in the global startup scene by taking advantage of the internet and web technologies to start companies that have a multinational impact. A case in point is the myriad of remittance companies that have sprung up at home to connect diaspora members to the homeland, the latest success story of which is WorldRemit.

Many of these enterprises started by the Somali people have been born, incubated, and operated out of Somalia. Most of them were spawned by the major telecom operators who are known to be both the drivers and

enablers of the Somali digital economy. The primary reasons for this, in my opinion, include the lingering digital divide in which Somalia was on the side of those who had limited access to the connectivity and facilities needed to tap into the information-rich global network that is the internet; the scarcity of the skills and knowhow was also caused by limited financing opportunities and the much-needed role of the government in regard to promoting, shaping and transforming through effective policy development.

While the world continues to move on and achieve higher levels of digital transformation driven by artificial intelligence, the Internet of Things, blockchain technology, and many other ideas that are built on top of these trending yet impactful technologies, we still try to keep up despite the related challenges. From the early days when UHF radios were used to transmit information regarding remittances to today's self-service, one-click transfers, we have tried to play ball with the rest of the world in keeping pace with the technological developments. Examples of these success stories are all around; however, there is one major issue that has not yet been addressed amid all these developments, namely, building the necessary skills and human capital to continue this trajectory of digital economy growth to create sustainable employment opportunities for our youth. The digital economy requires that the people,

in general, become digitally literate, while the creators and builders of the digital economy are vessels that need well-rounded skill sets that not only enable them to build enterprises but also to sustain and promote businesses. The consequences of not creating sufficient employment opportunities—both economic and social—are now in our hands, while we are still trying to figure out a way to treat the symptoms while avoiding any discussion about the real issues, i.e., building a critical mass of human capital to propel Somalia into the knowledge-based digital economy era.

The enterprises that we mentioned as examples earlier, even if they tried their best to create employment opportunities for the youth, could only cover an insignificant portion of the current job market demand. Equipping our youth with not only the necessary skills to create jobs for themselves and others but also with the right mindset to do so is more critical today than any other intervention. The youth have previously not had a greater opportunity to become more for both themselves and the nation than they currently have today. The reasons why are as follows:

Self-paced online courses that help youth develop their digital skills are available at no cost.

Universities have started integrating skill development courses within their curricula, such as the case of the integration of SIMAD University's Coursera program into the curriculum.

Access to connectivity and internet technologies have improved across Somalia. Although there are no concrete data irrelevant studies regarding internet penetration, it is safe to say that every urban household now has at least 3 smartphones connected to the internet.

The startup movement has reached Somali youth, with the universities driving such initiatives. The SIMAD iLab, previously known as IITE institute, has been at the forefront of the Somali startup scene by encouraging youth to create solutions and start businesses that address socio economic issues while giving them and their colleagues a chance at self-employment.

The financial services industry has matured and now offers a wide range of financial instruments to support the growing digital economy.

With all the changes that have happened in the past 30 years, it is not very difficult to see what tomorrow will look like for the Somali youth. We see that products and services will disrupt industries, similar to how EVC, ZAAD, and E-Dahab have disrupted the financial services industry. While many of our youth might be discouraged and overwhelmed by the incumbent giants, which make them believe that the market is already saturated and that there are too many barriers to entry, they need to be reminded continuously that there is always room for creativity and improvement, as there will always be better ways to do things. This reminds me of the most recent social media platforms that have been introduced, even though there was already a plethora of them dominating the market. The case of Clubhouse's recent market entry success is a good lesson that there is always an innovative angle and entry point into any seemingly saturated market.

All the youth need today is the sheer will to create employment opportunities for themselves and the skills to create, market, and sell products and services that address customer needs and wants. Technology, being the economic equalizer, has created a level playing field for economic growth and wealth creation for youth.

Opportunities ranging from a solopreneur who wants to sell his or her skill and talent on gig economy sites such as Fivver and Guru to digital marketing startups that do business with clients across the globe to innovators with disruptive ideas that change the education, health care, financial services, and the telecom sector have been made possible by the proliferation of technology and access to it.

Local digital economy ecosystem players ranging from telecommunications powerhouses such as Hormuud, SomTel, Telesom, and Golis Telecom to smaller IT companies such as Tabaarak ICT Solutions and Asal Solutions and startup incubators in Hargeisa, Mogadishu, and Garowe such as IRise, Harhub, and SIMAD iLab all have stories that are worth learning from. Our youth could benefit greatly from their stories by engaging founders in networking events or coming to human library events such as those organized annually by SIMAD University. In conclusion, our youth need to know that there is no such thing as luck in this world. A wise man once defined 'luck' as where preparedness meets opportunity. The opportunity is out there in the open; are you ready to seize it? Are you bold enough to capitalize on it?



Dahir Hassan Abdi  Dahirhassan ,
Rector, SIMAD University

03

IS UNEMPLOYMENT A CHOICE IN SOMALIA?

MOHAMED MUSE HASSAN



HOW WE GOT INTO 67% OF UNEMPLOYMENT?

Ever since the collapse of the central government of Somalia, the country took a long stride to come to where it is today. All the governmental institutions collapsed and the private sector became the only lifeline for the nation. During these two decades of civil war, Somalia built an informal economy to survive on its own. It is an entrepreneurial culture that helped the East African nation during this critical period.

Today, Somalia enjoys one of the best telecom sectors in Africa; Mogadishu is the fastest growing city in Africa; the nation hosts 70% of its 16 million population who are under 30 years old; and hammer noises are heard everywhere in Mogadishu.

All of these are great economic indicators that show a tide of opportunities is uncovering for Somalis.

But the challenge is these private-led developments could not keep pace with the population growth and job requirements for the nation. Though an entrepreneurial society, the lack of growth mindset among Somali MSMEs, cultural barriers, and other pressing priorities for the Somali government are making it hard for Somalia to offer job opportunities to more than 15,000 graduates every year. As a result, Somalia has a 67% unemployment rate, one of the largest rates in the world.

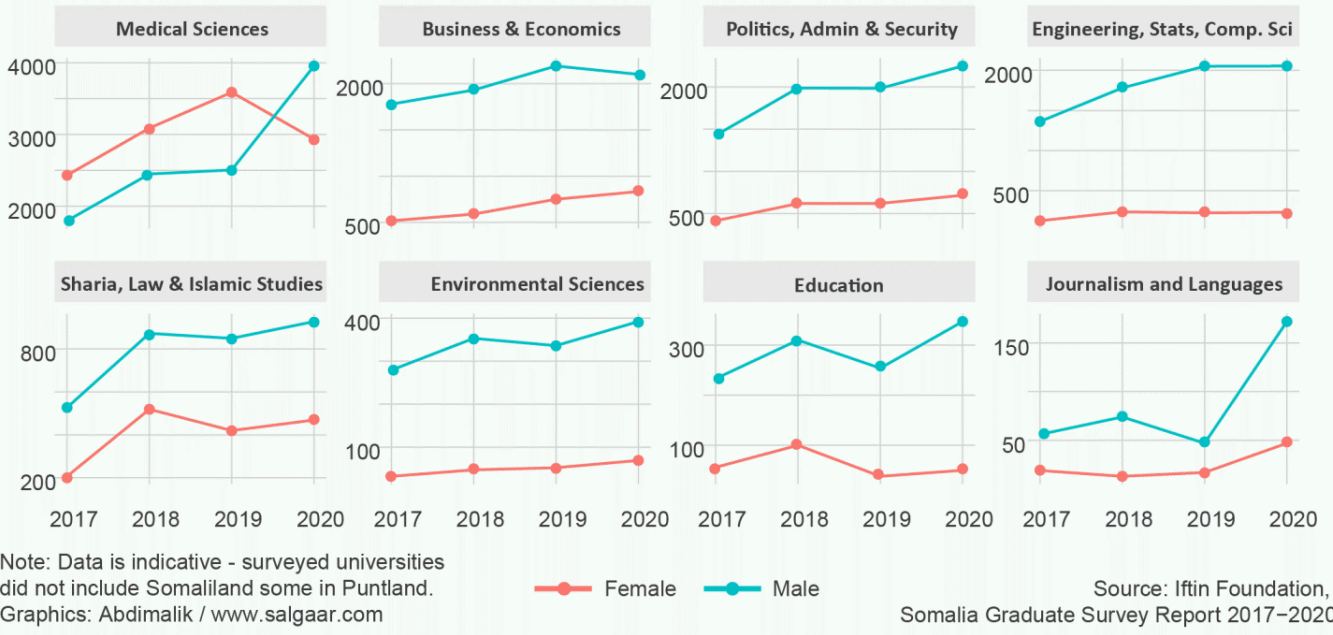
WHY IS THERE SO MUCH UNEMPLOYMENT?

The 2020 data from 52 universities in Somalia collected by Iftiin Foundation show staggering evidence that our higher education institutions are producing graduates

condensed in certain programs such as medicine. Mohamed (2021) captured it in a very succinct infographic below:

Graduate Survey: Somali students favor health science majors

Data also shows large gender disparities on graduation trends across various disciplines.



What type of graduates does Somalia need? This is clearly laid in the Somali National Development Plan (NDP9) 2020 – 2024. The priority development sectors for the nation are agriculture, livestock, fishery, and energy. Hence, Somalia needs graduates prepared for these sectors. Are we doing it? Simply, no.

The blame does not just go to the universities (as they have bills to pay), but also to the government which does not incentivize the youth to learn these priority sectors. For example, the Ministry of Education, Culture,

and Higher Education (MoECHE) is transforming the education sector and is struggling to find local education experts such as teachers who can aid the ministry in undertaking this national effort. Why? Because youth are not interested in learning such programs citing bleak job opportunities as the main reason. To them, unfortunately, learning agriculture, livestock, fishery, or even becoming teachers is not attractive. Some universities are even offering education programs for free and, yet, very few are enrolling.

LACK OF INDUSTRIES AND LIMITED CORPORATE COMPANIES?

Another unfortunate trend in Somalia is that every fresh graduate wants to start working with the government, international organizations, or big private companies. I am not sure how we got into this, but the “existing” market capacity cannot accommodate every graduate. For example, there are very limited big private companies in Somalia and they cannot consume the graduates supplied to the market every year. In addition, Somalia does not have giant industries to aid in hiring. The result? We are all caught in the unemployment trap.

Another unfortunate job-hunting behavior in the country

is ignoring small companies. We at IITE Institute have a job placement program in which we connect talents with the local market demands. The challenge we have observed so far is that the youth do not prefer to work with small companies as they are not attractive. But this is a myth. MSMEs are the best place to acquire and build job-related skills. MSMEs give you a platform to test your skills. If you are an accountant, it is better to work for a clothing store and become their main accountant than getting lost in a giant corporate company. This is the kind of mentality we are building at our innovation hub. But it needs to be scaled up to the nation.

LACK OF GROWTH MINDSET AMONG SOMALI MSMES?

A goldmine for tackling unemployment for Somalia would have been the Micro, Small, and Medium Enterprises (MSMEs). Eight six percent of working people in Somalia depend on the informal sector (MoLSA, 2020). But unfortunately, they lack a critical component to do so: lack of growth mindset. Somali MSMEs stay young forever; hence, unable to hire new staff.

Women-led small businesses are very good examples of this. We always talk about how women-led MSMEs

helped survive Somalia during the civil war at a time when men's mobility was limited for security reasons. But we forget to include in the discussion the kind of mentality these businesses passed to the current generations. The main goal of these businesses were/is only to support the family; never had/have the intention to grow the business. Go to Bakaro Market, the largest in the country, and you'd find the majority of the businesses have been in operation for decades. To this day, all MSMEs do have this mentality and it's seriously impacting their growth potentials.

ARE THERE CULTURAL BARRIERS?

Talk to Somalis about doing manual labor jobs, they will easily tell you it is not for them. Even those who are unemployed will give you this same response. Some even prefer to be unemployed rather than doing manual labor jobs. There are cultural barriers that led to this social behavior.

I met a graduate who was looking for a job and asked him the possibility of working as a waiter. I can still remember his facial reactions to this day.

And this is the typical response most of the youth would give you. We all have grown into this myth.

As per IOM (2016) report, job matching in Somalia is a challenge not only due to the lack of skills but also due to a cultural barrier. As per the report, Somali people tend to avoid manual labors. This is due to the social attitude, lack of willingness to work and motivation to learn.

SOMALIA HAS OTHER PRESSING PRIORITIES AT THE MOMENT?

If you carefully examine the government expenditure in 2020, you would realize that the Somali government has other priorities other than tackling unemployment. In Q3 of 2020, Somalia spent \$685,270,734; security and salary consumed the highest portion of this expense. Although unemployment is arguably the second national challenge after security, yet government expenditures on job creation programs

come nowhere near the top ten portions of government expenses.

I'm not questioning the government choices here, but I want to shed light that the Somali government's priorities lie elsewhere today, not on tackling unemployment in the country.

ANY INTERVENTIONS?

Though changing social perceptions towards manual labors would take decades, I propose the following interventions for quicker changes in lowering the 67% unemployment rate in Somalia:

The Somali government should include job creation programs as part of its priorities. Tackling unemployment is as important as security. Both are national challenges.

Regulate the energy sector to encourage more industries to evolve. Electricity is hindering Somalia's progress. You cannot have one of the poorest nations on Earth with the highest electricity rates.


The Somali government esp. The MoECHE should incentivize learning and teaching priority development sectors for the country. With the current setup, Somalia would not be able to produce top notch experts in the agriculture, livestock, fishery, and energy sectors.

Establish National Employment Agency to spearhead governmental efforts in tackling the rampant unemployment rate in the country.

Let's stop unemployment being a choice in Somalia. Somalia is blessed with job opportunities; we just want to change our mentality towards certain jobs.

Instill growth mindset into MSMEs in Somalia. Let them hire more staff and grow their businesses. This is the easiest and most effective job creation intervention for Somalia.



Mohamed Muse Hassan  MMbariise ,
Director, SIMAD iLab



04

A DECADE OF PARTNERSHIP BETWEEN SOMALIA AND TURKEY : WHO HAS BENEFITED MOST?

ABDIRAHMAN ABDINOR MOHAMED



It was August 2011 when the current president of Turkey Recep Tayyab Erdogan made a bold visit to Somalia in solidarity with the Somali people at that difficult time and to show the world that Somalia needs attention. Severe drought has affected our country as a whole from the environment to livestock to the human. People fled from their homes to Mogadishu in search of the basic needs to survive. In response to that humanitarian catastrophe, Turkish people and their government provided drugs, food and clean water to the people who had affected those humanitarian emergencies. Up till now, Turkey is a major ally to the Somali government politically, and contributes to the military, social service, business and infrastructure development.

After a decade of partnership between Somalia and Turkey, the Somali government acknowledged publicly the role of Turkish government and its people in providing development assistance to the Somali government and its people by stating that this long standing partnership which is dated back to the Ottoman Empire will last forever. Taking into account this statement and the influence of Turkey to Somalia commercially, I would like to open discussion about current trade relations between Turkey and Somalia and if there is a chance that we can promote our resources abroad.

The relations between Turkey and Somalia has a long history that dates back to centuries and the current development cooperation is multi-tiered which includes economic, military, social service and infrastructure partnership. Turkey contributed to the renovation of the economic infrastructure of the capital city such as main roads, the airport and the sea port. This has facilitated the daily business operations of the capital city and reduced the time and other uncertainties that involve business management.

From the social service perspective, Turkey has contributed to the refurbishment of DIGFER hospital which has improved the health sector of Somalia and has kept it to the international standards in terms of health facility, in-kind expatriates and the quality of drugs they prescribe to patients. On the other hand, Turkey has built schools in Somalia and provided both undergraduate and postgraduate scholarships to Somali students who are planning to advance their career.

Another example of the partnership between Somali government and Turkey private sector is the authorization of Somali government to turkey firms to manage the airport and seaport which are key sources to the revenue generations of the Somali government. Those companies will operate under the model of build-operate-transfer to renovate and improve the capacity of those sectors.

As a result, this has increased higher operations efficiency of those sectors and increased the transparency in the use of funds. Moreover, the public has enjoyed access to improved service and employment opportunities for the Somali labor force.

The direct flight of Turkish Airlines between Mogadishu and Somalia which started in September 2013 was a noble step towards our economic revival and allowed Turkish businesses to engage easily in Somalia. In addition, it also helped the Somali diaspora return to their country and invest it by establishing new business. It has improved the lead time of imports and continuously improved business processes across Somalia. Besides that, it convinced Somali businesses to shift their money into Turkey and invest in the real estate and housing industry. Another Turkish company has opened Decale Hotel, a 5-star hotel, inside Mogadishu International Airport (AAIA), which is the first of its kind that delivers exquisite rooms and best A la Carte restaurant in Mogadishu-Somalia.

The humanitarian interventions of Turkey in Somalia were an important step towards increasing the product knowledge that Turkish companies can offer to Somalia. This has increased the imports and the influx of Turkish products in Somalia. From food to clothes to furniture and drugs, Somali business owners have invested a lot in Turkish products. Moreover, the adverse political stands of the current government of Somalia towards the Republic of Kenya and United Arab Emirates forced Somali business owners to establish business offices in Turkey and invest in their real estate and housing industry.

Somalia is located strategically at the Gulf of Aden just at the entrance of the red sea and the Suez Canal, which is a crucial global shipping path connecting the Indian ocean to the Mediterranean Sea. Due to the importance of this maritime route to the world economy and the extensive number of ships that pass through this strait has offered a compelling reason for the Turkish government to open its largest embassy across the world in Somalia and due to different security actors, Turkish military involvement in Somalia has become necessary as well.

Considering the partnership of Turkey with our government as a positive strategic tie between the two government and the strategic locations of the two counties can enhance the interests of both our countries politically and commercially, I believe that there is a great chance to we can market to the world from our natural and income generating sources such as agriculture, livestock, fishing, tourism and natural oil and gas by receiving the know-how and technology from Turkish business through building business partnership with them.

That mindset is required from our wealthy Somali business owners by building trust in themselves and having a common goal of developing their country and community.

Stable legal environment system that encourages foreign investors to do business in Somalia is the number one factor that many international businesses are skeptical about putting their foot in Somalia knowing that our country's strategic position and the active and cheap labor force in which our community can provide. Professional legal consulting firms, skillful lawyers and endorsement of most essential commercial laws can boost our chances to become a business hub for the continent and the world as well.

Energy and the solar system are becoming another unique factor that we cannot establish many small different kinds of manufacturing businesses in our country due to the high electricity cost which is produced mainly from imported petroleum.

This also becomes a major factor that we cannot attract foreign direct investment in our country. However, if the mindset of our business leaders become collaborative and cooperative among themselves instead of competing with each other, and provide a complete service package that covers the basic needs of the country in the energy sector.

In essence, this piece of writing was to acknowledge the partnership between Somalia and Turkey and shed light into the areas that we can expand further to benefit from this partnership. We are here to recognize the efforts of our private sector that has shown entrepreneurship and resilience, and succeeded to maintain the economic activity within the country during the challenging times after the collapse of our government. Finally, we will remind our private sector to adapt with the dynamic business and technology environment and familiarize themselves to exploit the benefits of globalization with the strategic location of our country and expand their operations into the continent starting from the neighboring countries.



Abdirahman Abdinor Mohamed,
Entrepreneur and Financial Expert

05

SOCIAL MEDIA PLATFORMS: WASTE OF TIME OR SOURCE OF INCOME?

ABDIFATAH HASSAN ALI



Over the past decade, Somalia experienced an internet revolution, perhaps the biggest in the African continent. In 2020, a year of global crisis where internet connection has become a lifeline for much of the world, Somalia made a surprise jump in the global rankings of mobile internet services. The previous year it was ranked 34th worldwide and 37th in Africa and within just one year the country became the cheapest mobile data cost in Africa on the continent and the seventh cheapest worldwide.

According to the latest internet accessibility report released by DataReportal there were 1.95 million internet users in Somalia as of January 2021 with the penetration speed growing fast. Thanks to the growing smartphone penetration and other digital devices especially among the young generation. According to the same report, there are close to 2 million users on Facebook and half a million users on Instagram.

However, TikTok is among the newest platforms gaining more popularity.

In the past two decades, the rise of social media platforms have drastically transformed the way humans interact and communicate globally and the world seems to be getting smaller and smaller. For instance, It allows us the opportunity to share opinions with a far wider audience beyond our borders. As a matter of fact, it might come as strange to imagine a person living in 2021 who is not aware of the existence of these platforms, if they are not already using them. They have become indispensable to our everyday life. But there is this theory that says social media can be a waste of time or biggest source of income depending on how people make use of their online presence. In this article, I will be looking at how you can create more beneficial deals on social media rather than wasting your precious and non-refundable time.

HOW TO USE SOCIAL MEDIA PLATFORMS MORE PRODUCTIVELY & MEANINGFULLY?

Indeed, these platforms are meant to be social, bring people closer and create one big global community. But apart from this global virtual village, it is very imperative to think about how to make use of this larger-than-life audience -

or how to build a better online presence- make a living . Entrepreneurs and startup communities have unique opportunities to earn a decent living through social media platforms. Here is how:-

1- USE SOCIAL MEDIA AS A LEARNING PLATFORM RATHER THAN JUST CHATTING

First thing first, make sure you are following the right people and the right pages that are in line with the skills you might want to learn. There are several skills and business ideas you can learn from the platform especially if you're interested in business opportunities, investments, or simply want to master a particular skill. For instance, you can follow and regularly get updates from a page that offers multimedia (graphic designing) skills. This is way better than spending your time chatting with friends on simple social issues for hours.

4- IDENTIFY UNIQUE BUSINESS OPPORTUNITIES IN SOCIAL MEDIA

For aspiring entrepreneurs, you might have more than 5 thousand followers/friends on your social media networks, think about turning these audiences into potential clients or customers. In the offline world, would it be easier to reach such a number? Obviously not possible. Think creatively about starting a business idea that might serve their needs, for instance, launch a business page and advertise your product or services and ensure that all of your online friends are following this page.

2- WORK WITH SOCIAL MEDIA INFLUENCERS

Social media Influencers exist in all aspects of businesses and you might already know one of them, from culinary to clothing to coffee industry to local football legends, artists and musicians, all you need is to figure out which one to pick who will boost your business or initiative. Engage and build a relationship with them. have them promote your initiative and reach their audiences and beyond.

5- USE SOCIAL MEDIA AS A BRANDING AND MARKETING PLATFORM

Some social media offer us excellent digital marketing options and promotional opportunities that could boost our own initiative with small payments. Use it wisely to reach targeted audiences/markets. A good example is Facebook's visibility and boosting options which allow you to choose particular demographic features of your target market such as profession, gender, age and location.

3- GO GLOBAL: EXPAND YOUR REACH

Social media offers us the opportunity to reach audiences beyond our borders. Geographical locations are no longer an obstacle in today's technological revolutions, today you can instantly reach and meet audiences and potential customers around the world from your office desk or at home. You can just as well join a global network of professionals, like-minded individuals with whom you share the same passion and spirit. Join the global community who will add value to your life, avoid following toxic and hate speech promoters.

6- LIMIT YOUR TIME ON SOCIAL MEDIA TO ESSENTIALS ONLY

For you to be productive in your normal day-to-day activities, you need to balance your time between social media, work, and study. limit your time on social media platforms to essential purposes especially when you realize that it is consuming your time more than benefiting you financially or skill-wise. Socializing online is a vital part of our life but it has to be controlled and as a millennial generation, you should make use of the valuable time you have. Give yourself some self-care reward; read articles or books, do some exercise, watch a movie or talk with a close person offline.

YOU HAVE TWO CHOICES; MAKE YOUR CHOICE WISELY

With that said, you have two choices; waste your treasured time on social media without making use of the large audience you have and live with daily stress, trauma, and anxiety. Or spend your time on these platforms wisely to nourish smart and creative ideas, do meaningful initiatives, businesses and hopefully become the next millionaire. Social media has already created several millionaires around the world. follow their footsteps.



Abdifatah Hassan Ali [@IamAbdi5](#),
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06

NATIONAL PAYMENT SYSTEM: A WINDOW FOR INTEGRATION AND SWITCHING FINANCIAL SYSTEM

HUSSEIN ABDI MOHAMUD



INTRODUCTION

The Somali financial system has slowly moved from an informal to a more formalized regulatory environment since the Central Bank of Somalia (CBS) was reformed in 2009. Meanwhile, the central bank granted a license to thirteenth (13) local banks. Currently, the financial institutions comprises Central banks, commercial banks, microfinance institutions (MFIs), money transfer businesses (MTBs), and mobile network operators (MNOs) providing mobile money services.

It's been over a year since there was a discussion regarding how banks may integrate, specifically how account-to-account transfers can be done. In contrast, there are several local economic and financial issues

that could hinder the integration process. But on the 7th of August 2021, the Central bank of Somalia launched a new system for national payment which connects the local banks. Thirteen banks can now become inter-operable, connected to the clearing system of the central bank. This system allows a customer to send money from their account to another customer with another bank account. The central bank will have the role of facilitating and managing these transactions, and also it will be the settlement place where banks can transfer accounts daily through a clearinghouse. Through the discussion, the researcher noted that this system has two basic features.

REAL-TIME TRANSFER:

This allows the customer to send money to another customer with another bank account, but the transfer will go to the sender's bank. Bank will ask the customer details, for example, the account number of the recipient, name and the bank which he/she has the account. Then, easily the sender's bank will facilitate the transaction by sending money to that customer.

ACCOUNT TO ACCOUNT TRANSFER:

This gives customers opportunities to transfer money through using their bank accounts, or they can write a cheque to a customer with another different bank account.

As far as the researcher's best knowledge, banks are supposed to start using the first option, real-time transfer. A source from the central bank shows that CBS is thinking of the next one in the near future.

In this piece of paper the researcher focused two perspectives: First, how customers will benefit from these integrations. Second, will address the role of governing bodies to implement these integrations.

HOW CAN CUSTOMERS TAKE ADVANTAGE OF THESE INTEGRATIONS?

Currently, local banks do not have any integration; for example, if you want to withdraw money from one bank's current account and deposit it in another, you must physically remove the cash and deposit it in the other bank, which carries its own risk. Therefore, this new system of real-time money seems to resolve this issue if it works as intended. In this piece of paper, the researcher is briefing the advantages of this new system to customers and corporations. Apparently, this system will allow depositors to transfer their money from account to account via the real-time payment system.

Mr. Abdirahman Mohamed, the governor of the Somali Central Bank (CBS), said that the new approach would improve bank customer service and reduce the time customers spend going to the bank to receive cash and depositing it in another bank, which will put customer property at risk. Meanwhile, the governor stated that this will make purchasing, selling, sending, and receiving monies easier. And, it will help to broaden financial inclusion.

The executive director of Somalia's Central Bank emphasizes that the new system will allow local banks to interact with corporates and intersect with one another. And, the central bank will be in charge of supervising and setting policy. Indeed, this will create an environment in which businesses and other organizations can transfer funds from one account to another.

On the other hand, the researcher approached private banks to address the new system and its benefits to customers and banks. Hence, I interviewed Mr. Abdirahman Keyse, Operation Manager Tria pion Branch of Dahabshil International Bank. During the interview, Mr. Keyse said, "obviously, this will make it easier for customers to transfer money to their different bank accounts instead of having to withdraw cash and bring it to another bank with the possibility of trouble for security issues. Therefore, if the banks are ready to apply this system and the central bank supervises, this system will be useful to the society (customers)".

HOW CENTRAL BANK WILL REGULATE THIS SYSTEM?

Typically, while establishing a financial system, a law protecting banks and customers should be in place. Aside from that, such a national payment system requires a highly effective clearinghouse or arbitration to assure the system's seamless operation. Even if some conflict arises, commercial laws or even a commercial court system should be available. Hypothetically, effective harmonization of essential regulatory standards for this national payment system will necessitate extra policy and arbitration processes.

During the observation, the researcher found Central Bank of Somalia takes the responsibility of reconciliation and overseeing the system.

Daily, the central bank will adjust the accounts of banks in the central bank through debiting or crediting the balance of sender and receiving banks.

Therefore, the central bank established a link between lenders and a clearing and settlements house, handling real-time money transfers. It also incorporates debit and credit card interoperability and mobile network operators, and automated cash machines. In that case, if a bank needs to send money to another bank account and there is no money in it, it cannot transfer that money. But, so far, there are no presented rules and regulations that will govern this payment system's transaction.

HOW CENTRAL BANK WILL REGULATE THIS SYSTEM?"

In general, establishing such a system will facilitate the follow of currencies and the national economy as a whole. A notion says, "a transparent financial system is the cornerstone of national economic growth." Because of this, it increases basic investment and people's trust in giving or lending their money to those who have productive investment opportunities.

Therefore, when it comes to a country like Somalia, which is recovering from many years of lack of trust and other problematic issues,

it is not easy to implement such a system quickly, but it will contribute to ongoing development that will eventually allow for greater openness.



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13TH ANNIVERSARY



07

CRYPTOCURRENCIES ARE THE FUTURE OF INTERNATIONAL ECONOMIC RELATIONS

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The story of Bitcoin did not start from nowhere as its roots go back to the 1990s with the emergence of the "Sypherpunks" movement against online censorship through cryptography. According to Batiste Lack, the founder of a crypto exchange business, Bitcoin is based on a combination of critical technologies by IT specialists over 20 to 30 years.

On October 31, 2008, a mysterious figure named Satoshi Nakamoto posted a message on a specialized mailing list announcing that it was in the process of creating a digital currency that was free from any authority or censorship, calling on developers who wished to help with the project. Then, in January 2009, the first block of the coin was created, which only aroused the interest of some programming specialists, most of whom were Americans. Then came the launch of the first appreciation of the coin in October of the same year, when the currency's value was 0.001 dollars, which is the same amount as the cost of producing electricity.

On May 22, 2010, the first purchase of a tangible asset using Bitcoin took place. On that day, an American developer named Lazlo Hanyecz bought two pizzas for 10,000 Bitcoin (about \$5 million as of August 2021). Since then, cryptocurrency enthusiasts have celebrated this day Annually under the name "Bitcoin Pizza Day " to celebrate the most expensive pizza in human history.

Rapidly, then the first exchange platforms appeared, such as Coinbase in 2011 and Kraken in 2012, and the Bitcoin equivalent against the dollar was reached in February 2011, and in the middle of the same year, the price reached \$30. However, according to Le Figaro, Bitcoin won't begin its voyage as an actual commodity until it was used in the "dark Internet" - a secondary Internet where anything can be purchased in perfect anonymity without revealing identification - initially earning it a negative image. The dark Internet or web is known for illegal trade, and the anonymity provided by Bitcoin made it an ideal currency.

THE DEFINING MOMENT

2017 was a momentous occasion in the currency market development when a unique fever overtook the marketplaces. Also, many individuals rushed to get their hands on this digitized currency. A thousand dollars in one go.

Digital (encrypted) currencies, especially Bitcoin, gained wide popularity in most parts of the world after significant investors, led by Elon Musk, promoted them in February and invested \$1.5 billion in them,

which encouraged many to buy it in the hope of a quick profit. However, a storm has hit "cryptocurrencies," especially Bitcoin, recently after Elon Musk suspended accepting "cryptocurrency" as a way to pay for Tesla cars, "due to climate concerns"

and China's imposition of new restrictions on its mining – the production of Bitcoins using proof of work algorithms – and use. Turkey also banned its use very recently after a couple of high-profile fraud cases came to light.

WHAT ARE CRYPTOCURRENCIES?

In 2009, while Bitcoin was still just a notion, the realm of "Cryptocurrencies" was born. In the following few years, Bitcoin managed to turn that initial curiosity it had

attracted into extreme attention, and that is when the world of Cryptocurrencies rose into the limelight!

HOW DID CRYPTOCURRENCIES ACCOMPLISH THIS?

The main reasons behind the success of cryptocurrencies include their promise for quick economic gains, promotion by financial influencers, and anonymity and freedom from government control.

Firstly, growth spurts over the years have made many Crypto-traders millionaires!

Secondly, the acceptance it has received from famous personalities such as Elon Musk (the world's richest man), Michael Burry (a world-famous investor), and other influencers encouraged its reception by people around the world. Moreover, many governments are now accepting Cryptocurrencies officially and creating their own, such as Nigeria, which is launching their Crypto called "E-Naira" to battle hyperinflation. The government of El Salvador will formally announce its decision to classify BTC as a legal currency from September 2021.

If you're new to Cryptocurrencies, you may be confused as to what exactly they are Cryptocurrencies? Are they currencies? Or are they investment instruments?

To put it more simply, a cryptocurrency represents a virtual or digital commodity that could be used to buy goods and services. Like any other entity exchanged on the Foreign exchange markets, Cryptocurrencies, including the Somali Shilling or the US Dollar, can indeed be exchanged and thus viewed as an asset!

Cryptocurrencies were mainly established to replace traditional currencies, which some believe has grown obsolete today. They are protected by encryption, therefore makes them safe and close to impossible to counterfeit.

Cryptocurrencies are decentralized networks built on blockchain technology at their core. Cryptocurrencies are distinguished because a centralized agency has not authorized them, therefore safeguards them from third-party exploitation.



CHARACTERISTICS OF CRYPTOCURRENCIES?

Generally, Cryptocurrencies share some common characteristics, which include:

I) DECENTRALIZATION:

Cryptocurrencies are decentralized and distributed across chunks, which, when linked together, constitute a Public blockchain. This eliminates anything like a centralized individual, administration, or banking system regulating or supervising the money. On the other hand, cryptocurrencies have complete independence in this sector and are governed by the market force's economic principles.

People are drawn to digital currencies because they avoid paying high commissions. After all, there are no intermediaries commission fees while making transactions. However, the transfer of Cryptocurrencies such as Bitcoin and Ethereum incurs network fees, also known as gas fees determined by the Blockchain network. Moreover, as compared to our traditional banking, Cryptocurrencies allow way faster settlement of payments. This is true especially in the case of international transactions, which sometimes take days. At the same time, Cryptocurrencies can make duplicate transactions within mere seconds!

What's more, is that this added speed is provided with just a minimal fee. So with Crypto, you're getting a better service at an even cheaper rate! No wonder banks are so against them.

II) DEFLATIONARY NATURE:

Central banks have the freedom to change their "monetary policies" to determine the value or price of fiat money. Fiat (traditional) currency is expensive because there is no predefined cap on the number of these commodities that can be issued. On the other hand, several Cryptocurrencies do have a finite supply written into their mechanism until they are created. As a result of the restricted quantity, they are by definition deflationary, implying that their value will only rise over time!

III) PSEUDO-ANONYMOUS:

Cryptocurrency possession is determined by a wallet ID rather than a person's bank account and name. As a result, cryptocurrencies provide their holders with some privacy and continue making purchases discreetly. None of us would know who the wallet IDs belong to unless they were expressly told because the wallet IDs are randomized and therefore do not include personally identifiable information. This, according to the bankers, is a downside of Cryptocurrency as it violates the regulatory requirements that enable tracking and tracing of transactions, such as the Know-Your-Customer (KYC) requirement. This is why Cryptocurrencies are sometimes associated with illegal transactions.



CONCLUSION

Cryptocurrencies are undeniably an economic transformation, but you should do your homework before participating in this virtual currency by thoroughly examining the benefits and drawbacks of this financial tool and its innovation. The venture is much the same as other high-risk, heavy investments. This indicates not whether you may participate in it is determined by your risk tolerance and investment strategies.

A competent thumb rule would be to spend your spendable income solely - that seems to be the money you don't need to cover your bills - because this will allow you to ride out market volatility and ultimately emerge victorious!



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08

THE GROWTH OF SHOPPING MALLS AND SUPERMARKETS IN MOGADISHU

DR.ABDULKADIR NOR JABRIL



INTRODUCTION

Peace and development relations are straightforward, endeavors and ventures for progress to absorb a better life are mostly invented in a peaceful environment rather than an anarchical one. Mogadishu, capital city of Somalia, has characterized a situation of anarchy and violent conflicts for more than 20 years. Since 2010 the country's stability was getting better comparing with previous violent situations, this relative stability

provided diaspora and other citizens a hope and opportunity for business investment in different sectors such as health, media and communications, transportations, shopping malls and supermarkets which is part of a growing business sources in Mogadishu. The article is mainly opinion based and further study of the subject is needed in the future.

SUPERMARKET

Supermarkets and shopping malls are the emerged opportunities to be invested, normally, people can buy their food stuff and other daily goods in traditional market, they used to shop or buy goods and services needed from small traditional stores beside the roads or, such stores or retailers present cheap goods for the customers as they are easily accessible and available for all people. Supermarket is a self-service store that is divided into sections and offers a wide variety of food, beverages, and household products. Typically, the store offers areas for fresh meat, dairy, food, baked goods and so on. Shelter space is also provided for canned and

packaged goods and various non-food products such as cooking equipment, cleaning equipment, pharmaceutical products.

Supermarkets were introduced in the 1930s in the United States by independent merchants dealing in food produce, the main characteristic of supermarkets is the absence of salesmen (Self-service market). Customers must shop from the properly labeled racks, and the cashier will collect the money after weighing and checking the goods at the end of the market. In general, customers buy and bring them into trolleys.

In Mogadishu, a number of supermarkets are established for the last ten years to respond to household needs recently returned to home after years of living experience in abroad and adopted shopping culture in malls and supermarkets, it is impressive and acknowledged initiative to have a same market, placed needed goods and services with clean and comfortable environment. Somalia in general the electricity is too expensive compared with other neighbors.

This might be quite a challenge to the owners of supermarkets because goods would necessarily need to be refrigerated. The benefits of supermarkets include large sales due to the wide range of products offered to the customer, low price and high profit and located easily accessible and comfortable places to the customers. Midnimo and Hayat supermarkets are the most popular shopping centers, both located at Zoobe conjunction. Other interesting business startups recently implemented in Mogadishu are shopping malls.

SHOPPING MALLS

Shopping malls are interesting new business ventures in the private sector. The project met wide public acceptance and added value to business in the capital. It has been described as shopping malls in an article of brahim, M. F., & Ng, C. W. published in (2002) on "Determinants of entertaining shopping experiences", that shopping malls as a group of businesses designed, developed, owned, marketed and managed as a unit. Mogadishu Mall situated in Hamar weyne is an effective mall which hosts more customers for shopping service. Many visit to check and enjoy the new environment for business life in Mogadishu. Mogadishu City Mall is another larger mall in Mogadishu which hosts a variety of business sectors including health care sector, media, textile and financial service.

There is an increasingly significant importance of malls as retail formats and today mall culture plays an important role in the lifestyle of consumers. Customers need not only commercial centers for shopping but also for leisure and social interaction with friends, colleagues and even family members and obtain under a single roof all facilities required. They select malls to shop with particular attributes of the mall as an attractive environment, variety of stores and service, accessibility and the price of goods. There are a small number of malls, no intensive competition is in place as the project is new in Mogadishu, it is emergingly increasing, currently more than three malls under construction and soon will be launched, and should be able to reach enough potential customers and attract them to again profit.

In general malls can be classified as following:

NEIGHBORHOOD MALL

This center is intended only for convenience shopping in the local area to meet daily needs of consumers. Usually, half of these malls have a famous supermarket anchored. Storehouses offering sundries, snacks and personal services support these anchors

SOCIETY CENTER

Classically, a society center offers a broader range of clothing and other light goods than the malls in the area. Supermarkets and discount department stores are in this kind of mall surrounded by more anchor outlets. Society mall tenants sometimes include 'off price' malls selling items such as clothing, improved home / equipment, toys, electronic or sports goods. The center is usually built as a straight line, L form or U form.

REGIONAL MALL

This type of mall provides general goods (mainly clothing) and services with full length, wisely and thoroughly varied solutions. The anchors of their outlet are its main attractions. Under this type of mall were previously traditional outlets, mass traders, discount department stores or fashion specialty stores. The stores connected by a common walkway and the parking surrounding the outside are usually surrounded by a typical regional mall and its inside orientation.

SUPER-REGIONAL MALL

This kind of mall, which is similar to regional malls, but because of its larger size, a super-regional center has more anchors, a deepening product selection and a larger population base. As with regional centers, the typical design of this type of mall is frequently an enclosed mall (air-conditioner mall).

FASHION / SPECIALTY MALL

A Mall consists mainly of fashionable clothing stores, shopping malls, designer outlets and artisan stores with selected high quality and price products. These malls cannot be anchored, although the functions of anchors can sometimes be played by restaurants or entertainments. The physical design of the center is very sophisticated, with a rich decoration and a high level of landscape. Such malls typically occur in commercial areas in which customers' levels of income are high.

CHALLENGES OF MALLS AND SUPERMARKETS

The retail car park management is the first phone call for customers and the very first impression about a store in the present situation in which everyone has access to their vehicles. Whether you run a small food shop or several million large shopping centers, your parking experience will decide on the mood of your customers for their entire shopping experience.

The provision of spacious open spaces for parking is not even effective. The shopping center should guarantee comfortable, secure car parking facilities, trouble free direction and clear paths for smooth parking are required. First class parking facilities not only improve the mood of your customers, but also increase the shop length.

SHORTAGE OF CONSUMERS AND UNPOPULARITY OF MALLS

Malls in Mogadishu have recently been introduced as a retail innovation and a trend to retail transformation. Since 1990's, there have been no shopping malls.

However, in the last ten years important developments and building of malls took place in the capital. Unpopularity of malls in the society caused shortage of consumers and profits probably.

CONCLUSION

Every modern city has a shopping mall; it is a place for people to come together regularly and enjoy the service of the shopping mall. The investment of Shopping centers is increasing and perhaps traditional markets will be replaced by the malls and supermarkets. Efforts to improve life are invested mainly in a peaceful and not anarchic setting.

Since the country's stability was improved in 2010 as compared to previous violent situations, there has been a new prospect of investment especially the foundation of shopping malls and supermarkets in Mogadishu which are part of a growing business source. Parking service management, Shortage of customers and high rent stores of malls are major challenges of owners and investors of malls.



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09

HOW ARE AUTO-RICKSHAWS CHANGING THE TRANSPORTATION SYSTEM IN MOGADISHU?

ABDIRIZAK OSMAN MOHAMUD & AHMED MOHAMED NUR



INTRODUCTION

Auto-rickshaw is a motorized version of the pulled rickshaw with three wheels, and it has many different names in different parts of the world. Locally, it is well known, and hereafter we use the term, “Bajaj”, which was introduced into the Somali market in 2013 by a local business company. Later, several businesses joined the industry and imported several models, including RE, TVs, and Piaggio. These models of Bajaj are primarily imported from India and China with the preference of the former. At first, very few people used the Bajaj as a means of transport due to its expensiveness and the availability of other transport services. However, other transport options were driven out of the market slowly due to Bajaj taking up a large portion of the market demand, and the consequence of the roadblocks in Mogadishu, which hindered the movement of public transport cars within the town. This has caused many transport vehicles, locally known as “BL” to get out of the market, selling their cars and joining the new market. Consequently, people in Mogadishu did not have many options to choose from, and Bajaj became the most practical transport option to use as it provides last-mile logistics, in other words, it picks you up from one door to another without stopping in between.

According to industry experts, the Bajaj number imported since 2013 is estimated to be more than 100,000 while the active registered Bajaj operating in Mogadishu as a public means of transport is between 40 – 50,000. As per this information, it is obvious that around more than 50,000 households use this industry as a livelihood source and rely on it to generate income. In this regard, the article aims to highlight how Bajaj has transformed the public transportation system of Mogadishu, Benadir region, to present the socio-economic and logistical challenges that it has brought up and to provide recommendations to policymakers to regulate the industry properly.

This piece is structured in three parts. The first part discusses the transformation process of Bajaj through zooming in on the logistical aspects of changing the industry and the economic opportunities that it has created for many youth members, households and the government. The second part focuses on the several risks, whether socio-economic and logistics, that Bajaj imposes. Finally, the authors give their way forward to address the risks and lessen their impact to take advantage of the benefits of the industry and innovate it to ensure its sustainability.

TRANSFORMATION OF PUBLIC TRANSPORT IN MOGADISHU

Since its introduction into the market, without a doubt, Bajaj has transformed public transport in Mogadishu in many ways. But the focus of this piece will be the logistical dimension and the economic opportunities created by Bajaj as discussed below.

1. LOGISTICAL ADVANCEMENTS

Without a doubt, Bajaj has transformed the public transport of the country, particularly Mogadishu. People in Mogadishu had the "BL" vehicles, which are on the main roads, and they usually take customers from the main roads and drop them off. Then people had to walk from/to their places. Then Bajaj came, which applied the concept of "Last Mile", which is described as the last leg of a journey or the movement of people and goods from a point of origin to a final destination.

The Bajaj was completely different from other means of transport in both picking up customers and dropping them off at their doorstep. This has allowed many customers, who relied on the vans system before, to switch to the Bajaj. The majority of these customers are students and other businesspeople who usually commute to their study or work places on a daily basis, and they often have an oral agreement with the Bajaj drivers to be picked at a specific place and time, paying a monthly fee to receive that particular service. In addition, BL used to stop in different locations to pick up/drop off customers during its journey from one point to another, which has increased the travel time within the town. but with Bajaj, it was associated with easy movement, and customers were able to get to their destination way less than the time it takes vans.

Apart from the last mile, Bajaj has gained a massive advantage over other transport means through its 24/7 availability, which means customers can get Bajaj at any moment in time to commute within the town.

Before Bajaj came to the market, the Majority of Vans drivers used to work until 6 pm, and the movement of people in Mogadishu often stopped after that unless one drove their car. At first, when Bajaj joined the transport business, this service was not available for customers due to few drivers at the time, but as the market grew and new drivers joined it, there is was a need to extended the services to 24/7 to satisfy the demand at night and to make more money as most of the drivers were leasers, who had to pay \$10-15 dollars per day to their Bajaj owners. This 24/7 availability has given an economic edge to Bajaj drivers over the other transport means, and people are willing to pay more money to get this service.

2. ECONOMIC OPPORTUNITIES

According to the Somali Human Development report (2012) issued by the United Nations Development Programme (UNDP), Somalis under 30 constitute 70 percent of the population, and the unemployment rate for youth is among the highest in the world, at 67% percent among all 14-29-year-olds (UNDP, 2012). Unemployment among youth was a major challenge that mainly contributed to young Somalis' vulnerability to illegal migration (Tahrib), and violent crimes. A study by the International Organization for Migration (IOM) on the nexus between youth unemployment and migration found that low education and unemployment drive irregular migration. The unemployment was affecting both the uneducated and educated youths with the effect being felt by the former. This has allowed many youth members to work in the Bajaj sector and make a living.

It is obvious that Bajaj has changed the landscape for youth and created many job opportunities for thousands for youths to earn daily income and to support their families.

As a result, Bajaj has not only increased the purchasing power of the youths but also contributed to the reduction of youth migration from Mogadishu. Even though there is no official figure regarding the number of youths that migrated before and after, it is evident that many youth members stayed in Mogadishu due to the opportunities they have received from driving Bajaj.

Bajaj is also contributing to the tax revenue of the country, particularly the BRA, as each pays \$15 per month.



CHALLENGES OF BAJAJ

Even though Bajaj has brought some positive changes to the public transport market, its socio-economic and logistical challenges cannot be ignored. Those risks are discussed below, and there is a call for action to improve the current status quota to sustain the industry without foregoing the economic and logistical advantages of this market.

1. LOGISTICAL CHALLENGES

From a logistics perspective, the major challenge that Bajaj poses is the congestion and traffic jams. There are several reasons behind this traffic jam within the town. First, the number of Bajaj motors on the road are increasing rapidly as more are imported abroad and new drivers join the market to reap the benefits. As a result, more Bajaj are on the road at the moment than cars. Secondly, the majority of drivers receive an informal short time training, concerning how to turn the engine on/off and to control the steering wheel, from friends, and they are unaware of the traffic rules they are supposed to observe.

Due to lack of such basic technical training, drivers use any means necessary to reach their destination with no regard to the traffic rules on the street, causing more violations. Then, the more drivers violating the traffic rules, the more congestion and traffic jams.

This congestion and traffic jam is felt within the town, and people and businesses are experiencing its effects. At an individual level, workforces are spending more minutes on the road stuck in traffic jams to reach their destination, and in turn, the Bajaj drivers are not making a lot of money as they used to because of the limited number of customers they can serve per day as the movement becomes slow. At a business level, companies are waiting for days to receive their goods from the port, meaning that demand is not met on time. Consequently, at individual and businesses levels, time and money are wasted due to unnecessary congestion and traffic jams caused by the more Bajaj on the road.

CHALLENGES OF BAJAJ

Even though Bajaj has brought some positive changes to the public transport market, its socio-economic and logistical challenges cannot be ignored. Those risks are discussed below, and there is a call for action to improve the current status quota to sustain the industry without foregoing the economic and logistical advantages of this market.

2. ECONOMIC REDUCTION

Economically, the BL, which was the cheaper public transport, is being driven away from the market. Many households are forced to use the Bajaj, which is very expensive compared to the other modes of transport. As much as Bajaj is creating more job opportunities for the youth and providing many households a source of income, its negative effect is also felt by many other households on the other side. Many households are spending more than they did before to commute daily. For instance, families, using the BL mode of transport, with an income of \$500 used to pay monthly transport costs of about 10% or \$50 of their income. But with Bajaj, it is more likely that the figure would increase 3 times, making 30% or a total of \$150 of their income to be spent on transport. In this regard, it is obvious that many households are feeling the negative economic impact of Bajaj taking over the market from the Buses. This has reduced drastically the purchasing power and savings of many households which in turn contributes to the country's economic decline. There is a need to do research on the economic impact of this mode of transport on these households and to provide evidence based recommendations to policy makers.



3. SOCIAL RISKS

Socially, Bajaj recently became an instrument to commit crimes against innocent people in Mogadishu. Several criminal activities such as robbery and kidnapping were done using unlicensed Bajaj. There is also a new trend of stealing the Bajaj and using its parts or removing the previous registration and fixing a new one. Even though these are a few incidents committed using the Bajaj, if it is not addressed, the likelihood of these criminal activities increasing is very high. Then Bajaj will be contributing to the crimes in the town, and it will impact the wider good of Bajaj drivers and owners.



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SBR SOMALI
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REVIEW

13TH
ANNIVERSARY



10

INSIDE THE BOOMING REAL ESTATE IN MOGADISHU: THINGS YOU SHOULD KNOW?

ZAINAB MOHAMUD MOHAMED



Although Mogadishu has experienced a lot of tragedies and destructions, in recent years there has been an escalation in Real estate construction and development which has encouraged real estate investments. A massive real estate development is changing the landscape on the outskirts of Mogadishu. This project encourages the Somali diaspora to invest in the country. Real estate has always been an important part of a typical investment portfolio (Galaty, F.W; et. al.; 2015).

Specifically, residential real estate has been considered for the world's best investment opportunities, it plays a key role for economic growth and accelerates urbanization. Therefore, this paper demonstrates the outcomes that will have this growth on real estate buildings by addressing both progressive and regressive aspects. The study will also investigate the residential apartment's price fairness.

ECONOMIC GROWTH

A real estate market can have a major impact on the economy and the collapse of the real estate market is a decisive factor for many economic crises (Li & Chen, 2015; Zhao, Zhan, Jiang, & Pan, 2017). The housing market is an important part of the real estate market; some previous studies have investigated the relationship between the volatility of the economy and the real estate market, while many other studies have explored this relationship with the housing market (representing the real estate market). Evidence shows that from the beginning of the 17th century to the 19th century, there were 42 major financial crises in the world, of which 21 crises related to the uncertainty of the housing market; this proves that there is a strong correlation between the housing market and macroeconomic indicators (Zhang, Li, Hui, & Li, 2016).

Real estate industry will find itself at the center of rapid economic and social change which is transforming the built environment and has increasingly been considered a contributor to economic growth. It finds that investment in housing affects economic development through its impact on employment, savings, total investment and labor productivity.

In reality, economic growth is an indicator that reflects the state of the economy, and it can affect the value of wealth in general (Bouchouicha & Ftiti, 2012).

As the economy improves, national incomes improve, and the demand for real estate in the economy increases, which has a positive impact on the real estate market.

It is important to note and know the relationship between real estate and the economy. In developing countries, ownership of land and real estate is more concentrated than ownership of other assets and growth in the real estate sector share in the national income has important implications for the overall concentration of wealth, though real estate values might increase the wealth gap between homeowners and renters.

Real estate receives increasing attention as an asset class. For investors that can cope with illiquidity, global real estate still offers the desired investment characteristics: a steady, long-term income, the potential for capital appreciation, and significant diversification benefits. This has especially been the case in most Asian countries where structural, long-term, and sustainable economic growth has been persistent over the recent years. In fact, as GDP growth is the main driver of real estate prices and rents, real estate investments provide a direct way to participate in the strong growth of these economies.

INVESTMENT OPPORTUNITIES

Real estate is one of the most immobile, highly profitable and secure forms of investment, The market demand for real estate in the city is very high as Locals, diaspora returnees and those still abroad are increasingly turning to real estate, in their quest for a more stable and financially secure life, a booming real estate market and a friendly market for investors are some of the reasons why Somalia has become a top real estate investment destination.

There are different options for investing in real estate in Somalia. They include Buy-to-Let properties, residential and retail property development, REITs, house flipping, buying and selling houses, land flipping, In Somalia, there are several opportunities for investing in real estate. Buy-to-Let properties, residential and retail property development, REITs, home flipping, buying and selling houses, and land flipping are among them.

BUY-TO-LET/RENT PROPERTIES

As the name suggests, is when a property specifically for the purpose of rent or lease lets it out and charges rental payments, in order to make a profit, which should be higher than the cost of maintenance to pay the monthly mortgage payment (if applicable).

These types of properties are usually managed by facility managers who take care of marketing, maintenance and sales. This type of property investment exemplifies the phrase, let your money work for you.

BUYING AND SELLING (HOUSE FLIPPING)

This is straightforward. Investors buy properties at a lower cost, renovate them and resell them at a higher cost to cover for the new upgrades. Renovating houses to increase their value is called flipping. So essentially, investors flip houses to increase their value and make a profit after selling them.

There are some challenges facing the investors that need to be addressed in order to improve them such as: Land Acquisition Problems, lack of Appropriate Rule, Unlicensed Evaluation Plans, Inadequate housing investment, Lack of adequate and well-trained staff to manage the Department.

URBANIZATION

The increase in residential real estate contributes to the city's overpopulation since people are moving from rural areas to the extent of urban areas which results in growth in size of urban population. This subsidizes social dynamics of urban growth and is impacted by profound systemic challenges, including: Unstable security, mismatch of population and employment opportunities, environmental degradation, air pollution and hilarious traffic congestion.

The Unstable security cases that may arise are violent crimes, gang activities, illicit trafficking, links to transnational organized criminal syndicates, and political instability. The latest cases were the devastating cases of mobile phones being robbed by robbers.

These cases and other similar ones are the most common cases in the city that can be caused by congestion and over population in the city.

The stretch on urban opportunities due to heavy incursion of job seekers, mostly youth, renders many of them unemployed. Unemployment is very high in all urban areas, and the main reason is because of the high entry of migrants from the rural areas to urban areas

which have limited job opportunities and few other international migrants from other countries that come to look for jobs. In recent days, there has been an increase in the number of foreign workers in the city, regardless of whether they are unskilled or skilled workers.

ENVIRONMENTAL DAMAGES

The change of land surface to urban become one of the most irreversible human impacts on the global biosphere, people who live in urban areas have very different consumption patterns than residents in rural areas. Despite the fact that they use much more food, water, energy and durable goods than rural residents they also face some environmental problems related to their consumption; the most emerging issues are: climate change, poor air water quality and inadequate availability, waste disposal complications, deforestation, Industrial pollution and high energy consumption. Unfortunately, minimizing these problems and ameliorating their effects on the urban population is very expensive.

As we can see now the climate change is already happening in Mogadishu: temperatures are increasing,

rainfall patterns are shifting, rising sea level, cold and frost like never before. The fact is that we are not aware of the changes that are taking place in our climate and we are not reacting but it is a red flag that needs to be considered and set a long-term plan for a lasting solution. Already the heavy rains of the past few days have destroyed the roads and other buildings and resulted in traffic jams to the city because of having no drainage system.

Due to high population density and expensive lifestyle the rate of use of natural resources is high in urban areas. There is also misuse of natural resources whose immediate compensation becomes difficult, scarcity of drinking water specially ground water and organic products due to excessive use. All of the issues raised above contribute to the devastation of ecosystems and global warming.

PRICING

Residential real estate is not fairly priced in Mogadishu, the standard rents of the city are too costly against strained income of the average income population, The high cost of rental housing is due to the high demand for tenants due to an overcrowded city, which has made homeowners to raise the price and become price makers by taking advantage of the fact that there is security issues and there no law to regulate rents.

The overall real estate pricing problems have accumulated to create an unrealistic life cycle to the tenants where the shelter is so expensive which in turn affects the livelihoods of many tenants.

The current situation of pricing directly affects the

financial growth of the person by affecting the savings of the average tenant which can be the base of long-standing poverty to the person. Meanwhile, tenants also have difficulty finding rental houses because homeowners do not prefer to rent houses to the large and medium sized families, they choose small sized families instead. From an economic point of view if rents continue to take off, it could be bad news for those seeking housing and for the nation's inflation outlook which will affect homeowners as well. All these issues of inflated prices and housing scarcities might be the result of the rapid flow of rural population into urban areas.

CONCLUSION

Real estate industry participates in increasing the value of wealth and productivity which raises the GDP per capita of the country, so the real estate sector has a direct impact on the economic growth and overall well being of the society. Although urbanization sometimes contributes to the city's economic growth, it also poses a number of challenges, including environmental damages and every corner of our planet is currently struggling with climate change effects. As there are no policies to guide homeowners and tenants and price controls which are effective on a short term basis,

, homeowners are getting advantage from dictating prices since the demand is higher than the supply of the housing which may be able to inflate prices to boost their profits. This would need government intervention to crush the monopolies that exploit the consumers. Lastly, Mogadishu is a growing city. If not considered to be a smart city it can lead to many lasting challenges and discourage many investors who are willing to invest in the real estate market. So, here we recommend some points to improve the future of real estate development and investments.

Establishing effective and perfect monitoring mechanisms towards prices of real estate by controlling the inflow of credit funds into real estate field setup.

Early warning mechanisms for real estate enterprises to invest in the real estate markets and reducing house rental costs and reforming the fiscal and taxation system.

To repatriate immigrants for reducing the environmental effects of urbanization and encouraging the productivity of the country on which these people depend.

Setting up building codes and standards to design, construction, amendments and maintenance of structures which specify a minimum level of requirements to protect the society from risks posed by erroneously constructed buildings and get extensive well-being as they relate to the occupancy of skyscrapers and structures.



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BRAND NEW



**SBR ESSAY WRITING
COMPETITION**
(COMING SOON)

11

MANAGE YOUR PHYSICAL AND MENTAL HEALTH DURING THE PANDEMIC

ZAYNAB DAHIR



In early 2020, when Covid19 hit the news headlines and graphic videos and images streamlined across social media, the world was stunned by this unknown danger that is taking lives, making people stay in their homes and for those who were fortunate enough to keep their jobs working from home. And Somalia was no different. Somalis are by nature social people, our houses are filled with not just our close family members but relatives as well, not to mention the physical contact, handshakes, hugs, and hellos in proximity.

We thought COVID19 is here temporarily, but we all said I will do X and Y after COVID19 when the world starts opening and everything gets back to normal.

Surprise and drum rolls, this is the new normal and we have no option but to find ways to adapt to it. One of the things that a lot of people struggled with in the pandemic is physical and mental health, anxiety levels have heightened, productivity and managing daily tasks has become a burden to many, you might think after a year and a half in to this pandemic we finally set systems in place to keep us live a comfortable life but no, with the new COVID19 waves its almost like going back to the beginning.

It helps to put personal systems and routines in place to help you live a healthier life both mentally and physically. Here are some suggestions that can help you navigate through life and create normalcy in a not so normal time.

CREATE A DAILY ROUTINE

Writing down everything that you want to achieve the night before helps you not depend on how you feel during the day or the distractions that may come up. Checking off tasks from the to do list gives us a feeling of accomplishment regardless of how small the given task is.

Putting a side, a day in the week where you plan your tasks can do wonders to your life. In addition to work, the plans should include meal plans, workout programs, reading time and sleeping schedule.

OWN YOUR MORNING

Wake up early and start your day off right regardless of whether you are working from home or not. Some might say I am not a morning person, the truth is no one is, it's just that some people want to take control of their lives and are willing to put that extra effort to sleep early and wake up early.

Mornings have that magic feeling of having some YOU time while the majority of the world (read: the "I am not a morning person") are sleeping. Have a morning routine that consists of prayer, exercise, meditation, breakfast, reading etc. Tackle the more important tasks in the morning so you are not affected by any changes that might come up as the day goes

EXERCISE

Exercise not only makes you physically fit and good looking, but it also works wonders in your mental health. with gyms being one of the places to avoid contracting the virus, you can exercise at home using YouTube as your guide or an online personal trainer, you can take a walk, take in the fresh air, and get lost with your thoughts. Your physical and mental health is one of the key investments you will ever make.

Pick exercises that you enjoy and can stay consistent with not random weird workouts on Instagram. Go for compound movements that target all muscle groups. Train whole body and not just the belly. Examples of bodyweight full body exercises are push ups, squats, planks with different variations. You can even take it a notch higher and bring basic equipment at home. Thank me later

EAT WELL

How many times have you heard this "I gained so much weight during the pandemic" or "I have developed health related issues during the pandemic" while there are a lot of factors that can come in to play in those scenarios, vast majority of it is we are not eating nutrient dense foods. If you are not putting much thought into food, chances are you are eating whatever is around and looking for comfort in food, especially junk food.

Food can be both medicine and poison at the same time. Food gives us comfort, brings people together and helps our body function properly. We need to put more thought into what we put in our body. Eat more vegetables and fruits and less refined carbohydrates and sugars. Eat enough meals and snack less in between meals to give your body ample time to digest and take in the nutrients. Go to the market more often and buy wholefoods.

MANAGE YOUR STRESS

Put systems in place to help you manage your stress. Don't go on autopilot when you feel stressed. When you detect early signs of stress, take deep breaths, journal your thoughts, get out of the environment you are in and take a walk. Going autopilot could mean bingeing on social media, consuming harmful news, eating junk food or any other destructive habits. Figure out what works best for you to help you clear your mind.

in fact, you will be more useful to your loved ones when you take good care of yourself. This is especially true for all the mothers out there, the unsung heroes taking all for the team while sacrificing their physical and mental wellbeing. You deserve a soft life.

All these tips are to guide you in finding what best works for you. It's your responsibility to take control of your life in these unpredictable times. It starts with you. Invest more time and resources in yourself. You will not be selfish in doing that,



Zaynab Dahir @strongsaynab ,
Educator and Coach

12

5 THINGS SOMALI GOVERNMENT SHOULD DO TO PROMOTE ENTREPRENEURSHIP

AHMED MOHAMED HASSAN



INTRODUCTION

Despite the current health crisis caused by the pandemic, we are undeniably witnessing the soaring of small business in our country. Historically, global entrepreneurship has been surging gradually in various parts of the world since the end of the cold war in 1991. In the past two decades, Somalia experienced one of its highest paces of entrepreneurship. Many diasporas and the locals created numerous businesses in various parts of the country, but Mogadishu became the hub of entrepreneurship in the country. The diaspora and local investors have invested large amounts of money and created many jobs. As a result of this large investment, lots of fresh businesspersons showcased their business interests. No matter how large or small the small businesses in the country are, they can be seen everywhere. These businesses encompass a fresh variety of businesses which did not exist or have never been seen in the context of Somalis. Many unemployed youths benefited from the jobs created by these sorts of entrepreneurship.

The surge of entrepreneurship spiked again in the early years of the last decade when the security situation of the country got better. The hope and confidence of the entrepreneurs have risen up. The large size of the entrepreneurs' investment bombarded new business industries and filled gaps. It can now be seen frequently in Mogadishu. Besides, myriad fresh and brilliant business ideas are underway and many more are yet to come. Since entrepreneurship is growing extensively, the government's involvement in the business is inevitable. Businesses create a lot of jobs, enhance the level of economy of the country and participate in the efforts of reducing youth unemployment and also pay taxes to the different levels of government. But, the entrepreneurs' need for the support of the government is also indispensable. Hence, this essay examines the role of government in promoting entrepreneurship.

THE ROLE OF GOVERNMENT IN PROMOTING ENTREPRENEURSHIP

Governments around the globe have introduced numerous schemes to boost businesses and encourage entrepreneurship. The roles and the means which governments can play to support their small business owners are too many depending on the capabilities, resources, and experiences of public sector leaders. Somalia has been a war-torn country but is getting back its feet again and getting stable gradually.

Somali's governance system is federal which is still in its early nascent stage. Ideally, the federal system of governance should have harmonized policies, rules, and tax regulations among the different tiers of government. But in reality, in Somalia's current model of federalism, there is no such harmonization of policies. Various levels of governments formulate their own tax rules and regulations which in most cases conflict with the national ones. As a result, entrepreneurs and small business owners face countless challenges from various tax systems when operating different states within the country while each levying on its tax without considering charges they paid to other states. However, by harmonizing the tax regimes, the different tiers of government can provide strong incentives to the entrepreneurs through the following schemes to inspire entrepreneurship and growing business for the betterment of the country.

SECOND, TAX INCENTIVES.

It is one of the main schemes used worldwide to inspire businesses. The main concern of small business creators is tax. The panic and anxiety of entrepreneurs at first are unimaginable. Such panic can only be relieved by the government's tax policies like tax exemptions, and deductions that intend to stimulate entrepreneurs and enhance the growth of small businesses. Lower tax rates give investors the courage to go on and think of long-term business growth. Moreover, reviewing and altering existing tax policies to suit the growth of small businesses is significant.

FIRST, SOUND TRADE POLICIES.

Government is the sole institution that has the power to make and implement policies that regulate the behavior and actions of the people. Therefore, federal and federal member state parliaments can formulate and implement sound trade policies to promote and protect entrepreneurship and overall small business growth. For example, devising economic liberalization and free trade policies can increase small businesses. In addition, the government can formulate policy engaging free trade zones. These policies will definitely support entrepreneurs and other investors to fearlessly invest their capital in the country and expand their profit margins.

THIRD, PUBLIC INFRASTRUCTURE IMPROVEMENT.

Businesses can't work effectively without proper funding of infrastructure. For instance, in Mogadishu, the prices of vegetables and fruits skyrocket whenever the rainy season starts because of poor roads. The enhancement of infrastructure is the only solution. Governments help improve the infrastructure needed for businesses to thrive. The infrastructure enhancement encompasses building and maintaining roads, bridges, rail lines, airports, seaports, and telecommunications systems. Businesses get and transport materials smoothly from the factories to the markets when the infrastructure functions well.

FOURTH, TRAINING PROGRAMS.

Offering the necessary skills and knowledge to the entrepreneurs is another scheme the government plays to ensure the viability of businesses. For example, a six month or one-year-long training program can be given to fresh graduates to help them start their own business. In Somalia, many women entrepreneurs were not schooled, so such kind of training is also appropriate to them. Such training of small business workers helps understand the context of their niche and opens their horizons. Governments provide free schooling for worker training programs with the collaboration of community colleges, non-governmental organizations, and universities. After getting relevant knowledge small business owners can start to expand their business.

FIFTH, ESTABLISHING A STRONG AND IMPARTIAL LEGAL SYSTEM.

Think about a business environment where there are few wealthy companies and no well-functioning government. Unquestionably, these companies would have tried to do anything they please. An enormous number of today's youth fear that their business ideas might be stolen, while others claim their business ideas have already been stolen by stronger and wealthier business owners. The government is the sole protector of those business ideas since it has the monopoly of power to formulate and implement laws. So, devising such a fair legal system is the role the government can play to buffer valuable business ideas.

FINALLY, LAUNCHING A SMALL BUSINESS HUB.

Ultimately, the government should open a center that serves only entrepreneurs. The center provides the services business owners need such as licensing, grants, loans, microfinance, etc. Such a center and the sort of service it provides encourages and enhances the morale of the business owners and would attract others.



CONCLUSION

The establishment of small businesses is a necessary ingredient for the well-functioning of the economy of every country. There have been numerous stages of entrepreneurship in the country and the globe. Somalia has recently experienced one of its highest rates of entrepreneurship. As a result, many people benefited from the employment created by the widespread small businesses in the country. However, as these businesses surge, the involvement of the government becomes significant.

Government plays a major role in the help of entrepreneurship. Government supports businesspersons in many ways such as devising trade

policy, lowering or reducing taxes, supplying appropriate training opportunities, improving public infrastructure, creating an impartial legal environment, and creating an entrepreneurship hub to support businesspersons.



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13

THE “ME TOO STRATEGY” OF SOMALI ENTREPRENEURSHIP: THE CHAOS AND THE WAY OUT

ISMAIL MOHAMED ALI



Entrepreneurs are said to be creative human beings. They think outside the box. They are visionary and future-oriented. They start simple, sell ordinary products, and improve over time. They think far beyond having exciting business ideas and enticing a wider audience to short-lived benefits.

Nothing wrong with prioritizing the target audience, but the potential business risks can also never be ignored. The definition of risk is mainly up to the entrepreneur as it varies from one business to another. It could be a new technology that becomes a game-changer. It could be an underestimated cost of installation, and poor launching. Substitute products can divert the customer's interest. A risk can come from the lack of rules and regulations that govern the whole business industry and cater for the survival and growth of new business startups.

The gap created by the lack of law has possibly led to the chaos existing in the local market. It is the chaos of imitating and “copycatting” other people's business ideas. Worse than that is when your own idea is copied next to your shop, sometimes little modification to the original name. Then it is reproduced again and again as it becomes comprehensible to the public.

As a result, the market becomes more saturated and it becomes weaker to withstand the external competition,

and if nothing changes, a market collapse can be inevitable.

In those situations, novelty, rarity, newness, niche market and all that sort of new idea incentives will be gone. There could also be a point of disappointment, if such factors were the only strategy for survival.

This form of imitation or what some people call “Me Too strategy”, which is more present in the Somali entrepreneurship market, is incredibly problematic. So where is the way out?

Going to the most ordinary industry, in the first step, is a good choice in the times of unpredictable changes. The idea is simple. Go to the large and well-established markets and sell the most basic products, products that will never go out of fashion, products that will never be out of the market, and which are massively consumed.

The motivation is the magnitude or size of the market, and if everything goes right, you are on your way to being a millionaire.

It is amazing that this approach was followed by many self-made billionaires who worked their way up from a humble beginning to one of the wealthiest human beings in the world. If you do some research, you will find marvelous examples in this regard.

Perhaps we can better learn from Aliko Dangote, the Nigerian Muslim, the richest man in Africa, the richest blackperson on the planet, and the founder of Dangote Business Empire. This man started his business with \$3,000 borrowed from his uncle and he sold the very common products that we all know: rice, sugar and cement. As the market was very good at that time, he was able to repay the loan within three months.

Warren Buffet, the American mega-rich, also sells razor blades, drinks, and laundry detergents, choosing the most basic products that attract lots and lots of buyers.

The idea works best for those who have a great vision in mind. It works best for those who possess a growth mindset and the enthusiasm to reach beyond their limits. It seems this is what Aliko and most millionaires do.

Aliko, after launching his small business, should implement his growth strategy starting with a local trade. He traded from one city to another across Nigeria. The local trade gives the new entrepreneurs the chance to explore the market. They will interact with new customers and businesses. You will learn new places. It is a matter of learning and experimenting rather than profit seeking.

The next step was international trade, importing goods and communities from abroad to the Nigerian market, the market he already knew. He then started to produce cements and sugar locally, putting his foot in the manufacturing world. He currently owns, according to Wikipedia, the biggest cement plant and one of the leading sugar refinery factories in Africa.

The business of common and everyday products can be complemented with competitive strategies including pricing, quality products, the use of the technology, and most importantly having an unyielding vision ahead.

So, choices are available for entrepreneurs. They can choose to enter into a niche market and lead with innovative products. Or they can start with the most common products and lead with great vision and competitive strategies.



Dr. Ismail Mohamed Ali, Head of Multimedia and Graphics, SIMAD University

SBR SOMALI BUSINESS REVIEW

BRAND NEW

SBR PODCAST
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The graphic features a central microphone icon with sound waves, set against a background of various business-related icons like charts, lightbulbs, and gears. The text 'SBR SOMALI BUSINESS REVIEW' is in the top left, 'BRAND NEW' is in a dark blue rounded rectangle in the top right, and 'SBR PODCAST (COMING SOON)' is centered below the microphone.

14

HACK YOUR HEALTH BY GETTING THE FUNDAMENTALS RIGHT

ZAYNAB DAHIR

As humans we always like to take the short route to success in most things in life. A quick search on google can generate something like this; what is the quickest way to get healthy, what is the shortest time to lose weight, how can I be fit in 5 days, you know where I am going with this. Right? Companies have understood this human instinct and manufactured products from drugs, supplements, and waist reduction belts to name a few.

When it comes to hacking your way to health and wellness, it all starts with getting the fundamentals right. Getting a good grip of the basic aspects of your life can slowly but surely lead you to a healthier stronger you. It takes creating small habits done with mad consistency to create a holistic life



Sleep, nutrition, and exercise are what I am referring to fundamentals and yes in that order. Remember we said small but life changing habits. Picture this, you stayed up till midnight bingeing on a movie or hanging out with friends, its late and you are hungry so you ate whatever you could find and am pretty sure it was not spinach and Okra, more like fries and shakes, it's way past midnight so you thought what's sleep anyway, so you stayed up even more. It's daytime and you are trying to compensate for last night, but daytime sleep is never good as a quiet restful goodnight sleep. You are trying to have a productive day, but your body thinks otherwise. You are drinking coffee to get your body moving but your mind is foggy, and you are not thinking clearly. I will just stop here and assume I have made my point.

GOOD QUALITY SLEEP

There are several hormones our body releases at sleep time, one of them is Growth hormone, this hormone is responsible for stimulating the growth of body tissues, regulating metabolism, and improving heart function to mention just a few. When you are asleep, your body is recovering and repairing its tissues, charging you and preparing you for whatever life throws at you the next day.

You can exercise all you want, eat a very well-balanced diet, and have a therapist, but if your sleep is poor all that will not yield positive results. Some things can lead to poor sleeping habits like blue light from the screen.

This artificial light can trick your mind into thinking it's daytime and will delay your body's natural tendency to prepare for a restful sleep. Just the way you are told to avoid coffee during the late day is reducing your screen time as you prepare for sleep.

Replace screen time with reading or engaging interactive games with family. A good night's sleep will determine how your next day will look and that is good enough reason to put much attention to your sleep pattern. From productivity to clear thinking and better decision-making abilities, sleep is linked to improved overall health and good performance.

EAT FOR FUNCTION

Have you ever taken a minute to think about why we eat what we eat? Who said we should eat Canjeero for breakfast, pasta for lunch and Sabaayad for dinner? Have you ever taken time to study different food groups and the different nutrients they offer or are you normal?

It's about time we start questioning our poor eating habits. This folklore story comes to mind, a young bride is cooking for her husband, she is using her grandma's classic roast recipe, she cuts the ends of the roast. Her husband asked why she always cuts the ends, that is the best part, and she answers that is how my grandma passed it to my mom which she passed it to me. Later, the bride asked her grandma why she always cut the ends of the roast to which she replied that is the only way it will fit in to my small pan

What we are doing is just continuing eating habits that may have made sense in the past but not now. A lot of preventable diseases are caused by poor eating habits and nutrient deficiencies are on the rise now. The time and money spent on treatment can be geared towards educating the public about proper nutrition and making lifestyle changes.

Eating for function means you mainly eat the foods that give your body nutrition and less of the feel-good foods. Eating meals rich in protein and vegetables can keep you full till next meal, taking away your cravings for snacks, providing your body all the essential nutrients and keep you from diseases like fatty liver which is a condition that occurs due to excessive added sugar and fat

Drinks can also contain lots of empty calories. Take for example our classic Somali tea aka Dhakajabiye, all that sugar in tea is empty calorie meaning it will not give your body any nutrients. Tea itself is a great antioxidant but the benefits are taken away when you add sugar to it. Slowly cut sugar from your drinks and meals. There is no such thing as essential sugar; your body gets the sugar it needs from food since most natural foods have sugar content in it.

A lot of people are trying to manage their weight, whether that is losing weight, gaining weight or maintaining weight. It starts with diet. I hate to see a lot of people prioritizing the Gym and paying little attention to diet. It's 80% what is on your plate. Put more time in planning your meals ahead of time, cooking at home, eating less from outside and learning more about nutrition

EXERCISE

I am a fitness trainer by profession, and I have stories for days from clients visiting the gym. How much time do we have? Exercise is secondary to nutrition and sleep. Its hard to see gains from the gym when you are not eating properly and not getting good

Exercise takes effect not when you are in the gym but way after that and during recovery. So, in your report card it should show you have A+ in sleep A+ in nutrition before you apply for a gym membership. Also, A+ in patience and consistency because it takes time to see results. Those who lose 15 kilos in 7 days videos on YouTube are click bait.

Exercising 4-5 days a week improves your overall physical and mental health, reduces your stress, boosts your confidence and self-esteem, and leads to a more productive and fulfilling life. More exercise does not mean better results its what exercises you are doing.

Long duration low impact exercises can stress your body while high intensity short duration exercises get your heart rate up, burn more fat, build muscle, and continue to burn calories long after you stopped exercising. And when it comes to choosing what type of exercises, you are better off training full body then spot training.

We all have one part of our body we are insecure about and can be tempted to spot train only that part, but science tells you that is counterproductive. For example, belly fat, full body exercises like push ups or planks are more effective than sit ups or crunches. Also stop buying belly fat, reducing tea and drugs.

A house is only as strong as its foundation and while I know you are not a house but a human with mood swings, cravings and living in an uncertain stressful world, it will help a lot if you build a strong foundation that contains getting 8+ hours of sleep, mindful eating and exercising with consistency.



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HOW DID THE FOREX TRADING PYRAMID SHAM IMPACTED THE SOMALI ECONOMY?

YONIS ALI MUKHTAR



INTRODUCTION

Foreign Exchange (Forex) is characterized as the exchanging of one currency for another. The Foreign Exchange market is an over-the-counter market for purchasing and selling monetary standards, implying a worldwide, decentralized market. Therefore, there is no real or physical place, and this market manages forex rates for each currency. It contains all elements of selling, purchasing, and exchanging of all foreign currencies at spot or future rates.

An informal foreign exchange market has been available in Somalia (e.g., Bakara market and others).

These forex traders have only a few foreign currencies such as national currency (Somali Shillings), US dollar, Euro, British Pound, Saudi Riyal, and so on and make transactions through face-to-face contacts. However, online forex emerged in 2019, organized as forex companies and trade currencies through online platforms. Unfortunately, all these currency traders have bankrupted and lost all coins collected from society. Therefore, this article discusses what causes forex trading failure in Somalia, how local financial crises affected Somalis society, and the conclusion and recommendations.

A PYRAMID SCHEME FOREX TRADING EXPERIENCE IN SOMALIA

In 2019, many FOREX traders emerged in the capital city, Mogadishu, and other cities in Somalia. These currency traders organized as FOREX companies, and they announced to pool money from investors promising 50-70% returns from their invested funds. These investment opportunities available in the foreign

exchange market attracted many large and small investors. Unfortunately, FOREX traders exited from the market entirely after collecting millions in US dollars from the investors. Therefore, some reasons behind the failure of FOREX trading is discussed below:

To begin with, FOREX is associated with high risk or volatility in nature. A principle in finance states that an increased risk requires a reward which means if you invest high-risk assets, then you expect a high return; otherwise, other investment alternatives must be executed. Since FOREX is more increased risk investment, it is perfect for promising higher returns to investors (e.g., 50-70%), but is it accurate to pay such gains? Understanding excessive risk in FOREX can help investors to manage any risks related to changing exchange rates. Hence, FOREX trading must be fully understood and known by investors before investing in it.

Secondly, a lack of regulation is another factor that causes the failure of forex traders. Typically, any financial institution whose core business is currency (e.g., Banks, currency traders, etc.) must have a license from a government agency (Central Bank). After registration, all business activities should be controlled and monitored by the government. Moreover, financial institutions must deposit reserves, pay taxes and follow all rules and regulations set by the government. This may reduce the frequency and severity of the losses facing financial institutions, including currency traders.

Thirdly, financial fraud is committed by FOREX traders. Large numbers of currency traders have emerged quickly and have been trusted by large and small investors. However, most currency traders are scammers, which means that they are not real traders. This looks like Ponzi schemes.

In Boston during the 1920s, Charles Ponzi, an Italian worker, had what probably appeared like a brilliant (if illicit) thought: Start a financial firm called the Securities Exchange Company that would offer savers a spectacular half (50%) return from an investment maturing in only 45 days. Ponzi's offer will undoubtedly draw in numerous investors with other identical investments offering yearly financing costs of 5%. Indeed, before long, Ponzi set up his firm, a great many dollars overwhelmed from large and small savers. In any case, how is it possible that Ponzi would conceivably put this cash in a manner that would make enough to meet his commitments to financial backers and still make a profit?

Even though Ponzi told financial backers that he would utilize their cash in an arbitrage strategy that elaborate worldwide reply coupons, he expected to use some money from new investors to pay the premium vowed to exist investors and take care of any financial backers who demanded accepting their cashback. In the end, a series of newspaper articles questioning his venture system caused a flood of financial backers requesting their cash back, and Ponzi's plan bankrupted. In short, a Ponzi scheme refers to a financial scam or fraud in which the person running the system uses funds from new investors to pay interest to existing investors without acquiring any returns from the scheme.



Fourthly, Mismanagement related to pooling funds for running this business is one of the most factors which led to forex trading bankruptcy. In the last two years, FOREX traders have done investment activity that seems like mutual funds. Mutual funds refer to pooling money from large numbers of people and then managed by professionals investing in other companies (e.g., pension fund, etc.). Moreover, these professionals usually set financial and strategic objectives and maintain and achieve such goals in an investment period. Therefore, lack of management skills such as planning, organizing, staffing, directing, and controlling for pooled funds is one of the main factors which has caused the failure of forex traders in the market.

Fifth, Lost confidence; confidence or trust is one of the most crucial factors that should be considered for any business, especially financial institutions. Many forex investors lost their faith after rumors disseminated news against forex trading on social media such as Facebook. It led to many investors who suspected that forex trading might be in danger of failure and demanded their money back. Consequently, many FOREX traders simultaneously experienced runs, resulting in forex companies being unable to return investors' money and temporarily close their doors. Later on, all forex companies in Somalia bankrupted, and many stockholders lost their invested assets in the FOREX market.

Lastly, Covid 19 effects is another factor that caused the failure of forex trading since this pandemic disease has negatively affected the whole economy in the global markets.

NEGATIVE IMPACT ON THE ECONOMY

When many forex traders have collapsed or bankrupted, many Somali citizens are affected on their lives explicitly or implicitly. These effects can be categorized into three parts: the banking sector, real estate market, and savings of individuals or households. Let us explain each of them briefly.

Emerging currency traders negatively affected the banking sector. Commercial Banks typically allow deposits from their customers by opening different accounts such as current accounts, saving accounts, etc. Since Somali forex traders promised investors to pay high returns, many individuals satisfied this investment which led large numbers of banks' clients to withdraw their money from bank accounts to invest in forex.

Hence, liquidity problems could happen if many banks' customers demand their deposits simultaneously.

On the other side, many real estate owners sold their properties to invest in this profitable business. Usually, a massive amount of property supply leads to a sharp decline in the price of supplied properties, whether real estate or commodities. Therefore, the value of the real estate (lands or buildings) was affected by forex due to giving high incentives to its potential investors. Lastly, individuals or households invested their savings into forex without hesitating. All forex traders got their investment funds from individuals that enabled them to pool vast amounts of money. Unfortunately, all these funds from individuals and households were entirely lost at the hand of forex traders.



CONCLUSION

In short, many factors caused the collapse of FOREX, which emerged in the country in 2019. These factors include forex activities having high risk in nature, lack of regulations, financial fraud, Mismanagement of pooling funds, Covid19, lost confidence, and many more. Furthermore, emerging forex activities affected the daily life of society in different aspects such as the banking industry, real estate markets, and savings or reserves of individuals and families.

Eventually, I recommend that the government cope with regulations and monetary policies regarding this issue and similar business activities.

Management skills are very crucial for making any investment. Lastly, the best solution to escape being caught in a dishonest financial scheme is to trail the old advice that says, "never invest in something that you don't understand."



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ISLAMIC BANKING: KEY DRIVERS OF THE HIGH PACE GROWING FINANCIAL SECTOR IN SOMALIA

LUQMAN YASIN GELLE

In 1991, Somalia's central government, as well as the country's entire economic and financial structure, got disintegrated. Given Somalia's strong Islamic identity, Islamic economics and banking seemed like a perfect fit. However, there was no foundation for it. The majority of the population desired the establishment of a riba-free system of financial intermediation, but this was not feasible for many years due to the lack of domestic political stability and adequate economic potential.

Money transfer companies served as informal banking institutions for many years, providing deposit facilities and remittances [4]. But after long, in sequence, most of these remittance companies declared themselves as commercial banks and registered officially as providers of formal banking services in the country.

Setting the stage, it is worth noting, with the passing of the Financial Institutions Law of 2012, the Central Bank of Somalia (CBS) is responsible officially for the licensing and supervision of Banks and Non-Banks Financial Institutions. The CBS has developed regulations to support the law, with assistance from the International Financial Institutions (IFIs) Regulations.

Up to present, the Central bank of Somalia has granted licenses to 12 commercial banks which comprise both operational (nine) and defunct banks (three). This shows that the commercial banking sector is experiencing a

steady growth both in number and asset holdings though if compared with the neighboring countries, like Kenya and Uganda, Somalia's banking industry would be a fraction of their numbers.

Due to the limited availability of data, the asset volume and market share of each of these banking institutions are difficult to determine. However, a good analysis point would be what is driving most of Hawala companies to graduate into licensed commercial banks which are compliant with Sharia guidelines.

Going forward, it is evident that the Islamic banking sector of Somalia is faced with a vast bulk of opportunities. The Islamic identity of Somali people being the greatest. It is being argued that Somalia is a dominantly Muslim country with almost 100% of the population professing the Islamic religion. Because Islam is ingrained in the Somali culture, the populace has a natural preference for Islamic financial products. As a result of the downfall of President Siyad Barre's central government in Somalia, Islamic finance had become a viable alternative to the conventional banking system for the Somali people.

Various research studies have shown that, as Somalia slowly recovers from its state of collapse and moves into a unique post-conflict environment, the desire for ethical investment presents a significant potential for Somalia's flourishing Islamic Banking Sector.



This reconstruction will demand a significant investment in public infrastructure. Similarly, Somalia's private sector is fast booming, and investors are more interested in making ethical investments. As a result, the hunt for development funding in Somalia has offered a great deal of growth to the already thriving Islamic banking sector.

It is also clear that the Islamic banking system is better suited to Somalia's financial services demands, given the country's critical need for a financial system that prioritizes social justice and financial inclusion. This is in line with the Islamic finance's structural underpinning values of social justice, equality, poverty reduction, and human well-being.

According to a previously published study on the nature and operations of Somalia's informal financial institutions, earnings of financial institutions has been increasing and that they are contributing to social responsibility. Mutual trust, lower administrative costs, increased remittances, excellent ethical behavior of operators, and the use of Islamic business dealings are all factors that the study determined to be important in the development of formal financial institutions in Somalia

Putting up all these features in one bracket is a simple description of what standardized commercial Islamic banks can offer if systematically structured. This further designates a tremendous sum of opportunity for the newly blooming Islamic banking sector.

To summarize, several findings have demonstrated that the poor and low-income households need access to satisfactory financial services. It makes no difference to them who provides the services; formal or informal. Since two-thirds of Somalia's people rely on informal financial institutions for their financial requirements; people will opt for formal banking if services are simplified and brought closer to clients through agent banking and other accessible financial channels.



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**HOW IT STARTED
(2008)**

**HOW IT'S GOING
(2021)**

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HOW HIGHER TAX RATES ARE AFFECTING BUSINESS IN SOMALIA?

HASSAN MOHAMUD MOHAMUD



INTRODUCTION

Somalia has been suffering economic turmoil over the last two decades since the outbreak of civil war in the country in late 1991s, in spite of that the economy has been recovering in slow motion usually due to the countenance of political instability in the country.

The business environment was growing during the last decade and done much more progress than even before the civil war muchly due to the liberalization of businesses society and the economy from the siad barre regime which conducted economic system of scientific socialism in its tenure, centrally planned by the state, thus private businesses were not allowed in to the country, after the central government was ousted, the economy was liberalized and people were free to run their own business activities to generate their own income.

Small and medium enterprises are the most common types of businesses conducted in Somalia currently, as the country is on the verge of economic recovery there are no big businesses or multilateral corporations in the country, however small enterprises suffer and face many constraints and challenges towards expansion and development , as a result many people exist the market too early because of poor business strategy, reduction of their expected income, lack of market and many other reasons, however it's been considered that higher tax rate from federal and state governments both formal and informal taxes damages business development specifically small and medium enterprises, tax is the most common way for generating revenue by the state, but needs much more amylases of how it affects business before it's imposed on individuals and businesses.

TAX SYSTEM IN SOMALIA

Taxes are generally levied by the government and state governments, they collect official tax from individuals and businesses. though the government doesn't generate higher tax revenue from the society due many reasons including the social attitude towards paying taxes, failure of government to reform the tax system, tax compensation from the state to some individuals etc. businesses pay tax in terms of how each spawn income

to federal government and each state government collects taxes, which are set aside for its own use. The federal states collect sales taxes for their own use, resulting in huge costs for merchants to move products. Although the interim federal constitution is yet to be finalized, questions about how the central government and states will share power, what rights and responsibilities states will exercise, and how to share resources remain unanswered.

NONE-STATE TAXES CHECKPOINTS

Payments made by soldiers at checkpoints, often referred to as baad (representing extortion or informal taxation), can be a considerable expenditure for Somali citizens. An official from an electric company said: "We pay more taxes than official taxes." A businessman from Mogadishu also explained: In our shop, there are 45 to 50 trucks lined up in a row., Trying to unload. The soldiers show up and you have to pay them. What if you don't? They stopped working. You can complain to your superiors, but this means we will be wasting our time.

The trucker also complained. It is easier to pay the government not to control these soldiers. Although government soldiers technically work for the federal government, they rarely collect this revenue on behalf of the federal government or federal member states. Instead, they raise funds for themselves, and the government is largely powerless to prevent them from doing so. This caused a strong discontent among the civilian population. (sagal Abshir, khalif abdirahman and Hannah stogdon) a study published on rift valley institute in May 2020.

TAX EFFECTS ON BUSINESS DEVELOPMENT

Generally speaking, Complex and excessive taxation has discouraged foreign investors, scared away domestic investors, inhibited entrepreneurship, and caused unnecessary losses due to tax compliance and tax avoidance costs, the taxes levied on SMEs affect profit growth in different ways. In Somalia, changes in tax rates increase the prices of various goods and services. Higher tax rates lead to higher prices because businesses are trying to earn profit out of the tax rate, so whenever prices go up due to higher tax rates consumption rates risen relatively.

If consumption fall down, sales fall down as well, which reduces business profitability, resulting in slower growth, especially for small and medium-sized companies. More importantly, paying taxes is a form of business cash outflow, reducing the purchasing power of the business. This is because the large amount of cash collected is used to pay taxes rather than expand the business. As a result, the purchasing power of the business falls immediately after paying taxes.

CONCLUSION

Businesses in Somalia went through many different stages ever since the civil war, due to the economic stage of the country, currently there are no big businesses or major corporations in the country, but usually small business, small and medium businesses face major hindrances on developing their business and expanding it, those factors include tax imposed by the state which hurts those businesses usually negatively,

other non-state or informal taxes are also levied to those businesses including checkpoints and militias, as a result prices of products tend to go up due to higher

tax rates, consequently consumption rates have risen. They fell and sales fell, which reduced profitability, resulting in slower growth, especially for small and medium-sized companies.



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