



Productive Labor and Employment Creation for Somalia: Key Challenges and Strategies



Heritage Institute for Policy Studies
and City University of Mogadishu

July 2020

This study is co-produced by Heritage Institute for Policy Studies (HIPS) and City University, Mogadishu and the following researchers are the lead authors of the report:

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Executive Summary

This baseline study assesses the state of Somalia's human resources, highlighting the main challenges and opportunities to employment in the country. The study used both quantitative and qualitative data collection methods in the form of a literature review, key informant interviews and focus group discussions.

The report starts with an overview of the historical labor and employment environment in relation to both labor supply and demand. The study then looks at the current state of the Somali workforce in both the public and private sector with specific attention to skills and technical and vocational education and training (TVET). The report concludes with key findings as well as strategies aimed at addressing challenges and enhancing opportunities in the labor sector.

The study identifies a number of major challenges for labor in Somalia, such as a mismatch between the skills taught at institutions of higher learning and those required by existing opportunities in Somalia's productive sectors. Limited skills development and training opportunities also impede meaningful employment. Other challenges include lack of job opportunities, high salary expectations among graduates and a lack of merit-based recruitment practices. Women in particular face employment barriers due to a lack of education and skills development for girls as well as cultural impediments. Security challenges, political instability and the absence of an adequate policy and regulatory environment are also key hindrances to job creation. Job creation has not kept pace with the rising youth unemployment, more than two-thirds of Somali youth are unemployed resulting in persistently high levels of poverty at 79%. High youth unemployment leads to both irregular and dangerous migration and is a source of recruitment for radical groups. Finally, this study also found that there are almost 2.7 million people with disabilities (PWDs) in Somalia, for whom employment or educational opportunities are nearly nonexistent due to attitudinal, environmental and institutional barriers, leaving them at the very bottom of the economic ladder.

The baseline study proposes the following strategic interventions to address the constraints and challenges to the labor sector in Somalia:

- Organize multi-stakeholder efforts to address nationwide unemployment. Productive jobs could be created by developing the service sector, attracting and encouraging private sector investment to catalyze job creation, developing entrepreneurial skills, improving the capacity and competitiveness of entrepreneurs and revitalizing and developing public works programs.
- Develop micro small and medium sized enterprises (MSMEs) and improve their access to financial services to create self-employment opportunities.
- Address the current expensive, inefficient and unreliable electricity supply and services and develop affordable and renewable energy sources including solar power.
- Foster public-private partnerships for employment creation in productive sectors such as agriculture, fisheries and livestock.

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- Establish collaboration among higher education institutions, private sector employers and government to produce a talented workforce, equipped with the required knowledge and skills for the labor market.
 - Establish employment or job placement centers in all regions to promote youth employment.
 - Implement a national internship program that allocates graduates (including TVET students) work in key sectors and allows them to acquire practical experience and develop an appreciation for the importance of vocational skills.
 - Update and develop federal and harmonized national labor policies and legislation protecting the employment rights of women, disadvantaged groups such as internally displaced persons (IDPs) and PWDs.
 - Develop and implement a transparent, merit-based recruitment system including an online system or portal for job openings to attract skilled jobs seekers and ensure equal opportunities for all. Create competitive exams or assessment tools to ensure qualified candidates with the right competencies are chosen for public jobs.
 - Develop and promote government capabilities for effective regulations and harmonized national policies to guide labor markets and job creation and to protect workers rights.
 - Develop, update, adopt and enforce national and state labor laws and regulations to ensure appropriate coverage and protection of all categories of workers (public and private).
 - Develop specific policies on protecting local jobs.
 - Develop and distribute comprehensive labor market information to help job seekers, employers and policymakers make informed decisions.

Acronyms

ATM	Automated Teller Machine
BRA	Benadir Regional Administration
CRPD	Charter on the Rights of Persons with Disabilities
FGDs	Focus Group Discussions
FGS	Federal Government of Somalia
FMS	Federal Member States
GDP	Growth Domestic Product
HCDM	Human Capital Development Mechanism
HR	Human Resources
IBS	International Bank of Somalia
ICT	information communications technology
IDPs	Internally displaced persons
IMF	International Monetary Fund
ILO	International Labor Organization
INGOs	International non-governmental organizations
IOM	International Organization for Migration
KIIs	Key Informant Interviews
LNGOs	Local non-governmental organizations
MOCI	Ministry of Commerce and Industry
MOECHE	Ministry of Education, Culture and Higher Education
MOLSA	Ministry of Labor and Social Affairs
MoPIED	Ministry of Planning, Investment and Economic Development
MoWHR	Ministry of Women and Human Rights Development
MSMEs	Micro Small and Medium Enterprises
NDP	National Development Plan
NGOs	Non-Governmental Organizations
PWDs	People with Disabilities
SNAI	Societal National Agricola Industry
SIDAM	Somali Institute of Development Administration and Management
SWSS	Southwest State of Somalia
TVET	Technical and Vocational Education and Training
UNHCR	United Nations High Commission for Refugees
YES	Youth Employment Somalia

1. Background

1.1: The historical evolution of labor in Somalia

Labor in Somalia can be divided into four historical phases: pre-colonial society, the colonial era, the post-colonial era and state collapse phase. In the pre-colonial period, animal husbandry and small-scale farming were the economic backbone of Somali society. Pastoralists herded livestock, moving from one place to another in search of pasture and water. The division of labor was most visible in nomadic communities. Young men and boys herded camels while women and girls looked after flocks of goats and sheep and made household items and erected collapsible huts. Adult men scouted for pasture and water for livestock. Elders mediated conflicts and imparted their wisdom to younger generations, offering life-long lessons on rearing animals and administering traditional medicine. Religious scholars known as *wadaaddo* provided religious education. Skills transfer in pastoral communities occurred early in life and idleness was highly discouraged. Acquiring wealth and brides was associated with the number of livestock in a man's household.

Small-scale farming existed in different parts of pre-colonial Somalia. If Ali Mazrui's assertion is correct that Africa was the "origin of the cultivated plants,"¹ in Somalia this likely happened along the two main rivers in the south, the Juba and Shabelle. Agro-pastoral communities cultivated sorghum to supplement their diet in the rainy season while some communities exclusively depended on subsistence farming for their livelihoods in all seasons. What they harvested in the rainy season was often kept in a rudimentary underground store known as a *bakaar*.

At the peak of the rainy and planting season, farms were collectively cultivated. Families that had fewer people to work on the farm received free labor from community members in a traditional method of farming known as *goob*. Men and women tilled the land in a spirited, labor-intensive effort, entertaining each other with lyrical poetry and work songs.

Though self-sufficient, pastoral communities and subsistence farmers were not completely isolated from towns. For centuries, David Laitin and Said Samatar note, inland nomads sold their cows, goats and camels to butchers in the coastal cities while subsistence farmers exchanged their surplus for animals or traded with city merchants.² Sales of hides and skins, gums from trees, ostrich feathers and ivory created employment and networks of traders in Berbera and Sayla'a in the north and Mogadishu and Barawe in the south. Like today's *xawala* (money transfer companies), trust was commodified. Since there were no written contracts or documentation of business shares or ownership, trustworthy individual merchants earned both fame and profit.

The arrival of European rule in the 19th century marked three major developments. The first was a spike in the sale of animals, not only within the Somali region but also across the Red Sea, causing a shift from subsistence cultivation to commercial farming. The second was the creation of positions for salaried employees of the colonial state. British military garrisons in Aden, Yemen needed a steady supply of meat; merchants and pastoralists in the northern regions quickly tapped into that market, exporting over 1,000

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¹ Mazrui, Ali (1986). *The Africans: A triple heritage*. Brown & Company Limited.

² Samatar, Said S. and David D. Laitin, "Somalia and the World economy," *Review of African Political Economy*, Volume 11, Issue 30, 1984.

camels and 80,000 goats and sheep to Aden annually. This created a very profitable business and a wave of temporary and permanent employment to the extent that the then-British colonial secretary wrote, “of all British colonies, Somaliland was self-sufficient” before the Darvish war began in 1900.³

In the south, the Italians laid the foundation for a “profitable export oriented agriculture through the creation of large plantation and irrigation systems”. By 1919, the Italian company Societa Agricola Italian Somali (SAIS) turned a large swath of fertile land into commercial farms. Modern day methods of farming provided meager wages to rural workers from communities mainly along the Shabelle River.⁴

Granted sole right to the Italian market, colonial settlers in the south found their highest revenue earner in the export of bananas, which became a major source of employment among rural riverine communities. When there were labor shortages, the Italians engaged in forcible, and often brutal, recruitment. Gerald Hanley, a British colonial soldier, wrote that farm workers in Italian Somaliland had “healed, shining grey scars of whips on their backs”.⁵ Over 10,000 hectares of land were under banana cultivation by 1954, making southern Somalia a significant agricultural exporter to the global market. Trained in missionary schools, Somalis were employed as police officers, clerks, customs agents and bookkeepers.⁶ At the same time, demand for labor was rising on agricultural plantations and rising literacy in English and Italian created a supply of Somali bureaucrats for salaried positions in the colonial state.

At the dawn of independence in 1960, four main sectors of the Somali economy employed the labor force. More than 65% of the population earned their livelihood from the pastoral and semi-pastoral economy, largely depending on livestock. Plantations also absorbed a sizeable labor force, supplying nearly half of Somalia’s export earnings.⁷ There was also a small commercial class engaged in an international trade. At the state level, Somalis replaced expatriate colonial personnel in the public sector bureaucracy. Teachers, parliamentarians, doctors and nurses, policemen, soldiers and civil servants filled positions previously occupied by Europeans or Asians.⁸

During Somalia’s first nine years of independence, political challenges, mainly aspirations to reunite the colonially dismembered parts of the nation, diverted much attention away from economic and human capital development. Foreign direct investment was slow to materialize but developmental assistance helped pay for the salaries of increasing numbers of bureaucrats, politicians and parliamentarians who in the words of Samatar and Laitin “lived ostentatious and opulent lives in Mogadishu”.⁹

Economic disillusionment and democratic disorder paved the way for the military coup in 1969.¹⁰ From 1970 onwards, co-operatives became the cornerstone of economic programs in the name of socialism. Massive numbers of people were mobilized under the governmental policy of “self-reliance” (*iskaa wax u qabso*). Aided by the introduction of a written Somali language in 1972, illiteracy was drastically reduced in the first seven years of the military regime. Technical schools for agriculture and fisheries were built to feed key economic sectors with skilled labor, and graduates were further trained as managers.¹¹

³ Douglas, J (1923). The mad mullah of Somaliland. Wyman & Sons.

⁴ Rebuilding resilient and sustainable agriculture in Somalia. <http://www.fao.org/3/i8841en/I8841EN.pdf>

⁵ Hanley, Gerald (1971). Warriors: Life and death among the Somalis. Hamish Hamilton.

⁶ Land, Property and housing in Somalia.

https://reliefweb.int/sites/reliefweb.int/files/resources/34013FB1A4970B76492575900009D650-Full_Report.pdf

⁷ Simons, A. (1995). Networks of Dissolution: Somalia Undone. WestviewPress.

⁸ Leeson, Peter T. “Better off stateless: Somalia before and after the government collapse,” *Journal of Comparative Economics*, Volume 35, Issue 4, December 2007.

⁹ Samatar, Said S. and David D. Laitin, “Somalia and the World economy,” *Review of African Political Economy*, Volume 11, Issue 30, 1984.

¹⁰ Samatar, Abdi Ismail “Leadership and ethnicity in the making of African state models: Botswana versus Somalia,” *Third World Quarterly*, Volume 18, Issue 4, 1997.

¹¹ The mass literacy campaign 1972-1975. <http://www.doollo.com/mainpage/Axmed/olole.htm>

Adopting the Somali language as the medium of instruction in schools across the country facilitated short-term skills transfer. Both the literacy campaign and the opening of Somali-language technical schools empowered individual students while also advancing Somalia's collective development. Self-help schemes and crash programs were launched amid socialist propaganda that hard work and collective mobilization would spur economic growth.

The state's 1973 intervention to evacuate pastoralists from drought-stricken regions to coastal areas and turn them into skilled fishermen is an example that could be replicated today to turn hundreds if not thousands of internally displaced persons (IDPs) into skilled fishermen or productive farmers through short-term training and provision of modern tools. Domestic grain production reached at its peak from 1970 through 1977 before sliding backwards because of the Ogaden war and the political dissidence that followed. The oil boom in the Gulf countries opened an alternative flow of income for many Somalis. In 1979, over 150,000 Somalis were working in the Gulf countries, earning five to six times the average Somali wage and funneling home hard cash remittances.¹² While international financial institutions such as the World Bank and the International Monetary Fund (IMF) officially rated Somalia as bankrupt, Vali Jamal indicates that urban Somalis "were well fed, shops were full of goods, tailors were making stylish clothes and a housing boom was in full swing".¹³ This informal economy absorbed a large segment of the labor force, making it impossible for the official World Bank and IMF figures to convey an accurate picture of the Somali economy.

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After the violent ouster of the military regime in 1991, technical schools that produced sector-oriented graduates collapsed, and the number of skilled laborers in the fisheries and agricultural sectors fell drastically. Employment in the public sector completely disappeared. Education fell into the hands of local organizations and enrollment fell to abysmally low levels. However, entrepreneurs established a thriving private sector which remains a key driver of the economy. A myriad of vibrant telecommunications and money-transferring companies emerged, creating a largely unregulated *laissez-faire* economy. Remittances from the global Somali diaspora became a lifeline for many families, contributing 40% of the country's urban household income.¹⁴

Very little progress has been made for the past thirty years in human capital development. Skilled labor is in short supply in both the private and public sectors. Somali enterprises have shown strong entrepreneurial acumen but suffer from inadequate human capital mainly due to the collapse of the public education system, which has resulted in a generational skills gap.

¹² Jamal, Vali, "Somalia: understanding an unconventional economy," *Development and Change*, Volume 19, Issue 2, April 1988.

¹³ De Waal, Alex (2015). *The real politics of the Horn of Africa: Money, war and the business of power*. Polity Press.

¹⁴ Maimbo, Samuel Munzele, "Remittances and Economic Development in Somalia," *Social Development Papers*, Paper No. 38, November 2006. Available online at: <https://www.cbd.int/financial/charity/somalia-remittance.pdf>, last accessed on 15 May 2020.

1.2 Study purpose and methodology

This study explores the state of Somalia's workforce, highlighting the main challenges and employment opportunities. It investigates the factors that constrain employment opportunities in order to develop actionable strategic interventions.

Researchers took a mixed-methods approach that combined quantitative and qualitative research. The quantitative research was conducted using secondary data from the Somalia Labor Force Surveys and other empirical data collected by international organizations such as the World Bank and the International Labour Organization (ILO). Additional in-depth quantitative analysis was conducted into issues such as challenges and opportunities for employment. Qualitative analysis including focus group discussions (FGDs) and key informant interviews (KIIs) were used to improve understanding of the issues behind unemployment and disparities in labor market participation identified by the quantitative data. A total of 106 participants were interviewed with guiding structured questions, representing a cross-section of human capital development stakeholders (public sector, private sector, civil society, women and marginalized groups). The Human Capital Development Mechanism (HCDM) Consortium team reviewed transcripts and identified the main themes.

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The GDP share of agriculture has declined from 71% to 60% while the GDP share of the service sector has increased from 24% to 33% and the industry share has slightly increased from 5% to 7%.

2. Situational Analysis, Economic and Labor Trends

Somalia is a low-income country – one of the least developed in the world. However, there has been a slight acceleration in economic growth in the past few years. In 2018, real GDP growth increased to 2.8% from 1.4% in 2017.¹⁵ It is well recognized that demand for labor is determined by two factors: production growth and labor productivity, with the latter being influenced by technical advances, elasticities of substitution, labor intensity and variances in labor costs. In the absence of reliable data on these factors we have relied on production growth to see whether employment is increasing in different sectors. Table 1 below gives an overview of the changing Gross Domestic Product (GDP) share by sector between 1991 and 2018. The GDP share of agriculture has declined from 71% to 60% while the GDP share of the service sector has increased from 24% to 33% and the industry share has slightly increased from 5% to 7%.

Agriculture, which comprises farming, livestock and fisheries, remains a lifeline for Somali people in providing food security and employment. Before the civil war, the agriculture sector was contributing about 80% of the labor force, with 60% engaged in livestock and 20% in crop production.¹⁶ Currently, about 46% of the labor force is engaged in agriculture.¹⁷ Despite its importance, this sector has its own challenges, especially during droughts. In 2016, many people lost their sources of food and income as their crops and livestock perished.

¹⁵ World Bank report, Somalia Economic Update Fourth Edition 2019: Building Education to Boost Human Capital.

¹⁶ 1989 JASPA report: Generating Employment and incomes in Somalia.

¹⁷ 2014, ILO Labor Survey Report, Somalia.

Table 1: Table 1: GDP share of different sectors (%)

Sectors	1991	2018
AGRICULTURE (<i>farming, livestock and fisheries</i>)	71	60
SERVICE SECTOR (<i>telecommunication, financial,</i>	24	33
INDUSTRY (<i>Manufacturing and non-manufacturing</i>)	5	7
Total	100	100

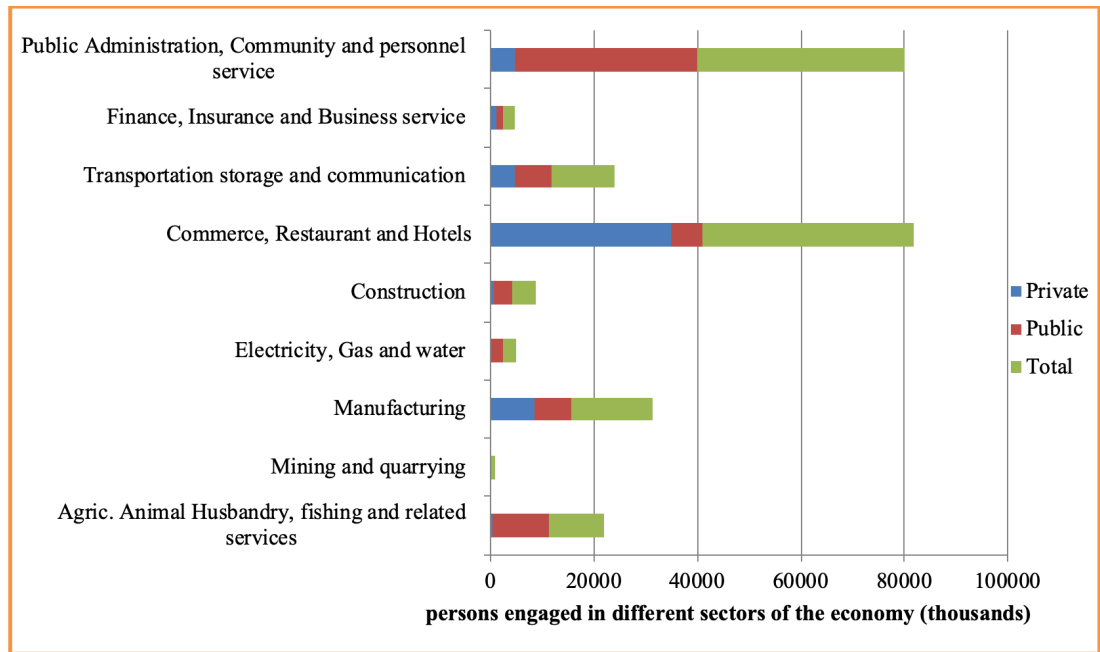
2.1 Past sectoral employment

In this section we analyze historical data on the distribution of formal and informal workers and the public-private composition of the workforce. The main objective is to identify important employment sectors and changes (if any) in their relative importance on job creation. There are no up-to-date statistics for sectoral employment in Somalia since 1978 so the latest data is from recent reports published by international organizations and should be interpreted with caution.

One of the first and most comprehensive labor trend surveys in Somalia was the 1978 manpower establishment survey conducted by the Ministry of Labor. As Figure 1 shows, 31.6% of the 120,000 jobs created in the domestic economy in 1978 emanated from the commerce and hospitality sector, making it the largest employment sector. The second largest employer in the economy was the public sector, accounting for a total of 40,051 employees. Public sector employment included jobs for ministers and those working at government linked agencies such as the Societal National Agrícola Industry (SNAI) and the port authority agency. Employment within the agriculture and fishing sector was a less significant contributor at about 9%.¹⁸

¹⁸ National manpower resources and requirement survey, 1978-1983.

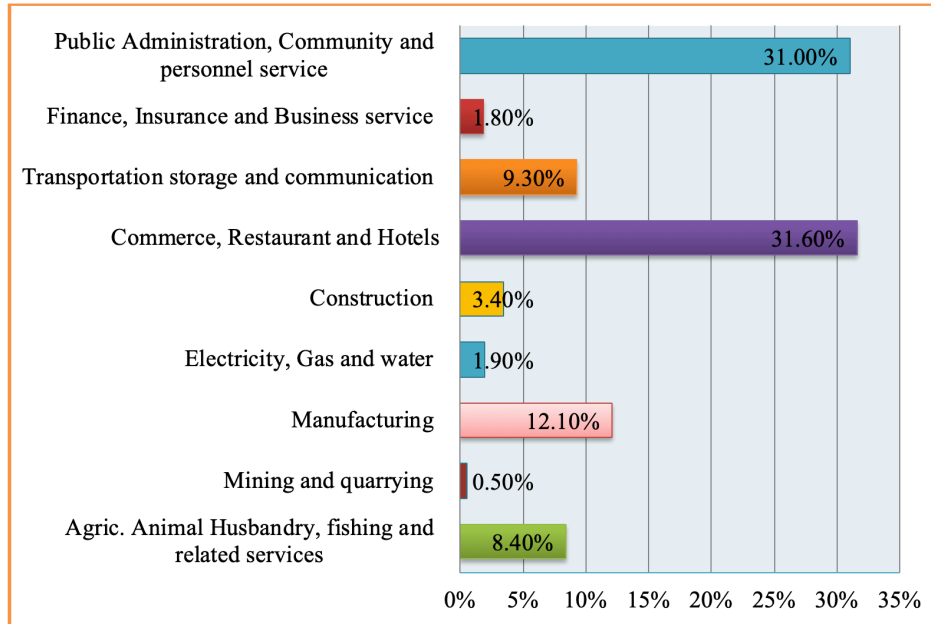
Figure 1: Summary of employment by sector in 1978 (thousands)



Source: *National manpower resources and requirement survey, 1978-1983*

In 1978, public sector employment accounted for about 57% of total employment. Agriculture accounted for 8.4%, the construction sector accounted for 3.4% and employment in mining and quarrying represented 0.5% of total employment.

Figure 2: Proportion of employment by sector in 1978



Sources: *National manpower resources and requirement survey, 1978-1983*

Table 2 shows that 23.9% of the labor force in 1978 comprised skilled or semi-skilled workers; sales workers accounted for about 21%; and service and clerical workers made up 14.3% and 9.8% respectively. Professional and executive workers accounted for just 1.4% and 2% respectively. The figures clearly show that in 1978 there was already a shortage of professional workers as well as agriculture and fisheries workers.

Table 2: Employment by occupation in Somalia in 1978

Occupation Group	Private sector	Public sector	Total	Percentage
Professional Workers	45	2,296	2,341	1.80%
Sub Professional Technical Workers	502	18,493	18,996	14.70%
Administrative And Executive Workers	260	2,428	2,688	2.00%
Clerical Workers	1,652	10,993	12,645	9.80%
Sales Workers	26,598	1,034	27,632	21.40%
Service Workers	9,728	8,715	18,443	14.30%
Agri. And Fishing Workers	123	1,662	1,785	1.40%
Skilled And Semi-Skilled Workers	13,822	17,031	30,853	23.90%
Laborers	1,815	11,051	13,866	10.70%
Total	55,546	73,703	129,249	100.00%

Sources: *National manpower resources and requirement survey, 1978-1983*

The military regime initiated a rapid expansion of educational and training development programs designed to meet Somalia's needs for a well-trained workforce. Key manpower development institutions included the Somali Institute of Development Administration and Management (SIDAM) and Somali National University. At that time, the country's labor force was characterized by low educational and qualification levels among its workers, who were concentrated in less professional categories. This shortage of professional and skilled manpower limited the development and expansion of private sector employment.

Historical data also shows that total public sector employment slightly increased from 74,703 in 1978 to 90,116 in 1984. However, public sector employment stagnated or declined slowly after 1984 because of economic and fiscal worsening.¹⁹ Private sector employment also stagnated due to lack of modernization and the rapid expansion of the labor force, especially the increasing number of secondary and post-secondary graduates. Urban unemployment rose to 15% in Mogadishu and 8% in other urban areas.²⁰ The worsening political situation in the late 1980s led to further deterioration in the economy and in employment. The country collapsed in the early 1990s.

¹⁹ 1989 JASPA report: Generating Employment and Incomes in Somalia.

²⁰ 1989 JASPA report: Generating Employment and Incomes in Somalia, p.27.

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The percentage of women in the federal government workforce is 24.4%. The state-level public service with the highest proportion of women is the BRA (58%), while the Puntland government has the lowest proportion of women (24%)

2.2 Current sectoral employment trends

2.2.1 Public sector (federal and state)

There are seven major public sector employers in Somalia: the federal government; the five state-level governments (Puntland, Jubaland, Galmudug, Hirshabelle and South West); and the Benadir Regional Administration (BRA).

This section uses employment figures derived from various human resources audits of the federal government, the Puntland state government and the BRA. Puntland has the largest number of civil servants at 5,588. Employees working for the federal government make up approximately 37% of the total number of public servants with 4,799 employees while the Benadir administration employs 2,600 people. The South West state government has only 131 employees, the lowest number of any state. The percentage of women in the federal government workforce is 24.4%. The state-level public service with the highest proportion of women is the BRA (58%), while the Puntland government has the lowest proportion of women (24%).²¹

Table 3: Distribution of civil servants by region, gender and education level, 2017-2018

	Number of Employees			Employment by Educational Attainment (%)			
	Male	Female	Total	No Formal Education	Secondary	Undergraduate	Postgraduate
Federal Government	3,630	1,169	4,799	17	33	42	8
Benadir Region	1,092	1,508	2,600	31	22	44	3
Puntland	4,239	1,349	5,588	21.95	29	45	4.05
Southwest	117	14	131	0	53	47	0
Total	9,078	4,040	13,118	23.3	34.3	44.5	5

Sources: FGS, Puntland and Benadir HR audits and Director-General, Ministry of Labour, Employment and Social Affairs - SWSS

²¹ Headcount Human Resources audit report for the Puntland State of Somalia civil service 2017.

Forty-two percent of the FGS labor force had an undergraduate education while 33% had a secondary education. Only 8% had received postgraduate education and about 17% had no formal education. The percentage of public sector workers with an undergraduate education in Puntland and the BRA was 45% and 44% respectively. The workforce with the highest proportion of employees with no formal education was the Benadir region (31%).

The FGS recently introduced policy measures to improve the quality of the workforce such as a national employment policy, national training policy and human resources civil service reform. However, the impacts of these efforts have yet to be felt and they are undermined by the poor capacity of the present workforce, poor remuneration, unethical work practices and lack of financial resources for capacity building and training.²²

2.2.2 Private sector

The private sector has been the lifeblood of Somalia's economy since the civil war in 1991. Financial investment by private citizens and diaspora members has become more viable than relying on the state for support. The private sector employment landscape is varied and includes the telecommunications sector, the financial and banking sectors, hotels and restaurants, education and health services, construction and manufacturing, transportation and small and medium enterprises. As official data on private sector employment is limited and the exact size of the workforce is unknown, this study draws on the findings on private sector employment from existing literature and survey questionnaires.

Figure 3: Selected private sector workforce profile (2018) ²³

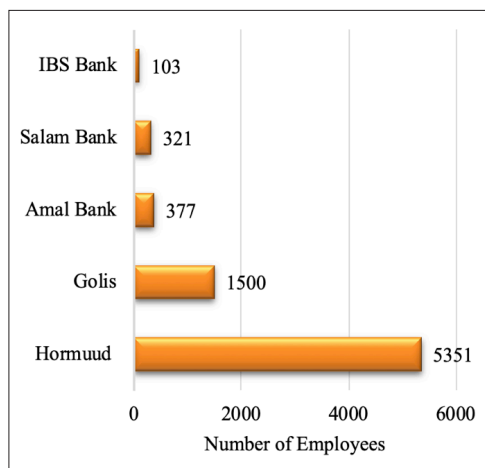
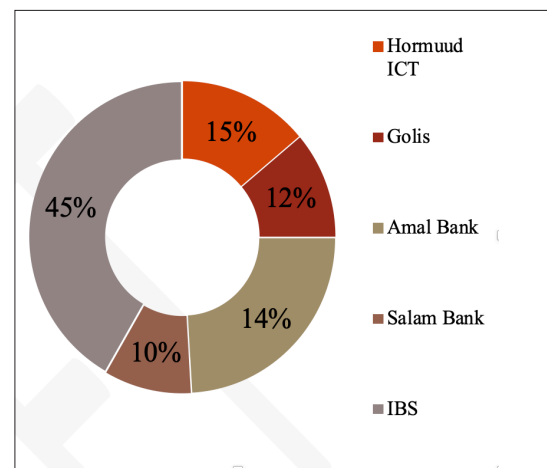


Figure 4: Selected private sector female workforce participation (%) ²⁴



²² Interviews with federal Ministry of Labor officials.

²³ Semi-structured survey questionnaire developed by the HCDM consortium

²⁴ Semi-structured survey questionnaire developed by the HCDM consortium

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A university degree is no guarantee of a well paying job, and many graduates are working as receptionists or in low-skilled jobs

In the past two decades, the telecommunications sector has grown significantly in Somalia. Its share of GDP reached an estimated 11% (more than US\$995 million) in 2014, when it employed more than 25,000 people.²⁵ In the Benadir region, the ICT sector accounted for around 14.3% of employment among persons aged 15 and above.²⁶

This study surveyed and interviewed a number of major ICT players in the country such as Hormuud. The study found that Hormuud employs approximately 5,351 people including full-time employees and short-term workers, while Golis employs around 1,500 workers. Less than 20% of workers in this sector are women, many in secretarial positions. Approximately 40% of the telecoms workforce fills unskilled positions requiring little training and education, while around 60% hold secondary school diplomas or higher.²⁷ A university degree is no guarantee of a well paying job, and many graduates are working as receptionists or in low-skilled jobs. The companies surveyed stated many graduates do not meet the standards required by the sector to fill posts for which higher technical skills are necessary. Although all the companies expressed a preference for local staff, some explained that due to the lack of qualified Somalis and the time and money it takes to find them, they employ foreign workers to perform jobs until appropriate local people can be identified and trained.

2.2.2.2 Finance

After the civil war, Somali entrepreneurs opened money transfer operations across the country that later grew into formal financial institutions. Top financial institutions include Dahabshil Bank, Amal Bank, Salam Bank, Daryeel Bank and some smaller banks. Dahabshil Bank employs 2,000 staff and indirectly engages with more than 20,000 money transfer agents.²⁸ This study surveyed a number of key financial institutions about their labor forces and found that the numbers of employees range from 100 to 500 full-time staff across the country, as seen in Figure 3a. Approximately 80% of employees are below the age of 35. Women represent around 15% of workers and are engaged mostly in administrative functions.²⁹

In the last 10 years, newer financial institutions such as Premier Bank and International Bank of Somalia (IBS) have emerged and now provide financial services such as ATMs, debit cards and savings accounts. These emerging financial institutions employ approximately 50 to 150 employees. Over 90% of the jobs in these two banks are held by people under the age of 35. The banks prefer to hire young people as they tend to be financially literate and familiar with the latest banking technologies. IBS offers the most opportunities for women, who account for approximately 45% of employees. Apart from formal employment, interviews with stakeholders reveal that emerging banking institutions provide direct loans with the aim of creating jobs for the youth.

The financial and banking sector needs highly skilled personnel with knowledge of banking standards and accounting principles. Many jobs require specific training related to accounting and finance. Direct employment opportunities for unskilled labor are therefore extremely limited.

The study found that those recruiting in this sector have found it challenging to find a suitable workforce from Somalia, even for positions requiring relatively basic skills.

²⁵ World Bank, 2019.

²⁶ 2014 ILO Labor Survey Report, Somalia.

²⁷ Interviews with Telecom manager in Somalia.

²⁸ Somalia Country Profile, 2016: United Nations Economic Commission for Africa

²⁹ Interview with a bank manager.

Although a college degree should signal that someone has acquired basic knowledge, the bank managers interviewed emphasized that this is not the case and said they are often required to retrain new and potential employees. Several banks also offer on-the-job training to employees.

2.2.2.3 Hospitality

The hospitality sector (hotels and restaurants) is another important job creator though there is a lack of data on the exact size of the sector's workforce. This sector has been a major player in the growth of the Somali economy, and contributes approximately 32% of the nation's real GDP. Hotels and restaurants employ a large number of chefs and waiters, with many placements filled through personal or family contacts.³⁰ As with banking and telecoms, finding skilled hospitality workers with prior experience is a major challenge. A study conducted by IOM in 2016 indicated that the hospitality sector is one of the key dynamic sectors for youth employment in Mogadishu, Kismayo and Baidoa.³¹ Most businesses interviewed for this study claimed that most of their workers were unskilled but they provided on-the-job training.

2.2.2.4 Construction

Though insecurity and instability have been major impediments to foreign investment, the last few years have seen an increase in diaspora Somalis returning to renovate or build new businesses.³² The country is experiencing a boom in the construction industry, particularly in residential and commercial building, and it is often the largest employer of casual laborers. It also provides value chains with significant spillover opportunities in skills development, financing, outsourcing and business development. The sector provides jobs for truck drivers, manual laborers and machines operators.

Qualitative research showed that there is a lack of professionals or skilled manpower to carry out the construction work required in the industry. This finding is supported by a 2018 Ifitin Foundation graduate survey that showed that higher learning institutions were only able to produce about 425 graduates in construction-related areas.³³ Key informant interviews revealed that the construction industry provides much-needed employment opportunities for those in disadvantaged communities with no academic qualifications. It employs a disproportionate number of the least educated and offers vacancies on a temporary basis. According to one construction company, expert, employers "normally find construction labor through informal recruitment practices where subcontractors, locally known as *fundi*, provide workers to construction projects."

There is qualitative evidence that the *fundi* are now bypassing the more formal part of the industry (large contractors and professionals) and entering directly into contracts with private firms (building owners) to supply labor for their projects, while the clients themselves (or their foremen) provide materials and coordinate the work of the various trades. At the same time, many large building projects are now choosing to commission construction agencies or contractors through formally hiring laborers needed in the construction.

³⁰ Focus group discussion in Mogadishu.

³¹ IOM report on youth, employment and migration in Mogadishu, Kismayo and Baidoa, 2016.

³² Ibid.

³³ Ifitin Foundation's graduate survey, 2018.

In the last few years, the construction sector has undergone a process of formal business concentration through the emergence of large construction enterprises. For example, Buruuj Construction under the Hormuud company has amassed a significant qualified workforce (600 employees), mostly developed through technical and vocational training. However, the subcontractors and labor contractors who are the main employers of the construction workforce are still small. Sometimes, very small companies are involved in the construction sector.

While many sectors are affected by the shortage of skilled labor, in the construction sector there is a concern that this is not a short-term problem that will ease as the economy grows. The problem can only be solved if the sector can reach out to a new generation of professional workers.

2.2.2.5 Transport

The transport sector, including civil aviation, ports and road transport, sustained serious damage during the prolonged civil war due in large part to the destruction of transport infrastructure like roads and airports. In recent years, the FGS and FMSs have constructed and rehabilitated airports and roads in order to spur economic growth and create jobs. The country now has eight major airports and four ports employing thousands of individuals. Mogadishu port employs 5,000 workers respectively.³⁴

The ILO's 2014 report reveals that 34% of employed persons in the Banadir region work in the transport and storage sector, compared to 24% and 14% in health/social work and ICT respectively.³⁵ The transport sector employs people working in civil aviation, ports, local commercialized airlines, travel agencies and road transport such as taxi, bus and tuk-tuk (*bajaaj*) drivers. In major cities, the *bajaaj* is the most common means of transport for people and even goods. The estimated number of *bajaaj* in Mogadishu alone surpasses 30,000, representing a major source of employment and livelihood. A qualitative analysis of *bajaaj* drivers showed that many young people who have been unable to find formal employment opportunities are attracted to this occupation because it yields quick profits without requiring years of training or education.

2.2.3 Informal employment

Around 90% of Somali workers are reportedly working in the informal sector.³⁶ The informal sector refers to economic activities that involve micro-businesses, self-employment, casual labor and retail trading which are not subject to taxation or legislation and are not entitled to employment or social protection.³⁷ This sector plays a central role in the Somali economy and creates income opportunities in both urban and rural areas. It is made up predominantly of micro-, small and medium-scale businesses consisting of producers, wholesale and retail traders and service providers. Urban informal workers include domestic workers, casual wageworkers, and street vendors. Most are largely self-employed (including farmers, artisans and craft workers, traders and food processors). This type of employment typically operates on a small scale and on an individual basis.

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Around 90% of Somali workers are reportedly working in the informal sector

³⁴ Private Sector Developments In Somalia 2019: Analysis On Some Major Sectors.

³⁵ 2014, ILO Labor Survey Report, Somalia.

³⁶ 2018 World Bank report: Systematic Country Diagnostic of Federal Government of Somalia.

³⁷ 2014 ILO report: Defining and measuring informal employment.

Because the formal sector is not creating sufficient jobs and there are no unemployment protection schemes in place, most members of the growing youth population need to find some source of income to survive. Informal workers often lack the knowledge or incentive to formalize their enterprises or comply with labor market regulations, and they rarely have the financial resources they need to expand their business activities. A World Bank study noted that wage employment dominates the non-agricultural labor force with 53% followed by self-employment at 27%, with women more likely to be self-employed.³⁸

The time it takes to obtain all the required documentation and pay the fees and licenses to start a business remains very high in Somalia (estimated at 70 days) and is an obstacle for entrepreneurs.³⁹ For local entrepreneurs, accessing finance is challenging and the cost of money is high, so many resort to alternate sources of funds such as friends or family connections. This makes it challenging for small businesses to form and it leaves would-be entrepreneurs with no choice but to seek employment in a market where there is an oversupply of laborers. Women and marginalized groups are often underrepresented due to limited access to financial capital. Women also face cultural restrictions on their participation in the labor market.⁴⁰

2.2.4 Employment and unemployment

After the collapse of the central government in 1991, most institutions that had previously employed Somali people ceased to operate, massive numbers of jobs were lost and much of the working population left the country. In 2012, the unemployment rate (defined as “those for whom work is not available and who have taken action in seeking work”) in Somalia was estimated to be around 54%.⁴¹ However, the 2014 ILO labor survey recorded much lower levels of unemployment at 12%.⁴² This survey focused only on the south central zone of Somalia (specifically the regions of Benadir, Lower Shabelle, Hiraan, Middle Shabelle and Bay) and was not representative of the whole country. The survey indicated that 499,108 Somalis of working age were out of work; 54% of these were female and 46% were male.⁴³

A 2015 World Bank report indicated that 70% of the Somali population is under the age of 30 and two-thirds of Somalis aged 14-29 are unemployed.⁴⁴ Unemployment is highly related to age and gender. The World Bank measured youth unemployment at 74% and female unemployment at 61%, compared to 39% unemployment among men.⁴⁵

Several factors are thought to exacerbate unemployment in Somalia. The first is a mismatch between education and labor market needs. For instance, the distribution of students across faculties shows that only 2.3% graduated with degrees in agriculture, suggesting that Somali students are not geared towards the most productive sectors of the economy.⁴⁶ In addition, in 2019, 1,927 students were enrolled in the agricultural field of study, indicating a skilled labor shortage to the country’s main economic stay – agriculture.⁴⁷ Without more skilled workers, the economy will find it more difficult to move up the value chain and will not be able to attract large capital investment to the productive sectors of the economy.

³⁸ 2018 World Bank report: Systematic Country Diagnostic of Federal Government of Somalia.

³⁹ Doing Business 2019 Training for Reform-Economy Profile Somalia.

⁴⁰ S. Koshin, December 2016, *EU Gender Analysis Survey*, Somali Institute for Development and Research Analysis (SIDRA).

⁴¹ Somalia Human Development Report 2012, UNDP.

⁴² 2014, ILO Labor Survey Report, Somalia.

⁴³ Ibid.

⁴⁴ World Bank Group. 2015. *Somalia Economic Update: Transition Amid Risks with a Special Focus on Intergovernmental Fiscal Relations*.

⁴⁵ World Bank Group Gender Data Portal:<http://datatopics.worldbank.org/gender/country/somalia>.

⁴⁶ Iftin Foundation’s graduates survey of 2018.

⁴⁷ See this study’s chapter on agriculture.

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Political instability, security and an inadequately educated workforce are the most problematic factors for employment creation in Somalia.

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Most Somali youth are frustrated by the lack of formal job creation in the public and private sector

Sectoral economic activity and its capacity to generate jobs are constrained by political, social and structural barriers. Somalia’s labor market lacks enough flexibility to unleash the potential of its workforce towards productive sectors such as agriculture, livestock and fisheries. Qualitative research provides evidence that political instability, security and an inadequately educated workforce are the most problematic factors for employment creation in Somalia.

2.2.4.1 Youth employment

Prioritizing investment in Somalia’s young people bears incredible potential for broad and meaningful impacts on economic and social development. If they listen to and understand youth perspectives, governments and businesses can move forward in ways that engage youth and address their real needs. There are more than 10 million Somalis aged 14-29, and the vast majority are unemployed.⁴⁸

Most Somali youth are frustrated by the lack of formal job creation in the public and private sector. Many are trapped in underemployment in both urban and rural areas. Unemployment for many youths is based on skills mismatch (see more in Chapter 2: Education). The federal government launched the National Youth Policy of Somalia in 2017, aiming to empower the youth for effective participation in the national development agenda by strengthening education and skills development and boosting employment creation. However, the policy has been constrained by inadequate financial resources and serious weaknesses in governance.

The International Labor Organization (ILO) has promoted employment programs in Somalia through its support for Youth Employment Somalia (YES). Under this program, ILO has implemented projects worth \$50 million across the country focused on employment-intensive infrastructure development, community-based cash-for-work initiatives and enterprise promotion. This program has succeeded in employing 20,000 young people in the long-term and rehabilitating infrastructure to create jobs for 30,000 youth in short-term employment.⁴⁹ Qualitative evidence provides little indication that these skills development and training programs will have a sustainable impact on youth employment as they are often short in duration, operate on a small scale and do not sufficiently respond to the labor market needs of productive sectors such as agriculture, livestock and fisheries.

Among the biggest challenges to youth employment are that the formal private sector is underdeveloped and the civil service is restricted in its revenue generation. These factors, combined with strong population growth, exacerbate the imbalance between supply and demand in the labor market. As far as skilled job seekers are concerned, their vocational training is inappropriate and is often excessively theoretical, failing to foster entrepreneurial spirit and creativity. Young people also frequently have a negative attitude towards certain types of technical and vocational jobs such as tailoring or beauty salon, which has contributed to their inability to find gainful employment.

⁴⁸ Somalia Economic Update, 2015: Transition amid Risks.

⁴⁹ ILO report 2019: Employment programs and conflict in Somalia.

3. Key Findings

3.1 Skills mismatch



The Somali education system, especially higher education, raises the employment expectations of its students while providing skills that are commonly cited by employers as irrelevant

Skills mismatch is defined as a situation in which job seekers' skills lag behind labor market needs. This often occurs when high schools and higher education institutions produce a workforce that is poorly prepared to enter the labor market due to inaccurate perceptions of what skills the market actually needs.

The Somali education system, especially higher education, raises the employment expectations of its students while providing skills that are commonly cited by employers as irrelevant. This was identified as a problem by most interviewees irrespective of sector. Interviewed stakeholders stressed that the education system has failed to adequately promote good-quality, relevant education or encourage students towards productive sectors such as agriculture, livestock and fisheries. For instance, only six higher education institutions offer very limited fisheries studies to 352 undergraduate students.⁵⁰ Interviewees emphasized the importance of having workers who possess discipline-specific knowledge and skills and relevant work experience. Poor-quality education severely limits employment opportunities for young people, as they lack practical experience and work readiness.

“Our company sometimes faces difficulty in hiring the right candidates for the job because young people lack quality skills that the labor market needs or there is sometimes a mismatch of skills. This is due to the educational system being in disarray and under immense constraints to deliver high-quality graduates.”

Telecom company manager

“The challenges include educated people who come to you that don't have the reporting skills, computer skills or the necessary requirements for the workplace.”

Government official

Increasingly, job seekers with at least a bachelor's degree look for non-agricultural jobs in the public sector upon graduation. Many graduates refuse to accept jobs outside their preferred fields and many consider the productive sectors below them, not lucrative and lacking in true income-earning opportunities. These job preferences and expectations are at serious variance with actual labor demand. Many more job-seekers are looking for white-collar jobs than there are such jobs available, so some will have to accept jobs they don't want or that are inappropriate for their skills in order to escape prolonged unemployment.

⁵⁰ See this study's chapter on fisheries.

A sound, productive, sector-driven education system would help to solve the skills mismatch. Survey respondents and other stakeholders stated that reviving technical and vocational education and training (TVET) would provide Somali youth with some of the necessary tools to minimize skills shortages and improve their long-term career prospects. By improving the image of TVET among young people, educators could ensure a much-needed supply of skilled labor in productive sectors. The development of tools for understanding and anticipating future skills needs is an important prerequisite for the effective structuring of both educational and active labor market policies.

3.2 Skills development and training

Somalia has fallen behind in terms of formal education and TVET, not only compared to international standards but also to its regional neighbors. The destruction of the education infrastructure during the civil war placed a heavy reliance on informal education and private schools without government regulation, oversight or proper planning.⁵¹ The qualitative assessment of this study reveals that current training programs, often provided by non-governmental organizations (NGOs), are not satisfying the labor market's demands for skills and knowledge.

In the absence of many TVET programs to support the private sector, interviewed managers of private sector companies stated that they have developed in-house training for their employees. Small companies do not have the resources to provide such training, so it is generally only larger companies such as Hormuud that have such facilities. Training is often company-specific and it does not lead to any nationally-recognized certifications, so acquired skills are not formally recognised beyond the boundaries of the organization. Although the private sector has invested in training, many employers believe that the government should be responsible for the provision of training and private entities should be limited to concentrating on their bottom line and running their businesses.

International NGOs (INGOs), local NGOs (LNGOs) and donor agencies such as ILO's YES program contribute significantly to the development of skills to mitigate the challenges of youth unemployment.⁵² Training courses are instrumental in equipping youth, women, IDPs and returnees with employment and entrepreneurial skills. The structure of these courses, however, has been inconsistent and they are often designed in the absence of coordination with federal or FMS ministry of education programs. The lack of uniform or established frameworks to address labor market needs has meant that existing programs in areas such as tailoring, cosmetology and electrical installation do not offer training with significant long-term impacts. Programs are usually created based on baseline assessments conducted with donor policies in mind. Retail-oriented trainings are flooding the labor market whereas the commodities sectors and fisheries continue to largely lack technical skills.⁵³ Carpentry and tie-dyeing courses are being provided in communities that could benefit much more from agricultural or fisheries training programs.⁵⁴ Furthermore, few women are being trained to work in productive sectors as training for women tends to focus on beauty and aesthetics or accounting.⁵⁵

⁵¹ See this study's chapter on education.

⁵² ILO report 2019: Employment programs and conflict in Somalia.

⁵³ 2014, ILO Labor Survey Report, Somalia.

⁵⁴ December 2012, *The Vocational Skills and Training* – The Danish Refugee Council and Somalia Food Security Cluster – Labour market study.

⁵⁵ January 2014, *Marketable Vocational Skills in Bossaso* – Somalia, Danish Refugee Council.

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Somalia has fallen behind in terms of formal education and TVET, not only compared to international standards but also to its regional neighbors

3.3 Salary expectations and recruitment practices

As Somalia is experiencing high unemployment levels of around 70 percent, getting unemployed individuals into the world of work remains a key item on the country's social and economic policy agenda. As new workers enter the labor market, they join large numbers of university graduates who have been unemployed or underemployed for many years.

Recent graduates in particular are looking for jobs with high salaries, a desirable working environment and attractive incentives, demands that do not match current realities in the country and the constraints of the labor market. Many do not want to start at a low salary level and prefer to remain unemployed until they find their dream job. Employers view graduates as lacking the required soft skills and experience to work effectively. High expectations among graduates will increase unemployment if these unrealistic perceptions persist.

“We believe that more needs to be done to help education leavers enter job markets. The wage expectations of young people are often too high and employers cannot afford to take them on – even though it is clear that many private sector employers want to help young graduates who are seeking job opportunities.”

Telecom company manager

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There is a long-established culture of nepotistic recruitment and selection, with public servants recruited and promoted based on unfair practices and family connections

Discourse on the challenges of unemployment in Somalia would be incomplete without addressing the favoritism, nepotism and corruption that plagues different ranks of the public sector and even the private sector. There is a long-established culture of nepotistic recruitment and selection, with public servants recruited and promoted based on unfair practices and family connections. These practices make it challenging to create a talented, qualified workforce capable of fulfilling the country's development aspirations.

3.4 Lack of job opportunities

The scarcity of job opportunities remains a significant problem in Somalia, which has the highest unemployment rate globally at 54%.⁵⁶ Despite private sector efforts, diaspora capital flows and job creation by newly-created businesses such as financial institutions and telecommunications companies, there are still not enough jobs for the growing population. Somalia's business climate is not investor-friendly due to fragile security, political instability, high energy costs and poor infrastructure – all of which stunt economic growth and exacerbate unemployment.

⁵⁶ UNDP Somalia Human Development Report 2012.

“The biggest challenge that we face in terms of hiring is Somali culture. The backbone of Somali culture is the clan. The company owner is a Somali who comes from a clan. Everyone wants to hire a relative and that is one of the challenges.”

Civil society representative

“A person that was hired because of family relations is more likely to lack the required knowledge and experience. It can also affect the work ethic. It is better to hire someone with justice.”

Chamber of commerce representative

“The injustice is why the government cannot move forward and doesn’t help with work development. I would say it is mostly nepotism and it mostly ends with losses and demolition. A person who was hired through nepotism is not satisfactory.”

Government official

Most economic activity in Somalia is in the informal sector. Public sector job opportunities at the federal or FMS level are minimal. The government is almost entirely dependent on domestic revenue and international support to fund its recovery. The greatest financial challenge facing the Somali government is its inability to generate revenue to pay wages. The public sector provides limited opportunities and low wages, so many highly skilled professionals opt to work instead for international development agencies and NGOs.

Other challenges related to job creation include the following:

- Weak or absent policy and regulatory environment;
- Inadequate financial resources to create employment opportunities;
- Inability to attract foreign or local investment;
- Chronic human capital development deficits; and
- Challenging conditions for private sector development such as the high cost of electricity.

The federal government recently launched a number of key policy initiatives to address and guide employment creation as well as to improve labor market outcomes and productivity. These include a national employment policy, a labor code and a social protection policy. The national employment policy focuses on a pragmatic agenda of job creation through the promotion of small and medium sized enterprises (SMEs) and the development of productive sectors including agriculture and fisheries, which is expected to create employment for youth, women, marginalized groups and IDPs.⁵⁷ However, in the absence of regulatory mechanisms or adequate financial resources, much still remains to be done.

⁵⁷ National Employment Policy Working Draft for Somalia, February 2019.

3.5 Women in the workforce

Giving women greater access to the labor market and productive jobs is not only a core employment policy goal but also a promising initiative to help Somalia recover. Gender inclusion is at the heart of development, both as a social development tool and as an economic imperative. Somalia's Ninth National Development Plan includes a focus on closing the gap between genders regarding access to economic opportunities, skills development and participation in the labor force.⁵⁸

This study's qualitative analysis suggests that cultural impediments play a significant role in the barriers to women's formal employment. Women are primarily responsible for providing housework and child care, which keeps them out of the job market. Their lack of access to education and skills training, especially in comparison to male workers, also hinders women's labor market participation. In 2018, only about 40% of those enrolled in secondary schools were girls, and a recent ILO study in Mogadishu and Hargeisa revealed that half of female entrepreneurs were neither educated nor literate.⁵⁹

"The biggest challenge that we face is that when you go to government institutions and private companies, the percentage of female employees is very low. When hiring 10 new employees, especially in government institutions, maybe one or two out of the 10 are women and the rest are men."

Women's representative

"Women are not working in the big companies. They are not allowed to work in the private sector. Females are not even allowed to pass through the door of the big companies due to cultural stereotypes. It is possible that a girl who came from the west and knows another a language could find a job, but the rest of Somali women are working in informal business sectors, whether in the fish market or selling vegetables. That's it."

Civil society representative

A high proportion of Somalia's working women are self-employed in the informal sector.⁶⁰ Informal employment refers to workers who are not subject to legislation or taxation and are not entitled to employment or social protection benefits.⁶¹ These employment activities involve micro-businesses engaged in selling goods such as foodstuffs, tailoring and retail trading. Women in these businesses are often in vulnerable employment situations characterized by low productivity, insufficient income and difficult working conditions. Limited access to banks and other loan-making financial institutions also limits women's ability to start or expand small businesses, forcing them to participate in economic activities that produce meager returns. Funding or training is sometimes available from NGOs but often insufficient.

⁵⁸ Somalia National Development Plan (2020-2024) Working Draft.

⁵⁹ 2014 ILO Report on Market Opportunity Mapping in Somalia; ILO report Institutional and Policy Assessment of Factors Affecting Women Entrepreneurs in Micro and Small Enterprises in Hargeisa and Mogadishu.

⁶⁰ World Bank report: Systematic country diagnostic of Federal Republic of Somalia.

⁶¹ 2014 ILO report: Defining and measuring informal employment.

Despite the FGS' recently-developed national employment and social protection policies, which seek to safeguard women's participation in the labor market, implementation remains a critical challenge. Qualitative interviews with women representatives found that discriminatory hiring practices continue to keep women out of the public and private sector workforces. This study also confirms the findings of a recent World Bank report highlighting barriers to women's formal employment, such as clan-based recruitment.⁶² When jobs are scarce, they are much more likely to go to men than women.

3.6 Returnees and IDPs

Displaced people struggle to satisfy their basic needs for food, shelter and housing. It is challenging to provide meaningful employment or education to these people and most rely on NGOs to provide such services. In recent years, Kenya's Dadaab Refugee Camp – one of the largest in Africa – has steadily repatriated refugees to Somalia.⁶³ In response to refugees' pleas not to be forced to return, the United Nations High Commission for Refugees (UNHCR) has offered incentives for them to resettle in places that are safe and where they are able to access resources and fulfill their basic needs. Many have returned to urban centers such as Mogadishu, Kismayo and Bossaso, or have gone back to their places of origin.

The resettlement of IDPs and returnees has not been smooth and many IDPs have had to grapple with constant relocation and discrimination by local governments. Returnees are perceived to be failures with a high incidence of substance abuse problems. Most IDPs still lack access to education and adequate health services.⁶⁴ In addition to trauma and displacement, many IDPs struggle to fully integrate into their new societies and face discrimination due to their low status. Many lament that they are constantly viewed with suspicion.⁶⁵

Cash-for-work programs have targeted IDP youth and returnees as a means to provide temporary employment and deter radicalization.⁶⁶ IDPs and returnees are often employed as casual laborers on a temporary or part-time basis, but long-term solutions to their poverty and unemployment are not yet available.⁶⁷ They have few resources to help them start their own businesses. There are not enough TVET programs to provide them with basic skills training in numeracy, reading and writing and even those that do exist are unaffordable for most.

⁶² World Bank report: Systematic country diagnostic of Federal Republic of Somalia.

⁶³ Bhalla, Nita, "Kenya orders closure of Dadaab Refugee Camp this year, according to leaked U.N. document," *Reuters*, 29 March 2019, available online at: <https://www.reuters.com/article/us-kenya-refugees-somalia/kenya-orders-closure-of-dadaab-refugee-camp-this-year-according-to-leaked-un-document-idUSKCN1RA1FN>, last accessed on 15 May 2020.

⁶⁴ HIPS report 2017: Durable solutions to Somali Refugees.

⁶⁵ January 2019, *Labour Market and Service Skills Assessment In Selected Locations – Somalia Report*- Altai Consulting,

⁶⁶ C.M. Daniels, G. Anderson, B. Ali, August 2014, Evaluation of the 2017 Somalia Humanitarian Cash Based Response, Cash Working Group.

⁶⁷ January 2019, *Labour Market and Service Skills Assessment In Selected Locations – Somalia Report*- Altai Consulting.

3.7 People with disabilities

Due to the protracted civil war, Somalia has one of the highest rates of people with disabilities (PWDs) on the entire African continent. Though there are no surveys providing disaggregated data on disability in Somalia, the United Nations estimates that 15% of any given society is disabled; given the impact of the protracted conflict in Somalia, it is reasonable to estimate that PWDs make up at least 20% of Somalia's overall population of 15.7 million, or about 3.1 million people.⁶⁸ Their access to any kind of employment or education is slim to none due to attitudinal, environmental and institutional barriers. These barriers, combined with poverty, insecurity, environmental disasters and lack of development have placed PWDs at the very bottom of the economic and employment ladder. Therefore many Somali employers have deeply embedded negative stereotypes towards PWDs. "They see us as kind of pathetic beings who can only survive on charitable gestures," said one disability activist in Mogadishu.

Many PWDs are of working age, but almost no one in the private or public sector will take the risk of employing them. The overwhelming majority of PWDs are unskilled and uneducated. The very small number of PWDs who can access education, even at the university level, rarely find jobs. Out of the 15 men and women with various disabilities interviewed for this study, only two were in any kind of employment, and even those were on temporary contracts. None knew of any other PWDs with jobs.

A former physician who was paralyzed in an accident told interviewers he was unable to continue his profession. "Clients saw me as a patient and found it hard to accept me as a doctor," he said. Another wheelchair user who currently works for a big company in Mogadishu said that he is forced to get out of his wheelchair and crawl because his workplace has no access ramp. There are no legal requirements regarding accessibility in Somalia. Interviewees said that even mosques have too many unnecessary stairs, meaning PWDs often cannot go to worship. PWDs from the diaspora who have better connections and better access to the elite are the most likely to find work.

Extra barriers based on gender and type of disability were observed during this study. For instance, people with visual and/or hearing impairments tend to have little or no prospect of employment while people with mobility issues, like wheelchair users, get slightly better access to employment and education. Women with disabilities, regardless of their impairment, have a very low chance at education, employment or even a family life. They bear the burden of social bigotry based on sex and disability – a difficult combination almost everywhere.

⁶⁸ Rohwerder, B. (2018). Disability in Somalia. K4D Helpdesk Report. Brighton, UK: Institute of Development Studies; Amnesty International, (March 2015). Somalia: Prioritise Protection For People With Disability. Fact-finding mission on disability in Somalia. Publication of the Amnesty International.

3.7.1 Legal instruments on equality and employment for PWDs

The Provisional Constitution of the Federal Government of Somalia upholds the principles of respect for human dignity and inclusivity under which every Somali should have equal rights and opportunities regardless of their disability/ability, age or gender. However, systemic cultural, environmental and institutional gaps make it impossible for PWDs to find employment and to be full participants in society on an equal basis with their non-disabled peers.

Article 27 of the United Nations Charter on the Rights of Persons with Disabilities (CRPD), to which Somalia was the most recent country to accede in 2018, unequivocally explains states' obligation to create conducive employment opportunities for PWDs. It compels states to ensure that PWDs can gain a living in a labor market and work environment that is free, open, inclusive and accessible. However, all guarantees of basic human rights for PWDs as enshrined in the national constitution and the international treaties to which Somalia is a signatory are confronting frightening economic, social and political challenges that have made them impossible to achieve to date.

But there is some hope. Since April 2018, the FGS has shown a serious commitment to PWDs and has taken some tangible actions. It has ratified the CRPD, passed the establishment act of a yet to be inaugurated semi-independent state agency for all affairs related to disability and is currently developing a National Disability Law, the first of its kind in Somalia. This law will create a set of interdependent rights, including the rights to employment, education and political representation.

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Since April 2018,
the FGS has
shown a serious
commitment
to PWDs and
has taken some
tangible actions

3.8 Existing enabling environment

The existing environment poses serious challenges to employment generation in Somalia. This, coupled with insecurity, political instability and the absence of policies or regulations, has continued to hamper investment drives. Many job seekers who would have embarked on self-employment are unable to do so because of the unfavorable enabling environment. Others who attempt to start businesses are forced to wind them up due to the absence of labor regulations and the lack of an overall rule of law, property rights and a sound policy environment.

3.8.1 Security and political challenges

Somalia's security situation has been cited as a key challenge affecting overall economic development. Interviews with stakeholders revealed that many jobs could have been created through investment in productive sectors had the security situation not signaled that Somalia is an unsafe place for such investment. A private sector employer in Kismayo stated: “We are unable to create jobs and farm due to chronic insecurity posed by Al-Shabaab on the road. If you come out of your home, the chances of surviving attacks are very slim. We need to address and fix insecurity and political instability.”

The agriculture sector, which employs 46% of the working age population,⁶⁹ has been under pressure in southern Somalia due to the attacks and heavy taxes imposed by Al-Shabaab. As a result, many people in this sector have been internally displaced, increasing the unemployment rate.

Many key informants and focus group participants also identified political uncertainty as a key challenge for employment creation and labor market development. Political instability discourages capital inflow and investment in productive sectors and impedes economic development.

The current political landscape remains extremely fragile due to the following major challenges:

- Political stalemate between the FGS and the member states due to disagreements about power sharing, resource generation and revenue collection;
- Weak capacity of federal and state institutions;
- Continuing attacks by Al-Shabaab; and
- Clan conflict.

3.8.2 Policy and regulation

A sound regulatory and policy environment is an important building block for labor participation and the creation of gainful employment. Labor regulation involves establishing structures that promote workers' rights such as decent wages, healthcare and safety at work. This can be realized through the development of proper regulations highlighting workers' freedom to form trade unions and carry out collective bargaining. Workers in Somalia face low wages, a poor working environment, unfair dismissals, inadequate occupational health and safety and inadequate social protection.

“Our country has limited or nonexistent policies to regulate the labor market. Puntland has labor policies, but we couldn’t accomplish this due to lack of capacity and budget constraints.”

State government official

“The [employment] act that we are going to pass in parliament will bring resolution in the near future. Many regulations are attached to it, like guidance that says recruitment should be clear and fair and offer equal opportunities. When regulations like the constitution are passed, it will create an environment that will encourage investors to come, even foreigners.”

Federal government official

“The plan of the ministry should be first to establish a law that can regulate workers and institutions. If we do that then the public and private sector will create jobs. The government should provide a suitable environment that makes it easy to create jobs such as infrastructure and regulations.”

Private sector manager

⁶⁹ 2014 ILO report: Somalia Labor Survey.

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The lack of labor market policies and regulations is one of the main impediments to employment creation and investment in productive sectors

Prior to the civil war, Somalia had a labor code and a national employment policy. However, these policies that protect workers were not upheld through the various changes in federal and state governments. Several key informant interviews and focus group discussions noted that the government's focus is often on security, politics and public financial management, while employment and inclusive human capital development are almost afterthoughts. They highlighted the need to formulate and implement labor policies and regulatory mechanisms to address the employment gaps. Existing laws or labor codes also need to be extended to the informal economy.

The lack of labor market policies and regulations is one of the main impediments to employment creation and investment in productive sectors. Participants in this study said that a lack of labor regulations has led to neglect of workers' rights, resulting in unfair dismissals and poor salaries that leave the workforce vulnerable. The private sector – encompassing formal and informal sectors – remains the primary employer and is not subject to any labor regulations, undermining a cooperative approach to working that would promote productivity.

There have been some attempts to create new employment creation policies. The Ninth National Development Plan (NDP-9) for 2020-2024 sets Somalia's future policy goals as: increasing economic growth by developing productive sectors such as agriculture, fisheries and livestock to create jobs; creating an enabling environment for the private sector to promote growth and generate employment; and building the government's capacity to regulate and enforce fair and transparent operations within a sound macroeconomic framework. However, the NDP offers no clear indication of how the government will pay for the proposed national agenda for job creation.

Another positive development is the 2019 National Employment Policy. This aims to be a comprehensive and overarching policy document to ensure coherence across the existing documents that have human resources and employment as crosscutting issues. While a positive step, anecdotal evidence suggests that this document has so far had little impact in refocusing the policy debate. Many policies have already been written and more are being developed – the challenge is getting them to all work coherently together.

4. Conclusion and Strategic Intervention Framework

4.1 Conclusion

Somalia has made great strides in economic and social development over the last decade. However, political instability, insecurity and lack of clarity over regional and federal responsibilities continue to create obstacles. Political infighting and the lack of a permanent federal constitution are also major impediments to the formulation of a framework and guidelines for TVET and education institutions.

Working together at the federal and regional level will help lawmakers to formulate policies to bolster stunted sectors, unlock social and economic development and lower unemployment. TVET training and programs designed by international partners do not always reflect the needs of the labor market and therefore do not result in any meaningful long-term impact on unemployment. Although some programs enable beneficiaries to embark in entrepreneurship, the lack of available credit plays a major role in the failure of these programs.

Some industries are experiencing encouraging levels of growth. For example, the construction sector has grown over the last few years due to returning diaspora members who have invested in new hotels, homes and commercial buildings. The long-term impact remains to be seen, as most of these projects involve several weeks or months of casual labor with no long-term impact on local unemployment rates. The indirect effects of such reconstruction are nonetheless welcome, and should trends continue toward increased security and political stability, then construction has every reason to continue in urban centers like Mogadishu, Kismayo, Bosaso and Garowe.

In cities like Baidoa where construction has not yet taken off, other industries such as tailoring, aesthetics and agriculture have seen improvement. Regional authorities should roll out regulatory frameworks to promote training aligned with sectors that give these regions comparative advantages such as agriculture and fisheries. Productive sector-based human capital investment will have long-term positive implications for employment creation and economic growth.

Greater efforts toward mainstreaming and inclusion for marginalized groups into these industries are needed. Training programs and educational curricula would benefit from a coherent and unified framework that exploits the resources and sectors readily available and would promote economic growth. Integrating women, IDPs and returnees would offer opportunities for skills development and transfer, as many within these groups possess agricultural and other skills that could be beneficial. IDPs' lack of access to basic amenities and services impedes growth and leads to insecurity. Similarly, large numbers of unemployed youth could be coerced into joining extremist groups if no jobs are available.

4.2 Key labor strategic interventions

Relevant actors at all levels need to implement a wide range of effective strategic interventions to promote viable, inclusive labor markets as well as human capital development. Clearly this must include focused and urgent efforts to promote productive jobs for youth; align skills training (TVET, etc.) with “demand-driven” industries; develop new national labor policies and strengthen existing ones to protect and promote the employment rights of the marginalized (including women, PWDs, IDPs, etc.); promote transparent, merit-based recruitment approaches by employers; develop and promote effective regulations and policies to guide labor markets and job creation; protect workers' rights; and strengthen the regular collection and dissemination of comprehensive national labor and employment data.

The below Table 4 provides a proposed strategic framework to address existing constraints. It is a multi-pronged strategy to promote employment creation in Somalia.

5. Annex: Labor Strategic Framework

Table 4: Labor Strategic Framework for National Human Capital Development of Somalia

Strategy	Constraints	Potential stakeholders	Interventions
<p>Designate youth unemployment as a national crisis and embark on large-scale employment generation initiatives</p>	<p>Somalia's youth unemployment is reported to be over 70%, resulting in persistently high levels of poverty, irregular and dangerous migration and increased recruitment by radical groups. Inadequate investment in youth employment in the private and public sectors, skills mismatches, a lack of soft skills and backward societal attitudes towards some professions are among key constraints to youth employment</p>	<p>Ministry of Labor and Social Affairs (FGS and FMS)</p>	<p>Align efforts among policy-makers, donors and other stakeholders from high-growth industries to promote skills training and job matching in the service sector, telecommunications, finance and banking, hospitality and food services</p>
		<p>Ministry of Commerce and Industry (FGS and FMS)</p>	<p>Promote investment in critical infrastructure to promote access to essential services and increase the ease and lower the cost of doing business</p>
		<p>Ministry of Planning, Investment and Economic Development (FGS and FMS);</p>	<p>Increase access to high-quality business development services and entrepreneurial skills training to modernize and make more competitive micro, small and medium-sized enterprises (MSMEs) and new start-ups</p>
		<p>National civil Service Commission;</p> <p>Chamber of Commerce</p>	<p>Increase access to credit and finance schemes for MSMEs and align them with business development services and entrepreneurial skills training</p>
		<p>International development partners</p> <p>Local and Foreign investors</p> <p>Local and international NGOs</p>	<p>Revitalize and develop public works programs to create jobs for unskilled workers and provide technical skills training, internships and apprenticeships</p>

Strategy	Constraints	Potential stakeholders	Interventions
<p>Align TVET with the labor demands of nationally prioritized productive and service sectors</p>	<p>Productive industries have difficulty finding skilled workers, citing skills mismatches and jobseekers who overstate their qualifications and lack demonstrable skills. Students often choose coursework that is not aligned with labor market demand and higher education institutions put minimal effort into career counseling based on labor market data. Students are not directed toward the most productive sectors of the economy such as agriculture, livestock and fisheries</p>	<p>Ministry of education, culture and higher education</p>	<p>Coordinate efforts among MoPIED, MoLSA, and MoECHE, to establish labor demand data for graduates from accredited universities to align the supply of graduates with actual demand</p>
		<p>(FGS & FMS)</p>	<p>Prioritize the provision of transparent earmarked budgets to attract and invest in professional training for areas of national importance such as medical services</p>
		<p>Ministry of Labor and Social Affairs (FGS and FMS)</p>	<p>Implement career counseling strategies at educational institutions that are harmonized with FGS and FMS strategies to promote growth in key productive and service sectors and align skills training with labor market needs</p>
		<p>Education umbrellas</p>	<p>Introduce industry-specific job placement centers aligned with industry associations, chambers of commerce and other relevant actors with knowledge of market demand</p>
		<p>Private TVET schools</p> <p>International partners</p>	<p>Align national internship programs with TVET to provide applied skills experience to the public and private sector, help students demonstrate skills and improve direct employment or self-employment</p>

Strategy	Constraints	Potential stakeholders	Interventions
<p>Strengthen existing national labor policies and develop new ones to protect and promote the employment rights of the marginalized and disadvantaged individuals and/or groups</p>	<p>High unemployment and intense competition for paid work, combined with employers' cultural biases and prejudices toward the disabled as well as unwillingness to extend additional efforts to workers requiring additional time, attention or accommodation has resulted in discrimination, barriers and marginalization</p>	<p>Ministry of Labor and Social Affairs (FGS and FMS)</p>	<p>Promote legislation to combat employment discrimination, including protection and affirmative action for women, PWDs, IDPs and other marginalized groups, accompanied by national education campaigns on inclusive employment, including those to increase awareness of women's rights under civil as well as Islamic law</p>
		<p>Ministry of Women and Human Rights (FGS & FMS)</p>	
		<p>National civil Service Commission</p>	<p>Provide incentives such as tax breaks, conditional access to government contracts and national recognition to employers who hire workers with disabilities</p>
		<p>Labor unions</p>	<p>Establish gender-specific and targeted class indicators and require employers to report employment data to ensure compliance with anti-discrimination legislation</p>
		<p>Chamber of commerce</p>	
		<p>Civil society</p>	<p>Promote access to finance for business owners who are women, PWDs, or otherwise marginalized via established micro-lenders, the newly formed Gargaara Apex Development Finance Institution or other qualified and capable sources of finance at the national and FMS level</p>
<p>Establish guidance for employers on evaluating disabled applicants' qualifications for employment</p>			
<p>Encourage employers to promote equal opportunity recruitment approaches that allow PWDs to reach the interview stage and receive a reasonable and appropriate evaluation of their abilities</p>			

Strategy	Constraints	Potential stakeholders	Interventions
<p>Promote transparent merit-based recruitment practices to overcome nepotism, favoritism and cronyism in employment</p>	<p>The prevalence of nepotism, favoritism and cronyism in the public and private sectors causes job seekers to become disillusioned and discouraged when personal connections, not professional qualifications, make the difference in hiring decisions</p>	<p>All ministries and departments (FGS and FMS)</p> <p>National civil Service Commission</p> <p>Chamber of commerce</p> <p>Private sector employers</p> <p>NGOs</p> <p>International partners</p>	<p>Establish guidelines for online job boards that match openings to skill sets and qualifications independent of personal affiliations and adopt best practices to ensure equal opportunity</p>
			<p>Establish industry-specific skills verification frameworks that certify qualifications, and encourage employers to require such certifications, thereby rewarding qualifications over connections</p>
			<p>Establish legislative safeguards to require transparency in recruitment processes and restrict nepotistic or clan-related appointments</p>
			<p>Establish an independent ombudsperson under the MoLSA to hear labor complaints and provide recommendations to remediate unfair hiring practices</p>
Strategy	Constraints	Potential stakeholders	Interventions
<p>Develop and promote effective regulations and policies to guide labor markets, spur job creation and protect workers' rights</p>	<p>Employment and labor laws need to be reviewed and harmonized to produce an environment that promotes flexibility, competition, productivity, improved terms and conditions of employment and equal employment opportunities. Ineffective labor laws, the absence of unified labor policies and the lack of legal enforcement are key impediments to employment creation</p>	<p>Ministry of Labor and Social Affairs (FGS and FMS)</p> <p>National civil Service Commission</p> <p>Labor unions</p> <p>Chamber of commerce</p> <p>Private sector employers</p> <p>Civil society</p>	<p>Develop, adopt, review and enforce federal and state labor laws and regulations to ensure appropriate coverage and protection of all categories of workers (public and private)</p>
			<p>Update and enforce laws and policies that protect local jobs for qualified Somali citizens</p>
			<p>Develop, review and harmonize existing labor laws and policies in consultation with stakeholders</p>

Strategy	Constraints	Potential stakeholders	Interventions
<p>Strengthen the regular collection and dissemination of comprehensive national labor and employment data</p>	<p>Scarce and inaccurate data is a major impediment to the labor sector. Foreign and domestic investors presently lack reliable access to the data they need, and in its absence they are cautious and often stay on the sidelines rather than investing in ventures that would create employment.</p>	<p>Ministry of Planning, Investment and Economic Development (FGS and FMS)</p> <p>Ministry of Labor and Social Affairs (FGS and FMS)</p> <p>National Bureau of Statistics</p> <p>National civil Service Commission</p> <p>Chambers of commerce</p>	<p>Increase support for national labor data collection through collaboration with a National Bureau of Statistics and relevant employers from the private and public sectors</p> <p>Establish effective collaboration among federal and state governments as well as other stakeholders in collecting and disseminating labor data</p> <p>Establish regular reporting requirements through online portals or other methods for educators, employers and other stakeholders to file updates</p>

