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Challenges Facing Agribusiness Sector in Lower Shabele Region, Somalia

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Agribusiness is a big industry in Somalia country in rural and urban towns. It has been a challenge to manage this profitable business and the risks surrounding this field made it inefficient and non-profitable. This study focuses on agribusiness challenges including infrastructure gaps, financial constraints, humanitarian gaps, security patterns and the absence of government roles. The study employed and interviewed agricultural experts and small farmers and conducted observations in agricultural lands in the Lower Shebelle region. Agricultural experts who were interviewed addressed the problems faced by agro-business persons, including infrastructure gaps such as rough roads, non-functional irrigation systems, insecurity, floods, and labour force migrations that were specific negative impacts on the local communities. The harvested crops especially cash crops, perish during the wet seasons on the farm because of the inaccessibility of roads, which causes a delay in lead time and high transportation costs that result in exit farming to the urban lifestyle. The labour supply from rural households had decreased due to unemployment, insecurity, and land disputes between the domain clans and the local people resulting in clan conflicts in the region. These difficulties have been experienced for the last two decades, which impacted the decline of agri-businesses and agricultural productions, and escalated labour force migrations to the major cities also fuelled the displacements to urban towns. In addition to that, the Al-Shabaab, clan militias, and other unidentified persons imposed illegal double taxations levied on products that increased costs of production and finally caused high price margins and a decline in production capacity.

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INTRODUCTION

In the context of Somalia, there were few agricultural exports since 1991 because of the collapsed institutions in the agricultural sector, but most of the farm holders produce mainly cereals and fruits for household consumption where the surplus units are transported to the urban markets for cash exchanges which they manage for the cost of production, delivery, and household bills, but most importantly, global sourcing created new opportunities for labour demanding and resource-intensive export from low labour cost locations. In addition to that, in Sub-Saharan nations where the small farmers estimated 90% of agricultural production and 73 of Africa's poor rural, this chance could be very important for poverty reduction; thus, incentives and motivation to small scale farmers in emerging countries and can therefore give them access to inputs such as the fertilisers and subsidies, modern technologies, skills and agricultural training to the farmers in order to be managed production efficiency (Brown & Sander, 2007).

Somalia's context was well known for quality agricultural production, mainly banana trees that used to be exported to Europe constituted 20% of the GAP and Gulf markets near a century. The banana was only the profitable industry which was labour intensives of agricultural products, but after 1991 the strongest market existed for businesses was Somali Fruits Company which was an Italian business entity agreed proportionate of 51%, and the Somali government was receiving 49%. Somali fruits have been managed 7000 hectors, thousands of skilled and non-skilled labour forces, a large network of transportation vehicles, considerable agriculture supporting service, and banana processing and packaging facilities (Jeilani, 2016).

The considered determinants of agricultural production are climate and farming and livestock yields which were directly affected by the changes in climate factors such as temperature and precipitation and the frequency and harshness of severe events like droughts, floods, and wind storms (Adams et al., 1998; Junaidu et al., 2017).

Disasters such as drought and flooding can cause terrible damage to crops. Countries in South Asia and parts of Africa, some of which have the world's fast-growing populations, could lose more than 5% of their growing season, the FAO forecasts, placing an estimated 370 million people at risk due to diminished food security. Experts say policies and technologies to adapt crops to climate change and enhance water supplies will be needed (Johnson, 2011).

In some contexts, farmers have limited ability to cultivate large scale farms, and also, few farmers have the resources and materials for agricultural production and make a significant contribution to minimise hunger in the country.

The challenges of climate change on food production had a negative impact on farmers and the urban dwellers who consume the local foods. Also, the climate change also caused the routine rainfall of the four seasons in Somalia to decrease, causing the livestock herders and farmers to move from their rural places to urban areas seeking better lives (UNHCR, 2016). Others turned to cutting trees for charcoal selling, which is the main factor to deforestation that resulted in hot weather and climate changes in Somalia.

The security situation in Lower Shabelle has deteriorated and put further pressure on the Business operations in the region. This has weakened the ability and coping tactics of the local community that caused the displacement of

thousands of business owners in search of peace, livelihood and stability.

The supply chain management and marketing section have cross functions in the business's philosophy but performing and developing strategically; it should be formulated for policies and procedures directing to the best way of efficiency. Therefore, in order to address the problems with agricultural marketing, the government of Tanzania is currently formulating a new Agricultural Marketing Policy (AMP), which is aimed at addressing problems in agricultural trade and facilitating the use of agricultural marketing as a means to enhance economic growth (Eskola, 2005).

The Ministry of Agriculture and Irrigation of the Federal Government of Somalia promoted the establishment of policies and restructuring of the agricultural system and encouraging agribusinesses, including microfinance at community-based levels, improving agricultural co-operatives, supply and value chain initiatives with the support of external aid from international partners (Agriculture, 2020). However, a lack of funding capability may limit the ongoing efforts.

Multi problematic issues are facing Somalia's agricultural production since the collapse of the central government. The challenges of production and agri-business decline are affected by lacking irrigation system, which was not maintained for a long time and many farms now depend on rain-fed for their land (FAO, 2005).

Empowering agri-business may increase the productivity of the crop production because the market price more or less becomes functional and investors and international NGOs encourage farmers to increase their productivity in both cereals and cash crops, as seen in many parts of Somalia.

Consumers can vote, protest, grow food in gardens, participate in community-supported agriculture, and choose foods which reflect their values, but most of these activities require some level of expertise to engage in (Berardy, 2015).

In the researcher's experience, Farmers have no better knowledge and skills in agribusinesses and marketing skills but survive on traditional systems. So, environmental degradation and resource use in agriculture are threats to food production.

LITERATURE REVIEW

Somalis' Agriculture and agribusinesses have been in poor conditions in the last two decades since the central government of Somalia collapsed, and the absence of policies and rules caused migrant agricultural professionals, which brought to decrease in productions capacities (Agriculture, 2020). This literature review illustrates supportive agribusiness methods, including crop production, supply chain, infrastructure, humanitarian support, and effects of climate change.

Agribusiness Contribution to Economic Growth

The increased importance of quality in agribusiness and food production has been one of the most important developments in the latest years, whereby consumers are demanding higher quality ever, and producers are becoming increasingly aware of the benefits in terms of stronger customer loyalty, less vulnerability to price competition, increase in market share and so on (Trienekens et al., 1996).

Crop Production

About 75% of the people in developing countries in rural areas are poor, and they rely on agricultural production, cultivation, producing crops, and giving consideration to reducing poverty (Gruère et al., 2011). Likewise, Zimbabwe's amazing agricultural production, especially cereals, is that it increased maize production by smallholder farmers in the 1980s and it is another example of Africa's green revolution conquest story (Eicher, 1995). Smallholder farmers in Zimbabwe tripled maize production between 1980 and 1987 and increased their share of the national marketable maize

surplus from 10% in 1980 to 40% in 1987 (Machethe, 2004).

There has long been a broad agreement amongst donors and developing countries that agricultural growth will directly benefit the poor rural and will develop the urban standard of living by reducing food prices. For the poorer developing countries, growth is dependent on increases in agricultural productivity, which provides sufficient food for the non-agricultural population (Thirtle et al., 2001).

Sub-Saharan Africa (SSA) is an important world region in terms of crops and livestock production. Various agricultural commodities are produced in the region for consumption and exportation to different parts of the world, which are used as food and as well as raw materials in numerous industries for processing into different types of finished products for consumption (Junaidu et al., 2017).

In rural development literature, agriculture is considered the best tool to minimise rural poverty. In most developing countries, agriculture and agriculture-related activities expand most of the employment in rural villages, but the implication is that agricultural labour is considered unskilled and paid low wages at the same time rising agricultural development that changes the lives of those in poverty (Lopez, 2002).

Farmers can increase their revenue via cooperative business ventures, for example, the Rice Farmers Association of Nigeria (RIFAN) is currently looking for collaboration with the Competitive African Rice Initiative (CARI) and other African countries to raise rice production and export within the continent (Online, 2017). The corporations seeking to increase rice production would increase the livelihoods of the people and also increase income to the local community in that corporation. (Tull, 2017).

Supply Chain

Some countries are approaching agricultural value chain upgrading in agri-business, such as

Ethiopia, Kenya, South Africa, Tanzania, and Zambia. (Tull, 2017). The produced food supply is consumed whereby the surplus units are transported to markets for business purposes; therefore, the agri-business reason is to create opportunities and generate income which consequently contributes to the economic growth in the country. On the other hand, the governments conduct policies and procedures, give rights, and establish irrigation systems, road infrastructure, and agricultural materials that promote the production level. The above factors have positive and negative relationships in the development of agricultural systems and agricultural supply chains to the last consumers. The supply chain factors affecting the agribusiness are information technology, supply chain structure, customer demand, and the lead time; those have to be managed well and give consideration to an appropriate supply chain, and the level of food can bring more reliable products to the last users (Trienekens et al., 1996).

Infrastructure

The government expenditure on infrastructure developments has effects on agricultural production because it increases productivity. Investments in irrigation farming by the governments are direct infrastructure and also raise the returns of the investors, which then attracts greater investments and agricultural productivity (Binswanger & Khandker, 1992).

Until very recently, the direct impact of infrastructure was not perceived to be an important means for poverty reduction, but infrastructure has multiple links to poverty reduction. As highlighted in the World Bank's Annual Report 2001, it is realised that improved infrastructure helps create jobs and raise worker productivity, saving time and human effort in transporting water, crops, wood, and other commodities (Fan, 2004).

Humanitarian Support

The contribution of food and agricultural organisation (FAO) on an area estimated 31026

out of 360,000 Ha had made a relief from locusts outbreaks in Somalia by employing three helicopters to fight the locusts in the south and central of Somalia and as well as the northern part of the country. On top of that, 18 vehicles were assigned to combat the outbreaks of the locusts, and the other 15 vehicles were hired to conduct assessments of the area affected. Twelve vehicles mounted sprayers and backpacks were delivered by FAO to the ministry of agriculture of the federal government of Somalia. Natural-based biopesticide was contributed with less harm to Somalia for controlling this outbreak and direct financial aid of 24 million dollars and as well as initiating Desert Locust controlling unit that will be financed directly by FAO (FAO, 2020).

Climate Change

An accelerating and complex feedback round occurs in which greenhouse gas emissions from agricultural production worsen global climate change, which in turn undermines agricultural yields (Schlenke & Roberts, 2009; Vermeulen et al., 2012). This, in turn, reduces the ability of small farmers to invest using better technologies, especially in developing countries, and expansion of resources, further increasing vulnerability (Vermeulen et al., 2012; Berardy, 2015). In Somalia, agriculture and agri-business farmers are not adopted to greenhouses, but large open agrarian lands are cultivated through rain-fed and irrigation systems where mostly the climate conditions are hot, in contrast with some countries affected by spring ice greenhouse gas emissions. So, floods in Gu/Hagaa seasons are the main problems that cause a decline in production capacity (Duale & Owour, 2016). Droughts in the dry season and floods in the wet seasons experience Somalia's agricultural investors; therefore, the researcher is not putting much effort into investigating the above two factors of droughts and floods relationships but focuses on the challenges of the farmers' value chains.

Agricultural activities in Africa are likely to be unresponsively affected by climate change "because of uncertainty regarding the effects of higher carbon concentration on plant growth, or

carbon fertilisation". Climate change will reduce world agricultural production capacity by about 16% by the 2080s (Bigi et al., 2017). Other studies are more positive; however, there is a wide consensus that, even if a moderate increase were the result at the global level, there would be severe losses for several countries and regions, mainly those in the developing world. For example, it is predicted that India and a large number of countries in Africa will still face major losses in crop yields (Bigi et al., 2017).

Periodic rains of Gu, the season in Somalia in the months of (April-June) and Hagaa season on the months of (July-September 2020) has choked flash floods, breaks of river banks and displaced hundreds of thousand people in lower Shebelle region, south-west state, especially Afgooye and Wanla-Weyn districts. The river reached the highest level, more than the maximum level that caused floods over the above two districts and their hosting villages. The floods created more displacements and destroyed household properties, social centres, schools, roads, crops, and other valuable assets (Ngo et al., 2020).

METHODOLOGIES

To achieve the objectives of the study, the researcher utilised interviews with 26 extension experts and the agribusiness sector in the Lower Shabelle region, Somalia. Therefore, the researcher used the Kobo toolbox to collect the data due to the remote of the respondents. The duration of the data collection lined for three days, while the selection criteria of the respondents were based on those above 20 and below 60 years of age. SPSS tool version 20 was used to analyse the data.

The objectives of this study are to investigate the current challenges of cultivating farms and agribusiness farmers as well as identify the reasons for labour migration and agribusiness contribution to economic growth in the Lower Shebelle region, Somalia.

RESULTS & DISCUSSIONS

The current challenges in the agriculture and agribusiness sector were discussed in this section, including the infrastructure gaps, security status, humanitarian issues, and labour migrations.

Demographic data analysis

The table below shows demographic data which were participated by 21 agriculture and agribusiness experts and five local farmers in the Lower Shabelle region. The 20 participants were male, and 6 were female. The mean age who participated in the data collection was 30, while the median was 29 years of age. On the other hand, 23 participants were university leavers, where one respondent was secondary, and two were primary gradulators.

Infrastructure Gaps

The infrastructure, such as roads, bridges, and irrigation systems, was the source of macroeconomic activities to support agricultural production and agribusinesses in Somalia. Over the past three decades, canals, dams, bridges, and roads have been non-functional and not rehabilitated during the conflicts, apart from a few small canals managed by the local NGOs. The poor irrigation infrastructure has been one of the major challenges for farmers and the agribusiness sector for the last three decades, as indicated by 66% of the respondents. The roads are very poor, difficult to transport and result from perishing the crops in the farms during the wet seasons as the extension officers have agreed by 70%. The market demand is obviously high, but the connections and the supply chains have been constrained and limited in reaching the markets.

The market demand is high, but in contrast, the availability of supply and the crop production is totally low due to the consequences of the inappropriate infrastructures, as specified the respondents by 63%.

Local conflicts and security status

Safety and security were the major identified obstacles that farmers are facing, including clan conflicts and restrictions made by the non-state actors, which was defined as the most problematic issue in the agribusiness sector. On the other hand, illegal double taxations are levied on products leading to increase production costs and finally causing high price margins.

The local conflicts have been one of the challenges that restricted farmers to go their farms and agribusinesses and lowered the economic activities in the region. 75% of the interviewees stated that there is evidence and distraction of the agricultural resources caused by the conflicts, whereas 62% of the respondents replied that the market access is difficult that caused by the clan conflicts. Shut down of the markets, cultivation, and transportation means caused economic turmoil.

Humanitarian Gaps

61% of the respondents responded that there is a humanitarian gap in the region that the UN and non-UN organisations conducting food distribution and cash voucher projects that each family member receives food equivalent to 40 dollars, and the local NGOs corrupt that fund and pay 35 dollars as cash deducting 5 dollars from each beneficiary as stated by one of the interviewees who is running contracted company in Marka district, lower Shabelle region. On the other hand, the monitoring and evaluation team sometimes manipulated their report after the financial agreement with local NGOs at their first meeting desk review, as noted by a senior officer in one of the local NGOs in the Lower Shabelle region Labour Forces.

Labour Migration

The labour supply from rural households had decreased due to a lack of jobs corresponded by 64% and has been experiencing it for the last decade, which negatively impacted decline in agri-businesses and agricultural productions,

escalating labour force migrations to the major cities. The displaced people currently live as IDPs in Mogadishu. In addition to that, the federal government is struggling to restore peace in the country and rebuild institutions from the ground, including the agricultural sector, which was the second economic source of the country.

Labour migration is a factor in decreasing production capacity and agribusiness. In the Lower Shabelle region, the labours are the basic driving factor for farming and agribusinesses but have been declining day after day for security purposes. 75% of the respondents stated that the insecurity was one of the biggest issues of migration and as well as droughts, while 83% agreed that it has affected the entire population and caused economic frustration to the household farmers, which consequently increased displacements, famine and livelihood problems.

CONCLUSION & RECOMMENDATIONS

The government role has been absent since the civil unrest eruption of 1991, and the current federal government has been struggling to functionalised government institutions destructed in the civil war, including agricultural and agribusinesses sector infrastructures.

This paper revealed to concentrate on agricultural infrastructure, including roads, irrigation systems, and open access to markets to increase production capacity. Agricultural production and agribusiness have been contributing to economic growth, and it was the second-largest source of economic activity in the country. The current situation of the agrarian lands in the Lower Shabelle region is in its worst situation because of the destruction of the required infrastructures that caused a decline in economic growth. The challenges of financial and non-financials have been found where farmers need subsidy and financial support, machinery capacity, rehabilitations of infrastructures such as roads, markets, and irrigation systems and as well as security trends that is a tremendously negative impact on the accessibility of agricultural lands.

Second, the lack of financial support and subsidies forced the small-scale farmers to discourage from cultivating farms. Following that, there is a lack of training in agricultural knowledge and marketing skills that could help strengthen the production capacity.

Therefore, the researcher recommends that the government deeply understand the root causes of the social problems and come up with solutions, including resolving land disputes, reviewing the policies of agricultural land legislations passed in 1975 of transferred tenure rights from the local farmers to the government of Somalia that was corrupted by the corporations and mismanaged the leases and leasehold rights that caused tenure insecurity which later caused displacements of the farm holders. Initiate relevant policies on agribusiness and agricultural farms and as well as to conduct reconciliations among clans, and come up with strategic plans to restore the infrastructures such as irrigation canals, roads and sea and airports, which are valuable infrastructures to the region.

The government has to operationalise the security forces to participate in the liberation process against the insurgents who are now occupying the most important agrarian lands in the Lower Shabelle region. This study is not enough to discover the current problems facing the agriculture and agribusiness farmers in the Lower Shabelle region but needs further study

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