



SOMINVEST

WHERE INVESTMENT MEETS OPPORTUNITY | www.sominvest.gov.so

YOUR GATE WAY TO
INVEST IN SOMALIA



Contents

05

5 Reasons to Invest in
Somalia's Energy Sector

06

Somalia's Political Economy

08

Key Market Trends and
Opportunities

10

National Capabilities

11

Government Provision and
Support

14

Energy Sector in Figures

15

Investment Momentum

17

SOMINVEST improved
capacity

18

Hydro power



5 REASONS TO INVEST IN SOMALIA'S ENERGY SECTOR



STRONG DEMAND FOR AFFORDABLE ELECTRICITY

The need for cheaper and reliable electricity throughout Somalia is high and growing, as evidenced by the expansion of independent power providers and the establishment of microgrids in a growing number of cities. As a largely agricultural economy, demand is high in the dairy and fisheries sectors.



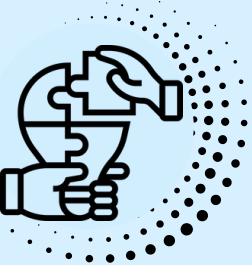
HIGHEST RENEWABLE POTENTIAL FROM ALL AFRICAN NATIONS

An average of 3,000 hours of sunlight per year, and one of the highest rates of irradiation in Africa (200 kW/M²). Wind speeds are near 20 miles per hour on average, which makes Somalia Africa's highest potential for wind energy, particularly along the coastline. Estimated generation potential in only four KM² could produce as much as the entire diesel and hybrid generation.



AFFORDABILITY OF RENEWABLE ENERGY TECHNOLOGIES

These have improved significantly over the past 10 years in terms of efficiency, operability, and cost of maintenance. These improvements have spurred the emergence of renewable energy solution providers throughout the country.



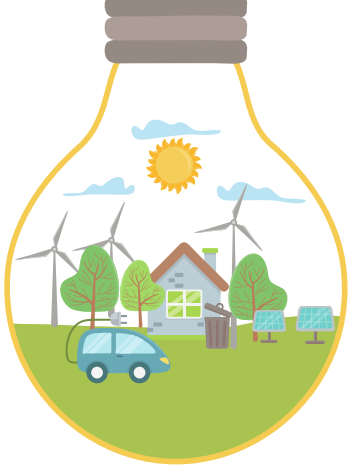
COMMITTED AND PROGRESSIVE GOVERNMENT-PRIVATE SECTOR COLLABORATION

The Federal Government of Somalia (FGS) is committed to creating a favorable environment for the private sector growth by creating the required regulatory environment, with sound business climate reforms; there is also a growing number of commercial banks and branches operating throughout the country, each looking to provide debt and other financial instruments to potentially profitable business opportunities.



PRIORITY SECTOR

FGS's 9th National Development Plan (2020-2024) lists energy as a national priority; stating its importance as a key enabler for sustainable economic growth, the flourishing of other industries, and productivity gains in the agricultural and manufacturing sectors.



SOMALIA'S POLITICAL ECONOMY

MACRO ECONOMIC & SECURITY CONTEXT

- The economy is growing consistently (from 2.8% in 2018 to 2.9% in 2019), due to a recovery in agriculture and strong domestic consumer demand. Inflation decreased (from 5.1% in 2018 to 4.4% in 2019) leading to a decrease in food prices.
- An improvement in the current account deficit (from 9% in 2018 to 8.3% in 2019) has been reported due to an increase in exports and a decrease in imports.
- Foreign Direct Investment has increased steadily in past years due to diaspora remittances and foreign investments in the telecommunications, financial, and construction sectors.
- The Somalia High-Frequency Survey 2019 (HFS) indicates that 70% of the population are youth.
- GDP is forecasted to grow at 2.9% in 2021 and 3.2% in 2022 (Source: AfDB).
- Security improvements, the normalization of relations with international financial institutions, and prospects for debt relief under the Heavily Indebted Poor Countries Initiative, together with development partners, Somalia is using targeted interventions to help meet its debt relief obligations.
- Current revenue collection does not provide fiscal space to spend on investment in both productive and enabling sectors of the economy.





KEY MARKET TRENDS AND OPPORTUNITIES

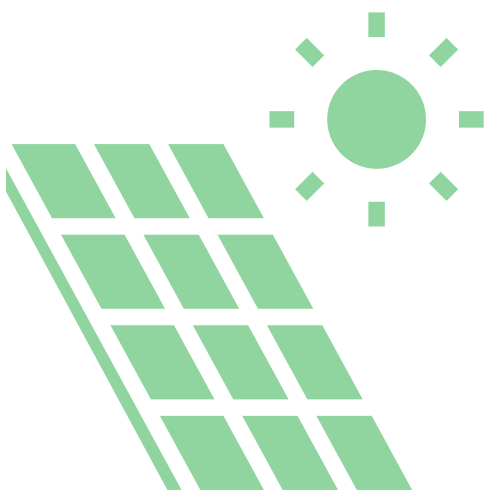
WIND POWER

The country could generate between 30,000 to 45,000 MW. wind and battery hybrid technology are already cost-competitive with diesel generation, particularly at the city grid scale and with the wind resources of Somalia.

Strong business propositions for the needed 10-15 city grids in the renewable power plants. The stand-alone greenfield nature of such projects makes them ideal candidates for FDI.

SOLAR POWER

Solar power could potentially be one of the main drivers of development for the energy sector in Somalia. The country also has one of the greatest solar potentials in Africa: Overall 3,000 hours of sunlight per year One of the highest rates of sun irradiation: 2000 kWh/M²





NATIONAL CAPABILITIES

PHYSICAL ASSETS



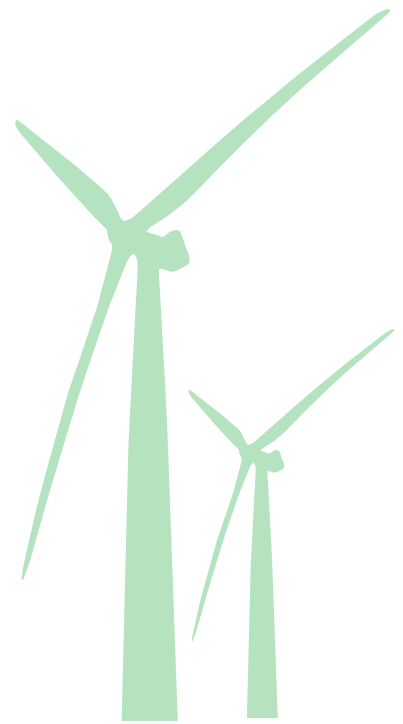
Size and population: Landmass of 637,000 km² and the longest coastline of Africa (over 3,300 kilometers) with an approximate 15 million population. An additional 2 million diaspora live across the globe. They are a homogeneous society that share a common ethnicity, religion and language.



Location: Somalia is situated on the most eastern tip of the African continent known as the “Horn of Africa”. It has been the Gateway to Africa for business and trade for millennia. This makes Somalia a dynamic meeting place where East meets West.



Border and Connectivity Somalia is bordered the Gulf of Aden to the North, the Indian Ocean to the East, Kenya to the South, Ethiopia to the West, and Djibouti to the Northwest. Somali communities are also found in Djibouti, Ethiopia and Kenya.



GOVERNMENT PROVISION AND SUPPORT

Energy is considered a top priority for Somalia's modernization and poverty reduction, by accessing modern energy carriers. FGS is undertaking energy market regulatory reforms to:

- Improve the efficiency of generation and supply systems
- Improve reliability of supply and bring down energy prices
- Increase the energy supply from both renewable and fossil fuel sources and as a result increase access to energy from 15% to 45% of the population by 2024; or 6% growth in access per year

The Government of Somalia has prioritized the development of an energy policy, strategy, and regulatory framework as well as in the recently cabinet endorsed National Investment Strategy (NIPS) to facilitate more private sector investment in alternative renewable energy.

It is also exploring the possibility of technically viable cross-border energy trade with neighboring countries.





ENERGY SECTOR IN FIGURES



Top 15%
for GNI expenditures on power
globally



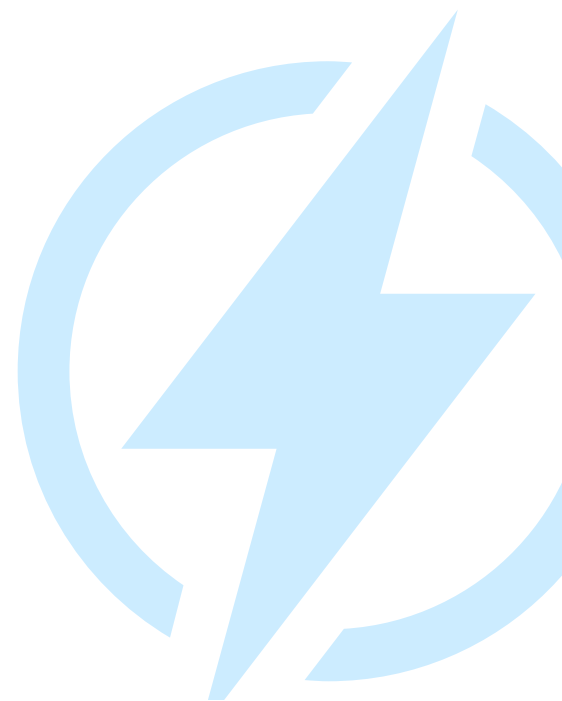
35MW
are provided by solar and
wind, with planned increases
in the near future



200MW
of generation capacity
provided by 20 players



2,000
kWh/m² potential excess that
solar power could generate



INVESTMENT MOMENTUM

INVESTMENT CLIMATE

Over 60% of investors have seen a general improvement in all of the main factors for their investment decision

Nearly 70% of foreign investors surveyed indicated that the ease of doing business is a critical factor for their decision to invest in Somalia, and 66% have seen a general improvement in the investment climate since then



A recent World Bank Group foreign investor survey highlighted that the majority (56%) of the private sector indicated that it was less difficult to invest in Somalia with the current legal framework for investment

Investor confidence has improved from 2016, when the majority (84%) of investors rated the environment to be 'poor', to 2020, when they rated the environment to be average (50%) or good (50%)



WASAARADA QORSHAYNTA
Wasaaradda Qorshaynta
MINISTRY OF PLANNING

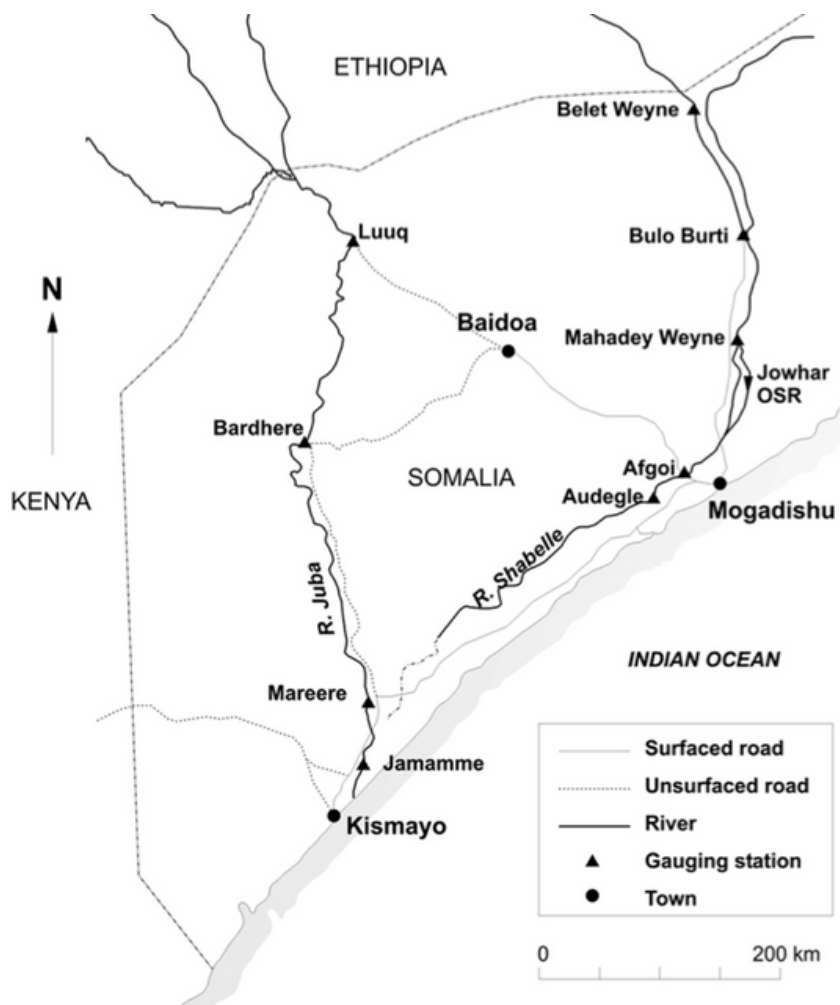
SOMINVEST IMPROVED CAPACITY

- Investment projects profiling
- Investor targeting and follow up on leads
- Improved coordination with key stakeholders (internal & external)
- Foreseen legal instruments, policies, and decisions
- Capacity building (business plan analysis, project profiling, monitoring & evaluation, investment marketing)
- Investor support and facilitation
- Advocacy for an improved foreign investment climate
- Re-brand Somalia positively abroad and at home



HYDRO POWER

Investment opportunities for small hydropower (around 100 to 120 MW) have potential along the Shabelle and Jubba rivers.





SOMALIA INVESTMENT PROMOTION OFFICE (SOMINVEST)

Address: Hussein Elabe Fahie Building Afgoye

Road-KM5 - Mogadishu, Somalia

<https://mop.gov.so/>

Email: : info@sominvest.gov.so

Tell: + 252 619 11 1530

