



Rapid Market Assessment Bosasso, Somalia December 2023

Introduction

Bossaso, located in Northern Somalia, serves as a vibrant commercial center for Puntland state and is a major seaport. Bossaso's economic vitality is anchored by the port, the revenue from which is a significant contributor to the city's economy, underpinning various sectors from logistics to trade. The strategic location of Bossaso makes it a gateway for both import and export activities.

Bossaso is not merely a point of departure and arrival for goods and people, but serves as a vital economic hub connecting the maritime routes with the crisscrossing hinterland paths of Somalia. The ports facilitate the convergence of sea and land trade routes, handling the flow of livestock that forms a significant part of the national economy. In addition to this, Bossaso is home to the headquarters of major telecommunication companies and banks. The city also has small-scale manufacturing units for sleeping mats, water bottles, cold drinks, shampoo and salt.

This report provides a brief overview of the market functionality, access to goods, supply routes, and the integral role of migrants (including refugees and asylum seekers) within the market system, in addition to addressing the challenges faced by traders and customers alike.

Market functionality

Bossaso's market serves an extensive demographic, including local host communities, IDPs, migrants (including refugees and asylum seekers), and people with disabilities (PWD). Market access is generally unhindered, with traders describing licensure processes as being straightforward. However, financial barriers present challenges for certain groups, particularly PWD and economically disadvantaged migrants, pointing to areas where market inclusivity can be improved.

The Bossaso market operates consistently throughout the week, with an increase in activity on Fridays, particularly noted for the trade of old clothes. The market supports an ecosystem of over 2000 traders, indicating a 10% growth from 2022. This uptick in trade is primarily attributed to the influx of traders relocating to Bossaso due to the Laascaanood conflict since early 2023, suggesting an adaptive response to regional instability. The reason for the traders moving to Bossaso, is the supply routes from Berbera were cut off due to the conflict in disputed areas of the Sool and Sanaag region of Somaliland.

Another event that marks the peak of livestock trade and an increase in demand is the annual Hajj pilgrimage - due to influx of different pilgrims and increased demand for livestock in the Gulf Cooperation Council (GCC) countries. This seasonality imprints a predictable rhythm to the market and dictates the movement and sales patterns of camels, cattle, sheep, and goats. Consequently, it also influences the scheduling and frequency of ships that transport these animals, contributing to the cyclical nature of maritime traffic in the region.

The market in Bossaso adapts to the annual rhythms of the livestock trade, with infrastructural and operational adjustments to accommodate the influx during peak seasons. Market operations demonstrate flexibility, with logistics and resources aligned to meet the demands of both the hinterland supply lines and the maritime shipping needs.

Supply Routes and Availability

The city's role in the distribution of commercial goods is pivotal for the flow of goods countrywide. The transport and logistics systems of the city facilitate the movement of a diverse range of products, sustaining supply chains that feed markets throughout Somalia. This distribution network not only supports regional trade but



also contributes to the stability and growth of the local and national economy. However, the capacity of the port and logistics remains limited in terms of handling additional cargo.

Traders in Bossaso reportedly procure a range of goods from international and domestic sources. Commodities such as food staples and electronics arrive from Dubai and China, while fresh produce like fruits travels from within the country.

Key commodities, as reported by Key Informant Interviews (KIIs), arrive from different sources: rice and sugar from India, Pakistan and Brazil, transported through Dubai; wheat flour and tinned milk are procured from Dubai; cement and construction materials are sourced from China and routed through Oman. Fuel and plastic products also come from Dubai, but the plastic products are sourced from China. Clothing items predominantly are brought in from Dubai but have diverse origins including China, India, and Turkey. Car and mechanical spare parts, as well as electronics, are imported from China and India, with cars being imported from Japan. Food, non-food items (NFI), and clothing supplies are primarily sourced from Dubai and China.

In terms of local produce, vegetables are primarily reported to be coming from Beletweyne and Mogadishu supply routes, with occasional imports from Yemen during periods of restricted access while potatoes and onions are sourced from Ethiopia.

The Bossaso market's value chain is not just limited to commodities but extends significantly to livestock, which are often sourced from expansive regions, including northern parts of Kenya and the lowlands of Ethiopia. This trade is transboundary – it exemplifies economic activity that transcends national, ethnic, religious, and geographical divides. It involves a complex network of herders, traders, and brokers, each playing a critical role in a supply chain that stretches across the Horn of Africa. Along with livestock, export of dried lemon and fish remain important export commodities.

The main supply routes are predominantly maritime. The **Dubai to Bossaso sea route** is the most crucial. Transportation from Dubai to Bossaso, by the sea route, typically takes around 20 days, with no significant differences between dry and wet seasons. Traders often group together to hire a boat and share the high cost of transportation. The use of ships is also cost-shared among traders.

There is no fixed price for boat hiring; a trader might pay over USD 5,100 for a 40 feet container due to limited supply. The total cost includes the initial shipment to Somalia from Dubai (via Oman), fuel, engine oil, the number of days in transit, and taxes at multiple checkpoints.

Upon their arrival in Somalia, goods transition from sea to land transport at the port, whereby trucks are utilized for inland distribution. Internal supply routes are interlinked by tarmac roads, connecting Bossaso to key cities like Galkacyo, Beletweyne, and Mogadishu.

Particularly, during the summer months, Bossaso emerges as a preferred destination, as the turbulent seas render the port in Mogadishu inaccessible to incoming goods. Traders reported a preference for sending goods to Bossaso due to reportedly lower taxation rates as compared to Mogadishu. However, they also encounter challenges along the supply routes stemming from poor road and port infrastructure, which significantly hampers trade, particularly in the aftermath of recent floods due to El Niño. Taxation checkpoints dot the routes, where traders often find themselves compelled to pay taxes to armed actors in exchange for passage.

Moreover, in Bossaso, the supply chain faces challenges including the logistical complexity of switching boats (Dubai to Oman to Bossaso), the additional costs incurred from taxation at various points, the risk of goods

damage in transit and the rainy season which slows down transport of goods into the hinterland. Localized conflicts, including clan disputes and heightened tensions along the Red Sea, pose additional hurdles, impeding the smooth flow of trade and movement of goods. Traders interviewed during the assessment lament the impact of piracy, piracy to the soaring unemployment rates among fishermen and illegal fishing activities along the Somali coast. Adding to which, the presence of armed actor groups in Somalia poses a significant threat due to their financial motivations and security risks. With roads unsafe due to the presence of armed actors, therefore traders often have to make payments for safer passage.

In terms of seasonal changes, the routes typically remain consistent throughout the year, with occasional disruptions during the windy season (from June to August), when sea routes may be affected. Moreover, during the scorching dry months of the Jilaal season (December to March/April) and Haggai season (July to September), many retailers relocate to the southern regions of Puntland state, seeking relief from the sweltering heat and due to limited infrastructure to store perishable items, products often rot. Demand for water and food surged during this period, reflecting the seasonal shifts in market dynamics.

In the absence of major disruptions in the past, there did exist a stable but complex supply chain in Bossaso, one which required a careful navigation of logistical and financial hurdles. To improve the supply chain, stakeholders might consider strategies to reduce the cost and complexity of transport, such as negotiating better rates with shipping companies, or lobbying for reduced taxation and smoother customs processes.

Despite challenges related to security and access, the market in Bossaso is resilient, with a diverse supply chain and a robust demand for a wide range of goods. The increase in the number of traders either suggests economic growth or is fueled by regional conflicts.



Livestock market in Bosasso

Price Variability and influences

The cost of goods in Bossaso is subject to a myriad of factors, including environmental conditions like rain, the threat of piracy, and variable taxation. These elements collectively contribute to price fluctuations, impacting the overall market economy. Despite this, traders have developed strategies to mitigate uncertainties, such as cost-sharing for transportation and adjusting supply routes to navigate the windy season effectively.

As reported by KIIs, retail prices of food items in December 2023 went up by 20% and wholesalers reported an increase in 40%. This price increase was attributed to supply routes being affected due to the increase in conflict along the Red Sea and an increase in piracy, coupled by internal supply routes being affected by El Nino floods. All of these factors might be the reason why Sorghum prices are high in Bossaso.

Table 1: Cost of essential food items as reported by retailers in Bosasso

Key Commodities along with units	Prices in USD
Cereal - Red Sorghum 90 Kg	108
Beans - 6 kg	9
Sugar 3 kg	2.55
Vegetable oil 6 litre	21.6
Camel Milk 15 litre	27
Eggs 1000	15
Tea leaves .5 kg	2.9
Salt 1.5 kg	1.95
CMB - Price of essential food items	188

Migrants, refugees and their role in the different market systems

Migrants, refugees, and returnees play a pivotal role in the Bossaso market system, occasionally often bridging skill gaps and bringing fresh perspectives, particularly in sectors such as mechanics, construction, electricity, dental services, and fishing. The market sentiment towards these groups is largely positive, acknowledging their contribution to economic diversity and growth, as indicated by KIIs interviewed for this assessment. Trade union reported that due to the ease of doing business in Bossaso there are plenty traders from different countries such as Yemen, Syria, India, Ethiopia and Eretria.

While the assessment data reflects a community of migrants with varying backgrounds, it also reflects common challenges migrants face such as lack of access to basic needs, limited employment opportunities, and a significant skills gap. The issue being – even though there’s a strong desire for self-improvement through education, skill development, and entrepreneurship, a lack of support systems and resources is a major barrier. The need for investment in vocational training and financial services tailored for migrants and refugees is evident. Enhancing these support structures could foster greater economic integration and self-reliance among migrant communities.

Bossaso, is a point of convergence in the Horn of Africa where migrants from various backgrounds converge, they probably discuss their stories of displacement, aspirations, and struggles. Through focused group discussions, insights emerged, painting a vivid picture of the challenges and opportunities shaping the local market dynamics.

The voices of Ethiopian migrants resonated with echoes of suffering and longing for stability. They painted a portrait of deprivation, where basic needs like food and safe drinking water remained elusive. The harsh reality of unemployment loomed large, compounded by the absence of investment opportunities.

Somali returnees, bearing the weight of years spent away from their homeland, articulated a nuanced perspective. While some had integrated into the fabric of Bossaso, others grappled with the scars of displacement. Their shared narrative echoed the yearning for employment and livelihood opportunities. The thread of resilience ran deep, intertwined with the desire to rebuild shattered lives and contribute to the community.

Yemeni refugees, displaced by conflict and upheaval, found solace in the embrace of Bossaso. Their journey was one of survival, marked by a quest for stability amidst uncertainty. Basic necessities emerged as the cornerstone of their existence, overshadowed by the specter of unemployment. Yet, within the corridors of adversity, seeds of entrepreneurship sprouted, fueled by aspirations of self-sufficiency.

Amidst the narratives of displacement and longing, the Bossaso market pulsed with life, a tapestry woven by myriad traders and merchants. Trade unions offered glimpses into the intricate web of supply routes and market dynamics. From the dusty alleys of the old clothes market to the bustling stalls teeming with life, Bossaso’s marketplace embodied resilience amidst adversity.

The challenges of market accessibility reverberated through the voices of migrants, their journey fraught with barriers and uncertainties. Language barriers and skill deficiencies emerged as formidable obstacles, hindering their integration into the labor market. Yet, amidst the labyrinth of challenges, glimmers of hope shone bright, humanitarian actors need to look at ways to empower migrants and look at providing economic independence.

Conclusion and Recommendation

The Bossaso market's functionality amidst adversity is a testament to the resilience of its people and the significance of robust market systems in conflict-affected regions. While the market thrives on adaptability and entrepreneurial vigor, it also reveals areas that need strategic interventions. Enhanced safety measures, improved accessibility for marginalized groups, and expanded financial services are recommended to support the market's ongoing development and the inclusive integration of its diverse participants.

The consistent demand for goods and a positive perception of migrants indicates a dynamic market environment that is adaptable to new influences and capable of integrating diverse groups into its economic fabric. However, the issue of accessibility for certain population groups and the potential threat posed by armed actor groups may require targeted interventions to ensure market stability and inclusivity.

The migrants' and refugees positive outlook on employment and entrepreneurship, despite the challenges, indicates a potential for growth if adequate support is provided. There's an opportunity for local governments and humanitarian actors to implement targeted programs that align with the identified needs and aspirations of these communities to facilitate their integration and contribution to the local economy. Recommendations include the development of targeted vocational training programs, improved access to education and health-care, and initiatives promoting financial inclusion. Additionally, creating awareness about existing programs among the migrant community residing in Bossaso and addressing language barriers are crucial for fostering community integration and sustainable livelihoods.

The rehabilitation of the Bossaso Port emerges as a prime investment opportunity, as highlighted by KIIs with local authorities and port authority, with the potential to unlock significant economic benefits. The port serves as a critical infrastructure in the maritime activities of Bossaso, impacting a broad spectrum of the local economy, especially the ocean fisheries value chain that stands to gain considerably from the Jetty's rehabilitation. Improved infrastructure can lead to more efficient landing and processing of seafood, better storage facilities, and can facilitate larger-scale operations for local and export markets. This enhancement of the value chain is expected to lead to a net increase in income for workers and businesses involved.

A refurbished port would not only bolster the fisheries sector but also strengthen ancillary services such as boat repair, net making, and ice production. The port's upgrade can attract additional investments, such as seafood processing plants and cold storage facilities, further enriching the local economy.

Additionally, support for infrastructure that caters to the unique needs of livestock trading can further enhance the efficiency and economic benefits of this sector. For instance, an investment in veterinary services, animal care facilities, and improved transport logistics could solidify Bossaso's position as a key player in the regional livestock trade, ensuring the market's resilience and sustainable growth.

The market faces several challenges, from logistical hurdles such as unsafe roads and monopolistic practices to security concerns posed by armed actor groups. These challenges necessitate a multifaceted approach to ensure market stability and safety. Moreover, regulatory oversight along with strict security measures are needed to address monopolistic behavior and ensure competitive practices. With the focused efforts outlined in this assessment, the Bossaso market can continue to fortify its position as a cornerstone of inclusive economic vitality in Northern Somalia.

