



**Horn Institute for Peace and Development**

**Somalia and the COVID-19 Pandemic:  
The Socio-economic Impact and the  
Policy Responses**

**Policy Brief**

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## Introduction

The arrival of the Coronavirus (COVID-19) could not have come at a more tactful time for Somalia, which was due to hold both parliamentary and presidential elections in 2020/21 after many years of state-building and peace-building efforts. Somalia's response to the COVID-19 crisis has been irregular.

The Federal Government of Somalia (FGS) confirmed the first case of the novel Coronavirus in the country on 16 March 2020; five days after the World Health Organization (WHO) characterized the infection as a pandemic. Since then, confirmed cases have exponentially increased. As of April 18, 2020, there were 135 confirmed cases and seven deaths across the country. Somalia is one of the least prepared countries in Africa for the COVID-19 public health threat. Due to Somalia's creaking health infrastructure, there is a lack of capacity from the government to respond quickly to prevent the spread of the disease across the country.

This policy brief explores reactions to the COVID-19 pandemic by the Somali government and outlines the socio-economic impact of the disease. The brief also provides some relevant policy recommendations to the Somali authorities, including the FGS and its member states.

## Initial Reactions to the Outbreak

In response to the COVID-19 outbreak, the FGS had taken several preventive measures, including the closure of schools, suspension of domestic and international flights, overnight curfew, and restrictions of mass gatherings. Additionally, the government established a national commission to lead the COVID-19 response.

Furthermore, the FGS designated five million USD for the anti-Coronavirus response. It has reportedly distributed one million USD to each of its federal member states as part of the responses to slow the outbreak. It has also distributed anti-COVID-19 equipment, which was donated by the Chinese tycoon Jack Ma to Africa, to the federal member states, Benadir region, and Somaliland. Moreover, the federal government announced tax relief measures to prevent price hikes on basic foodstuffs, including rice, flour, and cooking oil, during the crisis. Finally, the FGS has sought emergency international financial and technical aid to confront the economic and health challenges of the new Coronavirus. For example, Somalia has been part of African countries that have called for 100 billion USD immediate international financing to curtail the COVID-19 spread.

With the preventive measures adopted by the FGS in place, however, the resulting scenarios could lead to serious unrest in the country. First, if the COVID-19 crisis persists and many working people in under curfew areas find themselves unable to provide for their families, they could turn against the state that they perceive to be incompetent. Second, if the state takes aggressive measures to control the pandemic, such as complete curfew or total lockdown, it could provoke a similar reaction. These scenarios will most certainly contribute to the rapid spread of the virus.

Al-Shabaab remains another key challenge severely impacting efforts to control the Coronavirus pandemic in Somalia. The group controls large swathes of territory and continues its operations against Somali security forces and the AMISOM (African Union peacekeepers in Somalia) troops. Given that the group does not allow information and tools to control the disease to reach the area it rules, it will be difficult for the Somali authorities to effectively fight the disease throughout the country by providing timely assistance to its people. A final issue relates to the widespread misinformation on the disease in the country. Under this challenge comes Somalia's culture of communal living--a standard practice, in which extended (and usually numerous) family members live together in overcrowded homes and gatherings and visiting sick people is the norm.

## The Social Impact

The COVID-19 has the potential to sow confusion in Somalia due to the country's already formidable social challenges. First, the public health risks presented by the disease are expected to be extensive. For many years, Somalia has been in civil conflict and the health infrastructure remains seriously under-resourced and unprepared for diseases like COVID-19. Furthermore, as most people live in crowded inter-generational households, living and working conditions are highly conducive for transmission. Lack of sufficient public awareness campaigns and community empowerment could lead to fast transmission of the infection, with cases quickly overwhelming an already weak health system that has only a limited number of ventilators and intensive care units.

Second, the overnight curfew itself might hit night shift workers economically. It would deprive hundreds of youths of their livelihoods, including many who subsist on overnight shift earnings, including the tuk-tuk drivers, restaurants and shop owners. Preventive measures such as school closures have already affected students who are unable to access online courses due to a lack of cheap internet in the country.

During the COVID-19 crisis, it is expected that there will be a rise in the food price, driven largely by a global economic lockdown. This will put at risk the lives of vulnerable Internally Displaced Persons (IDPs) and poor families throughout the country.

There will also be a widespread loss of income as schools and universities closure intensifies. This will have a big impact on education and for the sizable self-employed population. Loss of income especially for those engaged in educational sectors where teachers and part-time lecturers are over-represented is likely. If the government imposes a total lockdown or complete curfew as an aggressive measure, this could cause considerable damage to Internally Displaced Persons (IDPs) in the country and their livelihoods. Moreover, the lack of preventive equipment (i.e. face masks, hand sanitizers, personal protective equipment, etc.) to the population might exacerbate the social impact of the disease.

## The Economic Impact

The novel Coronavirus is globally imposing economic shocks on different levels of economies, including developed, emerging and least developed markets. Somalia has not been an exception. The effects have hardly begun to show up negative impacts on employment, inflation, business activities, and other socioeconomic variables in both the private and public sectors. Hardly hit major economic sectors in Somalia include the following:

- The aviation sector; where all international and domestic flights were suspended. This has been effective since 18th March and binding to passengers and consignments other than medicaments, foodstuff and emergency materials for public health responses.
- The hospitality sector is providing a physical service to its incoming customers rather than delivery. Particularly restaurants and hotels will not be able to continue doing business as usual as anti-COVID-19 measures, such as social distancing policy, go strictly daily.
- The Trade sector; where global marine traffic is to significantly decline because most industrialized economies are shut down. In Somalia, imports are dominant to satisfy almost all the entire local demands other than agricultural products including crops, livestock, and fishery. These items generate the only hard currency for Somalia. A severely hit trade sector means hazardous to Somalia.
- The public sector is also a victim of the pandemic. The government will require a substantial amount of funds to cover the rising health expenditures, which are not provided in the appropriation act. In addition to that, all levels of government will experience a loss of revenue in aviation and trade-related tax sources. The government also announced duty reduction to certain food items. Businesses will be very vulnerable to the shock and their capacity to pay due taxes will decline accordingly.

The COVID-19 pandemic being a source of a major shock to the global economy has already started severely affecting Somalia's economy through the following ways:

- Quarantines, travel restrictions, social distancing, and business closure will severely hurt the economy by reducing economic activities and business transactions. Even non-paid economic activities including those of NGO support to the society is likely to decline in this period.
- Demand shock, which is mainly fueled by a massive demand for hygienic goods and foodstuffs due to expected potential lockdowns. Although the supplies for both coming two months are either already in place or in their seaway to come, the worsening consumer confidence together with demand-pull inflation is deteriorating the goods market.
- An expected supply chain failure fuels a rise in the price level as inflation is assumed to effect starting from the time of stress. Supply chain routes are either to disrupt (shipping consignments) or to completely shut down (air consignments). Supply shock stress due to the economic downturn in major trading partners could happen if the novel Coronavirus is set to severely hit the global economies even in the coming months.
- Private consumption is at risk to worsen. Somalia's economy is largely driven by the household consumers which are financed by the employment income and remittance from the country's Diaspora. Given that the Diaspora largely lives in states currently experiencing an economic contraction, their income is expected to drop leading to a fall in their capacity to remit money back home in Somalia. Remittances accounted for 29 percent of GDP in 2018 while lacking it could lead to up to a significant decline in the GDP.

-Unemployment rises in the time of crises, especially in the private sector adding to the preexisting massive unemployment rate. The private sector entities in Somalia in general and Mogadishu in particular, are principally associated both in wholesale and retail activities and service provision. A fall of business entities' earnings due to disruption on the flow of trade to the country, closure of service providers, education institutions and transportations are likely to lessen the capability of respective entities to retain their employees as layoffs are possibly invited.

-The Federal Government predicts 35% of the export decline, 20% of import decline, 10% of household consumption fall, 15% drop in gross capital formation and finally, expenditure increase with tax revenue loss leads to a significant budget deficit.

-In general, as a result of the COVID-19 pandemic, Somalia will record an economic decline that may range from 2.9 percent to 3.8 percent of the real GDP and more than 10% of nominal GDP in 2020.

## Policy Recommendations

The current COVID-19 pandemic has led to over two million confirmed cases and over 130 thousand fatalities globally. As of April 18, 2020, Somalia recorded 135 confirmed cases and 7 deaths. There is a greater need for Somalia to mitigate the socio-economic risks of the Coronavirus. Therefore, the following policy recommendations seek to provide suggestions to mitigate the socioeconomic impacts of the virus on Somalia.

1. The FGS should provide further tax relief and income smoothing measures to support business continuity, particularly micro, small and medium enterprises, and entrepreneurs who own informal economic units and self-employed workers.
2. Somali authorities should not impose a complete curfew or total lockdown. Somali people survive on a hand-to-mouth basis and such aggressive measures could lead to starvation and potential death. Rather, the Somali authorities should issue a social distancing guide that more essential business and activities continue to feed these under poverty lined societies.
3. A strong awareness campaign and public communication should be implemented. Information posters on the pandemic should be widely distributed in public places/markets, regular TV and Radio programs should be broadcasted, and public transport should be disinfected. Religious leaders, celebrities and opinion leaders should be encouraged to play a big role in the continuity of the current public awareness campaign.
4. Authorities (i.e. FGS and member states) should empower communities to take action in community-based surveillance, monitoring, and care during the COVID-19 crisis.
5. Somali authorities should provide free face masks, hand sanitizers, personal protective equipment to the public.
6. The people should continuously maintain social distancing, wear personal protection equipment, and self-quarantine if and when they catch the disease.
7. Cooperation between the FGS and member states for response coordination is essential to tackling the new public health crisis. The two levels of government cooperation with political parties, the business community, and civil society are equally important for effective COVID-19 response.
8. For estimated prolonging shocks materialization, where growth and fiscal deficit seem to

get a drop for an extended period, multilateral cooperation is recommended to ensure effective medical policies, containment measures, and fiscal spending aid supports are required from multilateral donors to forward the expected grants associated with debt relief Heavily Indebted Poor Countries (HIPC) eligibility.

9. All operating service companies including remittance are required to reduce their transaction fees levels to help maintain the livelihood of the starving society.
10. Internet providers should develop student packages with low rates so that they could continue their education during the crisis.
11. Somali authorities should implement measures to ensure uninterrupted access to affordable food staples and necessities for vulnerable consumers, and prevent hoarding and price gouging,
12. Health workers should be protected by prioritizing their access to disposable filtering, respirators, and protective clothing.
13. Authorities should provide Covid-19 testing and treatment kits to private hospitals since the authorities cannot serve the general public. In return, private hospitals and health-care providers should offer all residents free consultations, tests, and treatment for COVID-19.
14. Somali authorities should support the continuation and strengthening of essential service delivery to vulnerable and displaced communities such as the provision of water, sanitation, and health.
15. The FGS should launch a national solidarity campaign to raise funds to the vulnerable members of the society, such as the Internally Displaced Persons (IDPs) and the poor families impacted by the virus. In doing so, the authorities should propose pay cuts to all government officials and white color civil servants until the disease leaves away.
16. The international community and Somalia partners should provide time-bound financial and technical assistance to Somalia to avoid a complete healthcare disaster.

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