



# EXAMINING SOMALIA'S DIGITAL ECONOMY DEVELOPMENT

ABDULLAHI GULED IBRAHIM

ICT SPECIALIST

MINISTRY OF COMMUNICATION AND TECHNOLOGY

---

# SOMALIA ECONOMY OUTLOOK

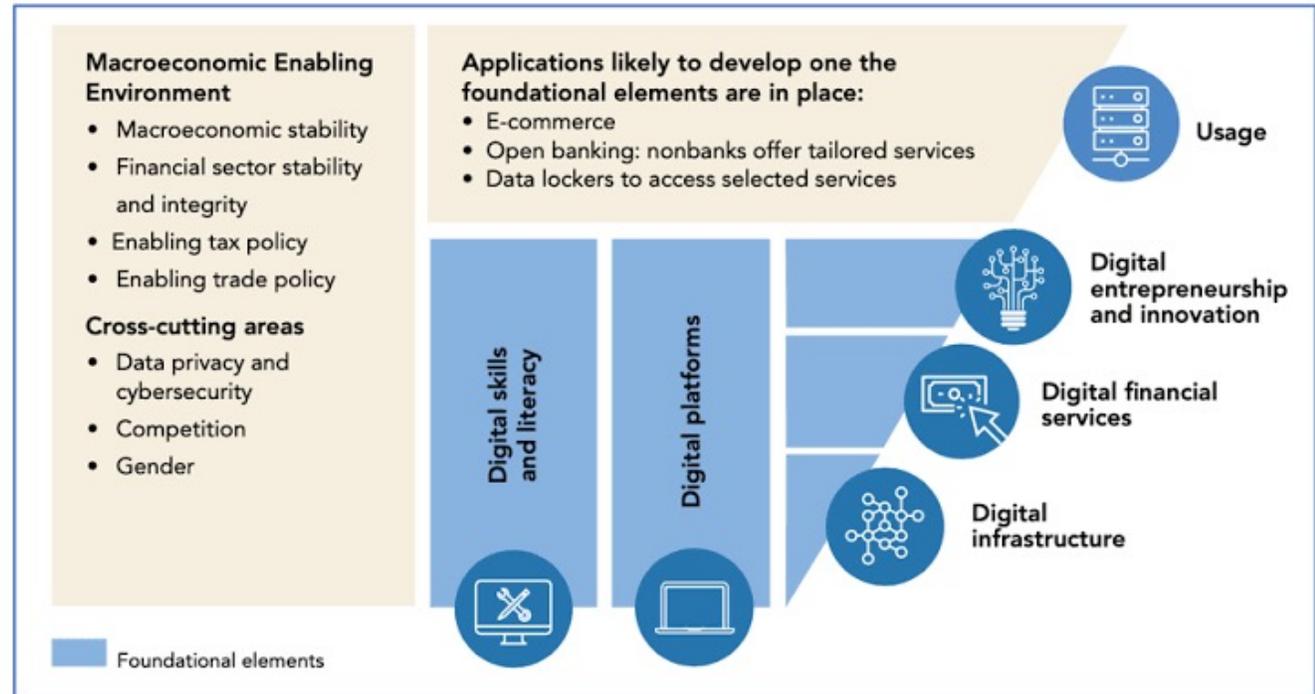
- 
- Somalia is continuing to rebuild economic governance institutions amid challenging circumstances. Continuous reform implementation enabled Somalia to reach the first milestone in obtaining debt relief and fully reengage with the international community in March 2020.
  - Somalia also has several opportunities. Rapid urbanization, growing use of digital technologies, planned investments in sectors such as energy, ports, education and health can support economic growth and job creation.

---

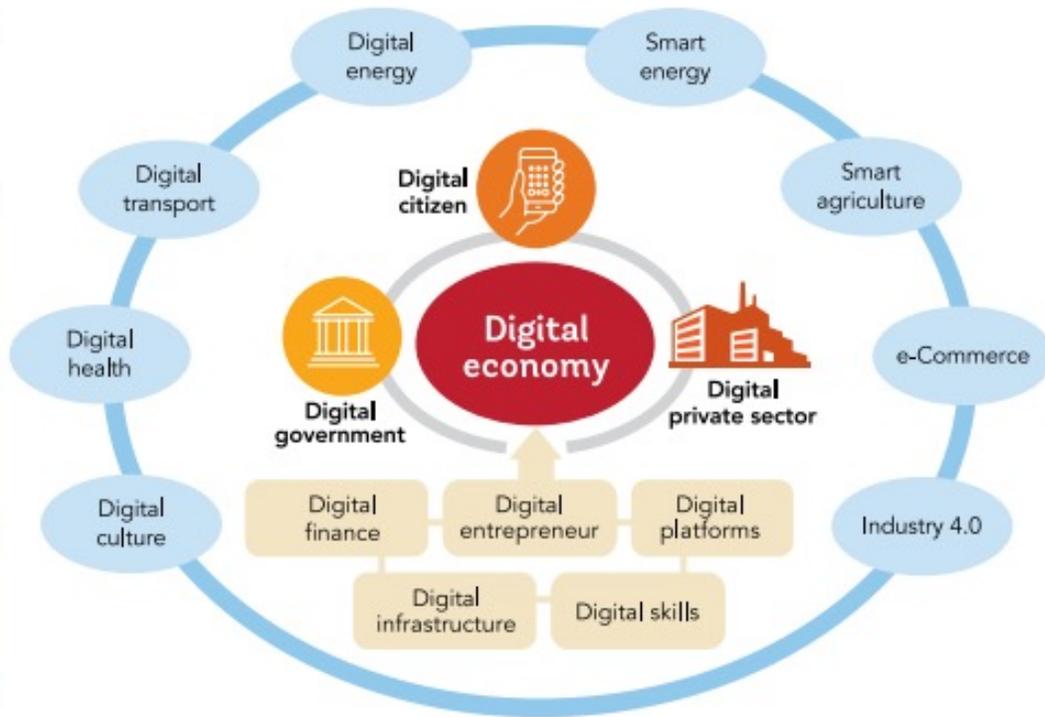
# WHAT IS DIGITAL ECONOMY

- 
- Digital Economy is defined as the part of economic output derived solely or primarily from digital technologies (ICT) with a business model based on digital goods or services.
  - The digital economy is made up of various components, including a platform economy, a gig economy, an industry 4.0, a digital economy, data analytics, robotics and Artificial Intelligence (AI), machine learning, 3-D printing, and e-commerce among others.

# KEY COMPONENTS OF DIGITAL ECONOMY ECOSYSTEM



- Inclusive growth
- Poverty reduction
- Jobs
- Efficiency



**DIGITAL ECONOMY  
CAN BRING  
PROSPERITY AND  
REDUCE POVERTY**

---

# DIGITAL INFRASTRUCTURE

- 
- Digital infrastructure provides the way for people, businesses, and governments to get online and link with local and global digital services, thus connecting them to the global digital economy. For a digital economy, good and affordable Internet connectivity is a critical foundation.
  - Accelerating access to digital technologies spurs innovation, efficiency, and productivity, and as a result brings about choice and opportunities for greater growth and inclusion.

# CONNECTIVITY



Also known as 'backhaul', this includes the submarine cables and international bandwidth across countries and between cities and IXPs.

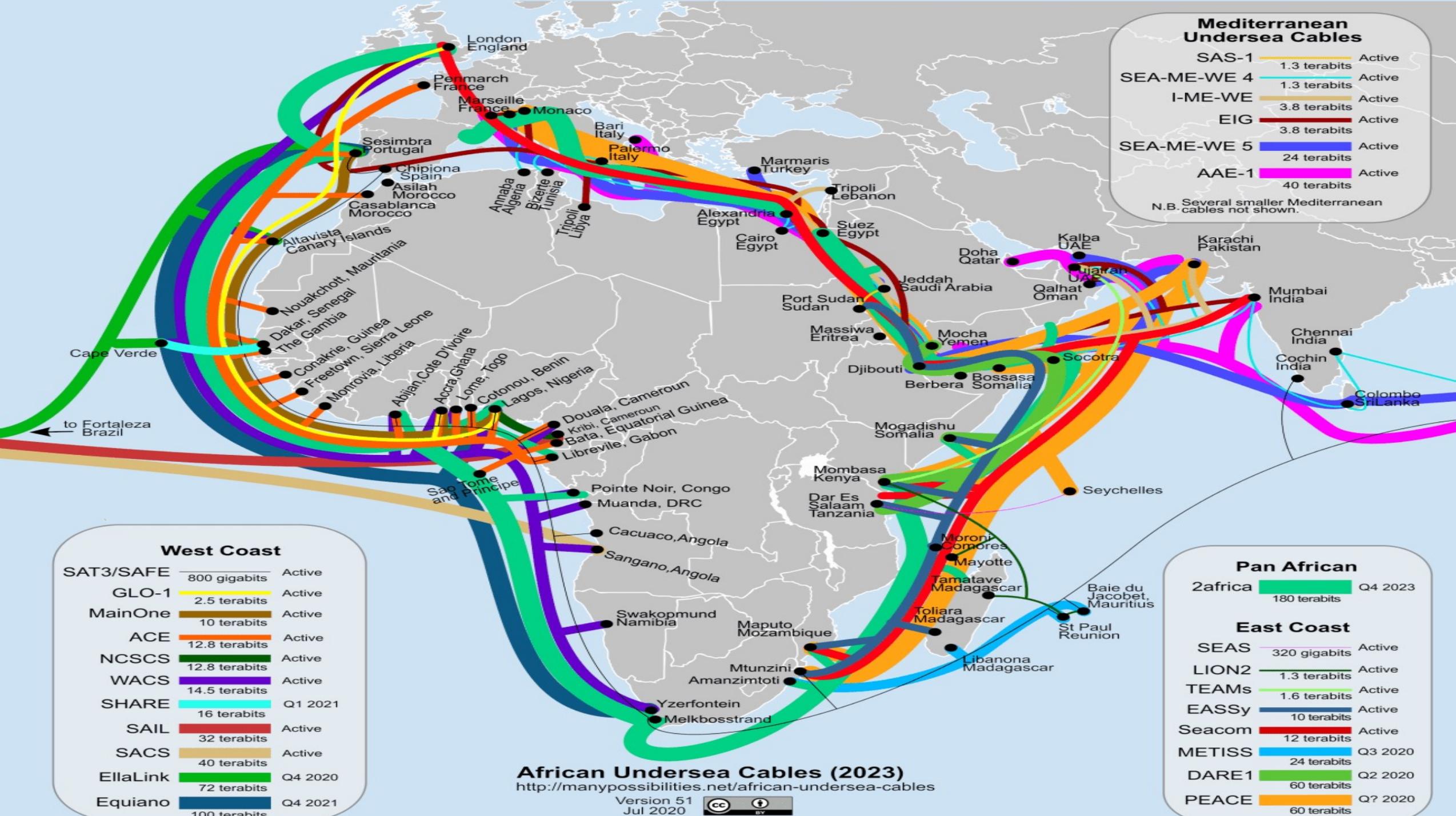
The parts of the domestic network that connect smaller towns and key public institutions with the first mile.

Closest to the user, this part of the internet includes a neighborhood's network and the connection between a tower and someone's mobile phone.

---

# FIRST MILE

- 
- Until early 2014, international connectivity was provided almost entirely by satellite using very small aperture terminals (VSATs), which have limited capacity, particularly when used for data traffic. This has led to an undersupply of international bandwidth and slow, unreliable Internet connections at high prices as a result.
  - Multiple international links have significantly reduced constraints in terms of international bandwidth usage and prices, and boosted network capacity
  - In the next three years, the arrival of several new regional submarine cables is set to markedly change the connectivity landscape in Somalia, with ripple effects for the wider sub-region - creating opportunities for increased capacity, resilience, and competition



### Mediterranean Undersea Cables

|             |              |        |
|-------------|--------------|--------|
| SAS-1       | 1.3 terabits | Active |
| SEA-ME-WE 4 | 1.3 terabits | Active |
| I-ME-WE     | 3.8 terabits | Active |
| EIG         | 3.8 terabits | Active |
| SEA-ME-WE 5 | 24 terabits  | Active |
| AAE-1       | 40 terabits  | Active |

N.B. Several smaller Mediterranean cables not shown.

### West Coast

|           |               |         |
|-----------|---------------|---------|
| SAT3/SAFE | 800 gigabits  | Active  |
| GLO-1     | 2.5 terabits  | Active  |
| MainOne   | 10 terabits   | Active  |
| ACE       | 12.8 terabits | Active  |
| NCSCS     | 12.8 terabits | Active  |
| WACS      | 14.5 terabits | Active  |
| SHARE     | 16 terabits   | Q1 2021 |
| SAIL      | 32 terabits   | Active  |
| SACS      | 40 terabits   | Active  |
| EllaLink  | 72 terabits   | Q4 2020 |
| Equiano   | 100 terabits  | Q4 2021 |

### Pan African

|         |              |         |
|---------|--------------|---------|
| Zafrica | 180 terabits | Q4 2023 |
|---------|--------------|---------|

### East Coast

|        |              |         |
|--------|--------------|---------|
| SEAS   | 320 gigabits | Active  |
| LION2  | 1.3 terabits | Active  |
| TEAMS  | 1.6 terabits | Active  |
| EASSy  | 10 terabits  | Active  |
| Seacom | 12 terabits  | Active  |
| METISS | 24 terabits  | Q3 2020 |
| DARE1  | 60 terabits  | Q2 2020 |
| PEACE  | 60 terabits  | Q? 2020 |

**African Undersea Cables (2023)**  
<http://manypossibilities.net/african-undersea-cables>

---

# MIDDLE MILE

- 
- Somalia almost completely lacks a national fibre optic backbone network to distribute the international bandwidth within the country.
  - Somalia's weak backbone network presents a major bottleneck in maximizing the impact of this surge in international capacity via new cables and landing points, in favor of greater national and regional connectivity and integration of connectivity markets.
  - National Backbone fiber would enable Somalia to establish itself as a supplier of international bandwidth to landlocked Ethiopia, a highly lucrative market with a population almost ten times the size of Somalia's own.
  - Backbone investment in Somalia has focused primarily on major urban areas and on inter-city routes

---

# LAST-MILE

- 
- Mobile networks provide the bulk of end-user connectivity in Somalia, both for voice calls and Internet access.
  - Mobile systems remain the primary means for carrying retail and enterprise data traffic in Somalia. Furthermore, fixed broadband penetration in Somalia is very low.
  - Wireless Radio, DSL, cable networks are same ways enterprise get connectivity

---

# DIGITAL FINANCIAL SERVICES

---

Digital financial services enable individuals and businesses to conduct transactions electronically or online and open a pathway to a range of digital financial services in addition to digital payments, including credit, savings, and insurance. Access to affordable and appropriate digital financial services is critical for the participation of individuals and businesses in the digital economy.

---

# DIGITAL FINANCIAL SERVICES

---

73% of the population above the age of 16 use mobile money services, broken down as 83% in urban areas, 72% in rural areas and 55% in rural areas.

The 2014 Global Financial Inclusion Survey report indeed reveals that Somalia is one of the most active mobile money markets

Central Bank of Somalia issued the first license to a mobile money service.

---

# DIGITAL PLATFORMS:

- 
- Digital platforms offer products and services, accessible through digital channels, such as mobile devices, computers, and Internet, for all aspects of life. Digital platforms enable producers and users to create value by interacting with each other. Governments operate digital platforms to offer citizen-facing government services and share information. Commercial firms also operate digital platforms to offer a growing array of products and services.
  - Digital platforms can be defined as “multisided marketplaces with business models that enable producers and users to create value together by interacting with each other.”
  - Digital platforms offer products and services accessible through digital media, such as mobile devices, computers, and the Internet for consumers

---

# DIGITAL GOVERNMENT PLATFORMS

- 
- At the federal several new initiatives have been taken to provide digital services
  - Integrated Financial Management Information System (IFMIS)
  - Human Resources Management System (HRMIS)
  - E-Business Registration System
  - Somalia Transaction Automation and Reporting System (STARS)
  - National payments switch.
  - Most of them are G2G services

---

# DIGITAL PLATFORMS: PRIVATE SECTOR

- 
- Digital platforms are at the core of the digital economy
  - The power of digital technologies is not just in the rolling out of broadband capacity or in the distribution of millions of handsets, but also in the rise of digital platforms
  - e-Commerce(Mostly through Social Media)

---

# DIGITAL ENTREPRENEU RSHIP

---

Digital entrepreneurship and innovation create an ecosystem to bring the digital economy to life with new, growth-oriented ventures and the transformation of existing businesses, which contribute to net employment growth and help enhance competitiveness and productivity of the economy.

---

# DIGITAL SKILLS

- 
- Economies require a digitally savvy workforce in order to build robust digital economies and competitive markets. Digital skills constitute technology skills, together with business skills for building or running a start-up or enterprise. Greater digital literacy further enhances adoption and use of digital products and services among the larger population.

## RECOMMENDATION

- Improve the enabling environment for the digital economy
- Linear infrastructure and PPP
- Drive digital transformation and demand by strengthening public sector platforms and infrastructure
- Strengthen the digital ecosystem through digital skills and entrepreneurship



THANK YOU