

Labour Market Analysis Somaliland

A photograph of a busy outdoor market in Somaliland. In the foreground, a large group of sheep, mostly white and some black, are gathered. Several women wearing colorful headscarves (purple, yellow, pink) are visible, some sitting on the ground and others standing. The background shows more people, some carrying items on their heads, and a simple wooden structure with a corrugated metal roof. The overall scene depicts a bustling marketplace.

**Understanding sectors for growth in Somaliland
and economic opportunities for Migrants and
Refugees – Summary**

The Danish Refugee Council (DRC) with support from Danida carried out a labor market assessment (LMA) in Somaliland conducted in September 2023, intending to provide a comprehensive understanding of the region's labor and market dynamics, focusing specifically on key economic centers including Berbera, Burao, Borama, Hargeisa, Ainabo, and Wajaale.

The primary objective of the assessment is to **gain detailed knowledge about employment trends in the region, key sectors for growth and identify gaps in the job market**. Additionally, the assessment seeks to determine market needs by examining the demand for various skills and occupations. By analyzing the existing labor market, the assessment aims **to identify potential areas for expanding labor opportunities and promoting economic growth**. It also aims to create an updated profile of in-demand skills, ensuring alignment between the available workforce and job market requirements. Furthermore, the assessment focuses on identifying and addressing barriers that hinder access to decent and productive employment in Somaliland, particularly for migrants and refugees. The findings of the assessment **can inform targeted interventions for stakeholders to overcome employment challenges faced by migrants and refugees and enhance their access to livelihood opportunities**.

The Labor Market Assessment will play a vital role in strengthening the **DRC's programmatic strategic goals in Somaliland** by providing a comprehensive understanding of local labor market dynamics. The assessment aimed to achieve several objectives:

1. Understand the economic landscape in Somaliland, gaining insights into the different sectors and financial landscape. Identify high-demand sectors, skills and competencies as well as areas with skill gaps within the local labor market. This information will guide **the design of training programs and skill development initiatives to improve employability and bridge existing skill gaps**.
2. **Identify livelihood opportunities for migrants and refugees within the local labor market** by examining sectors and industries for existing job prospects and areas of potential growth. This understanding will inform effective strategies to integrate migrants and refugees into available employment opportunities.

To achieve these goals, the LMA actively engages with stakeholders in Burao, Berbera, Borama, Odweyne, Hargeisa, and Wajaale in Somaliland. This inclusive approach involves **close collaboration with local communities, employers, government agencies, local NGOs, and other relevant stakeholders, especially migrants and refugee population groups**. By involving these stakeholders, the assessment ensures that their perspectives and experiences are considered, providing a comprehensive understanding of the labor market dynamics. Engaging with employers and government agencies allows valuable insights into employment trends, market needs, and potential opportunities. The involvement of relevant stakeholders also enables a comprehensive understanding of the challenges faced by migrants and refugees in their pursuit of employment and livelihood opportunities, as well as their integration into the broader job market.

Data collection for the assessment relied on a **combination of primary and secondary sources**. Primary data was collected **through surveys, key informant interviews, and focus group discussions with**

stakeholders, including local communities, employers, government agencies, and organizations. Secondary data was gathered from **existing sources such as government reports and publications from other organizations.**

Geographically, Somaliland serves as an important part in the economic dynamics in the Horn of Africa, serving as a **transit point for goods moving to Ethiopia and especially for livestock being sold in the Middle East.** Findings from the assessment indicate private sector stakeholders dominate the market, dotted with **Small and Medium-sized enterprises (SMEs)**, which apart from trade livestock and remittances remain the backbone of the economy. The financial sector includes **both formal and informal financial services**, challenges for accessing service are due to the **high cost of collaterals.** The sample size from the respondent's population group indicates a **large presence of migrants within the economy and a demand for highly skilled migrants remains.**

Findings indicate a versatility in the skill and technical proficiency profile of the labour market especially **in urban centers ranging from construction to computer-related skills.** However, the labor market can be expanded in line with private sector demands. **Lack of large-scale industries especially manufacturing and dependency on imports for food remain a hindrance to the economy,** but sustained investments in improved physical and social infrastructure along with improving the transport systems can further assist with strengthening and increasing the economic structure.

The challenges faced by businesses in the market are multifaceted, encompassing financial, regulatory, economic, and skill-related difficulties. Financial challenges, include a **lack of credit and difficulties in obtaining loans,** hinder businesses' stability and growth prospects. **High cost of inputs** remains a concern as there are no local manufacturing units. Economic challenges, notably **inflation, high rent, and electricity costs,** and a decrease in consumer purchasing power were regularly reported during the assessment. **Regulatory compliance issues, such as legal documentation and business registrations** were also mentioned by businesses during the assessment.

A significant finding is that the **main difficulty reported by respondents in finding employment is the lack of skills.** This suggests that, for a portion of the community, **the key barrier to employment is a deficiency in specific skills rather than formal education.** Furthermore, concerns were raised during the assessment about the fairness of job distribution, suggesting **potential disparities in employment practices where certain population groups were favored to others.** One notable challenge noted is the **unavailability of career counseling,** with all respondents indicating its absence during the assessment. The assessment presents a mixed picture regarding the support and challenges faced by migrants and refugees in the surveyed areas. While there are no successful examples cited of incorporating migrants into existing livelihoods, **a positive perception of employing migrants was commonly reported** during the assessment.

During the assessment, migrants and refugees shared perceptions **about the challenges of identifying self-employment opportunities and the risks associated with starting a business,** including issues with business permits, language barriers, and doubts about benefits, highlighting areas for intervention and support to foster a more conducive environment for migrants and refugees in their entrepreneurial endeavors.

There needs to be an **emphasis on providing legal documentation and skill development through TVET programs to enhance the prospects of migrants and refugees in accessing employment and self-employment opportunities.**

The potential **to build vocational and technical skills** can further sustain the vibrancy of SMEs, sectors such **as construction craftsmanship, hospitality, and service sector** remain vital in the short and medium terms and should be prioritized for skill-building programs. While there is untapped potential in the fishery sector and value addition of livestock and agriculture, with sustained investments these sectors can positively support livelihood development

Findings indicate that there is **ease of access to both main markets and smaller markets**, indicating a diversified approach to obtaining goods and services. The ownership of the markets is primarily from within the community, with some markets owned by individuals from other communities. This suggests a combination of local entrepreneurship and external market participation, contributing to a dynamic marketplace within the community.

Long version of the “[Understanding sectors for growth in Somaliland and economic opportunities for Migrants and Refugees](#)” report can be found on [DRC website](#).

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