

BUSINESS OPPORTUNITIES IN THE WATER SECTOR IN SOMALIA

1.0 Introduction

Somalia is a huge country located in the horn of Africa and it shares border with Ethiopia, Kenya and gulf of Aden. Given that this country has been at war from the early nineties, the water division infrastructure is broken down and will have to be rebuilt and reformed to serve the people of Somalia. There are many drilling companies currently active in Somalia. These undertake drilling works for the many donor agencies and international NGOs operating in the area. These companies are in need of supply of materials for their drilling operations. It is this current situation that provides a very promising area of investment in the water sector in Somalia.

2.0 Current materials used in the water sector

In Somalia, like many other countries in this region, groundwater is abstracted by use of the materials include; electrical submersible pumps, bentunates, GI pipes, and generators. Hand pumps are used where there are shallow wells. Only a few systems are wind or solar powered. At the side of pumps there are several pump models in use including; Franklin, CRI, Caprari and Grundfos. However, there is no firm that supplies sufficiently these products in Somalia. All must be shipped from abroad such as UAE and surrounding countries. It is impossible to service pumps locally and many times, people are forced to replace a whole unit when actually only say the motor has a problem. There is need for pump dealers and suppliers who can stock and offer after sales service here in Somalia.

On the other hand, there is a strong need to supply drilling materials such as casings, bentonite, CMC, etc. The unavailability of drilling materials always causes delay to drill even one borehole and it may take 1- 2 months to drill it. Sometimes, the drilling material must be shipped from abroad such as UAE and takes at least 1 month for materials to arrive in the country. To be able to overcome this problem, a contractor requires the availability of stock in the market and this is a real opportunity to supply those materials sufficiently.

3.0 Water well drilling co. in Somalia

In Somalia, due to the prevailing peace and a renewed interest by the numerous international donor organizations and NGOs in the area to sponsor water development projects, more than 20 water well drilling companies are active now and they mostly drill many boreholes across the country. These companies work under a condition in which a little or no materials and spare parts are available in the country to complete projects. These companies are potential customers for this industry when it comes to supply drilling material (casings, bentonite, CMC,) and other project materials such as electrical submersible pumps, GI pipes, and generators.

In drilling a borehole, every company needs to a stock approximately 200m of plain PVC casings, PVC screens together with 240m of 2-inch GI pipes (Class C), an electrical submersible pump and 25 KV generator. The total cost of which will be about US\$ 23,800. It is this current status quo that provides a very promising area of investment with a high profit.

4.0 Opportunities

The opportunities in the supplying water sector materials range from small hand well digging to complex drilling borehole of services. The list below serves to highlight the most apparent opportunities in this area;

- ❖ Supply of drilling bids
- ❖ Supply of bentonite
- ❖ Supply of submersible pumps
- ❖ Supply of gravel pack
- ❖ Supply of Galvanized Iron Pipes
- ❖ Supply of PVC casing
- ❖ Supply of Drilling fluids
- ❖ Supply of generators

5.0 Constraints

The main constraints to the development of private business are well demonstrated below.

- Somali passport has yet to be recognized officially by international community;
- The central government lacks funds to provide required services and infrastructure
- There is lack of necessary managerial/ entrepreneurship skills and understanding.
- The transportation is very poor
- There are no letters of credit for export/import
- Lack of working capital
- Lack of insurance services

Conclusion

In order to take advantage from the existing opportunities in the market especially, the opportunities in the supply of water sector materials the recommendation is to invest the supplying of the following stocks. 1) Pumping systems (Submersible pumps complete with motor drop cable and control panel 3kw up to 18kw) 2) Generators (Lister petter, Cummins, perkings, Deutz models) 3) Drilling materials (Bentonite, G I Pipes, Casings, Drill bids). In addition to that the above highlighted materials and borehole equipment was tested in the market and it showed a great demand. The most common materials and equipment were PUMPS, Pipes and well accessories. There are many manufacturers that can be used as a vender these manufacturers include franklin, CRI, and Caprari.