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**Somalia's Livestock
Sector: Challenges and
Opportunities In the
Face of Uncertainties**



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Somalia's Livestock Sector: Challenges and Opportunities In the Face of Uncertainties

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EXECUTIVE SUMMARY

Somalia's livestock sector stands as a cornerstone of the nation's economy, wielding substantial influence over production, value-addition, and foreign currency earnings. This critical sector plays an integral role in Somalia's development landscape, commanding exports, consumption levels, and employment opportunities. However, it grapples with persistent challenges such as climate variability, export restrictions, suboptimal macroeconomic strategies, and inadequate infrastructure. This policy brief proposes strategic recommendations aimed at bolstering Somalia's livestock exports. Central to these suggestions is the recognition of climate change as a profound threat and the necessity to fortify resilience against its impacts. Additionally, the brief underscores the imperative of aligning macroeconomic policies to effectively support the sector's sustainable expansion. Expanding on these issues, the brief delves into actionable measures designed to mitigate climate-related risks through targeted adaptation strategies. It also advocates for reforms in macroeconomic frameworks to enhance market access, promote investment, and foster an enabling environment for growth. Ultimately, the recommendations put forth in this policy brief aspire to empower stakeholders in the Somalia livestock sector to navigate existing challenges effectively. By addressing climate vulnerabilities and optimizing economic policies, Somalia can harness the full potential of its livestock industry, ensuring sustained development, enhanced export competitiveness, and resilient economic growth.

1. BACKGROUND

Somalia's livestock sector stands as a cornerstone of the nation's economy, playing a pivotal role in its overall economic framework. Despite enduring the tumultuous impacts of civil strife, this sector remains remarkably resilient, serving as a crucial source of livelihoods, food security, and foreign currency earnings. Central to this resilience is the active participation of women, who play

indispensable roles across various facets of the livestock economy. At its core, the sector contributes significantly to production, value-addition, and the accumulation of foreign currency. Livestock trade, facilitated primarily through key seaports such as Bossaso, Berbera, Kismayo, and Mogadishu, serves as a vital revenue generator for the government. This revenue plays a critical role in bolstering governmental budgets and supporting essential public services. Domestically, the sector fosters substantial employment opportunities, particularly for women. Women are integral to the livestock trade, involved in selling meat and processing by-products like milk and bone jewellery. Their active participation not only ensures economic sustainability but also enhances food and nutrition security within local communities. Despite facing challenges such as limited post-war government support, the sector continues to exhibit robustness and growth. High offtake rates and expanding export activities underscore its resilience and potential for further development. These trends highlight the sector's capacity to adapt and thrive, even amidst challenging circumstances, underscoring its vital role in Somalia's economic landscape. In summary, Somalia's livestock sector emerges as a resilient pillar of the economy, underpinned by the crucial contributions of women and sustained by dynamic trade networks. Its ability to generate significant revenue, provide livelihoods, and ensure food security underscores its importance in driving socio-economic stability and development across the nation.

2. CHALLENGES FACING SOMALIA'S LIVESTOCK SECTOR

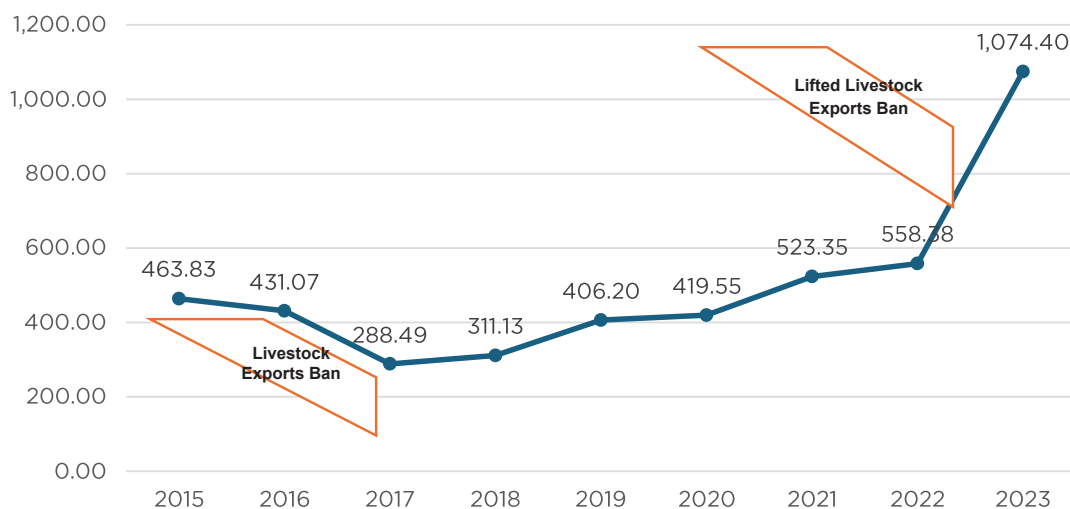
Somalia's vital livestock sector faces a multitude of persistent challenges, significantly impacting its stability and growth potential. These challenges include recurrent droughts, export bans, inadequate infrastructure, and various socio-economic and environmental factors.

2.1 Recurrent Livestock Export Bans

One of the most pressing challenges confronting Somalia's livestock sector is the recurrent cyclic bans imposed by key export markets, notably Saudi Arabia. These bans, primarily citing animal health concerns, have been enforced sporadically since 1988 and have severely disrupted the industry. The most recent livestock ban imposed by Saudi Arabia lasted more than five years, from December 2016 to March 2022. In 2015 and 2016, Somali livestock export records were 5.3 million and 4.7 million heads, respectively, showing considerable and steady growth. However, in 2017, the livestock ban, coupled with severe drought, damaged the sector and caused

detrimental effects. As a result, the total number of livestock exports dropped to 2.8 million heads in 2017, down from 4.7 million heads in 2016, representing around a 40 percent decline. This led to a significant revenue decline of approximately 30 percent, from 431 million to 288 million dollars. The bans have also disrupted the income generated from the annual Hajj pilgrimage, as Somalia traditionally supplies a large portion of sacrificial animals for this event. The instability caused by these bans undermines market predictability and jeopardizes the livelihoods of millions reliant on the livestock trade. The repeated cyclic livestock bans cost the country millions of dollars in loss of foreign earnings.

Figure 1: Fluctuation Trends of Livestock Exports (2015–2023)



Source: FSNAU, and CBS valuations and adjustments, 2023

2.2 Impact of Climate Change

Somalia's livestock sector is highly vulnerable to climate change, experiencing frequent and severe droughts, floods, and other extreme weather events. According to the Somalia's Drought Impact & Needs Assessment Report (I), the devastating 2017 drought, following consecutive failed rainy seasons, resulted in substantial losses, including approximately 6.4 million livestock valued at over US\$350 million. Moreover, the losses related to livestock production and productivity, characterized by reduced milk yields and loss of body weight estimated at US\$1.2 billion. This climatic anomaly not only reduced the overall livestock

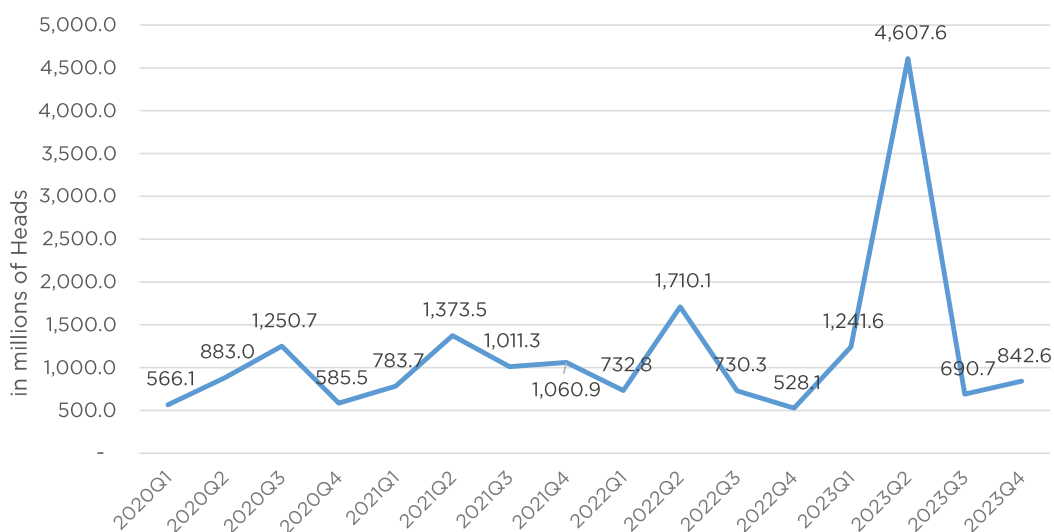
population but also led to diminished milk yields, body weights, and increased prevalence of diseases. The resulting food insecurity compelled pastoralist communities to sell off their breeding stock, exacerbating the economic hardships faced by rural populations. Moreover, climate change has disrupted traditional grazing patterns and reduced water & pasture availability, forcing pastoralists to migrate longer distances in search of pasture and water. This increased mobility contributes to the spread of transboundary animal diseases such as Peste des Petits Ruminants (PPR), foot-and-mouth disease (FMD), and others, further compromising livestock health and productivity.

2.3 Seasonality Effect

Seasonal variables influence both the demand for and the supply of livestock exports. Mecca’s yearly Hajj is the most important seasonal influence. As Figure 2 shows, each person performing Hajj is expected to sacrifice one animal, making this the world’s biggest Muslim gathering. Hajj exports account for over 80 percent of all yearly sheep and goat exports. In

the last five years, Somalia exported over 20 million heads of sheep and goats, accounting for approximately 90 percent of the total exports. Sheep and goats from the Horn of Africa, including Somalia, play a significant role in the niche market due to their taste, and size, making Somalia the favorite among consumers.

Figure 2: Trends of Total of Heads Exports 2020Q1-2023Q4



Source: FAO-FSNAU & CBS estimates and valuations, 2023

2.4 Animal Health and Disease Concerns

Somalia’s livestock sector grapples with significant challenges related to animal health and disease control. Inadequate veterinary services and hygiene infrastructure hinder effective disease management, exacerbating the spread of infectious diseases among livestock populations. Diseases such as anthrax, brucellosis, and contagious pleuropneumonia pose ongoing threats, exacerbated during drought periods when animals congregate around limited water sources, facilitating disease transmission. The practice of transporting livestock long distances without adequate health testing along trade routes further exacerbates disease risks. Insufficient quarantine facilities and monitoring exacerbate these challenges, limiting the sector’s ability to meet international sanitary standards and thereby restricting market access.

2.5 Infrastructure and Institutional Capacity

The livestock sector in Somalia suffers from inadequate infrastructure, including limited access to veterinary services, quarantine facilities, and critical transportation and storage infrastructure. The absence of a national rangeland management agency contributes to unregulated grazing practices and environmental degradation, further compromising the sector’s sustainability. Additionally, the shortage of water and fodder along livestock trade routes poses significant challenges, particularly during the dry seasons. Insufficient investment in water infrastructure and fodder production exacerbates these shortages, leading to livestock deaths during transportation and reduced marketable weight upon arrival at export ports.

3. OPPORTUNITIES IN SOMALIA'S LIVESTOCK SECTOR

Despite significant challenges, Somalia's livestock sector presents numerous opportunities that can foster economic growth, enhance food security, and generate substantial revenue. These opportunities arise from the sector's integral role in employment generation, revenue generation through exports, and its contribution to food security and foreign exchange earnings.

3.1 Employment Opportunities

The livestock sector is a major source of employment in Somalia, engaging over 65 percent of the population directly or indirectly. This includes livestock producers from nomadic and pastoralist communities, traders, butchers, transporters, and input suppliers who provide essential resources like feed, veterinary services, and equipment. Enhancing the productivity and efficiency of this sector not only supports livelihoods but also boosts economic activity across various segments of the value chain.

3.2 Revenue Generation

Livestock trade and exports contribute significantly to Somalia's revenue generation. Taxation of livestock trade, particularly through major ports like Berbera, Bossaso, Mogadishu, and Kismayo, provides substantial income for local and national administrations. In the past five years, Somalia has exported approximately 22 million animal heads, injecting over US\$3.0 billion into the economy. In 2023, the value of animals exported from Somalia was at its highest. Livestock exports increased 92 percent, to stand at US\$1,074.4 million in 2023 from US\$558.4 million in 2022. This is mainly due to increased seasonal demand for Hajj (the first fully relaxed Hajj, as restrictions have been in place since 2020), along with Saudi Arabia lifting the ban on livestock at the end of 2022, which has been in place for more than five years. In terms of value, it is the highest record livestock export, which marks the first time Somalia's livestock exports hit

one billion. This revenue plays a crucial role in supporting government budget, infrastructure development, and public services, particularly in regions like Somaliland and Puntland where ports serve as vital economic hubs.

3.3 Food Security

Somalia's livestock sector plays a critical role in ensuring food security, especially for pastoralists and agropastoralists who constitute a significant portion of the population. More than half of the yearly food requirements are met through market transactions, with livestock and livestock products providing essential income for household expenses. Despite challenges, including climate variability and market disruptions, the sector's resilience in supplying meat, milk, ghee, skin, and other products remain pivotal in minimizing food insecurity and reducing dependency on external aid.

3.4 Foreign Exchange Earnings

Livestock exports are a major source of foreign exchange earnings for Somalia, primarily through exports to the Middle East and cross-border movements to neighbouring countries like Kenya and Djibouti. Livestock products, predominantly live animals and their by-products contribute significantly to foreign earnings, making the sector the second-largest source of foreign exchange after remittances from the Somali diaspora. In recent years, Somalia has earned approximately US\$3.0 billion from livestock exports, underscoring its importance in stabilizing the national economy and supporting international trade balances.

4. POLICY RECOMMENDATIONS FOR LIVESTOCK SECTOR

To ensure the resilience and competitiveness of Somalia's livestock sector amidst challenges and to maximize its potential, the following policy recommendations are proposed:

Enhancing Resilience to Climate-Related Risks

- a) **Agroforestry:** Integrate trees and shrubs into grazing lands to provide shade, reduce soil erosion, and improve microclimates for livestock.
- b) **Strengthening Veterinary Services:** Establish mobile veterinary clinics to provide timely and accessible animal healthcare, including vaccinations and disease treatments. Leverage digital technologies to offer remote veterinary consultations and advice, especially in areas with limited access to veterinary services to safeguarding livestock health and supporting export competitiveness.
- c) **Feed and Fodder Security:** Promote the cultivation of drought-resistant fodder crops such as sorghum, millet, and certain legumes that can provide feed during dry periods. Encourage the use of silage and haymaking techniques to preserve feed during periods of abundance for use during droughts
- d) **Strengthening Community-based Approaches:** Support the formation and capacity building of pastoralist associations to facilitate collective action, resource sharing, and advocacy for supportive policies. Train communities in disaster risk reduction strategies, including the development of community-managed grazing reserves and emergency feed banks.
- e) **Early Warning Systems and Disaster Preparedness:** Strengthen and expand early warning systems to provide timely alerts for extreme weather events such as droughts and floods. Improve communication channels to ensure warnings reach vulnerable communities promptly, enabling proactive measures and reducing the impact of climate-related shocks.
- f) **Investing in Water Resource Management Infrastructure:** Implement effective rainwater harvesting, water conservation techniques, and sustainable water

management practices to enhance water availability during dry periods.

- g) **Education and Awareness:** Conduct training and educational programs on climate change adaptation strategies, sustainable natural resource management, and disaster preparedness and response for livestock farmers and communities.
- h) **Re-establishment of the National Range Agency:** Revitalize rangeland management through the establishment of a dedicated national agency. Implement rotational grazing practices and sustainable land management strategies to improve rangeland health and support sustainable livestock production.
- i) **Developing Financial Tools for Risk Management:** Institutionalize insurance schemes and savings mechanisms to mitigate financial losses caused by climate-related risks. Establish a contingency fund to support livestock traders during periods of low demand or market volatility due to adverse weather conditions.

Mitigating Domestic Inflation from Livestock Prices

- a) **Market Information Systems:** Establish systems to provide real-time information on livestock markets, supply and demand, and market trends, enabling farmers to make informed decisions.
- b) **Encouraging Cooperative Models:** Support the formation of livestock cooperatives to enhance bargaining power, reduce transaction costs, and provide collective access to markets and financial services. Facilitate bulk purchasing of inputs such as feed, veterinary medicines, and equipment through cooperatives to reduce costs and increase efficiency.

Enhancing Competitiveness in Foreign Markets

- a) **Branding and Marketing:** Develop a strong national brand for Somali livestock products that highlights quality, natural

rearing practices, and cultural heritage. Utilize digital platforms and social media to reach global audiences, showcasing the unique aspects and high quality of Somali livestock products.

- b) Tax Incentives and Exemptions:** Offer tax incentives and exemptions for essential inputs in the livestock sector, including veterinary medicines, feed, equipment, and infrastructure development. Reduce or waive import duties on cri
- c) Export Readiness Programs:** Develop programs to help livestock businesses become export-ready, including understanding regulatory requirements, export logistics, and international marketing.
- d) Export Tax Relief:** Grant relief or exemptions from export taxes on livestock products to promote exports and access international markets competitively.
- e) Support Programs for Livestock Producers:** Implement targeted subsidies and support programs for livestock producers, including subsidies for animal feed, vaccines, breeding stock, and transportation costs. Introduce credit schemes with affordable financing terms and credit guarantees to facilitate access to financing for inputs and infrastructure development.
- f) Export Financing:** Provide access to export financing and insurance products to help businesses manage the risks associated with international trade.

Improving Market Access and Reducing Livestock Bans

- a) Diversification of Export Markets:** Encourage diversification of Somali livestock export markets to reduce dependency on traditional markets and mitigate the impact of export bans. Explore new regional and global markets, participate in international trade fairs, and establish trade agreements with new partners to expand market access.

- b) Quality Assurance and Certification:** Establish accredited testing laboratories and certification bodies to ensure compliance with international food safety and quality standards for Somali livestock products. Enhance product quality and safety through rigorous quality assurance measures.
- c) Community Engagement and Education:** Educate pastoralist communities on the importance of disease control, animal health, and quality standards to ensure compliance from the grassroots level. Develop incentive programs to encourage pastoralists to adopt best practices in livestock rearing and health management.
- d) Infrastructure Improvement:** Upgrade infrastructure such as roads, ports, and cold storage facilities to facilitate efficient transportation and storage of livestock products. Enhance logistical capabilities to meet international shipping standards and improve market competitiveness.

Development of Dairy, Meat, and Leather Industries

- a) Improving Livestock Breeds:** Implement selective breeding programs to improve the genetic quality of dairy cattle/camel, focusing on breeds that have higher milk yields and are resilient to local climatic conditions.
- b) Infrastructure Development:** Improve transportation and marketing networks including roads, cold storage facilities, and collection centres to enhance the efficient movement of dairy and meat products from production centres to markets. Establish modern abattoirs and processing plants to meet domestic and export standards for meat quality.
- c) Capacity Building and Training:** Conduct training programs for dairy farmers on best practices in animal husbandry, nutrition, and milk handling to improve productivity and quality. Provide training programs for artisans and workers in the leather industry to improve skills in

tanning, leather crafting, and product design. Provide extension services to offer technical support and guidance on modern dairy farming techniques as well as local tanneries and leather processors.

- d) Value Addition and Product Diversification:** Promote value addition by developing processed dairy and meat products such as cheese, yogurt, canned meat, and sausages to cater to diverse market preferences.
- e) Leather Processing Facility:** Invest in environmentally friendly tannery facilities to process hides and skins into high-quality leather. Develop units for manufacturing leather goods like shoes, bags, garments and accessories, focusing on craftsmanship and design to enhance market appeal.
- f) Quality Assurance and Standards Compliance:** Enforce stringent quality standards and certification systems for dairy, meat, and leather products to meet domestic and international market requirements.
- g) Market Research and Export Development:** Identify potential export markets and opportunities for dairy, meat, and leather products. Participate in international trade exhibitions and promotional events to showcase Somali products and attract foreign buyers and investors. Establish trade agreements and partnerships to facilitate market access and export growth.
- h) Access to Finance:** Facilitate access to finance for dairy and meat producers to invest in equipment, infrastructure, and technology upgrades. Support small and medium-sized enterprises (SMEs) in the livestock sector with credit facilities and favourable financing terms to enhance production capacity and meet market demand.

Enhancing Livestock-Related Infrastructure for Value Addition

- a) Integrated Livestock Value Chain Development:** Implement a comprehensive strategy for enhancing infrastructure and

value addition in the livestock sector. Focus on developing stock routes, quarantine facilities, market linkages, feedlots, and water points strategically located to support both domestic consumption and international trade.

- b) Feed Production and Storage:** Establish feed mills to produce high-quality, affordable livestock feed locally to reduce dependence on imported feed. Build storage facilities to ensure a stable supply of feed throughout the year, particularly during dry seasons.
- c) Market Access and Linkages:** Improve market infrastructure including auction yards, processing facilities, and transportation networks to facilitate efficient market access for livestock producers. Enhance logistical capabilities to reduce transport-related stress and mortality among livestock during transit.
- d) Infrastructure Enhancement:** Develop and upgrade critical infrastructure such as stock routes, quarantine facilities, market linkages, feedlots, and water points. Improve transportation networks to facilitate efficient movement of livestock and livestock products, ensuring market access and reducing transport-related stress and mortality.
- e) Feedlot and Water Point Development:** Promote the establishment of feedlots and water points along livestock trade routes to provide supplementary feeding and access to clean water. Upgrade transportation infrastructure to improve livestock health and productivity throughout the value chain.
- f) Monitoring and Regulation:** Implement robust monitoring and regulatory frameworks for livestock transport and handling to ensure compliance with animal welfare standards. Enforce maximum travel times and rest periods to minimize stress and mortality rates among livestock during transit.

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