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FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

DESK REVIEW ON

MARKET OPPORTUNITIES FOR MAIZE, SESAME, SORGHUM & LIVESTOCK

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1.0 INTRODUCTION

FAO Somalia submitted a concept note to the Green Climate Fund which has been approved by the fund and is currently designing the GCF Full proposal titled 'Climate Resilient Agriculture in Somalia'. It's in this regard that this assignment was initiated to complement an earlier field data collection exercise identifying key areas of vulnerability and resilience within the regions targeted in the proposal. The objective of the field assessment was to gather comprehensive data on the present natural resources, agricultural practices, livestock, socio-economic factors, and other aspects of livelihoods in order to strengthen the proposal with location specific information

Subsequently, this assignment was to make use of the data collected from the field assessment as well as that in the SCALA report to establish the target markets, challenges accessing markets and emerging opportunities for Sesame, Maize, Sorghum and livestock as well as constraints in seed systems of the targeted crops.

This assignment was mainly a desk review of the existing documents namely (i) value chain analysis studies, (ii) field surveys conducted in the design process in project target areas (Southwest (Lower Shabelle region: Afgoye, Barawee, Kurtunwerey, Qoryole Districts), (Hirshabelle (Middle Shabelle region: Cadale District), Jubaland (Lower Juba, Kismayo District and additional areas where the agro-pastoral system prevails), Puntland (Nugal region, Districts of Eyl and Garowe Districts), Somaliland (Togdheer region, Odweyne District), Galmudug (Mudug, Hobyo District)) and, the SCALA Private Sector Engagement Facility Report on Sorghum, Maize, and Sesame Value Chains in Somalia (2023). The Consultant was also in touch with the technical staff who conducted the field surveys in project target districts to collect specific information as well as with FAO's seed expert.

Highlights on Agropastoralism, livestock and crop farming in Somalia.

Somalia has been traditionally a pastoral society with livestock rearing a part and parcel of the economy and society. Livestock provides a source of income as well as food in form of meat and other animal products like milk which is an integral part of food security. It is estimated that around 65% of the population in some way or the other is dependent on livestock subsector (UNIDO, 2021)¹. Agropastoralism is the second largest practiced livelihood strategy in Somalia. Located primarily in semi-arid areas, agropastoral households engage in both crop production and livestock keeping. The crops grown include sorghum, millet, maize, groundnuts, cowpeas, mung beans, sesame, cassava and vegetables.

Agriculture and livestock face multiple constraints which limit productivity and decrease efficiency, including unpredictable and extreme weather patterns, underdeveloped and fragmented markets, poor value addition and lack of access to quality inputs such as seeds, fertilizers and animal vaccines².

¹ UNIDO (United Nations Industrial Development Organization) (2021) Sub-Sector Mapping and Value Chain Analysis of the Livestock Sub-Sector in Somalia, Technical Report, Mogadishu.

² National Economic Council of Somalia (2022) Food Security, Environmental Sustainability, and Building Resilience In Somalia

Besides the challenges in the input market, farmers in Somalia also face similar challenges in the output market, i.e., in selling their agricultural produce particularly crops. According to an FAO assessment result, the most commonly reported challenge was low farm-gate prices, cited by 88% percent of respondents in their study on Somalia: Shocks, agricultural livelihoods and food security. Monitoring report, November (2021). Other challenges with crop sales include reduced demand, high marketing costs induced by increased transportation costs, crop damage and loss and processing difficulties (FAO, 2021)³. Notably, Somalia was once almost cereal independent, and the production decline has created a dependence on food aid and imports – over 50% of cereal consumed is imported (Porter and Haji, 2021); as of December 2022, the cereal harvest in Somalia was 34 percent below the five-year average⁴.

Regarding postharvest handling, the lack of appropriate storage facilities has contributed large amounts of post-harvest losses at the farm level since the average annual cereal losses in southern Somalia are estimated to be on the order of 50,000–80,000 tons, valued at US\$15 - US\$20 million, representing about 20–30 percent of the harvest²⁰. The traditional underground storage pits lined with clay are highly prone to moisture contamination, particularly during the rainy season, and contamination from aflatoxins, other bacteria, and fungi.

In addition, the continuing insecurity makes access to farms and market outlets risky, costly, and unprofitable; and interventions by aid agencies extremely challenging. This means that market accessibility is a challenge for most farmers in Somalia, more especially in the flood affected areas⁵.

2.0 MARKET OPPORTUNITIES FOR MAIZE, SESAME AND SORGHUM

The location specific market opportunities for maize, sesame and sorghum have been discussed below with reference to discussing the marketing systems, target markets, challenges accessing markets and emerging opportunities.

2.1 MAIZE

Maize production in the country takes place mainly in the three river bordering states of Jubaland, Hirshabelle, and South West. These three states produced almost 95% of the maize in the country . A maize value chain study carried out by Adam Smith International (2020)⁶ established demand for maize in the country is increasing due to the growing population in the urban and rural areas. It is estimated that current demand is at 1.2 million metric tonnes valued at US\$396,000, with an annual deficit of about 40% filled by imports, especially through food aids. With almost all households consuming maize in different forms, such as milled, fresh, and dry maize, the demand is expected to continue to grow by at least 15% annually across the country. In the rural areas, maize is consumed daily either as a separate meal or mixed with beans. At breakfast, the common anjera consumed is mainly composed of maize. The consumption pattern and increased awareness of the benefits of

³ FAO (2021b) Somalia: Shocks, agricultural livelihoods and food security. Monitoring report, November 2021

⁴ February 2023| More Than a Decade of Drought in the Eastern Horn of Africa

⁵ FGS and World bank (2020) SOMALIA 2019 Floods Impact and Needs ASSESSMENT

⁶ Adam Smith international (2020) Maize Value Chain Analysis Somalia : Technical Assistance for Institutional Capacity Building on Agriculture Value Chain and Public-Private Partnership Development programme (OUTREACH)*

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maize is increasing the state demand. Being a major food crop, it is consumed by both low- and middle-class populations living in rural and urban areas.

About 60 percent of the maize produced is consumed at the household level and the surplus is sold. The market is sufficiently large enough to absorb production increases. Maize trade is conducted both formally and informally within the country and cross-border with neighbouring countries. The value chain study in Hirshabelle and Jubaland by Adam Smith International (2020) established that maize farmers in the region often sell their produce to traders or middlemen who then transport the produce to the markets in urban towns where it is sold to wholesalers. These actors play an important role in supporting market systems for rural small scale farmers who regularly face challenges in transporting produce to the markets. Most of these sales are very informal and are mainly at the farm gate level or village based markets. Most of the rural farmers do not have developed trust with the brokers though, more than often, payment delays occur. Barter trade with other valuable items is practiced when the demand for the produce is high.

In some villages, rural brokers make commission based on the number of bags or quantity of produce they collect for wholesalers / transporters. In most cases, brokers supply the wholesalers who, in turn, supply retail shops. Both wholesalers and retailers play an important role in the demand and supply linkages since they mainly set the quality standards and dictate market prices. Maize is mainly sold in 90 kg or 100 kg bags. The packaging of 50 kg bags is also becoming more popular. In the rural areas, retailers usually source from their own farms or buy from neighbouring farmers.

Wholesalers and retailers are important actors of the value chain since they interact directly with consumers. Some retailers experience losses when the market is oversupplied because they do not have the capacity to set up maize storage. In Jowhar, as in other parts of the state, there are no major maize processing facilities. Rural based manual or small motorized milling machines are commonly found in the market. These have a very low capacity to mill maize and often operate at less than 0.5 tonnes a day. This is significantly low, especially in the urban set up. High cost of electricity has inhibited business ventures into this section of the value chain.

Right before the Somali central government collapse, maize was mainly bought by the government and stored in maize silos located around Jowhar. These centers are in very poor condition and require rehabilitation. The private sector has shown an interest in managing these centers if their conditions are improved. Maize is one of the key food items distributed for free by organizations, such as the World Food Program, to poor and displaced peoples across the country. The distribution of this food aid during the maize harvesting period has continuously resulted in lowering the price in the market. This has made both farmers and traders loose a lot of their produce.

Road networks in Somalia are poorly developed and mostly impassable during the rainy seasons. The maize distribution systems among brokers and wholesalers are often made difficult due to the poor feeder roads. Poor roads and market infrastructure across the states hinders transportation of produce from farms to the markets. The markets in the urban towns are privately owned and are in poor hygienic conditions. Farmers use normal bags for storing maize, which make it prone to fungal proliferation, as well as infestation of storage pests. This

often leads to the use of hard chemicals, which besides increasing cost, poses health hazards to consumers. Poor storage coupled with low prices has resulted in significant losses. The maize traders in Somalia face multiple taxes from the farm to the market. In addition, they often pay many non-legal road fees and taxes making the product more expensive for the consumers. This increases the cost of doing business.

2.2 SESAME

Sesame is mainly produced by both smallholder and family owned large commercial farms. Sesame seed is mainly produced for the market with about 25 percent being exported to outside the country⁷. Hence, Sesame prices are highly dependent on the international market, and sesame production is highly responsive to market prices. The 75% that is not exported is consumed internally as seed or edible oil. A seed is widely used by households in pastries, such as bagels, cakes, donuts or by making candies. The oil is also used for cosmetics locally. The waste from processed oil is sold as animal feed.

In 2014, the sector's annual revenue was US\$ 300 million accounting for 5.25 percent of the country's total GDP of US\$ 5.71 billion⁸. The industry's profitability has been seriously harmed by the civil war and from the impacts of climate change leading to the sector losing its competitiveness in international markets.

Upon harvesting, farmers market their sesame products through several channels. While some choose to sell directly to oil millers and wholesalers without intermediaries, others prefer working with small village traders or brokers. Notably, the smallholder and family farming have very small volumes to sell; they lack market information, and they sell their output immediately after harvesting, which is when the supply is abundant and consequently the prices are relatively low because they are fully dependent on middlemen traders (dalaal). An average of 2023 farm gate prices during harvest and lean season gathered by LASER PULSE (2024) are presented below.

Table 1. Average Crop Prices, September–October 2023

Location	Harvest Season			Lean Season		
	Sorghum price/Kg	Sesame price/Kg	Maize price/Kg	Sorghum price/Kg	Sesame price/Kg	Maize price/Kg
Mogadishu	\$0.50	\$1.63	\$0.63	\$0.67	\$1.88	\$0.90
Afgoye	\$0.63	\$2.38	\$0.50	\$0.75	\$2.50	\$0.72
Jowhar	\$0.21	\$1.08	\$0.27	\$0.42	\$2.08	\$0.63
Hudur	\$0.63	\$1.46	\$0.96	\$0.50	\$1.04	\$0.75
Baidoa	\$0.33	\$1.04	\$0.42	\$0.63	\$1.25	\$0.67
Kismayo	\$1.00	\$0.92	\$0.63	\$0.71	\$0.83	\$0.50

Source: LASER PULSE (2024).

⁷DAI. 2019. Promoting Inclusive Markets in Somalia (PIMS) Final Report. Foreign, Commonwealth and Development Office.

⁸ Bubbolini, R., Onyango, D., and Atamba, A. 2016. Sesame Production Manual for Small-Scale Farmers in Somalia. Somalia Growth, Enterprise, Employment and Livelihoods (GEEL).

The LASER PULSE (2024)⁹ study which focused on Afgoye, Baidoa, Hudur, Jowhar, Kismayo, and Mogadishu areas and gathered data from 1,611 household surveys, and market vendor surveys with 358 vendors in the 20 markets further established that there were several factors contributing to price increases, amongst the respondents.; 64 percent stated that price increases could occur due to heightened demand from buyers, while 50 percent identified decreased supply resulting from unexpected shocks and seasonal trends as a driving force. Additionally, 26 percent pointed to market speculation, and 23 percent cited elevated transportation costs as factors necessitating price hikes. When inquired about their pricing strategies, 55 percent of respondents indicated their reliance on local market prices as the primary determinant. Meanwhile, 16 percent disclosed that they gather pricing information from fellow traders, and 12 percent reported engaging in negotiations with buyers to establish their selling prices.

Notably, Village traders or brokers within the sesame value chain play a significant role in aggregation. They function as intermediaries, collecting sesame in relatively smaller quantities directly from producers, aggregate and resell in larger, more marketable quantities to wholesalers, oil millers, and exporters. However, they do not contribute substantial value to the sesame grain, but they primarily serve as facilitators in the aggregation and distribution process. Their key roles is on logistical and market-related activities, rather than enhancing the product. However, there are few regions with organized farmer producers i.e Sesame Seed Growers' Association (SESIMA); and the Shabelle Farmers' Association (SHEFA) both of which provide a spring board for easier engagement of farmers and integrating them into mainstream formal markets. Thus, promoting of contract farming models and arrangements between produce buyers (processors/exporters) and such farmer associations would introduce aspects of efficiency in the value chain¹⁰.

Oil millers are the primary processors, they are involved in the mechanical crushing and filtration of sesame seeds to produce valuable oil. Majority are based in Mogadishu, but there are small scale millers also in Baidao and Jowhar. The Chamber of Commerce estimates over 300 small scale millers operate in Mogadishu. However, it's worth noting that the perception of quality and hygiene including sanitation, equipment maintenance, and overall cleanliness within the oil milling process requires improvement to meet the necessary standards for producing a product that can compete on the global market. Furthermore, there is a notable absence of technology or tools that would enable oil millers to precisely monitor and verify the standard and quality of their sesame oil products. This deficiency in quality control mechanisms hinders the ability to consistently meet international quality and safety standards, which are crucial for accessing global markets. Previous studies have indicated that about 2.8 – 3 kg of sesame seed is required to produce 1 litre of sesame oil. A 20 litre jerrican of sesame oil was said to sell at USD 53 in the domestic market. Sesame cake usually obtained as a by-product after oil extraction, was said to fetch USD 0.50 per kg¹¹.

⁹ LASER PULSE Project (2024) BHA/TPQ/SPADe Somalia RFSA Activity Design Project Desk Review and Market Study University.

¹⁰ Somali Resilience Program (SomReP) (2019) Value Chain analysis report on local & export marketable crops and crop products in Gedo, Bay and Lower Shabelle regions of Southern Somalia.

¹¹ Somali Resilience Program (SomReP) (2019) Value Chain analysis report on local & export marketable crops and crop products in Gedo, Bay and Lower Shabelle regions of Southern Somalia.

The SCALA Report (2023)¹² established that heavy taxation by the national and local governments is one of the constraints that limit market expansion of the sesame value chain among other crop value chains. Transporters mentioned many check points by militia as a big constraint and heavy taxation as they move from one state to another during transit, off-loading and loading costs at the militia manned checkpoints and high Motor vehicle insurance costs. These obstacles collectively restrict the growth potential of the sesame sector in Somalia. Interviews with exporters established that they have to pay about US\$100 per truck at source e.g., at Afgoye, and US\$0.05 and US\$0.02 per ton to Ministry of Finance and Chamber of Commerce respectively and finally, US\$90 per container at the port.

2.3 SORGHUM

About 80% of Sorghum in Somalia is produced by subsistence farmers and the rest by medium and large scale commercial producers (on more than 10ha). Lower Shebelle, Middle Shebelle, and Bay regions in the Southwest State of Somalia account for over 80 percent of the country's grain crop production. Subsistence producers in these regions grow sorghum for their own consumption and rarely have surplus produce to sell to the markets. The surplus (unprocessed sorghum) is sold directly to consumers, middlemen, or retailers. The transport costs in trade of sorghum are prohibitive for many of the small producers and hence after harvest, they package sorghum in 50 kg bags and sell to whole-sellers or middlemen mostly in cash although some agree credit terms¹³. As indicated in table 1, prices fluctuate heavily also between cultivating and harvesting time.

Poor farmer organization denies farmers the advantages that come with economies of scale. Middlemen purchase small quantities of sorghum from producers and bulk before selling to wholesalers and retailers. Occasionally, they offer informal credit services to producers and accept surplus grain as repayment. These arrangements between middlemen and producers are mostly informal. Sometimes producers even advance their surplus to the middleman who will repay the producer once he has sold the grain. Wholesalers mainly supply to retailers, although some wholesalers are also retailers and sell directly to the market. They have storage facilities that allow them to sell produce during the off-season and command a stronger price. Wholesalers also facilitate trade with other regions in Somalia typically transporting sorghum to the markets in Mogadishu for sale and further redistribution.

Retailers are often women who operate in open-air stores under improvised structures. Many of these retailers move between markets buying from producers in the harvest seasons and from wholesalers in the off-season. They sell sorghum as grains with the husk removed or as flour from large sacks, scooping smaller portions into small plastic bags depending on the quantity the customer requires¹⁴. Processing into flour is normally carried out using small milling machines in the small towns.

¹² SCALA Private Sector Engagement Facility Report (2024)

¹³ ILO. 2015. Market Opportunity Mapping in Somalia A value-chain analysis and rapid market assessment in Baidoa and Beletweyne Provinces.

¹⁴ WFP. 2011. Food Market and Supply Situation in Southern Somalia. Technical Note, September 2022.

The demand for sorghum remains high, and supply cannot keep up this is affirmed in the study by ILO (2015)¹⁵ where 80% of the farmers interviewed expressed the growth in demand. Given the fact that Somali agricultural sector is heavily dependent on food imports, local sorghum production also competes with imported sorghum. The competitiveness of locally produced sorghum is hampered with inconsistent standards, poor harvesting and post harvesting handling techniques such as threshing and post harvesting managements. These challenges make it impossible for locally produced sorghum to compete with imported sorghum, which has higher standards and more appealing to consumers.

The level of processing of crop produce is limited. Some retailers in Bay, Lower Shabelle and Gedo sell sorghum grains with the husk removed, and some sell sorghum flour, but this is not common. The lack of post-production processing is mainly a function of the fact that there are few options for further processing. Most consumers simply grind the unprocessed grain to partially remove the husks to make a porridge-like meal on a need's basis.

4.0 MARKET OPPORTUNITIES FOR LIVESTOCK & LIVESTOCK PRODUCTS

4.1 LIVESTOCK AND LIVESTOCK PRODUCTS

In the early 2010s, the livestock sector accounted for around 78 percent of total exports though these have been occasionally interrupted by droughts and international export bans in the last three decades. Somalia's livestock products for consumption and export are Camel, Cattle, Sheep, Goat, and Fish. Livestock provides a source of income, while home consumption of meat and other animal products represents an important source of food security. Livestock continues to account for 60.7% of GDP and over 70% of exports¹⁶.

Livestock in Somalia are primarily dominated by two sub-sectors namely Meat and Milk. Both these major value chains have subsidiary value chains. The meat processing value chain can be divided into subsidiary value chains. One catering to the domestic market while another is chilled frozen carcass for exports. Livestock exports is a chain which effectively caters to the export meat market. Similarly, the milk value chain has subsidiaries—consisting of plain milk sells and while the others are for traditional dairy products like *Ghee* or newly established dairy processing firms. Other minor value chains in the subsector are that of raw hides and skins – primarily for exports and small chain on use of bones and tallows for producing jewellerys and accessories¹⁷.

4.1.1 Milk Sub-sector

Somalia is a net importer of dairy products with concentrated milk constitutes 4.7% of the total imports valuing 157 million US\$ in 2018 (Source: OEC World). Studies carried out in the districts of Gabiley, Dila, Alleybadey, and Tog-Wajaale in Somaliland established pastoralist are small-scale milk producers, producing little amounts of milk (5 and 10 litre/days) from between 2 - 5 cows and 3 camels per producer.

¹⁵ ILO (2015) Market Opportunity Mapping in Somalia A value-chain analysis and rapid market assessment in Baidoa and Beletweyne Provinces

¹⁶ SOMINVEST (2022). Priority Sector Investment Study. Agribusiness Opportunities In Somalia's Food Production Sector

¹⁷ Sub-Sector Mapping & Value Chain Analysis of the Livestock Sub-Sector in Somalia UNIDO TECHNICAL REPORT
Mogadishu, January 2021

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This price is always based on the season and camel/cattle calving. Common milk sold in the markets are camel and cattle milk and goat milk is all consumed at the household level. These range from SOS 35,000-50,000 for camel milk and SOS 20,000-25,000 for cattle¹⁸.

They are scattered, and are unorganised each producer individually seeking to exploit the environment through constant mobility in search of water and feed with their herds¹⁹. This makes them vulnerable and weak in the market since they have low economies of scale and bargaining power for inputs and for milk price negotiations. Due to its informal nature, raw milk and traditionally-processed dairy products are transported from individual village producers to traders in re-used plastic containers. Raw milk collection, transportation and marketing is characterised by lack of hygiene, contamination, microbial growth due to un-clean containers, lack of cooling chains (Chillers and refrigerated vans) , mixing of different pools of milk etc.

In Bay and Bakool, income generated from milk and products by the farmers are used for meeting human/animal health services, farm inputs, wedding and asset creation such building houses, construction of water bans and communal contributions especially when extra expenditure is needed among the community²⁰.

The marketing channels are inefficient with too many intermediaries; poor linkages with stakeholders upstream; lack of market information; weak agribusiness management skills; weak institutions, policy and regulatory systems; poor enforcement of milk quality standards by government; poor transport infrastructure (roads, bridges are not constructed). All these constraints affect the producers and the rest of the chain actors. The majority of producers milked per day and produced of which half was wasted for one reason or another.

Despite lack of hygiene and reliability in the milk market, consumers value raw milk for its traditional taste and generally low prices. Consumers will nearly always boil raw milk to avoid milk-borne infections. With a growing population and a rising birth rate, there is an opportunity for increased demand for good quality fresh milk even the rural areas.

In the regions closer to urban and pre-urban areas, there are zero grazing farms and the milk collected are commercially sold to Institutions like hotels and restaurants as well as few milk processing units that are being stabled in last few years. These farms are self- sufficient and have their own transportation as well as cooling facilities.

Notably the formal milk marketing cooperatives have been promoted by various agencies for milk collection and sales in some areas but is still very notional in operations. Though, some of the collectors have organized themselves into informal milk marketing cooperatives comprising of close family or nearby herders who collectively sell their milk at the nearest town²¹.

4.1.2 Live cattle Sub-sector

Notably, in lower Juba, the agro-pastoralist sell about 5% during a good crop harvest year and this goes to as high as 10-20% during a bad crop harvest year²². Other key actors in this sub-sector are the brokers locally known as Daalal. These are middlemen who facilitate exchange between pastoralist

¹⁸FAO GCF Field Data collection Report (2024) Lower Juba

¹⁹Baseline assessment on standards and capacities of producers and vendors/processors of milk and meat in, Wajaale and Gabalay districts of Maroodjeex Region, Somaliland. VSF-G (2020)

²⁰ FAO GCF Field Data collection Report (2024) Bay and Bakool

²¹Sub-Sector Mapping & Value Chain Analysis of the Livestock Sub-Sector in Somalia UNIDO TECHNICAL REPORT Mogadishu, January 2021

²² FAO GCF Field Data collection Report (2024) Lower Juba

and traders or between traders. They are not engaged in the physical handling and management of livestock, nor do they assume ownership of animals. They are found in all the markets and usually they live in the same area, and belong to the same clan, as the producer–sellers and has societal recognition. In addition to connecting buyers with sellers and acting as payment guarantors, they provide information on volumes, quality and price of livestock: both the available supplies and the demand expressed by buyers³.

Brokers also provide market security, in that they are active in enforcing purchase and sale agreements and property rights, and resolution of conflicts. They charge a fee, generally a flat rate per animal (varying by species), which is usually shared equally between buyer and seller. Most of the live animals are exported through ports of Berbera, Bosaso, Mogadishu and Kismayo. While live animals are exported through ships, the chilled meat carcass are sent through air-freight.

4.1.3 Meat Sub-sector

Meat processing in Somalia primarily can be attributed to slaughtering of animals by the local butcher and catering to the urban and peri-urban market. These abattoirs are very crude and unhygienic with little regulations followed. Traditionally, the Somali society prefers fresh meat to frozen, hence, the local market is predominantly supplied by the local abattoirs or butchers. Interestingly, there are street vendors mostly women, who procures from the local butcher and sells in the street markets.

Meat export market – mostly of live animals and a small segment of chilled meat export This has contributed to substantial gap in the demand and supply. Exporter's act as the final link between the Somali livestock rears and the importing countries. To procure animals, some exporters operate through a dedicated network of agents of exporters who are usually from the same clan as the exporter. They employ 3–4 full-time agents on average, as well as other part-time intermediaries. In the export of chilled carcass, the exporters get the stock slaughtered in few designated slaughter-house and then deliver chilled meat to importers in the Middle East.

5.0 SEED SYSTEMS

The yields of cereals in Somalia have declined since the early 1990s and has been attributed to lack of investment resulting in the absence of improved varieties that are suited to Somalia's agro-climatic conditions on the market. A report by SOMINVEST (2022) on Agribusiness Opportunities in Somalia's Food Production Sector states that the Annual seed demand across southern Somalia (Hirshabelle, SWS and Jubaland) is estimated at 8,000 MT for grain seeds; however, only about 1,500MT is currently supplied by private companies. The report further mentions that 99% of the seeds used by farmers across the country are their own and that there is a growing demand for high-quality seeds in response to climate change- induced effects and notably there is potential for efficient seed multiplication via out-grower schemes, with over 500 cooperatives existing across the country.

Field interviews with FGDs in the districts of Ely and Nugaal at Jibagale and Caun farms during the FAO GCF Field Data collection ranked access to quality seeds to be amongst top 4 challenges in crop production. The informal seed systems accounts for more than 95% of the entire seed business sector in Somalia , that local farmers in Somalia rely on in addition to the rudimentary formal seed system²³. The Seed System Assessment conducted by Mercy Corps in the Middle Shebelle region in 2022 reveals that the maize and sorghum farmers have multiple sources of seeds, with 28% sourcing from the local market, 28% free distribution by NGOs and agro input dealers (23%). Additionally, 21% of the farmers indicated to have used their own saved stock from the previous harvest. Occasionally 2% is sourced from friends and relative, government and contract growers whenever there is a low level of carryover from the preceding harvest seasons. A Market Opportunity Mapping in Somalia by ILO in Baidoa and

²³ Mercycorps (2022) Seed System Assessment (SSA) in the Middle Shebelle Region, Somalia

Beletweyne Provinces established that the poor storage of the farmer owned seeds have resulted to poor germination capacity of seeds to almost nil after one year of storage. Thus, while the seeds themselves may still be edible, they will produce extremely poor, if any, yields. Notably the new private enterprises have few or no branches spread across the assessment localities and hence a lot of low quality seeds and limited varieties in the market²⁴.

Previous studies by the FAO representation office in Somalia in 2015/16²⁵ (FAO, 2016) on seed system security assessment had similar findings. Notably 46 percent of households relied on local markets to source their seeds, while an additional 38 percent relied on their own seed sources and 13 percent relied on seed distributions and/or aid. Another assessment by the FAO in 2021²⁶ indicated that around 52 percent of cropping households across all zones of Somalia reported difficulties related to seed access. Among the key challenges facing household access to seeds include the unavailability of seed from vendors or local markets, insufficient household income with which to buy seeds and higher-than-usual seed prices. Others reported common concerns included the inability to reach markets to buy seeds, the unavailability of typically used seed varieties, and the non-provision of typical seed aid and/or subsidies this year.

Filsan, CSET Darussalam, Horn Agro are amongst the new private enterprises that have come into existence in the past 5 years serve the formal seed sectors have just recently entered the market, and their capacity is very limited to meet the demands of the farmers in the agricultural sector. F1 Hybrid maize seeds which are more resilient pest resilient , diseases -resilient and drought resistant and therefore produce higher yields and mature earlier than traditional varieties go for about US\$2.5 per kg, while others go for US\$0.75 per kg²⁷. While the hybrids have a better productivity of about 75 percent more than the local varieties, the price is very high for smallholder farmers. For instance, 1 ha using about 25 kgs of hybrid seeds would cost around US\$62.5 per ha, whereas a farmer only needs to spend US\$20 if using local varieties. Due to the price difference quality seeds are not easily accessible to farmers unless they are distributed through projects.

²⁴ General information on crop production in Somalia (2022) FAO Somalia

²⁵FAO (2016) Seed System Security Assessment Report. FAO internal document. Nairobi.

²⁶ FAO (2021a) Somalia: Agricultural Livelihood and Food Security in the Context of COVID 19. Monitoring Report, Rome.

²⁷ SCALA Private Sector Engagement Facility Report 2024

