POLICY BRIEF

Formalising Somalia's Feed and Fodder Sector

Unlocking an USD 8 Billion Opportunity through Islamic Finance and Commercialisation

1. Executive Front Matter

Primary Decision-Makers: Ministry of Livestock, Forestry and Range (MoLFR), Federal Government of Somalia (FGS), Somalia National Bureau of Statistics (SNBS), Islamic Financial Institutions (e.g., Dahabshiil Bank, Som Bank), and the Somalia Feed and Fodder Multi-Stakeholder Platform.

Decision Required: Enact the proposed National Rangelands Authority and National Feed and Fodder Authority Acts, deploy Sharia-compliant (*Musharaka*) financing to capitalise commercial fodder enterprises, and integrate the Predictive Livestock Early Warning System (PLEWS) into national frameworks.

Key Messages (Core Diagnosis):

i) **A foundational economic pillar at risk:** Livestock contributes 45% to Somalia's national GDP and 80% to agricultural GDP. However, the sector is constrained by a severe **1.5 million MT annual feed deficit**.

ii) **The cost of informality:** The sector must urgently transition from an informal, trust-based trading system to formalised contracting to mitigate the risks of extreme climate shocks and attract structured capital.

iii) **Unlocking new capital:** Leveraging diaspora funding and Islamic finance (such as joint-venture models) is the key to scaling mechanisation, irrigation, and commercial fodder production.

2. Executive Summary

The recent historic, five-season drought devastated herds across Somalia, starkly exposing the fragility of an unarticulated and informal feed and fodder sector. While livestock remains the backbone of the Somali economy, recurrent climate shocks have repeatedly decimated the natural rangelands upon which the vast majority of the nation's animals depend. This brief, advocates that reactive, humanitarian disaster relief is no longer a viable economic strategy. To unlock the sector's estimated USD 8 billion investment potential, Somalia must aggressively pursue structured commercialisation. By establishing dedicated regulatory authorities, scaling women-led wetland irrigation projects, and deploying innovative Sharia-compliant financing, Somalia can secure a resilient, export-ready livestock economy.

3. Introduction and Context

Somalia possesses immense livestock wealth, boasting over 56 million animals and hosting the world's largest camel population. This resource base is driving a lucrative shift toward high-value camel dairy and live animal exports to the Gulf states, presenting a massive USD 8 billion sectoral investment opportunity. However, despite this vast economic potential, the foundational input—feed and fodder—remains highly informal and critically vulnerable to climate extremes. To sustain the export of live animals and ensure domestic food and nutrition security, the Federal Government of Somalia (FGS) and the Ministry of Livestock, Forestry and Range (MoLFR) must actively support the transition from informal, rain-fed pastoralism to a modernised, commercial feed industry.

4. The Problem: Deficits, Informality, and Climate Vulnerability

The failure to commercialise feed and fodder production has locked the sector into a cycle of deficits and vulnerability:

i) **The Supply Gap:** Somalia faces an acute structural shortage. The nation demands an estimated 2.7 million MT of feed annually but produces only 1.2 million MT, leaving a crippling 1.5 million MT shortfall.

ii) **Informality and Data Deficits:** Trade within the sector is predominantly informal and trust-based. This lack of formal contracting severely restricts access to commercial bank financing. Furthermore, critical data remains fragmented across various development partners and non-governmental organisations rather than being centralised within the Somalia National Bureau of Statistics (SNBS), hindering targeted investment and policy formulation.

iii) **Climate Shocks:** With approximately 97% of livestock dependent on natural rangelands, the increasing frequency of droughts and recent devastating floods continually degrade the resource base, making subsistence pastoralism economically unsustainable.

5. Strategic Interventions: Wetland Production and Innovative Finance

To reverse these vulnerabilities, Somalia must deploy targeted, scalable interventions that blend modern agronomy with innovative finance:

i) **Islamic Finance & Diaspora Investment:** Transitioning to commercial scale requires significant capital. There is a critical opportunity to scale up the application of Sharia-compliant financing models—specifically *Musharaka* (joint venture/partnership) models—involving local Islamic banks to fund fodder enterprises. Coupling this with planned diaspora-focused virtual investor forums will provide the necessary capital for large-scale mechanisation.

ii) **Women-Led Wetland Commercialisation:** The African Women in Animal Resources Farming and Agribusiness Network (AWARFA-N) in Somalia is piloting highly bankable models. By leasing 50 hectares of wetlands to cultivate and preserve improved, energy and protein-rich fodder varieties (such as Sugar Graze Sorghum, Sweet Potato Vines, and Napier Grass), this initiative projects over USD 500,000 in first-year revenue, demonstrating the immense viability of irrigated, commercial fodder production.

iii) **Early Warning Systems:** The integration of the Predictive Livestock Early Warning System (PLEWS) and the Pictorial Evaluation Tool (PET) is essential. These digital tools will allow stakeholders to shift from reactive disaster relief to proactive feed conservation by forecasting forage availability before crises manifest.

6. Targeted Policy Recommendations

To unlock the USD 8 billion opportunity and secure the livestock value chain, Somali policymakers and financial institutions must enact the following actionable recommendations:

i) **Enact Dedicated Authorities:** The Federal Government of Somalia must urgently revive and pass the legislative Acts required to establish the **National Rangelands Development Authority** and the **National Feed and Fodder Authority**. These bodies are essential to govern, regulate, and structure the sub-sector.

ii) **Scale Islamic Financing for Mechanisation:** Commercial financial institutions (e.g., Dahabshiil Bank) and the FGS must collaboratively design and roll out tailored, Sharia-compliant credit facilities. These instruments must empower cooperatives and women-led enterprises to invest in critical infrastructure, such as irrigation pumps, silage choppers, and balers.

iii) **Centralise Data and Early Warning Systems:** Mandate the SNBS to formally domesticate feed and fodder data ownership to prevent digital decay and fragmentation. Concurrently, fully operationalise PLEWS to trigger early remedial action—such as the deployment of strategic feed reserves—months before climate shocks decimate herds.

iv) **Secure Land Tenure for Fodder Production:** To attract long-term private and diaspora investment, the MoLFR must develop and enforce robust land-use policies that protect commercial fodder production zones (particularly in the Shabelle and Juba riverine areas) and clarify grazing rights on previously communal rangelands.

7. References

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