



Somalia's growing livestock sector reports record exports

With help from the FAO, the country will focus on its leather industry to add more value domestically.

In a country where 80% of the population is dependent on livestock for their livelihoods, the health of the sector is crucial to Somalia's ability to feed its people and develop. It has long been susceptible to Rift Valley Fever, a contagious disease that meant it was banned from exporting until 2004.

However, the lifting of the ban has led to huge growth, with exports reaching a record \$360 million in 2014. This included 4.6 million goats and sheep, 340,000 cattle and 77,000 camels, according to the Food and Agriculture Organization of the United Nations.

"This is a key milestone that reflects the large investments being made to support the commercial development of the sector to become more competitive in international markets," says Said Hussein Lid, Somalia's Minister of Livestock, Forestry and Range. "This is important for both Somalia's economy in general and for the livelihoods of the millions of livestock owners throughout Somalia."

For the last six years, FAO, with support from the European Union and the UK government, has engaged with the government to invest heavily in livestock infrastructure, fodder production and livestock vaccination and treatment services. Transboundary animal diseases have been a major point of attention because they can kill large numbers of animals, resulting in food shortages, market disruptions and trade and export barriers. FAO vaccinates an average of 12 million animals per year in Somalia against *peste des petits ruminants* (PPR), a viral disease of goats, and another 12 million goats against Contagious Caprine Pleuropneumonia (CCPP).

Buyers from Saudi Arabia, Yemen, Oman, Kuwait, Qatar and United Arab Emirates have all taken advantage of the investments and the improved disease surveillance and control mechanisms. Saudi Arabia, in particular, has contributed to steadily rising exports, after lifting its ban in 2009.

In addition to animal health campaigns, four modern slaughterhouses, four meat



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markets and three livestock markets are also boosting local livestock trade. A certification system developed by FAO along the Galkayo-Bossaso livestock corridor will further help to ensure high-quality livestock for local consumption and export.

Rudi Van Aaken, a senior officer with FAO's office for Somalia, explains: "Even without exports, the people still have an extensive pastoral system, but the market is essential to turn traditional assets into cash. It is a very resilient system that can be built up quickly: in recurrent drought, herd sizes shrink then expand again when there are good years."

By-products

With trade of live animals booming, FAO is now working with the government and partners to identify opportunities to derive added value from by-products. In 2012, under a UK-funded initiative, Somali pastoralists were trained in soap manufacturing, using camel bone marrow, and jewellers then carved spoons, necklaces and flower vases out of the dense bones. In May 2015, FAO began to train 150 Somalis in leather production, while an EU-funded programme is under way to improve milk quality in the north west.

"About 40% of GDP comes from livestock, it's a system that gives a lot of

employment, but there's also a large sector around it, such as transport, veterinary services, by-products – hides, skins, leather, bone craft – areas FAO has been supporting into profitable businesses," added Mr Van Aaken. "It is also a way for us to be in contact with 80% of the population, as it is very difficult to reach and treat the animals and it also provides us with a vehicle to reach out to those farmers. So this is a success story for a number of reasons: it is not just a one dimensional support of exports, it reaches through the entire value chain."

Richard Trenchard, representative of UN's Food and Agriculture Organization in Somalia, said the Horn of Africa nation is increasingly open for business in general, and foreign investment in particular. "FAO has been in Somali for the last 40 years, and I'm sure it will be there for the next 40. We have all seen the country slowly getting back on the track of recovery and development in recent times, notwithstanding recurrent crises and challenges. What we aim at today is to see Somalia export high quality meat and a range of related by-products such as leather. Our common challenge is to translate this potential into reality in the coming years and put increasing money into the pockets of Somali farmers, fisher folk and livestock owners." ☺



A renaissance for the African leather industry

Economic development, demographics and social and political change are driving Africa's leather industry towards a renaissance, says Dr Mwinyihija, executive director of the COMESA Leather and Leather Products Institute (LLPI). There are now 20 members of COMESA, the Common Market for Eastern and Southern Africa, a free trade area stretching from the Mediterranean to the far south of the continent.

"Africa has been isolated for a long time," Dr Mwinyihija says, "dubbed as an exporter of hides and skins. But the geopolitical climate is changing very quickly and Africa has now found out that it can work with the rest of the world." According to his figures, Africa has 26.3% of the global livestock population and contributes 14.5% of global stocks of hides and skins. He puts the global total at 1.3 billion pieces per year, of which Africa contributes 37.7 million cattle hides and 150.3 million sheep and goat skins per year. When it comes to value, though, Africa's contribution to the leather sector's global total (a total he puts at \$100 billion per year) is only 3.3%.

"Some say the sector's annual value is \$50 billion, but I can show this is an underestimate," the LLPI executive director says. "If 65% of the total global production of finished leather of 23 billion square-feet, or around 14.9 billion square-feet per year, goes into footwear, and we divide this by 2.5, we can work out that manufacturers around the world are producing six billion pairs of leather shoes per year. And if these have an average export value of \$10 per pair, that would give us a total value of \$60 billion." This is to say nothing of the value of all the leather that goes into automotive interiors, furniture, clothing, gloves and handbags. And if the average price per pair for leather shoes is \$15 per pair instead of \$10, it would give a total value of \$90 billion. "You can see that this is a huge industry," Dr Mwinyihija says. "We should show more pride in it."

Africa needs to move on from being just an exporter of hides and skins, he repeats. It needs to create jobs for its people, he insists, to create wealth and, at the same time, push ahead with rural development.



Livestock development projects, such as this one in Egypt, will make it easier for tanners in Africa to secure better-quality local raw material.

CREDIT: International Fund for Agricultural Development



A footwear repair and manufacturing microenterprise in Rwanda. Development of Africa's SME sector will help it better serve growing demand in its domestic markets.

CREDIT: International Fund for Agricultural Development

Sticking with footwear, he claims that demand for shoes, globally, is growing fast and that by 2030 the world requirement will be for 27 billion pairs per year.

Furthermore, he points out that if the leather industry does not step up to meet this demand, it is in danger of letting suppliers of synthetic materials take over.



"This would be bad news, especially for Africa," he adds, "because we need to use our hides and skins to help us address social issues such as employment and wealth creation."

Africa has a population of 1.1 billion people and a gross domestic product of almost \$2.4 trillion, but what is important, he says, is that Africa has been growing, with a projected growth in 2015 of 5.75%. All countries in Africa are looking for ways to make sure this growth continues and Dr Mwinyihija is convinced more and more of them will look to develop strategies to capture as much value as they can from hides, skins and leather. And this will contribute substantially to growth. "By 2050, the World Bank projects that three of the top 20 countries in the world for economic growth will be in Africa," he explains, "Egypt, South Africa and Nigeria. This proves my point about renaissance. Our sector will be important in this growth for Africa for the following reason. We have 867.9 million head of cattle, sheep and goats and there is no other place across the globe right now that can support such a huge livestock population. This will make everybody look towards us."

He says that if India, for example, is to meet its "very ambitious target" of increasing the turnover of its leather sector to \$27 billion by 2020 from around \$12 billion at the moment, it will have to look to Africa. "We are already starting discussions with India," Dr Mwinyihija says, "which is very exciting. China is also becoming a critical partner for us." He insists that "the only thing that is letting Africa down" is the speed of technology transfer, the rate at which operators there are learning to convert hides and skins into finished leather and, from that, into finished products. There are losses all the way along the supply chain in terms of raw material that never makes it to a tanner. It's also true that only a very small proportion of African hides, Dr Mwinyihija says a single-figure percentage, is converted to finished leather in Africa and an even smaller proportion into finished leather that is of sufficient quality to be of interest in export markets. Much development work is, therefore, still required in the African leather industry, but companies investing in the leather sector in Africa can have confidence not just because of the availability of raw material and its appeal in other parts of the world, but also because of increases in consumption of leather in domestic African markets.

Focusing once more on footwear, he explains that shoe consumption across Africa as a whole right now is 0.8 pairs per person per year on average, giving a total market size of 880 million pairs. Production, though, is only 155 million pairs, leaving a shortfall of 725 million. "We are in that position because our conversion rate [of the available raw material] is so poor," he says. "And please bear in mind that the market will expand from 880 million pairs to 1.9 billion by 2030, such is the demand factor we have. So you can see how huge the market is."

Countries in Africa will increase shoe production and claim a greater share of the African market, he believes, by developing more small- and medium-size enterprises. To achieve this, it will be imperative for governments and private-sector investors to work with partners from outside Africa. Formal policies to stimulate the leather industry, such as 12 COMESA countries now have, will also help. "The existence of these policies is also good news for the global market," Dr Mwinyihija insists, "because it says that if you go to do business in any of these 12 countries you are going to find an environment in which you can talk about investment and marketing." He says everyone in the industry in Africa wants to build bridges and attract investment, all of which will help Africa's renaissance. "The potential is clear," he concludes. "The leather sector occupies a place of great prominence in many of our economies." 🌐

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