The Socio-economic Implications of the Livestock Ban in Somaliland

FEWS NET IQC Famine Early Warning System Network
Contract No. AOT-I-00-00-00142-00, Task Order 2

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December 2002
Nairobi

Acronyms and Abbreviations

FAO	Food and Agriculture Organization of the United Nations
FEWS	Famine Early Warning System (USAID)
FSAU	Food Security Assessment Unit of Somalia (FAO)
GDP	Gross Domestic Product
GOSL	Government of Somaliland
HoA	Horn of Africa
KSA	Kingdom of Saudi Arabia
RVF	Rift Valley Fever
SCF	Save the Children Fund
SCF-UK	Save the Children Fund, United Kingdom
SlSh	Somaliland Shilling
SSh	Somali Shilling
SCPD	Somaliland Center for Peace and Development
UN	United Nations
UNDP	United Nations Development Programme
UNDOS	United Nations Development Office for Somalia
USAID	United States Agency for International Development
WFP	World Food Programme
WHO	World Health Organization
WSP	War-torn Society Project

Executive Summary

This study assesses the first- and second- round impacts of the ban on livestock imports from Somaliland imposed in mid-September 2000 by the Kingdom of Saudi Arabia (KSA) and other states in the Arabian Peninsula. The study was written in three phases: following a review of the original report, completed in late 2001, it was decided that the author should update her data and conclusions in mid-2002. New data were incorporated and the report was finalized in December 2002. The original report's conclusions have been updated, modified, or confirmed either by sources on the ground or through new data, when available. We have aimed to clarify to which period the given data, observations, or conclusions apply.

First-round impact on livestock exports

The livestock sector traditionally comprises about 60-65% of Somaliland's GDP. Livestock exports have played a major role in the economy as a source of employment, income, foreign exchange, government revenues, and food imports. Prior to the current import ban, Somaliland's export markets had achieved unprecedented growth: 2.8 million head valued at US$120 million were exported from Berbera port in 1997. These exports have increasingly become the product of commercialized rather than subsistence pastoralism, and about half of them originate outside of Somaliland (in Ethiopia or Somalia). Between September 2000 and November 2002, however, less than 500,000 head were exported. Extrapolating average exports from 1995-1997, this represents more than 5 million head in lost exports and several hundred million dollars of foreign exchange not earned.

First-round impact on markets and prices

There have been two noticeable trends in markets and prices during the current import ban: a dramatic depreciation in the Somaliland shilling, and local-currency inflation of imported commodities. The dollar exchange rate of the Somaliland shilling dropped from SlSh 3,487 at the time when the ban was imposed in September 2000 to SlSh 6,200 in December 2002. The prices of imported goods such as petrol, rice, sugar, and wheat flour, while remaining steady in dollar terms, have risen considerably in the local currency due to depreciation, adversely affecting the purchasing power of Somaliland pastoralists.

First-round impact on pastoral household livelihoods

Pastoralist households generally still have enough resources and coping options to respond to shocks and maintain previous food consumption levels; as the ban continues, however, they become increasingly vulnerable. The decline in livestock prices and the closing of markets have translated into tens of millions of dollars in lost income. Increased grazing has left the area even more vulnerable to the impact of droughts, and young men are increasingly migrating to cities for work. Agro-pastoralists are better off than pastoralists due to their more diversified income base, but the poor in both groups are at dangerous thresholds.

Second-round impact on the Berbera Port Authority

The drop in livestock exports from Berbera has resulted in millions of dollars of lost revenue from vessel charges and port commissions. The Port Authority is in a financial crisis, relying on credit for operating costs, reducing staff, and postponing important maintenance and investment.

Second-round impact on government finances

Livestock exports in normal times account for roughly 30% of total revenues for the Somaliland government. (Other main sources include import duties and *qat* exports.) Rather than appeal for aid during the current ban as it did in 1998/99, the Somaliland government increased its revenues from import duties. Through the end of 2001, the impact on government revenues was not as severe as during the previous ban. In 2002, however, there was a sharp decline in imports at Berbera due to the high import taxes, and government revenue declined sharply as a result.

Second-round impact on trade and urbanization

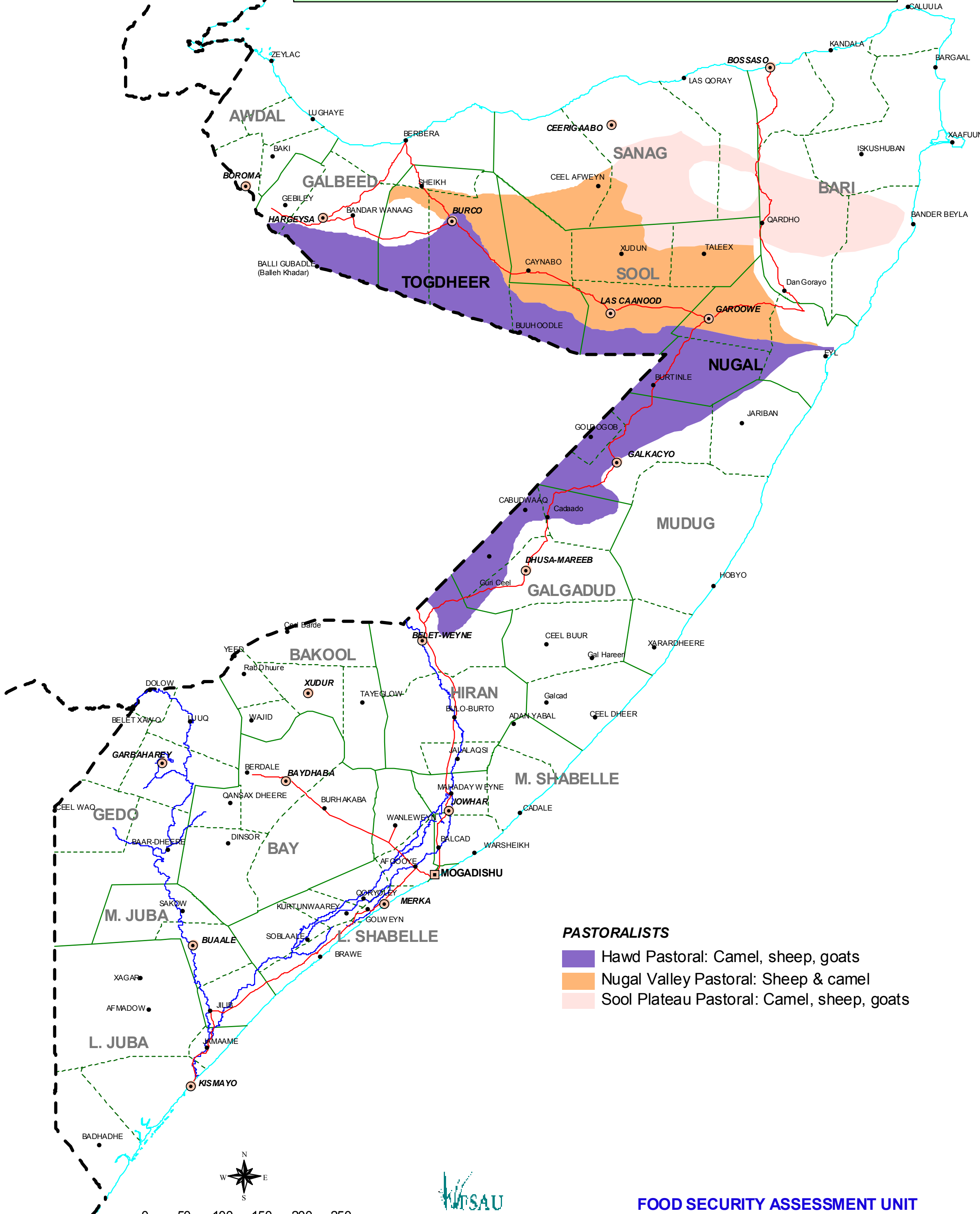
The current ban has forced many livestock exporters out of the business and forced others to diversify. There has been increased activity in marketing of milk and of hides, and a new, modern abattoir has been constructed. The ban has also forced more of the population into urban centers, increasing problems of urban poverty and unemployment. In contrast to the many coping mechanisms available to pastoralists, urban dwellers must rely solely on kinship networks in times of need. This increased vulnerability will become more of a problem the longer the current ban stays in effect.

Second-round impact on rangelands and the environment

More than two million extra animals are left on the range as a result of the ban. There has been an uncontrolled proliferation of *berkads* and an absence of water point management and maintenance. Lost livestock income has also caused households to turn to wood-cutting and charcoal-making, accelerating the deforestation process.

In summary, Somaliland's traditional dependency on a single sector (livestock exports) and market (Saudi Arabia) has proven a liability. For now, pastoralist households – many of them supported by remittances from family-members in the diaspora – have enough resources and coping options to manage. As the livestock ban continues, however, its effects will increasingly heighten the vulnerability of Somaliland pastoralists to other shocks.

SOMALIA: MAJOR PASTORAL FOOD ECONOMY ZONES



PASTORALISTS

- Hawd Pastoral: Camel, sheep, goats
- Nugal Valley Pastoral: Sheep & camel
- Sool Plateau Pastoral: Camel, sheep, goats

0 50 100 150 200 250
Kilometers

- Capital
- Regional capital
- District town
- Major road
- River

- International boundary
- Regional boundary
- District boundary
- Coastline

FSAU

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June, 2002

FOOD SECURITY ASSESSMENT UNIT

FSAU is managed by the FAO, funded by EC and supported by USAID-Somalia and WFP-Somalia

FSAU partners are WFP-Somalia, FEWS-Somalia, FAO, UNICEF, SCFUK and UNDP-Somalia.

IN CO-OPERATION WITH UNDP- SOMALIA

Map of Somalia and Somaliland

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1. Introduction

Livestock production and marketing has traditionally been at the heart of Somaliland culture and the Somaliland economy. The number of live animals Somaliland exported from Berbera port in 1997 (2.8 million head) represents the largest number of animals exported by a single port in the world that year. Unquestionably, livestock exports have played a major role in the Somaliland food economy and contributed substantially to income and employment levels, foreign exchange earnings, and government revenue. Over the last half century, livestock exports have not only served as an engine of export growth, but have helped shape the social economic realities in the Horn of Africa.

The livestock import embargo imposed in mid-September 2000 by Saudi Arabia and by other Arabian Peninsula states (Bahrain, Oman, Qatar, Yemen and the United Arab Emirates) is the second such embargo that Somaliland has faced in the last five years. By late 2002, more than two years into the current ban, Somaliland had not only lost millions of potential dollars from livestock sales, but many thousands of dollars in potential export levies and port revenues, as well. The loss of the region's primary livestock export market has likewise cost jobs and income among people who would otherwise be directly employed in the livestock trade, as well as those indirectly involved in support services in the livestock markets and along the livestock trade routes. The largest group affected by the livestock import ban, who representing around 80% of Somaliland population, are the pastoralists who have lost access to their traditional livestock markets.

1.1 Objectives and Structure of the Report

Objectives of the Study

The main objective of this study is to assess the first- and second- round impacts of the livestock import ban since its imposition in September 2000. First-round impacts assessed include lost potential livestock export revenues (measured in US dollars), changes in market prices, and the impact on pastoralists' households and livelihoods. Second-round impacts assessed include the financial impact on the Berbera Port Authority, and the impacts on market activities in urban centers, local administration, trade, and the environment.

This study assesses both the immediate impact of the livestock import ban, as well as its longer term implications. As the current ban followed so closely the previous one, the study also considers the impact of the 1998-99 livestock ban.[1]

Report Structure

The body of this report begins in Chapter 2 with a description of the basic features of and recent developments in the Somaliland livestock market, its importance to the Somaliland economy,

[1] The 1998/99 livestock ban lasted 16 months. FEWS/Somalia compiled an analysis of the economic and financial impact of the first 5 months of the embargo in 1998. However, there have been no other studies that analyzed the losses and effects of the full ban.

and the defining features of the livestock export markets, including the seasonality of trade (Sections 2, 2.1 and 2.2). The study then quantifies lost potential livestock exports for the current ban and the previous ban in 1998/99, followed by a discussion of the effects of these lost potential exports on local markets (Sections 2.3 and 2.4). Chapter 3 provides a brief discussion of the past and current livestock bans with a focus on causes of the ban and how Somaliland can avoid livestock bans in the future. Chapter 4 looks at the impact of the current livestock ban on the livelihoods of pastoralists, on the finances of the Berbera Port Authority and local administration, and on market activity in urban centers, and on the environment in the rangelands (Sections 4.1-4.2). Chapter 5 looks at the impact on the rangeland environment.

1.2 Itinerary of the Consultant

Ms. Cindy F. Holleman, an agricultural economist, conducted this study through a consultancy funded by USAID as part of its Famine Early Warning System Network (FEWS NET) project, through FEWS NET/Somalia. Ms. Holleman met with key international partners, including staff from FEWS NET, FSAU, UNDP, and UNCU/Somalia in Nairobi in order to formulate a work-plan and to identify a list of local contacts for the study. The initial part of the study was conducted over a three-week period (July 22 – August 11, 2001) during which Ms. Holleman conducted interviews with individuals within the relevant Somaliland government ministries, port authorities, the international donor community, and among private shippers, exporters, livestock traders, petty traders and pastoralists.[2]

Ms. Holleman visited the major livestock markets of Burao, Hargeisa, Gabiley, Berbera and Boroma, where she interviewed pastoralists, brokers and, toured the Port of Berbera and visited the *abattoir* outside Burao. She collected trade and financial statistics from relevant port authorities and government ministries and collected relevant reports and studies from other local and international agencies and organizations. Ms. Holleman joined FSAU's field-monitoring team in Burao for a debriefing of its assessment of the pastoral food security situation in the greater Hawd (from Buuhodle district in Togdheer region through the Hawd of Lasanod, Garowe and Galkayo). After the fieldwork, further contacts were made with individuals in Nairobi and Somaliland to obtain complementary information.

A follow-up visit was conducted in May 2002. Mr. Sidow I. Addou (FEWS NET Somalia) and Mr. Mahdi Gedi Khayad (FSAU) collected additional data in Hargesia and Berbera in late May 2002, following up on the initial period of data collection. This report presents data collected during both field visits and presents an analysis of the combined data.

[2] See a complete list of contacts and locations at the end of this report.

2. Livestock Marketing

Before the import ban of September 2000, the export market of live animals from Somaliland had achieved unprecedented growth. In 1997, the number of livestock exported from Berbera, Somaliland reached a record number of more than 2.8 million head.[3] Livestock exports unquestionably play a major role in the Somaliland economy and contribute substantially to income generation, employment, foreign exchange earnings, and government revenue.[4] Livestock exports have not only provided an incentive to growth in the last half century, but have also served as the primary socioeconomic foundation of pastoralism itself in Somaliland, as well as other parts of Somalia.[5] Somaliland also exports hides, skins and frankincense, but these are insignificant compared to live animal exports.

Livestock exports from Somalia to the Arabian Peninsula countries, and particularly the Kingdom of Saudi Arabia (KSA), have a fairly long history. These exports have been comparatively robust in terms of international livestock trade. The number of live animals exported from Berbera port during the 1980s exceeded that of any other port in the world,[6] and in 1997, the number of livestock exports surpassed the 1991 pre-war record. Sheep and goats dominate Somaliland livestock exports (96% share of all livestock exports), with the remaining 4% divided equally between camels and cattle.

The importance of the Berbera Port increased significantly after the end of the war in 1991. Prior to the war, livestock were exported from four main ports, Mogadishu, Kismayo, Berbera and Bossaso, as well as other minor ports. Livestock exports from the southern ports (Mogadishu and Kismayo) subsequently stopped[7] because of the extreme insecurity in the south. As a result, animals for export are channeled north through Berbera in Somaliland and to a lesser extent to Bossaso in Puntland. Of these two northern ports, Berbera was the more important before the second ban in terms of livestock numbers, exporting 4-7 times as much as Bossaso.[8]

It is estimated that between 50-60% of the animals exported from Berbera Port originate outside Somaliland, either from southeastern Ethiopia (Zone V) or from Central Somalia. A study of the largest livestock market in Somaliland, Burao/Yirowe, found that between 45-50% of the livestock sold in this market originates from Zone V of Ethiopia (also known as the Somali National State) and another 10-15% originates from eastern and southern Somalia (see Table 1 below).

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[3] See statistical annex, Table 1.
[4] Hashi, M. A., 2001.
[5] Bryden, M. WSP, 2001
[6] Ibid, Hash.,
[7] Human Development Report Somalia, UNDP, 1998.
[8] Based on export numbers during peak export levels to Saudi Arabia, 1996-97; P. Steffen, A.H. Shirwa, and S. I. Addou, "The Livestock Embargo by Saudi Arabia: A Report on the Economic, Financial, and Social Impact on Somaliland and Somalia." FEWS/Somalia, 1998.

2.1 The Livestock Market (Seylad) System

Most of these animals pass through five main livestock markets or *seylads* within Somaliland: Burao/Yirowe (Togdheer), Hargeisa (Galbeed), Berbera (Galbeed), Erigavo (Sanaag), and Las Anod (Sool).[9] The *seylad* in Burao/Yirowe and Hargeisa are two of the largest livestock

Table 1: Origin of Livestock Sold in Burao/Yirowe Livestock Market, 1997

Region of Livestock Origin	Percent of Livestock Sold in Burao/Yirowe Market
Togdeer	20-25%
Sool and Sanag	15-20%
Somalia (eastern & southern)	10-15%
Zone V of Ethiopia (Somali NRS)	45-50%

Source: FSAU, Burao Livestock Market Analysis, 1998.

markets in the Horn of Africa. During a single day at Burao/Yirowe, as many as 10,000 head of sheep and goats may be sold for export.[10] Livestock sales for local slaughter and consumption contribute another 350-400 to these daily livestock sale numbers.[11] Burao/Yirowe is the largest livestock market in Somaliland, handling 66-70% of all sheep and goats exports and 60-65% of all camel exports on their way to Berbera. The second largest market is Hargeisa, and smaller numbers of exports pass through the remaining Somaliland markets.

Cattle exports differ in that most cattle exports originate inside Ethiopia, and in that very few of the cattle destined for export through Berbera pass through markets within Somaliland, but rather are delivered directly to the port. Competition among cattle traders has been fierce in the past few years and has led to a restructuring of the cattle trade away from the traditional *seylad* to a highly commercialized system[12] in which traders purchase cattle directly from sources within Ethiopia instead of waiting for producers to bring their herds to markets in Somaliland.

Employment in the Seylad *system*. The number of people involved in the *seylad* system (marketing and trading of export livestock) is difficult to estimate, though it is apparent that the number is significant. The marketing of most livestock exports follows traditional marketing channels known as the merchant-*jeeble* (middleman) system. This system of trade has a long history and is characterized by a complex network of intermediate brokers and multiple formal

[9] "The Most Relevant Markets by Food Economy Group, Market Information System-Somalia." FSAU, July 2001. In western Somaliland where the majority of agro-pastoralists are located, the most relevant livestock trade markets are Gebiley (Galbeed), Boroma (Awdal), Odweyne (Togdheer). The volume of livestock trade within these markets is minor compared with the main markets.
[10] "Self-Portrait of Somaliland," p. 46.
[11] FSAU, field monitor report, March 2001.
[12] "Self-Portrait of Somaliland," p. 47.

and informal transactions. As most livestock exports still pass through these traditional market channels, the net effect is that livestock exports generate numerous business transactions and thereby create jobs both directly and indirectly. It is estimated that between 24 and 30 different transactions take place from the time livestock is sold by the pastoralist, collected in smaller markets, transported for sale to larger markets, and finally loaded onto a ship for export. The individuals involved in this marketing chain include livestock tenders, herders, loaders, different types of brokers, pen owners, verifiers, registrars, markers, transport owners, drivers, sales persons, fodder and water providers, watchmen, security providers, quality controllers, port loaders and caretakers on board the vessels.[13]

In addition to jobs directly related to the export of livestock, there are a number of secondary services that support and depend on it to varying degrees, such as tea shops, small restaurants, retail shops, and *qat* traders in the livestock markets and along the livestock marketing trade routes.

Pastoralists represent the largest share of those of employed in livestock marketing in Somaliland. Approximately 55% of Somaliland's population of 2.6 million[14] are pastoralists, while another 10% are agro pastoralists who depend directly on livestock production for their subsistence and basic economic livelihood.[15] Therefore, livestock production and the marketing of livestock and livestock products dominate the food economy of pastoralists. In this manner, pastoralism in Somaliland is unique in that it is predominately 'commercialized' pastoralism, as opposed to subsistence pastoralism.

2.2 Commercial System

There is evidence that increasing competition has begun to lead to a restructuring in the trade of sheep, goats, and camels away from the multiple transactions that characterize the *seylad* system. Some of the larger export traders, driven by increasingly smaller profit margins, have begun to rely on a system whereby company agents (*wakiil*) purchase livestock directly from pastoralists outside of the major traditional livestock markets. The larger exporters, who are also some of the country's largest importers of commodities (such as sugar and rice), have found it more profitable to send agents to barter directly with pastoralists in Somaliland and in Ethiopia, in places like Dhagax Buur, Godey, and even further south.[16] In these transactions, producers are generally paid with rations of rice and sugar, sometimes with a delay in payment from the time

[13] Ibid.

[14] Population figures from "National Development Plan for 2001-2003," Ministry of National Planning, Republic Somaliland, p. 13, November 11, 2000. Somaliland population was estimated to be 2,628,570 in 2000. Population figures are based on extrapolation of 1974 population estimates. There has been no population census in Somaliland since its political formation and the last census for Somalia (which includes the regions of present-day Somaliland) was last undertaken in 1974. Estimates of Somaliland's population, therefore, vary widely depending on extrapolation methods and assumptions adopted. Civil war-related and internal population shifts as well as out-migration from the region, and the fact that such a large proportion of the population are nomadic pastoralists make estimation difficult.

[15] Estimates of the proportion of the population who are pastoral and agro-pastoral is taken from FSAU/SCF pastoral food economy studies and is based on a number of different sources of information including: SCF-UK, "The Prize of Peace, a survey of rural Somaliland"; a booklet produced by the Department of the Ministry of National Planning and Co-ordination, Republic of Somaliland, Jan. 1998.

[16] Ibid.

of barter. In this type of trade, commonly referred to as *gadbadda iyo neefka* (literally, food sack and livestock head), profits of both the livestock producer and the import/export trader are determined by the relationship between the unit price of the bartered goods.

Recent market studies indicate that the majority of livestock exported still flow through traditional *seylad* marketing channels,[17] but there are clear signs of a change towards a more commercialized system of trade similar to the restructured cattle trade. The traditional livestock marketing arrangement known as the merchant-*jeeble* (middleman) system, which characterized livestock trade before the war, is slowly being replaced by a merchant-agent (*wakiil*) system.[18] This new arrangement reduces the degree of participation of *jeebles* and *dilaal* (brokers) in the livestock transactions. As the livestock trade becomes more efficient and competitive there is also a noticeable trend towards fewer exporters and shippers.

The large demand for Somaliland's livestock overseas has refocused the pastoralist economy away from subsistence pastoralism to a more market-oriented (commercialized) pastoralism. A number of factors have facilitated this shift, including the expansion of water points (*berkads* and shallow wells) that allow herders to maintain animals in drier areas, and the trend towards enclosures and the privatization of rangeland in Somaliland and the northern Ogaden.[19] The trend toward commercialized pastoralism has led to clear changes in herd management strategies designed to capitalize on the lucrative livestock export market. Some of these include: changing herd composition towards more sheep and cattle (typically destined for the export market) rather than camels and goats, which are safer for subsistence; selling more surplus animals instead of holding them for insurance or traditional arrangements such as loans, gifts, and redistribution; keeping more milk for young calves, kids and lambs rather then relying on subsistence consumption of milk; and selling more animals to meet needs for cash.[20]

The market-oriented nature of the pastoralist economy is clearly depicted in Table 2 below. For more than 70% of Hawd and Sool pastoralists, livestock and livestock product sales are the source of more than 70-80% of their total income, reflecting their dependence on markets for food and other items. Even pastoralists with larger numbers of livestock only consume 25-30% of their own production and purchase 45-55% of their food. This dependence on markets for food is even greater for the poorer pastoralists who purchase between 50-60% of their foods.

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[17] Burao Livestock Market Analysis from 1993-1998, FSAU 1998.
[18] SCPD, Regulating the Livestock Economy, forthcoming.
[19] See section 4.4 of this paper for a discussion on how these changes are affecting the environment and creating long-term problems.
[20] P. Steffen, A. H. Shirwa, S. I. Addou, "The Livestock Embargo by Saudi Arabia," p. 3, FEWS/Somalia, 1998.

Table 2: Market Orientation of Hawd and Sool Pastoralists, Somaliland

Wealth Group[1.]	Source of Income		Source of Food	
	Livestock Sales	Livestock Products	Own Production	Purchase
Middle (45-55%)	40-45%	30-35%	45-55%	45-55%
Poor (20-30%)	40-45%[2.]	*	25-35%	50-60%

[1.] Wealth is determined by herd size. Some 20-30% of the population is categorized as poor (those with 50-60 sheep/goats (shoats), 5-10 camels, 0-1 donkeys); the middle wealth group representing 45-55% of the population (those with 30-100 shoats, 10-15 cattle, 25-30 camels); the remaining 15-35% of pastoralists who are better-off have 200-250 shoats, 25-30 camels, 30-40 cattle.
[2.] Includes both livestock and livestock product sales.
* Data are not available of breakdown in percentage of the two.
Source: FSAU and SCF, Food Economy Baseline Profiles, April 2000.

Another important characteristic of livestock marketing in Somaliland, often overlooked, is the strong links between pastoralists and their urban familial counterparts. Most if not all people in the large urban centers have strong family ties and roots in pastoralist's communities, and many own livestock which are kept and cared for in rural rangelands by their pastoralist relatives. In these cases, urban dwellers participate in the livestock export trade and benefit directly when their relatives sell the livestock in the *seylad*. The linkages between the urban population and the pastoralists, combined with a culture of trading and redistribution of wealth, means that virtually everyone depends on livestock.[21] Understanding the dynamic urban-rural linkage is crucial when evaluating the socio-economic impacts of the livestock ban (see section 4.1).

2.3 Economic Importance of Livestock Marketing in Somaliland

Since the end of the civil war and the establishment of the Republic of Somaliland in 1991,[22] foreign trade and transactions — livestock marketing and remittances from the Diaspora — have been particularly critical to the rebuilding and economic growth of the region. The livestock export sector has been one of the few sectors that has rebounded and achieved impressive growth rates.[23] By 1997, livestock exports had surpassed pre-civil war levels, reaching a record high in 1997 of more than 2.8 million head with an estimated value of US$84.4 million.[24] Estimates of total livestock production vary, with some estimates reaching 14 million animals.[25] The economic importance of livestock in Somaliland is undeniable.

The other main sectors of economic activity are remittances, internal and interregional commerce, and agriculture. Of these, the largest and most dynamic sector is remittances; recent evidence suggests that it could be equal to, if not greater than, the livestock sector. Commerce,

[21] M. Bryden, August 2001.
[22] The civil war culminated with the overthrow of Mohamed Said Barre and a declaration of the Republic of Somaliland on 18 May 1991.
[23] Del Buono and Mubarak, 1999.
[24] Calculation is based on 1997 export figures for Berbera Port times average producer price in 1997 (US$30).
[25] Ministry of Agriculture, Republic of Somaliland, 1998.

especially transit regional trade, could become a high-growth sector for Somaliland. Agriculture is localized in the western part of Somaliland and plays a minor role in the economy. Agriculture consists of rain-fed crops within an agro-pastoral production system, which supply domestic markets and allow some degree of import substitution for grain, fruits and vegetables.[26] However, most food staples are imported, as local cereal production meets only a fraction of consumption needs.

Reliability of Data. It is important to note that it is exceedingly difficult in Somaliland, as well as in the whole of Somalia, to secure reliable data on economic activity, income, and distribution.[27] Therefore, all estimates must be interpreted with a certain degree of caution. This problem is endemic to the entire Greater Horn region, primarily due to the predominance of the pastoral sector in the economy and the importance of repatriated money.[28] Nomadic livestock production levels and values are difficult to estimate.[29] It is equally difficult to estimate the size of remittances and their impact on the inflationary process. The sheer dominance of livestock and remittances in Somaliland's economy, therefore, make it extremely difficult to estimate conventional figures of GDP and national accounts, as well as to estimate the relative economic importance of livestock marketing in the economy.[30] Nonetheless, some analysts venture an estimate that the livestock sector contributes about 60-65% of GDP.[31]

Role of Exports. By financing imports, livestock exports play an important economic role in helping to stabilize inflation and the US dollar exchange rate, and contributing to the purchasing power of an important portion of the population. In fact, the local market changes that have occurred since the current livestock ban was imposed suggest that livestock exports are indeed one of the major determinants of exchange rates, inflation, and trade. Thus, the dramatic impact on local markets within Somaliland by the current livestock ban, as well as the previous ban in 1998-99, once again highlight the economic importance of livestock marketing in Somaliland. For the three years prior to the Saudi livestock embargo of 1998, the value of livestock exports to Saudi Arabia in terms of the landed price exceeded US$100 million annually.

In years in which no ban has been in effect, approximately 30% of government revenues has been collected through the livestock export sector.[32] This income is generated through multiple layers of duties and surcharges on livestock marketing at all levels of government. Livestock exports also generate valuable foreign exchange. For the three years prior to the embargo of

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[26] J. Drysdale, p. 103.
[27] UNDP, "Human Development Report: Somalia 1998," p. 59.
[28] V. Jamal, "Somalia: Understanding an Unconventional Economy." Development and Change, vol. 19, 1988, p. 205.
[29] Estimations of livestock numbers within Somaliland vary widely and are based either on speculation or extrapolated from livestock population survey undertaken by Somalia Ministry of Livestock in July 1989. Growth rates used to extrapolate livestock numbers are inherently dubious due to the complexities of civil war, drought, swings in exports levels, and the continuous swings in livestock movements between the different regions and countries in the Horn.
[30] In the end, under such conditions, it is often intelligent guesswork that provides the best approximation.
[31] This estimate put the Somaliland livestock population at 14,831,370 in 1999 based on extrapolation of 1989. Ministry of Livestock, Somalia, 1989. Mahdi Gedhi Qayad, "Livestock Population of Somalia by Region", FSAU, 2001.
[32] Personal communication, Mr. Said Mohan Mohammed, Minister of Finance, Republic of Somaliland, Aug. 2001.

1998, they provided an annual average of US$10 million in hard currency for the Somaliland government.[33]

The foreign exchange proceeds of livestock exports, however, can finance only a small portion of Somaliland imports. In fact, imports grew at an average annual rate of 34% from 1997 through 2001 -- that despite the 1998-99 livestock ban and the current livestock ban. This highlights the existence and prominence of another chief export: labor.[34] Lack of security and of economic opportunities in Somalia has led to a large outflow of Somalis over the past twenty years; these expatriates are commonly referred to as the Diaspora. A number of recent studies confirm, "Somaliland has a hidden, informal economy of significant magnitude in the way of unrecorded remittances from overseas Somalis working in the Gulf, Europe and North America."[35] Remittances from exported labor play a major role in stabilizing the economy during times of economic shocks, such as droughts and livestock bans.

Despite the impression of many that assistance from international donors would be necessary to overcome the effects of the 1998-99 Saudi livestock ban,[36] external assistance did not occur on any significant scale; Somaliland coped better with the ban, however, than anyone anticipated.[37] The sudden collapse and disappearance of the country's sole export for 16 months failed to affect the volume of imports mainly because remittances financed the entire import bill. The economy did not collapse and the population managed the crisis primarily through remittances and social-support networks.

Livestock may no longer be the Somaliland economic mainstay that it once was. The growing consensus is that remittances are larger and much more significant in the economy than previously recognized. Many, even those within the Somaliland government, believe that in normal economic conditions remittances are equal or slightly greater in value than livestock exports and that in economically difficult times remittances become larger.

Remittances play a significant role in stabilizing the economy and livelihoods during times of shocks. During the current livestock ban, there is evidence from money transfer companies that the number of transactions and the total value of remittances have increased significantly. Though estimates of the value of remittances vary widely because they are difficult to track,[38] to the range of estimates is US$93-540 million per year.[39] In many cases, money is transferred outside the conventional banking system through a system of informal money networks, known

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[33] Ministry of Planning, Republic of Somaliland, 1998/99.
[34] Del Buono, M., 1999.
[35] Drysdale, J. Stoics without Pillows, 2000.
[36] UNDOS, "Emergency Programme of Action in Response to Livestock Import Ban: Hargeisa." Somalia Aid Coordination Body, 18 July 1998. GOSL, "Economic Impact of the Livestock Export Ban on the Republic of Somaliland." Ministry of Commerce, Industry, and Ports, Republic of Somaliland, April 1998.
[37] See Chapter 4 of this study for a discussion on how pastoralists, local administrations, and the Berbera Port Authority coped with the crisis.
[38] Estimating remittances is problematic as they are transferred in a number of forms (cash and kind) and through different channels (money exchange companies, trusted merchants or hand carried). There are also no data available on global numbers of migrants and refugees from Somaliland.
[39] Green and Jamal, (1987); Ministry of Planning, GOSL, (1998); Ismail Ahmed, (2000); Khalid Medani, (2000).

as the *hawala* system. This system is a time-tested, trust-based system characterized by minimal physical money transfers and an absence of legal contracts.[40]

There is ample evidence of the presence of remittances in the Somaliland economy. At the household level, the large flow of remittances has helped provided secure livelihoods for thousands of families and has provide a high standard of living for many people in urban areas that would otherwise not be possible. A recent study found that even though most recipients use remittances for immediate consumption, 15% of individuals used remittances to invest in assets or to set up businesses.[41] This fact is supported by the appearance of a number of new successful enterprise sectors that now rival traditional trade-based businesses. These new growth industries, particularly construction, telecommunications, and aviation, continued to grow throughout the livestock ban in 1998-99, and continue to operate, apparently unaffected by the current livestock export ban.

Remittances to families in urban areas play a major role in supporting the livelihoods of the rural population as well. The strong kinship links among the urban and rural populations ensure the flow of remittances to rural populations, where they are used for subsistence purchases in time of need, and in other times for investment, such as in the construction of *berkads* (water reservoirs) and in the purchase of livestock.[42]

The importance and magnitude of social kinship support networks in the economy is often misunderstood and understated. It is a reciprocal system of social security carried over from pastoralism; it developed in the absence of loan facilities. It is a pervasive feature of the Somali economy; transfers between the rural and urban populations are growing in total value because of the increased inflows of remittances and the growing overseas Diaspora. It is estimated that one-third to one-half of a typical worker's salary goes to his or her family and kinship network.[43]

Benefits of stability. The peace and stability that Somaliland has achieved since the civil war ended in the early 1990s has provided a basis for economic recovery for the Horn region. As a result, while its economic recovery has been slow, the region is doing better than some other African regions. Somaliland's economy and markets are fragile and susceptible to shocks, including droughts and livestock import bans imposed by trading partners.

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[40] Within the *hawala* money system, no money is physically sent, but is transferred through dealers by means of a telephone call or fax. Over time transactions in opposite directions cancel each other out, so physical movement is minimized. Recipients are given a code number or simple token to prove money is due. Trust is the only capital dealers have, but with this the users of *hawala* have a worldwide money transmission service that is cheap, fast, and free of bureaucracy. *Hawala* dealers charge a commission of 1-2% for a transfer, in contrast to 15% commission of an official money-transfer service, such as Western Union. The Economist, "Cheap and Trusted: Terrorists and Hawala Banking," Finance and Economics, p. 77, November 24, 2001. Barakat was the largest and most visible *hawala* money networks in Somaliland before it was closed in November 2001 by US authorities, but there are several other *hawala* traders and channels.

[41] Ismail Ahmed, "Remittances and their Economic Impact in Post-war Somaliland," *Disasters*, 2000, 24(4): 380-389.

[42] FSAU, "The Issues of Remittance in Somalia and Its Impact over Economy and Livelihood," draft report.

[43] Mohammed Hassan, SCPD, August 2001.

2.4 Main Markets for Somaliland and Seasonality of Livestock Exports

In times when there has been no livestock import ban, one of the most striking features of Somaliland's livestock exports has been its dependence on a single destination market: Saudi Arabia. Approximately 95 percent of all livestock exported by Somaliland in 2000 was destined for markets within Saudi Arabia (see Table 3). Roughly 98% of all sheep and goats and 85% of all camels went to Saudi Arabia. Yemen imported 93% of Somaliland's cattle exports, reflecting the effect of the cattle embargo imposed by Saudi Arabia in 1983. However, it is well known that many of the cattle exported to Yemen end up in Saudi Arabian markets via "back door" channels, or are exported to other Peninsula countries, including primarily Oman and the United Arab Emirates. These markets are insignificant, however, accounting for less than 6% of all livestock exports.

Table 3: Percent Share of Livestock Exports from Berbera Port by Destination (%)[1.]

Destination Countries	Sheep/Goats	Camels	Cattle	All Livestock
Saudi Arabia	98.1	84.7	1.5	94.4
Yemen	1.7	10.7	93.0	5.2
United Arab Emirates	0.2	4.6	5.5	0.4
Total	100	100	100	100

[1] Data based on Jan.-Aug. 2000 figures. Exports by destination representing 'normal years' were unavailable from the Berbera Port Authority, due to database retrieval problems. However, percentages are comparable to other studies and general consensus of relevant port authorities.
Sources: Berbera Port Authority, Republic of Somaliland.

One of the chief driving forces of Saudi Arabia's high demand for livestock is the demand for livestock associated with both *Eid al-Fitr,* the feast celebrated at the end of *Ramadan* (the Muslim month of fasting), and the holy pilgrimage to Mecca, *Haj*. These two religious events in Saudi Arabia attract tens of thousands of Muslims each year from around the world. The consumption of sheep and goats during this time is significant. Livestock must be imported alive so they can be blessed and slaughtered according to Islamic law prior to consumption.

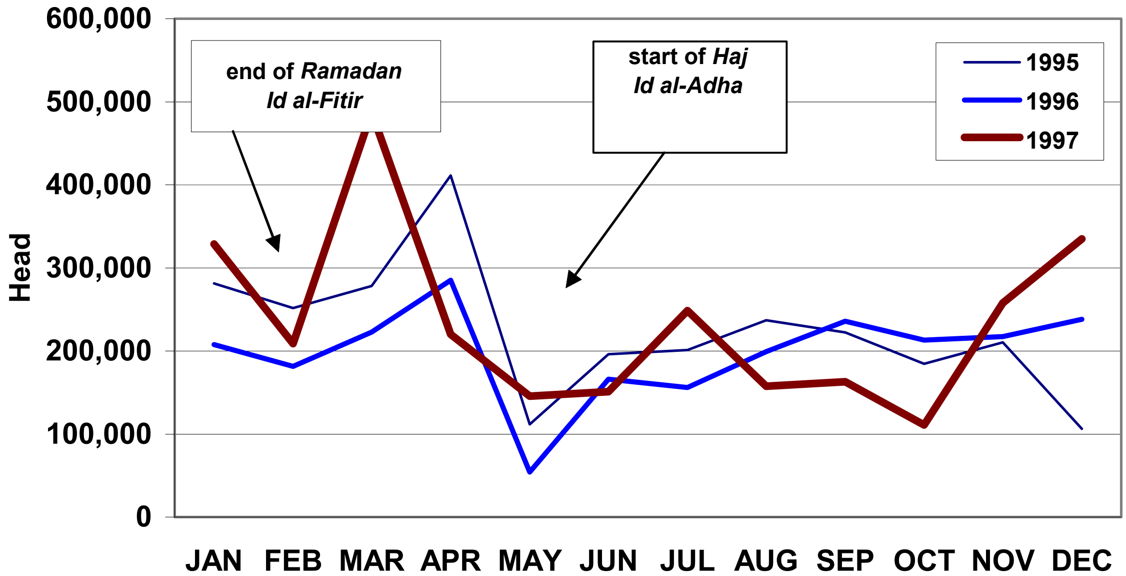
Livestock exports are highly cyclical with their peak falling during the 70-day period between *Eid al-Fitr*, and the start of the *Haj*, or *Eid al-Adha.* Figure 1 illustrates the seasonal pattern of exports for the three normal years prior to the 1998/99 livestock ban. The dates of these two religious events on the world calendar change annually as the Islamic calendar shifts forward on the western calendar by eleven days each year.[44]

The inherent risks and vulnerability created by dependence on a single market for livestock exports is emphasized by the debilitating impact of the current livestock ban, as well as the livestock ban of 1998-99 (see following section for specific details). This dependency, however,

[44] P. Steffen, *et al*, p. 10, 1998.

is due not so much to choice as to a lack of viable alternatives.[45] There is no other foreign market as ideally suited for Somaliland's livestock as Saudi Arabia. The unique annual pilgrimage to Mecca in Saudi Arabia guarantees annual peak demand for live animals; additionally, the Saudi port of Jizan is close to Berbera, making it an ideal destination for the export of live animals.

Figure 1: Seasonality of Sheep/Goat Exports 1995 -1997 (Berbera Port)



Source: Berbera Port Authority, Republic of Somaliland

The black-headed fat-tailed sheep and the Somali goat draw good prices in Saudi Arabia because they are well liked and their small size fits well within Saudi families' budgets and storage capacities. Indeed, more than 96% of all livestock exported by Somaliland are sheep and goats.[46] The high production costs and relatively low weight (approximately 15kg) of the Somaliland sheep and goat, however, make them less competitive in markets outside of Saudi Arabia.

Production Costs and Profits. High production costs are a direct result of the huge risks which characterize the export of live animals from Somaliland. Exporters take on substantial commercial risk, as there are no recognized banking systems in Somaliland to handle letters of credit, nor are there insurance systems covering shipments of live animals.[47] Prices at dockside in Berbera are a gamble and the potential for livestock deaths en route is real. In addition, exporters complain of heavy taxes and multiple layers of duties and surcharges at all levels of government that raise export prices, thus weakening competitiveness. The livestock trade over the past twenty years has been driven by its profitability, but it is increasingly susceptible to

[45] Somaliland Centre for Peace and Development, "Self-Portrait of Somaliland," p. 48. 2001.
[46] Based on average annual exports numbers for 1997-97.
[47] J. Drysdale, p. 99, 2001.

large variations in profit levels, and since the mid-1990s, there are indications that it has not always been profitable.[48]

Two separate studies estimate that total costs incurred by the exporter to the point of sale in Jizan total US$38 per male goat (by custom, females are not exported).[49] These figures translate into a net profit of around US$17 per goat in 1994, based on the average selling price in Jizan of US$55 in 1994. This profit margin was lost in 1996, as the average selling price in Jizan in 1996 was only US$38. While these calculations of profit rely on a number of critical assumptions, they are in line with the general belief that current livestock trading and exportation in Somaliland is not currently profitable.

"*While the Haj season is usually the most profitable season, a loss of US$10 per head was recorded in the last Haj season (1999/2000). Because of that, no animals were exported to Saudi Arabia for three months. Those who exported cattle to Yemen have not received any money for cattle they shipped in March and April [2000],*" complained a Hargeisa livestock dealer.[50]

Another reason for Somaliland's past dependency on Saudi Arabia stems from the absence of animal health testing and certification in Somaliland that conforms to acceptable international standards. This eliminates many destination options for Somaliland's livestock exports. Given the circumstances surrounding the current livestock ban, lack of testing and certification is likely to be a major barrier for resumption of livestock exports to Saudi Arabia.

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[48] Somaliland Centre for Peace and Development, "*Regulating the Somaliland Livestock Economy.*" Forthcoming.
[49] Total costs in both studies, one independently arrived at based on 1994 data and the other based on 1996, are almost identical: US$38.18 (1994, EC-FAO Report, *Somali Livestock Export Study*, 1995) and US$37.71 (Drysdale, J. "*Mini-Research on Somaliland's Economy 1997*", UNDP, 1997).
[50] Paraphrased from "Regulating Livestock Economy: Discussion Paper," an unpublished paper by War Torn Societies (WSP) and Somaliland Centre for Peace and Development (SCPD).

3. Livestock Bans: Past and Present

On September 19, 2000, the Saudi Arabian government imposed an embargo on all imports of livestock and livestock products from the Horn of Africa (HoA) region, including Somaliland. Shortly afterwards, all remaining Arabian Peninsula countries followed suit, effectively imposing a complete embargo on all livestock and livestock product imports from the Horn of Africa. At the time of this report, the livestock ban by Kingdom of Saudi Arabia (KSA) is now in its 28th month, and there is no indication that the ban will be lifted in the near future.

On May 20, 2001, the United Arab Emirates (UAE) lifted its ban on live animal imports from Sudan, Somalia and Ethiopia. With the lifting of the UAE ban, Somaliland immediately resumed exports to that country. However, the volume of exports to UAE are insignificant compared to the volume of potential exports to Saudi Arabia (Table 3). While Yemen lifted its livestock import embargo during the first week of December 2001, it was re-imposed only three weeks later amidst allegations that Somali traders had failed to take agreed upon measures to immunize and treat exported livestock.[51]

The current livestock ban imposed by the Kingdom of Saudi Arabia (KSA) is the second ban in the last four years. The current ban came only 15 months after KSA had lifted a similar livestock ban that had lasted 16 months, from February 1998 to May 1999. In May 1983, due to the threat of reinderpest, the KSA imposed an embargo on cattle imports from Somalia that is still in effect today. In spite of this embargo, large numbers of cattle were reportedly still being exported annually from Bosasso to Yemen for re-export to the KSA. The Somali-Yemeni-Saudi cattle ‘smuggling’ trade is well known among the relevant authorities and international health organizations.

It is important to note that Somaliland has been subjected to rejections of whole shipments of livestock by KSA veterinary authorities even in the absence of embargos. It is estimated that 3% of animals exported from Berbera used to be rejected this way annually.[52]

3.1 Causes of the Ban

The current livestock ban and the last livestock ban in 1998/99 both came in response to fears by the importing countries of the Arabian Peninsula of the health risks involving animal transmission of epizootic Rift Valley Fever (RVF) and subsequent outbreaks of the disease in humans. The livestock ban by KSA in 1998/99 was a precautionary measure, taken in response to a confirmed epizootic RVF outbreak in Northern Kenya and Southern Somalia. In contrast, the current ban is a direct and immediate reaction to a fatal outbreak of RVF in Saudi Arabia and

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[51] FSAU, Monthly Food Security Report, January 10, 2002.

[52] Dr. Ahmed Mohamed Hashi, “Import Bans on Somali Livestock by the Peninsula Countries: Justifications for and efforts to lift the bans and restore Somali livestock exports.” Paper presented at the 8th International Congress of Somali Studies on “Peace, Governance and Reconstruction,” Hargeisa, Somaliland, July 3-13, 2001.

in Yemen. In that outbreak, more than three hundred people died, many others were hospitalized and millions of dollars were mobilized to contain the spread of the disease.[53]

Disease transmission. Rift Valley Fever (RFV) is an acute mosquito-borne viral disease affecting mainly ruminant animals and humans. It causes spontaneous abortions in pregnant animals, and is responsible for increased mortality rates in young animals. In humans, it manifests itself as an acute flu-like illness with fever, shivering, headache, and vomiting. Most human cases are relatively mild, but a small proportion develop much more severe problems, including eye disease (0.5 to 2%), meningo-encephalitis (1%), and hemorrhagic fever (1%).[54] RVF is spread by several species of mosquitoes and some biting flies (though not ticks), and can also infect humans when handling infected meat or body fluids – especially during slaughter – or by inhaling aerated particles of blood.[55] RVF can also spread through consumption of infected raw milk. (There is no apparent risk of transmission of RVF in chilled or frozen meat from diseased animals, since pH levels in the meat drop and the virus cannot survive.) The World Health Organization (WHO) has found that the RVF case fatality rate in humans is less than 1%; of those who develop the hemorrhagic fever variant of RVF the mortality rate is estimated at 50%.

RVF follows a basic cycle of epizootics of disease, followed by long inter-epizootic periods. Epizootics are associated with excessive rainfall, flooding, the emergence of large numbers of infected mosquitoes, and high transmission rates among livestock and people. During epizootics, the risk of transmission of RVF virus through infected animals or man is significant and warrants stringent measures to prevent transmission.[56]

1998-99 ban. The Saudi Arabian livestock import ban in 1998-99 came in response to reports and investigations by international health organizations confirming that RVF had broken out in Northeastern Kenyan and southern Somalia in December 1997. The RVF epidemic was associated with torrential rains (60-100 times the seasonal average) that had occurred from late October 1997 to January 1998 and resulted in the worst flooding in the Horn of Africa (HoA) since 1961. In reaction to this outbreak, the KSA imposed a ban in February 1998 of all livestock exported from the Horn. There were no reported incidences of RVF occurring in KSA or other Persian Gulf countries during this time or afterwards, and in May 1999 the ban was lifted.

Current ban. On September 10, 2000 reports began to emerge of an RVF outbreak in southwestern Jizan province in Saudi Arabia and within Yemen. The WHO confirmed the RVF outbreak and immediate actions were taken by KSA and Yemen to contain the public health disaster. On September 19, the KSA, followed by all other Peninsula countries, imposed an embargo on livestock imports from the HoA which is still in effect.

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[53] UNDP/FAO Mission Report to Riyadh, Rome and Tripoli on the Livestock Trade, June 2001. As a result of the outbreak of RVF 200 people died in Saudi Arabia and more than 100 died in Yemen. IRIN interview with Dr. Paul Rossiter, FAO Regional Livestock Coordinator.
[54] "Rift Valley Fever & Livestock Ban", UNDP, Oct. 6, 2000.
[55] Ibid.
[56] "Reducing the Risk of Rift Valley Fever Virus Transmission." FAO Consultative Meeting of Experts, Rome, May 15-16, 2000.

The controversy surrounding the real or alleged causes of the livestock ban centers on the question of the degree of actual health risk associated with livestock exported from the northern ports of the HoA region, notably Berbera and Bosasso. Those who question the legitimacy of the ban point out that the conditions necessary for the epizootic do not exist in northern Somalia or Region 5 of Ethiopia. In fact, during the outbreak of RVF in KSA and Yemen, rainfall in northern Somalia and Region 5 of Ethiopia was below normal; in fact, there was serious concern at the international level about the severity of the ongoing drought. The FAO's view of the situation at the time also casts doubt on the justifications offered for the ban: the FAO stated that "…at the present time, livestock exported from HoA countries may well represent less hazard for RVF compared to livestock residing in Jizan, KSA , and northern Yemen."[57] These doubts raised the concern that there were political or economic motives for the ban, rather than pure public health motives.

There is, however, convincing evidence in support of the view that the current livestock ban by the Peninsula countries is justified, and that imports of livestock from the HoA do pose a potential heath risk. The RVF outbreak in the KSA and Yemen is the first known outbreak of RVF outside Africa, according to WHO and FAO officials.[58] In Kenya, where the disease was first recognized, major epidemics were recorded in 1930/31, 1961/62, 1968, 1978/79, and 1987/89, with smaller outbreaks during intervening years. The 1998/99 RVF outbreak in northeastern Kenya is believed to have affected animal and human populations in southern Somalia.

Millions of livestock from the HoA have been exported to the KSA and Yemen over the years in what can be characterized as traditional, informal and largely unregulated trade. There is no institutional framework in Somaliland or Somalia which addresses the health of exported animals – there is no sero-surveillance nor is there monitoring for the occurrence of transboundary or other diseases. There is no professional inspection for signs of disease, other than a mandatory Brucella test required by KSA authorities, and there is no internationally recognized animal certification process for health or animal origin.

Peninsula countries are increasingly concerned about health risks associated with importation of livestock from a number of sources, and are not only targeting livestock imports from the HoA. Peninsula countries have begun to apply international zoosanitary standards and to impose new measures to fight transboundary diseases. The outbreak of BSE ("mad cow disease") in Europe and other countries led Peninsula countries to ban the importation of animal feed made from animal protein from these countries. The KSA banned the import of horses and birds from France over fears of West Nile Virus, and also imposed livestock trading bans among geographical regions within its own borders due to concerns of health risks, e.g. the ban of trade from southeastern coastal highland areas. [59] Furthermore, Dubai banned imports of cattle from

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[57] Dr. Ahmed Mohamed Hashi, "Import Bans on Somali Livestock by the Peninsula Countries." 8th International Congress of Somali Studies on "Peace, Governance and Reconstruction", Hargesia, Somaliland, July 3-13, 2001.
[58] Countries with confirmed RVF outbreaks include South Africa, Namibia, Mozambique, Zimbabwe, Angola, Zambia, Tanzania, Kenya, Uganda, Mauritania, Senegal, Sudan and Egypt.
[59] Personal communication with Paul Rossiter, Regional Livestock Co-coordinator, FAO, April 2002.

Pakistan over fears of Foot and Mouth disease (FMD) and pilgrims from Uganda were not allowed to attend the 2001 *Haj* in Mecca over fears of Ebola.[60]

3.2 Avoiding Future Bans

The only way forward is for Somaliland to regulate its livestock trade in order to conform to international health and safety standards. A number of needed actions have been identified to this end; chief among these is the development of a well managed, well funded, and highly trained veterinary institution to implement core national veterinary services, such as surveillance and control of transboundary diseases, preparedness for animal disease emergencies and veterinary health and origin certification of export livestock.

Investment is required in infrastructure that supports the exportation of livestock and the livestock sector in general. Investments in the livestock sector during the 1970s and 1980s facilitated the large growth in livestock exports, but similar investments have virtually stopped in the 1990s. Livestock export infrastructure was damaged and looted in the civil war and has largely remained unrestored since the end of the war. For example, holding facilities at the port (*e.g.*, quarantine, marshalling yards, fodder storage, shelter from the sun, watering and health testing provisions) do not meet international health and safety standards.

Equally important, but often overlooked, is the need for the Somaliland government to be pro-active and to maintain a dialogue with international health organizations (such as OIE), with exporters and importers, as well as with the governments of importing Arabian Peninsula countries. Without an internationally recognized national government such possibilities are limited, but proactive efforts and participation are nevertheless possible and essential.

As mentioned earlier, Somaliland's dependence on a single regional market for its livestock exports is a severe liability. Somaliland needs to diversify its livestock exports in order to lessen its vulnerability to single market shocks. Alternative markets, such as those in Jordan, Egypt, and Iran, should be explored, along with the possibility for diversified products, *i.e.,* chilled meat, canned products, and high grade leather products. In sum, there is a need for Somaliland to bring its livestock sector up to international standards through pro-active efforts.

[60] Op. cit. p. 8.

4. Impact of the Livestock Ban on People and Trade

4.1 First-Round Impacts

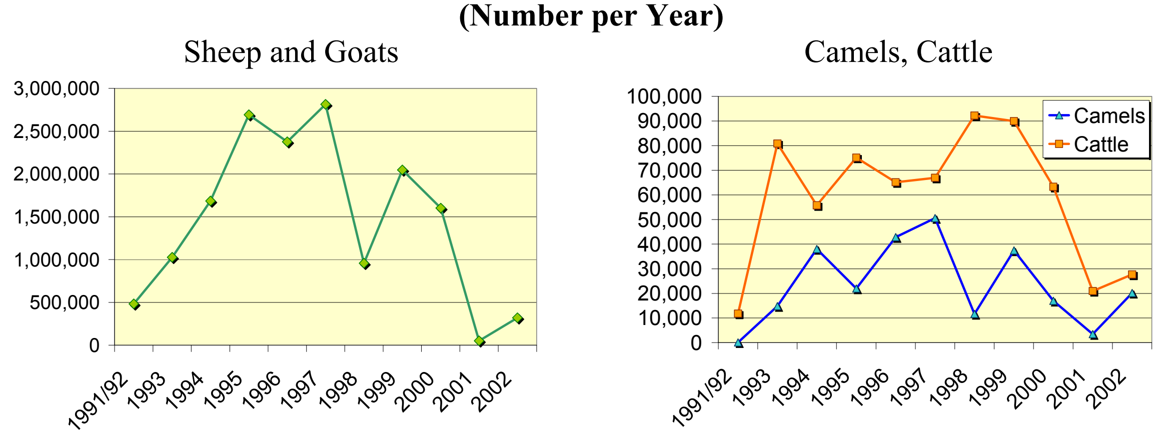
The impact of the ban on livestock imports from Somaliland can be assessed according to its direct, or first-round, effects and its indirect, or second-round, effects. Section 4.1 considers the first-round impact on livestock exports, markets and prices, and pastoralist livelihoods.

4.1.1 Loss of Livestock Exports

The current livestock ban has been devastating to the livestock export sector of Somaliland. Imposed on September 19, 2000 by all Arabian Peninsula countries, the ban had been in place for 27 months as of the date of this Study (December 2002) and had sent the livestock numbers and values crashing to its civil war levels. Livestock exports had begun to recover from the civil war in the early 1990s and by 1995 regained and even surpassed pre-war levels of about 500,000 head (Figure 2). The livestock ban by Saudi Arabia from February 7, 1998, to May 1999, struck the first blow to the recovering sector. The current ban has been much more severe, however, both in duration and in lost livestock exports.

The sector made a rapid recovery after the ban was lifted in May 1999, with an impressive 2.17 million head of animals exported by the end of 1999.[61] This quick recovery and achievement, however, was dashed with the second livestock ban. Annual losses in livestock exports from the Berbera port as a direct result of the two bans have been significant (Table 4). Assuming that exports from 1998 to 2001 would have followed the same pattern of exports in 1995-97, annual estimated losses range between 559,000 to over 2.6 million head of animals per year, depending on whether a ban was in place for a partial or full year.

Figure 2: Post Civil War Trends in Livestock Exports from Berbera Port, 1991 – 2002 (Number per Year)



Note: Data for 2002 go from January – November
Source: Berbera Port Authority, Somaliland

[61] See Table 4 in Statistical Annex of this report for annual export numbers from 1991 – 2002.

Table 4: Estimated Annual Loss of Livestock Exports from the Berbera Port Compared with Average Annual Exports

	Average Annual Exports (Heads) 1995-97	Annual Lost Exports (Heads) Compared with Average 1995-97				
		1998	1999	2000	2001	2002*
Sheep and Goats	2,627,913	1,670,689	579,777	1,026,830	2,576,367	2,267,054
Cattle (surplus)	69,065	(23,148)	(20,901)	5,802	48,092	32,590
Camels	38,469	26,806	1,039	21,485	34,996	17,846
Total	2,735,447	1,674,347	559,915	1,054,117	2,659,455	2,317,490

* Annualized figures based on lost exports for January-December 2002.
Source: Berbera Port Authority, Republic of Somaliland.

It is estimated that actual livestock exports were down 70% from "normal"[62] export levels during the first livestock ban (Table 5). This amounted to a net loss of livestock exports of over 2.45 million head over a period of 16 months.

With the current ban, estimated lost livestock exports have totaled 5.95 million head (Table 5) – a loss almost two-and-a-half times as large as during the 1998/99 livestock ban. Livestock export losses due to the current ban surpassed the losses of the 16-month long 1998/99 livestock ban in less than 12 months (a loss of more than 2.63 million animals). Losses for 2002 are estimated at 2.3 million. There is no indication that the current livestock ban will be lifted soon, though it is not uniformly applied in all countries (more later).

The number of livestock exported from Berbera during the first 28 months of the current livestock ban (approximately 560 thousand head) is not even half the total exported during the 16-month livestock ban of 1998/99 (1.26 million head).

[62]It is assumed that actual average annual exports for three years prior to the first livestock ban, i.e. 1995-1997, represent a normal year. It is assumed that the export levels would have followed the same export level patterns if there had been no bans.

Table 5: Estimated Net Loss of Livestock Exports from Berbera Port Due to the Livestock Ban of 1998-99 Compared with the Current Ban 2000-02 (through December 2002)

	1998-99 Livestock Ban 16 month period (February 1998 – May 1999)			Current Livestock Ban First 28 months (September 2000 – December 2002)		
	Normal[1.] Exports No Ban (Heads)	Actual Exports With Ban (Heads)	Estimated Net Loss of Exports[3] (Heads)	Normal[1.] Exports No Ban (Heads)	Actual Exports With Ban[2] (Heads)	Estimated Net Loss of Exports[3] (Heads)
Sheep and Goats	3,580,563	1,138,386	2,442,127	6,265,985	472,108	5,793,877
Cattle (surplus)	87,088	120,323	(33,235)	152,404	61,615	90,789
Camels	52,845	8,361	44,484	92,479	26,164	66,315
Total	3,720,496	1,267,070	2,453,376	6,510,868	559,887	5,950,981

1. Estimated using monthly average based on total exports during period from 1995-1997.
2. These values are indicative; there is incomplete data on exports of all livestock in December 2001 and on camel exports for all of 2001.
3. Net loss of exports is used later in this report to estimate the loss of export values and export earnings.
Source: Berbera Port Authority, Republic of Somaliland.

The severity of the current ban, as well as the speed at which the losses have accumulated, are primarily the result of the timing of the ban's imposition, as well as the fact that for the first nine months of the ban there were no viable alternative export markets.

As discussed in the Chapter 2 of this Study, livestock exports follow a clear pattern with demand increasing around *Ramadan* and the *Haj*. The timing of this increased demand advances slightly each year because the Islamic calendar shifts forward on the western calendar by eleven days per year. In 1997/98, the increase in demand and sales began mid-October (*Ramadan*) and lead to a second peak in February (*Haj*) 1999. The imposition of the first ban fell at a time when a good portion of the peak exports for the year had already been shipped out. In contrast, the current ban was imposed September 19, 2000, just prior to the peak cycle of increased demand associated with *Ramadan* and the *Haj*. A second peak export season was missed during the *Ramadan* and the *Haj* in 2001/02, and third peak season was missed in 2002.

The other explanation for why the 1998/99 embargo was relatively less severe is that 1998/99 embargo was confined to Saudi Arabia, which meant that exports continued to flow from Somaliland to other Arabian Peninsula countries, such as Yemen and United Arab Emirates (UAE). There was not only a continuous flow but an upsurge in exports, primarily to Yemen, during the first ban. During its 16-month duration, a total of 1,029,781 sheep and goats were exported from Somaliland. This is 28% of total exports expected during "normal" non-ban period, which is significant given that other Arabian Peninsula countries normally receive less than 5% of total exports. It is questionable, however, whether there would have been enough demand within these countries to continue absorb such large numbers. As noted, it is widely believed that many of the livestock exports to Yemen during this time found their way to markets in Saudi Arabia.

Livestock exports from Somaliland completely stopped for nine months from mid-September 2000 through mid-May 2001. There was slight relief for exports when the UAE lifted their livestock import ban on May 20, 2001, but this has only created a trickle of exports from the Port of Berbera.[63] Yemen also briefly lifted its livestock ban in the first week of December 2001, only to re-impose the ban by the end of the same month. This re-imposition of the ban was reported to have resulted in the return of 1,700 head of livestock to northern regions of Somalia and Djibouti.[64]

The composition of livestock exports and export destinations differs significantly since the current livestock ban was imposed. In 2001, sheep/goats constituted 58% of total livestock exports from Berbera Port, as compared to 96% in a normal non-ban year. Remaining livestock exports in 2001 consisted of cattle and camels. Dubai was the main destination market, (71% of all livestock exports from Berbera), importing 70% of all sheep/goats and 89% of all cattle. Yemen was the second largest destination at 13%, followed by Yemen at 11%, and Egypt at 5%. Egypt was the sole destination for all camels exported from Berbera in 2001.[65]

There are additional exports of livestock shipped to UAE by airfreight from Hargeisa.[66] These airfreight exports are seasonal and the numbers exported are small due to high transport costs. The majority of these exports are sheep and goats and they are exported during monsoon season – from June to September — when the usual ships don't venture out to sea. In 2001, between mid-May to August, 4500 head were exported via airfreight from Hargeisa. Since this time there have been no airfreight exports.

Most of the traders sending livestock to Yemen in 1998/99 were not paid immediately with hard currency but were required to wait until their Yemeni counterparts sold the livestock. Unfortunately, many of the traders were never paid and incurred huge losses because the livestock fetched low prices. The largest livestock-exporter/importers were not interested in transactions that did not involve hard currency so avoided this catastrophe,[67] but the smaller livestock traders were hit hard. Some claim that these traders did not bear all the losses, but passed much of it on to the pastoralists. Even before the current ban, trends clearly indicated that many livestock traders were going under and that the number of livestock export companies was diminishing. As the current ban stretches on indefinitely the trend will only continue.

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[63] See Table 1, Statistical Annex of this report for monthly exports numbers for January 1995 to August 2001.
[64] FSAU Monthly Food Security Report, No. 1 Issued January 10, 2002. The re-imposition of the ban was motivated by the allegation that Somali traders had not followed up with agreed requirements concerning measures to immunize and treat exported livestock. Yemeni authorities feared the presence of infectious diseases because some livestock showed signs of diarrhea.
[65] Berbera Port Authority, Republic of Somaliland, Port Report, 2001.
[66] See section 4.3 of this report for details on this new trade development.
[67] Op. cit.

Table 6: Lost Livestock Income Due to the Livestock Ban in 1998/99 and the Current Ban (Importing Country Landed Price)

	1998-99 Livestock Ban 16 month period (February 1998 – May 1999)		Current Livestock Ban First 28 months (September 2000 – December 2002)	
	Loss of Exports[1.] (HDS)	Estimated Saudi landed value US$[2.]	Loss of Exports[1.] (HDS)	Estimated Saudi landed value US$[2.]
Sheep & Goats	2,442,127	103,790,398	5,793,877	246,239,773
Cattle (surplus)	(33,235)	(16,949,850)	90,789	46,302,390
Camels	44,484	22,686,840	66,315	33,820,650
Total	2,453,376	109,527,388	5,950,981	326,362,813

[1.] See Table 5 for method of estimation.
[2] Calculated at average 1997 landed price of livestock imported from Somaliland/Somalia as reported in Saudi Trade Statistics, US$1.70 per kilo live weight. FAO's Tropical Livestock Unit formula used to calculate live-kilo weights: Camel or bull =300 kilo live weight and ram or he-goat=25 live kilo weight.

There is a growing appreciation of the "folly" of livestock dumping as occurred in Yemen in 1998/99, and authorities and exporters have begun a dialogue to address this complex issue.[68] It is clear that livestock dumping creates an unprofitable trading situation and undermines everyone's interest: exporters receive lower prices, and importers earn lower profits. It is, however, difficult to regulate livestock exports; even if it were feasible within Somaliland, it is impossible to limit other countries' exports.

A cattle dealer from Gabiley recalls an early attempt to regulate cattle exports: *When we collaborated as cattle exporters, sending 6,000 head each month to Yemen, we were able to make $100 profit per head. But the collaboration was short lived, as newcomers not bound by the arrangement disrupted the adopted system of rotating exports among traders*."[69]

Another factor, which explains the absence of an upsurge in exports to Yemen in 2000/01 compared with 1998/99, is that due to the seriousness of the RVF outbreak in Saudi Arabia, backdoor exporting through Yemen is no longer possible. Demand for livestock in Yemen is simply not as high as it was during the first livestock ban. The brief reopening and sudden re-closing of the livestock trade to Yemen during December 2001 highlights a heightened concern and fear by Yemen's import authorities of the possibility of infectious diseases in livestock originating from northern Somalia.

[68] Somaliland Center for Peace and Development, "Self-Portrait of Somaliland," p. 49, 2001.
[69] Op. cit.

Table 7: Loss of Producer Income due to the Livestock Ban of 1998/99 and the Current Ban

	1998-99 Livestock Ban 16 month period (February 1998 – May 1999)			Current Livestock Ban First 16 months (September 2000 – December 2001)		
	Loss of Exports[1.] (Heads)	Producer Price Per Head US$[2.]	Total Value Loss US$ (Millions)	Loss of Exports[1.] (Heads)	Producer Price Per Head US$[3.]	Total Value Loss US$ (Millions)[3.]
Sheep & Goats	2,442,127	29 – 31	70.8 – 75.7	5,793,877	19 - 22	119-138
Of which: 40% exported by Somaliland pastoralists			(28.3 - 30.2)			(47-55)
Cattle	+33,235	207	+ 6.8	90,789	56.4	5.1
Camels	44,484	228	10.1	66,315	169	11.2
Total[4.]	2,453,376		74 - 79	5,950,981		135.3-154.3

[1.] See Table 5 for estimation method.
[2.] Sheep and goat producer price range based on average producer price valued at monthly exchange rates for same 16 month period using 1997 market price data in Berbera ($29) and Hargeisa ($31). Price data are unavailable for Burao market. Cattle export prices were calculated the same way but data are only available from Berbera market. Camel export price is average of January-June 1997 Berbera market as price data for other months and markets are not available.
[3.] Goat/sheep export producer price average for September-December 1998 and January– August 1999 (twelve month average over same period as ban from year before): Hargeisa ($19), Berbera ($21), and Burao ($22). Cattle and Camel producer price from Burao market only.
[4.] Total estimated based on 100% of sheep and goat export losses.
Source of price data: FSAU Somalia and FEWS NET/Somalia.

In value terms, the losses associated with the both livestock import bans are substantial (Table 6). The total value of lost exports from the first 28 months of the current ban is approximately US$326 million. The forgone income from the 1998/99 livestock ban is estimated at more than US$109 million.

Lost livestock exports from the current ban translate into a financial loss between $135.3-154.3 million in producer income based on payment in cash and the vale of payment in kind, compared with losses of US$74-79 during the 1998/99 ban (Table 7). As discussed in section 2, market studies show that a large percentage of the livestock exported through Berbera originate from outside Somaliland (55-65%; see Table 1). Therefore, only a portion of this estimated lost producer income directly affects Somaliland pastoralists. It is estimated that Somaliland pastoralists lost between $47-55 million in producer income over the first 28 months of the current livestock ban.[70]

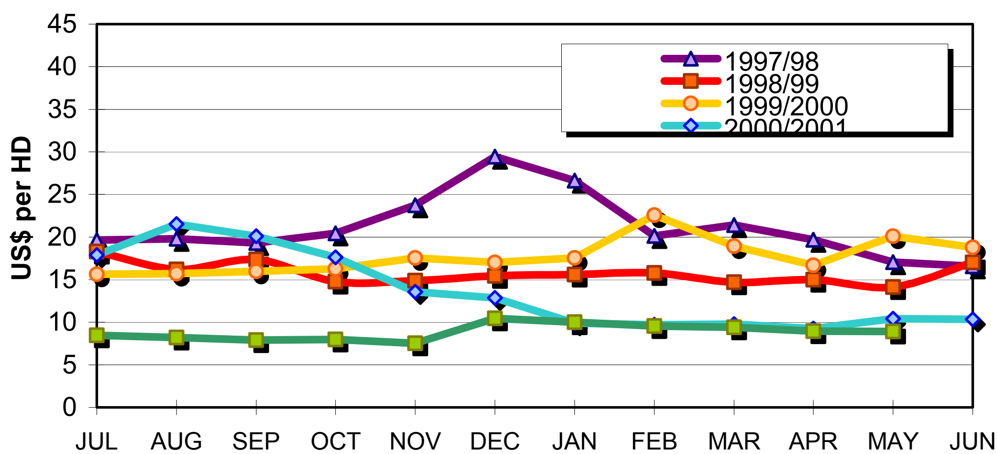
[70] Estimated as 60% of sheep/goats and camels.

These estimates in loss producer income are arrived through calculations based on official published export numbers of Berbera Port Authority and livestock price data collected by FSAU Somalia. Sensitivity analysis was done using price data from different markets within Somaliland, price data from other studies, and comparisons of the effect of monthly variations in price and export numbers (as opposed to using a average price for the period) to arrive at an estimate. All sensitivity analysis proved the estimation to be robust with insignificant variations. Nonetheless, these estimated losses accruing to the producer should be considered as a ceiling because many producers were paid several stages before their animals reached market.

4.1.2 Markets and Prices

There was an immediate decrease in Somaliland livestock prices following the imposition of the import ban in September 2000 (Figure 3). In real terms, export-quality goat/sheep prices plummeted to their lowest levels in years and since January 2000 have leveled off at around $10 per head. This is a 55% decrease in value from pre-ban levels, and approximately $5 per head lower than export sheep/goat prices after the first the livestock ban in 1998/99.

Figure 3: Trends in Export Goat/Sheep Producer Price, 1997-2002



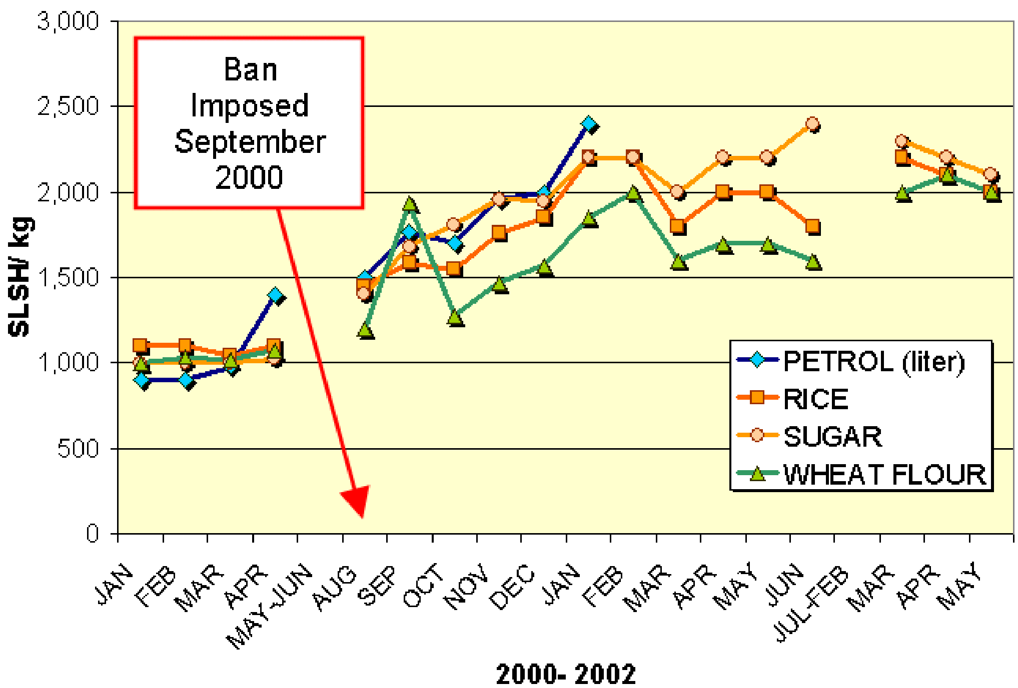
Note: Hargeisa Market Prices.
Source: FSAU Somalia and FEWS Somalia.

Local-quality sheep/goat prices have fluctuated seasonally according to the rainfall pattern and condition of the animals and they also show great variation between different livestock markets. In general, local-quality prices have decreased but to a lesser degree than export-quality prices. In the major Burao livestock market, the price for local-quality sheep/goat was at SSh 151,100 SSh in August 2000, but this price fell to SSh 131,500 six months into the ban (February 2001). In normal times the price is expected to rise due to good animal conditions and the increased demand for export-quality sheep and goats during the peak export season from SSh 140,000 per head in August 1999 to SSh 171,000 per head in February 2000. In the Hargeisa livestock market the price for local quality sheep/goat was SlSh 70,000 per head just before the ban (August 2000); by June 2001 this price had dropped to SlSh 45,000 per head.

Prices of the imported commodities have displayed an inflationary trend in local currency since the current livestock ban was imposed (Figure 4). Based on Hargeisa prices, sugar increased from SlSh 1,400/kg in August 2000 to SlSh 2,400/kg by August 2002 (the current price as of November 2002). During the same period the retail price of wheat flour increased from SlSh 1,200/kg to SlSh 2,000/kg and rice increased from SlSh 1,450/kg to SlSh 2,000/kg.

The dramatic depreciation of the Somaliland shilling during most of this period left dollar-denominated prices largely unaffected. A large proportion of Somaliland's population, however,

Figure 4: Effect of the Livestock Ban on Import Prices, 2000-2001

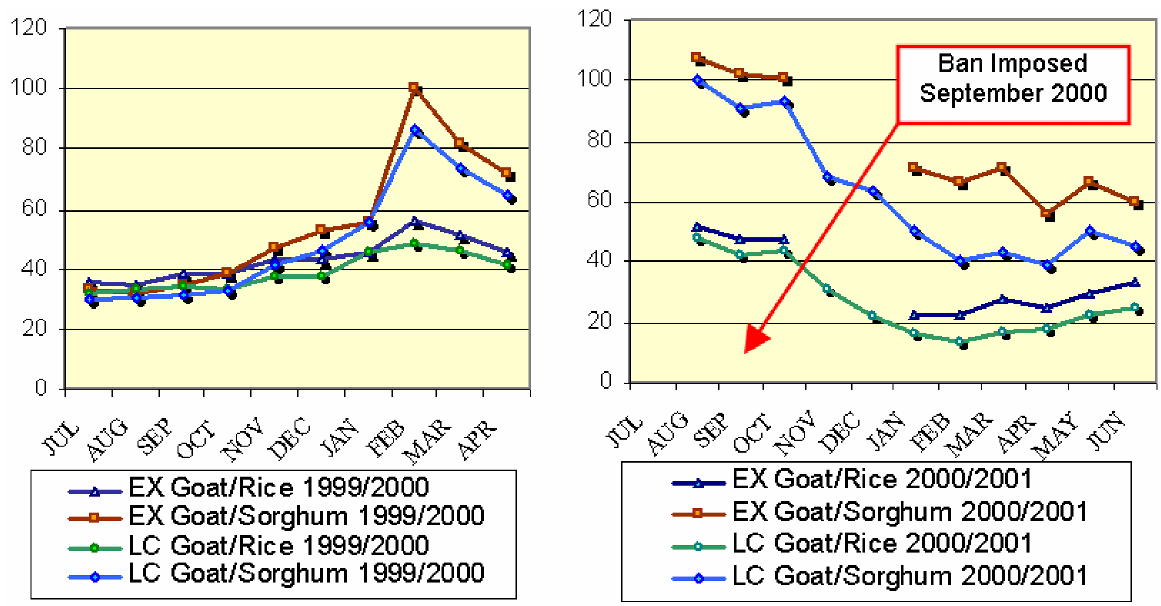


Note: Hargeisa Market Prices (Somaliland Shillings), price data unavailable for some months, May-July 2000, July-Dec. 2001.
Source: FSAU and FEWS Somalia

is comprised of pastoralists who rely on the trade of livestock for their livelihoods. For these pastoralists, the terms of trade between livestock and cereals is the most relevant measure of their market purchasing power — the volume of cereal (for example, rice) that can be obtained from the sale or exchange of one animal. There has been an overall deterioration in the terms of trade since the livestock ban was imposed in September 2000, as the result of increasing imported food commodities prices and decreasing prices of both export- and local-quality animals. Figure 5 shows the deterioration of the terms of trade during the first period of the current ban. The purchasing power of the pastoralist population has declined significantly.

The negative effect of falling terms of trade (kilograms of rice per local-quality goat) has, however, been mitigated to some degree as poorer households switched to cheaper local cereals, such as sorghum. However, the terms of trade (kilograms of sorghum per local-quality goat)

Figure 5: Effect of Livestock Ban on Terms of Trade, "Normal" vs. Ban Year



Note: Hargeisa Market Prices.
Source: FSAU and FEWS Somalia.

have also experienced deterioration, from around 100 kg of sorghum per local goat in August 2000 to 53 kg of sorghum to one local goat in August 2002 (56 kg in November 2002).

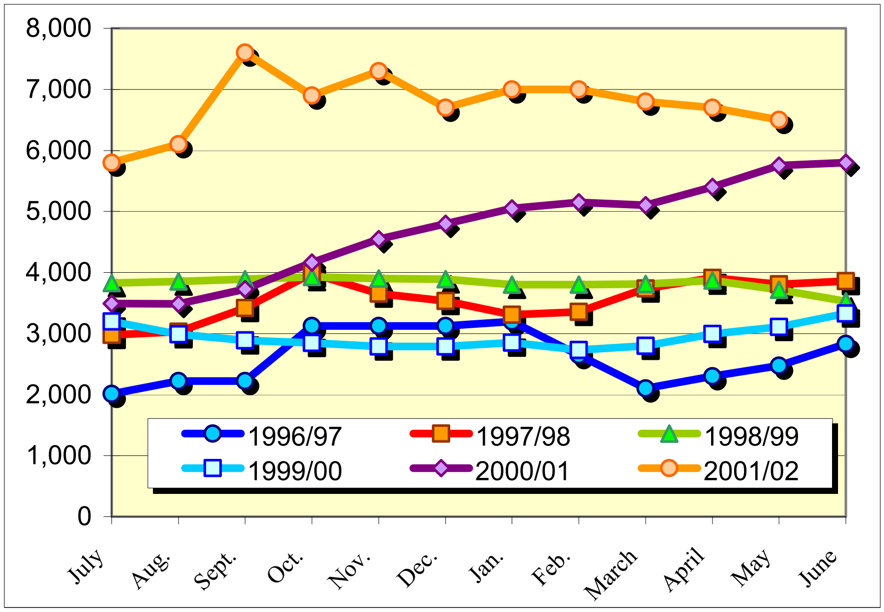
There has been a significant depreciation in the Somaliland Shilling since the imposition of the livestock ban in mid-September 2000 (Figure 6) as livestock exports are a major source of foreign exchange earnings for the Somaliland. The immediate effect of fewer dollars available combined with the anticipation of future shortages, lead to an immediate increase in the 'price' of the dollar. Since September 2000, the SlSh has experienced a depreciation of 78%, from SlSh 3,487/US$ in August 2000 to SlSh 6,200/US$ in December 2002.[71]

4.1.3 Pastoral Household Livelihoods

Drought is the most critical 'shock' or adverse event that determines the livelihood prospects of pastoralists; without water, pasture and livestock die. The commercialized nature of pastoralism in Somaliland, however, creates another potential shock to pastoral livelihoods – the loss of export markets. The loss in producer income for the first 28 months of the livestock embargo is estimated to be between US$47-55 million (Table 7). In addition to this immediate shock, decreasing local-quality livestock prices and worsening terms of trade further undermine pastoralist purchasing power (section 4.1.2). The impact of these shocks on pastoralists depends not only on their current asset levels and productive abilities, but also on levels of access to formal and informal economic and social networks.

[71] See Table 6, Statistical Annex for trends in exchange rate from 1996-2001.

Figure 6: Effect of Livestock Ban on Somaliland Shilling Dollar Exchange Rate in Hargeisa, 1996-2002



Source: FSAU, FEWS, WFP.

All pastoralists are negatively affected by the loss of export livestock sales and the secondary price effects due to their heavy dependence on markets both for their income and for other sources of food (Chapter 2, Table 2). Pastoralists, however, are not homogenous in how they access income and food, nor do they have the same options for coping with adverse shocks. Therefore, the impact of the livestock ban and the ability of pastoralists to respond to its adverse affects also differ. Here this report examines the impact on pastoralists who are less able to cope with the immediate shock of the ban and who become vulnerable to food insecurity and poverty as a result.

Poor pastoralists constitute 20-30% of all pastoralists in Somaliland. They obtain food and income from a variety of sources.[72] Baseline livelihood profiles of different pastoral groups show how the livestock ban impacts pastoralists.[73] Figure 7 summarizes total "food income" for poor pastoral households in a "normal" (or baseline) year for three different pastoral livelihood groups: Togdheer Agro-Pastoral, Nugal Valley Lowland Pastoral, and the Hawd and Sool Pastoral. (See page iv for a map of these pastoral groups.) Total "food income" is expressed in terms of the sum of staple food that could be purchased with the corresponding sum of money, including the equivalent value of self-produced food.[74] The poor in all three groups have enough resources and coping strategies to meet their annual food needs in a "normal" baseline year.

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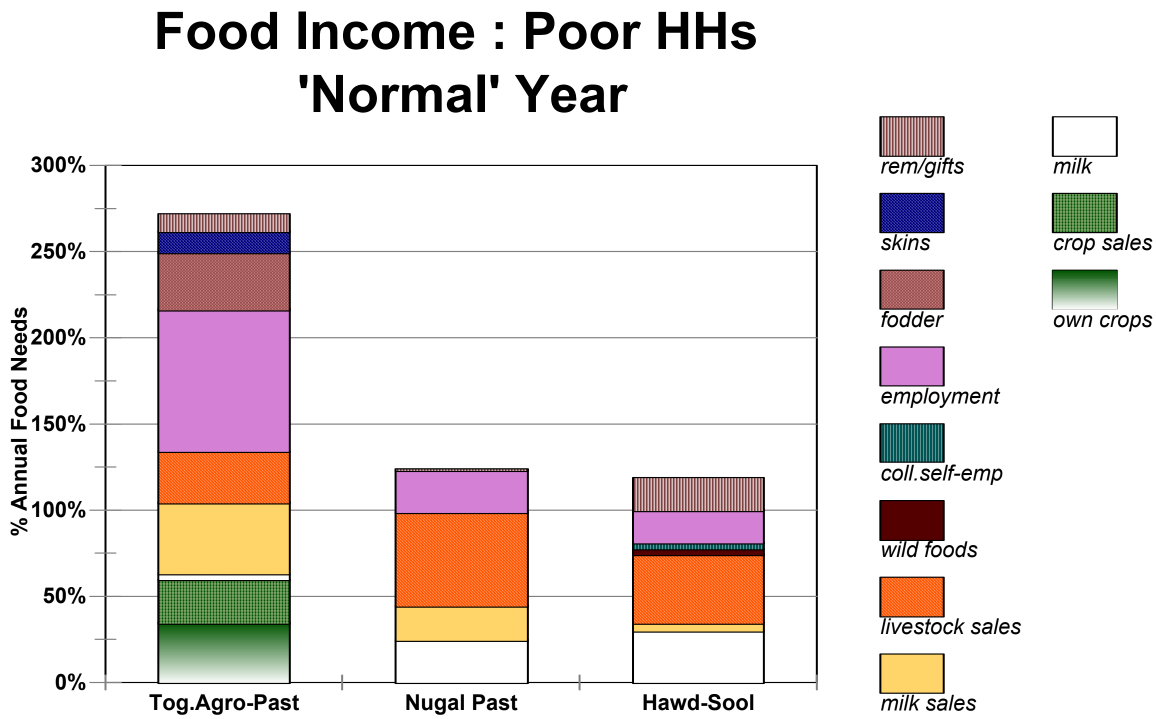
[72] FSAU/FEWS NET Focus, "Food Economy Scenario Analysis: Impact of the Current Livestock Export Ban." Focus Issue 1, February 8, 2001.
[73] For a full description pastoral baseline profiles see FSAU and SCF-UK, "Food Economy Baseline Profiles for Hawd and Sool Pastoral, Nugal Valley, Lowland Pastoral, and Togdheer Agro-Pastoral," April 2000.
[74] The calculation of total food income is the sum of own produced food that is consumed and sold, as well as food purchased and exchanged. The calorie content of food produced and consumed is expressed as a percentage of annual food consumption in the baseline year. Income is also expressed in food terms, equivalent to the caloric

Figure 7: Total 'Food Income' for Poor Pastoralists, Somaliland



Source: FSAU/FEWS NET Focus, "Food Economy Scenario Analysis, Issue 1, Feb. 8, 2001.

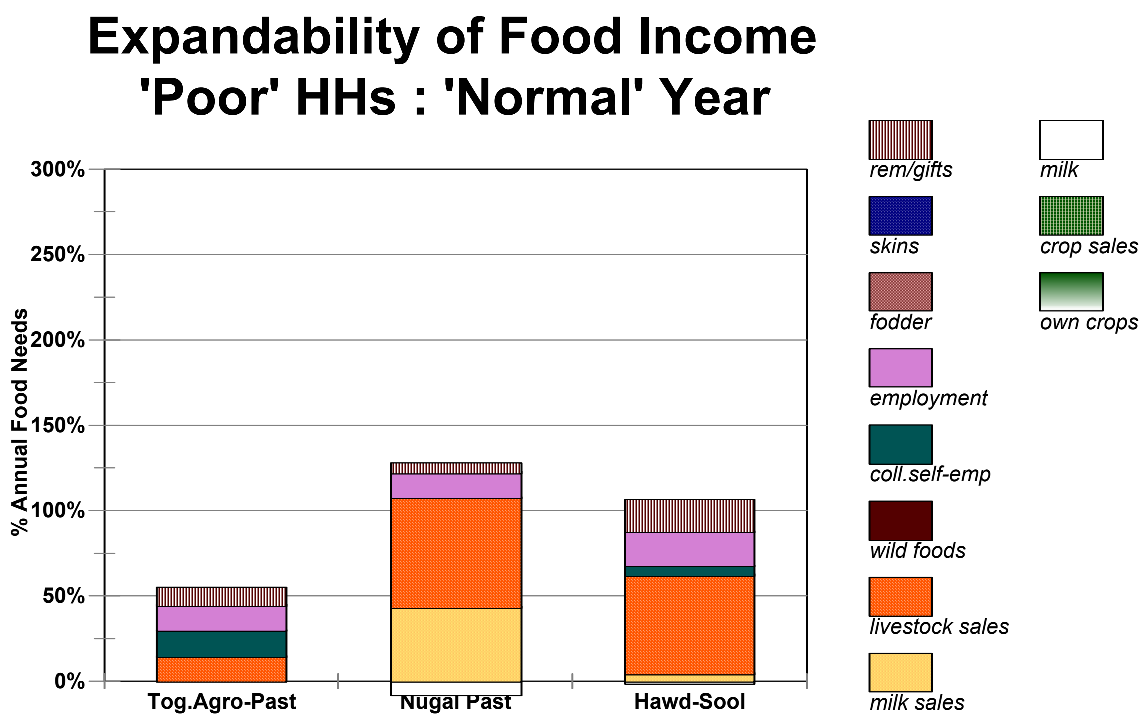
All three poor pastoral groups sell livestock and livestock products, but the Togdheer agro-pastoral group has a wider range of food and income sources. They have access to crop production and are in close proximity to main market towns where they can sell fodder and milk and find opportunities for employment. As a result, the Togdeer agro-pastoral group is relatively more food secure and less susceptible to the impact of the livestock ban. The Nugal Valley and Hawd-Sool pastoralists have a less diversified income base and are heavily dependent upon income from livestock sales and employment in herding and laboring – both which are negatively affected by the livestock ban.

Pastoralists and agro-pastoralists have access to additional resources and coping strategies that allow them to respond to the negative impacts of the cessation of livestock export sales and worsening terms of trade. In food economy terms, they can "expand" their reliance on certain alternative sources of food and income when access to their primary sources is blocked. An estimation of this "expandability" of food income in pursuit of these available options in a normal year is depicted in Figure 8.

In terms of expandability, agro-pastoralists may have a wider and more diversified resource base and hence, relatively higher food security than pastoral groups, but generally have a relatively limited ability to expand food income. In comparison, pastoral groups have a greater ability to

content of the staple food that could be purchased with the corresponding sum of money, as a percentage of annual food intake in the baseline year.

Figure 8: Expandability of 'Food Income" for Poor Pastoralists, Somaliland



Source: FSAU/FEWS NET Focus, "Food Economy Scenario Analysis, Issue 1, Feb. 8, 2001.

cope, because they have larger livestock holdings and can expand livestock sales. Nugal Valley pastoralists also can exchange high-value milk calories for low-value sorghum because of their better access to markets. All groups can increase employment or self-employment (e.g., petty trading, production and sale of charcoal, firewood) and draw upon remittances and gifts from their social or kinship networks.

Agro-pastoralists have a lower capacity to expand their food income than the pastoralists groups, but still have the ability to cover 50% of their total annual food needs when their main sources are reduced or blocked (Figure 8). Poor pastoralists are even more resilient and have coping options that will cover more than 100% of their annual food needs.[75] This expandability potential indicates that pastoralists are quite resilient to shocks to their livelihoods, at least in the short term.

A preliminary food economy analysis on the impact of the current livestock import ban was undertaken in January 2001 by FSAU and FEWS-NET.[76] The livestock ban shock was defined in terms of lost income from livestock sales (30% of normal income), decreased livestock prices (66% of normal levels) and lost associated employment opportunities, i.e. herding animals to market (50% of normal income). In addition, given the poor crop and pasture production due to

[75] FSAU/FEWS-NET, Focus Issue 1, February 8, 2001, p. 4.
[76] The author of the FSAU/FEWS-Net January 2001 study notes the preliminary nature of the analysis as it was done in Nairobi during a workshop exercise. It was recommended at that time that gaps in the information be substantiated by additional fieldwork.

the ongoing poor rains, agro-pastoralists faced additional problems, defined by the analysts as lower crop yields (75% of normal), milk production (80%) and fodder sales (30%) as well as a reduction in access to gifts/food (75%). This analysis shows that poor pastoralist and agro-pastoralists had enough resources and coping options to respond to the adverse affects of the livestock ban (as well as the poor *Gu* rains) and maintain their total food income at roughly the level achieved before the ban.

In July 2001, the same food economy assessment was repeated in Hargeisa, updating the problem definition of the analysis with information obtained from FSAU field monitors who had recently conducted a seasonal field assessment. The conclusion was the same, even with different problem specifications and definitions — the agro-pastoralists and pastoralists could cope. The resilience of the pastoralists in responding to a livestock ban is also supported by a previous food economy assessment, done in March 1998, specifically looking at the initial impact of the 1998/99 livestock ban.[77] Even with different problem specifications as defined by different market and production circumstances of the 1998/99 ban, it was found that pastoralists and agro-pastoralists had sufficient expandability in acquiring food and income to maintain their food security.

Pastoralists and agro-pastoralists across the different wealth groups are currently coping with the livestock ban in a number of ways. These ways include:

- increasing sales of animals (even with, and because of, poor terms of trade);
- increasing alternative income activities, e.g. barter (milk for cereals) and marketing of bush products (charcoal, firewood; etc.);
- switching to less expensive food items (from rice to sorghum or food-aid maize available in markets);
- reducing cash outlays for "non-essentials," e.g. veterinary medicines;
- decreasing household size among poor households by sending children to live with wealthier relatives in urban areas;
- sending men to urban areas to seek employment;
- increasing informal borrowing and use of credit; and
- increasing reliance on social kinship networks and remittances for cash, food and water.

Most pastoralists may be able to cope with the livestock ban and maintain an acceptable level of food security in the short term. But if the livestock ban continues, questions arise about the long-term sustainability of some these coping strategies and how they impact on future vulnerability.

For example, charcoal production has increased significantly since the livestock ban was imposed and is now a booming business.[78] For poor pastoralists, this is one of the main available alternative income generation strategies. The resulting deforestation and associated land degradation will only increase future vulnerability to drought. There is also the possibility of

[77] SCF-UK/FSAU, "The impact of the livestock ban by the Kingdom of Saudi Arabia on the agro-pastoral and the pastoral food economies in Western Somaliland," March 21, 1998.

[78] It is estimated that charcoal represents 92% of local fuel consumption, or a consumption of 80-100 tons per day in Somaliland. Dr. Mohamed Eggeh Killeh, ecologist, personal communication.

pastoralists literally "eating their assets." This option, combined with drought and high livestock mortality rates, could translate into increasing numbers of poor pastoralists.[79]

The strategy of sending men to urban areas to seek employment is already evident in rural areas. Noticeably large numbers of women and children in rural areas "have almost taken over most of the labor tasks, including those traditionally known to be men's tasks."[80] Combined with the strategy of sending children to wealthier relatives in urban areas, this practice is generating long term problems associated with urbanization: unemployment and rising urban poverty and malnutrition. This new rural-urban migration is only adding to the problems of urban poverty and slums. The reduction of cash outlays for non-essential items, such as veterinary medicines, clearly has negative implications for future livestock health and productivity. The sustainability of increased reliance on remittances, gifts and social kinship networks is questionable — as time goes by these resources could be overstressed and become less available.

In addition to the question of the sustainability of pastoralist coping strategies, it is becoming clear that with each passing month, the livestock ban is increasing pastoralists' vulnerability to other shocks. Already, several normally small shocks that would usually go relatively unnoticed have had a significant effect on livelihoods. It is the simultaneous occurrence of these shocks that is most devastating to pastoral livelihoods. As a result "there is evidence of increasing pockets of emergency or near emergency conditions appearing."[81]

These multiple shocks vary in nature and location within Somaliland. For example, the closure of the Djibouti border in March 2001 has not only disrupted trade in NW Somaliland, leading to losses in income and government revenue, but pockets of pastoralists in the Guban-Golis border area lost access to social kinship support and remittances from relatives across the border. When added to the livestock ban and drought, this makes it difficult for them to cope.[82] Poor rainfall over several rainy seasons in the Hawd has created a looming shortage of water in this area. The water shortage combined with lost income of pastoralists due to the livestock ban makes it difficult for poorer households to purchase water for themselves and their animals.

There are several broader factors adding to the pressure on pastoral livelihoods. They are:

- Successive drought conditions;

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[79] In northwestern Somaliland, Awdal and Galbed, "worrying asset depletion has already taken place in recent seasons for poor and lower middle income pastoral groups", FSAU *Gu* Season Hawd Pastoral Assessment, July 2001. In the Hawd belt, a similar situation was reported. "*Given the near failure of the Gu rains, the extensive migration that followed and need to sell more animals by the household in exchange for highly inflated food commodities, the household asset holdings in Buuhodle Hawd have declined further during the season*." FSAU Hawd *Gu* Seasonal Assessment, July 15-25, 2001.

[80] There is the trend in rural-urban migration of men as part of a coping strategy, as well as the general lifestyle attraction of urban areas. Interview with Dr. Ahmed M. Hashi, ex-Livestock Minister, Republic of Somaliland, August 2001.

[81] FSAU. "Evidence of Increasing Vulnerability in Northern Regions of Somalia (Somaliland and Puntland)." Internal Assessment Report, July 2001.

[82] As many of the pastoralists in this area do not have close kinship ties with those in Boroma town, there was some reports of a potential near-emergency for pockets of pastoralists in this border area. International agencies were called into the area to investigation these reports, July-August 2001. Food aid had been distributed to the same group during the drought of the previous year.

- Reduced grazing mobility due to increasing enclosures and sedentarisation along clan lines;
- General environmental degradation due to uncontrolled proliferation of *berkads,* deforestation and the establishment of semi-urban settlements;
- Absence of internationally recognized animal health certification;
- Absence of water point management and maintenance;
- Increasing demands on an unregulated livestock sector to generate US dollars and government revenues without corresponding investments; and
- Political uncertainty and continuing regional insecurity.

The complexity and simultaneous occurrence of these adverse factors threatens the long-term viability of pastoral livelihoods. Their impact at the pastoral household level varies, but the end result is a reduction in the productivity of their main economic asset, livestock. Given the size and importance of the pastoral economy in Somaliland, these questions about the sustainability of pastoralist coping strategies and the factors undermining long-term pastoral livelihoods needs to be researched and addressed.

In summary, pastoralists and agro-pastoralists have been able to cope with the current livestock ban so far. The longer the livestock ban continues, however, the more vulnerable pastoralists will become and the less able they will be to cope with other shocks, such as drought, border closures, and price inflation. In addition, the livestock ban will only accelerate current trends in urbanization, thus leading to further overburdening of urban centers. There is evidence that the current ban and the strategies pastoralists adopt to cope with this shock are accelerating longer-term trends, which leads some to question whether commercialized pastoralism in Somaliland can continue in its present form. Not only has the question of the long term sustainability of pastoralist coping strategies arisen, but also whether the previously large livestock export levels reached in 1997 are sustainable, given the trend of longer and more frequent droughts combined with the overuse and unsustainable use of natural resources.[83]

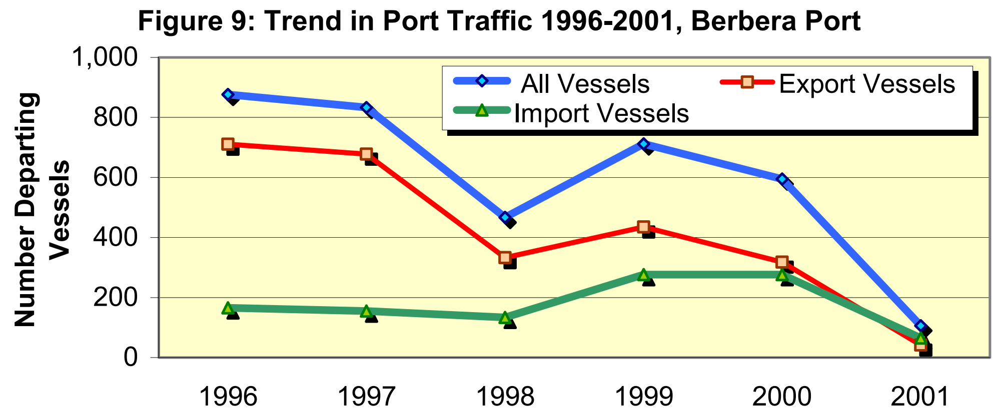
4.2 Second-Round Impacts

4.2.1 Berbera Port Authority

The Port of Berbera, owned and operated by the Republic of Somaliland, is one of the largest employers in the country and the most significant source of government revenue.[84] The impact of the current livestock ban on the Port has been dramatic and is much worse than the previous livestock ban. Livestock export vessels dominate port traffic at Berbera. As expected, the total number of vessels calling at Berbera has fallen sharply (Figure 9) in direct response to the current livestock ban, with a drop of roughly 80% from 1997 levels as of the end of 2001. Although the immediate effect of the ban was borne by exporting vessels, the reduction of earnings from the export trade has resulted in fewer "importing" vessels, as well.[85]

[83] See chapter 5 of this report for further discussion on rangeland issues.
[84] Berbera Port Authority, "2000 Accounts for Port of Berbera," 2001.
[85] Ibid, p. 19.

In 1998, when the livestock import ban by Saudi Arabia was in effect, there was also a sharp drop in port traffic, but only to half the 'normal' number. Port traffic picked up considerably as a result of the lifting of the livestock ban in May 1999, but recovery was cut short with the imposition of the second ban in September 2000.



Source: Berbera Port Authority, Republic of Somaliland.

It is believed by many that import trade is closely tied to the trade of livestock, with livestock export earnings paying for imports. This belief, however, was not supported by trends in actual tonnage of imports. The total metric tonnage of imports, even with the two livestock bans, has steadily increased over the past six years. Imports in 2000 (including food aid) totaled 548,000 metric tons, an increase of 30% over imports in 1999, 60% over 1998, and 138% over 1997. Imports in 2001 fell to 399,920 metric tons, a decrease of 30% from 2000. This decrease resulted not only from the current livestock ban, but also from the closure of Djibouti border trade with Somaliland in March 2001. Many Somaliland importers are reliant on letters of credit and banking facilities through Djibouti. With the border closed, traders were not able to obtain letters of credit for importing goods, reducing imports as traders looked for alternative financing.

The loss in exports resulting from the current livestock ban translates into a direct loss in port revenues for the Port of Berbera due to the lost port charges and commissions on export vessels. The Port Authority collects a number of port fees associated with each export vessel, such as pilotage fees, dockage fees, mooring charges, launch service fees, boarding and immigration fees, harbor and manifest fees. These charges, levied in US dollars, are sizeable, constituting 97% of the Port Authority's dollar revenue and 55% of total port revenue.[86] In the first 12 months of the current livestock ban over $1.5 million have already been lost in Port Authority revenue due to the lack of vessels calling at Berbera (see Table 8)[87] more than the estimated losses of 1998/99 livestock ban that lasted 16 months.

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[86] Port Authority generates revenue in US dollars (97% from vessel handling fees) and in Somaliland Shillings (87% from import fees). Dollar earnings are 55% of total revenue, while shilling earnings are 45%. Berbera Port Authority Accounts, 1997-2001.

[87] The number of vessels not departing is estimated by comparison of actual with 1996-97 annual average. P. Steffen, A. H. Shirwa, and S. I. Addou, "The Livestock Embargo by Saudi Arabia: A Report on the Economic, Financial, and Social Impact on Somaliland and Somalia," FEWS/Somalia, 1998.

Table 8: Lost Port Revenues for 1998/99 and First 12 Months of the Current Livestock Ban, Berbera Port, Somaliland

	1998-99 Livestock Ban 16 month period (February 1998 – May 1999)		Current Livestock Ban 12 month period (September 2000 – August 2001)	
	Vessels not Calling	**Lost Port Revenue**	**Vessels not Calling**	**Lost Port Revenue**
Vessel Charges				
Ships ($1,657 per ship)	416	$689,312	499	$826,843
Dhows ($811 per dhow)	190	$154,090	149	$120,839
sub-total	606	$843,402	648	$947,682
Port Commission	**Livestock not exported**			
Sheep and Goats ($0.065/Head)	2,442,127	$158,738	2,539,524	$165,069
Cattle ($0.263/Head)	+33,235	$8,741	59,914	$15,757
Camels ($0.526/Head)	44,484	$23,399	32,825	$23,399
sub-total		$173,396		$204,225
Total		**$1,016,798**		**$1,151,907**

Source: Port Authority of Berbera, Republic of Somaliland.

The Port Authority was able to bear the initial shock of the current livestock ban in September 2000 due to the substantial increase in revenue from the constantly rising imports and the acceleration of livestock exports that occurred during the first half of 2000. Moreover, a large inflow of Ethiopian relief food through the port beginning in April/May 2000 added an extra boost to revenue that helped the Port cover its initial losses resulting from the livestock ban. Relief food imports also created jobs, as people were hired to put bag bulk food aidat the port. Port revenue also benefited from an increase in official exchange rates applied to Port dollar earnings.[88]

The Port Authority began to feel the impact of the livestock ban by the beginning of 2001. In the first half of the year, total revenues were down 73% from total port revenue in 2000 (Table 9). Continuation of the livestock ban has only worsened the Port Authority's financial crisis.

[88] Somaliland applies an official exchange rate to dollar port earnings. When the Port Authority remits these dollars to the Somaliland Central Bank, the Bank reimburses the Port Authority in Somaliland shillings at an official exchange rate. This rate has increased 65% between 1998 and 2001— from SlSh 1,500/US$ in 1998, SlSh 3,750/US$ in August 2000, and SlSh 4,400/US$ in 2001 (personal communication, Chief Accountant, Berbera Port Authority, September 2001).

Table 9: Trend in Berbera Port Authority Revenue, 1997 - 2001					
	1997	1998	1999	2000	2001
1. Port Authority Revenue					
a. SlSh Account Revenue (SLSH billion)	1.6	3.2	5	6.7	2.5
Of which import fees %	81	.	84	87	84
Of which export fees %	9	.	8	6	3
b. US$ Account Revenue (US$ million)	1.4	1.1	1.7	2.3	0.6
2. Total Port Authority Revenue (US$)	1.9	1.9	3.2	4.2	1.1
Of which from SlSs Account %	28	44	47	45	43

Note: Port Authority collects both US$ and SlSh in revenue earnings and records these separately in their accounts. The value of total revenue is calculated based on the annual average of the Somaliland shilling/dollar exchange rate in Hargeisa.
Note: Revenues apply only to the first six months of 2001.
Source: Berbera Port Authority, Profit and Lost Accounts 1997-2001, Port Authority Berbera, Republic of Somaliland.

Port operations have been severely affected by port inactivity and the resulting loss in Port revenue since January 2001. By August 2001, the cash-strapped Port Authority was only able to pay employee salaries and some of the payments owed to the central government.[89] It has had to rely on credit and borrowing to cover basic operating costs, such as fuel, oil, lubricants, and spare parts for trucks, forklifts and power generators.

During the 1998/99 livestock ban the Port also relied on credit and borrowing to cover its operating costs, but to a lesser degree. When the 1998/99 ban was lifted, 75% of the borrowed funds were repaid. The Engineer Manager of the Port Technical Department says the current situation is more difficult as the ban is much more comprehensive and the level of required borrowing is higher. Combined with the incomplete payment of past loans, this means "*we've got a problem now – as the companies don't trust us in repayment for borrowing for spare parts.*"[90] This has made it slow and difficult to obtain supplies and spare parts, and most maintenance had been stopped or severely limited, including the replacement of spare parts and general running maintenance of equipment such as the generators. The Port has also been forced to reduce its staff by a third.

4.2.2. Local Administration

In normal times, about 30% of the government's revenues are earned from livestock export trade, amounting to roughly US$10 million or SlSh 2.5 billion valued at the 2000 official exchange rate

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[89] There are 480 port employees. The General Manager of the Port believes the Port is overstaffed by 160 persons, but was unable to make cuts while the livestock ban continues due to lack of job opportunities for employees elsewhere and suggestions of the government to maintain the full complement of staff.
[90] Personal communication, Mr. Mohamed Ahmed Francis, Port Engineer Manager, Technical Department, Berbera Port Authority, July 2001.

of SlSh 2,500 per dollar).[91] Revenue generated from imports duties is even higher, representing 43% of total government earnings. Somaliland's reliance on international trade for over 73% of its entire revenue earnings makes it highly vulnerable to external shocks outside its control.

Another major source of government revenue is trade in *qat*, imported from Ethiopia or increasingly grown in Somaliland. From this single crop alone, taxation earns the government on average US$10,000 per day, or 12% of all government revenues. Altogether, taxes from trade in livestock exports, imports, and *qat* are responsible for generating 85% of the Somaliland's entire revenue earnings.

Livestock export dutiesare also one of the main sources of foreign exchange earnings for the Somaliland government. The export levies on livestock are $3.50 per goat/sheep, $12.50 per cattle, and $17.50 per camel. These livestock export levies generate foreign exchange but do not represent a 100% tax by the government, as the exporter gets reimbursed Somaliland shillings for dollars at the official government exchange rate. Given that the market exchange rate is considerably higher than the official exchange rate, this implies the exporter pays an effective export 'tax' on livestock equal to the difference between the official and market exchange rate.[92]

In the first 28 months of the current livestock ban (through December 2002) the Somaliland government lost an estimated $22.5 million in foreign exchange earnings – almost three times the amount lost during the 16-month 1998/99 livestock ban (Table 10). In terms of net receipts from these earnings (the effective tax rate implied by the difference in official and market exchange rates), the government lost an estimated $6.6 million.[93] This loss in foreign exchange earnings represents 52% of net receipts and 15% of the government's total revenue earnings in 2000.[94]

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[91] Personal communication, Mr. Said Mohan Mohammed, Minister of Finance, Republic of Somaliland, August 2001. In January 2000, the government official exchange rate was raised from SlSh 1,500 to SlSh 2,500 per dollar.

[92] Exporters are required to pay port taxes in dollars, and then the exporter gets a rebate in the form of Somaliland shillings at the official exchange rate. In effect, the exporter pays an export tax on livestock equal to the difference between the official exchange rate and the market exchange rate. The government can manipulate the effective tax rate by changing the official exchange rate, which is used in the transactions.

[93] In August 2000 the Hargeisa market exchange rate was SlSh 3,500 per US$. The difference between official and market rate is therefore SlSh 1,000, which is 29% effective tax rate (1000/3500*100). Net receipts are 29% of total foreign exchange earnings ($16.1 million) or $4.7 million.

[94] Percentages based on total revenue for 2000 at $27.1 million. The total revenue of government in 2000 was SlSh 67.8 billion. Using the official exchange rate of SlSh 2,500/$ (Minister of Finance, Mr. Said Mohan Mohammed), this is equivalent to $27.1 million. It is difficult to make comparisons between Somaliland's shilling and dollar earnings, as the government applies different official exchange rates at different times, i.e. US$ port revenues are paid into the Central Somaliland bank at an official exchange rate of SlSh 4,400 (Port Authority, Chief Accountant, August 2001), but the official exchange rate used to value other transactions within the government is SlSh 2,500 (Ministry of Finance, August 2001).

The impact of the livestock ban in 1998/99 by KSA on the Somaliland government was not as severe or as debilitating as expected, partly because continued livestock exports to Yemen and UAE cushioned the shortfall in revenue. Imports also augmented government revenue significantly in 1998, as the volume of imports increased by 50% over those in 1997.[95] The government also reduced its expenditures by stopping all expenditures on 'non-essentials,' such as travel, car purchases and new construction. Expenditures during this time only included basic salaries for 26,000 government employees (20,000 ex-militia and 6,000 civil servants), food rations for militia, and essential operating costs, such as telephone, water and office supplies. Government revenue was also supplemented with a $3 million loan from the private sector.[96]

Table 10: Lost Government Foreign Exchange Earnings as a Result of the 1998/99 and the Current Livestock Ban (First 28 Months), Somaliland

	1998-99 Livestock Ban (Feb. 1998 – May 1999)		Current Livestock Ban (Sept. 2000 – December 2002)	
	Estimated lost exports	Lost Gross 'Export Duties' $US	Estimated lost exports (see table 5, above)	Lost Gross 'Export Duties' $US
Sheep and Goats ($3.50 /Head)	2,442,127	8,547,445	5,793,877	20,278,569
Cattle ($12.50 /Head)	+33,235	+415,438	90,789	1,134,862
Camels ($17.50 /Head)	44,484	778,470	66,315	1,160,513
Total	$2,453,376	$8,910,477	$5,950,981	$22,573,943

Note: See section 2.3 and statistical annex for estimation of livestock not exported.

Source: Port Authority of Berbera, Republic of Somaliland.

After the previous ban was lifted the government's position improved rapidly and in the final six months of 1999 more than 1.4 million head of livestock were exported, generating over $4 million in government revenue. As a result of these improving financial prospects, the government prepared a supplementary budget of SlSh 15.6 billion in June 1999 (Table 11). By the end of 1999, the governments had a surplus of US$500,000, had paid off most of its creditors, and had started a civil service reform.[97]

95 Imports were 230,000 metric tons in 1997 and 345,000 metric tons in 1998. Berbera Port Authority, Republic of Somaliland.

96 Personal communication, Mr. Said Mohan Mohammed, Minister of Finance, Republic of Somaliland, August 2001.

97 Civil service reform introduced payment grades to civil service, examination and evaluation procedures, and increased wages overall.

Table 11: Government Revenue & Expenditure (SlSh billions), Republic of Somaliland, 1997-2001.

	1997	1998	1999	2000	2001
Revenue	29.5	41.1	55.7	67.8	77.2
(Budgeted)	.	(46.5)	(57.2) [1.]	(74.7) [2.]	(78.0)
Expenditure	34.4	42.8	55.1	70.5	56.9

[1.] Budget was revised and supplemented in June 1999; original budget was at SlSh 41.6 billion.
[2.] A supplemental development budget of SlSh 6 billion was added to this (ref. Ministry of Finance, Aug 2001).

Source: *Wasaaradda Maaliyadda, Warbixinta Xisaab -Xidhka ee dhamaadka, Sannadka* 1997-2001.

The shortfall in revenue due to the imposition of the current livestock ban, did not impact the government's 2000 budget significantly, and despite the ban, the government prepared a budget for 2001 with a projected increase in revenue from Slsh 74 to SlSh 78 billion because the Ministry of Finance expected an increase in import revenue to compensate for the drop in export revenues.

This increase in import revenue was not seen by the Ministry of Finance as 'raising taxes,' but as reducing the amount of subsidy afforded importers.[98]

> *"What we do is subsidize our imports – not directly, but indirectly. We use different exchange rates for the dollar. For example, suppose the rate is SlSh 5,000for US$1. But when we are taxing at the port we value the dollar at SlSh 1,500. The value of the dollar is the tax base."* [99]

In January 2000, the government increased the official rate at which it values imports from SlSh 1,500 to SlSh 2,500, an effective increase of 67%. It was this 67% increase and the associated increase in revenue that was expected to finance the 2001 budget increases in revenue and cover the shortfall in livestock export revenue.[100]

The impact of the current livestock ban on the central government of Somaliland appears to have been minor during the first year of the ban in light of its government's ability to earn greater import income to fund a larger portion of the government budget. During the 1998/99 livestock ban, the Somaliland government sent out an appeal to the international community for assistance. Very little help from the international community was forthcoming. This time, Somaliland responded by finding alternative sources of revenue, raising their earnings from import trade. As

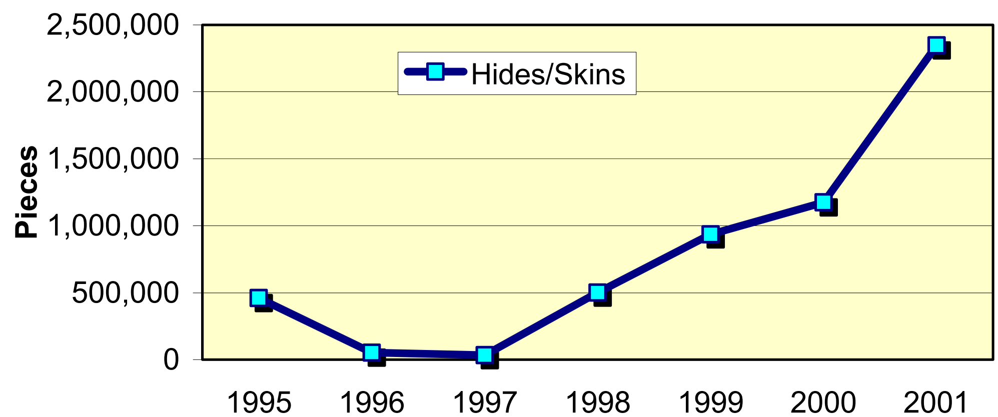
[98] IRIN interview with Mr. Said Mohan Mohamed, Minister of Finance, March 8, 2001.
[99] Ibid, March 8, 2001.
[100] Personal communication with Mr. Said Mohan Mohamed, Minister of Finance, Republic of Somaliland, August 2001.

the ban continues, more and more importers are shifting from Berbera to Bossasso as a port of entry, weakening the government's ability to generate revenue.

4.2.3 Trade and Urban Centers

As discussed in section 2, the trade and marketing of livestock has undergone a number of changes since the civil war ended in 1991. The general trend has been towards a commercialized system of trade with a smaller number of large exporters and a reduction in the number of middlemen involved in transactions.[101] The livestock ban in 1998/99 and the current ban have forced many shippers and traders out of the market, leading to a further concentration of the livestock trade. In 1997, there were approximately 50-70 individual shippers and livestock exporters, with three large exporters controlling most of the trade.[102] Today, the same three larger exporters still dominate, but there is now only a handful of secondary exporters (approximately 10-15).[103]

Figure 10: Trend in Hides/Skins Exports, Berbera Port, 1995-2001



Source: Berbera Port Authority, Republic of Somaliland.

The implications are clear: as livestock trade becomes more concentrated, the value of imports of basic commodities (sugar, rice, wheat etc.) and of livestock will come to be controlled by a small number, opening the way for price manipulation. This is especially true given that the principal exporters are also the principal importers. The competitiveness of the market is questionable considering that one exporter controls an estimated 80% of all livestock exports and 70% of all imports. There are expectations of import price-gouging by the largest importers to compensate for livestock export losses.

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[101] SCPD, "Regulating the Livestock Economy." Forthcoming.

[102] The three largest exporters are Abdi Awad Ali (known as Inda-dehra), followed by Ali Ibrahan Essa, and Adan Ahmed Derie. Abdi Awad Ali has the single largest market share of both livestock exports and imports into Somaliland

[103] Personal communication with Mr. Said Farah Mohammed, Shipping Statistics Manager, Berbera Port Authority, Somaliland, August 2001.

On the other hand, the current livestock ban has encouraged entrepreneurs to diversify their businesses. There is a growing tendency to invest in light industries like manufacturing of detergents, mineral water, abattoirs, and so on.

The negative impact on traders is becoming obvious the longer the livestock ban is in place. Some 28 months after the ban was first imposed, livestock traders are finding it difficult to survive and are either dropping out completely or diversifying their businesses. Of the top seven livestock exporters, two have dropped out completely and the remaining five traders are struggling with reduced activities. For example, the third largest exporter had seven import outlet stores prior to the ban (two in Burao, four in Hargeisa and one in Berbera), but currently only two of these are still in operation (in Burao and Hargeisa). Many of the livestock export traders relied on the hard currency earned from their livestock exports to purchase goods to import; therefore one of the problems these traders face is a lack of hard currency to purchase these goods. Given the recession in the economy due to the livestock ban, demand for imports has also fallen.

Hides. The export of hides and skins, which pose no danger of Rift Valley Fever, offers another opportunity for diversification. There has been a dramatic increase in volume of hides and skins exported since the first ban of 1998/99, an increase of more than 360% (Figure 10). Yet, the value of hides and skins exported is less than one-twelfth the value of an exported sheep or goat.

In Burao town before the current livestock ban, an export quality goat was sold for around SlSh 220,000, whereas the price of a skin was SlSh 17,000. In 2001, even with the large increases in the number of pieces exported (more than 2.3 million pieces), the value of these exported skins only reached \$3.9 million.[104] The main reason for the low export value is that the skins are tanned at a very basic finishing standard. There is, however, the potential for processing higher value hides and skins. Indian traders buy hides and skins from Somaliland, transport them to tanneries in India for re-finishing, and then re-export them at a profit to Europe. There is the potential, therefore, for Somaliland to capitalize on this export trade in high value leather to Europe by developing tanneries that have the capacity to produce higher quality tanned hides/skins.

[104] The total number of skins/hides exported in 2001 was 2,348,044, valued at the producer price in Burao Town, SSh 17,000, at an exchange rate of SSh 10,133 to US$1 (Burao Market rate, August 2000, FSAU).

Table 12: Number of People Involved in Urban Milk Marketing Before and After 1998/99 Livestock Ban, Burao Town

	Before ban	After the ban
Wholesalers	20-30	20-30
Market agents (wholesalers)	20-25	25-30
Main suppliers	15-20	30-35
Retailer market stalls	250-300	250-300
End suppliers (open air)	100-150	300-350
Market agents (retailers)	100-150	150-200
Total Number	505-685	775-945

Source: FSAU, Togdheer Region, Burao Town, May 29, 1999

Abattoirs. Another new business is the development of abattoirs and the exportation of chilled meat. The abattoir outside of Burao is one of three private abattoirs in former Somalia currently under development. The two other abattoirs, one in Galkayo and the other in Mogadishu, are significantly larger than the Burao abattoir. Galkayo began exporting chilled meat before the September 2000 ban, though it is reported that no exports have yet left the Mogadishu abattoir. The Burao abattoir is almost completed and is the only one of the three that is completely mechanized with state–of-the-art equipment imported from Europe. The abattoir is expected to meet international health standards, as well as follow traditional Muslim slaughter practices. The abattoir will slaughter 840 animals per day in two shifts or more than 240,000 animals per year. With plans for holding 2,000 animals held in stock and purchasing 3,000 animals per week, this will double or triple current livestock market transactions, even with the ban still in place.[105]

Dairy. There has been a noticeable increase in milk marketing in urban areas since the livestock ban of 1998/99 and under the current ban, especially among the smaller open-air suppliers and market retailers (Table 12). There are no current data available on urban milk marketing, but many observe a noticeable increase in small milk vendors in Hargeisa, Burao, and Boroma. For example, the number of open-air suppliers in Burao town more than doubled during the 1998/99 livestock ban. This development is supported by pastoral surveys which indicate that increased milk sales is one of the main coping strategies of pastoralists in response to the cash shortage due to lost export livestock sales.

Airfreight. Another new development in 2001 was the export of livestock by airfreight. Since the United Arab Emirates lifted its livestock embargo with Somaliland in May 2001, live sheep/goats are air freighted to UAE from Hargeisa once a week. Between mid-May to end-July 2001 a total of 4,500 sheep/goats were exported this way.[106] Despite the low volume of exports, the revenue generated from these exports has offered some relief from the livestock ban to a few. Two months of airfreight livestock trade activity has generated $40,500 in producer income for

[105] Mr. Anwar Yassin and Mr. Mohamed Yassin, Administration Manager and Owner, Burao Abattoir, August 2001.
[106] Personal communication with Dr. Abdullahi Ahmed Hassan, Director of Veterinary Services, Ministry of Livestock, Republic of Somaliland, August 2001.

pastoralists and $18,000 in government revenue. The animals arrive at their destination in a healthier, fresher state by air than by ocean freight, as the flight takes only 3-4 hours. Two traders entered the airfreight trade with UAE; they sent livestock on the hoof by air and import high value electronic goods on return flights. Profits fluctuated, as the UAE is a thin market with prices that easily swing with fluctuations in supply and demand. For example, the average total cost per sheep/goat exported by airfreight was approximately $28 and the sale price in UAE ranged from $45 at the end of June 2001 to a low of $25 by the end of July.[107] Thus profits swung from $17 per head to a loss of $3 per head.

Other trade. There are no current quantitative data on general trade statistics and movements within Somaliland or between Somaliland and bordering countries that would allow an analysis of the impact of the current livestock ban. There is a general view that trade activities in Somaliland have slowed down as a result of the livestock ban, especially the movement of goods between regions. The transportation sector is also affected. There is a noticeable increase in the number of newly imported second-hand cars on the roads, as well as poorly maintained trucks and vehicles, suggesting a drop in transport activity and investment. As commerce is one of the main economic activities in Somaliland, more in-depth analysis and studies of this sector are needed.

Unemployment. Lost export trade translates directly into increased unemployment in urban centers. Since the imposition of the current livestock ban, the major livestock markets are lifeless, empty grounds with only minor trading for local slaughter and consumption. A market survey in Burao town found that between 6,870 - 8,570 people were directly involved in marketing of livestock for export before the ban of 1998/99.[108] Livestock brokers and assistant brokers alone accounted for almost half of these people. With the livestock ban in 1998/99, which was only a partial ban, more than 72% of these people found themselves out of work. The current ban is more comprehensive and has led to even greater unemployment. In addition to lost livestock jobs, many other jobs supported livestock trading in varying degrees.

Alternative employment opportunities in the urban centers are limited or non-existent and vary by region. In normal times, trader's livelihoods are precarious or *moalin-degall* (only enough to survive the day). With few employment opportunities to fall back upon, these urban unemployed face increased vulnerability to poverty and food insecurity. Unlike pastoralists who have livestock assets that can be milked and slaughtered to ensure survival, unemployed traders and business people must rely solely on social kinship networks for support if alternative employment can not be found.

There are regional variations in the degree of urban unemployment and vulnerability. The border closure with Djibouti is having a serious negative impact on vulnerable urban groups in northwestern of Somaliland. The partial lifting of the construction ban activities and the wider economic base in Hargeisa is creating more economic opportunities relative to other urban

[107] Total cost calculated from the Hargeisa market price for export goat/sheep is $28, of which the animal costs $9, airfreight is approximately $15 per head, and government fees (health inspection and export fee) are $4. Personal communication with Dr. Ahmed Hassan Bile, Veterinary, Ministry of Livestock and Mr. Mustafe Aden, Aircraft Agent, Star Airlines, August 2001.

[108] FSAU, "Burao Livestock Trade Market Analysis from 1993-1999," May 29, 1999.

centers.[109] The predominance of the pastoral economy to the east, based on the unstable Somali shilling, which still circulates in Burao and the eastern edge of Somaliland, create a situation of high vulnerability for these urban unemployed.

Rural-urban migration. There is evidence that both livestock bans have spurred rural-urban migration, especially among the poorer pastoralists. Increasing urbanization has been a trend in Somaliland for a number of years, but the increased hardships and difficulties faced by pastoralists are accelerating the movement.

Without the livestock ban the trend toward urbanization trend would continue, but at a slower pace. In order to understand the full impact of the ban it is necessary to take a broader view and understand the changes occurring in Somaliland already. Increased urbanization is one of these trends, along with an increasing number of vulnerable urban poor. The result is that the current urbanization is creating a new class of vulnerable urban groups and adding to the large squatter settlements that can be found in all major urban centers. The creation of new urban poor could have profound implications for political stability in 10-20 years.

[109] Since 2000, it is noticeable in Hargeisa that there are more small businesses trying to make money. There are young people both women and men involved in these activities, e.g. bread making has increased and milk is sold on every corner. There are also a number of new small businesses, like bottling water and the pasta-making factory. Charcoal is big business now. (WSP, M. Hassan, July 2001).

5. Impact of the Livestock Ban on the Environment

In the past, the commercialization of the livestock sector and the increased demand for livestock for export provided an incentive, as well as a means (in the form of income to purchase technical support) to increase livestock production on the rangelands. According to pastoralists, livestock numbers in many areas have built up since the drop in production that occurred during the civil war. In fact, production has exceeded the natural carrying capacity in some regions. For example, in the Hawd region, trucks periodically transport bulk hay to animals, and water tankers are used to carry water to livestock in remote grazing areas. In the 1994/95 droughts in the Hawd and eastern Somaliland, sheep and goats were being ferried by trucks to the coastal plains with good rainfall.[110] These movements result in increased pressures in some regions in terms of reduced existing vegetation, decreased foraging ability, decreased rangeland capacity, and decreased ability of pastoralists to cope during crisis periods resulting from supply shocks such as droughts, and demand shocks, such as changes in the export market.

In this light, many have voiced concern about the negative impact of the livestock ban on the environment as a result of the millions of unsold livestock that remained on the rangelands, placing a greater burden on already stretched pasture and water resources. A direct examination of this question is difficult because there have been few ecological impact studies done in the last four years,[111] and there is no systemic monitoring of livestock population to determine population size and dynamics. To understand the dynamics of ecological change requires systematic and continuous ecological assessment over a long period. Without such assessments, any discussion of current environmental conditions and their causes is difficult and open to debate.

The limited information that is available on the current condition of the rangelands and the health and size of the livestock populations suggests that the livestock ban has not led to any substantial compounding of the pre-existing problem of environmental degradation. With an estimated livestock population of more than 14 million, Somaliland's "unsold livestock" estimates are relatively low at 10-15%. (Note that the majority of Berbera's exports originated outside Somaliland. The conclusion that the livestock ban has not significantly compounded pre-existing environmental problems is limited to Somaliland; it does not necessarily include Ethiopia's Somali region or the central rangelands of Somalia.)

Even after the current livestock ban had been in place for almost a full year, pastoral assessment studies indicated that prolonged droughts had led to as many as 30% of livestock deaths in some areas of Somaliland. Given the observed pastoral coping strategy of selling more livestock (including breeding animals) during difficult times to meet family consumption needs, this suggests that livestock levels may have actually fallen significantly in many areas. Based on pastoral assessments as well as observations by NGOs working in the pastoral areas, there is a

[110] Ibid. M. Sommerlatte, IUCN (2000) p. 47.

[111] There has been an ecological assessment in NW Somaliland, "Ecological Assessment of the Coastal Plains of North Western Somalia (Somaliland)." IUCN East Africa Programme, Somali Natural Resources Management Programme, by Malte Sommerlatte and Abdi Umar, May 2000. There is a need for other studies of this type in other areas in Somaliland.

concern that "… with worsening conditions, marketable animals in the herd may not be available at all."[112] This sentiment was echoed by a Hawd pastoralist who lives south of Los Anod along the Ethiopian border who complained, "*a number of my livestock died, including many of the off-spring, because of the on-going drought, and if the Deyr rains in early September-October 2001 fail or are not good, then even more will die. Even if the ban is lifted I will not be able to sell, because I don't have any male sheep or goats left*." [113] Therefore, it is possible that there are fewer livestock numbers on the rangelands than there were before the livestock ban, due to deaths caused by draught.

Controversy surrounds the issue of the degree of desertification and overgrazing, but there is ample evidence to support a long-term trend of rangeland degradation in Somaliland.[114] For instance, a non-palatable grass has been establishing itself in Somaliland for decades now (SADO, 1994), and the similarly unpalatable *Aloe megalocantha* and *Solanum incanum* have become well established in certain areas (Awale and Odowa, 1997); these are classic signs of the long-term rangeland degradation. There is a change from grassland to woody vegetation over wide areas of Somaliland (Bally and Melville, 1973). Up to 50% of the rangelands of Somaliland have been badly degraded on steep slopes and serious gully erosion exists in many areas (VETAID, 1997). In addition, the quality and quantity of grazing on the coastal plains rangelands is decreasing and could lead to a further decline in livestock numbers (IUCN, 2000). [115]

The issues of rangeland degradation and carrying capacity are controversial, complex, and interwoven in terms of cause and effect. It is not one factor alone that can cause of the observed rangeland degradation, but a number of interacting factors, including:

- Increased human and livestock populations
- Increased settlements and construction of private water points (*berkads, ballis*)
- Increased private enclosures on communal rangelands
- Increased deforestation, due to tree cutting and charcoal burning
- Decreased mobility and migration along clan lines due to interclan tensions
- Increased incidence of droughts, below normal seasonal rains, more prolonged dry spells

The result of many of these factors is a disruption in seasonal grazing patterns, increased restrictions on livestock migration, and increased concentration of livestock in specific areas. In

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[112] "*Household level analysis has shown that livestock levels have fallen in several areas. Projections for expenditure suggest that in order to meet basic needs poor households may be depleting their assets to dangerously low levels. With worsening conditions marketable animals in the herd may not be available at all*." FSAU, "Evidence of Increasing Vulnerability in Northern Regions of Somalia (Somaliland and Puntland)," July 2001.

[113] Oxman S Yusuf, Field Officer and brother of a Hawd pastoralist, Norwegian Peoples Aid, personal communication, August 2001.

[114] D. Herlocker. "Renewable Natural Resources and Production Systems: Issues and Priorities." Somali Natural Resource Management Programme, (IUCN-EARO), p. 46.

[115] Other examples of long-term rangeland degradation from Central Somalia and Somaliland are presented by Hemming (1966, 1973), Herlocker (1989), Lair and Potterton (1997), Stockton (1996) and Awale and Odowa (1997). See D. Herlocker for further references. Also see "Structural Vulnerability Workshop–Environmental Degradation in the Hawd," a one-day workshop by FSAU with participation from WFP, UNHCR, UNICEF, UNDP, PENHA, Ministry of Agriculture, Ministry of Rural Development and Environment, SCF-UK, SCF-US, DRC, and IRC, Hargeisa, Somaliland, 2000.

turn, these uncontrolled changes are contributing to the reduction in plant diversity and seed production and a reduced overall resilience of the rangeland. If livestock production and export marketing is to remain a viable contributor to Somaliland's economy, these issues must be addressed soon.

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List of Contacts and Locations

July 18, 2001	**Travel from Mombasa to Nairobi, Kenya.**
July 19	*Sidow I. Addou*, FEWS NET Representative, Somalia; Nairobi, Kenya. *Nisar Majid*, Focal Point for Somaliland, FSAU Somalia; Nairobi, Kenya. *Buzz Sharp*, Programme Director, FSAU Somalia; Nairobi, Kenya. *Thierry Antoine,* Food Security Analyst, FSAU Somalia; Nairobi, Kenya.
July 20	*Ali Salad Hassan*, Sustainable Human Development (SHD) Advisor, UNDP Somalia; Nairobi, Kenya. Mark Bradbury, Consultant for Somalia Human Development Report 2001, UNDP; Nairobi, Kenya. *Moe Hussein*, Field Coordination Officer, UNCU Somalia; Nairobi, Kenya. *Bernard Harborne,* Chief, UN Coordination Unit for Somalia, OCHA/UNDP; Nairobi, Kenya.
July 22	Travel from Nairobi, Kenya to Hargeisa, Somaliland. *Asha Abidhi*, Consultant's logistical support and sponsoring agent in Somaliland, WFP; Hargeisa Somaliland. *Musa Osman Warsame and Mohamed Kahin,* WFP; Hargeisa, Somaliland.
July 23	*Edward H. Johns.* Program Manager Seaports & Trade Efficiency Program for Somalia (UNCTAD) and UN focal point; Hargeisa, Somaliland. *Nick Hilton*, Area Program Coordinator, UNDP-Somalia; Hargeisa, Somaliland.
July 24	*Derek Massey,* ex-Country Programme Director Somaliland, VETAID; Hargeisa Somaliland. *Hassan M. Ali*, Director, VETAID; Hargeisa, Somaliland.
July 25	*Mohamoud Abdillahi*, Director-General, Ministry of Livestock, Republic of Somaliland; Hargeisa, Somaliland. *Mohamed Musa Awale,* Minister of Rural Development, Republic of Somaliland; Hargeisa, Somaliland. *Mohamed Fadal,* Minister of Planning, Republic of Somaliland; Hargeisa, Somaliland. Abdi Musa, FSAU Field Monitor; Hargeisa, Somaliland.
July 26	Hargeisa Livestock Market visit with *Mohamoud Jibril Ibrahim,* Project Manager & Veterinarian, VETAID; Hargeisa, Somaliland. *Amina Abid*, pastoralist selling sheep/goats at the market from Hawd/Muline; Hargeisa, Somaliland.
July 27	*Mat Bryden*, War-Torn Societies Project (WSP); Hargeisa, Somaliland. *Ahmed Ibrahim Awale*, Deputy Director, CANDLELIGHT; Hargeisa, Somaliland.

	Dr. Ahmed Mohamed Hashi, ex-Livestock Minister, Republic of Somaliland; Hargeisa, Somaliland. *Dr. Mohamed Eggeh Killeh*, Ecologist; Hargeisa, Somaliland.
July 28	Mohamed Hassan, Lead researcher on Regulation of Livestock Economy, War-Torn Societies Project (WSP); Hargeisa, Somaliland. Travel from Hargeisa to Burao, with FSAU Somalia Team. Douglas Booth, National Programme Officer, UNICEF; Burao, Somaliland.
July 29	Joined FSAU Somaliland food security field debrief, Burao, Somaliland. Participants: Nisar Majid, Focal Point for Somaliland, FSAU Somalia; Abdillahi Mohamed Hassan, FSAU Field Monitor Toghdeer Region based in Burao; Abdi Musa, FSAU Field Monitor;
July 30	Burao Abattoir Site Inspection and Burao Livestock Market Visit with *Anwar Yassin*, Abattoir Administration Manager and *Mohamed Yassin,* Abattoir Operations Manager. *Ali Salah Nassir*, Project Manager, Saanag Agricultural Development Organization (SADO); Burao, Somaliland. **Travel from Burao to Suryo Qansah Village and Yirowe Town/Livestock Market with FSAU Field Team.** Inspection of village berkads with Suryo Qnasah village chief and tour of Yirowe Settlement Town. **Travel from Burao to Berbera with FSAU Field team**. *R. Balakrishna.* Officer in Charge, UNCTAD Port Project; Berbera, Somaliland. *Ali Omer Mohamed.* Berbera Port Manager; Berbera, Somaliland.
July 31	*Mohamed Ahmed Francis*. Engineer Manager, Technical Department, Berbera Port Authority; Berbera, Somaliland. *Saeed Farah Mohamoud*. Manager Shipping Statistics, Berbera Port Authority; Berbera, Somaliland. *Aidarus Ibrahim Khalib*. Livestock trading agent, Tamara Shipping Agency (company folded Sept. 2000); Berbera, Somaliland.
August 1	*Ali Ahmed Aman,* Chief Accountant, Berbera Port Authority; Berbera, Somaliland. *Abdillahi Isamil Addeh*. Retired Manager Berbera Branch, The Bank of Somaliland; Berbera, Somaliland. *Abdi Mohamed Ali*. Berbera Small Livestock Trader, Berbera Livestock Market; Berbera, Somaliland. *Abdhi Awad Ali*. Owner/Director of Inda-deera Export-Import Company, (largest exporter of livestock and importer of commodities in Somaliland); Berbera, Somaliland.

August 2 — **Travel from Berbera to Hargeisa, Somaliland.**

August 4 — *Said Mohan Mohammed*, Minister of Finance, Republic of Somaliland; Hargeisa, Somaliland.

August 5 — *Said Mohan Mohammed*, Minister of Finance, Republic of Somaliland; Hargeisa, Somaliland.
Rasheed Haji Abdillahi Gulad, Minister of Commerce and Industry, Republic of Somaliland; Hargeisa, Somaliland.
Abdulai Dirie Jama, Director General, Chamber of Commerce, Republic of Somaliland; Hargeisa, Somaliland.
Ahmed Mumin Dolal, Regional Coordinator of Planning, Boroma Station; Hargeisa, Somaliland.

August 6 — **Travel from Hargeisa to Gabily, Wajale, and Borama with FSAU Field Monitor.**
Ahmed Abdullai Oomar, Head Kalbaydh Customs, Gabiley District; Wajale, Somaliland.
Sahaidid Da'ud, Chief of Wajale; Wajale, Somaliland.
Mohamed Farah Bahdoon, Abdi Rashid Omar Osman, Hassan Atteye Hussein, Soil Erosion Engineers, COOPI; Boroma, Somaliland.

August 7 — *Mohamed Abdillhi Yonis,* Regional Programme Officer, IFAD; Boroma, Somaliland.
Hassan Omar Halas, Head of Business School, Anoud University and Consultant on Income Generating Activities, WHO; Boroma, Somaliland.
Mohamed Dahaye Ismil, Mayor; Osman Ibrahim Bahir, Deputy Mayor; Boroma, Somaliland.
Abdillahi Mohamed Ibrahim, Regional Agricultural Officer, Ministry of Agriculture, Republic of Somaliland; Boroma, Somalialnd.
Travel from Boroma to Hargeisa, Somaliland.

August 8 — *Abdullahi Ahmed Hassan*, Director of Veterinary Services, Ministry of Livestock, Republic of Somaliland. Hargeisa, Somaliland.
Dr. Ahmed Hassan Bile, Veterinary Officer, Ministry of Livestock, Republic of Somaliland; Hargeisa, Somaliland.
Osman S. Yusuf, Field Officer of Norwegian Peoples Aid (NOVIB)/ Diaspora Returnee/Pastoralist from Hawd Region; Hargeisa, Somaliland.
Hassan Mohamed Ali, Director VETAID; Hargeisa, Somaliland.

August 9 — *Abdhisalam Mohamed Assan*, Accountant, Ministry of Finance, Republic of Somaliland; Hargeisa, Somaliland.
*M**ohamed Hassan,*** Lead researcher on Regulation of Livestock Economy, War-Torn Societies Project (WSP); Hargeisa, Somaliland.

August 10	*Paul Simkin*, Micro-Finance and Business Program-Somalia, EC; Hargeisa, Somaliland. Bizuwork Ketete, Horn of Africa Regional Coordinator, InterAfrica Group; Hargeisa, Somaliland. Dr. Ahmed Mohamed Hashi, ex-Livestock Minister, Republic of Somaliland; Hargeisa, Somaliland.
August 11	**Travel from Hargeisa, Somaliland to Nairobi, Kenya.**

Statistical Annex

Table 1: Sheep and Goats Exported from Berbera Port, 1995-2002 (Head per month)

	1995	1996	1997	1998	1999	2000	2001	2002
JAN	281,200	207,638	328,618	338,789	115,043	378,149	0	23,000
FEB	251,547	181,414	208,810	108,605	220,784	489,767	0	59,349
MAR	278,406	222,631	487,327	43,542	116,393	231,171	0	22,932
APR	411,368	285,091	219,851	41,586	32,873	25,673	0	6,777
MAY	111,575	54,174	145,758	39,557	34,858	34,393	5,989	15,034
JUN	196,218	166,072	151,115	19,516	177,089	102,917	2,161	10,378
JUL	201,284	155,980	248,649	44,419	200,623	125,359	2,482	12,861
AUG	237,160	199,275	157,576	65,103	193,701	144,146	8,249	35,233
SEP	222,224	235,946	162,981	29,740	141,535	69,508	323	30,089
OCT	184,707	213,022	110,821	49,639	219,787	0	4,013	42,261
NOV	210,555	217,153	257,927	59,105	248,009	0	14,449	62,549
DEC	106,353	238,250	335,062	117,623	347,441	0	NA	40,396
Total	2,692,597	2,376,646	2,814,495	957,224	2,048,136	1,601,083	37,666	360,859

Source: Berbera Port Authority, Republic of Somaliland.

Table 2: Cattle Exported from Berbera Port, 1995-2002 (Head per month)

	1995	1996	1997	1998	1999	2000	2001	2002
JAN	6,960	6,998	9,320	5,899	11,856	8,140	0	3,324
FEB	3,963	7,190	3,718	7,002	7,609	8,900	0	3,468
MAR	6,082	6,598	6,935	8,813	5,179	8,119	0	2,390
APR	3,342	4,861	3,504	5,219	4,383	7,052	0	854
MAY	2,123	2,992	5,373	7,746	4,982	5,673	0	NA
JUN	3,431	7,358	9,436	5,037	7,914	7,712	2,042	1,910
JUL	5,217	6,276	4,940	3,757	6,203	6,686	1,977	1,782
AUG	7,533	3,195	5,203	6,301	7,349	7,996	1,277	2,082
SEP	10,629	3,915	3,587	5,586	8,375	2,985	1,629	1,843
OCT	8,444	4,792	3,162	9,742	6,350	0	3,134	4,503
NOV	8,659	5,471	4,973	13,049	9,610	0	4,463	5,519
DEC	8,745	5,481	6,788	14,062	10,156	0	NA	8,800
TOTAL	75,128	65,127	66,939	92,213	89,966	63,263	14,522	36,475

Source: Port Authority of Berbera, Republic of Somaliland.

Table 3: Camels Exported from Berbera Port, 1995-2002 (Head per month)

	1995	1996	1997	1998	1999	2000	2001	2002
JAN	2'100	2,289	8,277	6,770	386	1,890	NA	1,369
FEB	2,195	3,501	3,365	2,263	1,207	3,971	NA	1,922
MAR	1,'723	2,088	6,609	0	1,475	2,898	NA	1,018
APR	1'794	7,666	3,137	0	400	0	NA	2,020
MAY	738	319	566	0	0	489	NA	647
JUN	1'431	2,208	2,503	30	3,715	1,031	NA	2,658
JUL	2'069	3,517	4,094	489	6,986	1,854	NA	1,151
AUG	1'731	5,381	6,433	624	6,049	2,846	NA	3,589
SEP	1'753	4,741	3,657	145	3,468	2,005	NA	921
OCT	1'904	2,825	2,560	0	3,870	0	NA	1,251
NOV	1'973	3,219	2,147	0	3,527	0	NA	3,627
DEC	2'582	5,074	7,239	1,342	6,347	0	NA	450
TOTAL	2,933	42,828	50,587	11,663	37,430	16,984	**NA**	20,623

Source: Berbera Port Authority, Republic of Somaliland.

Table 4: Trends in Total Livestock Exports from Berbera Port, 1991-2002

	Camels	Cattle	Shoats	Total
1991/92	102	11,792	482,508	494,402
1993	14,824	80,861	1,027,383	1,123,068
1994	38,025	55,729	1,685,265	1,779,019
1995	21,993	75,128	2,692,597	2,789,718
1996	42,828	65,127	2,376,646	2,484,601
1997	50,587	66,939	2,814,495	2,932,021
1998	11,663	92,213	957,224	1,061,100
1999	37,430	89,966	2,048,136	2,175,532
2000	16,984	63,263	1,601,083	1,681,330
2001	0	14,522	37,666	52,188
2002	20,623	36,475	360,859	417,957

Source: Berbera Port Authority, Republic of Somaliland.

Table 5: Difference in Export Ships Departed Berbera Port, 1996-2001

MONTH	1996-1997 (average)	Difference between year and 1995-97 average 1998	1999	2000	2001
JAN.	81	-4	-44	-9	-76
FEB.	56	-21	-13	19	-52
MAR.	94	-73	-75	-56	-90
APR.	67	-52	-55	-60	-63
MAY	46	-28	-39	-27	-41
JUN.	45	-34	-6	-19	-37
JUL.	55	-40	-11	-27	-49
AUG.	52	-30	-11	-27	-47
SEP.	53	-38	-20	-37	
OCT.	44	-20	0	-34	
NOV.	57	-26	-5	-55	
DEC.	70	-21	-6	-70	
TOTAL	717	-384	-282	-399	-453

Notes: Figures are total number of export ships & dhows departed.
Difference for 2001 is computed between the first 8 months of year only (i.e. Jan.-Aug.).

Source: Berbera Port Authority, Republic of Somaliland.

Table 6: Hargeisa Market Daily Exchange Rate: SlSh per US$1.00

	1996	**1997**	**1998**	**1999**	**2000**	**2001**
Jan.	501	3200	3306	3,844	2,850	5050
Feb.	573	2650	3355	3,800	2,732	5150
March	799	2100	3738	3,810	2,797	5100
April	1,071	2300	3910	3,870	2,994	5400
May	1,595	2475	3808	3,717	3,107	5750
June	1,653	2830	3860	3,528	3,330	5800
July	2,011	2980	3825	3,200	3,494	5900
Aug.	2,223	3028	3855	2,990	3,487	
Sept.	2,223	3416	3888	2,890	3,730	
Oct.	3,125	3984	3924	2,845	4,162	
Nov.	3,163	3653	3900	2,790	4,545	
Dec.	3,163	3534	3888	2,790	4,797	