## Article 03:

# Unlocking Somalia's Milk Market: **PATHWAYS FOR INCLUSIVE LIVESTOCK VALUE CHAIN DEVELOPMENT**

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In many Somali towns, fresh milk travels long distances from pastoral rangelands to urban markets each day, often transported in plastic containers under harsh temperatures. Despite Somalia possessing one of the largest livestock populations in Africa–estimated at over 56 million head according to the International Livestock Research Institute, primarily consists of over 30 million goats, 13 million sheep, 7 million camels, and 5 million cattle,–its dairy market remains largely informal, fragmented, and underdeveloped. Yet this same sector holds significant untapped potential to drive inclusive economic growth, strengthen livelihoods, and improve nutrition. With rising urban demand and emerging private sector activity, Somalia's milk market presents a compelling opportunity for market system development.

Milk is more than just a commodity in Somalia. It is central to pastoralist livelihoods, household nutrition, and local economies. Livestock contributes a substantial share of GDP and export earnings, livestock alone accounting for nearly 70% of GDP and 85% of total exports, making it one of the backbone sectors of the economy, as highlighted in recent assessments by the World Bank, and Somalia Development and Reconstruction Bank. For millions of pastoral and agro-pastoral households, milk serves as both a subsistence product and a primary source of income. In urban areas, demand for fresh milk has grown steadily alongside population growth and urbanisation trends. Women play a critical role in this system, dominating milk trading and retail activities in many regions. Strengthening the dairy sector is therefore not only an economic priority but also a pathway to gender economic inclusion and improved food security.

However, the current milk market system faces significant structural challenges. One of the most pressing constraints is the absence of reliable cooling infrastructure, leading to high post-milking losses rates due to spoilage throughout the chains to the end consumer, especially during long-distance transport from rural production areas to urban centres. This is the fundamental constraint widely documented in pastoral value chain studies across the Horn of Africa, including those conducted in Puntland by Kaalo in 2018. This limits market efficiency and reduces incomes for producers and traders. In addition, the sector is highly informal, with weak coordination among actors and limited standardisation. Quality control mechanisms are largely absent, raising concerns about food safety and limiting opportunities for scaling into formal markets.

Infrastructure deficits further compound these challenges. Poor road networks and high transportation costs restrict market access, particularly for remote pastoral communities. Seasonal variability also affects supply, with milk production declining sharply during dry periods, leading to price volatility and inconsistent availability. Moreover, while women dominate milk marketing, they often lack access to tailored finance, training, and decision-making power as highlighted by the National Gender Profile Of Agriculture And Rural Livelihoods report of FAO, 2021. .

Despite these constraints, there are promising signs of transformation within Somalia's dairy sector. Rapid urbanisation is creating sustained demand for milk and dairy products, offering incentives for private sector investment. In recent years, small-scale processing businesses and milk aggregation centres have begun to emerge in cities such as Mogadishu, Hargeisa, and Garowe. These enterprises are experimenting with value addition through pasteurisation, packaging, and improved distribution models. However, these startups require support across the value chain to ensure sustainable access to inputs, capital, infrastructure, and standardisation. Anecdotal evidence also shows that enterprises primarily lack sufficient quantities of goat and cow milk, which are commonly considered more nutritious than camel milk, despite camel milk being more accessible year-round. The primary challenge is poor access to fodder, and non-climate-adaptive management practices of livestock, especial small ruminants.

Technological innovations are also reshaping the market landscape. Mobile money platforms such as Zaad and Sahal are facilitating transactions across the value chain, reducing transaction costs and enabling more efficient trade between rural producers and urban consumers. Additionally, despite absence of fundamental national investment infrastructures, there is growing interest from diaspora investors in agribusiness, including dairy processing and cold chain development. These trends exemplifies that the foundations for a more integrated and efficient milk market system are already taking shape.

To fully unlock this potential, it is essential to adopt a market systems perspective. The dairy sector should not be viewed as a simple chain of production and consumption, but as a complex system involving multiple interconnected actors; producers, traders, transporters, processors, retailers, and consumers–operating within a broader environment of infrastructure, institutions, and social norms.

Evidence from market systems development programmes globally shows that interventions targeting only one part of the system—such as increasing production—often fail unless complementary constraints, including market access, quality standards, and financing, are addressed simultaneously.

However, a coordinated and multifaceted systemic approach is therefore required. Firstly, investment in cold chain infrastructure is critical. Expanding organised milk collection centres equipped with cooling facilities in key production areas can significantly reduce post-harvest losses and stabilise supply.

Secondly, strengthening quality standards and regulatory frameworks is essential to build consumer trust and enable gradual market formalisation. Government institutions, in collaboration with private sector actors, can introduce basic certification systems and hygiene standards that are practical and enforceable within the Somali context.

Thirdly, targeted support for women traders should be prioritised. This includes improving access to finance, providing business training, and supporting the formation of cooperatives. Given their central role in milk marketing, empowering women can have multiplier effects across the entire value chain.

Fourthly, public-private partnerships offer a viable pathway for scaling investment in the dairy sector. While the Federal government and Federal Member States' capacity remains limited, it can play a facilitative role by creating an enabling environment for private investment, including through policy clarity, land access, and incentives for agribusiness development.

Finally, development partners should shift from isolated, project-based interventions towards a market systems development approach by focusing on strengthening relationships between actors, addressing systemic constraints, and supporting sustainable business models rather than short-term inputs.

In conclusion, Somalia's milk market stands at a critical juncture. The combination of strong livestock resources, growing demand, and emerging innovation creates a unique opportunity to transform the sector into a driver of inclusive growth and resilience. However, realising this potential will require coordinated action across government, the private sector, and development actors. By investing in systems, not just individual components, Somalia can build a more efficient, inclusive, and sustainable dairy economy that benefits pastoral communities and urban consumers alike.