



Somalia

Somalia: Current Path

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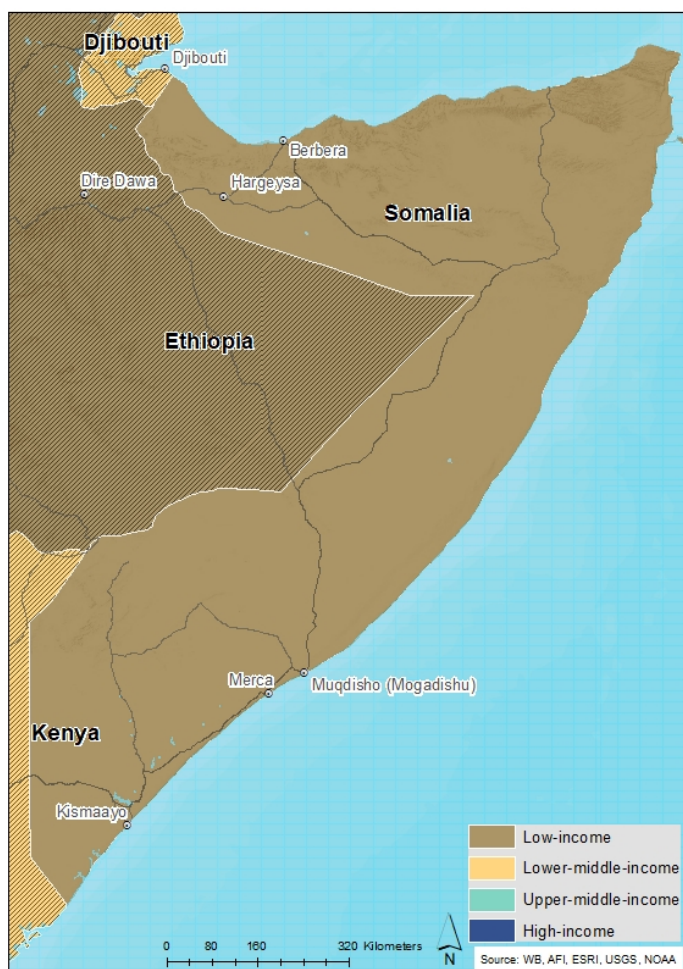
Somalia: Current Path

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Somalia: Current Path forecast

Chart 1: Political map of Somalia



This page provides an overview of the critical characteristics of Somalia along its likely (or Current Path) development trajectory. The Current Path forecast from the International Futures forecasting (IFs) platform is a dynamic scenario that imitates the continuation of current policies and environmental conditions. The Current Path is, therefore, in congruence with historical patterns and produces a series of dynamic forecasts endogenised in relationships across crucial global systems. We use 2019 as a standard reference year, and the forecasts generally extend to 2043 to coincide with the end of the third ten-year implementation plan of the African Union's Agenda 2063 long-term development vision.

Somalia is a low-income country located in the Horn of Africa. It is bounded by the Gulf of Aden to the north, by the Indian

Ocean to the east, by Kenya and Ethiopia to the west, and by Djibouti to the northwest. Somalia has a surface area of 637655 km² and a population of more than 15.4 million as of 2019. The country is a member of the Intergovernmental Authority on Development (IGAD), an eight-country regional bloc in Africa with ambitions to embark on regional integration. In November 2023, Somalia was admitted as a member of the East Africa Community (EAC).

Somalia is a country of geographic extremes. The climate is mainly dry and hot, with landscapes of thornbush savanna and semidesert, and the inhabitants of Somalia have developed equally demanding economic survival strategies. Apart from a mountainous coastal zone in the north and several pronounced river valleys, most of the country is extremely flat, with few natural barriers to restrict the mobility of its nomads and their livestock. The Somali people are clan-based Muslims, and about three-fifths follow a mobile way of life, pursuing nomadic pastoralism or agropastoralism.^[1]

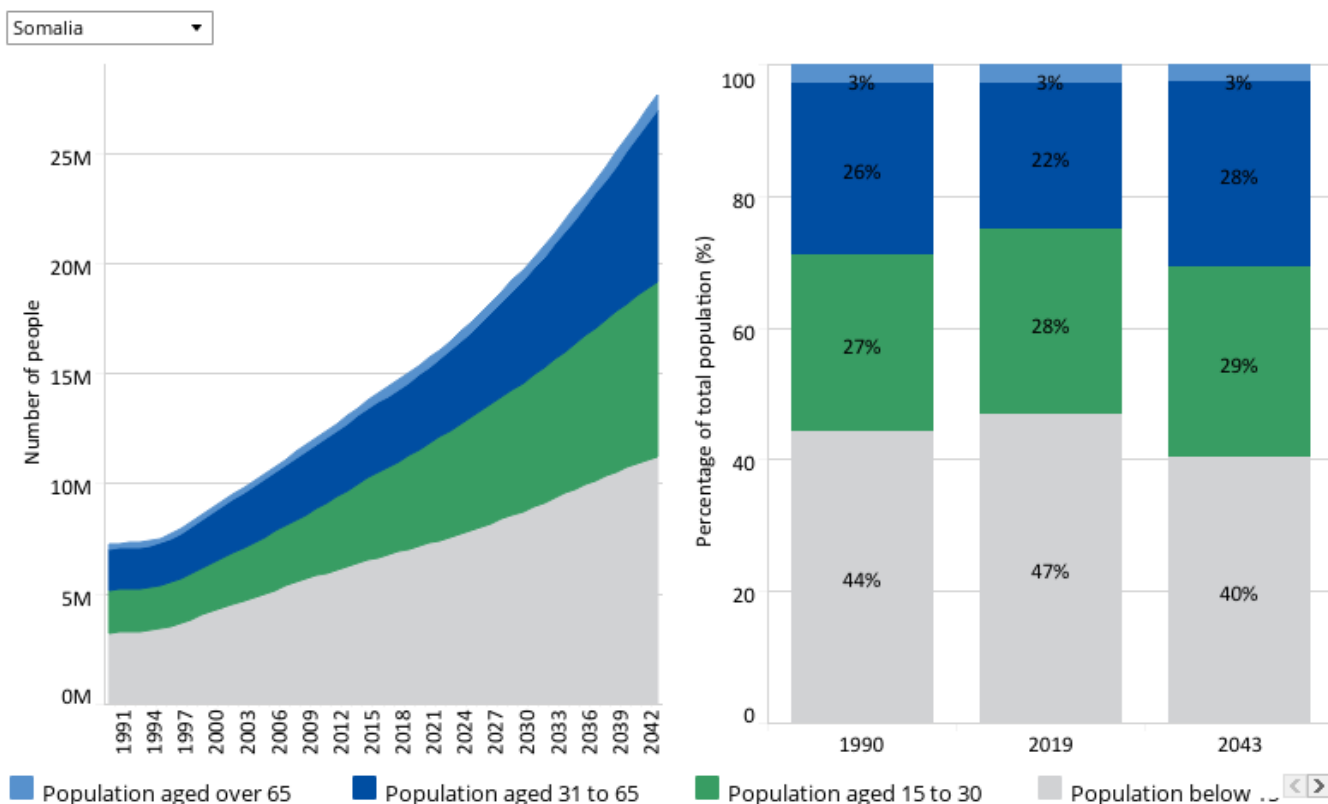
Since the fall of the Siad Barre regime and the complete collapse of state institutions in 1991, Somalia has been without a viable functioning central government. It represents one of the modern world's most protracted cases of statelessness. Despite many domestic initiatives and the efforts of the international community, Somalia is still profoundly affected by decades of internal conflict. This has largely destroyed the country's economy, security, and judicial institutions. Since 2012, Somalia has had an internationally recognised government with limited capacity to provide security throughout the country. Al-Shabaab effectively controls many rural areas and the supply routes to many towns. Overall, the lack of a political settlement supporting a stable central government and vulnerability to shocks (such as climate-related disasters, locust infestation and floods) jeopardises Somalia's development prospects.



Demographics: Current Path

Chart 2: Population structure in CP, 1990–2043

By cohort and % of population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate and World Development Indicators population data

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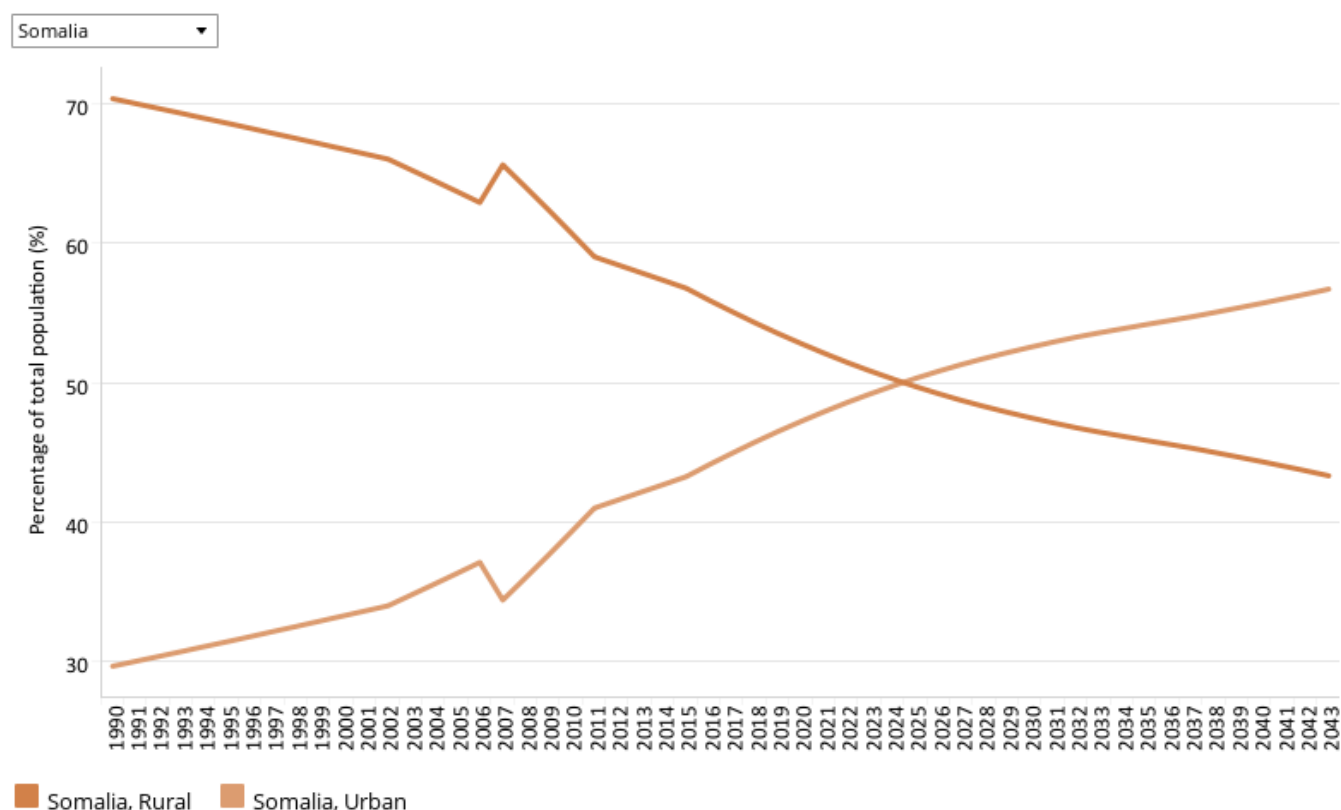
The characteristics of a country's population can shape its long-term social, economic and political foundations; thus, a nation's demographic profile indicates its development prospects.

The population of Somalia is growing rapidly. The country has the second-highest total fertility rate (6.1 births per woman) globally after Niger (6.8 births per woman). The population of Somalia was 15.4 million in 2019 and on the Current Path it is forecast to reach 27.6 million by 2043, a 79.2% increase over the next 24 years.

As of 2019, about 2.4 million people in Somalia (17% of the population) were estimated to be displaced primarily due to conflict and climate-related conditions. In addition, some 877 000 Somali refugees live in neighbouring countries, making them one of the largest refugee populations in the world.^[2]

Like many countries in sub-Saharan Africa, the population of Somalia is predominantly young, with 28% of it under the age of 30 and 47% under the age of 15 in 2019. This means that a large portion of the population is dependent on the workforce to provide for its needs. On the Current Path, the population under 15 years is expected to decline, but will still constitute 40% of the population by 2043. The share of the elderly (65 and above) has been stable at 3% over time, and is projected to remain 3% by 2043. The structure of Somalia's population is typical of countries with high fertility rate and low life expectancy.

Chart 3: Urban and rural population in CP, 1990–2043
% of population



Source: IFs 7.63 initialising from UN World Urbanization Prospects estimate

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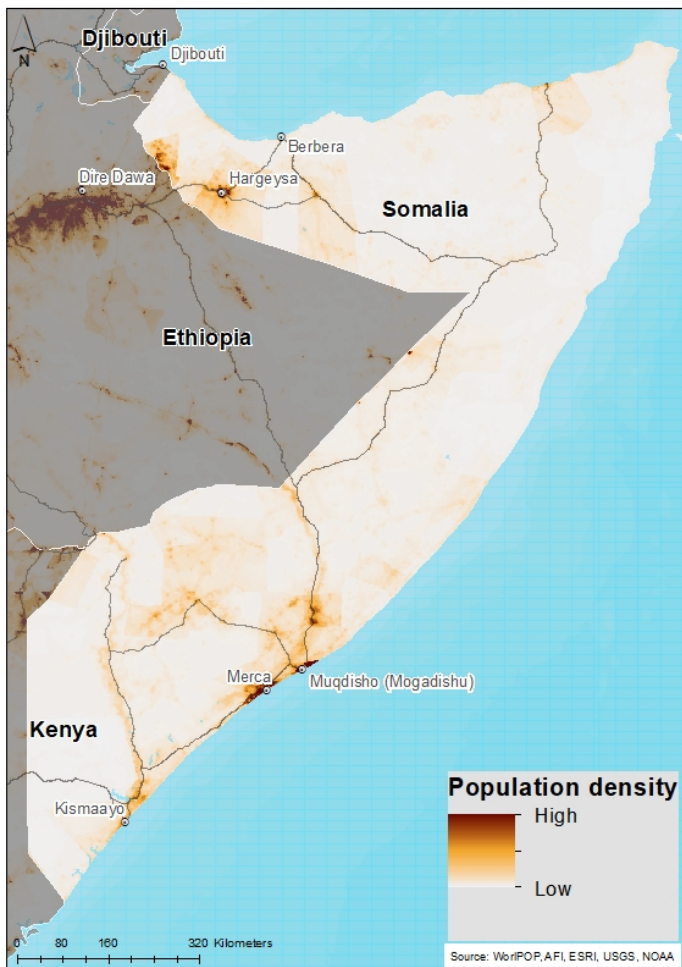
Somalia is rapidly urbanising. In 2019, 46.5% of its population resided in urban areas. This is nearly 15 percentage points above the average of 31% for low-income countries in Africa. In the Current Path forecast, the rate of urbanisation in Somalia is projected to increase to 56.7% by 2043, while the size of the rural population will have dropped to 43.3% from 53.5% in 2019.

The search for livelihood opportunities; frequent manmade and natural shocks, including droughts; famines; and insecurity are contributing to displacement and rural–urban migration in Somalia.

If not well managed, urbanisation could lead to problems such as unemployment, poverty, inadequate health, poor sanitation, urban slum expansion and environmental degradation. Somalia's population living in slums (as a percentage of the urban population) was 72.1 % in 2018, down from 73.6 % in 2016.[3]

Good urban planning could foster an inclusive economy by improving service delivery and reducing urban poverty. In addition, adequate and appropriate urban planning is essential to mitigate the impacts of climate change, such as flooding.

Chart 4: Population density map for 2019



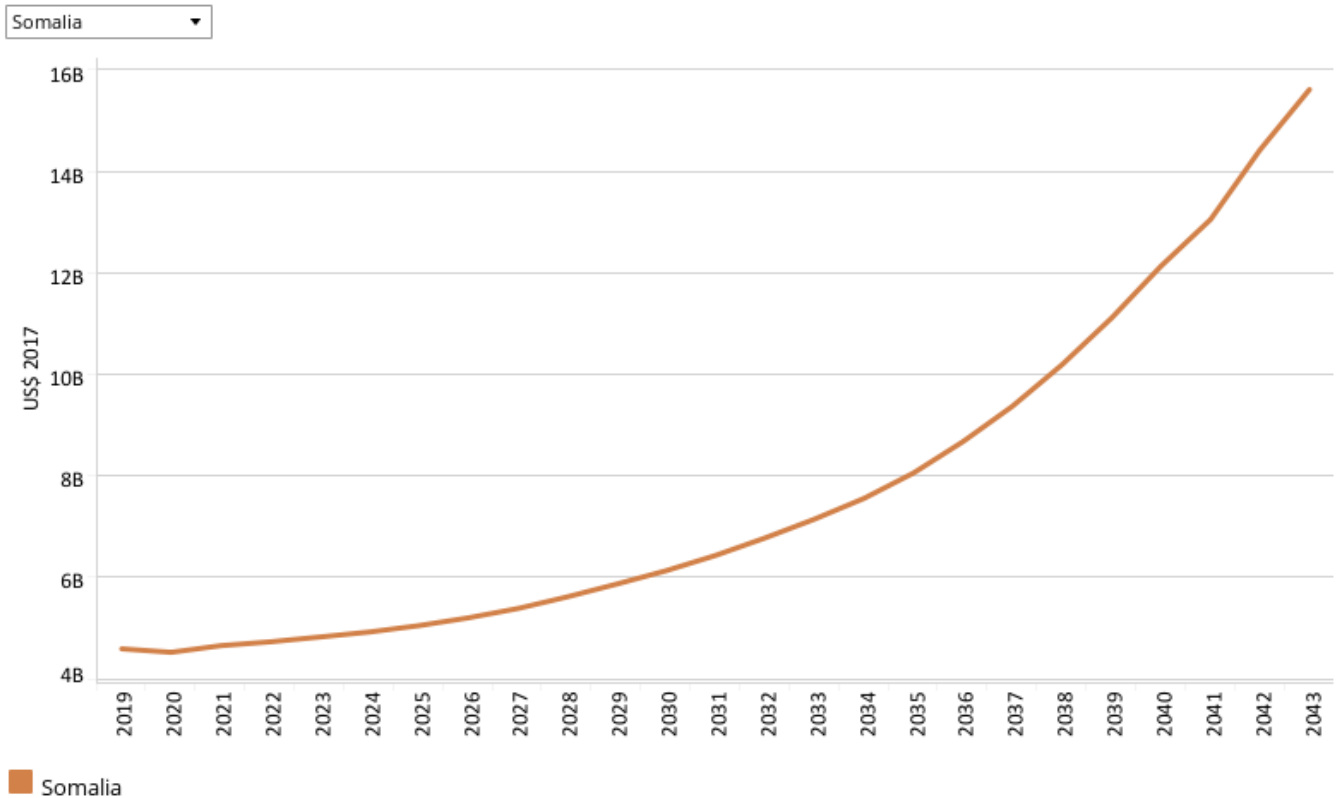
Roughly two-fifths of the Somali population live permanently in settled communities; the other three-fifths are nomadic pastoralists or agropastoralists. The sedentary population chiefly occupies climatically and topographically favourable regions in southern and northwestern Somalia, where rain-fed agriculture is possible and irrigation agriculture can be practised along the rivers. Their settlements consist of large, clustered villages near the rivers and in the central interfluvial area, as well as small hamlets further away. The population is also concentrated in the old trading centres on the coast, including Kismaayo, Baraawe (Brava), Marca, Mogadishu, Berbera and Boosaaso (Bosaso).

The population density of Somalia was 0.24 inhabitants per hectare in 2019, below the average for low-income countries in Africa. The population density is forecast to increase to 0.44 inhabitants per hectare by 2043, below the projected average of 0.74 inhabitants per hectare for Africa's low-income countries.



Economics: Current Path

Chart 5: GDP in CP, 1990–2043
Market exchange rates



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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Years of conflict and political division have destroyed much of the Somali economy. The country's exposure to recurrent shocks and crises, including drought and insecurity, locust infestation and more recently the COVID-19 pandemic poses many challenges for the economy. Agriculture and livestock remain the backbone of the economy, employing about 65% of the labour force. The economy is, however, slowly transitioning from traditional rural pastoralism to urban trade and services. Most economic activities are centred around Mogadishu, the capital city, and security concerns continue to dominate business in the country.

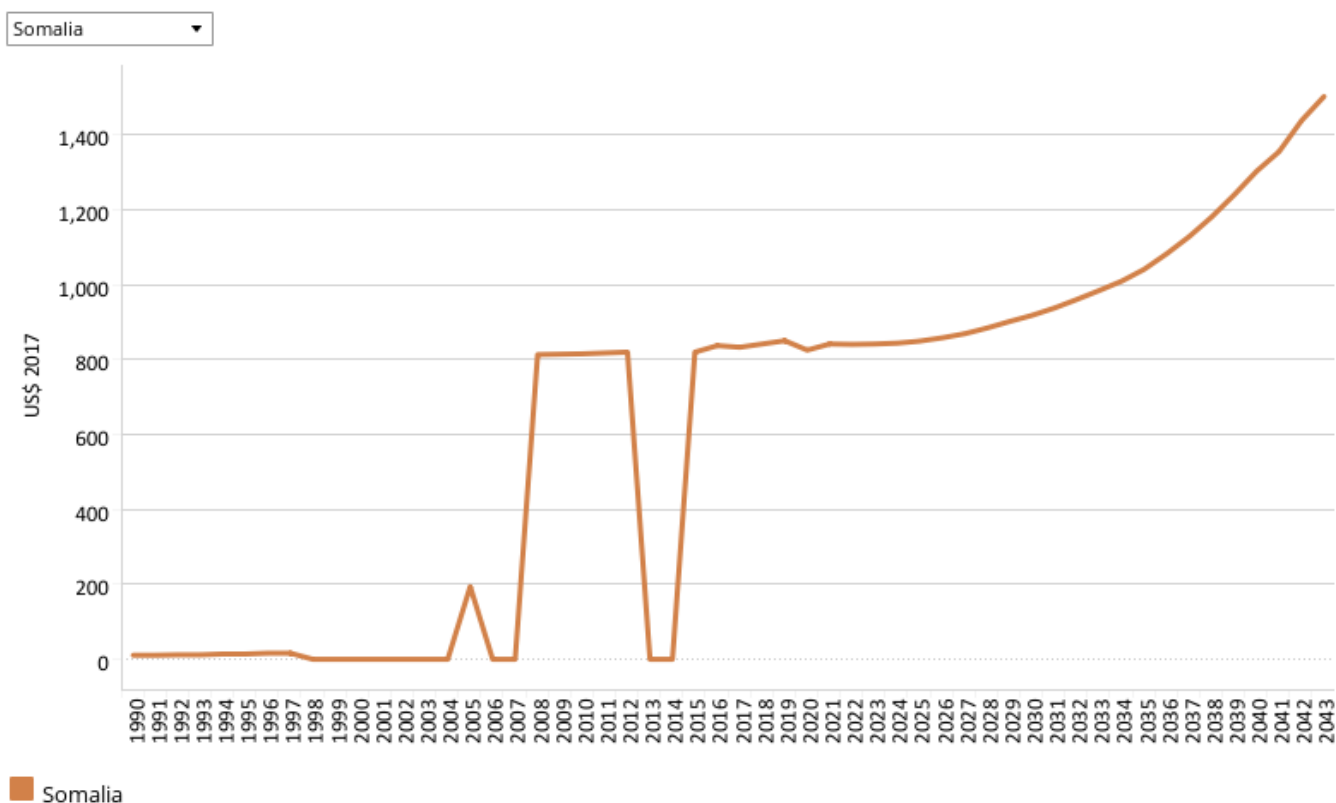
Somalia's economy is also highly dollarised. According to the International Monetary Fund (IMF), about 90% of currency in circulation in the economy is US\$, and this makes it difficult for the Central Bank of Somalia to establish effective monetary policy. Following a prolonged drought, the growth rate stood at 2.9% in 2019. A projected growth rate of 3.2% in 2020 was interrupted by a triple crisis of COVID-19, a locust infestation and floods, which caused the economy to contract by 1.5% in 2020.

In 2019, the size of the Somali economy was US\$4.6 billion, up from US\$2.5 billion in 1990. By 2043, the economy is projected to grow to US\$15.6 billion, making it the 41st-largest economy in Africa under the Current Path assumptions for other countries.

Substantial and sustainable economic development in Somalia will be contingent on progress on inclusive politics, security

and the rule of law.

Chart 6: GDP per capita in CP, 1990–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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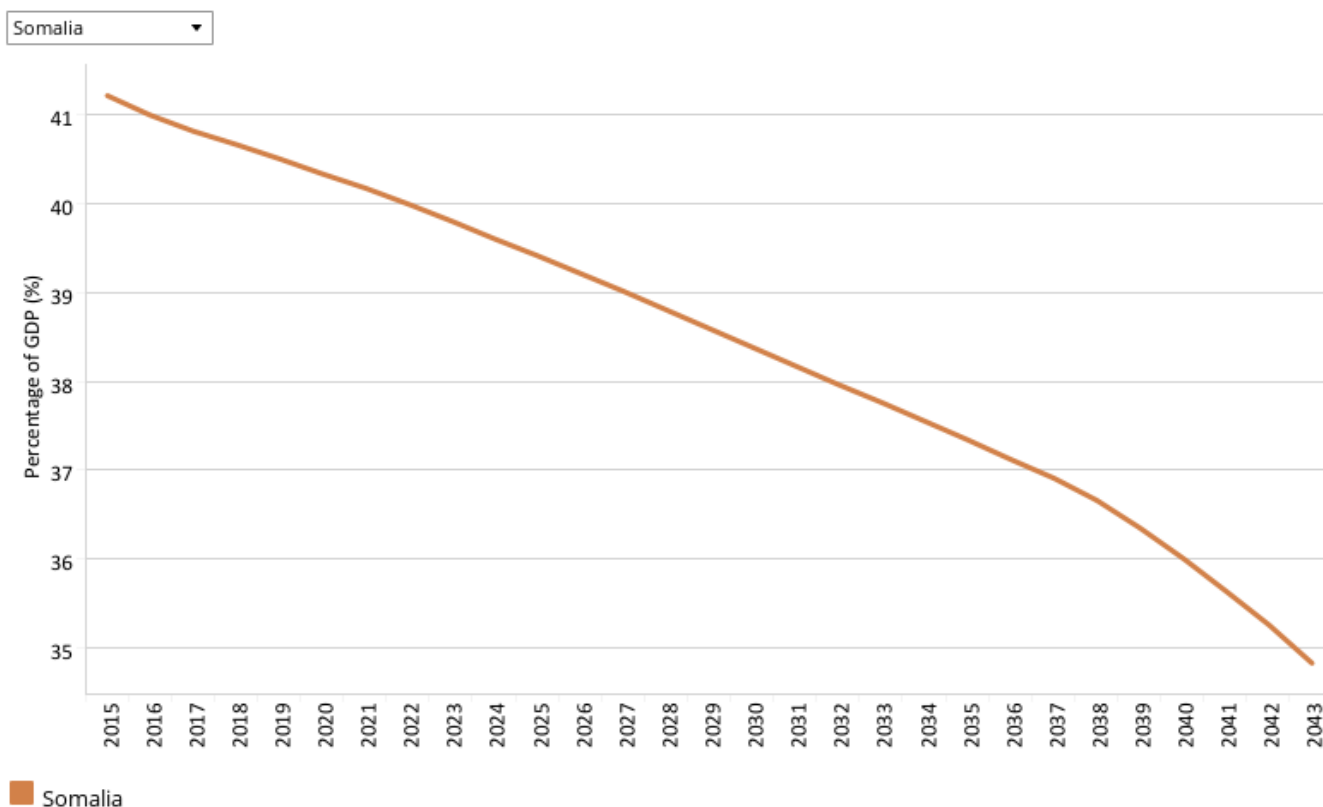
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Although many of the charts in the sectoral scenarios also include GDP per capita, this overview is an essential point of departure for interpreting the general economic outlook of Somalia.

Despite its manifold challenges, Somalia also has several opportunities to grow its economy and improve the living standards of the population. Rapid urbanisation, growing use of digital technologies, and planned investments in sectors such as energy, ports, education and health could support economic growth and job creation, with a positive effect on incomes.

Somalia's income per capita is one of the lowest in Africa. With a GDP per capita (PPP) of US\$850 in 2019, Somalia is ahead only of the Central African Republic and Burundi in Africa. It declined to US\$825 in 2020 due to the economic slowdown associated with the COVID-19 pandemic. On the Current Path, the GDP per capita (PPP) is forecast to increase to US\$1 502 by 2043. This will be US\$2 288 lower than the projected average of US\$3 790 for low-income countries in Africa in the same year.

Chart 7: Informal sector value in CP, 2015–2043
% of GDP



Source: IFs 7.63 initialising from UN Economic Commission for Europe [2008]; Elgin and Oztunali [2012]; Schneider and Enste [2012]

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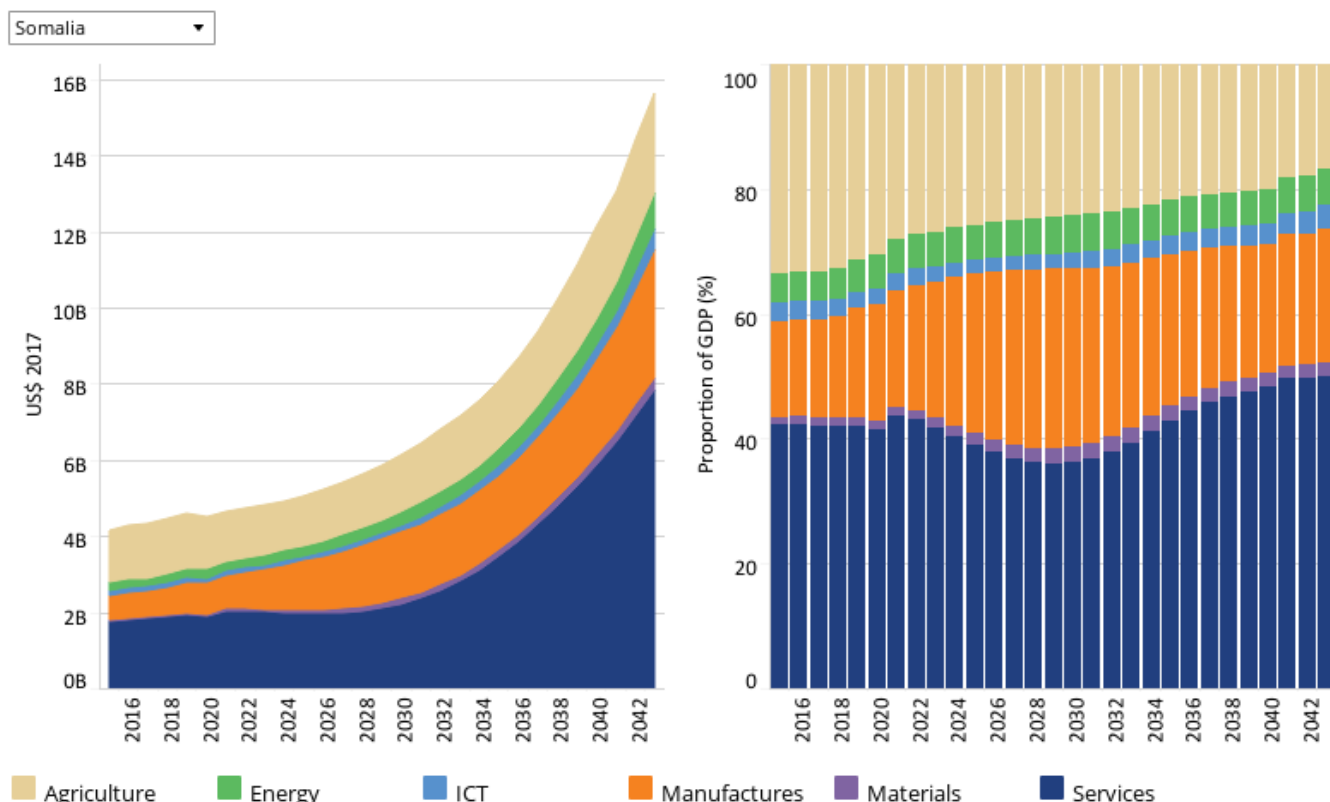
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The informal economy comprises activities that have market value and would add to tax revenue and GDP if they were recorded. Somalia's economy is largely dominated by the informal sector. Most of the population lives below subsistence level and is engaged in small-scale business.

In 2019, the size of the informal economy was equivalent to 40.5% of the country's GDP, and by 2043 it is projected to decline to 34.8%, above the average of 25.8% for low-income countries in Africa.

Although the informal economy provides a safety net for the country's large and growing working-age population, it impedes economic growth and hinders improved economic policies. Reducing informality will allow more people to benefit from better wages and redistributive measures. Therefore, Somalia needs to reduce the size of its informal economy with the least friction possible by reducing the hurdles to registering a business, tackling corruption, and improving the rule of law and access to education, among others.

Chart 8: Value added by sector in CP, 2015–2043
Billions US\$ 2017 and % of GDP



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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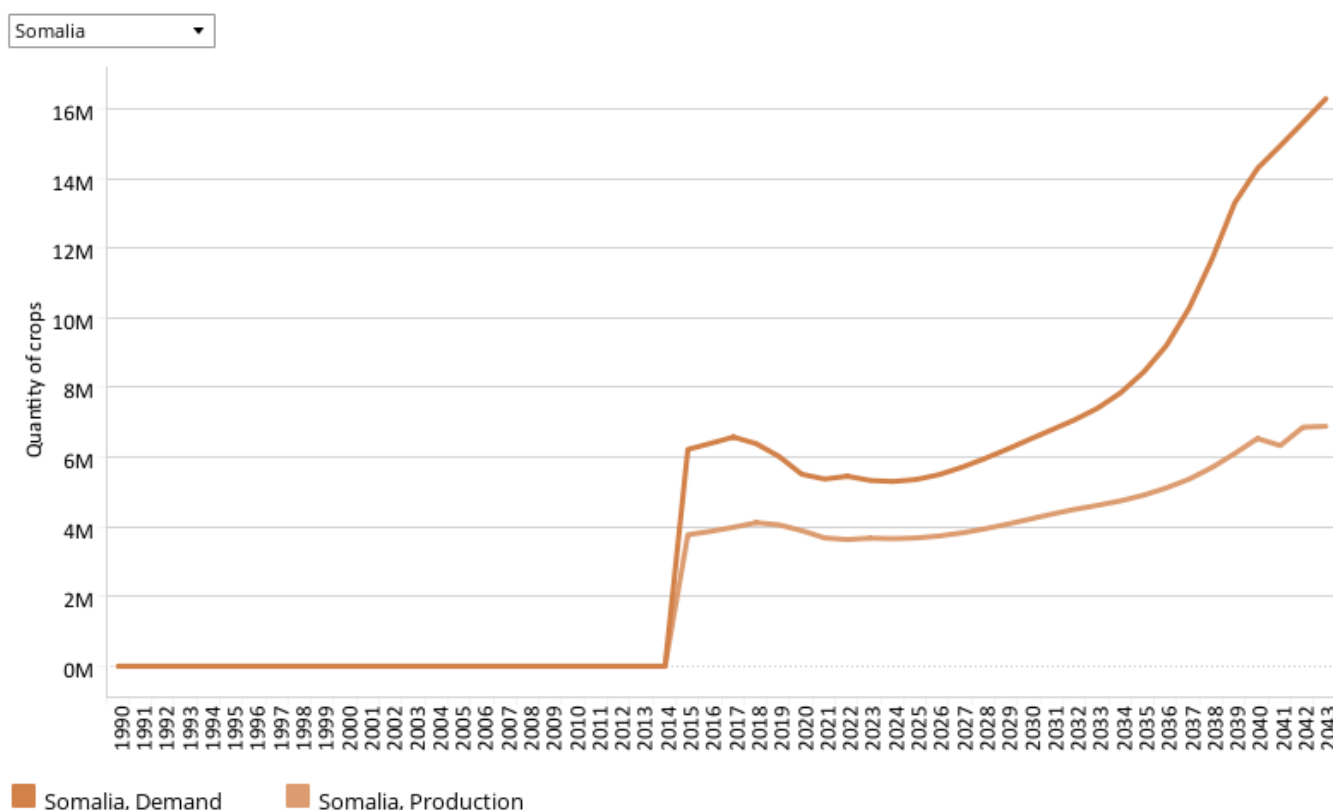
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The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to classify economic activity into six sectors: agriculture, energy, materials (including mining), manufactures, services and information and communications technologies (ICT). Most other sources use a threefold distinction between only agriculture, industry and services, with the result that data may differ.

In 2019, agriculture accounted for 31.3% of the country's GDP (US\$1.4 billion), while the service sector represented 42% (US\$1.9 billion). Manufacturing makes the third-largest contribution to the country's GDP. In 2019, the manufacturing sector accounted for 17.4% of GDP (US\$0.8 billion). The contribution from energy, ICT and materials is marginal: these accounted for 5.2%, 2.6% and 1.4% of GDP respectively in 2019.

On the Current Path, the share of the service sector in GDP is projected to reach 50.1% (US\$7.8 billion) by 2043 compared to 21.5% (US\$3.4 billion) for the manufacturing sector. As a result of the structural transformation of the economy, the share of agriculture is forecast to decline to 16.6% (US\$2.6 billion) by 2043. The contributions of energy, ICT and materials to GDP will still be marginal, at 5.9%, 3.7% and 2.1% respectively in 2043.

Chart 9: Agriculture production/demand in CP, 1990–2043
Crops million tons



Source: IFs 7.63 initialising from Food and Agriculture Organization Food Balance Sheets

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The data on agricultural production and demand in the IFs forecasting platform initialises from data provided on food balances by the Food and Agriculture Organization (FAO). IFs contains data on numerous types of agriculture but aggregates its forecast into crops, meat and fish, presented in million metric tons. Chart 9 shows agricultural production and demand as a total of all three categories.

Somalia is a fragile state but has huge agriculture and livestock potential. The country's arable land is estimated at 8.5 million hectares, with only 2.3 million hectares under rain-fed agriculture and 630 000 hectares under irrigation.[4]

The major constraints to agriculture production in the country include unstable weather, water scarcity, pests damaging crops, poor transportation, insecurity, and minor constraints such as inability to access and use seed and fertilisers, lack of capital, and inadequate investment in irrigation, which makes farmers very vulnerable to drought. There is also less knowledge and skill among farmers.[5] As a result, food insecurity is a major issue in Somalia.

Agricultural (crop) production in 2019 stood at nearly 4.1 million metric tons, below the demand of 6.02 million metric tons. Across the forecast horizon, the excess demand will continue to increase. In 2043, agricultural production and demand are forecast to be 6.9 million metric tons and 16.3 million metric tons respectively. This is equivalent to excess demand of 9.4 million metric tons, which will likely be met through imports.



Poverty: Current Path

Chart 10: Poverty in CP, 2015–2043

Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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There are numerous methodologies and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US\$1.90 per person a day (in 2011 international prices), also used to measure progress towards the achievement of Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. To account for extreme poverty in richer countries occurring at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US\$3.20 for lower middle-income countries
- US\$5.50 for upper middle-income countries
- US\$22.70 for high-income countries.

Poverty in Somalia is concentrated among nomadic pastoralists and agropastoralists. Estimates by the World Bank show that the average poverty gap in Somalia is 29%, which implies that the average income level of a poor Somali household is 71% of the international poverty line.[6] The leading causes of the persistently high poverty in Somalia are weak governance and insecurity, absence of the rule of law, and conflict and political instability. Without effective control of its territory, Somalia's Ninth National Development Plan, which seeks to promote inclusive growth and poverty reduction, will have limited impact.

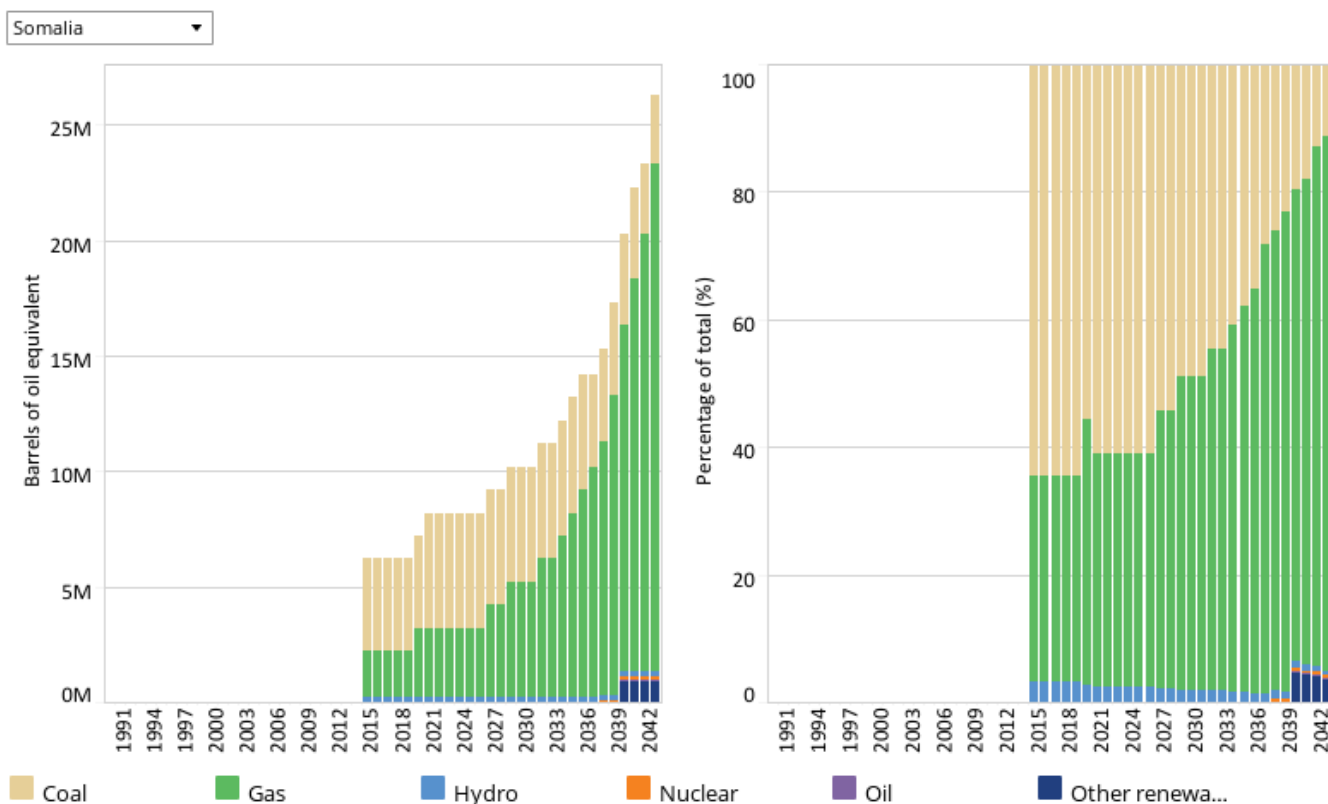
Based on the \$1.90 2011 purchasing power parity poverty line, the poverty rate in Somalia was estimated at 66% in 2019 (9.9 million people), above the average of 47.7% for low-income countries in Africa. In the Current Path forecast, the extreme poverty rate at US\$1.90 is projected to peak at 75.9% in 2025 before gradually declining to 37.5% (10.4 million people) by 2043, still above the projected average of 25.1% for low-income countries in Africa in the same year.



Carbon Emissions/Energy: Current Path

Chart 11: Energy production by type in CP, 1990–2043

Barrels of oil equivalent and % of energy production



Source: IFs 7.63 initialising from World Energy Outlook data

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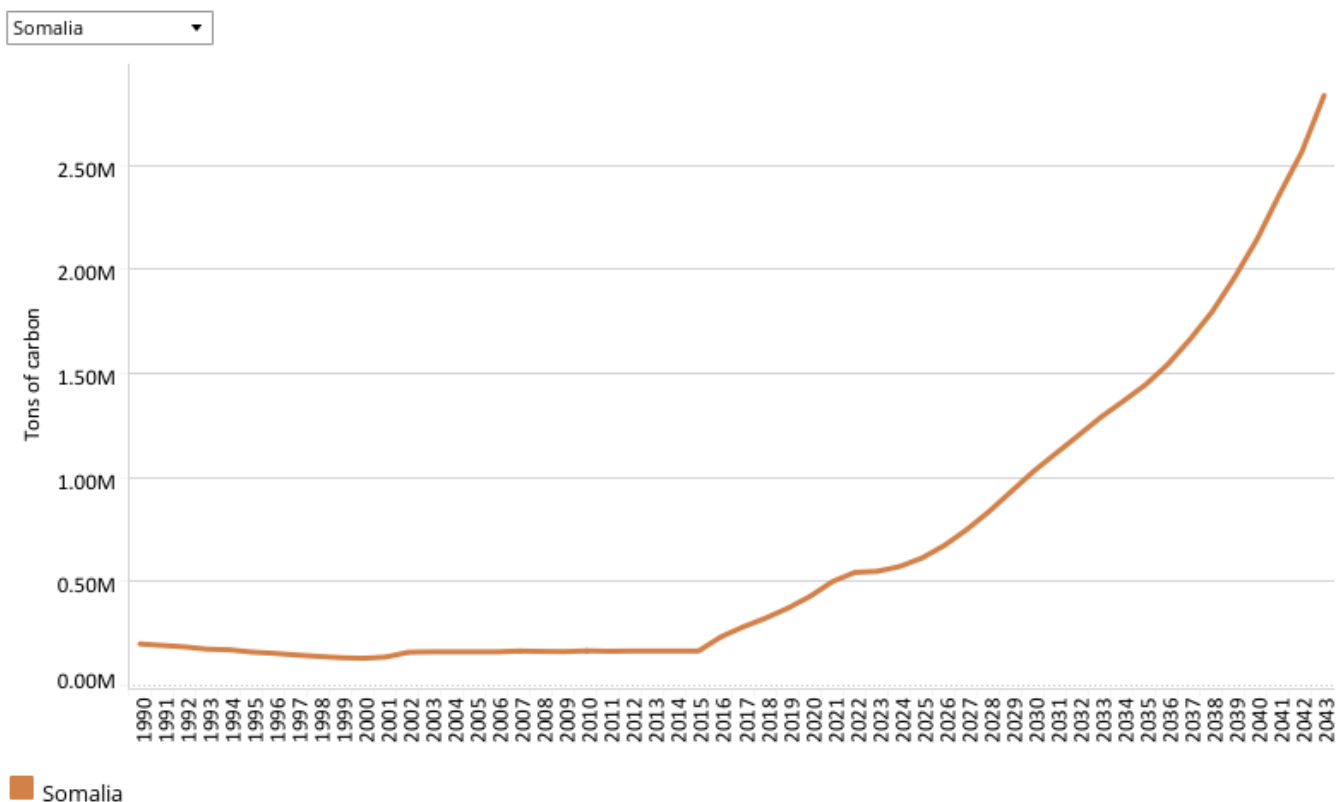
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The IFs platform forecasts six types of energy, namely oil, gas, coal, hydro, nuclear and other renewables. To allow comparisons between different types of energy, the data is converted into billion barrels of oil equivalent. The energy contained in a barrel of oil is approximately 5.8 million British thermal units (MBTUs) or 1 700 kilowatt-hours (kWh) of energy.

Gas and coal power the main energy produced in Somalia. In 2019, coal, gas and hydro accounted for 65%, 32% and 3% of the total energy produced in Somalia respectively. On the Current Path, gas will account for 84% (22 million barrels of oil equivalent) of energy production by 2043, while the share of coal will significantly decline to 11% (3 million barrels of oil equivalent) in the same year. Other renewable sources that are currently at the embryonic stage are forecast to account for 4.0% (1 million barrels of oil equivalent) of total energy production by 2043.

Chart 12: Carbon emissions in CP, 1990–2043

Million tons of carbon (note, not CO₂ equivalent)



Source: IFs 7.63 initialising from Carbon Dioxide Information Analysis Center data

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Carbon is released in many ways, but the three most important contributors to greenhouse gases are carbon dioxide (CO₂), carbon monoxide (CO) and methane (CH₄). Since each has a different molecular weight, IFs uses carbon. Many other sites and calculations use CO₂ equivalent.

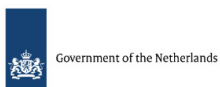
Carbon emissions in Somalia were 0.4 million tons in 2019. On the Current Path, carbon emissions are forecast to reach 2.8 million tons by 2043, an increase of 600% between 2019 and 2043. However, this increase comes from a very low base and Somalia's total emissions in 2043 will only constitute about 0.02% of global carbon emissions.

Developed economies must help Somalia and the many other developing African countries deal with the impact of climate change, which will affect them disproportionately.

Endnotes

1. JHA Jansen, [Somalia](#), 13 June 2022.
2. The Ministry of Planning, Investment and Economic Development, [Somalia National Development Plan 2020 to 2024](#), n.d.
3. The World Bank, [World Development Indicators](#).
4. Growing Africa's Agriculture (AGRA), [Somalia: A fragile state with great potential for agricultural transformation](#), 5 November 2019.
5. MI Abdi-Soojeede, [Crop Production Challenges Faced by Farmers in Somalia: A Case Study of Afgoye District Farmers](#), 2018, Agricultural Sciences Vol. 09 No. 08.
6. [Ninth Somalia National Development Plan](#).

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