



NATIONAL ECONOMIC COUNCIL (NEC) of SOMALIA

Revitalizing Somalia: Exploring Development Pathways to 2045 and Beyond



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By

Mustafe Abdi Mohamed

Senior Economist

National Economic Council

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Acronyms

EAC	East African Community
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IFS	International Futures
IHME	Institute for Health Metrics & Evaluation
MER	Market Exchange Rate
PPP	Purchasing Power Parity
SAM	Severe Acute Malnutrition
SDG	Sustainable Development Goals
SNBS	Somali National Bureau of Statistics
WB	World Bank
IMF	International Monetary Fund

Foreword

Somalia's path to stability, prosperity, and sustainable development is complex and inspiring. Despite numerous challenges over the years, Somalia has shown remarkable resilience and potential for growth. "The Revival: Exploring Somalia's Potential Development Pathways to 2045" provides a detailed analysis of these challenges and highlights strategic approaches that could shape the country's future development trajectory.

This report, developed under the guidance of the National Economic Council (NEC), aims to provide insights and guide policymakers, development partners, and all stakeholders involved in Somalia's development process. Analyzing key sectors such as governance, security, human capital, agriculture, and economic diversification outlines realistic scenarios and pathways that could lead Somalia toward a stable and prosperous future.

As we chart the path forward, it is essential to remain rooted in the Somali people's values and aspirations. This report seeks to align these aspirations and offers a framework for achieving inclusive and sustainable development. I sincerely hope that The Revival serves as a valuable resource for shaping the future of our beloved country.

I sincerely thank Dr. Mustafe Abdi Mohamed for his tireless efforts in developing this report.

Hassan Adam Hosow

Chief Economic Advisor to the President of Somalia
Executive Director, National Economic Council

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Finally, I acknowledge the valuable feedback and comments received during the Phase III kickoff meeting of the Centennial Vision 2060, which have enriched the direction and scope of this report. A particular note of appreciation goes to my colleagues, who have shown exceptional dedication and professionalism throughout the data collection and analysis process. Their expertise and commitment were instrumental in producing this comprehensive study.

Mustafe Abdi Mohamed

Senior Economist

National Economic Council, Somalia

Executive Summary

The study outlines several potential scenarios Somalia may encounter in the next 20 years. These scenarios are not intended as predictions or definitive outcomes but rather as a means to spark discussion on how we can influence the country's trajectory in the coming decades. They have been developed through research, analysis, and discussions in various workshops and professional meetings. There are a few messages from the study, but two are highlighted here., they are:

- 1. Beyond Quick Fixes:** Based on economic and institutional models that have dominated the past thirty years, we have reached the furthest limits we could have gone. It is time for us to unlearn the ideas and habits that have driven us thus far and to learn and change direction in fundamental ways. Quick fixes have not been working, and it would be unrealistic and foolhardy for us to keep applying them.
- 2. A Pathway to Prosperity:** Despite the challenges, a prosperous future for Somalia is within reach. However, it will require significant reorganization and extraordinary sacrifices from all Somalis. These changes will not come without pain or cost, but they are necessary. Reviving the economy and comprehensively reorganizing Somalia's primary institutions, governance models, and citizen-government relationships are crucial steps toward this prosperous future.

The study underscores that Somalis are at a critical juncture, with the chance to reshape the nation through informed policy choices and collective action. By examining various scenarios, the study provides insights into progress across sectors like governance, security, education, health, and agriculture, aiming to guide Somalia toward inclusive and sustainable development.

Using advanced forecasting, this study predicts Somalia's potential development paths up to 2045. It offers a detailed analysis of the nation's progress in key sectors, exploring the long-term impacts of different policy choices. Despite numerous challenges in the past twenty years, Somalia has achieved significant economic and social progress. However, economic growth has not been evenly distributed, leaving many in poverty and with limited access to essential services.

Somalia has substantial economic potential, especially in agriculture, the blue economy, and energy. Yet structural issues, including weak governance, corruption, and fragile security, impede this potential. Addressing these obstacles with strategic, sector-wide initiatives and international cooperation is vital for transforming Somalia's development prospects.

Key Findings

- Somalia is still grappling with weak governance structures and widespread corruption. Ongoing efforts to establish democratic processes and improve government effectiveness face significant obstacles.
- The economy heavily relies on agriculture and livestock, contributing significantly to GDP. Despite the potential for economic diversification, the service sector and manufacturing remain underdeveloped.
- The population is growing rapidly, with high fertility rates leading to a significant youth population. By 2045, the population is expected to reach over 30 million, presenting both challenges and exciting opportunities for economic growth.
- Poverty rates are unacceptably high, with significant regional disparities. Although the poverty is expected to gradually decrease, the absolute number of people living in poverty will likely rise due to population growth.
- The education system has moderate enrollment rates at the primary level, but completion rates decline at the secondary and tertiary levels. The healthcare system is underdeveloped, leading to high maternal and infant mortality rates and limited access to essential services.
- Inadequate economic infrastructure and inadequate production practices. Over the past few decades, Somalia's population has more than doubled. In that time, the simplicity of agropastoralism and village-based production was lost as the population migrated to urban, peri-urban, and slums and took on new kinds of jobs. Poor infrastructure, such as roads and electricity, became a significant barrier to economic growth, with inadequate access to essential utilities and unplanned growth and urbanization.
- Agriculture remains the cornerstone of the economy, but the sector grapples with low productivity and is susceptible to climate shocks.

Key recommendations

Somalia must prioritize multi-sectoral reforms, strategic investments, and international partnerships to capitalize on its potential. Key recommendations for Somalia's development strategy include:

- **Enhance Governance and Security.** Strengthening anti-corruption measures, improving public financial management, and increasing the capacity of security forces to address internal and external threats are essential to achieving stability. Promoting national cohesion through inclusive governance will foster peace and unity.

- **Foster Economic Diversification and Growth.** Somalia should focus on promoting manufacturing, services, and ICT sectors. Enhancing the business environment through regulatory reforms and improving infrastructure will attract foreign direct investment, which is crucial for long-term stability and growth.
- **Address Poverty and Inequality.** Implementing a national social protection program to target the poorest populations is necessary. Developing targeted interventions for regions with the highest poverty rates will help address regional disparities and ensure inclusive growth.
- **Invest in Human Capital.** Expanding access to and improving the quality of education at all levels, particularly at the secondary and tertiary stages, is vital for long-term development. Healthcare systems must be strengthened to reduce maternal and infant mortality rates and improve access to essential services. Promoting female education will help manage population growth and enhance gender equality.
- **Prioritize Investments in Critical Infrastructure.** Investments in roads, electricity, and water supply are key to supporting economic activities and improving living standards. Promoting renewable energy sources to increase electricity access and reduce transmission losses, alongside enhancing electrification rates across all regions, will foster sustainable growth.
- **Increase Agricultural Productivity.** Modernizing farming techniques, improving irrigation systems, and adopting climate-smart technologies will increase agricultural productivity. Reducing pre- and post-harvest losses will enhance food security and raise farmers' incomes. Additionally, supporting peaceful coexistence between farmers and herders through conflict resolution mechanisms and sustainable land management practices is essential for agricultural stability.

1. An Introduction to Scenario Analysis

What do you think Somalia will be like in 2045? What about 2060? Nobody knows, but we often try to imagine what it could be like. Yet, we rarely come together to think about what future we might face, so it is unclear whether we share the same thoughts about Somalia's future.

Knowing the future would enable us to make informed decisions. It would be beneficial to plan for the future using reliable information or well-informed predictions. How can we prepare for our children's future when uncertain about the society they will be part of?

Scenarios help us think about the future and prepare for what might happen. They provide different settings within which today's decisions may be played out and describe various paths into the future. It's important to note that a scenario is not a prediction; it simply helps us identify potential outcomes. Scenarios enable us to consider different possibilities and express people's thoughts about what is happening. They are valuable tools for determining what needs to be done to achieve desired goals.

For the study, it has been proposed that the scenario International Futures (Ifs)¹ Model be used. The Ifs is a comprehensive global modeling system known for its large-scale, long-term approach. It incorporates various modeling techniques and methodologies developed and maintained by the scenario International Futures (Ifs) model has been proposed Pardee Center² at the University of Denver. Ifs consist of 12 interconnected models/systems that enable users to simulate various scenarios. The International Futures (Ifs) model is a user-friendly interface with an SDG dashboard/module, allowing users to evaluate interventions' impact on SDG improvements and trade-offs.³

Every scenario analysis must be designed based on reform priorities specific to the country and the identified national accelerators or shocks for SDGs. The initial step of the analysis entails identifying the relevant indicators and parameters in the model

corresponding to the desired reform or policy objective. The subsequent step is often the most challenging, necessitating benchmarking of the magnitude of implemented interventions. Frequently, the implementation of so-called "brute force" interventions occurs. The brute-force approach's advantage is its simplicity of implementation, providing accurate quantification of the potential benefits of achieving a specific objective or goal, i.e., "the benefits of getting there." However, this approach's disadvantage is its limited insight into "how to get there," including any budgetary costs incurred by the implemented intervention.

This analysis of Somalia will explore several key government development ambitions. This analysis aims to demonstrate how Ifs can provide analytical insights into policy coherence, integration, and trade-offs by assessing policy impacts on multiple dimensions of development. The study is intended for something other than sector-specific policy conclusions or recommendations, which would necessitate more in-depth analysis and consultations with national experts to guide each intervention and scenario - and, in some cases, to update the different datasets used in the system.

In this analysis, we will use multiple benchmarking approaches to evaluate Somalia's performance on key variables compared to other countries in the region, as well as "top improvers" on specific dimensions of development that the government prioritizes. This analysis does not aim to model the entirety of the national policy agenda, nor does it intend to conduct in-depth research on a few selected priorities. Instead, it will assess potential development pathways, including benefits and trade-offs, for the country from broad-based and often ambiguous policy objectives, frequently through "brute force" interventions. Moving forward, the government, national counterparts, and other partners could identify specific policy priorities and objectives, which could be modeled with greater accuracy and precision to gain deeper analytical insights into potential development pathways.

When using International Futures analyses for Somalia, it's important to note that a significant amount of data is missing. As a result, many of the current data points are estimates based on projections from a limited number of historical values and/or cross-country comparisons/regressions, potentially from a distant time period. Additionally, the model provides limited information on the costs of achieving policy objectives beyond education, infrastructure, and some health elements. Therefore, many interventions are considered "free" in the model. However, if the objective is to include externally derived cost estimates for key reform priorities, these can be entered into "government expenditure" in the model to generate cost-benefit estimates. Based on the International Futures (IFs) system, the report will explore the possibility of five different policy scenarios for Somalia modelled individually:

Current Path is the one in which it is possible to observe the evolution of the indicators based on the assumption that the current political, economic, and

social development conditions will be maintained. 1) Governance & Security scenario; 2) Human Capital scenario; 3) Economy Growth scenario; 4) Agriculture scenario, and 5) Integrated Scenario in which the implementation of actions and policies is considered, it combines all four scenarios to demonstrate the impacts of an "integrated policy push"

This work intends to serve as an instrument capable of informing and assisting the planning and decision-making of the state government to stimulate policies and actions aimed at achieving the SDGs. Based on the data and evidence shared here, it is intended to provide the state government, and the actors involved with data and evidence so that they can better understand the benefits and costs involved in their decisions and support the following Multi-Year Plans, among other important ones. Medium- and long-term strategic planning documents.

INTERNATIONAL FUTURES (IFs)

The Scenario IFs is a tool designed to consider long-term development, developed by the Pardee Center. IFs combine forecasts from various sub-models, including agriculture, demographics, economy, education, energy, environment, governance, health, infrastructure, international politics, and technology. These sub-models are interconnected, allowing IFs to simulate how changes in one system affect all other systems. Consequently, IFs incorporate many relationships from a wide range of global systems. This model is an open-source tool available for free at www.pardee.du.edu.

IFs leverages historical data (over 3500 historical series), identify and measures trends, and models dynamic relationships to forecast hundreds of variables for 186 countries for every year. Where available historical data is from 1960, and forecasts extend from 2014 (the current base year) to 2100. It provides forward-looking, policy-relevant material that frames uncertainty around the future of countries (or groups of countries) and across development systems. It thereby allows users to think systematically about potential futures and development goals and targets.

There are three main avenues for analysis in IFs: historical data analysis (cross-sectional and longitudinal), Current Path analysis (where systems seem to be developing), and alternative scenario development (exploring if-then statements about the future). This report uses all three types of analysis.

IFs forecasts are informed extensions of current trends and dynamics built upon our knowledge of development patterns and are not attempts to predict the future. The IFs platform is designed to help people think more carefully about how development systems work and how policy interventions will likely unfold rather than as a predictive exercise.

2. Current Path Scenario

The Current Path scenario assumes that there will be no significant paradigm shifts, policy shifts, or low-probability impact events. It is based on historical variables and compared to other area-specific forecasts. It can be a valuable starting point for conducting scenario analysis and analyzing future scenarios.

Alternatives, allow us to evaluate the relative effects of the main policy interventions about a probable version of the “status quo” of the future. It is important to reinforce this crucial aspect of the scenario’s Current trajectory: it does not represent the maintenance of the indicators at their current level but the maintenance or even the continuation of progress indicators in these areas as recorded historically. This means that prospects for the future in this scenario also consider the evolution of indicators over time and not just the changes resulting from the assumptions made by it.

It presents a picture of where the world appears to be heading if nothing drastic happens – no major political changes, no significant unforeseen disasters, no major changes in the technological game, among other possibilities – the so-called black swans. This scenario realistically describes how the world would develop if the same general trends and policy choices observed in recent decades continued without interruption. In this sense, the Current Path scenario is central to the analysis of scenarios with IFs, as it is from the analysis of the continuation of our current development path that alternative scenarios are analyzed.

The Current Path scenario is a collection of interactive forecasts that, although dynamic, represent a continuation of current economic and political choices, in addition to the same socio-environmental conditions. While the Current Path scenario demonstrates continuity over historical patterns rather than just a simple linear extrapolation of historical trends, it is not a simple projection, allowing it to provide a framework that generates a wide range of non-linear forecasts.

A scenario is a “coherent, internally consistent and plausible description of a possible future state of the world”⁴. Scenarios are essential for exploring potential future developments of complex systems and environments. Scenario analysis is commonly used to provide coherent alternative stories of the future, help structure long-term uncertainty, and allow detailed exploration of possible tradeoffs between alternative futures (Hughes, 2015)⁵

Understanding future development is a complex task; many variables must be observed and understood. Additionally, human and political interactions present a constant challenge for interpreting reality.

However, the systematic observation of specific phenomena has led to the identification of macro trends when analyzing the behavior of certain variables.

The practice of prospecting and making projections aims to contemplate future possibilities. It is distinct from projective studies in that it explores the potential for breaking away from the present⁶, thereby allowing the consideration of scenarios that extend beyond the trends outlined in the Current Trajectory scenario.

2.1. Current Path Analysis in Somalia

The current challenges in Somalia are clear signs that its chosen economic models and political institutions have reached their limits. Without significant political and economic reforms, Somalia will continue to face a series of minor crises and emergencies in the years to come. So far, Somalia has only used short-term solutions to address these challenges, leading to more problems.

On the political it is characterized by the lack of legitimacy in the current system, widespread mistrust of the judiciary, weakness of oversight institutions, and wide mistrust of security forces due to their partisan nature. It is evident that there is a trend of moving away from formal institutions

and relying more on informal arrangements and institutions, resulting in inadequate service delivery. This makes the state seem distant and predatory and leads to greater exploitation of tribal and regional differences for political gain.

Somalia has faced governance challenges due to its history of conflict and statelessness. After the fall of the Siad Barre regime in 1991, the country has struggled with the lack of a functioning central government, which has hindered effective governance. Although the Federal Government of Somalia was established in 2012, its capacity has been limited, particularly in providing security and enforcing the rule of law nationwide.

Corruption and clan-based patronage systems continue to undermine the effectiveness of government institutions in Somalia. Transparency International has consistently ranked Somalia as one of the most corrupt countries in the world. Misappropriation of public funds and clan bias are

particularly prevalent in government procurement processes

Domestic efforts and international assistance have been crucial in the reconstruction and enhancement of Somalia's governance. Attempts have been made to implement democratic processes, including elections, but they have encountered several challenges and delays, making the journey towards stable governance more complicated.

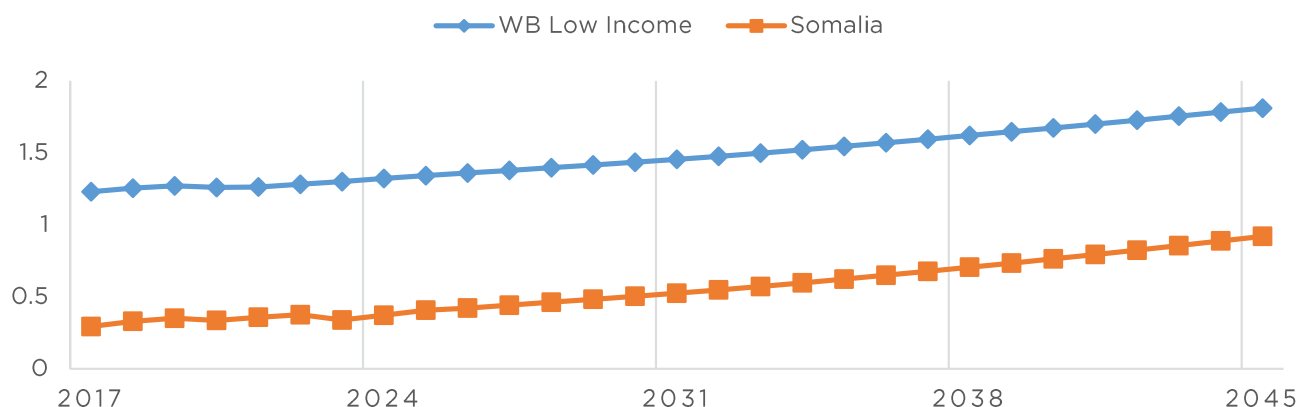
2.1.1. Government effectiveness

The latest data suggests that government effectiveness scores have been on the rise over time for Somalia (refer to Figure 1 below) and a collective group of low-income countries in the World Bank. Government effectiveness is a crucial aspect of governance, encompassing the quality of public services, the independence of the civil service from political influence, the quality of policy development and implementation, and the government's commitment to its stated policies.

Governance effectiveness refers to the extent to which governing bodies achieve their intended goals and objectives in a manner that is efficient, transparent, accountable, and responsive to the needs of the public or their constituents. It encompasses various dimensions, including:

- **Rule of Law:** Ensuring that legal frameworks are fair, enforced, and universally applied.
- **Transparency:** Making information accessible to the public for greater accountability.
- **Responsiveness:** Addressing the needs and concerns of the populace in a timely manner.
- **Equity and Inclusiveness:** Ensuring that all groups have opportunities to improve or maintain their well-being.
- **Effectiveness and Efficiency:** Implementing decisions and achieving results in the best way possible while maximizing resource use.
- **Accountability:** Holding public officials responsible for their actions and the outcomes of those actions.

Figure 1: Government Effectiveness (Somalia and WB Low Income, 2017 - 2045)



Source: Forecast in IFS, Version 7.89, historical data from the World Bank

From the chart, it is evident that Somalia's government effectiveness is on an upward trajectory, albeit at a pace that is slower than the collective average of low-income countries in the World Bank. The score for Somalia starts well below 1 in 2017 and shows a gradual increase over the years, approaching a score of 1 by 2045. This suggests a long-term improvement, possibly indicative of efforts to strengthen public institutions, streamline policy formulation, and enhance the credibility of government operations.

Somalia's government effectiveness remains significantly lower throughout the observed period than that of the World Bank's collective group of low-income countries. The gap between Somalia and the average score of low-income countries indicates that while Somalia is improving, it is doing so from a lower base and at a slower rate. The World Bank low-income countries' group shows a more robust increase, starting at just above 1 and moving towards a score approaching 2 by 2045.

The trend depicted in the chart is cautiously optimistic, suggesting a recognition of the incremental progress made by Somalia in terms of

government effectiveness. For Somalia to continue this trajectory, it is essential to build on political dialogues, strengthen its institutions, address corruption, and seek inclusive political structures at both the federal and state levels. Additionally, addressing security threats, such as those posed by groups like al-Shabaab, is crucial for the progress toward political stability and improved governance. While Somalia's path toward effective governance is promising, it requires sustained effort, strategic reforms, and international support to maintain this positive trajectory and close the gap with its low-income country peers.

2.1.2. Demographic Changes

Somalia has one of the highest fertility rates in Africa, second only to Niger. According to the SHDS 2020, Somalia's total fertility rate is 6.9 children, contributing to a population of 17.72 million in 2024. Projections indicate substantial growth, with the population expected to surge to 30.35 million by 2045, marking an increase of nearly 71% over 21 years. This demographic trend highlights the significant potential for both challenges and opportunities regarding social, economic, and political development.

Somalia's demographic landscape is evolving rapidly, underpinned by one of the world's highest.

Figure 2: Somalia Population Structure (1960 - 2045)

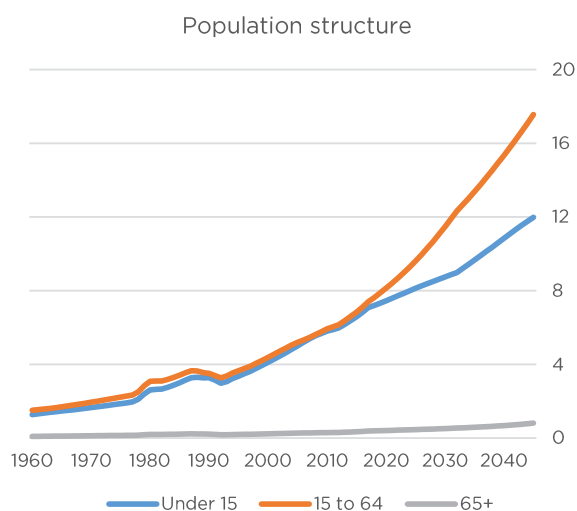
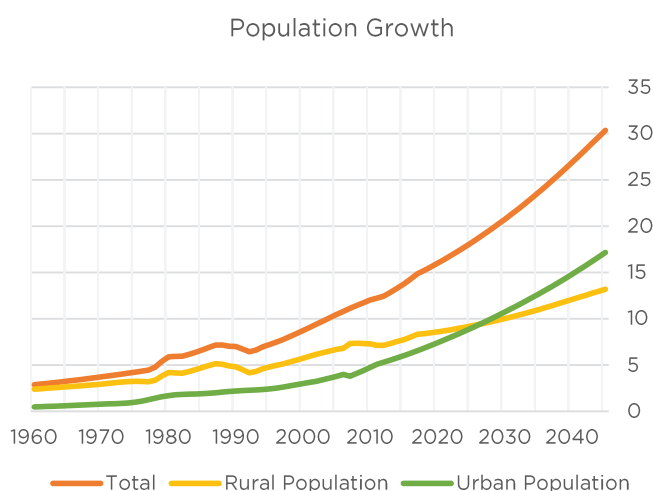


Figure 3: Somalia Population (1960 - 2045)



Source: Forecast in IFS, Version 7.89, historical data from UN population division

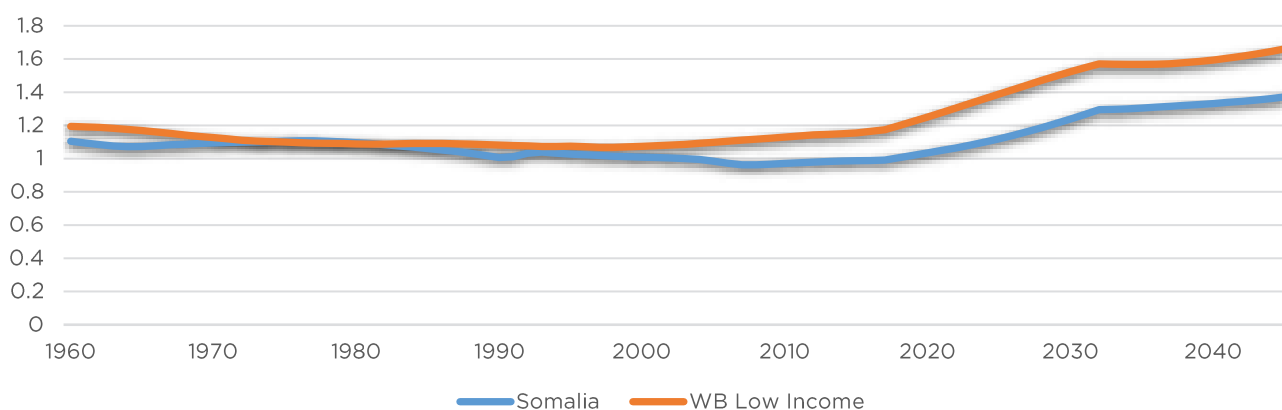
The country is also dealing with the issue of displacement, with around 3.8 million people, or 21% of the population, being displaced primarily due to ongoing conflicts and climate adversities in 2023. Furthermore, the presence of approximately 714,390 Somali refugees in neighboring countries underscores the magnitude of displacement, positioning Somalia as one of the top sources of refugees globally.

A youthful population, a common trait among many sub-Saharan African nations, characterizes Somalia's demographic profile. In 2024, 45% of the population was under the age of 15, which indicated

a high dependency ratio with a significant portion of the population reliant on the workforce for support. Looking ahead, the percentage of the population under 15 is expected to decrease slightly to 39% by 2045, while the proportion of the elderly (aged 65 and above) is anticipated to remain stable at 3%. This demographic structure, characterized by a high fertility rate and low life expectancy, presents unique challenges and opportunities for Somalia's

development trajectory. Strategic planning and policy interventions are necessary to harness the demographic dividend and address the associated socio-economic implications.

Figure 4: Demographic Dividend (Somalia and WB Low Income 1960 - 2045)



Source: Forecast in IFS, Version 7.89, historical data from UN population division

Somalia's demographic profile, with a significant number of young individuals, necessitates substantial investments in education, healthcare, and infrastructure to cater to its burgeoning population. The concept of the demographic dividend refers to the economic growth potential that arises when a nation sees an increase in its working-age population relative to its number of dependents. This shift in demographic structure can be a catalyst for economic development, as it typically leads to more resources being available for investment in physical and human capital, alongside a rise in female participation in the labor force.

For a country to harness the demographic dividend, it ideally needs a ratio of at least 1.7 working-age individuals for every dependent person. This balance allows for a reduction in the economic burden of dependency, thereby freeing up capital for other developmental investments. The East Asian economic boom is a prime example, where approximately one-third of the region's economic growth was attributed to a significant increase in the workforce coupled with a relatively more minor dependent population.

However, more than the mere presence of a larger working-age population is needed to guarantee economic prosperity. The transformation of this demographic advantage into tangible economic growth is contingent upon the effective integration of the labor force into the economy, necessitating appropriate skills development and job creation. Without adequate educational opportunities and employment generation, the potential demographic dividend may devolve into a demographic 'bomb,' where a significant working-age population remains unemployed or underemployed, leading to poverty, social unrest, and potential conflict.

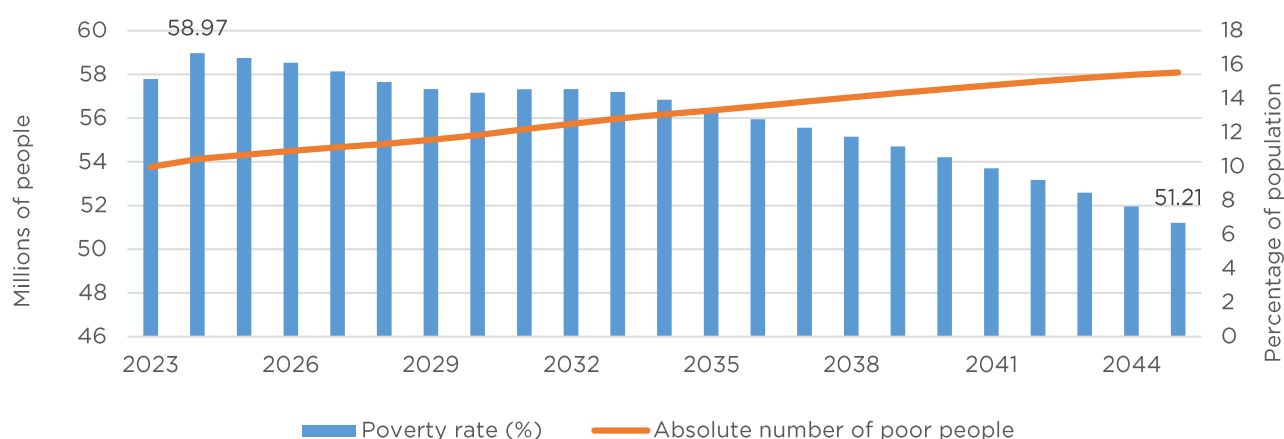
In the case of Somalia, the progression towards a more favorable ratio of working-age individuals to dependents is expected to be gradual, moving from a current ratio of 1.1 to approximately 1.3 by 2045. This trajectory falls short of the ideal threshold of 1.7, suggesting that Somalia will experience the realization of its demographic dividend two decades later than other low-income countries. This delay underscores the critical need for targeted policy interventions aimed at enhancing education, skills development, and employment opportunities to ensure that Somalia can fully leverage its demographic potential for sustainable economic growth.

2.1.3. Poverty

Poverty measurement can vary, but income poverty is often gauged using GDP per capita for consistency and comparability. Adopting the World Bank's standard, Somalia recognizes the international poverty line of US\$1.90 per person per day (in 2011 purchasing power parity) as a benchmark to track progress toward Sustainable Development Goal 1—eradicating extreme poverty. For lower-middle-income, upper-middle-income, and high-income countries, the World Bank has set higher thresholds to reflect the differing living costs.

Figure 5 below shows Somalia's poverty profile and trends. In 2023, the poverty rate stands at 57.79% with 9.98 million people living below the poverty line. This rate is expected to slightly increase to 58.97% in 2024, affecting 10.45 million individuals. However, projections suggest a peak in 2025 with a 58.75% poverty rate impacting 10.69 million people, followed by a gradual decrease. By 2045, the poverty rate is projected to decline to 51.21%, but due to population growth, the absolute number of poor people is anticipated to rise to 15.54 million.

Figure 5: Monetary Poverty in Somalia (< US\$1.90 per day and person), 2023–2045



Source: Forecast in IFS, Version 7.89, historical data from World Bank

Somalia's struggle against poverty is exacerbated by weak governance, insecurity, the lack of rule of law, ongoing conflict, and political instability. These factors impede the country's effective implementation of inclusive growth and poverty reduction strategies, as outlined in Somalia's Ninth National Development Plan. Nomadic pastoralists and agropastoral are particularly vulnerable, with the average poverty gap indicating that the income level of a poor household is only 71% of the poverty threshold.

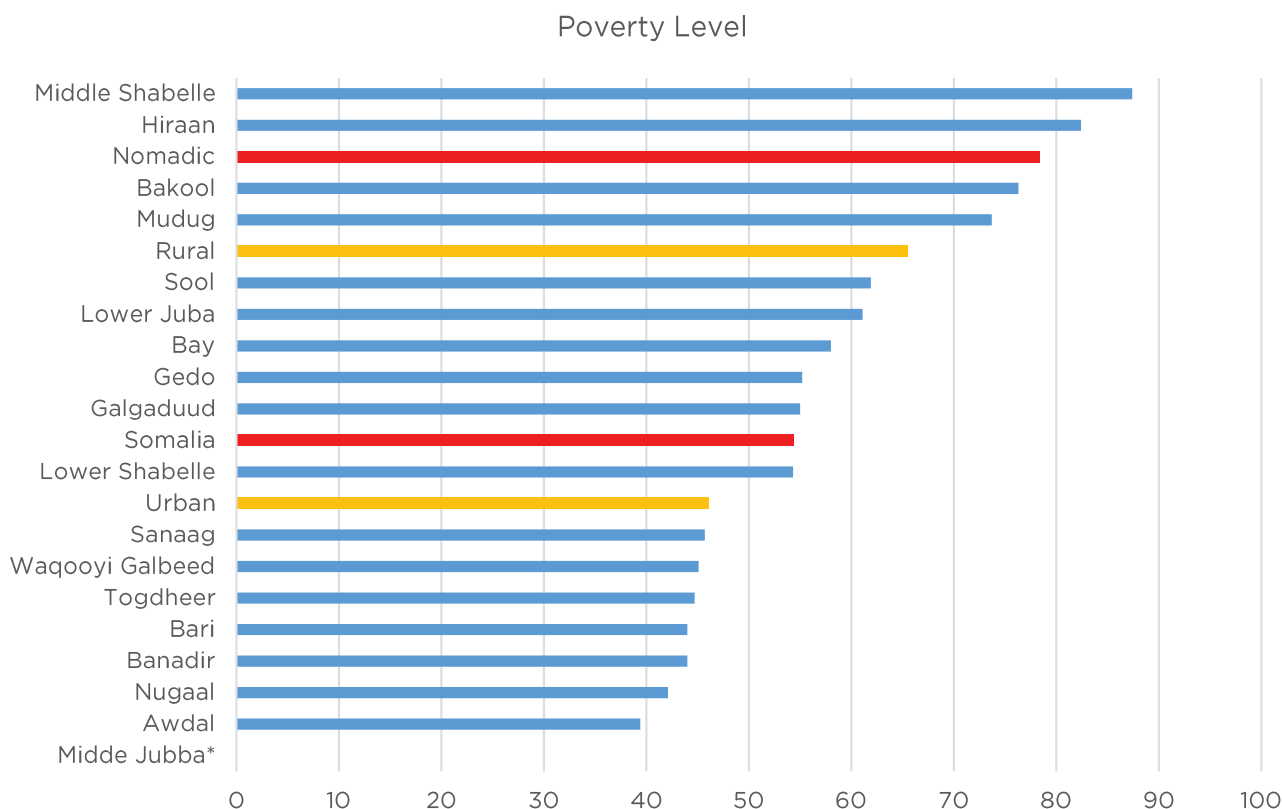
Given the persistent and projected state of poverty, Somalia's governance capacity requires strengthening to address the underlying issues. The government's ability to establish effective control over its territory is crucial for successfully implementing development plans and creating a more inclusive economy. Moreover, efforts to reduce the poverty gap must consider the unique livelihoods of the nomadic and agropastoral populations.

The projections highlight the urgent need for proactive measures to combat poverty. While the rate of poverty is expected to decline, the increasing absolute number of people living in poverty underscores the need for strategies that are both growth-enhancing and inclusive. Somalia must build resilience in its communities, improve governance and security, and foster a conducive environment for sustainable economic activities.

Somalia's path towards poverty alleviation will be a challenging journey, with the need to navigate through complex socio-economic dynamics and enhance governance mechanisms. The data calls for a concerted effort from both the Somali government and international partners to invest in long-term development initiatives that can break the cycle of poverty. Such efforts are necessary for the target of eradicating extreme poverty by 2030 to remain in reach, and the absolute number of impoverished Somalis will continue to rise against the backdrop of an expanding population.

2.1.4. Regional Poverty Disparity

Figure 6: Poverty Rates (% of the population) by States of Somalia (< US\$1.90 per person/day)



Source: Somalia National Bureau of Statistics (SNBS), Somali Integrated Household Budget Survey (SIHBS), 2023

Poverty in Somalia displays significant regional disparities, with rates varying markedly from one area to another. Figure 6 indicates that poverty is not uniformly distributed across the country, with some regions experiencing much higher poverty levels than others.

The regions of Middle Shabelle, Hiraan, and the Nomadic communities are most affected, with poverty levels significantly above the national average of 54.4%. Middle Shabelle reports the highest poverty level at a staggering 87.4%, followed by Hiraan at 82.4%, and the Nomadic population at 78.4%. These figures suggest acute deprivation in these regions, possibly exacerbated by factors such as conflict, climatic conditions, and limited access to resources or services.

In contrast, regions such as Awdal and Nugaal have poverty rates below the national average, at 39.4% and 42.1%, respectively. This suggests a relatively better socio-economic situation, which

may be attributed to various factors, including more stable security conditions, better access to markets, or more effective local governance.

The data also points to an urban-rural divide in poverty levels. Urban areas have a poverty level of 46.1%, which is lower than the national average. This reflects common trends where urban areas have more economic opportunities and services that can help reduce poverty. Conversely, rural areas in Somalia have a higher poverty level of 65.5%, indicative of the challenges faced by those living in rural settings, such as limited access to essential services and economic opportunities.

Nomadic communities are particularly vulnerable, with poverty levels of 78.4%. While culturally rich and adapted to the local environment, the nomadic lifestyle often lacks access to consistent services such as healthcare, education, and stable markets, making these populations more susceptible to poverty.

The disparities in poverty levels across Somalia's regions highlight the need for targeted policy interventions. Strategies to combat poverty must be tailored to address the specific needs and challenges of each area, considering factors such as economic activities, access to services, security conditions, and climate change.

For instance, interventions in Middle Shabelle and Hiraaan may need to improved security, strengthening agricultural resilience, and improving infrastructure. In contrast, policies in Awdal and Nugaal might concentrate on sustaining and building upon existing strengths to prevent an increase in poverty.

2.1.5. Education

Box 1: Selected educational indicators

Gross enrolment rate: The number of students enrolled in each level of education, regardless of age, as a percentage of the official school-age population corresponding to the same level of education. Rates can, therefore, be above 100%.

Completion rate: The number of people in the relevant age group who have completed the last grade of the given level of education as a percentage of the population at the theoretical graduation age for the given level of education.

Source: UNESCO

Table 1: Progress through the Education Pipeline (Latest Data – 2023)

	Primary		Secondary		Tertiary	
	Enrollment (Gross)	Completion	Enrollment (Gross)	Completion	Enrollment (Gross)	Completion
Somalia	95.34	50.54	27.4	11.08	2.781	0.474
WB Low Income	107.3	50.14	47.76	16.32	9.815	2.338

Source: UNESCO

Somalia's education system shows an initial high primary gross enrollment rate of 95.34%, which is encouraging as it suggests a high level of access to primary education. However, this figure drops sharply in terms of completion, with only 50.54% of students completing primary education. This drastic reduction indicates that nearly half of the students who begin primary education do not finish, which could be due to a variety of factors, including economic hardship, societal issues, or inadequacies within the educational infrastructure.

Moving on to secondary education, there is a further decline. The gross enrollment rate drops to 27.4%, suggesting that less than a third of the age-appropriate population enrolls in secondary education. The completion rate at this level is even more concerning, standing at 11.08%. This indicates that most students who enroll in secondary education cannot complete it, which could point to issues such as a lack of secondary schools, insufficient teaching quality, or the need for children to work to support their families.

At the tertiary level, the situation becomes more severe. The gross enrollment rate is 2.781%, which is extremely low and suggests that higher education is accessible to only a very small fraction of the population. The completion rate for tertiary education is 0.474%, which is alarmingly low and raises serious concerns about the quality and capacity of tertiary education institutions in Somalia.

Compared to the World Bank's figures for low-income countries, Somalia's education system is underperforming at all levels. The World Bank low-income average gross enrollment rate for primary education is higher at 107.3%, with a nearly identical completion rate of 50.14%. In secondary education, the World Bank low-income average gross enrollment rate is 47.76% with a completion rate of 16.32%, both significantly higher than Somalia's rates. Tertiary education also sees a better enrollment rate of 9.815% and a completion rate of 2.338% among World Bank low-income countries, suggesting that Somalia's tertiary education system is lagging considerably behind its low-income peers.

The data implies that Somalia's education sector needs critical support and development. The low completion rates at all levels indicate that while access to education might be available, retention and the quality of education are major issues. The severe drop-off from primary to tertiary education suggests systemic problems that prevent students from progressing through the education pipeline.

The low literacy and completion rates have significant implications for Somalia's development. With a small proportion of the population completing secondary and tertiary education, the workforce will likely lack the skills necessary for a modern economy. This can perpetuate cycles of poverty and limit economic growth.

2.1.6. Health

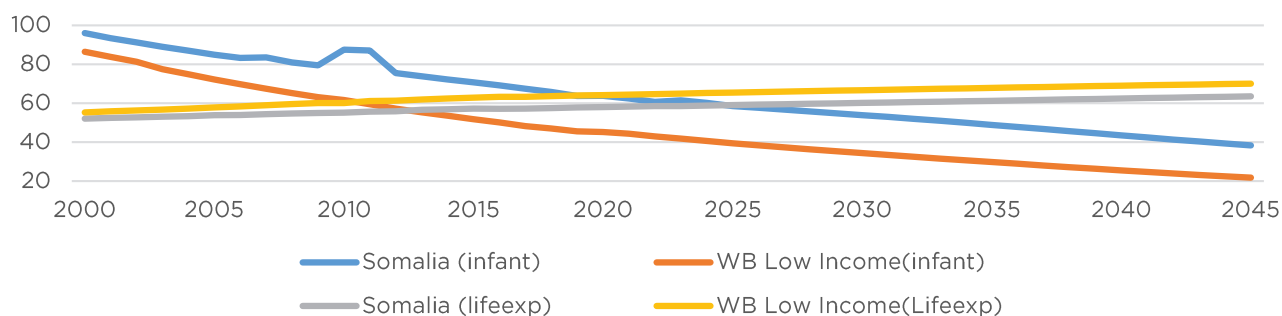
From 1991 to 2012, prolonged conflict devastated Somalia's healthcare, sanitation, and safe water systems, severely limiting public health services. Urban areas rely heavily on a growing private sector for about 60% of health services. International and national NGOs, supported by the UN, donors, diaspora, and private sources, provide humanitarian health aid.⁷

In 2019, Somalia was positioned at 179th place out of 191 WHO member states in terms of overall health system efficiency.⁸ The effectiveness of a nation's healthcare system can be evaluated using various measures like infant mortality, maternal mortality, and life expectancy.

Although maternal, neonatal, infant, and under-five mortality rates are slowly decreasing, they remain high compared to regional standards. Malnutrition among children is a significant issue, and contraceptive use is one of the lowest globally. Childhood immunization coverage is alarmingly low, with about 60% of children not receiving any vaccines, highlighting serious gaps in primary care coverage. The scarcity of healthcare services has exacerbated inequalities,⁹ particularly affecting displaced, rural, and nomadic populations. Healthcare services are geographically limited, and there is generally low community awareness of public health measures, resulting in neglected areas.¹⁰

During the conflict, health deteriorated because facilities were destroyed, and essential supplies and skilled personnel were not replenished. Diseases and epidemics spread faster, and although humanitarian groups tried to help, the conflict limited their ability to make a significant impact.

Figure 7: Infant Mortality & Life Expectancy

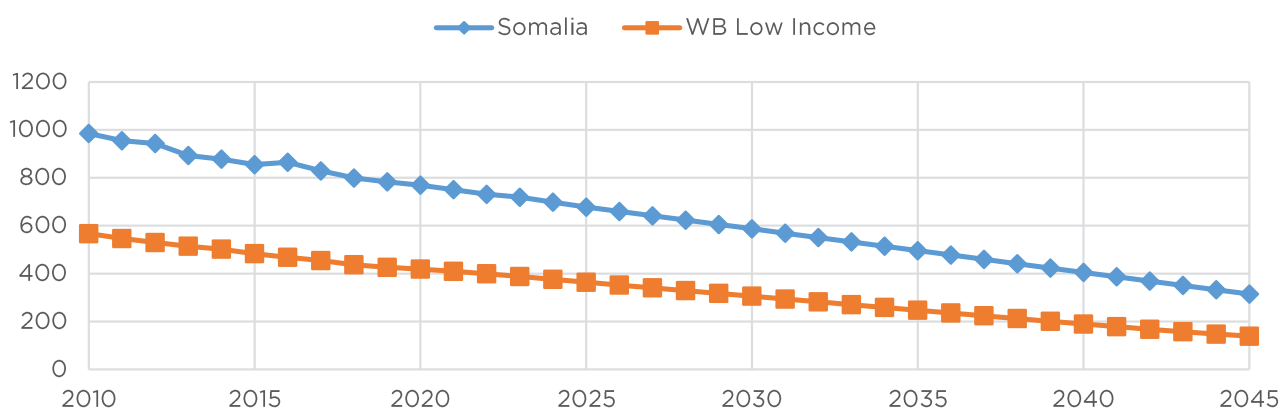


Source: Forecast in IFS, Version 7.89, historical data from the Institute for Health Metrics & Evaluation (IHME)

In 2023, Somalia had the highest infant mortality rate among lower-middle-income African countries, with 64 deaths per 1,000 live births. Somalia is not projected to meet the SDG target of reducing infant mortality to below 25 deaths per 1,000 live births by 2030. Based on current projections, Somalia is expected to have an infant mortality rate of 55 deaths per 1,000 live births by that year.

Between 2010 and 2025, life expectancy in Somalia increased from 55 to 59. Based on current projections, life expectancy is expected to reach 64 by 2045, which is lower than the projected average for countries with similar income levels (70 years).

Figure 8: Maternal Mortality Rate, 2010-2045



Source: Forecast in IFS, Version 7.89, historical data from the Institute for Health Metrics & Evaluation (IHME)

Somalia has the highest maternal mortality ratio in the globe, with 667 maternal deaths per 100,000 live births. Achieving the SDG target for maternal mortality (SDG 3.1) of less than 70 deaths per 100,000 by 2030 will be unattainable under the country's current trajectory. By 2045, Somalia is projected to reach a ratio of 300 deaths per 100,000 live births under the current scenario, significantly higher than the projected average of 130 deaths per 100,000 live births for lower-income African countries.

2.1.7. Economy

The Somali economy faces distinct challenges and opportunities amid a turbulent history and ongoing economic changes. The country has dealt with conflict, political instability, frequent natural disasters, climate changes, such as droughts and floods, and the effects of the COVID-19 pandemic, which have significantly impeded the nation's economic progress and advancement.

Agriculture and livestock traditionally form the backbone of Somalia's economy, contributing approximately 60% of the GDP and employing a substantial labor force. However, this sector is plagued by low productivity due to various constraints such as climate shocks, inadequate infrastructure, limited technology adoption, and insufficient investment. Despite these challenges, a gradual shift from traditional rural pastoralism towards urban trade and services offers economic diversification and job creation potential.

The Somali economy is marked by a decline in agricultural productivity, a reduction in arable land, inadequate infrastructure and utilities, widespread food insecurity, and regional and global marginalization. These factors collectively contribute to Somalia's economic challenges.

These symptoms are rooted in the unsustainability of Somalia's traditional development path based primarily on exports of (live animal) livestock and failure to develop a broad-based and competitive manufacturing sector.

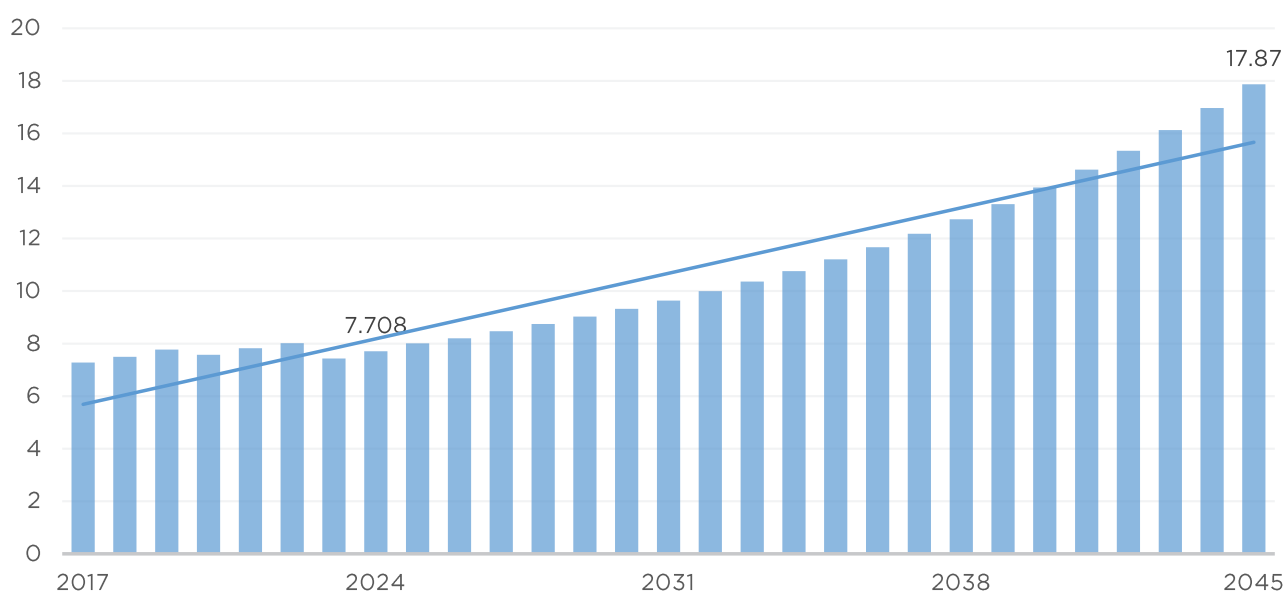
The service sector, particularly telecommunications and financial services, presents a bright spot in Somalia's economic landscape. It shows robust growth and potential for further expansion. Telecommunications has emerged as a key driver of economic activity, supported by the growing use of digital technologies in banking and financial sector.

Somalia's economy heavily relies on remittances, crucial in supporting household consumption and investment. Additionally, aid and grants form a significant part of the budget, highlighting the country's dependence on external resources.

Though beset by challenges, the nation's economic trajectory also presents several opportunities for growth and development. Rapid urbanization, increasing digital connectivity, and planned investments in critical sectors like energy, ports, education, and healthcare could spur economic expansion and improve the population's living standards.

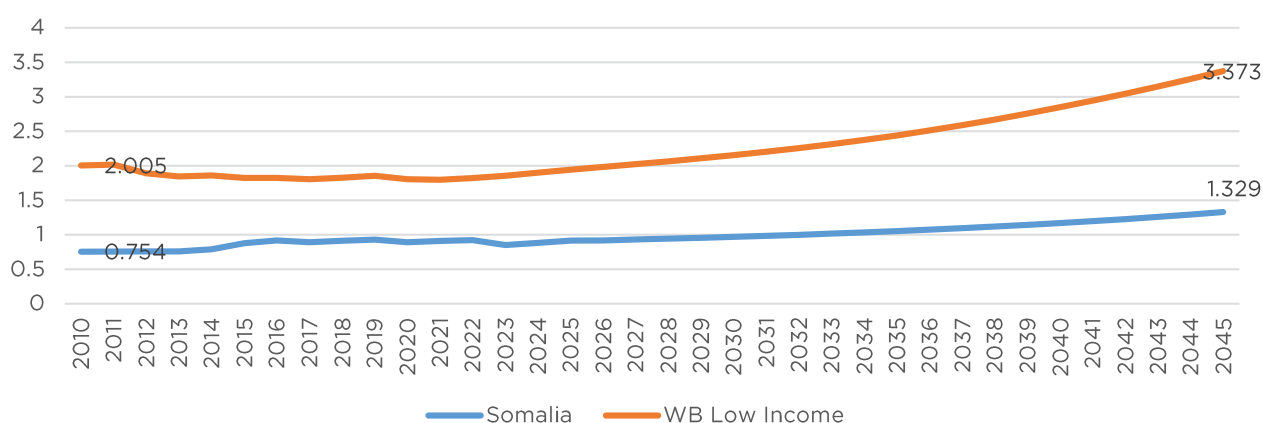
Despite these prospects, Somalia needs help with structural impediments such as the high degree of dollarization, which poses challenges for effective monetary policy. Looking ahead, Somalia aims to navigate its economic recovery through concerted efforts to enhance agricultural productivity, foster service innovation, bolster infrastructure, and attract foreign direct investment, by leveraging its unique strengths and addressing persistent challenges, Somalia endeavors to realize sustained economic growth and a meaningful improvement in the standard of living for its citizens.

Figure 9: GDP in Billions 2011 \$, 2007-2045



Source: Forecast in IFS, Version 7.89, historical data from the World Bank

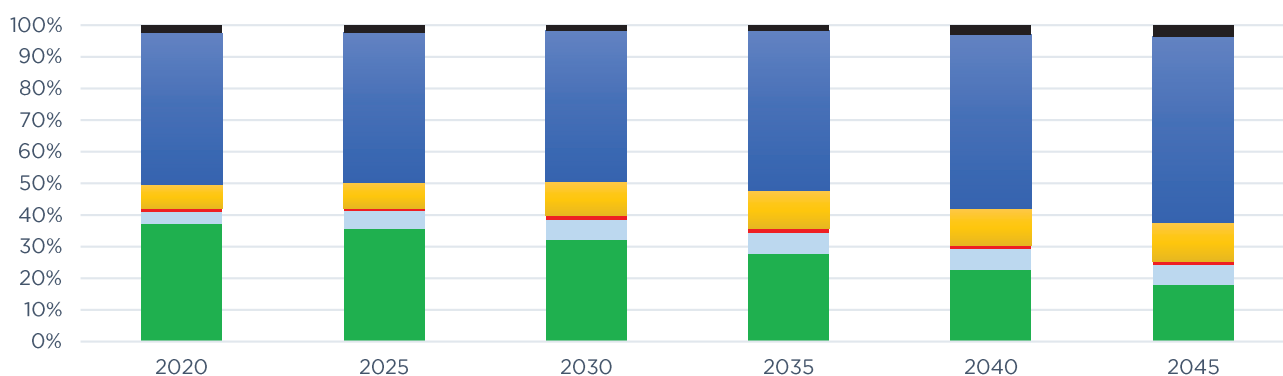
Figure 10: GDP per Capita (PPP) Thousand \$



Source: Forecast in IFS, Version 7.89, historical data from the World Bank

Somalia has one of the lowest GDP per capita in Africa. In 2024, its GDP per capita (Purchasing Power Parity) stands at US\$931, placing it ahead of only the Central African Republic and Burundi on the continent. According to current path, Somalia's GDP per capita (PPP) is expected to rise to US\$1329 by 2045. However, this figure will still be significantly lower, by US\$2044, compared to the projected average of US\$3373 for low-income countries in Africa during the same year.

Figure 11: Value Added



Source: Forcast in IFS, Version 7.89, historical data from the World Bank

The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to categorize economic activity into six sectors: agriculture, energy, materials (including mining), manufacturing, services, and information and communications technologies (ICT). Most other sources simplify this classification into three sectors: agriculture, industry, and services, which can lead to variations in reported data.

In 2024, agriculture constituted 35.6% of the country's GDP (equivalent to US\$2.74 billion), while the service sector accounted for 46.3% (US\$3.57 billion). Manufacturing represented the third-largest segment, contributing 10% of GDP

(US\$0.77 billion). Energy, ICT, and materials made relatively minor contributions, comprising 5%, 2%, and 1% of GDP in 2024.

Under the Current Path scenario, the service sector's share of GDP is projected to increase to 53.7% (US\$9.55 billion) by 2045, whereas manufacturing will comprise 16.2% (US\$2.88 billion) of GDP. As a result of economic structural changes, agriculture's contribution is expected to decline to 19.6% (US\$3.48 billion) by 2045. Energy, ICT, and materials are forecasted to remain marginal contributors to GDP, accounting for 6.2%, 2.6%, and 1.6%, respectively, in 2045.

3. Exploring Potential Development Pathways

This study developed robust planning scenarios¹¹ to help Somalis anticipate the future and its unpredictability. In developing the scenarios, we hoped to:

- **Anticipating and influencing change:** Scenarios can help identify unexpected developments and disruptions in trends. They reveal the factors that are shaping the future of Somalia. By doing so, scenarios enable key stakeholders to identify potential pitfalls, seize opportunities to steer developments in new directions, develop enduring strategies, and avoid being blindsided.
- **Encouraging new ways of thinking:** The scenarios should inspire thinking that goes beyond traditional problem-solving approaches and exploration of opportunities. They can help break stereotypes and catalyze radical changes in thinking. These scenarios will add a new dimension to the ongoing conversations about the country's problems and issues.
- **Anticipating Future Risks:** Using scenarios can assist the government, private sector, and civil society groups in making more informed decisions before acting. By identifying various signals, we can minimize surprises, recognize signs of change, and respond effectively.
- **Help develop shared frameworks:** Having a clear, focused vision within the nation can be challenging. However, scenarios provide a framework and language for discussing and dealing with complex conditions and options. Most importantly, they help to build and expand common ground, which is important for our society to address and seek solutions to our problems.

3.1. Scenarios Findings

The findings of the literature and current path forecast of this study reveal several critical economic, social, and political challenges facing Somalia, as well as significant opportunities for growth and development. The current (path) situation is characterized by:

- **Declining agricultural productivity,** an unproductive manufacturing sector, poor infrastructure and utilities, widespread food insecurity, and global marginalization. These factors have contributed to an ongoing economic and social crisis.
- **Political instability,** marked by a lack of legitimacy in existing governance structures, widespread distrust of the judiciary, and weak oversight institutions. Additionally, security forces suffer from a lack of public confidence due to their perceived partisan nature. A shift from formal institutions towards a reliance on informal, tribal-based arrangements is increasingly evident, alongside the exploitation of ethnic and regional divisions for political gain.
- **Social crises,** including the erosion of cultural values, rising criminal violence, increasing youth unemployment, and the inability of health and education systems to meet the population's needs. This has led to the collapse of agricultural and nomadic communities, exacerbating socio-economic vulnerabilities.

Despite these significant challenges, Somalia is undergoing a noteworthy economic transformation, characterized by strong growth, economic diversification, and deeper integration with both regional and international communities. The country has demonstrated resilience and a commitment to progress by addressing security challenges systematically.

Recent achievements have positively shifted international perceptions of Somalia and garnered substantial support. Key milestones include:

- **Somalia's admission into the East African Community (EAC),** signifying its growing regional influence and commitment to shared economic and political objectives.
- The **lifting of the United Nations arms embargo on Somalia,** which reflects the international community's increased confidence in the Somali government's ability to responsibly manage its security apparatus.

- **Debt relief**, easing Somalia's financial burden and creating new opportunities for international investment and economic cooperation.

In addition, Somalia's oil and gas sector holds significant promise for future economic growth. With production set to commence soon, this sector is expected to provide a steady stream of revenue, boosting the nation's economic prospects.

Several scenarios can be explored to further improve Somalia's development trajectory, ensuring

sustained growth and prosperity. These scenarios encompass areas such as governance and security, health and demography, education and human capital, agriculture, basic infrastructure, export diversification, and financial resources. Importantly, these components can be combined into an integrated scenario, simulating a broad policy push to drive shared prosperity across the country. The outcomes of this simulation highlight the potential impact of these policies on Somalia's long-term development.

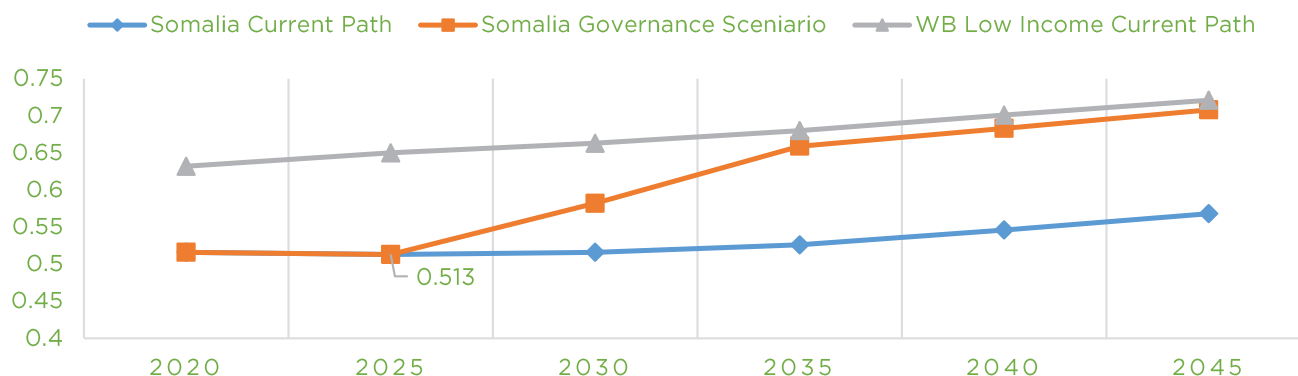
Table 2: Detailed Scenarios

I. Government and Security
1) Reduce corruption
2) Increase government effectiveness
3) Increase social protection for the poorest and most vulnerable people
4) Improve Democracy
5) Improve gender empowerment
6) Improve security and stability
II. Human Capital & Basic Infrastructure
1) Roll out family planning programs
2) Reduce infant and maternal mortality
3) Reduce deaths from communicable diseases
4) Improve the quantity and quality of education
5) Improve female education
6) Push on vocational training and more STEM
7) Improve electricity generation capacity
8) Promote renewable energy
9) Reduce electricity transmission losses
10) Improve urban and rural electrification rates
11) Improve road quantity and quality
12) Increased access to fixed and mobile broadband
13) Increase access to safe water and improved sanitation
III. Agricultural Revolution
1) Increase productivity/crop yields
2) Increase irrigation use
3) Reduce pre-harvest and post-harvest losses
4) Increase food access/calories per capita
5) Adaption of climate-smart technologies
IV. Economic and Export Diversification
1) Improve economic freedom
2) Improve business regulation
3) Increase domestic investment
4) More foreign direct investment
5) More research and development spending
6) Promote services/ICT exports
7) Improve macroeconomic stability
8) Promote manufacturing exports

3.2. Governance and Security

In this scenario component, the Somali government aims to enhance governance and security by promoting democracy, economic freedom, gender empowerment, and government effectiveness. It also makes a concerted effort to reduce corruption, governmental security risks, internal warfare, and societal violence. Implementing this scenario could lead to significant gains in Somalia's economic growth and poverty reduction.

Figure 12: Governance Scenario vs Current Path



Source: Forecast in IFS, Version 7.89, historical data from the World Bank

IFS' governance security index ranges from 0 (low security) to 1 (high security). The score for Somalia on the government security index is 0.51 in 2024, compared to 0.64 for African low-income countries. Going forward, the Current Path forecast scenario shows a slight improvement in stability in Somalia. By 2045, the Governance scenario score will be

0.7, about 25% higher than in the Current Path forecast. For Somalia to thrive, maintaining order and stability is crucial for the nation's development. The Somali government and policymakers must implement proactive measures to achieve more excellent social and political stability.

Figure 13: Governance Scenario and Poverty

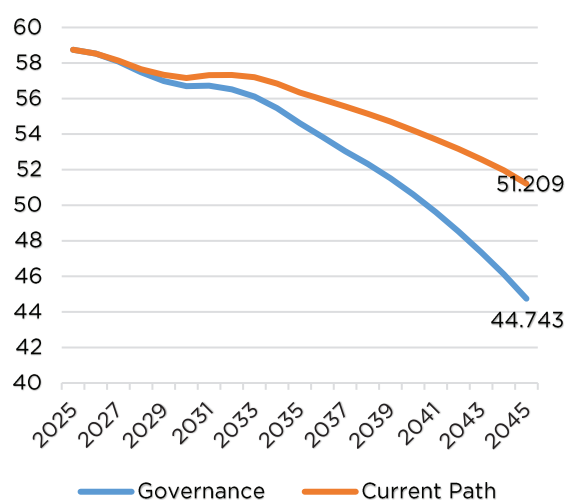
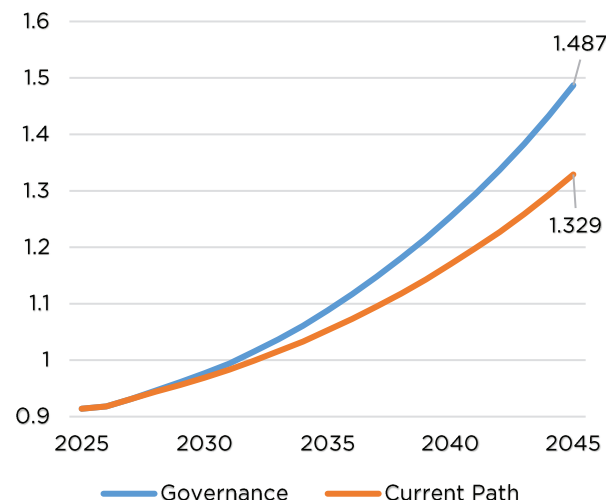


Figure 14: Governance Scenario and GDP per Capita



Source: Forecast in IFS, Version 7.89, historical data from the World Bank

Under this scenario, the country's GDP could be \$3.2 billion larger by 2045 than the projected value on the current development path. Similarly, the average Somali citizen could see an increase of \$158 in per capita GDP compared to the current trajectory. Moreover, the percentage of Somalis living on less than \$1.90 per day could decrease by 6.5% in 2045 compared to the forecast based on the current path. However, the impact of this scenario on life expectancy and inequality is projected to be negligible.

3.3. Human Capital & Basic Infrastructure

The health of citizens, particularly the labour force, plays a crucial role in driving productivity and overall prosperity. This scenario focuses on three key intervention strategies to reshape Somalia's demographic trajectory and transition its health systems towards long-term inclusive growth and development. These interventions include promoting the use of modern contraceptives to reduce fertility rates, improving access to safe water and sanitation, and reducing maternal and under-five child mortality rates.

The Education Scenario in Somalia has been formulated with the overarching goal of improving both the quantity and quality of education throughout the country. This scenario aims to establish realistic yet ambitious goals aimed at enhancing student enrollment, progression, and graduation rates across all educational levels, from primary through secondary and tertiary. Additionally, the scenario places significant emphasis on raising the standard of education at the primary and secondary levels, with the purpose of cultivating a proficient and skilled workforce capable of contributing to the nation's economy.

The deficient infrastructure framework in Somalia stands as a significant impediment for both large and small businesses, serving as a longstanding bottleneck for economic growth. Without additional

intervention, the current pace of progress is deemed insufficient to propel human and economic development in the country. Therefore, we operate on the premise that the Somali government will expedite the implementation of its ambitious infrastructure plan over the next 25 years. The array of interventions within the Basic Infrastructure scenario component encompasses government welfare transfers, investment in manufacturing, research and development, access to electricity, ICT, and road infrastructure. Furthermore, it includes interventions aimed at reducing informality within the economy.

Implementing this scenario could lead to significant economic growth and poverty reduction in Somalia. By 2045, the country's GDP is projected to surpass the forecast of the current development path by \$2 billion. Additionally, the GDP per capita is expected to be approximately \$96 higher compared to the current path forecast for the same year. Moreover, the poverty rate under this scenario is estimated to be 47%, as opposed to the projected 51% under the current path forecast for 2045.

This intervention cluster demonstrates that by effectively managing population growth and investing in the health system, Somalia can enhance both economic and human development. By prioritizing health interventions and addressing key demographic challenges, the country can pave the way for sustained progress and improved living standards.

The implementation of this scenario is anticipated to bring about substantial improvements in Somalia's education system, thereby contributing to the overall economic development of the country.

Similarly, the percentage of the infant mortality rate is expected to be 19.4% in this scenario, while it is projected to be 38% under the current path, indicating the potentially transformative impact of reducing the mortality rate and raising the well-being of the populace in Somalia.

Table 3: Selected Indicators and Human Capital Scenario

Indicator	2024	2030	2040	2045	(+/-)
Poverty (Human Capital)	58.971	57.012	52.194	47.209	4%
Poverty (Current Path)	58.971	57.156	54.214	51.209	
Life Expectancy (Human Capital)	58.82	61.48	64.523	65.437	2 years
Life Expectancy (Current Path)	58.82	60.156	62.437	63.537	
Infant Mortality Rate (Human Capital)	60.148	39.083	22.133	19.445	19%
Infant Mortality Rate (Current Path)	60.148	53.885	43.495	38.343	
GDP (MER) (Human Capital)	7.708	9.348	14.483	19.139	2 billion
GDP (MER) (Current Path)	7.708	9.323	13.945	17.87	
GDP per Capita (Human Capital)	0.881	0.971	1.214	1.425	96 USD
GDP per Capita (PPP) (Current Path)	0.881	0.969	1.17	1.329	

Source: Forecast in IFS, Version 7.89, historical data from UNESCO, SNBS, IHME & World Bank

3.4. Revitalizing Agriculture in Somalia:

Agriculture serves as the primary source of livelihood for millions of Somalis. However, this sector grapples with numerous challenges that detrimentally affect productivity. Investing in agriculture has the potential to ensure food security, create employment opportunities, and elevate income levels. For these compelling reasons, it is assumed that under this scenario, the government will vigorously pursue efforts to revive and modernise the agricultural sector. Consequently, the interventions within this scenario component encompass a cohesive initiative to enhance agricultural productivity, including average yields and irrigation.

This scenario aims to lift an additional 4 million Somalia out of extreme poverty by 2045 compared to the Current Path. Moreover, the GDP per capita is estimated to reach \$1576 by 2045, compared to the current path of \$1329. This highlights the potential positive impact of revitalising the agricultural sector on economic growth and poverty reduction in Somalia.

Additionally, this scenario results in a substantial decrease in the number of malnourished children compared to the Current Path. Investments and interventions in agriculture play a crucial role in enhancing food security, improving nutritional outcomes, and ultimately reducing malnutrition among children in Somalia. This analysis underscores the importance of prioritising agriculture and related policies to achieve positive health and developmental impacts. Under the Current Path, the number of malnourished children will increase to 0.619 million by 2045. In contrast, with the Agriculture Scenario, the number of malnourished children will decrease significantly to 0.244 million by 2045.

3.5. Economic and Export Diversification

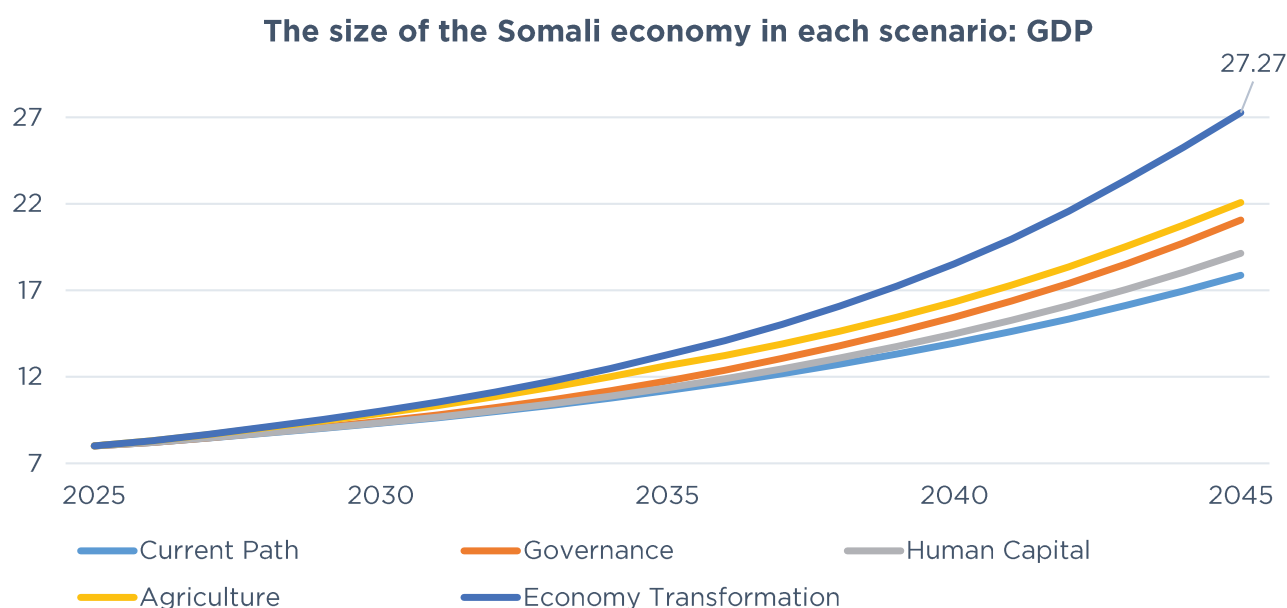
Enhancing the trade potential of the country through export promotion is imperative for the overall economy. In the current path forecast, the GDP is projected to reach \$17.8 billion in 2045, while

in this scenario, it is anticipated to rise to \$27.2 billion, signifying a notable increase of more than \$10 billion compared to the current path forecast. Similarly, in the current path, the GDP per capita is expected to reach \$1330, whereas in this scenario, it is projected to be \$1820. Moreover, the percentage of the population living below the poverty line under the current path scenario is forecasted to be 51% in 2045, while it is estimated to be 34% under the trade scenario. These findings indicate that trade openness fosters technology diffusion and competition, thereby exerting a positive effect on productivity growth.

3.6. Comparing scenario impacts on development in Somalia

Across all scenarios, Somalia experiences a notable increase in its GDP. As depicted in the figure below, the size of Somalia's economy in each scenario surpasses that of the Current Path. Notably, the interventions in the economic transformation scenario are projected to yield the most substantial benefits for Somalia's economy. Following closely, the agriculture scenario is expected to have the second most significant impact on GDP expansion, while the governance and security scenario is anticipated to have the third most impact. These findings underscore the potential implications of different scenarios on Somalia's development and economic growth.

Figure 17: GDP under each Scenario

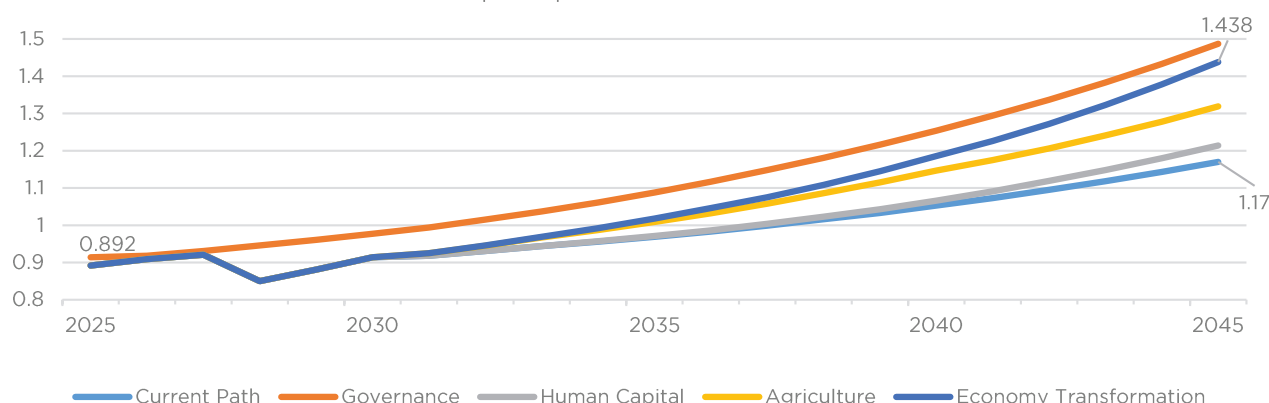


Source: Forecast in IFS, Version 7.89, historical data from the World Bank

Likewise, all interventions result in an increase in average income compared to the Current Path, with the most notable improvement stemming from the economic transformation scenario. The agriculture scenario is projected to yield the

second most substantial enhancement in GDP per capita, followed by the governance scenario. These observations highlight the potential impact of various interventions on average income levels across different scenarios in Somalia.

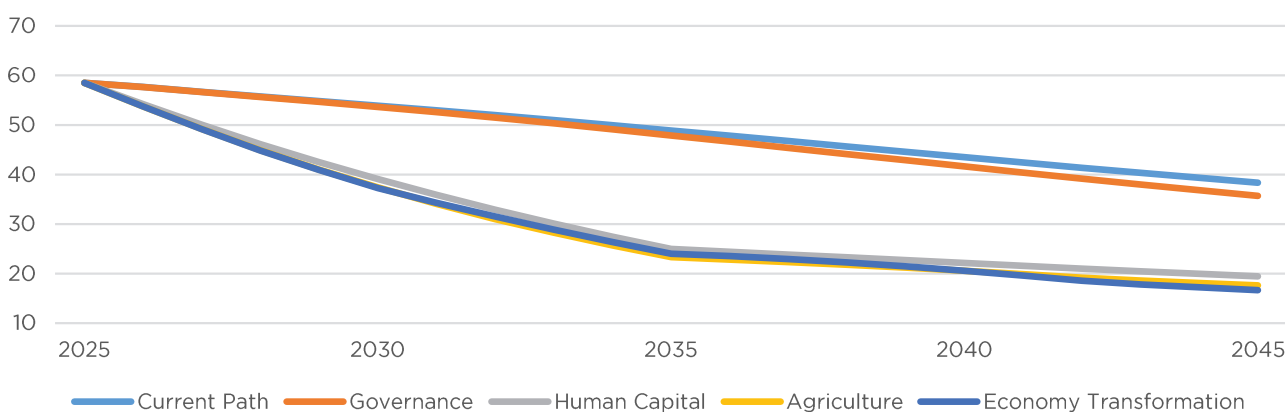
Figure 18: GDP per Capita under each Scenario



Source: Forecast in IFS, Version 7.89, historical data from IMF and World Bank

The findings underscore the significance of investing in economic transformation as a pivotal strategy for long-term poverty reduction in Somalia. Additionally, an agricultural revolution is identified as a potent means to enhance the lives of Somalians by mitigating poverty. The findings unequivocally demonstrate that enhancing infrastructure provision, revitalizing agriculture, improving governance and security, investing in human capital, and diversifying exports could substantially enhance Somalia's development prospects. These strategic pathways hold the potential to foster poverty alleviation and long-term socio-economic development in Somalia.

Figure 20: Infant Mortality under each Scenario



Source: Forecast in IFS, Version 7.89, historical data from the Institute for Health Metrics & Evaluation (IHME)

3.7. Combined Scenario

In the preceding section, we conducted simulations to assess the impact of sectoral scenarios. However, these sectors are not isolated; they are intricately interconnected. Therefore, a comprehensive approach or a coordinated policy push across industries emerges as the optimal strategy for enhancing Somalia's development prospects. Consequently, this section presents the outcomes of a combined scenario that integrates all the aforementioned sectoral scenarios.

Enacting the combined scenario holds the potential to yield substantial improvements in both human and economic development prospects for Somalia. Under this scenario, the size of the Somali economy, as measured by GDP at the market exchange rate (MER), is projected to be twice that of the Current Path forecast in 2044, amounting to \$50.5 billion. This underscores the transformative potential of a coordinated and comprehensive approach to development across various sectors in Somalia.

Figure 21: GDP per Capita under Integrated Scenario

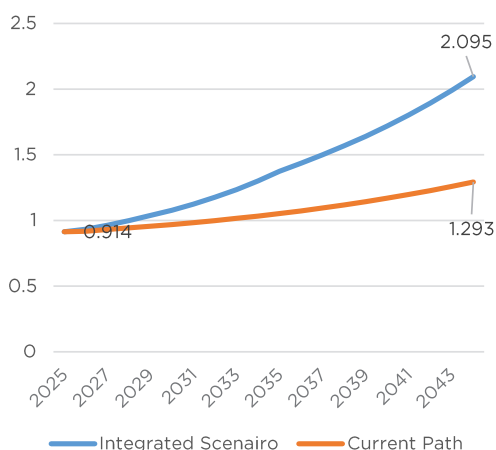
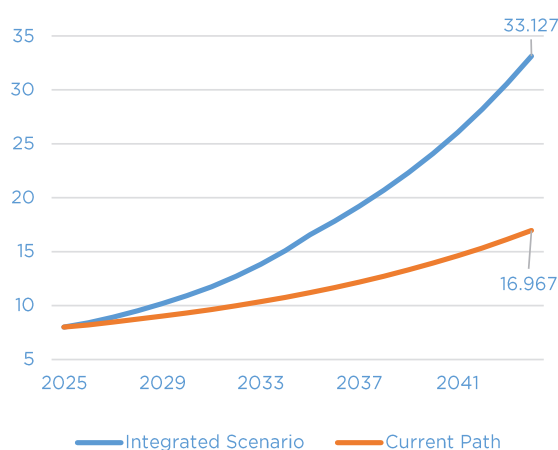


Figure 22: GDP under Integrated Scenario

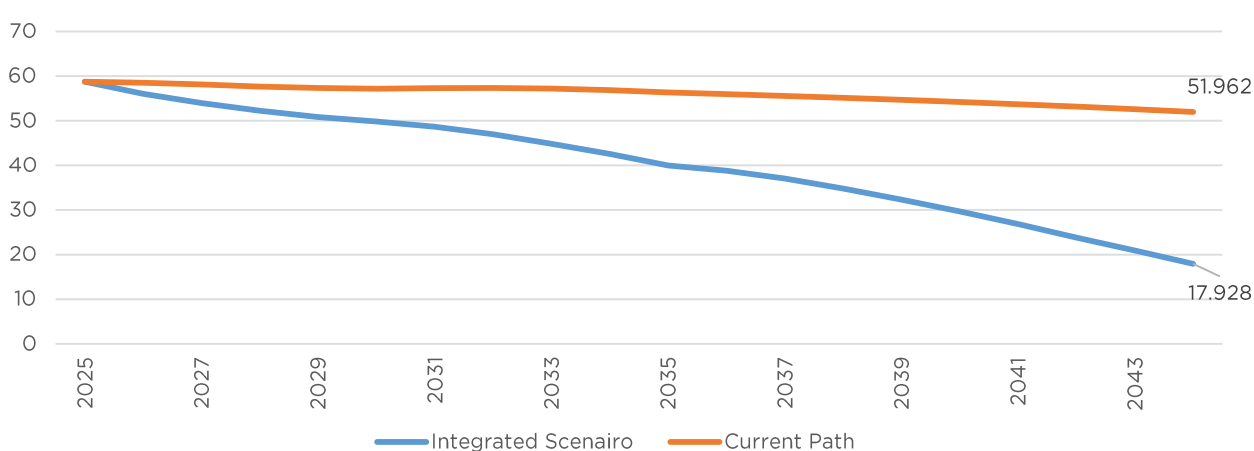


Source: Forecast in IFS, Version 7.89, historical data from IMF and World Bank

The combined scenario exerts a profound impact on GDP per capita, with the average Somali projected to have approximately \$951 additional dollars in 2044 compared to the current path. Under this scenario, the GDP per capita is estimated to reach \$1844, which is twice the anticipated value under the current path scenario assumption.

The enactment of the combined scenario holds the promise of a substantial improvement in poverty levels for Somalia. Under this scenario, the country is poised to nearly eradicate extreme poverty by 2044. By then, the percentage of population with income below US\$1.90 is projected to be 18% in 2045, in stark contrast to the 52% anticipated under the Current Path.

Figure 23: Poverty under Integrated Scenario



The combined scenario is projected to impact life expectancy substantially. Illustrated in the figure below, life expectancy under this scenario is estimated to reach 69.2 years, compared to 64.4 years under the current path. This notable increase in life expectancy further underscores the far-reaching implications of the combined scenario in enhancing the overall well-being and quality of life for the Somali population.

4. Conclusion & Policy Recommendations

4.1. Conclusion

Somalia's scenario analysis explores several key government development ambitions and policy scenarios using the International Futures (IFs) system. This analysis aims to demonstrate how IFs can provide analytical insights into policy coherence, integration, and trade-offs by assessing policy impacts on multiple dimensions of development. The study is not intended for sector-specific policy conclusions or recommendations but rather to explore broad-based policy objectives frequently through "brute force" interventions.

Current Path Scenario: The Current Path scenario assumes no major paradigm shifts, policy changes, or significant unforeseen events. It is constructed from initial historical conditions and area-specific forecasts, representing a continuation of current economic and political choices and socio-environmental conditions. This scenario offers a valuable starting point for comparing the effects of alternative policy interventions.

Governance and Security Scenario: In this scenario, the Somali government enhances governance and security through promoting democracy, economic freedom, gender empowerment, and government effectiveness while reducing corruption, internal security risks, and societal violence. By 2045, under this scenario, Somalia's GDP could be \$3.2 billion larger than projected in the Current Path scenario. Similarly, the GDP per capita could increase by \$158, and the percentage of the population living on less than \$1.90 per day could decrease by 6.5%. **These improvements highlight the potential benefits of strategic reforms and international support in enhancing political stability and governance.**

Human Capital & Basic Infrastructure Scenario: This scenario focuses on improving health, education, and basic infrastructure. Key interventions include promoting modern contraceptive use, reducing maternal and infant mortality, and increasing access to safe water and sanitation. By 2045, Somalia's

GDP is projected to be \$2 billion higher, and the GDP per capita \$96 higher than in the Current Path scenario. The poverty rate is estimated to be 47%, compared to 51% in the Current Path. **Investing in human capital and infrastructure is crucial for sustainable development and economic growth.**

Agricultural Revolution Scenario: Agriculture is a cornerstone of Somalia's economy, and revitalizing this sector is vital for food security and poverty alleviation. This scenario involves enhancing agricultural productivity, increasing irrigation use, and reducing pre- and post-harvest losses. By 2045, this scenario aims to lift an additional 4 million Somalis out of extreme poverty and increase GDP per capita to \$1576 compared to \$1329 in the Current Path. **Significant investments in agriculture can drive economic growth and reduce malnutrition among children.**

Economic and Export Diversification Scenario: Enhancing trade potential through export promotion is imperative for Somalia's economy. In this scenario, the GDP is projected to reach \$27.2 billion by 2045, compared to \$17.8 billion in the Current Path scenario. The GDP per capita could rise to \$1820, and the poverty rate could decrease to 34% compared to 51% in the Current Path. **Economic diversification and openness to trade can significantly boost productivity and economic resilience.**

Combined Scenario: This scenario integrates all the aforementioned sectoral scenarios, demonstrating the synergistic effects of coordinated policy efforts. By 2045, under the Combined Scenario, Somalia's GDP could double, reaching \$50.5 billion, and the GDP per capita could increase to \$1844, nearly eradicating extreme poverty, with only 2.8% of the population living below \$1.90 per day. **The combined approach underscores the transformative potential of comprehensive and coordinated development policies.**

4.2. Policy Recommendations

With its rich cultural heritage and strategic location, Somalia has significant economic and social transformation potential. However, the country faces numerous development challenges, including weak governance, corruption, and security issues hindering progress. The analysis in this report reveals that without substantial and compelling reforms, Somalia's development trajectory will remain stagnant, with high poverty rates, low human development indicators, and limited economic growth.

The findings project that if current trends continue, Somalia will struggle with high poverty rates, estimated to remain around 50% by 2045, and slow improvements in key human development metrics such as education and healthcare. The country's reliance on agriculture and livestock, with underdeveloped infrastructure and a lack of diversification in economic activities, constrains its growth potential.

Bold and coordinated policy actions are essential to unlock Somalia's potential and ensure a prosperous future. Enhancing governance and security is crucial, including implementing robust anti-corruption frameworks, improving public financial management, and fostering inclusive governance practices that promote national unity and address clan-based divisions. Improving security forces with increased funding, training, and modern equipment is also necessary.

Fostering economic diversification and growth involves developing light manufacturing, infrastructure development, and incentives for foreign direct investment. Simplifying business regulations, reducing bureaucratic hurdles, and improving access to finance are vital for attracting domestic and foreign investments. Supporting agricultural modernisation by investing in modern farming techniques, irrigation systems, and climate-smart technologies will increase agricultural productivity and food security.

Addressing poverty and inequality requires implementing targeted social protection programs¹² to support the poorest and most vulnerable populations, particularly in regions with high poverty rates. Developing targeted interventions for regions with

the highest poverty levels will ensure equitable development and reduce regional inequalities. Investing in human capital by increasing enrollment and completion rates at all education levels, improving teacher training and curriculum standards, and enhancing healthcare infrastructure to reduce maternal and infant mortality rates will significantly contribute to development. Promoting female education is also essential.

Prioritizing infrastructure development by investing in road networks, electricity generation, and distribution systems will support economic activities and improve living standards. Promoting renewable energy sources ensures a sustainable and reliable power supply, especially in rural areas. Enhancing urban and rural electrification policies will facilitate economic development and service access. Increasing agricultural productivity by adopting high-yield, disease-resistant crops, improving irrigation, and reducing pre- and post-harvest losses is vital. Supporting peaceful coexistence between farmers and herders through conflict resolution mechanisms and sustainable land management practices and accelerating the implementation of the 2019 National Livestock Transformation Plan are necessary.

An integrated approach involving coordinated policy efforts across governance, security, human capital, infrastructure, and economic diversification will yield significant improvements in Somalia's development prospects. Sustained international support and collaboration are essential to achieving these development goals. Engaging international partners to invest in long-term development initiatives will be crucial for breaking the cycle of poverty and achieving sustainable growth.

The policy choices and scenarios proposed in this report will be ineffective without the concerted effort and commitment of Somali authorities to implement them. Somalia has had numerous development plans in the past, but practical implementation has often fallen short. The country urgently needs visionary and developmentally oriented leadership to elevate the Somali population through sound economic development practices, improved social services, and robust institutions.

Developing a Centennial Vision 2060 is not just an option, it's a necessity for guiding Somalia's future planning and ensuring long-term, sustainable development. This vision will provide a strategic framework that aligns government policies, international aid, and private sector investments towards common goals, fostering cohesive and sustained progress. Vision 2060 will address critical areas such as governance, economic diversification, infrastructure development, and human capital enhancement, setting clear long-term objectives to mitigate the risks of short-term political and economic instability.

By adopting Vision 2060, Somalia can create a stable environment conducive to growth, leveraging its rich cultural heritage and strategic location to achieve significant economic and social transformation. The implementation of this vision will require the commitment and cooperation of Somali authorities, international partners, and all stakeholders to ensure a prosperous and resilient future for the country.

Appendix A: Scenario construction and benchmarking

The tables provided outline the components of each strategic intervention scenario, along with their operationalization in IFs and the benchmark. The benchmark serves as a point of reference, whether historical or global, that justifies the magnitude of the intervention. It's important to note that historical benchmarking may not be possible for all indicators or parameters. All interventions are from 2025, interpolated to 2034, and maintained at that level until 2045 unless indicated otherwise.

Table 4: Scenario Construction and Benchmarking

1. Table A1: Improved governance & security scenario component		
Interventions and parameters	Adjustment in IFs	Benchmark/Justification/Notes
Increase governance effectiveness (goveffectm)	Interpolate from 1 to 1.25	Between 2005 and 2010, Ethiopia increased its government effectiveness score by more than 50%. On the Current Path, the government effectiveness score will increase from 0.4 in 2024 to 0.92 by 2045 (out of a possible 5). The intervention will reach 1.4 by 2045, slightly lower in low-income Africa.
Reduce corruption (govcorruptm)	Interpolate from 1 to 1.2	The score for Tanzania increased by about 58% between 1998 and 2008. The score on the government corruption index increases by 20% between 2024 and 2034 and about 146% relative to the Current Path by 2045, slightly lower the projected average for low-income Africa but on par with the projected score for Chad by 2045.
Improve democracy (democm)	Interpolate from 1 to 1.2	Between 2012 and 2017, Burkina Faso's score increased by 60%. The scenario accelerates democratization. Somalia's score on the Polity Index increases by nearly 23% between 2024 and 2045, and by 2045, it is above 50% of the projected average for low-income Africa.
Improve gender empowerment (gemma)	Interpolate from 1 to 1.15	Zambia improved its gender empowerment score by nearly 57% between 1995 and 2009. Somalia performs poorly in gender empowerment. Gender discrimination in labor force participation and political representation is rampant in the country. Despite this aggressive intervention, the Somalia score will increase by about 12% between 2024 and 2034 and remain far below the average for low-income Africa by 2050.
Improve governance security (govriskm)	Interpolate from 1 to 0.9	The government security index will improve by 26% between 2024 and 2034, nearly the same as the projected average for low-income Africa but on par with Rwanda by 2050.

Reduce societal violence (conflict and terror) (svmilm)	Interpolate from 1 to 0.8	Conflicts have prevented the country from reaching its full potential in harnessing its natural wealth. Therefore, long-term peace is necessary to exploit its immense natural resource endowments fully.
Reduce the probability of State failure (internal war) (sfintlwaradd)	Interpolate from 0 to -0.5	The probability of state failure decreases by 70% between 2024 and 2045 but remains above the projected average for low-income Africa.
Improve economic freedom (econfreem)	Interpolate from 1 to 1.2	Rwanda improved its score for economic freedom by about 23% between 2000 and 2010. In this scenario, Somalia's score improves by about 25% between 2024 and 2034 to reach 7.4 (out of a possible 10) by 2045, considerably above the 17% average for low-income Africa.

2. Table A2: Basic infrastructure and human capital scenario component

Reduce child (under 5) mortality (hlmortcdchldm) (Total)	Interpolate from 1 to 0.75	Ethiopia reduced child mortality by 40% between 2006 and 2016. In this scenario, child mortality decreases by 43% between 2024 and 2034.
Increase primary education survival rate (edprisurm) (Total)	Interpolate from 1 to 1.1	The Gambia's primary education survival rate increased by about 22% between 2005 and 2015. The primary education survival rate in Somalia will increase from 20% by 2045, which will lower the projected average for its peers in the same year.
Improve the quality of primary education (edqualpriallm)	Interpolate from 1 to 1.1	Chad improved its score by 15% between 1995 and 2005. Somalia's score improved by 10% between 2024 and 2034; by 2050, it would be on par with low-income countries.
Increase lower secondary graduation (edseclowgram) (Total)	Interpolate from 1 to 1.2	Guinea increased its lower secondary completion rate by 32% between 2015 and 2019. The lower secondary completion (graduation) rate will increase by 24% between 2024 and 2034, lower than its peers by 2045.
Increase upper secondary graduation (edsecupprgram) (Total)	Interpolate from 1 to 1.2	Uganda increased its upper secondary education graduation rate by about 29% between 2015 and 2019. This intervention increases Somalia's upper secondary education graduation rate by 15.5% between 2024 and 2034, lower than that of low-income countries by 2045.
Increase vocational training in upper secondary school (Edsecuprvocadd)	Interpolate to 5	Participation rate in vocational training in Niger increased from 15.34% in 2005 to 37.18% in 2015 (more than double). This intervention puts the participation rate in vocational training in Somalia at 5% by 2045, considerably lower than the average for low-income countries (21%).

Improve the quality of secondary education (edqualsecallm)	Interpolate from 1 to 1.1	Burundi's score increased by about 10% between 2015 and 2019. Somalia's score improved roughly by 10% between 2024 and 2034, higher than the projected average for low-income Africa by 2045.
Increase tertiary intake rate (edterintm)	Interpolate from 1 to 1.4	From a very low base, tertiary intake in Burundi increased by nearly 90% between 2010 and 2015. In this scenario component, tertiary intake in Somalia increased by 102% between 2024 and 2034, on par with low-income Africa.
Increase graduation rate in tertiary education (Edtersciेशradd) (science & engineering)	Interpolate to 2	From a very low base, the share of science and engineering students among tertiary graduates in Sierra Leone increased by more than 80% between 2015 and 2019. The share of science and engineering students among tertiary graduates in Somalia rose from 12.5 % from 2024 to 2045, on par with the projected average for low-income Africa in the same year.
Increase access to electricity (Infraelecaccm) (Rural)	Interpolate from 1 to 1.3	Between 1994 and 2004, electricity access in rural areas increased by about 46% in Nigeria. In this scenario component, access to electricity in rural areas increases from 36% of the rural population in 2024 to 54% by 2045 against 40% on the Current Path. Despite this aggressive intervention, it remains below the projected average for low-income Africa by 2045.
Increase access to electricity (Infraelecaccm) (Urban)	Interpolate from 1 to 1.3	Between 2003 and 2013, Gambia increased electricity access by about 33% in urban areas. Access to electricity in urban areas will increase from 62% in 2024 to about 99% by 2045, against 77.8% on the Current Path. It is above the projected 88% for low-income countries in 2045 but on par with Rwanda.
Increase roads paved length (Infraroadpavedpcntm)	Interpolate from 1 to 1.2	Between 2004 and 2008, Burkina Faso increased its road paved length by 28%. In this scenario, the paved roads network rises from 15% of the total road network in 2024 to about 25% by 2045, below the projected average for low-income Africa (43%) by 2045.
Increase access to fixed broadband internet (ICT) (Ictbroadm)	Interpolate from 1 to 1.4	Fixed broadband subscriptions per 100 people increased by about 160% between 2011 and 2016 in Uganda. By 2045, fixed broadband internet subscriptions in Somalia will increase from three subscriptions per 100 people in 2024 to 32 subscriptions per 100 people, higher than the average low-income.
Increase access to mobile broadband (ICT) (Ictbroadmobilm)	Interpolate from 1 to 1.4	In Burkina Faso, mobile broadband internet subscriptions per 100 people increased from nine to 29 per 100 people between 2013 and 2017 (over 200% increase). Mobile broadband internet increases from 15 subscriptions per 100 people in 2024 to 154 subscriptions per 100 people in 2045, above the projected average rate (135%) for low-income Africa by 2045.

Increase access to clean water (watsafem) (piped)	Interpolate from 1 to 1.5	Access to safe water in Ethiopia increased by about 69 % between 2005 and 2015. This intervention increases access to improved water by about 34.2% between 2024 and 2045 or reaches 51% of the population by 2045, on par with average low-income Africa (52%).
Increase access to improved sanitation (sanitationm) (total)	Interpolate from 1 to 1.5	From 2000 to 2015, access to improved sanitation increased from 9.5% to 22.5% (more than double) in Burkina Faso. This intervention increases access to improved sanitation from 60% in 2024 to about 66% by 2045. For this aggressive intervention, Somalia will remain above the projected average for low-income countries (64%) by 2045.
Increase contraceptive use (contrusm)	Interpolate from 1 to 1.5	Between 2000 and 2005, the contraceptive use rate doubled in Ethiopia. This intervention increases modern contraception use from 9% in 2024 to 37.6% of fertile women in 2045 against 23.6% on the Current Path in the same year. This is below the projected average for low-income countries (52% by 2045).
Reduce malaria prevalence (hlmalariaprevm)	Interpolate from 1 to 0.6	Between 2005 and 2015, malaria prevalence in Ethiopia declined by about 70%. This intervention will bring malaria prevalence in Somalia to be in line with the projected values for low-income countries by 2045.
Reduce neonatal mortality (neonatmorm)	Interpolate from 1 to 0.7	Between 2005 and 2014, Rwanda reduced neonatal mortality by 37%. This intervention reduces the average neonatal mortality by about 71% between 2024 and 2045, on par with the projected average for low-income countries by 2045 (12%).
Reduce mortality from diarrhoea (hlmortm)	Interpolate from 1 to 0.7	Between 2015 and 2019, Mali reduced mortality from diarrhoea by about 30%. The average mortality rate from diarrhea in Somalia is expected to decline but is higher than the projected low-income countries.
Reduces severe acute malnutrition prevalence (SAM) (malnchpsamm)	Interpolate from 1 to 0.7	The severe acute malnutrition rate among children under five in Somalia is similar to the projected average for low-income countries by 2045 (4%)
Reduce malnutrition (malnm)	Interpolate from 1 to 0.7	This intervention brings the percentage of malnourished people in Somalia to 10% par to low-income countries by 2045.
Reduce maternal mortality ratio (matmortriom)	Interpolate from 1 to 0.7	Between 2000 and 2009, Burkina Faso reduced maternal mortality by about 30%. This intervention brings the maternal mortality ratio (180) lower the projected average ratio for low-income Africa (133) per 100,000 per live birth in 2045.

Reduces severe acute malnutrition prevalence (SAM) (malnchpsamm)	Interpolate from 1 to 0.7	The severe acute malnutrition rate among children under five in Somalia is similar to the projected average for low-income countries by 2045 (4%)
Reduce malnutrition (malnm)	Interpolate from 1 to 0.7	This intervention brings the percentage of malnourished people in Somalia to 10% par to low-income countries by 2045.
Reduce maternal mortality ratio (matmortrationom)	Interpolate from 1 to 0.7	Between 2000 and 2009, Burkina Faso reduced maternal mortality by about 30%. This intervention brings the maternal mortality ratio (180) lower the projected average ratio for low-income Africa (133) per 100,000 per live birth in 2045.
Increase access to clean cooking (improved cookstoves) (cookstovesadd)	Interpolate to 0.7	This intervention aligns with the projected average for low-income globally by 2045.
Increase access to clean cooking (improved cookstoves) (cookstovesadd)	Interpolate to 0.7	This intervention aligns with the projected average for low-income globally by 2045.

3. Table A4: Agriculture Revolution scenario component

Increase crop yields (ylm)	Interpolate from 1 to 1.25	Between 2011 and 2016, Mozambique and Sierra Leone increased average yields by more than 50%. Crop yields in Somalia increase by 101% between 2024 and 2045 to reach 6. tons/hectare, above the average for low-income Africa but far below the projected crop yields for Rwanda by 2045.
Increase crop land (ldcropm)	Interpolate from 1 to 1.2	Burkina Faso increased cropland by 44% between 1995 and 2005, and this intervention will increase cropland by about 1.5 million hectares between 2024 and 2045.
Increase land area equipped for irrigation (Landirareaequipm)	Interpolate from 1 to 1.2	Between 2001 and 2011, the land area equipped for irrigation increased by more than 100% in Burkina Faso. By 2045, the land area equipped for irrigation in Somalia will increase by 40,000 hectares relative to the Current Path.
Reduce agriculture loss from producer to consumer (aglosstransm)	Interpolate from 1 to 0.8	The poor transport infrastructure in Somalia causes huge losses when transporting agricultural production from the producer to the consumer. This intervention reduces agriculture loss along the value chain by about 20% between 2024 and 2045.
Increase calories per capita (clpcm)	Interpolate from 1 to 1.15	Calories per capita increased in Rwanda by 23% between 1997 and 2002. Calories per capita in Somalia increased by 18% between 2024 and 2034 to reach 2450 kcal in 2045, slightly lower than the projected average for low-income countries(2742 kcal). It is projected to be 2 067 kcal on the Current Path in 2045.

4. Table A5: Economic transformation scenario component

Improve business regulation (govbusregindm)	Interpolate from 1 to 0.8	Between 2014 and 2018, regulatory quality in Ethiopia improved by more than 50%. The score for regulatory quality in Somalia increases more than triple between 2024 and 2045 (1.3) but is far lower than the average for low-income countries(1.9)
Improve domestic investment in the economy (Invm)	Interpolate from 1 to 1.2	This intervention increases domestic investment (% of GDP) by 25% between 2024 and 2034 to 28.2% by 2045, slightly above the average for low-income countries (26%).
Improve FDI inflow (xofdifnm)	Interpolate from 1 to 1.1.5 Starting from 2025	The current level of FDI flows to Somalia is far below the country's potential. FDI flows to Mozambique increased from 4% of GDP to 18% between 2007 and 2017 (14 percentage points). This intervention puts FDI flows to Somalia at 3% of GDP by 2045, lower than the average for low-income countries (4.6%).
Increase manufacturing export (xsm)	Interpolate from 1 to 1.05	Manufacturing exports as a share of GDP increased by 15% in Ethiopia between 2015 and 2019 and about 11% compared to the Current Path in 2040.
Incentivise R&D (gdsm)	Interpolate from 1 to 1.10	Government expenditure on R&D activities is almost non-existent in Somalia. This invention increases government expenditure on R&D by 61% compared to the Current Path in 2045. Despite this intervention, it remains far below the projected average for low-income Africa.

About NEC

The National Economic Council (NEC) was established by the Federal Republic of Somalia in 2018 and restructured in November 2022 through a presidential decree. The NEC advisory arm is a vital component of the Office of the President and provides advisory services on economic and related policy matters.

The NEC is chaired by the President of the Federal Republic of Somalia (FRS), with the Prime Minister serving as deputy. Membership of the Council the economic sub-committee of the Cabinet of the FGS, the Governor of the Central Bank of Somalia, Federal Member States, and nine (9) National Economic Advisors (NEAs). The NEAs support the national leadership evidence-based research and advisory services on the nation's socioeconomic issues. The NEAs and other NEC staff form the technical arm of the NEC.

Since its establishment, the NEC has provided proactive policy recommendations that have shaped public debates on different policy options (scenarios). Its activities and publications have also played a significant role in fostering discussions on policy choices and have opened up areas previously limited to specific institutions. As a result, a community of professionals has emerged, engaging in discussions on policy issues and advocating for changes in their respective sectors.

About the Author

Dr. Mustafe Abdi Mohamed holds a Ph.D. in Development Economics from Marmara University, Turkey, and has over 12 years of experience in economic policy and strategic advisory roles. He serves as the Deputy Lead for Somalia's Vision 2060 Development and as a Senior Economist at the National Economic Council (NEC). His research focuses on development economics and the microeconomics of development, particularly on access to financial services, poverty, remittances, and food security. Dr. Mustafe is committed to advancing sustainable development and promoting evidence-based economic policies in Somalia.

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