THE WAVERLEY SERIES

SOMALIA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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SOMALIA — AT A GLANCE

Capital	Mogadishu
Population	≈ 19.6–20 million
Real GDP growth	3.0% (2025), down from 4.0% in 2024 due to drought and flood disruption to agriculture; projected around 2.8–3.1% for 2026
GDP per capita	≈ USD 813 (nominal, 2026)
Inflation	3.7–3.8% (2025), up from 3.3% in 2024, driven by food, utilities and transport costs; some projections see further pressure in 2026 from global commodity disruption before easing in 2027
Fiscal deficit	Widened to 0.6% of GDP in 2025 from 0.1% in 2024, reflecting reduced donor grants and security and election-related spending pressures
Currency	Somali shilling (SOS), within a heavily dollarised economy
Key exports	Livestock, bananas, hides, fish and charcoal; remittances of up to $1.6 billion annually remain a critical economic lifeline
Debt relief milestone	$4.5 billion in multilateral debt relief completed, including full cancellation of Somalia's debt to the United States; the Paris Club separately cancelled 99% of Somalia's debt in 2024
Governing framework	Federal Government of Somalia under President Hassan Sheikh Mohamud, in office since May 2022; ongoing al-Shabaab insurgency; presidential elections due in 2027

Somalia's economic recovery story has grown genuinely more substantive: inward foreign direct investment rose from $601 million in 2021 to $834 million in 2025, the country completed $4.5 billion in multilateral debt relief including full cancellation of its debt to the United States, and President Hassan Sheikh Mohamud personally opened a development investment conference in Mogadishu just days before this briefing. This progress remains geographically and institutionally narrow, however. Formalised economic growth remains largely confined to Mogadishu and a handful of regional capitals, and al-Shabaab, now al-Qaeda's largest and wealthiest affiliate, continues carrying out regular, deadly attacks, including an attempted assassination of the president himself in March 2025, while contesting territory within 30 kilometres of the capital. Investors should treat Somalia as a genuine but narrow recovery story that remains fundamentally conditioned on the security environment.

1. INVESTMENT & FDI

Inward investment has risen substantially over five years, with the government now directly courting international capital through dedicated investment conferences.

Somalia's inward FDI inflows rose from $601 million in 2021 to $834 million in 2025, an increase of nearly 39%, while the stock of foreign investment in the country grew from $4.3 billion to $7.2 billion over the same period, according to UNCTAD's World Investment Report 2026, indicating that international investors are building a lasting presence rather than making transient commitments. On 20 September 2026, President Hassan Sheikh Mohamud personally opened a development investment conference in Mogadishu, hosted by the Somalia Development and Reconstruction Bank, bringing together government officials, business leaders, private-sector executives and development partners to discuss investment opportunities and financing needs.

- **A sustained five-year FDI growth trend:** the rise in both annual FDI inflows and cumulative investment stock represents genuine, multi-year momentum rather than a single favourable data point, though the base remains modest in absolute terms.
- **Direct presidential engagement with investors:** President Hassan Sheikh Mohamud's personal opening of the SDRB-hosted conference, alongside his stated priorities of sustainable development investment and strengthening the private sector's role in job creation, signals genuine top-level government commitment to the investment-promotion agenda.
- **Reported mineral resource discoveries requiring independent verification:** Somali government statements have referenced confirmed uranium, lithium and cobalt deposits; as these claims currently rest primarily on government reporting, prospective investors should seek independent geological verification before treating them as an established basis for investment decisions.
- **A parallel development finance forum:** the Somalia Development Finance Forum, focused specifically on development financing and new investment opportunities, represents a second, distinct investment-promotion channel operating alongside the SDRB conference.

2. TRADE & BUSINESS

A heavily dollarised, remittance-dependent economy continues relying on a narrow export base even as debt relief improves the country's formal financial standing.

Somalia's exports, estimated at $1.1 billion in 2024 and led by livestock, bananas, hides, fish and charcoal, remain far outweighed by imports estimated at $9.0 billion, a severe structural trade deficit financed substantially by remittances, which handle up to $1.6 billion annually through informal money-transfer services in the continued absence of a fully formalised domestic banking sector. Telecommunications firms provide wireless service in most major cities, offering the lowest international call rates on the continent, a genuine private-sector success story independent of the broader security and governance environment.

- **A severe structural trade imbalance:** the gap between roughly $1.1 billion in exports and $9.0 billion in imports underscores Somalia's continued dependence on remittances and aid financing to sustain domestic consumption.
- **Remittances as a critical economic lifeline:** money-transfer services handling up to $1.6 billion annually fill a role that would, in most economies, be served by formal retail banking, though international compliance concerns continue to threaten these services' ability to operate through Western financial institutions.
- **A genuine telecommunications success story:** continent-low international call rates and broad wireless coverage in major cities demonstrate that specific private-sector segments can achieve genuine competitive success even amid Somalia's broader institutional constraints.

3. MAJOR ECONOMIC DEVELOPMENTS

Landmark debt relief and macroeconomic reform progress continue even as growth moderates and security risk intensifies ahead of 2027 elections.

Somalia completed $4.5 billion in multilateral debt relief, including full cancellation of its debt to the United States, following public financial management reforms by the Federal Government; the Paris Club separately cancelled 99% of Somalia's debt in 2024, and Somalia signed a further $306.5 million debt restructuring agreement with the Arab Monetary Fund in April 2025, which the finance minister described as fundamental to re-engaging with international financial institutions. Growth nonetheless moderated to 3.0% in 2025 from 4.0% in 2024 amid drought and flood disruption to agriculture, and the World Bank's May 2026 Somalia Economic Update explicitly cited continued aid reductions, with the 2026 UN appeal less than a quarter funded mid-year, as a constraint on the outlook. Security conditions remain severe: al-Shabaab carried out more than 155 improvised explosive device attacks in the first five months of 2025 alone, killing 300 people, attempted to assassinate President Hassan Sheikh Mohamud in a March 2025 IED attack on his convoy, and captured the town of Balcad, roughly 30 kilometres from Mogadishu, in February 2025.

- **A landmark, verified debt relief achievement:** the combination of US debt cancellation, the Paris Club's 99% write-off and the Arab Monetary Fund restructuring together represent one of the most substantial sovereign debt normalisations completed by any country in this series, genuinely improving Somalia's standing with international financial institutions.
- **Growth moderating amid climate and aid pressures:** the deceleration from 4.0% to 3.0% growth, combined with a UN humanitarian appeal running at less than a quarter funded, illustrates how climate shocks and declining international assistance continue to directly constrain Somalia's recovery pace.
- **A severe, ongoing security threat from al-Shabaab:** the group's continued high tempo of IED attacks, its direct attempt on the president's life, and its territorial gains within 30 kilometres of the capital together demonstrate that al-Shabaab remains a first-order threat to the state rather than a diminishing insurgency.
- **Additional, compounding security complexity:** a resurgent Islamic State affiliate in Puntland, a hijacking of two vessels off the Puntland coast in April 2026 alone, and December 2024 fighting between federal forces and Jubaland's regional administration together illustrate that Somalia's security challenges extend well beyond al-Shabaab specifically.
- **Heightened risk ahead of 2027 elections:** independent regional risk assessment explicitly identifies heightened insecurity ahead of Somalia's 2027 presidential elections as a specific near-term downside risk investors should monitor closely.

4. MAJOR PROJECTS & INFRASTRUCTURE

Construction-sector growth continues within a security environment that itself shapes much of Somalia's current infrastructure investment.

- **Construction as a growth contributor:** the construction sector has been specifically cited among the factors supporting Somalia's 2025 growth, alongside private consumption, remittances and investment, reflecting genuine, if geographically concentrated, building activity.
- **Security-linked infrastructure presence:** Türkiye operates a large military base in Mogadishu and remains an active training partner for the Somali National Army and special forces, while US AFRICOM continues supporting counter-terrorism operations, together representing a substantial security-infrastructure footprint distinct from conventional civilian development projects.

5. CONFERENCES, FORUMS & EXHIBITIONS

Two major investment-focused gatherings this month underscore the government's active push to convert improving fundamentals into concrete capital commitments.

- **Mogadishu development investment conference:** held 20 September 2026 and hosted by the Somalia Development and Reconstruction Bank, the conference brought together government, business and development-partner stakeholders specifically to discuss investment opportunities and financing needs as Somalia seeks to move from recovery toward sustainable growth.
- **Somalia Development Finance Forum:** a parallel gathering focused on strengthening the country's economy, development financing and new investment opportunities, reinforcing the breadth of current investment-promotion activity.

6. BUSINESS & INVESTMENT EVENTS

Direct presidential engagement with the investment community signals the government's prioritisation of private-sector-led growth.

- **Presidential conference remarks:** President Hassan Sheikh Mohamud's direct call for greater investment, framed explicitly around moving Somalia from recovery toward sustainable economic growth, represents the clearest recent articulation of the government's investment-promotion priorities at the highest level.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Landmark multilateral debt relief has reset Somalia's international financial standing, even as security partnerships with the United States and Türkiye remain essential to the country's stability.

- **United States:** full cancellation of Somalia's debt as part of the broader $4.5 billion multilateral relief package, alongside continued AFRICOM counter-terrorism support, together represent the most consequential recent dimensions of the US-Somalia relationship.
- **Paris Club and Arab Monetary Fund:** the Paris Club's 99% debt cancellation and the AMF's $306.5 million restructuring agreement, signed in Kuwait in April 2025, together complete a genuinely comprehensive multilateral and regional debt normalisation process.
- **Türkiye:** Türkiye's large Mogadishu military base and its role training Somali National Army and special forces make it one of Somalia's most operationally significant security partners.
- **World Bank and UNCTAD:** continued economic monitoring through the World Bank's Somalia Economic Update series and UNCTAD's World Investment Report provide the evidentiary basis for much of the positive investment narrative described in Section 1.
- **European Union:** Somalia's recent receipt of a new EU ambassador's credentials reflects continued, active diplomatic engagement with European partners.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A remittance- and telecom-driven informal private sector continues functioning despite the absence of a fully formalised banking system.

In the continued absence of a comprehensive formal banking sector, money-transfer and remittance services have become a foundational element of Somalia's private economy, handling up to $1.6 billion annually; these same services, however, face ongoing international compliance concerns that threaten their ability to operate through Western financial institutions. Hotels in Mogadishu continue operating, supported directly by private-security militias, illustrating both the private sector's demonstrated resilience and the direct security costs Somali businesses must absorb as an ordinary operating expense.

- **A resilient but constrained informal financial sector:** the remittance sector's scale and continued operation despite the absence of formal banking infrastructure demonstrates genuine private-sector adaptability, even as international compliance risk represents an ongoing operational threat specific to this sector.
- **Security costs as a direct business expense:** Mogadishu hotels' reliance on private-security militias for continued operation illustrates concretely how security considerations are embedded directly into the cost structure of formal Somali businesses, a factor any prospective investor must budget for explicitly.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Mineral resource claims and continued investment-conference deal flow define the newest, though still early-stage, openings for foreign capital.

- **Mineral sector potential:** reported uranium, lithium and cobalt deposits represent a potentially significant but still early-stage opportunity, contingent on independent geological verification and, given Somalia's security environment, on a credible operational security plan for any exploration or extraction activity.
- **Investment-conference deal flow:** the specific transaction outcomes from the September 2026 SDRB-hosted conference had not been independently confirmed at the time of this briefing, and prospective investors should seek direct confirmation of any deals referenced in conference-related announcements.
- **Telecommunications and remittance-sector expansion:** given the demonstrated competitive strength described in Section 2, continued investment in telecommunications infrastructure and formalised financial-services technology represents a comparatively lower-risk entry point relative to physical-asset investments requiring extensive on-the-ground security arrangements.

SUMMARY ASSESSMENT

Somalia's economic recovery has grown genuinely more substantive. Five years of rising foreign direct investment, landmark multilateral debt relief including full cancellation of the country's debt to the United States, and direct presidential engagement with international investors all represent real, independently verifiable progress that should not be understated.

This progress, however, remains geographically narrow, with formalised economic activity largely confined to Mogadishu and a handful of regional capitals, and it remains fundamentally conditioned on a security environment that stays severe. Al-Shabaab continues carrying out regular, deadly attacks, attempted to assassinate the president in 2025, and maintains territorial and shadow-governance presence even within nominally government-controlled areas, while a resurgent Islamic State affiliate and periodic piracy add further complexity. With presidential elections due in 2027, independent risk assessments explicitly flag heightened insecurity as a near-term concern investors should factor directly into any engagement timeline.

For investors, Somalia represents a genuine but narrow recovery story where opportunity is real but remains tightly bounded by security geography. Any engagement requires security-informed operational planning as a precondition rather than an afterthought, with the clearest near-term opportunities concentrated in sectors, such as telecommunications and financial services, that have already demonstrated resilience within Somalia's specific operating constraints.