



The information contained in this sheet has been compiled by [Jaume Portell](#), a journalist specializing in economics and international relations, in an activity 85% co-financed by ERDF funds within the framework of the [AfricanTech](#) project (1/MAC/1/1.3/0088) under the INTERREG VI D MAC 2021-2027 initiative.

SOMALIA

Macroeconomic framework:

Somalia's economy has been growing at close to 3% per year since 2022, with an estimated 3.8% by 2025 according to the 2024 African Economic Outlook. The report points to the recovery of agriculture after the drought and household consumption as two of the main drivers of the economy domestically. Externally, lower inflation has helped boost remittances. The Somali diaspora sends more than USD 1.7 billion annually through official channels. The rains have benefited the livestock sector, which is one of the main sources of export earnings.

Among the main challenges for the country, the report noted tensions over the Red Sea port issue with neighbouring Ethiopia. The Somali economy is dominated by the service sector (56% of jobs), followed by agriculture (26.3% of jobs) and industry (17.1%). The country needs to invest in infrastructure and improve agricultural productivity to reach its potential. To do so, the state and institutions will need to be stronger. Somalia's GDP in 2023 was \$10.97 billion.

Debt and currency:

In early November 2024 the Somali finance ministry announced the end of the debt relief process with several creditors. The largest of these, the United States, forgave a figure of 1140 million dollars. According to the Guardian, part of the Somali debt had been accumulated during the 1980s, during the dictatorial regime of Siad Barre.

The World Bank highlighted a total debt relief of \$4.5 billion, a fact that allowed Somalia to move from having a debt in 2018 of 64% of GDP to a debt of just 6% of GDP by the end of 2023.

Somalia's currency, the Somali shilling, had an exchange rate of 568 shillings to the US dollar in the spring of 2025. This represented an increase in the value of the local currency from what it was in 2015, when it took more than 700 shillings to get one

dollar. Still, Somalia's vulnerability to cuts in foreign aid (9% of gross national income was USAID injections) calls for caution.

Imports and exports:

Somalia exported USD 1030 million worth of goods in 2023. The majority of export earnings came through two products: the export of livestock (36%) and gold (30.6%). Seafood, fish, iron, or citrus fruits were other minor sources of dollars for the Somali economy. The main destinations for Somali exports were in the Middle East: the United Arab Emirates 35 per cent), Saudi Arabia (27.4 per cent) and Oman (17.5 per cent) accounted for 8 out of every 10 dollars in revenues for Somalia. Neighbouring Djibouti (8.18%), known for its role as a trade hub, was the other major destination for goods.

Merchandise imports in 2023 were USD 5.22 billion. Most commodities are imported: the highest share of imports was sugar (7.5%), followed by tobacco (5.4%), rice (4%) or palm oil (3.9%). Television sets, clothing, cars, milk or petrol represented some of the other major expenditures in the trade balance. The three largest trading partners in this section are the United Arab Emirates (29%), China (19.4%) and India (14.9%), followed by Turkey (8.13%) and Oman (4.92%).

Electricity:

Somalia has increased its electricity generation between 2010 and 2023. In 2010, it generated 0.33 TWh, and 100% of the electricity mix came from fossil fuels. In 2023, generation was 0.42 TWh, with a slightly more diversified mix distribution thanks to the entry of renewables: 81.95% for fossil fuels, 16.67% for solar, and 2.38% for wind.

Defence:

Somalia's annual defence expenditure was \$143.5 million in 2023, according to SIPRI, a Swedish institute specialising in defence trade. In total, defence accounts for about 20% of Somalia's total government spending, a reflection of Somalia's need to reclaim territory from the al Shabab militia. The country's main supplier since 2000 has been Qatar.

Demographics:

Somalia's population has grown substantially and urbanised since 1990. In that year, the country had 7.1 million inhabitants, with 70.3% living in rural areas. In 2023, the population reached 18.4 million, with 47.9% residing in urban areas. Life expectancy has increased from 47 years in 1990 to 56 years in 2022. During the early war years, when the Somali state disappeared, life expectancy plummeted to 27 years (1991). Half of the population is less than 19 years old.

Technological innovation:

In Somalia, more than a quarter of its citizens are connected to the internet, reaching 27.6% in 2022. This is below the continent's average (around 34%). According to the ICT Development Index 2023, 19% of Somalis have a mobile phone.