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ONE-DAY POLICY DIALOGUE ON:

THE IMPACT OF THE MIDDLE EAST CONFLICT ON
SOMALIA'S ECONOMY AND FOOD SECURITY:
THE ROLE OF GOVERNMENT AND THE PRIVATE
SECTOR

A National Policy Paper

Arising by Magan Forum

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Highlights

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All of our fuel is sourced from the Middle East market. In times of crisis, the government and the private sector must work together to safeguard our fuel security.

—**Jamaal Mohamed Hassan**

Minister of Trade and Industry, Federal
Government of Somalia



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If we fully harness the potential of our marine fisheries, fish alone could provide sufficient food for our population while also generating enough export revenue to support the entire national budget. It is one of the most accessible resources we have, and its production is far more cost-effective than many other sectors.

—**Abdirahman Ainte**

Middle East Expert



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At the emergency situation, fish is the only food source that brings us closest to self-sufficiency. If you go out to sea tonight, you can have breakfast tomorrow from your catch. Most of other foods can take more than three months. That is why protecting and investing in our marine resources is essential.

—**Prof. Dr. Yahye Sh. Aamir**

Economist



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Somalia imports nearly \$2 billion worth of food annually. By refining river management and investing in the production of rice, edible oils, and wheat, we can significantly reduce our dependence on food imports from countries such as Turkey, India, and Ukraine.

—**Dr. Khalid Omar Ali**

Founder and CEO, CSET Seed Production



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One of Somalia's biggest challenges is that even when ten individuals each have \$100,000 to invest, they are often reluctant to combine their resources and work together. This makes it difficult to finance large-scale projects. What we need most is a strong investment pool that can mobilize capital for major national initiatives, because no country can be transformed through isolated individual efforts alone.

—**Dr. Ahmed Khadar Abdi Jama**

CEO, Somali Banks Association (SBA)



DISCLAIMER AND INSTITUTIONAL NOTE

This policy paper has been prepared by Magan Forum on the basis of expert deliberations, panel contributions, and working group discussions convened during the Policy Dialogue held on 14 April 2026 at Jazeera Palace Hotel, Mogadishu. The views expressed herein represent an institutional synthesis of the dialogue proceedings and do not necessarily reflect the official positions of any individual participant, government ministry, or international organization. The paper is intended to inform evidence-based national policy deliberation and strategic planning processes.

Magan Forum is a platform dedicated to promoting knowledge, dialogue, research, and public awareness on issues that impact on Somali society. The forum is dedicated to producing rigorous, actionable, and nationally relevant policy analysis in service of Somalia's development, governance, and economic transformation agenda.

EXECUTIVE SUMMARY

Somalia stands at a perilous intersection of global geopolitical turbulence and structural domestic fragility. The escalation of the Middle East conflict, encompassing the Red Sea crisis, attacks on commercial shipping on strait of Hormuz, and the broader regional instability emanating from the middle east conflict, has exposed with painful clarity the depth of Somalia's dependence on external supply chains, imported food, and maritime trade corridors that pass through some of the world's most volatile waters. Magan Forum, convened on 14 April 2026, brought together government officials, economists, agricultural specialists, banking leaders, business executives, media representatives, academics and civil society actors to examine these compounding risks and chart a coherent national response.

The key findings of the dialogue are unambiguous: Somalia's vulnerability to external shocks is not merely a product of current geopolitical conditions but reflects decades of structural underinvestment in domestic production capacity, agricultural systems, industrial development, and institutional resilience. The country imports the overwhelming majority of its essential goods; food, fuel, medicine, and industrial inputs, rendering it acutely susceptible to any disruption in global supply chains or maritime trade routes. The middle east crisis has already manifested in elevated shipping costs, fuel price inflation, currency depreciation pressures, and increasingly unreliable delivery timelines for essential commodities.

Food insecurity, already at chronic levels, risks deteriorating into acute crisis conditions as import costs rise, purchasing power erodes, and humanitarian supply pipelines face disruption. Simultaneously, Somalia's vast untapped potential in fisheries, irrigated agriculture along the Jubba and Shabelle river systems, and renewable energy remains largely dormant, potential that, if strategically developed, could substantially reduce the country's structural dependency within a generation.

Dialogue Objectives

The Magan Forum policy dialogue was convened with four clear objectives:

- Assess current impacts on trade and supply chains: - understanding the depth and breadth of disruptions already affecting Somalia's import systems and markets.
- Clarify the role of government institutions: - identifying which ministries, agencies, and policy instruments are best positioned to respond to the crisis.
- Strengthen public-private partnership (PPP): - building trust and coordination frameworks between government and the business community to enable a unified response.
- Propose practical, resilience-focused solutions: - moving beyond diagnosis to develop concrete, actionable measures that Somalia can implement at varying time horizons.

Expected Outcomes

- A shared understanding of the crisis
- Clear policy direction
- Strengthened collaboration between government and private sector
- Actionable recommendations to protect Somalia's trade systems and food security

Key Discussion Areas

The dialogue was structured around six thematic areas identified as most critical:

- Impact of the Middle East conflict on supply chains, tracing how the conflict travels through global logistics networks to affect Somali markets.
- Government role and trade policy responses, examining what policy tools exist and how they can be deployed to mitigate harm and build resilience.
- Opportunities and challenges in Somalia's ports, assessing the capacity, competitiveness, and vulnerability of Somalia's key entry points for trade.
- Private sector role in developing alternative supply routes, exploring how businesses can actively contribute to diversifying Somalia's import pathways.
- Link between trade and food security, establishing clearly how disruptions in trade translate into food insecurity, particularly for vulnerable populations.
- Immediate and long-term strategic actions, distinguishing between crisis management measures and the structural reforms needed for durable resilience.

Key Findings

- Somalia's import dependency ratio for essential foodstuffs exceeds 80 percent, leaving it among the world's most exposed economies to external supply-chain disruptions.
- Red Sea and Strait of Hormuz shipping disruptions have increased freight costs on Somalia's primary import routes by an estimated 30–60 percent, with cascading inflationary effects on domestic consumer prices.
- The fisheries sector, one of the most underutilized strategic assets in the Horn of Africa, could generate both emergency food security and substantial export revenues if developed urgently and systematically.
- Domestic agricultural potential along the Jubba and Shabelle rivers remains unrealized due to infrastructure neglect, the politically complex impact of Ethiopian upstream water management, and absence of a coherent national irrigation strategy.
- The private sector, while dynamic, remains fragmented, insufficiently capitalized, and heavily trade-oriented, with minimal transition toward productive investment in manufacturing or agro-processing.
- Strategic communication failures mean that public understanding of economic risks, domestic production opportunities, and consumption behavior remains inadequate for effective national mobilization.

Core Policy Recommendations

- Immediate: Establish a National Economic Crisis Monitoring Unit; activate emergency fisheries expansion protocols; launch a targeted public awareness campaign on import substitution and domestic consumption.
- Medium-Term: Develop a National Irrigation Rehabilitation Programme along the Jubba and Shabelle corridors; establish a Fisheries Development Fund; create tax incentives for domestic manufacturing.
- Long-Term: Adopt a National Food Sovereignty Strategy with a ten-year horizon; develop a Blue Economy Masterplan; establish strategic commodity reserves; institutionalize a National Resilience Framework with dedicated financing.

The strategic significance of this moment cannot be overstated. Global geopolitical instability will not abate quickly. Somalia must treat the current crisis not merely as an emergency to be managed but as a structural warning requiring fundamental economic transformation. The choices made in the next twelve to twenty-four months will determine whether Somalia builds genuine resilience or remains perpetually vulnerable to the next external shock.

1. INTRODUCTION: GLOBAL TURBULENCE AND SOMALIA'S EXPOSED POSITION

The Middle East is experiencing its most volatile period in decades, with the Gaza conflict that began in October 2023 expanding into a multi-theater regional crisis involving Houthi forces in Yemen, Iranian-aligned proxies across the Levant, and direct military exchanges between Iran, Israel, and the United States. This escalation has destabilized two of the world's most critical maritime corridors. Houthi attacks in the Red Sea have forced major shipping lines to divert around the Cape of Good Hope, adding substantial distance, time, and cost to global trade routes. More consequentially, rising tensions around the Strait of Hormuz, through which roughly a fifth of the world's oil and a major share of LNG exports flow, threaten an even larger disruption. A direct Israel-Iran confrontation with U.S. involvement raises the risk of a broader war that could choke off Gulf energy exports, rattle investor confidence, and erode the financial strength of Gulf states that underpin neighboring economies through trade, investment, aid, and remittances.

While wealthier nations can absorb these shocks as costly but manageable disruptions, Somalia faces them as an existential threat. Sitting at the gateway to the Red Sea, Somalia is directly exposed to both the Bab El-Mandeb shipping crisis and any fallout from Gulf instability, a region that serves as its primary source of imported food, fuel, construction materials, consumer goods, remittances, and development support. With a weak productive base, near-total reliance on imports, and over half its population already food insecure, Somalia would be hit by compounding shocks if Hormuz tensions escalate further: rising import and fuel prices, declining remittances from Gulf-based workers, slowing investment, and mounting strain on government revenue and humanitarian aid. For Somalia, the convergence of Red Sea and Persian Gulf instability is not a peripheral risk but a direct strategic threat to its economic stability, food security, and social cohesion.

The Magan Forum Policy Dialogue, convened on 14 April 2026 at Jazeera Palace Hotel in Mogadishu, was designed precisely to address this convergence of external threat and domestic vulnerability. The forum convened a cross-sectoral assembly of Somali policymakers, economic experts, agricultural scientists, financial professionals, business leaders, media actors, and civil society representatives to produce an honest, analytically rigorous assessment of Somalia's exposure and a coherent strategic response framework. This policy paper distills the deliberations of that dialogue into a structured national policy instrument, synthesizing expert insights into actionable recommendations across immediate, medium-term, and long-term horizons.

The urgency of this exercise cannot be understated. Somalia's vulnerability to external economic shocks is not a novel condition, it has been a defining characteristic of the national economy for decades. What the current Middle East crisis has done is render that vulnerability undeniable, and in doing so, it has created both an imperative and a political opportunity for structural reform.

This paper argues that Somalia must respond not merely reactively but transformatively, converting crisis into the catalyst for the domestic production revolution that the country's long-term sovereignty and security demands.

2. THE MIDDLE EAST CONFLICT AND SOMALIA'S ECONOMIC EXPOSURE

2.1 The Architecture of Dependency

To understand Somalia's exposure to the Middle East conflict, one must first understand the architecture of its economic dependency. Somalia is structurally oriented as a consumption economy rather than a production economy. It imports the overwhelming majority of its essential commodities: rice from Asia (predominantly Pakistan and India); wheat flour from Turkey, Ukraine, and the Gulf; sugar, cooking oil, and dairy products largely from regional suppliers; fuel from Gulf states; and manufactured goods from a diverse range of international sources. Domestic production, despite the country's significant agricultural, livestock and fisheries potential, accounts for a minority share of consumption in virtually every food category.

This architecture of dependency is not incidental. It is the product of four decades of conflict, state collapse, institutional underdevelopment, and the rational short-term logic of importing goods that are cheaper than producing them domestically when investment capital, infrastructure, and governance frameworks are absent. The result, however, is a national economy that transmits every external price shock directly into household welfare, with minimal absorptive capacity and negligible strategic buffering.

2.2 Red Sea Disruption: Transmission Mechanisms

The Houthi attacks on Red Sea shipping and the consequent rerouting of commercial vessels around the Cape of Good Hope have introduced a set of transmission mechanisms that collectively represent a severe and multi-dimensional economic shock to Somalia. Freight costs on key import routes have escalated significantly, with major shipping lines imposing war risk surcharges on vessels transiting the Gulf of Aden. Insurance premiums for maritime cargo destined for East African ports have risen sharply, with these costs ultimately passed on to importers and, through the supply chain, to Somali consumers.

2.3 Inflationary Pressure and Currency Dynamics

The import cost shock has been a primary driver of inflationary pressures that, as acknowledged during the Magan Forum dialogue, the government has been attempting to manage through a combination of regulatory interventions and price-monitoring mechanisms. However, the inflationary dynamic is structurally rooted in supply-side factors that administrative controls can moderate but not eliminate. Fuel price inflation is particularly consequential in the Somali context, where electricity generation relies almost entirely on diesel generators, transportation costs are a significant component of food prices, and agricultural operations depend on mechanized pumping from shallow water sources.

The Somali shilling, which operates in a complex currency environment alongside the U.S. dollar (the de facto currency for most formal commercial transactions), has faced depreciation pressure as import costs rise relative to export earnings. Somalia's export base dominated by livestock, with minor contributions from fisheries products and re-exports, that generates insufficient foreign exchange to offset the costs of its import dependency,

and remittance flows from the diaspora, while substantial, are not immune to the economic pressures affecting Somali communities in the Gulf states most directly impacted by the regional conflict.

2.4 Port Vulnerabilities and Maritime Trade Risks

Somalia has a coastline at over 3,300 kilometers the longest in continental Africa, is paradoxically both a major strategic asset and a source of logistical fragility. The country's ports remain underdeveloped relative to their potential, with limited deep-water berthing capacity, inadequate cold-chain and warehousing infrastructure, and institutional management frameworks that do not yet meet some international operational standards. The concentration of trade through Mogadishu port means that any disruption to that facility whether from external maritime threats, piracy resurgence, or operational failure has national implications.

STRATEGIC FINDING 1: COMPOUNDING VULNERABILITY

Somalia does not face one crisis but the compounding interaction of an external geopolitical shock, structural economic fragility, and institutional under-preparedness. The Red Sea disruption is the immediate precipitating factor; the depth of its impact is determined by structural conditions that predate the current conflict by decades.

3. STRUCTURAL DRIVERS OF SOMALIA'S FRAGILITY

3.1 The Legacy of Underinvestment

Somalia's structural economic fragility cannot be attributed solely to political instability and conflict, though these are undeniably its primary historical drivers. An equally significant factor has been the systematic underinvestment in productive sectors; agriculture, livestock, fisheries, manufacturing, and infrastructure over multiple decades. In the absence of functional state institutions during the 1990s and 2000s, private investment gravitated toward high-return, low-capital-requirement activities: trade, money transfer services, and telecommunications. These sectors flourished, demonstrating remarkable Somali entrepreneurial capacity, but their success did not translate into the development of domestic production capacity or national economic diversification.

The result is an economy characterized by a vibrant but structurally shallow private sector that has become deeply invested in the trade model it helped construct. The transition from a trade-dependent economy to a production-oriented economy requires not merely individual business decisions but a fundamental restructuring of incentive frameworks, infrastructure, regulatory environments, and financing mechanisms, a transformation that the state is only beginning to have the institutional capacity to coordinate.

3.2 Weak Agricultural Systems

Somalia's agricultural sector encompasses two distinct agro-ecological zones of considerable potential: the inter-riverine region between the Jubba and Shabelle rivers in the south, which historically constituted the breadbasket of the Horn of Africa; and the northern pastoral and agro-pastoral zones that support extensive livestock production. Both zones are dramatically underperforming relative to their productive potential.

The inter-riverine zone has suffered from decades of conflict-related displacement, destruction of irrigation infrastructure, insecurity that has prevented farmers from accessing their land, and the progressive deterioration of the Jubba and Shabelle river systems. Dr. Khalid Omar Ali's contributions to the Magan Forum dialogue highlighted the particular urgency of the river rehabilitation challenge: the Shabelle river, which historically provided year-round irrigation water to Somalia's most productive agricultural regions, now runs dry for extended periods due to a combination of upstream water extraction, dam construction in Ethiopia, and the deterioration of Somali water management infrastructure. The political dimensions of this challenge involving upstream riparian rights, the Ethiopian Dam complex, and bilateral negotiations between Addis Ababa and Mogadishu, render it both technically complex and diplomatically sensitive.

3.3 Fisheries Underdevelopment: A Strategic Paradox

Somalia's fisheries sector represents one of the most striking paradoxes in the Horn of Africa's development landscape. The country possesses some of the most productive fishing grounds in the world, with its exclusive economic zone encompassing waters rich in high-value species including tuna, shark, lobster, and diverse demersal fish stocks. Yet this extraordinary natural endowment generates minimal economic benefit for the Somali state or population, while foreign fishing vessels operating both legally and, frequently, illegally have exploited these resources for decades.

The barriers to fisheries development are well-documented: absence of a modern fishing fleet; no cold-chain infrastructure connecting landing sites to markets; lack of processing facilities; inadequate port infrastructure; limited technical capacity among fishing communities; weak enforcement of exclusive economic zone boundaries; and insufficient access to financing for artisanal fishers who lack the collateral or documentation to access commercial credit. These barriers are real but not insurmountable, and the dialogue underscored that fisheries represent the single sector where rapid scaling could produce both immediate food security gains and longer-term export revenue.

3.4 Private Sector Fragmentation and Financing Constraints

Somalia's private sector is characterized by genuine entrepreneurial dynamism coexisting with structural fragmentation and capital inadequacy. The sector is dominated by small and medium enterprises operating primarily in trade, services, and construction, with minimal presence in manufacturing or agro-processing. Large Somali corporations with the balance-sheet capacity to execute major national development projects to construct cold-storage facilities, establish agro-processing plants, or develop fisheries infrastructure at scale, are essentially absent from the domestic landscape.

This corporate scale deficit has multiple causes: the absence of a formal capital market; the limited development of long-term project financing by commercial banks; identity documentation challenges that impede formal business registration and access to regional economic institutions; and the historical fragmentation of Somali business networks along clan, regional, and diaspora lines that, while generating social capital within networks, inhibits the formation of large institutional partnerships. As highlighted during the forum, the practice of major Somali traders operating under foreign passports means that Somalia loses both the formal trade recognition and institutional access that would accrue from a nationally documented business community.

4. FOOD SECURITY AS NATIONAL SECURITY

4.1 The Food-Security Nexus

The conceptual framework that most accurately captures Somalia's situation is one that treats food security not as a humanitarian variable but as a core national security issue. When a country cannot guarantee its population consistent access to affordable, nutritious food and when that inability stems from dependence on import supply chains that traverse conflict zones and are subject to disruption by geopolitical forces entirely beyond Somalia's control, food insecurity is simultaneously a governance crisis, an economic crisis, and a national security crisis. This framing, articulated powerfully by Dr. Khalid Omar Ali during the dialogue, demands a corresponding shift in how the Somali state prioritizes and resources its response.

Somalia's food security indicators, even in periods of relative stability, reflect chronic structural inadequacy. Humanitarian agencies operating in Somalia report persistently elevated levels of acute food insecurity, with large portions of the population classified in IPC Phase 3 (Crisis) or above during recurring seasonal stress periods. The Middle East crisis and its transmission effects have the potential to push food insecurity indicators materially higher by increasing the cost of imported staples, disrupting humanitarian supply chains, and reducing the purchasing power of household's dependent on remittances from Gulf-based diaspora members whose own economic circumstances are being adversely affected by regional instability.

4.2 The Fisheries Imperative: Emergency and Strategic

The dialogue produced significant convergence around the proposition that fisheries represent Somalia's most immediately actionable lever for improving food security during the current crisis. Unlike agricultural development, which requires multi-year investment in irrigation infrastructure, seed supply chains, storage systems, and extension services before producing significant output increases, fisheries development can generate rapid gains with relatively modest targeted investment. Artisanal fishing communities already exist along Somalia's coast; the binding constraints are access to boats, gear, cold-chain facilities, and market linkages. As Prof Yahye Sh. Aamir mentioned.

A strategically designed emergency fisheries expansion program, providing subsidized equipment access, establishing rapid-deployment cold-chain units at key coastal landing sites, and creating direct supply linkages to urban markets and humanitarian food distribution networks, could meaningfully increase domestic protein availability within twelve to eighteen months. This represents both an emergency response to the current crisis and a foundation for the longer-term blue economy development that Somalia's strategic position demands.

4.3 Agricultural Revitalization and River Management

The longer-term foundation of Somalia's food sovereignty must rest on the revitalization of its agricultural sector, with particular focus on the inter-riverine zone's irrigated agriculture potential. As Dr. Khalid Omar Ali emphasized, Somalia has the soil conditions, the climatic potential, and the historical knowledge base to produce many of the food commodities it currently imports at great cost: sorghum, maize, sesame, beans, and with

investment in appropriate varieties and water management, even wheat and rice. The inter-riverine zone, if properly irrigated, managed, and protected, could provide nutritional security for a substantial portion of Somalia's population while generating agricultural exports to regional markets.

However, realizing this potential requires confronting the water management challenge directly. The Jubba and Shabelle rivers, the lifeblood of Somalia's irrigated agriculture, are under increasing stress. The Shabelle in particular runs dry seasonally in ways that were not characteristic of its historical pattern, partly due to increased upstream extraction and dam construction in Ethiopia. This is not merely a technical water management issue: it is a geopolitical and diplomatic challenge that requires Somalia to engage Ethiopia in formal water-sharing negotiations within the framework of international riparian law. The Nile Basin Initiative provides a partial institutional model, though Somalia's circumstances differ in important respects. Bilateral and multilateral diplomatic engagement to secure Somalia's water rights is a national security imperative that must be elevated to the highest levels of foreign policy prioritization.

STRATEGIC FINDING 2: FOOD SOVEREIGNTY IS NON-NEGOTIABLE

A state that cannot feed its population without depending on supply chains that traverse active conflict zones has ceded a fundamental dimension of sovereignty. Somalia's path to genuine political independence and national security runs necessarily through agricultural revitalization, livestock, fisheries development, and strategic food reserve construction.

5. THE STRATEGIC ROLE OF THE PRIVATE SECTOR

5.1 From Trade Intermediaries to National Investors

Somalia's private sector has demonstrated extraordinary resilience and adaptability across decades of conflict and institutional uncertainty. In the absence of strong state structures, the Somali people did not collapse. Instead, individuals, entrepreneurs, scholars, community leaders, and private institutions stepped forward to fill the vacuum. Through resilience, innovation, sacrifice, and self-reliance, Somali citizens rebuilt essential systems from the ground up. Telecommunications flourished. Private education expanded. Formal and informal financial networks evolved into structured banking systems. Community-driven security and service provision emerged. In many sectors, Somali society demonstrated extraordinary adaptability. For over 30 years, the Somali community has largely depended on its own initiative to sustain daily life. The business community built functioning business institutions and maintained commercial supply chains that kept urban populations supplied with essential goods despite chronic insecurity. These achievements reflect genuine entrepreneurial capacity and organizational skill that constitute a national asset of the first order.

However, the current crisis demands a fundamental evolution in how that entrepreneurial capacity is deployed. The trade-intermediary model, which served an important function in filling the gap created by state absence, is structurally insufficient for the resilience challenges Somalia now faces. What the country requires is private sector investment in domestic production: agro-processing facilities, cold-chain infrastructure, fisheries landing and processing operations, livestock, renewable energy generation, construction materials manufacturing, and pharmaceutical production. This is not merely a commercial opportunity; it is a national imperative that the government must actively enable through policy incentives, regulatory reform, and strategic financing mechanisms.

5.2 The Banking Sector's Strategic Responsibility

Somalia's commercial banking sector, which has grown substantially over the past decade and includes increasingly sophisticated financial institutions with regional and international linkages, has an indispensable role to play in financing the productive investment transition. The Magan Forum dialogue highlighted the structural gap between the financing needs of large-scale development projects; cold-chain networks, fishing vessel fleets, irrigation infrastructure, agro-processing plants and the risk appetite and product design of current commercial bank lending.

Addressing this gap requires innovation on multiple fronts: the development of agricultural and fisheries-specific loan products with appropriate grace periods and collateral arrangements; creation of blended finance mechanisms that combine commercial bank lending with development finance institution guarantees to reduce risk premiums; establishment of a national development bank or national development fund capable of financing projects at a scale and tenor that commercial banks cannot currently provide; and engagement with diaspora capital to channel remittance flows toward productive investment rather than pure consumption.

5.3 Public-Private Partnership Architecture

The development of Somalia's productive capacity at the required scale and pace demands a systematic public-private partnership architecture in which the government creates enabling conditions and co-invests in strategic infrastructure while the private sector deploys capital, management capacity, and market relationships. This architecture requires clarity on the respective roles and incentive structures of each party, transparent contractual frameworks enforceable through functional commercial courts, and a regulatory environment that rewards productive investment while adequately taxing economic rents.

The taxation challenge is particularly delicate in the Somali context. As Professor Yahye Sh. Caamir and minister Jamaal Maxamed Xasan both noted during the dialogue, the government's fiscal revenues are heavily dependent on import duties and customs revenues, creating a structural tension between the goal of reducing import dependency (which would reduce customs revenue) and the fiscal needs of the state. Resolving this tension requires developing alternative revenue streams and domestic income taxation, a broadened VAT base, revenue from natural resource licensing including fisheries access fees while managing the transition in a manner that does not precipitately undermine fiscal stability.

6. MEDIA, PUBLIC AWARENESS, AND NATIONAL MOBILIZATION

6.1 The Communication Deficit

Effective national economic transformation requires not only policy design and institutional capacity but also a well-informed and engaged citizenry capable of understanding the nature of the challenges facing the country and the rationale for the responses being pursued. By this measure, Somalia faces a significant communication deficit. Public understanding of the economic mechanisms through which the Middle East conflict is affecting domestic prices, food availability, and purchasing power is limited; understanding of Somalia's productive potential and the opportunities available in fisheries and agriculture is even more limited. This communication gap is not merely an informational inconvenience, it has real policy consequences, inhibiting the behavioral changes, consumption shifts, and civic support for structural reform that effective policy implementation requires.

6.2 Structural Media Role

Somali media which encompasses an increasingly diverse ecosystem of radio broadcasters, television stations, online news platforms, and social media networks has the capacity to be a powerful instrument of national mobilization. However, the dialogue identified a pattern of media under-coverage of productive economic sectors relative to political and security content. Agriculture, fisheries, manufacturing, livestock and small business development receive inadequate sustained coverage, while the commercial and economic dimensions of political decisions rarely receive the analytical depth that informed public debate requires.

This pattern reflects multiple factors: the commercial incentive structures of media organizations that are dependent on advertising revenues tied to political and entertainment content; the limited economic journalism training available to Somali journalists; the absence of a strong tradition of business and economic media in the Somali media landscape; and the genuine difficulty of covering sectors, particularly rural agriculture and coastal fisheries, that are geographically dispersed and logistically challenging to access.

6.3 Strategic Communication for Economic Transformation

Transforming media's role in Somalia's economic resilience project requires both institutional reform within media organizations and a broader national communication strategy coordinated by the government, civil society, and the private sector. A national strategic communication framework should encompass: public awareness campaigns on the economic rationale for import substitution and domestic consumption; programming that profiles successful Somali entrepreneurs in productive sectors to create aspirational models; economic literacy education accessible to youth audiences; transparent government communication on fiscal challenges, policy trade-offs, and progress metrics; and media partnerships that give productive sector stories the prominence that their strategic importance deserves.

7. STRATEGIC OPPORTUNITIES EMERGING FROM THE CRISIS

7.1 Crisis as Catalyst

Historical analysis of national economic transformations reveals a recurring pattern: structural reform that is politically and institutionally difficult in normal conditions becomes achievable when crisis creates both the political urgency and the public appetite for change. Somalia's current situation, while genuinely threatening, contains within it the seeds of transformative opportunity if the country's leadership; governmental, business, and civil society can exercise the strategic vision to seize them.

7.2 The Blue Economy: Somalia's Unrealized Strategic Asset

The concept of the 'blue economy' the sustainable economic use of ocean resources, encompassing fisheries, aquaculture, maritime transport, coastal tourism, and offshore energy development provides a coherent strategic framework for mobilizing Somalia's most underutilized national asset: its extraordinary coastline and exclusive economic zone. A comprehensive Blue Economy Masterplan for Somalia could encompass the full spectrum from artisanal fisheries modernization to the establishment of export-oriented processing industries; from the reform of fishing access agreements to generate national revenue to the development of maritime logistics capabilities; and from ocean environmental conservation to the strategic development of offshore energy exploration.

7.3 Agricultural Transformation and the Domestic Market

The elevated cost of food imports, paradoxically, creates a commercial opportunity for domestic agricultural production. When imported rice, wheat, or cooking oil becomes significantly more expensive due to shipping disruptions and fuel cost inflation, domestically produced alternatives become relatively more price-competitive, creating an expanded market opportunity for Somali agricultural producers who previously could not compete with the price of imported goods. This price signal, if sustained, can incentivize private sector investment in domestic production, provided that the enabling infrastructure, financing, and regulatory environment are in place to translate commercial interest into productive capacity.

7.4 Youth Entrepreneurship and the Innovation Dividend

Somalia young population with a median age estimated below eighteen years, represents both a demographic challenge and a potential innovation dividend. The dialogue emphasized the importance of channeling youth entrepreneurial energy toward productive sectors through targeted programs: youth-focused agricultural start-up financing facilities; fisheries cooperative development programs for coastal youth communities; technical and vocational training institutions oriented toward food processing and manufacturing; digital agriculture platforms that connect rural producers to urban markets; and mentorship networks linking diaspora business professionals with domestic youth entrepreneurs.

7.5 Regional Economic Integration

Somalia's membership in IGAD, the African Union, and its observer status in EAC provide platforms for regional economic integration that remain significantly underutilized. Regional trade agreements that reduce barriers to Somalia's participation in East African value chains, facilitate the movement of agricultural commodities across borders, and create common standards for food safety and quality certification would significantly expand the market available to Somali

producers and reduce the country's dependence on distant global supply chains. The political conditions for deeper regional engagement, including the management of Somalia's complex relationship with Ethiopia, require careful diplomatic calibration but the economic imperative for integration is clear and compelling.

7.6 Diaspora Capital: From Remittances to Investment

The Somali diaspora, estimated at over two million globally, generates remittance flows that represent one of the largest sources of external capital for the Somali economy conservatively estimated at over one billion U.S. dollars annually. The overwhelming majority of these funds flow directly to household consumption, providing a critical welfare floor for recipient families but generating minimal productive investment. Developing mechanisms that channel even a fraction of diaspora capital toward productive investment through diaspora bonds, co-investment facilities that match diaspora funds with domestic banking sector lending, or structured diaspora equity investment vehicles — could mobilize significant capital for the sectors and projects that Somalia's resilience agenda requires.



8. POLICY RECOMMENDATIONS

The recommendations arising from the Magan Forum Policy Dialogue are organized across three time horizons, reflecting the different nature of actions required: immediate crisis management measures; medium-term structural investments; and long-term institutional and policy reforms.

8.1 Immediate Actions (0–12 Months)

Priority Action	Lead Institution	Key Outcome
Establish a National Economic Crisis Monitoring Unit with cross-ministerial participation and weekly price surveillance	Office of the Prime Minister / Ministry of Finance	Real-time early warning on inflation, import costs, and food security indicators
Activate Emergency Fisheries Expansion Protocol: subsidized gear, vessel financing, and rapid cold-chain deployment at 5 priority coastal sites	Ministry of Fisheries / Private Sector	Increased domestic protein supply within 12–18 months
Launch National Import Risk Mapping exercise to identify critical commodity dependencies and alternative suppliers	Ministry of Commerce / Central Bank	Diversified sourcing strategy reducing exposure to single-corridor disruptions
Initiate Public Awareness Campaign on economic crisis, domestic consumption, and food security	Ministry of Information / Media Houses	Informed public behavior; reduced panic purchasing; promotion of domestic products
Establish inter-ministerial Inflation Monitoring Committee with monthly reporting to the Cabinet	Ministry of Finance	Coordinated policy response to inflationary pressures
Engage Gulf state partners and international shipping insurers to negotiate preferential Somalia-bound cargo arrangements	Ministry of Foreign Affairs / Ministry of Commerce	Reduced shipping cost premium for essential imports
Develop Emergency Food Reserve Plan identifying storage sites, commodity mix, and financing mechanism	Ministry of Agriculture / Humanitarian Partners	Six-month buffer stock planning framework



8.2 Medium-Term Actions (1–3 Years)

Priority Action	Lead Institution	Key Outcome
National Irrigation Rehabilitation Programme: restore Jubba and Shabelle river irrigation infrastructure across 50,000 hectares	Ministry of Agriculture / Federal Member States	Substantial expansion of irrigated agricultural production
Establish Fisheries Development Fund with blended public-private financing and concessional credit windows for fishing cooperatives	Central Bank / Ministry of Fisheries / Commercial Banks	Scaled fisheries production with formal financial sector linkages
Develop National Cold-Chain Infrastructure Network connecting coastal landing sites, agricultural zones, and urban markets	Ministry of Commerce / Private Sector PPP	Reduced post-harvest losses; expanded domestic food market
Create Investment Incentive Framework for domestic manufacturing with targeted tax reductions and land access facilitation	Ministry of Commerce / Ministry of Finance	New domestic manufacturing enterprises in food processing, construction, and light industry
Launch National Youth Entrepreneurship in Agriculture, Livestock and Fisheries Program	Ministry of Youth / Development Finance Partners	10,000+ youth-led enterprises in productive sectors
Initiate formal diplomatic engagement with Ethiopia on Jubba-Shabelle water rights	Ministry of Foreign Affairs / Ministry of Water	Legally grounded bilateral agreement protecting Somalia's water access
Pursue accelerated EAC/IGAD trade integration with focus on agricultural commodity markets	Ministry of Commerce / Ministry of Foreign Affairs	Expanded regional market access for Somali producers

8.3 Long-Term Structural Reforms (3–10 Years)

Priority Action	Lead Institution	Key Outcome
Adopt National Food Sovereignty Strategy with ten-year targets for import substitution in key food commodities	Ministry of Agriculture / Council of Ministers	Structural reduction in food import dependency
Develop Comprehensive Blue Economy Masterplan covering fisheries, maritime transport, coastal tourism, and offshore energy	Ministry of Fisheries / Ministry of Planning	Somalia's ocean economy generating significant GDP and export earnings
Establish National Strategic Commodity Reserve System with purpose-built storage at three regional hubs	Ministry of Agriculture / Ministry of Finance	Effective buffer against supply disruptions for essential commodities
Industrial Policy Framework: establish Export Processing Zones and sector-specific industrial incentive packages	Ministry of Commerce / Ministry of Planning	Diversified industrial base reducing reliance on imported manufactured goods
National Energy Transition Program: scale renewable energy to reduce fuel import dependency	Ministry of Energy / Private Sector	Significant reduction in fuel import expenditure; improved industrial competitiveness
Establish National Development Bank with mandate to finance long-term productive sector investment	Ministry of Finance / Central Bank	Long-term project financing available for agriculture, fisheries, and manufacturing
National Resilience Framework with institutionalized risk monitoring, scenario planning, and crisis response protocols	Office of the Prime Minister / All Ministries	Institutionalized national economic resilience architecture

9. STAKEHOLDER RESPONSIBILITIES AND ACCOUNTABILITY FRAMEWORK

Effective implementation of the recommendations contained in this paper requires clearly defined institutional responsibilities, accountability mechanisms, and coordination architecture across the Somali National Resilience Ecosystem (SNRE).

9.1 Federal Government

The Federal Government bears primary responsibility for macroeconomic stabilization, national policy coordination, and international economic diplomacy. The Office of the Prime Minister should establish and chair the National Economic Crisis Committee (NECC) with cross-ministerial membership and mandate. The Ministry of Finance must develop alternative revenue frameworks that reduce dependency on import duties while maintaining fiscal stability. The Ministry of Foreign Affairs must elevate economic diplomacy — including shipping route negotiations, trade agreement acceleration, and water rights engagement with Ethiopia — to the highest priority level.

9.2 Federal Member States

The FMS control substantial portions of Somali agricultural land, coastal fishing territories, and local market infrastructure. Their active engagement is essential for implementing irrigation rehabilitation programs, fisheries expansion initiatives, and local food production strategies. The federal-state coordination framework must be strengthened to align national policy priorities with regional implementation capacity, with clear resource transfer mechanisms and performance accountability.

9.3 Sectoral Ministries

The Ministry of Agriculture must develop and lead the National Agricultural Revitalization Programme, including the irrigation rehabilitation strategy, seed supply system development, and extension services modernization. The Ministry of Fisheries must prioritize the Fisheries Development Fund establishment and cold-chain infrastructure deployment. The Ministry of Livestock must lead the National Livestock Development Programme, including the establishment of a Livestock Development Fund, expansion of veterinary and disease surveillance services, development of livestock processing and export infrastructure, and promotion of climate-resilient livestock production systems. The Ministry of Commerce must lead import risk mapping, trade diversification strategy, and domestic manufacturing incentive framework development.

9.4 Central Bank and Commercial Banking Sector

The Central Bank of Somalia must develop macroprudential frameworks that enable commercial banks to extend longer-tenor, productive sector-oriented lending without compromising systemic financial stability. Commercial banks must innovate new product lines — agricultural credit, fisheries equipment financing, agro-processing investment loans — supported by appropriate government-backed guarantee mechanisms that reduce the credit risk premium to commercially viable levels.

9.5 Private Sector

The Somali business community must accept that the transition from trade to production is both a national responsibility and a commercial opportunity. Business associations should develop collective investment vehicles for fisheries, agriculture, livestock, and manufacturing sectors. Individual business leaders should redirect a portion of capital from trade toward domestic production, taking advantage of the improving price competitiveness of domestic goods relative to imports. The private sector must also engage with formal business registration processes to ensure that Somalia's commercial presence is recognized in regional trade institutions.

9.6 Media Organizations, Think-Tanks and Universities

Media organizations must commit to a sustained increase in coverage of productive economic sectors, integrating agricultural and fisheries journalism, economic literacy content, and enterprise-oriented programming into their regular schedules. Universities and research institutions must produce the agricultural scientists, fisheries technologists, economic analysts, and policy researchers that Somalia's transformation agenda requires. Partnerships between universities and productive sector enterprises should be institutionalized to orient research agendas toward national development priorities.

9.7 International Partners and Diaspora Investors

International development partners — including the World Bank, African Development Bank, IGAD, FAO, UNDP and bilateral donors — should align their Somalia programming portfolios more explicitly with the domestic production and resilience framework articulated in this paper, reducing humanitarian dependency and scaling development investment in fisheries, agriculture, and infrastructure. The diaspora must be systematically engaged through government-created investment vehicles, providing the legal security, return guarantees, and co-investment opportunities necessary to channel diaspora capital from consumption into productive investment.

10. CONCLUSION: SOVEREIGNTY, RESILIENCE, AND THE IMPERATIVE OF TRANSFORMATION

The Middle East conflict has done Somalia the uncomfortable service of holding a mirror to its structural vulnerabilities with a clarity that is impossible to ignore. The dependence on imported food through contested maritime corridors, the absence of strategic reserves, the fragmented productive capacity, the underdeveloped fisheries, the neglected rivers, the fragile fiscal architecture — none of these are new phenomena. What is new is the geopolitical context that has rendered their consequences immediate, tangible, and increasingly difficult for any serious policymaker to dismiss.

The Magan Forum Policy Dialogue of 14 April 2026 was convened in this spirit of clear-eyed assessment. The experts, government officials, business leaders, and civil society actors who gathered at Jazeera Palace Hotel brought to the table not a counsel of despair but a recognition of genuine strategic opportunity. Somalia possesses, in its fisheries, its rivers, its agricultural land, its livestock, its young population, its entrepreneurial diaspora, and its extraordinary geographic position at the intersection of African and Asian trade routes, the raw material for a genuinely resilient and prosperous national economy. What has been lacking is not potential but the strategic framework, institutional architecture, and coordinated political will to convert that potential into productive reality.

Food security is national security. A Somalia that can feed its population from domestic production, supplement with regionally sourced alternatives, and maintain strategic reserves against external shocks is a Somalia that cannot be held hostage by distant geopolitical events. That Somalia is categorically more secure, more sovereign, and more capable of determining its own destiny than the structurally vulnerable state that current conditions reveal.

The path from vulnerability to resilience is demanding. It requires institutional investment that will not generate immediate returns, fiscal reform that will create short-term discomfort, diplomatic engagement with neighbors whose upstream water management threatens Somalia's agricultural future, and political leadership willing to make the long-term investments and short-term sacrifices that structural transformation demands.

Magan Forum presents this policy paper not as a final word but as a contribution to the ongoing national conversation that Somalia's circumstances urgently demand. We call upon the Federal Government, the Federal Member States, the private sector, civil society, media, universities, and the international community to engage with these findings and recommendations with the seriousness and urgency that the moment requires.

*The storm is real. The harbor of economic sovereignty is achievable.
The navigation requires clarity, courage, and coordinated national will.*

MAGAN FORUM CALL TO ACTION

Somalia must transform this crisis into the catalyst for the domestic production revolution that national sovereignty demands. The time for incremental adjustment has passed. The time for structural transformation has arrived. Magan Forum commits to continued policy research, dialogue facilitation, and advocacy in service of Somalia's resilience agenda.

PANEL CONTRIBUTORS

Contributor	Role & Expertise	Core Analytical Focus
Prof. Yahye Sh. Aamir	Macroeconomist	Fiscal triple shock; strategic reserves deficit; import substitution multiplier; monetary stability and social stratification; fish as a more accessible and readily available food source than other agricultural sectors.
Minister Jamaal Mohamed Hassan	Federal Government of Somalia: Trade Policy	Inflation control; investor incentives; import-origin recognition; youth entrepreneurship; institutional forward planning
Dr. Khalid Omar Ali	Private Sector — Agribusiness	The \$2 billion import bill; domestic seed and agro-processing investment; river infrastructure deterioration; Ethiopia upstream water diplomacy
Abdirahman Aynte	Geopolitical & Conflict Analysis	Maritime trade disruption; food sovereignty as national security; alliance diversification; Somalia's strategic foreign policy posture

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