

# The Seen and Unseen: Gaps, Themes, and Trajectories in Somali Economic Development Research

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## ABSTRACT

The systematically performed metadata reviews have produced a comprehensive mapping and analysis of the scholarly and policy literature on the economic development of Somalia, covering the period from 1991 to 2023. It was able to point out six main thematic clusters, namely: the informal economy and endogenous resilience; the political economy of state collapse and state-building relations; key economic sectors and livelihoods; the role of external actors and aid; systemic constraints such as climate change and insecurity; and new issues like natural resources and regional integration. The analysis indicated that at the beginning, the literature was focused on state failure; then came the praising of informal adaptation; and finally, the present-day involvement with the intricacies of state-building amid the perpetual crises. The review mentioned that the researchers heavily depended on qualitative case studies and data provided by international organizations, which were limited due to security issues, and also that the international community had the majority of the say when it comes to the production of knowledge. It was also pointed out that among the areas of research that were critically under-represented were industrialization, labor markets, gender, and comparative analysis. The research suggested that it is necessary to let the Somali people lead in future research and policies and also make them more grounded in the local context, to fill the gaps and thus pave the way for sustainable and inclusive development.

**Keywords:** Somalia, Economic Development, Informal Economy, State-Building, Political Economy, Resilience, Metadata Review.

## INTRODUCION

### Research context and background

Somalia is an extreme case and remains one of the most important examples of the political economy of extreme fragility. It might be considered a unique place where one can investigate the effects of economic life in the complete absence of a sovereign state (Weberian). The disastrous collapse of the Siad Barre regime in 1991 did not just set off a civil war that could be classified as conventional, but also led to the total extinction of all national institutions, which eventually resulted in the territory being subjected to a cumbersome, multi-decade condition of statelessness marked by little and disputed processes of state-rebuilding. Such a development can be seen as a significant challenge to the orthodox development theories that are based on the premise that a functional state is the primary provider of security, rule of law, and macroeconomic management. Therefore, it is an academic exercise to study the economic pathways in such an environment, to be precise, a critical necessity; it demonstrates how societies arrange the production, exchange, and distribution of their goods and services under the conditions of an institutional vacuum and how such peripheral systems interact with—and often oppose—later attempts to re-impose formal governance. To quote Menkhaus (2021), the Somali case demands a reconsideration of the fundamental notions of "failure" and "resilience," as it reveals a vibrant, adaptive, and largely informal economy generated by political disorder. The dichotomy of a failed political project versus a resilient societal and economic one is at the center of this inquiry, and it gives justification to Somalia being an extreme but informative site for reconsidering the basic conditions and actors in economic development.

The post-1991 period was not a single, unchanging time but instead was characterized by a series of overlapping political-economic phases with different features: the situation of warlords and chaos (1990s); the emergence of local, grassroots governance authorities like Somaliland and Puntland and the establishment of a powerful, transnational private sector (2000s); and the ongoing effort of the international community to support the Federal Government of Somalia (FGS) since 2012 which has been operating in a disputed area of sovereignty shared with the federal member states, the militant group Al-Shabaab, and powerful business interests (World Bank, 2022). Each phase has had its own economic structure, such as the early conflict economies during the collapse of the state, and the well-to-do, diaspora-supported service sectors of today. The necessity of looking at development paths in these terms is that it illustrates the existence of alternative institutional orders. Where the state was not present, other governance providers, including clan systems (xeer), Islamic courts, business cartels, and civil society organizations, provided different levels of security, contract enforcement, and dispute resolution, thus allowing surprisingly large economic activities to take place. The study of these paths offers essential insights for other weak and post-war countries, as it does not stop at the centralized state-building blueprints but rather expands the ideas to hybrid, polycentric models of economic governance (Mubarak, 2020).

Moreover, the scenario in Somalia is a mix of the country's internal adaptive resilience and huge external shocks, defining the country's path. The economy, which is still largely dependent on climate-sensitive pastoralism and agriculture, is facing the brunt of the climate change crisis with various droughts, such as the disastrous ones of 2016-2017 and 2021-2023, that not only destroyed the livestock and other sources of income but also increased the vulnerability of people living in those areas (FAO, 2023). At the same time, the perpetual fight of Al-Shabaab against the government is ruining economic activities through their unjust taxation (zakat), taking control of the trade routes, and forcing the state to spend more on security instead of development. Thus, the rationale for this study extends to comprehending how economic development is, in such a critically overlapping and chronically crisis-ridden context, where (the goals of) poverty alleviation, growth, political stabilization, and climate environment intertwine inextricably and dauntingly, conceived and pursued.

In the end, this opening shows Somalia not as the ultimate "failure" case but as a complicated and changing environment of both formal and informal institutions. To clarify the interpretations of this complexity, a literature review on its economic development is necessary. It aims to list the main narratives—from the early emphases on "anarchy" and "warlordism" to the later recognitions of the "Somali economic miracle" and the contemporary sagas of state-building in a market-dominant setting. Thus, a systematic analysis of this literature will enable us to spot the development of thought, dominant thematic clusters, methodological criticisms, and important lacunae, which will in turn furnish a structured basis for future research and more contextually-grounded policy that takes into account the country's distinctive historical legacy and current realities.

**Research question:** In what aspects are the thematic concentrations, methodological approaches, data sources, and theoretical frameworks aligned in the economic development literature concerning Somalia today?

### Objectives of the metadata review

- ✓ To thoroughly map out the scholarly and policy discourse on Somali economic development.
- ✓ To point out significant thematic clusters, gaps, and areas neglected
- ✓ To do a detailed analysis of the types of evidence used (data sources, methods).
- ✓ To follow the evolution of literature corresponding to different political phases (pre-collapse, civil war, transitional governments, post-FGS formation).
- ✓ To deliver a properly structured guide for researchers and policymakers.

## METHODOLOGY

The process for this metadata review was based on a systematic and multi-stage method to map and analyze the academic and policy discussions on economic development in Somalia. The scope of the review was intentionally set to limit it to literature published from 1991 onwards, especially to the works of the 2000s and 2010s that depicted the movements towards informality and state-building, while also integrating the important recent reports up to 2023 to remain relevant. A well-defined search strategy was carried out in the main academic databases, which included JSTOR, Scopus, and Web of Science, and the institutional repositories of major international organizations like the World Bank, the International Monetary Fund (IMF), and the United Nations

Development Programme (UNDP) were used. The search terms were designed to encompass keyword groups that linked “Somalia” with important concepts such as “economic development,” “informal economy,” “remittances,” “state-building,” and “climate resilience.” Each publication that was discovered was assigned a code based on a set of metadata criteria that had been previously established. The criteria included the type and year of publication, the primary thematic area, the method used, the key data sources, and the theoretical framework. This coding not only allowed for the mapping of publication trends in quantitative terms but also for the qualitative and critical analysis of the evolution of knowledge, dominant narratives, methodological limitations, and the representation of voices within the field, thus assembling a comprehensive analytical framework for the review.

## **Thematic Clusters in the Literature**

### **The Informal Economy & Endogenous Resilience**

The Somali informal economy was not just a case study of existing institutional innovation but rather the stronghold of this one aspect of the debate over the neoclassical view of state sovereignty and market functionality (Menkhaus, 2021). Researchers were very careful in pointing out that the void left in the wake of formal authority's demise was filled not just by anarchy but rather by the fast, self-organized formation of a new private sector vigorously engaged in telecommunications, finance, and cross-border trade. The telecommunications sector was one of the most visible areas where this transformation took place, with firms like Somtel and Hormuud Telecom being prime examples, as discussed by Mubarak (2020). The company tapped into the clan trust network for security and capital and thus managed to build an extensive infrastructure, even riding on the back of the creation of mobile money platforms like E-Dahab and Zaad, which still remain the best in the industry. These new banking practices were not only the replacements of the old central banking system but also the controllers of the economic territory, since they were the ones who determined the movement of goods and money across the borderlines that had become quite impervious because of the war and chaos. Interestingly, this type of economic coordination did not depend on the government but rather sprouted right from the society.

The exhaustive analysis of the hawala system, which was a major sub-theme within this cluster, dominated the discussions and was critical as well. The informal value transfer networks that were operated by Somali remittance companies were one of the aspects of the hawala system that were analyzed (World Bank, 2022). The academic and policy literature was unanimous in stating that hawala was not to be viewed merely as a financial conduit but rather as an economic institution enduring through the entire stateless period, thus forming a *de facto* parallel financial system. It was estimated that more than \$2 billion in the form of remittances from the diaspora were being transferred through these networks every year, as indicated by the major reports from the likes of the World Bank (2022), and this flow always was more than the official development assistance and thus served as the main social safety net and the source of investment capital for the nation. However, the literature also critically addressed the system's weaknesses, especially its vulnerability to the global “de-risking” phenomenon, where international correspondent banks, due to their concerns regarding compliance with anti-money laundering and counter-terrorism financing policies, cut off their ties with Somali money transfer operators. This not only threatened to cease this vital economic lifeline but also pointed out the fragility of informal systems amidst a formal global financial architecture (Maimbo, 2021).

The collaborative effort throughout this thematic cluster, therefore, was responsible for the theoretical conception of “endogenous resilience” being developed and improved. This concept claimed that Somali culture had invented very sophisticated and advanced, unofficial, bottom-up methods for economic governance in the absence of a leviathan (Little, 2003). Among the many, Little (2003) and later Menkhaus (2021) were the strongest proponents who showed in detail how customary law (xeer), commercial arbitration through business councils (shir), and kinship accountability had developed. They enabled long-distance trade and complex investments by providing credible dispute resolution, contract enforcement, and localized security. However, this resilience was not romanticized; the following analyses indicated quite clearly its limitations and exclusionary aspects (UNDP, 2019). The nature of the system that depended on the personalistic trust and the clan identity of the people not only made it difficult but also inefficiently monopolized the market by not allowing competition and proved structurally incapable of raising the needed national-level, long-term capital

for infrastructure or providing a platform for coherent macroeconomic policy, thereby exposing the critical limit of the informal development.

Thus, the literature depicted the informal economy of Somalia as a brilliant but incomplete adaptation to the prevailing anarchy, thereby creating a strong socio-economic status quo with very powerful and established interests (World Bank, 2022). This gave rise to the main dialectic that later on the studies done on the government building would struggle with: how could a new government, the one that was trying to establish its authority and financial capability, integrate, control, or formalize these lively, self-governing systems without stifling the very entrepreneurship that had been the root of the nation's support and causing political resistance? The informal economy was therefore not viewed as a temporary phenomenon but as the main and continuous characteristic of Somalia's post-collapse political economy, thus setting the conditions for all future attempts at institutional reconstruction and formal economic planning (Mubarak, 2020).

### **The Political economy of state collapse and state-building**

The academic and policy analyses have, in a very detailed manner, traced how the modalities of the Somali state's collapse directly influenced the economic structures that came up in its place and were influenced by them through their economic relations (UNDP, 2019). The literature provided the details of the first part of the saga, leading to a power struggle in the political economy ruled by warlords, where the major sources of wealth and power through force were the military controls over strategic assets such as the seaports of Mogadishu and Kismayo, airports, and the key inland checkpoints. This phase formed a stable war economy where legal trade, extortion, and militia financing coexisted and were deeply connected, a fact that was backed up by thorough political economy analyses of UNDP-like organizations in 2019. The conflict-profiting systems gave rise to such strong disincentives for peace that it was almost impossible for any political settlement to remain around the negotiating table, since the factions participating in such settlements would always be threatened in their revenues and lose power. Thus, the vicious cycle of fragmentation and violence was continuously sustained.

The analysis of the following period of internationally acknowledged, though still weak, transitional federal governments (approximately 2000-2012) was conducted using the perspectives of competitive elite bargaining and external rent-seeking (World Bank, 2022). The research depicted these governmental structures as unstable "political settlements" which mainly depended on the inflow of foreign diplomatic recognition, humanitarian aid, and limited customs revenues that became the elite's taxi for keeping their alliance through hardships. As it is argued in the literature on hybrid governance, such arrangements were predominantly concerned with the distribution of the external and the internal rents to the securing of short-term loyalties, rather than with the building of impersonal public institutions or the creation of a broad-based domestic revenue contract with the citizenry (World Bank, 2022). This period, therefore, established a "political marketplace" dynamic, where economic resources were constantly pushed to the limit for the sake of immediate political survival and thus contributed to the development of a non-rule-based bureaucratic state that was incapable of fostering the kind of economic development that was both genuine and inclusive.

The tough challenge of rebuilding central fiscal capacity after the establishment of the Federal Government of Somalia (FGS) in 2012 and that this problem became the core of the most recent literature (IMF, 2023). The scholars and the global financial institutions have been continuously pointing out that the FGS has been suffering from a serious shortage of domestic revenue, which was mainly based on indirect taxes from the port of Mogadishu and customs at the border. The reports of the International Monetary Fund (2023) have been showing that the domestically generated revenues were only covering a small part of the national budget, hence creating a debilitating cycle of reliance on donor budget support. The tax base expansion plans that were documented, particularly concerning the informal sector, which is extensive and very profitable, were met with very strong political resistance from powerful business interests that were used to operating tax-free and from federal member states that were very protective of their fiscal rights, thus revealing the very limited practical power of the central government even within its nominal territory.

Concurrently, the literature reviewed the long and disputed process of building legal-economic institutions from scratch, which was attempting not only to draft new laws but also to win the basic battle over the control of violence by the state, i.e., the right to coercively and lawfully enforce contracts, ownership of things, and rules (IMF, 2023). The Heavily Indebted Poor Countries (HIPC) Initiative debt relief process was regarded as the

major, externally-anchored institution-building project. The framework forced the FGS to design and carry out complex reforms in public financial management, anti-corruption measures, and economic statistics to reach the decision points that were laid down. Scholars viewed this painful process as a high-stakes experiment in which the conditionalities of the international financial architecture were used as leverage to propel the very edifice of a modern, transparent economic state, under the prevailing conditions of insecurity and political power fragmentation, and thus test if external incentives could trigger the change of institutions from within.

### **Key economic sectors and livelihoods**

Sectoral economic analyses have repeatedly recognized that the mainstay of the Somali economy throughout history has been comprised of pastoralism and the livestock trade, while at the same time depicting it as a socio-ecological system characterized by chronic and worsening crisis (FSNAU & FEWS NET, 2023). The literature developed through treating pastoralism not only as a simple production sector but also as a vulnerable livelihood complex, extremely sensitive to climatic and political shocks. The research documented quite meticulously how the recurrent droughts, and among them the very severe ones during 2016-2017 and 2021-2023, and the like, hurt the economy in a big way, which resulted in the starving of the cattle—in the regions where they were the main productive asset and savings mechanism for millions, and even widespread famine, displacements, and destabilization of the whole regional economies, Abdillahi, M. M., & Benjamin, B. O. (2025). By this, it was shown how much the major economic sector was dependent on the environment and how climate change and degradation were the problems that the sector would have to deal with when the resilience mechanisms, which were at the informal level, were neither able nor ready to be used at that large scale.

The literature depicted the agricultural and fisheries sectors as areas with great potential that had, however, been neglected, owing to conflicts, environmental pressures, and poor governance (Méndez Pinedo, 2021). The riverine agriculture of the Jubba and Shabelle valleys, which was at one time regarded as the national breadbasket, was reported to be suffering from conflict-related migration, fights over land ownership without a solution, neglect of irrigation facilities, and, due to climate change, erratic river flow that was getting worse. On the other hand, the literature regarding the fisheries sector disclosed an divided narrative; one of its strands was the destruction of Somali maritime resources by foreign- owned ships taking part in Illegal, Unreported and Unregulated (IUU) fishing, which for that long period had turned coastal communities into people without any means of living, and also the mentioned piracy, which later emerged, had been historically attributed to this situation (Méndez Pinedo, 2021). The latter, being more policy-oriented, was focusing on the still infant potential for a legitimate domestic fishery guided by the improvements in maritime security, cold-chain infrastructure, and the state's regulatory capacity to fight against foreign IUU fishing and the dumping of toxic wastes, which has also polluted the near-shore ecosystems more.

The lively telecommunications and services sector, which the literature described as the mainstay of Somalia's endogenous modern economy (Mubarak, 2020), was the one that stood in stark contrast to the traditional sectors. Experts attributed the great success of the sector to the absence of regulation, the enormous pent-up demand, the great influx of investments, and the expertise coming from the diaspora. The development of the sector was seen as a journey leading from, first of all, basic mobile telephony up to the provision of advanced mobile financial services and the internet as proof of adaptive entrepreneurship in a low-trust, high-risk environment. However, later scholars started to critically engage with the sector's future in the light of the gradual process of state-building (World Bank, 2022).b Aspects such as spectrum licensing, universal service obligations, consumer protection, and corporate taxation emerged as important issues and raised fundamental questions about how this vibrant, informally-grown industry would either integrate with or resist the new regulatory state apparatus that was trying to assert its authority and collect revenues.

In the end, the literature from different sectors presented a mixed picture of an economy that was characterized by extreme duality and considerable vulnerability of the system (UNDP, 2019). On one side, there was a huge, climate-dependent traditional sector that was supporting the population mostly, while on the other side, there was a small but very sophisticated and urban-based service sector that was financed by the capital from the diaspora. Informal hawala and trade networks were often the connections between the two. The whole situation, apart from being resilient in an unchanging manner, was considered to be unsuitable for the kind of transformative and inclusive growth that was being talked about. The heavy reliance on rain-fed pastoralism and farming made a large part of the population liable to suffering from the same conditions, and, at the same time,

the modern service sector, whose limited linkages with the wider economy and regulatory uncertainties that it faced, could not make a strong impact as a developer of the whole country. The problem that was identified was calling for the government to take strategic interventions asking specifically for the management of climate risks, adding values to primary products and the linking up of sectors which is a matter that has happened mostly by accident through the informal systems that were already established in the absence of the state's intervention which have now grown to be a very big issue.

### **The role of external actors and aid**

A thorough review of the literature has covered the role of external actors and dissected the extremely deep, multi-decade international community's impact on Somalia's political and economic paths and the paradoxical nature of such influence, including even the distortions, all along the lines of intervention (Ahmed & Green, 2019). One of the main and key points throughout these discussions was the assessment of the humanitarian-development-peace nexus, which was the channel through which tens of billions of dollars in assistance were routed. The researchers contended that the disaster-driven demand saved the lives of many persons. However, it was also the case that sometimes it did so through creating a "dependency economy" that discouraged local agricultural recovery and thus market development. Besides, the "securitization" of aid scenario whereby progressively the assistance was aligned with counter-terrorism and stabilization objectives was shown by the researchers to be a factor that positively influenced the compromising of the humanitarian principles of neutrality, politicization of relief efforts, and thereby making aid workers targets which in turn undermined the long-term development goals for the sake of the short-term security gains, Abdillahi, M. M., Oluka, B. B., & Tindyebwa, J. (2025).

A crucial comparative study within this grouping compared the financial flow from the diaspora with Official Development Assistance (ODA) (World Bank, 2022). The literature constantly depicted the Somali global diaspora, which was mainly working via hawala remittances and direct investments in real estate, telecommunications, and small-scale manufacturing, as the most influential, effective, and responsive to the market drivers of economic maintenance and recovery. By comparison, ODA was described as very critical for state functionality and funding public investment projects, but was often viewed as top-down, fragmented along donor priorities, burdensome in terms of administration, and prone to government capture and corruption where the recipient government was weak. Recent assessments and recommendations from the World Bank (2022) and similar institutions looked at new ways to attract diaspora capital through formal channels like the issuance of diaspora bonds, but also pointed out that the lack of trust in formal state institutions was a significant barrier to the process of formalization.

At last, this cluster conducted a detailed study on the economic effect of large-scale security investments and the peacekeeping economy that primarily involved the African Union Mission in Somalia (AMISOM) and later its successor, the African Union Transition Mission in Somalia (ATMIS) (UNDP, 2019). According to the literature, these missions were responsible for a large part of the local economy through their activities such as leasing properties, purchasing local goods and services, and hiring local staff. On the other hand, the research identified considerable negative impacts: the increase in local prices (especially in the case of real estate in Mogadishu), the establishment of war economies and dependence on military activities in certain areas, and the establishment of corruption as a result of the non-transparent procurement process. The gradual and orderly withdrawal of ATMIS troops brought up crucial issues in recent research about the viability of Somalia's security sector financing, the occurrence of a major fiscal and economic shock, and the extent to which outside security funding had become intertwined with the already tenuous political economy of the country.

By combining the main points of the various threads, the study of external actors, in the end, offered a pessimistic view of world international engagement (Menkhaus, 2021). It showed the picture of a situation where external interventions with good funding sources created totally disconnected economies, a "NGO/peacekeeping economy" in Mogadishu and other such cities, that successfully coexisted but were not fully connected to the resilient informal Somali economy. This situation could lead to labor markets being distorted, the wrong kinds of incentives being created, and in some cases, even the very state-building projects being ruined that were intended to be supported by the bypassing of the nascent government systems. The primary obstacle that was pointed out in this discussion was that the outside players had to match their tactics with the local Somali economic structures and to prioritize the long-term objective of establishing effective, responsible, and financially independent Somali institutions over the short-term military and aid processing requirements.

## Constraints and systemic risks

The academic and policy papers have gone beyond the institutional analysis of Somalia's development and have dealt with the harsh ecological and security conditions (FAO, 2023). One of the most serious consequences of climate change and environmental degradation has moved from being a minor issue to a major concern in recent studies. Somalia has always listed among the top countries most susceptible to climate shocks, and the reports from the Food and Agriculture Organization (FAO, 2023) have shown a horrifying pattern of droughts becoming more frequent, more intense, and lasting longer. The situation was depicted not only as a recurring humanitarian crisis but also as a cause of macroeconomic instability, mass displacement, conflict among communities over scarce water and pasture land, and a strong factor in the recruitment of Al-Shabaab and other armed groups. The literature did admit, nonetheless, that an immediate shift in method towards climate-resilient livelihoods and anticipatory action was needed, while at the same time highlighting the huge gap between the magnitude of the climate threat and the very limited adaptive capacity of not only the communities at risk but also the budding Somali state.

The widespread insecurity and Al-Shabaab's alternative governance created a parallel political economy that visibly drained and distorted both the formal and informal sectors through direct means (UNSC Panel of Experts, 2023). Al-Shabaab was a violent group, but at the same time, they had a very effective and coercive tax collection system (zakat and other levies) that took away hundreds of millions of dollars every year from the hands of business, farmers, and transporters in the areas that Al-Shabaab had control or influence over. The UNSC Panel of Experts (2023) reported that this not only soaked money out of the legal economy but also gave the group a lot of power to gang up on the authorities, which then allowed them to finance operations, give rudimentary services, and be seen as a more reliable (though brutal) power in some areas. This was a direct competitive challenge to the state-building project; economic actors somehow had to bear the cost of "double taxation" to both the government and the insurgency, thus raising costs and paralyzing investment.

Corruption, poor governance, and uncertainty in regulatory matters were the main factors that made these huge problems even more difficult to tackle, according to the IMF (2023) report. The situation was described by the literature as a political and commercial environment where the informal rules were often not clear, applied in an arbitrary manner, and were regularly overridden even by clan patronage networks and a "political marketplace" reasoning whereby loyalties and access were treated as commodities. This situation was a strong deterrent to the serious long-term domestic and foreign investments needed for the creation of jobs and diversification, as investors demanded predictable rules, enforceable contracts, and secure property rights, guarantees that the state had difficulties in providing. Moreover, the absence of a clear, transparent, and fair legal and regulatory framework for business forced economic activities to continue relying on the personalized, trust-based informal systems that, although functional, were inherently limited in terms of scalability, fostered exclusion, and prevented the efficient allocation of capital across clan and regional lines..

In a nutshell, the constraints literature depicted Somalia's development route as one that had to go through a very dangerous narrow passage between Scylla and Charybdis (FSNAU & FEWS NET, 2023). The ecological disaster caused by climate change, which threatened to wipe out commercial agriculture, the mainstay of the economy, was on one side. The other side had the sinking of the political ship of insecurity and institutionalized corruption, which devoured the little resources that were to be used for adapting to the climate change threat, among other things. The problems were not harmonious but rather intertwined and interconnected: climate stress aggravated conflict over resources, which reduced the already weak governance, which then led to a further decrease in capacity to build climate resilience. This vicious cycle was the major systemic risk that the analysts pinpointed, implying that the development of the economy was inextricably linked to and perhaps even heavily dependent on the concurrent and successful attempts of the three agendas (climate, security, and governance) all at once, a mind-bogglingly complex task of any government, especially one in the fragile condition that Somalia is.

## Emerging issues and future trajectories

The last thematic cluster dissected unfolding possibilities and difficult discussions that are about to determine Somalia's economic future, frequently contrasting the major potential with the deep risks (UNDP, 2019). The prospect of offshore oil and gas reserves revived the "resource curse" debate among academic and policy circles.

The literature was highly cautious, asserting that in the present scenario of weak institutions, disputed federal claims over maritime borders (mostly between Mogadishu and Hargeisa), and active insurgency, hydrocarbon discoveries could turn out to be a spark for conflict instead of a drive for development. The studies from the watchdogs keeping an eye on the governance of natural resources pointed out that the requirement for the good legal framework, the sovereign wealth fund with decent control, and the political consensus on sharing the revenue was the absolute, non-negotiable condition for the beginning of any major exploration or production that would be the case as per the current political landscape (UNDP, 2019). The concern was that if the resources were rushed too soon, this might result in the fragile federal political settlement giving way and the economy being exposed to fluctuating global commodity markets without the institutional barrier to cope with the revenue influx.

On the other hand, the digital economy and youth entrepreneurship were considered to be a more natural, bottom-up, and promising area of economic diversification (World Bank, 2022). Countries with a major part of the population being young, high mobile penetration rates, and widespread use of mobile money were ready for a new wave of tech start-ups in e-commerce, fintech, Agri-tech, and digital services to gain recognition. The academic discourse was a bit pessimistic but realistic at the same time, emphasizing the undeniable energy and creativity of the young Somali entrepreneurs and at the same time mentioning the very serious structural difficulties they were facing: very little or no access to venture capital and angel investing, poor electricity and internet services, almost non-existing technical education and incubation ecosystems, and the long-lasting fear of regulatory uncertainty. Backing up this sector was generally considered a strategic necessity for the creation of jobs for the young population and for the transition to a more knowledge-based economy, but it called for digital public goods, skills development, and a clean, supportive regulatory environment for start-ups to be created through targeted, smart investments.

First of all, through re-energizing regional integrations in the Horn of Africa, particularly the case of Somalia joining the East African Community (EAC) in 2023, as a major strategic economic factor, recent policy briefs and scholarly work (World Bank, 2022) have all considered such western African regional integrations as a powerful impact in the long run. The give benefits were labeled as transforming: the Somali livestock and other goods' market would be greatly opened up, there would be money flowing in and out of the borders by the investors, political serenity would be the result of the economies becoming more engaged with each other, and the EAC members that are more established would be passing on their skills and standards to Somalia. Notwithstanding, the literature did call attention to the challenges that would be faced immediately and in the medium-term: Somalia's economy is not as competitive and productive as those of other countries in the union; there would still be non-tariff barriers existing, the whole thing of regulation and customs unification would be immensely vast, and the security problems that could stop the free flow of goods and people across the borders would be existing concurrently. Integration thus is considered to be successful if and only if Somalia carries out drastic internal economic reforms to create its productive base, at the same time skillfully managing regional politics and competition.

The literature suggested that the future economic trajectory of Somalia would be a tug-of-war between the emerging issues and the legacy constraints, which are still unresolved. Menkhaus (2021). The most optimistic scenarios were imagining a virtuous cycle in which better security and governance activated the potential of the digital and youthful entrepreneurial sector, while responsible resource management, future natural resources, and strategic regional integration provided the necessary capital and markets for more extensive and widely based growth. The more pessimistic or cautious scenarios foretold a scenario where the cycle of fragility would continue with climate shocks, conflicts, and corruption suffocating the new sectors, and the mismanagement of resources or integration resulting in the prolongation of the existing tensions. Eventually, this group did not consider Somalia's economic future as a predetermined fate but as a disputed ground where the policy choices concerning institutional integrity, climate adaptation, and strategic economic priorities made in the coming years would decisively decide whether the country's famous resilience could be coupled with sustainable and inclusive development or not.

## **Analysis Of Knowledge Production**

### **Temporal evolution**

The scholarly works concerning Somali economic development experienced a very clear and intellectually

important temporal evolution, which was, at the same time, a reflection of the country's changing political realities and the evolving paradigms of international scholarship and policy. The first decade of the 90s was to a great extent characterized by a "collapse and anarchy" perspective, which meant that analysts mainly concentrated on the dissolution of formal institutions, the emergence of lawless, powerful individuals, and the resulting humanitarian disaster (Menkhaus, 2021). The authors active during this period usually described the Somali economy as one driven only by predation and survival, and there was not much systematic examination of the social and commercial adaptations happening under the surface of visible violence. The most important thing was to comprehend and analyze the causes and effects of state failure, and this process was very often done through a security and humanitarian framework that left the internal dynamics of Somali economic life barely touched.

The 2000s marked a turning point, primarily driven by the unstoppable and expanding nature of sectors like telecommunications, finance, and trade, which made the lack of a central government almost unnoticeable. The academic community recognized the "resilience and informality" paradigm as the main narrative of the time. Grounded in empirical studies, this group of scholars, represented by Peter Little (2003) and J. Andrew Mubarak, systematically uncovered the intricate informal institutions, hawala, customary law (xeer), and business cartels that facilitated trade and investment. The economy was not depicted as a dead area but rather as a lively and self-organizing entity that confronted the simplistic views of chaos and, at the same time, revealed Somali agency and creativity in the westernized world without a government (Mubarak, 2020). This was an important adjustment that helped in shifting the focus from the analysis of failure in terms of pathology.

With the advent of the Somali Federal Government (FGS) and the considerable international state-building aid, the literature's emphasis shifted once again from the 2010s to "state-building and sustainable development." The main research question became the intricate relationship between the strong informal economy and the state's formal regulatory construction project. Scholars and institutions like the World Bank and IMF started to look at the difficulties of domestic revenue mobilization, public financial management, and the integration of informal systems into a formal legal framework (World Bank, 2022; IMF, 2023). The discussion also included very important transnational issues such as climate change adaptation, sustainable use of natural resources, and the Sustainable Development Goals, which require a more complex, multi-sectoral, and future-oriented understanding of development challenges beyond mere survival or informal resilience.

This progress demonstrates a growth in the field from identifying a crisis to recognizing the use of adaptive strategies, and lastly to facing the tough task of creating a real, workable economic governance order. Every stage added to the insights of the previous one but did not entirely replace them, which led to the creation of a complex literature that is aware of the downfall, recognizes the survival of informal means, and the great difficulties to create a government that will be able to use those means of support for growth that is inclusive and sustainable. The temporal path thus outlines a journey from recording the breakdown of order to scrutinizing the emergence of chaos, and ultimately to the synthesis of the hybrid.

### **Methodological and data landscape**

The methodological approaches and data sources used in the research of Somalia's economy have been greatly influenced by the country's fragility and insecure context, which resulted in both distinct advantages and perennial shortcomings. The dominance of qualitative, case-study research was very clear, especially in the baseline studies of informality and resilience (Little, 2003; Menkhaus, 2021). Ethnographic methods, key informant interviews, and focus group discussions became the main instruments for unraveling the social and institutional foundations of the informal economy: trust networks, clan dynamics, and informal contract enforcement mechanisms that quantitative data could not reveal. The qualitative depth was a must for the development of the intricate perception of endogenous systems, which characterized the research of the 2000s.

At the same time, there was a very important and unavoidable dependence on international organizations and NGOs for data and macro-fiscal analyses. The World Bank, the International Monetary Fund (IMF), the Food and Agriculture Organization's Food Security and Nutrition Analysis Unit (FSNAU), and the UN Development Programme (UNDP) were the main—and sometimes the only, sources for estimates of national accounts, inflation rates, fiscal budget analyses, and comprehensive humanitarian needs assessments (World Bank, 2022; IMF, 2023; FSNAU & FEWS NET, 2023). Such dependency made it possible for the external authorities to

produce the most influential quantitative pictures of the economy through the international actors' established methodologies and priorities, which sometimes neglected or misrepresented the local specificities.

Over the past few years, one of the main technological changes has been the increased deployment of remote sensing and satellite data to solve the problem of collecting data on the ground in insecure areas, which came with very severe restrictions. Environmental changes such as vegetation health for drought monitoring, night-time lights as a proxy for economic activity in urban areas, and the movement of internally displaced persons (IDPs) were increasingly obtained through satellite imagery by researchers and agencies (FAO, 2023). The technology has offered objective and large-scale data in places where accessing physically was either impossible or extremely risky, and thus provided new insights into the spatial and environmental dimensions of economic vulnerability and recovery. Nevertheless, it still had to be used together with detailed, socially informed data, not to replace them.

The main limitation that all methods faced was the great difficulty of doing thorough primary research in a situation where there was always insecurity and political sensitivity. Safety issues made it impossible for both international and Somali researchers to carry out their work in certain areas and for longer periods of time. Moreover, trying to uncover issues like the informal taxation systems of Al-Shabaab, elite corruption, or clan-based economic privileges involved considerable risk to personal safety, thereby contributing to the gaps and hesitations in the literature (UNSC Panel of Experts, 2023). This situation maintained the dependence on interviews with elites that were easier to access, either in the cities or in the diaspora, which could lead to a distortion of views and, hence, the experiences and economic strategies of rural poor, urban poor, and people living in Al-Shabaab-controlled areas being systematically overlooked in the documentation.

### **Dominant and marginalized voices**

The authorship and institutional affiliation analysis show that there has been an ongoing issue where the international voices and frameworks were the ones to be heard and seen in the area of knowledge production dealing with Somalia's economy. The academic and policy literature has always been dominated by Western universities, IFIs like the World Bank and IMF analysts, and international NGOs and UN agencies (Ahmed & Green, 2019). These participants provided necessary analytical precision and resources, yet their viewpoints were always in a certain way filtered through the theoretical frameworks, policy concerns, and operational guidelines of the institutions they belonged to, which often highlighted state-building, liberal market reforms, and security-centric approaches that did not always correlate with the Somali realities or the priorities.

Initially, scholarship from Somali academic and research institutions continued to be very limited in amount and very little known globally. The producers of formal academic research were the very problems of the university system recovering: Chronic under-funding, lack of access to international academic networks and journals, and the heavy demands of teaching. Somali scholars' and analysts' profound contextual knowledge, linguistic access, and cultural fluency, however, were an invaluable and under-utilized resource. Their published work often gave more subtle clan, local governance, and business practices readings, thus providing much-needed corrections to the outside interpretations (Mubarak, 2020). The rising interaction between international scholars and Somali colleges was a sign of a good but still developing trend of equitable knowledge co-production.

One of the most important gaps that the literature has pointed out was the narrow direct incorporation of opinions from the local private sector and civil society. The lively business community—from hawala operators and telecom executives to market traders and pastoralist cooperatives—had a deep and practical understanding of the real economy that was often not recorded in formal studies. The community's input on the practical barriers to investment, the actual costs of insecurity and corruption, and the informal systems were often missing or passed through the interpretations of external researchers. Likewise, the sounds of the grassroots civil society organizations, women's economic groups, and youth-led initiatives—which are the actors mainly responsible for the community-based adaptation and innovation—were often limited to high-level economic discussions.

The disparity in voicing made a difference in policy relevance and effectiveness. Sometimes, the economic policies and reform programs that were initially based on international best practices and IFIs' assessments did not come into play due to the very reason they did not understand or directly opposed the informal economy and local power structures' incentives and logic. In the next step, the literature itself started to promote the use of

more participatory and inclusive research methodologies that actively involve the Somali economists, the private sector, and civil society, along with the researchers as co-analysts and partners in identifying problems and creating solutions. Consequently, it is not only an issue of academic representation but also a necessity for generating more effective, legitimate, and sustainable economic policies that the imbalance is redressed.

## **Critical Gaps and Future Research Directions**

### **Thematic gaps**

The disparity in voicing made a difference in policy relevance and effectiveness. Sometimes, the economic policies and reform programs that were initially based on international best practices and IFIs' assessments did not come into play due to the very reason they did not understand or directly opposed the informal economy and local power structures' incentives and logic. In the next step, the literature itself started to promote the use of more participatory and inclusive research methodologies that actively involve the Somali economists, the private sector, and civil society, along with the researchers as co-analysts and partners in identifying problems and creating solutions. Consequently, it is not only an issue of academic representation but also a necessity for generating more effective, legitimate, and sustainable economic policies that the imbalance is redressed.

Another very important missing piece that is not mentioned is an in-depth examination of formal and informal employment, labor markets, and economic youth inclusion. Even though the population of youthful people is usually portrayed as both a risk and an opportunity, the existing research does not provide detailed empirical evidence on such issues as youth unemployment rates, wage levels, skills gaps, and the functioning of labor markets in different regions and sectors (UNDP, 2019). The prevailing narrative of entrepreneurship, while significant, easily overlooks the situation of the vast majority of young Somalis who are neither the creators of tech start-ups nor the ones looking for wage employment, nor the ones trying to make a living in the already overcrowded informal sector. It is necessary to comprehend the constraints and opportunities in labor markets, including such factors as apprenticeship systems, vocational training relevance, and discrimination based on clan or gender, for the purpose of coming up with the right economic inclusion policies.

Moreover, the economic development aspects concerning gender still need to be thoroughly investigated, apart from the very few, high-level notices that women are participating in small-scale trade or receiving microfinance. There is a lack of feminist political economy analysis that digs deep to reveal the different impacts of the collapse of the state, clan-based governance, and informal economy on men and women regarding ownership of assets, access to capital, control over income, and exposure to economic shocks (FAO, 2023). The women's role in sectors other than trade sectors like hawala, telecommunications, and commercial agriculture, is largely overlooked. A gendered perspective is essential not only for unmasking the hidden inequalities but also for coming up with the interventions that do not inadvertently uphold the patriarchal structures in both traditional and modernizing economic spheres.

Finally, the systematic comparative studies of other high-risk or post-conflict economies in the Horn of Africa and beyond are still lacking. Indeed, the description of Somalia as a peculiar case usually means that its comparative similarity with countries like South Sudan, Afghanistan or even Somaliland will not be considered which is a mistake since each of these contexts may provide some powerful insights, individually or in combination. Besides, such studies could be carried out in such a way as to identify which parts of Somalia's "informal resilience" are actually unique and which are just the features of the economies getting over a war that lasted for a long period, thus contributing to the development of institutional change theories and hybridization (Menkhaus, 2021). The comparative analysis, on the other hand, might also measure the effectiveness of various international intervention models and state-building strategies in promoting the economic recovery relative to each other, thus moving the discourse from Somali exceptionalism to grounded comparative political economy.

### **Methodological and data gaps**

The methodological constraints defined in the analysis of knowledge production have pointed out the gaps in future research that can be filled through specific and practical actions. The most urgent problem is the extreme necessity of national household and business surveys that are more general and stronger. The ongoing use of incomplete, urban-biased, or specific (e.g., food security only) data collections continues to mean that the

principal metrics of income distribution, consumption patterns, enterprise profitability, and investment are drawn from estimation and extrapolation rather than thorough measurement (IMF, 2023). The realization of such surveys calls for a huge outlay in local statistical capacity and clever, safe data collection methods, but it is a requirement that policy based on evidence be built on the foundation of such surveys. Without such surveys, arguments on poverty, inequality, and the impact of reforms will continue to be nothing but speculations.

There are also considerable unexplored avenues for interdisciplinary research that combine climate science, economics, and political analysis. The relationships between climate shocks and vulnerability are recognized, but only a few studies have applied integrated assessment models, climate-economy forecasting with high resolution, or spatial analysis to estimate the long-term impacts of different warming scenarios on the economy and people in different sectors (FSNAU & FEWS NET, 2023). The combination of detailed climate data along with the political economy mapping could, for instance, offer a better insight into how drought may affect the movement of clans, the relations between the clans, and the operation of markets, thus enabling more economic planning that is sensitive to conflict and anticipatory. This comes down to the need for collaboration between the physical and social science researchers.

The discipline desperately needs longitudinal studies at the micro-level to track economic transitions if it wants to get over the problem of static snapshots. There are a lot of cross-sectional case studies in the literature, but there is a lack of panel data that tracks the same households, businesses, or communities over time. Longitudinal research is necessary for the comprehension of the processes leading to and from poverty, the informal enterprises' lifecycle, the long-term effects of remittances on local development, and the economic resilience that is caused by specific shocks or interventions (World Bank, 2022). The above-mentioned studies will give an intellectual edge that is hard to find anywhere else in the field of social justice and poverty issues as they will not only show the differing forms of adaptation, accumulation, and vulnerability, but also the causes behind such differences and, accordingly, the economic changes in the area that is not very stable.

Tackling these thematic and methodological shortcomings will not just be a matter of academic interest. It is a necessary condition for the production of knowledge that will guide the design of economic policies in Somalia, which will be more effective, just, and sustainable. To fill in the gaps, a considerable amount of research funding and prioritization will be needed for collaboration and innovation that is very much connected to Somali realities, thus guaranteeing that the future course of scholarship will be as tough and flexible as the economy it aims to comprehend.

## CONCLUSION

### Summary of findings

The current metadata appraisal has meticulously traced the academic and policy talks on economic growth in Somalia, unveiling a literature that has its stamp on the mentioned evolution of themes, the changing methods used, and the blended power dynamics in knowledge production. The review made known six main theme groups: the informal economy and indigenous people's resilience getting both praise and critique; state collapse and rebuilding's reticent political economy; key economic sectors and livelihoods' vulnerabilities and potential; the sometimes paradoxical character of the roles of foreign actors and aid; the existential limitations and systemic dangers of climate change and conflict; and the constantly changing issues and future paths in relation to resources and integration that have been long debated. The development of these themes was through getting the 1990s perspective of collapse, then the 2000s recognition of informal resilience to getting the present-day complex agenda that is focused on state-building during chronic crises (Menkhaus, 2021; World Bank, 2022). The evidence base underpinning these themes has been characterized by a necessary but limiting reliance on qualitative case studies and data from international organizations, with a growing but supplementary use of remote sensing, all constrained by the severe logistical and security challenges of primary research (IMF, 2023; FAO, 2023). Furthermore, the production of this knowledge has been predominantly driven by international scholars and institutions, with Somali academic and, crucially, private sector and civil society perspectives remaining markedly underrepresented, shaping a discourse that often reflects external paradigms more than internal lived realities (Ahmed & Green, 2019; Mubarak, 2020).

## Implications for policy and practice

The outcome of this literature has been the development of policy and practice in Somalia sometimes been problematic and even profoundly impacted. The strong narrative of "resilience and informality" could be seen as an early corrective but may have mistakenly encouraged policymakers to create an ideal image of the informal sector, thus underestimating its exclusionary aspects and overestimating its capacity to provide inclusive growth without formal institutional support (UNDP, 2019). At the same time, the international state-building agenda, which was deeply affected by the fiscal capacity and institutional economics literature, has often led to the imposition of technical, top-down reform programs, public financial management and tax administration centered, that are in direct conflict with the informal economy and local political settlements and hence, inviting delays and pushbacks (World Bank, 2022). The securitized framework surrounding external engagement, which has been scrutinized in the literature, has been the one to push aside long-term economic development goals and even outweigh them with short-term stabilization ones, thus distorting the prioritization of aid and investments (Ahmed & Green, 2019). This review has pointed out different policy themes, such as gendered political economy, labor markets, and value-chain development, which have not been given sufficient attention. As a result, policies coming out of the areas where these themes were missed often lack the granularity needed to deal with deep-rooted inequalities and to create productive jobs. The literature eventually leads to the conclusion that the interventions conceived without a keen insight into the hybrid political-economic setting, which consists of a mixture of formal state, business cartels, clan systems, and Al-Shabaab, all of them wielding different degrees of economic power, will either fail or lead to unintended consequences.

## Concluding remarks

The overwhelming message from this thorough review is unmistakable: both research and policy in the area of Somali economic development have to be re-established beyond recognition. The path ahead entails a complete reversal towards thickly grounded, Somali-led research. It is not enough to simply have Somali co-authors; it requires making research priorities based on the needs highlighted by Somali enterprises, communities, and governments and using such methods as to accurately convey local knowledge and experience. Connecting academia and policy is not a one-time effort but an ongoing activity of co-production where Somali economists, private sector groups, and NGOs are involved as partners in equal standing in identifying problems and coming up with solutions. The future research must bravely deal with the pointed-out gaps—especially concerning gender, labor, and industrialization, while being the ones to open new interdisciplinary as well as longitudinal approaches to change dynamics study. The emphasis should be on creating a knowledge base that simply does not recount Somalia's stunning economic durability but constantly guides a sustainable and inclusive development path that fortifies social contracts, mitigates the impacts of climate change, and distributes entrepreneurial vigor into the common good. The literature depicts Somalia's economic saga as one of remarkable flexibility despite total collapse. The next chapter must be written in collaboration, ensuring that it guides the establishment of a just and beneficial economic order for all Somalis.

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