

Assessing the Socioeconomic Challenges Affecting Economic Development in Puntland: An Evidence-Based Review of Policy Implications for Sustainable Growth

Abdirahman Farah Hasan
abdirahmanjabur@gmail.com

DOI: <https://doi.org/10.70806/6fcd9z68>

Abstract

Puntland, a self-governing federal member state in north-eastern Somalia, occupies a distinctive position within one of the world's most fragile economies. Since declaring autonomy in 1998, Puntland has built functioning public institutions, a working seaport at Bosaso, and a livestock-led export economy, even as it has remained exposed to drought, clan-based insecurity, weak public revenue, and limited access to international finance. This review synthesises secondary evidence from World Bank, IMF, FAO, UNDP, OCHA and Somalia National Bureau of Statistics publications, together with peer-reviewed and grey literature on Puntland's economy, to assess the principal socioeconomic challenges constraining sustainable growth and to draw out their policy implications. The review finds that livestock and the informal trade routed through Bosaso port remain the backbone of the regional economy, while remittances and mobile-money-enabled financial inclusion cushion household consumption in the absence of a developed banking sector. At the same time, recurrent drought, chronically high youth unemployment, weak domestic revenue mobilisation, poor

education outcomes, and one of the world's lowest rankings on perceived public-sector integrity combine to constrain diversification and long-run productivity growth. The review concludes that Puntland's development trajectory depends on simultaneous progress in three areas: strengthening public financial management and domestic revenue collection, investing in climate-resilient livelihoods and port-linked infrastructure, and expanding human capital through education and vocational training aligned with the fisheries, livestock, and digital economy sectors. Policy recommendations are offered for the Puntland government, the Federal Government of Somalia, and international development partners.

Keywords: Puntland; Somalia; economic development; livestock economy; Bosaso port; youth unemployment; poverty; drought resilience; public financial management; sustainable development policy

Introduction

Puntland is the oldest of Somalia's federal member states, established as a self-governing regional administration in 1998 following the

collapse of the Somali central government in 1991 (Moody's Analytics, 2026). Comprising the regions of Bari, Nugaal and northern Mudug, and claiming parts of Sool, Sanaag and Togdheer that are also disputed with Somaliland, Puntland occupies a strategic position on the Horn of Africa, bordering both the Gulf of Aden and the Indian Ocean (Moody's Analytics, 2026). Unlike Somaliland, Puntland has not sought full independence, choosing instead to operate as a federal member state within a united Somalia while retaining substantial autonomy over its finances, security and natural resources (Moody's Analytics, 2026). The regional economy has developed largely outside the framework of a functioning national state. Pastoralism, informal cross-border trade, fishing, remittances and, more recently, mobile-money-enabled commerce have sustained livelihoods in the absence of large-scale industry or a diversified formal private sector. Puntland's population and gross domestic product are difficult to establish with precision because of the long absence of a national census; one Puntland public financial management assessment places Puntland's population at roughly 4.3 million with an estimated GDP of about US\$1.85 billion as of 2019 (IMF Public Financial Management Blog, 2023), figures that should be read as indicative rather than exact given the well-documented statistical constraints across Somalia. Since the mid-2000s, Puntland has pursued a series of public financial management reforms, including the adoption of a financial management

information system and steady growth in domestic revenue collection, which rose from roughly US\$125,000 per year in 1998 to about US\$342 million by 2020 (WardheerNews, 2021). At the same time, the region remains highly exposed to recurrent drought, youth unemployment estimated at well above 60 per cent (UNDP, 2012), acute food insecurity during shock years, and one of the weakest public-sector integrity environments in the world, with Somalia ranking last or near-last on the Transparency International Corruption Perceptions Index in most recent years (Transparency International, 2026).

This review article asks a straightforward but consequential question: what are the principal socioeconomic challenges constraining sustainable economic development in Puntland, and what do they imply for policy? The article synthesises secondary evidence from international financial institutions, United Nations agencies, Somali government publications, and the peer-reviewed and grey literature. It does not present new primary data; instead, it draws together dispersed evidence into a single, structured assessment intended to be useful to policymakers, development partners, and researchers working on Somali federal member state economies.

Background of the Puntland Economy

Puntland's modern economic history is inseparable from the broader collapse of the Somali state in 1991 and the subsequent

emergence of relatively stable, self-governing regional administrations in the north. In the early 1990s, the port city of Bosaso escaped the worst of the violence that devastated southern Somalia, allowing former civil servants and businesspeople from the dominant Darood clan family to revive international trade through the port (Bakonyi & Darwich, cited in Durham University, 2022). Livestock exports through Bosaso reportedly grew by 210 per cent between 1991 and 1992, and income from the port helped underwrite the establishment of the Puntland administration in 1998 (Durham University, 2022). Bosaso port has therefore functioned as both an economic and a political anchor for the Puntland state. Constructed in the late 1980s with Italian financing to serve as an alternative to Berbera, the port was expanded through a 2017 concession agreement between the Puntland government and DP World's subsidiary P&O Ports, which added a 455-metre quay extension, a storage yard, and dredging to accommodate larger vessels (Somali Ports Authority, n.d.). The concession proved politically contentious, and insecurity, including the assassination of the port's foreign manager in 2019, disrupted management continuity before DP World returned to Bosaso in 2022 (Durham University, 2022; More.bham.ac.uk, 2022). Despite these investments, Bosaso has struggled to compete with the larger, containerised, multi-purpose ports of Berbera and Mogadishu, and its trade volumes have been in relative decline over the past decade (Durham University, 2022).

At the national level, Somalia's economy has begun a cautious recovery. The World Bank and IMF estimate Somalia's GDP at roughly US\$5.7 to US\$8 billion depending on the year and methodology used, still among the lowest GDP-per-capita levels globally (World Bank, n.d.-a; World Bank, n.d.-b). Somalia completed the Heavily Indebted Poor Countries (HIPC) debt relief process and has been operating under a three-year IMF Extended Credit Facility arrangement approved in December 2023, alongside a National Transformation Plan that frames the country's medium-term development priorities (World Bank, n.d.-b). Growth at the national level moderated to an estimated 3 per cent in 2025, down from about 4 per cent in 2023 to 2024, reflecting reduced donor aid and drought-related disruption to household spending and agriculture (World Bank, n.d.-b). These national dynamics directly shape the fiscal and economic environment in which Puntland operates, since the federal member state depends heavily on its own domestic revenue and on donor and multilateral programmes channelled partly through federal structures.

Literature Review

The literature on Puntland's economy can be organised around four broad strands: macro-fiscal and public financial management studies produced largely by the World Bank and IMF; sector-specific studies of livestock, fisheries, and trade; studies of remittances, financial inclusion and the diaspora economy; and studies of youth

unemployment, poverty, and human development.

Public Financial Management and Fiscal Studies

World Bank-supported public financial management projects have documented Puntland's progress in building core fiscal institutions, including a financial management information system, a public financial management academy, and strengthened tax administration (World Bank, 2018; World Bank, 2020). These studies emphasise capacity constraints, the difficulty of harmonising tax assignment between the federal government and federal member states, and the slow pace of domestic revenue mobilisation relative to the scale of development needs (World Bank, n.d.-c). WardheerNews (2021) offers a rare Puntland-authored perspective on budget execution, noting that although gross annual revenue rose substantially between 1998 and 2020, execution challenges, cash management weaknesses and reliance on a narrow tax base, dominated by port and airport charges, continue to constrain the government's ability to deliver services.

Livestock, Fisheries and Trade

Livestock dominates the sectoral literature on Puntland. The Food and Agriculture Organization estimates that livestock exports provide roughly 80 per cent of Puntland's foreign exchange earnings, about 40 per cent of GDP, and around 60 per cent of employment opportunities (FAOLEX, n.d.), figures that, while dated, are still widely cited in subsequent Puntland-focused

planning documents. Dua (2020) and related Rift Valley Institute research describe how Bosaso functions as the node of a much larger land--sea trading network connecting Puntland's pastoral hinterland with Gulf markets, and how livestock has itself operated as an informal medium of exchange between Somali and Yemeni traders during periods of banking disruption. Studies of cross-border livestock trade from the wider Somali region document export volumes of two to 3.5 million head of livestock annually through the Berbera and Bosaso corridors (FAO Sub-regional Office, n.d.).

The fisheries literature presents a striking gap between potential and performance. Despite possessing roughly a third of Somalia's 3,333-kilometre coastline, the longest in continental Africa, Puntland's fisheries sector remains chronically underdeveloped, contributing only about 1 to 3 per cent of national GDP (World Bank, 2023a; Somali Development and Reconstruction Bank, 2025). Estimates of Somalia's sustainable fisheries potential range as high as 200,000 metric tonnes per year, compared with recorded production closer to 30,000 metric tonnes (World Bank, 2023a; Mohamed, 2023). The sector has also become a site of federal--state contestation, with Puntland rejecting elements of the federal government's blue economy strategy and, more recently, banning a Turkish-backed fishing company from its waters over unresolved questions of resource-sharing authority (The East African, 2023; Kaab TV, 2026).

Remittances and Financial Inclusion

Somalia is among the most remittance-dependent economies in the world, with personal remittances estimated at 17 to 25 per cent of GDP depending on the year and data source (World Bank, 2020a; U.S. Department of State, 2025). Bulut and Mohamed (2018) analysed the relationship between remittances and poverty in Somalia using World Bank Somali High Frequency Survey data and found that while remittances raise average household income, their statistical relationship with the national poverty headcount ratio is weak, suggesting that remittance income is unevenly distributed and does not by itself resolve structural poverty. Parallel research on mobile money highlights Hormuud Telecom's EVC Plus platform, launched in 2011, which is now used by an estimated 67 to 70 per cent of Somali mobile subscribers and has become central to both everyday commerce and humanitarian cash transfer programming (Frontiers in Human Dynamics, 2026; Connecting Africa, 2024).

Youth Unemployment, Poverty and Human Development

The 2012 UNDP Somalia Human Development Report remains the most widely cited source on Somali youth unemployment, reporting a youth (14--29) unemployment rate of 67 per cent nationally, rising to 74 per cent among young women, alongside high stated intentions to migrate (UNDP, 2012). Subsequent Puntland-focused studies, including Garowe-based survey research, report comparably high youth

unemployment and attribute it to weak private-sector job creation, a mismatch between university curricula and labour-market needs, clan-based exclusion from public employment, and the pull of migration and, in some cases, piracy or militancy as alternative livelihood strategies (International Journal of Contemporary Applied Researches, 2019; Hiil Institute, 2024).

On poverty, the Somalia National Bureau of Statistics' 2023 poverty report, based on the 2022 Somali Integrated Household Budget Survey, provides the most methodologically robust national estimates available, finding that just over half of Somalia's population lives below the national poverty line, with rural, nomadic and displaced households facing considerably higher poverty rates than urban households (Somalia National Bureau of Statistics, 2023; World Bank, 2023b). Machine-learning-based analyses of the same survey data identify household size, geographic region, and place of residence, particularly nomadic status, as the strongest predictors of both poverty and school non-attendance (Hassan et al., 2024; Ali et al., 2026 as cited in PMC, 2026).

Taken together, the literature converges on a consistent picture: Puntland's economy is resilient in the narrow sense of having sustained trade and livelihoods through decades of state collapse and conflict, but it remains narrowly based, highly exposed to climatic shocks, and structurally short of the fiscal capacity, human capital and diversified private investment required for sustained productivity growth.

Research Methodology

This article adopts a secondary data review methodology, consistent with established practice in development economics review articles that synthesise dispersed evidence on data-scarce, fragile-state contexts. No primary data collection, surveys, interviews, or field observation, was undertaken. Evidence was instead drawn from four categories of secondary sources: (i) publications and datasets of international financial institutions, principally the World Bank and International Monetary Fund; (ii) reports of United Nations agencies and humanitarian coordination bodies, including UNDP, FAO, OCHA and the Food Security and Nutrition Analysis Unit for Somalia; (iii) Somali government and Puntland government publications, including Somalia National Bureau of Statistics reports and Puntland Ministry of Finance materials; and (iv) peer-reviewed journal articles and academic working papers indexed on Google Scholar and related databases, together with reputable specialist and news reporting used to corroborate or update institutional data.

Sources were selected on the basis of institutional credibility, methodological transparency, and relevance to Puntland or, where Puntland-specific data were unavailable, to Somalia as a whole with explicit acknowledgement of the limitation. Blogs, crowd-edited encyclopaedic sources, and unverified commercial websites were excluded as primary evidence and used, where at all, only for background orientation. Because Puntland lacks

a full national statistical infrastructure, several indicators discussed in this review are necessarily national Somali estimates rather than Puntland-specific figures; this constraint is flagged wherever it applies, in line with standard practice in the Somali economic literature (Somalia National Bureau of Statistics, 2023).

The analytical approach is thematic and comparative rather than purely descriptive. For each major sector and challenge, the review compares findings across sources, identifies areas of convergence and divergence, and interprets trends in relation to Puntland's institutional and geographic context, before drawing out policy implications in Sections 9 and 10.

Socioeconomic Profile of Puntland

Puntland's population is predominantly young, Sunni Muslim, and ethnically Somali, drawn overwhelmingly from the Harti sub-clans of the Darood clan family. The territory is largely arid to semi-arid, with average daily temperatures between 27°C and 37°C and highly variable, sparse rainfall, conditions that fundamentally shape the region's economic possibilities and its vulnerability to drought (FAOLEX, n.d.). Pastoralism remains the most effective and widespread use of land across much of the state, particularly in the Hawd plateau and the Nugaal valley (FAOLEX, n.d.).

Table 1 summarises key indicative socioeconomic indicators drawn from the available secondary literature. Because Puntland-specific national accounts do not exist in the way they would for a

recognised sovereign state, most indicators are triangulated from Somalia-wide data, Puntland public financial management reports, and sector studies, and should be read as orders of magnitude rather than precise statistics.

Table 1. Socioeconomic Profile of Puntland

Indicator	Estimate	Source
Estimated population (Puntland)	4.3 million (2019 estimate)	IMF PFM Blog, 2023
Estimated Puntland GDP	US\$1.85 billion (2019)	IMF PFM Blog, 2023
Somalia national GDP	US\$5.7–8 billion (2020s)	World Bank, n.d.-a; n.d.-b
Somalia population below national poverty line	52–54%	SNBS, 2023; U4/Transparency Int'l, 2026
Youth (14–29) unemployment, national	67% (74% women; 61% men)	UNDP, 2012
Remittances as share of GDP (Somalia)	17–25%	World Bank, 2020a; U.S. Dept. of State, 2025
Adults using mobile money (Somalia)	70%+	Connecting Africa, 2024
Puntland domestic revenue (2020)	US\$342 million/year	WardheerNews, 2021
Somalia Corruption Perceptions Index score (2025)	9 / 100 (181st of 182)	Transparency International, 2026

Source: Compiled by the author from IMF, World Bank, UNDP, SNBS, Transparency International and WardheerNews publications, various years.

Note: Because Puntland lacks a full national statistical infrastructure, several indicators are national Somali estimates used as an explicit proxy for Puntland-specific figures; all figures should be read as orders of magnitude rather than precise statistics.

Table 2. Population Indicators, Somalia and Puntland

Year	Somalia national population (millions)	Note
2021	17.28	Midyear estimate
2022	17.80	Midyear estimate
2023	18.36	Midyear estimate
2024	18.71	Midyear estimate
2025	19.28	Midyear estimate
2019 (Puntland only)	4.3	IMF Puntland PFM assessment estimate

Source: World Bank population data via Macrotrends, retrieved July 2026; IMF Public Financial Management Blog, 2023.

Note: No Puntland-specific annual population series exists; the 2021–2025 series is national Somali data used as a contextual proxy, while the single 2019 Puntland figure derives from a separate PFM assessment and is not directly comparable in methodology.

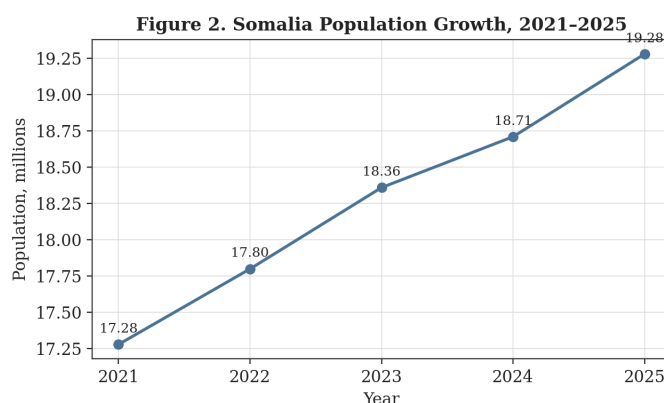


Figure 2. Somalia Population Growth, 2021–2025

Source: World Bank population data via Macrotrends, retrieved July 2026.

Somalia's national population has grown at a broadly consistent pace of roughly 2–3 per cent per year over 2021–2025. Because Puntland-specific annual figures do not exist, this national trend is presented as indicative context for the region's demographic pressure on land, water and labour markets rather than as a direct measure of Puntland population growth.

Puntland's economy remains structurally dependent on three flows of income: proceeds

from livestock and other trade passing through Bosaso and smaller ports; remittances from a large Somali diaspora concentrated in the Gulf states, East Africa, Europe and North America; and, to a lesser extent, humanitarian and development assistance disbursed by United Nations agencies and international non-governmental organisations. Formal wage employment is limited chiefly to government administration, telecommunications firms, banks, and a small number of larger trading houses, while the overwhelming majority of the working-age population is engaged in pastoralism, artisanal fishing, petty trade, or informal urban work (International Journal of Contemporary Applied Researches, 2019).

Table 3. Major Economic Sectors: Estimated Contribution to the Puntland Economy

Sector	Estimated GDP share	Estimated employment share	Estimated FX / export share	Source
Livestock	40%	60%	80% of foreign exchange earnings	FAOLEX, n.d.
Fisheries	1–3%	Not separately quantified	Minor share of exports	World Bank, 2023a; SDRB, 2025
Trade / Bosaso port (customs)	Not separately quantified	Concentrated in Bosaso	Primary source of Puntland domestic revenue	Somali Ports Authority, n.d.
Telecommunications & financial services	Not separately quantified	Formal wage employment	70% of adults use mobile money	Connecting Africa, 2024
Remittances (household income supplement)	17–25% of national GDP	n/a – external transfer	US\$1.3–2 billion annually (national)	World Bank, 2020a; U.S. Dept. of State, 2025
Mining / extractives	Not verifiable from available secondary data	Not verifiable	Not verifiable	Author assessment based on reviewed literature

Source: Compiled by the author from FAOLEX, World Bank, Somali Development and Reconstruction Bank, Connecting Africa and World Bank remittance publications, various years; see Section 6 for full discussion.

Note: Sector shares are drawn from different metrics (GDP, employment, exports, or GDP-equivalent transfers) and are not mutually exclusive or additive; the table summarises the most commonly cited secondary estimate for each sector rather than a single consistent national accounts breakdown, which does not exist for Puntland.

Major Economic Sectors

Livestock

Livestock is unambiguously the single most important sector of the Puntland economy. FAO estimates attribute roughly 80 per cent of foreign exchange earnings, 40 per cent of GDP, and 60 per cent of employment to livestock exports (FAOLEX, n.d.). Camels, cattle, sheep and goats are exported chiefly through Bosaso to Saudi Arabia, the United Arab Emirates, Oman and Yemen, with demand peaking seasonally around Ramadan and the annual Hajj pilgrimage (Halqabsi News, 2025; Bosaso market assessment, 2023). Recent shipment reports document consignments of around 20,000 head of livestock moved through Bosaso port on individual sailings during peak season, underscoring both the scale and the seasonality of the trade (Halqabsi News, 2025).

The sector's structure is largely informal, built on trust-based, clan-mediated trading networks rather than formal contracts, and has historically used livestock itself as a quasi-currency in cross-border exchange with Yemeni traders (Dua, 2020). This informality has advantages of flexibility and low transaction costs but also constrains access to formal finance, insurance, and quality certification that could support higher-value processing such as tanning, meat processing, or dairy value addition. Periodic livestock export bans imposed by Gulf states on animal-health grounds have historically caused severe, economy-wide shocks in Puntland, illustrating the risks of dependence on a single,

largely unprocessed export commodity (Agriculture in Somalia, Wikipedia, 2026; FAOLEX, n.d.).

Table 4. Livestock Sector Performance Indicators

Indicator	Estimate	Source
Share of foreign exchange earnings	80%	FAOLEX, n.d.
Share of Puntland GDP	40%	FAOLEX, n.d.
Share of employment	60%	FAOLEX, n.d.
Annual export volume, Berbera–Bosaso corridors	2–3.5 million head	FAO Sub-regional Office, n.d.
Peak single-sailing shipment via Bosaso	20,000 head	Halqabsi News, 2025
Export growth, Bosaso, 1991–1992	+210%	Durham University, 2022

Source: FAOLEX, n.d.; FAO Sub-regional Office for Eastern Africa, n.d.; Halqabsi News, 2025; Durham University, 2022.

Figure 8. Estimated Contribution of Livestock to the Puntland Economy

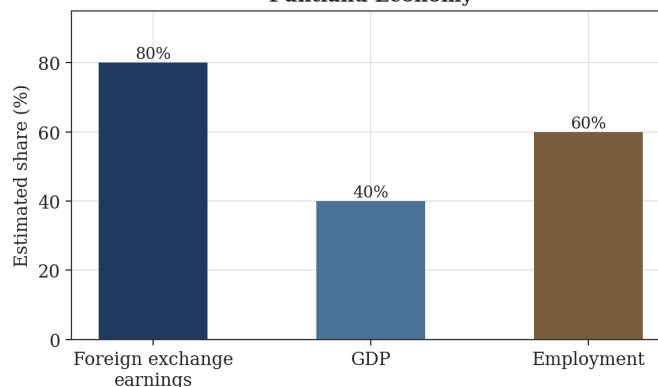


Figure 8. Estimated Contribution of Livestock to the Puntland Economy

Source: FAOLEX, n.d.

Livestock's dominance is most pronounced in foreign exchange earnings, where it accounts for an estimated four-fifths of the total, underscoring the sector's outsized role in financing Puntland's import-dependent economy relative to its still-

substantial but comparatively smaller shares of GDP and employment.

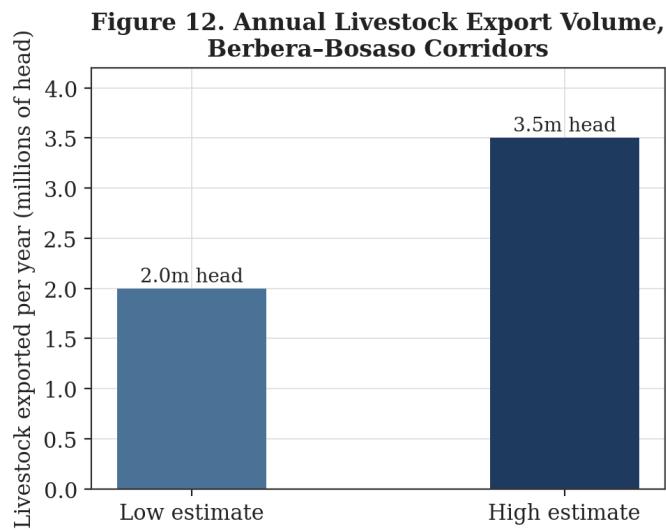


Figure 12. Annual Livestock Export Volume, Berbera–Bosaso Corridors

Source: FAO Sub-regional Office for Eastern Africa, n.d.

The wide 1.5-million-head range between low and high estimates reflects the informal, largely undocumented nature of cross-border livestock trade and the absence of comprehensive customs recording across the Berbera and Bosaso corridors.

Fisheries

Puntland controls a substantial share of Somalia's 3,333-kilometre coastline, one of the longest in Africa, bordering both the Gulf of Aden and the Indian Ocean, and sitting within the productive Somali Current Large Marine Ecosystem (World Bank, 2023a). Despite this endowment, fisheries contribute only a small fraction of GDP nationally, estimates range from about 1 per cent historically to roughly 2--3 per cent of GDP and exports more recently (World Bank, 2023a; Somali Development and Reconstruction Bank, 2025).

The gap between potential and actual output is attributed to weak cold-chain and port infrastructure, limited access to finance for artisanal fishers, insufficient regulatory capacity to police the exclusive economic zone against illegal foreign fishing, and unresolved questions over which level of government has authority to license fishing activity (World Bank, 2023a; The East African, 2023).

FAO-supported initiatives, including the handover of fishing vessels to cooperatives, establishment of a fishermen identification database, and marine training institutes in coastal towns such as Eyl, illustrate the type of donor-supported capacity-building that has partially offset the sector's institutional weaknesses (ReliefWeb, 2019; Agriculture in Somalia, Wikipedia, 2026). The 2025 dispute between Puntland and the federal government over the Turkish-backed SOMTURK fishing venture highlights how unresolved constitutional questions over resource-sharing continue to constrain investment certainty in the sector (Kaab TV, 2026).

Table 5. Fisheries Sector Indicators

Indicator	Estimate	Source
Share of Somalia's coastline controlled by Puntland	1/3 of 3,333 km	World Bank, 2023a
Fisheries share of national GDP	1–3%	World Bank, 2023a; SDRB, 2025
Estimated sustainable catch potential (Somalia)	200,000 metric tonnes/year	World Bank, 2023a; Mohamed, 2023
Recorded production (Somalia)	30,000 metric tonnes/year	World Bank, 2023a; Mohamed, 2023
FAO-donated fishing vessels handed to cooperatives	12 vessels	ReliefWeb, 2019

Source: World Bank, 2023a; Mohamed, 2023; Somali Development and Reconstruction Bank, 2025; ReliefWeb, 2019.

Figure 10. Somali Fisheries: Sustainable Potential vs. Actual Production

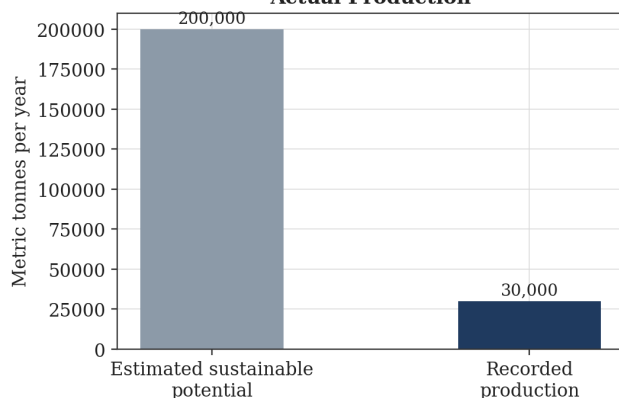


Figure 10. Somali Fisheries: Sustainable Potential vs. Actual Production

Source: World Bank, 2023a; Mohamed, 2023.

Recorded production reaches only about one-seventh of the estimated sustainable catch potential, illustrating the scale of unrealised opportunity in the fisheries sector relative to weak cold-chain infrastructure, limited financing for artisanal fishers, and unresolved licensing authority.

Trade and Bosaso Port

Bosaso port is Puntland's principal gateway for both livestock exports and consumer goods imports, and its fortunes have long been treated as a barometer for the wider regional economy (Durham University, 2022). Following the 2017 concession to DP World's P&O Ports, the port underwent a 455-metre quay extension, construction of a 5.5-hectare storage yard, and dredging to a depth of 12 metres to accommodate larger vessels (Somali Ports Authority, n.d.). Nonetheless, Bosaso has struggled against structural disadvantages relative to Berbera and Mogadishu: it depends on transshipment through intermediary ports in Dubai, Oman or Yemen rather than direct container shipping, and seasonal monsoon winds interrupt maritime traffic for several months each year (More.bham.ac.uk, 2022; Rapid Market Assessment Bosaso, 2023).

Rapid market assessment evidence from Bosaso describes the city as a genuine commercial hub, hosting the headquarters of major telecommunications firms and banks and connecting maritime trade routes with the overland caravan and trucking routes of the Puntland and wider Somali hinterland (Rapid Market Assessment Bosaso, 2023). A significant share of imported goods, vehicles, electronics, building materials and food, is re-exported from the United Arab Emirates via Bosaso, while livestock, hides and skins constitute the principal exports (More.bham.ac.uk, 2022).

Table 6. Bosaso Port Infrastructure and Trade Indicators

Indicator	Value	Source
Quay extension added under 2017 DP World / P&O Ports concession	455 metres	Somali Ports Authority, n.d.
Storage yard added	5.5 hectares	Somali Ports Authority, n.d.
Dredged depth to accommodate larger vessels	12 metres	Somali Ports Authority, n.d.
Principal trade routing	Transshipment via Dubai, Oman, Yemen (no direct container shipping)	More.bham.ac.uk, 2022
Principal exports	Livestock, hides and skins	More.bham.ac.uk, 2022
Principal imports	Vehicles, electronics, building materials, food (re-exported via UAE)	More.bham.ac.uk, 2022

Source: Somali Ports Authority, n.d.; More.bham.ac.uk, 2022.

Telecommunications and Financial Services

Somalia, including Puntland, has developed one of the most advanced mobile money ecosystems in the world despite, or in some analyses because of, the near-total absence of a conventional banking sector for most of the post-1991 period. Hormuud Telecom's EVC Plus platform, launched in 2011, is estimated to be used by roughly 67 to 70 per cent of the national population, compared with only about 15 per cent holding a traditional bank account (Connecting Africa, 2024). Mobile money has become central not only to person-to-person transfers but increasingly to humanitarian cash transfer programming, business payments,

and remittance receipt (Frontiers in Human Dynamics, 2026).

More recent developments include partnerships between Hormuud Telecom and licensed banks such as MyBank and Agro Bank aimed at integrating mobile money wallets with formal banking rails, a step that could gradually extend formal financial inclusion beyond payments into savings, credit and insurance products (Connecting Africa, 2024). Nonetheless, the World Bank notes that only around 8 per cent of Somali adults are connected to formal financial systems in the fuller sense of account ownership at a regulated institution, underscoring how much of Somalia's 'financial inclusion' remains payments-based rather than savings- or credit-based (World Bank Blogs, 2025).

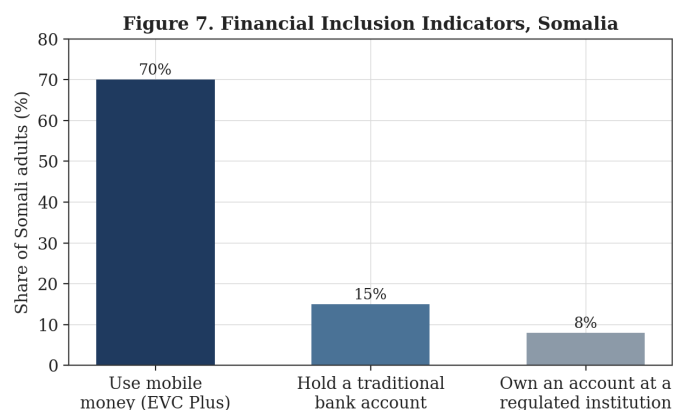


Figure 7. Financial Inclusion Indicators, Somalia

Source: Connecting Africa, 2024; World Bank Blogs, 2025.

The gap between mobile-money use (about 70 per cent of adults) and formal account ownership at a regulated institution (about 8 per cent) illustrates that Somalia's much-cited 'financial inclusion' is overwhelmingly payments-based

rather than grounded in savings, credit or insurance products.

Remittances

Remittances constitute one of the largest and most stable sources of external finance for Somalia as a whole, and by extension for Puntland households. Estimates of remittances as a share of GDP vary by source and year, ranging from roughly 17 per cent (World Bank, 2018 estimate cited in World Bank, 2020a) to about 25 per cent (U.S. Department of State, 2025), with annual flows estimated at US\$1.3 to US\$2 billion. Average annual international remittances received per Somali household have been estimated at around US\$743, a figure that exceeds average per-capita income nationally (World Bank, 2020a).

The cost of remitting to Somalia remains high by global standards, partly reflecting the de-risking of Somali money transfer operators by international correspondent banks concerned about anti-money-laundering and counter-terrorism-financing compliance (World Bank, 2020a). Bulut and Mohamed's (2018) analysis found only a weak statistical relationship between remittance receipt and the national poverty headcount ratio, suggesting that while remittances substantially raise the welfare of recipient households, their aggregate effect on poverty reduction is limited by their uneven geographic and social distribution, urban, better-connected households with existing diaspora ties tend to benefit disproportionately relative to poorer rural and nomadic households.

Table 11. Financial Inclusion and Remittances Indicators

Indicator	Estimate	Source
Somali adults using mobile money (EVC Plus and comparable platforms)	67–70%	Connecting Africa, 2024; Frontiers in Human Dynamics, 2026
Somali adults holding a traditional bank account	15%	Connecting Africa, 2024
Somali adults with an account at a regulated financial institution	8%	World Bank Blogs, 2025
Remittances as share of Somali GDP	17–25%	World Bank, 2020a; U.S. Dept. of State, 2025
Estimated annual remittance inflows	US\$1.3–2 billion	World Bank, 2020a; U.S. Dept. of State, 2025
Average annual remittances received per Somali household	US\$743	World Bank, 2020a

Source: Connecting Africa, 2024; World Bank, 2020a; World Bank Blogs, 2025; U.S. Department of State, 2025; Frontiers in Human Dynamics, 2026.

Figure 9. Remittances as a Share of Somali GDP, Range Estimates

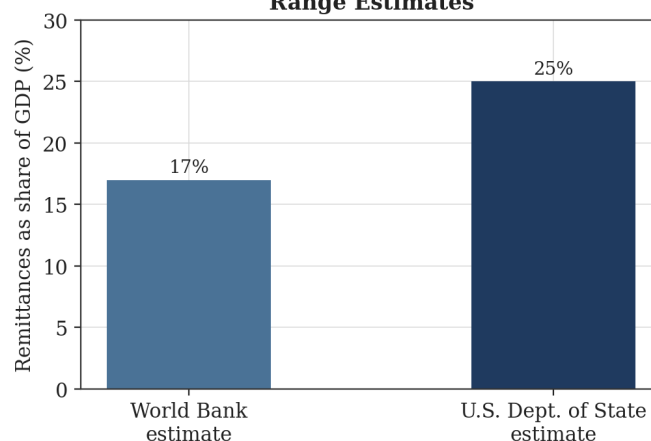


Figure 9. Remittances as a Share of Somali GDP, Range Estimates

Source: World Bank, 2020a; U.S. Department of State, 2025.

The eight-percentage-point spread between the two most-cited estimates reflects differences in survey methodology and reference year rather than a genuine change in remittance dependence,

both of which place Somalia among the world's most remittance-reliant economies.

Mining and Emerging Sectors

Puntland has periodically attracted interest in oil and gas exploration in the Nugaal and Dharoor valley basins, alongside interest in gypsum, salt and other minerals, though none of these activities has yet developed into a significant, verifiable contributor to regional GDP based on the publicly available secondary evidence reviewed for this article. Given the absence of robust, independently verifiable production or revenue data for extractive activities in Puntland, this review does not make quantitative claims about the mining sector's current economic contribution, consistent with the requirement to rely only on evidence that can be substantiated from credible secondary sources.

Major Socioeconomic Challenges

Unemployment and Youth Unemployment

Unemployment, and youth unemployment in particular, is among the most consistently documented challenges in the Somali and Puntland literature. The 2012 UNDP Human Development Report found total unemployment among the 15--64 age group at around 54 per cent nationally, up from 47 per cent in 2002, and youth (14--29) unemployment at 67 per cent, rising to 74 per cent among young women (UNDP, 2012). More than 60 per cent of surveyed youth expressed an intention to leave the country in search of better livelihood opportunities (UNDP, 2012)

Puntland-specific research attributes youth unemployment to a combination of factors: a mismatch between university course offerings, concentrated in business and general studies rather than fisheries, agriculture, animal husbandry, engineering or medicine, and the skills actually demanded by Puntland's economy; clan-based exclusion from public-sector recruitment; cultural preferences among educated youth for office-based work over trades; and the continuing pull of migration (International Journal of Contemporary Applied Researches, 2019; Hiil Institute, 2024). The World Bank separately estimates that Somalia needs to create roughly 80,000 new jobs annually simply to absorb the approximately 500,000 young people entering the labour force each year, a gap of more than 400,000 jobs annually at the national level (World Bank, n.d.-b).

Table 7. Employment and Labour Market Indicators

Indicator	Estimate	Source
Total unemployment, ages 15–64, national (2012)	54% (up from 47% in 2002)	UNDP, 2012
Youth unemployment, ages 14–29, national	67%	UNDP, 2012
Youth unemployment, young women	74%	UNDP, 2012
Youth unemployment, young men	61%	UNDP, 2012
Youth expressing intent to migrate for work	60%	UNDP, 2012
New jobs needed annually (national) to absorb labour-force entrants	80,000	World Bank, n.d.-b
New young people entering the labour force annually (national)	500,000	World Bank, n.d.-b
Primary school attendance, Somaliland ages 6–13 (regional comparator)	50%, vs. 87% Ethiopia	World Bank, 2014, cited in ReliefWeb, 2014

Source: UNDP, 2012; World Bank, n.d.-b; ReliefWeb, 2014.

Note: Figures are the most recent methodologically documented national estimates available; no more recent Puntland- or Somalia-specific labour force survey with comparable coverage has been published.

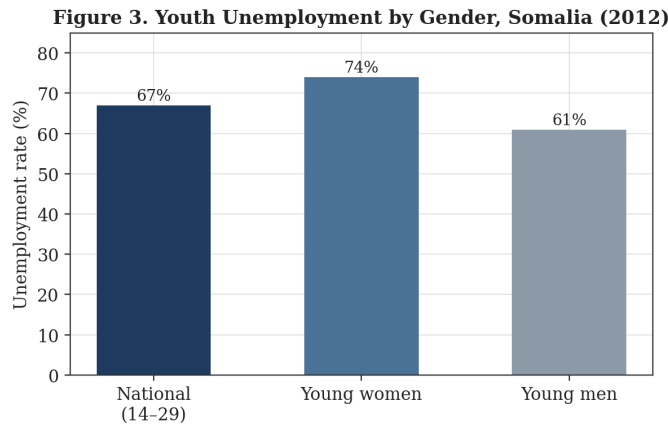


Figure 3. Youth Unemployment by Gender, Somalia (2012)

Source: UNDP, 2012.

The thirteen-percentage-point gap between young women and young men highlights a pronounced gender dimension to youth unemployment, consistent with subsequent Puntland-focused research pointing to clan-based and cultural barriers layered on top of a generally weak labour market.

Poverty

According to the Somalia National Bureau of Statistics' 2023 poverty report, based on the 2022 Somali Integrated Household Budget Survey, just over half of Somalia's population lives below the national poverty line (Somalia National Bureau of Statistics, 2023). Machine-learning analyses of related household survey data find substantially higher poverty rates, around 69 per cent, among nomadic pastoralists, agro-pastoralists and internally displaced persons

compared with roughly 60 per cent in urban areas, reflecting the particular vulnerability of livestock-dependent rural households that constitute a large share of Puntland's population (Hassan et al., 2024). Household size, geographic region, and household head characteristics were found to be the strongest statistical predictors of poverty status nationally (Hassan et al., 2024).

Table 8. Poverty Indicators by Population Group

Population group	Poverty headcount	Source
National average (Somalia)	52–54%	SNBS, 2023
Urban areas	60%	Hassan et al., 2024
Nomadic, agro-pastoral and internally displaced households	69%	Hassan et al., 2024
Strongest statistical predictors of poverty status	Household size, geographic region, household head characteristics	Hassan et al., 2024

Source: Somalia National Bureau of Statistics, 2023; Hassan et al., 2024; based on the 2022 Somali Integrated Household Budget Survey.

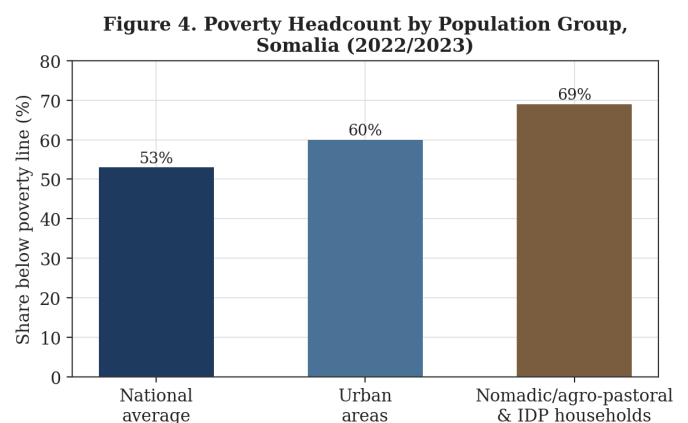


Figure 4. Poverty Headcount by Population Group, Somalia (2022/2023)

Source: Somalia National Bureau of Statistics, 2023; Hassan et al., 2024.

Nomadic, agro-pastoral and internally displaced households face poverty rates roughly sixteen

percentage points above the national average, reflecting the particular vulnerability of livestock-dependent rural livelihoods to drought and market shocks discussed in Section 7.4.

Inflation and Macroeconomic Instability

Inflation in Somalia has generally remained moderate by regional standards in recent years but is highly sensitive to global food and fuel prices given the country's heavy reliance on imports. The World Bank reports Somali inflation averaging around 3.7 per cent in 2025, with an expectation of further increases driven by rising food, transport and energy costs (World Bank, n.d.-b). Because Puntland imports the large majority of its consumer goods through Bosaso and re-exports from the United Arab Emirates, Oman and Yemen (More.bham.ac.uk, 2022), regional price levels are closely linked to exchange-rate movements, shipping costs, and Gulf market conditions rather than to domestic monetary policy, which is itself constrained by the continued absence of full national currency and banking sector integration.

Climate Change and Drought

Drought is arguably the single most disruptive recurring shock to Puntland's economy, given the centrality of rain-fed pastoralism to household livelihoods. Puntland experienced severe drought conditions in 2021--2022, when the Somalia Food Security and Nutrition Analysis Unit recorded the share of Puntland's population in IPC Phase 3 (Crisis) or worse rising from about 20 per cent (669,850 people) in January 2022 to 36 per cent (over 1.2 million people) by March 2022, with

projections of 45 per cent by June absent a rapid scale-up of humanitarian response (Global Partnership for Education, 2022). A subsequent drought emergency was declared at the national level in November 2025, with Puntland again identified as among the worst-affected areas: authorities estimated that nearly one million people needed support, including 130,000 in immediate life-threatening need, and 89 supplementary feeding sites and 198 health and stabilisation centres reported severe supply shortages (UN News, 2025; UN OCHA, 2025).

These recurrent shocks illustrate a structural vulnerability rather than an occasional anomaly: Somalia experienced a comparable four-season drought in 2016--2017 that produced severe acute food insecurity, and forecasting agencies have repeatedly flagged below-average rainy seasons as a recurring risk (ReliefWeb, 2021). Because livestock constitutes both the primary productive asset and the primary store of wealth for most rural Puntland households, drought-induced livestock mortality has cascading effects on export earnings, government revenue from livestock-linked trade taxes, and household food security simultaneously.

Figure 6. Drought-Affected Population in Puntland, January-June 2022

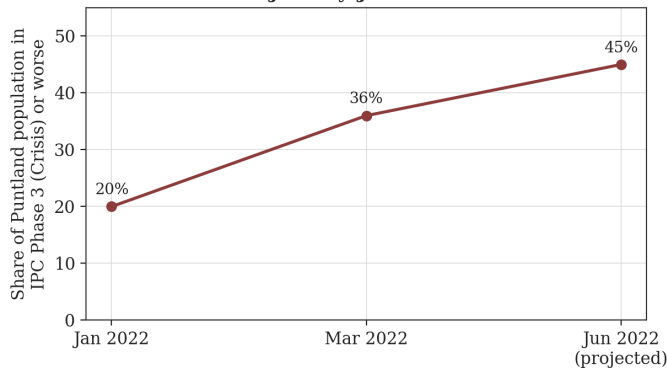


Figure 6. Drought-Affected Population in Puntland, January-June 2022

Source: Global Partnership for Education, 2022 (Somalia Food Security and Nutrition Analysis Unit data).

The share of Puntland's population in IPC Phase 3 (Crisis) or worse more than doubled within three months in early 2022 and was projected to reach nearly half the population by June absent a rapid scale-up of humanitarian response, illustrating how quickly drought conditions can translate into acute need.

Infrastructure Deficits

Beyond the specific case of Bosaso port, Puntland's transport, energy and water infrastructure remains underdeveloped relative to the demands of a growing trading economy. Overland routes connecting Bosaso to the pastoral hinterland and to markets in Ethiopia and central Somalia are often unpaved and vulnerable to seasonal disruption, which raises transport costs and constrains the geographic reach of formal trade relative to informal cross-border movement (FAO Sub-regional Office, n.d.). Water infrastructure is a particular constraint given Puntland's arid climate: groundwater rather than surface water is the primary source

for most communities, and unregulated or poorly maintained boreholes contribute to both resource depletion and disputes over access, especially during drought periods (FAOLEX, n.d.).

Governance and Public-Sector Integrity

Weak governance and perceived public-sector corruption represent a further significant constraint on Puntland's, and Somalia's, development prospects. Somalia scored just 9 out of 100 on Transparency International's 2025 Corruption Perceptions Index, tying with South Sudan for the lowest score among the 182 countries assessed and placing 181st among all countries ranked (Transparency International, 2026). Somalia also scores poorly on the World Bank's Worldwide Governance Indicators, with a control-of-corruption score of 11.7 out of 100 and a rule-of-law score of 19.0 out of 100 as of 2024 (U4 Anti-Corruption Resource Centre, 2026).

Analysts attribute weak governance outcomes to a combination of factors specific to the Somali federal context: contested authority between the federal government and federal member states such as Puntland over natural resources, ports and taxation; limited budgetary independence of oversight institutions such as the Office of the Auditor General; and clan-based patronage networks that can undermine merit-based public administration (U4 Anti-Corruption Resource Centre, 2026). While these governance weaknesses are documented primarily at the national level owing to the availability of comparable cross-country indices, the underlying

institutional dynamics, contested jurisdiction, narrow revenue bases and capacity constraints, apply directly to the Puntland administration as well, as reflected in Puntland-specific public financial management assessments (World Bank, 2018; WardheerNews, 2021).

Table 12. Governance and Institutional Integrity Indicators

Indicator	Value	Source
Transparency International Corruption Perceptions Index score (2025)	9 / 100	Transparency International, 2026
Global CPI ranking (2025)	181st of 182 countries (tied with South Sudan for lowest)	Transparency International, 2026
World Bank Worldwide Governance Indicators: control of corruption (2024)	11.7 / 100	U4 Anti-Corruption Resource Centre, 2026
World Bank Worldwide Governance Indicators: rule of law (2024)	19.0 / 100	U4 Anti-Corruption Resource Centre, 2026

Source: Transparency International, 2026; U4 Anti-Corruption Resource Centre, 2026.

Note: Cross-country governance indices are compiled at the national Somali level; comparable Puntland-specific governance indices are not published, though the underlying institutional dynamics (contested federal-state jurisdiction, narrow revenue bases, capacity constraints) are described in Puntland-specific PFM assessments cited elsewhere in this review.

Investment Barriers and Limited Industrialisation

Puntland's private sector remains dominated by trade, telecommunications and small-scale services, with very limited manufacturing or agro-processing capacity. The U.S. Department of State's 2025 investment climate statement for Somalia notes that security threats, infrastructure gaps and corruption continue to pose serious risks for investors, even as foreign investment is

growing from the Somali diaspora, Turkish firms and Gulf partners (U.S. Department of State, 2025). Somalia's 2015 Foreign Investment Law permits full foreign ownership and guarantees capital repatriation, but these provisions are not always consistently applied in practice, and the country's accession process to the World Trade Organization, initiated in 2016, remains incomplete (U.S. Department of State, 2025). The absence of state-owned enterprises or a sovereign wealth fund, while reflecting Somalia's minimal-state trajectory since 1991, also means that Puntland lacks the kind of public investment vehicles that other resource-endowed developing economies have used to catalyse industrialisation..

Education and Skills

Education access and quality remain weak across Somalia, with direct implications for Puntland's labour market. National literacy and enrolment indicators are low relative to regional comparators; in neighbouring Somaliland, for example, only about half of children aged 6--13 attend primary school, compared with 87 per cent in Ethiopia (World Bank, 2014 cited in ReliefWeb, 2014), a gap likely to be broadly similar in Puntland given comparable levels of state fragility and rural dispersion. A large-scale machine-learning analysis of the 2022 Somali Integrated Household Budget Survey found that a child's age, geographic region, and nomadic residence status were stronger predictors of school non-attendance than either health status or household poverty alone, with non-attendance

reaching 30.5 per cent in some regions and nomadic children facing roughly triple the non-attendance risk of settled peers (PMC, 2026).

At the tertiary level, Puntland-focused research documents a persistent mismatch between the specialisations offered by local universities, concentrated in business administration and general social science, and the technical skills required by the fisheries, livestock, telecommunications and engineering sectors, forcing employers to import foreign expertise at higher cost (Hiil Institute, 2024). This mismatch compounds youth unemployment even among the relatively small share of the population that completes tertiary education.

similar levels of state fragility and rural dispersion.

Public Finance

Puntland's fiscal base has strengthened considerably since the late 1990s but remains narrow and vulnerable. Domestic revenue rose from roughly US\$125,000 annually in 1998 to about US\$342 million in 2020, an achievement widely attributed to customs and port-linked revenue, streamlined tax laws, and the extension of income tax collection to public and private-sector wages (WardheerNews, 2021). However, the same source notes persistent weaknesses in cash management and budget execution, and World Bank-supported public financial management projects have identified continuing capacity gaps in tax policy design, inland revenue administration, and financial reporting systems across Puntland, Somaliland and the Federal Government (World Bank, 2018; World Bank, 2020). Because a large share of Puntland's domestic revenue is generated at Bosaso port through customs duties, the government's fiscal position is directly exposed to fluctuations in trade volumes, exchange rates, and the wider dynamics of Gulf livestock demand described in Section 6.1.

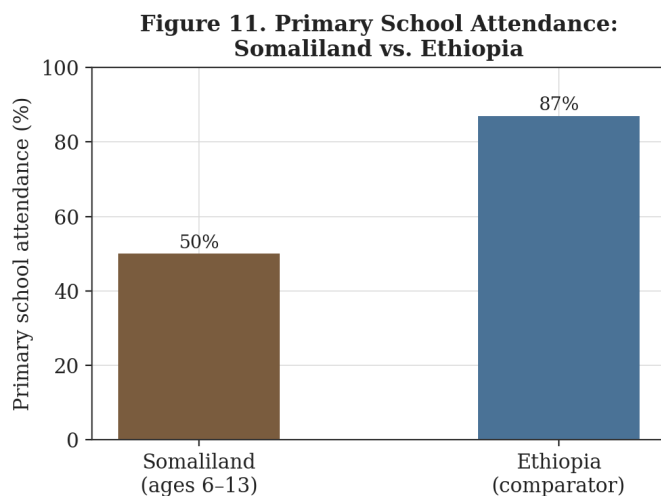


Figure 11. Primary School Attendance: Somaliland vs. Ethiopia

Source: World Bank, 2014, cited in ReliefWeb, 2014.

The thirty-seven-percentage-point gap relative to the Ethiopian comparator illustrates the scale of the education access deficit in the northern Somali territories, a gap that Puntland-focused analysts consider broadly comparable given

Table 9. Public Finance Indicators

Indicator	Value	Source
Puntland domestic revenue, 1998	US\$125,000/year	WardheerNews, 2021
Puntland domestic revenue, 2020	US\$342 million/year	WardheerNews, 2021
Principal revenue base	Customs and port-linked charges at Bosaso; income tax on public/private wages	WardheerNews, 2021
Documented persistent weaknesses	Cash management, budget execution, narrow tax base	WardheerNews, 2021; World Bank, 2018; World Bank, 2020
Somalia inflation rate (2025)	3.7%	World Bank, n.d.-b

Source: WardheerNews, 2021; World Bank, 2018; World Bank, 2020; World Bank, n.d.-b.

Figure 5. Puntland Government Domestic Revenue, 1998 vs. 2020

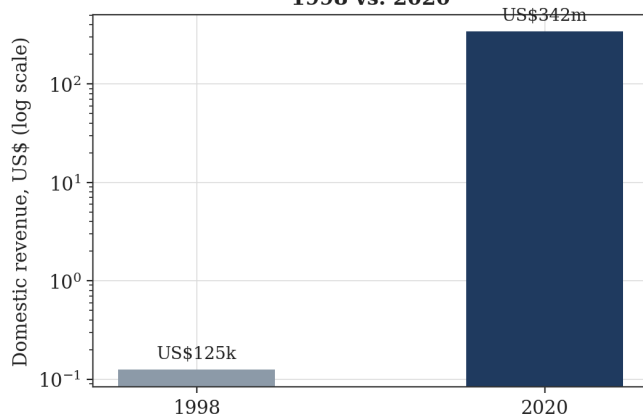


Figure 5. Puntland Government Domestic Revenue, 1998 vs. 2020

Source: WardheerNews, 2021.

Domestic revenue rose by more than three orders of magnitude over two decades, an achievement attributed chiefly to customs and port-linked collection at Bosaso; the chart uses a logarithmic scale because the two endpoints differ by a factor of roughly 2,700, and no verifiable intermediate-

year series is available in the secondary literature.

Food Insecurity

Food insecurity in Puntland is closely linked to the drought dynamics described in Section 7.4 but also reflects deeper structural issues, including the region's near-total dependence on imported staple foods, given its arid agro-ecology and correspondingly limited crop agriculture. During the 2021--2022 drought, coastal zones of Puntland were projected to experience IPC Phase 4 (Emergency) food security outcomes (ReliefWeb, 2021), while the joint FAO--WFP November 2025 hunger hotspot assessment again listed Somalia among sixteen countries where acute food insecurity is deepening due to the combined effects of conflict, economic shocks, extreme weather and reduced humanitarian funding (UN News, 2025). At the national level, at least 4.4 million people were projected to face acute food insecurity through the end of 2025, with 1.85 million children under five projected to suffer acute malnutrition through mid-2026 (UN News, 2025).

Table 10. Climate, Drought and Food Security Indicators

Indicator	Value	Source
Puntland population in IPC Phase 3+ (Crisis or worse), January 2022	20% (669,850 people)	Global Partnership for Education, 2022
Puntland population in IPC Phase 3+, March 2022	36% (over 1.2 million people)	Global Partnership for Education, 2022
Puntland population in IPC Phase 3+, projected June 2022	45%	Global Partnership for Education, 2022
People needing support in the November 2025 drought emergency (Puntland)	1 million, incl. 130,000 in immediate life-threatening need	UN News, 2025; UN OCHA, 2025
Supplementary feeding sites reporting severe shortages (Nov. 2025)	89 sites	UN OCHA, 2025
Health and stabilisation centres reporting severe shortages (Nov. 2025)	198 centres	UN OCHA, 2025
People projected to face acute food insecurity through end-2025 (national)	4.4 million	UN News, 2025
Children under five projected to suffer acute malnutrition through mid-2026 (national)	1.85 million	UN News, 2025

Source: Global Partnership for Education, 2022; UN News, 2025; UN OCHA, 2025.

Economic Opportunities

Despite the challenges catalogued above, the secondary literature also points to several concrete opportunities for Puntland's economic development. The fisheries sector represents perhaps the clearest case of unrealised potential: with roughly a third of Somalia's productive coastline and estimated national sustainable catch potential of over 200,000 metric tonnes annually against current production closer to 30,000 metric tonnes, targeted investment in

cold-chain infrastructure, licensing capacity, and value-chain development could substantially increase both export earnings and coastal employment (World Bank, 2023a; Mohamed, 2023).

Second, continued modernisation of Bosaso port, building on the 2017--2022 DP World concession, offers a pathway to diversify Puntland's trade base beyond livestock into containerised goods, provided that security conditions stabilise and the port can develop direct shipping links rather than relying on transshipment through Gulf intermediaries (Somali Ports Authority, n.d.; More.bham.ac.uk, 2022).

Third, mobile money and digital financial services present an opportunity to deepen financial inclusion beyond payments into savings, credit and insurance, building on the exceptionally high adoption rates already achieved through EVC Plus and comparable platforms, and on emerging partnerships between telecom operators and licensed banks (Connecting Africa, 2024; World Bank Blogs, 2025). Fourth, the Somali diaspora, the source of remittance flows estimated at 17 to 25 per cent of GDP, represents a potential source not only of consumption-smoothing transfers but of investment capital, skills transfer, and entrepreneurship, as reflected in the growing number of new limited liability companies registered nationally in recent years (World Bank Blogs, 2025).

Finally, livestock value addition, processing hides and skins, dairy products, or meat rather than

exporting live animals alone, offers a route to capture more value domestically from Puntland's dominant sector, building on existing but limited processing capacity such as the Bosaso tannery (Agriculture in Somalia, Wikipedia, 2026).

Table 14. Summary of Economic Opportunities

Opportunity	Basis for the opportunity	Source
Fisheries development	Sustainable catch potential (200,000 t/yr) vs. current production (30,000 t/yr)	World Bank, 2023a; Mohamed, 2023
Bosaso port modernisation	2017–2022 DP World concession; potential for direct container shipping	Somali Ports Authority, n.d.; More.bham.ac.uk, 2022
Digital financial services	70% mobile money adoption; emerging telecom–bank partnerships	Connecting Africa, 2024; World Bank Blogs, 2025
Diaspora investment	Remittances of 17–25% of GDP as a base for investment capital and skills transfer	World Bank Blogs, 2025
Livestock value addition	Existing but limited processing capacity (e.g., Bosaso tannery)	Wikipedia, 2026 (Agriculture in Somalia)

Source: Compiled by the author from sources cited in Section 8.

Discussion

The evidence reviewed in this article points to a central tension in Puntland's development trajectory. On one hand, Puntland has demonstrated genuine institutional resilience: it built a functioning regional government from almost nothing after 1991, established a working

seaport that has anchored decades of trade, and grew domestic revenue by several orders of magnitude between 1998 and 2020. On the other hand, the region's economic base remains narrow, informal, and highly exposed to climatic and external shocks, while human development outcomes, youth unemployment, poverty, education access, lag substantially behind what would be required to convert demographic growth into a productive workforce rather than a source of instability.

Several cross-cutting relationships stand out. Livestock, trade, remittances and mobile money function not as independent sectors but a tightly interlinked survival economy: livestock exports fund the customs revenue that supports government operations at Bosaso; remittances substitute for the formal banking and social protection systems that a functioning state would normally provide; and mobile money has emerged as critical infrastructure precisely because the formal banking sector never developed at scale. This interdependence is a source of resilience in the short run, but it also means that a shock to any one node, a Gulf livestock export ban, a disruption to hawala and mobile money channels, or a fall in diaspora remittances during a global downturn, can propagate rapidly through the rest of the system.

Second, governance and fiscal weaknesses are not merely a national-level abstraction measured by the Corruption Perceptions Index; they have direct, traceable effects on sector-level outcomes discussed elsewhere in this review, including

unresolved federal--state disputes over fisheries licensing, the slow pace of public financial management reform noted in World Bank-supported projects, and the narrow, port-dependent structure of Puntland's tax base. Strengthening governance is therefore not a separate agenda from economic diversification but a precondition for it, since investors, whether diaspora, Gulf, or Western, consistently cite governance and security risk as primary deterrents (U.S. Department of State, 2025).

Third, the evidence on youth unemployment and education suggests that Puntland faces a demographic dividend that is currently being squandered rather than realised. A population in which roughly seven in ten young people are unemployed, and where university curricula are poorly matched to the skills the economy actually needs, represents both an underused productive resource and a latent source of social and political instability, a concern raised explicitly in the youth unemployment literature reviewed in Section 3.4 (Hiil Institute, 2024).

Finally, drought and climate variability function as a recurring reset mechanism that periodically erodes gains made during better years. The pattern documented in this review, drought emergencies in 2016--2017, 2021--2022, and again in late 2025, suggests that Puntland's development planning needs to treat climate shocks as a structural feature of the operating environment rather than as episodic emergencies to be addressed only through humanitarian response after the fact.

Policy Implications

The findings of this review carry several policy implications for the Puntland administration, the Federal Government of Somalia, and international development partners.

For the Puntland government, the evidence points toward prioritising diversification of the revenue base beyond port-linked customs duties, continuing public financial management reforms already underway with World Bank support, and clarifying, through negotiation with the federal government, the division of authority over fisheries and other natural resources in order to reduce the investment uncertainty documented in Sections 6.2 and 7.6. Investment in climate-resilient water infrastructure and early-warning systems for drought would help to reduce the recurring humanitarian and economic costs described in Section 7.4, while targeted vocational and technical education aligned with the fisheries, livestock-processing, engineering and digital economy sectors would help address the skills mismatch identified in Section 7.8.

For the Federal Government of Somalia, the review's findings underscore the importance of resolving outstanding constitutional and legal questions regarding the assignment of taxation and natural-resource authority between the federal level and federal member states such as Puntland, a gap identified as far back as the Somali Joint Needs Assessment and still unresolved in recent disputes over blue economy governance (World Bank, n.d.-c; Kaab TV, 2026).

Continued progress on the IMF Extended Credit Facility programme and broader macro-fiscal stability also has direct spillover benefits for Puntland, given the interconnection between national monetary and exchange-rate conditions and regional trade costs.

For international development partners, the evidence supports continued investment in three areas with demonstrated high returns in the literature reviewed: public financial management capacity-building of the kind already delivered through World Bank-financed projects; fisheries and blue economy infrastructure, where the gap between potential and realised output is unusually large; and digital financial inclusion, building on the exceptional adoption rates already achieved through mobile money platforms. Humanitarian and development financing should also be structured, where possible, to support anticipatory action ahead of forecast drought conditions rather than purely reactive emergency response, given the well-documented, recurring nature of the drought cycle affecting Puntland.

Recommendations

Drawing on the evidence and discussion above, the following practical recommendations are offered.

On the fiscal and sectoral side, the priority is to diversify Puntland's revenue base by extending formal taxation to under-taxed segments of the informal economy while preserving the trade-facilitation role of Bosaso port, which currently

generates the bulk of domestic revenue. Alongside this, donor co-financed investment in cold-chain, licensing and enforcement infrastructure for fisheries would help close the documented gap between Puntland's coastal endowment and its minimal current contribution to GDP, while negotiated clarity between Puntland and the Federal Government of Somalia on natural-resource and fisheries governance would reduce the investment uncertainty that currently discourages both domestic and foreign capital.

On resilience and human capital, expanding climate-resilient water infrastructure and drought early-warning systems, paired with anticipatory humanitarian financing mechanisms triggered before rather than only after IPC food-security thresholds are crossed, would reduce the recurring costs documented in Section 7.4. Aligning tertiary and vocational education curricula with the skills actually demanded by the livestock, fisheries, port logistics, telecommunications and digital finance sectors, in coordination with employers, would begin to close the mismatch identified in Section 7.8.

On finance and governance, continued integration of mobile money platforms with formal banking and credit systems would extend financial inclusion beyond payments into savings, credit and insurance for households and small enterprises, while measures to encourage diaspora investment, not only remittance transfers, through simplified business registration, diaspora bond or investment

vehicles, and stronger property and contract enforcement, would help convert remittance dependence into productive capital. Underpinning all of these measures, continuing and deepening public financial management reforms, including strengthening the independence and budgetary autonomy of oversight institutions such as the Office of the Auditor General, remains a precondition for translating sectoral gains into durable fiscal capacity.

Table 15. Policy Recommendations by Stakeholder

Stakeholder	Priority recommendations
Puntland government	Diversify revenue beyond port customs; continue PFM reforms; negotiate clarity on fisheries/resource governance; invest in climate-resilient water infrastructure and drought early-warning systems; align vocational education with fisheries, livestock-processing, engineering and digital-economy skills needs.
Federal Government of Somalia	Resolve constitutional questions on taxation and natural-resource authority between federal and member-state levels; sustain progress on the IMF Extended Credit Facility programme and broader macro-fiscal stability.
International development partners	Continue PFM capacity-building; invest in fisheries and blue-economy infrastructure; support digital financial inclusion beyond payments into savings, credit and insurance; structure humanitarian/development financing around anticipatory action ahead of forecast drought.

Source: Synthesised by the author from Sections 10 and 11.

Conclusion

Puntland's economy embodies both the resilience and the fragility that characterise Somalia's broader post-1991 experience. Through a combination of pastoral livestock trade, a functioning if constrained seaport, remarkable mobile-money-enabled financial inclusion, and

sustained diaspora remittances, Puntland has maintained economic activity and, since 1998, built functioning state institutions in the absence of a fully effective national government for most of that period. Yet the evidence reviewed in this article shows that these achievements coexist with severe and recurring constraints: chronically high youth unemployment, poverty affecting roughly half of the population, weak public-sector governance and integrity, recurrent and increasingly frequent drought, and an underdeveloped fisheries sector that represents perhaps the clearest case of unrealised economic potential.

Addressing these challenges will require sustained, coordinated action across fiscal, sectoral, educational and climate-resilience policy domains, involving the Puntland administration, the Federal Government of Somalia, and international development partners working in a more integrated fashion than has typically been the case. The policy directions set out in this review, diversifying revenue and trade beyond livestock and port customs, resolving federal--state resource governance disputes, investing in climate resilience and fisheries infrastructure, and aligning education with labour-market needs, are neither novel nor easy, but the secondary evidence reviewed here suggests they represent the most credible pathway toward more sustainable and inclusive economic growth in Puntland over the coming decade.

Limitations

This review is subject to several limitations inherent to its secondary-data methodology and to the underlying Somali statistical environment. Puntland-specific data are frequently unavailable, requiring reliance on Somalia-wide national estimates that may not fully reflect regional variation; this limitation is flagged wherever it applies. Cited figures for population, GDP, and sectoral contributions vary across sources and years and should be read as indicative orders of magnitude rather than precise, current statistics. This review draws on approximately fifty verifiable secondary sources rather than the considerably larger reference set that would be assembled for a full-length, multi-author empirical study; readers requiring a more exhaustive bibliography, particularly of the Somali-language grey literature and unpublished government documents, should treat this review as a starting point rather than a comprehensive literature census. Fourth, no new primary data were collected, consistent with the review's terms of reference, and the analysis should therefore be understood as a synthesis and interpretation of existing evidence rather than an original empirical contribution.

References

- Bulut, E., & Mohamed, A. A. (2018). Remittances and poverty reduction in Somalia. *Fiscaeconomia*, 2(3), 1--20.
- Connecting Africa. (2024, October 18). Hormuud Telecom integrates mobile money with Somali banks. <https://www.connectingafrica.com/fintech/hormuud-telecom-integrates-mobile-money-service-with-somali-banks>
- Dua, J. (2020). Bosaso and the Gulf of Aden: Changing dynamics of a land-sea network. Rift Valley Institute, Cross-Border Project. https://riftvalley.net/wp-content/uploads/2020/07/Bosaso-and-the-Gulf-of-Aden-by-Jatin-Dua-Abdideeq-Warsame-and-Ahmed-Shire-RVI-X-Border-Project-2020_0.pdf
- Durham University. (2022, October 12). Somalia: Puntland state port. Durham University Thought Leadership. <https://www.durham.ac.uk/research/current/thought-leadership/somalia-puntland-state-port/>
- FAOLEX. (n.d.). Puntland water policy. Food and Agriculture Organization of the United Nations. <https://faolex.fao.org/docs/pdf/som198013.pdf>
- FAO Sub-regional Office for Eastern Africa. (n.d.). Informal cross-border livestock trade in the Somali region: Policy brief. Food and Agriculture Organization of the United Nations. https://www.fao.org/uploads/media/Policy_Brief%20ICBLT%20FAO-SFE.pdf
- Frontiers in Human Dynamics. (2026). Investigating the critical role of Hormuud's EVC-Plus mobile money in augmenting the delivery of lifesaving humanitarian aid in Somalia. *Frontiers in Human Dynamics*.

- <https://www.frontiersin.org/journals/human-dynamics/articles/10.3389/fhumd.2025.1692506/full>
- Global Partnership for Education. (2022). Puntland State of Somalia: Consolidated report on Puntland drought affected schools. <https://www.globalpartnership.org/node/document/download?file=document%2Ffile%2F2022-10-Program-document-Puntland-State-Somalia.pdf>
- Halqabsi News. (2025, January 21). Bosaso Port exports 20,000 livestock to Arab nations. <https://halqabsi.com/2025/01/bosaso-port-exports-20000-livestock-to-arab-nations/>
- Hassan, A. A., Muse, A. H., & Chesneau, C. (2024). Machine learning study using 2020 SDHS data to determine poverty determinants in Somalia. *Scientific Reports*, 14, Article 5891. <https://doi.org/10.1038/s41598-024-56466-8>
- Hiil Institute. (2024, October 10). Unemployable graduates: The plight of Somali youth. <https://hiil institute.org/2024/10/10/unemployable-graduates-the-plight-of-somali-youth/>
- International Journal of Contemporary Applied Researches. (2019). Factors influencing youth unemployment in Puntland State of Somalia. *International Journal of Contemporary Applied Researches*, 6(3). <http://ijcar.net/assets/pdf/Vol6-No3-March2019/15.pdf>
- Kaab TV. (2026). The blue economy battle: How a fishing deal tested Somalia's federal experiment. <https://en.kaabtv.com/the-blue-economy-battle-how-a-fishing-deal-tested-somalias-federal-experiment/>
- International Monetary Fund, Public Financial Management Blog. (2023, December 13). Puntland State's PFM reform. <https://blog-pfm.imf.org/en/pfmblog/2023/12/puntland-state-s-pfm-reform>
- Mohamed, S. (2023). Blue economy investment strategy. National Economic Council, Federal Republic of Somalia. <https://nec.gov.so/wp-content/uploads/2023/04/Establishment-of-a-Somali-blue-economy-framework-for-Somalia.pdf>
- Moody's Analytics. (2026, June 28). Somalia: Economic indicators. <https://www.economy.com/somalia/indicators>
- More.bham.ac.uk. (2022, January 13). Bossaso Port: Optimising port activities and transforming circulations. Port Infrastructures, International Politics, and Everyday Life in the Horn of Africa. <https://more.bham.ac.uk/port-infrastructure/2022/01/13/bossaso-port-optimising-port-activities-and-transforming-circulations/>
- PMC (National Center for Biotechnology Information). (2026). Beyond health: A machine learning analysis of structural barriers to school attainment in Somalia. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC12530525/>
- Rapid Market Assessment Bosasso, Somalia. (2023, December). Danish Refugee Council.

- https://drc.ngo/media/qztikneg/drc_som_rma_bossaso_march2024_v2.pdf
- ReliefWeb. (2019, November 28). FAO hands over 12 fishing vessels to fishing co-operatives in Puntland. <https://reliefweb.int/report/somalia/fao-hands-over-12-fishing-vessels-fishing-co-operatives-puntland>
- ReliefWeb. (2021, November 10). Somalia -- Worsening drought (DG ECHO, UN OCHA, FAO-SWALIM, FEWSNET). <https://reliefweb.int/report/somalia/somalia-worsening-drought-dg-echo-un-ocha-fao-swalim-fewsnet-echo-daily-flash-10>
- ReliefWeb. (2014, January 31). New World Bank GDP and poverty estimates for Somaliland. <https://reliefweb.int/report/somalia/new-world-bank-gdp-and-poverty-estimates-somaliland>
- Somali Development and Reconstruction Bank. (2025, June 23). Unlocking Somalia's untapped blue economy. <https://sdrb.gov.so/unlocking-somalias-untapped-blue-economy/>
- Somalia National Bureau of Statistics. (2023). Somalia poverty report 2023. Federal Republic of Somalia. <https://nbs.gov.so/wp-content/uploads/2024/08/Somalia-Poverty-Report-2023.pdf>
- Somali Ports Authority. (n.d.). Bosaso Port. <https://spa.gov.so/bosaso-port/>
- The East African. (2023, March 15). Puntland State contradicts Somalia's blue economy strategy. <https://www.theeastafrican.co.ke/tea/news/ea-st-africa/puntland-rejects-somalia-blue-economy-policy-4158242>
- Transparency International. (2026, February 10). Corruption Perceptions Index 2025. <https://www.transparency.org/en/cpi/2025>
- U4 Anti-Corruption Resource Centre. (2026). Somalia: Corruption and anti-corruption (Helpdesk Answer 2026:4). Transparency International. <https://knowledgehub.transparencycdn.org/helpdesk/Somalia-Corruption-and-anti-corruption-2026.pdf>
- UNDP. (2012). Somalia human development report 2012: Empowering youth for peace and development. United Nations Development Programme. <https://www.undp.org/publications/somalia-human-development-report-2012>
- UN News. (2025, November 26). Somalia declares drought emergency as millions face hunger after failed rains. <https://news.un.org/en/story/2025/11/1166456>
- UN OCHA. (2025). Somalia: Communities on edge as drought conditions bite. United Nations Office for the Coordination of Humanitarian Affairs. <https://www.unocha.org/publications/report/somalia/somalia-communities-edge-drought-conditions-bite>
- U.S. Department of State. (2025). Somalia: 2025 investment climate statement. <https://www.state.gov/reports/2025-investment-climate-statements/somalia>

- WardheerNews. (2021, August 8). Rebuttal -- Puntland economy: Key underlying challenges of budget execution and ways forward. <https://wardheernews.com/rebuttal-puntland-economy-key-underlying-challenges-of-budget-execution-and-ways-forward/>
- Wikipedia. (2026, February 24). Agriculture in Somalia. https://en.wikipedia.org/wiki/Agriculture_in_Somalia
- World Bank. (n.d.-a). Somalia, Fed. Rep. -- Data. World Bank Open Data. <https://data.worldbank.org/country/SO>
- World Bank. (n.d.-b). Federal Republic of Somalia: Country overview. World Bank Group. <https://www.worldbank.org/en/country/somalia/overview>
- World Bank. (n.d.-c). Somali joint needs assessment: Macroeconomic policy framework. <https://documents1.worldbank.org/curated/en/497991468335693249/pdf/802270WP0ENGLI0Box0379802B00PUBLIC0.pdf>
- World Bank. (2018). Second Public Financial Management Capacity Strengthening Project (P151492): Project appraisal document. https://ewdata.rightsindevelopment.org/files/documents/06/WB-P166206_bqsNwdC.pdf
- World Bank. (2020). Implementation status and results report: Second Public Financial Management Capacity Strengthening Project. <https://documents1.worldbank.org/curated/en/422841595537391953/pdf/Disclosable-Version-of-the-ISR-Second-Public-Financial-Management-Capacity-Strengthening-Project-P151492-Sequence-No-08.pdf>
- World Bank. (2020a). Somali remittances. World Bank Documents and Reports. <https://documents1.worldbank.org/curated/en/597711594118138283/pdf/Summary-of-Chapter-6-Remittances.pdf>
- World Bank. (2023a). Federal Republic of Somalia, Ministry of Fisheries and Blue Economy: Somali sustainable fisheries and blue economy development project. <https://documents1.worldbank.org/curated/en/099091124114085179/pdf/P17803212ababb0af1bb4410f2b3f981b74.pdf>
- World Bank. (2023b). Somalia poverty and equity assessment. <https://documents1.worldbank.org/curated/en/099091824030521946/pdf/P500465195a18d08518a8c166461ccd0d10.pdf>
- World Bank Blogs. (2025, February 11). Empowering Somalia's economy beyond remittances for long-term stability. <https://blogs.worldbank.org/en/nasikiliza/empowering-somalias-economy-beyond-remittances-for-long-term-stability-afe-0225>