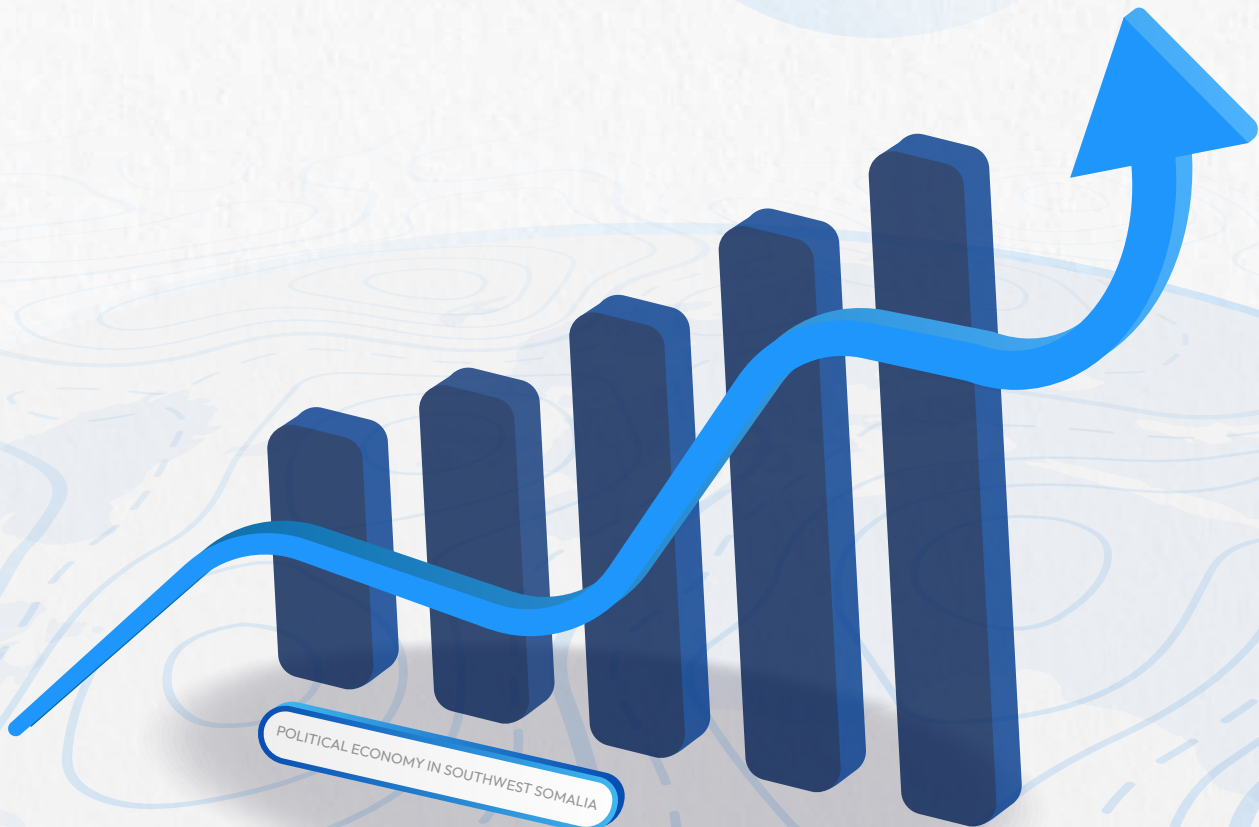




Institute for Research  
Analysis & Dialogue

# THE LANDSCAPE OF THE POLITICAL ECONOMY IN SOUTHWEST STATE OF SOMALIA

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## About the Author

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### Who We Are

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Southwest State of Somalia, established in November 2014 as part of Somalia's federalization process, incorporates the regions of Bay, Bakool, and Lower Shebelle. These areas are known for their agricultural richness and strategic importance. However, despite its potential, the Southwest State faces considerable challenges that hinder its development, including infrastructural deficits, recurrent conflicts, and significant socioeconomic issues such as high poverty rates and displacement. Economically, the Southwest State holds substantial promise due to its fertile agricultural lands and access to marine resources, complemented by untapped mineral wealth. However, recurring droughts, security challenges due to the presence of Al-Shabaab, and inadequate infrastructure have impeded economic advancement and exacerbated food insecurity. The state's reliance on traditional agriculture and the informal economy presents both a challenge and an opportunity for sustainable economic growth.

Socially, the state contends with a complex clan-based structure that influences governance and community relations, often resulting in interclan conflicts. Moreover, the presence of large numbers of internally displaced persons (IDPs) puts additional strain on local resources and complicates social dynamics. However, there are emerging signs of resilience and community-driven efforts towards reconciliation and social cohesion which can be built upon to foster stability. The political landscape is equally fraught with challenges. Clan affiliations play a significant role in shaping the state's political dynamics, which are complicated by the influence of Al-Shabaab.

## Executive Summary

Efforts toward establishing democratic governance have been ongoing, with support from international partners, but the need for effective governance and peace-building remains critical. Climate change has profoundly affected the Southwest state, with increased frequency and severity of droughts and floods undermining agricultural productivity and food security. This environmental variability exacerbates existing community tensions and contributes to disputes over dwindling natural resources, such as water and pasture. As a result, the region faces escalating displacement and economic instability, posing serious challenges to sustainable development and peace.

This policy paper argues that strategic investments and comprehensive policy implementation are essential for leveraging the state's economic potential and addressing its socio-political challenges. Recommendations for fostering stability and promoting economic and social development include:

1. Developing Infrastructure and Improving Market Access
2. Promoting Agricultural Development and Diversification
3. Exploiting Economic Potential Beyond Agriculture
4. Fostering Economic Empowerment and Job Creation
5. Improving Social Services and Humanitarian Assistance
6. Leveraging International Cooperation and Investment

By addressing these key areas, the state can pave the way for a stable and prosperous future, leveraging its rich natural resources and strategic position to enhance not only its own prospects but also contribute significantly to Somalia's overall development.

## Background

Established in November 2014, the Southwest State of Somalia represents a critical administrative state within the country's federal structure, comprising the agriculturally rich and strategically significant regions of Bay, Bakool, and Lower Shebelle. As a pivotal entity within Somalia's complex political and social landscape, the Southwest State has emerged from a protracted history of conflict and clan rivalry, characteristic of the broader Somali context. The state's establishment was part of a federalization process aimed at decentralizing power and fostering governance, peace, and development across Somalia's diverse and dispersed communities. Economically, the state has significant potential amidst challenges. The state's agricultural viability, especially in the fertile lands of the Lower Shebelle and the pastoral zones of Bay and Bakool, positions it as a cornerstone for Somalia's food security and economic revitalization. However, economic exploitation remains hindered by a range of issues. Notably, the studies underline the persistent challenges of infrastructure deficits, market access limitations, and the impact of recurrent conflicts and climatic shocks, which collectively impede economic development (*Odeysuge 2020, Mahmud 2021*).

<sup>1</sup>ACCORD, Abdulahi Osman, 'Cultural Diversity and the Somali Conflict: Myth or Reality'? September 2007, (<https://www.accord.org.za/ajcr-issues/cultural-diversity-and-the-somali-conflict/#:~:text=Despite%20their%20differences%2C%20the%20conflict,members%20of%20the%20armed%20forces>).

Moreover, the state faces significant socioeconomic challenges, with prevailing poverty levels higher than the national average (*The 2023 Somalia Poverty Report*). To address this issue, international partners and the Somali government should focus on infrastructure development, healthcare improvements, and educational enhancements in this state. These efforts aim to bridge infrastructural and service delivery gaps and establish a foundation for sustainable economic development. Strategic investments should aim to stimulate economic activities, enhance human capital, and ultimately uplift poor and low-income households, aligning them more closely with global averages (*Nor and Masron 2018*).

## Social Dynamics and Indicators

### ***Social Cohesion:***

The social dynamics in Southwest state are deeply influenced by the complex nature of clan affiliations and the profound impact of decades-long conflicts, shaping the state's societal structure and community relations. Clan identity plays a central role in the social fabric of the state, serving as the primary axis around which social, political, and economic life revolves. This clan-based societal organization is a double-edged sword, while it provides a sense of identity and solidarity among members, it also fuels interclan rivalries and conflicts, often exacerbated by competition over scarce resources and political power. The intricate web of alliances and enmities among clans complicates the state's governance and peace-building efforts, necessitating a nuanced approach that respects traditional hierarchies while promoting inclusivity and reconciliation.

Furthermore, the social dynamics of Southwest are significantly affected by prolonged humanitarian crises resulting from conflict, drought, and displacement (*Osman and Abebe 2023*). These crises have led to the displacement of large segments of the population, both within the state and to neighboring countries, creating complex social challenges, including strained resources in host communities and the marginalization of internally displaced persons (IDPs) (*Bakonyi 2021, Ali, Hassan et al. 2022*). Efforts to address these challenges are complicated by the need to balance immediate humanitarian assistance with long-term development goals. Moreover, the region's social fabric is further strained by the presence of extremist groups, which exploit clan divisions and economic disenfranchisement to recruit members (*Mugi 2020, Noordin 2021*). Despite these challenges, there are signs of resilience and solidarity among the communities of Southwest, as evidenced by local initiatives aimed at reconciliation and social cohesion. Building on this resilience, fostering social cohesion, and addressing the root causes of displacement and conflict are essential for the sustainable development of the Southwest State.

### ***Displacement and migration:***

In Southwest state, the issue of internal displacement is a stark indicator of the state's humanitarian crisis (***Bakonyi 2021***). With approximately 1.2 million internally displaced persons (IDPs) across the state and approximately 700,000 residing in Baidoa, the interim capital of Southwest State, the magnitude of displacement reflects the severe socioeconomic and environmental challenges faced by the population<sup>1</sup>. This situation is largely precipitated by a combination of factors, including protracted conflict, recurrent natural disasters such as droughts and floods, and the resultant food insecurity. The concentration of IDPs in Baidoa underscores the city's significance as a hub for those seeking refuge and humanitarian assistance, yet it also highlights the strain placed on local resources and infrastructure. The vast number of IDPs exacerbates existing vulnerabilities, with many living in precarious conditions and lacking access to adequate shelter, water, sanitation, and healthcare, thereby increasing their dependence on humanitarian aid.

Access to humanitarian aid and vulnerability to food insecurity in Southwest are critically interlinked with the state's climatic and security challenges. Recurring droughts and occasional floods devastate agricultural livelihoods and are a primary source of food and income for the population, leading to widespread food insecurity. This situation is compounded by ongoing security issues, which not only precipitate displacement but also significantly hamper humanitarian access to those in need. Efforts to address food insecurity and support IDPs are thus entwined with the broader need for a stable and secure environment that can facilitate the delivery of aid. Moreover, the resilience of the state's population is continually tested by these overlapping crises, necessitating a multifaceted humanitarian response that goes beyond immediate relief to include long-term strategies for recovery and development. Addressing the root causes of displacement and vulnerability to food insecurity requires coordinated efforts among local authorities, international organizations, and the communities themselves, aiming to restore stability, rebuild livelihoods, and enhance the region's resilience to future shocks.

### ***Social Indicators:***

The Southwest State faces significant challenges in its social indicators, particularly in education, health, and social welfare systems. The low gross enrollment rate (GER) of 7% in the educational sector indicates a significant underutilization of the state's human capital, with only 135,000 having access to education out of the 1.8 million school-age children<sup>2</sup>.

The absence of functional postsecondary education institutions outside Baidoa and Afgooye further exacerbates this situation, limiting opportunities for higher learning and vocational training. . This deficiency not only hampers the personal development of young people but also poses a threat to regional peace and security. . Healthcare services in the state are also in dire circumstances,

<sup>1</sup><https://reliefweb.int/report/somalia/addressing-humanitarian-needs-internally-displaced-persons-idps-somalia>  
<sup>2</sup><https://moe.gov.so/wp-content/uploads/2024/01/FGS-Annual-Statistics-yearbook-2022.pdf>

with limited infrastructure and high child mortality rates. The state has only one referral hospital and a few district-level medical facilities capable of basic surgeries. Common health challenges include acute watery diarrhea, cholera, and malnutrition, particularly among children under five years of age. This situation highlights the urgent need for substantial investments in healthcare infrastructure and services to improve access to quality healthcare and address health determinants. Social welfare systems in the state are linked to the effectiveness of education and healthcare systems, but deficiencies in these systems undermine efforts to establish a robust social safety net. The lack of educational opportunities and inadequate healthcare services contribute to a cycle of poverty and poor health, making it challenging to implement effective social welfare programs (*Bradshaw 2007, Chung, Dong et al. 2020*). A comprehensive approach is needed, focusing on expanding educational infrastructure, improving healthcare services, and developing social welfare policies that cater to all citizens.

## Political Landscape

Southwest State represents a unique and complex component of the broader Somali political landscape, characterized by its distinctive historical, clan-based, and geopolitical factors. Established as a federal member state of Somalia in November 2014, the Southwest State encompasses three regions: Bay, Bakool, and Lower Shebelle. Its formation was part of the federalization process aimed at stabilizing the country by devolving power to regional administrations, thus intending to mitigate conflict and improve governance. The state's political dynamics are deeply influenced by clan affiliations, which play a crucial role in shaping its governance structures and political allegiances. These dynamics are further complicated by the presence of Al-Shabaab, an extremist group that controls parts of the territory, challenging the state's and federal government's efforts toward peace and stability.

The governance of the Southwest State, like other federal member states in Somalia, operates under a provisional constitution that allows for a degree of autonomy while remaining part of the Federal Republic of Somalia. The political landscape in the state is marked by the interplay between traditional clan politics and the modern state-building process, which includes efforts to establish democratic governance structures. Elections, both at the state and federal levels, have been pivotal in the state's political evolution, often reflecting the delicate balance between clan interests, political reform, and security challenges. The international community, including organizations such as the United Nations and the African Union, plays a significant role in supporting the state's governance, security, and development initiatives (*Mohamed 2022*). However, the path toward a stable and democratic Southwest State is fraught with challenges, including the need for reconciliation among clans, the integration of militias into formal security structures, and the creation of sustainable economic opportunities for its population.

### ***The State's Economy***

The economic landscape of the Southwest State of Somalia presents a vivid tableau of both promise and adversity. At its heart, traditional agricultural practices and livestock rearing form the backbone of the state's economy, capitalizing on the fertile areas of the Shebelle, Bay, and Bakool regions to cultivate essential crops and support pastoral livelihoods (***Osman and Isak , Opitz-Stapleton, Mayhew et al. 2022***). However, this potential is compared against a backdrop of challenges: recurrent droughts, security concerns notably tied to the presence of Al-Shabaab, and a lack of infrastructure that curtails market access and agricultural productivity. Despite the state's potential resources, from untapped mineral and marine wealth to strategic coastal advantages, the journey toward harnessing these resources for sustainable economic development is fraught with hurdles. These challenges underscore the critical need for robust efforts in security, governance, and infrastructure development to unlock the full economic potential of Southwest State.

### ***The Poverty and Income Distribution Profile***

Southwest State presents a distinctive socioeconomic profile compared with that of national aggregates, according to ***the 2023 data published by the Somali Bureau of Statistics***. Notably, the state's average food expenditure per person is \$474 annually, which is moderately higher than the national mean of \$404 (see Table 1). The nonfood expenditure in Southwest State is \$302, which contrasts with the higher national mean of \$375. This divergence is also reflected in the budget share, where the state allocates a considerable 61.07% to food and 38.93% to nonfood, again deviating from the national food budget share average of 51.86%. The consumption patterns underscore the state's greater reliance on food expenditure, which may be indicative of the socioeconomic pressures and priorities of the state. Furthermore, the state's average household budget share for food is 64.0%, eclipsing the national average of 55.0%, which underscores a significant regional emphasis on food-related expenses in household budgetary considerations (see Table 2).

In terms of poverty metrics, the state's poverty and extreme poverty levels, with headcounts of 62.9% and 29.7%, respectively, surpass the national urban poverty rates (46.1% and 13.8%), yet remain below the national rural and nomadic figures (see Table 3). This suggests a relative disadvantage for the state when viewed against the backdrop of urban centers but a less severe stance compared to the more pronounced poverty levels in rural and nomadic locales. The observed poverty rates, particularly in comparison with a national urban extreme poverty headcount of 13.8%, point to the acute disparities within the state and highlight the pressing need for targeted economic and social interventions to alleviate poverty and restructure income distribution more equitably across the Southwest State.



**Table 1: Real Yearly Food and Nonfood Expenditure per Person and Budget Share**

	Expenditure (\$)		Percentage Share (%)	
	Food	Non-Food	Food	Non-Food
National somalia				
Urban	497	476	51.08	48.92
Rural	386	334	53.61	46.39
Nomadic	329	315	51.09	48.91
Average mean	404	375	51.86	48.14
Bakool region			69.11	30.89
Bay Region	610	352	63.41	36.59
Lower Shebelle Region	424	381	52.67	47.33
Southwest State	474	302	61.07	38.93

**Table 2: Average household budget share by consumption category**

	Household Consumption (National Somalia)	Bakool Region	Bay Region	Lower Shabelle Region	Southwest Estate
Food	55.0	72.7	62.8	56.4	64.0
Housing and utilities	16.3	9.4	11.2	12.9	11.2
Health	1.3	0.7	0.8	1.6	1.0
Education	3.6	2.1	2.7	1.9	2.2
Transport	4.8	1.4	4.9	5.8	4.0
Clothing and footwear	7.8	6.3	6.2	8.7	7.1
Household related	3.1	2.4	3.4	3.8	3.2
Communication	2.9	2.4	2.9	3.0	2.8
Recreation and Culture	0.2	0.0	0.1	0.1	0.1
Miscellaneous	5.1	2.6	5.0	5.8	4.5

**Table 3: Summary of Poverty and Extreme Poverty Levels**

	Poverty (%) Headcount	Extreme Poverty (%) Headcount
<b>National (Somalia)</b>		
Urban	46.1	13.8
Rural	65.5	27.4
Nomadic	78.4	46.8
Bakool Region	76.3	46.2
Bay Region	58.0	21.5
Lower Shebelle Region	54.3	21.5
Southwest State	62.9	29.7

## Strategic Growth and the Economic Renaissance

Southwest State, with its rich agricultural land, extensive coastline, and nascent mineral exploration endeavors, possesses untapped economic potential that could substantially boost Somalia's gross domestic product (GDP). Although the state currently grapples with poverty, with a 62.9% poverty headcount, as noted by the Somali Bureau of Statistics in 2023, its fertile soil and favorable climatic conditions present an opportunity for agricultural expansion and export-oriented growth. Investments in crop diversification, will improve irrigation systems, and agro-processing could increase the region's agricultural output, with the potential to increase its contribution to the national GDP from agriculture, which usually accounts for approximately 60% of Somalia's labor force and 40% of its GDP. Moreover, the state's coastline harbors possibilities for the development of fisheries and related industries, which are yet to be fully leveraged and could significantly add to the region's economic output (*Abdi, Bait et al. 2022*).

In addition to agriculture and fisheries, the state's mineral resources, though not yet fully surveyed, could represent a significant source of wealth and economic diversification. Preliminary assessments suggest the presence of valuable minerals, which, with appropriate investment in the mining sector, could foster industrial growth and create employment opportunities, thereby contributing to a decline in poverty levels. Furthermore, the development of infrastructure, including transportation and logistics, is pivotal for the state to unlock its economic potential and integrate its output into national and international markets. Strategically positioned to act as a gateway for trade due to its proximity to major shipping routes, the state's enhancement of port facilities and road networks could stimulate a rise in economic contributions (*Mohamed, Isak et al. 2019*). With targeted reforms and investments, the state's GDP share could increase from the current estimates, thus bolstering overall economic growth in Somalia.

## The Economic Base and Potential

The economic base of the state is firmly rooted in primary sectors such as agriculture, livestock, and fishing, which not only constitute the mainstay of livelihood for the majority of its inhabitants but also offer avenues for economic development and diversification. Agriculture, pivotal to the state's economy, engages a significant proportion of the workforce and is supplemented by livestock farming, an activity ingrained in the cultural fabric of the region. Fishing is another cornerstone of the economy of Southwest State, given its access to the abundant marine resources of the Indian Ocean, yet it remains underdeveloped due to infrastructural and technological constraints. Trade, both domestic and cross-border, further bolsters the state's economic base, with the movement of goods providing essential income and employment.

The State's subsoil assets, including speculated reserves of oil, gas, uranium, and gold, present untapped potential that could transform its economic landscape. These resources, if proven viable, could attract significant foreign investment and catalyze industrial development in the state. The expansion of the global energy market and the consistent demand for precious minerals provide a conducive backdrop for exploring and exploiting these reserves. The prospect of developing these natural resources offers a tantalizing opportunity for investors, which, if managed sustainably and equitably, could lead to a renaissance in the state's economic fortunes. Nonetheless, the exploration and extraction of such resources necessitate substantial capital, technological expertise, and robust regulatory frameworks to ensure that the benefits accrue to the local population and do not exacerbate existing social and environmental issues.

## Employment and Labor Market

In the intricate socioeconomic fabric of Somalia, the southwest state stands as a focal point of both potential and challenge, particularly in the domain of employment and labor market dynamics. Within this context, the labor force of the Southwest State is predominantly engaged in informal employment, mirroring the national landscape where the informal sector underpins much of the economy (**Awale 2023**). Agriculture, livestock, fishing, and trade constitute the primary sectors of employment, offering a glimpse into the state's economic base. These sectors not only provide the majority of employment opportunities but also anchor the state's contributions to Somalia's GDP. Agriculture, in particular, plays a crucial role, with Somalia attributing 60% of its GDP and 80% of its employment to this sector, underscoring its significance in Southwest State as well (**Middlebrook, Siad et al.**). Despite the substantial potential for economic activity and job creation, particularly along its extensive coastline and fertile agricultural lands, challenges such as limited infrastructure, informal labor practices, and insufficient labor protection persist, rendering the economic environment precarious for many workers. The phenomenon of unemployment in the state reveals multifaceted barriers to economic inclusion, especially among young people (**Ali, Hassan et al. 2022**).

Studies highlight corruption, favoritism, lack of skills, inadequate education, and an overall weak economy as core obstacles to employment. These elements not only impasse the integration of young people into the labor market but also contribute to broader societal issues such as youth radicalization, an increase in crime rates, and migration flows. Addressing these root causes through the eradication of favoritism and corruption, alongside strategic job creation initiatives, has emerged as a critical pathway toward mitigating unemployment and its adverse effects on society.

Somalia's economy, with a strong leaning toward the informal sector, highlights a landscape where the majority of the population engages in micro- and small-scale businesses (*Ali, Hassan et al. 2022*). This is particularly pronounced in the Southwest, where informal livelihoods span agriculture, livestock, and fisheries, despite the significant challenges posed by the informal nature of these sectors, such as job insecurity and inadequate labor protections. The resilience of the private sector, notably in telecommunications, financial services, trade and construction, demonstrates a vibrant entrepreneurial spirit. However, the informality that characterizes much of the economic activities in the state necessitates interventions aimed at formalization and the creation of more secure, decent employment opportunities (*Ahmed 2013*). The state's economy and labor market can be revitalized by leveraging its agricultural and marine resources, boosting private sector engagement, and promoting skill development, especially among young people. The state's vast agricultural potential and strategic access to coastal resources offer untapped opportunities for growth and job creation. Attracting investment, establishing special economic zones, and promoting value chain development are key steps. Addressing the skills gap through education and vocational training, especially in rural areas, is crucial for empowering young people and diversifying the economy. Public private partnerships and business environment enhancement are essential for sustainable economic development.

## Women's Economic Empowerment

In Southwest, the prominence of women as business owners, particularly in the sector of microenterprises, signifies a pivotal foundation for economic development and gender equality. With more than 60% of business ownership attributed to women, their role is undeniably central to the local economy, particularly in the realms of agriculture, trade, and services<sup>3</sup>. Despite their significant contribution, these women entrepreneurs face multifaceted barriers that hinder their potential for growth and empowerment. These challenges are rooted in pervasive social norms that restrict women's access to economic resources, education, and decision-making processes. Additionally, the lack of access to financial services, such as credit and banking facilities, further exacerbates the gender gap in economic participation. These obstacles not only limit women's entrepreneurial capacities but also impede the broader economic development of the region.

Addressing these barriers necessitates a comprehensive approach to policy-making that is cognizant of the unique socioeconomic landscape of the southwestern state of Somalia.

<sup>3</sup><https://www.undp.org/sites/g/files/zskgke326/files/migration/so/01790-Role-of-Somali-Women-in-Private-Sect-New.pdf>

Policies aimed at women's economic empowerment should not only seek to provide equitable access to financial services but also aim to transform societal perceptions regarding women's roles in the economy. Initiatives such as financial literacy programs, gender-sensitive lending practices, and support for women-led enterprises can catalyze the economic empowerment of women. Moreover, integrating women's needs and perspectives into the broader economic policy framework can ensure that growth strategies are inclusive and sustainable. By fostering an environment that supports women's economic participation, the Southwest State of Somalia can harness the full potential of its population, driving forward economic resilience and social progress.

## Investment Potential

The southwest emerges as a state with profound investment potential, underpinned by its rich natural resources and strategic geographical positioning. The area, stretching across the fertile lands of the Bay and Bakool regions and extending over 300 kilometers of coastline alongside the Indian Ocean, is not only pivotal for agricultural ventures but also serves as a gateway to exploiting the untapped reserves of oil, gas, uranium, gold, and other minerals. These elements collectively position the state as an attractive investment landscape, particularly for stakeholders in the agribusiness, energy, and mining sectors. The proximity to Mogadishu and the presence of several potential strategic ports further augment the state's logistical advantages, facilitating seamless access to international markets and enhancing the viability of export-led growth strategies.

In light of its agricultural wealth, the state is distinguished by extensive banana farms and the availability of approximately 300 kilometers of the Shebelle River, which is instrumental in supporting a broad spectrum of agricultural activities, including horticulture, coarse grains, and the production of gums and resins<sup>4</sup>. The establishment of special economic zones and industrial parks in Jazeera, Afgooye, and Baidoa will exemplify a concerted effort to foster a conducive environment for investment. These developments are poised to offer substantial benefits, including infrastructural enhancements, tax incentives, and streamlined regulatory frameworks, thus mitigating operational risks and lowering entry barriers for new investors.

Moreover, the exploration of the state's mineral and energy resources represents a significant frontier for economic diversification and sustainability. The latent reserves of oil, gas, uranium, gold, and minerals represent critical assets that could transform the economic landscape of the state and Somalia at large. The global demand for these resources underscores the urgency and potential profitability of investment in exploration and extraction initiatives. As such, the amalgamation of agricultural richness and mineral wealth in Southwest State not only underscores its standing as a hub of multifaceted investment opportunities but also highlights its role in contributing to the broader economic renaissance of Somalia.

<sup>4</sup><https://documents1.worldbank.org/curated/en/781281522164647812/pdf/124651-REVISED-Somalia-CEM-Agriculture-Report-Main-Report-Revised-July-2018.pdf>

## Challenges and Opportunities

The impact of climate change on state has emerged as one of the most critical challenges currently facing the region. Characterized by increasing variability in weather patterns, the state has experienced more frequent and severe droughts and floods. These extreme weather events have profound implications for agriculture, a cornerstone of the local economy, leading to crop failures, loss of livestock, and subsequent food insecurity. Moreover, the scarcity of water and pastureland has heightened tensions among communities, exacerbating existing conflicts and displacing populations. This environmental crisis not only undermines the economic stability of the Southwest state but also poses significant threats to human health and regional security, necessitating urgent and adaptive responses to mitigate its impacts.

The political economy of the Southwest Region is fraught with challenges that significantly impede its path to stability and prosperity. Among the most pressing issues is the state's enduring struggle with political instability, fueled by the intricate web of clan-based politics. This situation is exacerbated by persistent conflicts and the threatening presence of Al-Shabaab, an extremist group recognized as a terrorist organization, which not only undermines the state's security but also hampers its economic development. These challenges are compounded by the state's underdeveloped infrastructure and limited access to markets, which hinder economic activities and constrain agricultural and commercial growth. Moreover, the social fabric of the state is severely tested by recurrent humanitarian crises, marked by high levels of displacement and food insecurity, thus necessitating a complex balance between providing immediate humanitarian assistance and fostering long-term developmental goals.

On the economic front, the state faces significant hurdles, primarily due to the lack of infrastructure and the adverse effects of climate change, manifesting as recurrent droughts and occasional floods. Informal and traditional economic systems, while important for the livelihoods of many people, further contribute to economic challenges by lacking the formal structures necessary for sustainable economic growth (*Nor and Masron 2019*). Despite these myriad challenges, the political and economic landscape of Southwest State is not without opportunities for growth and development.

The Southwest State, however, also presents numerous opportunities for growth and sustainable development, primarily driven by its rich agricultural lands and the potential for economic diversification. The state's fertile regions, particularly the Lower Shebelle and the pastoral zones of Bay and Bakool, hold significant agricultural potential that, if fully harnessed, could dramatically improve food security and economic resilience.

This potential extends beyond agriculture to unexploited mineral and marine resources that offer avenues for economic diversification and investment. The strategic location of Southwest State, with its extensive coastline, positions it as a potential hub for trade and investment, particularly in the fisheries sector and maritime industries.

The development of infrastructure and the strengthening of governance structures present vital pathways to unlock this economic potential, offering prospects for enhanced market access, agricultural productivity, and the attraction of foreign and local investments.

Furthermore, the involvement of international actors and humanitarian agencies provides a critical support mechanism for development projects in areas such as education, healthcare, and infrastructure development. These initiatives not only aim to improve the immediate living conditions of the Southwest State population but also lay the groundwork for long-term socioeconomic development. Efforts toward peace and reconciliation, coupled with the push for governance reforms, hold promise for creating a more stable and conducive environment for development. By leveraging these opportunities, the state can embark on a path toward economic diversification, social cohesion, and the establishment of a robust political economy that serves as a foundation for its long-term stability and prosperity.

## Policy recommendations

The complex interplay of political, economic, and social dynamics in the Southwest State of Somalia necessitates a comprehensive approach to policy-making that can address multifaceted challenges and capitalize on existing opportunities. Based on the analysis, the following key policy recommendations emerge as essential strategies for fostering stability, promoting economic development, and enhancing the social welfare of the Southwest State:

### **1. Develop Infrastructure and Improve Market Access:**

- Investments in critical infrastructure, including roads, transportation networks, and market facilities, should be prioritized to improve access to domestic and international markets for agricultural and fishery products.
- Leverage public private partnerships to finance infrastructure projects, ensuring sustainable development and maintenance.

### **2. Promote Agricultural Development and Diversification**

- The agricultural sector should be supported through extension services, access to financing, and modern farming techniques to increase productivity and resilience to climate shocks.
- Investing in irrigation systems and water management to mitigate the impacts of drought and encourage diversification into high-value crops and aquaculture.

### **3. Exploiting Economic Potential Beyond Agriculture:**

- Comprehensive surveys and explorations of mineral and marine resources should be conducted to assess economic viability and attract investment in mining and fisheries.
- Develop policies that encourage sustainable exploitation of these resources, ensuring environmental protection and equitable benefit sharing.

### **4. Foster Economic Empowerment and Job Creation:**

- The implementation of vocational training and skill development programs has focused on sectors with high growth potential, such as agriculture, fisheries, and small and medium-sized enterprises (SMEs)

- Women's economic empowerment can be promoted through targeted support for female entrepreneurs, including access to finance, business development services, and addressing gender-specific barriers.

### **5. Improving Social Services and Humanitarian Assistance**

- The quality and accessibility of education and healthcare services should be enhanced, prioritizing the expansion of services to underserve rural and IDP populations.
- Coordinate with international donors and humanitarian organizations to align short-term humanitarian assistance with long-term development goals, particularly in addressing displacement and food security.

### **6. Leverage International Cooperation and Investment:**

- Strengthen partnerships with international donors, development agencies, and private sector investors to support economic development projects and infrastructure.
- To develop a conducive environment for investment, including legal and regulatory frameworks, to attract foreign direct investment in key sectors.

## **Summary and Conclusion**

This study presents a comprehensive examination of the political economy landscape of the Southwest State of Somalia, uncovering a complex interplay of political dynamics, economic factors, and social realities. At its core, the region embodies a paradox of significant potential amidst formidable challenges. Economically, while the Southwest State boasts fertile land and untapped resources, its development is hindered by inadequate infrastructure, insecurity, and environmental adversity. Socially, the fabric of the state is strained by displacement, humanitarian crises, and the stark realities of poverty and food insecurity. Despite these hurdles, the study identifies critical opportunities for development, including agricultural expansion, resource exploitation, and international partnerships.

The political landscape necessitates focused efforts toward governance reform and enhanced federal-state cooperation. Strengthening governance structures and promoting inclusive political processes are vital for establishing stability and fostering a sense of national unity. This includes addressing the root causes of clan-based conflicts and integrating a bottom-up approach to governance that respects traditional hierarchies while promoting democratic principles. Economic development strategies must prioritize infrastructure development, market access, and the harnessing of agricultural and marine resources. Investments in these areas can spur economic growth, improve food security, and create employment opportunities, contributing to poverty reduction and economic diversification.

Social cohesion and humanitarian efforts are paramount in addressing the immediate needs of the population and laying the groundwork for long-term development. This involves enhancing access to education, healthcare, and social services, alongside initiatives aimed at reconciliation and community-building.



Efforts to support displaced populations and address food insecurity must be integrated with development strategies to ensure sustainable outcomes. The role of international actors and humanitarian agencies remains critical in providing support for these initiatives, requiring coordinated efforts to maximize impact.

In conclusion, the Southwest State of Somalia stands at a crossroads, with the path to stability and prosperity contingent upon addressing its multifaceted challenges. This study underscores the importance of governance reform, economic development, and social cohesion as pillars for regional advancement. By leveraging its agricultural potential, embracing opportunities for economic diversification, and fostering a conducive environment for development, the Southwest State can achieve long-term stability and growth. The collective efforts of local authorities, communities, and international partners are essential for realizing this vision, marking a new chapter in the political economy of the Southwest State of Somalia.

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