Article 05:

Abundance Without Industry:

WHY SOMALIA'S FISHERIES SECTOR FAILS TO ATTRACT INVESTMENT

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Introduction:

Somalia's coastline stretches approximately 3,333 kilometres, the longest of any country on the African continent. Coupled with a vast Exclusive Economic Zone (EEZ) rich in marine biodiversity, this geography gives Somalia the natural foundations to build a thriving blue economy, one that could support food security, employment, export earnings, and broader economic diversification.

The numbers speak to the scale of this unrealised opportunity. According to Federal Government data referenced by the World Bank (2022), Somalia could sustainably harvest more than 200,000 metric tons of fish per year. In practice, artisanal Somali fishers catch only around 6,000 metric tons annually, while foreign industrial vessels operating in Somali waters harvest an estimated 13,000 metric tons – a figure widely believed to be underreported. Roughly 60,000 people work full-time in the fisheries value chain, with an additional 90,000 employed part-time. Yet despite this human activity and abundant natural resource, the sector contributes very little to the national economy and attracts minimal investment from both private companies and international donors. (World Bank, 2022; ITA, 2024)

This article examines the key structural, historical, cultural, and infrastructural reasons behind this underdevelopment, and outlines what it would take to change the sector's trajectory.

THE LEGACY OF STATE COLLAPSE

The most fundamental barrier to fisheries development in Somalia is institutional history. Productive economic sectors fisheries included depend on functioning government systems: regulation, licensing, maritime enforcement, public financing, and infrastructure development. When the Somali state collapsed in 1991, these systems disappeared almost overnight. Territorial waters went unmonitored and unprotected. Training institutions closed. Public investment dried up. The regulatory frameworks that might have attracted private capital ceased to exist.

Somalia now has federal and state-level governments, but governance capacity remains constrained by political fragmentation and persistent security challenges. As a result, the fisheries sector continues to operate in a largely ungoverned space. For investors – domestic or foreign, this translates directly into risk. Compared to sectors like telecommunications, trade, or real estate, where transaction rules are clearer and returns more predictable, fisheries is perceived as deeply uncertain.

A PASTORAL ECONOMY AND LIMITED DOMESTIC DEMAND

Somalia's economic identity has historically been built around pastoralism. Livestock exports are the dominant source of foreign currency earnings, and political and commercial influence has long been concentrated in pastoral communities rather than coastal ones. This cultural orientation shapes consumption patterns: fish is eaten regularly only in a handful of coastal cities, for the majority of Somalis living inland, meat remains the primary protein source, and fish is a largely unfamiliar food.

Low domestic demand creates a fundamental market problem. Without a large, reliable local consumer base, large-scale fish production lacks an obvious buyer. Private investors, who typically follow market signals, have little incentive to build out a sector where the end market is uncertain. This is not a problem unique to Somalia – many coastal developing economies face similar demand constraints – but it is particularly acute here given the depth of the pastoral cultural identity.

INFRASTRUCTURE DEFICITS AND INVESTMENT BARRIERS

Even investors willing to accept political risk face a second, equally serious obstacle: the near-total absence of enabling infrastructure. Profitable fisheries operations require cold chains, ice factories, processing plants, reliable electricity, all-weather roads, and functional port facilities. Outside a small number of major port towns, these assets simply do not exist along the Somali coast.

Somali private investors have historically preferred sectors offering quick turnover and familiar business models such wholesale trade, telecommunications, remittances, real estate, and hospitality. Fisheries, by contrast, demands technical knowledge, long investment cycles, specialised equipment, and patient capital. These conditions are not currently met, making the sector appear complex and unattractive compared to alternatives. Until the basic infrastructure gap is closed, this perception is not irrational.

HUMAN CAPITAL AND SKILLS SHORTAGES

Beyond physical infrastructure, the sector faces a significant human capital deficit. Somalia has very few functioning fisheries training institutions, and expertise in marine engineering, fish processing, quality control, and export certification is extremely limited. This skills gap has direct consequences for market access: international fish markets – particularly those in the Gulf, Europe, and East Asia – require exporters to meet strict food safety and certification standards. Without trained personnel capable of meeting those standards, Somali fish cannot be sold into high-value export markets, which in turn reduces the incentive for donors and development banks to invest in the sector at scale.

MISALIGNED AID PRIORITIES

International aid flows have historically been concentrated on drought response, pastoral livelihoods, and inland humanitarian programmes. This reflects both the scale of need in those areas and the relative ease of access compared to remote coastal communities. Fisheries development – a longer-term, technically complex investment – has never fit comfortably within emergency humanitarian funding cycles or the programme priorities of the largest donors. Coastal communities have remained less studied and less served, creating a self-reinforcing cycle in which limited data leads to limited funding, which leads to limited development.

THE SUBSISTENCE TRAP AT COMMUNITY LEVEL

At the grassroots level, artisanal fishing communities are caught in a cycle that prevents capital accumulation and modernisation. The dominant model involves a boat owner providing fuel, ice, water, and food for a crew of three to four fishers, who typically spend around twelve hours at sea per trip. After costs are deducted, profits are divided equally between the owner and the crew. The arrangement sounds equitable in good times, but it is deeply fragile. When catches fail – as they increasingly do due to illegal foreign fishing and climate pressures – fishers accumulate debt because they must still repay input costs regardless of what they caught. Fuel is the single largest operating expense, making income highly volatile and leaving little room for investment in better equipment or techniques.

This subsistence dynamic traps fishing communities in low-productivity cycles and prevents the kind of incremental investment that could, over time, move artisanal fishers toward more commercially viable operations.

The Path FORWARD

Somalia's fisheries sector is not underdeveloped because the resources are insufficient. The marine wealth is there. What is missing is the enabling environment – the institutions, infrastructure, skills, and incentives – that would allow that wealth to be converted into a functioning industry.

A targeted package of reforms could change this picture significantly. Fuel subsidies for artisanal fishers would reduce the volatility that traps communities in subsistence cycles. Investment in cold chain infrastructure, processing facilities, and port upgrades would make commercial-scale operations viable beyond a handful of cities. Vocational training programmes in fish processing, marine engineering, and quality certification would open the door to export markets. Financial incentives such as concessional loans or public-private investment vehicles would lower the entry barrier for private investors. And stronger maritime governance, including credible monitoring and enforcement of the EEZ, would protect Somali waters from illegal foreign fishing while signalling to investors that the regulatory environment is improving.

Done together, these interventions could transform the fisheries sector into a significant source of export revenue, a climate-resilient livelihood system for hundreds of thousands of Somalis, and a meaningful step toward diversifying the national economy beyond its dependence on livestock. The resources are already there. What remains is the political will and the investment to unlock them.