

Bandhigga
Guuleystayaasha
Soomaaliyeed



THEME ↘

Somalia's Energy Transition: Challenges, Opportunities and Climate Impact

A report on forum
discussions, proceedings
and outcomes

Organized by



HORMUUD
TELECOM



MAGAN
FORUM

October
2025

Contents

ABOUT THE REPORT	02
EXECUTIVE SUMMARY	03
INTRODUCTION	05
KEYNOTE ADDRESSES AND SPEECHES	06
PRESENTATIONS	11
PAPER PRESENTATIONS	13
PANEL DISCUSSION	15
EXHIBITIONS AND AWARDS	18
Closing Speech by the Deputy Prime Minister	19
DISCUSSION AND ANALYSIS OF THE OUTCOME	21
Diagnosis of the Current Energy Landscape	21
Regulatory Progress and Government Commitment	22
Opportunities and Future Pathways	23
Climate Impact and Global Commitment	23
RECOMMENDATIONS	24
CONCLUSION	26
Event Program	27
Selected Event Photos	28

ABOUT THE REPORT

This report summarises the outcomes of the Bandhigga Guulaystayaasha Soomaaliyeed (BGS) 2025. The forum, which was the fourth annual event, was organized by Hormuud Telecom and Magann Forum and served as a crucial platform for high-level dialogue among government officials, private sector leaders, academics and other stakeholders.

The central premise of the discussions was that reliable and affordable power is the foundational pillar of national development. The report outlines the key discussions and takeaways addressing the theme: "Somalia's Energy Transition: Challenges, Opportunities and Climate Impact". It details the critical challenges faced by Somalia's energy sector as well as the immense opportunities for transition, such as Somalia's top-tier potential in solar and wind energy and the government's commitment to legislative progress.

The report concludes with actionable recommendations aimed at achieving affordable, reliable, and sustainable electricity. These recommendations include providing tax exemptions for renewable energy equipment, strengthening the role of the independent energy authority, leading the development of LNG import infrastructure, and addressing the critical skills gap through training and certification programs. An Appendix is included with a list of energy and electricity service companies recognized for their pivotal contributions to advancing Somalia's energy sector.

EXECUTIVE SUMMARY



The Bandhigga Guulaystayaasha Soomaaliyeed (BGS) 2025 served as a critical platform focused on diagnosing constraints, proposing solutions, and outlining actionable recommendations for Somalia's energy transition.

Somalia's energy sector faces critical challenges, including the world's highest electricity tariffs (\$0.81/kWh) due to 85% reliance on imported diesel. This acts as a structural tax, stifling industry. Further impediments are a fragmented, mini-grid-based system and severe governance weaknesses.

However, immense opportunities exist. Somalia has top-tier solar and wind potential. Recent progress includes the 2023 National Electricity Law, establishing a regulatory authority. The strategy aims to halve consumer prices, generate 50% of power from renewables within four years, and reduce emissions by 34% by 2035. Achieving these climate goals requires developing LNG for base-load power and attracting an estimated \$2 billion in investment by 2030.

Key Recommendations

- ↙ Implement tax exemptions or zero-rating on renewable energy equipment and critical inputs to stimulate economic growth. The government must provide clear policy regulations and a robust framework for public-private partnerships to attract the required investment.

Establish/strengthen an independent technocratic energy authority insulated from political cycles to ensure policy stability. A coordinated effort is needed to consolidate the fragmented market structure and establish a shared transmission network. ↙

- ↙ The federal government must lead the development of LNG import infrastructure to secure reliable, long-term base-load power.

Address the skills gap by adopting the EEE (Empowerment, Education, and Employment) framework and ensuring collaboration between universities and the NEA to produce the qualified engineers needed for the energy transition. ↙

- ↙ The future success of the transition depends on robust cooperation between the government (providing regulatory authority) and the private sector (bringing expertise and investment). The government must also address the financial burden on utility providers caused by state institutions failing to pay their electricity bills.

INTRODUCTION

The Bandhigga Guulaystayaasha Soomaaliyeed (BGS) 2025 Conference, organized by Hormuud Telecom and Magann Forum, served as a crucial national platform dedicated to fostering critical dialogue, providing diagnoses, and proposing actionable recommendations for Somalia's vibrant business community. The fourth annual event convened senior leaders from government, the private sector, academia, and development organizations to address the theme: "Somalia's Energy Transition: Challenges, Opportunities and Climate Impact". The central analytical premise of the forum was that reliable and affordable power is the foundational pillar of national development, dignity, and shared prosperity.

The proceedings confirmed that Somalia's energy sector stands at a critical juncture, characterized by high costs and market fragmentation. The country currently faces some of the highest electricity tariffs globally, with a national average of \$0.81 per kWh, primarily due to an 85% reliance on expensive, imported diesel. This exorbitant cost imposes a "de facto structural tax" on the economy, hindering industrial output and exacerbating inequality across regions. Furthermore, the sector is plagued by severe governance weaknesses, institutional instability, and fragmentation, where competing companies often operate parallel infrastructure lines and lack a unified national grid.

However, the conference equally highlighted immense opportunities for transition. Somalia is geographically blessed with abundant solar resources, receiving an average of six hours of peak sunlight daily, alongside vast untapped potential in wind and geothermal energy. Crucially, the government has made tangible legislative progress by passing the National Electricity Law in 2023, which established the National Electricity Authority, along with the subsequent Licensing Law and Tariff Law. This new framework is mandated to regulate electricity companies, standardize equipment, develop legal provisions for Independent Power Producers (IPPs), and implement an accountability system for uncertified engineers to curb frequent accidents.

The overarching strategic objective discussed was aligning the energy transition with climate action, particularly Somalia's commitment through its enhanced Nationally Determined Contributions (NDC 3.0) to reduce greenhouse gas emissions by 34% by 2035. Achieving the government's target of sourcing at least 50% of electricity from renewables within the next three to four years demands predictable regulations, robust public-private coordination, and attracting the required \$2 billion investment by 2030. The resulting recommendations focused on overcoming non-technical barriers to transform the energy crisis into a sustainable foundation for national growth.

BGS is an annual forum for discussion of Somalia's business challenges and aspirations organized by Hormuud Telecom. The forum brings together leaders from business, government, academia, and development actors to explore avenues for enhancing Somalia's private sector development and identify options for collaboration, innovation, and growth in the economic sectors that hold immense promise for the country.



KEYNOTE ADDRESSES AND SPEECHES



KEYNOTE ADDRESSES

The keynote speakers emphasized the country's vast solar potential and the critical need for reliable, affordable, and clean electricity to drive sustainable development, economic growth, and job creation. They highlighted that collaboration between the public and private sectors is crucial to transforming Somalia's energy challenges into a lasting legacy of progress.

Prominent Somali Islamic scholar Sheikh Abdi Hayi Sheikh Adam reframed the sun not merely as a natural phenomenon, but as a divine blessing and a powerful engine for development. He emphasized that its true value for Somalia lies not in the heat it produces, but in its potential to generate electricity and drive progress, a resource abundantly provided by Allah for the nation's benefit.



Ahmed Mohamud Yusuf, Chairman of Hormuud Telecom, opened by acknowledging the significance of formally addressing Somalia's long-standing energy challenges. He emphasized the country's vast potential for solar energy, contrasting it with the current heavy reliance on polluting diesel generators. Yusuf outlined Hormuud's commitment to leading by example by converting its operations to green energy, primarily solar power, to provide reliable electricity and combat pollution. He called for a collective effort from businesses, the government, international organizations, and intellectuals to invest in and collaborate on projects to generate sufficient, clean energy, which is vital for sustainable development, economic growth, and job creation in Somalia.





H.E. Abdullahi Bidhan Warsame, Minister of Energy and Water Resources, Federal Government of Somalia, opened the conference, emphasizing its importance for Somalia's development. He acknowledged the private sector's leading role in providing electricity during periods of state weakness and commended their efforts. The Minister highlighted Somalia's significant progress and immense solar potential, noting that renewable energy is already transforming rural access. He outlined the government's strategy, which includes establishing regulatory frameworks, attracting investment, and building a national grid to address the current access rate of 49%, which lags behind the African average. A central goal is to ensure 50% of Somalia's electricity comes from renewable sources within three to four years and to drastically reduce consumer prices, specifically aiming to halve the cost in Mogadishu. He concluded by reaffirming the government's commitment to partner with the private sector and ensure accountability, praising Hormuud's substantial investments and declaring the conference open.



H.E. Dahir Shire Ahmed, Federal Minister of Petroleum and Natural Resources, opened by praising the Somali-organized exhibition as a sign of national commitment to the energy sector. While acknowledging the ongoing discourse about Somalia's oil and natural gas potential, he deliberately shifted emphasis towards renewable energy, expressing hope that Somalia would become a hub for its utilization. He highlighted the country's broader mineral wealth, including Lithium, critical for energy storage. The Minister contrasted the regional debate on energy "affordability" with Somalia's more fundamental challenges of "accessibility" and "stability," pointing to the urgent need for a reliable national grid. He concluded by noting the government's administrative progress and its efforts to build the capacity of the national electricity company, SONEC, as well as establishment of the national electric authority.



Mahamud Abdikarin, Chairman of the Somali Chamber of Commerce & Industry, expressed gratitude to Hormuud Telecom and Magan Forum for organizing the conference and fostering actionable outcomes. He provided a historical perspective, recalling Somalia's reliable pre-collapse electricity grid and industrial sector to contrast with the subsequent era where the private sector stepped in to provide essential power. Abdikarin commended the competitive private market for driving down electricity prices and acknowledged the current collaboration between the public and private sectors. He stressed that reliable and affordable energy is the fundamental prerequisite for industrialization, job creation, and entrepreneurship. While celebrating progress, including the beneficial shift to LPG, he emphasized that the goal has not yet been reached and called for continued cooperation to ensure cheap, green electricity becomes a reality for all Somalis, unlocking the nation's productive potential.



Abdullahi Ahmed Dayib, Director of the Somali National Electricity Authority, detailed the government's comprehensive effort to establish a regulated electricity sector through the new Somali Electricity Law passed in 2023. He explained that the Authority is now implementing key regulations, including licensing and tariff laws, and is transitioning all companies from provisional to official licenses. Dayib outlined critical priorities such as establishing national standards for the booming solar energy sector, standardizing electrical equipment to prevent accidents, and creating a system of accountability for engineers. He also highlighted the advancement of a legal framework for Independent Power Producers (IPPs) to diversify generation and reduce prices, concluding with a call for robust public input during the ongoing consultation processes to ensure the sector's successful regulation.



Sadia Siad, Chancellor of Hano Technical University & Hano Academy, delivered a keynote address on the critical need to build a skilled Somali energy workforce. She shared her personal journey of shifting focus from healthcare to education upon returning to Somalia, leading her to establish an "EEE" framework: Empowerment, Education, and Employment. Siad argued that a vocational skill is the "master key" to employability and national development, directly addressing a root cause of unemployment and poor workmanship. She highlighted the massive opportunity in the renewable energy sector and called for a collaborative effort between the government, private companies like BECO and Hormuud, and training institutions to develop accredited curricula and inform youth of these opportunities. She concluded by urging a shift in mindset from individualism to collective action, emphasizing that transforming the nation's challenges into a lasting legacy depends on equipping individuals with marketable skills.



Dr. Mohamed Mohamud Hassan (Bidey), the Chairman of the Associations of the Somali Universities, commended Hormuud Company and Magan Forum for organizing the critical energy sector conference. He emphasized the profound importance of energy for Somalia and highlighted the country's abundance of natural resources, including solar, wind, hydro, and geothermal power. Representing the higher education sector, Dr. Bidey pledged the Association's commitment to collaborate with the Electricity Authority and energy projects to integrate universities into the effort. The core of his message was a commitment to producing a large number of specialized graduates and creating employment opportunities for skilled youth, thereby positioning the academic sector as a vital partner in developing Somalia's energy future.



Mohamed Addow, Director of Magan Forum, expressed his pleasure in co-organizing the fourth annual conference with Hormuud Telecom. He framed Magan Forum's core mission as a Somali youth-led platform that bridges the government and the private sector, facilitating essential dialogue where the government provides regulation and the private sector brings expertise. Addow provided a vivid historical perspective, recounting personal anecdotes of Somalia's severe and unreliable electricity past to underscore how far the nation has come. He emphasized that "necessity is the mother of invention," praising the resourcefulness of Somali entrepreneurs. He concluded by extending deep gratitude to Hormuud for championing green innovation and affirmed Magan Forum's commitment to leading critical conversations on national development.



PRESENTATIONS

PAPER PRESENTATIONS



*Prof. Abdulkadir Abikar Hussein,
Professor of Geology and Rector
of Almas University*

Prof. Abdulkadir Abikar Hussein, Professor of Geology and Rector of Almas University, presented a comprehensive overview of Somalia's diverse and substantial energy potential, emphasizing its critical role in national development. He highlighted that Somalia's resources extend beyond conventional petroleum to include oil shale in northern regions, which remains an untapped asset for power generation. The country also holds significant hydropower opportunities from the Juba and Shabelle rivers, capable of supporting electricity production, irrigation, and drought mitigation, though this requires substantial investment. Regarding petroleum, he noted that historical exploration was interrupted by state collapse, but recent offshore and onshore seismic surveys, led by Turkey and partners, have identified promising hydrocarbon prospects, with updates expected soon. Additionally, Somalia's geothermal potential along tectonic rifts and wind energy along the coastline offer renewable alternatives, mirroring successes in neighboring countries. Prof. Abikar stressed that harnessing this diverse energy mix is essential for industrialization, potentially reducing electricity costs to \$0.2 per kWh in Mogadishu within five years. He urged concerted efforts to leverage these resources, underscoring that energy security is foundational for economic growth and sustainability.



Prof. Abdullahi Khalif, Senior Climate Advisor,

Prof. Abdullahi Khalif, Senior Climate Advisor, outlined Somalia's ambitious climate agenda and the pivotal role of the private sector in achieving it. He announced that Somalia is the first African nation to submit an enhanced Nationally Determined Contribution (NDC), committing to a 34% reduction in greenhouse gas emissions by 2035. Despite being highly vulnerable to climate change, Somalia faces a significant funding gap, requiring an estimated \$11 billion to meet its target, with over \$5 billion earmarked for mitigation projects like renewable energy.

The presenter identified a major opportunity for businesses in carbon markets. By investing in renewable energy, reforestation, and climate-smart agriculture, companies can generate carbon credits to sell internationally, accessing both voluntary and compliance markets. He urged the private sector to lead through Public-Private Partnerships, highlighting that such initiatives are essential for accessing international grants and interest-free loans. The central message was a clear call to action: the private sector must drive climate mitigation efforts, transforming environmental challenges into profitable and sustainable business opportunities for national development.



PAPER PRESENTATIONS



Dr. Abdisalam Warsame, Director of the Th7 Institute,

In a research presentation on Somalia's energy sector, Dr. Abdisalam Warsame, Director of the Th7 Institute, identified the core non-technical barriers preventing access to reliable and affordable electricity, which ranks among the world's most expensive. The study, incorporating perspectives from major companies, households, and businesses, pinpointed three foundational challenges.

Firstly, severe market fragmentation persists, with private companies operating isolated mini-grids, leading to inefficient parallel infrastructure. This structure, where a single entity handles generation, transmission, and distribution, prevents economies of scale and hinders power for large-scale industries. Secondly, a heavy reliance on imported diesel (85% of Mogadishu's power) creates financial volatility, with global price fluctuations directly impacting tariffs. Despite this, consolidation efforts have reduced prices in Mogadishu to a current \$0.41/kWh. Thirdly, governance and institutional weaknesses, including frequent ministerial turnover, bureaucratic permit processes, and a lack of safety standards, stifle investment and progress.

The research outlined a path forward, emphasizing Somalia's significant solar potential and the transformative opportunity of Liquefied Natural Gas (LNG) to drastically lower prices. Key recommendations include short-term tax exemptions for renewable equipment, medium-term investments in utility-scale solar and regulatory strengthening, and long-term development of LNG infrastructure. Ultimately, the study concludes that overcoming these structural, governance, and dependency issues is essential to unlocking private investment, achieving the national goal of 80% electricity access by 2029, and powering Somalia's economic development.



PANEL DISCUSSION

PANEL DISCUSSION ↘

The panel discussion, titled "Powering Somalia's Future: Policy, Investment, and Private Sector Leadership in the Energy Sector," provided a rigorous platform for diagnosing the systemic failures in Somalia's energy provision and articulating integrated solutions across governance, finance, and technical development.



The session was introduced by **Hassan Abdulqadir**, Moderator and Head of Hornmuud Climate Solutions Office, who set the context by noting that the collapse of the central government necessitated the private sector stepping in over the last 30 years to provide essential services, including energy and telecommunications.

Dr. Abdinur Ali, Advisor to the National Economic Council of Somalia, provided an analytical assessment of the economic impact of the energy crisis. He defined energy as the foundational pillar of development and economic growth. He highlighted that the country's exorbitant electricity cost acts as a de facto structural tax on the economy, with power consuming up to 60% of operational costs for factories and stifling industrialization. Reducing this cost to the regional average could increase Somalia's economic output by 1.5–2%, preventing significant losses such as the estimated \$400 million annually from spoiled fish exports. To meet growing demand, a \$2 billion investment by 2030 is required. Attracting this capital depends on predictability, robust Public-Private Partnerships, clear rules for profit repatriation, and asset protection. On fiscal policy, Dr. Ali advocated for tax exemptions on productive capital goods like solar equipment to stimulate economic activity and ultimately expand the overall tax base.

Engineer Ismail Bashir, advisor at the Ministry of Energy & Water Resources, Somalia, outlined the governmental achievements and future strategy for increasing access. He highlighted significant regulatory milestones, noting that the Ministry methodically developed and approved the foundational National Energy Policy in 2020, followed by the critical National Electricity Law in 2023. This landmark legislation established the National Electricity Authority, which has brought formal oversight to the sector by issuing official licenses to the 32 operating companies, marking a crucial step toward a regulated market.

On the investment front, the government is actively channeling over \$250 million into energy projects across 13 cities. Engineer Bashir also emphasized Somalia's vast, untapped renewable potential, particularly in wind power, which is estimated at a massive 35,000 to 40,000 MW. The national strategy for increasing access is multi-phased. The immediate short-term approach involves supporting existing private solar mini-grids. A key near-term objective is a Memorandum of Understanding with BECO to construct 110 MW of new solar capacity, a project specifically aimed at slashing Mogadishu's electricity prices by over 30% to bring rates below the 20 cents per kWh mark. For the long term, the vision is ambitious: constructing a national grid and exploring power interconnections with neighboring countries like Ethiopia, where initially importing power could cost as little as 3 cents per kWh, providing a transformative and affordable energy solution for the nation.

Based on the remarks by **Karar Dhomey**, General Technical Resources Manager, Wartsila Gas Solutions, Somalia's electricity sector is overly dependent on expensive, low-quality imported diesel with a high sulfur content (exceeding 5000 ppm), which damages engines and health. Per capita electricity consumption is extremely low compared to its neighbors. The solution requires a diversified energy mix. A viable short-term path involves implementing hybrid mini-grids that combine solar, wind, and essential battery storage to achieve up to 50% renewable penetration. The long-term strategic solution is to leverage Somalia's domestic natural gas potential, potentially using Floating Storage and Regasification Units (FSRUs) to generate affordable, reliable power. Critically, the government must establish a national grid and standardized electrical regulations.

Mr. Dhomey mentioned that oil and gas exploration is underway, with significant potential to transform the economy by reducing fuel import costs. To avoid the "resource curse," robust governance is essential. This includes strictly enforcing the resource-sharing agreement, mandating comprehensive skills transfer and annual safety training for Somali staff by international companies, and establishing an independent Somali National Resources Fund. This fund should be managed to secure wealth for future generations, ensure macroeconomic stability, and invest in advancing local knowledge and skills.

Mohamud Farah, Chief Technical Officer, Benadir Electric Company (BECO), clarified the operational challenges faced by the private sector and articulated the support needed from the federal government. He refuted the public perception of excessive profits, noting that the profit margin on the sector is only about 8%. The real challenge is the cost of generation, as no country relying primarily on diesel has cheap electricity. According to him, the "missing link" is the lack of a national grid and reliable base-load power, as solar and batteries alone are insufficient for continuous supply.

While BECO is developing a 45 MW heavy fuel oil plant as an intermediate measure, the ultimate base-load solution—an LNG/FSRU import terminal (a \$150 million project)—requires federal government leadership, as the private sector cannot undertake this alone. To help meet the government's 50% renewable target, Mr. Farah noted that BECO requires approximately \$250 million to install 300 MW of renewable capacity. He emphasized that attracting this investment requires a robust regulatory environment that offers clear safety guarantees for capital.

EXHIBITIONS AND AWARDS ↘

The forum highlighted a diverse exhibition of new energy products and services to enhance access to electricity in Somalia.

Additionally, the forum recognised 13 energy and electricity service companies across Somalia. The companies were awarded for playing a pivotal role in the development of Somalia's energy sector and for empowering the community with access to electricity, which is essential to the daily lives of the people and the nation's progress.



Closing Speech by the Deputy Prime Minister

In his address as Guest of Honour, Salah Ahmed Jama, the Deputy Prime Minister of the Federal Government of Somalia, underscored the government's absolute priority to develop the nation's energy sector and reduce the cost of electricity for its citizens. Framing the issue within a continental context, he cited stark statistics—that France and Germany's electricity consumption surpasses all of Africa's, and millions of Africans lack access—to highlight the critical nature of their mission. He powerfully analogized a person without electricity to someone being taught to drive a car with no engine.



The Deputy Prime Minister provided a shrewd assessment of the current Somali energy landscape. He commended the private sector, which he noted is responsible for 100% of the country's power generation, for its monumental achievement in making 24-hour electricity a reality despite operating under extremely challenging conditions, including high costs for imported diesel and slim profit margins. He acknowledged Mogadishu as one of the world's most expensive cities for power generation, with costs averaging \$0.56 per unit, but was quick to defend Somali companies, stating the high price is not arbitrary but a result of genuine operational hurdles.

Crucially, he outlined the government's active and collaborative role in solving this crisis. He revealed a significant \$100 million investment being mobilized for the energy sector and stated the government's singular goal is to relentlessly work towards lowering electricity prices. This, he argued, requires a supportive state framework, advanced technology, and a strong partnership with the business community. He expanded the definition of energy needs beyond electricity to include the environmental and public health crisis of deforestation caused by firewood-based cooking, promoting a shift to LPG as a vital social duty.

Looking ahead, the Deputy Prime Minister mapped out Somalia's immense potential, ranking it among the world's top countries for solar energy and highlighting powerful wind patterns across its territory. He also pointed to hydrogen energy derived from seawater and sunshine as a future opportunity. While cautiously optimistic about petroleum exploration, he stressed that large-scale projects are only possible within a stable, functional state.

In conclusion, he praised the conference, organized by Hormuud, for elevating national discourse from humanitarian crises to strategic development issues like energy. He commended Somali youth for this shift and called on industry leaders to foster innovation and support small and medium enterprises. Reaffirming the government's fundamental duty to provide essential services, he pledged full support to the private sector, commending their efforts and expressing firm belief in collective progress toward a future with affordable, reliable, and diverse energy for all Somalis.



DISCUSSION AND ANALYSIS OF THE OUTCOME

The BGS 2025 served as a critical platform for high-level dialogue among government officials, private sector leaders, academics, and other stakeholders. The discussions centered on diagnosing the constraints within the energy sector, outlining recent regulatory progress, exploring vast opportunities in clean energy, and committing to climate mitigation goals.

Diagnosis of the Current Energy Landscape

A central finding reiterated across multiple presentations and speeches was that Somalia's energy sector faces fundamental challenges rooted in high costs, dependency on fossil fuels, and institutional fragmentation.

I. High Costs and Diesel Dependence

A key impediment to economic growth and industrialization is the reliance on imported diesel, which currently generates approximately 85% of Somalia's electricity. This reliance results in Somalia having some of the highest electricity tariffs globally. The national average tariff stands at \$0.81 per kWh. While Mogadishu enjoys the lowest average rate in the country—cited as \$0.36/kWh in research findings and \$0.41/kWh by the government officials—this remains far above the regional average of 0.18 per kWh in East Africa.

The high cost of power acts as a "de facto structural tax" on the economy. Discussions highlighted that electricity can constitute up to 60% of operational costs for factories, stifling industrial output. For households, survey data indicate that 56% allocate an excessive portion of their income to electricity. Businesses suffer significant impacts, with 71% reporting regular interruptions and 54% experiencing financial losses due to spoilage, particularly those reliant on cold storage.

II. Infrastructure Gaps and Market Fragmentation

The forum emphasized that the absence of a national electricity grid necessitates reliance on isolated mini-grids operated by private companies. Historically, the energy sector devolved after the state collapse, leading to severe market fragmentation, such that in Mogadishu alone there were 36 different electricity providers at one point. While consolidation into entities like BECO has reduced noise pollution and improved service, the market remains inefficient, with competing companies sometimes running parallel infrastructure (poles, cables, and transformers). The lack of separation between generation, transmission, and distribution strains the capacity of single companies and prevents the powering of large-scale industry.

III. Governance and Skills Deficits (Non-Technical Barriers)

The discussion on non-technical barriers revealed institutional instability, including high turnover in ministerial leadership (over ten ministers in the last decade), leading to abandoned policies. Other governance issues include weak regulation, security challenges, informal payments for permits, and high, multi-layered taxes (such as \$26 per barrel of oil). Furthermore, frequent electrical accidents and fires are attributed to the prevalence of uncertified engineers who lack formal training and licenses, underscoring a critical skills gap in the workforce.

Regulatory Progress and Government Commitment

Despite these challenges, speakers noted that the Ministry of Energy and Water has made significant progress in strengthening the energy sector's legislative foundation.

A. Legislative Milestones

The discussion on non-technical barriers revealed institutional instability, including high turnover in ministerial leadership (over ten ministers in the last decade), leading to abandoned policies. Other governance issues include weak regulation, security challenges, informal payments for permits, and high, multi-layered taxes (such as \$26 per barrel of oil). Furthermore, frequent electrical accidents and fires are attributed to the prevalence of uncertified engineers who lack formal training and licenses, underscoring a critical skills gap in the workforce.

B. New Regulatory Frameworks and Accountability

The Authority is advancing three additional regulatory frameworks, including specific regulations for the booming solar energy sector, which are currently in the public consultation phase. The government also prioritized the standardization of electrical equipment and the harmonization of laws with the East African Community (EAC). To combat frequent electrical accidents, a new system is being implemented that requires utility companies to record and certify the professional engineers responsible for grid connections, ensuring accountability should an accident occur.

C. Investment and Policy Trajectory

The government's commitment to lowering electricity costs was clear, with the Minister of Energy stating the minimum target is to reduce the price in Mogadishu to \$0.20 per unit. The government is actively working to attract investment, having secured over \$250 million for infrastructure development across 13 cities, including \$100 million from the World Bank for sector reform in Mogadishu. Furthermore, the government is committed to transitioning to clean energy, setting a goal to ensure that at least 50% of the country's electricity comes from renewable sources within the next three to four years.

Opportunities and Future Pathways



The forum strongly highlighted Somalia's immense energy potential, which extends far beyond conventional resources, positioning it for a robust energy transition.

Renewable Energy Potential

Somalia is ranked among the top countries globally for solar energy potential, receiving an average of over six hours of sunlight per day. Examples of private sector leadership were showcased, such as Hormuud converting virtually all its urban towers and nearly 90% of its telecom masts to solar power. Additionally, Somalia possesses vast wind potential (estimated at 35,000–40,000 MW capacity) along its extensive coastline, significant geothermal resources along the tectonic rift, and untapped hydropower potential in the Juba and Shabelle rivers.

Base-Load Power Solutions

Natural gas was identified as the most promising solution for reliable, base-load power, which is currently lacking due to the intermittency of solar and wind. Natural gas reserves are confirmed, and the successful development of infrastructure, such as a Liquefied Natural Gas (LNG) terminal, could potentially reduce electricity prices to as low as \$0.10/kWh. Experts noted that Turkey is currently conducting 3D seismic surveys to pinpoint reserves, with an announcement on the first exploration well expected soon.

Strategic Infrastructure Development

Discussions emphasized that a national grid is essential for efficiency, security, and achieving the goal of regional power trading. Feasibility studies are underway for power interconnections with neighboring countries like Ethiopia, which could potentially supply power at \$0.03/kWh initially, transforming affordability. The concept of Independent Power Producers (IPPs) is also being advanced, which would allow individuals to generate and sell electricity back to utility companies, increasing availability and driving down prices.

Climate Impact and Global Commitment



The conference provided detailed analysis of Somalia's commitment to climate change mitigation through its Nationally Determined Contributions (NDC).

Somalia has distinguished itself as the first African nation to submit its enhanced NDC 3.0, committing to reducing its greenhouse gas emissions by 34% by 2035. Achieving this target requires an estimated investment of \$11 billion, with over \$5 billion earmarked for mitigation projects, primarily renewable energy.

The private sector was recognized as indispensable to meeting these commitments. Initiatives like Hormuud's shift to solar energy create carbon reduction credits that can be sold on international markets. The Compliance Market, once domestic regulatory frameworks are fully established, offers significant financial opportunity, with carbon prices potentially reaching \$80 per ton. However, a major hurdle identified is the country's lack of nationally accredited institutions to directly receive and manage large international climate funds, such as the \$100 million secured from the Global Green Climate Fund (GCF).

RECOMMENDATIONS ↘

The BGS 2025 discussions culminated in a series of integrated recommendations and commitments across policy, investment, and institutional reform, aimed at achieving the foundational goal of affordable, reliable, and sustainable electricity access. The consensus was that while Somalia has a positive trajectory, achieving affordable, reliable, and sustainable electricity demands an integrated strategy combining short-term relief measures with long-term institutional and renewable energy reforms.

The following recommendations synthesize the consensus reached by government officials, private sector leaders, academics, and development experts during the forum proceedings:

1. Policy and Regulatory Reform

- The government must strengthen sector administration and establish an independent technocratic energy authority that is insulated from political cycles and ministerial turnover to ensure policy stability.
- There is an urgent need to finalise and implement pending crucial regulations, including the Licensing Law and Tariff Law, as well as the specific legal framework required for Independent Power Producers (IPPs) to generate and sell electricity back to utility companies.
- The National Electricity Authority should establish and enforce national standards for the solar sector and standardize electrical equipment, harmonizing laws with the EAC. Crucially, utility companies must implement a system of accountability where the name and certification of the engineer responsible for grid connections are recorded to reduce frequent electrical accidents and fires caused by uncertified professionals.
- A coordinated effort is required to consolidate the severely fragmented market structure and establish a shared transmission network to improve efficiency, reduce operational costs, and enable the powering of large-scale industry. The government must lead the work toward building and modernizing a national electricity grid.

2. Fiscal Incentives and Investment

- To stimulate economic activity and lower overall energy costs, the government should implement short-term fiscal relief measures, specifically implementing tax exemptions or zero-rating on renewable energy equipment and critical inputs.
- To attract the estimated \$2 billion investment needed by 2030, the government must establish an enabling environment by providing clear policy regulations, a robust framework for Public-Private Partnerships (PPPs), clear rules for profit repatriation, and legal equity mechanisms to protect assets from confiscation.
- Prioritize the development of a reliable base-load power solution. The federal government must lead the long-term goal of developing Liquefied Natural Gas (LNG) import infrastructure and a terminal (estimated at \$150 million) to potentially drop tariffs dramatically, possibly to as low as \$0.10 per kWh.
- Government institutions must be held accountable for paying their electricity bills to remove a hidden financial burden on utility providers.

3. Climate Action and Resource Governance

- To avoid the "resource curse" associated with future oil and gas revenues, the establishment of a Somali National Resources Fund with an independent board of trustees is recommended. This fund should prioritize intergenerational equity, macroeconomic stabilization, and capacity building.
- The government must urgently work to establish nationally accredited institutions capable of directly receiving and managing large international climate funds, such as those from the Global Green Climate Fund (GCF), which are currently channeled through third parties.
- The private sector should focus on mitigation projects (e.g., utility-scale solar, mangrove planting, improved livestock feeding systems) that generate carbon credits, preparing the country to participate in the lucrative Compliance Market, where prices can reach \$80 per ton.
- A coordinated effort is required to consolidate the severely fragmented market structure and establish a shared transmission network to improve efficiency, reduce operational costs, and enable the powering of large-scale industry. The government must lead the work toward building and modernizing a national electricity grid.
- Promote alternatives like LPG to households to combat deforestation, reduce indoor smoke, and mitigate public health risks associated with wood burning.

4. Workforce and Capacity Building

- The education sector should adopt the "EEE" framework (Empowerment, Education, and Employment) and prioritize vocational skill development and professional training, which are seen as the "master key to employability".
- Universities and vocational institutions should collaborate with the National Electricity Authority and utility companies (like BECO) to ensure the curriculum produces qualified engineers and specialists needed for the energy transition.
- The Ministries of Education and Labour must work to implement accredited education standards that enable Somali youth to compete globally, preventing the necessity of importing large numbers of foreign technical specialists.
- Large private sector leaders, such as Hormuud, are urged to create opportunities for innovative young Somalis by helping them establish small and medium enterprises (SMEs) within the energy supply chain.

CONCLUSION

BGS 2025 confirmed that Somalia's energy sector stands at a critical juncture, defined by a dual reality: some of the highest electricity tariffs globally (national average of \$0.81 per kWh) due to reliance on expensive imported diesel (85% of generation) and systemic institutional fragmentation. Despite these challenges, the nation is blessed with enormous untapped potential in solar, wind, and geothermal resources.

The forum affirmed that the government, through the establishment of the National Electricity Authority and the passage of the National Electricity Law and crucial subsequent regulations, has laid the necessary legal groundwork. The government has committed to strategically lowering electricity costs, setting a minimum target to reduce the price in Mogadishu to \$0.20 per unit. Furthermore, the government has set an ambitious goal to ensure that at least 50% of the country's electricity comes from renewable sources within the next three to four years.

A clear consensus emerged that achieving affordable, reliable, and sustainable energy is central to solving Somalia's broader economic challenges, serving as a "de facto structural tax" on the economy. Success hinges not just on technical investment, but on overcoming "non-technical barriers" such as governance deficits, security concerns, and high turnover in ministerial leadership. The successful energy transition requires an integrated strategy, combining short-term fiscal relief (tax reductions) with long-term, coordinated reforms.

The Deputy Prime Minister underscored that the very existence of a high-level forum dedicated to discussing the complexities of energy is itself a sign of great progress. The government is committed to relentlessly working towards lowering the cost of electricity, while the private sector is recognized as the indispensable partner, bringing both investment and entrepreneurial expertise. Ultimately, the forum concluded that sustainable progress will depend on strengthening the cooperation between the energy authority, the relevant ministries, and the private sector, ensuring that electricity is no longer a major constraint on national development.

Event Program

08:30 – 09:30	Registration and Reception
09:30 – 09:35	Opening with Quran Recitation, Abdirizak Mohamed Ahmed
09:35 – 09:45	Words of the Sheikh, Sheikh Abdi-Hayi Sheikh Adam, Somali Scholar
09:45 – 09:55	Hormuud Corporate Video
09:55 – 10:05	Welcoming Remarks Ahmed Mohamud Yusuf, Chairman, Hormuud
10:05 – 10:15	Opening Ceremony Abdullahi Bidhan Warsame, Minister of Energy and Water Resources
10:15 – 10:25	Keynote Speech I Mahamoud Abdikarin, Private sector's role in advancing Somalia's energy agenda.
10:25 – 10:35	Documentary I: From Darkness to Light: The Urban Energy Evolution in Mogadishu
10:35 – 10:55	Keynote Speech II Prof Abdulkadir Abikar Hussein, The State of Somalia's Energy Sector
10:55 – 11:05	Keynote Speech III Abdullahi Ahmed Dayib, Somalia's Electricity Regulations
11:05 – 12:15	Panel Discussion Powering Somalia's Future: Policy, Investment, and Private Sector Leadership in the Energy Sector

Prayer, Launch, & Exhibition Visits

13:30 – 13:50	Presentation I : Prof. Abdullahi Khalif , NDC 3.0: Unlocking Private Sector Potential for Climate Ambition
13:50 – 14:00	Documentary II: From Diesel to Sunshine: Hormuud's Journey to Solar Energy Leadership
14:00 – 14:10	Keynote Speech IV Sadia Siad , Building Somalia's Energy Workforce: Bridging the Skills Gap for a Sustainable Future
14:10 – 14:30	Paper Presentation II: Navigating Non-Technical Barriers to Affordable Electricity in Somalia, The 7 Institute
14:30 – 14:50	Award Distribution BGS25 Team
14:50 – 15:00	Event Proceedings & Call to Action Said Dirie , Duputy Comms Manager, Hormuud
15:00 – 15:10	Keynote Speech V Dahir Shire Mohamed , Ministry of Petroleum and Natural Resources
15:10 – 15:40	Guest of Honour H.E. Salah Ahmed Jama , Deputy Prime Minister of Somalia







