



COUNTRY PROFILE SOMALIA

Arab Business Legislative Frameworks Somalia Profile

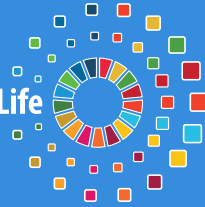


Shared Prosperity Dignified Life





Shared Prosperity **Dignified Life**



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ESCWA, an innovative catalyst for a stable, just and flourishing Arab region

MISSION

Committed to the 2030 Agenda, ESCWA's passionate team produces innovative knowledge, fosters regional consensus and delivers transformational policy advice. Together, we work for a sustainable future for all.



Economic and Social Commission for Western Asia

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UNITED NATIONS
Beirut

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United Nations publication issued by ESCWA, United Nations House, Riad El Solh Square, P.O. Box: 11-8575, Beirut, Lebanon.

Website: www.unescwa.org.

Cover photo credit:

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Country Profile

SOMALIA



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Summary



The Federal Republic of Somalia has been facing political, social and economic instability since the Somali civil war in 1991. Due to the collapse of the state, most regions applied customary and religious law to govern the functions of society. In 2012, a new government was formed that retained a limited measure of control, mainly in the capital and its surroundings.

Competition



- Somalia **DOES NOT HAVE** a **formal or standardized law** that governs **competition**;
- As an alternative, Somalia relies on a **MIXTURE OF RELIGIOUS AND XEER COURTS** to handle **commerce matters** and **disputes**;
- Of late, the **SOMALI PROVISIONAL CONSTITUTION OF 2012** made note of the **rights and duties** in commercial activities that can be extended to form the **foundations** of a **competition law**. However, due to the political and social instability, the Somali state is still **unable to adequately implement** and **enforce legislation**.

Foreign Direct Investment



- Somalia first established **LAW NO. 19 OF 1987** on foreign investment that still provides the **core components** used to **govern FDI**; the law was further **updated** in **2015**;
- In terms of **ATTRACTING NEW INVESTMENT**, the Somali Government passed **Law No. 130 of 2012** regarding **financial institutions**, and there are **no limits** to foreign control of assets. The **Ministry of Commerce** has launched a **one-stop shop business registration website**;
- Yet, the ongoing **POLITICAL AND SOCIAL INSTABILITY** is a **major barrier** to **entice international investors**.



Anti-Corruption



- Somalia has not had an explicit **ANTI-CORRUPTION LAW** until **late 2019**, when a **draft bill** was signed into law by the **Somali president**. Yet, the details of the law and its impact are still **too early to assess**;
- Prior to the enactment of the new law, **CORRUPTION WAS TACKLED** through **Somalia's Penal Code of 1962** its **Public Procurement, Concession and Disposal Act** of 2015 (updated in 2016), and its **Anti-Money Laundering and Countering Financing of Terrorism Act** of 2016;
- **THERE REMAIN HIGH CONCERNS** about the authorities' **ability to enact** these **legislations** throughout the country.

Consumer Protection



- Somalia **DOES NOT HAVE** a **consumer protection law**.

Main Headings

● Very Strong
 ● Strong
 ● Developed
 ● Moderate
 ● Basic
 ● Weak
 ● Very Weak

COMPETITION

● **VERY WEAK**

Anti-Trust and Competition Laws	● Weak
Anti-Dominance and Monopolisation Laws	● Very Weak
Cartels and Anti-Competitive Agreements	● Weak
Competition Enforcement Practices	● Very Weak
International Trade Agreements	● Weak
Liberalisation and Competition Intervention in Regulated Sectors	● No Score
Merger Regulatory Regime	● No Score
Labor Protection	● No Score




FOREIGN DIRECT INVESTMENT (FDI)

● **MODERATE**

Banking Regulations	● Developed
Macroeconomic Policies	● Basic
Investment Regulatory Framework	● Strong
Incentivisation Schemes	● Basic
Bi-lateral Treaties	● Developed



ANTI-CORRUPTION		● BASIC
Anti-Corruption and Integrity in Public Sector	● Moderate	
Anti-Bribery and Whistle Blow Laws	● Weak	
Budgeting and Public Expenditures	● Moderate	
Digital Government	● Very Weak	
Open Government and Transparency	● Very Weak	
Public Procurement Standards	● Developed	

CONSUMER PROTECTION		● NO SCORE
Physical Safety Regulations	● No Score	
Protection of Consumers' Economic Interests	● No Score	
Measures Enabling Consumers to Obtain Redress	● No Score	
Promotion of Sustainable Consumption	● No Score	

Sub-categories

● Very Strong
 ● Strong
 ● Developed
 ● Moderate
 ● Basic
 ● Weak
 ● Very Weak

COMPETITION

Laws/Decrees (i.e. national legislations/regulations) ● No Score

Definitions (i.e. legal definitions within legislation/treaties) ● No Score

Institutions (i.e. bodies/authorities) ● No Score

International Agreements (regional/international conventions, treaties, trade agreements) ● Basic

Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences) ● No Score

Exemptions ● Basic

Accessibility/Transparency ● No Score



FOREIGN DIRECT INVESTMENT (FDI)

Laws/Decrees (i.e. national legislations/regulations) ● Moderate

Definitions (i.e. legal definitions within legislation/treaties) ● Moderate

Institutions (i.e. bodies/authorities) ● Very Strong

International Agreements (regional/international conventions, treaties, trade agreements) ● Basic

Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences) ● Moderate

Exemptions ● Very Weak

Accessibility/Transparency ● Strong



ANTI-CORRUPTION



- Laws/Decrees (i.e. national legislations/regulations) ● Moderate
- Definitions (i.e. legal definitions within legislation/treaties) ● Basic
- Institutions (i.e. bodies/authorities) ● Moderate
- International Agreements (regional/international conventions, treaties, trade agreements) ● Moderate
- Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences) ● Moderate
- Exemptions ● Basic
- Accessibility/Transparency ● Very Weak

CONSUMER PROTECTION



- Laws/Decrees (i.e. national legislations/regulations) ● No Score
- Definitions (i.e. legal definitions within legislation/treaties) ● No Score
- Institutions (i.e. bodies/authorities) ● No Score
- International Agreements (regional/international conventions, treaties, trade agreements) ● No Score
- Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences) ● No Score
- Exemptions ● No Score
- Accessibility/Transparency ● No Score



