Somaliland Ministry of
Trade, Industries and Tourism

# REPUBLIC OF SOMALILAND

# Ministry of Trade, Industry and Tourism

# Annual Progress Report 2020

WITH RESPECT TO NATIONAL DEVELOPMENT PLAN II

2017-2021

**Department of Planning and Statistics**

**Website:** http://motit.govsomaliland.org/

## Contents

# 1. Introduction

In light of the National Development Plan II (2017-2021) and the Somaliland Vision 2030, the MOTIT is on the path to ensure great accomplishments, and the first two quarters of the year 2020 was one of significant progress despite major challenges faced as result of COVID-19 pandemic. This progress was advanced in the second half of the year. Finally, and importantly, the progress of year 2020 has also been evaluated based on the MoTIT Annual Strategy Plan 2020.

The mandate of the MoTIT positions it at the core of Somaliland's economic transformation. Within this context, it is important to highlight the role of the MoTIT in promoting a vibrant, technology-driven, and competitive private sector which can significantly contribute to economic growth and employment creation. Additionally, other key and complementary responsibilities of the Ministry are fostering industrial development, supporting and promoting indigenous knowledge and protection of archaeological heritages, attracting tourists and reaching out to the international community, promoting the formalisation of the informal sector, and overseeing environmental and safety standards.

This report has showed data from a period when the economic and social impacts of the COVID-19 crisis were started. Thus, according to the data displayed here, the impact of COVID-19 on international trade and on business registration and licensing was seemingly not too significant. In contrast, the sudden halt in tourists coming to Somaliland from abroad in the month of March was most probably due to Somaliland's government restrictions and border closures around the world. Further analyses will help complement the progress by adding data from subsequent months, for which the impact of the COVID-19 crisis will probably be less.

Apart from delving into the potential impact of the COVID-19 crisis, this report shows progress made in the main different areas of work under the MoTIT, namely industrial development, business environment, and tourism. Additionally, detail is provided regarding the improvements made in the legal and regulatory framework as a result of the work of MoTIT's legal unit and legal advisers.

The report is structured following MoTIT's main areas of work, so that after the introduction, Section 2 explain the improvements made due to the Minsitry's work in the area of industrial development. Section 3 presents the results of the work on the business environment agenda. Section 4 shows the outcome of tourist projects. Section 5 looks at the advances in the legal and regulatory framework. Section 6 summarises the main achievements.

# 2. About the MoTIT

## 2.1. Vision

A nation with a sustainable and Technologically competitive Private Sector with economically viable Tourism Industry aligned with the National vision 2030.

## 2.2. Mission

Facilitate the creation of a vibrant, technology-driven, and competitive private sector and tourism industry, which significantly contribute to economic growth and employment creation, while ensuring mass mobilization and proper formalization of the informal economy and trade.

## 2.3. Responsibilities

The following are the main responsibilities of the MoTIT:

- Formulate and harmonize policies that will ensure the development of the trade, industrial and tourism sectors, both at national and global levels.
- Promote and facilitate domestic and international trade, with an emphasis on diversification, business classification and value-addition.
- Improve entrepreneurial skills, technological capabilities and accessibility to credit and markets.
- Develop programs and activities targeted at institutional capacity building, so as to meet the challenges of national and global markets.
- Facilitate the development of Somaliland's production base and the expansion of cross-border trade.
- Collect, process, store and disseminate timely and accurate trade-related information.
- Facilitate private sector access to capital and ensure proper formalization of the informal economy.
- Ensure that private sector development programs are complementary and cover a broad range of needs.

## 3. MoTIT Annual Strategic Plan

The 2020 ASP was based on the MoTIT mandate, the progress made in 2019, and the challenges faced. In addition to these, the MoTIT took into account its commitment in supporting Somaliland to achieve the objectives defined in the National Development Plan II (2017-2021), and also the relationship of such objectives with the Sustainable Development Goals[1]. Underpinned by these areas, the work of the MoTIT in 2020 was structured into 5 main Projects and 2 Cross-cutting Objectives.

The Projects make reference to the most important areas of work of the MoTIT:

- Industrialisation agenda
- Improving the business environment agenda
- Tourism and archaeological development
- Improving the gums and resins sector
- Improving data management systems

Each project necessarily brings together different ministerial departments, meaning that effective internal coordination is essential to achieve the goals outlined. In particular, the MoTIT departments are: Planning Department (PD), Information and Communication Technologies Department (ICT), Trade Department (TD), Industries Department (ID), Regions Department (RD), Human Resources Department (HR), Environmental protection Department (IEI), Tourism Promotion and Development Department (TPD), Archaeology and Indigenous Arts Protection and Promotion Department (AP), Gums and Resins Department (GR), Finance and Administration Department (FAD).

Each Project includes different sub-projects. There is a total of 29 sub-projects or objectives, with Project II as the Project with the largest number of sub-projects, which highlights the commitment of the Ministry to improve the business environment through a clearer regulatory framework, micro-targeted policies, and macroeconomic guidelines such as the National Trade Policy. Projects I, III, IV, and V, have 7, 5, 2 and 3 sub-projects respectively.

As mentioned above, in addition to these 5 projects, the MoTIT defined 2 Cross-cutting Objectives. These were defined as cross-cutting because they are essential for the achievement of all 5 Projects and will critically help the MoTIT fulfil its role. The Cross-cutting Objectives are:

- Human Resources
- Information and Communication Technologies

These two cross-cutting objectives have 3 and 2 sub-projects respectively, and while they also require inter-departmental coordination, work on these two areas is centralised in the HR and ICT departments.

For each Project and Cross-cutting Objective, the MoTIT detailed the expected outcomes, timelines, indicators and potential challenges.

[1] https://sustainabledevelopment.un.org/content/documents/24270Somaliland_SDG16_Progress_Report.pdf

# 4. MOTIT Achievements of the year 2020

## 4.1. Industrialisation Agenda

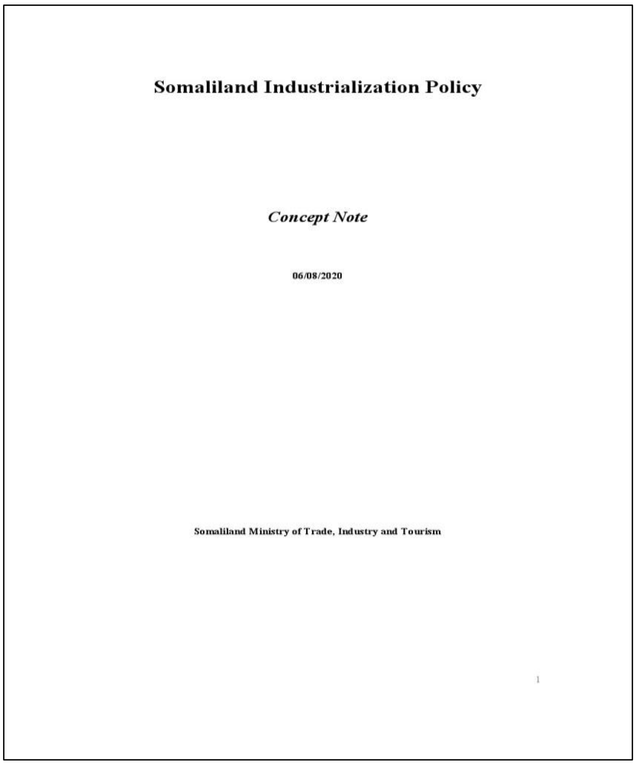
**SDG8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**

**By 2021, Somaliland will devise development and entrepreneurship-oriented policy framework[2]**

Promoting industrialisation in Somaliland is key for the economic and social development of the country. Given the recent progress made through the development of the Berbera Port infrastructure and the Berbera Corridor, industrialisation is one of the key priorities of the MoTIT to further advance Somaliland's economic development. To this aim, the Ministry of Trade, Industry and Tourism has worked on ensuring the alignment of its projects with the NDPII outcome **"By 2021, Somaliland will devise development and entrepreneurship-oriented policy framework".** In order to achieve this outcome, the MOTIT has led progress in the following areas.

### 4.1.1. Formulation of Industrialization Policy

Currently, there is an Industrial Policy draft available to the MoTIT, prepared by a consultant in 2018/2019. After a thorough review and while considering the relevant insights that the draft brings to policy making, it was considered that efforts could (and should) be spent on improving both its format and content, thus creating a (re-drafted) Somaliland Industrial Policy. In addition to the two improvements above, and in contrast to how the current draft was prepared, the (re-drafted) SIP will attempt to incorporate a larger number of views from governmental bodies and stakeholders.



**Somaliland Industrialization Policy**

***Concept Note***

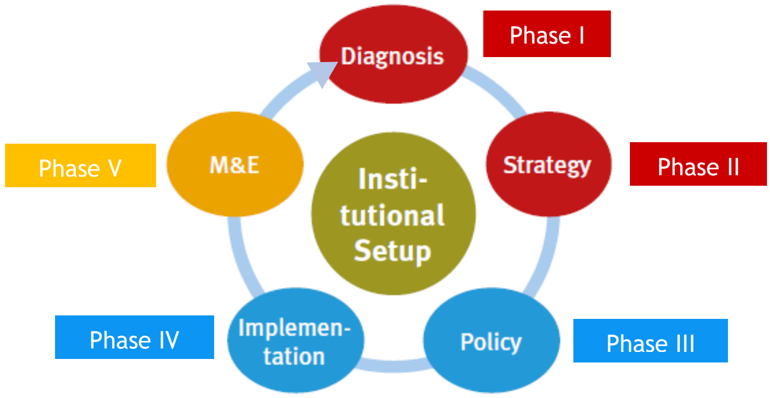
**06/08/2020**

**Somaliland Ministry of Trade, Industry and Tourism**

1

Based on the above, the design and implementation policy process will follow different stages and will be undertaken so as to ensure the long-run sustainability of the SIP.

[2] Somaliland National Development Plan II Economic Sector Matrix




Source: UNIDO (2017). EQUIP, Designing a transformative industrial policy package. Vienna: UNIDO.

**Summary of SIP progress achieved (January-December 2020)**

- Industrialization Policy Concept Note Drafted and approved
- Work Plan for the Industrialization Policy Drafted and approved
- Review of the existing drafted Industrialization Policy done
- Appointed taskforce for the formulation of Industrialization Policy
- MOTIT is currently in the Phase of I SIP, Situational Analysis

### 4.1.2. Tax exemptions provided to Industries (January- December -2020)

Another key ongoing task of the Ministry with regard to the industrial sector is the approval of tax exemptions for industrial companies. In this regard, the MoTIT granted tax exemptions in 541 occasions, totalling 31 Million USD. The number of companies who received these exemptions was 63.

| SN | Name | Number of times given Tax exemption in 2020 | Value of the imported QTY |
|---|---|---|---|
| 1 | Somaliland Beverage Industry | 104 | $2,963,542.26 |
| 2 | Aadco Paper Factory | 26 | $1,266,606.16 |
| 3 | Alkhayraat foam factory | 33 | $216,367.30 |
| 4 | Lis diaries | 28 | $759,293.78 |
| 5 | City furniture industry | 10 | $299,591.10 |
| 6 | Raho foam Factory | 13 | $143,670.00 |
| 7 | Royal Foam factory | 42 | $367,508.64 |
| 8 | Zamzam Foster | 19 | $300,233.71 |
| 9 | Ilo-Tango factory | 15 | $540,578.17 |
| 10 | Saxansaxo Mineral water | 19 | $476,492.70 |
| 11 | National Steel Industry | 15 | $5,044,477.97 |
| 12 | National Flour Mills | 9 | $11,922,695.25 |
| 13 | Hargeisa Plastic Factory | 4 | $542,508.55 |

| | | | |
|---|---|---|---|
| 14 | Tayo Household | 8 | $325,770.01 |
| 15 | Dahabi Factory | 2 | $103,037.24 |
| 16 | Somaliland Vegetable Oil | 1 | $59,960.20 |
| 17 | Gamur Fiber Glass | 13 | $362,041.52 |
| 18 | Kaabsan moddern batching plant | 4 | $249,590.20 |
| 19 | Nuria Products Inc | 2 | $39,733.76 |
| 20 | U fresh Enterprise Ltd | 41 | $286,485.70 |
| 21 | Siraj Paints | 10 | $170,793.06 |
| 22 | Loomas Foods | 3 | $27,913.00 |
| 23 | Zhongland Intrnational | 4 | $77,022.19 |
| 24 | Somaliland Hono Group | 1 | $168,250.00 |
| 25 | Daryeel Factory | 14 | $373,951.58 |
| 26 | Hargeisa food Industry | 4 | $81,835.35 |
| 27 | Benjawi & Associates | 2 | $27,280.00 |
| 28 | Tusmo cleaning products factory | 1 | $6,682.59 |
| 29 | Boodhari mills | 3 | $420,803.00 |
| 30 | Beexaan food industry | 1 | $13,224.00 |
| 31 | Togdheer Mineral Water | 13 | $410,774.63 |
| 32 | Hua Xin international ltd | 1 | $21,276.00 |
| 33 | Ihsan purified water | 1 | $83,983.00 |
| 34 | Mulliyo Salts | 2 | $180,000.00 |
| 35 | Fortune Paints Factory | 9 | $53,174.60 |
| 36 | Gateway east africa | 2 | $74,971.00 |
| 37 | Hayat Mineral Water | 1 | $54,487.00 |
| 38 | Aloos Factory | 1 | $8,725.00 |
| 39 | Smart power | 6 | $96,674.86 |
| 40 | Waaweel factory | 6 | $387,242.47 |
| 41 | Xays Mineral Water | 3 | $72,769.30 |
| 42 | Asli Health care | 3 | $50,506.38 |
| 43 | Horseed Tiles | 4 | $202,535.80 |
| 44 | Tayyib Buroa Abbitator | 6 | $186,380.20 |
| 45 | Damal Shampoo | 1 | $21,962.35 |
| 46 | Biyo-Sixa Mineral Water | 3 | $139,641.60 |
| 47 | Ileys Detergent | 1 | $529,771.00 |
| 48 | Care  Industry | 4 | $434,259.32 |
| 49 | Karama faom factory | 2 | $31,620.00 |
| 50 | Rayan small factory | 1 | $50,330.22 |
| 51 | Somaliland Foil | 1 | $95,149.00 |
| 52 | Sool construction company | 1 | $4,860.00 |
| 53 | Berbera Tannery | 1 | $15,159.10 |
| 54 | Berbera Fiber Glass | 1 | $24,827.74 |
| 55 | Axlaam super cleaning industry | 3 | $65,562.47 |

| | | | |
|---|---|---|---|
| 56 | Horn recycling | 1 | $264,003.00 |
| 57 | Barwaaqo Factory | 1 | $8,633.55 |
| 58 | Ahlan water & beverage Industry | 1 | $79,475.00 |
| 59 | Iqbal converting | 2 | $37,589.74 |
| 60 | French Bakery Industries Factory | 2 | $79,926.00 |
| 61 | Shifo pure mineral water | 2 | $29,189.19 |
| 62 | Horn block factory | 1 | $22,104.40 |
| 63 | Turkish star furniture | 3 | $62,284.85 |
| | **Total** | **541** | **$31,517,787.76** |

### 4.1.3. List of Active Industries with Grades (2020)

In addition to the above, the Ministry is also responsible for classifying companies into the MoTIT's grading system for manufacturing companies (details above).

| SN | Name | Grade |
|---|---|---|
| 1 | Barwaaqo Factory | NA |
| 2 | Tayo  Plastic Household | A |
| 3 | Somaliland Beverage Industry | A |
| 4 | Aadco Paper Factory | A |
| 5 | Alkhayraat foam factory | A |
| 6 | Lis diaries | A |
| 7 | Raho foam Factory | A |
| 8 | Royal Foam factory | A |
| 9 | Zamzam Foster | A |
| 10 | Ilo-Tango factory | A |
| 11 | Saxansaxo Mineral water | A |
| 12 | National Steel Industry | A |
| 13 | National Flour Mills | A |
| 14 | Hargeisa Plastic Factory | A |
| 15 | Somaliland Vegetable Oil | A |
| 16 | Gamur Fiber Glass | A |
| 17 | Kaabsan moddern batching plant | A |
| 18 | U fresh Enterprise Ltd | A |
| 19 | Loomas Foods | A |
| 20 | Somaliland Hono Group | A |
| 21 | Daryeel Factory | A |
| 22 | Hargeisa food Industry | A |
| 23 | Boodhari mills | A |
| 24 | Togdheer Mineral Water | A |
| 25 | Smart power | A |
| 26 | Waaweel factory | A |
| 27 | Tayyib Buroa Abbitator | A |

| | | |
|---|---|---|
| 28 | Biyo-Sixa Mineral Water | A |
| 29 | Ileys Detergent | A |
| 30 | Rayan small factory | A |
| 31 | Berbera Tannery | A |
| 32 | Axlaam super cleaning industry | A |
| 33 | Shifo pure mineral water | A |
| 34 | Turkish star furniture | A |
| 35 | City furniture industry | B |
| 36 | Dahabi Factory | B |
| 37 | Nuria Products Inc | B |
| 38 | Siraj Paints | B |
| 39 | Zhongland Intrnational | B |
| 40 | Benjawi & Associates | B |
| 41 | Beexaan food industry | B |
| 42 | Hua Xin international ltd | B |
| 43 | Ihsan purified water | B |
| 44 | Mulliyo Salts | B |
| 45 | Fortune Paints Factory | B |
| 46 | Gateway east africa | B |
| 47 | Hayat Mineral Water | B |
| 48 | Aloos Factory | B |
| 49 | Xays Mineral Water | B |
| 50 | Asli Health care | B |
| 51 | Horseed Tiles | B |
| 52 | Damal Shampoo | B |
| 53 | Care Industry | B |
| 54 | Karama faom factory | B |
| 55 | Somaliland Foil | B |
| 56 | Sool construction company | B |
| 57 | Berbera Fiber Glass | B |
| 58 | Horn recycling | B |
| 59 | Ahlan water & beverage Industry | B |
| 60 | Iqbal converting | B |
| 61 | French Bakery Industries Factory | B |
| 62 | Horn block factory | B |
| 63 | Tusmo cleaning products factory | C |

**Classification and grading of manufacturing industries**

The Ministry has divided active industries in the country into three grades (A, B and C).

**Criteria for Grading**

- All industries with capital investment of more than $450,000 are regarded as "A" Grade
- All industries with capital Investment between $250,000-$450,000 are regarded as "B" Grade
- All industries with capital Investment of less than $250,000 are regarded as "C" Grade

**4.1.4. Survey of blacksmith workers in Hargeisa (2020)**

In 2020, the MoTIT undertook a survey of blacksmith workers in Hargeisa. The overall goal that motivated undertaking this study was to increase the sustainability of the crafts sector across the Somaliland community, and continuously support their mission, promote the upskilling of the workforce, and create a crafts sector programme for Somaliland's crafts' community.

From this, the specific targets below follow:

- Gain more knowledge about the current state of the crafts sector.
- Upgrade the talent and skills of crafts sector workers.
- Increase the production of crafted goods in Somaliland.
- Ensure the viability and permanence of the traditional crafts culture in Somaliland's society.
- Find complete crafts equipment to catch up with international community

In particular, the survey attempted to:

- Understand the profile of craftsmen people.
- Understand the most basic features of the crafts sector.
- Understand the main challenges the sector faces.
- Inform policy action aimed at supporting the crafts sector.

The main findings of the report are listed below:

- Most of the respondents belong to the age group of between 35 and 50 years old.
- Most of the respondents learned the blacksmith profession through their families, indicating the relevance of heritage in this sector.
- Most of the respondents produce household goods.
- Most of the respondents were located in the market (*suuqa*) Fooqa Jajabka.
- Most of the respondents had a working experience of 15 years or above.
- Most of the respondents said that imported goods were having a high impact on their sales.
- Most of the respondents mentioned that they face social stigma.
- Most of the respondents use manpower only in their production.
- An important percentage of respondents hired staff to work with them, thus creating job opportunities.
- All respondents answered they did not receive support from any public or private institution.
- Most of the respondents knew of crafted goods that were not in production anymore and production techniques that were being lost.
- Most of the respondents were worried about the viability of their business.
- All respondents argued that they do not belong to any association or union that can represent them.

Based on this analysis, the report put forth the following recommendations:

- Support craftsmen production given the relevance of the goods they produce, which are widely used in Somali society.
- Investigate opportunities for scaling up and formalising the businesses into small and medium enterprises. This could improve their competitiveness and promote economic growth.
- Limit the importation of foreign goods while encouraging local production and competitiveness.
- Organise and implement anti-social stigma programmes.
- Improve support (e.g., technical, financial) from both the public and private sector.
- Monitor the state and viability of the products and gather information about those which have disappeared or are close to disappear. Organise exhibitions that can be used as a way to preserve the cultural heritage of traditional craftsmanship in Somaliland.
- Support craftsmen in creating and joining an association or union that can represent their interests, link them with TVET education programmes, and provide them with learning and upskilling opportunities.

## 4.2. Improving the business environment Agenda

**SDG8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

**By 2021, formalize existing Micro, Small, Medium Enterprises activities by 50%**

### 4.2.1. Improving access to business information


In order to increase access to Information for Businesses, MOTIT with collaboration of Shaqadoon and Spark organizations has launched the Xogsiiye Business Information Centre (BIC). The BIC provides following information to the Business community:

1. Access to Business Start-up Information (dial 9444 in Telesom and Somtel local Telecommunication Companies)
2. Access to Business Finance Information (dial 9444 in Telesom and Somtel local Telecommunication Companies)
3. Apply for Business Development Services (dial 9444 in Telesom and Somtel local Telecommunication Companies)
4. Get direct call to the Ministry for further information
5. Leave voicemail

This service is part and parcel of the Implementation of the MSME Policy which was approved in 2019 by the Somaliland cabinet.

The BIC delivers the information in three languages (Somali, English and Arabic) for the benefits of all business people. This Business Information Service mechanism has improved well for the availability of necessary information for all people regardless of their location. Particularly, it has helped people in further regions of the country such as Sool, Sanaag, Togdheer, Borama etc. It ensured that people are already well informed when they come to the Ministry for registering their business. Please see below more information on the service delivery process offered by the BIC.

## WHAT IS XOGIISYE?

Xogsiiye, is an interactive voice response, IVR, based service that allows businesses and youth seeking information to access on-demand, up to date and accurate information. Callers will be able to get information on how to register their businesses, apply for business development services and as well as learn about what types of financing and funds available at a variety of different banks and private sector.

## HOW DOES THIS SERVICE WORK?

This service is accessible through both Somtel and Telesom networks and is connected to a four-digited shortcode, 9444. The IVR application is available in three different languages, Somali, Arabic, and English and everyone of different ages, genders, ethnicity can call.


The application is very user-friendly and provides clear instructions and methods on how to access and receive information, apply for training, leave voice messages, and get a direct connection to the Ministry.

## OPTIONS & FEATURES

### ACCESS TO BUSINESS STARTUP INFORMATION

This feature allows callers to access accurate and up to date information on how to register a business including a list of required documents, offices to visit, application to apply for and so much more. As a bonos we have also included information on the most recommended tour sites to visit and ways to plan for a trip to these sites!

### ACCESS TO BUSINESS FINANCE INFORMATION

This feature allows callers to access information about where and how to find finances for your start-up where the service provides the top 9 banks and agencies that provided access to finance and the type of investment they provide

### APPLY FOR BUSINESS DEVELOPMENT SERVICES

This feature allows callers to apply for business development services. By answering a few questions simultaneously, businesses can get connected with the right business development service providers.

### GET DIRECT CALL TO THE MINISTRY

This option allows callers to directly speak with the Ministry. Call center agents will be ready and fully equipped to provide information and support.

### LEAVE A VOICEMAIL

This feature is made available for callers to leave voice messages when lines are busy. This way, nobody misses a chance to connect with the Ministry.

## OBJECTIVE AND PURPOSE OF THIS SERVICE

In a world where technology has taken over and the means of communication has evolved, getting access to information has become only one click away. However, we have also become overloaded with too much information and it has taken longer to process. The sole purpose of this service has become to provide simplified ways and methods of receiving up-to-date information right from the comfort of your home from the right source.

## MISSION

Simplifying the means of getting information regarding business development by connecting the community to the Ministry whenever and wherever.

## VISION

Becoming the bridge and channel between the community and the Ministry of Commerce, Tourism and Trade

XOGSiiYE
ADEEGA XOGTA GANACSIGA IYO DALXIISKA

XOGSiiYE
ADEEGA XOGTA GANACSIGA IYO DALXIISKA

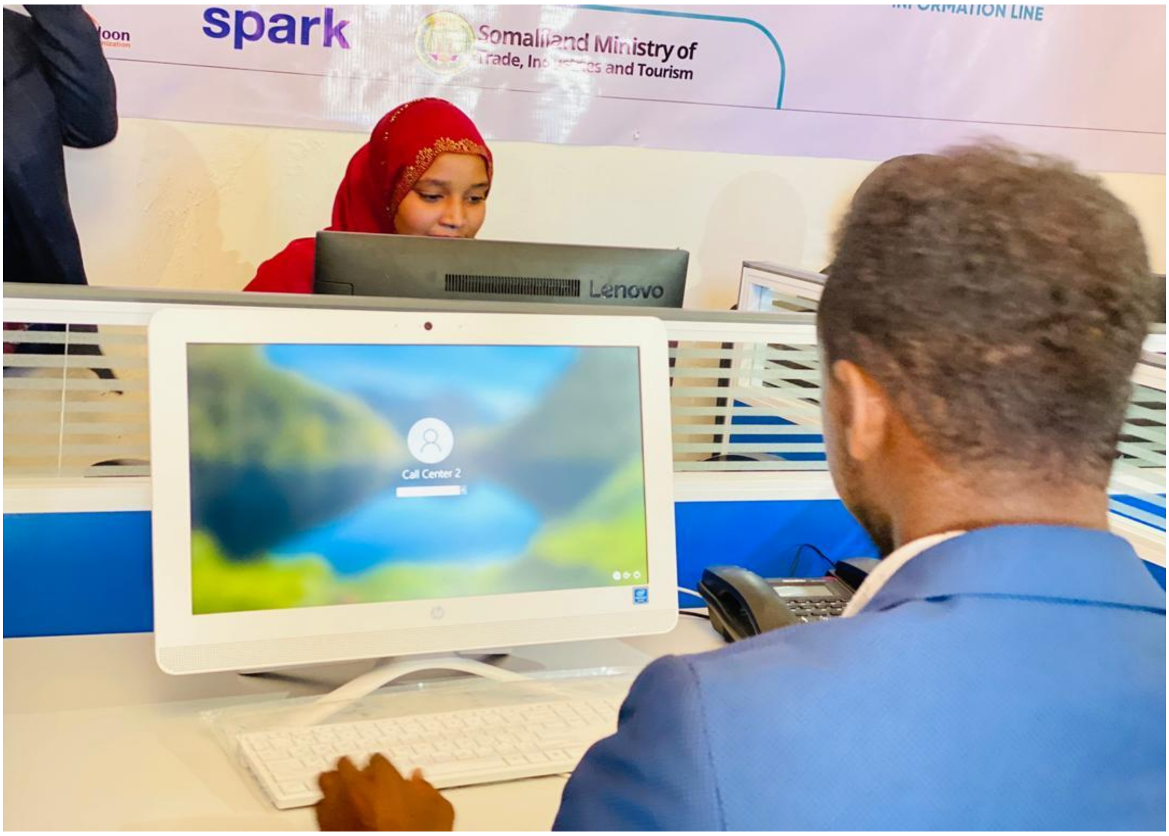
Under this project, the MOTIT has been responsible for undertaking the following activities:

- Develop IVR system (9444)
- IVR Scripts in Somali, English and Arabic
- Train staff of the call center (consisting of 8 members at the Ministry) with Terms of reference – See the TOR attached as annex
- Brochures (English, Somali and English)
- Conduct an online study of Financial Institutions **(9 financial institutions in Hargeisa) - see below for the findings of the study.**
- Drafted script for the Financial Institutions
- Voice record for the IVR scripts
- Coordinate with Telecommunication Companies (Telesom and Somtel)


**The Minister of Trade, Industry and Tourism cutting the ribbon of the Business Information Centre**

In addition to this, the following equipment has been procured for the operationalization of the Business Information Centre:

- 4 computers (All in one)
- 4 desks
- 4 Land line telephones (Somtel and Telesom)




**Business Information Centre – Call Centre office**


**Business Information Centre – Call Centre office**

The call centre team consist of following sections with below Job description.

- Call center staff
- Supervisor
- Reporter

| SN | Responsibility | Number | Job description |
|---|---|---|---|
| 1 | Supervisor | 1 | • Ensuring Call center team understands and complies with all call center objectives, performance standards, and policies.<br>• Answering CC questions regarding best practices or difficult calls.<br>• Identifying operational issues and suggesting possible improvements.<br>• Monitoring and evaluating CC performance, providing learning or coaching opportunities, and taking corrective action, if necessary. |
| 2 | Reporter | 1 | • Preparing reports and analyzing data to assist management as they determine call center goals.<br>• Working with other supervisors and management team members to support CC and maximize customer satisfaction. |

| | | | |
|---|---|---|---|
| 3 | Call center team | 6 | • Answer incoming calls and respond to customers' requirements on business registration, tourism etc.<br>• Management and resolve customer complaints<br>• Identify and escalate issues to supervisor<br>• Provide MOTIT service information to customers<br>• Research, identify, and resolve customer complaints.<br>• Process orders, forms, and application<br>• Route calls to appropriate resources<br>• Document all call information according to standard operating procedures<br>• Recognize, document, and alert the management team of trends in customer calls<br>• Follow up customer calls where necessary |


As introduced above, as part of the development of the IVR system, the MoTIT undertook a survey collecting information about the main financial services provided by the main financial sector organisations in Somaliland.

**Dara Salaam Bank (DSB)**

Dara Salaam Bank has 12 offices across Somaliland, including 6 in Hargeisa. It offers the following financial services: Mudaraba, Murabaha, Musharaka, Ijara, Itsina, current and savings account services for businesses, and advisory services. To access these services, the applicant must show its financial statements, business license, project proposal, have a guarantor, and provide a collateral equal to the amount of the loan. The minimum funding provided is 500 USD, the maximum is 500,000. Repayment conditions are flexible, which is the key characteristic of DSB. Its services are targeted at micro businesses, SMEs, large companies, and private or individual customers. DSB has a particular expertise in micro-finance services. For more information, you can call them at the following phone number: 522514.

**Amal Bank**

Amal Bank has 11 offices across Somaliland, with its headquarters in Hargeisa (Omar Building, Suuqa Bacadlaha, Near Farax Jome Building, Jigjigayar). It offers the following services: Murabaha, current and savings account services for businesses, advisory services, in-kind support, and training services. To access these services, the applicant must show its financial statements, business license, project proposal, have a guarantee, and if the funding requested is greater than 15000 dollars, provide a collateral. The minimum funding provided is 200 dollars, the maximum is 5,000,000. Repayment is structured in monthly payments. Its services are targeted at micro businesses, SMEs, large companies, start-ups, and private or individual customers. Amal bank has a particular expertise in micro-finance services and offers specialised products such as like Dhalinkaab, Hodmiye, Tacabkaal. For more information, you can call them at the following phone number: 523666.

**KIMS Microfinance**

KIMS Microfinance has 12 offices across Somaliland and Somalia. It offers the following services: Murabaha, Training, and Qard Hasan services. To access these services, the applicant must show its financial statements, business license, project proposal, have a guarantee, and if the funding requested is greater than 3000 dollars, provide a collateral. The minimum funding provided is 50 dollars, the maximum is 3000. Repayment is structured in 3 modalities: 6, 9, and 12 months. Its services are targeted at micro businesses, SMEs, and start-ups. KIMS has a particular expertise in micro-finance services. It is also specialised in working with people aged between 15 and 30 years old. KIMS offers a regular and intensive engagement with the client and provides 'close to home' or 'doorstep' services. For more information, you can call them at the following phone number: +252618711818.

**Innovate Ventures**

Innovate Ventures has 1 main office located in Hargeisa. It offers the following services: Musharaka and Training. To access these services, the applicant must show its financial statements, business license, project proposal, and be affiliated as an alumnus of the Innovate Accelerator Programme. Innovative Ventures do not require a guarantor when providing loans. The minimum funding provided is 2000 dollars, the maximum is 15000. Repayment is structured in a yearly basis. In some cases, funds can be repaid in periods greater than one year. Its services are targeted at are micro businesses and start-ups. Innovative Ventures has a particular expertise in micro-finance services. It is also specialised in working with people aged between 15 and 40 years old. For more information, you can call them at the following phone number: 0634881880.

**MicroDahab MFI**

MicroDahab has 7 offices across Somaliland. It mainly offers Murabaha financial services. To access this service, the applicant must show its business license and provide a collateral. The collateral conditions do not change with the amount provided. The minimum funding provided is 500 dollars, the maximum is 6000. Repayment conditions depend on the size and terms of the loan. Its services are targeted at micro businesses and start-ups. MicroDahab has a particular expertise in micro-finance services. For more information, you can call them at the following phone number: 300059.

**Nordic Horn of Africa Opportunities Fund**

Norfund has 1 main office located in Hargeisa. It offers Murabaha financing and technical assistance services. Amongst other requirements, to access this service the applicant must show its financial statement, business license, project proposal, have a guarantor and provide a collateral usually twice the amount requested. The minimum funding provided is 50000 dollars, the maximum is 750000. Repayment is structured in 5 years with a 6-month grace period. Norfund’s sectors are targeted at SMEs and large companies. For more information, you can call them at the following phone number: +252633161744.

**HarHub**

HarHub has 1 main office located in Hargeisa. It offers the following services: Musharaka investment, Training, and Business development services. To access these services, the applicant must present a project proposal, and have a guarantor. The minimum funding provided is 1000 dollars, the maximum is 10000. Repayment is based on the Musharakah profit and loss sharing structure. There are no fixed payments and net income is shared in pre-agreed percentages, loss is shared based on the equity shared percentages. The equity term ranges between 1 and 3 years. HarHub’s services are targeted at micro businesses, SMEs, and start-ups. It is also specialised in working with people aged between 15 and 40 years old. For more information, you can call them at the following phone number: +252 2 515591.

### 4.2.2. Business Licensing Inspection Campaign

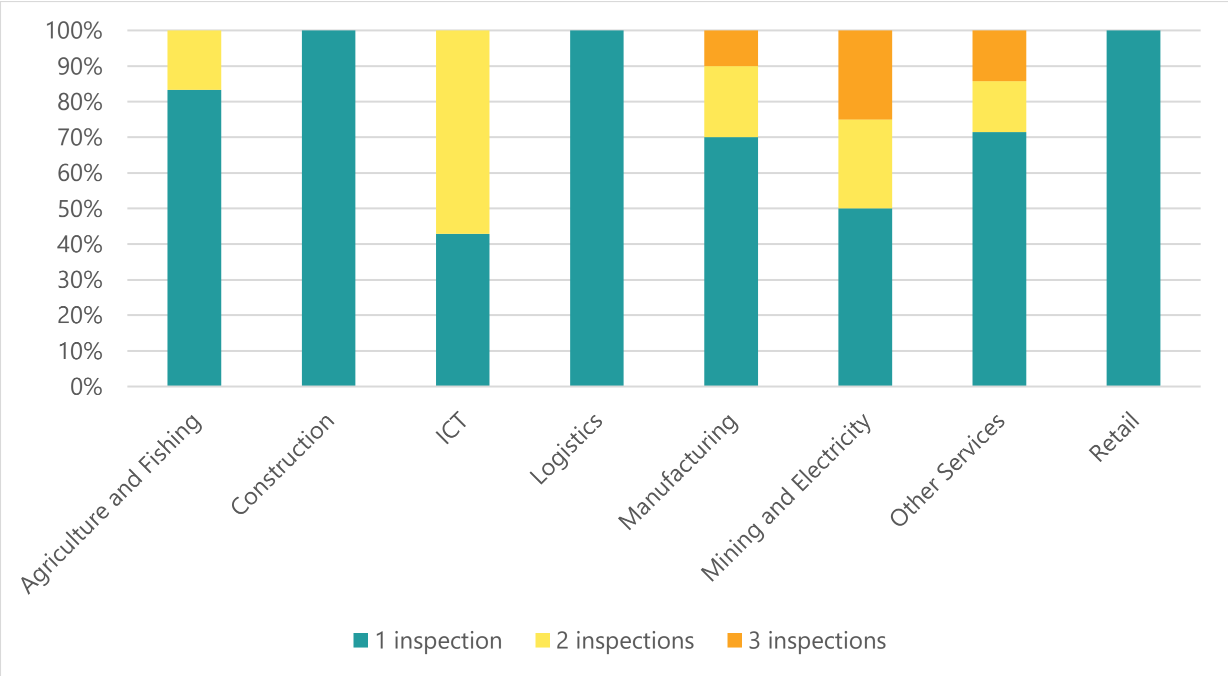
In an effort to improve the awareness and number of businesses operating formally in the country, the Ministry of Trade Industry and Tourism has undertaken business licensing inspection activities to ensure that all types of businesses operating in the country legally exist and are registered at the Ministry. This step is aimed at reducing the increased number of businesses operating informally, without registration and license. The MoTIT has established 12 personnel who constantly work in the Licensing Inspection activities.

The MoTIT conducts inspections according to the Somaliland Licensing Act which is currently at the parliament for approval. Business inspections are conducted to ensure that all businesses operate legally within the country by having a business license, a unique name and logo, and by paying their taxes.

The MoTIT started conducting inspections in 2018, but the Licensing Act is still under development.

The World Bank Group – IFC study on business regulations in Somaliland in 2019 and 2020[3] showed that 60% of formal and informal businesses in the sample had been inspected. Of those who had been inspected, 82% of firms had been inspected only once in the past year, while 14% had been inspected twice and 5% three times in the past year.

**Figure 1.** Inspections conducted on formal businesses, by sector




Source: WB/IFC, ALTAI, TUSMO (2021). *Business regulations report baseline survey on selected reforms in Somaliland*

[3] WB/IFC, ALTAI, TUSMO (2021). *Business regulations report baseline survey on selected reforms in Somaliland*

**Business Licensing Inspection. Project outcome:**

- Increased level of business registration
- Increased level of business formalization
- Increased contribution of businesses to the national GDP
- Enhanced performance of the Ministry of Trade, Industry, and Tourism in streamlining
- Businesses operating in the country
- Create an enabling environment for businesses catered towards sustained growth
- Increase the knowledge base of the employees in charge of business inspection activities

### 4.2.3. Baseline Survey on Business registration reforms in Somaliland

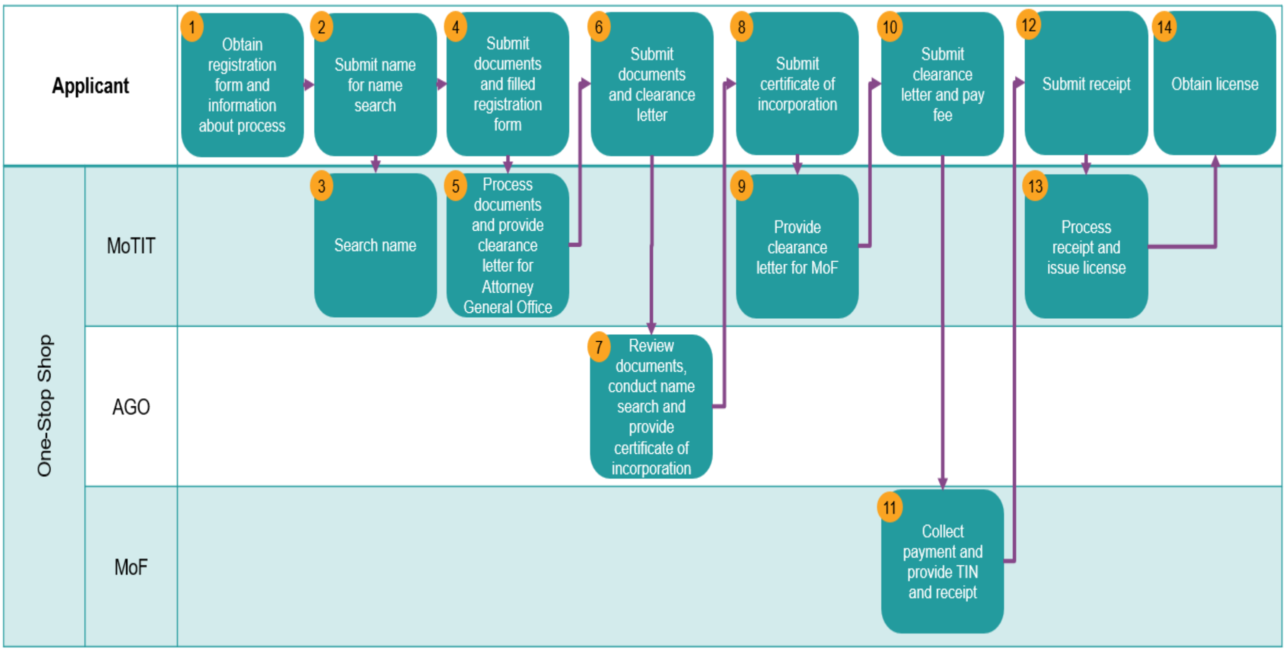
**The registration process has vastly improved since 2012 when the registration process took a total of 29 days.** In 2018, when Law No. 80/2018 was passed, the registration process was reduced to 11 days. In 2019, the MoTIT created a physical one-stop-shop (OSS) for registration within the MoTIT, whereby the registration process was further reduced to two days in total. See Table 1 below.[4]

**With the creation of the Physical registration OSS, all registration steps could be conducted within the MoTIT.** This had the benefit of reducing the number of journeys made by firms and the number of days spent to register their businesses. Within the OSS, all actors of the registration process, including representatives from the registration section of the MoTIT, the Attorney General Office (AGO) and the Ministry of Finance (MoF), have an office. The entire registration process is conducted over two days. The first day, the firm obtains a registration form and information about the process and submits their company name to be searched. The MoTIT manually searches the name in their database of registered firms. The next day, once it is confirmed that the company name is not a duplicate, all other steps of the process are conducted.

**First, the firm submits the filled registration form and supporting documents to the MoTIT, which will then process the documents and provide a clearance letter for the AGO.** The firm then provides all the documents and the clearance letter to the AGO, which then reviews all the documents, conducts its own name search and issues the Certificate of Incorporation. At this stage, the firm is officially registered, but has not yet received its license. The firm then submits the Certificate of Incorporation to the MoTIT, which then issues a clearance letter for the MoF. The firm submits the clearance letter and pays the fee to the MoF. The MoF then issues a receipt and a Tax Identification Number (TIN) to the firm, that then submits this information to the MoTIT. The MoTIT finally processes the receipt and issues the regular business license. The process is schematized in **Error! Reference source not found.** below.

[4] [4] WB/IFC, ALTAI, TUSMO (2021). *Business regulations report baseline survey on selected reforms in Somaliland*

**Firms must submit the supporting documents both to the MoTIT office and the AGO office within the MoTIT.** These include a national ID (if local owner) or passport (if foreign owner), the Article of Association (notarized if a partnership), the filled registration form and potentially a sector permit from the corresponding line Ministry (depending on the sector of activity).




- Table 1: *De jure* Registration Process in 2012[5], 2018[6] and 2020[7]

| # | Process in 2012 | | Process in 2018 | | Process in 2020 | |
|---|---|---|---|---|---|---|
| | **Step** | **Time (days)** | **Step** | **Time (Days)** | **Step** | **Time (Days)** |
| 1 | Notarize incorporation documents | 5 | Obtain Information from Ministry of Trade on how to register a business | 1 | Obtain information and registration form from the MoTIT OSS | 1 |
| 2 | Open a bank account with the Bank of Somaliland and deposit the minimum capital | | Register with the Somaliland Chamber of Commerce | 1 | Name Search and Reservation | |
| 3 | Obtain clearance from the Ministry of Commerce to incorporate with the Attorney General's Office | | Obtain Permission Letter from the Line Ministry (Applicable if the Business has a line Ministry) | 1 | Submit form and supporting documents for verification (including notarized documents for partnerships) | 1 |
| 4 | Obtain certificate of incorporation from the Attorney General's Office | 2 | Apply for commercial license from Ministry of Trade | 1 | Obtain clearance letter from MoTIT Director General to register with Attorney General's Office | |
| 5 | Apply for and obtain a commercial license at the Ministry of Commerce | | Provide memorandum and Articles of Association | 1 | Submit clearance letter and supporting documents to AGO | |

[5] World Bank Group, Somaliland Doing Business Report, 2012.
[6] MoTIT, Annual Progress Report January-December 2019, 2020.
[7] Ibid. [7] WB/IFC, ALTAI, TUSMO (2021). *Business regulations report baseline survey on selected reforms in Somaliland*

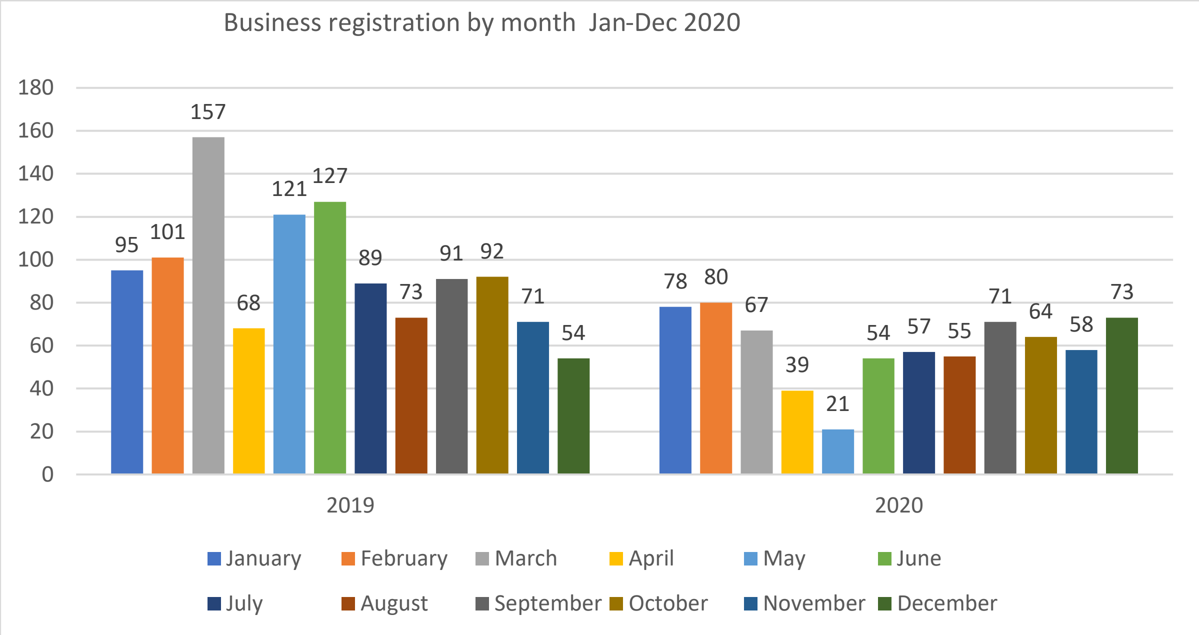
| | | | | | | |
|---|---|---|---|---|---|---|
| 6 | Pay commercial license fee at the MoF | | Obtain clearance from the Ministry of Trade to incorporate with the Attorney General's Office | 1 | Obtain Certificate of Incorporation from AGO | |
| 7 | Apply for local business license at the District Commissioner's Office and receive on-site inspection of the business premises | 22 | Obtain Certificate of incorporation from the Attorney General's Office | 1 | Obtain clearance letter from MoTIT to take to the MoF | |
| 8 | Register with the Somaliland Chamber of Commerce | | Obtain clearance from the Ministry of Trade to pay the fee at In-land Revenue Department | 1 | Submit MoTIT clearance letter, supporting documents and license fee to MoF | |
| 9 | Pay local business license fee at the District Office | | Pay commercial license fee at the MoF | 1 | Obtain receipt from MoF | |
| 10 | Obtain local business license from the Mayor's Office | | Obtain Tax Clearance Certificate from MoF | 1 | Submit MoF receipt to MoTIT | |
| 11 | Purchase a company seal | | Obtain business license from the Minister's Office | 1 | Obtain license from MoTIT | |
| | **11 STEPS** | **29 Days** | **11 STEPS** | **11 Days** | **11 STEPS** | **2 days** |

### 4.2.3. Business Registration and Licensing Analysis

***Business Registrations***

The total number of registered businesses in 2020 was 717. This is significantly lower than in 2019, when registrations totalled 1139. Business registrations at the beginning of the year were already lower than in 2019, and the trend was yet exacerbated during the peak of the COVID-19 crisis, spanning from late March to May-2020. In May registrations plummeted to 21 compared to 121 in May 2019. In June and July, once COVID-19 rules were relaxed in Somaliland, business registrations rebounded to then experience a steady trend throughout the second semester, which witnessed a significantly higher number of registrations than in the first semester. During the second half of the year, September and December experienced the largest number of business registrations, with 71 and 73. December 2020 was the only month with a higher number of registrations than in the same month of 2019.

**Figure 2. Business registrations by month (Jan - Dec 2019, 2020)**




Most registered businesses were located in Hargeisa, accounting for as much as 90% of total registrations. This was followed by Berbera (4.7%), Burco (1.8%), Borama (1.8%), Gabiley (1.0%), and Laascaanod (0.8%). Laascaanod and Berbera were the only locations which showed a relatively irregular trend in business registrations, with a higher number of registrations in Q1 than in the subsequent quarters.

**Table 2. Business registrations by location (Jan - Dec 2020)**

| City | Q1 | Q2 | Q3 | Q4 | Total | Perc |
|---|---|---|---|---|---|---|
| Hargiesa | 194 | 103 | 168 | 179 | 644 | 89.80% |
| Berbera | 14 | 8 | 6 | 6 | 34 | 4.70% |
| Borama | 5 | 1 | 3 | 4 | 13 | 1.80% |
| Burco | 6 | 1 | 3 | 3 | 13 | 1.80% |
| Gabiley | 1 | 1 | 2 | 3 | 7 | 1.00% |
| Laascaanood | 5 | 0 | 1 | 0 | 6 | 0.80% |
| **Total** | **225** | **114** | **183** | **195** | **717** | **100%** |

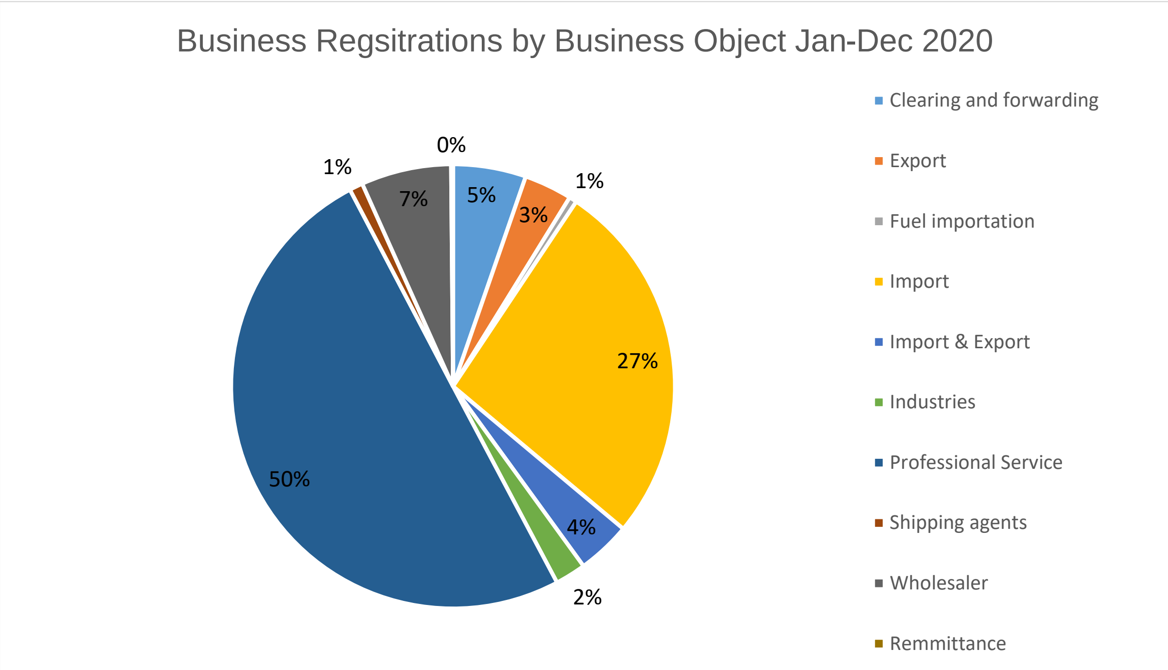
With regard to registered business by type of activity, most businesses belonged to the area of either international trade (General Trading) or services. Trade activities, comprising export, import, export and import, clearing and forwarding, and shipping, accounted for approximately 50.1% of total registrations. Professional services represented the 51% of total businesses. The remaining share came from industrial firms (2.2%), wholesale (6.60%), and reconnaissance (0.10%). The remaining business registrations showed a relatively steady trend throughout the year, except for the general decrease in registrations in Q2 due to the COVID-19 crisis.

**Table 3. Business registrations by type of business (Jan - Dec 2020)**

| City | 1Q | Q2 | Q3 | Q4 | Total | Perc |
|---|---|---|---|---|---|---|
| Professional Service | 107 | 64 | 92 | 95 | 358 | 50.10% |
| Import | 62 | 28 | 40 | 61 | 191 | 26.70% |
| Wholesaler | 23 | 4 | 15 | 5 | 47 | 6.60% |
| Clearing and forwarding | 15 | 4 | 9 | 10 | 38 | 5.30% |
| Import & Export | 5 | 4 | 13 | 6 | 28 | 3.90% |
| Export | 3 | 2 | 10 | 10 | 25 | 3.50% |
| Industries | 5 | 2 | 4 | 5 | 16 | 2.20% |
| Shipping agents | 4 | 3 | 0 | 0 | 7 | 1.00% |
| Fuel importation | 1 | 2 | 0 | 1 | 4 | 0.60% |
| Remittance | 0 | 0 | 0 | 1 | 1 | 0.10% |
| Missing | | 1 | | 1 | | 0.28% |
| **Total** | **225** | **114** | **183** | **195** | **717** | **100%** |

**Two types of Business registration are missing**

**Figure 3.** Business registrations by type of business (Jan - Dec 2020)




## Business Licenses

Business licenses totalled 1400 in 2020, out of which 734 were new licenses and 666 renewed licenses. This is relatively lower than in 2019, when the number of new and renewed business licenses issued was 1587. Similar to business registrations, during the first months of 2020 issued licenses were already lower than in 2019. Again, this trend was severely exacerbated in the second quarter, when licenses dropped to 52, the lowest value in both 2019 and 2020. Despite this reduction, licensing activity recovered in June, so that in Q3 and Q4, the number of issued licenses was slightly higher than in 2019 (829 against 817). Yet, there was a crucial difference between 2019 and 2020, namely the fact that new licenses accounted for a relatively lower share of total issued licenses in 2020 as compared to 2019. This is, while in 2019 64%

of issued licenses were new licenses, in 2020 this number decreased to 52%. Therefore, there was a lower number of companies starting their activity in 2020 in comparison to 2019. This is aligned with the trends on business registrations

**Figure 4.** New and renewed business licenses (Jan - Dec 2019, 2020)

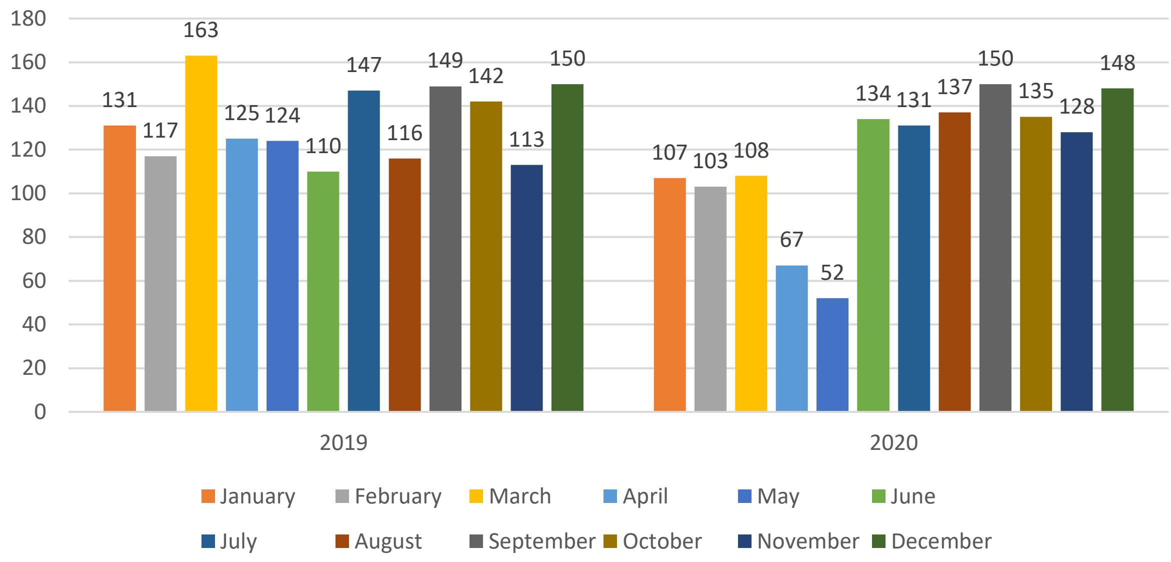



**Table 4.** Business registrations by month and by new or renewed (Jan - Dec 2020)

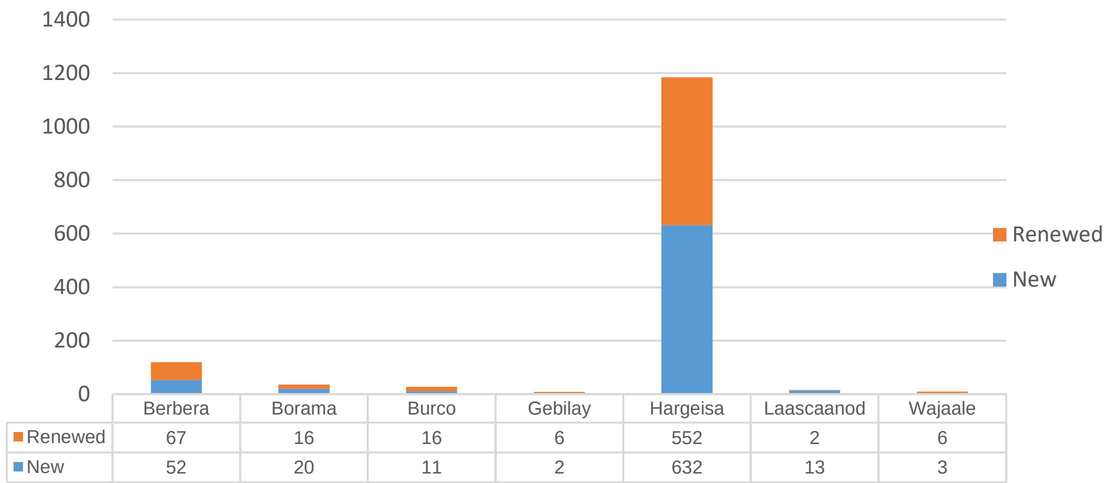
| Month | New | Renew | Total | Perc |
|---|---|---|---|---|
| January | 82 | 24 | 106 | 7.6% |
| February | 70 | 33 | 103 | 7.4% |
| March | 65 | 43 | 108 | 7.7% |
| April | 38 | 29 | 67 | 4.8% |
| May | 21 | 31 | 52 | 3.7% |
| June | 54 | 80 | 134 | 9.6% |
| July | 57 | 74 | 131 | 9.4% |
| August | 59 | 78 | 137 | 9.8% |
| September | 72 | 78 | 150 | 10.7% |
| October | 66 | 69 | 135 | 9.6% |
| November | 66 | 62 | 128 | 9.1% |
| December | 83 | 65 | 148 | 10.6% |
| Missing | 1 | | 1 | 0.07% |
| **Total** | **734** | **666** | **1400** | **100%** |

Regarding business licenses by location, Hargeisa was the most preferred location of licensed businesses, accounting for 85% of total issued licenses and followed by Berbera (8.5%), Borama (2.6%), Burco (1.9%), Laascaanod/Sool (1.1%), and Wajaale and Gabilay, with 0.6% each. Except for Wajaale, Q2 was the quarter that registered the lowest number of issued licenses for all locations. Apart from Q2. most locations showed a relatively steady trend throughout the remaining parts of the year, except for Hargeisa, Berbera, Laascaanod/Sool. The latter two registered a significantly higher number of issued licenses in the first quarter than in subsequent quarters. On the contrary, Hargeisa experienced a much higher number of issued licenses in quarters 3 and 4 as compared to quarter 1.

**Table 5.** Business licenses by location (Jan - Dec 2020)

| City | Q1 | Q2 | Q3 | Q4 | Total | Perc |
|---|---|---|---|---|---|---|
| Berbera | 44 | 26 | 25 | 24 | 119 | 8.50% |
| Borama | 9 | 6 | 10 | 11 | 36 | 2.60% |
| Burco | 8 | 8 | 6 | 5 | 27 | 1.90% |
| Gebilay | 2 | 1 | 3 | 2 | 8 | 0.60% |
| Hargeisa | 242 | 206 | 371 | 366 | 1185 | 84.70% |
| Laascaanod/Sool | 12 | 0 | 2 | 1 | 15 | 1.10% |
| Wajaale | 0 | 6 | 1 | 2 | 9 | 0.60% |
| Missing | | | | 1 | 1 | 0.07% |
| **Total** | **317** | **253** | **418** | **411** | **1400** | **100%** |

**Figure 5.** Business licenses by location (Jan - Dec 2020)




Looking at business licenses by type of activity, general trading and services accounted for the largest share with 44% and 37% each. The remaining 19% of business types were trade related activities such as clearance and forwarding, shipping, fuel importation, and wholesale, accounting for 5.1%, 2.1%, 0.7%, and 6.7% each, and industrial activities, which represented the 4.6% over total. With regard to the fluctuation of business licenses throughout the year, except for Q2, licenses by business type showed a relatively steady trend (Table 5). Only general trading and wholesale activities experienced a more irregular trend. The former experienced a much larger number of licenses issued in the second semester as compared to the first semester. Regarding wholesale activities, licenses dropped from Q1 to Q2, to then increase in Q3 and drop one last time in Q4.

**Table 6. Business licenses by type of business and quarter (Jan - Dec 2020)**

| Type of Business | Q1 | Q2 | Q3 | Q4 | Total | Perc |
|---|---|---|---|---|---|---|
| Clearance | 18 | 15 | 17 | 21 | 71 | 5.1% |
| General trading | 105 | 111 | 198 | 201 | 615 | 44.0% |
| Fuel importation | 4 | 2 | 1 | 3 | 10 | 0.7% |
| Industry | 13 | 18 | 21 | 13 | 65 | 4.6% |
| Services | 134 | 84 | 144 | 152 | 514 | 36.7% |
| Shipping | 9 | 8 | 8 | 5 | 30 | 2.1% |
| Wholesale | 34 | 15 | 29 | 16 | 94 | 6.7% |
| **Grand Total** | **317** | **253** | **418** | **411** | **1399** | **100%** |

**1 value missing**

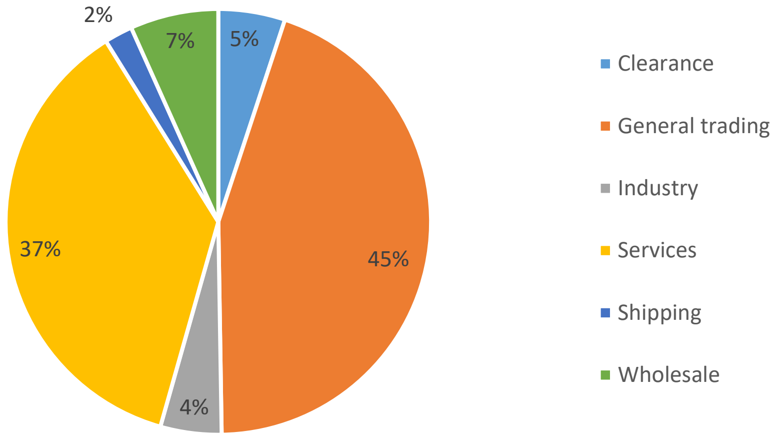
Table 6 shows the evolution of new business licenses business type and month. While general trading and service licenses still accounted for the largest share of total licenses, in the case of new licenses service activities increased their share over total new licenses to almost 50%, while general trading's share decreased to 32%. Regarding the monthly trend, it is worth noting that 20% of new wholesale licenses were issued in one month, namely January. Also, while the number of new licenses issued in Q3 and Q3 recovered from the drop experienced in Q2, it was still similar to the new issued licenses during Q1, only higher for general trading activities, for which all three October, November, and December, witnessed higher numbers than any other of the first six months of the year.

**Table 7. New business licenses by business type and month (Jan - Dec 2020)**

| Type of Business | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Clearance | 3 | 1 | 5 | 2 | 1 | 3 | 1 | 3 | 4 | 6 | 2 | 4 | 35 |
| General trading | 22 | 19 | 20 | 7 | 6 | 19 | 21 | 18 | 20 | 26 | 26 | 30 | 234 |
| Fuel importation | 1 | 2 | 1 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 2 | 1 | 10 |
| Industry | 1 | 0 | 3 | 4 | 2 | 0 | 3 | 0 | 2 | 1 | 2 | 3 | 21 |
| Services | 36 | 43 | 29 | 22 | 10 | 25 | 27 | 29 | 37 | 33 | 31 | 43 | 365 |
| Shipping | 0 | 1 | 1 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Wholesale | 19 | 4 | 6 | 2 | 1 | 3 | 4 | 9 | 9 | 0 | 3 | 2 | 62 |
| **Grand Total** | **82** | **70** | **65** | **37** | **21** | **54** | **57** | **59** | **72** | **66** | **66** | **83** | **732** |

1 missing values

**Figure 6.** Business licenses by type of business (Jan - Dec 2020)




**Comparison of BR and new BL**

| Month | Business Registrations | New Business Licenses |
|---|---|---|
| January | 78 | 82 |
| February | 80 | 70 |
| March | 67 | 65 |
| April | 39 | 38 |
| May | 21 | 21 |
| June | 54 | 54 |
| July | 57 | 57 |
| August | 55 | 59 |
| September | 71 | 72 |
| October | 64 | 66 |
| November | 58 | 66 |
| December | 73 | 83 |
| **Total** | **717** | **733** |

The count of Business registration in 2020 stands at 717 while the count of Business Licensing stands at 733.The difference between the Business registration count and Business License count is 16 (*Business License is more 16 than Business registration)*. The reason being that there are Businesses which were registered in the year 2019 and not applied for License in 2019 but applied their License in the year 2020.

### 4.2.4. Impact assessment of the COVID-19 crisis on the informal business sector in Hargeisa

The survey attempted to quickly assess the main impacts of the COVID-19 crisis on Somaliland's informal sector. In this regard, informal businesses may be at higher risk than formal enterprises. The greater difficulties of government policies in reaching out to informal businesses and workers may impact their ability to cope with the crisis. In this respect, the survey assessed the impact the pandemic is having on the informal sector based on three different areas: (i) impact on revenue and workers, (ii) challenges faced and coping capacity, and (iii) main needs and recommendations for government action. Also, basic profile questions were asked to produce evidence on some of the main characteristics of informal enterprises.

The survey questionnaire was framed according to the three areas above, and fieldwork was conducted in Hargeisa in early June and consisted of a total of 176 interviews. The survey design followed a non-probabilistic method; therefore, results are not representative. Targeted enterprises were informal businesses in Hargeisa, defined as those not registered at the MoTIT and with fewer than 10 employees. Most urban economic sectors were included, as well as almost all Hargeisa districts. Despite the methodological limitations, the survey findings shed valuable light on the impact of the COVID-19 crisis on informal businesses.

The present report is structured in the following way. The next section provides further detail on the background of the study. Section 3 delves into the methodological details of the survey. Section 4 presents the analysis of the results. Section 5 concludes by highlighting the key tenets of the study.

**Background and objectives**

The COVID-19 pandemic has hit countries around the globe. In Africa, the virus has spread across all countries, although the death toll is relatively low and some countries have already started lifting COVID-19-related measures. The distress brought about by the pandemic is a three-fold one; while it puts healthcare systems under pressure, it also has deep social and economic consequences. With regard to the latter, the severe measures implemented to halt the spread of the virus have resulted in a significant reduction in domestic and international trade.

Somaliland's economy is especially vulnerable to global crises due to its dependence on imports for food and energy, on remittances for sustaining domestic consumption, and on livestock for export revenue and foreign exchange. In addition, the crisis is having a severe impact on government revenue through a lower tax base due to reduced international trade and business closures, primarily. Expenses related to COVID-19-related measures, such as purchasing PPE and funding awareness raising campaigns do also add to these budget woes. The lack of international recognition means that borrowing funds from abroad is normally not an option. Under these circumstances, it is usually the case that the most vulnerable layers of society are the hardest hit.

The informal sector has traditionally been considered as one of these layers, not least due to the frequent lack of registration of workers and companies. In most cases, this limits the ability of government policies to reach those in most need, especially when it comes to social protection policies as well as liquidity support for businesses. In addition, unavailability of data on the size and characteristics of a country's informal sector can incur in biased policy designs. This is particularly important in countries like Somaliland, whereby informal sector activities are predominant. Informal workers' lack of savings and need to earn an income to support household expenditures exacerbates the impact of economic shocks. They also tend to be more exposed to occupational health and safety risks, which are currently of extreme importance given the nature of this crisis.

## Results

### Informal enterprises profile

As introduced earlier, the survey included establishments from all districts of Hargeisa except for district Maxamed Mooge. Aside from districts 26 June, 31 May, Ahmed Macalin Haruun, and Sheekh Cumar Yuusuf, establishments were relatively evenly spread across districts. The reason why 26 June district has almost twice as many observations as the rest of the districts is that it is where the main market (*suuq*) in Hargeisa is located. The table below details the distribution of interviewed informal businesses by district.

**Table 8.** Informal businesses surveyed by district

| District | Number | Percentage |
|---|---|---|
| Ahmed Dhagax | 25 | 14.2% |
| 26 June | 46 | 26.1% |
| 31 May | 7 | 4% |
| Ahmed Macalin Haruun | 9 | 5.1% |
| Gacan Libaax | 29 | 16.5% |
| Ibraahim Koodbuur | 31 | 17.6% |
| Maxamuud Haybe | 22 | 12.5% |
| Sheekh Cumar Yuusuf | 7 | 4% |
| **Total** | **176** | **100%** |

Regarding the size of the enterprises, as already introduced, 85% had fewer than 5 employees and were thus considered as micro enterprises. The remaining 15% had between 5 and 10 employees and qualified as small enterprises (Figure 1). Most companies belong to the retail sector, which includes the sale of food, khat, and clothes, main items sold in Hargeisa's market areas. Following the retail sector, the hospitality sector, including restaurants and tea/coffee shops, accounts for the largest share with 17% of total companies surveyed. At a lower level, the survey also included other services such as money exchange, and manufacturing activities such as tailoring and building doors, wheelbarrows, and water tanks.

**Figure 1.** Number of Workers

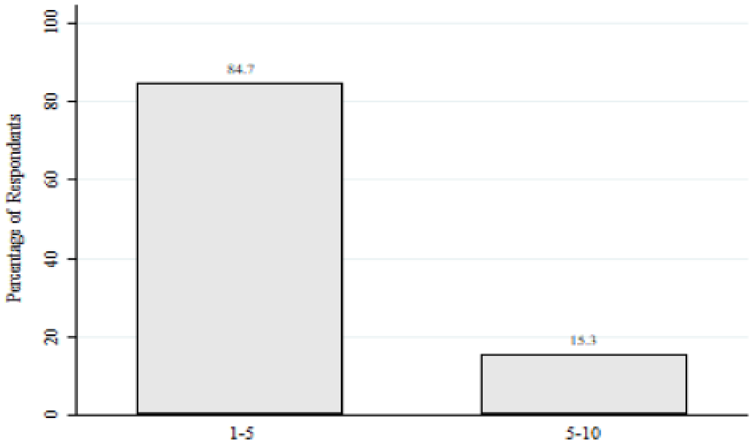
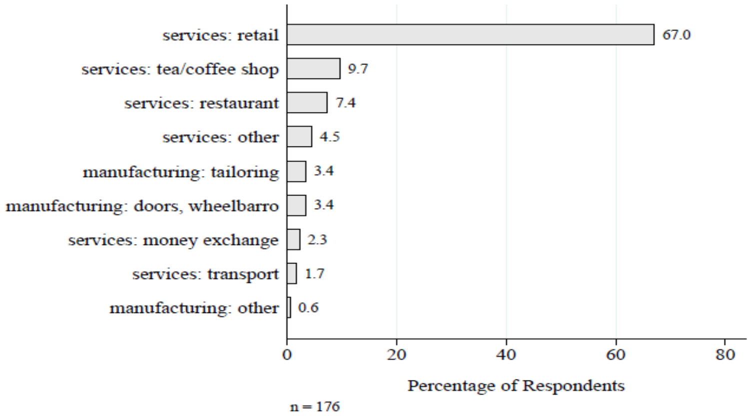
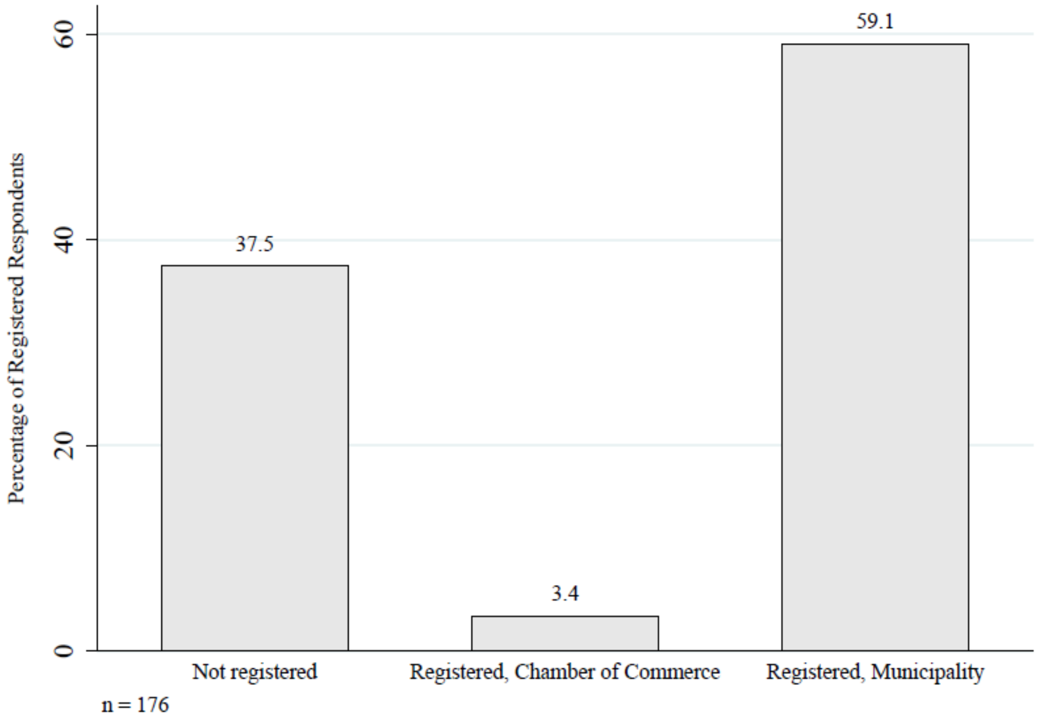



**Figure 2.** Surveyed firms by sector




Finally, out of the 176 firms surveyed, nearly 38% were not registered in any of the potential administrative registers: the Hargeisa Municipality, the Chamber of Commerce, and the MoTIT. Out of the remaining 62%, most firms were registered with the municipal authority and only 3% of enterprises were registered at the Chamber of Commerce (Figure 3). Together with registration, another salient feature of the informal business sector is the presence of family workers. In this regard, 52% of the businesses surveyed employed family members.

**Figure 3.** Firms by registration status




## Income and employment

The interviews asked respondents different questions about the impact that the COVID-19 crisis was having on their business revenue and employment. First, it is worth emphasizing that 92% of the enterprises surveyed had seen their revenue decrease in the month before the interview (May). At the time of the interview, 5 respondents argued that their enterprise was not operative anymore. Out of those who answered their enterprise was active at the time of the interview, 54% answered that they were only partially active[8].

With regard to the scale of the impact on their sales revenue, most respondents (61%) rated the impact as 'high', 26% as 'medium', and 13% as 'low' (Figure 4). This is correlated with the workers dismissed or planned to dismiss. 47% of surveyed companies answered they had dismissed or were planning to dismiss workers. 97% of these said they would dismiss from 1 to 5 workers (Figure 5)[9]. Those companies whose impact on revenue was rated as 'high' were more likely to dismiss more workers.

[8] There is some incoherence between those who answered that their revenue in May had been negatively affected by the crisis, but they also answered that their firms were fully operational at the time of the interview. One explanation might be that they adjusted to the economic shock by reducing input costs and/or dismissing workers, thus in June, when the interview was conducted, they became fully operational again in the sense of having no excess supply or net losses. Further insights might be needed to provide a more comprehensive explanation.

[9] The discrepancy between the figure stated here and the graph below is that 7 companies stated they were planning to dismiss workers but did not specify how many. For simplicity, these companies were omitted in Figure 4.

**Figure 5.** Workers dismissed or planned to dismiss

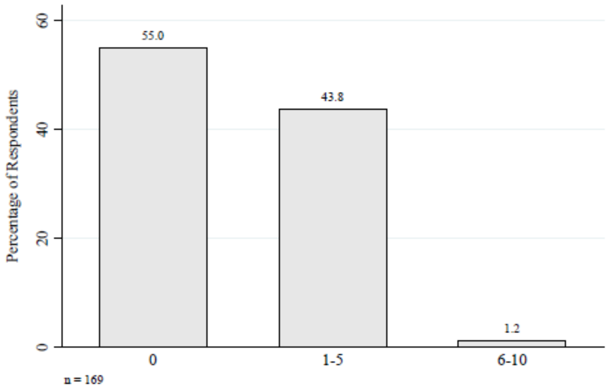
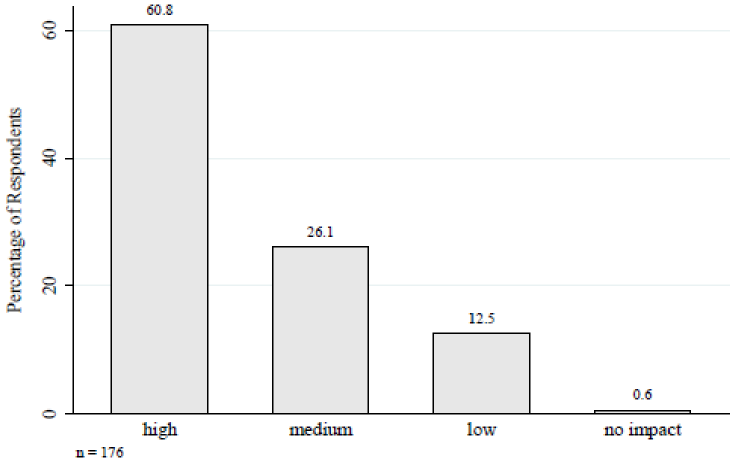



**Figure 6.** Impact rate of the COVID-19 crisis on firms' revenue

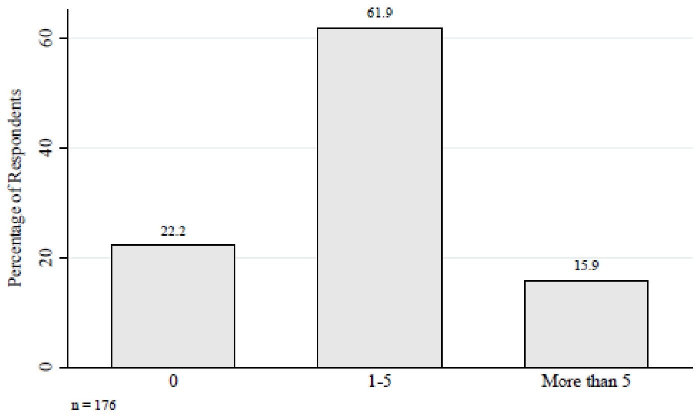



It is clear by the results above that the impact of COVID-19 has reached virtually all surveyed companies in one way or another. Most importantly, the scale of the impact has been rated as ‘high’ for most companies, suggesting that there is a real threat of firm closures and employment losses. The following subsection sheds further light on these issues.

### Challenges and resilience

The interviews posed questions related to the coping capacity of firms. The answers portrayed a dim picture, with 92% of companies stating they were afraid their business may have to close. Nearly 41% of respondents answered their businesses would not be able to operate for longer than one month if the current circumstances were to prevail, while 42% of respondents said their business could keep in operation for longer than 2 months (Figure 6). Within this context, 78% of respondents answered they knew at least one company that had already closed due to the difficulties posed by the crisis, and 16% knew more than 5 (Figure 7), indicating that the crisis has already impacted Hargeisa’s informal business sector in the form of firm closures and employment losses.

**Figure 2.** Number of companies the respondent knows have closed due the crisis



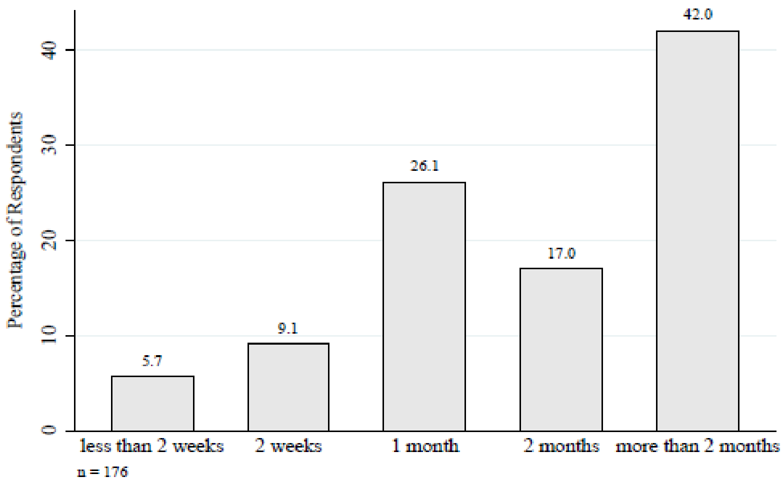




**Figure 8.** Expected enterprise survival time under current circumstances

Businesses were also asked to detail if they were facing or not a series of challenges, namely:

a) Insufficient cash flow,
b) Customers have been badly affected,
c) Lack of raw materials,
d) Workers are absent,
e) Suppliers are unavailable, and
f) Business partners have been badly affected.

According to respondents, the most important challenges were challenges (I) and (II); insufficient cashflow and low demand, both faced by approximately 75% of firms. In addition to these, approximately 30% of companies answered they were facing challenges related to limited availability of raw materials, suppliers, workers, or business partners (Figure 8). This is in alignment with the nature of this crisis, since lockdown and travel restriction measures have generally impacted the local economy through a reduction in final consumption, and this is seemingly the key channel through which the economic downturn is being felt by companies.

Importantly, the structure of Somaliland's economy may exacerbate the potential impact of demand-led economic shocks. Besides the vulnerabilities of the largely informal nature of micro and small businesses, the relevance of the retail sector in urban areas such as Hargeisa, which has been among the hardest hit, is one more reason why the urban business structure may be disproportionately affected. In addition to these, the disruption of global value chains and international trade paired with Somaliland's dependence on food imports is also posing important risks.

Finally, respondents were asked whether they had available sources of funding that could help them keep their business in operation in the following months. The survey also asked about the availability of Personal Protective Equipment (PPE). Accordingly, 80% of respondents had no access to funding, and the remaining 20% had access to external sources of funding or own funding (Figure 9). Regarding PPE availability, 69% of respondents stated their firms had no access to hand sanitisers and other personal protective equipment products. The widespread lack of funding availability is closely related to the nature of informal businesses and highlights their vulnerability in times of economic distress. Also, the lack of PPE availability indicates that the spread of the virus can pose severe occupational safety and health risks to workers. Given the evidence presented in this section, it is urgent to support informal businesses if the current situation is prolonged.

**Figure 3.** Main challenges

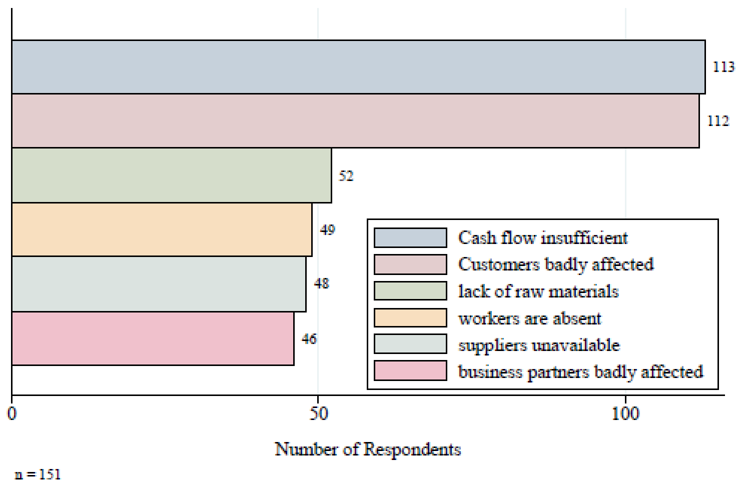
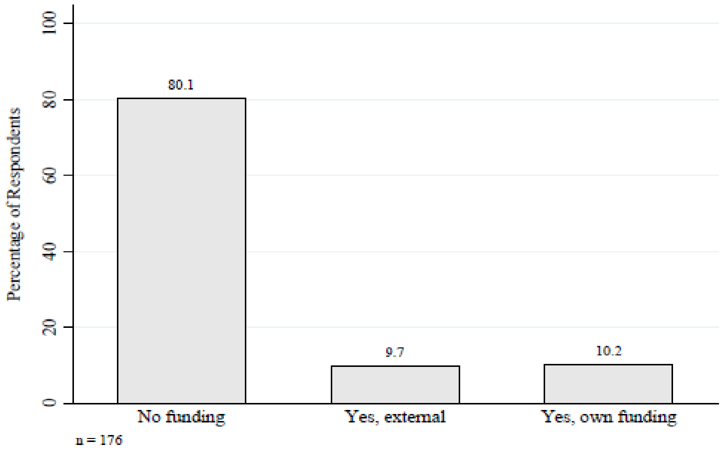


**Figure 4.** Funding availability




**Needs and recommendations**

Interviewees were asked open-ended questions about their most pressing needs and what action they expected from the government. The answers were manifold but can be encapsulated in the following categories. First, most respondents indicated they were in need for better access to finance and household expenditures support (bills and food expenses). Related recommendations for government action were:

- Ensure access to sanitisers and other protective equipment.
- Raise awareness across Somaliland about the measures being implemented and the perils of the virus.
- Provide workers' compensation/unemployment benefits.
- Provide targeted support for MSMEs.

Other more marginal yet interesting suggestions were the lift of some of the restrictions imposed (thus seen as the primary cause of the difficulties their businesses were going through) such as the ban on khat imports, support through the provision of inputs, and tax exemptions.

Some relevant conclusions that can be drawn are, first, that respondents expect an active role of the government in supporting their business. The kind of support expected, as detailed above, is manifold, although it generally comes down to financial support. Second, and related to the latter, the responses above clearly show the link between the economic and social dimensions of the crisis, given many respondents indicated they need support for covering basic household expenditures such as food and household bills. Third, while the results shown here are only indicative and ought not to be extrapolated to the larger Somaliland business sector, some lessons can be drawn in terms of which areas of government action could be strengthened to increase the resilience of the private sector in the country, such as providing targeted financial support, enhancing the social security system, and OSH-related measures.

## Conclusions

This report has presented the results of the survey on the CODIV-19 impact on the informal business sector in Hargeisa. The survey aimed at assessing how the COVID-19 crisis has impacted the informal business sector in Hargeisa through a questionnaire organized in three areas: employment and income, coping capacity, and recommendations for government action. The survey's population were Hargeisa's informal businesses, thus targeted respondents were informal micro- and small- businesses (fewer than 10 employees), non-registered at the MoTIT, in Hargeisa's main markets. A total of 176 interviews were conducted.

First, the results show that virtually all surveyed companies have been impacted by the crisis in one way or another. In this regard, most companies rated the impact on their revenue as 'high' and almost half of the companies surveyed had dismissed or were planning to dismiss part of their workforce. The impact on production and employment is thus clear. The crisis has in most instances reached companies through fewer customers and insufficient cash-flow to cover ongoing expenditures, driven by the measures taken to stop the spread of the virus. The demand-led nature of this economic shock may exacerbate its impact given the predominance of the retail sector in Somaliland's urban economy.

Second, most surveyed enterprises lacked access to funding and personal and protective equipment. This is aligned with the nature of informal firms, not least the lack of funding available, but it is nonetheless a call for action if occupational safety and health, employment, and firms' operations are to weather the crisis. In this regard, 90% of companies answered they feared their business may have to close and around 40% stated that, under current circumstances, their businesses may not survive for longer than 1 month. Within this context, 78% of respondents answered they knew at least one company that had already closed due to the difficulties posed by the crisis, and 16% knew more than 5.

Third, firms' most common answer to the question about their most urgent needs and suggestions for government action was access to finance and support to cover household expenditures (food and household bills). Other common answers were related to the provision of unemployment benefits, PPE access, awareness raising, and targeted support for MSMEs. If anything, this shows that the informal business sector expects the government to take appropriate action, and not only in terms of keeping their company afloat, but also through the provision of direct support to sustain their household expenses, clearly demonstrating the relationship between the social and economic dimensions of the crisis.

In sum, the survey sheds light on the effect of the COVID-19 crisis on the informal sector in Hargeisa, the key impact channels, and the main needs of the sector. As informal sector surveys have been scarce in Somaliland, the profile questions asked can also be useful to understand better this sector. Efforts were made to ensure the validity of the results, so that findings could be considered to provide insightful information about the main impacts of the COVID-19 crisis on the informal sector. Results were reported to the Somaliland Economic Sub-Committee for COVID-19, which pursued appropriate action.

### 4.2.5. Survey of fuel retail prices and exchange rates in Hargeisa 2020


In light of the present COVID-19 crisis, Somaliland's Ministry of Trade, Industry and Tourism (MoTIT) has taken the initiative to monitor the evolution of fuel retail prices and exchange rates. The price of fuel in international markets has plunged in the second Quarter of 2020, due to the virus-driven crisis. Somaliland is dependent on fuel imports for energy supply and the decrease in global fuel prices is likely to impact the country's economy and employment. Consequently, it is essential to pay close attention to how the change in global fuel prices affects Somaliland's economy. In addition to prices, the MoTIT considered relevant to analyse the exchange rates applied by fuel retailers.

To this aim, the Ministry developed a pilot survey of Hargeisa's fuel stations, in which interviewees were asked to share information about the retail price of petrol, diesel, and kerosene. Prices were reported in both Somaliland Shilling (SLSH) and US Dollars (USD), so as to determine the extent to which exchange rates are arbitrarily modified by fuel stations. The results expected are twofold: first, to understand the difference between these products' prices and exchange rates, and how they vary across Hargeisa's districts and fuel stations. Second, to monitor the evolution of prices and exchange rates throughout time.

The population of the survey are all fuel stations in Hargeisa. The survey followed a non-parametric sampling method, namely purposive sampling. Two survey rounds were conducted, 96 fuel stations in 7 districts were interviewed in the first round. 24 fuel stations in 2 districts were interviewed the second round. Given the methodology used, the results of this survey are not representative but indicative. Yet, it is considered the survey provides valuables insights into the state and evolution of fuel prices and exchange rates in Hargeisa.

This document presents the main survey findings and is structured as follows. The next section explains the background and objectives of the survey. Section 3 provides details about the methodology. Section 4 presents the results of the survey. Section 5 summarises the main points.

#### Background and objectives

Somaliland is dependent on oil imports for domestic energy supply. There currently are 7 large fuel importation companies; (i) Indhabirta, (ii) Sompetrol, (iii) Hass, (iv) Redsea, (v) Tayo, (vi) Warabo, and (vii) Liban. These fuel importers sell to fuel stations and energy companies. Fuel stations sell fuel products (petrol, diesel, and kerosene) to final consumers, who generally use petrol and diesel to run their automobiles, and kerosene as lamp oil and for cooking purposes. The reduction in fuel prices can have important consequences for fuel stations through reduced profit margins, although depending on the ability of fuel stations to set retail prices, it can also increase their profits.

Data collected by the Coordination office of MoTIT **Berbera Oil Terminal Unit** indicate that fuel import prices decreased from 135US$/bbl. to 108US$/bbl. for petrol, and from 118US$/bbl. to 105US$/bbl. for diesel in one month (February to March). This corresponds to a monthly reduction of petrol and diesel prices of 23% and 11% respectively (Table 1), which is in stark contrast to February's headline and energy monthly inflation rates, at 0.6% and 0.1% each[10].

**Table 9**. Monthly fuel import prices

| | January | February | March | Change (February-March) |
|---|---|---|---|---|
| **Petrol (USD/bbl.)** | 135 | 142 | 108 | -23.9% |
| **Diesel (USD/bbl.)** | 115 | 118 | 105 | -11% |

Source: Berbera Oil Terminal, MoTIT

In relation to the latter, the Ministry of Planning and National Development issues a monthly inflation report that monitors the evolution of food, non-food, and energy prices in Somaliland. However, the fast-paced nature of the COVID-19 crisis requires quicker updates of the evolution of prices and particularly fuel prices. The present survey was developed in an attempt to respond to this need and complements the results of the aforementioned monthly inflation reports.

Within this context, this survey has two main objectives:

1. Provide baseline information about fuel prices and exchange rates in Hargeisa.
   - What is the average price of petrol, diesel and kerosene?
   - Is there a wide fluctuation in fuel prices across Hargeisa's fuel stations?
   - Are there important differences in fuel prices between districts?
   - What exchange rates are fuel stations using and are these aligned with current market exchange rates?
2. Inform about the potential change in fuel retail prices and exchange rates in Hargeisa.
   - How did prices change between survey rounds 1 and 2?
   - How did exchange rates change between survey rounds 1 and 2?

## Methodology

The design of the survey sample followed a non-probabilistic method, namely purposive sampling. The rationale behind choosing non-probabilistic sampling was the unavailability of a sampling frame due to lack of information about the survey's population (ie. all fuel stations in Hargeisa). Consequently, purposive sampling was used and the targeted units were large fuel stations in Hargeisa. Large fuel stations were selected given these represent a larger market share, thus have greater influence on the retail price of fuel and its fluctuation in response to changes in import prices.

The survey was undertaken in two rounds. Round 1 took place between 10 March and 19 March and aimed at addressing the first objective of the survey, namely providing information about fuel retail prices and exchange rates and understanding their differences

[10] Central Statistics Department, Ministry of Planning and Development

across Hargeisa's districts and fuel stations. This survey round consisted of 96 interviews in 7 districts: 26 June, Ahmed Dhagax, Ahmed Macallin, Gacan Libaax, Ibraahim Koodbuur, Maxamed Mooge, Maxamuud Haybe. With the objective of monitoring price and exchange rate fluctuations, Survey Round 2 consisted of 24 interviews, conducted three weeks later (8 and 9 April). Two districts (Ahmed Macallin and Gacan Libaax) were selected for monitoring price and exchange rate fluctuations, thus results apply to fuel stations in these districts only. Due to the low number of fuel stations selling kerosene in the two selected districts, the analysis of kerosene prices' and exchange rates' changes was omitted.

The questionnaire was designed using the Computer Assisted Personal Interviews (CAPI) software KoBo Toolbox, and consisted of basic questions regarding the retail price of diesel, petrol, and kerosene, both in SLSH and USD. The electronic collection of data through KoBo Toolbox allowed for a more efficient data entry and management process. This, combined with the simplicity of the questionnaire, has allowed the MoTIT to publish the results of the survey in a relatively short period of time.

The data were cleaned and analysed using Excel and STATA. Due to the nature of non-probability sampling, the results presented here are not representative of the survey's population (ie. all fuel stations in Hargeisa) but rather indicative. Therefore, the analysis is limited to describing the data samples through descriptive statistics. In order to improve the quality of the sample, Survey Round 2 slightly increased the number of respondents from Ahmed Macallin and Gacan Libaax districts compared to the number of respondents from these districts in Round 1. Since neither of these sub-samples is strictly representative of their district, their comparison should again be treated as indicative. Albeit not generalisable, the survey's results are considered to provide valuable insights into the state and evolution of fuel retail prices in Hargeisa.

## Results

### Baseline data on prices and exchange rates

This section is based on Survey Round 1, undertaken in mid-March and including information about prices and exchange rates of petrol, diesel and kerosene in 7 districts of Hargeisa.

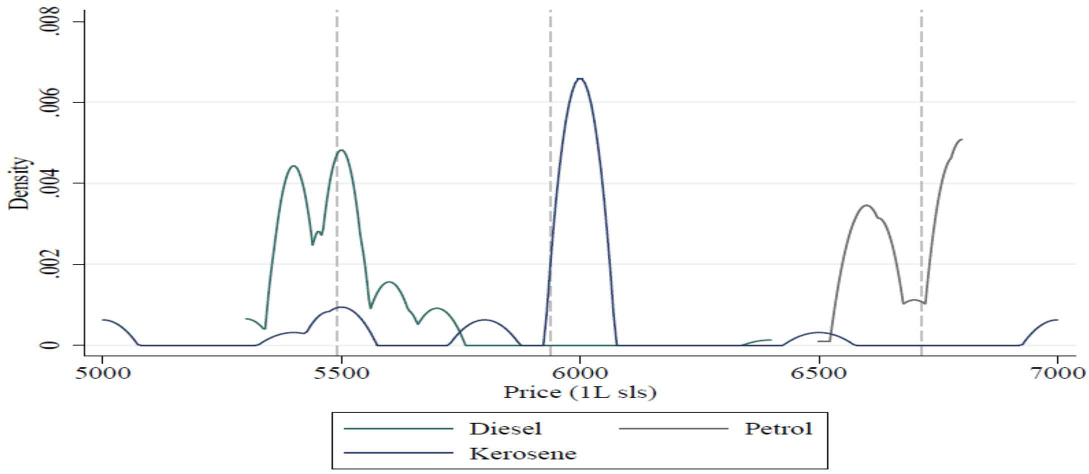
#### Prices

Table 2 below shows the main descriptive statistics for petrol, diesel, and kerosene prices. The average prices of petrol, diesel and kerosene are 6700, 5500, and 5900 SLSH/L respectively. Thus, the average price of petrol is 1200 SLSH/L more expensive than the average price of diesel, and 800 SLSH/L more expensive than that of kerosene. Kerosene prices span through a wider range, from 5000 SLSH/L to 7000 SLSH/L. The difference between maximum and minimum prices is of 1100 SLSH/L for diesel and only 300 SLSH/L for petrol. Kerosene prices have a higher variance than the other two, while petrol prices have the lowest (Figure 1).

**Table 2.** Summary statistics of price variables. Petrol, diesel and kerosene. Round 1.

| | observations | mean | standard dev. | min | max |
|---|---|---|---|---|---|
| **Petrol** | 96 | 6714.6 | 95.1 | 6500 | 6800 |
| **Diesel** | 96 | 5490.6 | 135.4 | 5300 | 6400 |
| **Kerosene** | 32 | 5937.5 | 414.1 | 5000 | 7000 |

**Figure 5.** Kernel density plot of petrol diesel and kerosene prices. Round 1.




## Prices by district

Figures 2 and 3 show the distribution of each price variable by district. Figure 2 suggests that the price level is relatively homogeneous across all districts, especially regarding petrol prices. Ahmed Macallin district has relatively lower diesel prices than the rest, while 26 June district presents the highest diesel price levels. In contrast, the lowest petrol prices can be found in the Gacan Libaax district. With respect to kerosene prices, the district 26 June has the lowest price levels, while higher prices are present in the Maxamuud Haybe district[11].

**Figure 6.** Box plot of petrol and diesel prices by district. Round 1.

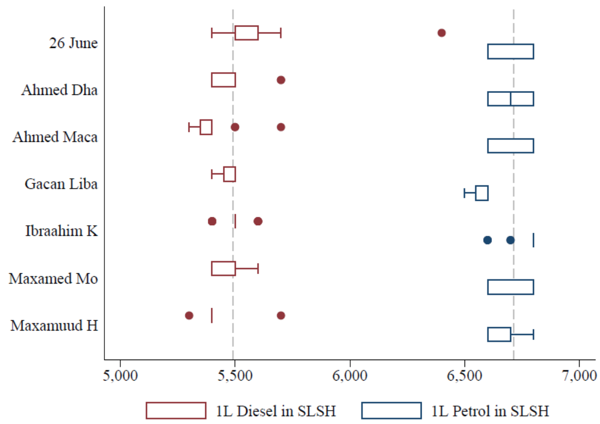
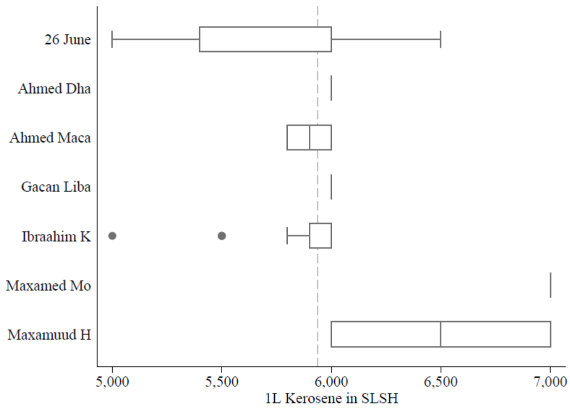



**Figure 7.** Box plot of kerosene prices by district. Round 1.




[11] The number of fuel stations selling kerosene in the sample is concentrated in the Ibraahim Koodbuur and 26 June districts, which together represent 77% of all kerosene-selling fuel stations. Thus, further evidence is needed to draw district-specific conclusions for kerosene prices and exchange rates beyond these two districts.

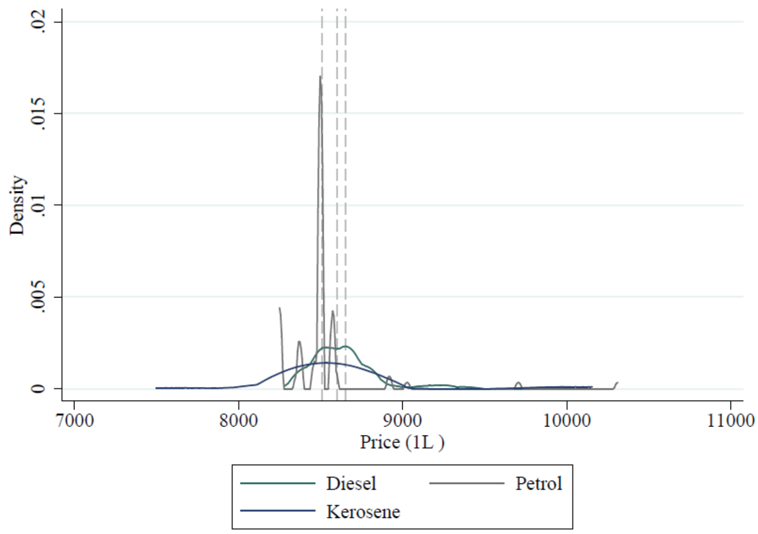
## Exchange Rates

Table 3 and Figure 4 show the main descriptive statistics and a kernel density plot for petrol, diesel and kerosene exchange rates. The exchange rates applied to these products are very close to the market exchange rate (1 USD = 8500 SLSH). Petrol and diesel exchange rates have a similar dispersion levels, as well as similar minimum and maximum values. Kerosene exchange rates present a wider variation, with minimum values 700 SLSH/USD lower than those of petrol and diesel.

**Table 10.** Summary statistics of exchange rates. Petrol, diesel and kerosene. Round 1

| | observations | mean | standard dev. | min | max |
|---|---|---|---|---|---|
| **Petrol** | 96 | 8508.9 | 259.8 | 8250.0 | 10312.5 |
| **Diesel** | 88 | 8650.6 | 244.8 | 8281.3 | 10000.0 |
| **Kerosene** | 30 | 8603.5 | 452.5 | 7500.0 | 10156.3 |

**Figure 8.** Kernel density plot of petrol, diesel and kerosene exchange rates. Round 1.




## Exchange Rates by district

Figures 5 and 6 show the exchange rates' distribution by district. As already pointed out in Table 4, petrol and diesel exchange rates have a similar mean value. However, the graph below shows there are important within-district differences in the exchange rates applied to petrol and diesel products, not least in the Moxamed Mooge and Ahmed Macallin districts. In addition, further evidence not displayed here for simplicity indicates that fuel stations are applying different exchange rates to their petrol and diesel products. This is rare and requires further insights on fuel stations' pricing structures. In relation to kerosene, exchange rates vary widely in the 26 June district and are more concentrated in the Ibrahim Koodbuur district.

**Figure 5.** Box plot of petrol and diesel exchange rates by district. Round 1

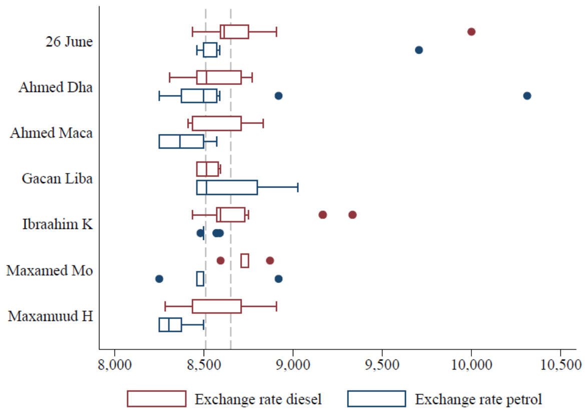
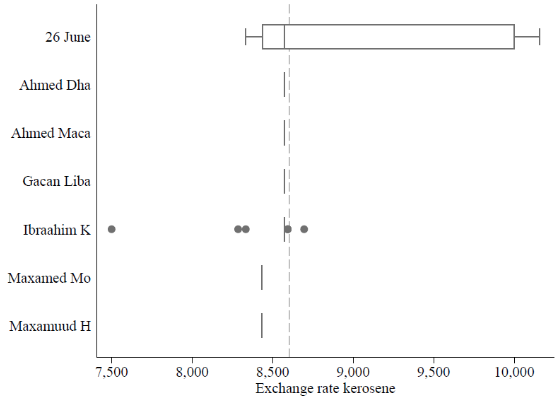



**Figure 6.** Box plot of kerosene exchange rates by district. Round 1.




## Evolution of prices and exchange rates.

As mentioned in the introduction, Survey Round 2 aimed at monitoring the evolution of fuel retail prices and exchange rates. Two districts were selected for this exercise: Ahmed Macallin and Gacan Libaax. The time span between Round 1 and Round 2 was three weeks.

### Prices

Table 4 below shows the comparison of fuel retail price variables between Round 1 and Round 2. The prices of petrol and diesel decreased in 10% and 7% respectively. The standard deviation increased significantly, 40% for petrol prices and 47% for diesel prices. Moreover, minimum and maximum values have both declined. Graph 7 and Graph 8 help visualise the change in the distribution of both variables.

These changes are a potential sign of the effect that the reduction in fuel import prices is having on fuel retail prices. In this regard, the reduction in fuel import prices is not commensurate with the reduction in fuel retail prices in the fuel stations of the two districts surveyed. This might be due to price mark-ups brought about by intermediate activities such as transport. Fuel stations’ market power might also be playing a role. While this survey provides interesting preliminary insights, more evidence is needed to determine how retail prices react to import prices’ fluctuations.

In addition, it is worth highlighting the increase in fuel prices’ variance. This may be evidence of the heterogeneity in fuel stations’ reactions to changes in fuel import prices. In other words, there is some variation regarding how fuel stations have adjusted retail prices (i.e. speed of adjustment and price level). The graphs below indicate that this is probably explained by the lag in adjusting prices downwards of some fuel stations, which are still charging pre-COVID-19 crisis prices.

**Table 11.** Summary statistics of price variables. Petrol and diesel. Comparing Round 1 and Round 2.

| | Petrol | | Diesel | | Change (Round 1 - Round 2) | |
|---|---|---|---|---|---|---|
| | **Round 1** | **Round 2** | **Round 1** | **Round 2** | **Petrol** | **Diesel** |
| **Observations** | 20 | 24 | 20 | 23 | - | - |
| **Mean** | 6660 | 6025 | 5420 | 5030.4 | -10% | -7% |
| **Standard Dev.** | 99.5 | 139.1 | 95.1 | 139.6 | 40% | 47% |
| **Min** | 6500 | 5800 | 5300 | 4800 | -11% | -9% |
| **Max** | 6800 | 6500 | 5700 | 5500 | -4% | -4% |

**Figure 7.** Histogram of petrol prices by survey round.

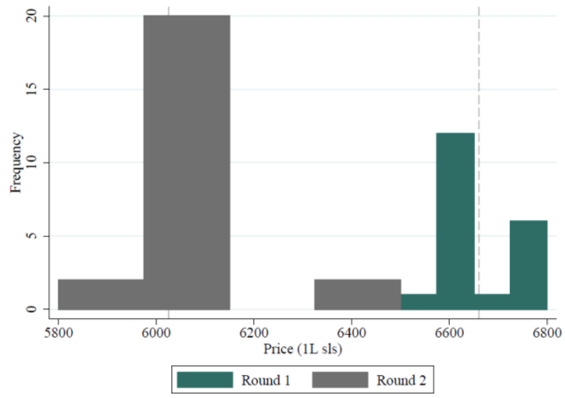
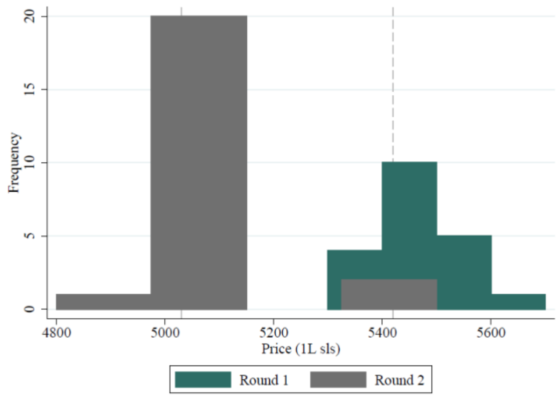



**Figure 8.** Histogram of diesel prices by survey round.




## Exchange rates

Table 5 shows the evolution of the exchange rates used by fuel stations. The data seem to show different trends for petrol and diesel prices. While the average exchange rate applied to petrol sales has increased in 3%, the average exchange rate for diesel has decreased in 4%. Similar to fuel prices, the variance of both diesel and petrol exchange rates has increased significantly, which may also be indicating differences in price-setting mechanisms across fuel stations. Again, trends differ regarding minimum and maximum values. Minimum values have increased in petrol exchange rates and decreased in diesel exchange rates. Maximum values have increased in petrol exchange rates and decreased in diesel exchange rates[12].

**Table 12.** Summary statistics of exchange rates. Petrol and diesel. Comparing Round 1 and Round 2.

| | Petrol | | Diesel | | Change (Round 1 - Round 2) | |
|---|---|---|---|---|---|---|
| | **Round 1** | **Round 2** | **Round 1** | **Round 1** | **Petrol** | **Diesel** |
| **Observations** | 20 | 24 | 13 | 23 | - | - |
| **Mean** | 8428.7 | 8718.7 | 8584.2 | 8277.5 | 3% | -4% |
| **Standard Dev.** | 187 | 408.1 | 140.2 | 256.6 | 118% | 83% |
| **Min** | 8250 | 8571.4 | 8412.7 | 7142.9 | 4% | -15% |
| **Max** | 9027.8 | 10000 | 8833.3 | 8461.5 | 11% | -4% |

[12] The difference between petrol and diesel exchange rates' trends is puzzling. The underlying reason might be the item non-response rate for diesel exchange rates in Round 1.

**Figure 10.** Histogram of petrol exchange rates by survey round

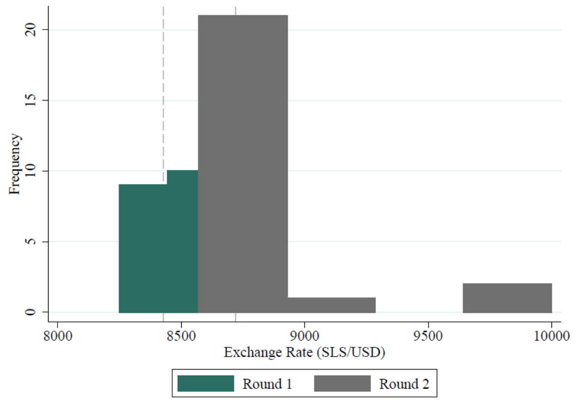
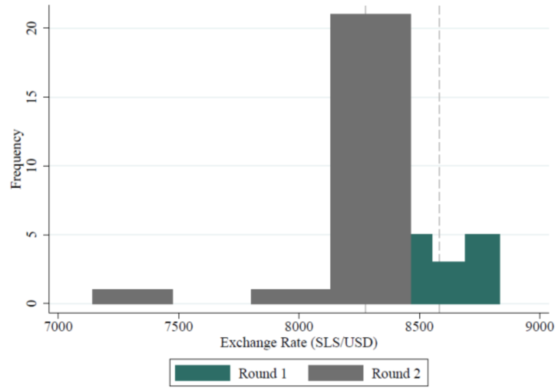



**Figure 9.** Histogram of diesel exchange rates by survey round




## **Summary** of the **Survey**

The present survey aimed at improving the MoTIT's knowledge of the state and evolution of fuel retail prices and exchange rates in Hargeisa. This follows recent fuel price fluctuations in international markets, which in Somaliland has translated into a reduction of petrol and diesel import prices of 23% and 11% respectively. This change is significantly higher than past months' energy inflation rates. Given Somaliland's reliance on fuel imports for energy supply, sudden changes in fuel prices can have an important impact on Somaliland's economy.

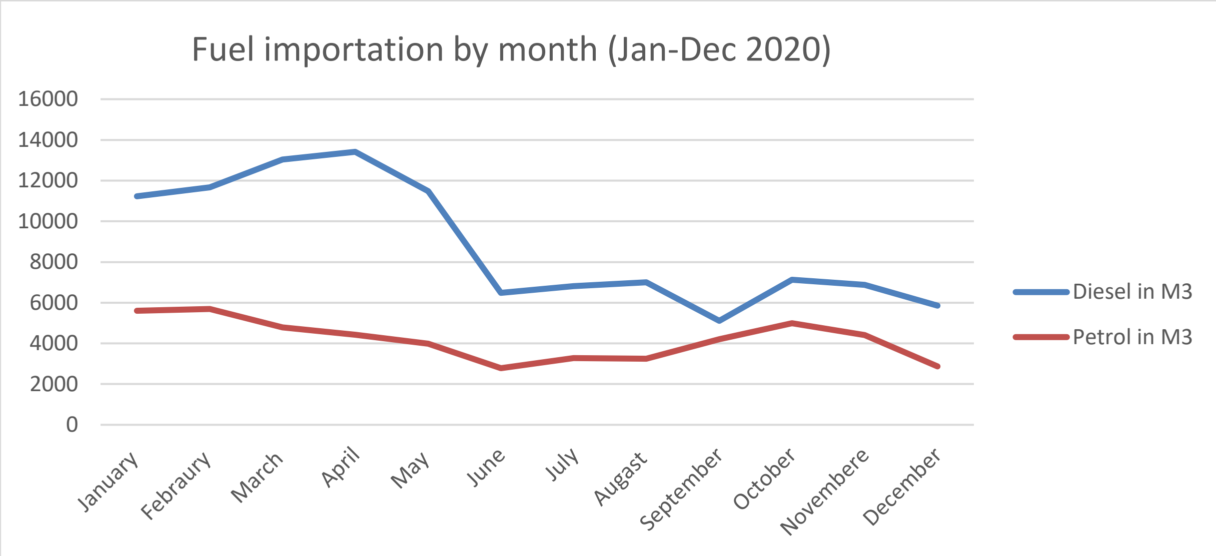
Within this context, the present survey has shed light on the state of fuel prices and exchange rates in 7 districts of Hargeisa. In sum, the evidence shows that in March the average price of petrol was 1300 SLSH/L greater than that of diesel, and the range of fuel retail prices charged by fuel stations was generally small except for kerosene, with prices ranging from 5000 to 7000 SLSH per litre. Petrol and diesel prices did not differ substantially across districts. Regarding exchange rates, the average exchange rate applied to fuel products' sales was very close to the market exchange rate of 1 USD = 8500 SLSH. Interestingly, some fuel stations applied different exchange rates to petrol and diesel products.

The second survey round analysed the evolution of petrol and diesel prices in Ahmed Macallin and Gacan Libaax districts over a three weeks' time span. The results show a reduction in average petrol and diesel prices of 10% and 7% respectively. This, in turn, reduced the difference in the average price between these two products, although petrol is still more expensive than diesel. The decrease in fuel retail prices was not commensurate with the reduction in fuel import prices. The price differences between fuel stations is now greater, probably due to the differences in fuel station's price adjustment processes. Exchange rates (SLSH/USD) applied to petrol sales have on average increased, while diesel exchange rates show an opposite trend.

The results presented in this survey provide interesting insights that will help inform policy responses to the COVID-19 crisis. In this regard, further evidence is needed in order to expand the MoTIT's knowledge of the links between the virus-driven crisis and the evolution of fuel retail prices and exchange rates in Hargeisa.

### 4.2.6. Fuel Importation Analysis in Jan - Dec 2020

| Fuel type | January | Febraury | March | April | May | June | July | August | September | October | Novemb | December | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Diesel in M3 | 11229.09 | 11664.78 | 13034.4 | 13415 | 11477.5 | 6480.8 | 6809.9 | 7006.4 | 5108.9 | 7131.5 | 6871.2 | 5853.8 | 106083.27 |
| Petrol in M3 | 5609.49 | 5691.75 | 4793.34 | 4431.9 | 3989.6 | 2782 | 3282 | 3246 | 4204.7 | 4987.3 | 4414.4 | 2877.3 | 50309.78 |
| Total in M3 | 16838.58 | 17356.53 | 17827.74 | 17847 | 15467.1 | 9262.8 | 10091.9 | 10252.4 | 9313.6 | 12118.8 | 11285.6 | 8731.1 | 156393.05 |



## 4.3. Archeology, Heritage protection and Tourism Development

**DG8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

**By 2021, increase the contribution of tourism activities into the GDP by 10%**

### 4.3.1. Laasgeel Heritage Project

**The Minister of Trade, Industry and Tourism and RCF signing MoU on rehabilitation of Laasgeel**

The Ministry of Trade, Industry and Tourism has signed an MoU with the RCF on the implementation of rehabilitation Project for Laasgeel. The Project will be funded by the EU and will cover the following areas:

- Laasgeel fencing Stage II
- Construction of a resting buildings for Tourists at Laasgeel site
- Construction of Parking places at Laasgeel
- Protective mechanism for the historical cave paintings of Laasgeel
- Training and capacity building for Laasgeel staff and MOTIT staff of Tourism and Archeology departments

**The Minister of Trade, Industry and Tourism and EU delegation pay visit to Laasgeel**

The Laasgeel Heritage Project is a project funded by the EU (Reference: EU CSOLA/2020/415-107) and implemented by the Redsea Cultural Foundation (RCF) in collaboration with the Ministry of Trade, Industries and Tourism, and its overall objective is to contribute to the sustainable preservation of the Laasgeel heritage site and its promotion as a tourist attraction integrated into the local economy.

To achieve the overall objective of this project, the RCF has designed and planned to deliver within a year a few activities within its major Hargeysa Cultural Centre (HCC)'s activities.

This progress report, based on the interim report already submitted, looks at the progress, in terms of implementation, of the planned activities and whether any planned results are met.

Unfortunately, due to the prevention of coronavirus COVID19 spread that happened immediately after the start of the project, major project activities have been postponed.

## Impact of COVID19 emergency

The pandemic has impacted the working nature of the MOTIT just like all institutions.

In collaboration with the Ministry of Communication and Culture, the project has prepared COVID-19 awareness video clips including Sign language that was broadcasted through the national TV and shared to all medias that assisted in the fight against the pandemic. The project has also prepared and circulated a picture-only printed information package with preventive measures to Laasgeel community in an event of awareness creation held at the site.

At the event safety and protective gears such as mask, gloves, sanitizers and soaps were also distributed to the community.

## Program Activities: March 8th, 2020 – September 19th, 2020

### Activity 1: The launch of the Laasgeel Heritage Project

On the 8 March 2020, the Redsea Cultural Foundation, in collaboration with the Somaliland Ministry of Trade, Industry and Tourism, officially launched the Laasgeel Heritage Project. The launching ceremony was attended by high profile officials from the Somaliland government such as the vice-president of the country, the minister of Trade, Industry and Tourism, the minister for Finance, the minister for Roads, the Minister of Justice, as well as the EU Ambassador and Swedish Ambassador

The speeches of the officials who attended the ceremony, in particular the EU Ambassador, encouraged Somalilanders and demonstrated the important role that Laasgeel heritage site can have in the development of Somaliland. In fact, the launch ceremony has turned local and international eyes to Laasgeel heritage site and it has met one of the many objectives of this project which is promoting Laasgeel as a tourist destination.

The ceremony has been covered largely by the local media but it hasn't been slipped from the international media too as this project is one that address a heritage site that hosts a history of thousands of years and which has been neglected for many years (see below the media coverage). Unfortunately, right after the launch ceremony, the COVID19 pandemic virus hit the world badly and everything came to a stand still.

### Activity 2: Artists in action in Laasgeel

This activity was to use artistic works such as painting, photography and filming to promote the Laasgeel heritage site. This activity is partly started and is now in the completion phase.

### Aayatiin Drama Group: filmmakers

A film-making group that consist of more than 10 people, including 4 females, spent 15 days all together at the site to produce an awareness film, which was screened at the second public event on the 19th September (see below).

This film was produced to raise awareness about the importance to protect and preserve Laasgeel heritage site, in particular, and in general Somaliland's heritage sites.

By this, we believe that the momentum created by the launch event early this year and other activities related to this project can be maintained and as a result the overall objective of this project achieved. The Aayatiin Drama Group is a well-known film group and popular, especially among the youth, who mainly consist of young people under the age of 30 and they are the stars of the Somali speaking TV called Universal TV. So far, the Laasgeel film has been viewed well. The beauty of Laasgeel. The 13-minutes film is now online at https://www.youtube.com/watch?v=coQrAT_YQ5g

### Yusuf Dahir: Photography

Yusuf Dahir is the most renowned photographer in the country. He has been hired to be in the site and take photos in different times and visits. He took over 1000 pictures, which is now a part of the temporary display at the HCC for a month, starting on the 10th September (see below).

### Activity 3: Hosting temporary and permanent art displays

### Photography display

The first display opened at Hargeysa Cultural Centre on September the 10th at the first public event and it will be at the display room of the Gallery for one month. This will become a permanent display at the site will be done when the building works finish and the display rooms are prepared.

### Activity 4: Mapping Flora and Fauna of Laasgeel Patrimonial Heritage Site

Singed an MOU with Somaliland Biodiversity Foundation who has already implemented this mapping and the MoTIT is working with them in publishing and disseminating the information through booklets and online publications such on the Laasgeel website and our social media accounts. The activities of the mapping are partially substituted by developing environmental protection guide for contractors, tourists and for the use of the Ministry. Accordingly, about 60% of the work is done.

### Activity 5: Site Protection: preservation, restoration and accessibility ensured

The contractors for the building work have been called for implementation but building material has to come from overseas and has been delayed due to the COVID19 pandemic according to the contractors. Contractors are waiting to be commissioned. We are hoping to progress as soon as the port is open and activities get back to normal. Pathways and improving the accessibility is another activity linked with the building work and it has been impacted by the COVID19 which is also part of the plan.

The other activity along with this was the Patrimonial information and directional tour of visits, which is halfway done as some directions have been placed at the entrance and closer placements of the site. Nevertheless, the whole activity is in progress.

### Activity 6: International Conference

This conference meant to bring international experts on archaeology and heritage sites to advice and give guidance to Somaliland's government and heritage institutions about the protection and preservation of Laasgeel site in particular and heritage sites in general. The preparation is in full gear as an international scientists committee and a local organising committee are formed but this conference is part of the activity that COVID19 has affected and postponed to November 2021.

### Activity 7: Courses

### Responsible tourism: hospitality and professional tourist guides

This activity consisted of the training of 10-15 youth and ministry staff as well as the local community. This was a well accomplished activity as the trainings were developed and 30 young people with 30% of them being active female participant benefited from it, that included ministry staff, unemployed young graduate, universities students, and members of the tour operator institutes with a well-structured selection procured from more than 100 applicants. The plan was to have a week-long training initially but since we have merged both the hospitality and professional tour guide it was extended to three weeks with a promising continuation for publication and tourism-based activities. The team was split into groups, experts in tourist guides and general hospitality. There is a follow up scheme and mentoring for the trained people (which was not in the original project plan), and a final report separate from this interim will be provided as the mentoring scheme concludes. The trained staff of the Ministry will also act as trainees for the local staff based in Laasgeel.

**The Minister of Trade, Industry and Tourism providing certificates of Tourism Promotion Training completion to the trainees**

### Activity 8: Public events

There are three public events planned to take place during this grant period. These public events aim to create momentum for the protection and the preservation of Laasgeel, in particular, and heritages sites in general as well as promoting Somaliland as a tourist destination. The Hargeysa Cultural Centre involved artists, archaeologists, historians, and people who work in the almost non-existent tourism industry and supported the organisation of these events to mobilise the nation for this very important matter.

### Impact of tourism on nation's economies

The third event was the public panel held on 19th of September-2020 on which the impact of tourism on nations' economies was addressed in order to raise awareness about the potential of Somaliland's tourism. Further, the Laasgeel documentary film, produced by Aayatiin Drama Group, in collaboration with HCC, to raise awareness about the importance of protecting and preserving Laasgeel heritage site was presented. The event was attended by 492 people where 56 were females, and also included high-level officials such as the Minister of Finance, the Minister of Tourism, the Director General of the Ministry of Planning, and also the EU ambassador.

### International Tourism Day

On 27th we marked the International Tourism day with a focuse on Laasgeel and tourism whereby the local tour operators and the Ministry were the main panellists. The tour operators stressed the importance of building a vibrant tourism industry for the Somaliland's development. They discussed, with the audience, how to increase the need of tourism among Somalilanders and furthermore attract foreign tourists to the country. This event was attended by 70 people where 20 were females. Although three public events were scheduled in this project proposal, the Ministry is proud of having been able to deliver four public events and eventually reaching more people than expected.

### Summary of public events attendees:

| Event | Male | Female | Total |
|---|---|---|---|
| Display (on going) | 65 opening + 45 | 40 opening + 25 | 105 opening + 70 = 175 |
| Event 1 (Virtual) | 25 (+ 16,250 online) | 10 | 16,283 (inc. online) |
| Event 2 | 436 | 56 | 492 |
| Event 3 | 50 | 20 | 70 |
| Total in person | | | 702 people |

### Activity 9 Visit management

This activity is the one which has witnessed most progress and the most rewarding one, as even without nearing the end of this project visit management has already improved due to the cooperation between the Redsea Cultural Foundation and the Ministry. For example, people can obtain the Laasgeel visit permission letter from every major town now (districts capitals) in Somaliland, unlike the previous procedure that demanded everyone to come to the Ministry's headquarter in the nation's capital which was unnecessary, time consuming and cost ineffective.

The widespread awareness messages have also facilitated visit management. The Responsible Tourism course facilitated visit management by producing tourist guide materials. This includes the Environmental Best Practices that includes guidelines for environmentally friendly tourism, prepared by Ahmed Ibrahim Awale and Dr. Jama Musse Jama, and also the materials prepared for effective communication of tourist sites that included a more than 100-word list of terminologies for tourism in Somali language, developed by Maxamuud Sh. Axmed Dalmar and Jacfar Maxamed Gaadaweyne. These are key elements that came from the course and which greatly facilitate visit management and help spread promotion, initiated with the publication of articles and engagement from media houses. The photo exhibition by Yusuf was also widely circulated and is still in high social media visibility as visitors are tweeting and sharing their photos with the tag on the accounts of the centre and people connected to it.

### Articles published during the grant period

- *Maxaad ka taqaannaa Farshaxanka Laasgeel (what do you know about Laasgeel cave paintings)*? BBC - Article by Dr. Jama Musse Jama for the BBC (in Somali). https://www.bbc.com/somali/war-53964447

- *La Altamira de Somalilandia* – by Xavier Aldekoa and published by LaVanguardia. https://www.lavanguardia.com/cultura/20200719/482381733465/laas-geel-somalilandia-arte-rupestre.html

- *Somaliland: Holidaying in Lands that Do Not Exist*, Wardheer news published by MENAFN. https://menafn.com/1100195779/Somaliland-Holidaying-in-Lands-that-Do-Not-Exist

- *Mel-el-lek's Mountain: A call to protect endangered species in Aberdares* by Khainga O'Okwemba https://www.the-star.co.ke/siasa/2020-07-12-mel-el-leks-mountain-a-call-to-protect-endangered-species-in-aberdares

- *10 prehistoric cave paintings*, article wrote and published by Heritage Daily. https://www.heritagedaily.com/2020/03/10-prehistoric-cave-paintings/126971

- A special program intended to explore and educate people about the history and the significane of Laasgeel heritage site done by the Somaliland national television (SLNTV). https://www.youtube.com/watch?v=MRY7XO8dzus

- The Hargeysa Cultural Centre organised webinar under the title of The Impact of Covid-19 on Tourism, where we put together, responsible tourism course participants and Somaliland based tour operators to share their experience of tourism in Somaliland Link: https://youtu.be/tFO_iDRNTw

### Laasgeel Caves presence on media Social Media

In the contemporary digital world, institutions' presence and dominance in social media platforms makes a magnificent difference. In this regard, the Hargeysa Cultural Centre enjoys a huge fellowship on social media platforms such as Facebook and Twitter, 35K and 15K followers respectively. Social media presence helped the Centre to connect with large audiences. This is done through the effective communication of the HCC team, with tweets and Facebook posts along with live streaming of almost all events at the Centre. This played a massive role in bringing our audience in the international arena equally connected to the Centre just like those local attendants. Our consistent treading on social media for many of our events, the HIBF being one of the top examples, has served as root for our connection with international journalists, authors, book and cultural festivals lovers and engaging them with our work.

Accordingly, a new website dedicated to Laasgeel and social media accounts were created to disseminate information about the Laasgeel heritage site while existing HCC accounts are also currently used for information dissemination about the project. Since the launch of the project, the presence of Laasgeel in social media was huge and here some examples:

The new website and accounts were launched on the 10th of September 2020. See for further details on https://twitter.com/LaasgeelCaves.

### Website

The new website www.laasgeelcaves.com has been initiated and is currently being developed. Work is in progress with regard to graphical design and user interface.

## The local and international media reach-out for the launch event

The launch ceremony that took place on the 8th of March 2020 has attracted both local and international media who covered the event. Below are some examples:

International/English articles:
International:

1. *EU Announces Support for the Conservation and Protection of Laas Geel Paintings in Hargeisa* https://allafrica.com/stories/202003090698.html

2. https://www.horndiplomat.com/2020/03/09/eu-and-hargeisa-cultural-centre-join-hands-to-protect-the-laas-geel-cave-paintings/

Local media:

3. http://gabiley.net/2020/03/midowga-yurub-oo-mashruuc-maalgalin-ah-ku-bixinaya-ilaalinta-ataarta-qadiimiga-ah-ee-laasgeel-somaliland/

4. https://hadhwanaagnews.ca/articles/12092/Somaliland-Iyo-Midawga-Yurub-Oo-Kala-Saxeexday -

5. http://oodweynenews.com/

5. http://aftahannews.com/?p=101408

6. https://www.wajaalenews.net/?p=113719

7. https://www.youtube.com/watch?v=fMnFop-sqrQ

8. https://www.youtube.com/watch?v=G0czLZKMLI4

9. https://www.youtube.com/watch?v=sECEq8bI6kQ

10. https://www.youtube.com/watch?v=-rya14Z_rlQ

11. https://www.youtube.com/watch?v=MMO4Mjd2X_c

12. https://www.youtube.com/watch?v=AXZ82dvJk6E

13. https://www.youtube.com/watch?v=Hhumd-3ZriI

14. https://hargeisapress.com/somaliland-iyo-midawga-yurub-oo-kala-saxeexday-heshiiska-mashruuc-lagu-ilaalinayo-aataarta-qadiimiga-ah-ee-buurta-

15. http://codkahargeysa.net/2020/03/08/midowga-yurub-iyo-xarunta-dhaqanka-hargeysa-oo-iska-kaashanaya-mashruuc-lagu-maalgelinayo-ilaalinta-aataarta-qadiimiga-ah-ee-laas-geel/?fbclid=IwAR1yeRVw6ft-THiFy3neKxBTGbh4_Y5-vKa-Nz6d50hDjrDdPr0YkHPTeOI
16. http://codkahargeysa.net/2020/03/08/somaliland-iyo-midawga-yurub-oo-kala-saxeexday-heshiiska-mashruuc-lagu-ilaalinayo-aataarta-qadiimiga-ah-ee-buurta-laasgeel/

17. http://salaanmedia.com/2020/03/somaliland-iyo-midawga-yurub-oo-kala-saxeexday-heshiiska-mashruuc-lagu-ilaalinayo-aataarta-qadiimiga-ah-ee-buurta-laasgeel/

18. https://burcoonline.com/articles/92527/Halkan-Ka-DaawoXukumada-Soomaland-Iyo-Wakiilka-Midawga-Yurub-Oo-Kala-Saxeexday-Heshiis-Mucada-Iyo-Muhiimada-Heshiiskaas

19. https://boramanews.com/2020/03/08/somaliland-iyo-midawga-yurub-oo-heshiis-ku-kala-sexeexday-buurta-laas-geel-iyo-nuxurka-heshiiskaasi/

20. https://www.hubaalmedia.net/laasgeel-oo-lagu-darayo-goobaha-taariikhiga-ah-ee-dunida-ee-la-aqoonsanayo-2020/

21. https://www.araweelonews.com/warar/midawga-yurub-iyo-somaliland-oo-kala-saxeexday-mashruuc-lagu-ilaalinayo-aataarta-qadiimiga-ah-ee-laas-geel/

### 4.3.2. Rehabilitation works at Abbasa Archaeology

The Ministry of Trade, Industries and Tourism has rehabilitated the Abassa Archeological Site to ensure that the site is effectively protected. The following rehabilitation was made at the site in November 2020.

- Construction of a security room
- Construction of a latrine for visitors
- Construction of a Berkad and
- Construction of a fence

**Construction of a security room and Construction of a latrine for visitors**

**Construction of fencing at Abassa site**

### 4.3.3. Rehabilitation works at Dhagah-Kurre Archaeology

The MOTIT has rehabilitated Dhagah-Kurre site to ensure that the site is effectively protected. The following rehabilitation works were made at the site in 2020:

- Latrine was created around the site.
- Security building constructed.
- Water Tank (Barked) constructed.
- Security staff stationed for the protection of cave paintings at Dhagah-Kurre

### 4.3.4. The Spanish Archaeological Project in Somaliland

The medieval city of Fardowsa (also named as Ferdusa or Fedowsa) is located at the outskirts of the modern village of Sheikh, about 60 km south of Berbera, in a plateau immediately after the mountain pass that connects Berbera with the interior, a strategic position which undoubtedly was fundamental for its development and growth. Until the 1930s the only settlement in the area was a small religious community –*tariqa*- which gave name to the current village of Sheikh, which has progressively expanded affecting the southern part of the site and destroyed many of the structures in the periphery of the site. Although there are several references to the existence of ruins in the area by 19$^{th}$ century British travellers who used this pass on their way to the south of Somaliland (Swayne 1903), the site was archaeologically identified only in 2001 by Fauvelle-Aymar et al. (2011: 41-42), who visited it briefly and documented its general characteristics. The materials collected -an Arab coin, glass bangles, pottery sherds including Chinese porcelain- made them propose a chronology of the 14$^{th}$-15$^{th}$ centuries for the site, suggesting a height occupation between the 14$^{th}$ and 18$^{th}$ centuries. The site was also briefly surveyed in 2015 by the Incipit-CSIC team, and although no additional information was obtained, the site was considered important enough to conduct a more systematic study, including some test pits.

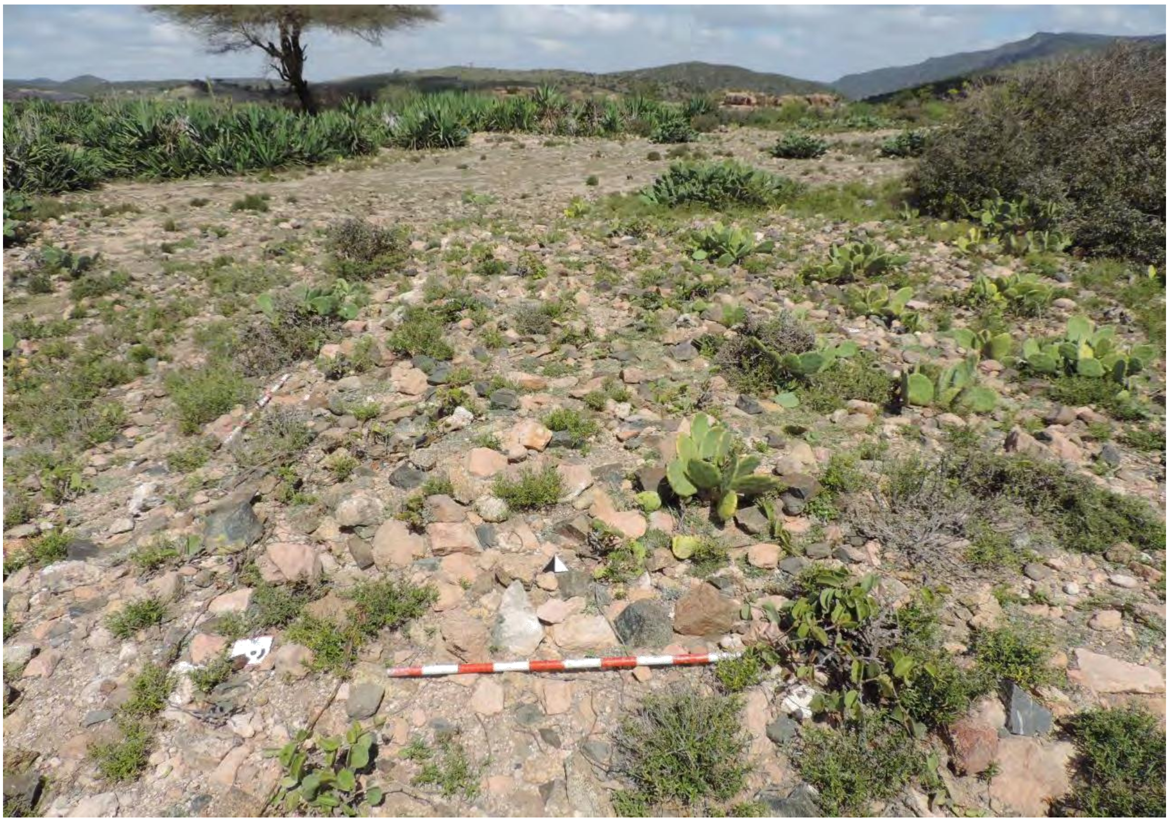

Location of Fardowsa at the outskirts of Sheikh, with the location of the trenches excavated in 2016 (1. C-1000, 2. C-2000) and 2020 (3)

During the 2016 field season, the site was surveyed again and the entire perimeter was recorded, increasing the area previously estimated for the settlement up to 20 Ha. A significant number of amount was recovered during the survey, especially imported materials which were very abundant and included celadons, blue and white Chinese porcelain and several types of glazed potteries including turquoise, green, yellow and whitish examples, as well as examples of unglazed sgraffiato. Glass vessels and bangles were also very abundant. These materials suggested an older chronology than the one proposed by Fauvelle-Aymar, which would range between the twelfth and the sixteenth centuries (González-Ruibal et al. 2017: 157-159) marking the end of the site in in relation to the end of the Sultanate of Adal (around 1577). Regarding the local pottery, it was very similar to that found in the rest of medieval sites throughout Somaliland, with a predominance of middle-sized pieces with globular bodies, the decoration usually consisting in punctuations or incisions on the upper part of the rim. The smaller pieces have similar decorations, but placed on the body.

In addition to the surveys, two sondages were conducted in Fardowsa (Contexts 1000 and 2000), located to the northeast and the southwest of the site The first one documented an square structure with at least two rooms and several pots still in their original position. Under the foundations of the structure numerous layers alternating ashes and soil yielding a significant amount of animal bones, including

a vertebral spine still in anatomical connection. Pottery was abundant too, consisting mainly in coarse, undecorated sherds, in some cases burnt. The second sondage was carried out in the southwest of the site, an area affected by the construction of modern houses, but with remains of older square structures that can be seen scattered among them. One of these buildings, a two-room structure, was selected, with dimensions of 7 x 6 meters and a partition wall which divided the space in two; and a test pit was excavated at the southwest corner, between the external and partition walls. The excavation showed a simple stratigraphy consisting on a 0.2-0.3 m level of undisturbed collapse under which a thinner layer of soil (0.15 –0.2 m) was documented, probably corresponding to the abandonment of the building. In this layer a
number of significant pieces were documented, including several glass fragments of good quality, part of a glass bracelet and two pieces of rotary quern stones lying on the floor of the house, made of packed earth. The doorstep which communicated the two rooms has been located at the northwest corner of the test pit, providing evidence to trace the hypothetical layout of the house.

In 2020, the availability of resources and time has allowed a more ambitious plan of excavation, and a new, bigger area of excavation was selected to the east of the site. The selected area presented two rectangular concentrations of rubble corresponding to buildings (some parts of walls were still visible) and delimiting a rough L shape, and a lower area in front of them which was considered an open space. The area, of approximately 300 sq. m, was not as covered by vegetation and rubble as other parts of the site, allowing a fast clearing of the upper part of the collapse and the documentation of the structures underneath. This process would allow us to document the documentation of a large area without necessarily excavating all the structures in one field season. In addition, the existence of differentiated spaces would allow us to analyse the relationships between complementary areas –between houses, houses and courtyards, for example- and to compare their differences in stratigraphies and materials. The study of the space interpreted as a courtyard was regarded as especially important, as an area where older phases of the site could be recorded and where a number of chemical



and pollen analyses could be conducted.

View of the selected area before the excavation

After the exhaustive surface cleaning of stones and vegetation in the whole area, four large contexts were identifying, which were numbered following the series started in 2016. The main rubble accumulation running North-South was named C-3000, the one running East-West was named C-4000, while a group of less clear structures to the south-westernmost site of the excavation area were labelled C-5000. The courtyard and any structures associated received the C-6000 code. Under this level of denomination, a second level of codes C-4100, C-4200, etc. was prepare for secondary structures or trenches, if necessary. The excavation was conducted following the Harris method of documenting stratigraphic units (SU's) starting with the specific code number of each context (from 4001 to 4999, for example) or sub context (from 4101 to 4199, for example). In addition to the classical excavation of structures, photogrammetry using drones and cameras was conducted regularly to document structures and the general process of excavation in the area. The archaeological materials and samples were collected according

to their SU's at the premises of the Department of Archaeology of Somaliland.

Clearing process of the excavation area

Excavation area after the removal of the surface level

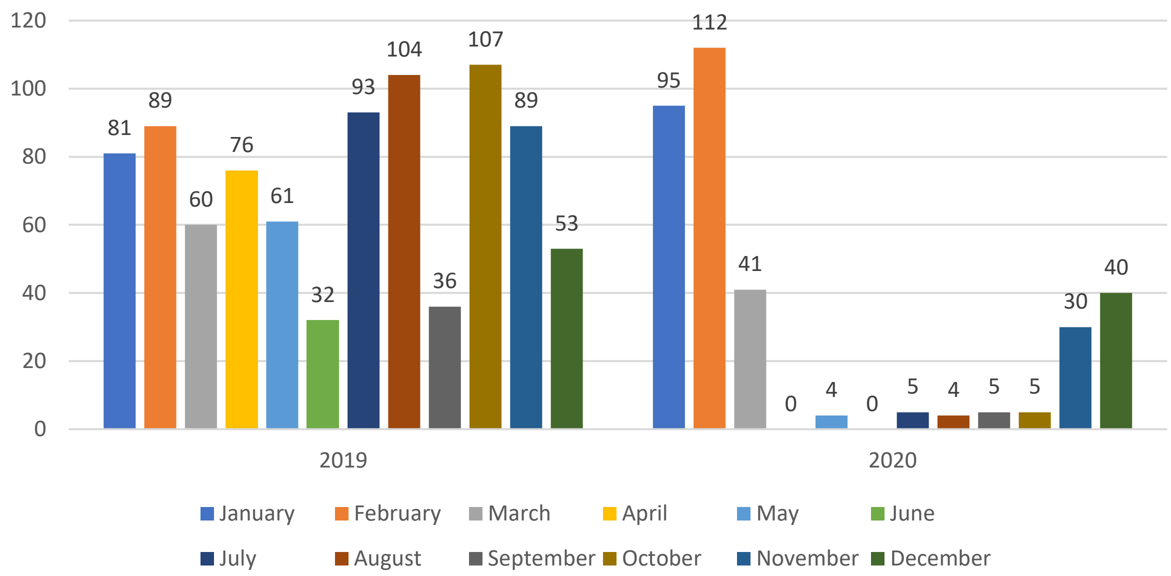
Excavation process of C-3000

View of C-3000 during the excavation

### 4.3.5. Count of Tourists to Somaliland in 2020

The number of tourists in 2020 was 342. This number was far lower than in 2019, when the number of tourists totalled 881. At the beginning of the year, there were more tourists visiting Somaliland sites than in 2019, but with the start of the COVID-19 crisis numbers dropped to between zero and five from April to October. This is mainly due to international travel restrictions around the world, amongst other hurdles posed by the pandemic locally and internationally. November and December experienced a relative rebound in the number of tourists, with 30 and 40 each, which was still lower than in 2019. Out of the 342 tourists, 82% visited Laas Geel and 18% visited other sites in Somaliland.

**Figure 11.** Tourists by month (Jan - Dec 2019, 2020)




The total number of foreign tourists was 207, 61% of total. Out of these tourists, 90% came from the Americas or Europe. The remaining 10% was distributed as follows: Asia (6%), Africa (3%), Middle East (1%), Oceania (1%). Looking at the number of tourists by country of origin, 9 out of the top 10 countries of origin are from either North America or Europe. The top 3 countries of origin were the US, the UK and Finland.

**Figure 12.** Foreign tourists by region (Jan - Dec 2020)

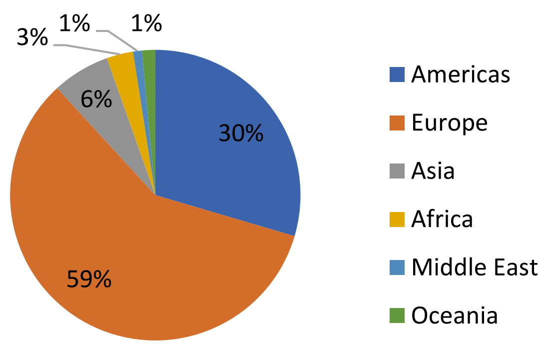
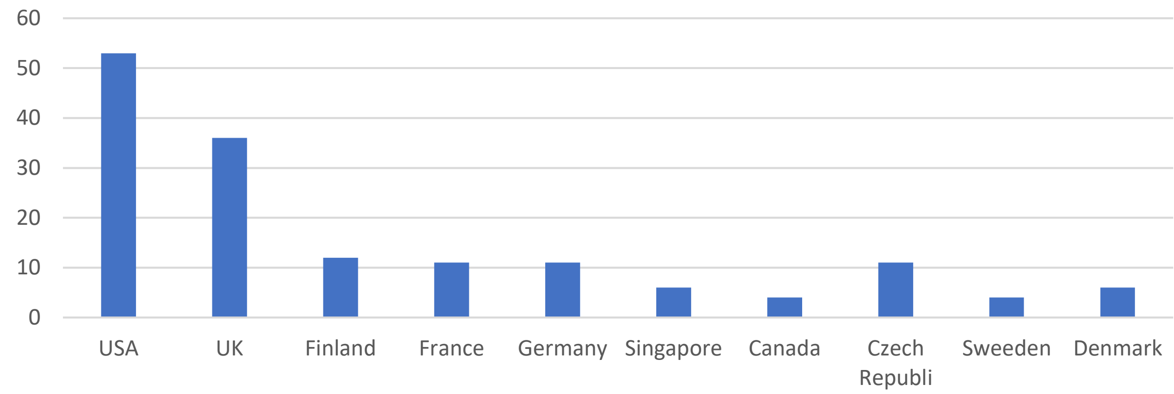


**Figure 13.** Foreign tourists by country of origin, top 10 countries (Jan - Dec 2020)




In addition to this, the MOTIT has prepared 40 minutes documentary program on tourism which majorly focused on 23 sites of Somaliland archaeology. The documentary program has archived also 600 photos of those sites for developing a catalogue in the future for tourists to be given.

**Summary**

The tourist numbers experienced a dramatic decline due to the pandemic. Albeit starting the year with values higher than in the first months of 2019, from April to October no month recorded more than 5 tourists, with some months (April, June) recording zero tourists. 82% of visitors went to Laas Geel, and 61% of tourists were foreigners. Out of foreign tourists, 90% came from the Americas and Europe.

### 4.4. Status of Laws (Acts) And Subsidiary Laws and Policies Under the Mandate of MOTIT

The following list of the laws relating to the mandate of the Ministry of Trade, Industry and Tourism (MoTIT) gives a snapshot of the status of principal and subsidiary laws in Somaliland. It contains up-to-date information:

| SN | Title of the Law | DESCRIPTION OF THE LAW/ Policy | STATUS |
|---|---|---|---|
| 1 | Classification of Trading Business Act – (Law No: 26/2004). | The law sets the demarcation limit of central and local governments concerning the issue of business licenses and other matters connected therewith. The Act provides general business licenses are classified either as Schedule A and Schedule B licenses. The central government (Ministry of Trade, Industry, and Tourism) issues Schedule A licenses to import and export traders and Schedule B to wholesale traders and not limited to a specific locality within Somaliland. Local Governments issue licenses to retail traders that intend to operate solely within a local area. | Came into Force Dhaqangalay |
| 2 | Somaliland Companies (Law No. 80/2018) which came into force 25/08/2018 | It governs the formation of companies and incorporations. It regulates both public and private companies operating in Somaliland. | Came into Force/ Taken Effect |
| 3 | Somaliland Business Licensing Bill. It is under consideration. Due to its importance for the country, the act was passed by the Cabinet and submitted to the Parliament. | The law governs business licenses, which are essential for starting a business in Somaliland. It covers issuing business licenses, permits and approvals. | This Bill is tabled in the Parliament (House of Representatives) and included in the agenda (Session 44) |

| | | | |
|---|---|---|---|
| 4 | Companies Regulation under Somaliland Companies (Law No. 80/2018), which came into force 25/08/2018 | It provides a regulatory framework aimed to streamline the business entry registration process through the creation of an online business registration (OSS) in order to make it easier for entrepreneurs to register businesses in Somaliland. It is under development in the Ministry. | This regulation is underway and the revised version is ready to be improved in line with best practices |
| 5 | Intellectual Property Draft Bill (A draft bill is under process by the MoTIT and is intended to be used in consultation before it is tabled at the cabinet) | This law will regulate the Intellectual property industry in Somaliland including trademarks, patents and industrial design. This will provide an effective and efficient system used for the application, registration, and protection of intellectual property, including trademark, industrial design and patent rights. | This law is at the initial stage and needs to be revised; |
| 6 | Industrial Act Bill. This bill has already been prepared and needs to be further developed by the MoTIT | Industrialization is a critical engine of economic growth and development in order to put in place a business-friendly environment benefiting the country of Somaliland | This Bill is at initial stage and needs to be revised and improved |
| 7 | Drafting of Commercial Code, including Sole Proprietorship, Partnership and E-commerce | This is the first draft of the Commercial Code to be developed by the Somaliland Government, this law is intended to govern commercial transactions, contracts, cooperatives and business agents and principles relationships and negotiable instruments etc. | This law is in its initial stage and needs to be compatible with the current enforced Civil Code (Xeerka Madaniga) |

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| 8 | National heritage and Protection of Archaeology Bill | Law governing the National heritage and Protection of Archaeology | Drafted |
| 9 | MSME Policy | Formalization of the Informal economy | At implementation stage |
| 10 | National Trade Policy | Trade cross borders | NA |
| 10 | National Industrialization Policy | Industrialization growth and Development | NA |

## 5. Summary of progress achieved in 2020

Year 2020 has been marked by the emergence and impact of the COVID-19 pandemic. Somaliland has not been an exception, and its effects were felt the most in the second quarter of the year. Despite the challenges brought about by the pandemic, the Ministry of Trade, Industry and Tourism made substantial progress in each of its main areas, namely promoting the industrial sector, improving the business environment, and promoting tourism. Important progress was also made on the improvement of the regulatory framework.

In the area of industrial development, the MoTIT has drafted the concept note and work plan for the development of the Industrial Policy and has held meetings with relevant stakeholders in the sector. In addition, the Ministry has continued to issue tax exemptions, and 63 companies received tax exemptions for a total value of 31 million USD in 2020. Also, the ministry has continued to maintain the regular registration and classification of industrial companies operating in the country. Finally, a research project was conducted so as to analyse the current state of the blacksmith sector in Somaliland.

Regarding the business environment, the Ministry, in collaboration with Spark and Shaqadoon, developed and launched the Xogsiiye Interactive Voice Response system which now allows businessmen from everywhere across the country to obtain information about how to register a business and about organisations offering business development services, including funding, simply by dialling 9444. This included the development of a survey that provided up-to-date information about the main financial institutions in the country and the services offered. Furthermore, the Ministry continued its activities as business register and licenses issuer. In this respect, there were substantially fewer businesses registering in 2020 as compared to 2019, with 717 and 1139 respectively. Licenses issued in 2020 stood at 1400, slightly lower than in 2019 (1587).

With respect to archaeological projects, the Ministry launched the Laas Geel Heritage Project, which promoted the development of several activities, including projects to increase the visibility of the site through social media platforms and the organisation of high-level conferences and events, amongst others. Also, there has been substantial progress with respect to rehabilitation works in the Abbassa and Dhagh-Kurre archaeological sites. In 2020, the CISC Spanish Archaeological Project undertook research in Fardowsa. Regarding tourist visits, COVID-19-related travel restrictions had a significant impact on tourism in Somaliland, and 2020 only recorded 342 tourists, as opposed to 881 in 2019.

Finally, the Ministry has also made progress with respect to improving Somaliland's regulatory framework, and it has drafted and prepared the Somaliland Business Regulation and the Somaliland Licensing and Inspection Act. Further progress is expected in 2021 on this front, as the Legal Unit of the Ministry will start the development and drafting of other laws and regulations that are key to the development of a comprehensive regulatory framework, such as the Intellectual Property Draft Act and the Industrial Act.