



# NATIONAL INVESTMENT SURVEY

## ANALYSIS & INTERPRETATION SUMMARY 2025



Ministry of Investment & industrial Development

### ABSTRACT

This **National Investment Survey Analysis & Interpretation Summary 2025** provides an in-depth summary examination of Somaliland's **investment climate, economic trends, and sectoral opportunities**. Conducted by the **Ministry of Investment and Industrial Development**, the survey aims to assess current **key investor challenges, market dynamics, and regulatory barriers** that impact investment growth and industrial development.

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# NATIONAL INVESTMENT SURVEY ANALYSIS & INTERPRETATION SUMMARY 2025



## Executive Summary

The **National Investment Survey Analysis & Interpretation Summary 2025** aims to provide data-driven insights into Somaliland's investment climate, landscape, and sectoral opportunities. The survey evaluates **market trends, investment challenges, sectoral growth potential, and regulatory barriers**, offering **strategic recommendations for policy improvement, investor engagement, and industrial expansion**.

Key findings highlight that **Hargeisa dominates the economic landscape**, reflecting better **infrastructure and market access**. Most surveyed investors operate on a **small scale**, with **74.55% investing range of \$100,000**, indicating a predominance of **small and medium enterprises (SMEs)**. **Foreign investment remains limited**, with **only 5.45% of businesses fully foreign-owned**, while **local entrepreneurs** make up the majority of investors.

Challenges identified include **regulatory compliance gaps**, as **64% of businesses lack investment certificates**, signaling barriers in **business formalization**. Additionally, **high operational costs, skill gaps, and difficulties in obtaining investment capital** hinder business sustainability.

Sectoral diversification is limited, though **agriculture, ICT, real estate, and energy** are emerging as **high-potential industries**. Notably, **49% of businesses plan future investments in agriculture**, while **54.55% are considering energy and renewable sectors**, suggesting significant untapped market opportunities.

The final report will provide **policy recommendations** to enhance **investment facilitation, regulatory efficiency, workforce development, and access to finance**, supporting Somaliland's **sustainable economic growth and industrialization**.

## Introduction: Background and Rationale for the Survey

The **Ministry of Investment & Industrial Development (MoIID)** conducted this survey to **assess Somaliland's investment environment, sectoral trends, and business challenges**. The goal is to support **evidence-based policymaking, improve investment strategies, and guide regulatory reforms** to enhance economic opportunities.

## Objectives and Intended Impact

- Identify key trends in investment activities and business expansion.
- Analyze challenges related to investment capital, regulatory processes, and sectoral competitiveness.
- Assess sector-specific opportunities and potential growth areas.
- Provide data-driven recommendations for government, investors, and policymakers.



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This research will support **industrial policy formulation**, encourage **foreign and local investments**, and help create a **more conducive business environment** in Somaliland.

## Survey Methodology and Approach

The study employed **quantitative and qualitative research methods**, collecting data through:

- **Business surveys** from diverse industry participants.
- **Stakeholder interviews** with government officials, investors, and sector representatives.
- **Statistical analysis** of investment patterns, financial trends, and sectoral contributions.

Findings were **structured into key themes** to evaluate investment dynamics, regulatory efficiency, and business sustainability.

## Survey Methodology: Research Design and Data Collection Methods

### The survey utilized:

- **Structured questionnaires** administered to businesses across **various sectors**.
- **Face-to-face and online interviews** with **investors, business owners, and industry experts**.
- **Secondary data analysis**, including **government reports, industry studies, and economic trend reviews**.

## Sampling Techniques and Respondent Demographics

- The survey **covered businesses of all sizes**, from **startups to established enterprises**.
- **74.55%** of respondents were **small businesses**, while **14.55%** were **mid-sized**, and **11%** operated at **larger investment scales**.
- **Sectoral representation** included **agriculture, energy, mining, ICT, real estate, and manufacturing**.

## Limitations and Challenges of the Survey

- **Limited participation of foreign investors**, affecting insights into **foreign direct investment (FDI) trends**.
- **Incomplete business registration data**, making it difficult to **assess the full scope of informal sector contributions**.
- **Sectoral imbalance**, with some industries **more represented than others**, potentially **skewing the data** toward certain sectors.

Despite these limitations, the survey **provides critical insights** into Somaliland's **investment ecosystem** and offers **actionable recommendations** to **enhance economic development and industrial competitiveness**.



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## Data Analysis and Findings: General Trends and Observations

- **Hargeisa remains the dominant economic hub**, attracting the majority of investment activities.
- **SMEs make up the largest share of businesses**, with most investments remaining under \$100,000.
- **The formal investment sector is still developing**, with **64% of businesses lacking official investment certification**.

## Sector-Specific Insights

- **Agriculture**: A key focus for future investments, with **49% of businesses planning agricultural expansion**.
- **Energy & Renewables**: **54.55% of businesses** show interest in **renewable energy projects**.
- **ICT and Real Estate**: Increasing demand, with ICT supporting digital transformation and real estate seeing steady urban growth.
- **Mining & Extractives**: Requires regulatory improvements to attract responsible investment and ensure environmental sustainability.

## Comparative Analysis

- **Investment trends over the past five years indicate steady SME growth but slow uptake of large-scale foreign investment**.
- **Regional disparities exist**, with investment concentrated in urban areas while **rural investment remains underdeveloped**.
- **Compared to neighboring economies**, Somaliland has an opportunity to improve investment flows through **policy reforms and infrastructure development**.

## Key Findings by Category: Economic and Industrial Trends

- **SMEs remain the backbone of Somaliland's economy**, requiring enhanced access to financing and infrastructure.
- **Investment diversification is emerging**, with a shift towards **agriculture, energy, and ICT**.
- **Entrepreneurship is growing**, but skill shortages and operational costs remain significant barriers.

## Investment Climate and Market Opportunities

- **Local investors dominate the market**, with foreign direct investment (FDI) still at **low levels**.
- **Agriculture, renewable energy, and digital transformation present the highest potential for new investment**.
- **Regulatory reforms and investment incentives** could significantly boost investor confidence and economic expansion.



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## Challenges and Barriers Identified

- **Regulatory compliance** remains a challenge, with **64%** of businesses lacking formal investment registration.
- **Limited access to finance**, with **many businesses** struggling to obtain investment capital and credit.
- **High operational costs**, particularly in logistics, energy, and business administration.
- **Workforce skill gaps**, requiring targeted training and capacity-building initiatives.

## Policy and Regulatory Implications

- **Investment facilitation improvements** are needed to streamline business registration and investor support services.
- **Targeted financial solutions**, such as investment loans and grants, can help SMEs scale operations.
- **Sectoral incentives**, particularly in **agriculture, energy, and technology**, will accelerate industrial growth.
- **Infrastructure investments**, including **road networks, digital infrastructure, and energy solutions**, are crucial for long-term competitiveness.

## After Evaluation

The survey findings emphasize the need for stronger investment facilitation, improved policy frameworks, and targeted financial support to drive Somaliland's economic transformation.

### Key recommendations include:

- **Enhancing investment registration processes** to encourage formal business operations.
- **Expanding access to financial resources**, particularly for SMEs and high-potential industries.
- **Strengthening technical training and workforce development** to address skill shortages.
- **Developing targeted investment incentives in agriculture, renewable energy, and industrialization.**
- **Improving infrastructure and regulatory frameworks** to support long-term economic growth.

By addressing these challenges and leveraging sectoral opportunities, Somaliland can **create a more competitive and investor-friendly economy** that promotes **sustainable industrialization and inclusive growth**.



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## 1. Analysis and interpretation

### 1.1 Business background

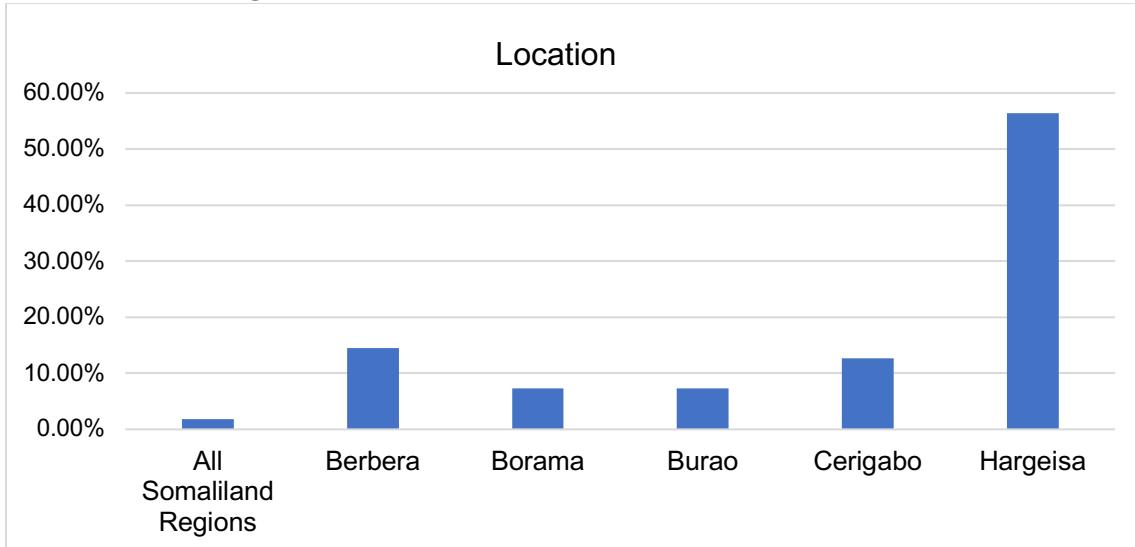


Figure 1

| Years of operation |          |
|--------------------|----------|
| Mean               | 6 Years  |
| Max                | 51 Years |
| Min                | 1 Year   |
| Mode               | 1 Year   |

Table 1

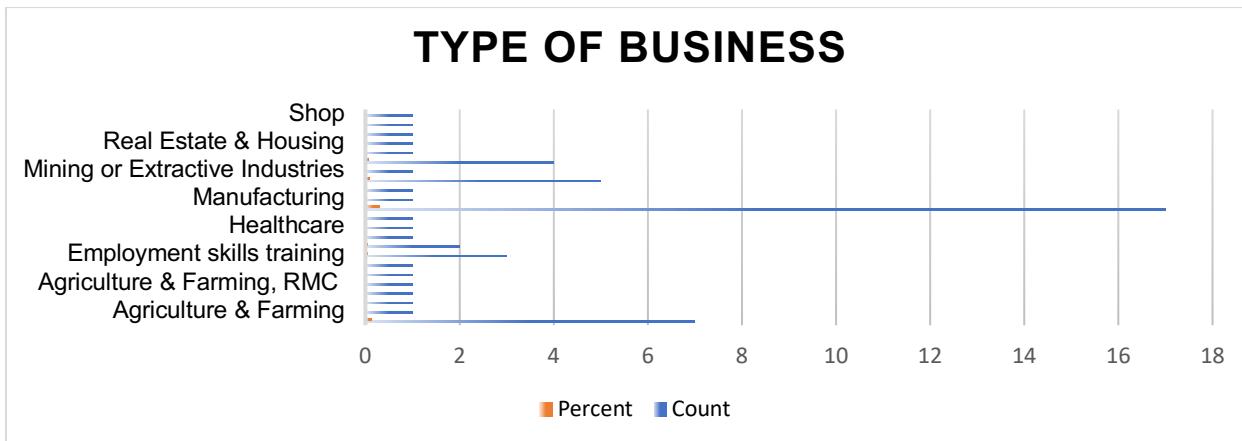


Figure: 2 The background information section shows the following insights.



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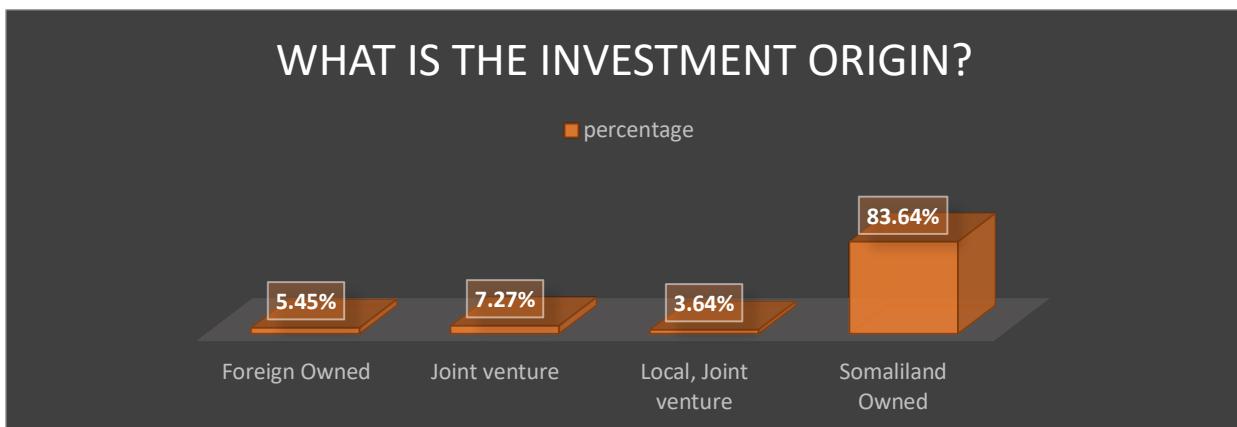


Economic hub, Hargeisa dominates the business landscape. This may indicate better infrastructure, access to markets, and economic opportunities in the city. Outcomes of business sectors indicate that While manufacturing leads, the presence of **ICT, agriculture, real estate, and skills training** shows a mix of traditional and modern industries. This diversification can contribute to economic resilience and job creation. According to years of operating Most businesses are relatively young, suggesting a dynamic entrepreneurial environment. The high number of **1-year-old businesses** could mean a high startup rate but also potential challenges in sustainability. Support mechanisms such as funding, mentorship, and policy incentives may be needed to improve long-term survival.

## 1.2 Section 2: Investment Information



Figure 3: A majority (74.55%) of businesses have invested **less than \$100,000**, indicating that most enterprises operate on a small scale. Only a few businesses (14.55%) have invested between **\$1 million and \$5 million**, while larger investments above **\$10 million** are rare, accounting for **less than 11%** of all businesses. This suggests a relatively low level of capital-intensive industries and a predominance of small and medium enterprises (SMEs).





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Figure 4: The data reveals that most businesses (83.64%) are **Somaliland-owned**, highlighting strong local entrepreneurship. Foreign investment is minimal, with only 5.45% of businesses being fully foreign-owned. Joint ventures, both purely local (3.64%) and those involving foreign partners (7.27%), make up a small fraction of investments. This indicates that while local ownership dominates, there is some level of external collaboration.

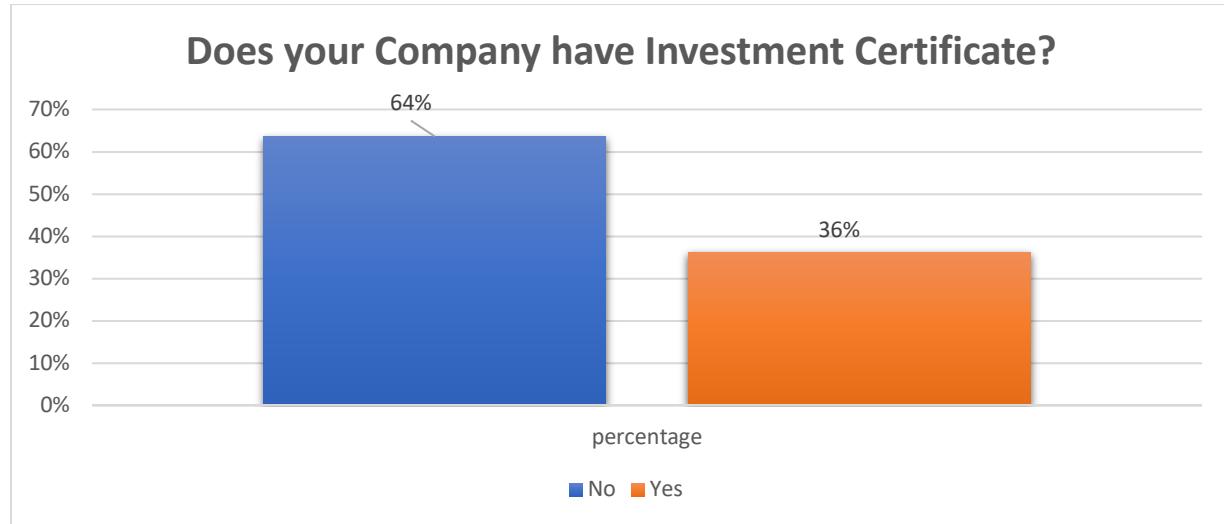


Figure 5: A significant proportion of businesses (64%) do **not** possess an investment certificate, suggesting possible gaps in regulatory compliance, awareness, or accessibility to formal investment registration. Meanwhile, 36% of businesses have secured investment certificates, indicating a segment of businesses that operate within a formal regulatory framework. This suggests potential opportunities for improving business registration processes to encourage more formalized investments.

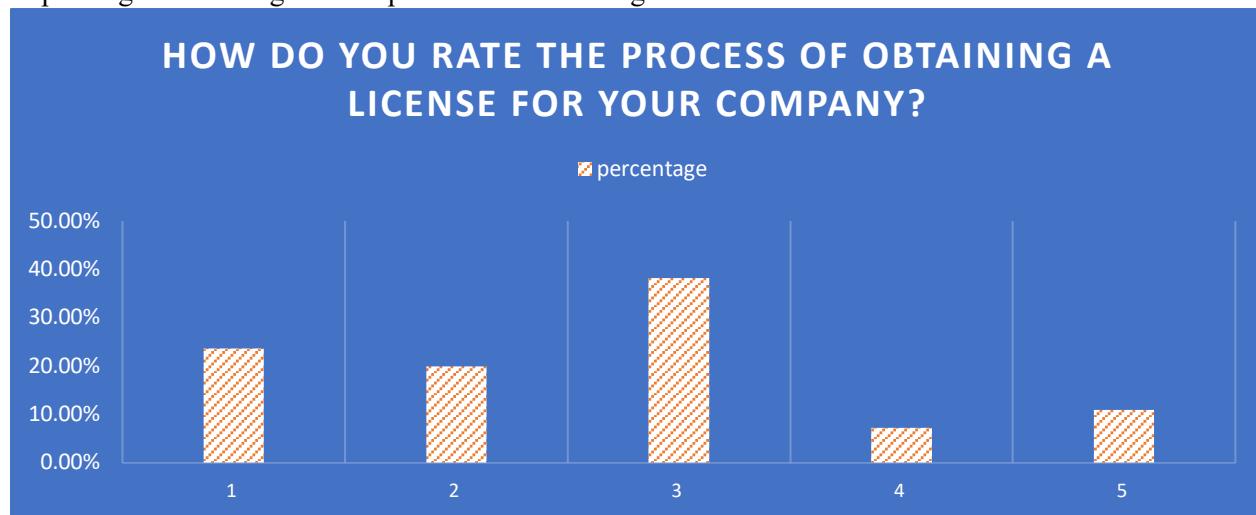


Figure 6: The majority of respondents (38.18%) rated the process of obtaining a business license as **moderate (3/5)**, suggesting a neutral experience. However, 43.64% of businesses rated the process negatively (**1 or 2 out of 5**). Only 18.18% rated the process positively (**4 or 5 out of 5**), suggesting that



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while some businesses found the process smooth, improvements are still needed to streamline licensing and enhance ease of doing business.

### 1.3 Section 3: Sectors invested

The data provides insight into the extent to which businesses in Somaliland diversify their investments across various sectors. It highlights key trends in sectoral engagement and areas with potential for growth.

| No           | What other sectors have you invested in ? [Agriculture] | percentage  |
|--------------|---|-------------|
| 1            | For future investment                                   | 49%         |
| 2            | 1 to 3  | 29%         |
| 3            | 1 to 4  | 22%         |
| <b>Total</b> | <b>Total</b>  | <b>100%</b> |

**Table 3: The data indicates that a significant portion of respondents (49%) plan to invest in agriculture in the future, implying that they have not yet made investments in this sector. A smaller proportion, 29% (16 respondents), have invested in one to three additional sectors, while 22% (12 respondents) have invested in one to four other sectors. Overall, the majority of respondents either have no investments in other sectors or have diversified their investments into a few additional sectors beyond agriculture.**

| No | What other sectors have you invested in? [Energy & Renewable ] | percentage  |
|----|--|-------------|
| 1  | For future investment  | 54.55%      |
| 2  | 1 to 3   | 20%         |
| 3  | 4 to 10  | 21.82%      |
| 4  | More than 10   | 3.64%       |
|    | <b>Total</b>   | <b>100%</b> |

**Table 4: The Energy & Renewable sector sees only 3.64% investing in more than ten sub-sectors, but nearly 22% investing in four to ten sub-sectors, suggesting an emerging trend. Additionally, 54.55% of respondents have planned future investments in this sector, indicating strong interest despite current lower investment levels.**

| No | What other sectors have you invested in? [Mining] | percentage     |
|----|---|----------------|
| 1  | For future investment                             | 67.27%         |
| 2  | 1 to 3  | 18.18%         |
| 3  | 4 to 10   | 14.55%         |
|    | <b>Total</b>                                      | <b>100.00%</b> |

**Table 5: Some sectors show a moderate level of diversification, particularly Agriculture (51% invested), Livestock (52.7%), and Real Estate & Infrastructure (54.5%). These sectors attract relatively more investments, indicating their significance in Somaliland's economy. However, 67.27% of respondents have planned future investments in the mining sector, suggesting its potential for growth.**

| No | What other sectors have you invested in? [Real estate & Infrastructure] | percentage |
|----|---|------------|
| 1  | For future investment   | 45.5%      |
| 2  | 1 to 3  | 25.5%      |
| 3  | 4 to 10   | 25.5%      |



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|          |              |        |
|----------|--------------|--------|
| <b>4</b> | More than 10 | 3.6%   |
|          | Total        | 100.0% |

**Table 5:** The data shows that 45.5% of respondents have planned future investments in real estate and infrastructure, indicating ongoing interest in this sector. Meanwhile, 25.5% have invested in one to three additional sectors, and another 25.5% have expanded into four to ten other sectors. Only 3.6% have made significant investments in more than ten sectors.

| No       | What other sectors have you invested in? [ICT] | percentage |
|----------|--|------------|
| <b>1</b> | Planned For future investment                  | 54.6%      |
| <b>2</b> | 1 to 3   | 21.8%      |
| <b>3</b> | 4 to 10  | 23.6%      |
|          | Total  | 100.0%     |

**Table 6:** a crucial industry for modern economies, has 23.6% of businesses investing in four or more sub-sectors, indicating emerging interest despite a high non-participation rate.

Additionally, 54.6% of respondents have planned future investments in ICT, reinforcing the sector's growing importance.

| No       | What other sectors have you invested in? [Livestock] | percentage |
|----------|--|------------|
| <b>1</b> | Planned For future investment                        | 47.3%      |
| <b>2</b> | 1 to 3   | 20.0%      |
| <b>3</b> | 4 to 10  | 29.1%      |
| <b>4</b> | More than 10   | 3.6%       |
|          | Total  | 100.0%     |

**Table 7:** The data indicates that 47.3% of respondents have planned future investments in livestock, while 29.1% have already made moderate investments ranging from 4 to 10 units. A smaller portion, 20%, has invested in 1 to 3 units, and only 3.6% have made significant investments, with more than 10 units. Overall, most investments are concentrated in the lower to mid-range categories, suggesting a general trend of modest investment in the livestock sector.

| No       | What other sectors have you invested in? [Tourism & Hospitality ] | percentage |
|----------|---|------------|
| <b>1</b> | Planned For future investment                                     | 54.6%      |
| <b>2</b> | 1 to 3  | 27.3%      |
| <b>3</b> | 4 to 10   | 14.5%      |
| <b>4</b> | More than 10  | 3.6%       |
|          | Total   | 100.0%     |

**Table 8:** As the data indicates, 54.6% of the total respondents have planned future investments in tourism and hospitality. Among those who have already invested, 27.3% have allocated funds to 1 to 3 units, while 14.5% have made moderate investments ranging from 4 to 10 units. Only 3.6% of respondents have made substantial investments in more than 10 units. This suggests that while the sector has some interest, the overall investment tends to be more cautious or limited in scale.

| No       | What other sectors have you invested in? [Oil & Gas] | percentage |
|----------|--|------------|
| <b>1</b> | Not yet invested                                     | 71%        |
| <b>2</b> | 1 to 3   | 9%         |
| <b>3</b> | 4 to 10  | 16%        |
| <b>4</b> | More than 10   | 4%         |



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|  |       |      |
|--|-------|------|
|  | Total | 100% |
|--|-------|------|

**Table 9:** The data shows that the majority of respondents (71%) have not yet invested in the oil and gas sector, indicating that this industry remains a lower priority for many businesses. A smaller portion, 16%, have invested in 4 to 10 units, and 9% have made investments in 1 to 3 units. Only 4% have made significant investments, with more than 10 units. This suggests that oil and gas investments are currently limited, with most respondents either not considering it yet or hesitant to enter the sector.

| No | What other sectors have you invested in? [Manufacturing] | percentage |
|----|--|------------|
| 1  | Not invested in this sector                              | 60%        |
| 2  | 1 to 3   | 14.55%     |
| 3  | 4 to 10  | 21.82%     |
| 4  | More than 10   | 3.64%      |
|    | Total  | 100%       |

**Table 10:** The data indicates that 60% of respondents have not invested in any other sector beyond their primary business. Among those who have diversified, 14.55% invested in one to three additional sectors, while 21.82% expanded into four to ten industries. Only a small portion, 3.64%, has invested in more than ten sectors. This suggests that while sectoral diversification exists, most businesses remain focused on a single industry, with relatively few expanding significantly across multiple sectors.

| No | What other sectors have you invested in? [Healthcare] | percentage |
|----|---|------------|
| 1  | Not invested in this sector                           | 62%        |
| 2  | 1 to 3  | 18%        |
| 3  | 4 to 10   | 16%        |
| 4  | More than 10  | 4%         |
|    | Total   | 100%       |

Table 11: The data reveals that 62% of respondents have not invested in the healthcare sector, indicating a primary focus on other industries. However, 18% have diversified into one to three healthcare-related sectors, while 16% have expanded into four to ten sectors. A small minority, 4%, have invested in more than ten healthcare sectors. This suggests that while some level of diversification exists, significant investment in healthcare remains limited to a smaller group of businesses.



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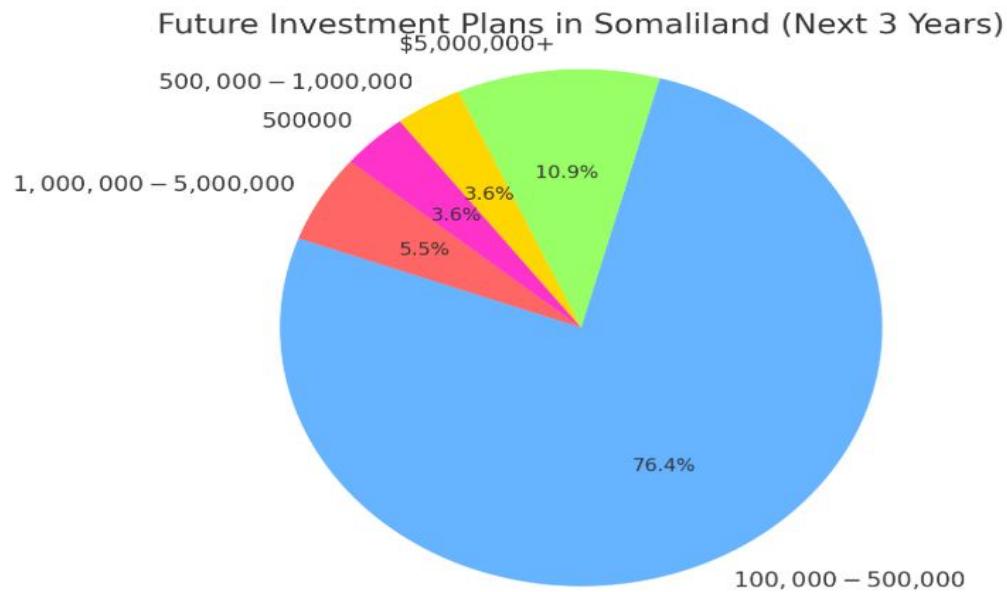


Figure 7: The pie chart illustrates the future investment plans in Somaliland over the next three years. The majority of respondents (76.4%) plan to invest between **\$100,000 - \$500,000**, indicating strong interest in moderate-scale investments. A smaller but significant portion (10.9%) intends to invest **\$5,000,000 or more**, reflecting confidence in large-scale opportunities. Meanwhile, 5.5% of investors aim for **\$1,000,000 - \$5,000,000**, while 3.6% each plan to invest **\$500,000 - \$1,000,000** and exactly **\$500,000**. This distribution suggests that most investors prefer a cautious yet meaningful financial commitment, with fewer engaging in high-capital investment.

## 2.4 Section 4: Employee skills gap

| How significant is the skill gap for workers in your investment category/categories in each of the following areas? | Mean | Mode |
|---|------|------|
| [Technical Skills]  | 3    | 2    |
| [Managerial Skills]   | 2.3  | 2    |
| [Soft Skills (communication, responsiveness) ]  | 3    | 2    |

Table 12: The data highlights the perceived skill gaps among workers in different investment categories. The mean score for both technical skills and soft skills (communication, responsiveness) is 3, with a mode of 2, suggesting that while these areas are considered significant gaps, some respondents perceive them as less critical. Managerial skills have a slightly lower mean of 2.3, with the same mode of 2, indicating that the gap in managerial competencies is relatively less pronounced compared to technical and soft skills. Overall, the



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findings suggest that while all three areas have noticeable skill gaps, technical and soft skills are of greater concern to investors.

### 1.4 Section 5: Significant challenges with investment practices

| No | How significant are challenges for your organization in each of the following areas? [Cost/access to capital]          | count | percentage |
|----|--|-------|------------|
| 1  | Major obstacle   | 12    | 21.80%     |
| 2  | Minor obstacle   | 7     | 12.70%     |
| 3  | Moderate obstacle  | 25    | 45.50%     |
| 4  | No obstacle  | 4     | 7.30%      |
| 5  | Very severe obstacle   | 7     | 12.70%     |
|    | Total  | 55    | 100.00%    |
|    |  |       |            |
| No | How significant are challenges for your organization in each of the following areas? [Cost/access to land]             | count | percentage |
| 1  | Major obstacle   | 12    | 21.8%      |
| 2  | Minor obstacle   | 13    | 23.6%      |
| 3  | Moderate obstacle  | 23    | 41.8%      |
| 4  | No obstacle  | 4     | 7.3%       |
| 5  | Very severe obstacle   | 3     | 5.5%       |
|    | Total  | 55    | 100.0%     |
|    |  |       |            |
| No | How significant are challenges for your organization in each of the following areas? [Availability of physical inputs] | count | percentage |
| 1  | Major obstacle   | 12    | 21.80%     |
| 2  | Minor obstacle   | 7     | 12.70%     |
| 3  | Moderate obstacle  | 26    | 47.30%     |
| 4  | No obstacle  | 6     | 10.90%     |
| 5  | Very severe obstacle   | 4     | 7.30%      |
|    | Total  | 55    | 100.00%    |
|    |  |       |            |
| No | How significant are challenges for your organization in each of the following areas? [Transportation infrastructure]   | count | percentage |
| 1  | Major obstacle   | 10    | 18.2%      |
| 2  | Minor obstacle   | 6     | 10.9%      |
| 3  | Moderate obstacle  | 24    | 43.6%      |
| 4  | No obstacle  | 11    | 20.0%      |
| 5  | Very severe obstacle   | 4     | 7.3%       |
|    | Total  | 55    | 100.0%     |



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| No | How significant are challenges for your organization in each of the following areas? [Cost/access to energy]      | count | percentage |
|----|---|-------|------------|
| 1  | Major obstacle  | 12    | 22%        |
| 2  | Minor obstacle  | 8     | 15%        |
| 3  | Moderate obstacle   | 23    | 42%        |
| 4  | No obstacle   | 8     | 15%        |
| 5  | Very severe obstacle  | 4     | 7%         |
|    | Total   | 55    | 100%       |
|    |   |       |            |
| No | How significant are challenges for your organization in each of the following areas? [Cost/access to water]       | count | percentage |
| 1  | Major obstacle  | 8     | 15%        |
| 2  | Minor obstacle  | 11    | 20%        |
| 3  | Moderate obstacle   | 18    | 33%        |
| 4  | No obstacle   | 13    | 24%        |
| 5  | Very severe obstacle  | 5     | 9%         |
|    | Total   | 55    | 100%       |
|    |   |       |            |
| No | How significant are challenges for your organization in each of the following areas? [Government bureaucracy]     | count | percentage |
| 1  | Major obstacle  | 10    | 18%        |
| 2  | Minor obstacle  | 8     | 15%        |
| 3  | Moderate obstacle   | 24    | 44%        |
| 4  | No obstacle   | 12    | 22%        |
| 5  | Very severe obstacle  | 1     | 2%         |
|    | Total   | 55    | 100%       |
|    |   |       |            |
| No | How significant are challenges for your organization in each of the following areas? [Lack of government support] | count | percentage |
| 1  | Major obstacle  | 3     | 5.5%       |
| 2  | Minor obstacle  | 11    | 20.0%      |
| 3  | Moderate obstacle   | 20    | 36.4%      |
| 4  | No obstacle   | 7     | 12.7%      |
| 5  | Very severe obstacle  | 14    | 25.5%      |
|    | Total   | 55    | 100%       |
|    |   |       |            |
| No | How significant are challenges for your organization in each of the following areas? [Market size]                | count | percentage |
| 1  | Major obstacle  | 6     | 10.90%     |
| 2  | Minor obstacle  | 9     | 16.40%     |



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|           |   |              |                   |
|-----------|---|--------------|-------------------|
| <b>3</b>  | Moderate obstacle   | 26           | 47.30%            |
| <b>4</b>  | No obstacle   | 13           | 23.60%            |
| <b>5</b>  | Very severe obstacle  | 1            | 1.80%             |
|           | Total   | 55           | 100.00%           |
|           |   |              |                   |
| <b>No</b> | <b>How significant are challenges for your organization in each of the following areas? [Trade regulations]</b> | <b>count</b> | <b>percentage</b> |
| <b>1</b>  | Major obstacle  | 4            | 7%                |
| <b>2</b>  | Minor obstacle  | 15           | 27%               |
| <b>3</b>  | Moderate obstacle   | 18           | 33%               |
| <b>4</b>  | No obstacle   | 14           | 26%               |
| <b>5</b>  | Very severe obstacle  | 4            | 7%                |
|           |   | 55           | 100%              |
|           |   |              |                   |
| <b>No</b> | <b>How significant are challenges for your organization in each of the following areas? [Taxes]</b>             | <b>count</b> | <b>percentage</b> |
| <b>1</b>  | Major obstacle  | 3            | 5.5%              |
| <b>2</b>  | Minor obstacle  | 14           | 25.5%             |
| <b>3</b>  | Moderate obstacle   | 17           | 30.9%             |
| <b>4</b>  | No obstacle   | 13           | 23.6%             |
| <b>5</b>  | Very severe obstacle  | 8            | 14.6%             |
|           | Total   | 55           | 100.0%            |

Table 13: The above tables display the level of challenges related to investment practices; the insights found are as follows.

The most significant challenges faced by organizations are related to financial constraints, resource availability, and government support. Cost and access to capital, land, energy, and water are major or moderate obstacles for a large proportion of respondents. Specifically, **cost/access to capital** presents a moderate to major challenge for 67.3% of organizations, while **cost/access to land** is a moderate to major challenge for 63.6%. Similarly, **availability of physical inputs, transportation infrastructure**, and **cost/access to energy** are moderate or major obstacles for over 60% of respondents.

Government-related challenges, including **bureaucracy** and **lack of government support**, are also prominent. While **bureaucracy** is a moderate to major obstacle for 62%, **lack of government support** is classified as a very severe obstacle by 25.5% of respondents, making it one of the most significant barriers.

Regarding **market-related factors**, **market size** is a moderate challenge for 47.3% of respondents, while **trade regulations** and **taxes** are also seen as obstacles but to a lesser extent. A notable portion of respondents (26%) consider **trade regulations** to be no obstacle at all, and 23.6% say the same for **taxes**.

### 2.6 Section 6: Perception of investors about government facilitation

| No | Category | Mean | Mode |
|----|----------|------|------|
|----|----------|------|------|



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|   |   |     |   |
|---|---|-----|---|
| 1 | How would you rate the general helpfulness of the Somaliland government in supporting your needs as an investor?                | 3   | 1 |
| 2 | How would you rate the level of burden caused by the government's current policies and regulations on your investment practice? | 2.8 | 3 |
| 3 | How would you rate the reliability of the legal environment of Somaliland with your investment practice?                        | 3   | 3 |
|   | n   | 55  |   |

Table 14: the most significant challenges faced by organizations are related to financial constraints, resource availability, and government support. Cost and access to capital, land, energy, and water are major or moderate obstacles for a large proportion of respondents. Specifically, **cost/access to capital** presents a moderate to major challenge for 67.3% of organizations, while **cost/access to land** is a moderate to major challenge for 63.6%. Similarly, **availability of physical inputs, transportation infrastructure, and cost/access to energy** are moderate or major obstacles for over 60% of respondents.

Government-related challenges, including **bureaucracy** and **lack of government support**, are also prominent. While **bureaucracy** is a moderate to major obstacle for 62%, **lack of government support** is classified as a very severe obstacle by 25.5% of respondents, making it one of the most significant barriers.

Regarding **market-related factors**, **market size** is a moderate challenge for 47.3% of respondents, while **trade regulations** and **taxes** are also seen as obstacles but to a lesser extent. A notable portion of respondents (26%) consider **trade regulations** to be no obstacle at all, and 23.6% say the same for **taxes**.

|  |  |
|--|--|
| Please describe any significant challenges your organization has faced in the investment process |  |
| <b>Thematic Categories</b>   |  |
| <b>1. Lack of Capital and Funding</b>  |  |
| <b>Examples:</b>   |  |
| <b>Lack of money</b>   |  |
| <b>No investment</b>   |  |
| <b>Limited funding</b>   |  |
| <b>Lack of infrastructure and capital</b>  |  |
| <b>Lack of Somaliland investment financial investment</b>  |  |
| <b>2. Policy and Regulatory Challenges</b>   |  |
| <b>No rules and regulations that control business</b>  |  |
| <b>Lack of investment policies and regulations</b>   |  |
| <b>Licensing difficulties and high tax fees</b>  |  |
| <b>Immediate competition without market protection</b>   |  |
| <b>3. Workforce and Skills Gaps</b>  |  |
| <b>Examples:</b>   |  |
| <b>Lack of workers or skillful engineers</b>   |  |



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**Lack of technology and skills**

**Lack of training and expertise for handling agricultural chemicals**

## 4. Infrastructure and Logistics Issues

**Long transportation**

**Water scarcity and mechanization challenges**

**Availability of land and materials**

**Lack of agricultural development bank**

## 5. Market and Economic Barriers

**Inflation**

**Market size limitations**

**Lack of investment cost, projects, and building sectors**

**Solar energy adoption challenges**

## 6. Environmental and Climate-Related Issues

**Unpredictable climate changes affecting agricultural cycles**

**Lack of preparedness for agricultural pests and diseases**

**Water availability challenges**

## 7. Operational and Administrative Difficulties

**Furnishing and renting office space**

**Lack of clear instructions and performance indicators**

**Unreliable systems and processes**

## 8. Security and Law Enforcement Problems

**Police requesting illegal money**

**Weak enforcement of business regulations**

Table 15: This table shows additional challenges faced by investors. Organizations face significant investment challenges, including limited capital and funding, unclear policies, and high regulatory costs. Workforce skill gaps and inadequate infrastructure further hinder growth. Market constraints, inflation, and environmental risks, such as climate unpredictability and water shortages, add to the difficulties. Operational inefficiencies, unclear administrative processes, and weak law enforcement create additional barriers, making investment in Somaliland highly challenging.

### 1.7 Section 7: Industries' investment situations

#### Section 2: Product input and costs



## NATIONAL INVESTMENT SURVEY ANALYSIS & INTERPRETATION SUMMARY 2025



### B2: How many top main products the factory's production relies on ?

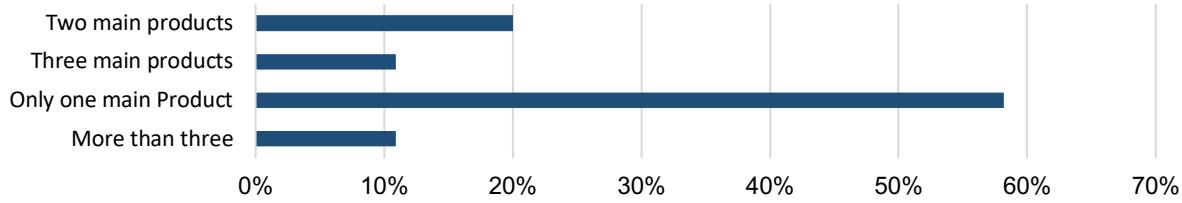


Figure 1: Key insights show that most factories rely on **only one main product**, with this category dominating at over 60%. Factories relying on two or three main products or more than three are far less common, indicating a trend toward specialization in production.

### B10: What was the cost of paying repairing and maintenance of machineries and equipment (USD) in Jan-June 2021 ?

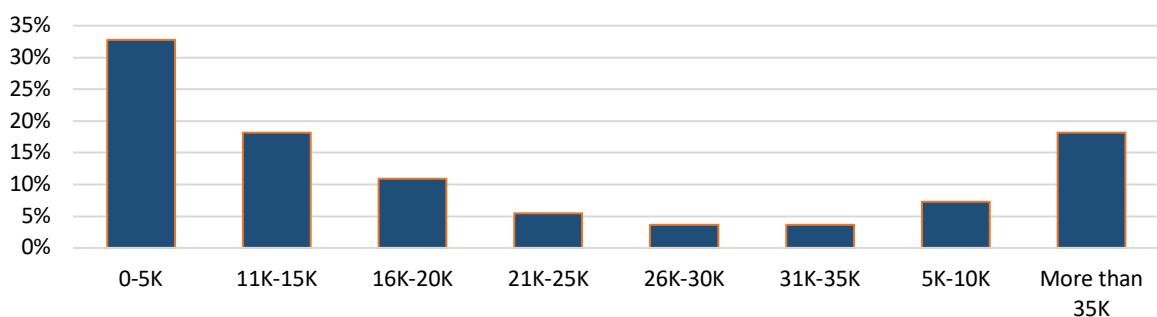


Figure 2: Most respondents (around 40%) reported repair and maintenance costs in the **0-5K USD** range. Few respondents had repair costs exceeding **35K USD**, suggesting that significant expenditures on machinery and equipment repairs were rare.



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### B11: What was the cost of paying for energy (USD) Annually?

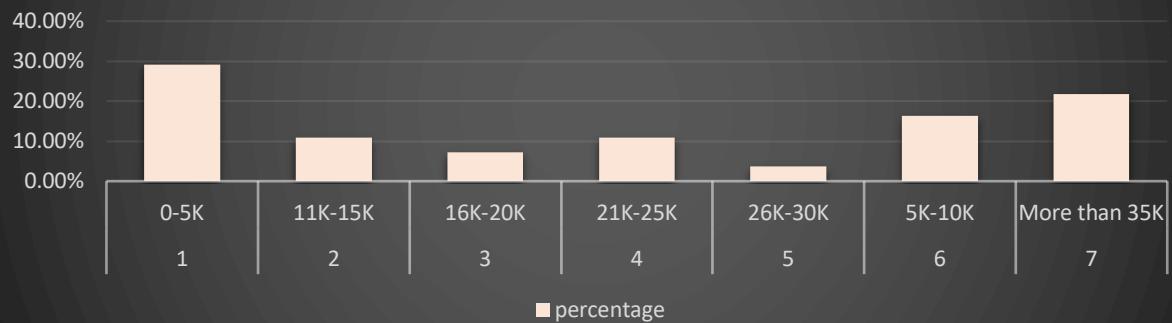


Figure 3: **High Percentage at Low Costs:** The majority incurred energy costs between **5K-10K USD**, with smaller percentages spread across other ranges. Energy costs are generally kept low, reflecting efficient energy use or access to affordable energy sources.

### B12: Cost of labor (salary) (USD) Annually?

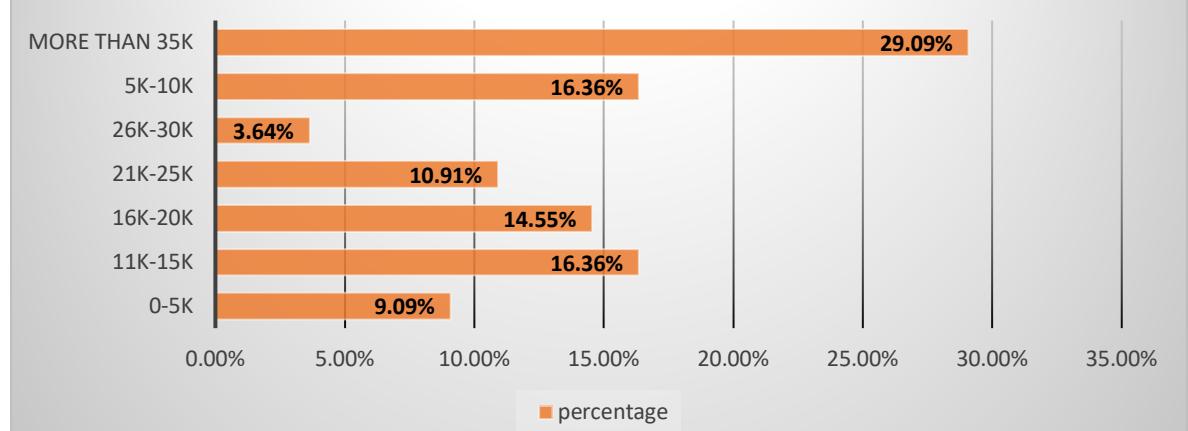


Figure 4: **Highest Spending Range:** A significant proportion (29.09%) reported labor costs exceeding **35K USD**. **Moderate and Low Costs:** Other respondents spread across the **16K-20K USD** and **0-5K USD** ranges, showing a wide distribution of labor expenses.



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### B13: Cost of transporting Annually?

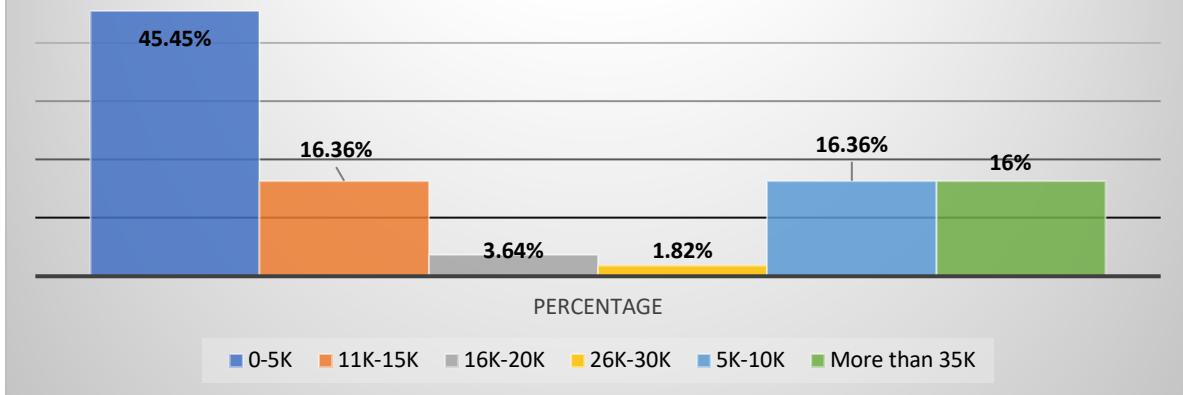


Figure 5: This chart focuses on sales, marketing, and transportation costs. Nearly half (45.45%) of respondents reported costs in the **0-5K USD** range, indicating that many factories manage to keep these expenses minimal. However, some respondents reported spending in the **5-10K USD** and **more than 35K USD** ranges, although these were less common.

### B14: Cost of loan repayments (installments) & Financing (USD)?

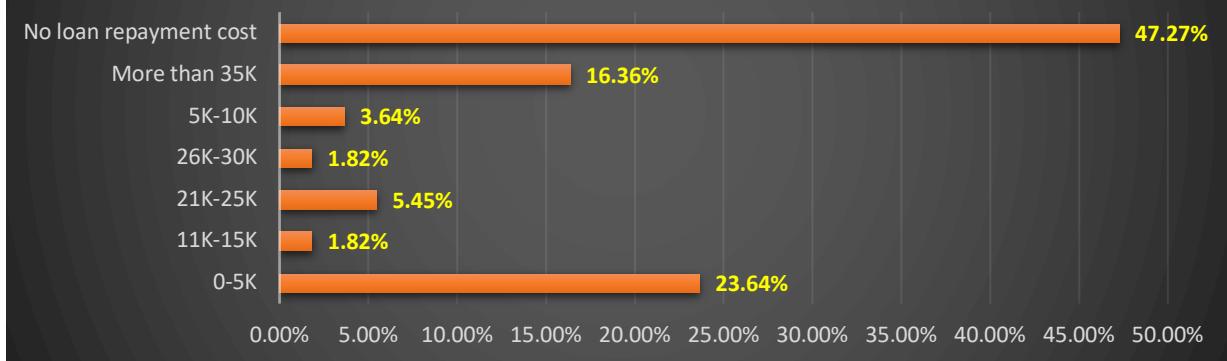


Figure 6: nearly half of the respondents (47.27%) reported having no loan repayment costs during this period. However, a significant percentage (16.36%) incurred high costs exceeding **\$35,000**. Smaller proportions reported lower repayment costs, such as **\$0-\$5,000 (23.64%)** and **\$21,000-\$25,000 (5.45%)**, indicating that while many factories operate without loans, those that do can face substantial financial obligations.



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### B15: Cost of paying for land ( rent payment, ets) ( USD)?

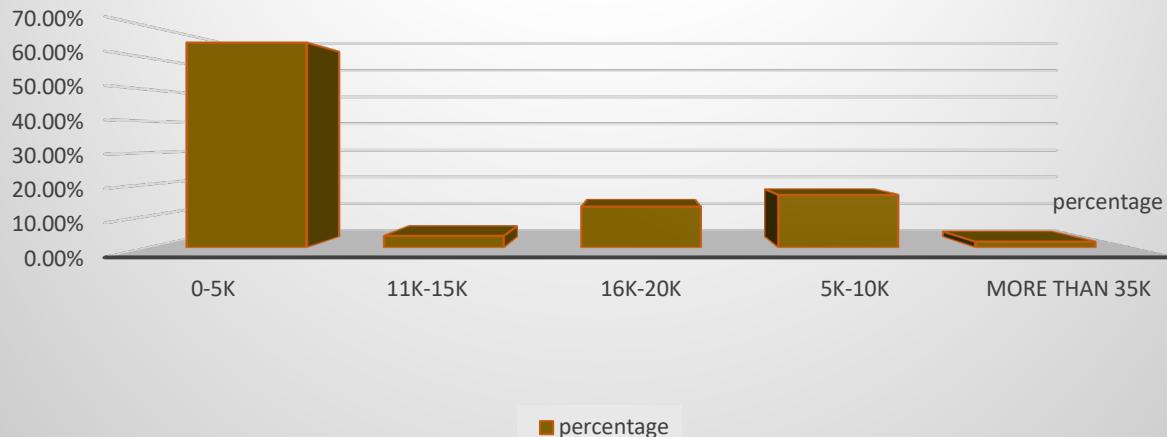


Figure 7: B15 focuses on land-related costs, including rent. The majority of respondents reported expenditures in the **\$0-\$5,000** range, showcasing minimal spending on land-related payments. Only a small proportion incurred costs in other categories such as **\$11,000-\$15,000** or **\$16,000-\$20,000**, reflecting limited variability in land-related expenses among respondents.

### B16: Paid taxes to the Somaliland (USD)?

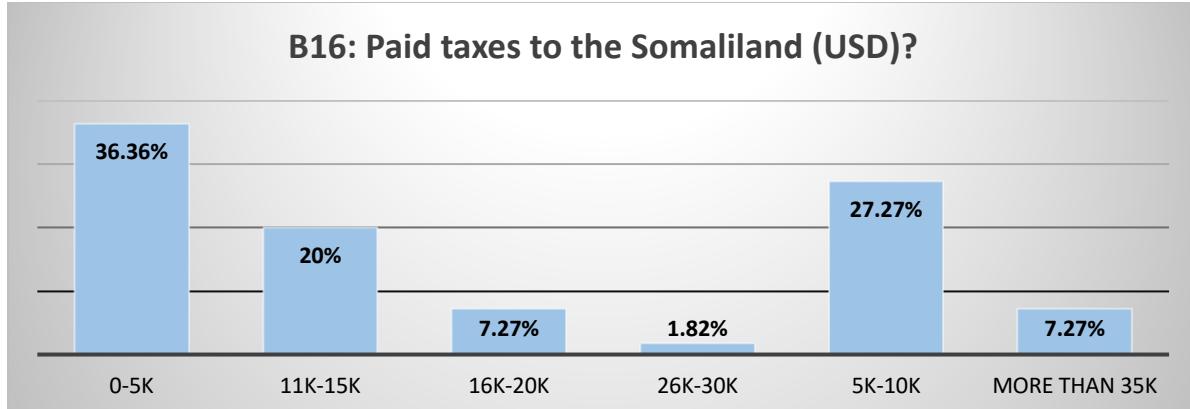


Figure 8: B16, show a more varied distribution. A notable proportion (36.36%) paid taxes in the **\$0-\$5,000** range, while 27.27% reported spending **\$5,000-\$10,000**. A smaller percentage incurred higher taxes, such as **\$16,000-\$20,000** (7.27%), with very few exceeding **\$26,000**. This distribution suggests that while taxes remain a manageable cost for many factories, a few bear a higher tax burden.



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### B18: Sourced Materials from foreign counties?



Figure 9: B18 reveals sourcing patterns for inputs, indicating that 84% of respondents did not rely on foreign inputs. Only 16% reported sourcing from foreign countries, signifying a strong preference for local input or limited access to international supplies. Cost considerations, availability, or logistical factors could influence this reliance on local sourcing.

| No           | B19.1: What percentage of the establishment material inputs ( row materials) were of Domestic Origin? | count     | percentage  |
|--------------|---|-----------|-------------|
| 1            | 0 - 20%   | 42        | 76.36%      |
| 2            | 21 -40%   | 2         | 3.64%       |
| 3            | 41-60%  | 2         | 3.64%       |
| 4            | 61-80%  | 2         | 3.64%       |
| 5            | 81-100%   | 7         | 12.73%      |
| <b>Total</b> |   | <b>55</b> | <b>100%</b> |

Table 2: Most establishments (76.36%) rely minimally on domestic raw materials, with only 0-20% of their inputs being locally sourced. A smaller group (12.73%) heavily depends on domestic inputs, sourcing 81-100% locally. The remaining establishments (10.91%) show moderate use of domestic materials (21-80%). This indicates that domestic sourcing is generally low, potentially due to challenges in availability or quality.

| No           | B19.2 What percentage of the establishment material inputs were of Foreign origin? | count     | percentage  |
|--------------|--|-----------|-------------|
| 1            | 0 - 20%  | 9         | 16.36%      |
| 2            | 21 -40%  | 2         | 3.64%       |
| 3            | 41-60%   | 1         | 1.82%       |
| 4            | 61-80%   | 3         | 5.45%       |
| 5            | 81-100%  | 40        | 72.73%      |
| <b>Total</b> |  | <b>55</b> | <b>100%</b> |



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Table 3: A majority of establishments (72.73%) heavily depend on imported raw materials, sourcing 81-100% from abroad. Only 16.36% of businesses rely minimally on foreign inputs (0-20%), while 10.91% show moderate reliance (21-80%). This highlights a significant dependence on foreign materials, emphasizing the need to strengthen local raw material availability.

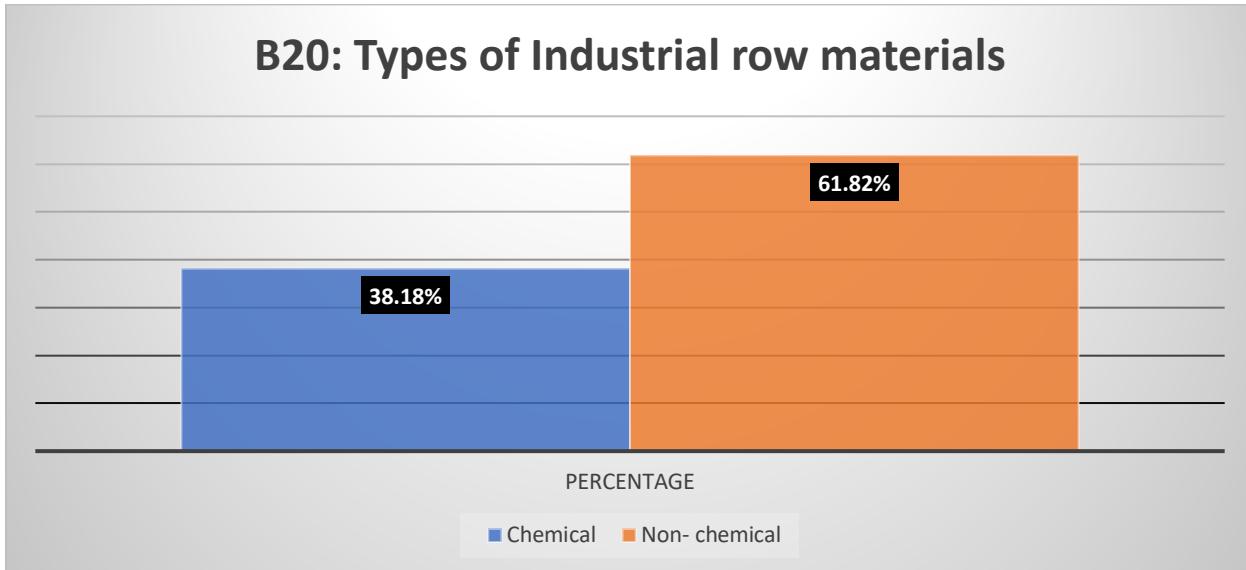


Figure 10: Industrial raw materials are predominantly non-chemical, accounting for 61.82% of total inputs. Chemical materials make up the remaining 38.18%. This suggests that most establishments rely on non-chemical materials, which may reflect the nature of industries operating in the region and their specific material requirements.

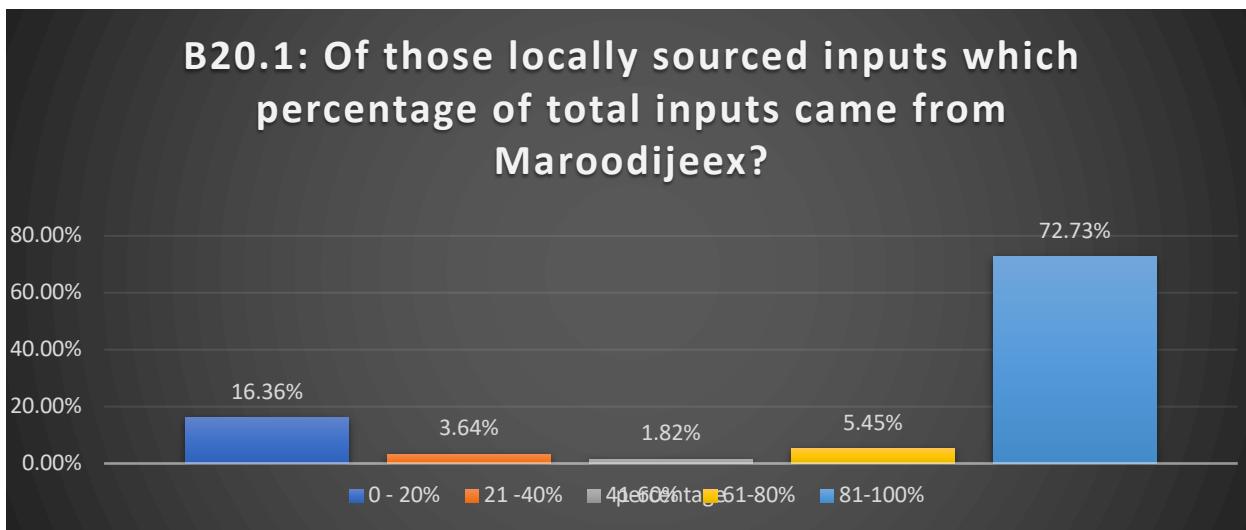


Figure 11: Most locally sourced inputs (72.73%) come from Maroodi Jeex, indicating its significant role in supplying raw materials within the region. A smaller percentage (16.36%) of establishments source 0-



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20% of their local inputs from Maroodi Jeex, while minimal contributions (10.91%) fall within the ranges of 21-80%. This highlights the dominance of Maroodi Jeex as a key supplier of local raw materials.

| No           | B20.1: Of those locally sourced inputs which percentage of total inputs came from Sahil ?    | percentage |
|--------------|--|------------|
| 1            | None of inputs   | 85.5%      |
| 2            | 0%-20%   | 5.5%       |
| 3            | 21%-40%  | 5.5%       |
| 4            | 61%-80%  | 3.6%       |
| <b>Total</b> |  | 100.0%     |
| No           | B20.1: Of those locally sourced inputs which percentage of total inputs came from Togdheer ? | percentage |
| 1            | None of inputs   | 74.6%      |
| 2            | 0-20%  | 3.6%       |
| 3            | 21-40%   | 10.9%      |
| 4            | 41-60%   | 7.3%       |
| 5            | 61-80%   | 3.6%       |
| <b>Total</b> |  | 100.0%     |
| No           | B20.1: Of those locally sourced inputs which percentage of total inputs came from Sanaag?    | percentage |
| 1            | None of inputs   | 81.8%      |
| 2            | 0%-20%   | 3.6%       |
| 3            | 21%-40%  | 5.5%       |
| 4            | 41%-60%  | 3.6%       |
| 5            | 61%-80%  | 5.5%       |
| <b>Total</b> |  | 100.0%     |
| No           | B20.1: Of those locally sourced inputs which percentage of total inputs came from Sool?      | percentage |
| 1            | None of inputs   | 83.64%     |
| 2            | 0%-20%   | 5.45%      |
| 3            | 61%-80%  | 5.45%      |
| 4            | 81%-100%   | 5.45%      |
| <b>Total</b> |  | 100.0%     |
| No           | B20.1: Of those locally sourced inputs which percentage of total inputs came from Awdal?     | percentage |
| 1            |  | 0          |
| 2            | 0%-20%   | 9.09%      |
| 3            | 21%-40%  | 1.82%      |
| 4            | 41%-60%  | 5.45%      |
| 5            | 61%-80%  | 3.64%      |
| 6            | 81%-100%   | 1.82%      |



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|       |  |        |
|-------|--|--------|
| Total |  | 100.0% |
|-------|--|--------|

Table 3: Across the five regions (Sahil, Togdheer, Sanaag, Sool, and Awdal), the majority of inputs were not locally sourced, with percentages ranging from 74.6% (Togdheer) to 85.5% (Sahil). Among the regions, Sahil had the lowest proportion of locally sourced inputs Togdheer and Marodijeh had the highest proportion of locally sourced inputs (25.4%), with a significant share falling in the 21%-40% and 41%-60% ranges. Sanaag and Sool had nearly identical patterns, with 18.2% and 16.36% of inputs locally sourced, respectively, distributed across smaller proportions in various ranges. Awdal had 21.82% of inputs locally sourced, with the majority in the 0%-20% range.

Overall, while some regions contributed locally sourced inputs in small proportions, the data indicates a heavy reliance on non-locally sourced inputs across all regions.

## 1. Section two: Industries task force pattern

| No           | C2.2: Number of workers by Foreign?...83      | count | percentage |
|--------------|---|-------|------------|
| 1            | 10-30   | 50    | 90.91%     |
| 2            | 31-60   | 5     | 9.09%      |
| No           | C3.2: Number of workers between 15 and 25 old | count | percentage |
| 1            | 10-30   | 29    | 52.73%     |
| 2            | 31-60   | 8     | 14.55%     |
| 3            | 91-100  | 1     | 1.82%      |
| 4            | Less than 10                                  | 17    | 30.91%     |
| <b>Total</b> |   | 55    | 100%       |
| No           | C3.3: Number of workers between 26 and 30 old | count | percentage |
| 1            | 10 to 30                                      | 30    | 54.55%     |
| 2            | 31-60   | 9     | 16.36%     |
| 3            | 61-90   | 2     | 3.64%      |
| 4            | 91-100  | 1     | 1.82%      |
| 5            | Less than 10                                  | 13    | 23.64%     |
| <b>Total</b> |   | 55    | 100.0%     |
| No           | C3.3: Number of workers between 31 and 50 old | count | percentage |
| 1            | 10 to 30                                      | 17    | 30.91%     |
| 2            | 31-60   | 8     | 14.55%     |
| 3            | 61-90   | 4     | 7.27%      |
| 4            | Less than 10                                  | 26    | 47.27%     |
| <b>Total</b> |   | 55    | 100%       |
| No           | C3.3: Number of workers over 51 years old.    | count | percentage |
| 1            | 10 to 30                                      | 14    | 25.5%      |



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|              |   |              |                   |
|--------------|---|--------------|-------------------|
| 2            | 31-60   | 4            | 7.3%              |
| 3            | Less than 10  | 37           | 67.3%             |
| <b>Total</b> |   | 55           | 100.0%            |
| <b>No</b>    | <b>C4.1: Number of Employees by male</b>                          | <b>count</b> | <b>percentage</b> |
| 1            | 10 to 30  | 23           | 41.82%            |
| 2            | 31-60   | 19           | 34.55%            |
| 3            | 61-90   | 5            | 9.09%             |
| 4            | 91-100  | 4            | 7.27%             |
| 5            | Less than 10  | 2            | 3.64%             |
| 6            | More than 100   | 2            | 3.64%             |
|              | Total   | 55           | 100.0%            |
| <b>No</b>    | <b>C4.2: Number of Employees by female</b>                        | <b>count</b> | <b>percentage</b> |
| 1            | 10 to 30  | 13           | 24%               |
| 2            | 31-60   | 3            | 6%                |
| 3            | Less than 10  | 39           | 71%               |
| <b>No</b>    |   | 55           | 100%              |
| <b>No</b>    | <b>C5.1: Number of workers by full-time ?</b>                     | <b>count</b> | <b>percentage</b> |
| 1            | 10 to 30  | 21           | 38.20%            |
| 2            | 31-60   | 14           | 25.50%            |
| 3            | 61-90   | 2            | 3.60%             |
| 4            | 91-100  | 8            | 14.50%            |
| 5            | Less than 10  | 6            | 10.90%            |
| 6            | More than 100   | 4            | 7.30%             |
|              | Total   | 55           | 100.00%           |
| <b>No</b>    | <b>C5.2: Number of workers by part-time / temporary/ casual ?</b> | <b>count</b> | <b>percentage</b> |
| 1            | 10 to 30  | 17           | 30.90%            |
| 2            | 31-60   | 10           | 18.20%            |
| 3            | 61-90   | 1            | 1.80%             |
| 4            | 91-100  | 1            | 1.80%             |
| 5            | Less than 10  | 26           | 47.30%            |
|              | Total   | 55           | 100.00%           |
| <b>No</b>    | <b>C5.3: Number of workers by volunteer/ Internship?</b>          | <b>count</b> | <b>percentage</b> |
| 1            | 10 to 30  | 10           | 18.20%            |
| 2            | 31-60   | 1            | 1.80%             |
| 3            | Less than 10  | 44           | 80%               |
| <b>Total</b> |   | 55           | 100.00%           |



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| No           | C7.1: Number of workers by tertiary Education ?          | count | percentage |
|--------------|--|-------|------------|
| 1            | 10 to 30   | 18    | 33%        |
| 2            | 31-60  | 7     | 13%        |
| 3            | 61-90  | 2     | 4%         |
| 4            | 91-100   | 2     | 4%         |
| 5            | Less than 10   | 26    | 47%        |
|              | Total  | 55    | 100%       |
| No           | C7.2: Number of workers by Secondary Education?          | count | percentage |
| 1            | 10 to 30   | 33    | 60%        |
| 2            | 31-60  | 7     | 12.70%     |
| 3            | 91-100   | 2     | 3.60%      |
| 4            | Less than 10   | 13    | 23.60%     |
|              | Total  | 55    | 100%       |
| No           | C7.3: Number of workers by Primary Education?            | count | percentage |
| 1            | 10 to 30   | 21    | 38.20%     |
| 2            | 31-60  | 2     | 3.60%      |
| 3            | Less than 10   | 32    | 58.20%     |
|              | Total  | 55    | 100.00%    |
| No           | C7.4: Number of workers by Technical vocational schools? | count | percentage |
| 1            | 10 to 30   | 13    | 23.60%     |
| 2            | 31-60  | 5     | 9.10%      |
| 3            | 61-90  | 3     | 5.50%      |
| 4            | Less than 10   | 34    | 61.80%     |
| <b>Total</b> |  | 55    | 100.00%    |
| No           | C7.5: Number of workers who have not attended school?    | count | percentage |
| 1            | 10 to 30   | 7     | 12.70%     |
| 2            | 31-60  | 4     | 7.30%      |
| 3            | Less than 10   | 44    | 80%        |
|              | Total  | 55    | 100.00%    |
| No           | D1.1: Access to Finance and Investment                   | count | percentage |
| 1            | Major Obstacle   | 14    | 25.50%     |
| 2            | Minor Obstacle   | 14    | 25.50%     |
| 3            | Moderate Obstacle  | 8     | 14.50%     |
| 4            | No Obstacle  | 17    | 30.90%     |
| 5            | Very Severe Obstacle                                     | 2     | 3.60%      |
|              | Total  | 55    | 100.00%    |



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Table 4: The workforce composition reveals a strong reliance on young, moderately educated workers, with noticeable gender and age disparities. Most workplaces employ a significant number of workers aged 15–30, indicating a preference for younger employees, possibly due to their adaptability, energy, or availability for entry-level roles. However, representation diminishes significantly for workers over 31 years old, especially for those over 51, reflecting either retirement trends or workplace preferences for younger talent.

There is a marked gender imbalance, with male workers dominating the workforce, while female representation remains alarmingly low. This indicates a potential cultural or structural barrier to women's participation in employment. (Female workers operate in administrative positions). In other words the female workers are less industries because there is more machinery and mechanical works that they cannot handle compared to men. But

Educational attainment highlights a reliance on secondary education, which is the most common qualification. Workers with tertiary education are relatively few, suggesting challenges in attracting highly educated talent or a focus on less specialized roles. Vocational and technical education is underutilized, pointing to a disconnect between training programs and labor market demands. Workers with no formal education are minimal, indicating that basic education is now a prerequisite for most roles.

Full-time employment is the predominant type, reflecting stability and a preference for long-term commitments. Part-time, temporary, and volunteer roles remain underrepresented, suggesting missed opportunities for flexible workforce strategies and talent pipeline development.

Overall, the data highlights opportunities for improving gender inclusivity, fostering vocational education, and leveraging diverse employment models to create a more balanced and effective workforce.

### 2. Section 3: Industry operations obstacles

| No | D1.1: Access to Finance and Investment                                      | count | percentage |
|----|---|-------|------------|
| 1  | Major Obstacle  | 14    | 25.50%     |
| 2  | Minor Obstacle  | 14    | 25.50%     |
| 3  | Moderate Obstacle   | 8     | 14.50%     |
| 4  | No Obstacle   | 17    | 30.90%     |
| 5  | Very Severe Obstacle  | 2     | 3.60%      |
|    | Total   | 55    | 100.00%    |
| No | D1.2: Access to Land  | count | percentage |
| 1  | Major Obstacle  | 15    | 27.30%     |
| 2  | Minor Obstacle  | 13    | 23.60%     |
| 3  | Moderate Obstacle   | 6     | 10.90%     |
| 4  | No Obstacle   | 10    | 18.20%     |
| 5  | Very Severe Obstacle  | 11    | 20%        |
|    | Total   | 55    | 100.00%    |
| No | D1.3: Availability of inputs ( including capital inputs - machinery, tools) | count | percentage |



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|           |  |              |                   |
|-----------|--|--------------|-------------------|
| <b>1</b>  | Major Obstacle   | 11           | 20%               |
| <b>2</b>  | Minor Obstacle   | 8            | 14.50%            |
| <b>3</b>  | Moderate Obstacle  | 11           | 20%               |
| <b>4</b>  | No Obstacle  | 11           | 20%               |
| <b>5</b>  | Very Severe Obstacle   | 14           | 25.50%            |
|           | Total  | 55           | 100%              |
| <b>No</b> | <b>D1.4: Transport infrastructure ( Cost of transportation and state of the infrastructure )</b> | <b>count</b> | <b>percentage</b> |
| <b>1</b>  | Major Obstacle   | 14           | 25.50%            |
| <b>2</b>  | Minor Obstacle   | 20           | 36.40%            |
| <b>3</b>  | Moderate Obstacle  | 7            | 12.70%            |
| <b>4</b>  | No Obstacle  | 13           | 23.60%            |
| <b>5</b>  | Very Severe Obstacle   | 1            | 1.80%             |
|           | Total  | 55           | 100.00%           |
| <b>No</b> | <b>D1.5 :Cost and access to energy</b>   | <b>count</b> | <b>percentage</b> |
| <b>1</b>  | Major Obstacle   | 19           | 35%               |
| <b>2</b>  | Minor Obstacle   | 15           | 27%               |
| <b>3</b>  | Moderate Obstacle  | 7            | 13%               |
| <b>4</b>  | No Obstacle  | 6            | 11%               |
| <b>5</b>  | Very Severe Obstacle   | 8            | 15%               |
|           | Total  | 55           | 100%              |
| <b>No</b> | <b>D1.6 : Cost and access to water</b>   | <b>count</b> | <b>percentage</b> |
| <b>1</b>  | Major Obstacle   | 7            | 13%               |
| <b>2</b>  | Minor Obstacle   | 19           | 35%               |
| <b>3</b>  | Moderate Obstacle  | 11           | 20%               |
| <b>4</b>  | No Obstacle  | 17           | 31%               |
| <b>5</b>  | Very Severe Obstacle   | 1            | 2%                |
|           | Total  | 55           | 100%              |
| <b>No</b> | <b>D1.8:Frequently change in the workforce / high labor turnover</b>                             | <b>count</b> | <b>percentage</b> |
| <b>1</b>  | Major Obstacle   | 18           | 33%               |
| <b>2</b>  | Minor Obstacle   | 12           | 22%               |
| <b>3</b>  | Moderate Obstacle  | 10           | 18%               |
| <b>4</b>  | No Obstacle  | 9            | 16%               |
| <b>5</b>  | Very Severe Obstacle   | 6            | 11%               |
|           | Total  | 55           | 100%              |
| <b>No</b> | <b>D1.9:The market is dominated by another company and your company struggles to adapt</b>       | <b>count</b> | <b>percentage</b> |
| <b>1</b>  | Major Obstacle   | 18           | 32.70%            |
| <b>2</b>  | Minor Obstacle   | 14           | 25.50%            |



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| <b>3</b> | Moderate Obstacle  | 6     | 10.90%     |
|----------|--|-------|------------|
| <b>4</b> | No Obstacle  | 13    | 23.60%     |
| <b>5</b> | Very Severe Obstacle   | 4     | 7.30%      |
|          |  | 55    | 100.00%    |
| No       | <b>D2.0: Competition is too stiff</b>                                | count | percentage |
| <b>1</b> | Major Obstacle   | 20    | 36%        |
| <b>2</b> | Minor Obstacle   | 9     | 16%        |
| <b>3</b> | Moderate Obstacle  | 10    | 18%        |
| <b>4</b> | No Obstacle  | 11    | 20%        |
| <b>5</b> | Very Severe Obstacle   | 5     | 9%         |
|          | Total  | 55    | 100%       |
| No       | <b>D2.1: Lack of Government support</b>                              | count | percentage |
| <b>1</b> | Major Obstacle   | 14    | 25.5%      |
| <b>2</b> | Minor Obstacle   | 17    | 30.9%      |
| <b>3</b> | Moderate Obstacle  | 11    | 20.0%      |
| <b>4</b> | No Obstacle  | 13    | 23.6%      |
|          | Total  | 55    | 100.0%     |
| No       | <b>D2.2: Customs and trade regulation &amp; import/ export taxes</b> | count | percentage |
| <b>1</b> | Major Obstacle   | 7     | 13%        |
| <b>2</b> | Minor Obstacle   | 19    | 35%        |
| <b>3</b> | Moderate Obstacle  | 14    | 26%        |
| <b>4</b> | No Obstacle  | 13    | 24%        |
| <b>5</b> | Very Severe Obstacle   | 2     | 4%         |
|          | Total  | 55    | 100%       |
| No       | <b>D2.2: Customs and trade regulation &amp; import/ export taxes</b> | count | percentage |
| <b>1</b> | Major Obstacle   | 7     | 13%        |
| <b>2</b> | Minor Obstacle   | 19    | 35%        |
| <b>3</b> | Moderate Obstacle  | 14    | 26%        |
| <b>4</b> | No Obstacle  | 13    | 24%        |
| <b>5</b> | Very Severe Obstacle   | 2     | 4%         |
|          | Total  | 55    | 100%       |
| No       | <b>D2.3: Government Taxes on income</b>                              | count | percentage |
| <b>1</b> | Major Obstacle   | 11    | 20%        |
| <b>2</b> | Minor Obstacle   | 9     | 16.40%     |
| <b>3</b> | Moderate Obstacle  | 9     | 16.40%     |
| <b>4</b> | No Obstacle  | 23    | 41.80%     |
| <b>5</b> | Very Severe Obstacle   | 3     | 5.50%      |



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|       |    |      |
|-------|----|------|
| Total | 55 | 100% |
|-------|----|------|

Table 7: According to the insights about industry operational obstacles it indicates Energy, land, transport, labor turnover, and competition are the most common obstacles. Water, government taxes, and customs/trade regulations are less severe challenges for many respondents, but still underlined as moderate obstacles.

### 3. Section 4: Environmental and Safety Practices in Industry

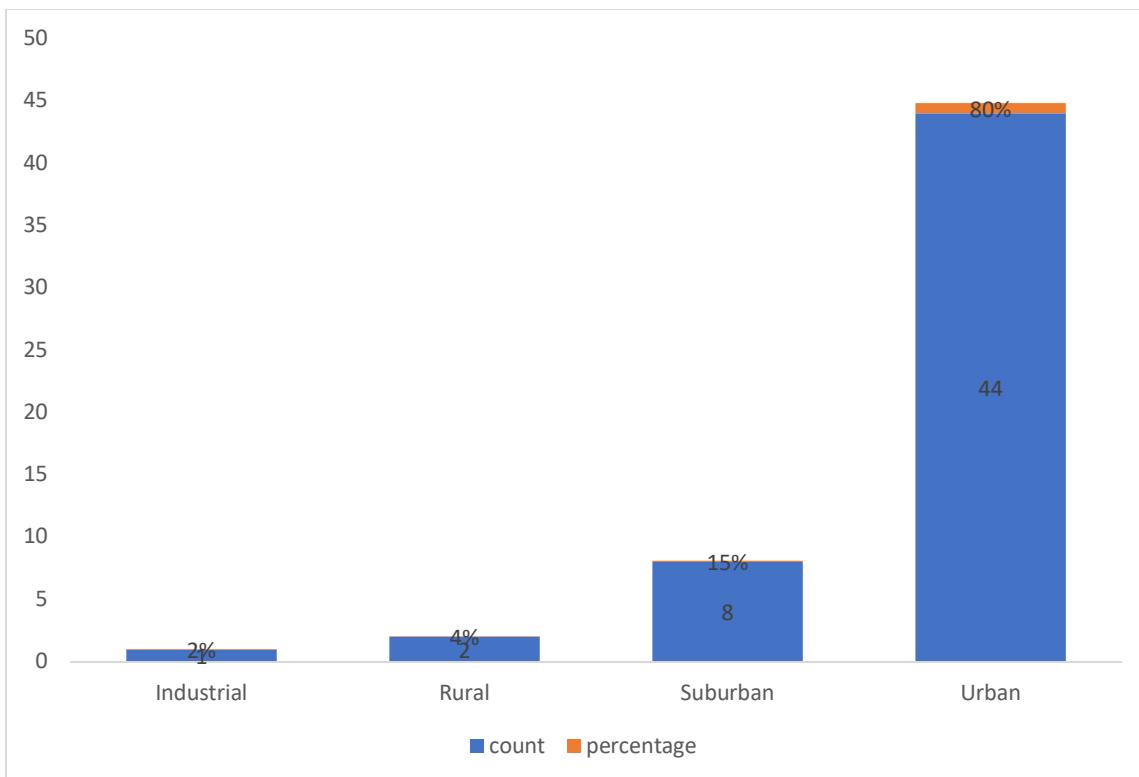


Figure 20: most industries are in **urban areas**, accounting for the highest count and percentage. Suburban areas have a smaller presence, while rural and industrial lands are minimally utilized for industry location.



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### D11: Size of the Industrial facility

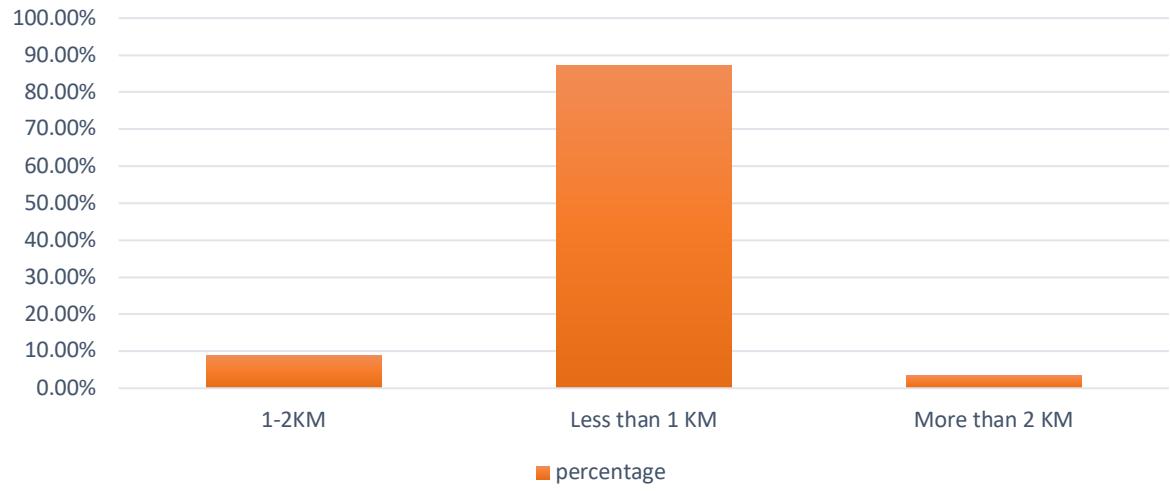


Figure 21: most industrial facilities are **less than 1 km in size**, representing a significant majority. A tiny percentage have facilities between **1-2 km** or **more than 2 km** in size. Which indicates that the capacity of industries is not large.

### D12: HAS THE MINISTRY OF INDUSTRY ASSESSED THE LOCATION OF THE INDUSTRY BEFORE ESTABLISHMENT?

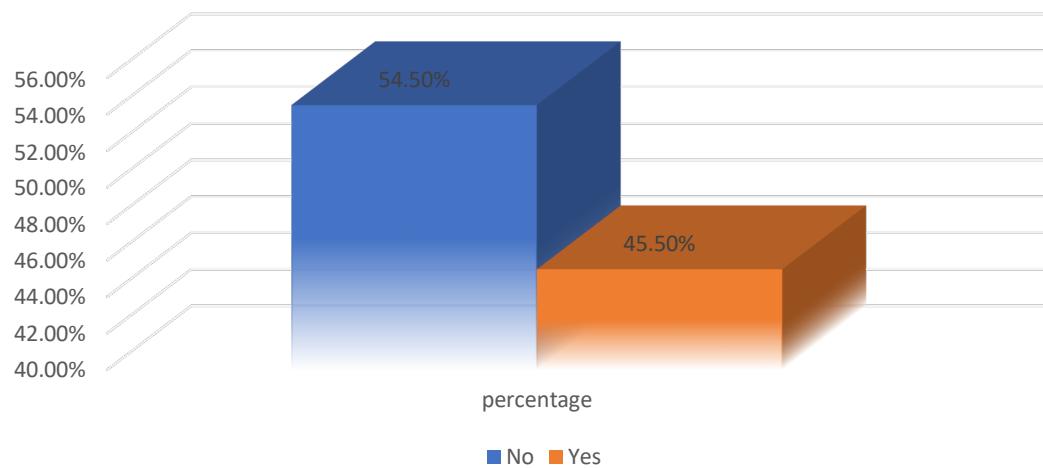


Figure 22: **54.5%** of industries report that the Ministry did not assess the location before establishment. **45.5%** indicates that the Ministry conducted an assessment before establishment.



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Figure 24: According to the insights on the chart This data suggests that while almost half of the respondents use manuals for chemical handling, a **larger portion does not rely on manuals**, which might indicate gaps in training, safety protocols, or adherence to industry regulations.

### 4. Section 4: Investment status

#### E1.1 WHAT IS THE INVESTMENT ORIGIN?

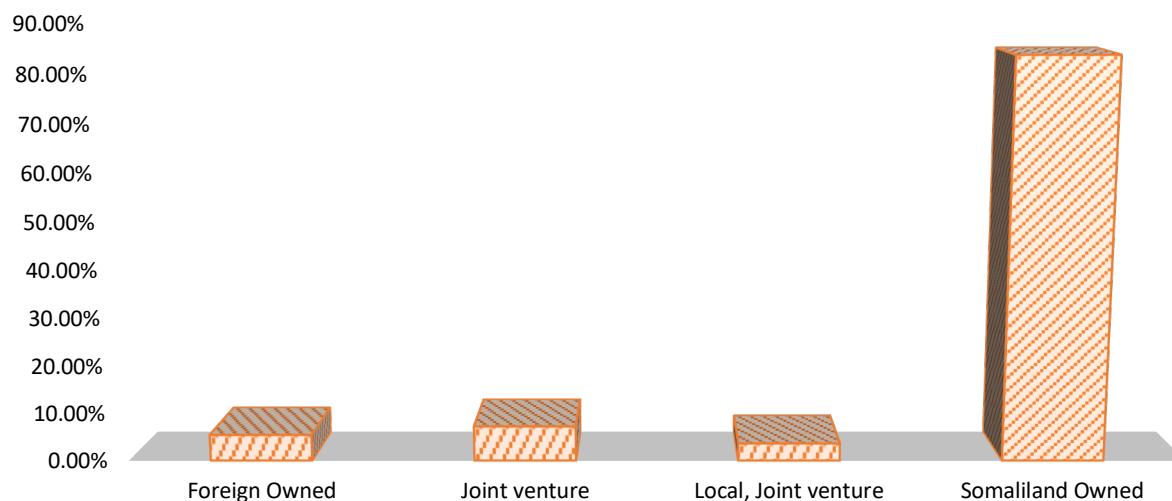


Figure 26: The majority of investments are **Somaliland-owned**. Foreign-owned, joint ventures, and local joint ventures represent a very small percentage.

#### E1.2 Does your Company have Investment Certificate?

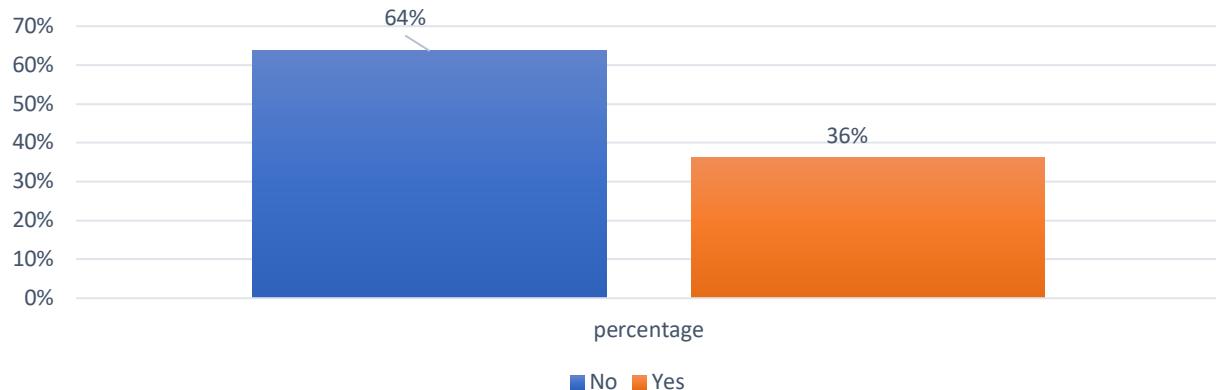


Figure 27: **64% (35 companies)** do **not** have an investment certificate. This suggests that obtaining an investment certificate may not be common, possibly due to **regulatory barriers, lack of awareness, or perceived low necessity**.



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| No | What year did your company obtain it's first license? | count | percentage |
|----|---|-------|------------|
| 1  | 2004  | 2     | 3.6%       |
| 2  | 2011  | 2     | 3.6%       |
| 3  | 2012  | 2     | 3.6%       |
| 4  | 2014  | 1     | 1.8%       |
| 5  | 2016  | 1     | 1.8%       |
| 6  | 2017  | 2     | 3.6%       |
| 7  | 2018  | 2     | 3.6%       |
| 8  | 2019  | 1     | 1.8%       |
| 9  | 2020  | 5     | 9.1%       |
| 10 | 2021  | 6     | 10.9%      |
| 11 | 2022  | 3     | 5.5%       |
| 12 | 2023  | 6     | 10.9%      |
| 13 | 2024  | 13    | 23.6%      |
| 15 | N/A   | 1     | 1.8%       |
| 16 | No  | 2     | 3.6%       |
| 17 | No license at all                                     | 2     | 3.6%       |
| 18 | Still waiting   | 2     | 3.6%       |
|    | Total   | 55    | 100.0%     |

Table 10: New Businesses(industries) Dominate – 45.4% got licensed in the last 4 years, with 23.6% in 2024 alone, indicating rapid growth. Few Established Companies – Only 3.6% have licenses older than 20 years, suggesting high turnover. Unlicensed Businesses – **12.7%** have no license or are still waiting, highlighting regulatory delays.

### Final Conclusion & Policy Recommendations for Somaliland's Investment Sector

#### Conclusion of Findings

The analysis of investment trends in Somaliland provides comprehensive insights into the business landscape, challenges, and emerging opportunities. The findings reveal that while Hargeisa remains the dominant economic hub, businesses across various sectors exhibit a mix of traditional and modern industries. However, most enterprises operate on a small scale with limited capital investment, indicating the need for financial support mechanisms and policy-driven interventions to boost business scalability and industrial competitiveness.

The dominance of local ownership underscores strong entrepreneurship in Somaliland, yet foreign investment remains minimal, potentially restricting the growth and diversification of key



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industries. Regulatory compliance remains a challenge, as a significant number of businesses lack investment certificates, highlighting potential barriers in formal registration and business licensing processes. The bureaucratic hurdles in obtaining business licenses were also rated as moderate to difficult by most respondents, emphasizing the urgent need for administrative and regulatory reforms to facilitate business growth and attract new investments.

## Sectoral Performance and Future Investment Outlook

Sectoral diversification in Somaliland remains limited, as most businesses concentrate within a single industry rather than expanding into multi-sector investments. However, there is moderate expansion in agriculture, livestock, real estate, ICT, energy, and tourism, with substantial investor interest in oil & gas, mining, ICT, and livestock for future expansion. Despite these growth opportunities, many businesses have not yet engaged in oil & gas investments, indicating possible barriers such as regulatory uncertainty, investment risks, or infrastructure limitations.

Another major finding is the heavy reliance on foreign raw materials, signaling potential supply chain gaps and local resource underutilization. Key investment challenges include financial constraints, difficulties in accessing land, high energy costs, regulatory inefficiencies, and limited government support. In addition, skill gaps in technical and managerial expertise further exacerbate the difficulties businesses face in expanding operations and scaling productivity.

The lack of structured environmental management policies also presents a long-term risk. Many industries adopt varying waste disposal methods, often lacking proper oversight and sustainability measures, which could lead to environmental degradation if left unaddressed.

## Opportunities for Investment Expansion

Despite the challenges identified, Somaliland possesses significant opportunities for business expansion, particularly in energy, real estate, ICT, and industrialization. The findings suggest that investors are increasingly considering diversification into high-growth sectors, though enhanced regulatory support, infrastructure improvements, and increased financial accessibility are necessary to translate these investment intentions into actual economic expansion.

The final investment sector report, which will include full recommendations for investment sector improvements, will be finalized by the Ministry of Investment and Industrial Development (MoIID) and its Research & Development Department. This final report will serve as a roadmap for policy implementation, strategic investment planning, and regulatory improvements to strengthen Somaliland's investment climate.

## Final Recommendations for Investment Sector Improvement

Based on comprehensive sectoral analysis, investor feedback, and market trends, the following key recommendations are proposed for enhancing Somaliland's investment ecosystem:



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## 1. Improve Business Registration and Licensing Processes

- Streamline bureaucratic procedures to encourage formal investment registration and reduce delays.
- Digitize business registration to enhance efficiency, transparency, and investor convenience.
- Increase awareness campaigns on the benefits of formal registration and investment certification.

## 2. Encourage Sectoral Diversification and Future Investment

- Provide targeted incentives to encourage businesses to expand into emerging industries such as oil & gas, mining, ICT, and livestock.
- Develop investment-friendly policies to attract foreign investors and support local businesses in high-potential sectors.
- Establish public-private partnerships (PPPs) to drive investment in underdeveloped sectors and infrastructure projects.

## 3. Enhance Access to Finance and Investment Capital

- Develop SME-focused funding programs to provide easier access to capital for startups and small businesses.
- Encourage the creation of investment banks and financial institutions to support entrepreneurs and industrial projects.
- Expand microfinance and credit access initiatives to empower small businesses and informal enterprises.

## 4. Develop Infrastructure and Energy Solutions

- Invest in affordable and reliable energy solutions, particularly renewable energy, to lower business operational costs.
- Improve transportation networks and trade logistics to enhance business supply chain efficiency.
- Ensure better access to industrial land and economic zones for investors and manufacturing enterprises.

## 5. Address Workforce Skill Gaps

- Strengthen technical and vocational education (TVET) to equip workers with industry-relevant skills.
- Partner with universities and private sector players to establish sector-specific training programs.
- Provide investment incentives for companies that invest in employee training and workforce development.

## 6. Strengthen Government Support and Policy Frameworks

- Reduce bureaucratic hurdles and simplify investment-related administrative processes.
- Enhance government support through tax incentives, subsidies, and reduced import/export duties for industrial growth.



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- Establish an independent investment promotion agency to streamline investor facilitation, business support services, and regulatory compliance guidance.

## 7. Facilitate Market Expansion and Trade Opportunities

- Expand local and regional market access by strengthening trade agreements and export facilitation policies.
- Improve Somaliland's export capabilities by addressing logistical challenges and regulatory barriers.
- Support businesses in developing competitive advantages, enabling them to integrate into regional and global value chains.

## 8. Improve Environmental and Waste Management Practices

- Implement stricter waste disposal regulations and oversight mechanisms for industries.
- Promote sustainable environmental practices through incentives for green investments and recycling programs.
- Develop public-private initiatives to integrate environmental conservation policies into Somaliland's industrial and economic expansion plans.

## Final Reporting and Implementation Plan

The final investment sector report, which will provide detailed policy recommendations and implementation strategies, will be finalized by the Ministry of Investment and Industrial Development (MoIID) in collaboration with its Research and Development Department. This final report will serve as the official guideline for policymakers, investors, and economic stakeholders, ensuring that investment sector improvements align with Somaliland's economic goals and Vision 2030.

The Ministry will work closely with key stakeholders, including government agencies, private sector representatives, financial institutions, and international development partners, to ensure that the recommendations outlined in the final report are implemented effectively. This includes regular monitoring, impact assessments, and policy adjustments to ensure that Somaliland remains an attractive and competitive investment destination.

By adopting a data-driven, research-backed, and policy-focused approach, Somaliland can enhance investor confidence, attract high-quality investments, and accelerate long-term economic transformation. The Ministry of Investment and Industrial Development remains committed to implementing strategic reforms that strengthen the investment sector, drive industrial growth, and promote sustainable economic development for future generations.



Wasaaradda Horumarinta Maalgashiga iyo Warshadaha  
**Ministry of Investment & Industrial Development**  
وزارة تنمية الاستثمار والصناعة

# NATIONAL INVESTMENT SURVEY

