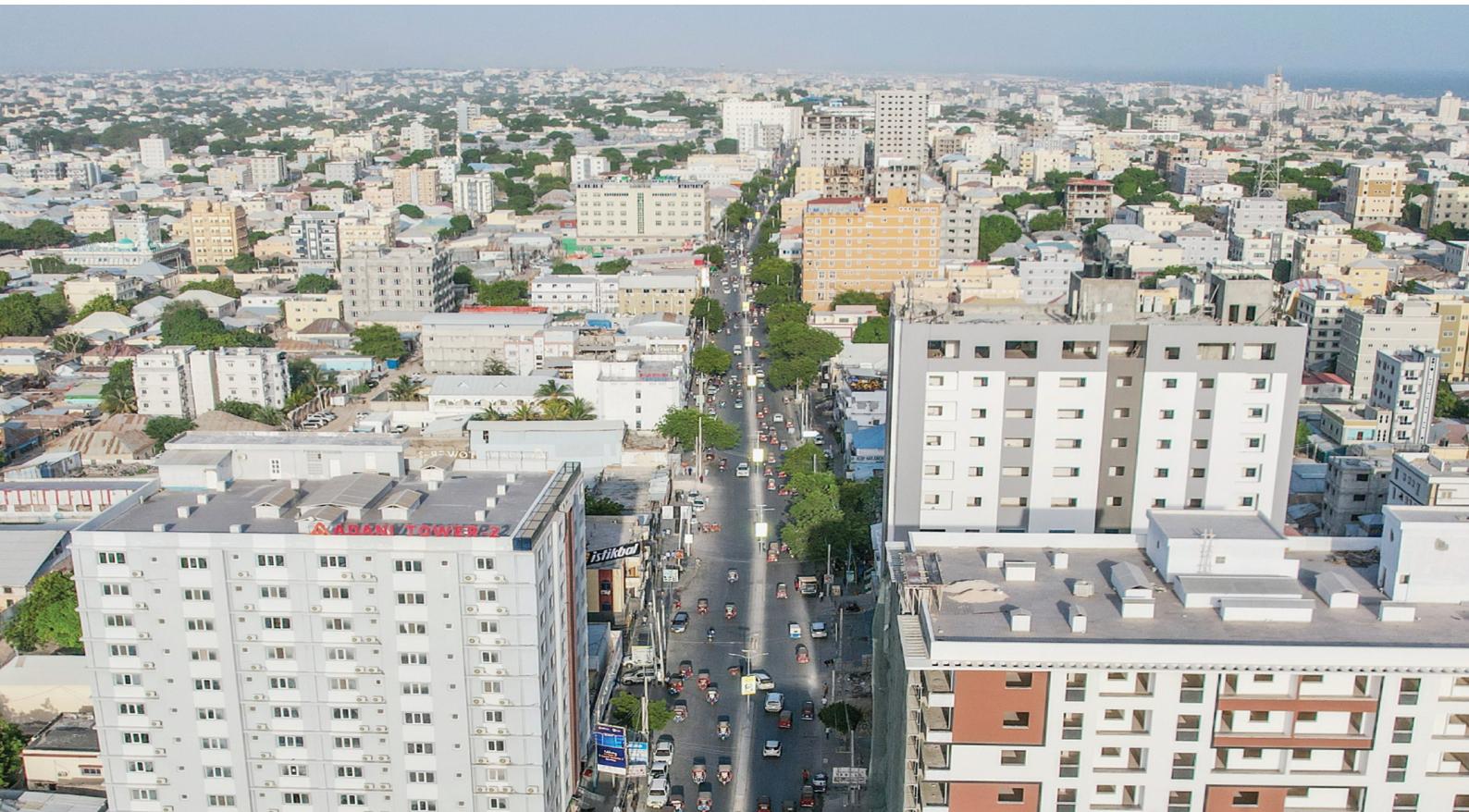


**FEDERAL REPUBLIC OF SOMALIA**  
**SOMALIA NATIONAL BUREAU OF STATISTICS**



# **SOMALIA BUSINESS ESTABLISHMENT ANALYSIS BOOKLET 2025**



**Federal Republic of Somalia**  
Somali National Bureau of Statistics

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**Somalia Business Establishment Analysis  
Booklet 2025**

## FOREWORD

It is my pleasure to present, the Somalia Business Establishment Analysis Booklet, produced by the Somalia National Bureau of Statistics (SNBS) based on findings from the 2024 Business Establishment Census. This booklet marks an important milestone in strengthening Somalia's economic statistics and provides an authoritative snapshot of the structure, distribution, and characteristics of business establishments operating across the country.

Reliable business statistics are essential for effective economic governance. They support evidence-based policymaking, private sector development, investment planning, job creation strategies, and the monitoring of national priorities. By establishing a robust baseline on establishments, sectoral activity, and geographic distribution, this booklet strengthens Somalia's national evidence base and supports more targeted, inclusive, and responsive economic interventions.

The successful completion of the 2024 Business Establishment Census reflects SNBS's continued growth as a national statistical institution and our commitment to producing timely, high-quality, and policy-relevant official statistics. It also reflects the value of partnership and collaboration. In this regard, I would like to express SNBS's sincere appreciation to the United Nations Development Programme and the Swiss Agency for Development and Cooperation, SDC, for their continued support to Somalia's statistical development, including technical assistance and investments that have contributed to strengthening our data production systems and institutional capacity.

I encourage government institutions, the private sector, development partners, and all stakeholders to use the findings of this booklet to inform national and sub-national planning, improve the business environment, and support sustainable and inclusive growth. I also extend my sincere appreciation to the SNBS teams whose professionalism and dedication made this work possible, and to all business owners and managers who participated in the Census and provided the information upon which this booklet is based.

SNBS remains committed to further strengthening Somalia's economic statistics through regular data production, improved systems, and continued investments in statistical capacity and quality.



**Dr. Abdisalam Abdirahman Mohamed**  
Director General  
Somalia National Bureau of Statistics

## Acknowledgement

The Somalia National Bureau of Statistics (SNBS) extends its sincere appreciation to all individuals and institutions whose dedication and collaboration made possible the production of this booklet, the Comprehensive Analysis and Booklet on the Somalia Business Establishment, based on the 2024 Business Establishment Census. This publication is the result of coordinated teamwork and a shared commitment to strengthening Somalia's economic evidence base through official statistics.

SNBS conveys special gratitude to Dr. Abdisalam Abdirahman Mohamed, Director General, for his strategic leadership, guidance, and steadfast support in advancing the SNBS's data production agenda and promoting the use of business and economic statistics for national development planning. We also acknowledge Mr. Abdirahman Omar Dahir, Deputy Director General, for his continuous technical oversight and institutional direction, ensuring quality, integrity, and relevance throughout the census process and booklet development.

We further recognize the contributions of Mr. Abdirashid Khalif, whose support and coordination were instrumental in facilitating census implementation and stakeholder engagement and the development of this Booklet. SNBS is especially grateful to Director Fadumo Mumin and Mr. Sakariye Ahmed for data support, and dedication throughout the analysis and preparation of this publication.

SNBS also expresses its deep appreciation to UNDP, for its continued technical partnership and support to national statistical development, and to the Swiss Agency for Development and Cooperation, whose support has contributed significantly to strengthening Somalia's statistical capacity and enabling key data production initiatives.

Finally, SNBS acknowledges the hard work of all SNBS staff and field teams involved in the 2024 Business Establishment Census, and extends thanks to all business owners, managers, and respondents across Somalia who provided the information that forms the foundation of this booklet. Their cooperation is essential to producing credible and trusted official statistics for Somalia.

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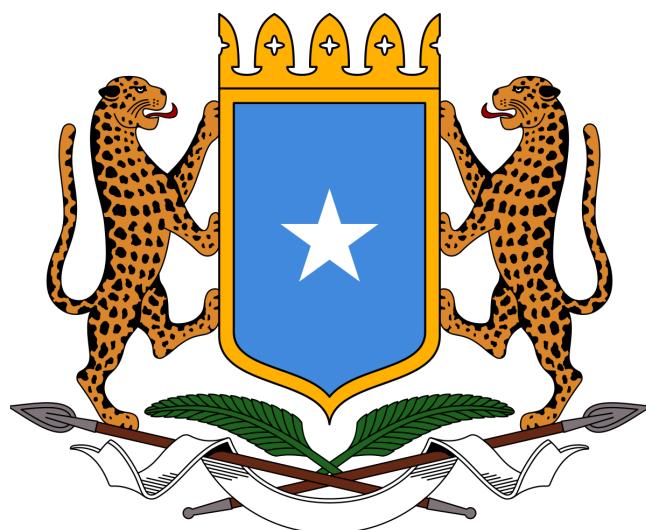
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# CHAPTER 1

## OVERVIEW AND KEY CONCEPTS



## 1.1 Background and Rationale

The Somalia National Bureau of Statistics conducted the Business Establishment Census 2024 as national initiative to strengthen the country's National Statistical System. Somalia has long faced challenges related to limited administrative records, weak business registers, and insufficient data for national accounts and policy formulation. In response, the census was designed to create a comprehensive Statistical Business Register (SBR) that provides an exhaustive listing of business establishments operating across the country. The census aligns with international statistical standards, including the System of National Accounts (SNA 2008) and the International Standard Industrial Classification of All Economic Activities (ISIC Rev.4), thereby enhancing the comparability and reliability of Somalia's economic statistics. By covering formal, informal, and micro-establishments, the census addresses critical data gaps and lays a solid foundation for evidence-based economic planning, private sector development, and sustainable growth.

## 1.2 Objectives of the Business Establishment Census

The Somali Business Establishment Census is the first comprehensive survey of all active enterprises and establishments in the Federal Government of Somalia (FGS). Its primary objective is to gather detailed structural information about each business establishment, including its name, main economic activity, cost and revenue structures, ownership characteristics, employment by sex, and geographic location. The specific objectives of the census are to:

- » Determine the distribution and spread of business establishments by economic activity.
- » Obtain detailed information on employment in business establishments, disaggregated by sex.
- » Gather data on the ownership status of business establishments.
- » Identify the geographic location of business establishments across urban centers within the FGS.
- » Obtain information on turnover categories of business establishments.
- » Determine the age and period of operation of business establishments.

The primary outcome of the Business Establishment Census is the development and maintenance of a Statistical Business Register (SBR), which will serve as a reliable and comprehensive framework for sample selection in future statistical activities. To ensure consistency, accuracy, and comparability of data, a set of well-defined criteria has been established to identify businesses and determine their eligibility for enumeration and inclusion in the SBR. These criteria are aligned with international guidelines and best practices, ensuring that the SIBEC 2024 complies with globally recognized statistical standards.

## 1.3 Key Concept

### 1.3.1 Formal Establishment Criteria

1. **Fixed Structure or Location:** The business must operate from a fixed structure or a clearly defined location. Acceptable structures include formal constructions built from materials such as bricks, steel, or wood, as well as permanently demarcated areas.
2. **Residential-Based Businesses:** Businesses operating within residential areas must have a separate room with a distinct entrance, physically enclosed and clearly separated from the dwelling area, to qualify for enumeration.
3. **Licensing Requirements:** Formal businesses are required to hold one or more of the following licenses:
  - » Ministry of Commerce (UBI Code)
  - » Ministry of Finance (Tax Identification Number – TIN)
  - » Chamber of Commerce (SCCI)
  - » Municipality license

### 1.3.2 Informal Establishments

Informal establishments are unregistered businesses that operate outside the formal regulatory framework.

These businesses typically lack fixed premises, official documentation, or compliance with tax regulations.

Examples include mobile hawkers and unregistered small vendors. Informal constructions, such as kiosks or container-based businesses, may also be classified under this category.

### 1.3.3 Micro-Establishments Criteria

Micro-establishments are small-scale businesses with minimal staffing and limited operations.

Shops operating under umbrella stalls within markets must have been operating in the same location for a minimum period of one year to ensure traceability and continuity.

## 1.4 Categories of Businesses Not covered

The following types of businesses are excluded from enumeration under SIBEC:

1. Mobile hawkers.
2. Individual taxi, car, and truck drivers or operators.
3. Construction sites operated by enterprises that do not maintain their own offices.
4. Enterprises that lack a fixed location.

## **1.4 Categories of Businesses Not covered**

Businesses operating throughout Somalia mainly in Urban areas where economic activity is concentrated, were included in the census. It includes micro-establishments like tiny market booths/stalls that had been functioning in the same area for at least a year, informal businesses operating outside of regulatory frameworks, and formal establishments operating from fixed structures and possessing recognized permits. To prevent duplication, public utilities and specific operations using different administrative data sources were not included. In accordance with worldwide business census procedures, the census's scope concentrated on non-agricultural market-oriented activities and guaranteed wide coverage across economic sectors as defined by ISIC Rev. 4.

## **1.4 Uses of the Census Results**

### **1.4.1 Somali Statistical Business Register (SBR)**

The SBR will be a complete and up-to-date register of all operating business enterprises and establishments across the Federal Government of Somalia (FGS). It will contain key statistical information such as business identity, type of economic activity, revenue and cost structures, employment size, ownership characteristics, geographic location, and gender-disaggregated ownership and employment data.

### **1.4.2 Sampling Frame for SIBES Phase II**

Data from the structural census will provide the primary sampling frame for Phase II of the Somali Integrated Business Establishment Survey (SIBES). This phase will apply a production-based approach to generate essential economic indicators, including gross output, value added, intermediate consumption, and gross fixed capital formation, which are critical inputs for compiling national accounts in Somalia.

### **1.4.3 Improved Quality of National Accounts**

The census results will significantly enhance the accuracy and reliability of national accounts, input-output tables, and the Social Accounting Matrix. These tools are vital for supporting evidence-based economic policy development, tracking performance, assessing the effects of existing regulations on businesses, and designing new policies in line with national development objectives.

### **1.4.4 Stronger Economic Policymaking**

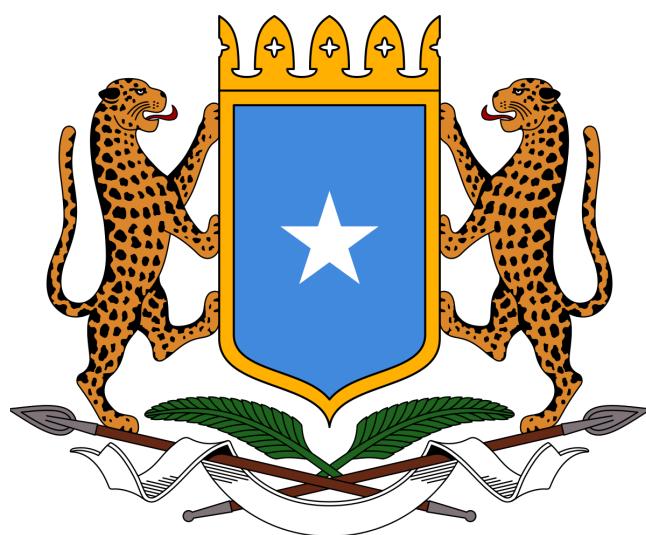
By providing comprehensive and reliable business data, the census will strengthen economic planning, policy formulation, monitoring, and evaluation at both national and sub-national levels.

The findings will offer valuable insights into the structure and performance of the business sector, identify growth potential, and support the development of targeted strategies. The availability of gender-disaggregated data will also contribute to promoting gender equality within the private sector.

The census outputs will serve as a solid basis for conducting detailed, sector-specific economic surveys, including those required for compiling Producer Price Indices and Construction Sector Indices.

# CHAPTER 2

# METHODOLOGY



## 2.1 Census Design and Approach

The Business Establishment Census adopted a nationwide listing-based census approach aimed at identifying and enumerating all eligible business establishments within the defined scope. The census was implemented primarily as a listing phase, during which enumerators identified establishments and collected core structural information. This approach was selected to ensure comprehensive coverage and to support the creation of a robust Statistical Business Register. The design emphasized alignment with international standards and adaptability to Somalia's operational context.

## 2.2 Target Population and Statistical Units

The Business Establishment Census adopted a nationwide listing-based census approach aimed at identifying and enumerating all eligible business establishments within the defined scope. The census was implemented primarily as a listing phase, during which enumerators identified establishments and collected core structural information. This approach was selected to ensure comprehensive coverage and to support the creation of a robust Statistical Business Register. The design emphasized alignment with international standards and adaptability to Somalia's operational context.

## 2.3 Questionnaire Design and Key Modules

The questionnaire is designed as a structured establishment census instrument to systematically identify, classify, and describe all economic establishments operating in Somalia. It follows a modular and logical flow that enables enumerators to screen establishments before the interview, collect core identification and contact information, capture key operational, employment, and financial characteristics, record ownership, registration, and respondent details, and appropriately handle refusals, closures, and informal establishments through the use of remedial questions.

### 2.3.1 Questionnaire Design and Key Modules

The Comprehensive Business Census questionnaire was designed using a modular structure to ensure systematic, accurate, and complete collection of data from all business establishments. This structure allows for logical sequencing of questions, reduces respondent burden, and enhances data quality. Each module serves a specific purpose and collectively provides a holistic picture of the business landscape, supporting evidence-based economic planning and policy formulation.

The questionnaire begins with a set of preloaded variables, which are automatically generated within the data collection system prior to the interview. These variables include unique establishment identification codes, geographic classifications such as region, district, and enumeration area, as well as interviewer identifiers and time stamps. The use of preloaded variables minimizes manual entry errors, ensures consistent geographic referencing, and facilitates data tracking, supervision, and integration with administrative records. This automated module plays a crucial role in improving operational efficiency and maintaining the integrity of census data.

Following this, Section 0 focuses on pre-interview questions and the operational status of establishments. This section is designed to confirm the existence and eligibility of the business unit before proceeding with the full interview. Information is collected on whether the establishment is currently operating, temporarily closed, permanently closed, or has refused to participate. In cases of non-response or closure, reasons are recorded, and appropriate

follow-up actions are determined. This section is essential for accurately identifying active businesses, documenting business closures, and producing reliable statistics on business survival and refusal rates.

Section 1 addresses the identification and contact information of the business establishment. It collects essential details such as the business name, legal status, ownership structure, year of establishment, and contact information of the owner or manager. This module ensures that each establishment is uniquely identified and can be verified or followed up if necessary. The information gathered also supports the classification of businesses by legal form and ownership characteristics, which is critical for understanding the structure of the private sector and informing regulatory and development policies.

The core of the questionnaire is covered in Sections 2 to 4, which focus on detailed information about business operations. These sections collect data on the main and secondary economic activities of the establishment, classified according to standard industrial classifications. Information on the scale and structure of operations, including the number of branches or operating locations, is also captured. In addition, detailed employment data are collected, covering the total number of workers, employment status, gender composition, and distinctions between paid and unpaid labor. These data are vital for measuring employment generation, labor force participation, and gender inclusion within the business sector.

Furthermore, Sections 2 to 4 gather key operational and financial information, including operating days and hours, production levels or service outputs, sales or turnover estimates, and major cost components such as wages, rent, and utilities. Information on capital assets, such as machinery and equipment, is also collected. Together, these variables provide critical inputs for assessing productivity, estimating economic output, and evaluating the contribution of businesses to national and regional economies.

Sections 5 to 7 cover additional details that complement the core operational data and provide insights into the business environment. These sections address the use of technology and digital tools, access to financial services, registration and licensing status, and the major challenges faced by businesses. Respondents are asked about constraints such as access to finance, infrastructure, security, taxation, and skills shortages. The inclusion of these topics allows policymakers to identify structural barriers to business growth and design targeted interventions to support enterprise development, particularly for small and medium-sized enterprises.

The questionnaire concludes with a wrap-up module, which is automatically generated by the data collection system. This module performs final consistency checks, records the duration of the interview, and allows enumerators to provide observations or remarks where necessary. The wrap-up ensures that all required information has been captured and that the interview is properly closed and submitted. This final step is essential for maintaining high data quality and enabling effective monitoring of field operations.

## **2.4 Classification Systems Used (ISIC Rev.4)**

All business establishments were classified according to the International Standard Industrial Classification of All Economic Activities, Revision 4 (ISIC Rev.4). This classification system ensured international comparability and consistency in the categorization of economic activities. Establishments were assigned ISIC codes based on their principal economic activity, with secondary activities recorded where applicable.

## 2.5 Field Operations and Data Collection

### 2.5.1 Field training

Before commencing the fieldwork a comprehensive training programme was conducted to ensure enumerators were fully prepared for data collection. This program involved a total of 459 enumerators of whom 231 were successfully recruited and trained to undertake the census from Mogadishu, Hargeisa and Garowe.

Out of the 231 enumerators 149 were male and 82 were female. Phase one of the training was conducted from 22 April 2024 to 21 May 2024, with a fifth day in each session dedicated to practical fieldwork. The second phase of training took place from 20th June 2024 to 28th June 2024.

SNBS provided training to the Trainers of Trainers (ToTs) who had previous experience with household budget surveys 2022, to undertake the business census. To ensure a thorough understanding of each question in the questionnaire a four-day refresher training was held for the ToTs. The ToT training lasted three days, with the fourth day dedicated to a practical fieldwork practice using the CAPI application.

In certain locations, trainees assigned to different urban centers were trained in a central location (the Federal Member States (FMS) capital), while in other cases, for logistical efficiency, the training was conducted in the urban centers where the data collection was to take place.

The training methodology included;

- » Instructions on interviewing techniques and field procedures
- » A detailed review of the data collection modules
- » Environment and social safeguard, security and risk management
- » Tests and practice using Computer Assisted Personal Interviews (CAPI) devices
- » Classroom mock interviews and role-playing exercises to test their ability to interact with difficult business owners, ask questions properly, and instill confidence
- » Tests and exams were administered to the ToTs at the end of the training.

Special focus was placed on understanding the ISIC 4 activity classification, to avoid the incorrect coding of activities, and legal ownership. The training also covered the different routes in the questionnaire for:

- » Informal micro establishments versus regular establishments
- » Open and responding establishments versus refusing or closed establishments and including follow-up procedures
- » How to handle Stopped interviews effectively

Short tests were administered to ensure the enumerators understood the census modules, ethical considerations, and safeguard measures for data collection. Only those who passed all the tests at the end of the training were recruited to be part of the data collection team.

## 2.5.2 Field work and Data Collection

The main census enumeration for the Somali Business Establishment Census began in May 2024 with Mogadishu City and was completed in mid-August 2024 in Somaliland across three distinct phases.

Phase 1 commenced in May 2024, covering the districts in Mogadishu.

Phase 2 began in June 2024, covering the districts of Kismaayo, Baidoa, Xudur, Belet Xawo, Dhusamareeb, Beledweine, Cadaado, South Gaalkacyo, Jowhar, and Barawe.

Phase 3 started in late June 2024 and focused on the districts of Garowe, Bosaso, North Gaalkacyo, Hargeisa, Berbera, and Burco.

Mogadishu was strategically chosen as the first city for the Integrated Business Establishment Census deployment for several key reasons:

- » **High Concentration of Establishments:** Mogadishu is home to over a third of all estimated business establishments in the country. Prioritizing Mogadishu allowed for the bulk of the data collection efforts to be addressed early in the process, ensuring comprehensive data capture from the most significant economic hub.
- » **Complexity of Operations:** Given Mogadishu's high population density and the diversity of its business activities, it was anticipated to be the most complex data collection operation. By starting in Mogadishu, we aimed to tackle the most challenging environment first, allowing us to refine our processes and methodologies before expanding to other regions.
- » **Proximity to SNBS:** SNBS's presence and location in Mogadishu facilitated closer supervision and collaboration. This proximity allowed for real-time monitoring and quick resolution of any issues during the initial data collection phase, enhancing the overall efficiency and accuracy of the census operations.
- » **Security and Risk Management:** Mogadishu's unique security and risk dynamics required a focused approach. By concentrating exclusively on Mogadishu in the initial phase, we were able to deploy targeted security measures and risk management strategies to ensure the safety of our teams and the integrity of the data collection process.
- » **Foundation for Expansion:** Successfully conducting the pilot and initial data collection in Mogadishu provided a solid foundation for the subsequent phases. Lessons learned and best practices established in Mogadishu were applied to streamline operations in other urban centers, ensuring a smoother and more efficient rollout across the country.

## 2.6 Data Processing and Validation

A data tabulation and table generation workshop was conducted by the SNBS in partnership with the World Bank once the data collection phase ended. In this workshop technical experts carried out data entry and verification, coding of the data and validation of the code. The team then proceeded to generate the tables listed in the report to accurately depict the data and the various distributions which are presented in this report. Once data was validated and tables were generated the official press release as well as the draft report was produced. Key line Ministries, Departments and Agencies who will be the primary end-users of the data generated by the BEC will be included in stakeholder engagement exercises to validate the data further at a government level.

## 2.7 Data Quality Assurance and Limitations

Several quality assurance measures were implemented, including enumerator training, field supervision, standardized definitions, and post-enumeration validation. Data from establishments operating in agriculture, mining, construction, and transport were excluded from the main tables due to sector-specific limitations and methodological considerations:

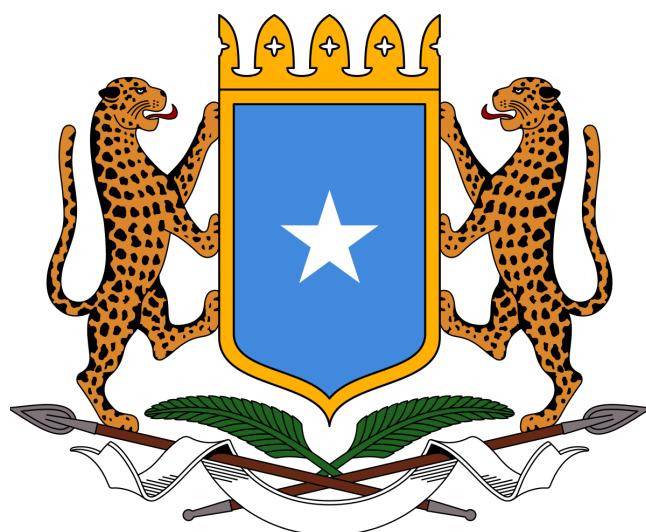
**Agriculture, Fishery, and Livestock:** Agricultural activities were excluded, except for establishments found in Microestablishment / Kabars, as the census primarily focused on urban and formal business operations. The data collected for this sector was incomplete and not fully representative of its scope.

**Mining:** Although some mining company headquarters are located in urban areas, the mining sector predominantly operates in rural regions that were outside the scope of the census. Due to this geographic limitation, the data for this sector was not adequately captured. For comprehensive and reliable information regarding the mining industry, the Ministry of Mining remains the primary source.

**Construction and Transport:** These industries are largely composed of small businesses many of which lack identifiable offices, making it difficult to accurately capture their data through the census. For the transport sector, administrative records such as vehicle licenses and household census data are recommended as supplementary sources. Similarly, for construction, data derived from building permits and household census records are considered more reliable for understanding the scope of the sector.

# CHAPTER 3

## OVERVIEW OF BUSINESS ESTABLISHMENTS IN SOMALIA



### 3.0 Introduction Characteristics of Establishment

The following chapter delves into the detailed characteristics of establishments in Somalia, providing a comprehensive overview of their legal structures (formal, informal, micro), economic activities, and geographic analysis that shows the heavy clustering of economic activity in major urban centers, establishing key patterns of informality and concentration. By examining these key aspects, the below findings will detail insights into the structure and composition of the country's business environment.

#### 3.1 Number of Establishments by type

The table below shows distribution of establishments by type indicates that Somalia's business environment is predominantly composed of small-scale and less formal enterprises.

Out of a total of 174,149 establishments, micro establishments (Kabar) constitute the largest share, with 83,008 businesses, representing 47.7 percent of all establishments. Formal establishments account for 47,934 businesses, or 27.5 percent of the total. While smaller in number compared to microestablishments, this segment represents a significant portion of the enterprise base, reflecting a growing level of business registration and formal economic activity.

Informal establishments number 43,207, accounting for 24.8 percent of all establishments. This indicates that nearly one-quarter of businesses operate outside formal registration and regulatory frameworks, reflecting persistent barriers to formalization such as regulatory costs, access to finance, and administrative capacity.

Overall, the findings show that nearly three-quarters of all establishments (72.5 percent) operate as micro or informal businesses.

Table 3.0: type of establishment

| Age group of the owner in the year | count        | Percentage |
|------------------------------------|--------------|------------|
| <26                                | 95           | 8.51       |
| 26-34                              | 1,021        | 91.49      |
| <b>Total</b>                       | <b>1,116</b> | <b>100</b> |

#### 3.3 Economic activity Distribution of Establishments

The sectoral distribution of establishments indicates a high concentration of business activity in trade and services, with limited presence in production-oriented sectors.

The Wholesale and Retail Trade sector overwhelmingly dominates, accounting for 136,626 establishments, which represents 78.5 percent of all businesses. The second-largest sector is Accommodation and Food Services, with 16,894 establishments (9.7 percent). Other Service Activities account for 8,470 establishments (4.9 percent), indicating a diverse range of small service-based enterprises supporting households and local markets.

The Manufacturing sector comprises 5,821 establishments, representing only 3.3 percent of the total.

Social and community-oriented sectors remain marginal in terms of establishment counts. Education accounts for 1,655 establishments (1.0 percent), while Human Health and Social Work Activities account for 1,205 establishments (0.7 percent). Agriculture and Forestry-related establishments number 1,124 (0.6 percent), reflecting the fact that many agricultural activities operate outside the scope of fixed business establishments.

Knowledge- and infrastructure-intensive sectors are particularly underrepresented. Information and Communication activities account for 492 establishments (0.3 percent), Professional, Scientific and Technical Activities for 504 (0.3 percent), and Administrative and Support Services for 841 (0.5 percent). Utilities-related sectors, including Electricity and Gas (128; 0.1 percent) and Water Supply and Sewerage (41; <0.1 percent), represent a negligible share of total establishments.

Table 3.1 Distribution of Economic activity by Establishments

| Establishment Type       | Count        | Percentage |
|--------------------------|--------------|------------|
| Formal                   | 745          | 66.76      |
| Informal                 | 280          | 25.09      |
| Microestablishment/Kabar | 91           | 8.15       |
| <b>Total</b>             | <b>1,116</b> | <b>100</b> |

### 3.4 Distribution of Establishments by Sector and Establishment Type

The distribution of establishments by ISIC sector and establishment type highlights a strong concentration of business activity in trade and service sectors, with clear differences in formality across sectors.

Microestablishments account for 83,008 (47.7 percent), formal establishments for 47,934 (27.5 percent), and informal establishments for 43,207 (24.8 percent).

Wholesale and Retail Trade overwhelmingly dominates across all establishment types, with 136,626 establishments, representing 78.5 percent of all businesses. Within this sector, microestablishments form the largest share at 68,657 establishments (50.3 percent), while formal (34,690; 25.4 percent) and informal (33,279; 24.4 percent) businesses are almost evenly split.

Accommodation and Food Services is the second largest sector, with 16,894 establishments (9.7 percent). Nearly half of these are microestablishments (8,132; 48.1 percent), followed by informal establishments (4,897; 29.0 percent) and formal establishments (3,865; 22.9 percent).

Manufacturing sector, comprising 5,821 establishments (3.3 percent of the total), shows a more balanced distribution between formal and informal establishments. Informal establishments (2,357; 40.5 percent) slightly exceed formal establishments (2,160; 37.1 percent), while microestablishments account for 1,304 (22.4 percent).

Several sectors are almost entirely formal, reflecting regulatory requirements, public service provision, or higher skill and capital intensity. Education establishments number 1,655, of which 87.4 percent are formal. Human Health and Social Work Activities show a similar pattern, with 1,078 formal establishments accounting for 89.5 percent of the sector total. Professional, Scientific and Technical Activities and Administrative and Support Services are also predominantly formal, with over 80 percent of establishments registered.

Primary and utility-related sectors are limited in scale. Agriculture and Forestry activities are entirely represented by microestablishments (1,124), while Electricity and Gas (128) and Water Supply and Sewerage (41) are predominantly formal, accounting for 79.7 percent and 82.9 percent, respectively.

Arts, Entertainment, and Other Service Activities display mixed structures. Arts and Entertainment establishments are mainly formal but include a noticeable share of microestablishments, reflecting both organized cultural activities and small informal creative enterprises. Other Service Activities show a relatively even split between micro (41.4 percent), formal (36.3 percent), and informal (22.3 percent).

Table 3.3 Distribution of Establishments by Sector and Establishment Type

| Region            | Formal | Informal | Microesta | Total |
|-------------------|--------|----------|-----------|-------|
| Waqooyi Galbeed   | 121    | 64       | 13        | 198   |
| Togdheer          | 27     | 11       | 0         | 38    |
| Bari              | 119    | 33       | 48        | 200   |
| Nugaal            | 82     | 18       | 5         | 105   |
| Mudug             | 110    | 27       | 5         | 142   |
| Galgaduud         | 20     | 4        | 4         | 28    |
| Hiiraan           | 21     | 3        | 1         | 25    |
| Shabeellaha Dhexe | 2      | 1        | 0         | 3     |
| Banadir           | 191    | 77       | 9         | 277   |
| Shabeellaha Hoose | 6      | 2        | 0         | 8     |
| Bay               | 16     | 32       | 2         | 50    |

### 3.5 Distribution of Establishments by District

The district-level distribution of establishments highlights significant spatial concentration and a dominance of small-scale enterprises. Microestablishments account for 47.7 percent of all establishments nationally, underscoring the prevalence of low-capital and household-based economic activities.

Mogadishu as the capital city accounts for 27.8 percent of all establishments nationwide, confirming its role as Somalia's primary economic hub. Hargeisa follows with 17.0 percent, while Bosaso (11.1 percent) and Galkayo (10.4 percent) serve as important secondary centers. Collectively, these four cities account for approximately 66.3 percent of all establishments.

In several districts, informal and microestablishments significantly outnumber formal enterprises. For example, in Baidoa, informal establishments (3,584) exceed formal ones (1,668), with microestablishments (5,435) accounting for 50.9 percent of the city's businesses. Similarly, in Kismayo, informal establishments represent 36.7 percent, compared to 22.8 percent formal enterprises.

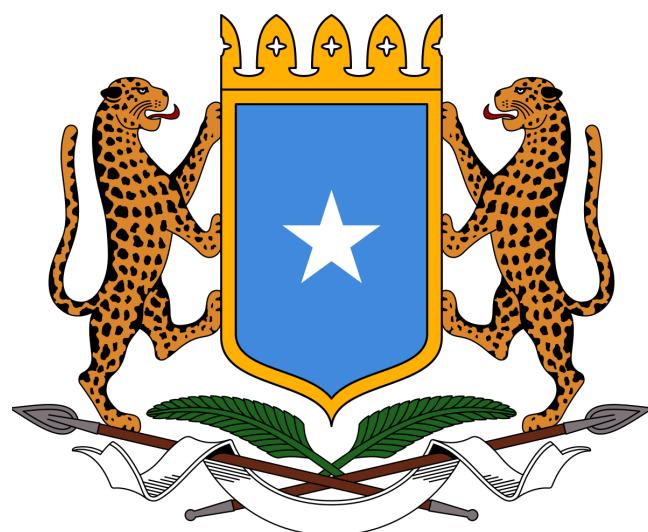
An exception to the prevailing pattern is Beletxawo, where formal establishments (1,287) account for 54.7 percent of the district's businesses, suggesting unique local economic dynamics, possibly linked to cross-border trade.

**Table 3.4 Distribution of Establishments by District**

| City       | Formal | Informal | Microestablishment | Total |
|------------|--------|----------|--------------------|-------|
| Hargeisa   | 113    | 40       | 13                 | 166   |
| Berbera    | 8      | 24       | 0                  | 32    |
| Burao      | 27     | 11       | 0                  | 38    |
| Bosaso     | 119    | 33       | 48                 | 200   |
| Garowe     | 82     | 18       | 5                  | 105   |
| Galkayo    | 110    | 27       | 5                  | 142   |
| Dhusamareb | 11     | 3        | 0                  | 14    |
| Adado      | 9      | 1        | 4                  | 14    |
| Beledweine | 21     | 3        | 1                  | 25    |
| Jowhar     | 2      | 1        | 0                  | 3     |
| Mogadishu  | 191    | 77       | 9                  | 277   |
| Barawe     | 6      | 2        | 0                  | 8     |
| Beletxawo  | 16     | 32       | 2                  | 50    |

# CHAPTER 4

## LEGAL STATUS AND OWNERSHIP CHARACTERISTICS



## 4.1 Introduction

This chapter presents the legal and demographic profile of business ownership. It examines the legal forms that enterprises take and provides a crucial analysis of ownership by gender, uncovering significant disparities in access to formality and scale. The chapter also explores the nationality of business owners, confirming the dominance of domestic capital and the limited level of foreign direct investment at the establishment level.

## 5.1 Gender of Business Owners by Establishment type

Business ownership in the formal sector is predominantly male. Men account for 66.8 percent of formal enterprises, while women represent only 33.2 percent. This indicates a significant gender gap in access to formalized business structures, registration systems, capital markets, and regulatory frameworks, with men being more likely to operate registered and institutionally integrated enterprises.

Informal sector shows near gender parity. Female-owned businesses constitute 50.8 percent, compared to 49.2 percent for male-owned businesses.

Microestablishments are strongly dominated by women. Female ownership accounts for 68.1 percent, while male ownership represents 31.9 percent. This indicates that women are highly concentrated in very small-scale, low-capital enterprises, often linked to subsistence entrepreneurship.

**Table 4.1 Distribution of Gender of Business Owners by type**

| ISIC level I           | Formal | Informal | Microesta | Total |
|------------------------|--------|----------|-----------|-------|
| Agriculture, forestry  | 0      | 0        | 1         | 1     |
| Manufacturing          | 34     | 18       | 0         | 52    |
| Electricity, gas, etc. | 1      | 0        | 0         | 1     |

## 5.2 Nationality of Ownership

The distribution of business ownership by nationality shows that enterprise ownership in Somalia is overwhelmingly domestic, with very limited foreign participation.

The majority of establishments are owned by Somali nationals, accounting for 94.1 percent of all establishments. This confirms that the private sector is predominantly driven by local entrepreneurs and domestic capital.

Businesses owned by foreign nationals constitute a very small share of the total. Owners from Eastern Africa account for 0.16 percent, while those from other African countries and the Middle East account for 0.04 percent and 0.03 percent establishments, respectively. Ownership from the rest of the world is negligible, representing less than 0.01 percent of establishments. These figures indicate limited foreign direct participation at the establishment level.

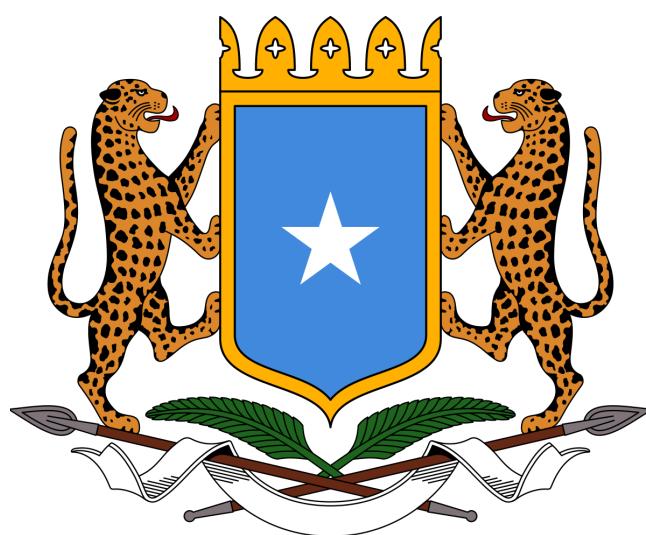
A notable share of establishments 5.67 percent are reported as having multiple owners, suggesting joint ownership structures, which may include partnerships among Somali nationals or mixed ownership arrangements.

Table 4.2 Distribution of Nationality of Ownership

| Registration of establishment  | Count        | Percent    |
|--------------------------------|--------------|------------|
| Entity is nowhere registered   | 335          | 30.0       |
| Register in Establishment      | 762          | 68.3       |
| Unknown or prefer not to state | 19           | 1.7        |
| <b>Total</b>                   | <b>1,116</b> | <b>100</b> |

# CHAPTER 5

# EMPLOYMENT CHARACTERISTICS



## 5.1 Distribution of workers by age-group

The distribution of workers by age group and establishment type provides important insights into the demographic structure of business ownership and employment in Somalia, highlighting generational patterns, levels of formality, and the role of microenterprises in absorbing labor across age cohorts.

Overall, the workforce is concentrated in the economically active age groups of 26 to 55 years, which together account for 148,639 workers, or about 90.5 percent of the total. This reflects a labor force dominated by prime working-age individuals who are most engaged in entrepreneurial and employment activities. Across all age groups, micro establishments absorb the largest share of workers, accounting for 50.3 percent of total employment, followed by formal establishments at 25.0 percent and informal establishments at 24.7 percent.

Among workers under the age of 26, a total of 4,834 individuals are engaged in business establishments. Of these, 62.6 percent are in micro establishments, while 22.1 percent work in informal establishments and only 15.2 percent in formal establishments.

The 26 to 34 age group, which represents a major transition phase into stable economic activity, accounts for 54,263 workers. More than half of this group, 53.7 percent, are engaged in micro establishments, while 24.3 percent are in informal establishments and 22.0 percent in formal establishments. Although participation in formal establishments increases compared to the youngest age group, micro enterprises remain the dominant entry point, indicating gradual and limited movement toward formality as individuals gain experience and resources.

Workers aged 35 to 55 constitute the largest group, with 94,376 individuals or 57.4 percent of the total workforce. This age group shows a more balanced distribution across establishment types. Micro establishments still employ the largest share at 48.5 percent, but formal establishments account for a substantial 26.5 percent and informal establishments for 25.0 percent.

Among workers aged 56 and above, a total of 10,469 individuals are recorded. In this group, formal establishments account for the highest share at 30.0 percent, while micro establishments account for 44.8 percent and informal establishments 25.2 percent.

Table 5.1 Distribution of workers by size

| Employment Size         | Count        | Percent    |
|-------------------------|--------------|------------|
| Micro (1-9 workers)     | 1,071        | 95.97      |
| Small (10-49 workers)   | 43           | 3.85       |
| Medium (50-249 workers) | 2            | 0.18       |
| <b>Total</b>            | <b>1,116</b> | <b>100</b> |

## 5.2 Employment by size class and by Sectors

Employment in Somalia is overwhelmingly concentrated in microenterprises (1–9 workers), reflecting the dominance of very small-scale businesses in the economy. Out of a total of 169,237 employees, 168,361 (99.5 percent) work in microenterprises, while small establishments (10–49 workers) employ 786 (0.5 percent), medium establishments (50–249 workers) employ 80 (0.05 percent), and large establishments (250+ workers) employ only 10 employees (<0.01 percent). This indicates that the labor market is highly fragmented, with most employment generated by household-based or low-capital enterprises.

Sectoral patterns reveal that Wholesale and Retail Trade is the largest employer, accounting for 133,345 workers (78.8 percent of total employment), almost entirely in microenterprises. The Accommodation and Food Services sector employs 16,483 workers (9.7 percent), again predominantly in microenterprises, highlighting the importance of small-scale service provision. Other Service Activities employ 8,100 workers, all in microestablishments, while Manufacturing employs 5,583 workers (3.3 percent), with most in microenterprises but a small proportion in small, medium, and large establishments.

Employment in public-oriented and regulated sectors, such as Education (1,299 employees) and Human Health and Social Work (1,129 employees), is more evenly distributed across size classes, though microenterprises still dominate. Education employs 195 workers in small establishments and 18 in medium establishments, while Human Health has 78 in small and 16 in medium establishments, reflecting formalization and regulatory requirements in these sectors.

Smaller sectors, including Electricity and Gas, Water Supply and Sewerage, Information and Communication, and Professional Services, employ very few workers, mostly in micro or small establishments, reflecting the early-stage development of infrastructure and knowledge-intensive sectors.

Table 5.2 Distribution of Employment by size class and by Sectors

| City         | Micro(1-9 workers) | Small (10-49 workers) | Medium (50-249 workers) | Total          |
|--------------|--------------------|-----------------------|-------------------------|----------------|
| Hargeisa     | 159                | 7                     | 0                       | 166            |
| Berbera      | 30                 | 2                     | 0                       | 32             |
| Burao        | 38                 | 0                     | 0                       | 38             |
| Bosaso       | 193                | 7                     | 0                       | 200            |
| Garowe       | 97                 | 7                     | 1                       | 105            |
| Galkayo      | 140                | 2                     | 0                       | 142            |
| Dhusamareb   | 13                 | 1                     | 0                       | 14             |
| Adado        | 14                 | 0                     | 0                       | 14             |
| Beledweyne   | 25                 | 0                     | 0                       | 25             |
| Jowhar       | 3                  | 0                     | 0                       | 3              |
| Mogadishu    | 260                | 16                    | 1                       | 277            |
| Barawe       | 7                  | 1                     | 0                       | 8              |
| Baidoa       | 50                 | 0                     | 0                       | 50             |
| Other        | 1                  | 0                     | 0                       | 1              |
| <b>Total</b> | <b>169,237</b>     | <b>786</b>            | <b>80</b>               | <b>169,237</b> |

### 5.3 Employment by region and Size Class

Employment across regions is overwhelmingly concentrated in microenterprises (1-9 workers), reflecting the national employment structure dominated by very small businesses. Out of a total of 169,237 employed persons, 168,361 (99.5 percent) work in microenterprises, while 786 (0.5 percent) are employed in small establishments, 80 (0.05 percent) in medium establishments, and only 10 employees (less than 0.01 percent) in large establishments. This pattern is consistent across all regions.

Banadir accounts for the largest share of employment, with 47,164 workers, representing 27.9 percent of total national employment. Employment in Banadir is predominantly in microenterprises (46,813; 99.3 percent), although it also hosts the highest concentration of larger establishments, employing 304 workers in small, 41 in medium, and 6 in large enterprises. This reflects Banadir's role as the country's main economic and commercial center.

Other regions with substantial employment include Waqooyi Galbeed with 29,556 workers (17.5 percent), Bari with 18,793 workers (11.1 percent), and Mudug with 17,629 workers (10.4 percent). In these regions, employment is almost entirely concentrated in microenterprises, with only marginal employment in small and medium establishments and no large enterprises outside Banadir and Waqooyi Galbeed.

Mid-sized regions such as Togdheer (11,484 workers), Bay (10,669), and Jubbada Hoose (9,076) also show a strong reliance on microenterprise employment, accounting for more than 99 percent of jobs in each region. Employment in small and medium establishments remains negligible.

Regions with lower employment levels, including Galgaduud, Hiiraan, Shabeellaha Dhexe, Shabeellaha Hoose, Bakool, and Gedo, collectively contribute a small share of national employment. In these regions, virtually all workers are engaged in microenterprises, underscoring limited business scaling and employment diversification.

Table 5.3 Distribution of Employment by region and Size Class

| ISIC level I) Micro   | Micro (1-9 workers) | Small (10-49 workers) | Medium (50-249 workers) | Total |
|-----------------------|---------------------|-----------------------|-------------------------|-------|
| Agriculture, forestry | 1                   | 0                     | 0                       | 1     |
| Manufacturing         | 50                  | 2                     | 0                       | 52    |
| Electricity, gas, ste | 1                   | 0                     | 0                       | 1     |
| Water supply; sewerag | 2                   | 1                     | 0                       | 3     |
| Wholesale and retail  | 670                 | 8                     | 0                       | 678   |
| Accommodation and foo | 129                 | 10                    | 0                       | 139   |
| Information and commu | 8                   | 2                     | 0                       | 10    |
| Real estate activitie | 2                   | 0                     | 0                       | 2     |
| Professional, scienti | 30                  | 0                     | 0                       | 30    |
| Administrative and su | 22                  | 2                     | 0                       | 24    |
| Education             | 29                  | 12                    | 2                       | 43    |
| Human health and soci | 27                  | 1                     | 0                       | 28    |
| Arts, entertainment   | 9                   | 0                     | 0                       | 9     |

## 5.4 Employment size class by Economic activity

The average employment per establishment varies significantly across sectors and size classes, reflecting differences in Labor intensity, scale of operations, and sectoral characteristics. Overall, the results confirm that micro establishments employ very few workers on average, while larger establishments, though few in number, have substantially higher average employment.

In the microenterprise category (1–9 workers), Wholesale and Retail Trade stand out, accounting for an average of 79.1 percent of microenterprise employment, indicating that most workers in microenterprises are concentrated in trade-related activities. Accommodation and Food Services and Other Service Activities also show relatively higher average employment among microenterprises, at 9.7 percent and 4.8 percent, respectively. In contrast, sectors such as Agriculture, Electricity and Gas, Water Supply, and Real Estate Activities exhibit very low average employment per micro establishment, reflecting highly fragmented and small-scale operations.

Among small establishments (10–49 workers), employment is more evenly distributed across sectors. Education records the highest average employment share (24.8 percent), followed by Accommodation and Food Services (24.2 percent) and Wholesale and Retail Trade (23.4 percent).

For medium-sized establishments (50–249 workers), average employment is concentrated in Education (22.5 percent), Human Health and Social Work (20.0 percent), and Accommodation and Food Services (13.8 percent). Manufacturing (12.5 percent) and Wholesale and Retail Trade (11.3 percent) also contribute meaningfully. These patterns reflect the higher staffing requirements in social services and certain production and service activities once firms reach medium scale.

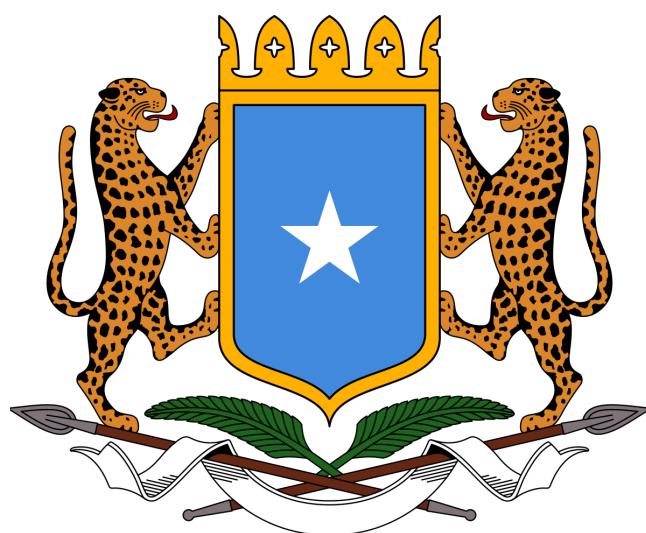
In the large establishment category (250+ workers), average employment is highest in Education (40.0 percent) and Information and Communication (20.0 percent), followed by Manufacturing, Professional Services, and Administrative and Support Services (each around 10 percent). Although the number of large establishments is very small, these sectors demonstrate the greatest potential for high employment per establishment.

Table 5.4 Employment size class by Economic activity

| Internet and Digital Tools Usage |              |           |
|----------------------------------|--------------|-----------|
| Internet usage                   | Social media | Website   |
| Use                              | 25           | 37        |
| Do not use                       | 15           | 3         |
| Total                            | <b>40</b>    | <b>40</b> |

# CHAPTER 6

# TECHNOLOGY USE AND PRODUCTIVITY INDICATORS



## 6.1 Introduction

This chapter assesses the adoption of modern tools and practices within Somali businesses. It focuses specifically on the use of Information and Communication Technology (ICT), measuring the stark digital divide in internet, social media, and website usage. The chapter also examines basic record-keeping practices and touches on indicators of economic output, providing a view into the productivity and technological readiness of the private sector.

## 6.2 Use of ICT in Business Operations

The use of information and communication technology (ICT) in business operations remains very limited among establishments, indicating low levels of digital adoption across the private sector. Out of a total of 169,539 establishments, only 5,560 businesses (3.3 percent) report using the internet in their operations, while an overwhelming 163,979 establishments (96.7 percent) do not use internet services. This highlights a significant digital divide and limited integration of basic ICT tools in day-to-day business activities.

The use of social media platforms is also relatively low. Only 4,675 establishments (2.8 percent) report using social media for business purposes, such as marketing, communication, or customer engagement, compared to 81,856 establishments (97.2 percent) that do not use social media.

Ownership of a business website is even less common. Just 1,237 establishments (0.7 percent) report having a website, while 85,294 establishments (99.3 percent) do not.

Table 7.1 Distribution of ICT in Business Operations

| Age group of the owner in the year | count        | Percentage |
|------------------------------------|--------------|------------|
| <26                                | 95           | 8.51       |
| 26-34                              | 1,021        | 91.49      |
| <b>Total</b>                       | <b>1,116</b> | <b>100</b> |





**Federal Republic of Somalia**  
Somali National Bureau of Statistics