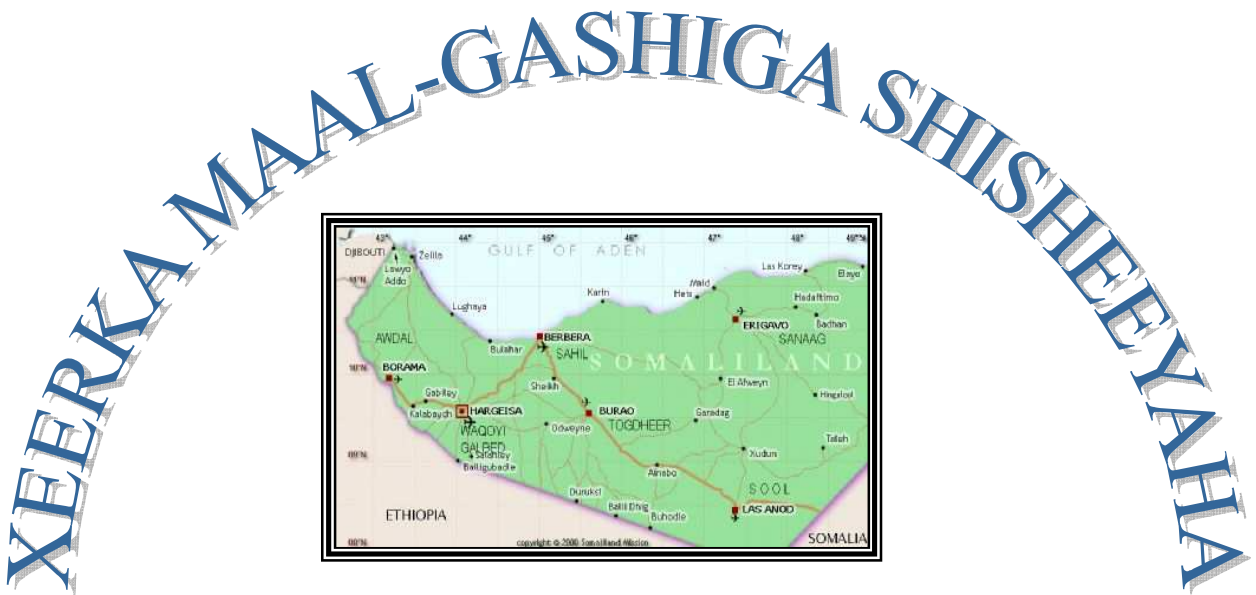


# **THE REPUBLIC OF SOMALILAND**

**“Promotion, Protection and Guarantees  
of the Foreign Investment law”**



## **XEER LR-29/2004**

**GOLAHA WAKIILADA J.S.L.**

**HARGEYSA-SOMALILAND**

REPUBLIC OF



SOMALILAND

THE PRESIDENT

REF. JSL/DECM/249-818/042008

DATE 08/04/08

DECREETO MADAXWEYNE NO:340/042008

**DHAQAN-GALKA XEER LR 29/2004**  
**XEERKA MAAL-GASHIGA SHISHEEYAHA**

**(Promotion, protection and Guarantees of the Foreign Investment Law)**

Madaxweynaha Jamhuuriyadda Somaliland

Markuu Arkay: Ogolaanshaha Golaha Wasiirada ee Xeer Lr.29/2004.

Markuu Arkay: Qodobka 90aad ee Dastuurka JSL.

Markuu Helay: Go'aanka Golaha Wakiilada JSL ee ku suntan GW/KF-6/422/2008 ee 25/03/08 kuna ansixiyeen qodobada 5aad iyo 13aad ee Xeer Lr.29/2004 ee Xeerka Maal-Gashiga Shisheeyaha oo soo jeedintii Madaxwaynaha JSL Golaha Wakiiladu ku ogolaadeen kuna meelmariyeen.

Markuu arkay: Qodobka 75aad ee Dastuurka Jamhuuriyadda Somaliland

Wuxuu Soo Saaray

*Dhaqan-galka Qodobada 5aad iyo 13aad ee Xeer Lr. 29/2004 ee Maal-Gashiga Shisheeyaha*

Allaa Mahad Leh

Daahir Rayaale Kaahin  
Madaxweyne





Ref:

GW/KF-6/422/2008

Date

25/3/2008

**Ujeedo: - Go'aanka Ansixinta Xeerka Nidaamka Maalgashiga**  
**Shisheeyaha (Xeer No. 29/2004)**

### GOLAHA WAKIILADA JSL

- MARKUU ARKAY:** qodobada 11aad iyo 13aad ee **Dastuurka Qaranka**, ee sicad u qeexay mabaadiida dhaqaalaha iyo dhiirigalinta, damaanad qaadka iyo ilaalinta maalgashiga shisheeyaha ee dalkan **JSL**
- MARKUU ARKAY:** Qodobka 77, 78 ee mashaariicda Sharci ee aan ahayn Maaliyada
- MARKUU KU QANCAY:** Baahida loo qabo cudud dhaqaale oo culus oo lagu soo saaro khayraadka dabiiciga ah ee dalka (berri & Badba) gudihiisa ceegaaga.
- MARKUU ARKAY:** Sixitaanka iyo toosinta la xidhiidha Mashruuc Sharcigan ee Madaxweynaha **JSL**.
- MARKUU DHEGAYSTAY:** Talo bixinta la taliyayaasha Sharci ee **Golaha Wakiilada** kuna aadan Mashruuc Sharcigan.
- MARKUU U CODEEYEY:** Soo jeedinta Madaxweynaha ee qodobada **5aad iyo 13aad** ee **X/No/29/2004** fadhigiisii **25/03/2008** oo ay goobjoog ahaayeen (42) Mudane oo ka tirsan mudanayaasha **Golaha Wakiilada**.

### WUXUU

Cod aqlabiyad ah (36cod) oo gacantaag ah ku ansixiyay soo jeedintii Madaxweynaha ee ku aadanayd qodobada **5aad** iyo **13aad** ee mashruuc sharcigan, halka ay ka aamuseen (6)**Mudane**, cid diidayna aanay jirin, Gudoomiyuhuna muu codayn sida caadada ah.

**ALLAA MAHADLEH**

Maxamed Xassan Kaahin (Keyse)  
Xog. Guud ee Golaha Wakiilada

C/raxmaan Maxamed C/laahi (Ciro)  
Gudoomiyaha Golaha Wakiilada JSL



Website: [www.Somalilandhouseofrepresentatives.net](http://www.Somalilandhouseofrepresentatives.net)

**REPUBLIC OF SOMALILAND**

**THE HOUSE OF REPRESENTATIVES**

**Having Seen:** Articles 11(3) and 12<sup>nd</sup> of the Constitution.

**Having Consider:** The Government's current endeavours to avail itself of the economic resources and potentialities available in the country and to mobilize and utilize them in the best possible manner.

**Has enacted This Law:**

**CHAPTER ONE**

**Article 1**  
**DEFINITAIONS**

The following terms which are used in this law shall have the meanings assigned to each one of them for the purpose of this law unless the context indicates a different meaning: -

**1. The agreement**

The agreement signed by the Foreign Investment Board of the Government of the Republic of Somaliland and the contracting Foreign Investor.

**2. Contracting parties**

The Foreign Investment Board of the Republic of Somaliland and the Foreign Investors signatories to agreements with the Board and in respect of which these agreements have become effective.

**3. Host State**

The Republic of Somaliland in which the invested capital is present Lawfully and permits the investor to employ his capital therein.

**4. Capital**

All assets (Including everything that can be evaluated in monetary terms) owned by a foreign contracting party to the agreement with the

Board whether a natural person or a corporate body and is present in the territories of the Republic of Somaliland whether these were transferred to or earned in it, and whether these be movable, immovable, in cash, in Kind, tangible as well as everything pertaining to these capitals and investments by way of rights or claims and include the net profits occurring from such assets and the undivided shares and intangible rights.

## **5. Investment**

The capital employed in the permissible fields in the Republic of Somaliland by the foreign contracting party with the board with a view to achieving a profitable return in accordance with this law.

## **6. Investor**

Any foreign contracting party with the Board whether a natural person or a legal personality in his own country who owns the capital and invests it in the Republic of Somaliland. The nationality of the investor shall be determined as follows: -

### **a. Natural person**

Any individual enjoying the nationality of his own foreign country in accordance with the provisions of the nationality law in force therein.

### **b. Legal Personality**

Any entity established in accordance with the law in the country of the contracting party and is recognized there by the law under which its legal personality is established.

## **7. Investment Returns**

The sums yielded by the investment or derived there from for a specified period which shall include, without Limitation, the profits, dividends, Licences, fees, royalties, leases, services and all the increases achieved on the capital assets and the utilization of the intangible property rights.

## **8. The Board:**

“The Board” is the Foreign Investment Board established at the Ministry of Commerce and Industry. It is the supreme decision-making authority over all matters concerning foreign investment in the Republic of Somaliland.

## **9. The Office**

The “Office” is the Foreign Investment Promotion office established at the Ministry of Commerce and Industry to assist the “Board” in the performance of its administrative and promotional functions.

## **10. Foreign**

Any person whether a natural person or a legal person who is not a Somaliland national as provided in the Constitution.

## **CHAPTER TWO**

### **Article 2** **FOREIGN INVESTOR**

Under this law a foreign investor is any foreign juridical or physical person.

### **Article 3** **FOREIGN INVESTMENT FORMS**

Foreign investment can be made in any of the following forms:

1. Convertible currency specified by the Central Bank of Somaliland.
2. Machinery, equipment spare parts installations, and current production inputs, whose importation is permitted under the prevailing import legislation.
3. Patent rights, trade marks, and Licences duly registered in Somaliland, provided they are necessary for the activities to be passed under the approved investment.
4. The amount of foreign currency spent on studies and technical documentation, prepared in connection with the approved investment.
5. Profit reinvested, originating from foreign investment approved in accordance with this law.

Said investment shall be made for the purpose of the establishment or the expansion of an enterprise incorporated and registered in Somaliland.

**Article 4.**  
**INVESTMENT PRIORTIES AND SECTORS.**

Priority shall be given foreign investment in those areas where it: -

- a) Puts to productive use Somaliland's human and natural resources.
- b) Introduces innovative technology suited to the country's conditions.
- c) Generates new earnings or savings of foreign exchange, through exports, resource-based import substitution or service activities.
- d) Contributes to regionally balanced socio-economic development, this refers especially to foreign investment in, or closely related to: -
  - I- Agriculture
  - II- Livestock
  - III- Fishing
  - IV- Mineral resources
  - V- Industrial activities using significant amount of inputs produced, by afore-mentioned sectors.
  - VI- Tourism provided the investment harmonizes with the prevailing social, economic and infrastructural condition.
  - VII- Any other investment, in production and service activities, suited to support and stimulate, in a significant degree the development of the aforementioned sectors.

**Article 5.**  
**THE FOREIGN INVESTMENT BOARD**

The Foreign investment Board, hereafter referred as "The Board", has the supreme, decision-making authority over all matters concerning foreign investment in Somaliland. It is established at the ministry of Commerce & Industry where it shall convene at least twice a month.

**2. THE BOARD SHALL CONSIST OF.**

- 2.1. The Director General of the Ministry of National planning.
- 2.2. The Director General of the Ministry of Foreign Affairs.
- 2.3. The Director General of the Ministry of Finance.
- 2.4. The Director General of Ministry of Commerce and Industry.
- 2.5. The Director General of Ministry of agriculture.
- 2.6. The Director General of the Ministry of livestock
- 2.7. The Director General of the Ministry of fishery and Natural resources.
- 2.8. Director General of the Central Bank of Somaliland.

- 2.9. The Chairman of the Chamber of Commerce, Industry and Agriculture.

Chairman of the Board is the Director General of the Ministry of Commerce and Industry.

**Article 6.**  
**FUNCTION OF THE BOARD**

The functions of the Board shall be the following.

1. To approve proposed foreign investment in accordance with the policy guidelines laid down in Article 4 and the and the provisions concerning quorum and vote, as per Article 7.
2. To approve the registration of foreign investment and to sign an agreement with the foreign investor in accordance with the provisions of this law.
3. To review the registration of foreign investment made under previous foreign investment laws from the more favourable provisions, as per Article 25 of this law.
4. To determine the value of foreign investment made as per Article 3 paragraph 1,2,3 and 4 this law.
5. To ensure compliance with the provisions of Article 14 concerning the contracting of debt from domestic sources.
6. To facilitate the granting of visas to foreign personnel to be employed by enterprises registered under this law.
7. To perform any other function concerning foreign investment in Conformity with this law.

**Article 7.**  
**THE BOARD, QUORUM AND VOTE**

Six members of the Board, including the Chairman, shall constitute a quorum; decisions will be taken by simple majority vote.

**Article 8.**  
**THE FOREIGN INVESTMENT PROMOTION OFFICE.**

The foreign investment promotion office hereafter referred to, as “The Office” is the administrative and promotional offices to assist the Board in performing its functions. The duties of the office shall be the following: -

1. To implement the decisions taken by the Board.
2. To propose the administrative and regulatory procedures required for the implementation of the law.
3. To provide information and advice to the foreign investor on matters such as application and registration procedures under this law, taxation, foreign exchange terms, economic legislation,



foreign trade terms, investment opportunities, institutional frame work, local sources of debt financing partner search.

4. To assist the foreign investor in meeting the application requirements related to foreign investment.
5. To assist approved foreign investment at the setting up stages, with guidance and advice concerning official institutions, and channels, and related administrative procedures,
6. To formulated proposals concerning foreign investment policy and improvement of investment conditions.
7. To promote and attract new foreign investment, in collaboration with other institutions involved in this field.
8. To perform and other duty related to foreign investment, arranged to it by the Board.

#### **Article 9.**

#### **PROCEDURES FOR APPLICATION**

The application by the foreign investor shall be made by completing the “Application form for Approval and Registration” available at the office located in the Ministry of Commerce and Industry, and mailing it, by a registered letter, to the Foreign Investment Board.

#### **Article 10.**

#### **CONDITIONS AND PROCEDURES OF APPROVAL**

1. Within Sixty days from the date of the receipt of duly completed investment application, the Board shall notify the applicant, by registered mail, of its decision. At the applicant’s option, this notification may be collected by his representative directly from the office, against issue of a delivery receipt.
2. In case a modification of an application is required the Board shall notify the applicant, to this effect, by registered letter. At the applicant’s option, his notification may be collected by his representative directly from the office, against issue of a delivery receipt.
3. The Board shall notify, through the office, the approval of a foreign investment by issuing a “ certificate of Foreign Investment in an approved enterprise”. Such approval shall be construed by the foreign investor as being eligible for registration under this law.
4. The “ Certificate of Foreign Investment in an approved enterprise” shall be valid for the period of 18 months as of date of issue. During the said period, the applicant shall have effected the transfer of assets to Somaliland listed in article 3, paragraph 1,2,3 and 4. In case this period is extended. The Board may grant, at the applicant’s request, an additional period, or ask for a new application.

5. Additional investment to be made as per article 3, paragraph 1,2,3 and 4, in an enterprise object of a foreign investment already duly registered, shall require application and approval as per Article 9, and paragraphs 1,2,3, and 4 of this article.

**Article 11**  
**PROCEDURE FOR REGISTRATION**

1. The Board shall proceed with the registration of an approved investment as soon as the foreign investors has effected the transfer of assets, to Somaliland, listed in Article 3 paragraph 1,2,3 and 4, in accordance with the terms and conditions contained in the “Certificate of Foreign investment in an approved Enterprise”. To this effect, the Board shall issue to the foreign investor, a “Certificate of Foreign Investment Registered”.
2. In the case of a transfer, to Somaliland, of assets listed under paragraph 2,3 and 4, of article 3, the Board shall proceed with said registration as soon as it is satisfied that the value assigned, by the Foreign investor, to the assets transferred, represents fair market value. The Board ask the foreign investor to produce sufficient documentary evidence to demonstrate the fair marked value of the assets a per paragraph 2, of article 3. this value shall be determined in accordance with the prevailing import legislation.
3. The foreign investment shall be registered in convertible currency, as specified by the central Bank of Somaliland.

**CHAPTER THREE**

**Article 12.**  
**GUARANTEES FOR FOREIGN INVESTMENT**

1. All enterprise object of foreign investment shall receive as Favourable treatment as domestic enterprise.
2. The property of foreign investment duly registered under this law shall not be subject to expropriation measures, except in the only case where public interest cannot be satisfied by measures other than expropriation.
3. In the case of such expropriation, prompt compensation shall be paid. Said compensation shall reflect the fair market value of the assets as freely transferable.

**Article 13**  
**INVESTMENT INCENTIVES**

Foreign investment shall be eligible for incentives and facilities, in accordance with the legislation in force ruling on such incentives and facilities.

Foreign Investment is exempted from payment of tax on profit for a period of three years from commencing operations. In addition, after the expiry of the initial tax holiday period, foreign investors shall be entitled to a 50% reduction of the tax due for the profit re-invested.

**Article 14**  
**LIMITS TO CONTRACTING DEBT FROM DOMESTIC SOURCES**

Any enterprise subject to a duly registered foreign investment may contract, debt from institutional domestic financial sources up to the limit established by the Central Bank of Somaliland, in consultation, with Board. Sources shall be used strictly for the carrying out of the activities specified in the “Certificate of Foreign Investment Registered”. The Board shall be authorized to verify the due application of proceeds.

**Article 15**  
**FACILITIES FOR FOREIGN PERSONNEL**

The Board shall ensure that the immigration authorities facilitate the granting of the entry visas and residence permit to foreign personnel employed by an enterprise registered under this law, and to their families.

1. The Board shall also ensure that said personnel and their families be granted access, for reasons of work, to any part of Somaliland.
2. Said personnel may freely transfer abroad up to fifty percent of their salaries, wages, gratuities and allowances paid in Somaliland by the enterprise employing them.
3. Any enterprise registered under this law shall employ qualified Somaliland national whenever they are available, Foreign investment shall seek to make a significant contribution towards the transfer of technology and managerial know-how, and the upgrading of professional skills available in Somaliland.

**Article 16**  
**REINVESTMENT OF PROFIT**

1. "Profit" shall be understood as the "net income" less income taxes Payable, as applicable, in accordance with the prevailing Legislation.
1. Profit organisation form duly registered foreign investment may be invested in the same enterprise, object of the investment, or in another enterprise in accordance with the provisions of this law.
2. When such profit is to be reinvested, the Board shall be notified to this effect by registered mail or directly against issue of delivery receipt.
3. The Board Shall proceed to register profit reinvested in the Convertible currency specified in the "Certificate of foreign investment registered". The amount shall be determined in accordance with the prevailing laws and regulation governing foreign exchange.
4. To this effect, The Board shall issue a " Certificate of Reinvestment".
5. Subsequent rights to transfer profit and repatriate investment as well as other benefits under this law shall be determined on the basis of the original investment registered plus profit reinvested.
6. In case of reinvesting profit in an enterprise other than the enterprise object of a duly registered foreign investment, the provisions of article 9 and 10 of this law shall apply.

**Article 17**  
**TRANSFER OF PROFIT**

1. Profit originating from a duly registered foreign investment, as per paragraph 1 of Article 11 may be freely transferred abroad.
2. In case that only part such profit is transferred abroad in one year, the foreign investor may transfer this remaining portion in any one of the following years.

**Article 18**  
**TRANSFER OF CAPITAL AND PROFIT**

1. Duly registered foreign investment, defined, as the original investment, plus profit reinvested, shall be freely transferable abroad after three years from the date of the registration of the original investment, as specified in the "Certificate of Foreign Investment Registered".

2. The Board may reduce the said period, taking into consideration the priorities under the policy guidelines as per Article 4., of this law.
3. The transfer abroad shall be affected in the original currency specified in the “Certificate of Foreign Investment Registered.” The fund destined for transfer shall originate from the liquidation of assets or the transfer of capital stock of the enterprise, object of the foreign investment, to other juridical or physical persons. The foreign investor is free to transfer abroad the physical assets, that were the object of the investment, in the event this alternative is opted for.
4. In case were the amount realised from the liquidation or sale of capital stock exceeds the amount of the original investment plus reinvested profit registered, the foreign investor shall be free to transfer abroad, in the freely convertible currency exchange conducted and warranted by the Bank Somaliland, the difference, in accordance the prevailing tax legislation and foreign exchange regulations.

## **CHAPTER FOUR**

### **Article 19** **SETTLEMENT OF DISPUTES**

Disputes in respect of the implementations of this laws shall be settled.

- a. In a manner to be agreed upon with the investor, in the absence of such agreement.
- b. Within the frame work of the agreements in force between the Somaliland Republic and the investor’s home country.

In the absence of agreements, disputes shall be settled through arbitration. An arbitration board shall be established comprising one member on behalf of each disputing party and a third member acting as a chairman, to be jointly named by the said two members. Failing agreement of the nomination of the third member, the chairman shall be appointed, at the request of either party, by the president of the supreme court of Somaliland.

The Arbitration Board shall lay down its of procedures unrestricted by the rules contained in the civil and commercial code procedures, save for the rules which relate to the basic guarantees and principles of litigation.

The board shall see to it that the dispute be expediently resolved. Awards shall be rendered by majority vote, and shall be final and binding on both parties and enforceable as any other final judgement. The Arbitration boards shall decide who shall bear the arbitration costs.

**Article 20**  
**ALIENATION OF FOREIGN INVESTMENT**  
**AND NOTIFICATION REQUEREMENTS**

1. Alienation of foreign investment shall be effected either through liquidation of assets or through the transfer of capital stock of the enterprise, object of such investment to juridical or physical person.
2. In the event of alienation of a investment to a resident Somaliland juridical or physical foreign, the transfer shall enjoy the benefit derived from the statues of a foreign investor.
3. Any alienation is subject to prior notification to the Board by both the transfer or and the transferred, such notification shall be accompanied by appropriate supporting documentation.
4. The alienation of foreign investment to the other foreign investors shall not require approval; as per paragraph 3 of the Article.

**Article 21**  
**BENEFITS TO EXISTING FOREOIGN INVESTMENT**

1. Existing foreign investment in Somaliland, duly registered under, current or previous laws concerning foreign investment, shall continue to enjoy the rights and obligations conferred to it by said laws.
2. Such foreign investment shall be benefited at foreign investor's option, by the provisions of this law, provided the registration requirements and other provisions of the previous laws have been complied with, and satisfactory documentary evidence is produced, to this effect, by the foreign investor. In such case the foreign investor may apply to the Board for registration under this law within 180 days as of date of its promulgation.

**Article 22**  
**OBLIGATIONS TO REPORT TRANSACTIONS**  
**CONCERNING FOREIGN INVESTMENT**

Bank notaries private and public entities involved with foreign investment shall notify the Board of the particulars of any important pertinent acts and transaction within thirty days from the date of completing such acts or transaction concerning incorporation contracting of debt from institutional domestic financial sources, transfer of profit and repatriation of investment.



**Article 23**  
**FOREIGN INVESTMENT NOT SUBJECT TO THIS LAW**

The Provisions of this law shall not apply to foreign investment in mineral research and mining activities, including those related to the petroleum Industry and nuclear power. Such investments shall be subject to the mining code and the mining regulations, and of agreements reached, hereunder, between the Government of Somaliland and the interested party.

**Article 24**  
**NON-COMPLIANCE WITH THE PROVISIONS OF THIS LAW**

Failure to comply with the provisions of this law, on the part of the foreign investor, shall result in the forfeiture of benefits provided hereunder.

**Article 25**  
**ENJOYMENT BENEFITS UNDER SUBSEQUENT MORE FAVOURABLE PROVISIONS**

No provisions of this law shall preclude the enjoyment, by the foreign investor, of benefits under more favourable provisions, which might be subsequently promulgated.

**Article 26**  
**REGULATIONS**

The President of the Somaliland Republic, on the proposal of the Board, and having heard the Minister of Commerce and Industry and the council of Ministers, may issue regulation for the proper implementation of this law.

**Article 27**  
**ENTRY INTO FORCE**

This law shall come into force following its signature by the H.E president of the Republic of Somaliland.

Abdiraxmaan Mahamed Abdilahi  
Chairman of the HoR



Mahamed Hassan Kahin  
General Secretary of the HoR

