Organisation for Economic Co-operation and Development

DAF/COMP/GF/WD(2026)18

Unclassified

English - Or. English

5 November 2026

DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE

Global Forum on Competition

Assessing the impact of competition authorities' activities – Contribution from Somalia

- Session IV -

11 December 2026

This contribution is submitted by Somalia under Session IV of the Global Forum on Competition to be held to be held on 10-11 December 2026.

More documentation related to this discussion can be found at: oe.cd/gfc26.

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JT03597431

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Somalia

Introduction

1. Competition policy is an important part of a well-functioning market economy. It helps address practices that restrict competition, creates opportunities for businesses to enter and grow, and supports consumer welfare. Its effectiveness, however, depends not only on the laws and regulations in place but also on whether their implementation leads to meaningful improvements in market conditions.

2. In Somalia, the development of a competition policy framework must take account of the structure of the economy, particularly the prevalence of informal business activity, limited market data and the evolving capacity of public institutions. These conditions present practical difficulties for identifying anti-competitive conduct, monitoring market developments and measuring the results of policy interventions.

3. Somalia's ongoing work to develop a national competition and consumer protection framework provides an opportunity to consider how the impact of future interventions can be assessed from the outset. Establishing a clear baseline, identifying relevant indicators and improving access to market information would help public authorities evaluate progress and adjust their approach where necessary.

4. This contribution examines the practical challenges of assessing competition policy in Somalia and considers how an appropriate evaluation framework could be developed. It focuses on the implications of informal markets, data limitations and institutional capacity, while identifying possible measures for monitoring changes in market conditions and consumer outcomes.

5. For Somalia, the effectiveness of competition policy will depend not only on the adoption of an appropriate legal framework, but also on the ability to assess its practical effects on markets and consumers. This requires a phased approach that reflects existing institutional capacity and the availability of reliable market data.

6. A phased approach to impact assessment, supported by reliable data and indicators suited to local market conditions, could help public authorities identify priorities, monitor progress and direct limited resources towards interventions with demonstrable benefits.

7. Potential indicators include changes in prices, the entry and survival of businesses, consumer complaints and evidence of improved market access. However, these indicators would need to be interpreted carefully, taking account of factors such as changes in import costs, exchange rates, supply conditions and the wider economic environment. Establishing a baseline and collecting comparable data over time would therefore be essential to distinguish the contribution of competition-related interventions from other influences on market outcomes.

8. The contribution is intended to support discussion on a central policy question: how can Somalia measure the effects of competition-related interventions in an economy where informal activity is significant and the institutional framework for competition policy is still developing?

1. Competition Policy and Institutional Development in Somalia

9. Somalia has prepared a draft Competition and Consumer Protection Act, dated 22 September 2026, to establish a legal framework for fair competition and consumer protection. The draft addresses anti-competitive business practices, consumer rights and the regulation of market activities. It also provides for cooperation with regional and continental institutions, including COMESA, the East African Community and the African Continental Free Trade Area.

10. Under Article 7, the draft provides for the establishment of an independent Competition and Consumer Protection Authority. Its proposed responsibilities include monitoring markets, investigating suspected anti-competitive practices, reviewing mergers and acquisitions, and advising the government on competition-related matters. The draft also provides for a tribunal to hear appeals against decisions of the Authority. These arrangements are intended to provide a basis for the administration and enforcement of competition rules, subject to the completion of the legislative process.

11. Several provisions are directly relevant to assessing the results of competition policy. Article 9 assigns the proposed Authority responsibility for conducting market studies, undertaking research and publishing reports. Article 15 provides for annual reporting on competition and consumer protection, while Article 113 allows market inquiries where conditions in a particular market may be restricting competition. Article 117 provides for a national database covering matters such as investigations, enforcement decisions, penalties and other regulatory actions. If implemented effectively, these provisions could help build a record of the Authority's activities and provide information for assessing their results.

12. The draft also addresses the role of informal businesses. Article 138 recognises the importance of informal markets in Somalia's economy and calls for an approach that supports inclusive economic participation. This is relevant when considering how competition policy might affect businesses that operate outside formal regulatory systems. Without sufficient information about these businesses, it may be difficult to identify barriers to market entry, understand trading practices or assess whether policy measures are reaching different groups of businesses and consumers.

13. The main issue is how these provisions will work in practice. The draft law sets out responsibilities and mechanisms, but their contribution to impact assessment will depend on implementation, staff capacity and access to reliable information. Regular market studies, consistent reporting and the collection of basic market data would help establish a starting point against which future changes could be measured.

14. For Somalia, the priority will be to develop these practices alongside the proposed legal and institutional framework. The provisions on market inquiries, annual reports and the national database offer a starting point. Over time, the information collected could help determine not only what actions have been taken, but also whether those actions have improved competition, expanded opportunities for businesses and benefited consumers.

2. Challenges in Assessing the Impact of Competition Policy in Somalia

15. Assessing the impact of competition policy in Somalia presents several practical challenges. One of the main difficulties is the limited availability of reliable and regularly updated market data. Information on prices, market shares, business entry and exit, and trading practices is not consistently available across sectors. This makes it difficult to establish market conditions before an intervention and measure changes afterwards.

16. The large role of informal economic activity adds to this challenge. Many businesses operate outside formal registration and reporting systems, meaning that their activities may not be fully reflected in official statistics. Assessments based only on formal businesses may therefore overlook important parts of the market. This is particularly relevant when examining whether competition-related measures improve opportunities for small businesses or affect the prices and availability of goods for consumers.

17. Somalia's reliance on imported goods also needs to be considered when assessing market outcomes. Changes in international prices, shipping costs, exchange rates and transport expenses can influence domestic prices. A rise or fall in prices cannot automatically be attributed to competition-related interventions. Assessments must consider these wider economic factors before drawing conclusions about the effects of a policy or enforcement action.

18. Institutional capacity is another important consideration. Establishing an effective competition authority requires qualified staff, clear procedures, appropriate investigative powers and the ability to collect and analyse market information. The authority will also need to monitor developments after taking action to determine whether market conditions have changed. These responsibilities should be developed in line with available resources and institutional capacity.

19. Coordination among public institutions will also be important. Competition issues may overlap with consumer protection, customs, taxation, trade policy and sector regulation. Relevant information may be held by different institutions, making cooperation and information sharing important for understanding market conditions and assessing the effects of interventions.

20. These challenges suggest that Somalia should take a gradual and practical approach to impact assessment. The initial focus could be on a small number of priority markets where basic information can be collected and changes monitored over time. Establishing baseline data, documenting interventions and reviewing market conditions afterwards would provide a starting point for assessing results. As data availability and institutional capacity improve, the assessment process could be extended to additional markets and more detailed indicators.

3. Measuring the Impact of Competition Policy in Somalia

3.1. Establishing a Baseline for Assessment

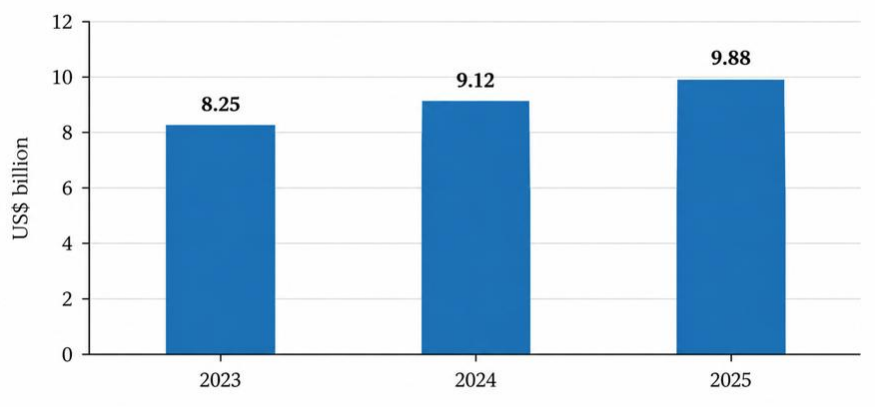
21. Assessing the impact of competition policy requires reliable information about market conditions before and after an intervention. In Somalia, this means developing a practical baseline covering prices, the number of businesses operating in a market, the availability of goods, consumer complaints and barriers to entry.

22. The Somalia National Bureau of Statistics (SNBS) provides an important starting point through its national accounts and Consumer Price Index (CPI) publications. These sources help describe developments in the wider economy and changes in consumer prices. However, they do not measure competition directly. Additional information on suppliers, market shares, business practices and barriers to entry will be needed to assess whether competition-related interventions have produced meaningful results.

23. Somalia’s reliance on imported goods is particularly relevant to this assessment. According to SNBS, the value of imports of goods and services at current prices increased from US$8.25 billion in 2023 to US$9.12 billion in 2024 and US$9.88 billion in 2025.

These figures highlight the importance of international trade and imported supplies in the Somali economy.

Figure 1. Imports of goods and services at current prices, US$ billions.



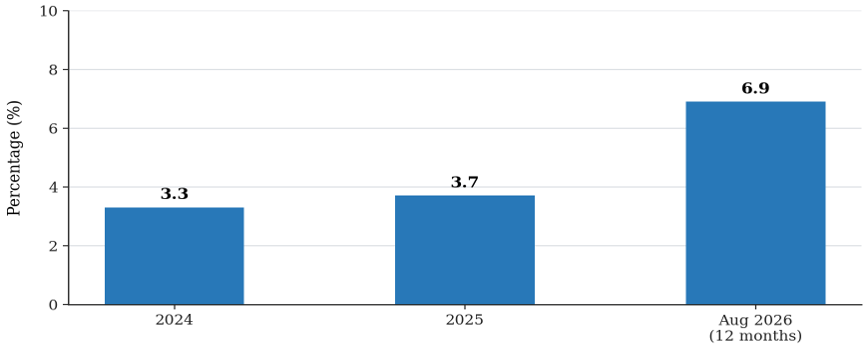
Source: Somalia National Bureau of Statistics (SNBS), Somalia Gross Domestic Product 2025.

24. The increase in imports provides useful context for understanding Somali markets. Changes in international prices, shipping costs, exchange rates and domestic distribution expenses may influence the prices paid by consumers and businesses. These factors need to be considered when examining market outcomes, so that changes arising from wider economic conditions are not mistakenly attributed to competition-related interventions.

3.2. Interpreting Price Changes and Market Outcomes

25. Consumer prices are another useful source of information when assessing market developments. SNBS reported that the Consumer Price Index rose by 6.9% over the twelve months to August 2026. This indicates that consumer prices were higher than a year earlier, although the extent of the increase differed across expenditure categories. This figure is the 12-month change to August 2026, not a full-year average.

Figure 2. Inflation indicators for Somalia: annual inflation in 2024 and 2025, and the 12-month change in the CPI to August 2026.



Source: World Bank, Somalia Economic Update 2026 (2024 and 2025); Somalia National Bureau of Statistics, Consumer Price Index, August 2026.

26. The inflation figures provide background for understanding changes in the cost of living, but they do not establish whether competition has improved or deteriorated. The World Bank reported that inflation reached 3.7% in 2025, compared with 3.3% in 2024, with food, utilities and transport costs contributing to the increase. The SNBS subsequently reported a 12-month change in the CPI of 6.9% to August 2026. The 2024 and 2025 figures are annual rates, whereas the August 2026 figure covers the twelve months up to that month and is not a full-year average. These figures show why competition assessments need to consider developments in supply costs and the wider economy alongside market behaviour.

27. For example, a rise in the price of an imported product may reflect higher international prices or transport costs. In other cases, prices may be affected by limited supplier choice, barriers to entry or restrictive business practices. Distinguishing between these explanations requires more detailed information about individual markets. Price data should therefore be considered alongside evidence on the number of suppliers, changes in market entry, access to distribution channels and the conduct of businesses.

3.3. Indicators for Measuring Results

28. Somalia could begin by selecting a small number of indicators that are practical to collect and relevant to the market being assessed. The choice of indicators should reflect the objective of each intervention and the information available.

Table 1.

Area of assessment	Suggested indicator	Purpose
Prices	Average prices of selected goods over time	To track price movements before and after an intervention
Market entry	Number of new businesses entering a selected market	To examine whether entry conditions may have improved
Market structure	Market shares of major suppliers, where reliable data are available	To assess the degree of concentration in a market
Consumer welfare	Number and type of consumer complaints	To identify recurring concerns about market conduct
Business access	Evidence of barriers faced by smaller businesses	To examine whether firms can access suppliers and customers
Enforcement	Compliance with decisions and remedies	To assess whether enforcement measures have been implemented

29. These indicators should be interpreted carefully. An increase in the number of registered businesses, for example, may reflect changes in registration procedures rather than an improvement in competition. Similarly, lower prices may result from reduced import costs rather than enforcement action. Where possible, assessments should compare market conditions before and after an intervention, take account of other economic changes and examine similar products or markets that were not directly affected by the intervention.

3.4. A Practical Approach to Evaluation

30. A phased approach would allow Somalia to develop its impact assessment capacity alongside the proposed competition and consumer protection framework.

31. The first step would be to establish baseline information for selected priority markets. This could include the prices of commonly traded products, the number of active

suppliers, available information on market shares and records of consumer complaints. The second step would be to document the market problem, the action taken and the results expected. This would provide a clear basis for subsequent review.

32. The third step would be to monitor market developments at regular intervals. Data collection should follow consistent methods so that changes can be compared over time. Where relevant, the assessment should also record changes in import costs, transport expenses and other factors that may influence market outcomes. The final step would be to review the evidence, consider alternative explanations and identify what can reasonably be attributed to the intervention.

33. This approach would help the proposed Competition and Consumer Protection Authority build a record of its activities and results. It would also help identify gaps in available data and guide decisions about where additional research or market studies are needed.

3.5. Implications for Somalia

34. For Somalia, the priority is to develop an approach to impact assessment that is credible, practical and suited to available institutional capacity. National statistics provide a useful starting point, but they need to be complemented by market-level information that can help explain how businesses compete and how consumers are affected.

35. Over time, regular market studies, consistent reporting and improved information sharing among relevant public institutions could support more systematic evaluation. This would allow the authorities to move beyond recording the number of investigations or decisions and begin examining whether their work has improved market access, strengthened consumer choice or addressed specific competition concerns.

36. The effectiveness of competition policy should ultimately be assessed by the changes it brings about in markets and the benefits it provides to consumers and businesses. Establishing a baseline and collecting comparable information over time would give Somalia a practical foundation for making that assessment.

4. Data Collection and Practical Methods for Evaluation

4.1. Using Existing Data Sources

37. Somalia does not need to establish an entirely new statistical system to begin assessing competition policy. An initial approach could make use of information already collected by public institutions, while identifying gaps that require additional market-level data.

38. The Somalia National Bureau of Statistics publishes national accounts, consumer price statistics and external trade statistics. Its trade publications include imports and exports by product section and trading partner, providing a starting point for examining trade patterns and the importance of particular products in the domestic market. The Somali Customs Authority is identified by SNBS as a source of external trade data. These records could help inform market studies, although customs data alone would not show how many independent suppliers operate in a market or whether businesses face barriers to entry.

39. Other relevant information may be available from government bodies responsible for taxation, business registration, consumer protection and sector regulation. The

availability, coverage and consistency of these records would need to be assessed before they are used for formal evaluation.

4.2. Collecting Market-Level Information

40. National statistics provide the wider economic context, but assessing the impact of a specific competition intervention will often require more detailed information about the affected market. Depending on the issue under examination, the proposed Competition and Consumer Protection Authority could collect information on prices, quantities sold, suppliers, market shares, entry and exit of businesses, and complaints from consumers or businesses.

41. Market studies could be particularly useful where there are concerns about how a market operates but the available evidence is not yet sufficient to establish a specific infringement. The OECD's 2025 work on market studies identifies their use in understanding market conditions, gathering evidence, supporting enforcement and examining the effects of policy changes. The choice of method should depend on the question being investigated and the information that can reasonably be obtained.

42. For Somalia, an initial market study could focus on a selected product or sector where price movements, supplier numbers and distribution arrangements can be monitored. The study should define its objectives in advance, record the sources of information and explain any limitations in the findings. Where information is incomplete, the authority should state this clearly rather than draw conclusions that the evidence cannot support.

4.3. Matching Data to the Assessment Question

43. The information collected should reflect the type of intervention being evaluated. For example, an investigation into suspected price-fixing would require different evidence from a study of barriers to entry or an assessment of a merger.

Table 2.

Information required	Potential source	Possible use in assessment
Import and export values by product and trading partner	SNBS and Somali Customs Authority	Understanding import dependence and supply patterns
Consumer price movements	SNBS Consumer Price Index	Monitoring price changes over time
Prices and quantities of selected products	Market surveys and business records	Comparing market conditions before and after intervention
Number and identity of suppliers	Business registration records and market inquiries	Examining market entry and supplier concentration
Consumer and business complaints	Relevant public institutions and the proposed Authority	Identifying recurring market concerns
Costs, turnover and market shares, where available	Businesses and relevant administrative records	Assessing the likely scale and effects of a competition concern
Enforcement actions and compliance	Records of the proposed Authority	Tracking implementation and reviewing outcomes

44. These sources are potential starting points, not a statement that all the information is currently available in a consistent or comprehensive form. The first stage should therefore include a review of existing datasets, their coverage, the frequency of collection and the conditions under which information can be shared.

4.4. Building Evaluation into the Work of the Proposed Authority

45. Impact assessment should be considered from the beginning of an investigation or market study, rather than introduced only after a decision has been made. At the outset, the authority should record the market problem, the intended objective, the expected outcome and the information needed to assess progress. This would make it easier to compare results against the original conditions and reduce the risk of relying on assumptions that cannot later be tested.

46. The OECD distinguishes between estimating the expected benefits of an authority's activities and evaluating the actual effects of a specific decision after it has been implemented. Its 2025 report on assessing the impact of competition authorities' activities also notes that limited resources and data availability can prevent authorities from carrying out detailed assessments. For Somalia, this supports a proportionate approach: begin with straightforward indicators and transparent assumptions, then develop more detailed evaluations as reliable data and institutional capacity improve.

47. The draft Competition and Consumer Protection Act, dated 22 September 2026, provides a potential legal basis for developing this work. Its provisions on market inquiries, research, annual reporting and a national competition and consumer protection database could support more systematic collection and use of information if the legislation is enacted and the relevant arrangements are implemented. These provisions should therefore be treated as proposed mechanisms rather than existing operational systems.

4.5. Improving Data Sharing and Reporting

48. Effective assessment will require cooperation between the proposed Authority and institutions that hold relevant information. Practical arrangements could specify which information may be shared, the purpose for which it may be used, the frequency of updates and the safeguards required to protect confidential business information and personal data.

49. Annual reporting could provide a regular account of investigations, market studies, advocacy activities and compliance with decisions. As the system develops, reports could also include findings on changes in selected markets and explain the extent to which those changes can reasonably be linked to the authority's work. Publishing the methods and limitations used in these assessments would help government, businesses and consumers understand the results.

50. For Somalia, the immediate priority is not to collect every possible indicator. It is to establish a manageable system that makes good use of existing statistics, fills the most important information gaps and records interventions in a consistent way. This would provide a practical foundation for more rigorous evaluation as the competition framework develops.

5. Recommendations and Implementation Priorities

51. Based on the challenges discussed above, Somalia should focus on a small number of practical steps to develop its capacity to assess the impact of competition policy. The aim should be to establish a workable approach that can improve over time, rather than introduce a complex evaluation system before the necessary data and institutional capacity are in place.

5.1. Start with Markets Where the Problem Is Clear

52. The proposed Competition and Consumer Protection Authority should begin with a small number of markets where there are clear concerns about prices, supplier choice or barriers to entry. The selection should be based on available evidence and the importance of the market to consumers and businesses.

53. For each selected market, the authority should establish the existing conditions before deciding what action to take. This would make it easier to assess whether the intervention has made a difference and identify where further action may be needed.

5.2. Make Better Use of Existing Data

54. Somalia already collects information on prices, imports and other economic activities through public institutions. The immediate task should be to identify which of these data can help explain how particular markets operate and where important gaps remain.

55. The proposed authority should work with relevant institutions, including the Somalia National Bureau of Statistics and the Somali Customs Authority, to obtain information that is relevant to its work. Where existing records are insufficient, targeted market surveys could be used to fill specific gaps. This would help keep data collection manageable and avoid creating unnecessary reporting requirements for businesses.

5.3. Assess Results, Not Just Activities

56. Recording the number of investigations, market studies or decisions is important, but it does not show whether competition has improved. The authority should also examine what happens in the market after an intervention.

57. Depending on the case, this could include changes in prices, the number of suppliers, business entry or consumer complaints. The findings should take account of other factors that may have influenced the outcome, including import costs and changes in supply. Where the available evidence does not establish a direct link between an intervention and an observed change, the authority should state this clearly.

5.4. Build the System as Institutional Capacity Develops

58. Impact assessment should develop alongside the proposed legal and institutional framework. Initial efforts should focus on basic data collection, consistent record-keeping and a small number of market assessments. As staff gain experience and more reliable information becomes available, the authority can introduce more detailed methods.

59. The proposed provisions on market inquiries, annual reporting and the national competition and consumer protection database could support this work if the draft Act is enacted and the necessary arrangements are put in place. Cooperation with other public institutions and international partners could also help strengthen technical capacity.

60. These steps would give Somalia a realistic starting point for assessing competition policy. The main objective should be to learn from actual market experience, use the available evidence carefully and improve the assessment process as the country's competition framework develops.

6. Conclusion

61. Assessing the impact of competition policy will be important as Somalia develops its national competition and consumer protection framework. Adopting legislation and establishing the relevant institutions are necessary steps, but their value will ultimately depend on how effectively they address problems in the market and improve outcomes for businesses and consumers.

62. Somalia faces practical challenges in this area, particularly the limited availability of detailed market information and the importance of informal economic activity. These challenges do not prevent impact assessment from beginning. They do, however, make it important to adopt an approach that reflects the country's current circumstances and develops as institutional capacity improves.

63. A useful starting point would be to select priority markets, establish basic information on existing conditions and monitor what changes following an intervention. Existing government statistics can support this work, while targeted market studies can help fill gaps in the available evidence. Assessments should also consider wider economic factors, including import costs and supply conditions, before drawing conclusions about the effects of competition-related measures.

64. For Somalia, the objective should be to make impact assessment a practical part of competition policy implementation. By recording results, learning from market experience and improving the use of available data, the country can gradually strengthen its ability to determine which interventions are working and where further action is needed. This would help ensure that the development of competition policy is guided not only by legal and institutional progress, but also by evidence of its effects on markets and consumers.

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