EACON 2025

# Somalia's Integration in the East African Community (EAC) Market: Legal, Institutional and Economic Dimensions, Insights from EACON 2025 Panel Recommendations

**Juweria Mohamed Ibrahim**

October 2025


**Polciy Brief**

# Executive Summary

Somalia's official accession to the East African Community (EAC) in March 2024 represents a defining milestone in the country's modern political economy, expanding structural market access to over 300 million people. However, formal membership does not automatically translate into economic integration. Drawing on expert testimony from the EACON 2025 panel, "Somalia's Integration in the EAC Market: Legal, Institutional and Economic Dimensions," and aligned with the binding mandates of the 2026 EAC Heads of State Summit, this brief evaluates the strategic pathways necessary to navigate this historic transition.

The findings demonstrate that while Somalia enjoys distinct comparative advantages—including unmatched strategic maritime choke points and a highly sophisticated, innovative digital financial infrastructure—severe structural bottlenecks threaten to neutralize these benefits. Chief among these are the critical alignment gaps between Somalia's domestic legislation and the binding rules of the EAC Single Customs Territory, severe physical infrastructure deficits, and the persistent threat of non-tariff barriers (NTBs) within the regional market.

To bridge the gap between political accession and practical economic competitiveness, the Federal Government of Somalia (FGS) must move from a posture of passive entry to aggressive institutional and legal reform. This policy brief lays out a sequence of targeted, actionable interventions designed to accelerate compliance, maximize the private sector's digital edge, and position Somalia as the preeminent logistics and trade gateway for the East African bloc.

# Background

Somalia's accession to the East African Community (EAC) marked a significant milestone in the country's regional integration journey. As the eighth member state, Somalia became part of a regional bloc committed to promoting economic cooperation, trade expansion, and deeper integration through the implementation of the Customs Union and Common Market. Membership in the EAC presents an opportunity for Somalia to strengthen its economic ties with neighboring countries, expand access to regional markets, attract investment, and enhance the movement of goods, services, capital, and labor across borders.

The success of regional integration, however, depends not only on formal membership but also on the ability of member states to align national policies and institutions with regional commitments. Effective participation in the EAC market requires harmonized legal and regulatory frameworks, efficient customs and trade facilitation systems, strong institutions, and adequate infrastructure to support cross-border commerce. Addressing barriers that increase the cost and complexity of trade remains essential for maximizing the benefits of integration and improving regional competitiveness.

For Somalia, integration into the EAC presents both opportunities and challenges. The country's strategic location, extensive coastline, and growing private sector offer significant potential for regional trade and investment. At the same time, challenges related to trade facilitation, customs administration, standards compliance, institutional capacity, and policy coordination continue to influence the pace and effectiveness of integration. Understanding these legal, institutional, and economic dimensions is therefore critical to ensuring that Somalia can fully benefit from regional economic cooperation and contribute meaningfully to a more integrated East African market.

# Literature Review

Regional economic integration is widely recognized as a mechanism for promoting trade, investment, and economic growth through the reduction of trade barriers and the harmonization of economic policies. Within the East African Community (EAC), the Customs Union and Common Market frameworks aim to facilitate the free movement of goods, services, labor, and capital among member states. Existing studies suggest that the success of regional integration depends on the ability of member states to align domestic institutions, legal frameworks, and trade policies with regional commitments (Balassa, 1961).

Recent scholarship on Somalia's accession to the EAC highlights both significant opportunities and substantial challenges. Mohamud (2024) argues that Somalia's membership offers prospects for expanded market access, increased regional trade, and stronger economic cooperation, while also exposing structural weaknesses related to governance, infrastructure, and institutional capacity. The study identifies institutional weaknesses, infrastructure deficits, and regulatory gaps as key constraints that may hinder Somalia's effective participation in the regional bloc.

Similarly, the International Monetary Fund (IMF, 2024) notes that EAC membership provides Somalia with opportunities for trade diversification, institutional development, and deeper regional cooperation. However, the report emphasizes that realizing these benefits requires substantial reforms aimed at harmonizing domestic laws and regulations with EAC protocols, particularly in areas related to customs administration, trade policy, and market integration. Following the achievement of the HIPC Completion Point, the IMF underscores that establishing a stable, compliant macroeconomic and judicial environment is vital for investor confidence.

A recurring theme in the literature concerns the persistence of non-tariff barriers (NTBs) and inefficient customs procedures. Kafeero (2008) argues that customs inefficiencies, administrative delays, and regulatory inconsistencies continue to increase transaction costs and reduce the competitiveness of regional trade. Likewise, Nanjira (2022) finds that NTBs remain among the most significant obstacles to the realization of the EAC Customs Union and Common Market objectives, despite ongoing efforts to improve regulatory harmonization.

The literature also emphasizes the importance of institutional readiness and policy coordination. Effective participation in regional economic communities requires strong institutions capable of implementing agreed protocols, coordinating across sectors, and monitoring compliance with regional commitments. In Somalia's case, several studies highlight the need to strengthen trade-related institutions, improve governance mechanisms, and enhance cooperation between government agencies and the private sector to ensure successful integration (IMF, 2024; Mohamud, 2024).

# Methodology

This policy brief employs a qualitative policy analysis approach to examine the legal, institutional, and economic dimensions of Somalia's integration into the East African Community (EAC) market. The primary evidentiary foundation for this brief was generated through a dedicated expert panel discussion convened at the EACON 2025 Conference held from October 07–08, 2025, in Mogadishu, Somalia.

The panel, titled "Somalia's Integration in the EAC Market: Legal, Institutional and Economic Dimensions," brought together senior policymakers, regional integration experts, international development practitioners, and legal scholars.

## Panel Leadership and Composition

- **Moderator: Farhia Mohamud**, Researcher and Policy Analyst at the Somali Public Agenda. Farhia Mohamud specializes in governance, regional integration, and peacebuilding, and recently authored a comprehensive research report evaluating the multi-dimensional opportunities and challenges facing Somalia's accession to the EAC.

## Expert Panelists:

- **Mohamed Isak Fatir**, Director General for EAC Affairs, Ministry of Foreign Affairs (MoFA), Federal Government of Somalia. Director General Fatir is a career diplomat who previously served as Director of the Africa Department, UN Coordinator, and Advisor in the International Cooperation Department. Notably, he led Somalia's campaign for the UN Security Council seat (2025–2026) and was a core contributor to the EAC Accession talks. He holds an MA in Global Diplomacy and Sustainable Development from Lewis University (Rome) and a BA in International Relations from Auckland University (Istanbul).
- **Dr. Abdisalam H. Omar,** Presidential Special Envoy for the EAC. Dr. Abdisalam H. Omar is a senior economist and public servant who previously served as Somalia's Minister of Foreign Affairs, Governor of the Central Bank of Somalia, and Director of the UNDP Somalia Financial Service and Governance Program. Internationally, he has held high-level operational roles, including Chief of Staff in the Executive Office of the Mayor of Washington, D.C., and Chief Business Officer for the city's public schools.
- **Lee C. Sorensen**, Team Leader and Senior Expert for the Support to EU-Somali Dialogue on Investment and Trade (SDIT) project at Cowater International. With over 35 years of experience in international development, impact finance, and private sector leadership, his work since 2013 has focused on formalizing the Somali banking sector and expanding capital access in partnership with the EU, World Bank, FAO, ILO, and FCDO.
- **Björn Richter**, GIZ Cluster Coordinator for the East African Community (EAC). Bringing over 20 years of leadership experience in portfolio management across Europe, Asia, and Africa—including six years in digital executive roles—he actively supports the EAC Secretariat in driving digital transformation and regional policy integration across all member states.

and the Catholic University of Eastern Africa. A former State Counsel at the Office of the Attorney General and Department of Justice, he holds a PhD in Law from the University of Dar es Salaam, specializing in land, natural resources, and international environmental law.

- **Dr. Felix Otieno Odhiambo**, Advocate of the High Court of Kenya and Partner at Javad, Kamden, Felix & Smith Advocates (Nairobi). Dr. Odhiambo serves as the Director of Examinations at the Council of Legal Education and is a veteran law lecturer formerly with Kenyatta University and the Catholic University of Eastern Africa. A former State Counsel at the Office of the Attorney General and Department of Justice, he holds a PhD in Law from the University of Dar es Salaam, specializing in land, natural resources, and international environmental law.

The panel deliberations and investigative dialogue guided by Farhia Mohamud were systematically reviewed to extract recurring operational themes, socio-economic challenges, and urgent legislative priorities. To complement these primary insights, the analysis was further triangulated with contemporary policy papers, multi-lateral economic reports (IMF, 2024), and regional integration frameworks updated through the recent 2026 EAC directives.

## Analysis and Findings

### 1. Legal Harmonization and Regulatory Alignment

A primary operational requirement for successful market integration is the reconciliation of divergent statutory systems. The panel emphasized that economic cooperation cannot rely on political commitments alone; it requires a binding, predictable legal environment where domestic statutes align seamlessly with regional trade protocols. In examining the four primary pillars of the EAC—the Customs Union, Common Market, Monetary Union, and Political Federation—the panel established a firm sequential priority: Somalia must first achieve structural harmonization under the Customs Union framework before reaping the benefits of a Common Market. Highlighting the scale of this structural task, Dr. Abdisalam H. Omar noted:

"Harmonizing the EAC and the Somali legal system is a big, big issue... If you don't have a Customs Union, then you cannot have a Common Market because the Customs Union comes first."

This regulatory alignment directly determines how rules are enforced, how border customs manage regional cargo, and how cross-border disputes are judicially resolved. Dr. Felix Otieno Odhiambo supported this perspective, adding that true market integration requires moving past declarations into institutional and legal consistency, noting that a reliable statutory framework acts as a prerequisite for secure international trade:

"Effective market integration depends on predictable rules, regulatory consistency, and the implementation of agreed regional commitments. Integration is ultimately governed through legal instruments and institutions rather than political declarations alone."

### 2. Institutional Capacity and Governance Roadmaps

Moving from formal treaty accession to practical market participation requires robust administrative machinery, structural adjustments within domestic line ministries, and clear monitoring milestones. During the session, panel moderator Farhia Mohamud structured the dialogue around the necessity of moving beyond policy design to active governance, observing: "The core challenge facing the transition is bridging the gap between formal regional membership and the practical, day-to-day implementation of trade commitments by state institutions." Addressing this implementation challenge, Director General Mohamed Isak Fatir outlined the concrete coordination frameworks, tracking mechanisms, and inter-ministerial entities currently being deployed by the state to manage the integration roadmap.

He detailed the deployment of technical liaison officers to the EAC Secretariat, defense attaches, and judicial representatives to the East African Court of Justice to guarantee institutional presence, stating:

"We have taken several steps to ensure that we can measure progress in order to have a successful implementation of the roadmap... We are now taking the leadership of technical advice so that political decision makers can go ahead and finally influence the decision."

### 3. Trade Facilitation and Economic Interoperability

The ultimate metric of integration success is the reduction of transactional frictions, including both administrative non-tariff barriers (NTBs) and financial clearing inefficiencies that disrupt the free flow of commerce. Panelists explored how state-level mechanisms can protect private sector interests while simultaneously leveraging domestic innovation to bypass traditional trade bottlenecks. Director General Mohamed Isak Fatir shared a practical instance of utilizing regional institutional frameworks to resolve trade friction, citing Somalia's successful intervention against a protectionist small-business municipal restriction policy introduced in Tanzania:

"We raised this as a bilateral issue. We also raised this through East African existing frameworks and mechanisms. And we have succeeded that Tanzania accepted that this may not affect the East African Community members."

Rather than merely reacting to external market barriers, the panel concluded that domestic innovation can serve as a proactive tool for trade facilitation. Björn Richter highlighted how the nation's advanced digital payment infrastructure provides a unique competitive advantage to lower regional transaction costs:

"Somalia is positioning themselves as a leader in innovation and also as an early adopter when it comes to payment systems... Cross-border payment interoperability and digital financial integration serve as vital tools for reducing transaction costs and facilitating regional commerce."

Expanding on how this financial ecosystem can actively transform regional integration under the broader EAC Digital Single Market frameworks through government-led switches, Richter further observed:

"Integrating these robust digital financial networks with regional platforms not only builds immediate economic resilience but establishes a scalable foundation for cross-border e-commerce, setting a modern standard for how newer member states can accelerate trade interoperability without relying entirely on traditional banking legacy systems."

### 4. Spatial Connectivity and Structural Development

The long-term scaling of regional integration depends heavily on expanding physical capabilities, linking spatial assets, and fostering a supportive ecosystem for capital investment. Panelists highlighted that while a strategic maritime position offers substantial economic dividends, its value is entirely unlocked by the structural investments that connect borders to wider regional trade corridors. Dr. Abdisalam H. Omar emphasized the unmatched maritime potential of the nation's coastline, noting that its strategic positioning along the Red Sea and Indian Ocean could turn Somalia into the primary trade port for landlocked East African states:

"We are closer to the sea than many others... we are on the Red Sea and then we are on the Indian Ocean. So it's possible that if we do the Customs Union properly that most of the commodities and the goods that come to the region will come through either the ports of the Indian Ocean or the ports of the Red Sea."

To ensure that these spatial advantages translate into real economic development, the panel established that the internal operating environment must adapt to support broader investment, secure supply chains, and build local business resilience. Lee C. Sorensen built upon this by outlining that geographic assets cannot succeed in isolation without comprehensive structural improvements for the business community, particularly concerning energy costs and stable legal guarantees for public-private partnerships:

"Market access alone is insufficient if businesses continue to face uncertainty, high transaction costs, and limited access to finance... the success of Somalia's integration should not be measured solely by its participation in EAC institutions but by the extent to which integration improves the operating environment for the private sector."

# Policy Recommendations

To translate the legal, institutional, and economic findings into structural governance, the Federal Government of Somalia—in coordination with the EAC Secretariat and regional development partners—should implement the following four deep, systemic interventions:

### 1. Accelerate Legal Alignment and Treaty Domestication

- **Strategic Action:** Establish a statutory, inter-ministerial legislative alignment taskforce to systematically audit, amend, and domesticate outstanding national commercial, maritime, and environmental laws.
- **Depth:** This mechanism must bypass ad-hoc political bottlenecks by establishing a binding, technical timeline to reconcile domestic statutes directly with the protocols of the EAC Single Customs Territory, focusing heavily on harmonizing external tariffs and technical standards.
- **Impact:** Secures a predictable, rules-based environment that protects domestic traders from cross-border legal liabilities and boosts regional investor confidence.

### 2. Deepen Institutional Capacity and Roadmap Oversight

- **Strategic Action:** Formally institutionalize technical coordination offices into permanent, fully resourced directorates across critical line ministries (Finance, Justice, and Trade).
- **Depth:** Rather than relying on temporary administrative setups, these units require dedicated public funding and permanent technical staffing to oversee compliance roadmaps, manage the implementation of the EAC Common Market protocols, and maintain uninterrupted structural representation within the EAC Secretariat, East African Court of Justice, and East African Legislative Assembly.
- **Impact:** Prevents governance lags, shifting the country from passive participation to active institutional leadership within the bloc.

### 3. Maximize Integrated Infrastructure and Structural Development

- **Strategic Action:** Reframe and integrate domestic maritime hubs, trade corridors, and digital financial networks into the broader regional infrastructure and macro-development strategies of the EAC.
- **Depth:** This integration is essential because physical connectivity cannot succeed in an economic vacuum without financial interoperability. Linking local mobile money networks to the East African Payment System (EAPS) is necessary to eliminate currency clearing frictions that kill small-business margins, while launching public-private partnership (PPP) and independent power provider (IPP) frameworks is vital to de-risk long-term capital investments. Without pairing these digital financial rails with physical port and road expansions, the country cannot lower its high domestic production costs or sustainably monetize its strategic maritime assets.
- **Impact:** Lowers production and cross-border transaction costs while eliminating settlement friction, enabling the private sector to transform the nation's vast exclusive economic zone and digital financial edge into a high-yielding regional logistics and e-commerce gateway.

# References


1. Balassa, B. (1961). The theory of economic integration. Richard D. Irwin.
2. East African Community. (2026). Communique of the 25th Ordinary Summit of the EAC Heads of State. EAC Secretariat.
3. East African Community. (2026). 7th EAC Development Strategy (2026/27–2030/31): Implementation Matrix. EAC Secretariat.
4. International Monetary Fund. (2024). Somalia: Selected issues. IMF Country Report No. 24/347. International Monetary Fund.
5. Kafeero, E. (2008). Customs and trade facilitation in the East African Community (EAC).
6. Karingi, S., et al. (2005). The impact of the East African Customs Union on trade and revenue.
7. Magai, P. S. (2024). Revisiting the effect of the East African Community Customs Union on intra-regional trade performance. Cogent Economics & Finance, 12(1).
8. Mohamud, F. (2024). Opportunities and challenges for Somalia's membership to the East African Community. Somali Public Agenda.
9. Nanjira, A. (2022). The regulation and impact of non-tariff barriers in the East African Community Customs Union (Master's thesis).


2025

EACON

Scan Me

Get In Touch

www.eaccon.com

info@eaccon.com

Mogadishu, Somalia