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Somalia's Politics: The Usual Business?

A Synthesis Paper of the Conflict Research Programme

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About the Conflict Research Programme

The Conflict Research Programme is a four-year research programme hosted by LSE IDEAS and funded by the UK Foreign, Commonwealth and Development Office. Our goal is to understand and analyse the nature of contemporary conflict and to identify international interventions that 'work' in the sense of reducing violence, or contributing more broadly to the security of individuals and communities who experience conflict.

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1. Overview

This synthesis paper brings together a range of studies conducted under the Conflict Research Programme (Somalia). The focus of the paper is on the *political marketplace*, which provides a lens to analyse the political economy of violence in turbulent societies, and to inform policy interventions. It is an alternative to approaches which focus narrowly on the role of economic 'drivers of conflict' as well as to explanations of conflict based on formal institutional dynamics. In this report, the term 'political marketplace' is conceived of as an open political system on the margins of global capitalism, in which political and economic conduct are under-determined by formal institutions and where cooperation and allegiance are instead exchanged via transactional politics, which includes both targeted violence and material incentives.

During the term of President Mohamed Abdullahi Mohamed 'Farmajo', which began on 8 February 2017 and was due to end on 8 February 2021, the country has had regional elections in each of its five member states. The ruling cabal in Mogadishu have attempted to install compliant leaders in each of these elections in order to enhance their chances of re-election in 2021, a centralizing turn within Somalia's decentred political and security dispensation. In spite of a number of internal and external factors favouring this authoritarian direction – notably the support of key regional and Gulf State actors and an uncertain international community – this turn has had limited success, ultimately resulting in continual delays and re-negotiations around the conditions for the Presidential election itself.

In interpreting the current political climate and direction, this paper identifies four key factors in Somalia's political marketplace and political economy: (1) the competitive and decentralised nature of Somalia's political market; (2) the salience of clan identity; (3) the pervasive use of money and violence; and (4) the unpredictable nature of the political marketplace due to its multiple levels. The ongoing impasse between the Federal Government (FGS) and Jubbaland, which sees Ethiopia and Kenya supporting opposing sides, the instrumentalization of identities being played out at local and national levels, and the use of money and violence in the 2019 elections, provides an exemplar of these different factors.

While the political marketplace helps to explain the real politics taking place within the country, the contestation taking place around these regional and national election processes are symptomatic of what Bell and Pospisil term a 'formalised political *unsettlement*', an enduring condition that is marked by periods of violence, obstruction and (re-)negotiation but where an elite compact itself persists.¹ In this condition, 'no political position, no interest or no alliance is set in stone.'² According to this depiction, in the case of Somalia, the outcome of the election and the conditions around that election are of limited significance and rather signs of its turbulence and unsettledness. The political marketplace dynamics are consistent with this characterisation.

That said, a number of influencing factors or shocks are useful to consider, in analysing the more immediate political direction around the time of the expected Presidential election. The alliance of President Farmajo with PM Abiy Ahmed and President Isaias Afwerki has provided political and military support to the FGS and has played a crucial role in several of the regional elections. A concerted coercive effort by these regional allies might have played a decisive role in the elections. However recent events in Tigray, Ethiopia, alongside a new administration in (and associated messaging from) the United States, as well as the considerable popular resistance that would have been generated by such a move, suggest such an effort will not materialise. Kenya's position, supporting Jubbaland President Ahmed Madobe in resisting the tripartite alliance of Ethiopia, Eritrea and the FGS, is a further notable factor in impeding this authoritarian trajectory.

A large injection of political finance by an external power may well influence the eventual choice of president, as has happened in the previous two presidential elections. However, with the recent

1 Bell, Christine, and Jan Pospisil. 2017. "Navigating Inclusion in Transitions from Conflict: The Formalised Political Unsettlement." *Journal of International Development* 29: 576-593.

2 Ibid, 6; de Waal, Alex. 2015. *The Real Politics of the Horn of Africa: Money, War and the Business of Power*. Cambridge, UK: Polity.

rapprochement between Saudi Arabia (and to a lesser extent the UAE) and Qatar, this factor is arguably less instrumental in exacerbating tensions and empowering opposition than might have been the case, although it still provides a source of political finance. While the use of cash is an established lubricant in the marketplace, for key positions (such as the presidency) the tactical use of cash intersects with a strong Somali anti-incumbency or rotation of power tendency. In consequence, the largest purse does not automatically decide the winner.

The economic shock from Covid-19 is also playing out during the current period and has considerably reduced government revenue, political finance, and patronage from several sources, including trade-related taxation, remittances, as well as aid-related rents and patronage. A number of prominent cases of corruption around Covid-19 assistance indicate that members of the elite have been facing difficulties in obtaining political finance. The effects of this reduction in finance and patronage are thought to be more detrimental to the opposition than to the incumbent president given the greater variety of resources available at the centre. Furthermore, from 2017 onward, international institutional engagement in Somalia has worked to increase the financial and fiscal strength of the FGS relative to other actors.

Where Covid-19 has reduced the short-term political finance available to elites, political positioning around the elections is being influenced by the prospects of resources becoming available from the oil and gas sector. If this eventually materialises, it will have the capacity to reconfigure the structure of the political marketplace. However, this eventuality has not yet materialised.

2. Introduction

This paper presents a synthesis of material developed under the CRP (Somalia) to reflect on elections in light of the underlying political economy and political marketplace within the country. It applies the political marketplace framework (PMF) and aims to inform policy thinking. Rather than being predictive, it tries to identify the facets of Somalia's political system that will play a role in these elections – the broad question of interest to the paper is: what role do elections play in Somalia's current political (un)settlement, why have they become crucially important, and who benefits from them being conducted in certain ways? The elections are important in themselves in that they signify at least some adherence to international norms, which serve to secure resources and the basis for unending negotiation.

Somalia is an outward looking – or extraverted state – where business-political elites look to instrumentalise external sources of revenues/rents for domestic political and financial advantage.³ This logic characterised Siad Barre's government in its latter years and continues today in different forms. Somalia today retains considerable interest for a variety of foreign powers – neighbouring States, Gulf countries, Turkey and Western interests – where countering terrorism and migration, maritime competition, expanding trade and market opportunities and supporting humanitarian action inform and shape the financial and coercive political environment. These interests overlap but are also often distinct. The prospects of both oil/gas revenues and increased development assistance (following progress on debt relief) are further driving incentives and political dynamics domestically and internationally.

In the case of Somalia, the PMF provides an alternative to analyses that focus on 'clan' as the main fracture and problem (in other words blaming clan dynamics for continued conflict and instability) or that assume that the country is progressing towards an institutional state. From a political marketplace perspective, four general characteristics of Somalia are evident:

Somalia's political market is highly competitive and decentralized. There are diverse sources of political finance that are not controlled by any single actor or group, as well as a multiplicity of

³ Extraversion refers to the incorporation of elites into global power systems. This notion does not reduce African incorporation in the global political economy to purely greed and rapaciousness but is considered a tactic of survival and incorporation at the edges of the global capitalist system. Bayart, Jean-François, and Stephen Ellis. "Africa in the world: A history of extraversion." *African Affairs* 99, no. 395 (2000): 217-267; Hagmann, Tobias. 2016. *Stabilization, extraversion and political settlements in Somalia*, Nairobi: Rift Valley Institute.

individuals, groups and networks, characterized by often-shifting alliances. Similarly, no single actor or group has a monopoly on violence. Barriers to entry and exit for political players are relatively low, and it is not unusual to see new political-military entrepreneurs and opposition groups establish themselves alongside existing politicians and armed groups.

It follows, that Somalia does not have anything approaching a coherent and unified security sector. Instead, this state of affairs is better characterized as a rivalrous 'security arena' made up of numerous smaller spaces for security actor contestation, as well as considerable security rents.⁴ In Somalia, both security and insecurity are produced by fragmented and diverse coalitions of actors and interests who cooperate and compete for resources and influence.⁵

Clan identity remains salient in Somali politics but conflict in Somalia cannot be reduced simply to identity politics. In the PMF analysis, clan identity (in its various agglomerations) plays a historically and politically constituted role in structuring the organization of, and transactions in, the Somali political market. Clan-units were constituted in recent history for the purpose of claiming and holding state power at a particular point in time and dissolved into their constituent elements as circumstances changed. However, in peace efforts following state collapse, the clan unit was also formalized as the basis of political organization. In part, this was due to the legacy of civil war where kinship was used to organize violence as well as survival. On one hand, extremely violent episodes such as 'clan-cleansing' in Mogadishu and Hargeisa tended to make identities based on clan units more important.⁶ At the same time, lineage was used to organize information exchange, security, and material support as the structures of orderly governance collapsed.⁷

Notwithstanding the historical constitution of clan-units, lineage plays a role in organizing everything from everyday urban life to mechanisms for attracting diaspora funding. Most crucially, perhaps, it continues to be used as a logic for organizing violence – both by political-military Somali entrepreneurs and neighbouring states alike.

The pervasive use of violence and money are key tools that political entrepreneurs deploy to try to gain and achieve power. These tools are used as part of political market strategies – such as to influence elections – but do not always determine political outcomes. Like all markets, political markets are socially embedded, and subject to social norms and institutions (the 'rules of the game').⁸ Therefore, even though money is a pre-requisite to competing in elections, the largest purse holder is not guaranteed to win the election, and there is an implicit norm against incumbency and for the rotation of power.

At the same time, actors also turn to violence in addition to, or as a substitute for cash. For example, violence – or the threat of violence – was used in several of the regional elections between 2018 and 2020, in the SWS case to directly remove a competitive candidate by the FGS while in Jubbaland, to manipulate the election contest, keep the cost of loyalty down and resist the influence of the FGS.

The political market in Somalia has multiple levels and is very difficult to predict, where drivers of conflict and political instability operate at four levels – international, regional (transboundary), national, and local. Each of these levels is related to the others but also possesses a high degree of

4 Hills, Alice. 2014. Security Sector or Security Arena? The Evidence from Somalia, *International Peacekeeping*, 21(2): 165-180. DOI: [10.1080/13533312.2014.910400](https://doi.org/10.1080/13533312.2014.910400)

5 See section 5. (The use of the words 'security' and 'security sector' in Somalia reflects external assumptions around state authority being a prerequisite for individual and collective security. External interventions that draw clear distinctions between 'state' and 'non-state' armed groups, 'security providers' and 'causes of insecurity', and 'formal' and 'informal' security actors are based on a flawed understanding of the actors and relationships in this arena).

6 See Kapteijns, Lidwien. 2013. *Clan Cleansing in Somalia: The Ruinous Legacy of 1991*, Philadelphia: University of Pennsylvania Press; Hagmann, Tobias, Aditya Sarkar, Adan Aboker, Jamal Mohamed, Mahad Wasuge, Mohamed H. Ibrahim, Yassmin Mohamed and Mark Bradbury. 2018. *Drivers, Governance and Political Economy of Urbanization in Somalia: Review and Research Gaps*. Nairobi: Rift Valley Institute.

7 Simons, Anna. 1995. *Networks of Dissolution: Somalia Undone*, Boulder CO: Westview.

8 North, Douglass. 1981. *Structure and Change in Economic History*, New York: W.W. Norton & Company; Leftwich, Adrian. 2015. "Thinking Politically: On the Politics of Politics." in *What is Politics? The Activity and its Study*, edited by Adrian Leftwich, Malden: Polity Press.

independent energy. This means that political changes at any one level affect others in unpredictable ways. For instance, the GCC crisis and regional rivalries in the Middle East play out differently in regional relationships in the Horn, and in Somali politics at different levels. The case of Jubbaland is most illustrative of these dynamics, where transnational/transborder 'clan' interests (of the Ogaden) were initially aligned with Ethiopian and Kenyan state interests, around the election of its first President, in 2015, but where those state interests later diverged, along with GCC rivalries which ultimately led to a discredited election and a still ongoing impasse.

Given these characteristics, it should be noted that **the political marketplace is not the only logic** at work in Somalia (or anywhere) – it is constrained by social norms and institutions. Among the most important of these institutions are socio-cultural practices of bloodmoney and bloodwealth payment (*diya*) based on lineage, the custom of contract among lineage groups (*xeer*), the framework of politicized identities, namely the clan unit system, which emerged from the organization of political violence and territorial control in the post-independence period, and the administration of justice which principally draws upon Islamic precepts and practices. More specifically, this paper also identifies processes and norms that offer alternatives – or resistance – to this logic and its dynamics, referred to as 'civicness' within the CRP.⁹ These are illustrated through the 2017 Galkaio local agreement, in the justice and security domain in Kismayo town, as well as through the transnational activism of civic minded-individuals and networks.

The focus of this paper is applied to the period from 2017 to 2020, under the centralising impulse of President Farmajo, and which provides a particular frame and iteration within which these broader characteristics have been redefined and have evolved. The regional elections that have taken place in this period are illustrative of the dynamics of the political marketplace and have influenced the conditions under which the federal election are being delayed and (re-)negotiated. This period has seen a radical shift in Ethiopia's position towards Somalia, and its coercive assistance to the FGS (although currently unstable due to political tensions in Ethiopia), as well as Eritrean influence and the creation of the so-called Ethiopia-Eritrea-Somalia axis in the Horn of Africa. Kenya, supported by the UAE, continues to back Ahmed 'Madobe' in Jubbaland, where its maritime dispute with Somalia is an underlying factor, as well as concern with the above- mentioned axis. Adding to the external complexity has been the GCC crisis and its recent rapprochement, and that has been playing out in Somalia.

The paper begins with a brief history of Somalia's political system since 1969 using the PMF. This section reveals the historical constitution of the political market in Somalia, identifying critical junctures at which point the 'rules of the game' have shifted. For fifty years, Somalia's history has been marked by multiple, overlapping crises. These crises have been caused by, and in turn, have driven far-reaching social, political and economic changes. Several 'critical junctures' are identified and explained in this political history. The current political dispensation and political marketplace around the Federal system is then introduced, followed by a discussion of the sources of finance that shape this marketplace. A discussion of the security arena, a critical element in the state-building enterprise, then takes place bringing insights from research conducted in Galkaio town at the border of Puntland and Galmudug. The role of clan, Islam and peace-making processes as norms and constraints in the violent and politicised Somali environment are then introduced, including with reference to the Galkaio local peace agreement.

The penultimate section presents summaries of the elections in all Federal Member States, since 2018, according to the PMF, revealing some of their particularities as well as relations to the centre under the Farmajo Presidency. In the final discussion, the analysis from these various themes is then brought to bear on the nature of the 2021 election controversy (the national Parliamentary and Presidential elections), not on the question of whether they are 'free and fair', but rather to pose the question of to what end do these elections serve? In so doing, this paper presents an alternative to two more dominant views, in academic and policy circles, which suggest that a) Somalia is progressing towards a 'normal' institutional state, or b) that clan is the main fracture and problem.

⁹ For a brief discussion of civicness, see Kaldor, M. 2019. "The phenomenon of civicness and researching its advancement," London School of Economics [Blog]. <https://blogs.lse.ac.uk/crp/2019/05/22/kaldor-civicness/>.

3. Emergence and Evolution of the Political Marketplace

This section provides a brief history of the evolution of the political economy and political market in Somalia. It is schematically represented in Figure 1. For each period, three tools are utilized: (a) a summary of the political economy; (b) a brief description of what happened, using the PMF; and (c) a representation of politics in Somalia, using the three basic forms in which a political marketplace can be organized (a 'centralized authoritarian kleptocracy'; an 'oligopoly' (either rivalrous or collusive) and a 'free market'.

Table 1: Somalia's Political Economy and Political Marketplace 1969-2019

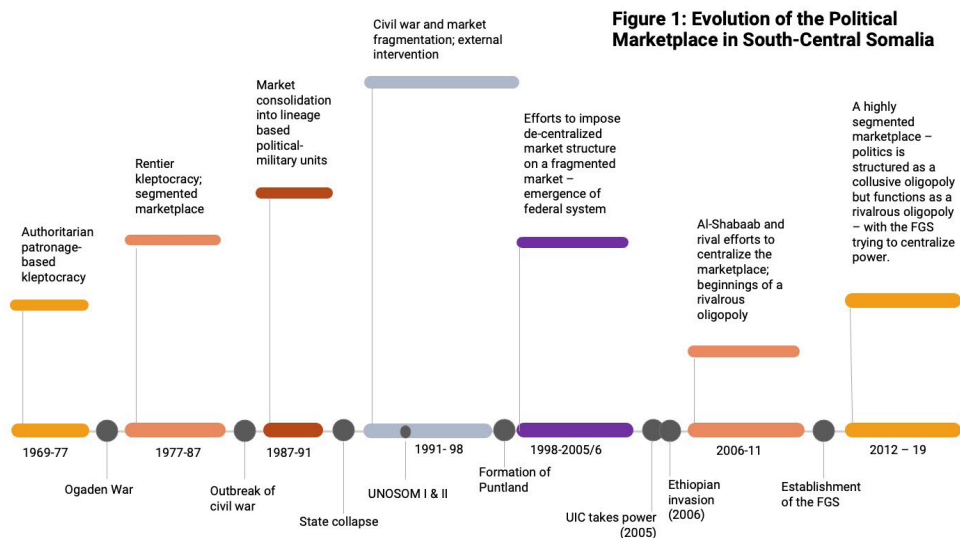
| Period | Economic Characteristics | Political Finance | Beneficiaries | Regional Context |
|-------------|--|---|---|--|
| 1969 – 77 | Centralized economy, creation of parastatals | Land grabs, Cold War security rents | Politicians, soldiers and those allied to the regime, the military | Irredentist regime with desires to unify all Somali speaking regions in the Horn of Africa |
| 1977 – 87 | An expanding trading class; the informal economy becomes much larger than the formal economy | Diversion of humanitarian and development aid; Some security funds and the beginnings of the remittance economy | Bureaucrats, soldiers, and some elites closely associated with the regime | Defeated in the Somalia-Ethiopia (Ogaden) war by Ethiopia |
| 1987 – 92 | War economy | Pillage, land grabs, smuggling, remittances | Clan-unit leaders | Junior in the region |
| 1992 – 98 | War economy; humanitarian and development aid; resumption of trading activity; remittances | Pillage, smuggling, remittances | Warlords ¹⁰ | Junior, external intervention |
| 1998 – 2004 | Trade; humanitarian aid (and charitable funding); remittances | Pillage, extortion, clientship of regional actors (Ethiopia and Kenya), finance from businesspersons as they set up their own security forces etc., remittances | Businesspersons and associated conglomerates | Subordinate to Ethiopia, and a lesser extent, Kenya |

¹⁰ Note that the term 'warlord' is a loose term and a symbiotic business-political relationship between different local and international actors often characterised this period. See Hagmann, Tobias, and Finn Stepputat. 2016. Corridors of trade and power: economy and state formation in Somali East Africa. DIIS Working Paper 8. http://pure.diis.dk/ws/files/624676/DIIS_WP_2016_8.pdf.

Table 1 Continued: Somalia's Political Economy and Political Marketplace 1969-2019

| Period | Economic Characteristics | Political Finance | Beneficiaries | Regional Context |
|-----------|--|--|--|--|
| 2005-11 | Trade, punctuated by periodic drought; remittances | Extortion, clientship, remittances, humanitarian aid, security rents (from Ethiopia, Kenya, USA) | Islamic Courts, political elites in positions of power in the TFG, businesspersons | Subordinate to Ethiopia, and to a lesser extent, Kenya |
| 2012 – 19 | Trade, punctuated by periodic drought, remittances | Extortion, clientship, remittances, humanitarian aid, security rents | Major business conglomerates, FGS | Subordinate to Ethiopia, and to a lesser extent, Kenya; Cockpit for GCC rivalry; Theater of US counter-terrorism action |

Figure 1: Evolution of the Political Marketplace in South-Central Somalia



Independence and Siyad Barre's Ascent to Power (1969-1977)

The former Italian territory of Somalia and the British territory of Somaliland achieved independence in June – July 1960. After a brief period of multi-party politics, Siyad Barre came to power in 1969 in a military coup and immediately began to coup-proof his regime, dismissing or executing military colleagues and his co-conspirators from the coup. After consolidating his power, Barre launched a modernizing state-building project expanding the Somali army, developing a centralized command economy, building infrastructure¹¹, and seeking to create a nationalist Somali identity (in part by outlawing ‘tribalism’¹²). Barre also leveraged Soviet support and equipment to develop a disproportionately large and well-equipped army for a small country. During this period, Somalia appeared set on the path of state-building, that is, it appeared to be moving towards ‘modern statehood’.

11 Hagmann et al. 2018.

12 Tribalism, or the instrumentalization of clan, was officially banned in 1971, and made a criminal offence, with the payment of diya or blood money therefore outlawed. In reality, customary norms continued. See Lewis, 1989. “The Ogaden and the Fragility of Somali Segmentary Nationalism,” *African Affairs* 88 (353): 573.

At this point, Somalia could be classified as a limited authoritarian kleptocracy based on patronage. It was limited because the reach of the centralized state was still relatively limited, even if it was expanding, and governance was not being conducted on the basis of formal political institutions. This is not to suggest that government action was insignificant – merely that its impact was uneven.

While Barre's regime was initially greeted with public support,¹³ his ability to control the political market through patronage decreased with the creation of the *franco valuta* (fv) system and the rise in remittances. These evolutions fuelled the rise of new actors—a trader class—and the growth of an informal private sector which was both outside of government control and was greater in magnitude than the political budget Barre could extract from the government. While Barre did target rivals in attempts to consolidate his control, this period featured relatively low levels of political violence. All of this changed after the war in the Ogaden with Ethiopia.

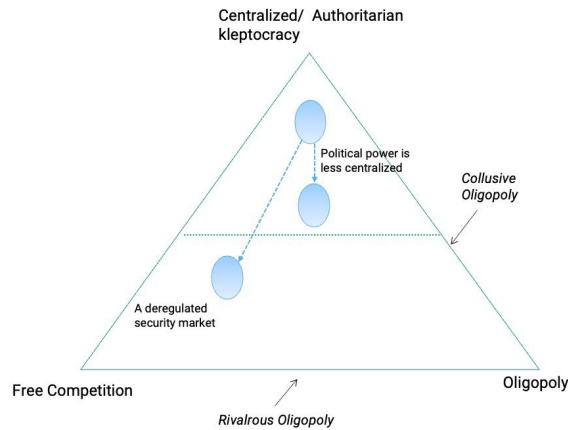
| Level of analysis | Account |
|---|---|
| Political economy | A centralized but small formal economy dominated by parastatals and nationalized companies, overshadowed by a much larger informal economy. The Siyad Barre regime used the expropriation and allocation of land and water rights in the southern riverine regions as tools for building political support at the national level. While the Barre regime sought to lead a centralized command economy, the creation of the <i>franco valuta</i> (fv) system and the rise of remittances created (a) links between private traders, migrant labour and their families, and the import demand of private businesses, and spurred the growth of a trader class, which later became the money transfer companies. Second, the official economy and government reserves were quickly overshadowed by the size of the private sector and the diffuse financing through informal channels outside of government control. |
| Structure of political firms and strategies | A single, centralized political system organized in a bureaucratic and hierarchical form, with the army as the symbol and model of the nation and state. While Barre did target individuals as he sought to consolidate power, this period featured relatively low levels of political violence. |
| Organization of the marketplace | No political marketplace existed – but the economic characteristics which shaped the political market were being put in place during this period. |

¹³ Menkhaus, Ken. 2014b. "Calm between the storms? Patterns of political violence in Somalia, 1950 – 1980." *Journal of East African Studies* 8 (4): 558-572.

Ogaden War and After: Emergence of the Political Marketplace (1977-1987)

Figure 2: Creation of the political market as a tactic of regime survival (1977-87)

Figure 2: Creation of the political market as a tactic of regime survival (1977-87)



Following the failed invasion of the Ogaden region in Ethiopia, Barre's regime faced immense criticism for its embarrassing defeat. In April 1978, there was an unsuccessful coup against him. As Barre became increasingly desperate to maintain power, he adopted new strategies giving rise to political marketplace dynamics. These strategies included Barre's diversion of U.S. aid to his political budgets, the neutralization and fracturing of the army, and the instrumentalization of clan identity to drive local conflict. By 1987, the political marketplace had fully emerged in Somalia and began to establish the clan unit as the basic unit of political organization.

Against an informal economy that Barre could neither capture nor block, Barre became reliant on U.S. aid to prop up his regime. Alongside foreign military assistance, funds came from concessionary loans, development assistance, food aid, and humanitarian aid for refugees. Much of it was diverted or stolen; some of it was used to feed the army and militias. The once-professional security services became predatory, advancing the interests of empowered clans, including through land grabs, depriving thousands of farmers (many from disadvantaged clans) of their land and livelihoods.¹⁴

In addition, through purges of the officer corps and a reorganization of the army as a coalition of clan-unit-based militias, Barre sought to dismantle the army and neutralize it as a threat to his regime. Coupled with divide-and-rule tactics, Barre exploited local rivalries and tried to tie up commanders in never-ending local rivalries so that they would not be a threat to his regime. In addition, Barre re-politicized, re-purposed, and intensified lineage competition (which had always existed in Somalia) to ensure his own political survival.

During this period, the state was intervening to fuel and instrumentalize inter-clan conflict, not to prevent it, as a strategy for Barre to maintain power.¹⁵ By 1987, Barre's use of violence (either directly, or through proxy militia) had helped to establish the clan unit as the political-military unit through which territory and power would be contested.

14 Menkhaus 2014b; Menkhaus, Ken. 2007. "The Crisis in Somalia: Tragedy in Five Acts." *African Affairs* 106: 357-390; de Waal 2015, 110-115; and Sarkar, Aditya. "'Evolving' Federalism and the Security Arena in Somalia: Implications for the Political Marketplace." Background paper for a workshop on the political marketplace, *Martin School, Oxford University*, 30-31 May 2018. Mimeo.

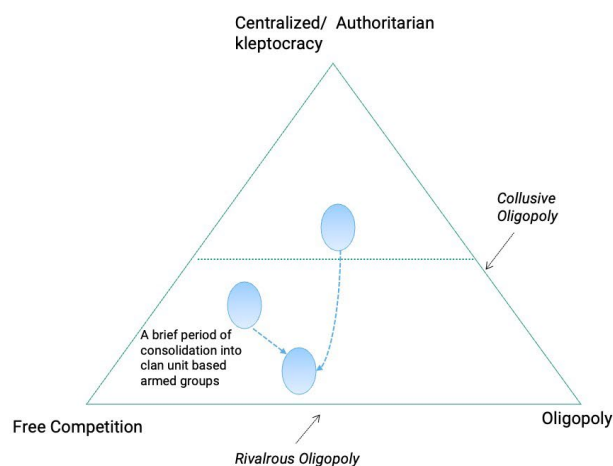
15 Compagnon, Daniel. 2013. "State-sponsored violence and conflict under Mahamed Siyad Barre: the emergence of path dependent patterns of violence." *Reinventing Peace, The World Peace Foundation Blog*, October 22. <http://sites.tufts.edu/reinventing-peace/2013/10/22/state-sponsored-violence-and-conflict-under-mahamed-siyad-barre-the-emergence-of-path-dependent-patterns-of-violence/>.

| Level of analysis | Account |
|---|---|
| Political economy | A kleptocratic system with officially sanctioned and extremely high levels of corruption. The state was financed by the diversion of humanitarian aid and proceeds from development assistance and military assistance. The increased importance of merchant capital (especially in the diaspora) provided political financing for the emerging opposition. |
| Structure of political firms and strategies | Proliferation of smaller political-military actors mobilized by the state and emerging in opposition to it. The emerging opposition mobilized primarily (but not solely) on the basis of clan-identity, with some nationalist ambitions. |
| Organization of the marketplace | A segmented marketplace emerged – the beginnings of a competitive and rivalrous security arena with multiple actors and fluid alliances. The state remained a kleptocracy but was no longer as centralized. |

Civil War and State Collapse (1987-1992); Interregnum

Figure 3: Civil war and temporary market consolidation (1987-91)

Figure 3: Civil war and temporary market consolidation (1987-91)



Encompassing the Somali civil war, the overthrow of Siyad Barre, and state collapse, this period was characterized by the emergence of multiple military actors based on clan units and a lowering of barriers to entry into the political marketplace. As previously described, this was not pre-ordained, but the result of (a) specific competition within and between opposition groups; (b) the counter-insurgency campaign, and (c) external pressures from foreign sponsors (primarily Ethiopia). This period also marks the move towards free competition and the firm establishment of a multi-level, rivalrous marketplace.

In 1990, an uprising began against Siyad Barre in Mogadishu – this culminated at the end of the year with the SPM and USC forces surrounding the city. Siyad Barre fled the city on 27 January 1991, having looted the central bank. At this time, the remnants of Siyad Barre's forces formed the Somali National Front (SNF). The ease with which a former government reassembled itself as a clan unit armed faction reveals that the regime had previously abandoned any pretence of serving as a national government.

This was a period characterized by an extraordinary fluidity in terms of armed actors. The clan units formed for the takeover of the state rapidly realized that they would be unable to do so and sought to form larger, more opportunistic alliances. Mohamed Farah Aideed constructed the Somali National Alliance, cobbling together elements from existing opposition groups, notably the SPM. His rival, Ali

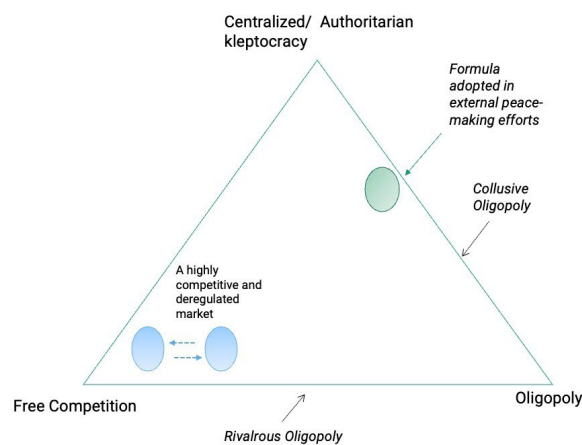
Mahdi, constructed the Somali Salvation Alliance, which also ostensibly spanned different clans. The logic for this was simple - clan mobilization, by itself, was not sufficient to gain political power, and canny Somali political-military entrepreneurs sought to build opportunistic alliances which would better be able to serve their political and material interests. These alliances (even if they only existed on paper) did not last long; given the extraordinarily diffused sources of political finance, as well as the personal ambitions of the political entrepreneurs they split into various lineage-based sub-groupings. The clan unit was a product of a particular time and place, but even as it splintered it defined the form of future political competition in Somalia.

| Level of analysis | Account |
|---|--|
| Political economy | War, plunder of state assets. |
| Structure of political firms and strategies | Extraordinary fluidity of armed actors. An initial period of consolidation (into clan-unit based armed groups) which rapidly disintegrated into smaller units, which began to compete with one another. |
| Organization of the marketplace | For a brief period, Somalia resembled a rivalrous oligopoly with a few large groups united by the sole desire to overthrow the regime. This soon degenerated into localized and free competition between the splintering armed groups. |

Market Fragmentation & External (UN) Interventions (1992-1998)

Figure 4: Market fragmentation (1992-1998)

Figure 4: Market fragmentation (1992-98)



The UN interventions in Somalia (UNOSOM I and UNOSOM II, punctuated by the U.S. Operation Restore Hope – 1992-1995) had two primary impacts on the incentives and players in the political market: (a) they helped resurrect the rapidly fading possibility that external rents could be accessed through a centralized state; and (b) contracts handed out during UNOSOM I and II helped some prominent businesspersons make their first fortunes. '[O]pportunistic businesspeople won multimillion-dollar contracts for transportation and handling of donated food aid, much of which was illicitly siphoned off and sold on the black market'.¹⁶ Those businesses that had the strongest ties to warlords¹⁷ were best positioned to loot the international aid agencies. Because warlords controlled security on the roads, contractors that had relationships with warlords were able to demonstrate that they could get aid into the otherwise inaccessible countryside for a price. This proved to be an invaluable source of

16 Ahmad, Aisha. 2017. *Jihad & Co.*, Oxford University Press, 105. See also Ahmad, Aisha. 2015. "The security bazaar: business interests and Islamist power in civil war Somalia." *International Security* 39(3): 89-117.

17 The expression 'warlord' is a particularly complex one; it is generally understood to mean politico-elites who led clan-units in the 1990s – they are associated with the looting of private properties, operating protection rackets, and checkpoints, and provision of security. In practice, warlords ranged from those who had some political constituencies to those who were simply defecting military leaders with no political background. Hagmann 2016, 30; Marchal, Roland. 2007a. "Warlordism and Terrorism: How to Obscure an Already Confusing Crisis? The Case of Somalia." *International Affairs* 83(6): 1091-1106.

political finance for the warlords in an otherwise constrained political market. Using similar tactics Aideed is reported to have set up a number of fake NGOs to try and siphon off aid contracts. What this suggests, is that there were few other accessible sources of political finance available to most political-military entrepreneurs at this time.

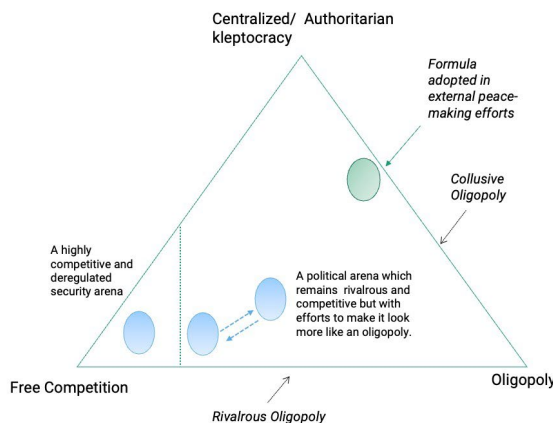
After the withdrawal of the UN mission, regional actors began to play much more significant roles in Somalia, including in mediating the direction of peace processes. At the same time, a number of locally-driven peace agreements prevented a return to the worst of the fighting. An alternate explanation, however, is that there simply weren't enough resources left to fight over. Even as Somalis sought to restore some semblance of order through the establishment of businesses, starting schools, etc., the sources of money available for leaders' political budgets were meagre. In an apocryphal story, when some clan leaders came to complain to Aideed about a local dispute, he was so cash strapped that he offered to give them ammunition which they could sell in the market and obtain money to settle their disputes.

| Level of analysis | Account |
|---|--|
| Political economy | War economy – initially characterized by efforts to capture what remained of the state, and then by waves of land grabs, looting, and diversion of humanitarian aid. |
| Structure of political firms and strategies | An initial period of consolidation (into clan-unit based armed groups) which rapidly disintegrated into smaller units, which began to compete with one another. |
| Organization of the marketplace | For a brief period, Somalia resembled a rivalrous oligopoly with a few large groups united by the sole desire to overthrow the regime. This soon degenerated into localized and free competition between the splintering armed groups. |

Efforts to Re-centralise the Market (1998-2004)

Figure 5: Externally sanctioned market structure (1998-2004)

Figure 5: Externally sanctioned market structure (1998-2004)



The period between 1998 and 2004 was notable for a number of peacemaking efforts, many of which were facilitated by neighbouring countries as a way of gaining an upper hand in regional geopolitical rivalries. The critical juncture at the beginning of the period consisted of two events. The first was the emergence of the '4.5 formula' (for fixed proportional representation by clan family unit) at the Sodere conference, and which has since been employed at subsequent Somali reconciliation conferences. Second, and perhaps more important, was the formation of Puntland in 1998 (with Abdullahi Yusuf, formerly of the SSDF, as President), which gave credence to a decentralized clan-unit based federal model for reaching a political settlement in Somalia; this came to be called the 'building blocks'

approach.¹⁸ Together, the 4.5 formula and the 'building blocks' approach remain the basis on which the political arena in Somalia remains structured today. In essence, however, these peace processes continued to conceptualize peace in Somalia as a centralized governmental structure acting as a conduit for external rents – security assistance, development, and humanitarian funding, etc. It would also not be fair to characterize all of these peace agreements as purely externally driven: they also incorporated demands from Somali interlocutors. From a political marketplace perspective, a model of market regulation was put in place during this period, which was out of sync with the actual operation of the political market.

This period also saw the consolidation of the independent business class. In the early 1990s, the export of primary goods such as livestock, bananas, and charcoal grew significantly. In return, businesspeople imported consumer goods, including textiles, sugar, and cigarettes but also *khat* and weapons. With the de-escalation of open conflict in the mid-1990s, major financial companies from other regions started to invest or reinvest in Mogadishu, collaborating with warlords to ensure the protection of their property.¹⁹ Between the middle and the end of the 1990s, many businesses re-established themselves in Mogadishu, changing from single-clan ownership models to multi-clan shareholding structures.²⁰ This period saw the establishment of more advanced industries, including the spread of telecommunication companies and the opening of small factories. Telecommunications companies were particularly important as the hawala system allowed diaspora to bypass centralized mechanisms and send resources directly to their kin, and where these key financial institutions were based offshore, giving them autonomy.

Over time, Somali business owners separated themselves from the clan unit politicians and warlords who had dominated the political and security arena in the early 1990s. While at first businesspeople financed armed factions in return for protection, they began to fund their own security forces and, later on, turned to local Shari'a courts for protection. This allowed them to reduce security expenses, which had diminished profitability. By 1999, the 'business class had become an independent political force' as leading businesspeople stopped paying protection money, turning instead to Islamic courts or hiring their own private security.²¹ These businesspersons were to become among the more significant sources of political finance over the next few years.

| Level of analysis | Account |
|---|---|
| Political economy | Emergence of a new business class, which became a major source of political finance for political actors – beginning with the TNG. Armed groups tried to establish their control over pockets of territory with a view to raising finances. Charitable donations and diaspora remittances remained significant. |
| Structure of political firms and strategies | A fictitious political structure was overlaid onto a highly rivalrous security arena. Islamic Courts, which utilized the logic of political Islam as the logic of market organization, while also remaining part of the political market, became more prominent. |
| Organization of the marketplace | A segmented political market reemerged. This consists of a political level with an externally sanctioned structure to mediate competition between the political actors, while on the ground, a large number of armed groups continued to exist. |

The ICU moment, the Ethiopian invasion and its aftermath (2005-2011)

From 2005 to 2011, the political marketplace was reshaped first by the ICU and then secondly by the Ethiopian invasion of Somalia in support of the TFG. The ICU's rise to power, backed by businessmen who were better able to operate under the ICU, peaked in 2005-2006 when the ICU established (or tried to establish) a state on loosely Islamic lines in Mogadishu. This was the first time domestic

18 Bryden, Matt. 1999. "New Hope for Somalia? The Building Block Approach." *Review of African Political Economy* 26 (79): 134-140.

19 Marchal, Roland. 2002. *A Survey of Mogadishu's Economy*, Nairobi: European Commission Somalia Unit.

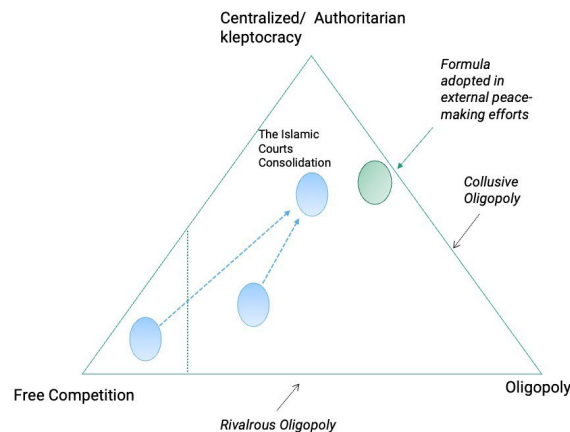
20 Haggmann and Stepputat 2016, 19.

21 Menkhaus 2007; Crisis Group. 2011. *Somalia: The Transitional Government on Life Support*, Africa Report N°170, 21 February, Brussels: International Crisis Group.

Somali political finance aligned behind a single group or conglomerate in the hopes of regulating/dismantling the political marketplace. The ICU, however, engaged both in the logic of the political marketplace using violence and cash, and at times also acted against its logic by acting against popular sentiment and against its business sponsors. Eventually, the ICU's rule sparked external military intervention by Ethiopia.

Figure 6: The 'Islamic Courts' moment (2005-06)

Figure 6: The 'Islamic Courts' moment (2005-06)



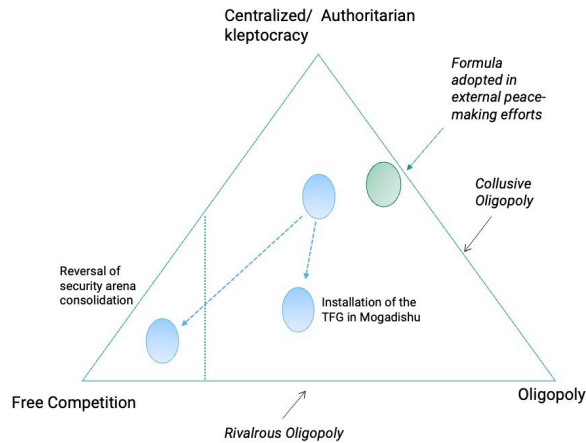
In 2006, on the back of a sustained diplomatic campaign – Ethiopia invaded Somalia and routed the ICU forces. The Ethiopian invasion was driven by its support of the TFG, but more importantly, by its desire to neutralize suspected Eritrean influence within the ICU. This fundamentally reshaped the political market once again, restoring the segmented market structure between an oligopolistic political arena and a competitive security arena. The Ethiopian invasion installed the TFG in Mogadishu; it did not change the rules of the market but did change the way the market was organized. To survive, the TFG needed to be propped up, and the African Union Peace Mission in Somalia (AMISOM) filled this role. AMISOM was mandated by the African Union Peace and Security Council in 2007 and then endorsed by the UN Security Council in 2009.²² The other major actor in the security arena, Al-Shabaab, or to use its full name, *Harakat Al-Shabaab al-Mujahideen* emerged out of the ruins of the ICU and various older Islamist groups.²³ Within the political marketplace, it is a major player which operates within the framework of the political market, while also deploying alternate logics to try and re-organize the market – including strands of nationalism (against foreigners – Kenyans, Ethiopians, the UN, etc), as well as political Islam.

22 Williams, Paul. 2013. "The African Union Mission in Somalia and Civilian Protection Challenges." *Stability: International Journal of Security and Development* 2(2): 1-17.

23 Marchal, Roland. 2007b. "A tentative assessment of the Somali Harakat Al-Shabaab." *Journal of Eastern African Studies* 3(3): 381-404; Marchal, Roland. 2011. "The Rise of a Jihadi Movement in a Country at War: Harakat Al-Shabaab Al Mujaheddin." <http://www.sciencespo.fr/cei/en/content/rise-jihadi-movement-country-war-harakat-al-shabaab-al-mujaheddin-somalia>.

Figure 7: Reversal and return of market segmentation after the Ethiopian invasion (2006-11)

Figure 7: Reversal and return of market segmentation after the Ethiopian invasion (2006-11)



| Level of analysis | Account |
|---|---|
| Political economy | Major sections of the business class coalesced behind the ICU in 2005-06. With relatively well-aligned sources of political finance, the ICU was able to regulate the political market for a short period before the dislocation of the Ethiopian invasion. Businesspersons derived their funds from the telecoms sector, UN Contracts, diversion of humanitarian aid, as well as proceeds from piracy (anti-piracy consultancy). Turkey and the Gulf States (primarily UAE and Qatar, but to some extent the Saudis) began to emerge as players in the political market, entering through the humanitarian efforts in the aftermath of the famine. |
| Structure of political firms and strategies | A fictitious political structure was overlaid onto a highly rivalrous security arena. Islamic Courts, which utilized the logic of political Islam as the logic of market organization, while also remaining part of the political market became more prominent. AMISOM and Al-Shabaab – both superior military organizations which operate within and outside the political market emerged at this time. |
| Organization of the marketplace | A period of market consolidation (under the ICU) – during which the security arena and the political arena began to overlap substantially. The segmented marketplace returned after the Ethiopian invasion – characterized by an oligopolistic political arena overlaid on a rivalrous security arena. Market organization was closely linked to the strategies of the neighbouring countries. |

The Federal Project and Efforts to Re-work Market Regulation (2012-Present)

| Level of analysis | Account |
|---|---|
| Political economy | Since 2010-2011, new sources of political finance have emerged in the form of external rents from Turkey, UAE, and Qatar, and Gulf rivalries have spilled over and been exploited by actors in the Somali marketplace. Security rents are considerable. The business community continued to be a key source of rents, and investments from the diaspora began to return during this period. |
| Structure of political firms and strategies | The configuration of actors during this period has repeatedly shifted based on context. In many ways, the everyday business of politics and governance is messier than earlier periods with a large number of actors, including clan elders, armed militia, businesspersons, and foreign actors and constantly negotiated alliances. |
| Organization of the marketplace | The federal structure was re-established cementing the multi-level nature of the marketplace with the FMSs as subordinate to the FGS. Overall, the political market consists of a rivalrous oligopoly overlaid onto a free market. The security arena, while linked to the political arena, functions as a competitive free market with numerous actors. |

From 2012 to the present, one of the dominant shifts in the Somali political market has been the attempt by domestic and international actors to re-establish the federal system and restructure competition for power within that framework. Non-state actors such as Al-Shabaab, as well as foreign actors, such as Ethiopia and Qatar, played key roles in both attempts to re-establish the federal system as well as influencing the dynamics of it; at times aligning with or against key actors vying for power. This further entrenched the multi-level nature of the marketplace fuelled by external rents and demarcated and interrelated arenas of contestation.

As an internationally driven political project, the Somali federal system has been described as 'principally a division of spoils that is held together by a combination of a common threat posed by Al-Shabaab, copious levels of security driven external aid, and protection afforded by AMISOM peacekeepers.'²⁴ Similarly, de Waal has described it as 'a donor-security cartel to minimize regional and international patronage competition, with an African coalition to enforce this oligopoly, with UN sanctions imposed on violators. The federal system is designed to distribute rents broadly enough – and reduce Mogadishu's role – to buy in everyone except those designated as terrorists or pirates'.²⁵ In political market terms, the federal formula establishes the basic regulatory structure for the market as an oligopoly, with the FGS as the superior actor and the FMS's as subordinate actors.

The federal formula has shaped elite political competition around access to external rents in Somalia. On the other hand, the everyday business of politics and governance continues to be far messier, and involves a large number of actors, including clan elders, armed militia, businesspersons and foreign actors, with the precise configuration of actors' dependent on context. The security arena remains closely linked to the political arena but is organized as a competitive free market with many actors. Since 2010-11, new sources of political finance have appeared in the form of external rents from Turkey, UAE, and Qatar, and Gulf rivalries have spilled over into, and been exploited by actors in the Somali marketplace. In short, the political market consists of a rivalrous oligopoly overlaid onto a free market.

Given this structure, Al-Shabaab's position and evolution vis-à-vis the federal arrangement is both fundamental as well as contradictory. The group has remained a major actor throughout the period of the Federal project and has rejected attempts at negotiated settlements. It has however made its own elite bargain with political actors, and is increasingly viewed as a mafia protection racket²⁶, but

²⁴ Menkhaus, K. 2018. *Elite Bargains and Political Deals Project: Somalia Case Study*, Nairobi: Somalia Stability Fund, 23.

²⁵ de Waal 2015.

²⁶ Menkhaus 2018, 4.

also one that finds significant support as a result of its justice capacity and the limited benefits and high levels of corruption evident in the oligopolistic federal arrangement.²⁷ In addition, Al-Shabaab has developed its own bureaucratic ability and extended its taxation capacity – directly or indirectly – into virtually all areas of the economy.²⁸ Similarly, the groups' justice capacity, where it is seen as relatively fair, efficient and with the ability to enforce its decisions, reaches outside its territorial presence and undermines the Government's extremely weak justice system.²⁹ Al-Shabaab can therefore be postulated as both colluding with and competitive to this federal oligopoly, the exact position of which varies according to context.

The Presidency of Hassan Sheikh Mahmoud (2012-17) saw some tangible progress towards the creation of a federal system, with the formation of several of the FMSs.³⁰ The 2012 Parliamentary and Presidential elections that brought Hassan Sheikh to power enjoyed little legitimacy. They were rushed, challenged, and criticised as a corrupt and vote-buying process.³¹ The price of votes, through the electoral college system (rather than by popular franchise) ranged from \$5,000 to \$30,000³², with politics at the local and national level recognised to have become increasingly monetised over time.³³ Hassan Sheikh was elected as President, backed by Qatari interests as well as business and political allies in Mogadishu. The various processes and elections to put together the leadership of the federal member states were also associated with high levels of corruption and/or intimidation.

Hassan Sheikh's Presidency disappointed many as pervasive corruption continued, with the emerging state disproportionately attracting resources to Mogadishu where the cost of patronage therefore increased. The highest political offices benefited from Mogadishu's booming economy: real estate, services, private contracts.³⁴ International recognition had led to increased foreign aid as well as the further return of diaspora actors and their investment. In addition to remittances, aid and trade, mobile money, construction (property), and cash crops have been added to the list of lucrative business opportunities, which continue to be controlled by a powerful but expanding elite. Like Sheikh Sharif before him, Hassan Sheikh had many of his own business interests, including aid contracts, oil exploration and storage, port construction and operations.³⁵

The Federal Member States were all formed under Hassan Sheikh's Presidency in the period 2014-2015. Only Puntland pre-dated the Federal system, and thereby joined as a consolidated polity, following reconciliation processes in the mid to late 1990s, and having established an internal power-sharing arrangement with accepted rules and norms.³⁶ The exact dynamics behind the formation of the remaining FMSs, and the extent to which the federal framework has become a political reality, still remains the subject of debate. One line of argument suggests that these political processes and state formation projects are 'de-centralized approaches for managing a larger group of elite interests', and not driven by popular demand.³⁷ Others contend that the formation of the FMSs points

27 See Hoehne/CRP, 2020, forthcoming, who also argues that an increasing Islamic conservatism has developed within Somali society, in part as a result of the failures of alternative systems.

28 Al-Shabaab's coercive capacity and use of telecommunications technologies, mean that businesses and individuals are easily reached by the group in order to organise tax payments and summon individuals to court.

29 Joakim Gundel, Louis Alexandre Berg, and Yahya Ibrahim. 2016. *Political Economy of Justice in Somalia*. Working Paper, World Bank, Justice, Security and Development Series; HIPS. 2020. *Rebuilding Somalia's Broken Justice System: fixing the politics, policies and procedures*. Heritage Institute.

30 Puntland was the only pre-existing polity. The international plan for managing the Somali political market was re-worked at the London Conference of 2012 but using the same units of analysis as before – clan units and the creation of a federal administration based on those.

31 Menkhaus 2018, 22

32 Hofmann, Anette, Claire Elder, Jos Meester, and Willem van den Berg. 2017. *Somalia's business elites – Political power and economic stakes across the Somali territories and in four key economic sectors*, The Hague: Clingendael Conflict Research Unit. 17 February, 53.

33 SaferWorld. 2020. *Clans, Consensus, and Contention: Federalism and Inclusion in Galmudug*, Saferworld.

34 Hoffman et al. 2017, 53.

35 Hoffman et al., 2017, 39-40.

36 Somaliland is notionally considered one of the 6 FMSs but in practical terms is not part of the federal arrangement and interacts with the FGS as a separate state. See PDRRC. 2008. "The Puntland Experience: A Bottom-up Approach to Peace and State Building." The Search for Peace: Somalia Program, in collaboration with Interpeace. https://www.interpeace.org/wp-content/uploads/2008/07/2008_SomP_PDRRC_Interpeace_A_Bottom_Up_Approach_To_Peace_And_Statebuilding_EN.pdf

37 Mosley, Jason. 2015. *Somalia's Federal Future: Layered Agendas, Risks and Opportunities*. Research Paper, London: Chatham House. <https://www.chathamhouse.org/publication/somalias-federal-future-layered-agendas-risks-and-opportunities>, 17.

to the increased salience of territorially bounded political identity within the Somali polity. In other words, demands for the formation of the FMSs emerged from a desire for political structures which control (more or less) clearly demarcated territory, as well as people and resources within it.³⁸ In reality, no single narrative fully explains the formation of all the FMSs – each has been formed through a distinct political process, often involving regional actors in addition to Somali politicians.

For example, Jubaland was initially conceived in 2010 by Mohamed Abdi Mohamed (aka Professor Gandhi), the ex-Defence Minister of Somalia, as a pan-Ogaden political project (initially named Azania).³⁹ Kenyan involvement and suspected commercial interests were part of this project. In addition, Ethiopia has a special interest in this area of Somalia given its own Ogaden population and the insurgent group, the ONLF (Ogaden National Liberation Front). An alignment of Kenyan, Ethiopian and transnational/transborder Ogaden interests eventually saw Jubaland formed and Ahmed Mohamed Islam 'Madobe' (s)elected as interim and first president.⁴⁰ The FGS at the time opposed Madobe as Jubaland's leader.⁴¹ The FGS did play an active and successful role in the formation of the interim Galmudug administration (which took place after progress had already been made on the Jubaland and South West State), with the *Damul Jadid* political association close to President HSM investing heavily – financially and politically – in the appointment of the first President, Abdikarim Hussein Guled.⁴² Galmudug remains a constitutional anomaly as it consists of one and a half regions where each FMS is constitutionally required to comprise of at least 2 regions.⁴³ Considering Puntland pre-dated the Federal system altogether, the FMSs comprise a heterogenous set of polities with varied influences behind their emergence.

Each FMS reflects a power-sharing arrangement among its respective politically and militarily dominant clan units. This is the logical product of the intersection of the '4.5' formula and the territorial settlement, in which the boundaries of each FMS contain majority and minority clan units. The clan unit designation varies according to context and structures political competition and hence the political market. The interests of the various elites are appeased by the division of key positions and the state capital between representatives of the dominant clan units. The president, vice-president, and speaker of parliament positions attract the most interest. These locations and positions in turn reflect access to resources and rents. However, the allocation of parliamentary seats reflects, at least notionally, a more inclusive incorporation of the different identity groups in each state (though not in proportion to their populations). Political contestation at the parliamentary level (for federal and regional elections) is highly contested and takes place at the sub-clan/lineage level.⁴⁴ The first parliamentary elections in each FMS were associated with widespread allegations of vote-buying and bribery and, in some cases, violence and intimidation, where in some cases the legitimacy of representative elders was questioned.⁴⁵

The 2017 Federal election was again contested with significant amounts of cash, and Farmajo's win surprised most observers. His election confirmed the Somali predilection – a norm of Somali politics – against incumbency, and against his predecessor's exclusionary practices.⁴⁶ As a member of the Marehan clan, he was also the first President under the Federal system to not come from the Hawiye clan family, who dominate Mogadishu, and were expected to keep the President's position.

38 Hoehne, Markus. 2016. "The rupture of territoriality and the diminishing relevance of cross-cutting ties in Somalia after 1990." *Development and Change* 47(6): 1379-1411, 1385.

39 Crisis Group. 2012. *The Kenyan Military Intervention in Somalia*, Africa Report N°184, 15 February. Brussels: International Crisis Group.

40 See: Nisar, Majid and Khalif Abdraham, 2021. "The Jubaland Project and the Transborder Ogadeen: Identity Politics and Regional Reconfigurations in the Ethiopia-Kenya-Somalia Borderlands." Conflict Research Programme Research Memo, London School of Economics. <https://www.lse.ac.uk/ideas/Assets/Documents/Conflict-Research-Programme/crp-memos/jubaland-project-transborder-ogadeen.pdf>; Majid, Nisar and Khalif Abdirdahman. 2019. "Jubaland – Post-Election Overview." Research memo. Mimeo; Berhane, Daniel. 2011. "Azania: The True Objective of Kenya in Somalia." *Horn Affairs*. <https://hornaffairs.com/2011/11/24/azania-the-true-objective-of-kenya-in-somalia/>.

41 This included allying with other militia and tacitly, with Al-Shabaab, in addition to using financial payments to stop Sheikh Ahmed Mohamed Islam 'Madobe' from forging ahead with its formation. See UN Monitoring Group for Somalia and Eritrea (UNMG). 2013. "Report of the Monitoring Group on Somalia and Eritrea pursuant to Security Council resolution 2060 (2012): Somalia." S/2013/413.

42 UN Monitoring Group for Somalia and Eritrea. 2015. "Report of the Monitoring Group on Somalia and Eritrea pursuant to Security Council resolution 2182 (2014): Somalia." S/2015/801, 52.

43 For a discussion of Galmudug's political evolution see Saferworld 2020.

44 These dynamics have not been well researched to date.

45 Various personal communications.

46 Hofmann et al. 2017.

The appointment of Hassan Khaire as PM reflected the ever-shifting alliances that characterise Somalia's political marketplace as Khaire was firmly in Hassan Sheikh's camp for much of the election campaign; The core ruling cabal – which came to be known as the 'FFK' – was completed by Fahad Yasin, appointed as head of the National Intelligence and Security Agency (NISA); Yasin was also able to bring Qatari money to Farmajo's camp, which was previously enabled by Farah Abdulqadir during the previous Presidency.⁴⁷

From 2018 to 2020, elections were held across the FMSs that epitomized the defining features of the Somali political market—multi-level, salience of clan identity, pervasive use of violence and money, and its highly competitive and decentralized nature—and how these dynamics have varied depending on context. These demonstrate both the potential and limits of President Farmajo's attempt to centralize power and reveal underlying dynamics in the political economy and political marketplace due in part to Somalia's federal structure. These dynamics are discussed in the following pages and the FMS elections are detailed on pages 45 – 51.

4. Finance, Flows of Resources and Political Budgets

The PMF distinguishes between a public budget and a political budget. The former is obtained by taxes, other sovereign revenues, and public borrowing, and is (in principle) used for public goods in an accountable manner. By contrast the latter is typically opaque ("off-budget") and may derive from natural resource rents, third-country assistance, aid or private sector payments. Often the boundary between the two is blurred as public resources are diverted to political ends. In Somalia, the central authority (i.e. the Federal Government) does not have primary control over political budgets as there are multiple actors and networks in a factionalised environment. Different powerbrokers and political entrepreneurs can access a range of commercial activities/external finance, foreign assistance and informal taxation thus leaving the political marketplace volatile. This contrasts with Somaliland's oligopolist system where the political budget is relatively tightly controlled by the ruling party and its close oligarchs. By contrast, in Somalia, the political budgets are deeply unstable and vulnerable to external shocks and fierce internal competition.

The major financial flows for Somalia's political marketplace consist of: external finance (direct foreign assistance from Gulf countries for political or infrastructural development that falls into discretionary funds); elite capture of remittances (by way of fund-raising by political elites and the holding of liquidity by MTOs (Money Transfer Organisations) and their shareholders); contracts (humanitarian, security, and infrastructure rents); and capital flight that aids non-taxable wealth accumulation and the outflow from public budgets. Other sources include private capital (politicians' ownership/shares in legitimate business, such as real estate, telecoms, construction and banking or transnational organised crime and illicit markets); and payments from industry/commerce in exchange for preferential treatment. Informal taxation from telecommunications, finance, ports, construction can serve as a key component of the political budgets and also as forms of in-kind loans provided in exchange for tax breaks.⁴⁸

In addition to the discretionary allocation of rents, market privileges and patronage through public employment are critical means through which the political marketplace functions.⁴⁹ Public sector wages (the percentage of the budget allocated for civil service salaries, as well as military/security payroll relative to other public spending) as a share of GDP is frequently used as a measure of political patronage in different contexts. Human resource audits conducted by the World Bank track fluctuations in the size of the civil service, rates of staff turnover and the number of ghost workers, that are all indicative of the operations of the political marketplace. Recent informal reports show evidence that efforts to scale down the size of the civil service have been largely in vain.

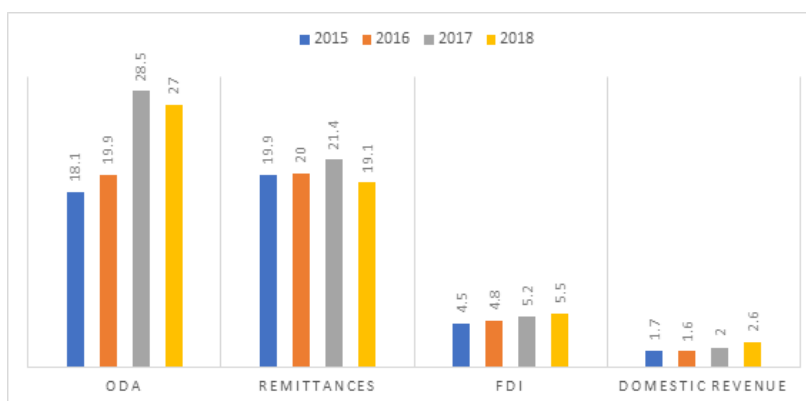
47 Farah and Yasin both worked for Africa Muslim Agency, a Qatari-based Islamic charity (see Hoffman et al. 2017).

48 Hoffman et al. 2017.

49 Levy, Brian. 2014. *Working with the Grain: Integrating Governance and Growth in Development Strategies*, Oxford University Press.

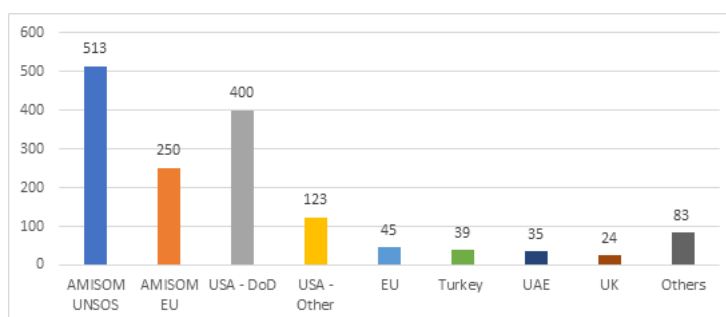
Figures 8 and 9 provide a very broad indication of the relative importance of different sources that could be tapped for political finance and indicate that the levels of domestic revenue and foreign direct investment have been rising in recent years.⁵⁰ Figure 8 plots the recorded fund flows in Somalia between 2015-18, and shows that while FGS revenue has increased marginally, it remains miniscule in comparison to the other major forms of fund flows. In particular, it is dwarfed by the flow of security arena funding (Figure 9). Very little concrete data is available on security arena funding in Somalia, but some estimates place this amount at about 1.5 billion dollars annually. The amounts represented on these graphs cannot be used as proxies for the actual flows of political funding in Somalia, but it is clear that the financial resources available to the government are a relatively small part of the overall political economy.⁵¹

Figure 8: Financial Flows in Somalia (as % of GDP) - 2015-18



Source: Aid Coordination Unit 2019; Randa and Musuku 2018⁵²

Figure 9: Estimated international financial support to the security arena in Somalia (in US\$ millions per year)⁵³



Source: Zacchia, Harborne and Sims 2017.

50 Note that all budgetary and GDP data should be treated with extreme caution in Somalia. (a) There is no system of national accounts, and GDP is estimated on the basis of daily consumption per capita from the 2016 Somalia High Frequency Survey; estimates of government final consumption expenditure and public investment based on the fiscal accounts of the FGS and Federal Member States; import and export data from the IMF Directorate of Trade Statistics; and private capital formation estimates based on imports of machinery and construction material from UN-COMTRADE mirror data; (b) FDI and Remittance figures are estimates; (c) the Aid Coordination Unit has reported wildly different values for ODA, Remittances, FDI and revenue as a percentage of GDP in each of its 2017, 2018, and 2019 reports. See also Aid Coordination Unit 2018; Aid Coordination Unit 2017.

51 Countries such as Qatar, UAE, Turkey and Saudi Arabia, which have been major sources of political finance in recent years, simply do not provide information on their 'support' to different actors in Somalia. These 'official' fund flows also do not show what proportion of these funds can be diverted for use as part of the political budget.

52 2019 data was not available at the time of this report's publication.

53 The \$400 million provided by the USA-DOD is Somalia focused but spent on the wider Horn of Africa.

Different financial sources play a different role in the political economy of elections versus the larger tapestry of the elections. The 'political-business cycle' refers to the short-term practices of clientelism and attempts by the incumbent to stimulate the economy just prior to an election in order to improve prospects of being re-elected. This can include policy decisions to address unemployment, economic growth, and government spending on public services to direct handouts and patronage allocated through contracts. In Somalia, the siphoning of aid resources and flogging of public rents immediately prior to elections has been well-documented.⁵⁴ Other actors (including intermediaries, local businesses and transnational actors) have provided in-kind loans and grants to ruling parties in exchange for favourable tax cuts ahead of elections. This was evident in how the DP World Berbera deal was concluded with an eye to elections in 2016.⁵⁵ Others are part of the broader landscape of the political market and the political economy that include the complexity of business-state relations, and commercial and diplomatic interests but which include the distortion of political and public power into privately negotiated forms of governance.

External patronage

External rents – including from aid, security assistance, and foreign direct investment – affect the PMF in different ways depending on degree of central oversight. Many of the arrangements for foreign investment are not always subject to oversight or competitive bidding, or publication. These often extrabudgetary sources of external revenue include direct payments by foreign countries to MPs and government officials in order to affect certain policy shifts/outcomes and sway the vote in support of or against key governments. Between 2009-21, Gulf rivalries⁵⁶ Qatar and the UAE (tied to ideological or geopolitical concerns) have been increasingly involved in providing political elites with campaign support in order to secure access to oil, port, and airport development projects.⁵⁷ This became particularly the case after the post-2009 political transition when Kenya and Turkey began to play an increasing role in Somalia. Prior to the 2011 famine, Turkey had no history of involvement in Somalia and has since become a significant player, initially on a humanitarian basis but has since made significant investments in establishing diplomatic, security, and commercial ties. In alliance with Qatar, Turkey has safeguarded large investments including Turkish companies' management of Mogadishu's seaport and airport that has included payments to political figures as well as, within the last 12 months, certain government protections due to losses around Covid.⁵⁸

The Gulf Crisis has made Somalia a proxy ground for strategic rivalries across the wider region. Qatar⁵⁹ and Turkey have supported the last two winning Presidents, vis-à-vis interlocutors that it works with (Farah Abdulqadir to Fahad Yasin), while the UAE, under Farmajo's Presidency, has supported regional states and opposition, emboldening the bargaining power of sub-regional elites in the political market. One of the implications of these competing external actors has been chronic political paralysis and violent contestation. In past elections, the UAE is reported to have made payments to parliamentarians (including in Somaliland)⁶⁰ and has directed considerable investments towards Puntland, Somaliland, and Galmudug. Investments by the Qatar and Turkey are notably not taking place in those areas as they are considered under UAE influence.⁶¹ Under increasing international

54 Hagmann et al. 2018.

55 Hoffmann et al., 2017; Stepputat, Finn and Tobias Hagmann. 2019. "Politics of Circulation: The Makings of the Berbera Corridor in Somali East Africa." *Environment and Planning D: Society and Space*, 37(5): 794-813.

56 See Crisis Group. 2018. *Somalia and the Gulf Crisis*, Africa Report N°260, 5 June. Brussels: International Crisis Group. <https://www.crisisgroup.org/africa/horn-africa/somalia/260-somalia-and-gulf-crisis>; In June 2017, Saudi Arabia, the UAE and a number of allies severed diplomatic relations with and imposed an economic blockade on Qatar, marking the onset of what has come to be known as the GCC crisis.

57 See Hoffman et al. 2017; Maxwell, D., and Majid, N. 2016. *Famine in Somalia: Competing Imperatives, Collective Failures, 2011–12*, London: Hurst. The Gulf states of Qatar, the UAE, Saudi Arabia and Kuwait have a longer presence in Somalia, mostly through the support of Islamic charities from their respective countries, although state relations have also been important.

58 Findings from ongoing research on business response to Covid in Somalia.

59 Qatar is rumoured to have provided last minute financing to Farmajo prior to the elections in 2017. Crisis Group 2018.

60 Crisis Group 2015.

61 Crisis Group 2018; Crisis Group. 2019. *Intra-Gulf Competition in Africa's Horn: Lessening the Impact*, Middle East Report N°206, 19 September. Brussels: International Crisis Group; de de Waal, Alex. 2019. "Pax Africana or Middle East Security Alliance in the Horn of Africa and the Red Sea?" *Occasional Paper No. 17*, Conflict Research Program. Somerville, MA: World Peace Foundation. <https://sites.tufts.edu/reinventingpeace/files/2019/01/Pax-Africana-or-Middle-East-Security-Alliance-final-2.pdf>.

scrutiny and cooperation in broader compliance, money-laundering and trade negotiations, the UAE has changed its tactics, abandoning forms of direct political interference while continuing to pursue its corporate interests in port development and strategic infrastructures in Berbera, Bosasso and Hobyo. As geoeconomics replace or transform geopolitics in the region, new opportunities for trade and economic integration are increasing the channels for negotiation, convergence and diversion.

Ethiopia and Kenya who are both involved in providing extrabudgetary security assistance are also critical trading partners who have stakes in broader economic development initiatives. Ethiopia has undoubtedly been one of the most influential actors in Somalia, and since the election of Prime Minister Abiy Ahmed in 2018, taken a much stronger position in support of the Federal Government of President Farmajo, including in supporting the Federal Government's interventions in regional elections, abandoning support to regional actors (see Section 7 below). This also reflects the influence of Eritrean President Isaias Afewerki, who took the opportunity provided by PM Abiy's opening to create a security pact with Addis Ababa and an aspirational axis of autocrats throughout the Horn. Although Isaias has little to offer in terms of financial resources, Eritrea provides a secure and unpublicized base for military training of special forces and the strategic advice of the region's most accomplished political survivor.

Kenya has become more directly involved in Somalia over the last ten years following the rise of Al-Shabaab with political, military and financial support provided to regional actors and its own forces at the border. In addition to providing troops committed to AMISOM focused on the border region of Jubbaland, with whom it has its only border, Kenya has been accused of supporting Madobe against the central government. The maritime dispute between Kenya and Somalia has raised the profile of Kenya's involvement and the contestation around Jubbaland and has been instrumental in deteriorated relationships between Kenya and the FGS but also facilitating new trade links with Somaliland (see below).⁶²

Logistics and humanitarian contracts/resources

The logistics industry is a highly significant part of the Somalia political economy given its position along critical trade and maritime corridors that link import/export sectors, trade, and infrastructural development to the delivery of post-conflict reconstruction aid and humanitarian assistance.⁶³ New research on geoeconomics and the 'logistics revolution' reveal how transactional and relational structures along key networked infrastructures, trade corridors, gateways, logistics hubs, and markets are critical to understanding contemporary transformations of the global political economy.⁶⁴ The allocation of rents and participation in this economy has since the post-independence period served as the primary strategy for managing elite and clan interests, where powerbrokers in this sector exert considerable authority over state policies and where the state has repeatedly accused donors of empowering these actors.⁶⁵

Key powerbrokers who had captured the largest contracts during the war have since played a critical role in politics and have built construction empires and monopolised access around import/export, clearance, and customs.⁶⁶ Ex-President Hassan Sheikh Mohamoud himself was a WFP contractor prior to his election in 2012, demonstrating how contracting had become central to the circulation of political finance and the accumulation of wealth and power.⁶⁷ In this way business, aid and politics have become deeply interconnected in ways that blur the lines between political and public budgets

62 See Crisis Group. 2020. "Ending the Dangerous Standoff in Southern Somalia." Africa Briefing N°158, 14 July. Brussels: International Crisis Group. <https://www.crisisgroup.org/africa/horn-africa/somalia/b158-ending-dangerous-standoff-southern-somalia>.

63 Jaspars, S., Adan, G. and Majid, N. 2020. *Food and Power in Somalia: Business as Usual? A scoping study on the political economy of food following shifts in food assistance and in governance*, London: London School of Economics and Political Science. <http://eprints.lse.ac.uk/103138/>.

64 Stepputat and Hagmann 2019; Khalili, Laleh. 2020. *Sinews of War and Trade: Shipping and Capitalism in the Arabian Peninsula*, London and New York: Verso.

65 An in-depth analysis of how political clientelism operates through contracts is provided in Elder, Claire. 2021. "Powerbrokers and Somalia's violent political economy: theorising about the logistics industry, reigning 'tenderpreneurs' and protracted state collapse." *African Affairs*.

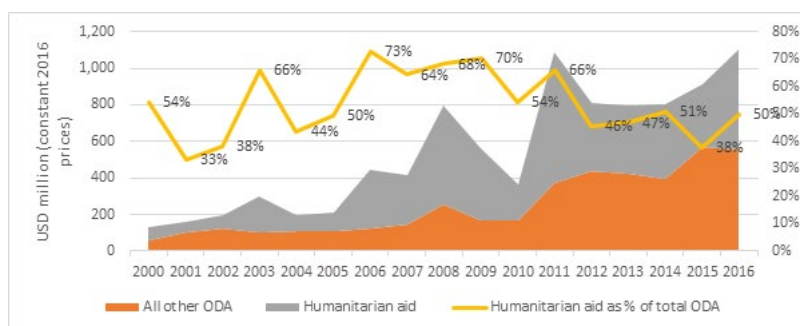
66 See Jaspars et al. 2020 for reference to the role of powerbrokers in the shift from food to cash assistance.

67 Hoffman et al. 2017.

as political figures move fluidly between political positions and top aid agencies, often owning logistics companies that benefit from public and aid contracts.

Figure 10 indicates the relative importance of humanitarian aid in comparison to ODA, notably that humanitarian aid is a fluctuating but often very significant component of overall ODA. The changing modality of aid therefore has implications for political economy dynamics.⁶⁸

Figure 10: Humanitarian Aid as a Percentage of Total ODA (2000-2016)



[Source: Majid et al. 2018]

At the local and regional level, elites use aid contracts to buy-off community support, maintain relevance and negotiate with the state.⁶⁹ Many NGO owners and District Commissioners have benefited from the availability and capture of aid resources through their agencies and/or through the contracts and resources available locally.⁷⁰ Ownership or control of an NGO can therefore provide the political finance to enter the political marketplace. The pervasiveness of these risks and practices was revealed again in late 2020 with the withdrawal of the Italian NGO, InterSoS, from Johar in Somalia after many years in the region.⁷¹ It continues to affect the costs and leverage of local-subnational-and national negotiations. Attempts to shift from food aid to cash assistance in order to limit such accumulation of wealth and power has affected degrees of financing going through food aid but also reproduced the power structures of the largest conglomerates.

The cash assistance that is now distributed through multiple agencies (and contracts) has largely benefitted money transfer and telecommunications companies (and disproportionately Hormuud).⁷² Large MTOs Dahabshiil and Hormuud are conglomerates which benefit from the absence of regulation and anti-trust law to monopolise the industries of construction, telecommunications, finance, and energy. Hormuud is the majority shareholder in Golis (in Puntland) and Telesom (in Somaliland) as of 2002, majority owner of Salaama Bank, as well as Al Buruuj construction and Banadir Electricity Company (which funded the merger of seven private electricity companies in Mogadishu in 2014). Likewise, Dahabshiil owns Somtel, Dahabshiil Homes and are majority stakeholders in SomPower.⁷³

As both the Central Banks of Somalia and Somaliland operate at a very basic level, with challenges of politicisation and extremely limited ability to steer monetary policy, such programmes can also affect the political budget by causing fluctuations in currency exchange.⁷⁴ In addition, the large

68 This is discussed in relation to the shift from food aid to cash-based interventions in Jaspars et al. 2020.

69 Elder 2021; Haggmann, Tobias, et al. 2020. Somalia Urbanization Review: Fostering Cities as Anchors of Development, International Bank for Reconstruction and Development / The World Bank.

70 The Security Minister of Jubaland, Abdirashid 'Janaan' rose to prominence in part due to the capture and control of humanitarian resources in Dolo, from 2011.

71 See Parker, Ben. 2020. "Italian NGO pulls out of Somalia due to 'systematic fraud', 'Because of procurement issues, people got killed in this country,'" The New Humanitarian. 9 Nov. <https://www.thenewhumanitarian.org/news/2020/11/9/somalia-east-africa-NGO-fraud-withdrawal-health-care-hospital>.

72 Jaspars et al. 2020.

73 Hoffman et al. 2017.

74 UNMG 2013; International Monetary Fund. 2016. "World Bank Makes Progress to Support Remittance Flows to Somalia." IMF Press Release. 10 June.

injection of aid for infrastructure channelled through Somalia between 2017 and 2019⁷⁵—as part of a shift in development and security discourse about the value of ‘critical noncontroversial solid outputs’ purported to ‘rewire socio-political relations’⁷⁶—has created new rents that offset any losses of food aid within the political marketplace.

Revenue generation – taxation at seaports, airports, checkpoints

Similar to contracting and procurement, high informal and low formal taxation practices are critical to the political budget. Current taxation of telecommunication companies and airlines, still low at less than 1.9 percent in 2017, indicates the ongoing prevalence of government loans for basic functioning in exchange for tax cuts. In addition, non-state actors compete over the collection of informal taxes (customs, road, and business taxes) that undermine central control over certain types of political rents.⁷⁷ Groups, like Al-Shabaab, continue to control the informal taxation of agricultural products (bananas and sugar), and urban businesses.⁷⁸ Yet, livestock traders do not view Al-Shabaab taxes through *zakat* as onerous because it has generally meant a reduction in costs given the concomitant reduction of clan-based/warlord transit taxes to be paid at checkpoints. They argue: “you pay Al-Shabaab once, and the government four times”.⁷⁹

Despite having lost control over taxable urban centres and certain sectors of the informal economy (including charcoal and cross-border trade in arms and sugar), leverage in new sectors allows them to continue to exert control over public authority. In other cases, the primary adjudication of land disputes at Al-Shabaab courts provide important political revenue. Such informal taxation and revenue streams along critical trade corridors—also from livestock, remittances (from foreign-wage earners) and export-import markets— increase the leverage of non-state and regional actors in deal-making. Understanding market shifts and fluctuations in the availability of such political finance to different groups is critical for determining the cost of loyalty (or consent) and their leverage within the political marketplace.

Ports remain the primary source of revenue for the central government and non-state actors with Al-Shabaab exerting control over revenues in Mogadishu and Kismayo. Revenue collection amounts are very different between the four ports; 2016 figures highlight that Berbera generates by far the highest revenue, at US\$150m, followed by Mogadishu (US\$80m), Bosasso (US\$23m) and Kismayo (US\$4.5m).⁸⁰ Tax revenue at Mogadishu seaport has been growing rapidly following Turkish investment and the incorporation of the port into global container shipping systems. Yet Mogadishu business community report Al-Shabaab infiltration of Mogadishu port logs, accessing data held by commercial shipping agents and demanding “taxation” payments from businesses who import goods.

As well as major revenue streams at the ports and state capitals, many checkpoints and local markets provide significant tax revenues that enter the political marketplace at decentralised levels. For example, tax revenue collected in Belet Weyn and Johar are estimated to generate US \$20,000/week for politico-military actors who control these areas. In the case of Johar, for example, the recently elected president, previously the Vice-President and Governor of the Johar town, is considered the local strongman who provides security through his large militia and controls taxation. Abdi-Rashid Janaan, the Security Minister of Jubbaland and strongman of North Gedo, profits from control and taxation of cross-border trade.⁸¹

75 This comprised in addition to UNOPS’s US\$1.5 billion dollar annual budget, an additional \$370 million channelled between 2017 and 2019 through the Somalia Infrastructure Fund (SIF), the World Bank’s Somalia Urban Resilience Project (SURP), the African Development Bank Group and the Qatar Infrastructure Fund.

76 For projects like USAID’s TIS+ in Somalia, the construction ‘process’ became more valuable than the road itself, as a tool to manufacture bonds between state-society and among communities. Bachmann and Schouten 2018.

77 Marchal, Roland. 1996. *Final Report on the Post-Civil War Somali Business Class*, Nairobi: European Commission/Somali Unit.

78 UN Panel of Experts on Somalia, 2020. “Final Report to the United Nations Security Council, S/2020/949, 28 September. https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/S_2020_949.pdf.

79 Interview data, Mogadishu, July and October 2019.

80 Cantens, Thomas. 2018. “Somalia: Assessment of Customs Revenue Potential and Proposals for Reform.” World Customs Organization Research Unit. World Bank Somalia Governance Program with Support from UK Department for International Development (DfID).

81 His power also comes from his alliance with Ethiopian forces and additional finance from aid taxation.

Business

In Somalia like in many other conflict-affected countries the private sector has a missing middle – there is a small number of large companies (often preferentially owned by members of the elite) and a large number of small ones.⁸² What is missing is a range of medium-sized enterprises that could assist in regulating the political marketplace and represent a ‘middle class’ that lobbies for reform and regulation.⁸³ Over time, a transnational business class and transnational conglomerates have developed where transactions, financial services, and foreign exchange are located in foreign cities (Dubai, Djibouti, Nairobi) but where these businesses are heavily involved in domestic politics in order to protect assets and secure new opportunities. The actions and interest of this transnational business network has been informed by the legacy of state predation and violent conflict – that skewed economic opportunities and damaged commercial networks; with losses of trust; and political and economic uncertainty – whereby businesses have relied on external intermediaries and personal and social networks, as well as on arrangements with non-state governance actors (e.g. traditional leaders or insurgent groups) and political entrepreneurs, to protect property and survive economically.⁸⁴ The traditional bourgeoisie involved in ‘big business’ in telecommunications, finance and trade and political entrepreneurs involved in construction, transport and logistics have different roles and interests in the political marketplace.⁸⁵

Those involved in the powerbroker industries of import-export, construction/logistics, and services are more active in the deal-making space and create the conditions for ‘bad politics’ based on securing preferential treatment and securing friends in high places.⁸⁶ These actors use territorial control, access to strategic infrastructure and foreign exchange in order to protect assets and secure new opportunities.⁸⁷ These businesses cope with containing cost and risk by stashing wealth abroad and by avoiding growth in order to circumvent the attention of governance providers and armed actors, who may wish to extract or assume a stake in an expanding business.⁸⁸ This is critical as it contributes to a landscape of financial opacity, illiquidity and capital flight, as ‘being successful’ increases social demands for payouts from society and the state.⁸⁹ Thus, while Somali businesses still maintain a high degree of autonomy from the state given their control over access to foreign exchange with the capacity to block key legislation around banking and telecommunication interconnectivity, it is not an ‘economy without a state’ per se⁹⁰ as political entrepreneurs, conglomerates and technocrats are entangled in a web of political clientelism, kickbacks and redistribution, and debt relations.⁹¹ This trend is evident particularly in the large number of logistics contractors who have since run for elected office to recoup debts from the civil war and to protect business interests, instrumentalising socio-economic grievances to agitate against state intervention in the economy and society, and moving fluidly amongst political factions.⁹²

82 Davis, P., Spearing, M. and Thorpe, J. 2018. *Private Sector Development in Countries Progressing to Peace and Prosperity*, HEART Report, Oxford: HEART.

83 There is an interesting comparison with Somaliland and Puntland, where livestock traders – who comprise vertically integrated networks of large, medium and small businesses – played a crucial role in stabilizing politics in the 1990s.

84 Hoffmann, A. and Lange, P. 2016. *Growing or Coping? Evidence from small and medium sized enterprises in fragile settings*. CRU Report. The Hague: Clingendael Institute.

85 Elder 2021.

86 Pritchett, Lant, Kunal Sen, and Eric Werker. 2018. “Searching for a ‘Recipe’ for Episodic Development,” in *Deals and Development: The Political Dynamics of Growth Episodes*, Edited by Lant Pritchett, Kunal Sen, and Eric Werker, Oxford University Press, 342-343.

87 Brück, T, Fitzgerald, V. and Grigsby, A. 2000. *Enhancing the Private Sector Contribution to Post-War Recovery in Poor Countries: A Report to the Department for International Development*, University of Oxford, Finance and Trade Policy Research Center.

88 Elder 2021.

89 Ibid.

90 Little, Peter. 2003. *Somalia: Economy Without State*, Bloomington: Indiana University Press; Mubarak, Jamal A. 1997. “The “hidden hand” behind the resilience of the stateless economy of Somalia.” *World Development*, 25(12): 2027-20; and Little, Peter D. 2014. *Economic and Political Reform in Africa: Anthropological Perspectives*, Bloomington: Indiana University Press.

91 Elder 2021.

92 Ibid.

Private sector actors have actively facilitated, influenced, and bankrolled key political developments including peacebuilding conferences from 1991 onwards: the 2000 Arta conference, the establishment of the Islamic Courts Union and subsequent elections from 2012 that have accrued substantial debts.⁹³ Political entrepreneurs in different administrations try to manage the market through accommodation and by exchanging loyalty and economic rents, but different interests, business ethos, and access to social capital, affect the cost of doing business.⁹⁴ Public financial management and revenue generation reforms have increased taxation of businesses and corporations but negotiations and distortions are still pervasive as the impact of the Covid-19 pandemic has demonstrated with import/export traders negotiating tax relief (see below). In addition, the perceptions around non-transparency and corruption, the use of public goods and political power for private and not public means is a large preoccupation that informs redistribution politics and acceptability around the Somali political marketplace.

In south-central Somalia the landscape of power and business is extraordinarily complex, much more so than in Puntland and Somaliland. This is specifically linked to dependency on foreign aid and conflict legacies.⁹⁵ Corporate support to political figures and campaigns leads to preferential access to government contracts and the collective mobilisation against governments and leaders who seek to dominate others that underpin the fluidity of factions and anti-incumbency. Across the Somali regions, Chambers of Commerce are often comprised of the largest corporate actors who lobby for business actors and serve as an important check on state power and interventions. For instance, in Jubbaland, the Jubbaland Chamber of Commerce mediates the interests of businessmen with that of President Ahmed Madobe but this works as a more symbiotic, negotiated arrangement than is evident in Mogadishu. Madobe benefits from taxing trade through Kismayo and borrows money from businessmen. He pays for these loans by granting tax exemptions.

Covid and the marketplace

As COVID-19 spread in the Horn of Africa from the end of March, it has critically shaped aspects of Somalia's political economy by reducing revenues and aid flows while increasing expenditures. Throughout the first half of 2020, the FGS' income from taxes on international trade dropped by approximately a third, picking up only very slightly in the third quarter.⁹⁶ Adding to this strain, the tax relief measures implemented by the FGS to ensure the affordability of foodstuffs put further pressure on the government's coffers. While the FGS tried to make up for the losses by raising taxes on other goods, such as plastic bags, cosmetics, and tobacco products,⁹⁷ the net effect of COVID-19 on the FGS' tax revenues proved to be negative.⁹⁸ Substantial corruption scandals emerged around the distribution of COVID aid, including around the ministry of health, paving the way for the COVID-19 response to be moved to the Office of the Prime Minister rather than under the health ministry.⁹⁹ Throughout the response, supplies (often times donor-branded) continued to find their way to the marketplace, as actors involved in the response diverted supplies in order to resell them.¹⁰⁰

Access to political finance has also been hurt by shocks to the informal economy, remittances and external financial shocks hitting economies in the Gulf and Asia. In terms of the latter, businesses cited deteriorating business relationship with Saudi Arabia and UAE due to COVID-related policies

93 Marchal 1996; Hansen, Stig Jarle. 2007. *Civil War economies, the hunt for profit and the incentives for peace* (The case of Somalia); Ahmad 2017.

94 de Waal 2015.

95 Hoffmann et al. 2017.

96 Federal Government of Somalia. Ministry of Finance. 2020. "Financial Statements 2019" and "Financial Statements 2020." Accessed 16 November 2020. <https://mof.gov.so/publication/>; elaboration by the authors. As seen above, taxes on international trade are particularly important because they make up a large share of the FGS' revenues (in 2019, almost a third of the government's overall revenue, including both domestic and foreign sources).

97 Phone interview with a civil servant at the FGS' Ministry of Finance, Mogadishu, September 2020.

98 The amount of tax revenues collected by the FGS between January and September 2020 was 10% lower than the amount collected in the same period of 2019.

99 Khalif, A. 2020. "Somalia jails four government officials for stealing Covid-19 funds." *The East African*, 25 August. Accessed 24 December 2020. <https://www.theeastafrican.co.ke/tea/news/east-africa/somalia-jails-four-government-officials-for-stealing-covid-funds-1925460>.

100 Garowe Online. 2020. "Somalia: Former president alleges loss of COVID-19 donations to black market in Mogadishu." *Garowe Online*. 25 May. Accessed 24 December 2020. <https://www.garoweonline.com/en/news/somalia/somalia-former-president-alleges-loss-of-covid-19-donations-to-black-market-in-mogadishu>.

relating to trade and migration, and a strengthening of trade ties with Turkey, Qatar, Bahrain, and Oman that will shape the regional structures of the political marketplace – these countries “are working with Somali businessmen to come up with a faster way to deliver goods into Somalia”.¹⁰¹ Yet, the fact that the larger conglomerates served as a critical part of the government’s COVID-taskforce, meant they were also disproportionately able to leverage their loans and access to tax cuts to consolidate market control squeezing out smaller players. While aid for construction and government contracting have notably dried up, which often serve as a lucrative form of patronage, politicians are reportedly taking advantage of tax cuts leading to a significant surplus of these foodstuffs and destabilizing prices in the market.¹⁰²

At election time, a squeeze on political budgets is likely to serve the interests of the incumbents as it limits the available capital for the opposition and other non-state actors seeking to challenge or disrupt the political process. The thawing of relations in the Gulf between the UAE/Saudi and Qatar will diminish the patronage going to Farmajo’s administration where external capital has been used for parliamentary backing and backing favorable incumbent candidates but will also hamper the leverage of presidential candidates in seeking to exploit divisions among Gulf states to support campaigns. This will diminish rent-seeking opportunities in the political space, that has already provided the condition for the Union of Candidates, but also is likely to see reliance on violence where access to capital is diminished.

5. Control of Violence

As noted elsewhere in this piece, a central feature of the political marketplace is that while the relative power and identities of those who participate in a given market are constantly changing, the rules governing the market remain largely unchanged. Regarding the control and uses of violence in various parts of Somalia, this means that describing the current specific balance of power between groups of armed actors (which differs considerably between and sometimes within regions) is less illuminating than exploring the following two dynamics:

- The common types of relationships between armed actors and the patrons who rent or otherwise command their loyalty.
- The common goals patrons pursue using armed actors.

The patrons examined here are the leaderships of FGS, the various FMSs, Al-Shabaab, business elites, and external state actors. The armed actors are the Somali National Army and police, the various formal FMS forces, clan militias, and Al-Shabaab forces. A final important group, ordinary Somalis, is represented here by the citizens of Galkaio. The characteristics and history of this particular town is described in Section 6, but its relevance for discussing the control of violence derives from a detailed and recent survey of the attitudes of Galkaio citizens toward their own security and the armed actors who provide or threaten it.¹⁰³ The opinions of the people of Galkaio are almost certainly not representative of all Somalis. However, they shed useful light on the pressures and processes that shape such opinions and represent a partial counter to the common practice of external actors making poorly-founded assumptions about what common Somali attitudes must be.

Finally, it is critical to understand that the boundaries of membership for all of the groups above are constantly shifting, and that many if not most individuals that could be described as patrons or as violence/security providers are members, to varying degrees, of multiple categories simultaneously.

101 Phone interview with a trader in the foodstuffs import sector, Kismayo, October 2020.

102 Phone interview with a business manager in the foodstuffs import sector, Bosaso, October 2020.

103 Detzner, Gasser, Abdirahman and Majid, forthcoming “Mapping the Security and Justice Perceptions and Demands of the Citizens of Galkaio.” Conflict Research Programme Research Memo, LSE.

The FGS

It is important to state first that the interests of the FGS as explored here are largely synonymous with the interests of the whoever currently holds the presidency and the coalition of clan and business interests who support him. The FGS does not yet have strong institutional interests that persist regardless of incumbent.

However mutable the government, it is very much in the interests of external actors, particularly in relation to security and defence, that an entity plausibly called “the government of Somalia” exists. Many activities that these actors want or need to engage in for their own interests – signing base hosting agreements, transferring arms and training troops (to counter terrorism and/or piracy), securing agreements for one’s own troops to enter Somali territory – will only be perceived as legitimate, at home and abroad, if engaged in with a local partner with an internationally recognized claim to state sovereignty. Further, for those actors genuinely concerned with stabilizing Somalia, the first step to a stable state is understood to be the existence of a central government, with the second step the establishment of that government’s legitimate monopoly over violence through the control of a national army and police.

This context is necessary to explain the nature of the current Somali National Army. Barre’s transformation of the Somali Army into clan-unit based militias is discussed elsewhere in this piece. Despite the extensive resources poured into the effort by numerous external actors, and pledges by subsequent Somali leaders to meaningfully reduce the salience of clan identity within the force, little changed in subsequent decades.¹⁰⁴

The SNA is, rather than an institution, more of a strategically deployed brand. When this brand is applied to clan militias and other ad hoc forces supporting whomever the current FGS President happens to be, the actions of those militias gain enhanced legitimacy, at least externally. As or more importantly, when wearing the SNA “brand” these forces (real or existing only on paper) become eligible for training, equipment, and other valuable support from external actors. As noted elsewhere in this paper, security rents, of this and several other types, are a critical source of political finance for FGS leaders. Tellingly, when various government-aligned actors use larger scale organized violence (for example, to counter Al-Shabaab, contest a border, or try to influence regional elections), they rely on those parts of the army that drawn from their clan and its allies – they cannot be certain that other parts of the SNA will be sufficiently motivated to follow orders.¹⁰⁵

In light of these factors, it has actually been very much not in the interests of subsequent FGS administrations for the SNA to become a true national army. If a given administration persists in power for more than a single term, it will not want to lose rents from external SSR (Security Sector Reform) assistance by allowing the goal of that assistance to be reached. In the more likely event that an administration loses power (due to the Somali anti-incumbency trend noted elsewhere) an FGS leader who permits the development of an SNA loyal to the Somali state over and above clan ties is handing his successor a tool that may well be used against him. The current state of affairs allows such a leader much more flexibility – clan militias that have been theoretically but not actually folded into the SNA can and do drop their SNA affiliation when the FGS changes hands, so that when a leader loses office he can expect to, in effect, take a part of the army with him in the form of those militias drawn from his clan and allies.

Additionally, as noted elsewhere, many Somali leaders also have financial interests in the extensive private security forces that would inevitably lose business if an effective SNA were to render their services unnecessary. This last dynamic also helps explain the FGS’ reluctance to promote an effective police force. The continued weakness of the SNA has in the past has, further, helped justify the continued presence of AMISOM, which frees subsequent FGS administrations from both the expense of, and responsibility for, countering Al-Shabaab and providing security in particularly critical areas of Mogadishu and elsewhere.

¹⁰⁴ Menkhaus, Ken. 2016. “Managing risk in ungoverned space: Local and international actors in Somalia.” *SAIS Review of International Affairs* 36(1): 109-120.

¹⁰⁵ Hoffman et al. 2017.

However, despite these constraints, there is some interesting evidence that the SNA is able to play a limited but effective role in some circumstances – namely, when the pressure to play a dual role as clan defender and combat force is not present. In Galkaio, one provision of the 2017 peace agreement was that armed actors (ambiguously clan militias/FMS forces) of the contending sides would retreat from town, and, to prevent a security vacuum in the economically-critically central business district, SNA forces (funded by the FGS and thus loyal to neither side) would occupy the area and provide basic security. In interviews with citizens of Galkaio, a substantial majority of those from many different walks of life (affiliated with either side or none) praised the SNA's effectiveness and impartiality in this limited mission.¹⁰⁶ SNA forces were perceived especially favourably by respondents hailing from minority clans or otherwise marginalized, who felt exploited and discriminated against by the security and justice forces of the area's dominant clans.¹⁰⁷

Finally, the dynamics described in this section, while they have endured for several decades, can always shift if the interests of the parties change. Most significantly, there has been growing evidence in recent years that FGS President Farmajo has in fact been trying to train troops whose primary loyalty is intended to be the FGS as an institution rather than to their various clans. This break from past practice is likely fuelled by, first, a shift in demand – Farmajo, unlike past FGS presidents, does not hail from a clan large or well-armed enough to provide him with a sizable and durable base of armed support, and thus has much stronger incentives to develop his own force. Further, there has been a shift in supply – Turkey, and, more recently and notably Eritrea, have been willing to invest focused resources in training troops to this specific end, while AMISOM's planned departure may reduce the scale of other SSR efforts (and thus the rents to be gleaned from these).¹⁰⁸ However, there is much less evidence that this attempt has been successful – while the outcome of the current chaotic electoral situation is uncertain, it does not seem that Farmajo has sufficient forces to impose a centralized authoritarian outcome, and in future factional leaders are likely to be on their guard for any similar attempts by future FGS leaders.

The FMS

The role of the FMSs¹⁰⁹ in controlling and deploying violence is difficult to summarize with any brevity because it varies so greatly by state. However, certain basic incentive structures apply. Firstly, generally speaking, a given member of the armed forces has three entities theoretically competing for his loyalty – the clan, the FMS, and the SNA/FGS.

As previously discussed, the SNA is almost never positioned to win this struggle for loyalties, as it is in the interest of no major actor, including (under most administrations) the FGS, that it should be a cohesive enough institution to do so. This means the real competition for the loyalty of official and semi-official armed forces takes place between states (FMS), clans, and, for specific units, foreign patrons.

The outcomes of the competition between FMS and clan exist on a spectrum. In Somaliland, the demographic and political dominance of a single clan has largely eliminated instances where clan and state loyalties come into conflict for security force members. This, combined with several decades of institution building, has resulted in forces with relatively strong institutional identities – the military, etc. of an aspiring sovereign state along fairly standard lines.

In Puntland, relative peace has been maintained through a durable clan bargain, again reducing the probability that a given security force member will face conflicting demands from state and clan. The competition for loyalty between elders and elected state authorities is further muted by the fact that both are incentivized to maintain their shared security forces as distinct entities from the SNA but organized and behaving in such a way that externals can treat them as the armed forces of a

106 Quote from SNA commander, Galkaio interviews.

107 Galkaio interviews.

108 Maruf, Harun. 2021. "Clandestine Training of Somali Forces in Eritrea Stirs Families' Concern." Voice of America, 19 Feb. <https://www.voanews.com/africa/clandestine-training-somali-forces-eritrea-stirs-families-concern>.

109 Somaliland is also discussed here despite its more autonomous status.

legitimate governing unit, rather than non-state actors. This has meant that external actors who wish to operate in these areas both can (because of the patina of legitimacy) and, as a practical matter, must, provide security resources that go largely to state leaders rather than the FGS. Both Puntland and Somaliland forces have received extensive training, equipment, and other support directly from the United States, the UAE, and others.¹¹⁰

However, interviews with elders from Galkaio as well as other informants suggest that, should Puntland's political clan-bargain ever break down, many if not most of Puntland security forces would place their loyalty to clan ahead of their loyalty to Puntland as an entity. Even further along this spectrum, in most of the states currently allied to the FGS, the states themselves are too newly-established as institutional actors to compete with armed actors' longstanding clan loyalties.

Concerningly, in most of these states, relying on clan-based loyalty as the organizing principle for the security forces has led minority clan members and groups who are left comparatively unprotected outside of this structure vulnerable to exploitation, sometimes (as subsequently discussed) fuelling a turn to Al-Shabaab as protector/redresser of grievances.¹¹¹

Jubbaland emerges a moderate deviation from this pattern – President Madobe, as previously noted, has in the past refused to take the side of his clan members to the extent commonly expected, and minorities clans reportedly suffer fewer abuses of power than elsewhere. However, the core of Madobe's forces are still his clan sallies, and his limited space to act counter to clan interests appears to be the exception in southern and central Somalia. It currently seems unlikely that these developments will coalesce into a durable alternate model where a state leader commands loyalty from primarily personal rather than clan identity.

Al-Shabaab

Numerous commentators over the last several years have noted Al-Shabaab's increasing resemblance to a mafia-esque organized crime operation – state takeover may or may not continue to be the organization's ultimate goal, but even without the prospect of eventual victory the group would still be positioned to attract more than sufficient resources, through strategic rentals of violence and/or protection services, to maintain itself indefinitely.

Like most organizations of this kind, its persistence is partially explained by examining the utility it provides for various actors. Menkhaus notes 'Politicians, soldiers, clans, some businesses, the FGS, and some national contingents in the African Union peacekeeping forces have all at one time or another actively colluded with Al-Shabaab for reasons that range from the tactical to the venal to the instinct to survive.'¹¹² In particular, the organization is known for carrying out political assassinations for hire that can be said to be "low-cost" to the purchaser, in that by acting through Al-Shabaab, a politician or business person can have a rival assassinated with sufficient plausible deniability to avoid sparking a cycle of clan retribution.¹¹³ Further, those politicians and businesspeople who provide protection and other services to NGOs and other foreign contingents both must continually pay off the group for protection, but would also see much of their lucrative business dry up if the security situation improved significantly.

At several levels, Al-Shabaab is an always-available option for those who cannot "bid" for the protection of themselves or their property through other means. Menkhaus has noted that 'marginalized and aggrieved clans' are especially liable to form partnerships with Al-Shabaab when unable to otherwise have grievances redressed by the FGS or an FMS', and that, unsurprisingly, 'the worst instance of tactical clan support to Al-Shabaab has occurred among lineages in areas liberated from Al-Shabaab control, after which clan-based brigades in the Somali army occupy and claim land from the newly liberated communities. That predatory behavior by Somali armed forces drives communities right

110 Albrecht, Peter. 2018. "The interplay of interventions and hybridisation in Puntland's security sector." *Cooperation and Conflict* 53(2): 216-236.

111 Galkaio Interviews, September 2020; Menkhaus 2016.

112 Menkhaus 2016.

113 Galkaio interview, September 2018.

into Al-Shabaab's arms.¹¹⁴ This dynamic is echoed at the individual level in Galkaio, where multiple informants noted that the marginalized are especially susceptible to Al-Shabaab recruitment because of their exclusion from justice and security by dominant clans. This in turn motivates Al-Shabaab to undermine local peace agreements (as seems to be taking place currently in Galkaio) which threaten to decrease their number of recruits and demand for their services.¹¹⁵

External actors

A wide range of external actors are engaged in Somalia, pursuing an even wider array of goals. Where force is necessary to achieve a particular goal, an external actor has three main options:

- **Use one's own soldiers directly.** Given constraints of cost, logistics, and international norms, this option is largely pursued only by neighbours most invested in and impacted by Somalia's security situation—Kenya and Ethiopia.
- **Rely on AMISOM.** AMISOM is the force best equipped to achieve a wide range of goals – in areas where it is the primary security provider, like Villa Somalia, it could theoretically go as far as enforcing the terms of a political settlement (ensuring incumbents don't overstay, etc.). However, the many states who must agree in order for a multilateral force to take action mean that, in practice, AMISOM is largely employed for pursuing the core set of limited goals that meet the interests of all its international sponsors, such as counter-piracy and providing security to key parts of Mogadishu.
- **Rent the services of Somali security actors.** These rentals can be pursued with varying levels of commitment, with long-term investment in a dedicated force on one end of the spectrum (for example, investments in counter-terrorism and counter-piracy units largely under foreign direction in Puntland) and short-term deals with interchangeable armed actors on the other. It should be noted that external actors that rent armed force are not all states – business interests also frequently make such contracts.

The shifting dynamics over time are discussed extensively elsewhere in this piece. The primary factors dictating how external actors shape what the market for controlling violence has looked like and will look like going forward are:

- the quantity of different external actors interested in renting;
- whether the total amount of resources available in the market increasing or decreasing; and
- the distribution of resources amongst bidding actors, with options including a few large bidders, many smaller ones, or some combination.

At the present moment, these factors are very much in flux – the particulars of Ethiopia's partial withdrawal, Kenya's enhanced and explicitly anti-FGS engagement, and AMISOM's withdrawal timeline are explored elsewhere in this piece. However, the shape of the market, rather than the particular actors, will have a major impact on how, when, and to what degree violence is used going forward. Moe has suggested that the need for local bargaining among Somali elites – bargaining which has in several instances led to peace agreements and/or general stabilization - decreases as the number of outside actors available to elites as alternative trading partners increases.¹¹⁶ At the same time, a drastic decrease in the total amount of resources available can lead domestic actors to dramatically increase their use of predatory violence in an attempt to replace external revenues, a pattern de Waal has explored, using a political marketplace lens, in South Sudan.¹¹⁷ This is especially concerning given the number of units of armed actors, trained and equipped by external actors, that a badly-managed disengagement by these actors might leave behind. The future of the units, who are now accustomed to operating wholly or partially outside of the authority of the central government, state governments, and even the clans, is concerning and difficult to predict.

114 Menkhaus 2016.

115 <https://www.longwarjournal.org/archives/2020/12/shabaab-assassinates-high-ranking-military-officials-in-central-somalia.php>

116 Moe, Louise Wiuff. 2018. "Counter-insurgency in the Somali territories: the 'grey zone' between peace and pacification." *International Affairs* 94(2): 319-341.

117 de Waal 2015.

6. (Informal) Norms and Constraints

While the transactional and coercive logic of the political marketplace, including the instrumentalization of ('clan') identity, helps to explain the dominant nature of political processes in Somalia, including under the current Federal arrangement, these are mediated by norms drawn from customary systems and Islam, as well as seen in peacemaking processes and civic activism.

The 'clan' system

The use of 'clan' as an explanatory factor in Somali politics, society and economy remains salient but is complex and requires unpacking. Policymakers and some scholarship continue to use the term 'clan' as having a fixed, immutable meaning, that refers to clearly defined units, akin to tribes.¹¹⁸ The word 'clan' is often used freely by Somalis themselves, but is used elastically to refer to lineage groups at different levels of aggregation, where these different levels have different social and political meaning and characteristics. As Virginia Luling outlines, Somali genealogy is in fact a 'sophisticated construct' with many contested relationships.¹¹⁹ She further explains that while clan-ism rarely explains conflict, it does provide a critical framework through which politics act: 'it is not only good to fight with (or play politics with or do business with) but it is good to think with'.¹²⁰

Four important characteristics can be highlighted which reveal its use at different levels of aggregation.¹²¹ Perhaps the most fundamental unit is that associated with bloodwealth or bloodmoney (*diya*), which remains used today as a common level of identity for recompensing homicide or other injuries. *Diya* extends over a span of kinship representing between four and eight generations of common lineage and is the most coherent unit at which military mobilisation takes place. Secondly, *diya* is negotiated through a form of social contract known as *xeer*. Social contracts take place both within *xeer* (or customary system) and outside of it (e.g. through Islamic or other norms). Thirdly, processes of *xeer* and *diya* are most strongly present in pastoral society, which is most strongly associated with northern and central regions of Somalia. Social and customary norms in many areas of southern Somalia are more mixed, reflecting the influence of farming and agro-pastoral culture and livelihoods, particularly within the Digil and Mirifle and to a different extent, the Somali Bantu.¹²² Finally, lineage identity is influenced and mobilised by the political context and the relative influence and power of individuals, who act as brokers.

As indicated above but important to emphasise, the functioning of lineage units, even in pastoral societies, is not uniform; 'history, migration and urbanization ... have made each clan very distinct, even while they claim many commonalities'.¹²³ This variegated history as well as the skills, motivation and power of political entrepreneurs (whether politicians or clan elders) plays a part in the instrumentalization of identity. In this sense, 'clan' identity is 'deployed tactically' by Somalis as 'a multipurpose, culturally constructed resource', and lineage provides multiple potential identities which can be drawn upon, depending on circumstance and initiative.¹²⁴ Political dynamics around the election in Jubbaland, described in section 7 below, provides an illustration of these dynamics in relation to the Ogadeen clan agglomeration.

118 The classical version of this is the late colonial ethnography of Lewis (1961). One of the enduring legacies of British (late) colonial anthropology, of which this book forms a part, is the pre-occupation with kinship, clan or ethnic genealogy, and more generally, ideas of belonging - rather than processes of capital accumulation, class formation and social stratification (Hagmann 2016, 15). For exceptions, see de Waal, Alex. 1996. "Class and Power in a Stateless Somalia." *Discussion Paper*. Mimeo. https://www.researchgate.net/publication/238101910_CLASS_AND_POWER_IN_A_STATELESS_SOMALIA; Samatar, Abdi, Lance Salisbury and Jonathan Bascom. 1988. "The Political Economy of Livestock Marketing in Northern Somalia." *African Economic History* 17: 81-97.

119 Luling, V. 2006. "Genealogy as Theory, Genealogy as Tool: Aspects of Somali 'clanship,'" *Social Identities*, 12(4): 471-485.

120 Luling 2006, 471; see also de Waal, Alex. 2020. "Somalia's disassembled state: clan unit formation and the political marketplace." *Conflict, Security & Development*, 20(5): 561-585, DOI: 10.1080/14678802.2020.1820160.

121 Drawn from de Waal 2019.

122 Even within the Digil and Mirifle the relative importance of Somali pastoral norms vary, with some sub-clans more pastoral-based whereas others are more agricultural in their livelihoods and norms. See Helander, B. 1986. "The Social Dynamics of southern Somali Agro-Pastoralism: A Regional Approach." in Conze, P. and Labahn, T. (eds.), *Somalia: Agriculture in the winds of change*. 93-113, Saarbrücken-Schafbrücke: EPI Verlag.

123 Marchal 2007a, 1098.

124 Lewis, Ioan. 1998. "Doing Violence to Ethnography: A Response to Catherine Besteman's "Representing Violence and 'Othering' Somalia." *Cultural anthropology* 13(1),105; Hagmann, Tobias. 2005. "Review: From State Collapse to Duty-Free Shop: Somalia's Path to Modernity." *African Affairs* 104(416): 525-535; de Waal 2015.

A critical phase in the politicisation and militarisation of clan-based identities occurred however during the period 1987-92, as argued by de Waal, where war and violence served to primordialize identities, associated grievances and narratives of hate. The development of the 4.5 clan formula emerged out of this war environment and has informed subsequent processes of state-building.

Business, clan and Islam

Understanding trade and business in the Somali environment further illustrates the role of as well as alternatives to clan as a mediating system and an explanatory factor. Elliot and Carrier have explored the notion of trust in Somali economic life and discuss trust in relation to three arenas: clan, outside/extra-clan and Islam.¹²⁵ Trust is a critical feature of economic relations, particularly so in contexts such as Somalia where formal legal regulation as well as formal institutions that provide access to credit and capital are limited. Given this context, the lineage system operates both as an information network as well as a form of financial guarantee; an individual may break an informal agreement or run off with money, but membership of the same lineage family enables a person to use elders as a means to apply social pressure for recompense.

The Somali hawala or money transfer system, for example, is strongly rooted in networks of trust based on lineage relations. However, as Lindley has argued, while lineage has and still provides an important regulating mechanism, many of the money transfer organisations (MTOs) have moved beyond these affiliations, as they have expanded their businesses domestically, regionally and globally.¹²⁶

Islamic identity and norms play a crucial role in economic life and has in part intensified by the need to overcome the more divisive, competitive aspects of the clan system. A more overt Islamic identity in business has played an important role in developing and extending business relations into the Gulf, which has accelerated over the last 10-20 years. Engendering trust is a major aspect of this shift and, furthermore, is associated with a more conservative Islam, where the influence of Salafist networks has become more pervasive in economic life.¹²⁷

The confluence of Islam and business into new forms of governance or public authority coalesced on many occasions during the 1990s and 2000s, through the local Islamic or Shari'a courts that appeared (and often again disappeared) in Mogadishu and other areas of southern Somalia. These episodes of confluence led to the emergence of the Islamic Courts Union (ICU) in 2006, and its short-lived hegemony over much of southern and central Somalia, and which has since morphed into a more radical form through Al-Shabaab. The different iterations of Islamic courts – and political Islam – have consistently been challenged by the salience of lineage norms.¹²⁸

While clan and Islam both play major roles in the framing and organisation of politics, society and the economy, trust and economic relations do also develop outside these moral frameworks and norms. Carrier, in his exploration of business in the Somali populated Eastleigh area of Nairobi, emphasises that trust is not a given (through mutual clan or Islamic association) but must be maintained and co-produced; in other words where, for example, lineage provides an organising system, acts of entrustment themselves generate trust and occur across many different types of business relationship, including outside Somali and Islamic norms and networks.

Clan as a regulating structure in peace making

Somali customary norms act as the major regulatory mechanism for mitigating conflict and building peace. Based on his understanding of pastoral society, Lewis noted that conflict was always close by based on ecological pressures and competition for natural resources, but that Somali society had evolved institutions and mechanisms for managing this.¹²⁹ Lineage elders play a crucial role in

125 Carrier, Neil and Hannah Elliot. 2018. "Entrust we must: the role of 'trust' in Somali economic life." DIIS Working Paper.

126 Lindley, A. 2010. *The Early Morning Phone Call: Somali Refugees' Remittances*, New York: Berghahn Books.

127 Carrier and Elliot 2018.

128 Hoehne (forthcoming), "From stateless political order to militant Islamism in Somalia: Thoughts on the resilience of Al Shabaab", Conflict Research Programme Research Memo, LSE.

129 Lewis, Ioan. 1961. *A Pastoral Democracy: A study of pastoralism and politics among the northern Somali of the Horn of Africa*, Lon-

such processes as mediators, negotiators and peacemakers, with the underlying aim of restoring balance in social relations. The authority of elders has been undermined and challenged over time including by the different periods of government, warlords, Islamist groups and others, however, such mechanisms remain part of conflict mitigation and peacemaking processes.

There is a rich documentation of peace processes across the Somali territories, that include major reconciliation and 'state-building' initiatives such as those behind the formation of Somaliland and Puntland, as well as many much more locally-based dispute settlement processes.¹³⁰ Many of these cases illustrate the importance of a process-oriented incremental approach leading to the agreement and consensus-based decision-making; the need for inclusivity to bring in all stakeholders including women, youth, businessmen, media, and religious leaders as well as 'spoilers'; an orientation of social reconciliation as an end goal; and respected leadership in the committees that oversee the management of the process. What emerges as critical is the principle of collective responsibility for the conflict, highlighting how more successful processes involve community contribution to financing and logistics of the process, including from the business and diaspora communities.

Customary and Shari'a law provide a moral and legal framework for dialogue, decision-making and settling grievances, with lineage elders playing a crucial role as negotiators, facilitators or mediators; though it is important to note that 'elder' in Somali society is a fluid notion as elders may be drawn from different walks of life; businessmen, NGO employees and Government officials may also be classified as elders.¹³¹

Peacemaking and state-building at the Puntland-Galmudug border¹³²

Historically, there has been limited meaningful reconciliation or institution building in southern Somalia, but the Galkaio 'local' agreement, serves as an important counterexample. The Galkaio 'local' agreement, signed in December 2017 and still holding in early 2021, is a peacemaking process that engaged external mediators who worked with clan leaders and other local actors to come to an agreement. Two key dynamics of this process stand out: first that it was able to create space for public dialogue that Kapteijns argues without, would forever limit forgiveness and reconciliation.¹³³ Second, while it sought to address traditional conflict drivers, it has also been able to weather the dynamics, actors, and conflict drivers introduced by the creation of a new federal system.

Galkaio town marks a border at multiple levels, between two of the four major Somali clan families, the Darod and the Hawiye, as well as between two of their powerful local lineages, the Reer Mahad and Sa'ad. It also marks the border between the more stable northern Somalia and the volatile centre and south. The 1993 Mudug (Peace) Accord effectively separated northern Somalia from the centre and south of the country, during the civil war, enabling the area now known as Puntland to pursue a reconciliation process which concluded with its inauguration in 1998. This Accord mitigated the threat of large-scale conflict for over 20 years although is best characterised as a truce or ceasefire as it did not involve a deeper reconciliation process between the divided communities.¹³⁴ The border comprised a physical barrier with guarded checkpoints but is also imbued with social and psychological dimensions, reflecting the troubled history of the area and its unreconciled character, which continued to be animated by public and social media.¹³⁵ While trade continued across the border, other forms of social interaction, such as inter-marriage and everyday social intercourse had all but stopped.

don: IAI; Bradbury, Mark and Sally Healy. 2010. "Whose peace is it anyway? Connecting Somali and international peacemaking." Issue 21. Accord, Conciliation Resources in collaboration with Interpeace.

130 Bradbury, Mark. 2008. "A Synthesis Report of the Peace Mapping Study." ed. Pat Johnson, Interpeace, the Academy for Peace and Development, the Center for Research and Dialogue, and the Puntland Development Research Center; Bradbury and Healy 2010.

131 Ibid

132 This section draws on CRP research: Theros and Majid 2021. On the Galkaio 'local' agreement, see Theros, Marika and Nisar Majid, with Khalif Abdirahman, 2020. "Finding Peace in Somalia: the Galkaio 'local' Peace Agreement." Conflict Research Programme, London School of Economics 4 November. <http://eprints.lse.ac.uk/107142/>.

133 Kapteijns 2013.

134 Puntland Development and Research Center (PDRC). 2006. Peacemaking at the Crossroads. Consolidation of the 1993 Mudug Peace Agreement.

135 For a discussion of Somalia media, see Isse-Salwe, A.M. 2006. "The Internet and the Somali Diaspora: The Web as a Means of Expression," *Bildhaan: An International Journal of Somali Studies* 6: 54-67.

The conflict and agreement-making process in Galkaio took place between 2014 and 2017 and coincides with the emergence of the Federal system in Somalia. This political arrangement required the creation of new FMSs, Galmudug, as an amalgamation of Galgaduud and southern Mudug regions, while Puntland was fully incorporated into the federal arrangement as a pre-existing polity. The agreement to form and recognise Galmudug antagonised the Puntland leadership, who removed their MPs from Parliament in Mogadishu in response. One of the major underlying rationales for this reaction was that the incumbent President of Puntland, Abdiwali Gaas (and his allies), feared that the close relationship between Somalia's national President, Hassan Sheikh, and the first Galmudug President, Abdikarim Guled, might influence the next Federal election, due in early 2017.¹³⁶ Such tensions between central and regional actors include a recognition that Somalia's political elite act and circulate within a political marketplace that links the regional and national levels.¹³⁷ Puntland's own elections, due in 2018, added to the tensions as opposition figures portrayed President Abdiwali as a weak diaspora leader unable to defend their territory.

Following two major outbreaks of conflict and two ceasefire agreements, a more substantial process started to take place, through a Joint Ceasefire Committee and an informal network of peace activists, that involved multiple actors, including important roles for the UN and Interpeace. Building trust between the main protagonists required firstly that political actors in Galmudug demonstrate a willingness and ability to engage in meaningful talks and secondly, for Puntland's political elite to recognise this change and respond. A prominent elder from south Galkaio explained,

'As I said before, I had to build confidence. By this time, Puntland saw that I was serious about peace. They admitted to me that they never thought that I will be that serious about peace, accepting all the faults on their side and showing a lot of confidence in my resolve to achieve peace. I put a lot of pressure on commanders and politicians. I went to the militias on both sides to convince them of peace. Things started to improve.'

Re-establishing social relations meant re-establishing *xeer*. This, however, had to be done incrementally. Membership of the Joint Ceasefire Committee included elders from all of the clans living in Galkaio. The payment of '*diya*' – blood money – is one of the constituent elements of *xeer*. As part of the ceasefire agreement the elders agreed that any deaths or injuries would thereafter be due compensation. However, the elders decided to personally guarantee these payments as they could not guarantee clan-wide contributions at this early stage. The elders were not the only local actors pursuing peace as local youth groups in Galkaio town as well as some prominent women and businesspeople were also involved.¹³⁸

The act of physically bringing together protagonists, from military groups as well as the wider population across both sides the border, was a critical aspect of the agreement making process. Neutral venues had to be identified and secured as neither side was comfortable meeting within another's territory due to the prevalence of revenge killings that had been taking place and general environment of tension and uncertainty. Rebuilding social relations took place through other forms of organized social interaction. Prominent women and youth groups active in the town played a particularly important role in bring people together. International Women's Day took place on the 8th March in 2017, and a celebratory event involving 50 women from either side of the border was organised. A football match was another event that was organised to bring young men together from either side of the border.

Another important dimension of this process was addressing the propagation of hate speech in the Somali media. Somalis are major consumers of the media, through local radio, websites and social media is associated with a high level of clan partisanship.¹³⁹ During this period, local radio stations in particular were playing propagating hate speech enflaming tensions. The authorities of

136 ICG. 2015. "Galkayo and its dangerous faultlines, Commentary". <https://staging.crisisgroup.org/africa/horn-africa/somalia/galkayo-and-somalia-s-dangerous-faultlines>

137 de Waal 2015.

138 Opinions vary locally on the relative importance of different actors.

139 Isse Salwa 2006.

both Puntland and Galmudug agreed to ban hate speech on local radio stations thereby helping to reduce tensions.

The 2017 Galkaio agreement therefore marks an important counter-example to the more dominant characteristics of the political marketplace under the current Federal system. It remains a fragile and unfinished process but it is also the case that there have been further political developments in Galmudug that require further analysis as to their significance and sustainability.¹⁴⁰

Justice and security in Kismayo¹⁴¹

The absence of a credible and functional government since the late 1980s has been felt particularly strongly in the arena of the rule of law. Under Siad Barre, the judicial system was resented for being corrupt, politically manipulated, and for rejecting Islamic precepts—and many welcomed its demise. It was perhaps inevitable that in the absence of a system of state courts that Islamic law and courts would emerge. As Muslims, Somalis were able to call upon a well-formed body of jurisprudence and practice, that enjoyed social legitimacy and historically validated practices, to establish courts. Islamic law has a particular advantage in this regard in that it encompasses a penal code, a civil code, and commercial and tax codes. All of these are essential for the conduct of everyday life.

A credible justice sector is a vital part of governance and can act as a constraining factor on the abuses of authority and manipulation of the marketplace. The limitations and failures of the Somali formal justice system in this regard are profoundly important and contribute to the continued credibility, persistence and power of Al-Shabaab. Recent analyses continue to highlight the politicisation of the arms of the judiciary and the underlying political economy within this sector.¹⁴²

In southern Somalia, over the last 20-30 years, arguably the most effective forms of public authority and governance have come through the episodic instances of Islamic courts, which have had both local and 'national' reach and worked to limit the excesses of clan dominance and 'warlordism' and impose an order (see fig x for example). The case of Kismayo provides an example of an aligning of interests in the justice and security area, with both continuities from the logic of the Islamic Courts, as well as adaptations to the current federal system.¹⁴³

Kismayo is the main city and *de facto* capital of Jubbaland. For much of the last thirty years Kismayo has had a volatile and violent history ruled over by warlord figures renowned for its complexity and 'most feared warlords'.¹⁴⁴ The current President and 'Big Man' of Jubbaland, President Ahmed Madobe, has had a long history in Kismayo, originally as the Governor of the town for some months under the Islamic Courts Union, in 2006, and later, from 2010/11, as the interim and the official president, having re-captured the town from Al-Shabaab (with the support of Kenyan troops). He remains as President following the discredited election of 2019 (see Section 8 below).

One of the defining features of Kismayo has been the relative success of Madobe's intelligence and security apparatus which has kept Kismayo relatively peaceful, with limited criminality and where Al-Shabaab have limited reach. Menkhaus states that Kismayo's relative security is 'mainly attributed to the effectiveness of the Jubaland State's security sector, most notably the intelligence branch, JISA, which monitors the city and its population more robustly than arguably any other local armed authority in Somalia except Al-Shabaab'.¹⁴⁵ He adds that 'the fact that the Jubaland authorities have made the city open to all former residents, from a variety of previously quarrelling clans, has

140 These have included the Hobyo Conference, further inter-clan agreements and the hosting of the electoral talks in Dhusamareb (see SaferWorld 2020).

141 This topic draws on CRP research in the justice sector, which included over 200 observations in the district court in Kismayo as well as in-depth research. For more on this, see <https://www.lse.ac.uk/ideas/projects/conflict-research-programme/Somalia>.

142 HIPS 2020; Gundel et al. 2016.

143 The CRP has conducted research in Kismayo and Mogadishu over the last 2-3 years, primarily through court observations in both cities as well as associated qualitative research.

144 Hatchet, J. 2013. "Talking Tactics: Kismayo, Somalia". Humanitarian Practice Network, ODI: London. [Talking tactics: Kismayo, Somalia - Humanitarian Practice Network \(odihpn.org\)](https://www.hpn.org/publications/talking-tactics-kismayo-somalia)

145 Menkhaus, K. 2017. *Dadaab Returnee Conflict Assessment*, Report prepared for Danish Demining Group, 20-21.

reduced the risk of clan-based clashes over the city for the time being.¹⁴⁶ This observation is worth emphasising, as Madobe does not seek the clan dominance of urban space or territory that is typical in much of the country and defines conflict fault-lines in other FMSs.¹⁴⁷ Madobe's background with the ICU (and Al-Shabaab) helps to explain this position as well as his success in managing security and intelligence and support for a credible justice sector.

The formal organisation of the justice system in Kismayo is consistent with the governmental system, with a court of first instance (the district court), a regional court (not merged), and an Appeals/High court.¹⁴⁸ Following recognition of corruption and a poor reputation within the Kismayo court system, reforms were undertaken in early 2018, driven by the new Minister of Justice, Constitution and Religious Affairs at the time, as well as the president. Their rationale was to change the reputation of the courts, and to do so they brought into the district courts locally respected sheikhs, who were practicing and popular in the town, and familiar with both Sharia'a law and Somali law.

The district court operates in coordination with an Elders Committee, with wide representation, which serves as a representative body to deal with disputes, using customary law, if they are not resolved through lower levels of the customary system. Over the last two years, a special land committee has been established in order to deal with larger, complex and sensitive land cases. This committee has a special police unit attached to it, to assist with enforcement.

The district court primarily deals with civil cases, which are predominantly family disputes, accidents and injuries, and land disputes. Some murder/manslaughter cases and rape cases also reached this court. Observations taken in the courts found that cases are dealt with swiftly (including being recalled within days when further evidence or investigation is required), are low cost, are attended by many different identity groups and where outcomes/judgements do not reflect biases due to identity, wealth or power. The court premises themselves are informal and easily accessed. These characteristics contrast markedly with Mogadishu and other areas of the country. The police force in Kismayo town does remain problematic and has not been subject to the same level of reform as the court system itself.¹⁴⁹ However, the overall environment of stability and security suggest that the capacity of the police – through corruption, interference and incompetence – to undermine the justice processes in the town is limited, particularly in comparison to other urban centres under Government control, including Mogadishu.

Transnational citizenship and resistance¹⁵⁰

Resistance to the logic of the political marketplace, alongside resisting violence and the instrumentalization of identities, is evident in Somalia through individuals and networks. Across the CRP, instances or processes of 'civicness' have been identified and explored in this light; civicness refers to the 'meanings and practices that sustain integrity, trust, civility, inclusion and dialogue, and non-violence.'¹⁵¹ Types of civicness include direct activism and protests, the behaviour of officials and citizens and the creation of safe spaces in conflict environments.¹⁵² The notion of civicness is contrasted with the idea of civil society, which has been criticised for having largely been taken over by 'NGO-ism' and therein subject to international agendas and resources. Key actors – mediators and peacemakers – in the Galkaio agreement process described above, could be described in terms of qualities of civicness.

Transnational/transborder political engagement is a profound feature of the Somali environment, as it is of many conflict settings. Lyons and Mandaville explain that, while processes of globalisation and

146 Ibid.

147 This position leads to pressure from many in his own clan, who criticise Madobe for not enabling a greater clan hegemony.

148 The district and regional court were merged in year 2018.

149 This is recognised by some leadership figures in Kismayo.

150 This section draws on Majid 2021 (forthcoming).

151 Kaldor 2019.

152 Kaldor, M. de Waal, A., and Radice, H. 2020. *Evidence from the Conflict Research Programme, submission to the Integrated Review of Security, Defence, Development and Foreign Policy*, London: London School of Economics and Political Science. http://eprints.lse.ac.uk/106522/3/Integrated_Review_evidence_from_the_CRP.PDF.

transnationalisation are pervasive today, the political agency of such populations remain 'intensely focused on specific locations, nations, identities and issues.'¹⁵³ Moreover, migrant and transmigrant populations are described as a social force 'reshaping the workings of legal domains in more than one state.'¹⁵⁴ This perspective is consistent with Lund's notion that the state is 'always in the making' and that citizenship provides a point of entry for analysing the ongoing relationship between the state (or other forms of public authority) and society.¹⁵⁵

Somalia is very clearly an example of a 'transnational state', with Hoehne arguing that the Somali diaspora and their remittances are constitutive of a 'state-logic' that 'focuses on fixed territories, boundaries, and social and economic exclusion', and that are constitutive of bottom-up processes of state-making in the Somali territories.¹⁵⁶ While transnational/transborder political agency helps to explain many conflicts and the political marketplace itself, in Somalia, and often follows the contours of the politicisation of identities, a transnational space also enables more civic and inclusive expressions and activities to be pursued, away from the direct risks and threats of violence. Majid provides a selection of vignettes drawn from two individual life histories, illustrating these processes one of which is presented below.¹⁵⁷

Following the life histories of two Somali men, through their local and transnational/transborder actions, Majid identifies multiple examples of resistance to practices of exclusion, the politicisation/mobilisation of (clan-) identities and the creation of platforms for dialogue and conflict mitigation. These practices take place in diaspora locations as well as through transnational networks, and involve different technologies, organisations and platforms. One such example involved participation in a high-level political network that attempted to mediate between the FGS and the Jubbaland authority in the build-up to the elections in 2019, where the risk of violence was increasing. Both actors have been – and are – active in Somali circles as well as through international agencies and networks, in different types of initiatives, but that together express a form of civicness. Their actions include both successes and failures and can be understood in terms of a transborder citizenship.

Transborder citizenship is understood as an extension of the national construction of rights and political inclusion; citizenship concerns both rights and claims and has legal-bureaucratic dimensions as well as social and cultural forms. Social citizenship for example involves claims '... to citizenship substantively through social practice rather than law.'¹⁵⁸ Citizenship is a complex notion and involves rights as well as political participation. Rights have to be claimed through participation and ... Fox further argues that rights and empowerment can each encourage the other; 'some must act like citizens (claim rights) so that other can actually be citizens (have rights)'.¹⁵⁹

The lasting point here is that while the transnational nature of the Somali state has been linked to the further entrenchment of the political marketplace dynamics, a transnational political engagement is also constitutive of a civic space that provides an alternative or counter to political marketplace dynamics. Examples offered by Majid provide evidence in relation to conflict mitigation, accountability to human rights abuses and the promotion of dialogue.

153 Lyons, T. and Mandaville, P. 2012. "Introduction: Politics from Afar: Transnational Diasporas and Networks." in Lyons, T. and Mandaville, P. (eds.) *Politics from Afar: Transnational Diasporas and Networks*, 1-23, London: Hurst and Company. 2.

154 Glick Schiller, N. 2005. Transborder citizenship: an outcome of legal pluralism within transnational social fields. In F. v. Benda-Beckmann, K. v. Benda-Beckmann, & A. Griffiths (Eds.), *Mobile people, mobile law: expanding legal relations in a contracting world*. 27-49. Aldershot: Ashgate, 48.

155 Lund, C. 2016. "Rule and Rupture: State Formation through the Production of Property and Citizenship." *Development and Change* 47 (6): 1199–1228. International Institute of Social Studies.

156 Hoehne, Markus. 2016. "The rupture of territoriality and the diminishing relevance of cross-cutting ties in Somalia after 1990." *Development and Change* 47(6):1380.

157 Majid 2021 (forthcoming).

158 Glick Schiller 2005, 55

159 Ibid, 176.

7. (Formal) Political Institutions and the Regional Elections

The following section provides a summary of political marketplace dynamics focused around the regional elections that took place across all Member States between 2018 and 2020.¹⁶⁰ These elections all took place under the Farmajo-led central government and therefore reflect both sub-national/local as well as centre-periphery dynamics during this particular iteration of the federal system, where the FGS – through the Farmajo-Fahad-Khaire cabal¹⁶¹ – were attempting to install compliant leaders in the members states.

South West State (November 2018)

The incumbent SWS President at this time, Sharif Hassan, was instrumental in the creation of this state. Hassan was already a wealthy businessman and successful politician, in Baidoa and Mogadishu, prior to his election as SWS President. He is considered a skilled political operator and referred to as a 'kingmaker' by many. He is also widely acknowledged for corruption and personally managing the State budget in order to feed his patronage networks within the SWS. His election as the first SWS President was in part enabled by the good personal relations he had with Hassan Sheikh Mohamoud's camp.

Views on his Presidency are varied. He is credited with managing inter-clan competition within the Digil and Mirifle quite well, whereas others point out that he marginalized groups such as the Bantu and Bimaal. Some of these different perspectives reflect the division of SWS between Barawe (the official capital, on the coast) and the de fact capital, Baidoa; different identity groups are found in Lower Shabelle (around Baraawe – particularly the Digil and Somali Bantu), whereas the Mirifle (or Rahanweyn) are the dominant group in the hinterland, and Baidoa. Hassan is himself from the Ashraf clan but has strong links to the Leysan and Mourasade, through two of his marriages. The Leysan are one of the two main sub-clans of the Rahanweyn, that contest Baidoa town; and are one of the more powerful military and business communities within Baidoa and within the Rahanweyn.

The SWS, economically speaking, is renowned for its agricultural base, accounting for the most productive rainfed and irrigated land, including significant export commodities. Much of the more productive and lucrative land has been the target of predatory groups over time, with the profits accruing to few people, mostly not indigenous where the majority of the population are small-scale farmers and agro-pastoralists. Baidoa town is an important trade hub, linked to Mogadishu as well as to Kenya and local markets within the region. The agricultural basis of this state is also reflected in the marginalization of the Digil and Mirifle, who are referred to historically as second class citizens within the Somali social hierarchy.¹⁶² An indicator of this is the relatively small diaspora and business communities from within this clan family, reflecting unequal access to education, migration and economic opportunities historically and under the Barre regime. The military capacity of clan-based militias are also limited as a result.

Political finance to local elites comes from taxation of trade, rents from the aid economy, business ownership and the state budget from Mogadishu. Sharif Hassan clearly benefitted from many of these factors although he is exceptional in terms of his wealth, where the financial capacity held by actors from this region cannot compete with the wider business-political elite. This lowers the cost of loyalty in the political marketplace as illustrated below. The adoption of the 4.5 formula has symbolically changed the political status of the Digil and Mirifle, and the political importance to the national Presidency is seen through the large number of MPs from this group in the Federal Parliament. Controlling these MPs is therefore an important part of national and regional political calculations.

Given this background, competition for the State elections was led by three main protagonists, the incumbent Sharif Hassan, the ex-AI-Shabaab leader Abu Mansur Robow and the preferred FFK candidate, Laftagreen. The political dynamics leading up to the November 2018 election were largely

¹⁶⁰ This section is based on sub-national memos produced by the CRP for each of the FMSs as well as ongoing monitoring captured in the CRP quarterly updates.

¹⁶¹ Prime Minister Hassan Khaire was impeached and resigned 3 months before the Hirshabelle election.

¹⁶² Besteman, C. & Cassanelli, L.V. (eds.) 2000. *The Struggle for Land in Southern Somalia: the War behind the War*, Colorado/London: Westview Press/HAAN Publishing.

orchestrated by the FGS, reflecting the unequal financial and coercive power of the FGS and its Ethiopian ally.¹⁶³ This took place in two stages. The first was to force the withdrawal of Sharif Hassan, who represented a threat to the FFK, given his close links with previous Federal President, Hassan Sheikh Mohamoud, who was expected to contest the 2010/11 federal elections, and political skill and resources. This happened through intimidation and the exchange of several million dollars. The Ethiopian military has long maintained forces in Baidoa town and the alliance between Ethiopia and the FGS, along with a large financial pay-off, provided the necessary encouragement for Hassan to withdraw his candidacy.

The second step was the removal of Abu Mansur Robow. The ex-Al Shabab leader was the running favourite in the lead up to the elections.¹⁶⁴ Robow is from the influential Leysan clan with a loyal clan militia. He is thought to have had some financial support from business allies (through his Islamist networks) as well as from the diaspora. He was considered widely popular within the wider population. He reportedly refused a large financial pay-off and was duly arrested by Ethiopian forces acting on behalf of the FGS prior to the election itself.

The FFK acted in coordination with local elites in SWS, particularly from the Harin clan, the main competitor of the Leysan in Baidoa, some of whom were threatened by a potential Robow victory. The election of their preferred candidate, Laftagreen, was then relatively smooth and obtained by modest cash payments to the State MPs, reflecting the relatively low financial basis and lack of competition.

The arrest of Robow and blatant intervention of Ethiopian forces on behalf of the FFK led to demonstrations and a reported 15 deaths, which in turn led to critical statements by the UN SRSG (although mixed responses across the international community), and in turn his being made *Persona Non Grata*. In political marketplace terms this election clearly demonstrated the superior financial and military resources of the FFK vis-à-vis SWS. The international community's relative silence and mixed responses, while Farmajo was in the earlier period of his Presidency, arguably signalled to Farmajo that there would be some tolerance for such a strategy.

Puntland (December/January 2019)

The Puntland election took place soon after that in SWS. Puntland, is an established polity with pre-existing norms; power-sharing takes place through an unwritten agreement that the Presidency rotates between three lineages of the Mijerteen-Mohamed Saleban clan, the Osman Mohamoud, Isse Mohamoud and Omar Mohamoud.¹⁶⁵ The 2019 election was the turn of the Osman Mohamoud, who dominated the initial list of Presidential candidates. Clan elders from the Mijerteen remain a credible and powerful force within Puntland and act as a mediating element where abuses of power or norms are considered excessive and to mitigate the risk of conflict.

Puntland has a long-established trading economy based around the port of Bosasso and the tarmacked road that runs south to central and southern Somalia, which together acted as vital channels for trade to/from southern and central regions for many years following the civil war.¹⁶⁶ As a result, Puntland has a well-established business elite, who provide political finance to competing candidates. Puntland elites also generate political finance from aid contracts and security rents (the UAE and the USA support military forces and bases, for anti-piracy and counter-terrorism) and fishing licenses.¹⁶⁷

163 Baidoa town has long held Ethiopian troops and is considered within Ethiopia's buffer area. Ethiopian troops helped create and support the RRA (Rahanweyn Resistance Army) in 1997 and helped oust the occupying forces of Hussein Aideed.

164 Crisis Group 2018.

165 See Marchal 2010. "The Puntland State of Somalia: A Tentative Social Analysis."

166 This has been a critical artery for imports and exports to Somalia since the civil war and has only lost some of its importance over the last 5-10 years as investment and the containerisation of Mogadishu has taken place. However, security and transport constraints in southern Somalia mean that an estimated 80% of goods that arrive in Belet Weyn come from Bosasso rather than the much closer Mogadishu.

167 See Majid and Abdirahman 2019 for Somalia-Yemen fishing links.

Three sets of actors competed in these elections; the incumbent, President Abdiwali Mohamed Ali Gaas, backed by the UAE (and the power/resources from his office); two candidates supported by the FFK in Mogadishu; two candidates, including the eventual winner, Said Abdullahi (Deni), supported by the business group known as Aaran Jaan.

The incumbent President, Abdiwali attempted to manipulate the election vetting committee, the security apparatus and other means to restrict competition in his bid for re-election, however, he was unable to do this, due in large part to the influence of clan elders in Garowe, who guaranteed security and an open election in order to enable the rotation of power. Abdiwali had limited support following his period of Presidency and was considered unlikely to win, in the end failing to get past the first round of voting.

The FFK candidates brought considerable money to the table in order to buy support. An estimated US\$15m dollars changed hands in the week prior to the election, with all candidates using money to buy support, an extremely high figure outside of Federal elections. President Deni, an independently wealthy businessman and previously an MP in the Federal government, narrowly won the election and represented an alliance of two clan-based interest groups, the Isse Mohamoud (considered the dominant group within the Aaran Jaan) and the Osman Mohamoud.¹⁶⁸

The election was considered open, competitive and fair in the Somali context, with significant amounts of money changing hands. There was no possibility of the FFK resorting to intimidation or violence in Puntland as they neither had the means nor the credibility locally to do so. All parties (with the exception of the incumbent president) respected the rotation of power inherent within Puntland, which only applies to the Mohamed Saleban.

Jubbaland (August 2019)

The Jubbaland election took place against the background of the SWS and Puntland elections, with the incumbent President, Ahmed Madobe, positioned in opposition to the Federal President, Farmajo. This juxtaposition represented not only a centre-periphery tension, where the FFK were clearly attempting to influence FMS elections in their favour, but also the main fissure within Jubbaland of competing identity groups—the Ogaden and Marehan. In the weeks and months prior to the election, Madobe and his allies instrumentalised an Ogaden identity to oppose Farmajo; a pan-Ogaden, transnational/transborder identity incorporating Ogaden populations in Somalia, Kenya, Ethiopia and the diaspora had been instrumental in Madobe's first election victory.¹⁶⁹

Madobe's political budget was derived from the taxation reserves he had accumulated through Kismayo port, as well as additional finances provided from Kenya and the UAE.¹⁷⁰ Kenyan interests are considerable in Jubbaland and Kismayo, and have included profits from illicit trade – imports and exports through Kismayo, to the Kenyan border – as well as Madobe's value as leverage over the FGS on the maritime dispute between the two countries. In addition, Madobe has a significant coercive capacity through his Ras Kamboni militia, which comprise a well-trained and well-funded group with considerable battle experience, and a strong intelligence capacity. Abdi Rashid 'Janaan', the ex-Security Minister of Jubbaland, and strongman of Gedo, is a key ally of Madobe. He represents a Marehan identity in the Jubbaland political project. Janaan has a significant militia and political budget from his control of cross-border trade and international aid. Madobe is also thought to have received financial support from ex-President Abdi 'Iley' of Somali Regional State, Ethiopia, prior to his arrest.

As political posturing developed prior to the elections in Jubbaland, Farmajo ultimately changed tack, financially supporting other Ogaden candidates, thereby reducing the weight of politicised clan narratives. Madobe's close circles latterly realised they were unlikely or at least uncertain to win an

168 Within the Osman Mohamoud, one lineage provided most of his financial support. Evidence of business interests materialized later in 2019 as President Deni attempted to take over a lucrative logistics contract with the UAE (to benefit Aaran Jaan), held by the rival Puntland Development Group. This created considerable tensions which clan elders had to intervene in to calm down, forcing President Deni to back down.

169 See Majid and Abdirahman 2021.

170 It is not clear whether UAE money comes directly or via Kenya. Kenya has been supplying the Jubbaland administration with money for some years as part of its arrangements there.

open, competitive election, as they had neither the financial resources to compete with Mogadishu-supported candidates or the support of sufficient MPs in their own Parliament. Instead, Madobe carefully orchestrated the parliamentary selection process: the Jubbaland Independent Electoral and Border Commission (JIBEC) was selected by the President's camp and imposed various criteria to limit registration; the election process – election of MPs, who then elect the President – was held in a location secured by the President and took place within a one-week period, both of which minimized external interference and maximized internal manipulation. Each of the voting MPs were given US\$10,000, and 56 out of the 75 votes went to the incumbent President. This relatively low financial cost reflects Madobe's control of the political marketplace keeping the cost of loyalty relatively low. An attempt by the FFK to use Ethiopian forces to intervene militarily was resisted by Madobe with the support of Kenyan forces.

Galmudug (January 2020)

Following the failure of the FGS to oust Madobe in mid-2019 and having failed to install a compliant figure in Puntland, Galmudug became the next and a crucial state for the FFK, where a win was essential in order to maintain political credibility in advance of the approaching federal elections. Galmudug also plays a unique role in Somali national politics, with many of the political elite originating in the region.

Unlike other regions, the state's political economy (and marketplace) is cash poor compared to other Federal Member States, as Galmudug has few natural resources or commercial assets. Its port of Hobyo, for example, is in the third tier, far below Mogadishu, Bosasso, and Kismayo in terms of capacity and profitability. The individual (rather than collective) wealth of competing clans and political elites, and circulation of piracy money, obscures the cost of loyalties within the marketplace where Galmudug remains the backstage of national contests in Mogadishu. These dynamics contribute to a fragmented security arena, where neither a single dominant political-military firm (as in Jubbaland) nor a stable political dispensation (as in Puntland) exists.

Galmudug represents a Habar Gedir political project, although where considerable divisions exist within the Habar Gedir and where other sub-clans (including the Dir and Marehan) are also important. Political leaders hailing from the dominant clans represented in this region continue to wield the legacy of overthrowing Siad Barre to push forward ambitions in national politics. In the absence of any elite pact at the regional and federal level, coalitions and alliances are fluid, unpredictable and destabilising. The electoral contestation revolves around, on the one hand, the allocation of seats at the regional and federal level – how the regional presidency, vice-presidency and speakership will be allocated along clan/sub-clans in accordance with distribution of key seats at the federal cabinet level. At the same time, opposition leadership in Mogadishu seek alliances with Galmudug's parliamentary representatives in order to unseat the ruling group.

Ultimately, the FGS were able to strongarm the electoral process, employing the SNA (relatively easy to mobilise from nearby Mogadishu) and Ethiopian military support to restrict access to opposition figures and elders. The FGS were also able to disarm Ahla Sunna Wa Jama using financial incentives, and as the group had already lost their Ethiopian patron. Ahmed Abdi Kariye ('QoorQoor', a state minister at the time) was installed as President. He is a former warlord and lieutenant in the Islamic Courts Union (ICU).

As indicated in Section 6, while the election followed a political marketplace logic, with the FGS able to insert a compliant candidate, Galmudug has seen a number of reconciliatory processes take place since 2017, including the Galkaio Peace Agreement presented previously, the Hobyo Conference, recent inter-clan agreements and the hosting of the 2020 Dhusamareb federal election talks. The extent to which these are far-reaching social and political changes or re-positioning in the political marketplace (or both), remains unclear. However, although business, political and military elites from Galmudug are wealthy and powerful, they face some pressure to look inward to a home region that has languished.

Hirshabelle (November 2020)

The Hirshabelle election was initially delayed by the discussions around the federal election process (known as Dhusamareb 1, 2 and 3, held in mid-2020). The election eventually took place in late 2020 and proceeded relatively smoothly due to the alignment of interests between the Federal Government, and the majority of local clans and interests in the region, with the Hawadle (the losing party).

The FMS of Hirshabelle consists of a power-sharing arrangement between the Hawadle and the Abgal, with the Gaalje'el representing a significant third force, all of whom are Hawiye clans.¹⁷¹ The most powerful militias in the state come from within these clans. Hirshabelle was initially negotiated and created on the basis that Johar became the capital (appeasing Abgal interests), the Presidency went to the Hawadle and the Speaker of Parliament to the Gaalje'el; this is reflected in the Parliamentary seats.¹⁷²

Members of the Hawadle and Abgal have powerful political and business elites in the country as well as large diaspora populations. Belet Weyn and Johar towns are major trading hubs and the two single largest sources of taxation revenue within the region, under the control of elements from these two main clans. Hawadle and Abgal interests also obtain significant aid and security rents from Belet Weyn and Johar respectively. Political finance for potential candidates comes from these sources as well as the monthly payments that the FGS makes to each FMS, ostensibly for the running of the state government. Political finance can also be raised from diaspora and business sources. Hirshabelle has remained extremely fragile, fragmented and dysfunctional since its formation, with considerable internal tensions, along lineage lines. The presence and influence of Al-Shabaab in Hirshabelle is considered extremely high.

In the Hirshabelle elections there was a general alignment of Federal and State interests concerning the election of the MPs, the President and other senior positions. The Hawadle (who held the presidency since the creation of the state) had become very unpopular in the preceding years, with significant internal fighting as well as having conflict with several other clans. All other groups therefore opposed a repeat of the Hawadle Presidency. Locally, the strongman of Johar, Gudwaale, was the favoured candidate. He was the Vice-President, an ex-governor and his militia had controlled Johar for over ten years. He was the favoured Abgal candidate.

The FGS had an interest in supporting an Abgal candidate, given the powerful Abgal presence in Mogadishu, where two of the previous national Presidents were from the Abgal, both of whom were competing for the 2020/21 elections; appeasing Abgal sentiment in Hirshabelle may reduce the pressure for an Abgal President in Mogadishu. The FGS reportedly worked hard to ensure that the top five positions in the state went to its favoured candidates (the president, the vice president, the parliament leader and his two deputies). These five are said to have cost the government approximately US \$1,200,2000, to secure, a modest figure for a regional election.

There was little competition to the FGS in the political market for Hirshabelle, with the divisions within the Hawadle and the alignment of other interests around the Abgal Vice-President. Hawadle elites did not stand, thereby also keeping participation and costs in the political marketplace down. There were cases of coercion with some elders threatened in order to support their favoured candidate, but these were limited.

¹⁷¹ Of the 99 seats in the regional parliament, 60 members come from Hiiraan region while the remaining 39 members come from Middle Shabelle. The largest single clan is the Abgal represented by 14 members, followed by the Hawadle represented by 13 members and the Gaalje'el represented by 12 members.

¹⁷² These three clans have the three largest number of MPs, though together comprising just under 50% of the overall number of seats. The Hawadle only have 13 MPs of the 99 in the state parliament.

8. The Somali Elections – the Political Marketplace and its 'Unsettledness'

The preceding analysis shows in devastating detail what happens to a nation when the logic of transactional politics—violence and money—determine the imperative of political survival, at the expense of any longer-term institution-building. This is the reality of state 'failure' and it is extraordinarily difficult for a country, in the current international political-economic context, to climb out of that situation.

The political marketplace, alongside the logics of violence and politicized identity, explain much of Somalia's political predicament. The political marketplace in Somalia has evolved from Siad Barre's dysfunctional kleptocracy, through periods of extreme deregulation, to the current federal system, which can be described as a rivalrous oligopoly. Elite competition is imperfectly regulated by the federal system of government and the international military and financial resources deployed, partly to sustain the formal governance system, and partly to pursue other objectives (counter-terror, counter-piracy, managing humanitarian crisis, securing security interests, etc.). External actors and resources thereby play key roles in shaping and financing the marketplace. The ongoing status of Somalia's security sector – more accurately described as a security arena – with its multiple actors and shifting affiliations continues to reflect the underlying reality of decentralized coercive power in the country and is reflected in the multiple affiliations within the Somali National Army itself.

Al-Shabaab remains a central component of Somalia's political marketplace. It emerged from the most cogent attempt to move away from a marketized system of politics under the Union of Islamic Courts. Al-Shabaab was initially located in opposition to the federal system but is increasingly taking a more ambiguous position, both colluding with and contending against the FGS depending on context. The group's capacity and reputation in the provision of justice stands in stark contrast to the government's own system.

With regard to Somalia's current predicament, this paper has identified four key factors: a competitive and decentralized political market; the ongoing salience of clan units formed from the process of military conflict and peacemaking; the pervasive use of money and violence; and the multiple levels and unpredictability of a turbulent political life. An example of this is provided by the 2019 impasse between the FGS and Jubbaland – still unresolved in 2021– in which Ethiopia and Kenya support opposing sides, clan unit affiliations are instrumentalized at local and national levels, and money and violence are used in pursuit of control over electoral outcomes.

As of mid-2021 Somalia remains in an uncertain inter-regnum with an uncertain election process. The alliance of President Farmajo with PM Abiy Ahmed and President Isaias Afwerki has lent political and military support to the FGS, and which has played a crucial role in several of the regional elections. The ambition of Pres. Isaias to construct an axis of autocracy in the Horn has, however, suffered setbacks because of the potentially protracted war in Tigray, the difficulty of centralizing power in Somalia, active opposition from Kenya, and the change in administration in Washington, DC.

A large injection of political finance by an external power may well influence the eventual choice of President, as has happened in the previous two Presidential elections. However, with the recent rapprochement between Saudi Arabia (and to a lesser extent the UAE) and Qatar, this factor may well be less important than in the recent past. While cash remains the currency of the political marketplace for key positions (such as the presidency), the tactical use of cash intersects with a strong Somali anti-incumbency tendency meaning that the largest purse does not automatically decide the winner.

The economic shock from Covid-19 is also playing out and has considerably reduced government revenue and in turn squeezed political finance and patronage, from several sources, including trade-related taxation, remittances, as well as aid-related rents and patronage. A number of prominent cases of corruption around Covid-19 assistance indicate the current difficulties in obtaining political funds. The effects of this reduction in finance and patronage are thought to be more detrimental to the opposition than to the incumbent President given the greater variety of resources available at the centre.

Political positioning around the elections is being influenced by the prospects of resources becoming available from the oil and gas sector. If this eventually materialises it would have the capacity to reconfigure the structure of the political marketplace. However, this eventuality has not yet materialised.

The wrangling, posturing and delays in the weeks and months leading up to – and beyond – an election are part and parcel of a condition of prolonged 'unsettledness',¹⁷³ and seen in many other similar contexts around the world. If a political unsettlement can be sustained in a non-violent way, through continuing debate and wrangling, Somalia will manage. In this context, a marketized political system in which politics is subject to material incentives structured by the laws of supply and demand, is preferable to one in which violence alone determines political outcomes. The current electoral cycle shows that Somali elites understand this well: managing the political unsettlement with limited violence is preferred to seeking a new political settlement by violent means. If that outcome postpones the consolidation of central power and makes formal institution building more difficult, so be it.

173 See Bell and Pospisil 2017.

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