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Cash and Compassion

**THE ROLE OF THE SOMALI DIASPORA IN
RELIEF, DEVELOPMENT AND PEACE-BUILDING**

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United Nations Development Programme (UNDP)

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Cash and Compassion:

The Role of the Somali Diaspora in
Relief, Development and Peace-building

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Volume I

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The writing for this report was completed in September 2011; therefore events which have occurred since then have not been reflected in this analysis.

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Summary¹

One of the few success stories related to Somalia today is that of how effective the diaspora is in supporting relief and development activities in their country of origin. This report, based on original research conducted in Somaliland, Puntland and South/Central Somalia, as well as in multiple cities (mainly Dubai, London, Minneapolis, Nairobi, Oslo, Toronto) with a high concentration of Somali diaspora members, examines the motivations for support, the factors that influence it, the means and mechanisms by which it is mobilized and transferred to Somalia, and the ways in which local Somali actors put the support they receive to use.

The research was commissioned by the United Nations Development Programme (UNDP)'s Somalia office, with support from the UN Resident and Humanitarian Coordinator. It builds upon a pilot study conducted by Hassan Sheikh and Sally Healy (Sheikh and Healy, 2009), which was based on desk research and selected focus group discussions.

Since the collapse of the central state in 1991, most of Somalia been the site of extreme, if intermittent conflict involving extreme violence, displacement and a wartime economy that in some ways benefits from, and in others is seriously hampered by, the insecurity. Somaliland has built a viable political entity with general peace and stability, the precursors to development. Puntland has managed to establish a somewhat weaker but still functioning political administration and environment for promoting relief and limited development. The South and Central zones (referred to here as South/Central, following conventional usage) have been plagued by insecurity, often rapidly changing topographies of political control. These conditions have been particularly poor since the end of 2006, when Ethiopia led an assault against the Islamic Union Courts and occupied the country until the end of 2009.

The Transitional Federal Government, with its stronghold in Mogadishu, is fighting against the al-Shabaab movement, which has control over much of the South and Central regions outside the capital. Mogadishu has been the scene of massive population displacement – as of October 2010 an estimated 410,000 people had been displaced from Mogadishu to the Afgoye corridor (UN News Center, 2010). It is estimated that approximately 1.5 million people (of an estimated total pre-displacement population of 2.5 million) have been displaced from the city since late 2006 (IRIN. April 2011).²

The UN's declaration of famine in zones of South/Central Somalia in July 2011 has focused international attention on the humanitarian crisis facing the Somali people. The crisis has also galvanized the efforts of the Somali diaspora, estimated at between 1 – 1.5 million people. People are giving more individually, but also more to community-based relief efforts.³

Even in less trying times, the diaspora provides crucial support to relatives at home. Support from the diaspora over the past twenty years (and even longer) has helped people in Somaliland,

¹ This Summary provides a synthesis of the findings of the research. Readers interested in the details of the study should refer to the full report. For a copy of Volume II, which includes the Terms of References, Research Guides and Questionnaires used, please contact UNDP/HDEU or Laura.Hammond@soas.ac.uk

² <http://www.irinnews.org/report.aspx?reportID=92409>. Accessed 7/4/11.

³ Most of the research for this report was conducted prior to the emergence of famine conditions in Somalia. The analysis of how assistance is channelled may help to show how famine relief is mobilized, however.

Puntland and South/Central Somalia to survive in an environment in which food insecurity, massive unemployment, lack of public services, and exclusion from global banking, postal and law enforcement networks have presented additional challenges. One of the reasons that the diaspora has been as successful as it has in helping communities in the country of origin is to do with the fact that the support network is entirely run by Somalis; Somali ownership and trust helps to minimize the transaction costs and to ensure that assistance provided gets to its intended destination.

Objectives/Rationale

The scope of this study includes the following:

1. To conduct an assessment to determine how the economic contribution of diaspora flows can be sustained to protect social safety nets.
2. To make an assessment of the investments of the diaspora in basic social services and business in Somalia, identifying constraints and opportunities and recommending measures for expansion in these fields.
3. To make an assessment of existing channels for providing humanitarian assistance by the diaspora and recommend mechanisms through which the UN can partner with the diaspora to facilitate effective humanitarian response.⁴

To fulfill this scope, the objectives of this study were:

- a) To examine in detail the extent of diaspora contributions to relief and development, the types of contributions, and their impact on social protection and development in different sectors.
- b) To identify the factors that influence the ability of the diaspora to provide effective support, both in countries of residence as well as the areas of origin.
- c) To collect information about the mechanisms for providing support to individuals, organisations and communities in Somalia and the factors that influence the effectiveness of these mechanisms.
- d) To identify the factors that influence the impact of support provided by the diaspora, including issues related to security, the governance environment, the regulatory environment, and other environmental and economic factors.
- e) To recommend mechanisms by which the UN can facilitate the diaspora's efforts to promote recovery and development in Somalia/Somaliland, and where appropriate explore opportunities for active partnership

Conceptual Framework

Figure 1 and **Table 1** (following page) outline the general Conceptual Framework for the study.

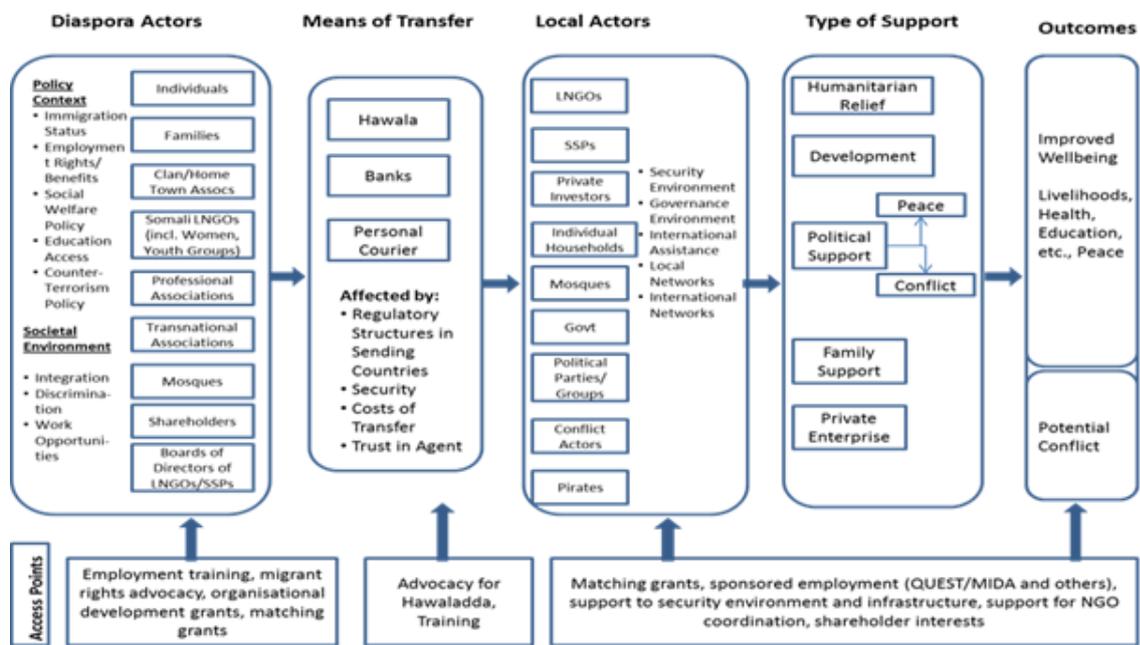
Figure 1 shows how actors and environments are related at the level of the diaspora, the sending mechanisms, and the local level.

⁴ See Terms of Reference, Appendix 1.

Table 1 identifies the strengths and challenges at each of these levels. Most of the strengths are derived from the strong social networks that bind people together transnationally and that continue to motivate people to provide support and to engage in private sector initiatives.

Many Somalis in the diaspora feel a deep sense of pride in the work that they are able to do in their country of origin; the importance of Somali ownership of the support they provide cannot be overstressed.

Figure 1. Conceptual Framework Showing Environments, Actors, Mechanisms of Support and Outcomes



Challenges tend to come from weak coordination between individuals and organisations involved in similar types of work; lack of earning potential on the part of senders; the vulnerabilities of the remittance sector to closure or restrictions due to concerns about potential funding for conflict actors; concerns about the volatile and insecure environment in many parts of Somalia; lack of familiarity with nonprofit/charity law in the settlement countries; and inability to ensure the sustainability of the projects funded by the diaspora.

Table 1. Strengths and Challenges of Diaspora Support

	Strengths	Challenges
Sending environment	<ul style="list-style-type: none"> • Strong community ties • Many formal and informal organisations • Willingness to fund relief/development/Peace building activities 	<ul style="list-style-type: none"> • Lack of information about development work of international agencies • Low salaries/income • Insecure immigration/ residence status • Many unregistered organisations do not benefit from tax relief or matching funds • Suspicions about support for violent extremism discourage giving • Many young Somalis are not as attached to their homeland as older generations; thus there is growing concern that remittances will decline in the future. On the other hand, some youth are defying this conventional wisdom.
Transfer mechanisms	<ul style="list-style-type: none"> • Money transfer companies well established, efficient, cheap, trusted • In some countries have effective ties with banks/govts 	<ul style="list-style-type: none"> • In some countries, money transfer companies are not licensed • Suspicions about money transfers supporting extremists
Recipients/Local actors	<ul style="list-style-type: none"> • Strong NGO/SSP/PI* networks in all areas (potentially a bit less in Somaliland) • Diaspora already active to limited degree 	<ul style="list-style-type: none"> • Limited access to credit • Limited grant/matching funds • Need for knowledge on venture philanthropy

* Nongovernmental Organisations, Social Service Providers and Private Investors

Mapping the Senders

The diaspora is an important provider of humanitarian and development assistance. Based on data collected in this survey, we estimate that between US\$130-200 million is provided annually for these activities by the diaspora. While private remittances are a much larger share (estimates range between US\$1.3 and 2 billion per year), the amount of money being sent to support community relief and development is significant; indeed in some places it is the only assistance available.

Within the diaspora, we identify nine different categories of supporters who contribute to relief, development and political life in Somalia.

1. Individual households – including those who provide assistance to relatives to establish businesses, or who give to organizations working in the country of origin.
2. Local NGOs based in the diaspora – local NGOs provide assistance to partner NGOs or social service providers in the country of origin. Some local NGOs are registered in the country that their members currently reside in (and therefore may be eligible for grant support or tax relief), but many others operate more informally, collecting resources to send to their areas of origin on an ad hoc or as needed basis (rather than providing monthly or other regular support).
3. Clan-based or home-town associations – many clan-based or home-town associations are tied to particular areas, and often to NGOs working in those areas, that their members originate from. Most collective support to relief and development is given to particular clan areas, although this is beginning to change.
4. Professional associations – professional associations are made up of individuals with a common professional qualification (lawyers, midwives, academics, agronomists, etc.) who provide technical support to NGOs and social service providers (and less frequently to Somali private companies). Members often donate their time and skills, travelling back to Somalia/Somaliland during their holidays or as consultants to act in a professional capacity to promote relief, development, and peace building.
5. Transnational associations – many associations are not based in one country in the diaspora, but draw support from several different countries to mobilize donations of funds, in-kind goods, and technical support. Often clan-based or home town associations, or professional associations, are also transnational associations.
6. Mosques – individual mosques in the diaspora mobilize particularly during Ramadan to provide assistance to communities and mosques in their country of origin; mosques are also said to be particularly active in funding educational facilities.
7. Private Investors and Shareholders in Private Businesses – many private investors are active in businesses inside Somaliland, Puntland, and South/Central Somalia. A significant proportion of large businesses in the country of origin have shareholders or investors in the diaspora. Private investors not only give their money; many also come and go to Somalia (security permitting) to monitor or direct their investments, and are part of what might be termed a ‘part-time diaspora.’
8. Members of Boards of Trustees – many local NGOs, social service providers and private investors have diaspora members on their Boards of Directors; they provide essential support in terms of professional advice, access to professional networks abroad, and sometimes funding.
9. Women’s groups – women are active in local NGOs, household remittances and home-town associations. Some women in the diaspora maintain traditional savings associations to help maximize their ability to send support to individuals and organizations at home.
10. Youth groups – although there is some concern that second generation members of the diaspora are not as committed to sending remittances as their parents are, there is

evidence that many youth are active in providing support to Somalia through scholarship funds, support to hospitals, and for humanitarian causes. There is also some suggestion that young Somalis who have grown up outside their country of origin may identify more with the need to support communities than to provide assistance to individual distant relatives, and that they are keen to do so using their own skills rather than by providing money to individual relatives.

These categories often overlap: for instance, a local NGO may also be a clan-based association or a youth or women's group.

Despite their clear commitment and the successes they have been able to achieve, the diaspora faces a range of difficulties in maximizing their support to their country of origin:

1. **Difficulty with integration** in the settlement countries means that Somalis are often not in a position to increase the amount of money they are already sending. As a group, they wait for prolonged periods for their immigration status to be regularized. They face high unemployment, low wages, low rates of formal sector incorporation, insecure housing, and low rates of educational attainment. Those who have been able to overcome most or all of these challenges report that they are more able to provide support to relief, development and political solutions for their country of origin. There is a need for diaspora states to work more closely with the Somali diaspora to help facilitate the integration process.
2. **A difficult climate for senders.** The current security situation in South/Central zone and parts of Puntland provides extreme challenges for members of the diaspora. Fears of accusation that their fund-raising is directly or indirectly supporting al-Shabaab, a designated terrorist group, has had a chilling effect on restricting fund-raising for community development causes at a time when it is desperately needed. This concern has also become a major constraint on remittances to households, as money transfer companies come under more strenuous compliance regulations.
3. **There is a need for more technical support** from groups with close knowledge of non-profit management, including Somali NGOs, to be provided to community associations of all kinds in the settlement countries. Some examples of this have been noted, and in particular linkages between Somali organizations and settlement-country organizations or migrant associations that work with people from many countries are welcomed.
4. **Many in the diaspora distrust the role of international organizations in Somalia.** This may discourage some from seeking to collaborate with international organizations, both those based in the settlement countries and those based in the Horn of Africa (Nairobi or Addis Ababa). On the other hand, many informants expressed a desire to cultivate better relations with the international community, and were open to the idea of working together to maximize the impact of diaspora contributions to relief, development and peace building. This must be done carefully, however, and must not undermine Somali leadership in providing support. The international community can facilitate and complement the diaspora's efforts, but they cannot control it.
1. **Diaspora support for peace building.** Although difficult to quantify, it is clear that diaspora support for peace building in Puntland and South/Central Somalia is significant and probably essential for a lasting solution to the conflict. In Somaliland, the diaspora

has played a central role in the transition to peace and continues to provide critical support to strengthening the government there. That said, it must also be acknowledged that in some cases diaspora members are also directly and indirectly instigators or supporters of conflict or their support for economic and political activities can hamper efforts towards reaching a peaceful settlement. The stronger and more legitimate government is perceived to be, the more the diaspora is willing to engage in development-related and private sector activities. Where insecurity is greater, most of the engagement is related to providing humanitarian relief and in some cases support for peace-building initiatives. At the feedback workshop held in Nairobi in May 2011, diaspora members acknowledged that more work needs to be done to build trust and dialogue between local actors and Somalis living abroad, and that this must be done before support from the international community can be put to use.

Means of Transfers

Most financial support from the diaspora is sent using the Somali money transfer system often referred to as *hawala*.⁵ A thoroughly Somali-created and operated means of transferring money, the largest money transfer companies have branches all over the world and can send money within a few minutes to even the most remote parts of Somaliland, Puntland and South/Central Somalia. While the role of these companies has been well documented in terms of the role they play in facilitating private remittances, i.e. money given by individuals in the diaspora to their relatives in the country of origin to cover basic household expenses, less is known about the role they play in facilitating support intended for more collective purposes, or in fact in providing that support themselves.

Aside from financial transfers, the diaspora is involved in sending in-kind assistance (books, medical supplies, machinery, etc.) as well as technical support provided in-person. Our research examines these flows as well. The main challenges are

1. In some countries, money transfer companies have difficulty because they are not legally registered (or the countries lack a system that would enable them to become registered). They have difficulty finding banks who are willing to do business with them, and are vulnerable to extremely stringent and often changing regulatory requirements. There is a need for some advocacy to help explain the positive role that money transfer companies play in Somalia's survival. There may also be a need for some training to help countries set up regulatory frameworks that would enable transfer companies to operate legally.
2. In-kind assistance and in-person support are made difficult by the high levels of distrust that surround movements of goods and people in and out of Somalia. This distrust stems from concerns about Somalia as a breeding ground for terrorist supporters. For those who would like to play a positive role in Somalia, either politically or through providing relief and development support, the distrust is an effective barrier that limits their effectiveness.

⁵ The term *hawala* has been used by some in the popular media to suggest that the Somali money transfer system is unregulated or illicit; for this reason many operators prefer to use the more generic term 'money transfer company' to stress the professionalism and regulation-compliant aspects of the transfer industry. We have used the latter terminology throughout this report.

Mapping the Recipients

Our research considered the three main recipients of collective support: local nongovernmental organisations, social service providers, and private investors working in Somaliland, Puntland and South-Central Somalia.

Our main findings are presented with regard to each of these groups:

1. Although most people interviewed were reluctant to discuss the specifics concerning the levels of private remittances they send and receive, it is clear – given the nature of the projects being financed and the self-reported estimated numbers of beneficiaries – that diaspora support for people living in Somalia and Somaliland⁶ is providing crucial assistance, often to areas where the international community does not have reliable access.
2. Many local NGOs receive some support from the diaspora in the form of funding, in-kind support and technical assistance. Many have Boards of Trustees which include diaspora members. In Somaliland the level of support from the diaspora appears to be lower than in Puntland and South/Central. Those who reported receiving little or no support from abroad said that they do not know who to contact in the diaspora or how to lobby people living abroad to support them.
2. Many Social Service Providers have established themselves with support from the diaspora, and continue to benefit from cash, in-kind and technical support. Although many SSPs are privately run, they do not produce a profit and are at a disadvantage because they are not considered eligible for support from the international community.
3. Private investments often receive at least partial funding from diaspora businesspeople. Many businesses provide significant employment to Somali communities, and some provide services that can be considered to be developmental. However, they suffer from lack of available credit and major disruption due to the insecurity in the South. In al-Shabaab controlled areas, private investors must operate within narrow parameters in order to avoid inviting unwanted attention and criticism.
4. Local NGOs, SSPs and private investors all face difficulties due to lack of capital (credit, complementary funds, and support to infrastructure that can help their work). Many leaders of these organizations in the three research areas expressed an interest in closer collaboration with the international community, though they expressed concern about the means by which such support should be provided (stressing that Somali ownership must not be undermined).
5. The QUESTS/MIDA project currently run by IOM with UNDP support has had some success in placing people within the civil administrations in Somaliland, Puntland and the Transitional Federal Government. The project suffers from some problems related mostly to support to programme participants once they take up their work assignments. However, many people in the diaspora expressed an interest in taking part in a similar

⁶ Throughout this report, Somaliland is referred to separately from Somalia. This is to reflect the very different political, security, and development context that prevails in Somaliland rather than the international legal status of Somaliland as an independent entity. The authors of this report do not take a position on that issue here.

Principles of Engagement between the International Community and the Diaspora

Our research examined not only the amount of support being provided by the diaspora, but the mechanisms by which support is provided. It is important that any collaboration between the international community, the diaspora and local communities take into account these mechanisms and work to preserve Somali ownership and leadership over the process. In that spirit, we offer the following principles for engagement.

- 1. Do No Harm.** Diaspora support is already a largely unheralded success story. The success is a result of the fact that Somalis are fully in control of the support they provide. Any international engagement should seek to make sure that it does not disrupt or seize ownership from these initiatives.
- 2. Emphasize the UN's role of providing or protecting an enabling environment** (both in Somalia and in the diaspora countries) for diaspora community development work.
- 3. Build synergy by seeking opportunities to create a multiplier effect between diaspora and UN contributions.** Support should be aimed at complementing the diaspora's efforts through associated works (e.g. infrastructure, matching grants, and support for related efforts).
- 4. The objective of collaboration should be to serve the needs of the diaspora projects,** rather than harnessing the diaspora to serve the needs of international organizations.
- 5. Avoid the "moral hazard" of unintentionally reinforcing the very behaviour one is seeking to change.** Of special importance is avoiding reinforcing dependence by funding projects that the diaspora and local Somalis have already demonstrated a commitment to financing themselves.
- 6. Ensure that local skilled personnel are not overlooked in favour of employing returnees.** Hostility towards returnee or diaspora involvement in local economies can in some cases prevent collaboration and contribute to conflict.
- 7. Take seriously potential challenges to engagement.** Our research indicates that there is in general a high level of animosity and distrust towards the international community both locally and in the diaspora. Although there are considerable opportunities for developing linkages between international organisations and diaspora-supported relief, development, and peace initiatives, this may lead some individuals and associations to be reluctant to engage with international agencies.

Recommendations

Our recommendations are aimed at strengthening the environment in which diaspora support is given, and are directed to three different levels: the diaspora, the transfer mechanisms, and the local community level.

- 1. Direct support to diaspora investments:**

Activity 1: Promote collaboration at every level by working with a Somali Diaspora Steering Group to provide advice and feedback on the implementation of diaspora collaboration activities as they are developed.

Activity 2: Develop a dedicated webpage aimed specifically at fostering information exchange between the diaspora and the UN on relevant activities.

Activity 3: Provide matching funds to complement diaspora-supported activities. This fund would prioritise construction of small-scale infrastructure and rehabilitation of public works to enhance the feasibility and benefit of diaspora-supported projects. Funds would be given to established diaspora associations partnered with local organisations.

Activity 4: Help to create linkages between diaspora organisations and available funds as well as links to groups and initiatives working on the ground. The UN could help make these connections through its Diaspora Webpage (see Activity 1 above), as well as by collaborating with the Non-State Actors (NSA) Platforms that are currently active in Somaliland, Puntland, and South/Central Somalia.

Sub-activity 4.1 Training and support in selected issue areas for business, especially international business.

Activity 5: Create a risk guarantee mechanism similar to the Afghan Investment Guarantee Facility (AIGF). The AIGF is a facility established by the Multilateral Investment Guarantee Agency (MIGA - <http://www.miga.org/documents/IGGafghan.pdf>), a member of the World Bank Group which provides investment insurance to cover sudden changes in money transfer restrictions, expropriation of property, outbreak/resumption of war, and breach of contract.

Activity 6. Expand the QUESTS-MIDA project to provide support to the health care and education sectors.

Sub-activity 6.1. Work with the International Organisation for Migration (IOM) to develop a database of skilled Somali professionals in the health, education, and other sectors who are willing to return on a temporary or permanent basis to provide their skills and services.

Sub-activity 6.2. Provide more opportunities for young Somalis to return to engage in public service for shorter periods (3 months to 1 year). Short term volunteer placements for Somali students in stable areas of Somaliland, Puntland and South/Central Somalia would help young people come to see what is happening in their country of origin and to contribute their skills and energy to benefit Somali communities.

2. Improving transfer mechanisms

Activity 7. Establish an advocacy function within the UNDP office for money transfer companies. UNDP could partner with the EU and its member states, and with Somali money transfer operators, to advise money transfer companies on the contents of new EC harmonisation legislation known as the Directive on Payment Services, and on familiarizing European countries on the ways that the Somali financial services industry works so as to facilitate the harmonisation process. See http://ec.europa.eu/internal_market/payments/framework/index_en.htm.

3. Implementation at the local level

Activity 8. Strengthen microcredit facilities inside the country through joint ventures with Somali institutions.

Activity 9. Provide support to Somali businesses to learn from 'venture philanthropy' and corporate social responsibility approaches used by Western and Islamic businesses, as well as by some Somali businesses such as the larger transfer companies.

Activity 10. Provide guidance on how to establish endowments for educational institutions and assist in creation of direct payment systems for education.

Activity 11. Support the Somaliland and Puntland administrations to create and staff diaspora investment centres or liaison offices that could inform the diaspora about investment opportunities and development needs, thereby increasing the level of investments from the diaspora.

Activity 12. Provide targeted infrastructural support to eastern Somaliland and parts of Puntland.

Activity 13. Provide a social service fund to provide matching grants to private schools and clinics.

These recommendations will be elaborated more fully in Chapter 7 and in the project document that will be developed from this report.

1. Introduction

Since the collapse of the Somalia state in 1991, the country has seen periods of intense fighting, population displacement, food insecurity, and a general lack of centralised governance structures. Repeated efforts to achieve a lasting peace in South/Central have not been successful; where peace and stability does exist it tends to be in areas where local negotiations with political power-brokers have led to limited spaces of security. In Somaliland, the picture is very different: presidential elections held in 2010 have resulted in a peaceful transition of power, and the prospects are good for strengthening the peace and making greater progress towards Somaliland's development. In Puntland, the administration is weaker than in Somaliland, but is still able to function and provide some basic services while maintaining a general climate of security.

These conditions set the agenda for the engagement of the 1-1.5 million Somalis estimated to be living in the diaspora. With more than 1.5 million people internally displaced since 2006, famine declared in four of the southern zones, and formal political settlement still elusive, Somalis living abroad are contributing in significant ways to relief, development, and political processes in their country of origin. Indeed, one of the more remarkable features about Somalia over the past 20 years may be that, thanks to the diaspora, the suffering of local people – though considerable – has not been much worse.

1.1 Rationale

This study was commissioned by UNDP Somalia, with support of the UN Country Team for Somalia, to examine the contributions made by the Somali diaspora on relief, development and politics in the country of origin. This is part of the overall work of the UNDP Somalia Country Programme to promote post-conflict recovery and consolidation of peace. UNDP's Country Programme is composed of Rule of Law and Security, Recovery and Sustainable Livelihoods, Governance and Human Development and Economics. The cross-cutting areas/projects are HIV/AIDS, ICT, human rights and gender. UNDP has in the past, together with its partners, undertaken studies to map out social networks of the diaspora and their role in the development of Somalia.⁷

The diaspora is a major contributor to the Somali economy and its livelihoods through remittances, humanitarian assistance and participation in recovery and reconstruction efforts. In some areas the diaspora is active in mediating conflicts and promoting peace, though it must also be acknowledged that some individuals have an interest in, and are contributing to, a continuation of conflict.

UNDP commissioned a study in early 2009 to understand both the areas where the diaspora efforts are focused and to identify important diaspora groupings and channels of communication with the development and humanitarian community in Somalia to enable the UN, international

⁷ See in particular the papers in Sheikh and Healy 2009; Maimbo 2006; World Bank/UNDP 2003.

partners, the diaspora and Somali stakeholders to join hands for more effective humanitarian assistance and recovery efforts in Somalia (Sheikh and Healy, 2009). The study was useful in providing a clearer picture about the Somali diaspora and their attachments to their roots in Somalia. The findings of the study provided some useful insight into diaspora activities.

With the present study, UNDP aims to build upon those findings as a contribution towards developing ways of supporting diaspora efforts to provide assistance and investment to Somalia and Somaliland. Through partnership and facilitation, UNDP is interested in helping to maximize the valuable contribution that the diaspora can make to humanitarian, recovery and development efforts. The study seeks to identify potential areas of collaboration as well as the mechanisms for engagement and support between the diaspora and the aid community.

The main objective of this study is to provide evidence-based information to support the Somali diaspora to undertake development interventions, support humanitarian assistance and promote peace-building jointly with the UN to maximize results and move towards sustainable peace and development.

The study considers the contribution and impact of the diaspora's engagement in Somalia in promoting peace and development. As a follow-on from this study, an action plan will be developed for work in the areas identified for support.

1.2 Objectives and Scope of the Study

The scope of this study includes the following:

1. Conduct an assessment to determine how the economic contribution of diaspora flows can be sustained to protect social safety nets.
2. Make an assessment of the investments of the diaspora in basic social services and business in Somalia, identifying constraints and opportunities and recommending measures for expansion in these fields.
3. Make an assessment of existing channels for providing humanitarian assistance by the diaspora and recommend mechanisms through which the UN can partner with the diaspora to facilitate effective humanitarian response.⁸

It is envisaged that the collaborative activities that follow from this study will help in strengthening the linkages in the value chains that connect senders to recipients and that sustain many of the small-scale initiatives to support the livelihoods of the poor. Based on the analysis contained here, recommendations also focus on identifying the measures needed to be taken to create an enabling investment climate for public-private partnerships and commercial business investments.

To fulfill this scope, the objectives of this study were:

- a) To examine in detail the extent of diaspora contributions to relief and development, the types of contributions, and their impact on social protection and development in different sectors.

⁸ See Terms of Reference, Appendix 1 , Volume II. For a copy of Volume II please contact the Corresponding Author: laura.hammond@soas.ac.uk or UNDP-HDEU.

- b) To identify the factors that influence the ability of the diaspora to provide effective support, both in countries of residence as well as the areas of origin.
- c) To collect information about the mechanisms for providing support to individuals, organisations and communities in Somalia and the factors that influence the effectiveness of these mechanisms.
- d) To identify the factors that influence the impact of support provided by the diaspora, including issues related to security, the governance environment, the regulatory environment, and other environmental and economic factors.
- e) To recommend mechanisms by which the UN can facilitate the diaspora's efforts to promote recovery and development in Somalia/Somaliland, and where appropriate explore opportunities for active partnership

Action-oriented questions addressed include the following:

- 1) What communication tools and channels can be used to improve and routinize channels of communication between the Somali diaspora (individuals and organisations) and the UN?
- 2) What channels might be established to undertake joint efforts between the Somali diaspora and the UN to achieve greater operational effectiveness and coordination of humanitarian and development assistance? What are the promising areas of investment?

1.3 Structure of the Report

After describing the context of the study and the methods used (**Chapter 2**), the report goes on to consider the different forms of organising within the diaspora and the factors that influence transnational involvements (**Chapter 3**). It then goes on to review the mechanisms for providing support that are available to the diaspora (**Chapter 4**) and the influences on the viability and functioning of those channels. In **Chapter 5**, the report considers diaspora support from the perspective of receiving organisations and individuals. The findings of qualitative and quantitative research conducted inside Somalia/Somaliland is presented, with a focus on local nongovernmental organisations, social service providers, and private investors (and secondary analysis of other institutions that receive support). Finally, in **Chapter 6**, a policy framework is provided for engagement by the international community to promote the effectiveness of diaspora support.

1.4 Review of research and experience of diaspora engagement

Much has been made of the importance of diaspora support for development generally (UNDP, 2009, WorldBank, 2006, GCIM, 2005). The interest in such support, particularly in financial remittances, is largely on the size of such flows – Dilip Ratha, Senior Economist at the World Bank, estimated that US\$325 billion was remitted globally in 2010 (Ratha et al., 2010). These flows are significant because of their size but also in that they are, for the most part, well targeted, efficient, and effective. The World Bank, UNDP and others have suggested that the impact of diaspora support as a form of social safety net could be maximised through innovative collaboration between international organisations and individuals and collectivities within the diaspora.

However, this can only be done understanding how the remittance system works, what the opportunities and constraints are, etc.

Most of the research on diasporas and development has been conducted in settings where there are long-established flows of labour migrants: Mexican and Central American support coming from the US. A few notable examples include (Orozco and Lapointe, 2004), much of the work by Portes; (Diaz-Briquets and Weintraub, 1991), South Asian support coming from the Gulf countries (Maimbo et al., 2005), and Ghanaian immigrants' support from the US and UK to home towns in Africa (Mazzucato et al., 2008). This line of enquiry has belatedly begun to be applied to conflict-affected countries, with Somalia being a central area of interest.⁹ In this report we refer to relevant publications throughout the report both to help situate the present study in the context of other strands of diaspora research as well as to relate it to the vibrant sub-field of Somali diaspora studies.

Research on Somalis in the diaspora has tended to focus on integration issues (Zimmerman, 2010, Shandy and Fennelly, 2006, Langellier, 2010, Kusow and Bjork, 2007, Hopkins, 2006, Gill et al., 2009, Engebriksen, 2011, Boyle and Ali, 2010) or on involvement in remittance sending (see sources below). Our research builds most directly on the latter, but we have found that the former is also relevant, since research shows that the better integrated people are, the more likely they are to be able to contribute in financial or other terms to their relatives and communities in the country of (Snel et al., 2006).

Difficulties regarding immigration status, employment, accessing secure housing, education, etc. experienced by Somalis in the diaspora may translate into difficulties participating in financial and social remittances. For instance, many Somalis reported that they feel that their community is under suspicion in the countries of settlement, and this affects their ability to send money regularly and especially to travel back to the Horn of Africa to provide technical and other in-kind support. Clearly Somalis' low levels of employment and educational attainment have a negative impact on their earning potential and thus on their ability to be able to send money home. In addition, the heavy burdens placed on women, who are very often real or de facto heads of households (their husbands, if alive, are often living elsewhere) to raise their children in the countries of settlement and continue to provide support to relatives living in Somalia/Somaliland, are often unsustainable.

A major policy consideration that emerges from this research is that promotion of integration, including improving prospects for employment (both levels of and payment for), education, and family welfare, will help promote even more diasporic support for communities in the country of origin. Our hope is that this report will be read not only by development practitioners, but also by those involved in: community development in diaspora countries, departments of immigration, internal affairs/homeland security, financial services, and other relevant government and nongovernmental sectors.

⁹ Research initiatives concerning diasporas from conflict-affected include the Global Migration and Transnational Politics Program currently ongoing at George Mason University (funded by the MacArthur Foundation) (<http://cgs.gmu.edu/GMTPProject.htm>), the recently completed DIASPEACE project (www.diaspeace.org) and Georgetown University's Research Consortium on Remittances in Conflict and Crises (<http://www12.georgetown.edu/sfs/isim/pages/RCRCC.html>). For a selection of Somalia-specific analysis, see Hammond 2010 and 2011; Horst 2008; Hansen 2003; Hansen and Kleist 2008; Kleist 2007; Lindley 2010, Hassan and Chalmers 2007.

Many of the conclusions reached in this research confirm findings from other recent studies on the Somali diaspora and remittances, including Hassan and Healy (2009), Lindley (2009), Farah (2009), and Horst (2008b) about the significance of Somali diaspora support as a lifeline and a driver of development. These sources also underline the importance of preserving and strengthening transnational social and economic networks. This gives added confidence in the validity of those findings, despite the difficulties of securing reliable data on financial transfers to Somalia. This research serves as a contribution to this growing area of scholarship by providing an in-depth view of collective remittances from and to Somalis. In some areas, our findings challenge conventional wisdom; for instance, our research on the involvement of Somali youth in relief, development and peacebuilding suggests that there is much greater involvement of youth than has been recognized.

1.5 Conceptual Framework

Figure 1 and **Table 1** outline the general Conceptual Framework for the study. **Figure 1** shows how actors and environments are related at each of the levels, and the mechanisms by which support is provided. **Table 1** identifies the strengths and weaknesses at each of these levels, and identifies potential activities that can help to mitigate the weaknesses in the system.

In the diaspora, this study has identified nine different types of actors or organisations who are involved in providing support: Individuals, households, clan or home-town associations, local nongovernmental organisations (including youth and women's groups), professional associations, transnational associations, mosques, private shareholders in business ventures, and members of Boards of Directors based in Somalia. These groups often overlap, as when a professional association is in fact also transnational, comprised of members who are settled in several countries. Profiles of each of these actors can be found in **Chapter 4** below.

The activities of the diaspora are influenced by a variety of factors, particularly the immigration status of the senders and their ability to earn an income that enables them to send remittances or investment money home. The latter is in turn influenced by a range of factors including policy and legal provisions that facilitate or hinder people's efforts to find formal sector employment and educational opportunities to improve their employment prospects. Ability to participate in social and financial remittance is also, in many countries, influenced by anti-terrorism law and policy which many respondents feel places them and their remittances under excessive and largely unjustified scrutiny. Finally, societal attitudes in the countries of origin influence the ease with which Somalis are able to find employment, housing, educational, health and other resources, and may also influence their ideas about the virtues of integration with the host society and engagement with the country of origin. Some empirical evidence suggests that the more economically and politically integrated people are, the more likely they are to also contribute to the country of origin, since they have achieved a reasonable level of stability in their lives such that they are in a better position to help their relatives and communities in the country of origin (Snel et al., 2006). This, as we will discuss later, has important policy implications.

The overall value chain flow from sender to recipient sees the contributions of the various diaspora actors channeled through a limited number of transfer mechanisms (as shown in the second column from the left in Figure 1). The most widely used of these is the *hawala*, or money transfer company. Somalis have, over the past forty years, developed an efficient system of money transfer that enables senders in virtually any country in the globe to send money cheaply

to relatives living even in the most remote Somali territories. (For more on *hawala* companies see **Chapter 5**.) Other forms of sending remittances include some banks (although Somalia does not have banks itself money is sent through banks in Kenya, Ethiopia, Djibouti and Dubai for local delivery by hand or collection from bank offices), as well as delivery of cash and in-kind goods by hand. The use of transfer mechanisms is influenced by a range of factors including the regulatory structures in sending countries governing funds transfer and export of goods, levels of security in the destination area, cost of the particular transfer, and level of trust in the agent delivering the funds or goods. These influences on transfer mechanisms provide a range of possible entry points for providing support to help protect and strengthen diaspora support, which will be examined later in this report.

At the local level, support from the diaspora (third column from the left in **Figure 1**) is aimed at a range of actors. The largest proportion of support goes to relatives and others to help them meet basic household expenses, including food, education, health care, housing costs, etc. Private remittances are also sent to help finance people's travel within or outside of the country, to help start a small business, or to help settle a clan dispute through compensation. These are considered private transfers and, while they may constitute a modest contribution towards development on a small scale, they are generally considered to be aimed at helping people to survive in the short to medium term rather than being communal relief or development interventions. Other recipients of support include local nongovernmental organisations, social service providers (health care facilities, educational institutions, etc.), private investors (groups or individuals), mosques, government departments, and political parties or groups. Support provided for more negative ends include that provided to conflict actors of various sorts and investment to support piracy.

The environment at the local (in-country) level is influenced by the security and governance situation prevailing in a given area at a given time. The nature of political events in Somalia in recent years has been such that these conditions can change dramatically in a short space of time and often with little warning. The ability of the diaspora to provide support is also influenced by the existence of local social networks through which the received resources are utilized or that can contribute complementary assistance, as well as the availability of international assistance. In the best circumstances, international assistance complements and strengthens the efforts of the diaspora. In others, however, it can duplicate efforts, be a focus of insecurity, and can complicate the diaspora's efforts to support individuals and communities in the country of origin.

Ultimately, the support provided through these value chains can be used to positive or negative effect. The fourth column in **Figure 1** shows the kinds of outcomes that diaspora support can contribute to. These include family support, humanitarian relief, development efforts, political support (both that which promotes peace building and that which furthers conflict), and private investment for economic benefit. The fifth column indicates which of these types of support tend to be positive and which negative (in that they promote or perpetuate conflict).

In this chart, both positive and negative outcomes are included, since it must be recognized that some diaspora support does go to, for example, conflict actors or pirates who may not be interested in promoting relief, development, or peace and in fact have a stake in perpetuating conflict or instability. However, the primary focus of the questions we asked were aimed at the positive outcomes of these processes; to the extent that we gathered information on negative outcomes, this information was freely volunteered to us by our informants. For the most part,

such information was offered because it helped to explain the challenges faced by those who would like to promote positive change in Somalia/Somaliland.

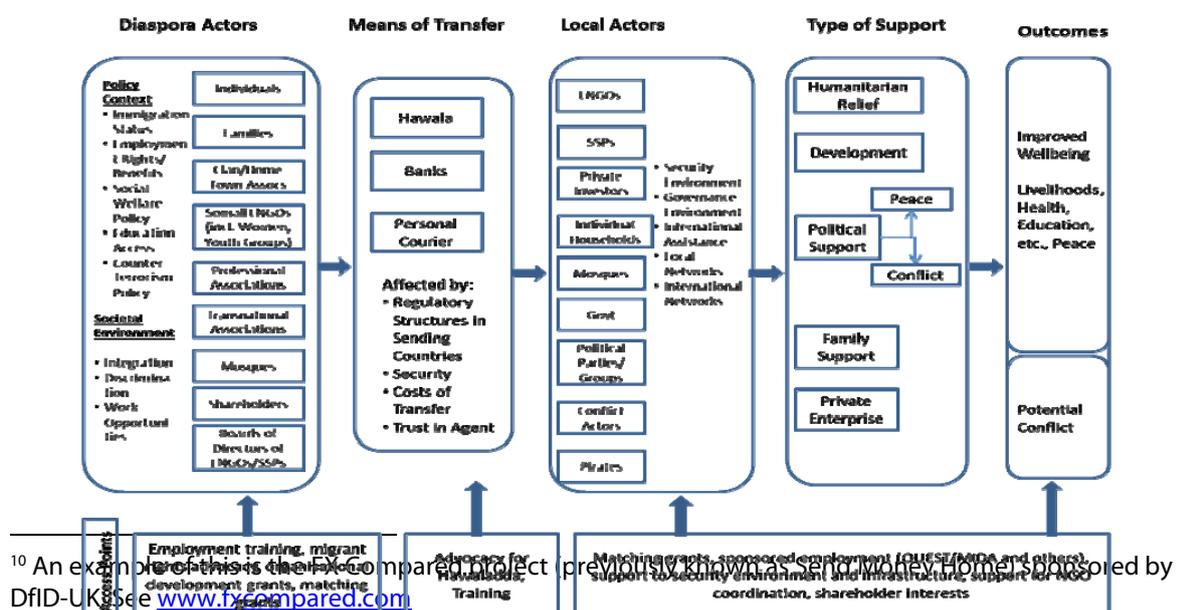
The row of boxes along the bottom of the chart, labeled 'Access Points' show the possible impact areas that the international community might engage with in order to help facilitate and strengthen diaspora engagement in positive wellbeing outcomes. At the level of the diaspora, these may include employment training, advocacy for migrants' rights, provision of organisational development grants, and provision of matching grants to diaspora organisations. The challenge at this level is to engage not only with diaspora organisations effectively, but also to mobilise the cooperation of agencies working across the host government, from development departments to immigration and asylum offices, labour and social welfare departments and foreign affairs ministries. Such cooperation and coordination is usually difficult to ensure; a more realistic option may need to be to work with a variety of stakeholders on different activities.

Access points to the means of transfer may include providing information to regulatory bodies in remittance sending countries about the many uses of money and acting as intermediaries to bring financial institutions and regulators together with *hawalad* companies. In addition, information may be provided to senders about the prevailing market rates for transfers.¹⁰

At the local level, access point support may include provision of matching grants to recipient organisations, sponsoring employment for Somali returnees (through the existing QUESTS/MIDA programme or another similar mechanism), providing support to the security environment, rehabilitating damaged or destroyed infrastructure, providing support for NGO coordination, and promoting private shareholders' interests in terms of helping to provide an enabling environment for business.

This report is generally structured around the conceptual framework, moving from the level of the diaspora, through to examine the mechanisms of support, to finally focusing on the recipients in order to make relevant recommendations for collaboration to support all aspects of the value chain.

Figure 1. Conceptual Framework Showing Environments, Actors, Mechanisms of Support and Outcomes



¹⁰ An example of efforts to improve the FX compared project (previously known as Send Money Home) sponsored by DfID-UK is available at www.lycompared.com.

Table 1 shows the relative strengths and challenges identified at each level of the chain linking diaspora members with local actors. Most of the strengths are derived from the strong social networks that bind people together transnationally and that continue to motivate people to provide support and to engage in private sector initiatives. Many Somalis in the diaspora feel a deep sense of pride in the work that they are able to do in their country of origin; the importance of Somali ownership of the support they provide cannot be overstressed. Challenges tend to come from weak coordination between individuals and organisations involved in similar types of work; lack of earning potential on the part of senders; the vulnerabilities of the remittance sector to closure or restrictions due to concerns about potential funding for conflict actors; concerns about the volatile and insecure environment in many parts of Somalia; lack of familiarity with nonprofit/charity law in the settlement countries; and inability to ensure the sustainability of the projects funded by the diaspora.

Table 1. Strengths and Challenges of the Diaspora Support System

	Strengths	Challenges
Sending environment	<ul style="list-style-type: none"> • Strong community ties • Many formal and informal organisations • Willingness to fund relief/development/Peace building activities 	<ul style="list-style-type: none"> • Lack of information about development work of international agencies • Low salaries/income • Insecure immigration/ residence status • Many unregistered organisations do not benefit from tax relief or matching funds • Suspicions about support for violent extremism discourage giving • Many young Somalis are not as attached to their homeland as older generations; thus there is growing concern that remittances will decline in the future. On the other hand, some youth are defying this conventional wisdom.
Transfer mechanisms	<ul style="list-style-type: none"> • Money transfer companies well established, efficient, cheap, trusted • In some countries have effective ties with banks/govts 	<ul style="list-style-type: none"> • In some countries, money transfer companies are not licensed • Suspicions about money transfers supporting extremists
Recipients/Local actors	<ul style="list-style-type: none"> • Strong NGO/SSP/PI* networks in all areas (potentially a bit less in Somaliland) • Diaspora already active to limited degree 	<ul style="list-style-type: none"> • Limited access to credit • Limited grant/matching funds • Need for knowledge on venture philanthropy

Details of these issues are provided in **Chapters 4, 5, and 6**, and form the basis for development of recommendations for support (see **Chapter 7**).

1.6 Concepts used in this report

In examining the diaspora's involvement in relief, development and politics, we have taken on concepts that are often defined in various ways. Our usage of the concepts outlined below (diaspora, humanitarian assistance, development, and politics) helps to explain how we have framed the present study.

Diaspora

The concept of diaspora is today commonly defined by three characteristics:

1. Dispersal of a population from an original homeland;
2. Continued or reinvigorated orientation towards a real or imagined homeland;
3. Identities based on boundary-maintenance vis-à-vis a host society.

Following this definition, this study considers both a 'near diaspora' (i.e. Somalis in Kenya, Yemen, Uganda, Tanzania, etc.) and a 'far diaspora' (i.e. Somalis in US, EU, etc.). The study considers persons who live outside Somalia for more than three months per year and who have residence rights (although some may be undocumented) or citizenship elsewhere as belonging to the diaspora. An unusual feature of the Somali diaspora is that many people who fit this definition do in fact return to Somalia/Somaliland, either occasionally or regularly to visit and/or to do business, give their time and expertise to relief and development, or to participate in local politics. Those who regularly spend time in-country may be considered a 'part-time diaspora,' as they creatively exploit the advantages of their transnational lives to support themselves as well as to contribute to the lives of those who have not emigrated. Part-time diaspora are active in local NGOs, educational institutions, health care provision, political administration, and peace building initiatives and so are central to our study. This study also includes returnees who live permanently in the Somali homelands as important sources of information.

It is important to underline the heterogeneous nature of the Somali diaspora. This is discussed briefly below in terms of the profiles of Somali communities living in the countries that we conducted research in. The Somali diaspora is usually taken to refer to people who come from all parts of what is currently recognized as the state of Somalia, including Somaliland, Puntland and South/Central zones. In some contexts, it may also include ethnic Somalis from Kenya, Ethiopia and Djibouti who take part in civil society and social networks with those from the country itself. It also includes minority groups such as the Bantu, who share some historical and cultural ties, but also have distinctive differences based on their history and standing within Somali society.

Somalis who left the country before the war tended to be students and economic migrants. The flows since the collapse of the state have been for the most part refugees, though clearly as many contributors to academic and policy debates on the Migration-Asylum nexus have pointed out, there is often overlap between the categories of economic and forced migrants (Crisp, 2009, Castles and Wise, 2007).

Somalis in the diaspora are divided by many of the same cleavages that divide them in the territory of Somalia: clan, ethnicity, class, gender, age, political allegiance, religious belief (although the overwhelming majority of Somalis are Sunni Muslim, there are significant

differences in how people interpret their religion, and how they see it fitting with political and other aspects of life). Often these divisions are situational; that is, they are significant in some contexts and not in others. In the face of great humanitarian suffering, for instance, many people will set aside their differences and come together as a united community. On issues of how to build peace, however, the differences often become more entrenched.

In this report, we have not sought to reconcile these differing opinions expressed to us by the Somali diaspora, but rather we aim to draw attention to areas where there are differences of opinion, since it is these areas where collaboration with the diaspora may be most challenging.

Humanitarian Assistance

We use humanitarian assistance here to refer to support provided with the primary aim of saving lives and alleviating suffering. Humanitarian assistance includes food aid, emergency water supply, basic health care, primary education, and assistance provided to particularly vulnerable groups such as displaced persons, female-headed households, unaccompanied children or orphans, the elderly, and the disabled. Humanitarian assistance is generally provided impartially (according to need, regardless of the position of the individual vis-à-vis the conflict) by nongovernmental organisations and specialised UN agencies. It is the basic assumption of this report that most of the support provided to civilian communities in South/Central Somalia is currently humanitarian assistance, since longer term development assistance (see below) depends on a level of stability that is largely absent there.

The Somali diaspora's support for humanitarian assistance has increased dramatically over the past twenty years. In the early 1990s, the diaspora lacked both the financial means and the technological capacity to remit money to victims of war, famine, and displacement. The context of humanitarian crisis in Somalia has changed dramatically since then. Thanks to the dramatically increased availability of telecommunications and internet-based news sources, the diaspora is now able to track with great accuracy and speed developments inside the country as well as communicate with their relatives. Thanks to the extraordinary adaptability and entrepreneurship of Somali remittance (*hawala*) companies, the diaspora are also able to send money via the *hawala* system to family members displaced by war within a day or two of their dislocation. The remittance companies have proven exceptionally capable of operating in even the most insecure zones of the country. The diaspora regularly sends emergency funds to relatives suffering from the effects of severe drought or floods, but that was and remains strictly a family remittance, intended to cover essential recurrent household expenditures rather than development.

The prolonged crisis of war and displacement since early 2007 – which has rendered Somalia the world's worst humanitarian crisis – has introduced a new type of diaspora support – humanitarian aid on a large scale. Much of this is simply a matter of family members remitting to relatives displaced by the war, and so is merely an extension of conventional remittance practices. But the diaspora has also demonstrated a powerful capacity and commitment to fund-raising to purchase food for entire IDP camps, relying on local authorities – hospital employees, clan elders, and others – to disburse emergency funds on the basis of need rather than purely kinship ties. In reality, kinship still plays a role – displaced persons often cluster with fellow clan members in IDP camps for security and support, so some (though not all) IDP camps are associated with particular lineages.

But humanitarian fund-raising in the diaspora appears to have crossed an important threshold in this regard, with diaspora members generously and unconditionally pooling their resources to channel money to IDP camps regardless of clan. In fact, since the withdrawal of WFP from South/Central zone in 2009, the only assistance received by internally displaced persons in the Afgoye corridor outside Mogadishu has been that organized by businesspeople and local NGOs, many of which have strong backing from the diaspora.

The amounts of funds raised, and the speed with which the funds were raised and delivered, have been impressive. During the first wave of fighting and displacement in early 2007, diaspora in North America reported that they were able to raise and send \$18,000 for emergency food purchases within days. Many people interviewed in multiple countries were adamant that when food relief is purchased with diaspora money, there is a high degree of accountability on the ground, and that the diaspora is much better positioned to hear from local contacts if a local authority is diverting aid. When those accusations are raised, the diaspora has the means to call on clan leaders and others to resolve the situation. This includes diversion of food aid by al-Shabaab; the diaspora argued that they are able to work through local authorities to negotiate humanitarian space in Shabaab-controlled areas.

Collective mobilisation is common and easy, based on 'humanitarian grounds', and local NGOs nowadays can fundraise through Somali radio and television channels worldwide, including for example Universal TV in the UK. One informant interviewed in Norway mentioned that fundraising in times of need is not just related to Somalia:

During the flood disaster in Pakistan I sent money. So did a number of people in the Somali diaspora. Collection boxes were placed in many Somali shops and Internet cafes.

In Somalia, there are a number of local Somali organisations (*urur*) that are involved in charitable work, e.g. running orphanages, working with the poor or refugees. The diaspora gets involved in money collection to help support these local organisations when there is great need, through mosques or diaspora organisations, by collecting aid from individuals etc. Most people will and have contributed to such types of collective remittance initiatives, as the social pressure to take part is high.

Whereas these initiatives are positive in being quick responses that can have immediate impacts, because they are so informally and immediately organized, the downside of this is that they are not very structured and cannot really be expected to have a long-term impact. Furthermore, their reactive nature precludes addressing the causes behind some of these crises. In general, according to one interviewee interviewed in Minneapolis, there should be greater involvement in long-term, sustainable developmental support rather than in a seemingly never-ending range of short-term relief efforts. This is applicable both for the efforts by the international community and the Somali diaspora. That said, the situations in which family members and communities of origin at times find themselves may dictate the need to engage in this type of aid, as it is often urgent and acute, thereby reducing capacities to engage more structurally.

In humanitarian aid as well as in the other types of engagements, most people indicate that they relate to their region or place of origin. Reasons given for this include the wish to develop regions of origin and areas where their relatives still live; security concerns; the ability to draw on family- and clan-members to assess needs; the greater level of trust that people have in recipients and their ability to spend money responsibly if they are known to them, and the ability to follow up

on the impacts of engagements. As one informant in Norway indicates:

I send the money to my hometown because then I know with some amount of certainty that my contributions are going to the people who need it... I rely on the network that I built over the years to inform me of which sector or which individuals need support... When I send money to support various projects, I rely on relatives or clansmen to keep me updated on how things are developing there. In a sense, I am very dependent on family- and clan ties.

This approach is often seen to counter common understandings of development cooperation as neutral, unbiased, etc. (Erdal and Horst, 2010b). Yet it is important to question what are the genuine concerns underlying this, and how these can be addressed, rather than simply to demand that diaspora individuals and organizations should not relate to their regions of origin.

Development Assistance

Development assistance in this report refers to assistance that is aimed at stabilising and building the long-term resilience of the civilian population. It differs from humanitarian assistance in that it provides more comprehensive support aimed at developing systems (health care, education, public works, etc.) and rebuilding livelihoods to be more resilient in the long term.

Development opportunities are greatest in Puntland and Somaliland, where administrative structures have succeeded in developing, to varying degrees and often with considerable help from the diaspora, some level of stability and capacity for managing support. In Somaliland, the current development challenges are to consolidate the peace; to extend provision of social services to previously underserved (or unserved) areas, particularly in the east; and to begin to develop service delivery systems that are sustainable based on targets, standards and realistic budgets. This will involve a move away from project-based assistance, and as such is a challenge for both international and local organisations working in Somaliland, as well as for the government of Somaliland. In Puntland, where the peace is arguably more fragile, such systematization of service and development efforts may also be possible in the medium term, but for the moment much development assistance is still focused on the project level. In South/Central, because of the rapidly changing arrangement of political control, as well as the insecurity and intense suffering of a large proportion of the population, most development is not possible. Instead, the focus is on providing relief and rehabilitation. In this report we have attempted to highlight where development is taking place in each of the three areas.

It is recognized that in practice humanitarian and development assistance may overlap, particularly when promoting rehabilitation of the social service sector or promoting livelihoods (UNHCR, 2004, Darcy, 2008, Lautze, 1997).

Political support

Political support can take different forms, both positive and negative. On one hand, support may be specifically aimed at promoting peace building through seeking alternatives to violence. This can include providing livelihood resources (income, education, etc.) to poor and unemployed youth, sponsoring meetings to resolve inter-clan or territorial conflicts, or paying compensation (*diya*) to settle disputes.¹¹ Other support may be directed towards trying to prolong the conflict or ensure a military solution. At least some diaspora funding is used to purchase arms or sustain

¹¹ For several excellent accounts of diaspora involvement in politics, state building, and peace building, see the contributions in Farah et. al. 2007.

recruits, and active mobilization takes place within the diaspora for political support, through word of mouth as well as a proliferation of pro-insurgent websites (UN Monitoring Group on Somalia, 2010). Keen and others have shown that in any disaster, it is common for a small group of power brokers to benefit from the misfortune of others, by hoarding food in order to sell when the prices rise, becoming involved in the arms trade, or engaging in commercial activities that are unregulated and thus often exploitative (Keen, 1994, Keen, 1998, Edkins, 2000).

Support for conflict activities may be given or forced from recipients of remittances, even when the senders did not intend for the money to be used in this way, and funds are further leveraged through imposition of taxes and other obligatory payments to conflict actors ((Horst et al., 2010), citing (Kaldor, 2001, Duffield, 2002)). Even where support goes to fuel conflict, it is often the case that those providing the support see their overall aim as being to secure a lasting peace. This was certainly the case during 2006-2009 when many in the diaspora supported the Islamic Courts Union (ICU) and then al-Shabaab in the belief that these movements offered a greater chance of durable solution to the conflict than any other party (UN Monitoring Group 2010).

In this study we look specifically at support aimed at promoting governance structures of any kind (those supported by the Transitional Federal Government, Hizbul Islam, al-Shabaab, Ahlu Sunna wal Jama'a (ASWJ) or others). We have not, however asked questions specifically aimed at trying to uncover patterns of support for any specific political interest. In many cases information was volunteered to us by our informants, and we were encouraged by them to use it in our analysis. However, the team felt strongly that if we had posed questions aimed at, for example levels of support for al-Shabaab, our work would have been met with suspicion and the entire data collection process would have been jeopardized. That said, we realize that much development support (capacity building, for example) may also be a form of political support, and that Somalis themselves see a close relationship between security as an enabling environment for their relief and development works, so we have included it here as an explicit aspect of our overall analysis.

2. Methodology

The study was conducted by a core team of seven researchers, with crucial assistance from three research institutions in Somaliland, Puntland, and South/Central Somalia. All of the team have long experience working in Somalia and with the Somali diaspora, and drew on that experience in data collection, analysis, and formulation of the recommendations.

To more fully understand the dynamics of the diaspora's activities and their impact on receiving communities, the study team conducted fieldwork inside Somaliland, Puntland, and South/Central Somalia as well as in several diaspora hubs. These included Dubai, London, Bristol (UK), Minneapolis, Oslo, and Toronto. In addition, interviews were carried out amongst 'near-diaspora' members living in Nairobi. Our objective was to map the value chains and networks that link senders and receivers, focusing on the actors and environments at each level of the transaction process.

In the diaspora, we gathered quantitative and qualitative data from individuals and association representatives engaged in a wide range of diaspora support activities. This included those from each of the regions, women, youth, journalists, diaspora association staff, politicians, business people, etc. The focus of data collection inside the country of origin was on trying to understand how relief and development activities are channeled through the diaspora to three principal types of actors: Local nongovernmental organisations (LNGOs), social service providers (SSPs) – whether nonprofit or for-profit enterprises – and private investors working on a medium to large scale. Investors were selected because of the employment generation function of private investments, as well as the potential benefits to the relief and development environment that private investment often brings.

In our qualitative research both inside the country of origin and in the diaspora, we gathered limited information on other types of actors, including government, mosques, and conflict actors. Usually this information was provided in an unsolicited manner through key informant interviews and focus group discussions.

2.1 Quantitative Survey in Somalia/Somaliland

In Somaliland, Puntland, and South/Central Somalia, a quantitative survey was conducted with a total of 369 organisations/private investors. In each region, the questionnaires (See **Annex 2**) were administered through a local research institution (Admas University in Somaliland, Puntland State University in Puntland, and SIMAD in South/Central Somalia). NGOs and SSPs were randomly selected; private investors were selected based on their recognized impact within the community.

The sample size of NGOs was chosen using NGO registration statistics from the Somaliland and Puntland Ministries of Planning in order to ensure at least a 10 percent coverage of the NGO sector.¹² Efforts were made to reach as many of the Social Service Providers operating in the localities chosen for the survey, although because there is no formal registration process it is not

¹² No figures for NGOs operating in South/Central Somalia exist since there is no formal registration process.

possible to be sure that all were interviewed. Key private investors and business operators working in fields where a direct benefit for development could be seen (telecommunications, hospitality, restaurants, construction companies, remittance companies, importers, etc.). Because of the large number of private investors working throughout Somaliland, Puntland and South/Central Somalia, most of whom are not registered, and the limited timeframe and resources for the study, we did not attempt to reach a statistically significant portion of private investors.

2.1.1 Localities covered

In Somaliland, the questionnaires were administered in Hargeysa, the capital, as well as Burcao, Boroma and the eastern regions of Sool and Sanaag. More in-depth qualitative interviews were also conducted in Hargeysa, Burcao, Sool and Sanaag. In some cases, the research team was able to interview people whom they knew and had interviewed previously (in other research capacities), which enhanced the depth of the interview. A fieldtrip was also made to Sool and Sanaag Regions of Eastern Somaliland where questionnaires were administered and informant interviews were conducted. These interviews confirmed the widely-held perception that investments from the diaspora, even from people who come from eastern Somaliland, tend to be focused in and around Hargeysa and western Somaliland rather than in the localities of origin.¹³

In Puntland, the questionnaires were administered in Garowe (the capital) as well as Bosasso and North Galkayo, the largest towns in the region. Qualitative interviews were conducted in Garowe and North Galkayo.

In South/Central Somalia, questionnaires were administered in Adado, Belet Weyn, Jowhar, Merca, Mogadishu, and South Galkayo. It should be noted that at the time the survey was conducted, Belet Weyn, Jowhar and Marka were under the control of al-Shabaab, while Adado, Mogadishu and South Galkayo were controlled by the Transitional Federal Government or authorities friendly to the TFG. Focus group discussions were also carried out in each of the six towns surveyed. The security concerns, and fears about being identified as having contacts in the West, influenced the ability of the team to gather some information. Research teams were able to gather information from people who knew and trusted them, but they were not able to conduct interviews in the open, and many respondents were reluctant to provide details of the financial support they receive from the diaspora.

Data was analysed using SPSS both by zone and at an aggregate level for the three zones combined. This information helped to provide profile information. It was less useful, however, in generating estimates of the size of financial flows to the actors who are the subject of this study since many informants were not willing to divulge such information.

2.2 Research conducted in the Diaspora

In the diaspora, the research was primarily qualitative. In-depth individual and focus group discussions were held with key informants in each of the cities noted above. Topics discussed centred around the motivations for the diaspora's involvement in relief, development and peace-building in Somalia, their objectives in engagement, challenges faced, and achievements realized. A research guide (see **Appendix 1**) was used to facilitate the discussions, although

¹³ See also M.A.Ali, 'Sanaagland: Neglected by its own people,' Qaran News, 15 Aug. 2010. www.qarannews.com (accessed 18 Oct. 2010).

discussions were also kept open so as to encourage participants to discuss the issues that most concerned them.

Appendix 3 shows the numbers and types of focus group and key informant interviews conducted in each country.

Individuals were selected for the focus group interviews with the aim of ensuring broad representation of views and backgrounds. Vibrant debates that emerged in the focus groups suggested that our selection process succeeded on this count.

Participatory workshops were also held in Nairobi, Bristol (UK) (36 people) and Oslo (30 people). The Oslo workshop was held in combination with a discussion on the UNDP/IOM QUESTS/MIDA project.

2.3 Other research tools

In addition to face-to-face discussions, several other tools were used to make contact with members of the diaspora. These included telephone conversations, an internet-based moderated discussion amongst the diaspora, and the establishment of a Facebook social network.¹⁴ The internet-based blog¹⁵ did not elicit many contributions from the diaspora. The Facebook page did result in more than 170 people joining the group, and considerably more discussion and debate was generated in that way. An added benefit of the Facebook page was that several people posted relevant documentation, thereby bringing to the team's attention some relevant literature that might not otherwise have been referred to.

To deepen the research, and to gain from additional research being done by scholars and practitioners working with the Somali diaspora, a review of secondary data sources and literature was also conducted. This was especially useful in terms of gathering information about remittances for private consumption, which is closely related to the present study but is not a central focus, and on the activities of diaspora members engaged in peace building activities. In the latter regard, the involvement of one of the team members (Cindy Horst) in the recently-concluded 'Diasporas for Peace' (DIASPEACE) project, a three-year EU-funded project that focused on the peace-building activities of diaspora organisations from the Horn of Africa, was very useful.¹⁶ Similarly, the team benefited from statistical data on remittances of Somalis from Statistics Norway.

2.4 Context of the Study

The context for interviews within the diaspora as well as in Somalia and Somaliland was challenging. The disastrous events inside Somalia since late 2006 have created enormous new demands on the diaspora to provide for extended family members displaced by war, at a time when the global economic crisis has reduced the income of many Somalis in the diaspora. Making matters worse, concerns particularly in the governments of North America and Europe that Somali diaspora members are providing material support and generating recruits for the jihadist group al-Shabaab have led to heavier law enforcement surveillance and investigation of Somali diaspora communities.

¹⁴ Somali Diaspora Blog: <http://www.facebook.com/group.php?gid=156819097668753>.

¹⁵ <http://somalidiaspora.wordpress.com/>

¹⁶ See www.diaspeace.org.

This has provoked a sense of siege among the diaspora. The US government announcement in August 2010 of a set of indictments and arrests of Somali-Americans charged with fund-raising for al-Shabaab had an especially chilling effect on the diaspora community in North America. Predictably, this presented problems for the research team as it raised suspicions about the real motives of a research project that asked detailed questions about their remittances to Somalia especially as their defense has been that they contributing to relief and development. In the end, these fears were allayed and interviews proved remarkably open and frank. However, the initial reluctance of the diaspora communities to meet served as a reminder of the deep levels of fear and distrust that have been produced by the past four years of insurgency, counter-insurgency, and counter-terrorism policies in Somalia.

In addition, interviewees frequently gave voice to a view that Somalis and the Somali diaspora are “aid fatigued” – weary and wary of years of unsuccessful international development assistance in Somalia. In all of the study sites, informants expressed deep scepticism of international development initiatives. Members of the business community reported that in the past they provided information to various studies and fact-finding missions, holding meetings, and briefing consultants without having seen any practical outcome of their contributions. They also complained of a lack of continuity in terms of staff working with them, which is frustrating because they feel they have to start all over to build a working relationship and to fully brief new staff. Many people said that they believed that international aid agencies lack understanding of the situation in the Somali homelands, which leads them to suspect that there is a low level of commitment on the part of the international community to the future and wellbeing of Somalis. Robust international support to the Transitional Federal Government (TFG) during periods of heavy armed conflict and displacement in Mogadishu in 2007 and 2008 was deeply controversial among many Somalis in the diaspora and reinforced a sense of distrust of international donors and aid agencies that is only slowly being reversed.

While not all respondents held these views, they were pervasive enough for the study team to feel that they needed to be reported. It is not the purpose of this report to investigate or substantiate such claims. We mention them here, however, because whether they are grounded in fact or not, however, these perceptions influence the willingness of some Somalis to engage with international actors and have an influence on the types of collaboration that can be recommended. For the present study, the perceptions influence some individuals’ decisions about whether or not to cooperate with the study (many chose not to provide information, or refused to answer some of our questions). Because of this, proposals for partnership between aid agencies and the diaspora to promote development in Somalia will require confidence-building measures to build trust with the international community.

Those diasporan Somalis who indicated that they had poor opinions of the international community said that their preference was for more self-sufficiency and less involvement of international aid programs. Even among those who are open to some form of collaboration with international organisations, Somali ownership is in nearly every instance preferred over external ownership, an issue to which we will return later.

In Somaliland, the interviews were done in early July 2010, when the new Administration, under newly-elected President Ahmed Mohamed ‘Silanyo’, was being formed. It was therefore difficult for some respondents to comment on the regulatory environment or on cooperation with the international community since these factors were and at the time of writing (March 2011) still

being negotiated. Since the research was carried out, the US government has announced its intentions to provide significantly more development assistance to Somaliland (as part of a 'two-tier approach'), and other donors are expected to follow suit. This could have major implications for Somaliland's ability to provide social services and to promote welfare, and may have an impact on the levels and kinds of support that the diaspora provides. Somaliland's new administration is actively seeking to forge strong ties with the donor community, as was evidenced by a visit by the President and senior cabinet members to the UK in November 2010 to meet with UK government representatives as well as members of the diaspora, as well as its stated intentions to establish an office for diaspora relations.

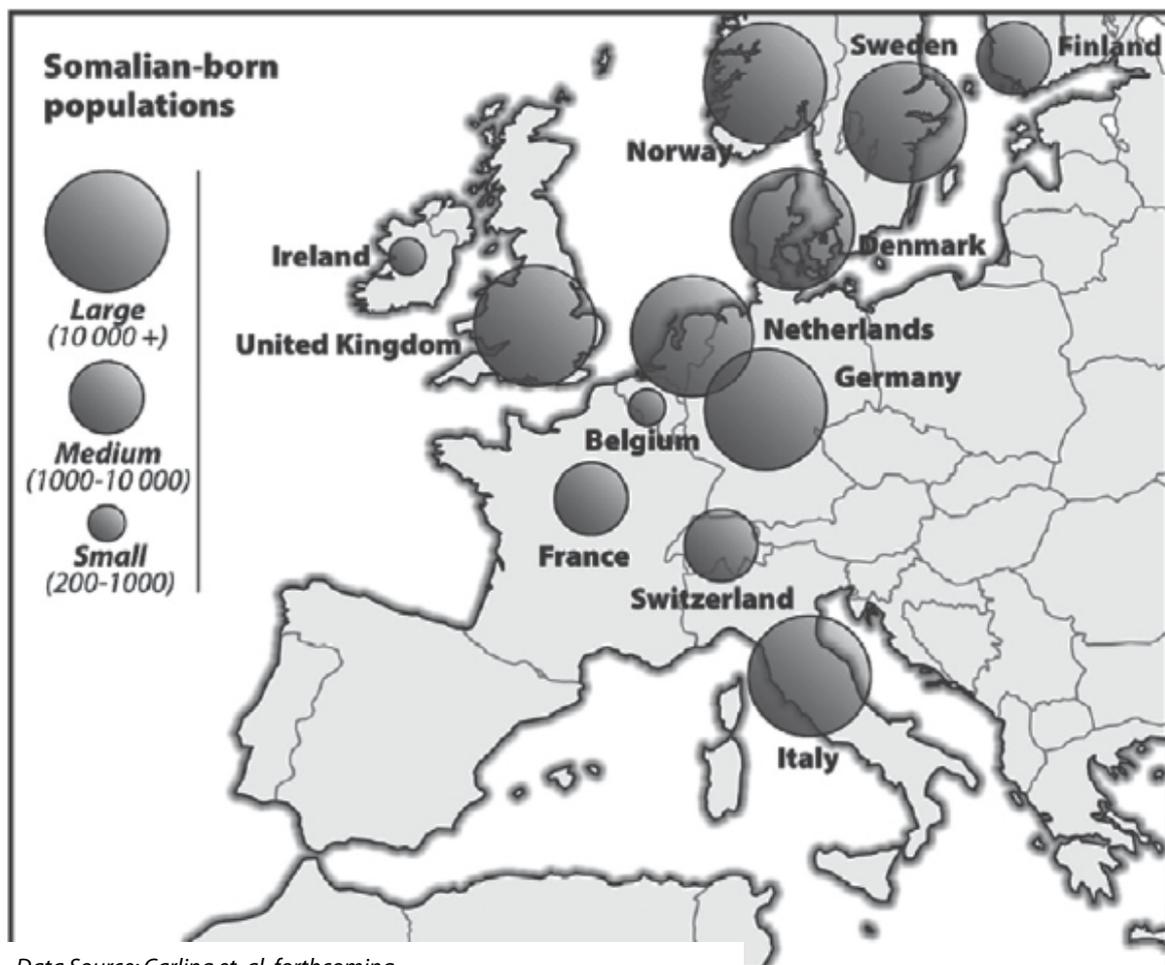
3. Mapping the diaspora

3.1 Overview

When analyzing the contributions of the Somali diaspora, it is important to distinguish between the different locations from which Somalis contribute. The capacity and desire to engage transnationally (Al-Ali, Black and Koser 2001) is determined by conditions in the country of settlement, the country of origin, and characteristics specific to the diaspora group (Horst and Gaas 2009).

The population of the Somali diaspora is conservatively estimated at between 1 million (Sheikh and Healy 2009) and 1.5 million (Hassan and Chalmer 2008). Somalis are spread throughout the world. Carling’s map of Somali populations in Europe, based on OSCE and other data, provides a snapshot of where in Europe Somalis are living and the relative concentrations.

Figure 2: Estimated Somali populations in Europe



Data Source: Carling et. al. forthcoming

Although exact estimates are difficult to come by, estimated populations of countries in the study countries are given in **Table 2** (following page).

Table 2. Estimates of Somalis Living in Study Countries

Country	Population	Source	Characteristics
Dubai	30,000	Fieldwork informants	Established 1960s; business community, few associations
Norway	25,496	Statistics Norway	Established since 1990s; some relief/development associations, low level of private investment
United Kingdom	95,000 – 250,000	Official 2001 census reports 43,000; APS gives 82,300 but neither includes Somalis born outside Somalia or those who are unregistered.	Well established community from Somaliland, joined after collapse of state by refugees from South/Central, Puntland; many voluntary associations, high level of private investment
United States	150,000	Menkhaus 2009	Large concentration particularly in Minneapolis, also Washington DC, Atlanta, Columbus, etc. since 1990s. Active associations, investors, politicians.
Canada	70,000-100,000	Statistics Canada estimate 2006 37,785; some Somali estimates of 200,000 (see text below)	Largest concentrations in Toronto and Ottawa; most have come since 1990s. Active associations, investors, politicians.
Nairobi, Kenya	100,000 ¹⁷	Herz n.d. In addition, Kenya hosts over 320,000 refugees in the Dadaab refugee camp complex	Most live in Eastleigh neighbourhood; many business and political leaders use as a base, travelling frequently inside Somalia, and with links to diaspora abroad.

3.2 United Kingdom

Current estimates of the number of Somalis living in the UK range from 95-250,000. The official 2001 census reported a population of 43,000 (Casciani, 2006). The 2006 Annual Population Survey (APS) gives a figure of 82,300. However, neither of these figures includes Somalis born in the UK or in any country outside Somalia. The Census figures from 2001 suggest that 89% of all

¹⁷ Kenya's 2009 Census put total population of Eastleigh, including Eastleigh North, Air Base, Eastleigh South California and Kiambu neighbourhoods, at 348,778 (Micheni, *Daily Nation*, Sept 26, 2010).

UK Somalis were living in London, but this percentage is almost certainly lower now as a result of the dispersal policy. Large Somali communities have developed in Bristol, Manchester, Birmingham, and Leicester, among other places.

The UK's Somali population is older and better established than in many other European countries. The first Somalis to settle in the UK were seamen from Somaliland who in the British Merchant Navy, and settled in coastal areas such as Cardiff, Bristol and Liverpool during the early 1890s (Change Institute 2009: 24). During World War II Somalis served with the British navy, and some took up residency in the UK to obtain employment, particularly in Sheffield and South Yorkshire (Ibid, citing Halliday 1992: 1B). The post-war economic boom in the UK also drew Somalis; the Somalilander community in London's East End (one of the areas with the largest concentrations of Somalilanders in the UK) formed during this period (Bradbury 2008: 175). Only since the weakening and eventual collapse of the government of Somalia at the end of the 1980s-early 1990s¹⁸ has the population included large numbers of refugees and asylum seekers. Today Somalis are consistently among the top ten countries generating asylum seekers to the UK.

Somali organisations in the UK represent a broad range of interests. There are 236 charities officially registered with the government with the word 'Somali' in their name; many of these are focused on providing assistance and welfare support to Somalis in the UK rather than in Somalia. Some, however, do provide assistance both inside the UK and in Somaliland, Puntland and South/Central zones, and others focus exclusively on work inside Somalia. A large number of those organisations contacted during the course of our research are in fact not registered with the Charities Commission; they may be registered in other countries or not be formal organisations at all but rather exist on a more informal basis.

3.3 Norway

In Norway, Somalis are a relatively recent immigrant group with modest inflows before the mid-1990s. Whereas the first Somalis arrived in Norway as seamen in the late 1970s, most came to Norway as asylum seekers or through family reunification. The number of Somali immigrants in Norway is still growing rapidly, the current figure of 25,496 representing an almost trebling from 2000 to 2010.¹⁹ The economic and social position of Somalis in Norway has been studied before and analyzed to be relatively problematic (Fangen, 2006, Engebretsen, 2007, Henriksen, 2007). At the time of the latest census (2001), more than half of Somalis in Norway lived in single-person or single-parent households (Carling et al., forthcoming-b). In 2006, the proportion of persons living in low-income households was 64 percent among Somalis (Østby, 2010) but despite their economic disadvantage, about two thirds of Somalis report that they send remittances at least once a year, whereas 38 percent sends at least once a month (Blom and Henriksen, 2008).

Analysis of remittance data among ten migrant groups in Norway indicates that Somali remittance sending patterns are extraordinary, in particular if corrected for their financial hardships and weak labour market position (Carling et al., forthcoming-b). Remittance sending is

¹⁸ The insurgency that eventually toppled President Siad Barre in 1991 began in 1988 in Somaliland with intensive fighting between the Somali National Movement (SNM) and Barre's army, and spread southwards towards Mogadishu in the intervening three years.

¹⁹ This figure comes from Statistics Norway as of 1 Jan. 2010. <http://www.ssb.no/emner/02/01/10/innvbef/tab-2010-04-29-01.html>. It includes those born in Norway to Somali parents.

affected by employment, but not by capacity to meet household expenses. The fact that those who do not work send less or no remittances could of course be simply explained by their levels of income, but that finding does not really correlate with the finding that capacity to meet expenses does not impact remittance sending. Somalis involved in the data collection for the LKI survey²⁰ suggest that they suspect an underreporting of remittance sending in particular among this group: in Norway, receiving benefits while still remitting money is publically discussed in a very negative way, and is often linked to criminal practices.

Contributions from Norway-based Somalis are mainly provided by individuals to family members – whether this relates to private remittance sending or to support for businesses or service provision. Humanitarian aid initiatives are often supported through collective donations, but these are largely ad-hoc engagements. Mosques are mentioned as actors to cooperate with, but again more on an occasional than a systematic basis. One issue of concern to many is the position of the youth – as it is commonly acknowledged that those Somalis active in Norway are first generation. Because of the recent arrival of the community, the second generation is largely not yet at an age of actively participating, and this is a concern for the future.

One of the common criticisms governmental and non-governmental actors in Norway voice is that the Somali diaspora is highly fragmented along regional, socio-economic, religious, gender, generational, political, and in particular clan lines. This fragmentation is considered to be a major obstacle for supporting transnational engagements, and often, to receiving support organizations or projects are expected to have representatives from all parties or diaspora organizations are required to cooperate in umbrella structures (Erdal and Horst, 2010a: 41). One common informal requirement met when applying for governmental funding, for example, is that support by all major clans is expected to secure funding. This policy risks doing harm because it increases the conflict over resources along clan lines, solidifying dividing lines that in Somalia are often quite fluid (Horst et al., forthcoming). Furthermore, such a top-down approach can be an obstacle for reaching true and equal collaboration.

3.4 United States

The Somali population in the US has grown steadily since the late 1980s. The total number of Somalis in the US is difficult to pinpoint with accuracy, but is estimated at 150,000 (Menkhaus 2009). The US has been a top destination for new Somali asylum seekers in the first decade of the 2000s, due to a perception of better employment prospects and less social discrimination than in most of Europe. As a result, about half of all Somali-Americans have arrived in the US since 2000. The distinctions between the more settled generation of refugees from the early 1990s, the recent arrivals, and first-generation Somali-Americans born or raised in the country are significant. Because so many Somalis in the US have arrived since 2000, a disproportionate percentage of the community is made up of young adults; a much smaller percentage of Somali-Americans are under the age of 5 or over 44 years old, compared to national population averages (Community Research Partners 2009, 4). The Somali-American community includes about 12,000 Somali Bantu, a historically disadvantaged minority group, who in 2004 were part of the largest group resettlement programme to be undertaken in the US since the Vietnam War.

²⁰ The survey 'Living Conditions Among Immigrants in Norway 2005/2006 (henceforth, 'LKI Survey'), conducted by Statistics Norway (Gulløy, 2008).

Somali-Americans have clustered in several cities, most notably Minneapolis Minnesota and Columbus Ohio. Columbus has an estimated 15,000-16,000 Somali-Americans (though competing estimates range from 8,000 to 80,000) (Community Research Partners 2009, 1). The Minneapolis-St. Paul metropolitan area is also estimated to serve as home to as many as 60,000 Somali-Americans (US Government Census 2010, 3), with some Somali associations putting the figure as high as 80,000 (Woessner 2002). Seattle Washington, Portland Oregon, San Diego California, Atlanta Georgia, Lewiston and Portland Maine, and Northern Virginia/Washington DC also serve as sites of Somali clustering. Somali-Americans concentrate their small businesses in small Somali shopping malls, and usually cluster housing in a few neighbourhoods and public housing buildings. Somali-Americans have been mobile – reflecting the culture of their new country as well as that of origin – relocating, sometimes in large numbers, to new cities offering better employment, services, and housing.

Somali-Americans are heavily engaged in self-employment in the US, especially as taxi drivers and small shop owners. Even so, unemployment rates are higher among Somalis than the rest of the population, and poverty rates for Somali-born Americans are reported to be about 50 percent.²¹ School drop-out rates for Somali-American youth are high – in Minneapolis the rate is 12.6 percent (Darboe 2003, 465), nearly the same rate as for all minorities in Minnesota (Minnesota Literacy Facts 2000). Gang membership by Somali-American youth is a source of concern for both the Somali community and law enforcement. The Somali diaspora in the US has also come under closer law enforcement scrutiny because of the recruitment of some two dozen Somali-Americans into al-Shabaab; several Somalis have also been arrested on charges of raising and sending funds to al-Shabaab.

Somali-Americans have created hundreds of cultural and community development non-profit organizations, with over 70 registered in Minneapolis alone.

3.5 Canada

Canada was a preferred destination for Somali refugees in the late 1980s through 1995, as it had generous asylum and family reunification policies, as well as expansive resettlement and welfare programs. By the early 1990s, Toronto possessed one of the largest populations of resettled Somali refugees in the world for that time, estimated at 25,000 (Opaku-Dapaah, n.d.). Since then, the flow of Somali refugees to Canada has slowed, in part because of a general tightening of asylum and immigration policies in Canada (where changes in 1995 to the Immigration Act have had a restrictive effect), but also because of changing perceptions among Somalis about Canada's attractiveness. The 2006 Canadian census lists the total number of Somalis in Canada today at 37,785 (Statistics Canada, 2010), but is widely believed to understate the total number, which a more recent federal study estimated at 150,000 ("Canada" 2010). A more realistic estimate is probably in the range of 70,000-100,000. Somali Canadians are concentrated in Toronto and Ottawa, but growing numbers have relocated to Western Canadian cities; Edmonton is now home to 12,000 Somali-Canadians (Aulakh, 2010), and some western provinces like Manitoba are actively recruiting immigrants (deParle 2010). Somali-Canadians have demonstrated a marked preference for settlement in large clusters and in larger urban areas. They also have a strong preference to cluster within urban areas – close to half of the Toronto population lives in the neighbourhood of Etobicoke. Some secondary migration occurs between

²¹ See <http://refugeeresettlementwatch.wordpress.com/>.

Canada and the US; in recent years most of that movement has been to the US, which is perceived by Somalis as having better prospects for employment and a more open environment for Somali immigrants.

The Somali-Canadian population is now well-established and maturing; the vast majority of the community is either long-standing residents/citizens (15-20 years of residence) or younger Somali-Canadians born and raised in Canada. They have a large number of cultural and community social service organizations, and are very active in Canadian local politics – as an interest group, and as a potential voting bloc – and are beginning to run Somali-Canadian candidates for public office. They have struggled in other ways, however. As a group, they suffer from very high rates of unemployment – the figure of 22 percent is frequently repeated in news stories (Santur, 2010). Many live in subsidized housing and rely on social assistance from the government. One study of national poverty rates by ethnicity found that 62.7 percent of Somali-Canadians lived in poverty, one of the highest levels of all Canadian ethnic and immigrant groups (Somali-Canadians Today, 2010). Most Somali-Canadians who work have taken on low-wage employment in the service sector, or run small businesses. Somali involvement in informal economies certainly generate additional income that goes unreported, so national poverty statistics may exaggerate Somali poverty, but the general observation that Somali-Canadians are very poor as a group remains valid.

Somali-Canadians as a group have also faced serious social adjustment problems. Secondary school drop-out rates among students identified as “East African” (mainly Somalis) in Toronto reached 32 percent in 2005 (Brown 2008). A growing number of Somali-Canadian young men have gravitated to gangs and drug-peddling, which have been linked to 29 murders of young Somalis in Alberta Province between 2007 and 2010 (Aulakh 2010; “Fifth Estate” Nov 5 2010). Many Somali-Canadian households are female-headed, adding to the pressures on Somali women. Among Somalis who do pursue a college education, many are frustrated with the difficulties of securing employment and complain of discriminatory attitudes against Somalis. They are also increasingly anxious about the impact of Canadian anti-terrorism policies on legitimate travel and remittances to Somalia.

The North American diaspora make a sharp distinction between themselves and the diaspora in the “East” (the Islamic world) with regard to a division of labour in community development projects. Their perception is that the Western-based diaspora mainly plays a role as fund-raiser, whereas the Eastern diaspora returns to Somalia to actually implement the projects, often relying on non-Somali Islamic financial backers for project funding.

3.6 United Arab Emirates (Dubai)

No statistical data is available for the number of Somalis living in Dubai. However, on the basis of this fieldwork, it is estimated that there are around 30,000 Somalis there. The original Somali community in Dubai was established in the 1960s and 70s when traders left socialist Somalia, where it was becoming more and more difficult to do business. Some also went to Dubai and other UAE countries to work in the Gulf economies. Many were in fact headed for Saudi Arabia, Abu Dhabi and Qatar but ended up staying in Dubai, where they found employment as skilled workers. Today, the majority of Somalis who came to Dubai in the 60s and 70s have moved on to Europe and North America. Most who remain in Dubai are business people who live there with their families. Dubai is a hub for trading with the Somali homelands, as there is access to cheap

goods, to the shipping industry and to communications and banking facilities. As such, the Somali business people in Dubai are divided into a group of traders who fled Somalia in the early 1990s and are now doing business in Somalia, and older business families who typically have more extensive financial engagements, often in various areas of Somalia as well as other areas of the world. The many Somali business people living in Dubai appear not to be as divided by clans or politics, as is the case in the Somali homelands. For example, in Dubai there is a Somali Business Council, which includes Somalis from all clans and areas.

3.7 Kenya

Nairobi has a long history of hosting Somalis. In 2006, it was estimated that 60,000 Somalis lived in the Eastleigh section of the city; that number may have doubled since then given the level of displacement currently. Many people have come directly from Somalia, or from the Dadaab refugee camps in northeastern Kenya. Given that the Transitional Federal Government and international aid community for Somalia is based in Nairobi, and that much of Somalia's business community has been displaced to Nairobi, it is understandable that some people have started referring to Nairobi as Somalia's 'capital in exile.' Joining those displaced or relocated from Somalia, many of those from the 'far diaspora' – North America, Europe, the Middle East and Asia, have 'returned' to Nairobi in order to be close to their relatives and to conduct business both inside Somalia as well as with the Nairobi-based Somali population. Nairobi is seen by many as a staging area or stopover point on the way into and out of Somalia, not least because most of the flights into the country originate there, but also because of the high number of Somali-owned businesses, media outlets, and political and clan leaders who are based in Nairobi.

In addition to the urban population in Nairobi, Kenya hosts an estimated 322,000 refugees in the Dadaab refugee camp on the Kenya/Somalia border.²² Both the situation of Somali refugees in Nairobi and that of those in Dadaab has been studied extensively (Campbell 2006, Horst 2006, Lindley 2010).

²² UNHCR Weekly New Registration Composition, 2 Nov. 2010 [http://www.reliefweb.int/rw/fullmaps_af.nsf/luFullMap/6AAA6613F2EBAE89852577CF0051D490/\\$File/map.pdf?OpenElement](http://www.reliefweb.int/rw/fullmaps_af.nsf/luFullMap/6AAA6613F2EBAE89852577CF0051D490/$File/map.pdf?OpenElement)

4. Mapping the Senders

Diaspora support is mobilized at the level of the individual person, as well as collectively through households and associations of various types. In this study we have mapped the various types in order to better understand the motivations, mechanisms by which support is gathered and sent, the positive aspects and the constraints that each type of sender encounters. The ten types of senders described here often have different constituencies and mobilize funds and contributions (in-kind and technical support) according to their interests, loyalties, and the strength of their networks inside the country of origin. Some of the types may overlap on occasion, as when professional associations are organised transnationally or diaspora-organised NGOs provide assistance to particular localities (home towns). The experiences of these actors are often also shaped by their degree of social and economic integration in the countries of settlement.

The principal types of diaspora actors involved in supporting relief, development and politics include:

11. Individual households
12. Local NGOs based in the diaspora
13. Clan-based home-town associations
14. Professional associations
15. Transnational associations
16. Mosques
17. Private Investors and Shareholders in Private Businesses
18. Members of Boards of Trustees for LNGOs/SSPs/Private investors
19. Women's groups
20. Youth groups

Each of these is described in detail below, with emphasis on the environmental factors that influence their effectiveness and ability to provide support.

4.1 Individual households

A great deal of research has been done into remittance flows between individuals and households in the diaspora and people living inside Somalia (see Lindley 2010, Horst 2008, Chalmers and Hassan, 2008). It is probably impossible to accurately quantify the size of these flows, since individuals have many reasons for not reporting the true size of their contributions. Such reasons may include the fact that remittances are often sent irregularly, may be funded by welfare payments or work in the informal sector, may not be taxed, may follow channels that are not legal, and may not be accurately recorded. The insecure environment in much of South/Central Somalia also makes it impossible to carry out large-scale survey work. Hammond's work (2011) shows that some women, in particular, send money to their relatives without informing their husbands and thus are reluctant to reveal to anyone how much they send.

The current climate of suspicion by governments and even the general public in diaspora countries against Somalis, based on exaggerated fears that large numbers of Somalis are involved in funding or taking part in terrorist activities, is placing great strain on diaspora communities, particularly in the US, Canada and the UK. Perhaps curiously, Canadian Somalis

expressed much greater frustration with what they see as discriminatory policies directed against them as Somalis than Somalis in the US do. This is relatively recent, but appears to be the result of a combination of counter-terrorism law enforcement and negative attitudes towards Somalis on the part of some in the Canadian public. Even so, this was a somewhat surprising finding, since it has been in the US, as in other European countries, where dozens of indictments and arrests have occurred. Concerns about recruitment by al-Shabaab of young people in North America, Canada and Europe have further frustrated those who might want to provide more constructive support to the country. Other factors that discourage diaspora involvement include negative media reporting about the activities of the Somali diaspora, the illegality of *hawala* operations in some places, and remittance sending being treated with suspicion by the general public. Ironically, this increasing level of suspicion of Somalis, particularly young people, may further alienate and marginalize Somali youth, thereby enhancing the possibility that disillusioned youth may find something attractive in the al-Shabaab movement.²³

On the receiving side, people may be even more reluctant to reveal how much they receive, lest they be targeted by other community members who receive less or nothing at all, or be deemed ineligible for other kinds of relief and development assistance. These difficulties have been experienced by others who have conducted similar research on remittance flows (see Carling et al. forthcoming). In addition, in areas controlled by al-Shabaab, members of our team who were involved in conducting the focus group discussions reported that many people expressed a fear of revealing that they received remittances from abroad, because any reported link to people living in Western countries could be construed as evidence of a possible Western bias that could be severely punished. This perspective was corroborated by the Oct 18, 2010 proclamation by al-Shabaab that all mobile-phone money transfers should be stopped because they could encourage Western interference.

Individual households send money to support the essential living expenses of their relatives (see Remittances, below) but they also are involved in sending young relatives to school, starting up small businesses that the family can run, and pooling their resources with other households to support larger-scale relief, development, and political interests. Younger people are often involved in contributing to the household's overall pool of money that it remits, though usually their parents or older family members are responsible for deciding how and to whom the money will be allocated.

4.2 Local NGOs based in the diaspora

Local nongovernmental organisations working in the diaspora to promote relief, development and peace inside Somalia/Somaliland tend to be membership organisations, with members resident in a particular country and often a particular city. The scope of the present study did not allow us to identify and map all such LNGO working in each of the study cities. To do so would amount to a separate research project in and of itself, since many organisations are not registered officially as nongovernmental organisations or charities, and many of those that are registered are not active. To give an example, in the UK there are 236 organisations registered with the Charity Commission for England and Wales with the word 'Somali' in their name.²⁴

²³ Similar conclusions were drawn at the conference 'Peace, Dialogue and Combating Radicalization' in Oslo, 13-14 January 2010.

²⁴ <http://www.charity-commission.gov.uk>. Accessed Oct. 24, 2010.

Many of these organisations work to promote welfare and integration of Somali communities in the United Kingdom and do not have specific activities that relate to conditions in Somalia or Somaliland. Moreover, many of the UK-based individuals interviewed for the present study work for organisations that are not registered with the Charities Commission, or that are local chapters of organisations registered in other countries. Research for the DIASPEACE project lists 150 Somali organizations in Norway, but is not able to distinguish between active and non-active ones (Horst and Gaas 2009). Only a small number of Somali Norwegian associations were established before 1995; those who have a long history go back 20-30 years and are mainly focusing on Somaliland(ers). Furthermore, the large majority of Somali organizations in Norway, the United Kingdom and other European countries focus on integration rather than transnational activities (Horst et al., 2010). The main reason for this is the lack of capacity and resources. Those who do provide support to the country of origin, within organizations or as individuals, have been in Europe for a long time.

It is clear that many Somalis living in the diaspora belong to membership organisations and contribute some funds, as well as in-kind assistance, through these channels (see Hansen and Kleist 2007).

A few diaspora-organised NGOs have been successful in obtaining assistance (cash, in-kind donations such as hospital equipment, library books, etc.) from local (host-society) community groups, but others say that there are not enough avenues for effective collaboration with organisations based in the host countries.

In Dubai, the Somali Business Council (see Professional Associations, below) is the only formal Somali association, due to the fact that the Dubai authorities do not allow cultural or ethnic associations from migrant groups (on the basis that they may challenge the regime). This does not mean that Somalis in Dubai are not organized, only that such organisation is informal, typically clan-based and is responsive to particular needs. For example, people will organize support when trying to meet particular needs of their community living in the Somali homelands, or when there is a visit of a prominent politician from the Somali homelands.

The vast majority of formally incorporated non-profits in all of the countries surveyed are focused on serving local diaspora needs over fund-raising for projects in Somalia. But regardless of whether their mission is local or in Somalia/Somaliland, Somalis who have established non-profits have faced a steep learning curve. Managing a non-profit is not easy under any circumstances; Somalis have quickly come to appreciate the challenges of economic sustainability, fundraising, staffing, collaboration with government service agencies, government regulations, and the critical role of boards. The latter has been especially challenging. Selection of board members, and the legal obligation boards have to exercise due diligence in ensuring that the non-profit is a good steward of public funds and private contributions, has pushed Somali non-profits to confront the problem of "ownership." Somalis who are pioneering their community's efforts to learn how to build and use non-profits are reportedly learning best practices very quickly, but could benefit from more technical support from groups with close knowledge of non-profit management.

Most Somali non-profits in all of the countries surveyed reportedly suffer from serious problems – most are highly personalized, have poor organizational skills, operate too informally, and have trouble sustaining themselves. The large majority operates on a voluntary basis while those

engaged have regular jobs and families to take care of. Many don't survive; others go dormant for long periods.

4.3 Clan-based and Home Town Associations

Some LNGOs are organized around a particular clan or home-town identity. However, often clan-based and home town association (HTA) contributions are organised informally (they are usually not registered officially as charities or non-profit organisations), and contributors may be drawn from communities across the diaspora country or from multiple countries. Such organisations are involved heavily in promoting education in communities of origin, as well as other social services (often linked to the schools that they fund).

An example is that of Bursalah, a small town in Puntland. People from Bursalah living in the diaspora established a group called Read Horn of Africa and began by building a school. Subsequent contributions have included electricity supply, water development, and other modes of involvement. They have hired a local consultant to manage their investments, and members regularly visit the project sites and report back to the membership through the organisation's website, YouTube videos, and word of mouth. Another example, described in **Box 1**, is Iftiin, an association that works in close collaboration with local organizations.

Box 1. Youth-Led Home-Town Associations: Iftiin Education and Development Association

The Iftiin Education and Development Association is a nongovernmental and not-for-profit charity registered in the UK established in May 2007 by a group of Somali youth. Its area of focus is Himan and Heeb Administration in Galgadud and South Mudug, respectively. Other areas of Central Somalia are in an emergency state caused by conflict and severe drought which have contributed to deteriorating living conditions. After collecting basic data and field visits, the group realized that there was an urgent need for establishing an organization that could address key challenges facing these two communities. The most central issues include education, water, health and lack of employment opportunities.

The organization's main focus so far has been education. A shortage of schools in many towns in the Himan and Heeb area was notable. Another motivating factor was the establishment of the Himan and Heeb Administration by diaspora members from that region; their contributions have been aimed at the stabilization and development of their local community. The diaspora-based elders appointed well-educated leaders from the diaspora to lead the Administration as a means of creating a relatively stable environment. All donations are directed towards the schools Iftiin assists including a small salary for the teachers. No trustees or charity members will at any stage receive money from the charity for any purpose.

Members were inspired by aspects of their Somali culture aimed at helping relatives, the spirit of togetherness, belonging and responsibility towards people living in Somalia. Iftiin Education and Development Association provides financial support for building new schools and running existing schools. After the successful completion and opening of the first school the Iftiin management held many fundraising events in parts of Europe, North America, the Middle East and South Africa to encourage young professionals from the diaspora to serve voluntarily on a short or long term basis. One of the programme's best practices is ongoing collaboration with local organizations - Iftiin recently offered to donate the running cost of a school built by Save Somali Women and Children (SSWC) in partnership with Mercy Corps, USA. These collaborations between local peoples, the diaspora and international organizations and agencies can result in transforming these communities.

As a consequence of hard work, enthusiasm and commitment, Iftiin now operates five primary and secondary schools and makes a contribution towards the education of approximately 2000 students of all ages while responding to the emergencies that arise including droughts and other natural disasters. The prolonged conflict and piracy are still challenges on the way towards establishing more schools and to increasing enrollment in these schools.

Raising community awareness on issues of education was one of the main obstacles. Another obstacle in the initial stages, which appears now to have subsided, involved the teachers in Quranic schools who prohibited their students from attending Iftiin-run schools. The teachers believed these schools sought to interrupt or direct focus away from their traditional schools. Gradually, acceptance has grown after continued and persistent dialogue with many of these teachers. Many challenges encountered initially and that still persist include a lack of highly skilled professionals amid diaspora members who are willing to volunteer, lack of continual funding opportunities and difficulty in partnering with international organisations.

Among the informal associations in Dubai, clan elders reportedly play a key role in organizing meetings or support. Apparently the tensions and divisions of the Somali homelands are not transferred to Dubai even though people tend to provide assistance only to their own clan areas. Businesspeople there explained that they had assisted in the construction and running of 24 schools in a particular area of South/Central Somalia. One businessman explained that he had donated US\$24,000 for the year 2010 alone to support the provision of education and health facilities in his area of South/Central Somalia.

4.4 Professional Associations

Several Somali professional associations have been established to channel professional and technical services to Somalia. Some of these associations maintain themselves as consultancy organisations. For instance The Somali Agricultural Technical Group (SATG) was formed by a group of professionals who had worked within the Ministry of Agriculture and other parts of the agricultural sector prior to the collapse of the Somali state.²⁵ They are registered in the US, Canada, and Kenya as a nongovernmental organisation and have provided their services to FAO and a broad range of other organisations working on agricultural issues in Somalia. Most of the members of SATG are former employees or graduates of Afgoye Agricultural Secondary School and faculty of the Somali National University who are now either in Somalia or in the diaspora and have completed advanced studies in North American, Western European, South and Southeast Asian, Australian, and African educational institutions.

Other professional associations include the Somali Law Council²⁶, the Somali Medical Association,²⁷ the Somali Veterinary Association,²⁸ the National Union of Somali Journalists,²⁹ the Somali Teachers Network, Somali Medical Students, and Somali Entrepreneurs. The final three maintain Facebook-based discussion pages. The Somaliland Nursing and Midwifery Association (SLNMA)³⁰ receives support from Hargeysa University and the Edna Aden Maternity Hospital (based in Hargeysa), but also has a collaborative arrangement with the Tropical Health Education and Trust (THET) in London which provides some funding for staff. Some professional associations, such as the Independent Scholars' Group – a group of academics and other intellectuals based in Somaliland – derive their membership from both people living inside Somaliland (many of whom are returnees themselves) and those living abroad. The ISG provides mediation and commentary on the evolving political environment in Somaliland, and provided

²⁵ <http://www.satg.org/>

²⁶ <http://www.somalilaw.org/>

²⁷ <http://www.somalimedicalassociationnordamerica.com>

²⁸ <http://web.ukonline.co.uk/sheikhali.sva/index.html>

²⁹ <http://www.nusoj.org>

³⁰ www.slnma.org and www.thet.org

crucial advisory services to the political leaders and those involved in the electoral process during the 2010 elections (Hammond 2011). The ISG regularly circulates minutes of its meetings to the academic community and diaspora outside of Somaliland.

4.5 Transnational Associations

Many transnational associations are also home-town associations (whose members live in more than one country of the diaspora) or professional associations. Others may not fall into these categories but provide more broad-based or geographically less-focused support. One such organisation is the Somaliland Forum, whose current Chair is based in Rwanda and Vice Chair is in Canada, but whose membership of 400 people lives throughout the world, including inside Somaliland. Another example is the Development Organisation of East Africa, a transnational network of Somali elites established to promote peacebuilding in Somalia (see Kleist 2008). Some transnational associations have a permanent identity, in that they mobilize to provide financial and other support to the home country on an ongoing basis, while others are organized around a particular cause, such as the construction of a school or to provide humanitarian relief in the aftermath of a natural disaster or particular experience of displacement associated with conflict.

Box 2 (p 45) provides the example of Hido, which is an association with a more permanent identity.

4.6 Mosques

Members of particular mosques are often organised to send money and in-kind assistance to communities of origin. Such donations tend to revolve around particular times of the year; for instance payment of zakat, or alms to the poor, is particularly high during Ramadan and around other holidays. Mosques also provide more regular support to communities, particularly in the form of supporting education. Some of our informants said that education was a priority over other forms of assistance (such as health care or other social services) as it usually includes a spiritual element.

Mosques operated by Somali clerics in North America and serving mainly Somali congregants (there are 15 Somali-run mosques in Minneapolis alone) have been at the forefront of community learning about the laws and structures of formal non-profits in North America. They were among the first Somali non-profits in North America and as a result serve as a useful institutional memory on how the administrative and regulatory functions of non-profits have changed over time. Some informants in the UK said that for the most part mosques raised money for educational projects or for the construction of new mosques, and did less to provide humanitarian relief or other kinds of support to communities in Somalia and Somaliland.

4.7 Private Investors and Shareholders in Private Companies

Many members of the Somali diaspora are investors in private businesses inside Somalia and Somaliland. A survey of Somalis in the UK indicated that 13 percent of people who remitted (a sample of 106 people) were channeled into commercial investments inside Somalia (Chalmers and Hassan 2008, 13). While they may be motivated in part by a desire to stimulate development and to help the country, they are also keen to derive some financial return on their investment. Those who are well established and have secured a solid income abroad are most involved in private sector investment in Somalia. Indeed, an estimated 80 percent of all business investment financing in Somalia is diaspora money (Sheikh and Healy 2009, 5). Specific amounts invested

vary by individual and business, but larger business investments typically involve contributions to a partnership between \$40,000 to \$100,000 – large sums that only the most successful diaspora members can afford. (See Chapter 5 for information about local businesses' reliance on diaspora capital for start-up and running of businesses.)

We found different levels of involvement in private sector development in the diaspora hubs where we conducted interviews. The lowest level of involvement was in Norway, where information collected both for this study and for the RIN project show that business investments are not very common among Somalis in Norway. Whereas commitments to family responsibilities are very strong, most people say they cannot afford to send more for development purposes. The business investments that do flow from Norway to the region are mainly small scale. Those who invest do so largely towards their family members, in small family businesses or in housing. This is also illustrated with the LKI Survey data from Norway, where just 14 percent of Somalis surveyed were found to own property in the country of origin (Carling et al., forthcoming-b). This includes any type of property, both that which was owned prior to leaving the country as well as newly invested property.

Interviewees in Norway said that those business investments they do engage in largely focus on Somaliland and to some extent Puntland because of the better security and the general business climate there. This corresponds to findings for this study from inside Somalia and Somaliland. Many furthermore do not invest in Somalia but rather send their money to other Somali hubs in the region – for example to Kenya. This is related to security concerns and expectations of business returns, and these investments are often managed by family members in the region.

A very common sentiment among both remittance senders and receivers is that those who would in normal circumstances be able to sustain themselves should be assisted to obtain an independent livelihood (Horst 2008b). This may at first require substantial investment from relatives living abroad; many diaspora members are not in a position to be able to provide such support. Those who can help in this way say that ideally, the responsibility to remit will eventually (if gradually) be eliminated as the recipient becomes self-sufficient. In interviews in Norway, figures were reported of between 3000 USD saved single-handedly over a period of time, to 20,000 USD brought together by a group of individuals for business investments. Examples of business investments given during interviews, which both include small-scale family businesses and larger investments, included: a meat-packing company, a company that imports goods from China to Hargeysa, a money exchange business in Nairobi, a small soda shop in Somalia, a tuna factory in Las Qoore, and a printing agency in Hargeysa. Not only are these business investments often relatively small, another important point mentioned in Norway was that risks engaged in are often substantial, and many Somalis have lost substantial amounts of money this way. Levels of involvement in private sector activities were higher in well-established communities in North America, the United Kingdom and Dubai.

Real estate is the most common investment, requiring only modest funds and usually minimal risk exposure. Investments in housing are intended to help relatives currently living in the country, but also may be used by members of the diaspora themselves. This is very much based on the wish to return home one day, which many Somalis maintain. Data from a survey of Living Conditions in Norway (LKI Survey) from Norway indicates that 30 percent of Somalis in Oslo indicate they 'expect to return to the country of origin'. People currently see investments in housing as one of the best long-term replacements of remittance-sending obligations: buying a

house in Nairobi, for example, to rent out and have the money transferred directly to a Kenyan-based family member's bank account, is a low-risk and low-labour intensive strategy that contrasts with the earlier cited examples in which people say they lost substantial amounts.

The service and commercial sectors provide the next greatest opportunities for diaspora investment. Private sector investment constitutes both an important source of employment for (mainly urban) Somalis and is a critical source of fee-based social services such as education. The line between for-profit and fee-based non-profit enterprises in Somalia is predictably blurry.

Most of the Somali business investors in the diaspora view their investments in Somalia both as a personal enterprise for profit and as a contribution to Somali development. They say they do not see the creation of jobs and provision of goods and services merely as a by-product of their business; it is an important part of their obligation to the country, and puts them in good standing with their community.

Some but not all of the diaspora who invest in business in Somalia are also earning a livelihood in the private sector in North America. Few have earned MBAs or have work in larger, international firms where they could earn valuable experience. Instead, most business investors learn as they go, relying on word of mouth, their own experience, and sometimes foreign partners to navigate the complexities of business investments involving operations and money transfers in three or more countries.

Businesspeople in the diaspora typically rely on local managers inside Somalia, travelling there periodically to check on the business as circumstances warrant. Diaspora interviewees claimed that most of the top managerial positions in Somalia's larger business investments are held by diaspora members. They reported a good deal of satisfaction with the quality of local employees trained at Somali institutes of higher learning like SIMAD and Mogadishu University, or with those holding degrees earned in the Middle East. Generally, the quality of local staffing was not in their view a major impediment, though some specialized expertise was reportedly hard to find.

Interviewees involved in business investments inside Somalia were divided on the issue of the role of government in promoting private investment. Some emphasized the impediments that fledgling governments like the TFG create for businesses, seeing government as more often creating problems than solutions. They were especially aggrieved at having to pay taxes which produced no services and were, to their mind, going directly into the pockets of corrupt officials. Others emphasized the urgent need for government regulation and provision of basic public goods, and understood that revival of an effective government would provide ample new business opportunities. Most interviewees found middle ground in the position that good governance was desirable, if not essential, but bad governance was disastrous for private sector development.

Interviewees who were involved in the private sector stressed that some space for business can be negotiated in Somalia despite the threats from militias, al-Shabaab, and corrupt TFG officials. Businesses are generally able to rely on clan support to deter criminal attacks on their holdings, and can work out arrangements to move goods across insecure zones. Remittance companies, for instance, are able to work with very large sums of cash and rarely experience armed robbery. However, as discussed below some people in the diaspora said that the insecurity dissuaded them from becoming involved in business.

Most of the largest private companies working in Somalia and Somaliland operate on a shareholder basis, with both local and international (diaspora-based Somali) investors. As will be discussed below, many local investors are in fact diaspora returnees. Some shareholders indicate that they use the returns on their investment to re-invest in other business activities inside Somalia, thereby spreading the benefits of their involvement, while others may in fact derive part of their personal income from this activity.

Beyond the clear benefits to local economies posed by private investment, some investors go further in contributing to the relief and development needs of the community they work in. One remittance company, for instance, reported that it provides its agents with funds during Ramadan with the directive to provide alms to the poor.

4.8 Board of Trustees members

Many private businesses in Somalia, as well as local NGOs and social service providers, have Boards of Trustees who provide professional advice, financial guarantees, networking and other forms of guidance (see **Chapter 6** for a discussion of the involvement of diaspora Boards of Trustees).

4.9 Women's groups

Several large women's associations exist in diaspora countries, and some span several countries, such as the Somali Women's Diaspora Association, which has branches in the UK, Finland and the Netherlands (Mezzetti and Guglielmo, 2010, 20). Some women's associations have been given support by international agencies and donor countries. For instance, the Italian Ministry of Foreign Affairs is providing funding through the International Organisation for Migration (IOM)'s Migration and Development in Africa (MIDA) programme to provide capacity building support to Somali women's groups based in Italy to work on peacebuilding activities in Somaliland. Launched in May 2010, the project aims to provide networking, empowering, and capacity-building activities to partner women's groups in Somaliland.

Some have argued that women's groups are more likely to have multi-clan memberships than mixed groups – since women maintain strong ties to the clans of both their husbands and fathers (and often mothers) – and therefore may be able to work on conflict issues more effectively than groups dominated by men. However, fragmentation has been found to occur even in women's groups (Horst et al., 2010). Some of these associations also have links with other African Women's organisations and networks.

4.10 Youth (or 'Second Generation') Groups

Much has been made, both in the literature and by many of our respondents, about the relative lack of concern among Somali youth living in the diaspora for contributing to their relatives and communities in the country of origin. While this may be true at an aggregate level (no statistics on this are available), there are important and powerful exceptions to the rule. In the UK, a Somali Students' Society at University College London (which draws members from throughout the University of London) is extremely active both as a social vehicle for young Somalis as well as for galvanizing action towards the country of origin. The association has over 40 members. Its president, Kassim Ali, founded Worldwide Somali Students, a group with over 630 members. Another group, Somali Students on Facebook, boasts over 4000 members.

While these social networking sites do not necessarily indicate involvement in the country of origin, the discussion that goes on between members is overwhelmingly concerned with events and conditions in the country of origin. Moreover, the networks have proven to be effective channels for sharing information and raising money. At one event sponsored by the UCL Somali Students Society in London in December 2010, £700 was raised to help people in Dadaab refugee camp.

Another initiative, by UK Somali Student, which aims to provide scholarships to students to attend Somali universities, is described in **Box 2**.

Box 2. UK Somali Student to Provide Scholarships to Somali Universities

UK Somali Student³¹ is a registered charity run entirely by student volunteers started to provide tutoring services to Somali students in the UK. It has recently embarked on an initiative to provide up to 200 scholarships to students in the Horn of Africa. The group currently has agreements with 10 universities spread throughout Somaliland, Puntland and South/Central Somalia to place students.

Universities include: Amoud University, Benadir University, East Africa University, Galkayo University, Hargeysa University, Kismayo University, Mogadishu University, Nugaal University, Puntland State University, and Sanaag University. Each participating university has agreed to provide two scholarships itself. In addition, selected students will be obliged to participate in social outreach programmes including literacy drives in rural areas, thereby spreading the benefits of the programme beyond the tertiary education sector. They have partnered with the Somali Research and Education Network (SomaliREN),³² other members of the Somali diaspora, and Somali media outlets to organize their project.

In some cases youth are working to make their own, separate contribution, such as in the provision of salaries to the emergency rooms in Hargeysa and Burcao hospitals. In other cases, youth contributions are subsumed within larger organisational and family contributions, whereby the young person gives a contribution to their mother or father, who then adds it to the amount being remitted by the family. Often the young person does not have a clear idea of to whom or for what the money is intended. Some youth also suggested that the desire to become involved may increase when young people reach their mid-20s or have their first full time jobs and are able, for the first time, to make their own financial contributions.

In discussions with diaspora youth conducted for this study, the suggestion was made several times that young Somalis may be less involved in providing remittances for regular household support, particularly to relatives they do not know well, but may be more interested in providing community-based support (for development projects, to support schools or health care facilities, etc.) or in returning to Somalia themselves (or travelling there for the first time, as many youth were born outside Somalia/Somaliland) to donate their time and expertise to an organisation or project. Among Somalilanders in particular (because of the relative safety there) many young people return during the summer holidays to visit relatives but also to volunteer their services at hospitals, in government offices, and for local NGOs. Abaarso Tech, a secondary boarding school founded in 2008, has several students who have returned from the diaspora.

While it is important to recognise the possibility that diaspora support will wane with each successive generation, it is also clear that such a narrative may mask many important forms of

³¹ www.uksomalistudent.org

³² www.somaliren.org

involvement such as those mentioned above. Young, educated Somalis are defying the conventional wisdom about the low levels of commitment among diaspora youth in critical ways.

5. Means of Transfers

Effective support depends on resource transfer and delivery mechanisms that are efficient and reliable. These mechanisms include the pooling of resources at the source, which is often done across diaspora communities and even transnationally. It then involves transmission of financial resources or delivery of in-kind support. The former takes place usually through *hawala* companies, whose smooth functioning depends largely on the regulatory conditions and willingness of other financial institutions to work with them in the sending countries. The latter involves being able to send goods and materials to Somalia itself, or to arrange for the procurement of these goods in a nearby market hub (for instance, Dubai, Nairobi or Djibouti), or the physical movement of the person providing skills back to the country of origin for a period of time.

This chapter considers the various routes by which support is provided and the enabling environment that it depends on to reach its intended recipients. An analysis of the strengths and weaknesses of transfer mechanisms provides the basis for recommendations concerning safeguarding the flow of resources to Somalia/Somaliland.

5.1 Collective Fundraising

Funds raised in the diaspora for community development projects in Somalia now constitute a small but growing portion of total financial transfers to the country. Chalmers and Hassan found that 44 percent of those surveyed in the UK sent money for charitable purposes (Chalmers and Hassan, 2008), 20). Interviewees in North America and the United Kingdom estimate that about 10 percent of diaspora remittances were devoted to community projects (either for development or humanitarian emergencies). This figure was also considered a reasonable estimate by some *hawala* companies. If this behaviour can be generalized to other diaspora countries (and there is no reason to suppose that it cannot, given our findings), then it would make the total amount of funds remitted for relief and development purposes, based on the total flow of remittances of US\$1.3 – 2 billion per year, at US\$ 130-200 million per year.

Many, perhaps most, of the community projects funded involve clan-members raising money for projects in their home regions. Members of a common clan or lineage are under great pressure from their clansmen to channel funds to the clan's home areas, and can face sharp questions about why they would donate money to other regions. Conversely, projects that are established in territory that is closely identified with one clan – the hospital in the Mogadishu neighbourhood of Dayniile was invoked by North American informants as an example – face difficulty fundraising from lineages which worry the project will only serve one clan. But some diaspora members have sought to transcend clan-based projects, fund-raising across clan lines by diversifying locations of their projects. In a few cases reported in North America, prominent community donors have tacitly agreed to fund one another's projects. Such 'tit for tat' fundraising helps to promote cross-clan initiatives. This does not always work well with large projects like hospitals, but has been effective with multiple locations of schools and clinics. In one innovative case to overcome the preference to fund only one's clan region, a general fund-

raiser for Somali universities raised US\$7,000, and a lottery was used to determine which university would be awarded the donation.

5.2 Innovation Borrowed from Diaspora Countries

Exposure to the dynamic world of North American and European philanthropy and non-profit fundraising is generating innovative techniques among the Somali diaspora. They report using fund-raising dinners, public pledge campaigns that both put peer pressure on community members to give and provide them with the reward of public recognition for pledging, and a host of other effective fund-raising techniques. They have also learned to reach out to non-Somali civic groups for matching funds and contributions, especially to faith-based groups.

Fund-raising by first-generation Somali diaspora is also making much greater use of the internet, Facebook, and cell phones as a means of soliciting funds. This has started to expand the circle of potential donors beyond the immediate city where the fund-raisers are located. Some Somali non-profits inside Somalia are also using the internet and systems such as PayPal to solicit donations. However, most donations are still the result of face to face or telephone requests (Lindley, 2010, Hammond, 2010).³³

As part of its exposure to North American philanthropic practices, the diaspora is increasingly aware of the use and potential of endowments to provide non-profit services of enduring importance (such as health and education services) with a more sustainable revenue source. But endowments have yet to be established for Somali non-profit ventures, in part because current needs are so urgent. In the future, however, endowments are recognized as having considerable potential. Somali diaspora have little experience with the complex issues of stewardship and management of endowments, and may require technical support on this score.

Much, perhaps most of the fund-raising and project creation undertaken by the diaspora is informal; that is, the projects are not executed by a formally registered non-profit group in the US (a 501(c)(3)), Canada (under the terms of the Not-For-Profit Corporation Act), or as a registered charity in the UK or Norway. As a result, little of the fund-raising for Somali community development projects is eligible for tax deductions. Tax deductions for charitable giving is an important incentive to and benefit of giving, but is largely lost to the Somali diaspora.

Fundraising often takes place in conjunction with community celebrations, poetry and musical evenings, and lectures and panel discussions about the cause for which money is sought. Often money is pooled several times (funds from several different events, sometimes held in different countries, may be pooled before being transferred to the receiving agent or organisation in the country of origin).

In other cases, giving is more individual, with senders directing their relatives inside Somalia/Somaliland to give a portion of what they receive to a particular cause, or recipients themselves deciding to use a portion of the remittance they receive for this purpose.

Initiatives for community development projects are entirely ad hoc, driven by the personal energies and visions of individuals or small groups of friends. No clearinghouse or "community chest" organization (along the lines of the United Way in the United States) exists to identify and

³³ See for instance the Edna Adan Maternity hospital website, at <http://www.ednahospital.org/>.

prioritize needs in Somalia. Some diaspora members recognize this as a weakness in their community development work.

The pooling of funds prior to being transferred may make it easier to keep track of contributions, but it often poses a problem for those sending, as when large individual transfers being sent from individuals, who themselves do not have a very high income, attract the suspicions of regulatory and law enforcement bodies in the diaspora countries. Some informants in the US said that this had been a problem that had discouraged them from trying to raise large amounts of money for Somalia in 2010.

5.3 The *Hawala* System

For most people living in the diaspora, the fastest, most secure, and most trusted means of sending money to people in Somalia, Somaliland, and even the 'near diaspora' of Nairobi, Addis Ababa, and the refugee camps in Kenya and Ethiopia, is the *hawala* (In Somali *xawilaad*), or money transfer company. This is especially true given that the country has no formal banking system. The term *Hawala* is derived from the Arabic word, which means 'transfer'.

In Somalia, *hawala* operations first started in the 1970s when the Socialist government led by the late President of Somalia Major General Siad Barre tightened control of hard currency. This made it difficult for both Somali migrant workers in Saudi Arabia and other Gulf states to send money to their relatives inside Somalia. In order to circumvent this tight control of hard currency in and outside Somalia, the overseas workers in the Gulf countries began using businessmen who travelled to Saudi Arabia and other Gulf States to buy goods. These businessmen were able to obtain hard currency from overseas workers in Arabian countries and purchase goods, and in return they would transfer the money to the workers' relatives back in Somalia.

In 1991 after the collapse of the military regime and all of its public institutions including national banks, the Somali diaspora who sought refuge and settled in developed countries had difficulty sending money to their families who they had left behind. Formal money transfer companies like Western Union and MoneyGram charged hefty fees and had no presence outside the main cities of Somalia.

Out of this necessity, the Somali diaspora established remittance companies. Barakat (closed in 2001 after 9/11 amid suspicions of money laundering), Dahabshiil and Amaana were among the first *hawala* companies that began operation in Somalia. Today there are at least 12 *Hawala* operators in and outside Somalia facilitating transfer of money from the diaspora into Somalia and vice versa. The largest are: Amal Express, Amaana Express, Bakkaal, Dahabshiil, Global Express, Hodan, Horyaal Express, Iftiin, Kaah, Mustaqbal, Qaran Express, and Tawakal. For this study, representatives from 4 remittance companies were interviewed.

According to interviews with officials of one of the *hawala* companies based in Dubai, the company was established by a core group of eight businessmen from the diaspora. Each of the shareholders paid a minimum of US\$15,000 to generate an initial working capital of US\$120,000 to start the company. They started immediately selling more shares to others, mostly from the diaspora as well as local businesspeople who paid the same amount, thus eventually generating a total operating fund worth over US\$2.2 million. According to this informant, the remittance levels since the beginning of 2009 have decreased by 20 per cent due to the credit crisis, but in recent months have started to recover.

Another company official, however, who is working inside Somalia, said that he had seen remittance business increase threefold during the same period. He added that they observed that during a humanitarian crisis caused by conflict or natural disasters (drought, floods, etc.), remittance levels usually increase as family members call for help from their relatives of family members in the diaspora.

Box 3. Recent History of the *Hawala* industry

Phase 1: 1997-2000

Despite being formed in the 1970s, *hawala* companies began to operate in their modern form from the late 1990s when the civil war in Somalia began. The first remittance companies opened branches throughout major cities of North America, Western Europe, the Middle East, the Asian sub-continent, Southeast and East Asia, Australia, other parts of Africa, as well as Central Asia, Russia and Latin America.

During this phase, remittance operators established offices in Mogadishu and Hargeysa and built strong linkages with the radio telecommunication operators in major cities and towns where they usually communicated by radio. Recipients were identified through their clan identity and their three names (their own, their father's and their grandfather's name). Radio operators in the receiving community would send a messenger to look for the recipient. During this phase, money normally took 3-5 days to arrive at the intended destination. The phase ended when Somalia's telecommunication systems became more modernized, and when regulation forced changes in the industry's practices.

Phase 2: 2001-present

Since 2001, *hawala* companies operating in diaspora countries have come under increased scrutiny. They have had to develop strong anti-money laundering systems and transparency procedures to adapt to regular inspections of their records to ensure that their systems are not being used to channel support to criminal elements or conflict actors. The closure of some companies who have not been able to adapt quickly enough to the new regulations has placed great strain on recipients, many of whom rely on regular funds from abroad to cover their basic monthly household expenses.

Despite these challenges, the efficiency of the remittance process has dramatically improved over the last ten years. Privately owned telecommunications systems have become modernized and internet facilities are now widely available even in smaller cities. This has enabled remittance operators to open more branches in urban centres and even more rural areas of Somalia. Transactions now take only minutes to be processed.

A development introduced in 2010 is the utilization of the computer/internet based remittance operation systems run by *hawala* operators and telecommunications companies, often in partnership with each other. Remittances sent by the diaspora are transferred from deposit accounts through mobile phones; this mobile phone-based money transfer system is called the ZAAD service, which is similar to the MPESA system used in Kenya. This new remittance operating system has eliminated the risk of carrying large amounts of US currency inside the town. Despite these innovations, service charges have not risen; they remain among the lowest in the world (at 4-5% depending on the amount transferred).

Despite the advantages of using the ZAAD system, the service is somewhat controversial. One of the key informants of this study claimed that this service has created a monopoly market for remittances and hoarding of US dollars. This method of transferring money has also come under criticism by al-Shabaab, who in October 2010 issued a declaration banning mobile phone money transfers. The impact of this edict has yet to be seen.

5.3.1 Regulation of the Remittance Sector

Following the September 11, 2001 terrorist attacks, virtually all transfer companies were closed in the US and other countries, and were only reopened once they had submitted to intense security and transparency checks. In a widely-publicized move, the company Al-Barakaat was closed permanently due to concerns that it was being used as a channel for funds intended to support terrorist activities inside Somalia. In recent years, particularly since the rise of al-Shabaab, transfer companies have come under renewed suspicion of facilitating the funding of insurgent and terrorist activities, and many have been banned. In Norway and the Netherlands, *hawala* companies are not permitted to operate legally, though some effort is being made to establish a registration system that would enable them to conduct business legally. Money transfer company official report that in Canada, the UK and US it is also getting more difficult to find banks willing to do business with his company, even when they conform to all regulations and share all of their records. 'They will say ok at first, but after a few weeks when they see how much money is travelling back to Somalia, they will find a reason not to want to do business with you,' the official said. In Canada, only one bank is still willing to work with Somali remittance companies. The growing unwillingness of Western banks to deal with *hawala* companies is at present the single greatest threat to Somali private sector investment.

Some *hawala* officials say that they have seen an increase in transfers from countries neighbouring those where transfer is not legal. For example, they say, while transfer companies are not permitted to work in the Netherlands, remittance levels from Belgium near the Dutch border are high.

Given that remitters must provide their name and contact details, as well as proof of identity, *hawala* officials say it is unlikely that large sums of money are being transferred back to Somalia through this route to support the insurgency or terrorism. Said one official 'If I was going to send money to al-Shabaab, I would just put it in a suitcase and bring it into the country rather than try to use a system where there is a trail for every transfer.' This view is supported by a recent order issued by al-Shabaab banning mobile phone transfers of money from abroad. Analysts say that this was done because al-Shabaab does not benefit from this form of transfer, and sees such support as evidence of Western interference, even if the 'Western agents' are in fact members of the Somali diaspora.

Interviewees in North America expressed alarm that anti-terrorism policies are having the unintended effect of squeezing the entire remittance system so tightly that its survival is imperiled. Collapse of the remittance system would have a devastating impact on households, NGOs and businesses. *Hawala* companies are hard hit by the rising cost of compliance regulations. The companies absorb the costs because of fear that if they pass the costs on to Somali customers, people will use other formal or informal channels to move money to their families. As a consequence, Somali remittance companies – currently the largest private sector employer in Somalia and a critical enabler of financial transactions for other businesses – say that they are generating almost no profit.

5.3.2 Transfer of Charitable Contributions

Several money transfer companies provide discounts to organisations and individuals transferring money for relief and development purposes. Chalmers and Hassan note that most money transfer companies charge between 0 and 2 percent interest on charitable contributions

(2008), 21). Dahabshiil offers a heavily discounted rate of commission for charities transferring money to Somalia and Somaliland. According to their London office, in the first ten months of 2010, 18 charities transferred money using the discounted service. A total of US\$1,407,900 was transferred in this way, with sending organisations paying between 0.98 percent and 2 percent commission, rather than the regular rate of 5 percent (or 4 percent during Ramadan) for private transactions. According to Dahabshiil's records, funds remitted were intended for a variety of activities including water projects, education, environmental care and animal health projects, environmental Regeneration Programmes, poverty alleviation, and capacity building.

5.4 In-kind Support

Given the difficulties that many people have in procuring the items they need from local markets, many in the diaspora send support in kind. This may include second-hand hospital equipment or books for libraries or schools, but can also involve purchasing new items and importing them directly to individuals and organisations inside Somalia and Somaliland. Dubai is a major source of such goods.

Dubai is a free trade zone, so Somali traders are able to use the ports there to import goods from around the world and to ship these goods onwards to other countries without paying tax. Traders need only to pay handling charges to the port authorities as well as the cost of shipment. A substantial fleet of dhows (located at Dubai Creek) brings the goods from Dubai to the ports in Somaliland (Berbera), Puntland (Bosasso) and South/Central Somalia (Mogadishu and Kismayo). Typically, these dhows are not owned by Somalis but by Indians and Arabs who have sailed the Indian Ocean for centuries. When a Somali businessperson needs to ship goods to Somalia, he or she typically leases a dhow or part of a dhow, depending on the size of the shipment. Goods that are typically brought to the Somali homeland via Dubai include building materials (from Malaysia, China, and Indonesia), rice (from Pakistan and India), and sugar (from Brazil). Vehicles and electronic goods are also imported.

According to businesspeople interviewed in Dubai, there are no great difficulties in trading with Somaliland and Puntland. In fact, doing business now in these two places was characterized as being much easier than in the era of Siad Barre who they said obstructed traders from the North of Somalia. The main difficulty in procuring items in Dubai and shipping them to northern Somali areas is reportedly that the Berbera port charges are too high and the import taxation in Somaliland is too heavy. Some Somaliland traders reportedly use the cheaper port in Bosasso, and then transport the cargo to Somaliland over land.

Since 2006 /07 there has been an increase in the numbers of business people from South/Central Somalia who have either been displaced to Somaliland and Puntland or who come there frequently to do business. Many of the most important members of the business community have relocated to Nairobi, Djibouti and Dubai.

Trading with Mogadishu and supplying the markets in South/Central Somalia is characterized by some Dubai-based traders as difficult. Before the rise of al-Shabaab, it was said to be relatively easy to understand and maneuver the conflict as it was based on clan disputes. However, they say that in 2010 al-Shabaab has complicated things, making it more difficult and dangerous to do business. Traders say that they have difficulty understanding al-Shabaab and thereby find it difficult to maneuver and operate the market. Moreover, they said that traders based in Dubai run the risk of being categorized alongside the TFG, as being too Western and as such they

become direct targets of al-Shabaab. They say that only greater security in South/Central Somalia will boost the economy and make it possible for them to move some of their business activity to their homeland.

Traders also said that like international cargo companies they face problems with pirates who hijack cargo ships and dhows for ransom and to use as mother ships to hijack even larger ships. One Somali businessperson was, in July 2010, said to have three dhows hijacked and being held by Somali pirates. The traders generally felt that a solution to the piracy problem can only come through the emergence of a strong Somali government capable of taking effective action to break up the piracy rings.

5.4.1 Technical Support

Beyond the financial assistance that is provided to organisations inside Somalia and Somaliland, there is significant provision of technical support. Very often this involves the physical return of individuals, on a temporary or permanent basis, to provide advice, leadership, training, and other human assets to the organisation. Those who return tend to be individuals who have resided abroad for many years and who have achieved some level of legal and economic stability. Often Somali migrants have to wait many years to get permanent residence or citizenship in the diasporic country in order to then be able to travel back to the country of origin. Legally-recognized refugees are prohibited from returning to the country from which they have sought asylum, though in practice people with multiple passports may be able to circumvent this restriction by travelling on a passport other than the one associated with their refugee status.

In addition to having settled immigration status, those who are better established and more integrated can often better afford to give their time and expertise since they may not be as financially pressed as people who are less well integrated. Length of stay is not a clear indicator of level of integration, however, as many who have lived for years in the settlement country continue to suffer from lack of legal status and economic marginalisation. Facilitating the granting of legal residence status as an alternative to temporary protection or asylum seeker status would help promote transnational engagement as well as relieve many of the other economic difficulties of Somalis living in the diaspora.

Opinions about the motivations of returnees and diaspora members who provide short-term technical support were mixed. One businessman who had returned from the USA commented:

I think we teach people values that are perhaps lacking here at this particular time. It's all there in our tradition, but much has been lost in the transition from rural to peri-urban to urban living. Values like hard work, commitment, and good and consistent work ethics are inherent in our tradition. I find it rather ironic that I'm importing these values from the USA. Without these values, pastoralism would never have seen the light of day and we all know what pastoralism means to this country and its people.

When asked what challenges he had faced in returning to Somaliland and beginning his business, he said:

...this place is full of challenges. Aside from the bigger things like the lack of the many conveniences that have made my life abroad so much easier, most challenges are very personal. I returned to a place that is completely different from the way I left it. The land is different, the social and political landscape is different, and even the environment is

different. The days of enjoying listening to the Galool (*Acacia Busse*) whistle in the wind are long gone. I too am not safe from the perils of metamorphosis; returning with a new perspective and personal identity is part of the challenge. Naturally, the result of all this is a clash of ideals and nostalgia and a new reality spawned by the legacy of war. Trust and understanding are two very difficult things to achieve when engaging with the locals. This could only mean that I too am benefiting from all of this, learning from the locals.

Many Somalis who return are highly skilled, even if they were not able to use their skills in the country of residence. Indeed, this appears to be one reason that people return – to find more fulfilling work and to escape the marginalisation and exclusion that many Somali migrant communities are exposed to by mainstream societies.

Several sponsored voluntary return programmes have sought to place Somali professionals in temporary employment for periods from a few months to more than a year (See (Horst et al., 2010) for examples of programmes supported by European governments). Perhaps the longest-running of these is the QUESTS/MIDA programme, administered by the IOM and UNDP-Somalia.

Box 4. QUESTS/MIDA's Support to Civil Service

One of the best established mechanisms for supporting those wishing to return to Somalia to provide their technical assistance is the Qualified Expatriate Somali Technical Support/Migration for Development in Africa (QUESTS/MIDA) programme. Originally developed by UNDP, the programme is now administered by the International Organisation for Migration (IOM). The project seeks to recruit qualified Somali professionals to work in the governance sectors inside Somaliland, Puntland and South/Central Somalia. To date about a dozen professionals have been placed. In our research, we discussed the project at length with UNDP and IOM staff, and also interviewed participants and former participants in the QUESTS/MIDA project.

Interviews with three participants working in Hargeysa said that they had joined the programme because it enabled them to return to Somaliland to see conditions for themselves, to see their relatives, and because it gave them an outlet for 'giving back' to their country. However, they were also critical of some aspects of the project. They said that local counterparts had not been adequately prepared for their arrival, and thus there was no plan for how to work with the returnee professionals. Rather than being a capacity-building exercise, some felt that they were working on their own too much, and that no one was in a position to learn from their technical skills.

The lack of transfer of skills to the local level reflects a more fundamental divide between how life unfolds in Somalia and Somaliland. In Somaliland, people have been through war and are in the early stages of institution building, whereas the QUESTS/MIDA professionals have adapted to the bureaucratic systems and cultural values of their (in most cases) western host societies. The transfer of skills is not just about professionals coming to Somalia or Somaliland and sharing knowledge, but is a difficult process of bridging/brokering different cultural values and practices of western societies and Somaliland. Several participants said they would have benefited from either the local institution with whom they are working, or the administrators of the QUESTS/MIDA programme being more involved in helping them to settle in, particularly as some of them had been away from the country for many years.

Another limitation is the lack of facilities in the institution, including computers, internet access, etc. Staff seconded to the Civil Service Commission in Hargeysa had to relocate to the Civil Service Institute so they could use the library's internet access; some also use personal computers in order to perform their work tasks. Finally, the participants complained of a lack of follow-up from UNDP and IOM once they arrived. They said that they had not been visited, and no monitoring of their work was done to make sure

that they were able to do the work for which they had been hired. Moreover, they complained of bureaucratic inefficiency that caused their contracts and deployment to be delayed.

In Puntland, although the problem of delayed contracts was also reported, the QUESTS/MIDA project appears to be run better than in Somaliland. Most importantly, there is a local UNDP/UN representative in Garowe who is able to communicate with the programme participants when problems arise and to assist in managing the programme. Puntland participants did, however, say that they would also benefit from there being a local counterpart to work directly with them and learn from their skills. They said that there is also a need to train professionals participating in the programme about how best to teach their skills to local staff. Training also needs to be given to local staff on how best to receive and use the skills that are being presented by programme participants.

QUESTS/MIDA is a small programme that only focuses on the transfer of skills to the 'core of government'. Local informants in Puntland continuously stressed the need to upgrade the programme by bringing in more people and to include more sectors, such as the health and education sectors. For example, representatives from the education facilities in Puntland could not understand why they could not benefit from the QUESTS/MIDA programme. Nor could local informants understand why the programme had only four participants in Puntland, considering the fact that they saw the programme as being relatively cheap and uncomplicated to manage.

6. Mapping the Recipients

Diaspora support for promoting social and economic welfare differs in broad terms between Somaliland, Puntland and South/Central. In Somaliland, where there is a generally good level of peace and stability, and where government is able to provide some minimal services, particularly in urban areas, there is more engagement in development activities and larger scale private investment. Our team found a noticeably lower, though still substantial, level of engagement by the diaspora in development activities in Puntland. This reflects the political and security situation, with state institutions being less consolidated than in Somaliland, and with security still being an important issue. Reports of al-Shabaab having influence in the northern part of Puntland, and the presence of pirates (and the uncertainty about the direction that international anti-piracy measures would take) led some informants to say that they were reluctant to invest heavily in Puntland. In Puntland most diaspora investment takes the form of individual remittances, political support for the government, and provision of education resources. Most investments are made in Bosasso rather than the political centre in Garowe or the rural areas. In South/Central the focus was almost entirely on humanitarian relief, private investment in smaller businesses, and provision of the most basic services.

In this section, we describe the support received by each of the major types of recipients. We also discuss more briefly support to other recipients (government, political parties, mosques, etc.).

6.1 Remittances to Individual families

It is a commonly cited fact that Somalia depends heavily on the diaspora for remittance support. The total amount of money remitted to Somalia is not known. Estimates of the volume of money transferred to Somalia using money transfer companies range from US\$1.3 billion to US\$2 billion a year (World Bank, 2006, Lindley, 2010, Zane, 2011).³⁴ Sheikh and Healy (2009), 4) estimate that remittances to Somalia could be 'as high as US\$1.6 billion and to Somaliland US\$700 million'. Studies done at the receiving end have much lower figures, the most commonly cited of which is US\$360 million in family remittances accounting for 22.5 percent of total household income on a national level (UNDP and World Bank, 2003, 22).

There are many reasons to question the validity of any of these figures, including reluctance on the part of both senders and remitters to disclose information about how much they send, the fact that many of the remitters are in fact undocumented migrants (who thus do not appear in census or other kinds of official demographic data) as well as the complicated logistics of being able to derive national figures of any kind from inside Somalia/Somaliland given the turmoil going on in the region.

Because of these limitations, and the improbability of being able to produce a more accurate figure for the total size of remittance flows into Somalia/Somaliland than those already available, this study team decided not to focus specifically on private (individual to individual) remittance flows in our field research, but rather to look at the relatively less researched phenomenon of

³⁴ Zane's BBC article quotes Ismail Ahmed, founder of World Remit, as estimating financial flows to Somalia of US\$2 billion.

remittances sent for purposes of promoting relief, development and peace-building by organisations to organisations.

6.1.1 Putting Remittances in Perspective

If one takes US\$1 billion as a minimum realistic estimate of current remittance flows and compares it to current international relief and development assistance (estimated paid donations totaled US\$517 million in 2009³⁵), it is clear that remittances are a lifeline for Somalis. Thanks to the efficiency and wide coverage of *hawala* companies throughout the Horn of Africa, including in refugee camps (see Horst 2008) and internally displaced settlements, it is possible to send money to virtually any part of Somalia or Somaliland in a matter of hours for a very small fee (see **Chapter 4** on Means of Transfers). Multiple studies of the uses of remittance money have shown that the vast majority of these funds are used to pay households' basic expenses. (Sheikh and Healy, 2009, Lindley, 2010, Horst, 2007, Horst, 2006, Hammond, 2010, Chalmers and Hassan, 2008, Carling et al., forthcoming-a).

This makes sense, since assistance to family members constitutes a powerful, non-negotiable obligation, and because family pressure is felt so acutely (Hammond, 2010, Carling et al., forthcoming-a, Horst, 2008a). This observation suggests that the principal role of the diaspora in development will remain above all else as a source of basic purchasing power for a significant portion of Somali households. The diaspora constitutes a large, global, dependable, but "patchy" (in that only some Somali households receive remittances) welfare system ensuring that family members who would otherwise be destitute have access to food, shelter, schooling, and medical care.

While the volume of funds being transmitted regularly back to Somalia/Somaliland is undoubtedly very high, the distribution of those funds throughout the country is uneven. The Somali Food Security Nutritional Assessment Unit (FSNAU)'s urban household economy studies have tracked remittance flows in selected cities since 2007. In Somaliland, remittances are tracked to Hargeysa since according to money transfer agents that is where the largest concentration of remittance money is directed; in Puntland, they are tracked for Bosasso, which receives the highest proportion of remittances. In South/Central, the main destinations for remittances are South Galkayo, Mogadishu, Belet Weyn.

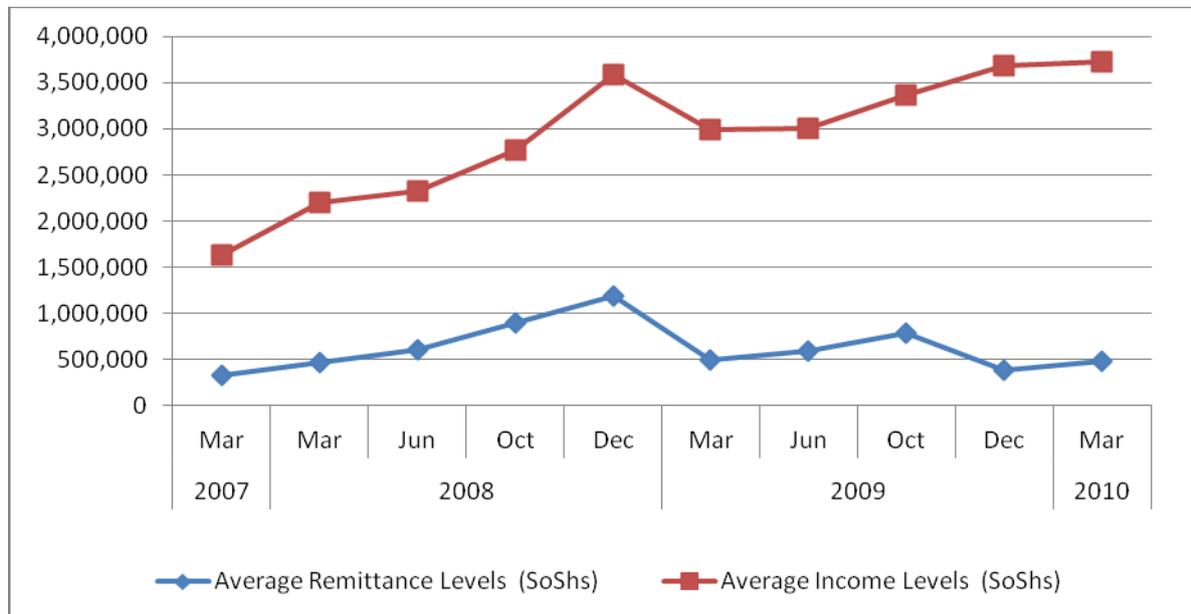
The tables below show an estimate of the significance of household incomes vis-à-vis remittances since 2007. Unfortunately, data is not available on remittance flows to rural areas. Clearly, the relation between remittance support and incomes is very strong, as the dramatic dip in remittances at the end of 2008 (probably largely a result of the global economic crisis) was accompanied by a corresponding drop in household incomes. This dip notwithstanding, incomes have somewhat steadily increased since 2007, in the face of dramatic political upheaval and insecurity, and despite the displacement and livelihood disruptions that have occurred.

This may be partially explained by an increase in remittances during 2007 and early 2008, when humanitarian emergency conditions associated with the Ethiopian occupation prevailed. The income/remittance relationship becomes less closely correlated from the second half of 2009,

³⁵ UNOCHA, Financial Tracking Service

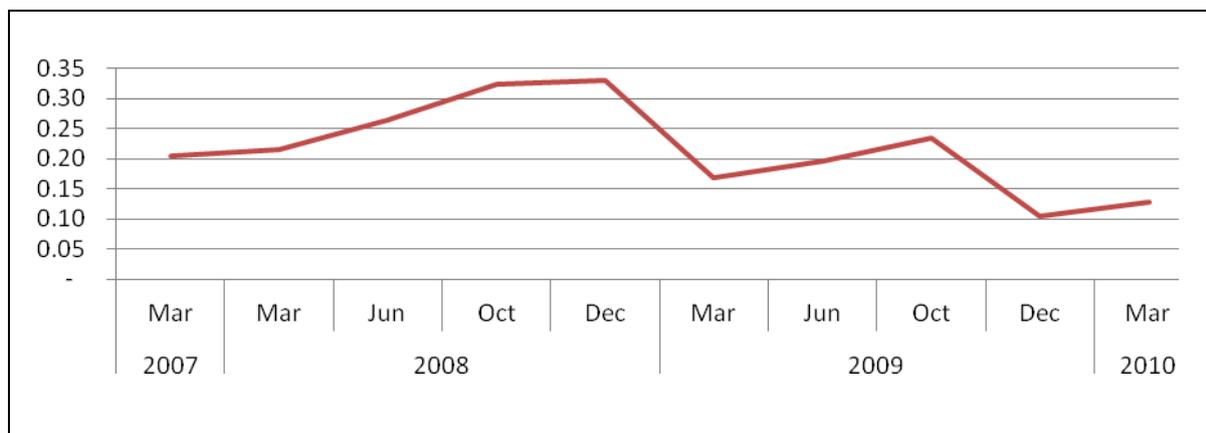
where incomes have reportedly increased slightly even though remittance levels have decreased. The reasons for this are not entirely clear, but the increased incomes are likely a result of the end of the military activity associated with the Ethiopian occupation of Somalia in late 2009 and the improvement of security conditions in some areas since the Ethiopian withdrawal.

Figure 3a. Average Income and Remittance Levels, Urban Areas of Puntland and South/Central Somalia (Somali Shillings)



Source: FSNAU. Analysis conducted for this study.

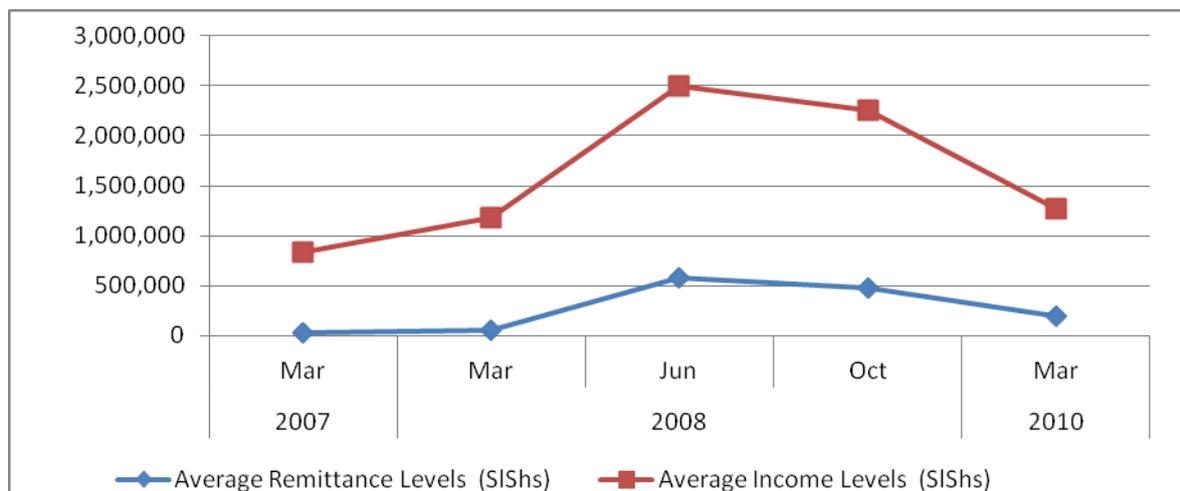
Figure 3b. Mean Monthly Remittance as Percent of Total Income (Somali Shillings), Urban Areas in Puntland and South/Central Somalia



Source: FSNAU. Analysis conducted for this study.

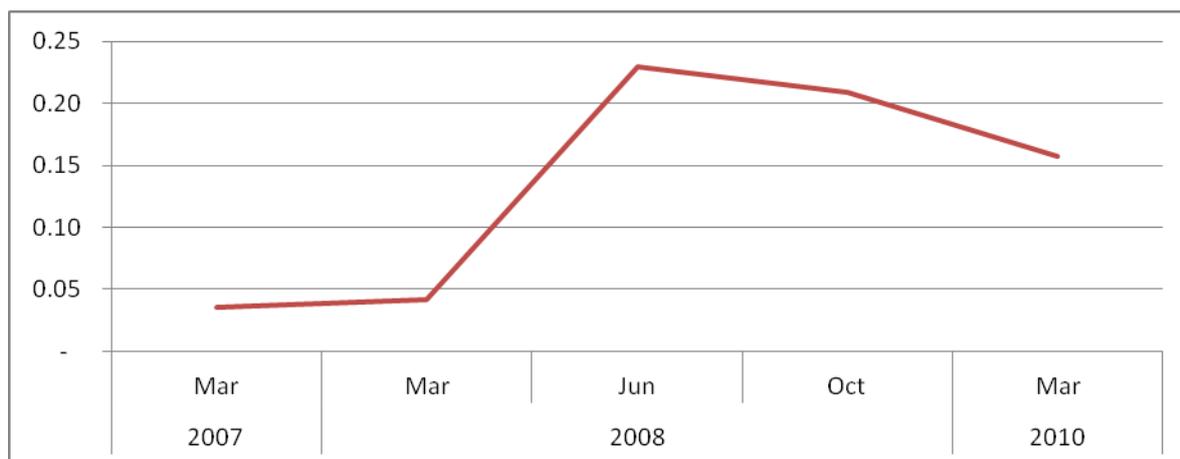
In Somaliland, incomes have not had the same trajectory, as in Puntland and South/Central, probably because the impact of the Ethiopian occupation was not felt there. Instead, the main impact on livelihoods appears to have been the drought and difficulties with marketing livestock to Gulf countries which have had an overall negative effect on incomes since mid-2008. These charts show the different economic dynamics in Somaliland versus Puntland and South/Central. However, in terms of remittances supplied, Somaliland has also seen a negative trend since mid-2008 (see below on the impact of the global financial crisis).

Figure 4a. Average Income and Remittance Levels, Urban Somaliland (Somaliland Shillings)



Source: FSNAU. Analysis conducted for this study.

Figure 4b. Mean Monthly Remittance as % of Total Income, Urban Somaliland (SIShs)



Source: FSNAU. Analysis conducted for this study.

Early anecdotal reports and data from the present study, as well as reports on donor involvement in Somaliland, indicate that investment in Somaliland is increasing now that the presidential election has been held peacefully, and in support of the new government.

This data should be treated with caution, since it is taken from a selection of urban areas, not all of which have supplied data at each survey period, as well as because people may have reason to misrepresent their incomes. However, it is an analysis worth bearing in mind as we consider the findings of our own field research.

6.1.2 Impact of the Global Economic Crisis

Remittance levels have been affected by the global economic crisis, though by how much is not certain. Globally, the World Bank estimates that remittance flows dropped by about 6% in 2009. This is significant because it was the first recorded drop of any kind in remittances, but as Ratha and Sirrecki of the Bank point out, 'it was also remarkable that remittance flows to developing

countries fell only 6 percent in 2009, proving to be rather resilient compared to the flows of private capital flows, which declined precipitously (Ratha and Sirkecki, 2010), 126).'

In developing countries the picture may be a bit worse. The World Bank estimated in 2009 that the flow of remittances to developing countries may have dropped by as much as 20 percent during the crisis because many migrants had lost their jobs or suffered reduced incomes.³⁶ In Somalia, the correlation between a drop in remittances and lower earnings by migrants is complicated by the impact of the recession combined with an escalation of humanitarian needs that may have prompted increased giving despite the hardships that senders faced.

One of the major trends noted by these authors to help explain the resilience of remittance flows is that 'the more diversified the migrant destinations, the more resilient are remittances.' Given that the Somali diaspora is dispersed to a high degree, particularly throughout North America, Europe, the Middle East, South and East Asia, and Australia, this may have mitigated the impact of the crisis for Somalis.

Somali diaspora members in North America reported that despite the difficulties produced by the global recession they have continued to remit as much or more than before, in response to the worsening humanitarian conditions inside Somalia (war, displacement, suspension of food aid, and rising price of basic commodities). They are doing this by cutting back still further on their own expenditures in North America, often at considerable costs to themselves.

6.1.3 Pressure on the Senders of Remittances

While the typical monthly remittance to family from the North America-based diaspora remains in the range of US\$200-300, or on average 15-20 percent of their total household income; more affluent Somalis reported sending over US\$1000 per month. In the UK, Chalmers and Hassan reported that 41 percent of their sample reported remitting more than 10 percent of their income each month (Chalmers and Hassan, 2008), 17). In addition to regular monthly remittances to immediate family, the diaspora is under pressure to respond to frequent but unpredictable requests from more distant relatives, and to provide cash for special circumstances such as medical emergencies, weddings, and holiday feasts. In all sites, remitters reported the difficulties of having to meet the demands of their relatives: some have discontinued their education to be able to work more or save more money to send to relatives, some have taken on additional jobs or sacrificed on their own personal (often basic) spending to be able to send more (Lindley, 2010, Hammond, 2010).

Not surprisingly, family remittances are also the main source of pressure on the diaspora. Demands on the diaspora from extended kin to send money have intensified thanks to inexpensive, ubiquitous telecommunication technology in Somalia. The diaspora consistently reported exhaustion with the growing number of requests made on them. They are stretched thin in their ability to meet these demands, and express a growing sense of resentment that they are unable to provide for their own children as they would like, and are unable to save for their own retirement.³⁷

³⁶ World Bank, "Swimming Against the Tide: How Developing Countries are Coping with the Global Crisis" (Background Paper for the G-20 Finance Ministers and Central Bank Governors Meeting, Horsham UK, March 18-19 2009), pp. 7-8. For other country analysis see Wilson 2009.

³⁷ For more on the resentment expressed by senders towards the demands from relatives in the country of origin, see Lindley, 2010 and Hammond, 2011.

6.1.4 What do people use remittances for?

The vast majority of funds remitted to Somalia and Somaliland go towards essential household expenses. According to a former Somaliland cabinet minister, interviewed in Norway:

About 75 percent of all the money that is sent from the diaspora goes to their families. Another 10 percent is invested in the housing sector, building houses for themselves for future return... They also send the money to trusted individuals, groups or local NGOs. Sometimes, they even use the elders of a particular town.

This estimation matches findings from research among the Somali diaspora in Norway for the RIN and DIASPEACE projects. It also corresponds to findings from our interviews in Canada, the United Kingdom, and United States.

Remittances to family members may not, strictly speaking, be considered a form of 'development'. External support for basic consumption is not locally sustainable and imparts to family members no new capacity to generate livelihoods. In fact, some interviewees – especially younger Somalis – worry that monthly remittances to family members is anti-development, in that it reinforces a culture of dependence. The fact that most remittances are dedicated to family consumption can also be viewed as a diversion of potential investment capital. On the other hand, private consumption is essential for growth and poverty reduction. The infusion of US\$1.5 billion or more per year into the economy has fuelled the rise of a vibrant service sector and a market for basic goods produced locally and imported. In fact, without the purchasing power provided by remittances to families, few of the other types of diaspora investments in Somalia would be financially viable. One can make the argument that remittances to family constitute an ad hoc but efficient, decentralized form of "conditional cash transfers" that some aid agencies and governments believe can serve as part of an effective poverty alleviation strategy.

The notion that remittances to family members can constitute a "conditional cash transfer" raises the question of what, if any, conditionality diaspora members can place on how their remittances are used back in Somalia (Horst, 2007, Horst, 2008b). Previous studies of Somali diaspora suggest that misuse of remittances – specifically by male family members using the money they receive to purchase the popular, mild narcotic leaf *khaat* – is a major source of tension and debate within families.

Diaspora members interviewed for this study acknowledged that a percent of their remittances is spent on *khaat*, and acknowledged that in some families it is a source of friction, but were unable to estimate how much of monthly remittances goes to this expenditure.³⁸ They made two points on this score. First, they argued that the diaspora is not in a position to control how the funds are spent or by whom once in the hands of the family in Somalia, that they cannot be expected to exert that level of long-distance micro-management, and, because suspending remittances to family is not an option, that they have little leverage over family members in Somalia. This supports findings by Hammond (2010) which suggest that senders have very limited control over how the money they send to their relatives is spent. Second, the diaspora members interviewed

³⁸ A 2006 UNDP/World Bank Joint Needs Assessment on 'Social Services and Protection of Vulnerable Groups Cluster Report (p. 86) estimates the total amount spent annually on *khaat* consumption at US\$250 million. See <http://www.somali-jna.org/downloads/SSPVG%20140906%20AD%20Final%20Draft%20rec-social%20rev-1.pdf>.

acknowledged that the provision of money for basic needs sometimes frees up other family money for other uses. It is thus impossible to claim with any confidence that remittances are earmarked only for food, rent, and basic services. They form a big part of the general pool of funds that families use as they see fit.

Some types of family remittances clearly do promote development. Diaspora members report that they are under growing pressure to fund scholarships for young adult relatives to study in the Middle East. The diaspora embrace this role if they can afford it, on the grounds that an educated relative will be more likely to secure employment and hence will no longer be dependent on remittances (see also Section 6.3 on Social Service Providers).

Nearly everyone consulted during the assessment stressed that sending remittances to individual households is the most significant form of diasporic engagement in Somaliland. Besides being used for consumption, it is clear that a substantial part of remittances are used to pay for medical consultations, operations, medicine, school and tuition fees, books, pens and paper and in this way significantly increase the local population's access to health and educational facilities. For example, half the students at Hargeysa University are reported by the university management to rely on remittances received by the household to pay their tuition fees. Also, representatives of a private secondary school reported that an estimated 20 and 40 percent of their students relied on remittances to pay the school fee, and that 5 to 10 percent had their school fees paid for by direct deposit to the school's account by family members living in the diaspora. The relatively high fees of US\$25 per month means that students' parents must be relatively well off and/or well connected to remittance flows from the diaspora. Poorer people who are not supported by the diaspora send their children to public schools, if they are sent to school at all.

Émigré travel costs. Second generation Somali diaspora members – youth born or raised outside of Somalia – are often reluctant to send back remittances to family members they have little or no connection to (discussed above). This means that the Somali diaspora's role as provider of remittances for personal and household consumption is not self-replicating. In order for the remittance economy to continue, a constant outflow of migrants/refugees abroad is needed. As a result, pressure is high for diaspora members to help finance the travel of the next wave of migrants. In addition, many people in the diaspora are saving money in order to be able to be reunited with the relatives they left behind. Interviewees reported that these trips have become increasingly expensive as travel restrictions have become tightened. Estimates of the cost of travel from Somalia to North America vary, but some accounts place it at US\$6000 or more per person. The most common route is flight from Nairobi to Johannesburg to Rio de Janeiro to Guatemala, at which point handlers move the migrant overland through Mexico to the US border, where the traveller requests asylum.

Interviewees were not forthcoming about the specific amount of funds typically sent back in support of émigré travel, but acknowledged that it constitutes a demand that is growing and likely to continue into the future. They were acutely aware of and concerned about the dilemma this "pipeline" system of out-migration poses – namely, that Somalia's economic dependence on remittances requires a constant 'brain drain', which in turn is dependent on a continued state of war and insecurity enabling new arrivals to win asylum status. In the event of a sustained peace in Somalia, people fear that the remittance economy will gradually no longer be viable.

6.2 Local NGOs

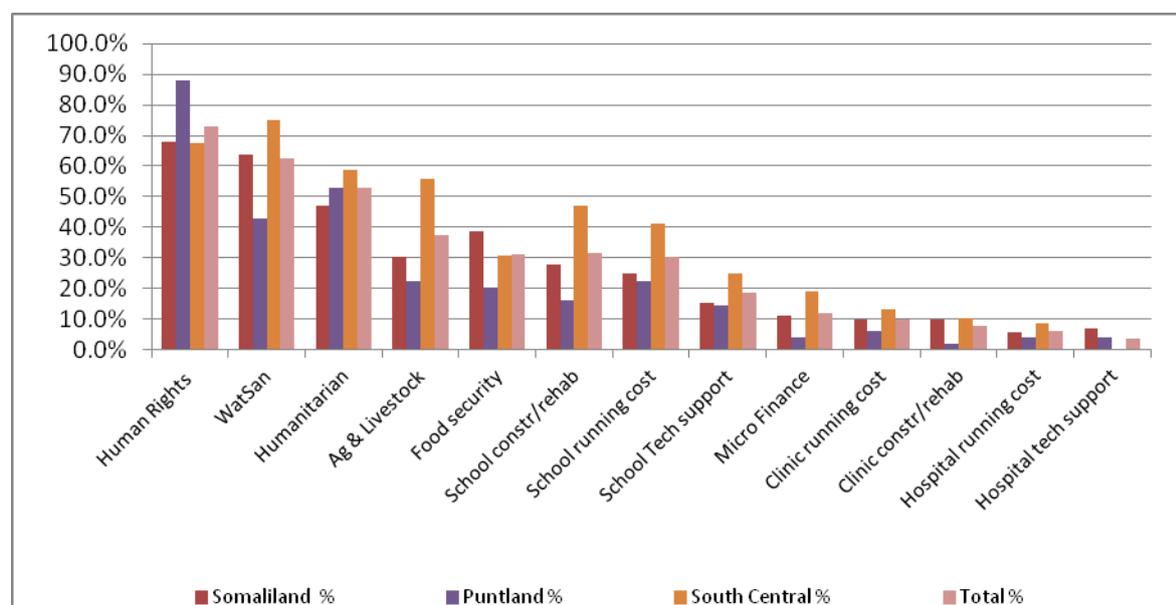
Local nongovernmental organisations (NGOs) are the main recipients of donations for relief and development from the Somali diaspora. They are the main engines of collective support. As a sector they are largely uncoordinated, though a few umbrella organisations do promote coordination, and some benefit from collaboration with UN specialised agency collaboration. This form of ‘collective remittance’ was a major focus of our study.

The total number of LNGOs who took part in the quantitative survey was:³⁹

Somaliland	72
Puntland	49
South/Central	68

Figure 5 shows the sectors that NGOs were involved in:

Figure 5. Sectoral involvement of LNGOs



Most LNGOs involved in health sector support are involved in awareness raising and advocacy or distribution of non-food items in partnership with UN agencies and INGOs operating in the area.

In each of the zones surveyed, just over one-third of NGOs reported that they have connections to diaspora organisations (Somaliland: 37.5 percent; Puntland: 38.8 percent, and South/Central: 38.2 percent). The number of NGOs reportedly receiving support from private investors or individuals in the diaspora was more varied, with 9.7 percent in Somaliland, 6.1 percent in Puntland and 32.4 percent in South/Central. This may reflect the high level of donations that are currently being sent to the conflict-affected areas of the South by people in the diaspora.⁴⁰ Most

³⁹ Please see Volume II for the list and frequencies of locations surveyed.

⁴⁰ In Somaliland, Puntland and South/Central Somalia, LNGOs who reported having been established with support or assistance from the diaspora cited a wide range of countries from which they had derived diasporic support. In Somaliland, support appears to have come mostly from the US and United Kingdom, with Canada, Uganda, the Netherlands also named as sources. In Puntland, the most support came from

LNGOs have Boards of Directors (94 percent in Somaliland, 98 percent in Puntland, and 92 percent in South/Central). Diaspora representation on the Boards is high (31 percent, 60 percent, and 86 percent respectively).

Most LNGOs are involved in a small number of projects – the majority of organisations in Somaliland (55.6 percent) and Puntland (71.4 percent) undertake 1-3 projects, while the majority (54.4 percent) of organisations in South Central are engaged in 4-6 projects.

Virtually all who gave information about how they receive funds from the diaspora said that they did so through the *hawala* companies; those most frequently cited were Dahabshiil, followed by Zaran and Amal. In Puntland Mustaqbal was cited by three respondents, and in South Central Amana was cited by three respondents. This variance reflects the fact that most remittance companies attract clientele from particular clan and geographical areas.

Most LNGOs refused to provide information to the survey about the amount of regular assistance they receive from the diaspora. In focus group discussions held in Puntland and Galmudug, LNGO representatives said that they received on average less than US\$5000 a year from diaspora contributions, the rest of their budgets being procured locally.

6.2.1 Somaliland⁴¹

Overall engagement of the Somaliland diaspora in local NGOs comes in two forms: 1) the sending of goods and money to local NGOs; 2) the return of diaspora members to Somaliland where they start up or work for local NGOs.

Sending goods and money from the diaspora to local NGOs

Cash donations sent by individuals or diaspora associations is either collected within the Somaliland diaspora or received from western governments and development institutions. As such, members of the diaspora both contribute directly to local NGOs, and indirectly by brokering contacts to international NGOs and western donor governments, i.e. working as ‘ambassadors’ of local NGOs in Somaliland. However, it has to be stressed that local NGOs are typically funded by traditional donors such as western governments and international development institutions (e.g. the UNDP, DFID, DANIDA, etc.), or by local businesspeople (e.g. Dahab Shiil) and local political institutions (e.g. municipalities providing plots for the construction of schools, orphanages, facilities, etc.), and less frequently by the diaspora.

the US, Canada, Switzerland, Saudi Arabia, Australia, the Netherlands, with less from Malaysia, Finland, Uganda, Sweden, and the UK. South Central recorded significantly more input from diasporic countries, with the majority coming from the UK, US, Sweden, Kenya, Canada, Norway, Egypt, Finland, Italy, Saudi Arabia, Australia, South Africa, Denmark, France, and other Middle Eastern and European countries. The main countries that continue to provide diasporic support to all three regions were identified as the US, Sweden, United Kingdom, and Canada.

⁴¹ In addition to the quantitative survey administered to 72 LGNOs in Somaliland, focus group discussions and key informant interviews were also held. Key informant interviews were conducted with managers of two relatively large and successful Somaliland NGOs, one manager of an umbrella organization of Somaliland NGOs, and one diaspora volunteer working for a local NGO in Hargeysa. All of these informants were women and all had returned from the western diaspora (Canada, Sweden and the UK). The volunteer is relatively young and came to Somaliland a short time prior to being interviewed and only for a limited period, whereas the three other women returned to Somaliland in the 1990s and early 2000s.

When the diaspora does support local NGOs, this support tends to be informal and on an ad hoc basis. Support may be provided when a member of the diaspora is visiting Somaliland during his or her holidays, or when a member of the diaspora collects funds in the diaspora following a visit to Somaliland. Typically, support from the diaspora is not given to the NGO for general operating expenses, but rather to support a particular project that has clear goals and a limited time frame (e.g. the construction of a school or an orphanage). Local NGOs also try to fundraise among the diaspora, calling people and representatives of diaspora organizations, travelling to present their ideas and projects to try to convince people to support their work in Somaliland. Informants stressed that a lot of time and energy is invested in telling members of the diaspora of their goals, their intentions, their beneficiaries, etc. and that they constantly need to travel to tell their funders how they have spent their money.

A new trend among local NGOs in Hargeysa is to organize fundraising events for members of the diaspora who visit Somaliland during their holidays. During such fundraising events, members of the diaspora are presented with local food, traditional singing and dancing and then presented with various projects undertaken by the local NGO giving them a choice as what to support. However, informants stressed that most members of the diaspora are busy with their own lives, that they already do a lot to support their own families and therefore are reluctant to also provide funding for local NGOs. Diaspora reluctance to support local NGOs is also related to them being seen as tied to particular clans/regions, and as such not to the overall development of Somaliland. In this sense, only diaspora members from a particular clan/region are interested in supporting particular NGOs from that clan/region.

Returnees starting up or working for local NGOs

The diaspora seems to make the most significant contribution to NGOs when they return to Somaliland and invest their human skills at a local level. Today, many local NGOs including the biggest and most successful have been started or managed by those returning from North America and Europe. Typically, returnees receive some form of financial support from relatives and friends living abroad when they set up the NGO, which is then in the long run supported by traditional donors. People have for many years returned to Somaliland and engaged with local NGOs that are involved in development of Somaliland (e.g. Somaliland Relief and Rehabilitation Association [SORRA] or Candlelight⁴²). Previously, returnees tended to stay in Somaliland for a couple of years, whereas now people are reportedly settling more permanently, also bringing their spouses and children with them to Somaliland. Most keep their passports or residence visas for other countries, and some spend at least part of the year abroad. They constitute what might be termed a 'part-time diaspora' (Hammond, 2011).

Returnees engaged in local NGOs typically have educational, language, IT and management skills from the West that are important when applying for funds, communicating with donors and setting up and running a development or relief organization. Moreover, besides having formal skills, they often have an inside understanding of how the development field works and what kinds of projects are likely to get funding, as many of them also have work experience with international development organizations. In this sense, diaspora returnees have an advantage vis-à-vis the local population that typically lacks these kinds of skills. Besides being able to work within their field of expertise, bring back skills to Somaliland and participate in the development

⁴² <http://www.rmsn.net/candlelight/15-candlelight-profile.html>

of their homeland, many also engage with local NGOs in order to earn a relatively comfortable salary and return to Somaliland.

The many diaspora volunteers also bring important human skills to local NGOs. These include communication skills, language teaching, workshop and conference organizing with non-Somalis, reporting to donors, etc. They typically have updated IT-competencies that are used to set up homepages targeting the diaspora. Many have studied development or social science at a western university and use a visit to Somaliland as a means of gaining some practical research or development experience. Moreover, diaspora volunteers reportedly help create a bridge between local NGOs and potential supporters living abroad by advocating for the work of the NGO in terms that funders value.

Diaspora returnees engaged in local NGOs believe that they have contributed to the development of Somaliland. Besides bringing services and 'development' to the Somaliland population, they also believe that by engaging with and strengthening civil society, they play an important role in challenging and keeping an eye on the political establishment – i.e. always critiquing and challenging politicians, thereby making sure that the government stays on the path of democratization and human rights. The women heads of organisation also stressed that they are able to challenge traditional gender roles in Somaliland by being leaders within civil society and by lobbying the political establishment and international development community in relation to the rights and opportunities of women in Somaliland society. Despite women's involvement in civil society, they have not yet been a significant presence in formal politics. Only a few women have served as cabinet ministers and very few have served in Parliament or on local councils.

Policy opportunities in relation to the diaspora's contribution to NGOs

- The Somaliland diaspora's contributions to development could be enhanced through better information flow between local NGOs and their would-be supporters. The government of Somaliland is in the process of establishing a Diaspora Liaison Office to facilitate this process, which should be supported. Efforts of local NGOs and umbrella organisations to inform people living abroad about their activities and priorities would also help to strengthen the support given.
- The UN and the international community could provide essential support to encourage returnee investment and skills transfer. One possibility could be to expand the QUESTS-MIDA program to specifically target the transfer of human capital to local NGOs. Besides the QUESTS-MIDA program, some international NGOs have similar programs. For example, CARE International had a program that sponsored the return of qualified persons to work on their projects in Somaliland. The possibility of working with and learning from organizations like CARE could be explored.

6.2.2 Puntland

The engagement of the diaspora in local NGOs is similar to Somaliland in terms of the volume and form of assistance provided. Based on interviews with approximately 180 local NGOs, it is estimated that between 5-10 percent have at some time received some form of support from the diaspora. Support is usually ad hoc, and takes the form of cash donations, technical support, materials (e.g. sewing machines, cars and minibuses, books, etc.).

As is also the case for NGOs in Somaliland that receive support from the diaspora, accountability is secured by frequent visits made by the diaspora to Puntland where contributors see how their resources have been put to use. Also similar to Somaliland, local NGOs are often started by resourceful diaspora entrepreneurs who are skillful in brokering between international development institutions typically based in Europe, North America and Nairobi and local political, developmental and socio-cultural realities in Puntland.

There are reportedly more than 400 LGNOs operating in Puntland, but only about 165 are registered with the Puntland government. The mushrooming of NGOs in Puntland that has taken place in the past decade is generally not related to the support provided by the diaspora, but rather to the expansion of the development field more broadly that typically funds or uses local NGOs as implementing partners. The relatively limited engagement of the diaspora in local NGOs may be related to the political establishment, which reportedly is concerned that a strong civil society supported and funded by the diaspora may in fact challenge the government in Puntland. As such the government is said to have actively worked against the strong participation of the diaspora in local NGOs, despite the fact that it has drawn heavily on the diaspora in forming its own political administration. The government in the country of origin is also important; where the host country is able to facilitate diaspora engagement, there is a clear positive impact on local NGOs who have ties to community associations in diaspora countries (see Horst and Gaas 2009).

Several local NGOs maintain direct contact with specific diaspora groups from their home-town or clan to support education and health activities. Funders in the diaspora monitor their investments through contacting a trusted community elder or local professional, or by visiting the project(s) themselves when they come to see their family. The visitor then reports back to other contributors in the diaspora when he or she returns.

6.2.3 South/Central

As mentioned earlier, a significant number of LNGOs in South/Central zone reported receiving support from private investors and individuals living in the diaspora. This finding is consistent with reports coming out of many parts of South/Central Somalia where international humanitarian organisations have suspended their operations due to insecurity: private businesspeople have been heavily involved in providing humanitarian support to displaced populations and others in need, and their contributions have been encouraged in both TFG and al-Shabaab controlled areas (Shabelle Media Network Jan 10, 2011 and IRIN 9 February 2010).

Focus group discussions with LNGOs/CBOs in South/Central confirmed the high level of diaspora involvement in Boards of Trustees.⁴³ Diaspora members often provide new ideas to LNGOs, and may help with management (even if remotely) as well as providing advocacy and fundraising support. The diaspora is valued for the experience, knowledge and skills that they make available to local organisations. However in some cases local members said that they had conflicts with members of the diaspora over the setting of agendas and priorities, the use of money, and accountability. There was a feeling that some in the diaspora lack trust in their local counterparts, and may feel themselves to be superior to those working inside the country even if they lack information about, is a feeling for, conditions on the ground. Identified obstacles to stronger

⁴³ While 29 percent of Somaliland NGOs and 60 percent of those in Puntland reported having Boards of Trustees with diaspora members, in South/Central the figure was 84 percent.

involvement of the diaspora with local NGOs include lack of information sharing platforms, poor coordination among stakeholders, insecurity and volatility, and the difficulties associated with some organisations having had to relocate due to insecurity and population displacement.

Box 5. Somali Women and Children Rescue Organisation (SWACRO)

The experience of the Somali Women and Children Rescue Organisation (SWACRO) provides an illustration of how diaspora activism can lead to the formation of local NGOs. It also shows some of the difficulties that NGOs face. In 2005, three Somali women, two in the US and one in Somalia, were moved by the suffering of women and children in the country. Tirik Ahmed and Asha Haji in the USA and Yasmin Mayow in Mogadishu, started the first Somali website owned and operated by Somali women (www.4somalawomen.com).

The website's popularity grew and help poured in from different parts of Somalia, with many people volunteering to send stories of women and children who needed immediate help. Somali people in the diaspora started offering their help to the women and children as they read about their stories. Donations and aid were sent directly to needy people through representatives who took pictures when they delivered aid money to the intended recipients. The pictures and the stories were posted on the website and a movement was born to connect the disadvantaged in Somalia with donors from the diaspora.

Following that success the founders came together again to establish a volunteer organization involved mainly in humanitarian work as part of their website and in 2006 they formed "Somali Women and Children Rescue Organization" (SWACRO).

SWACRO members were motivated to provide humanitarian and emergency assistance to the most vulnerable Somalis affected by the protracted conflict and natural disasters. SWACRO operates in Somalia and initially nearly all of its efforts have been supported by Somalis in the diaspora. SWACRO has mobilized volunteers from the diaspora, running five primary and intermediary schools in Mogadishu, Kismayo, Afgoye, Bulaburde and Hargeysa. Further accomplishments include providing regular salaries for teachers, monthly support to elderly widows, orphans, and those who could not afford medical treatment or medicine. All of these activities contributed to SWACRO's success despite no funding coming from the UN or other major international organizations except a book donation from UNICEF. SWACRO depends solely on the direct donations of the Somalis in the diaspora.

There are many obstacles that SWACRO encounter on a daily basis, including sporadic and unforeseen conflicts spurred between the government and opposing forces. Some of these fights take place near the schools in Mogadishu, thereby putting children in danger and enforcing school closures. Financial obstacles primarily include a lack of grant money causing donations to fall short and limiting available resources. Founders often invest personal resources into the organization in order to continue to fulfill its mandate. SWACRO's plans for the future include expanding to other parts of Somalia and partnering with UN and other international organizations to help fund its projects.

Many LNGOs voiced an interest in better communication and coordination between themselves and diaspora supporters, more effective information sharing, and clearer accountability, monitoring and evaluation procedures for diaspora-funded projects. Interest was also expressed in the facilitation and financing of longer-term employment of diaspora expertise in local NGO schemes. In particular, greater information sharing between local NGOs and international organisations would, it was suggested, lead to better targeting of international organisations' funds and projects. The newsletter proposed in this report's recommendations would help in this regard.

6.3 Social Service Providers⁴⁴

In large parts of Somalia, most services that usually are provided by government institutions are provided through private initiative and/or contributions by the international community and local NGOs. This is an issue that a number of international organizations, including UNDP, wish to address by focusing on rebuilding public institutions. In the meantime, however, the importance of private initiatives in the void that has existed since 1991 cannot be underestimated.

Most of the engagements of diaspora individuals and organizations focus on education and healthcare. In particular education is supported in many different ways, from the extremely common contributions to the school fees of relatives to supporting teachers and schools. The Somali diaspora contribute to basic education by paying for the salaries of teachers and building schools in their region of origin, as such providing both an economic boost and educational opportunities. Not only is financial support provided, but material contributions are sent as well. As one informant in Norway indicated:

I have been most involved in supporting schools and hospitals. For instance, I have managed to convince schools here in Oslo to donate old equipment, like typewriters, hand operated copy machines, chairs, books. And some hospitals have also been very helpful and donated crutches, wheelchairs, beds and such.

The health care sector also receives significant technical and professional support. Material goods are often sent, as in the example above. In addition, professionals such as physicians and nurses travel to parts of Somalia to offer their expertise. Several Somali health professionals reported that they were very interested in participating in the QUESTS/MIDA programme if it could be expanded to include health care workers. At present, however, the numbers of those temporarily returning remains low due to lack of support and shortage of work opportunities for temporary or permanent returnees.

Another major area of support is water management: the Somali diaspora in Norway and elsewhere commonly collect money to dig wells providing clean water for human and animal consumption. While these projects are highly laudable, they sometimes lack structure and coordination and thus do not achieve the most effects results. Often, initiatives are one-off collective contributions rather than longer-term engagements, a function in part of the fact that community associations are not very strong. In Norway, one informant noted that the term 'diaspora organisation' is so widely used that it does not mean very much – many so-called organisations are in fact not active.

6.3.1 Main Findings

The institutions that participated in the survey represented a fairly even mix of older, more established entities and younger or more recently established institutions. Those in Somaliland

⁴⁴ The survey was administered to 93 different Social Service Providers in the three areas (Somaliland=47, Puntland=24, South/Central=22) In addition to the survey information, key informant interviews were conducted in Somaliland, Puntland and South/Central zone with a wide range of actors, including school and university officials, health care staff, diaspora returnee entrepreneurs, and local entrepreneurs (See Appendix 3 for full list of key informant and focus group interviews). The analysis in Somaliland also draws on material gathered in Somaliland since 1999 (Hansen, 2004) with some of the same diaspora entrepreneurs active within the field of social service provision in Somaliland.

tended to be a bit larger (17 percent of the sample having more than 100 staff, whereas none in Puntland and only one organisation in South/Central was that large). Most of those working in South/Central (41 percent of the sample) had between 11-20 staff.

One of the most striking findings of the survey was the high number of staff in South/Central who have returned from the diaspora. Our survey found that 68.2 percent of SSP staff were returnees, whereas in Puntland this figure was 37.5 percent and in Somaliland it was 38.3 percent.

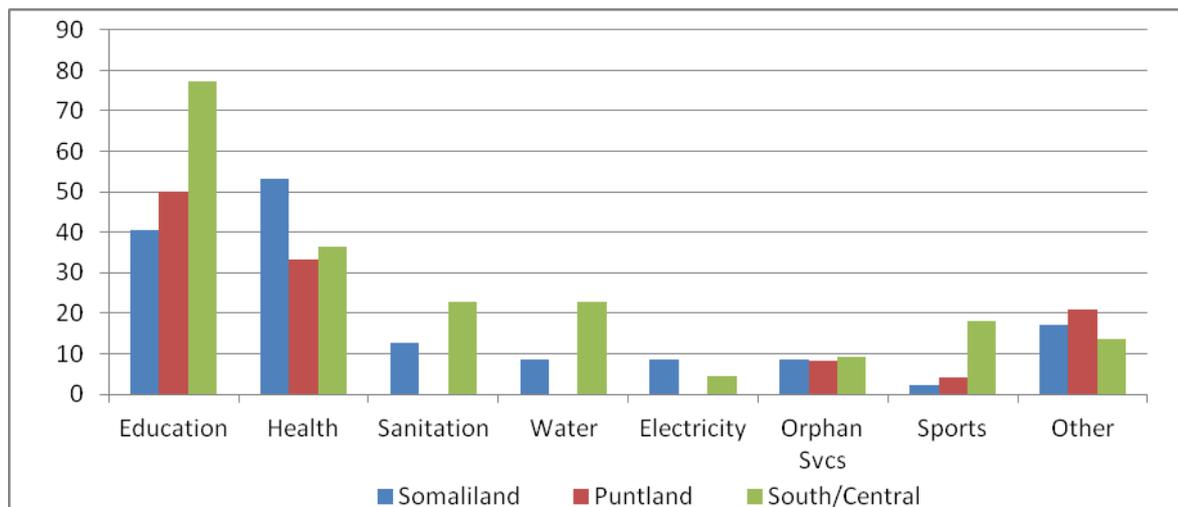
Our survey did not ask individuals when they returned, so it is not possible to speculate about whether recent shifts in security have influenced people's thinking about return; however our sense from the qualitative interviews conducted is that most people who were involved in social service provision, NGOs and private businesses had returned within the past few years and were not newly returned. Moreover, their decisions to return are made with the insurance that comes from having a passport from another country and the ability to leave the country quickly if the security situation should deteriorate.

The high proportion of 'returnees' involved in these sectors is likely to be indicative of the fact that those who do return choose to work in the NGO sector – whereas in Somaliland and Puntland there may be more private sector opportunities – than that more people are returning to South/Central Somalia. Whatever the reason, it is clear that returnees are playing a major role in providing humanitarian and development assistance to communities in need.⁴⁵

Figure 6 shows the sectors that respondent organisations are working in. The largest proportion of work is centred around the health and education sectors. Specific activities in these areas include, in the education sector, primary and secondary education provision as well as university support and vocational training; in the health sector support includes construction of health care facilities, child health, provision of drugs and water, MCH services, training, and vaccination. In this figure, 'Other' includes assistance to internally displaced persons, peace building activities, small road construction, and assistance to street children.

⁴⁵ The most frequently cited countries from which people had returned were Sudan (16 total), Yemen (11 total), Kenya (10 total), Saudi Arabia (7 total), Sweden (6 total), USA (5 total), Canada (3 total), Ethiopia (3 total), South Africa (3 total), UAE (3 total), Finland (2 total), Italy (2 total), Norway (2 total), Pakistan (2 total), Qatar (2 total), Uganda (2 total), Djibouti (1), Egypt (1), India (1), Malaysia (1), Philippines (1), and Switzerland (1).

Figure 6. Percentage of Social Service Provider Involvement in Sectoral Support



An important source of revenue for the education sector that is not included in this picture comes from the tuition fees that students pay – much of which is financed by the diaspora. In this sense, private remittances can be seen as having an important developmental impact, both in terms of the benefit gained by the individuals students, but also the income derived by the educational institution.

Money sent by diaspora associations is typically used for the construction of schools, to purchase chairs, books, blackboards as well as other educational equipment. The diaspora also sometimes pays the salary of teachers, especially in rural areas where it is difficult to attract qualified teachers (e.g. the diaspora pays a teacher living in an urban area to go and teach in a school in a rural area). Compared to the sending of remittances, and the flow of development and emergency aid to Somaliland through the UN, EU and international NGOs, the volume of charity may not be as substantial, but nevertheless provides a cost effective and direct form of support to the local population.

6.3.2 Somaliland

In Somaliland, the social service sector has more interaction with government than in Puntland or South/Central Somalia. While Somaliland has yet to develop comprehensive sectoral strategies and regulations, it is trying to establish a national curriculum for primary and secondary education, and to establish standards in the health care sector. Social service providers are thus at the cusp of needing to move beyond a project or organisational approach to one that is more institutional – contributing to and responding to the system of rules, regulations, and priorities set by the government.

The most significant form of diaspora support for social services is by directly investing in and setting up private education and health facilities, such as primary or secondary schools, colleges or universities and medical clinics. In the education sector it is generally believed that schools started by people from the diaspora are of a higher quality than private schools started by local Somalilanders and public schools. The relatively high quality rests on the ability of the private schools to bring in well qualified and experienced teachers from other countries (e.g. Sudan, Kenya and Ethiopia). Similarly, diaspora-initiated and supported private colleges and institutes of higher learning are also often able to bring in non-Somali teachers and academics, who typically teach voluntarily for a limited period. It is estimated that around 20 percent of all private primary

schools in Somaliland have been started by people from the diaspora. On top of this are the numerous Arabic and Quranic schools that have been started by returnees from and links to the Arab world.

Schools and health facilities started by members of the diaspora are often linked to the process of return migration as setting up a school or clinic will provide the individual returnee and his or her family with an income in Somaliland. As such investments made within the field of social service delivery are not radically different from investments in the private sector, as they may be simply a livelihood strategy for many families. Setting up a medical or educational facility is also a way in which professionals from the diaspora are able to work within their fields of expertise – i.e. working as doctors, dentists, etc. – something that is often difficult in diaspora. Most of the diaspora investors in social service delivery do not return to Somaliland permanently, as they continue to move back and forth between Somaliland and the diaspora (e.g. they typically leave Somaliland when children need to start university). Moreover, they use whatever links they may have to their diaspora host country, e.g. using networks to procure second hand hospital equipment, books, volunteers or other forms of charity, and applying for support and funding from western governments, foundations and NGOs.

Box 6. Blooming School, Somaliland

One example of a private school that has been started by a member of the diaspora in Somaliland is Blooming School, opened in 1999 by a returnee family from Canada.⁴⁶ The husband was working for the UN in Somaliland and the wife and the two children were living in Canada. They were all Canadian citizens, but simply wanted to live together as a family. The husband was already providing financially for the family, but establishing the school was a way of making sure that the children would be able to get a proper primary education. His wife had been a schoolteacher in Canada and was keen to work in her field of specialisation. At the time of opening in 1999, the school had 100 students, employed seven teachers and adopted a curriculum based on the Canadian educational system. Books were brought from Canada, furniture was bought in Dubai and teachers were recruited in Kenya. In 1999 it was the only primary school with an explicit international profile with the language of instruction being English targeting children of families that had returned from western countries.

Blooming School now provides education for children between the ages of 4 to 18 (i.e. day care, primary and secondary school, as well as college). The school has 22 classes, 35 teachers, primarily from Ethiopia and Kenya, as local teachers reportedly tend not to be sufficiently qualified in English, and 10 assistant teachers who are paid between US\$150 and US\$500 per month. The school fee, including lunch but excluding all materials such as books, pens and paper, has not increased since 1999 and is still at US\$25 excluding transport to and from school, which is provided by a private transport company that charges an additional US\$410 per month.

The curriculum has changed from being based primarily on the Canadian model to combine the local Somaliland curriculum, an Islamic curriculum, as well as a curriculum adopted by other international schools around the world. From Grade 1 the school mixes the Islamic curriculum teaching Somali, Arabic and the Quran with the international curriculum focusing on English, math, physics, history, geography, etc. From Grade 7 they adopt the Somaliland curriculum prepared by the Somaliland Ministry of Education and UNICEF in 2002 which prepares their students for the national Somaliland exam which they will need to begin at a university in Somaliland. The combination of these curricula makes it easier to acquire school books, either locally or via the African Educational Trust that receives second hand books from the UK and passes them on to schools in Somaliland.

⁴⁶ www.bloomingschool.com

Since 1999, Blooming School has grown substantially, now having 800 students representing a mix of children from the diaspora having returned with their families and local children. Today, there are four other private schools where the language of instruction is English, and there are around ten other private primary and secondary schools that have been started by local Somalilanders.

Like the University of Hargeysa (see next **Box**), Blooming School staff says it has little knowledge of and links to diaspora benefactors or diaspora associations and therefore receives very little charity or structured financial support. The only time the school received anything from the diaspora was when the University of Hargeysa received 3500 second-hand books, which it then passed on to Blooming. The school's founder is interested in receiving support from the diaspora, but a relationship to organizations in the diaspora has simply not been established. The school director would particularly like to receive second-hand computers, which would help Blooming to teach their students basic computer skills. The reason that Blooming does not receive support from the diaspora is also related to it being a private school that generates its own funds, and as such is not considered to be among the most in need schools in Somaliland. Rather than receiving charity, Blooming offers free education for 100 students who are either orphans or from poor and unfortunate families (e.g. in the case that a parent dies or loses his or her job, etc.) and as such has become a provider of charity.

There are various positive aspects of the investment of the diaspora in social service provision. First, these investments enable the local population to access a relatively high level of education and health services. Secondly, the provision of such services enables longer-term engagement of the diaspora in Somaliland. However, when children of diaspora families reach university level, they typically return to the diaspora, as the quality of the universities in Somaliland is still considered relatively low and a degree from them is not useful outside Somaliland. Thirdly, the provision of high quality social services provides hope, not only to members of the diaspora, but also to the local population, and thereby potentially counters the trend for the youth to leave Somaliland looking for greener pastures (e.g. basic education and work opportunities). Finally, people who engage in the provision of social services also engage in other fields in Somaliland, e.g. simultaneously investing in the private sector or trying to secure a political career, and as such also contributing to other aspects of the development of Somaliland.

On a negative note it has to be stressed that there is little quality control of diaspora investors active within the field of social service provision, which means that untrained and unqualified individuals are free to establish themselves as 'professionals' in Somaliland (e.g. as doctors, dentists, etc.).

Box 7. University of Hargeysa⁴⁷

The University of Hargeysa is another good example of a local education institution that has received support from the diaspora, but also of some of the limitations of diaspora support. The university was initially started by members of the diaspora, and has over the years received donations, equipment, books and volunteers who typically come to Hargeysa to teach for a semester. Currently, the university has approximately 2700 students, out of which 300-350 come from the diaspora. Each student pays US\$160 per semester. The university has 9 faculties, 18 professors, out of which 8 are local Somalilanders, and 9 are non-Somali academics from Europe and North America.

In 2010, one professor was a Somalilander from the UK who was teaching math and statistics for one semester. The return of this professor illustrates how members of the diaspora, even on a small scale, bring human resources to Somaliland and thereby counter the brain drain that has negatively affected

⁴⁷ www.Hargeysauniversity.net

the development of Somaliland for decades. Still, because the quality of university education in Somaliland is seen as relatively low, many young people leave Somaliland and go abroad, particularly to Malaysia, Sudan, Pakistan and India to continue their educations.

The university library has been established with books sent by members of the diaspora, and is now quite extensive, covering most academic fields. The university library also has a reading room used by students preparing for their exams. In the past years, the university has received many second-hand computers. There are no official statistics on how much money the university has received from the diaspora; currently the university generates its funds from tuition fees, local benefactors and businesspeople and the government of Somaliland. The university currently receives little financial support from the diaspora. University officials attribute this to a lack of knowledge of and networks with diaspora associations and individuals.

One problem faced by private social service providers in Somaliland is that they are seen by international donors as 'for profit institutions' by the UN, international NGOs and the government of Somaliland which means that that they are considered ineligible for support. Private schools are often seen as challenging public schools by offering better salaries to teachers and thereby draining public schools of their best teachers. However, diaspora returnees engaged in bringing education and health facilities to Somaliland believe that they perform an important task that should be eligible for support. Rather than seeing private schools and clinics as competitors to the public schools and hospitals, the UN, the international community and the government of Somaliland could provide matching grants or assistance to complement the work of the private service providers (see Recommendations below).

Most often contributions are collected and sent when a particular appeal is made to individuals and associations in the diaspora. During the assessment only a few cases of continuing forms of diaspora support were encountered, which were all cases where diaspora associations paid the salaries of teachers and staff at universities, schools and hospitals (i.e. Hargeysa Group Hospital, Hargeysa Mental Hospital and Hargeysa University). However, the fact that most charity is ad hoc does not mean that the diaspora does not play an important role in setting up and supporting social service providers, only that a lot of time and energy is spent on mobilizing and organizing support. Most often, fundraising for charity is initiated and builds on a particular diaspora individual who uses his or her networks in both Somaliland and the diaspora to collect money or mobilize support. Besides being able to raise funds within the diaspora, these individuals are also able to use their networks with non-Somalis when mobilizing support for social service provision – e.g. by bringing former non-Somali colleagues to work at universities and schools, or by securing financial support from individual non-Somali benefactors.

When the diaspora engages in supporting social services, it is typically based on region and clan affiliation, reflecting the social dynamic and fabric of most diaspora associations and wider Somali society (see **Section 4.3** on Clan and Home Town Associations). In this sense charity is not based on national identity or membership, but on the principle of mutual support existing between members of the same clan. This also means that clans with a high proportion of diasporic clan members are in a better position to support social service provision in their region, than other clans with fewer clan members in diaspora. For example, residents of Alaybaday district in Somaliland apparently have a high number of relatives living in Norway who have supported the construction of 14 primary schools in Alaybaday district that now provide primary education for 2000 children.

In response to the question of how the government of Somaliland can better support the diaspora in their efforts to engage in humanitarian and development efforts in Somaliland, the former cabinet minister interviewed in Norway answered:

The Somaliland government can contribute by creating an atmosphere which will make it easier to invest in the country. The government has implemented a law that separates the public and private sector, which is a big step in the right direction. We can also support the people who are involved in the humanitarian sector by providing them with offices, giving them tax exemptions, and by providing a secure environment. Such measures would make it easier to support humanitarian and development activities, and make it more appealing to invest in business.

Distribution of services

In Somaliland, the bulk of social service provision from the government and from international agencies has tended to focus on the western areas more than the east. The same is true of diaspora involvement. As one community activist in Erigavo observed:

I don't think Sanaag has a diaspora at all. I mean, it does and there are many people from this region who have migrated to all corners of this globe...but where are its diaspora? You look at the diaspora of Hargeysa and Awdal and you wonder has no one left this place (Sanaag) to return, to help, to even look back? Many of the region's returning diaspora are based in Hargeysa and other regions. Many of the diaspora who are active in the development and reconstruction of this country as a whole are actually originally from this region. Government officials, prominent development workers, and private investors are all from this region originally. But what have they done for this region specifically? You look at many of the institutions, civil society and private and public clinics and you are bound to find individuals from this region who are either leading these initiatives or making significant contributions. It is very sad, however, that their home region continues to fall further behind as a result of their efforts. All in all, the diaspora of this region are not involved...Don't get me wrong, though, they do help out. Many families live on the remittances sent by their sons, daughters, brothers, sisters and relatives. It's somewhat ironic that while at the family level remittances were sustaining the lives of many households, remittances encourage recipients to move to other regions looking for better education and health services. That's the difference they are making, inadvertently further depopulating this region.'

Extending services to the eastern parts of Somaliland is a priority for the new Administration. Where security conditions permit and in non-contested areas, supporting these efforts could be a valuable contribution from the international community that could encourage diaspora investment in eastern Somaliland.

6.3.3 Puntland

In Puntland, most diasporic support in the field of social service provision seems to be in the area of providing primary, secondary and tertiary education facilities – usually in the areas where members of the diaspora feel most strongly connected to, that is where they were born and/or where their clan originates. Few health facilities were reported to have been started by the diaspora – only one health clinic, known as the 'Somali Hospital,' reportedly has been started with capital and personnel from the diaspora. The phenomenon observed in Somaliland, where

diaspora entrepreneurs to establish local educational and health care services to facilitate their own return, does not seem to be a trend in Puntland. Rather, it seems that most members of the diaspora support the provision of basic social services without returning to stay in Puntland.

At the level of primary education, members of the diaspora typically collect and send back funds to build schools and to pay the salaries of teachers and other staff. They also send back second hand goods, computers and other kinds of equipment. Besides funding new construction and paying for the running of the schools themselves, members of the diaspora also often develop proposals for schools that are then submitted for funding from other more traditional development donors (e.g. international NGOs, the UN, EU, national governments, etc.).

One example of how diaspora members from a particular area, belonging to a particular clan, has supported the construction of primary schools in their area, is found in North Galkayo, where three schools have been built through the initiative of the diaspora in the US, UK and Nordic countries. In 2000, members of the diaspora from this area decided to stop sending back money to local militias that were prolonging the conflict. Instead, they chose to collect money for the construction of a primary school, which they thought would be a more positive contribution to Puntland. In order to manage the funds and to oversee the construction of the school and to manage communication with the diaspora, a local organisation was established and located in North Galkayo. This local organization also entered into partnerships with other donors, including international NGOs and the UK, which increased the sustainability of the school and enabled the construction of two additional schools in the same area. Today, the diaspora continues to support the running of the three primary schools, but they are also supported by the other donors. Diaspora members often come to visit these schools, and are provided with free travel to and from the schools by the organisation (excluding international air travel).

It was reported that about half of the primary schools in Puntland have been started by the diaspora. This is not to say that half of all schools are constructed and run by diaspora funding. What also often happens is that an idea for a school comes from the diaspora, and this idea then develops into a concrete project proposal, which then eventually is funded by the UN or other members of the international development community.

At the level of tertiary education, the diaspora also plays an important role. For example, Puntland State University (PSU) has representatives in the diaspora (e.g. in Denmark and Holland) that raise funds within the diaspora and apply for funding from traditional development donors such as international NGOs, national government and the EU. In the past PSU has received second-hand computers and books from the Somali diaspora (Book Aid International was mentioned as an important provider of books to local schools and education facilities in Puntland).⁴⁸ Moreover, the diaspora assisted PSU and KAALO (which is part of PSU) in writing an application for a HIV/AIDS project that was submitted for funding to the Danish Embassy in Nairobi. But the project was never funded. PSU is part of a larger network consisting of three universities in Puntland, four in Somaliland and two in South/Central Somalia. The diaspora in western countries is currently trying to establish links between PSU and western universities. PSU management estimates that 60 percent of their income comes from tuition fees (i.e. 400 students paying US\$10 per month), 20 percent from the local private sector (e.g. Dahabshiil and GOLIS Telecom Somalia) and 10 percent from the diaspora. By 2015 the university management hopes

⁴⁸ www.bookaid.org

to be self-financed by tuition fees only, and as such does not consider the diaspora to be a future source of increased funding.

Another example of diaspora support for the education sector in Puntland is Garowe Teacher Training College, where several members of the diaspora have come to teach voluntarily during their summer breaks (typically two to three months).

Besides sending back money and goods to schools and universities, and coming to work voluntarily in the education sector, an important means of diaspora support is found in the links and networks that are established between the local level in Puntland and western donors and educational institutions. When members of the diaspora visit Puntland for private reasons, they often visit schools, colleges and universities with whom they have a personal relationship (e.g. they know or are related to one of the staff, or they may simply wish to see how they can help). During such meetings linkages between the diaspora and local institutions are made.

Finally, the diaspora's involvement in education has helped to raise awareness about the value of education among locals in Puntland – e.g. by stressing that remittances should be used to send children to school, by talking to relatives about the importance of education, by coming to Puntland and working voluntarily in the education sector, and by diaspora returnees sending their children to school and university. By prioritizing education the diaspora signals to the local population that conflicts can be solved via arguments and debate rather than violence, and that a better future for Puntland lies in the education of children and youth.

Social service providers in North Galkayo reported that problems they encountered included limited or lack of qualified technical and management/administration staff, poor security preventing more diaspora professionals from coming as well as low salary and lack of financial capacity of people or patients/customers to pay fees. They also complained of a lack of support from the Puntland government to enable them to waive fees for education and health services for needy people.

Due to limited access, the team was not able to carry out in-depth qualitative research with social service providers in South/Central, so we are not able to comment further on that zone.

6.3.4 Security

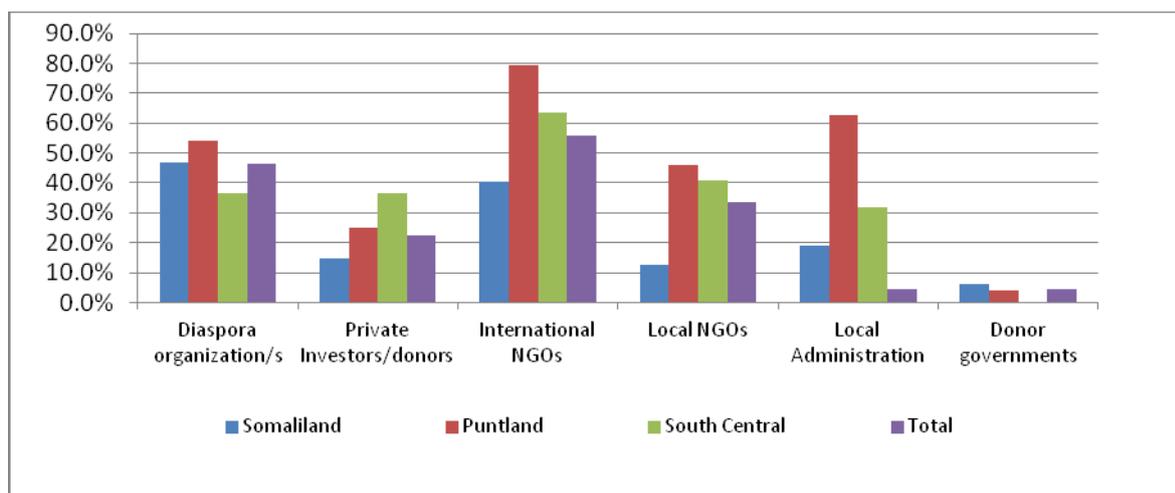
In South/Central zone and Puntland, coverage of social services is highly influenced by the level of security in a particular locality. In focus group discussions in Galmudug, it was reported that the level of investment in social services in that region is lower than the level found in Puntland due to the weaker local administrative structures and the impact of protracted conflict. Where social services have been set up in Puntland, they have been made available not only to local communities but to others from South/Central Somalia and the Somali Region (Region Five) of Ethiopia. Examples of health facilities that have benefitted people from outside Puntland include Puntland Hospital in Bosasso with five doctors, hired foreign laboratory technicians and nurses, and Galkayo Medical Centre and International Medical Centre in North Galkayo. In Somaliland the Edna Aden Maternity Hospital treats women – and occasionally men – from all over Somalia. Diaspora returnees have also established a library and resource centre in Garowe and North Galkayo for the public as well as other education centres for girls and women that provide vocational and livelihoods skills training. Many also have partnerships with women's organisations in South Galkayo such as members of the We Are Women Activists (WAWA)

Network⁴⁹, Horn Relief, Somali Women Concern and Women and Child Care. One of the most significant education centres in Puntland is the Galkayo Education Centre for Peace and Development (GECPD)⁵⁰ which provides various educational services to 1,360 girls throughout Galkayo and its surrounding towns.

6.3.5 Return visits

Return visits are important catalysts for diaspora support. One such example is an orphanage in Hargeysa that has received support from diaspora returnees who came to Somaliland to visit. Having seen the needs of the orphanage, these visitors felt they should do something to support it. Previously, the diaspora had supported the orphanage by sending funds to buy food and equipment, but once in Somaliland they realized that there was so more they could do by working with the local community to also provide support. They started to inform the local population about the needs of the orphanage and initiated a discussion about how local people could help rather than waiting for assistance from abroad. They collected funds from local business people and secured support from the local government in Hargeysa to engage professionals (e.g. doctors and accountants) to bring their expertise to the orphanage. They also set up a local ‘sponsor a child’ scheme for local benefactors, and got local women to wash clothes and clean the orphanage for free. More than simply bringing funds, goods and services to the orphanage, the diaspora returnees feel that they have helped bring a new mentality to the local population of Somaliland – that they can do something themselves, that they should not sit back simply waiting for remittances or support from the international community, but that they should take responsibility themselves. In the opinion of one supporter, the transfer of values and practices from the diaspora to Somaliland (i.e. the transfer of social remittances) is even more important than the transfer of financial remittances or the sending of charity, as it directly affects local cultural values such as gender roles, ownership over development, patriotism, and entrepreneurship.

Figure 7. Contacts reported by Social Service Providers



⁴⁹ <http://www.tucacas.info/somalia/wawa/wawa.htm>

⁵⁰ <http://www.tucacas.info/somalia/gecpd/gecpd.htm>

As shown in **Figure 7** above, diaspora involvement (from individuals as well as membership associations) is very high.⁵¹ Support from international NGOs and local NGOs is also high, and in Puntland support from local administration is reportedly high (though it may be measured in terms of in-kind support). Direct funding from donor governments is reportedly very low in comparison. In this chart, support includes funding, technical support, staffing, contacts with the diaspora community, and contacts in the local community.

Continuing support from the diaspora appears to be high, at 75 percent. In virtually every positive response, organisations reported that the main support they received from the diaspora was financial.

In each of the three areas, roughly half of those who reported receiving financial support from the diaspora in 2009 indicated that they had received less than US\$5000. In Somaliland 46 percent reported receiving between US\$5000 and US\$25,000, while in Puntland the percentage was 37.5 percent. No larger donations were reported in Somaliland, but in Puntland two organisations and South/Central one organisation reported receiving between US\$25,000 and US\$50,000 in the year. Generally it was felt that support in 2009 was lower than it had been in previous years. Funds are usually received monthly or quarterly (a few receive funds annually), and generally without delay. Some reasons given for delays or obstacles to receiving funds from abroad included the impact of the global economic crisis (two organisations in Somaliland), host government scrutiny of the diaspora (one in Somaliland), and more generally the global war on terror (one also in Somaliland).

Communication with the diaspora is maintained through a mix of strategies, including word of mouth, fundraising events, and internet requests. Information about activities and progress is passed to the diaspora through internet sites, newsletters, email, personal correspondence or phone calls, personal visits.

6.3.6 Accountability

One of the most remarkable aspects of diaspora-funded community development projects is the level of “due diligence” exercised by the diaspora contributors. Project initiators in the diaspora take great care to identify and vet trustworthy partners to manage the project locally. In some cases they hire local consultants to develop the project or business enterprise; in other cases they rely on the voluntary services of a well-established businessperson or NGO manager in Somalia or Somaliland to oversee the project. Potential contributors monitor the project with phone calls to trusted friends and relatives in the area. If a project manager has a reputation for being untrustworthy, donation money will not be forthcoming. Once the project is underway, diaspora funders check up on progress regularly; video images are often used to verify progress and functioning of the project. As a result, respondents reported that diaspora funded projects have very low rates of corruption or mismanagement of funds. This stands in stark contrast to accountability and monitoring problems faced by international donors trying to fund projects in Somalia. This supports the long-held observation that communities exercise much greater

⁵¹ The main countries from which support was reported were the United Kingdom (29 total responses), USA (26), Canada (14), Sweden (12), Saudi Arabia (10), United Arab Emirates (10), and Kenya, with a smaller number of responses from Australia, South Africa, Europe, Finland, Kuwait, Norway, China, Egypt, Holland, India, Italy, Pakistan, Spain, Sudan, Switzerland and Uganda.

stewardship over funds they themselves produce via taxes or contributions than is the case when the funds are viewed as “other people’s money.”

A positive aspect to the tendency to support clan and home-town associations and initiatives is that the transnational kinship networks provide a basis for a good degree of accountability. When donating money to someone within the extended family, it may be easier to trace how funds are spent. Moreover, within transnational kinship networks, there is a high degree of information sharing (e.g. via phone calls, emails, etc.) which also increases the probability that funds and support is spent as intended. Finally, accountability is secured by the many visits made by people from the diaspora, who take the opportunity to see how contributions have been put to use and report back to other contributors.

6.3.7 Sustainability

Despite the advantages of increased accountability, lack of sustainability was reported as the most common source of failure of diaspora community projects. Funds are often successfully raised to establish a project, but the diaspora struggles to generate continued contributions to subsidize projects that cannot sustain themselves. It is, for instance, easier to fund-raise to build and equip a school than it is to pay monthly salaries for teachers. Some local organisations and associations, often with diaspora support, look to international donors to provide recurring support for worthy projects that cannot yet sustain themselves through fees for services (see **Section 6.3** on Social Service Providers). There are exceptions to this: one diaspora group reports that it has been able to raise roughly US\$100,000 annually to keep a hospital operating in Sanaag region.

Another sustainability-related issue relates to the equitable distribution of basic services. Some areas may be underserved by primary education and health care, but be receiving significant support for secondary and tertiary level services. This may distort the rational development of health and education delivery systems.

The lack of legal space for Somali community development profits as “non-profits” in a collapsed state has not yet constituted a major constraint. But the ownership rights of diaspora community projects is a potential problem that merits close attention; in the event a community project closes, who “owns” the vacant property and building, and who is compensated in the event it is sold? As diaspora involvement in establishing community projects grows, these legal issues over ownership of property are likely to increase.

6.3.8 Potential role of the UN and the international community

To help social service providers enhance their links to the diaspora, several steps can be taken:

- Establish offices to broker contacts between the diaspora and local institutions. These offices would inform members of the diaspora about how and where they can contribute, inform local social service providers (and LNGOs) about how to contact diaspora associations, etc. In supporting such offices, it will be important to seek to avoid the potential problem of undermining responsibility for promoting development from already-successful diaspora initiatives. In other words, there is a risk of diverting responsibility and engagements from a resourceful diaspora to a relatively weak government; rather than working themselves to support social service provision, members of the diaspora may simply sit back and wait for the government to take action.

In addition, a government-led diaspora office may run the risk of ‘nationalizing’ diasporic engagements, potentially driving them from their current clan-based foundation into something more abstract and less encouraging and morally binding. On the other hand, this may encourage more contributions to be made to Somaliland in general, thereby helping to move beyond the clan focus.

- Enter into partnerships with private social service institutions, thereby strengthening the delivery of basic services. For example, one private medical clinic in Hargeysa, started by a returnee from Canada, offers free medical consultations every Thursday to around 45 persons. The UN could support this and similar initiatives by making funds available locally to private/public partnerships. In the case of this clinic, funds could be used to provide free medicine to patients who are given free medical consultation by this clinic through a fund set up to facilitate such activities. Such a fund could also be used for an organisation such as Blooming School to improve their facilities – e.g. to build a playground and toilets, and to purchase books and computers for their students. Moreover, the salary of volunteers working at universities could be covered. In this sense, the UN and the international community could expand the QUESTS-MIDA program, only setting such a program up to support people returning to work at universities, schools, clinics, etc. rather than working only for government institutions.

6.4 Private Investors

It is no exaggeration to say that the private sector is the lifeline of Somalis. Somali businesspeople have shown remarkable resilience in adapting to challenges including insecurity, displacement, travel restrictions, lack of a formal banking sector, and absence of a formal investment climate. Somali business people are renowned for having built telecommunications businesses that offer the cheapest telephone calls in East Africa, an efficient and trusted remittance system that charges much lower commission rates than western-organized companies, and import/export businesses that are able to operate under the harshest of conditions, providing an income to producers and traders as well as needed goods to consumers.

Particularly since the intensification of violence in Mogadishu starting at the end of 2006, much business investment has been driven out of the capital. As noted above, many commercial investments have been shifted to Eastleigh (Nairobi) Kenya, as well as Hargeysa and Djibouti as a short-term measure, but businesspeople both in the diaspora and in Somalia continue to view Mogadishu as the most promising market in the long term. Many who continue to do business in Southern Somalia have moved to Afgoye or northwards to South Galkayo.

Chambers of Commerce are active in Somaliland, Puntland and Mogadishu. They register and promote business interests, and link members with other Chambers of Commerce within Somalia as well as in Dubai, Djibouti, Ethiopia, Kenya and other countries. In Somaliland, an Anglo-Somaliland Chamber of Commerce, established specifically to encourage ties between the UK-based diaspora, British investors, and Somaliland, was inaugurated by President Silanyo in London in November 2010.

Prior to the displacement of businesspeople from Mogadishu, it was estimated that 80 percent of business start-up came from diaspora support and remittances (Chalmers and Hassan 2008, 7, citing a Somali Money Transfer Association on ‘The Somali Money Remittance Business’ [no date]).

The survey questioned private investors in Somaliland (40), Puntland (29) and South/Central Somalia (18). One of the most interesting findings from this survey was that 88.9 percent of the respondents in South/Central Somalia⁵² had lived abroad at some time. The main countries that they had lived in were the United Arab Emirates and United Kingdom (each with 4 respondents) as well as Canada (2 respondents). Other countries where people had lived included Kenya, Sweden, Uganda, and Yemen.

Respondents from the private sector included hotel owners, cosmetics importers, sales companies, electricity providers, care organisations, fuel providers, medical and drug vendors, furniture importers, barbers, sweets sellers, transport operators, telecommunications companies, export agents, fishing companies, media representative, a cell phone repairer, a banking company, an electronics importer, a remittance company, agricultural investors, a goldsmith, stationers, importers of construction materials, educational providers, restaurant owners, water providers, and other trades and businesses. Organisations in Somaliland tended to be older (37.5 percent had been operating for at least ten years), whereas in Puntland and South Central they were younger (68.9 percent in Puntland and 70.6 percent in South Central had been operating for less than ten years).

6.4.1 Internal organisation

As with LNGOs, private investors who work using a Board of Directors draw heavily from the diaspora: in Somaliland 13 out of 23 investors have Boards with members who are from the diaspora, while in Puntland the figure is 18 out of 25 and in South Central all nine organisations who said that they had Boards of Directors have members from the diaspora.

Many private investors and commercial companies operate with diaspora members as stakeholders in their companies. Some maintain offices in Dubai or Kenya, while others operate in a single location (such as hotel owners or some construction companies). Most rely on local workforce, though a few – in particular construction companies – recruit from India and Malaysia, particularly when they first establish their companies until they are able to train local staff. The most visible and luxurious large hotels in Somaliland, Puntland and Galmudug are owned by diaspora members from North America, Europe, Gulf States, and East and Southern Africa, but are operated by family members from the area.

6.4.2 Community contributions

Somali businesses are top targets for fund-raising, and many commit to the principle of zakat or tithing. They often allow local managers discretion to contribute to local causes. Businesses have no formal review process of grant requests or personnel dedicated to oversight of their “corporate philanthropy” but instead assess requests on an ad hoc, case by case basis. They acknowledge that it is difficult to say “no” in the Somali social setting, but are unable to meet most of the many requests for money they receive. Businesses are reluctant to advertise this donor role, arguing that “quiet giving” is in keeping with the principle of zakat. Current economic pressures, especially on the remittance companies, have dried up much of their charitable funds.

A large percentage of private investors reported that they provide humanitarian assistance or that their business benefits needy people within the community. In Somaliland this figure was 30 out of 36 organisations. In Puntland the figure was 25 out of 27, and in South Central it was 13

⁵² By contrast, only 52.9 percent in Somaliland and 37.9 percent in Puntland had lived abroad.

out of 16 organisations responding. All of the organisations in Puntland reported that they provide zakat (alms to the poor), while in South Central the figure was 33.3 percent. In Somaliland none of the investors reported providing alms; those who do provide support to vulnerable groups said that they provide assistance during emergency relief periods or in response to natural disasters as needed.

6.4.3 Start-up capital

Asked about the amount of start-up capital needed to start their businesses, most organisations reported using less than US\$100,000 dollars (See **Table 7**).

Table 7. Amount of start-up capital used

Start-up capital for business	Somaliland	Puntland	South Central	Total
<\$5000	6 (16.2%)	1 (4.3%)	0	7 (9.9%)
\$5001-10,000	8 (21.6%)	1 (4.3%)	1 (9.1%)	10 (14.1%)
\$10,001-\$100,000	19 (51.4%)	13 (56.5%)	5 (45.5%)	37 (52.1%)
\$100,001-\$1,000,000	2 (5.4%)	8 (34.8%)	5 (45.5%)	15 (21.1%)
Above \$1 mil.	2 (5.4%)	0	0	2 (2.8%)
Total	37 (100%)	23 (100%)	11 (100%)	71 (100%)

A large proportion of businesses reported receiving start-up support from the diaspora. This included not only financial assistance but also technical support and advice, in-kind assistance, networking, etc. In Puntland the level of start-up support was 89.3 percent and in South Central the support was 86.7 percent; in Somaliland the level reported was much smaller but still significant at 35.1 percent. When the question of support was limited to funding, the contribution of the diaspora was more modest, with 30 percent, 17.2 percent and 50 percent of investors who reported receiving start-up support indicating that they received funds from relatives or friends living abroad. Other funding reportedly came from personal savings, relatives and friends living locally, contributions from local savings associations (*hagbad* and *shalongo*) and from microfinance organisations. **Table 8** shows the sources of start-up funds.

Table 8. Sources of start-up funds for private investment

Source of start-up funds	Zone		
	Somaliland (n=40)	Puntland (n=29)	South Central (n=18)
Contribution from local credit institutions (hagbad, shalongo, etc.)	100.0%	100.0%	100.0%
Contribution from own savings	75.0%	37.9%	55.6%
Contribution from Somalis living abroad	30.0%	17.2%	50.0%
Contribution from Local relatives/friends	7.5%	0	27.8%
Contribution from credit/banks abroad	5.0%	0	0
Contribution from others	22.5%	17.2%	38.9%

Asked whether they now receive any support from members of the diaspora, the level of support was strongest in Puntland, where 65.5 percent of respondents (19 investors) reported continuing to receive support, whereas in South Central 33 percent (6 investors) and in Somaliland 22.5 percent (9 investors) said they receive support. This support includes materials, technical support and information, staffing, and funds.⁵³

Very few organisations were willing to disclose how much money they received from diaspora support in 2009. In Somaliland, three investors reported receiving less than US\$5000, and one reported receiving between US\$50,000-100,000. In Puntland, the response was higher, with three receiving less than US\$5000, four receiving between US\$5000-25,000, five receiving between US\$25,000 and \$50,000 and two receiving between US\$50,000 and \$100,000. In South/Central zone, only two respondents reported receiving funding, with one receiving less than US\$5000, and one receiving between US\$5000 and 25,000. The low rate of response in South/Central in particular is likely related to reported fears that disclosing support from the diaspora could result in being targeted by parties to the conflict. In Somaliland and South/Central, respondents indicated that 2009 was a relatively typical year, whereas in Puntland only seven out of eight respondents thought that in 2009 business was lower than usual.

6.4.4 Somaliland

Due to the climate of peace that prevails in Somaliland, investment is much higher there than in other places. That said, most business is unregulated and largely untaxed, so it is difficult to know what the volume of trade or investment is in Somaliland (or in any of the areas surveyed, for that matter). As noted previously, many businesspeople who were displaced from Mogadishu have come to settle in Somaliland, bringing their businesses with them. At least one major telecommunications company has relocated its headquarters to Hargeysa, and several smaller businesses are also now operating in Somaliland, taking advantage of the availability of both the Berbera and Puntland's Bosasso port.

In terms of employment generated, goods made available, and services provided, the private sector can be seen as making important (if not quantifiable) contributions. However, it is also the case that not all investors operate out of a desire to 'give back' to their country. As one investor who had returned from the UK to Sanaag explained, 'I often hear people raving about the level of investment that's happening here from abroad. Well, it is most often a favourable conscious decision that the diaspora make for themselves first and foremost: this is the easiest place we could do this. It would take twice, thrice even, the effort, time and financial prowess to do the same in Virginia (USA). If it's making a difference, that's an unintended positive outcome. But I don't think the two are that interrelated.'

Another man who had returned to Erigavo from the USA was more positive about his motivations, though he agreed that there were advantages to working in Somaliland over the US. He said 'you have to keep things in perspective: I employ 13 people; I provide monthly assistance to a dozen households or more; I'm squeezed for money almost every day by relatives, friends, and complete strangers alike. That's big. I'm needed here and I'm making a difference in the lives

⁵³ The main countries that support comes from are the United Kingdom (13 investors in the three zones), Sweden (9 investors), Canada (9 investors), United Arab Emirates (7 investors), USA (4 investors), Malaysia (2 investors), and Pakistan (2 investors).

of so many people. In the USA, I would be just another number. I try to keep that reality at the forefront of my overall outlook on this place and my people.'

Besides the restrictions on money transfers discussed above, interviewees enumerated a range of other constraints on their capacity to expand operations in Somalia, including problems of accessing credit and insurance. Some donor agencies are now exploring provision of credit and insurance to Somali diaspora investors. These ideas are discussed in **Chapter 7: Recommendations**.

Microcredit has been heralded as an innovative catalyst for small and medium enterprises throughout the developing world. Somalia has been late to receive microcredit projects due to chronic insecurity, but several micro-credit projects run by diaspora members are now underway. Rather than charging interest (which is forbidden under Islam), these schemes are run by charging service charges to borrowers. Somalis have long been able to draw on extended family to access small loans, so that microcredit may not be as revolutionary there as in other places. One of the most effective forms of microcredit for diaspora members investing in Somalia has been the use of giving circles or rotating credit societies, known in Somalia by the Italian name "aiuto" ("help") or "shalongo" (by Bantu). These are almost exclusively the domain of Somali women in the diaspora, who use the money to fund small business investments at home or in Somalia. Microcredit projects are also discussed in **Chapter 7: Recommendations**.

6.4.5 Puntland

In Puntland, most businesses operate informally outside the regulation and taxation systems of government. The Chamber of Commerce reportedly has 165 private businesses registered with it, although only two of those have a license to operate. None of these registered businesses are owned by women, even though it is known that there are many businesses owned and operated by women.

According to the Puntland Ministry of Commerce, Bosasso is the primary area for investments, with up to half the investments being made there coming from the diaspora. Garowe is comparatively smaller, but according to informants has the advantage of being more open to people from all over Somalia to invest. Compared to Bosasso and Galkayo, Garowe is a more recently established city that has grown over the past decade as a consequence of the collapse of the Somali state and the difficulty of doing business in South/Central Somalia. Therefore, people from all over Somalia have invested in Garowe. In Bosasso, a smaller proportion of private sector investors reportedly also come from all over Somalia, and even from East Africa and the Middle East. However, even in Puntland it is not common to see non-Somali investors, with the only two known examples being Australians investing in oil exploration, and Saudi Arabians investing in the livestock sector.

The Ministry of Commerce stated that it was impossible to say how many of businesses in Puntland had been started by the diaspora, as this was a private matter that people were not willing to discuss openly. Known examples of private businesses started by the diaspora include a factory producing tiles and bricks; a factory producing aluminium window frames; and a company specialising in green energy solutions providing solar panel systems to house owners in the Garowe area, started by a Somali from Denmark.

The Ministry of Commerce said that they were disappointed with the level of diaspora investments made in Puntland, as it is generally too small scale, which means that it has a very

limited impact in terms of creating growth and employment in Puntland. For example, they said, many small shops have been opened and houses constructed, but these only benefit the individual investor and his or her immediate family, and as such have not contributed to the 'industrialization' of Puntland. It was also argued that the typical diaspora investor is more concerned about making profits in Puntland, and as such does not engage with the Puntland Administration in order to make a positive contribution to the overall development of the state.

Poor and unpredictable security was given as the reason for the low level of diaspora investments to Puntland. The general instability of government institutions and the unclear political future of Somalia were also inhibiting factors. Moreover, greater investments in Puntland are prevented by missing infrastructure, a lack of banks and absence of opportunities for obtaining insurance to protect importers from piracy. However it was continuously stressed that more growth had been created in the Puntland economy from the diaspora than from the international aid system more generally.

Returnee investors noted the difficulty they had in establishing trust and understanding with local people after having been away for years. Businesspeople in Puntland also complained of a lack of government support to encourage investment and to exempt taxation on some imported items and business activities such as solar power provision, health care, education, and agricultural development related facilities. They also cited the lack of reliable cold storage for perishable goods and the unreliable supply chain of certain commercial goods. Some businesspeople who rely on the custom of diaspora members who return with their families for vacations or to stay for longer periods expressed concern that a decline in security may reduce the number of people returning, thereby cutting their income from the hospitality sector.

6.4.6 South/Central

While it has been noted that the level of private investment in South/Central is lower than in other areas, this is not to say that there is no diaspora (or local) investment in the private sector. Business is going on, even if investors are changing the ways that they do business (by relocating, moving in and out of the country frequently, procuring the goods by using fewer intermediaries, etc.) in order to minimize the risks. Our team had difficulty gathering information about private sector activities in South/Central zone due to the concerns people had about being seen to have ties to the West, or even about being successful businesspeople. Some of our informants in the diaspora were more forthcoming, however.

Businesses in Somalia are the main source of revenue for political authorities and militias, all of which seek to "tax" businesses to the maximum extent possible. Businesspeople stress that while they do possess the ability to negotiate with armed groups and local authorities over a range of issues – safe passage of goods, amount of taxes, and hiring of local personnel – they cannot refuse to pay taxes outright. In Mogadishu, businesses importing goods currently pay customs revenue to the TFG as well as to al-Shabaab – a form of double taxation that increases the cost of doing business even though neither side provides any basic services. Al-Shabaab also imposes property taxes on plantation owners and other businesses in areas under its control, fees that businesses cannot avoid paying.

The Somaliland diaspora engages in fairly extensive cross-clan business partnerships with Somali diaspora from South/Central Somalia. This is a long-running practice of special importance for businesses that require unimpeded access to people and markets across the entire country

(remittance companies, telecommunications, and import-export trade are examples). Cross-clan partnerships in business provide the most effective type of security for firms. But the Somaliland diaspora is much less engaged with other Somalis in local community development projects.

6.4.7 Recommendations

There is a need to help improve the investment climate so as to encourage private entrepreneurs to invest in Somaliland and Puntland. Steps to be taken include:

1. Improve access to credit for small and medium businesses
2. Create a risk mitigation insurance mechanism (see **Chapter 7** below)
3. Provide training to private investors in venture philanthropy and management of endowments (to be provided through a partnership between Somali and non-Somali businesses and educational institutions).
4. Provide complementary infrastructural support to enhance the value of private investments made already, and to encourage future investments.

6.5 Political Support

Political support has very different connotations in the three study areas. In Somalia, political support has tended to be aimed at promoting party politics and promoting the consolidation of democratic reforms made since Somaliland declared its independence in 1991 (see below). In Puntland political support is also generally aimed at helping the administration broaden its base of support in the region. In South/Central, support tends to be more locally based, and is more focused on trying to resolve the conflict (even if, by a minority, through supporting violence).

6.5.1 Government

One of the most interesting findings related to the political activities of the diaspora is the extent of financial and other support to local administrations – municipalities and regional administrations. Much of this has already been well documented, especially the occasional role of diaspora returnees taking over political positions – the mayors of Mogadishu and Adado being notable examples. Consultations with diaspora groups in all countries underscored the critical financial role the diaspora is playing in underwriting peace talks and administrations across Somalia, almost all at the local level. Interviewees placed special emphasis on the nascent regional administration of Galmudug, which they assert is almost entirely funded (and largely staffed) by diaspora contributions.

What is striking about the diaspora's discussion of support to government and governance in Somalia is the disparity between their enthusiastic commitment to supporting local administrations and their disillusionment with and distaste for national level politics. Though some interviewees argued vigorously for a strong central government, the actual financial engagement of the diaspora has tended to focus on supporting local level governance. There are several potential explanations for this, but the most persuasive one may be that prospects for success are much greater at the local level.

Diaspora members from Somaliland reported greater opportunities not only for community development and business investment in Somaliland, but also for governance support, thanks to excellent peace and security conditions there. Security in Somaliland is not seen as a constraint to investment, and investors do not have to fear that the support they provide might find its way into support for al-Shabaab. The Somaliland diaspora came under pressure to provide financial

contributions to clan members running for office during election campaigns, particularly during the recent presidential elections (Hammond, 2011). The Somaliland diaspora is also exceptionally active in Somaliland civil society and politics at the local and national level. Fully half of the new government's 26 cabinet members have returned to Somaliland from the diaspora. Good security and a strong sense of pride in the success of Somaliland as a zone of peace and economic recovery are the main motives for returning to play a direct civic or political role. The Somaliland diaspora also travels in large numbers to Somaliland during summer holidays, creating a local tourist high season that provides much of the year's business revenue for hotels and restaurants.

Given the strong cross-clan linkages that exist in some businesses, it is remarkable that throughout Somali-inhabited Horn of Africa Somali communities are more economically integrated than ever before, from Eastleigh to Mogadishu to Hargeysa to Djibouti, but are more politically fragmented than ever. This political and social fragmentation extends into the diaspora itself – in some North American cities (Toronto, Atlanta), Somaliland diaspora cluster in separate neighbourhoods from other Somalis.

6.5.1.1 Somaliland

The diaspora has been engaged in conflict resolution and peace building in Somaliland for several decades. The initial resistance to the Siad Barre regime was in fact organized in the diaspora, with the Somali National Movement being created in London and Jeddah, Saudi Arabia in the early 1980s. From that time, the Somaliland community in the UK organized demonstrations in front of the Somali embassy in London, and informed the wider western public about the atrocities being committed by the Somali regime. Moreover, members of the diaspora collected funds and sent them to the SNM in eastern Ethiopia. They sent back equipment and medicine and lobbied western governments to end their political and financial support for the Barre regime. In the early 1990s, the western diaspora mostly focused on contributing to post-war reconstruction and rehabilitation, and on securing international recognition for Somaliland. During outbreaks of violence, for example during the "Airport War" in 1994-1995, the diaspora tried to mediate between the opposing sub-clans, primarily by working through women's clan affiliations, thereby countering the strong importance of paternal clan loyalties.

Today the diaspora influences politics in Somaliland in many ways. First, it continues to work for recognition by lobbying western governments and informing their public about the achievements of Somaliland since 1991. Secondly, the engagement of the diaspora in politics is seen in the fact that two of the three existing parties in Somaliland (i.e. UCID and Kulmiye) have been set up by, and continue to receive major cash donations from, the diaspora. Thirdly, the engagement of the diaspora in politics is evident in the high number of politicians and ministers who are from the diaspora. During fieldwork in Somaliland, informants estimated that between 20-30% of MPs were from the diaspora, and fully one half of the new cabinet has returned from the diaspora. President Mohamed Mohamoud Silanyo, elected in 2010, is a UK citizen.

There are both positive and negative aspects of the strong involvement of the diaspora in politics. On the positive side, members of the diaspora are sometimes seen as having the potential of bringing skills to the political field that are in high demand, e.g. knowledge of how political parties are set up, on how to set up and run ministries, and on how to write and implement policies. As such, many diaspora politicians are seen as being more 'modern' and 'civil' than local politicians, who may be perceived as having been more directly engaged in the civil

war. They are also seen as patriots, as many fought with the SNM, and are considered knowledgeable about 'good governance', human rights, etc. from their time living abroad.

There are also various negative aspects of how the diaspora engages in politics in Somaliland. First, there is a perception among some local Somalilanders that diaspora politicians are in fact not as skilled and knowledgeable as they would like others to believe. Some informants said that they believe that many diaspora politicians are only in Somaliland because they are unable to make a living in the diaspora, and as such have returned because of their lack of qualifications and personal capacities. Secondly, some diaspora politicians are said to be ignorant of local values and political practices. This has earned them the nickname '*dhaqan ceelis*' which is typically used to refer to youngsters from the diaspora who have 'lost their culture'. Thirdly, diaspora politicians are often thought to be arrogant towards locals in the sense of not taking time to learn from them about their problems, and to learn from non-diasporic politicians about how they go about their political work. Moreover, they are often not physically in Somaliland, spending a great part of the year abroad with their families, which gives the impression, whether justified or not, that they are not really committed to Somaliland. Fourthly, and related to the above, some diaspora politicians are said to be less pragmatic, opportunistic, and open to local political support through the clan system, and openly use clan antagonism and loyalties to secure their own political careers.

However, in the eyes of many local Somalilanders, the use of clan loyalties in politics is actually out of sync with how clan influences politics – i.e. with the making of compromises and alliances between clans being a daily political practice. In fact, some argue that because local politicians have been through war and mediation together they are accustomed to compromises and as such display a more open political culture than diaspora politicians who are often more idealistic and 'radical' in their political stance. Finally, the fact that political parties are funded by the diaspora means that diaspora politicians (as well as some locals) are not primarily accountable to the local population in Somaliland, but rather see other members of the diaspora as their main constituency.

6.5.1.2 Puntland

The Puntland diaspora is very strongly engaged in politics of their home region. However, this engagement mostly takes place at the ministerial level, as gaining a seat as a Member of Parliament requires the backing and nomination of the local clan elders. Parliamentary politics in Puntland is heavily influenced by clans. There are currently 66 MPs who have been appointed by traditional clan leaders in the seven regions of Puntland. At the moment, only 5 MPs are reportedly from the diaspora. This reflects the fact that the diaspora is not well connected to their local clan elders in Puntland. The 5 MPs from the diaspora have reportedly spent some time in Puntland, establishing links with and lobbying their clan elders before gaining a seat in Parliament.

It is much easier for the diaspora to engage at the ministerial level, as ministers are appointed by the President. At the moment, almost half of the 39 ministers are said to come from the diaspora. Important ministries that are headed by a person who used to live in the diaspora include the Planning, Democratization and Federal Affairs, Security, Education, Health and Finance ministries. The President himself is a diaspora returnee from Australia.

Besides coming to Puntland and gaining a seat in Parliament or taking up a position as minister, the diaspora also engages in the political affairs of Puntland by advocating for the state in the diaspora, arranging meetings with foreign government representatives, etc. essentially by working as ambassadors and lobbyists for the Puntland administration. As such the diaspora has a great deal of influence over local events in Puntland.

The diaspora is also known to support the political process and institution building in Puntland through the mediation of conflicts. For example, members of the diaspora reportedly often settle conflicts and disputes, either by providing money that facilitates the payment of 'blood money' (diya) or by calling and mediating between the parties to the conflict by phone.

The diaspora has also taken up important seats in the state bureaucracy, there by strengthening the process of state building in Puntland, e.g. via the QUESTS-MIDA programme that focuses on the transfer of professionals from the diaspora to state institutions in Puntland. Participants in the QUESTS-MIDA programme believe that they are able to transfer western work ethics thereby contributing to the formation of an efficient and qualified bureaucracy. QUESTS-MIDA participants also stressed that they are able to transfer the values of civil and human rights, and of having an efficient judicial system.

The heavy representation of the diaspora at the ministerial level was met with strong criticism by many local informants in Puntland. In their opinion, the high number of diaspora ministers has a number of negative effects. First, they said that when a member of the diaspora is elected as minister or MP, he is not primarily accountable to the local community but rather to the President. A local minister is not only accountable to the President, but also to the local community, and his clan elders. Because a minister from the local community is more accountable locally, he will also typically employ a relatively high number of people from his own community to work at the ministry. On the contrary, a minister from the diaspora will only employ the staff he actually needs; this may correspond to how bureaucracies function in western democracies, but it is not appreciated by most locals in Puntland.

Secondly, some informants said that ministers from the diaspora are not seen as being genuinely dedicated to Puntland. For example, most still have their wives and children living abroad. They often only spend a limited time of the year living in Puntland, and they all have foreign passports. Some informants suggested that in order to be nominated as minister, a person should first spend a minimum of five years in Puntland.

Thirdly, diaspora ministers are said to have been appointed, not because of their skills, but because they share the same values and socio-cultural profile as the President. The high number of diaspora ministers from the English-speaking part of the diaspora (e.g. Australia, the US, Canada and the UK) is attributed to the President himself having returned from Australia. In general, it is believed that the most dedicated and resourceful members of the diaspora who do engage with Puntland do so in civil society rather than in politics or institutions of the state.

Finally, some say that diaspora ministers are said to be arrogant vis-à-vis locally elected ministers and MPs, whom they think are too traditional and uneducated, giving too much emphasis to the importance of clans, spending time chewing *khaat* and on taking care of their personal interests rather than the interests of the country

In general there reportedly were very few socio-cultural problems of diaspora engagement in Puntland. Those that were mentioned were about members of the diaspora being somewhat

different from local Somalis – they talk differently, have different values and practices, and they are known to complain about practical matters such as the poor supply of electricity and water. In this sense they sometimes stick out socially and culturally, being referred to locally as *dhaqan ceelis* (i.e. ‘learners of culture’ or those who have lost their culture). However, it was also pointed out that locals are very tolerant vis-à-vis the diaspora, as long as it continues to send back remittances.

6.5.1.3 South/Central Somalia

South/Central Somalia has also drawn heavily on the diaspora for governance support. An estimated 50 percent of the current Parliamentarians in the Transitional Federal Government have lived abroad at some point and have returned to Somalia. The Prime Minister, Abdiweli Mohammed Ali, is an economics professor who has returned from the United States; the President, Sheikh Sharif Sheikh Ahmed, spent many years living in Egypt, Libya, and Sudan before returning to Somalia.

Support to the TFG from the diaspora has come in a variety of forms. Many of those who have participated in the QUESTS/MIDA project are or have worked within the TFG administration. Some funding and advice is also given from the diaspora, and an irregular communication between the UN Special Representative’s Office to the diaspora is aimed at helping to build support for the statebuilding process. However, many Somalis in the diaspora are critical of the role that the international community has played in supporting the TFG, and feel that its close association with international (mostly Western) backers undermines the legitimacy of the government. This is a source of much opposition not only to the TFG but to international organisations who support it, most notably the AMISOM peacekeeping force.

Diaspora support for governance has also been key in the formulation of the autonomous region of Galmudug in 2006. Several of the cabinet ministers have returned from the diaspora to South Galkayo, the capital of the region. Galmudug also reaches out to the diaspora for funding and technical support. A group known as the Galmudug Diaspora Community has released statements critiquing the work of the regional administration⁵⁴

6.5.2 Support for Conflict Actors and Peace Building

Because of the current high level of fear and distrust associated with inquiries about funds sent to Somali political factions and militias, this research was unable to ask direct questions about this type of support. But the topic did come up indirectly over the course of the discussions, and pointed to several noteworthy observations.

Support for conflict actors is not new; it has been a feature of diaspora politics since the collapse of the Somali state. In the early to mid-1990s, the diaspora was under considerable pressure to contribute money to clan militias, especially during a flare-up of armed conflict. They provided funds for the purchase of weapons, ammunition, and technical vehicles. By the late 1990s, the diaspora became increasingly reluctant to fund militias, viewing them as part of the problem.

From 2001, as Puntland’s political apparatus became more viable and local administrations in Galgadud and Mudug (now known as Galmudug) in Central Somalia gathered strength,

⁵⁴ See, for instance, an open letter written in reaction to the peace agreement brokered between the Galmudug and Puntland administrations in Feb. 2011. <http://somalidiasporanews.com/index.php/2011/02/a-half-baked-regional-agreement/>

contributions from the diaspora were redirected to contribute towards conflict resolution. The diaspora was a strong force in providing funds for holding peace conferences and mediation efforts of inter-clan and intra-clan conflicts in both Puntland and Galmudug. Examples include:

- 2003 – The Puntland Peace Agreement between two subclans of Habr Je'elo of the Isaaq clan and the Warsangeli of the Harti clan group
- 2004 - The Dharkeyn-Geenyo Peace Agreement that stopped the localized intra-clan (Qayad and Bah Arrarsame subclans of the Dhulbahante) conflict sparked by several mutually reinforcing factors such as disputes of *khaat* traders, over grazing land and the politically motivated dispute of territory between Puntland and Somaliland as well as previous unresolved revenge killings
- 2005 - The Intra-clan Ramada Peace Agreement between Reer Mahad and Reer Khalaf of the Majerteen clan
- 2006 - The Mahas Peace Agreement between the Hawadle and Murasade clans and Saleeman of the Habr Gedir subclans of Hawiye

The diaspora from the fighting clans and sub-clans were major stakeholders and supporters of these peace negotiations and also provided funds to pay *diya* (compensation money for killings). They provided encouragement and support for the clan elders and communicated to their clan militia leaders to encourage them to accept compromises that were offered. They participated in negotiations to set guidelines to enforce the peace agreements. One of the concrete results of the negotiations in Puntland has been to raise *diya* payments to exceptionally high levels: compensation for a man's death starts at US\$10,000, plus 100 camels, payment for the gun used in the killing, burial expenses, and SomSh 40 million paid to the aggrieved family/ies. This measure was introduced in order to make it more difficult for clan members, even with diaspora support, to pay *diya*, with the ultimate aim of reducing the incidence of killings and revenge killings.

Challenges related to peace building efforts include:

1. Diaspora members often do not like to be visible in the mediation of conflict for fear of being targeted for revenge killing. They may be seen as soft targets by other clans with unresolved revenge killings.
2. Diaspora members are said to often not be very knowledgeable about the historical background of the conflicts and often do not know the inter-clan and intra-clan traditional and customs used in conflict resolution
3. The adoption of sharia laws to solve killings are often not followed although it is reported to have been effective. The majority of the diaspora do not support capital punishment, especially those from Europe, so their support for sharia is not assured.

The 2007-08 military occupation by neighbouring Ethiopia triggered an outpouring of financial support to Somali armed resistance movements, most notably the Union of Islamic Courts and later al-Shabaab. Since 2009, anecdotal reports from the North American interviews, as well as from earlier work done by Menkhaus suggest a sharp drop-off of diaspora contributions to al-Shabaab, in part because of fear of counter-terrorism laws and in part because al-Shabaab's reputation has suffered and is now seen by most Somalis living abroad as a radical and dangerous movement.

The level of international concern about resources flowing from the diaspora to fund the conflict in Somalia is almost certainly disproportionate to the actual significance of this type of support. Still, it must be acknowledged that some people in the diaspora are known to actively support al-Shabaab, either by sending back money, or by returning to Somalia as al-Shabaab recruits. The UN Monitoring Group on Somalia reported in March 2010 that, 'Shabaab ideologues, activists and fund-raisers function openly among Somali diaspora communities, where their influence has acquired a disturbing magnitude' (p. 9). Some of these recruits are known to have participated in suicide attacks in South/Central Somalia, something that has not previously been part of the conflict in Somalia, and which is tied to a process of radicalisation taking place in the diaspora.

Even where diaspora support is not intended to go to al-Shabaab, the general and pervasive suspicion that surrounds transfers of any kind to Somalia affects senders. Laws in the US and Canada prohibiting any form of material support to a terrorist group carry heavy penalties, and recent arrests and indictments of Somali-Americans accused of fund-raising for al-Shabaab have had a chilling effect on all forms of fund-raising among Somali diaspora. This has had the salutary effect of increasing the level of 'due diligence' Somali diaspora engage in when approached to contribute funds for any community project, whether at home or in Somalia. They report asking extensive questions about any proposed fund-raiser, and double-checking on the Somali managers of projects in country. The downside is that there is no way to guarantee that projects in Shabaab-controlled areas – currently most of southern Somalia – will not indirectly benefit the group. This is the same problem faced by international aid organizations working in southern Somalia. In effect, the very strict interpretations of anti-terrorism laws in North America run the risk of criminalizing almost any financial transaction into southern Somalia. Since virtually every Somali diaspora member sends remittances to both family and community projects, the diaspora feels very vulnerable about their fund-raising.

This fear that fund-raising for community development projects could lead to accusations that diaspora members may be wittingly or unwittingly violating the Patriot Act in the US and other counter-terrorism laws has, North American informants said, led to a reduction in contributions, as some diaspora members are simply unwilling to donate to any project. But individuals directly involved in the implementation of these projects stressed that clan elders and others on the ground can and do successfully negotiate with al-Shabaab to ensure autonomy for their projects. This "negotiated space" can be protected, they argue, because al-Shabaab does not have the ability to dictate terms to local populations, especially when a valued public good like a health clinic or school is at stake. This claim is supported by evidence from inside Somalia that local clan authorities are still able to maintain a certain level of autonomy in al-Shabaab controlled areas, in part because Shabaab's capacity to directly govern areas under its control is limited.

7. Policy Framework and Recommendations

This analysis of the actors, flows and environments that link the Somali diaspora to communities in their country of origin to promote relief, development and politics shows significant strengths that make the diaspora such an important resource. Despite these strengths, it also shows challenges that exist at each level (sending, transmitting, and receiving) that limit how effective diaspora support is. The strengths and challenges, identified in the Conceptual Framework, are presented again here, with proposed interventions also provided. These interventions are aimed at helping senders, remitters and recipients overcome the challenges, thereby making the chain more efficient and maximising impact.

	Strengths	Challenges	Proposed Interventions
Sending environment	<ul style="list-style-type: none"> • Strong community ties • Many formal and informal organisations • Willingness to fund relief/development/peace building activities 	<ul style="list-style-type: none"> • Lack of information about development work of intl agencies • Low salaries/income • Insecure immigration/residence status • Many unregistered organisations do not benefit from tax relief or matching funds • Suspicions about support for violent extremism discourage giving • Many young Somalis not as attached to their homeland as older generations; growing concern that remittances will decline 	<ol style="list-style-type: none"> 1. Webpage aimed at diaspora on UN activities 2. Matching funds to complement diaspora-supported activities 3. Advocate for donors to support Somali organisations active in relief/development/peace building 4. Advocate for strengthened integration/migration 5. Create risk guarantee mechanism 6. Expand QUESTS/MIDA to provide support to health care and education sectors 7. Provide support to youth initiatives intended to create greater linkages between upcoming generations of Somalis abroad and those inside the country.
Transfer mechanisms	<ul style="list-style-type: none"> • Money transfer companies well established, efficient, cheap, trusted • Have effective ties with banks/govts 	<ul style="list-style-type: none"> • In some countries, transfer companies are not licensed • Suspicions about money transfers supporting extremists 	<ol style="list-style-type: none"> 8. Establish advocacy function within UNDP for transfer companies.
Recipients/ Local actors	<ul style="list-style-type: none"> • Strong NGO/SSP/PI networks in all areas • Diaspora already active to limited degree 	<ul style="list-style-type: none"> • Limited access to credit • Limited grant/matching funds • Need for knowledge on venture philanthropy 	<ol style="list-style-type: none"> 9. Microcredit facilities 10. Venture philanthropy training 11. Guidance on establishing endowments for educational institutions 12. Support diaspora liaison offices in Somaliland and Puntland 13. Targeted infrastructural support

			to underserved areas of Somaliland and Puntland
			14. Provide Social Service Fund for matching grants to private schools and clinics

7.1 Analysis of Potential Opportunities for International Community Engagement

Many informants both in the diaspora and in Somalia welcomed the idea of greater collaboration between the international community, themselves as engines of change, and local communities. They identified a variety of new initiatives as well as expansion of existing programmes that could enhance the partnerships.

That said, not all informants were as optimistic. Opportunities for collaboration between the diaspora and international organizations in Somalia will be limited by the current state of relations between the two. Many interviewees were highly distrustful of international aid agencies and the UN. Somalis in the diaspora and inside the country voiced serious concerns about corruption, money spent in Nairobi instead of Somalia, and recruitment of foreigners rather than Somalis for relief and development jobs. These views form a critique that extended to our study. Those who held these views demonstrated little interest in any form of partnership arrangements with international aid agencies in Somalia. This distrust of the UN and international aid agencies is an unfortunate but unavoidable issue that must be grappled with before meaningful collaboration between the UN and the diaspora can be undertaken. Projects proposed here can contribute to an improved relationship between Somalis living inside and outside of their country of origin and the international community through building confidence and promoting mutual understanding between the UN and the diaspora.

The UN must, as a matter of principle, focus on a role as facilitator of diaspora development efforts rather than seek to use the diaspora to advance its own objectives. If the diaspora suspect the latter, they will abandon the partnership. The burden of proof is on the UN agencies; they must win the confidence of the diaspora.

With this caveat in mind, a number of opportunities to support the diaspora's role in development in Somalia emerged from these consultations. Some are beyond the purview of UNDP's mandate and capacities, but are noted nonetheless as they may be relevant to other readers of this report.

It is proposed that assistance be provided largely through a peace dividend approach, which recognizes and rewards peace and places the central responsibility for achieving such peace with Somalis themselves. Where conditions are conducive, the international community may help rebuild physical infrastructure, provide limited grant and credit facilities, and provide technical support in the creation of a regulatory environment that will encourage further investment within the private sector.

The central role that Somali diaspora women are playing in fundraising, stewardship of funds, and remittances was stressed again and again in our consultations. This needs to be acknowledged and supported by external donors and aid agencies; not only is it appropriate given the involvement of women already, but it can also be seen as a good investment in improving project accountability.

Some basic tenets of engagement with the diaspora are:

1. Adopt Long-term Strategic Approaches to Diaspora Participation

The Somali diaspora participates in peace building and development efforts independently from intergovernmental, governmental and non-governmental actors, but 'their engagement is highly favoured by the adoption of clear policies and measures favouring diaspora engagement at the national level' (Sinatti et al., 2010: 42). Similarly, intergovernmental agencies can facilitate successful contributions by the diaspora, and organizations like UNDP will have to take a lead role in this. However, it is important that there is a long-term commitment to and resources for this policy field. Initiatives create expectations and intergovernmental, governmental and non-governmental actors wishing to establish relationships with diaspora individuals or groups risks doing more harm than good if they do not have a long-term strategic approach (Carling et al., forthcoming-a).

2. Sustain Diaspora Participation in All Phases of Cooperation

Whereas activities by diaspora and external actors largely take place in parallel systems, often initiatives to facilitate diaspora participation are developed and implemented for members of diasporas by external intergovernmental, governmental and non-governmental actors. In order to guarantee full participation, though, it is crucial to look closely at the level of participation involved in activities of, by and for diaspora in development and peace building. This means that diaspora members should also have a role in agenda setting, knowledge creation, analysis, planning, implementation and evaluation of development and peace building engagements (Carling et al., forthcoming-a).

3. Support Professional Participation through Recruitment Policies

Diaspora contributions are carried out on a professional as well as voluntary basis, and both types of engagements can be facilitated. There is currently perceived to be an underrepresentation of Somali staff members working for the international, intergovernmental and non-governmental organizations operating in Somaliland, Puntland and South/Central Somalia. Not just voluntary engagements but also the participation of professional diaspora members in development and peace building is crucial. Greater organizational diversity does require sustained and deliberate efforts, but has great benefits as well (Carling et al., forthcoming-a).

4. Support Business Investments

In some countries, business investments are currently small-scale, because of the structural constraints Somalis face. In Norway, for instance, the community is relatively new and has a weak socio-economic position, so people have not been able to develop the support mechanisms they need to be able to engage transnationally. One area in need of further international support is business investment, where both financial and technical support are crucial in order to lift the effectiveness of business activities currently taking place.

5. Support Professional Knowledge Transfer

Another area in which support can be provided is providing professional Somalis in the diaspora with opportunities to make use of their expertise. Temporary and circular return programs are excellent ways of allowing diaspora members to contribute their expertise to the betterment of their country, as well as being opportunities for knowledge exchange and reconnecting with the

country of origin. These must be voluntary as well as providing individuals with genuine opportunities to return and contribute. The IOM-UNDP QUESTS-MIDA program provides an interesting example and its opportunities could be explored more.

Recommendations here are presented in the same way that the analysis has been structured, so that they can be easily associated with each step in the value chains that have been examined here. We start with assistance targeted at the level of the diaspora senders. We then move on to consider support to help strengthen and protect transfer mechanisms. Finally we consider activities that can be implemented at the local level to enhance the effectiveness of diaspora support.

7.2 Recommendations at the Level of the Diaspora

Activity 1: Promote collaboration at every level by working with a Somali Diaspora Steering Group

The consultation workshop held in Nairobi in May 2011 brought together more than 100 Somalis from the diaspora as well as Somaliland, Puntland and South/Central Somalia. The advice given was extremely valuable, and the commitment to promoting diaspora involvement and strengthening diaspora and local linkages was strong. We propose therefore to develop a Somali Diaspora Steering Group, to meet as a group at least once a year, and to communicate electronically and in smaller groups in the diaspora as needed, to provide advice and feedback on the implementation of diaspora collaboration activities as they are developed.

Activity 2: Develop a dedicated webpage aimed specifically at fostering information exchange between the diaspora and the UN on relevant activities

Greater transparency will help to build the relationships of trust and cooperation that are needed for all of the activities recommended below. A dedicated website, publicized using Somali media as well as social networking sites that are commonly used by Somalis locally and in the diaspora, would focus on activities that UN agencies working in Somalia are involved in that are relevant to diaspora interests. This could be done with very little financial investment.

Items that could be included in the webpage:

- Specific information on collaboration between the UN and diaspora in diaspora countries
- Specific information on initiatives supported by the diaspora (with or without UN support) on the ground in Somaliland, Puntland and South/Central Somalia
- Feature stories on diaspora-supported activities ongoing in Somaliland, Puntland and South/Central Somalia
- News relating to the regulatory environments in diaspora countries that may impact support directed to the country of origin.
- Links to relevant news and humanitarian situation reports, diaspora-supported organizations working on the ground

This webpage should not be used to convey political messages since these are considered to be highly divisive.

Activity 3: Provide matching funds to complement diaspora-supported activities

This fund would prioritize construction of small-scale infrastructure and rehabilitation of public works to enhance the feasibility and benefit of diaspora-supported projects. Funds would be given to established diaspora associations partnered with local organisations.

Several countries already host matching fund activities. In Denmark, the Danish Diaspora Fund Project established a one-year pilot project to facilitate diaspora and Danish co-investment in relief and development activities. The project is 80 percent funded by DANIDA, and 20 percent by Somali diaspora groups in Denmark. Monitoring is provided through the Danish Refugee Council, and implementation is managed by the Somali Diaspora Organization together with their partner organisations.

A set of implementation guidelines was developed by a Somali-Danish joint Advisory Board. These state that funds can be applied for by legally registered diaspora organisations working in collaboration with local (Danish or Somali) partners working in the country of origin. Types of support provided include funds for project preparation (up to Dkk 65,000); Smaller projects (up to Dkk 100,000); and Larger projects (up to Dkk 500,000). Those applying for larger projects must show some experience in implementing and managing similar projects. A total of Dkk 1,342,232 was made available for the projects.

The project has been largely successful in the more stable areas of Somaliland and Puntland. However, where projects would have been implemented in areas under Al-Shabaab control, the funds have not been able to be committed due to concerns about possible diversion of aid resources to supporters of terrorism.

The principles of this matching grant programme may form an effective blueprint for other matching grant programmes. The UN can help by mobilizing donor support for these programmes, and they can be implemented on an international level or bilaterally with specific diaspora countries.

Other matching and entrepreneurial funds that already exist include:

- Africa Enterprise Challenge Fund (<http://www.aecaf.org>), which provides grants and interest free loans to businesses to implement commercial high impact projects in Africa
- Norway's Foreign Direct Investments Fund, Norfund (<http://norfund.no>) and Sweden's Swedfund (<http://swedfund.se/en/>) to support Somali and other entrepreneurs to invest in the country. These funds are aimed at promoting business development in developing countries, and promoting collaboration with businesses from Norway and Sweden, respectively. In the past, Swedfund has given grants to a few Somali businesses, including Somali Telecom in 2007.
- The Norwegian Agency for Development Cooperation (Norad) received 83 diaspora applications between 2007 and 2010 (Erdal and Horst, 2010a). Of these, 8 were from Somalia, and two proposals received funding for some years (while being rejected in other years). These focused on education and livelihoods for fishing communities in Puntland. Norad is currently transforming and developing its diaspora-focused practice, following an evaluation of a diaspora-related pilot project, so it remains to be seen whether in future, Somali diaspora organizations will have a better chance to receive funding.

Activity 4: Help to create linkages between diaspora organisations and available funds as well as links to groups and initiatives working on the ground

In our research several informants indicated that they did not know how to access available support from diaspora governments or how to create linkages with organisations on the ground. Some local NGOs also said that they did not know how to make contact with diaspora organisations that might be able to partner with them. The UN could help make these connections through its Diaspora Webpage (see Activity 1 above), as well as by collaborating with the Non-State Actors (NSA) Platforms that are currently active in Somaliland, Puntland, and South/Central Somalia. The NSA Platforms are supported by SaferWorld. They have indicated an interest and willingness in helping provide potential investors and diaspora contributors with information, suggestions of potential valuable contributions that could be made, and in identifying local partners with whom to engage in their activities. Each of the NSA Platforms is made up of dozens of local NGOs, umbrella groups, private investors, and other civil society activists, many of whom have extensive experience collaborating with individuals and groups in the diaspora and who are diaspora returnees or part-time diaspora members themselves.

Sub-activity 4.1: Training and support in selected issue areas for business, especially international business. Somali investors have enjoyed remarkable success despite relatively weak formal training in international business. They have built on their long experience as traders and investors, using Somali social and business networks to maximum advantage. Where they have needed technical support, they “outsource” their need for expertise through partnerships with experienced non-Somali businesspeople. However, the regulatory environment in many diaspora countries, and countries with which Somalis might do business, is often unknown. Collaboration with non-Somali stakeholders is also sometimes difficult because Somalis and non-Somalis lack information about how best to pursue and protect such partnerships. Businesspeople in the diaspora recognize that they could benefit from greater training and expertise on international business and tax law, market surveys, and other topics. These events would ideally bring both Somali and non-Somali expertise together.

Activity 5: Create a risk guarantee mechanism similar to the Afghan Investment Guarantee Facility (AIGF)

This recommendation was specifically made by one of the private investors interviewed for this report. The AIGF is a facility established by the Multilateral Investment Guarantee Agency (MIGA - <http://www.miga.org/documents/IGGafghan.pdf>), a member of the World Bank Group which provides investment insurance to cover sudden changes in money transfer restrictions, expropriation of property, outbreak/resumption of war, and breach of contract. To qualify for cover, investments must be made from outside the country. This means that in order to qualify local businesses need to form partnerships with international or diaspora organisations. It is intended primarily to support small and medium-size investments ‘to help bridge the gap between investors’ desires to tap business opportunities in the country and concerns about political risks (AIGF website, see above).’

The AIGF is supported with contributions from the Multilateral Investment Guarantee Agency (MIGA – a project of the World Bank Group) Asian Development Bank, the United Kingdom, and

the Government of Afghanistan through a loan from the International Development Association. The guarantee capacity is expected to reach US\$ 60 million.

Would-be investors to Somalia certainly have many of the same concerns as those to Afghanistan; minimizing the risks would help to encourage investment in the country, focusing first on the more peaceful and stable areas. In particular, this guarantee facility would be useful in building the confidence of would-be investors to restart many of the industries (cement, soap, food processing, etc.) that have closed as a result of the war.

Activity 6: Expand QUESTS-MIDA to provide support to the health care and education sectors

QUESTS-MIDA staff interviewed for this study said that they had been struck by the high number of qualified health care workers who had contacted them expressing an interest in coming back to Somalia/Somaliland to provide their expertise. University officials in Somaliland, Puntland and South/Central Somalia also said that they would welcome a programme that encouraged Somali academics to return to contribute to the development of their institutions. Expansion of the programme could be done without much difficulty.

In some countries, MIDA projects have already been initiated for the health care sector. The MIDA FINNSOM Health Project is deploying Somali professionals to work in the health care sector in Somaliland and Puntland. Funded by the Ministry of Foreign Affairs in Finland, the project aims to place up to 50 Somali health professionals in capacity building and mentoring assignments with local health care institutions. This project could be complemented with additional support so that it is able to expand to more stable parts of South/Central Somalia. In addition, the expansion to the education sectors would represent a valuable initiative.

Sub-activity 6.1: Work with the International Organisation for Migration (IOM) to develop a database of skilled Somali professionals in the health, education, and other sectors who are willing to return on a temporary or permanent basis to provide their skills and services.

Sub-activity 6.2: Provide more opportunities for young Somalis to return to engage in public service for shorter periods (3 months to 1 year). Action Aid reportedly had a project to help bring young Somalis back so that they could see their country for themselves, but the project was suspended due to lack of funds. Young Somalis interviewed for the study said that they would welcome the opportunity to come back to work, but that the current climate of suspicion about youth and their potential involvement in the conflict, coupled with not having an idea of how to go about making the necessary contacts to establish work opportunities, discouraged them from doing so. Short term volunteer placements for Somali students in stable areas of Somaliland, Puntland and South/Central Somalia would help young people come to see what is happening in their country of origin and to contribute their skills and energy to benefit Somali communities.

7.3 Recommendations to Facilitate Financial Transfers

Activity 7: Establish an advocacy function within the UNDP office for money transfer companies

Many money transfer companies are experiencing difficulties meeting the new demands for regulation and registration in sending countries. UNDP together with the World Bank, has experience in providing training and advocacy to transfer companies in the US. The European

Commission's Directive on Payment Services (PSD), which came into effect on 1 November 2009, provides a legal basis for the creation of an EU-wide single market for payments. Member States are now engaged in adapting their national legislation to adhere to the PSD. Ultimately this will help Somali money transfer companies to operate within the European Union, as it will create a common regulatory framework for operating in all countries. UNDP could partner with the EU and its member states, and with Somali money transfer operators, to advise money transfer companies on the contents of this legislation, and on familiarizing European countries on the ways that the Somali financial services industry works so as to facilitate the harmonisation process. See http://ec.europa.eu/internal_market/payments/framework/index_en.htm.

7.4 Recommendations for the Local Level

Activity 8: Strengthen microcredit facilities inside the country

Microcredit has had a mixed history in Somalia. In some areas it has worked well, while in others default rates have been high. One of the difficulties of instituting microcredit schemes has been that Islamic practice prohibits the charging or payment of interest associated with loans. This obstacle has successfully been overcome in other Muslim countries, where loans are financed with modest service charges rather than interest payments.

Microcredit could be usefully tied to opening economic opportunity inside Somalia. This could include engaging in the livestock marketing process, supporting meat and fish cold chains, and helping to organize marketing cooperatives at the local level. Microcredit partnerships, where the international community teams up with one or more Somali stakeholders (such as a money transfer company) to provide the start-up capital for the fund, would likely experience higher repayment rates than if the money were seen to be coming entirely from an international agency where it is often considered non-Somali and thus 'free money', and could have great value in stimulating economic activity.

An example of successful microcredit in Somalia is that run by SAACID, a Somali NGO that has been providing credit to Somali women for more than 15 years. The programme combines training in business enterprise with a series of tiered loans in which women start by borrowing small amounts. On successful repayment they may qualify for larger loans, which enables them to expand their businesses. SAACID's project has been funded by Oxfam America, Oxfam Novib and the Mennonite Central Committee.⁵⁵

Activity 9: Provide support to Somali businesses to learn from 'venture philanthropy' and corporate social responsibility approaches used by Western and Islamic businesses, as well as by some Somali businesses such as the larger transfer companies

Corporate social responsibility (CSR) and venture philanthropy (VP), in which benefits to the community are a central concern of private investors, is increasingly a significant feature of many medium and large businesses internationally. While some Somali businesses do engage in community-minded and pro-poor initiatives, these are often not systematized. Learning from the experience of other companies that are engaged in CSR and VP may help investors to formalize their commitments to the community, and to maximize their impacts.

⁵⁵ See http://saacid.org/uploads/micro-credit_composite_-_July_2010.pdf.

UNDP should facilitate a workshop/training event to bring leaders in this field into contact with Somali entrepreneurs, the goal being a form of social giving that ultimately generates its own wealth. The European Union and many individual countries have policies and funds aimed at helping to promote corporate social responsibility that some diaspora investors may benefit from knowing about and being able to take advantage of. Possible collaborating partners in such events could include the Gates and Google Foundations, representatives of the fair trade industry, the Body Shop, and Somali telecom and money transfer companies.

Activity 10: Provide guidance on how to establish endowments for educational institutions

Endowments are a critically important source of sustainable funding for certain types of non-profit organisations, mainly those with a 'non-perishable' mission like educational institutions. Endowments can provide a base for funding expansion of physical facilities and staff, scholarships, and a financial cushion in case of a drop-off in revenue. Somali universities and schools struggle with budgets that are completely dependent on collecting student tuition fees, and could benefit from the establishment of endowments to which private and institutional donors can contribute. The expertise in this sector – both privately and in educational institutions – is readily available particularly in North America, and only needs to be paired up with financial officials from Somali institutes of higher learning.

The UN and the international community could also support the creation of a direct payment system for education in Puntland (i.e. help local education facilities establish what has already been established in Somaliland, where it is possible to make direct payments to the accounts of both universities and primary schools) to help people in the diaspora make payments directly to the educational institutions to finance student enrolment.

Activity 11: Support the Somaliland and Puntland administrations to create and staff diaspora investment centres or liaison offices

These can inform the diaspora about investment opportunities and development needs, thereby increasing the level of investments from the diaspora. Such centres could also promote investment partnerships between Somalis in the diaspora and non-Somalis investors. Somaliland already has a plan to establish such an office within the office of the Vice President, though it lacks funds to make the office fully operational.

Activity 12: Provide targeted infrastructural support to eastern Somaliland and parts of Puntland

The international community could support the development of infrastructure in these relatively peaceful areas which would open the areas up more for business and development activities. These activities should be undertaken in collaboration with the relevant government or administrative authorities to ensure that they support local development initiatives.

Activity 13: Provide a social service fund to provide matching grants to private schools and clinics

The fund could provide grants to organisations who successfully attract diaspora support, but would be disbursed to the local organisation (rather than to the diaspora associations, as with Activity 4 above). This would help promote private enterprise in the social services, which has a direct developmental benefit to the local populations.

Challenges and Risks

There are obvious obstacles to the UN and the international community when working with the diaspora in the field of social service delivery. One obvious challenge is the feeling of fatigue existing among members of the diaspora – a feeling that they are already supporting their families, that they are overburdened and that the responsibility to support the wider development of social services in Somaliland rests with the government, the UN and the international community. Another challenge may be the widespread perception of the UN as an over bureaucratic and inefficient organization that people are reluctant to engage with.

With regard to international involvement in diaspora efforts to promote peacebuilding, it is clear that more communication needs first to take place between members of the diaspora, and between the diaspora and local actors on the ground. This will help to build legitimate links between those living in the country of origin and those abroad, links which have so far been lacking in peacebuilding discussions. If the international community gets involved in these discussions too soon, there is a danger of derailing them, by giving the impression that the diaspora is being propped up by international interests and funds. If a Diaspora Steering Group were established (see Activity 1), a communication link that conveys when international support would be welcome and useful could be developed.

Conclusion

The futures of Somaliland, Puntland and South/Central Somalia very much depend on their ability to harness the skills and energy of its diaspora. Yet despite the difficulties that the region has faced over more than two decades, the diaspora's strong involvement and commitment provides one of the most hopeful and inspiring signs that positive change is possible. While the diaspora has achieved many successes, the challenges it faces are such that it cannot do more without complementary support from international partners. These challenges are great, but so too is the energy and will to break through them.

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