



Development Progress



Somaliland's progress on governance:

A case of blending the old and the new

This paper was authored by Dan Harris with Marta Foresti. The authors gratefully acknowledge inputs from Mark Bradbury (Independent/RVI), Dominik Helling (LSE), Mohamed Hassan Ibrahim (APD), Ken Menkhaus (Davidson College) and Tim Othieno. The authors would also like to acknowledge comments on earlier drafts from Frannie Léautier (ACBF) and Mark Bradbury and editorial support from Roo Griffiths. The views in this paper are those of the authors alone. The story is part of a larger project that includes 24 stories of progress on development, led by Liesbet Steer and Alison Evans on behalf of the Overseas Development Institute.

For more information, contact Dan Harris (d.harris@odi.org.uk), Marta Foresti (m.foresti@odi.org.uk) or Liesbet Steer (l.steer.ra@odi.org.uk).

Readers are encouraged to quote or reproduce material from this publication, as long as the resulting works are not being sold commercially and that due acknowledgement is given to the author(s). A copy of the publications should be sent to:

ODI publications, 111 Westminster Bridge Road, London SE1 7JD, UK

© Overseas Development Institute, 2011

Table of contents

	List of abbreviations	2
1.	Introduction	3
1.1	Differentiating Somalia and Somaliland	3
1.2	Moving beyond the question of international recognition	4
2.	Context	5
2.1	Historical context	5
2.2	Socio-cultural context	5
3.	What has been achieved	7
3.1	Rule-based governance: institutional development and the establishment of broadly accepted rules of the game	7
3.2	Provision of public goods	10
3.2.1	<i>Peace building and the provision of basic security</i>	10
3.2.2	<i>Improving the business environment</i>	11
3.2.3	<i>Service delivery – health, education and utilities</i>	12
3.3	Sustainability of progress	14
4.	Drivers of progress	15
4.1	Sources of revenue for state building	15
4.2	International donor involvement	16
4.3	Incentives participate in non-violent peace building	17
4.4	Leadership	18
4.5	Fear and identity	18
4.6	The Diaspora and international linkages	19
5.	Conclusions	20
5.1	Key lessons	20
5.2	Challenges	21
	References	22
	Annex 1: Timeline of events	24

List of abbreviations

ACBF	African Capacity Building Fund
AfDB	African Development Bank
APD	Academy for Peace and Development
DFID	UK Department for International Development
ICG	International Crisis Group
LICUS	Low-Income Countries Under Stress
LSE	London School of Economics
MP	Member of Parliament
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
RVI	Rift Valley Institute
SNM	Somali National Movement
UK	United Kingdom
UN	United Nations
UNDP	UN Development Programme

1. Introduction

1.1 Differentiating Somalia and Somaliland

The attention of many of the world's leading development partners is increasingly focused on states where governance challenges threaten the fabric of state and society, both within and beyond national borders.¹ In this context, the development community has seen a proliferation of terminology, frameworks, guidelines and principles of engagement designed to facilitate operations in challenging contexts.² Fragile states, crisis states, failing states, low-income countries under stress (LICUS) and failed states are just some of the terms attempting to capture the plight of these states, even though many of them fail to meet even the most basic criteria of statehood. Practitioners and policymakers alike are in search of a better understanding of the complex nature of peace- and state-building processes in such difficult circumstances.

The state dysfunction all of these terms imply exists nowhere as clearly as it does along the strip of land known as Somalia, located on the shores of the Indian Ocean and the Gulf of Aden. Often taken as the archetype of a failed state, Somalia has for almost two decades exemplified the deficiencies of statelessness (Kaplan, 2008). The government, when it has existed, has failed to create and develop a rules-based system to protect and promote the socioeconomic well-being of its population.

Nevertheless, the situation on the tip of the Horn of Africa is more complex than Somalia's entrenched position at the top of the Foreign Policy/Fund for Peace Failed States Index would indicate.³ Despite the chaos of southern and central Somalia, a relative peace and calm have defined the northern regions, along with the development of an emerging set of state institutions. Covering an area of 137,000 km² along the coast of the Gulf of Aden, and bordering Djibouti to the northwest, Ethiopia to the south and west and the Somali autonomous region of Puntland to the east, the former British protectorate of Somaliland has achieved the type of progress in governance to which the rest of Somalia can only aspire.

Box 1: Map of Somaliland



¹ See, for example, DFID's 2009 White Paper: 'Our common security depends on the emergence of stable and effective states around the world. Instability of fragile countries does not respect international borders. Eight of the top ten UK asylum applicant nationalities are from fragile countries. Shipping lanes have been disrupted by pirates based in Somalia, a country with a desperately weak government. Drugs destroy lives and communities in Europe and America and are increasingly transported through poorer countries with fewer means to control the traffic. Weak government and feelings of exclusion become breeding grounds for resentment and radicalism, threatening peace and security around the world' (DFID, 2009: 16).

² See OECD (2007) for a good example.

³ www.foreignpolicy.com/failedstates.

1.2 Moving beyond the question of international recognition

This divergent trend of institutional development, a body of historical evidence and, not least, claims of independence and statehood by the Somaliland authorities have led to a significant and continued debate over the recognition of Somaliland as an independent state. Indeed, a substantial proportion of the available literature on Somaliland weighs in on one side or the other of this debate. Despite the arguments made in favour of Somaliland's 1991 unilateral declaration of independence (or, more accurately, its dissolution of its union with the rest of the Somali Republic), other states, the United Nations (UN) and other key international organisations such as the World Bank have not yet recognised the polity.⁴

However, analyses of governance regularly apply to rule-based arrangements of economic, social and political organisation other than those of formally recognised independent states. Examples include evaluation at the sub-regional level (e.g. individual states or groups of states in Brazil and India) and in more informal organisational forms (as in Elinor Ostrom's work on governance of communal resources, which was recently awarded the Nobel Prize in Economics). Notwithstanding the international community's lack of formal judicial recognition, Somaliland has developed both its own structures of governance and a distinct identity suggestive of its 'de facto acceptance as a polity' (Huliaras, 2002: 174). While publications on the area by major international organisations state their adherence to 'the principle of territorial integrity of Somalia as sanctioned by [UN] member countries' (World Bank, 2005: 6), in practice they treat Somaliland as a separate entity.⁵

⁴ This paper should not be interpreted as an argument for or against de jure recognition of the Somaliland state. Such an argument requires additional grounding in the legal foundations of statehood and a broader examination of potential implications at the regional (particularly given African Union statutes) and international levels, two areas of analysis that are beyond the scope of this paper.

⁵ References to the 'state' are therefore made without making claims regarding international recognition.

2. Context

2.1 Historical context

Following more than 75 years of colonial rule, the British Somaliland Protectorate gained its independence on 26 June 1960. Just five days later, on 1 July, it joined with the former Italian Somalia to create the unitary state of the Republic of Somalia. Despite early optimism associated with independence and nationhood, processes of unification, integration and rule proved difficult.

The formal administrative structures for the new state were put in place but, after nearly a decade of unified Somali nationhood, marred by increasing levels of state dysfunction, conflict and clannism, Somalia's second president, Abdirashid Ali Shermarke, was assassinated on 15 October 1969. On the 21 October, General Mohammed Siyad Barre led a bloodless coup that brought Somalia under highly centralised military rule for the next two decades.

The early years of Barre's regime were notable for the extent of public social investment (including public works) and anti-clan nationalism that were consistent with the regime's professed adherence to socialist ideologies. However, having suffered defeat in the Ogaden War of 1977-1978, Barre increasingly resorted to exploitation of clan divisions. The 1980s were marked by deterioration into full-scale civil war that pitted the Somali army against numerous clan-based insurgent groups.

In the north, opposition to the government was led by the Somali National Movement (SNM). This organisation, formed in 1981, comprising mainly members of the Isaaq clan and maintained with the support of the Isaaq business community and the Isaaq Diaspora, would eventually lead Somaliland's transition to greater autonomy. Barre's campaign against the Northern Clans was characterised by its brutality and the impacts on the civilian population, including the widespread and often indiscriminate bombing of major cities, such as Hargeisa and Burao, by Somali government forces. Estimates of casualties range from 40,000 (Huliaras, 2002) to 60,000 (World Bank, 2005), most of them members of the Isaaq clan family. A further 400,000-500,000 Somalilanders fled across the border to Ethiopia, and a further 400,000 were internally displaced (ibid).

The weight of clan-based confrontation and war proved too much for Barre's regime. The government fell in 1991, leaving in its wake decimated social, political and economic infrastructure, particularly in the northwest, as well as a 'highly militarised political environment, deep inter-clan hostility, and societal mistrust of any central government' (UNDP Somalia/World Bank, 2003: 1). In the southern regions, the collapse of the Barre regime brought with it the onset of a period of effective statelessness, violence and conflict, in which clan-based militias battled each other for control of towns, roads, seaports and other remaining potential sources of revenue (World Bank, 2005).

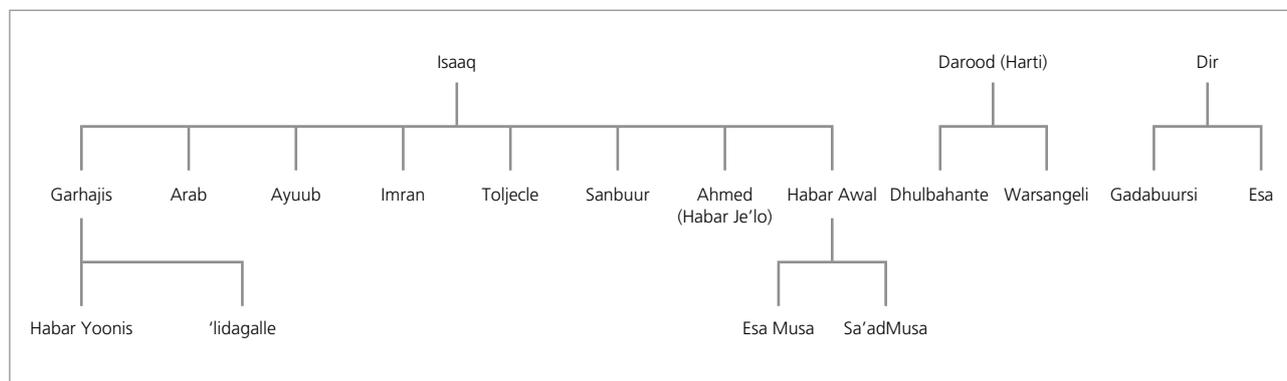
2.2 Socio-cultural context

The complete collapse of the formal Somali state in 1991, and arguably its 'failure' years earlier (Bradbury, 2008), did not leave Somaliland entirely bereft of institutions. Prior to the periods of colonisation and unification, social, political and economic interactions, as well as the pursuit of collective goals and interests, were structured in accordance with what we describe here as traditional institutions.

At the core of this set of rules lies the segmentary lineage system in which 'the Somali "nation", although united through common descent and cultural characteristics, is divided into clan-families, which sub-divide into smaller kin-based groups of clans, sub-clans and primary lineages' (Bradbury, 2008: 10).⁶ Although some authors cite the relative homogeneity of the majority Isaaq clan as a driver of its ability to become a functional polity (e.g. Huliaras, 2002), its population in fact comprises a diverse group of actors. Figure 1 presents an overview of the most relevant clan lineages in Somaliland.

⁶ I.M. Lewis's 1961 book *A Pastoral Democracy: A Study of Pastoralism and Politics among the Northern Somali of the Horn of Africa* is the classic study that provides this framework for understanding Somali kinship in the literature, and remains the most detailed account of Somali ethnography available.

Figure 1: Northern Clan lineages



Source: Ali et al. (2008: 11).

This kin-based system provided the organising structure for social, economic and political activity in the centuries of Somaliland’s nomadic pastoralist history prior to the creation of a Somali state.⁷ While context determined the precise kin-based association most relevant at any given time, a person’s identity was influenced heavily by their lineage and the associated social networks on which they could rely to pursue their livelihood. Bradbury (2008) describes how kinship-based systems of social capital enabled communities to engage in collective action, from managing key communal resources, including land and water, to sharing the burden camels required to move nomadic huts (*aqal*) that thus ensured mobility of entire communities despite scarcity of the animals.

Even after decades of colonial occupation, unification and Barre’s disastrous state-building endeavours, kinship remains an important component of the rules of the game. However, its manifestations have evolved, as traditional pastoralist modes of social organisation have increasingly given way to urbanisation, sedentarisation and economic transformation, as well as the expansion of the Somali Diaspora. Networks of social support now reach across borders in the form of Somaliland’s enormous remittance economy. The roles of traditional clan elders as leaders have also been challenged to evolve. New and often competing sources of identity, based on social, economic, geographic and cultural variables, have begun to emerge more strongly.

A distinction between ‘traditional’ and ‘modern’ institutions inappropriately suggests the existence of two separate and static ways of organising social, economic and political interaction. Nevertheless, this terminology is useful in the case of Somaliland to highlight the fact that, whether at the national level or with respect to any given development issue, the absence of modern state institutions should not be equated with an absence of institutions altogether. Although widely shared and historically legitimate institutions of equivalent strength are not necessarily to be found in all stateless contexts, the particular strength of these traditional institutions in Somaliland provided an important foundation for future progress in governance. Additionally, experience in other countries, such as Rwanda (e.g. Rodriguez-Pose and Samuels, 2011, forthcoming in this series), does suggest the potential for such traditional institutions to play an important role in post-conflict settings is not limited to Somaliland.

⁷: States had existed in the region before, including Ajuran in south central Somalia, coastal city states and the Ethiopian state that included territory inhabited by Somalis.

3. What has been achieved⁸

From this point of departure, with civil war and eventual state failure having produced widespread dislocation, death and destruction, Somaliland has emerged as a polity increasingly capable of providing for its citizens. This process, as it has played out over the past two decades, has both been challenged by and successfully drawn on elements of Somaliland's socio-cultural institutions. It is a fascinating story of progress in that it challenges many of the ways we think about governance.

Progress in governance in the Somaliland context is complicated by the fact that a number of key institutions look different to dominant models. This is particularly true when considering what a government ought to look like and how it ought to function. In this case, this set of questions is perhaps best understood by viewing Somaliland as 'a "mediated state" in which the government relies on partnership (or at least coexistence) with a diverse range of local intermediaries and rival sources of authority to provide core functions' (Menkhaus, 2007: 78). Thus, even in a context in which the presence of formal state actors is limited or entirely absent, we can analyse governance by considering the broader range of public actors involved in shaping Somaliland's emerging rule-governed arrangements. These arrangements shape the way power is exercised and structure interactions between citizens and decision makers.

This section highlights the progress made in Somaliland with respect to the development of widely accepted rule-governed arrangements as the basis for social, economic and political actions and interactions; and the way those arrangements have contributed to the well-being of the population through the provision of key public goods.

3.1 Rule-based governance: institutional development and the establishment of broadly accepted rules of the game

Development of institutions of governance, that is, rule-based arrangements that provide a reliable framework for interaction, is a key feature of Somaliland's progress. What is particularly worthy of note, however, is the type of institutions that have evolved, as well as what this evolution tells us about institutional change in governance.

In the period immediately following the collapse of the Somali state, Somaliland was able to avoid a descent into chaos and violence by drawing on the presence of traditional institutional roots: 'In Somalia the reach of the state was never complete and governance institutions that pre-existed it have continued to persist or have been resurrected in the last 17 years' (Leonard, 2009: 09). This is particularly true in Somaliland, where the impact of British colonisation on the traditional forms of social organisation governing nomadic pastoral communities was far more limited than that of the Italians in the south (Huilliaras, 2002; Leonard, 2009).

In the immediate post-conflict period, a number of 'home-grown' institutions, including those derived from the kinship-based institutions underpinning Somaliland's segmentary lineage system, re-emerged strongly in the prevailing arrangements structuring society. While few of these traditional elements remained in the form they took in the immediate pre-colonial era, their incorporation into the new institutional arrangements adopted under the Republic of Somaliland was indispensable in ensuring adoption and relatively wide acceptance of common rule-based norms.

One oft-cited element of this re-emergence of traditional institutions is the adoption of what would become known as the Beel system at the national clan conference in Boroma in 1993. The Beel system attempted to incorporate 'tradition and modernity in one holistic governance framework' (Othieno, 2008). Clan elders, who had played a critical role in re-establishing order among the clans from 1991-1993, gained an institutionalised role in the form of a national *Guurti*, or House of Elders, which formed the upper house in a bicameral legislative branch of government. The lower house, also known as the House of Representatives (*Wakillo*), was comprised of 82 members distributed according to a formula based on clan representation. While the Beel system suffered from a number of inefficiencies (World Bank, 2005), it has also been lauded for its acknowledgement of kinship as the main organising principle of Somali society (Bradbury, 2008) and its capacity to facilitate power sharing among Somaliland's main clans and during its tenure as a temporary system of organisation prior to the development of multiparty elections (Othieno, 2008).

⁸. Progress in governance, as defined in the Progress Stories project, is as follows: *Improvements in the sustained functioning of rule-governed arrangements which provide incentives for the state to act in ways that promote the well-being of the population.* See ODI (2010) for further detail.

Similarly, the application of Shari'a law, which provides an important component of the wider customary social contract known as *xeer*, in Somaliland courts has tapped into local ideas of authority in the justice sector. As Leonard (2009) points out, Shari'a law holds a great deal of legitimacy among Somalis. Even where objections have been made in the past, for example to the application of Shari'a law by the Islamic Union of Courts in much of Somalia, these have related to interpretations of Shari'a law rather than to its use as a legal basis for action. While this type of legal framework has been criticised for *potentially* endorsing systematic discriminatory practices, it nevertheless serves an important function in Somaliland, providing legitimacy to newly established courts of law and key legal documents of the state.⁹ Additionally, as Shari'a law continues to underpin both customary law and the legal framework used in formal courts, it has contributed to minimising cases of legal pluralism that may otherwise present a challenge to the authority of new state institutions¹⁰ (see also Box 2).

Box 2: Potential tensions and synergies in the creation of hybrid institutions

As is the case with the use of the Gacaca system in Rwanda to render justice, the relationship between traditional and modern institutions in Somaliland is subject to both potential synergies and potential challenges. The assertion of hybrid institutions rather than institutional multiplicity suggests a blending of institutions that is largely complementary. However, it is entirely possible that creation of hybrid institutional orders may lead to competition rather than cooperation as particular actors contest realms of authority. A common grounding for customary law (*xeer*) and state law helps in avoiding cases of legal pluralism in which overlapping institutional mandates mean citizens can make claims on different realms of authority and decision making in order to maximise their potential returns. The degree to which these potentially competing systems of justice recognise each other and their common basis in Shari'a law is critical to their coexistence.

Where traditional institutions are modified to fit within a hybrid framework, there is the potential for additional tensions. For example, historically, the *Guurti* did not exist as a permanent institution, but rather was formed on an *ad hoc* basis to solve problems as they arose. Therefore, when it was institutionalised as a permanent national House of Elders, it lacked a mechanism for managing membership over time. Incorporating this traditional institution as part of the hybrid order thus requires additional innovation that will not benefit from the same historical legitimacy as the *Guurti* itself.

The roles these 'home-grown' institutions play are critical, particularly given Somaliland's problematic introduction to the idea of a Westphalian state and the troubles that dominated the initial period of independence and rule under the Barre regime. If, however, one accepts the proposition that the adoption of a given set of institutional arrangements is determined as much by its contribution to the social legitimacy of the organisation in question, and not merely because it maximises the efficiency of that organisation, the question of 'what confers "legitimacy" or "social appropriateness" on some institutional arrangements but not others' (Hall and Taylor, 1996: 16) is central. In the case of Somaliland, this conferral of legitimacy is complicated by the presence of multiple, overlapping spheres that require us to look beyond the extension or re-emergence of traditional institutions.

Somaliland's institutions of governance face the dual task of cultivating legitimacy in the eyes of their own people and cultivating a sense of external legitimacy as a fundamental part of the quest for recognition. Section 4 deals in greater detail with the extent to which the quest for recognition influenced the formation of Somaliland's institutions of governance; here, we recognise that conventional ideas about what constitutes a modern government or a modern state provide a degree of authority to organisations that meet such descriptions. Additionally, as governments and states interact within various international frameworks, this helps to reinforce those particular characteristics and practices of the state that facilitate this interaction (e.g. recognisable counterpart ministries, political offices, etc.) (Hall and Taylor, 1996).

Therefore, the adoption of a wide range of such practices, from the formation of ministries responsible for various tasks of the state to the recognition of separate branches of government and the separation of powers among them, is, in fact, an important achievement. Under the leadership of President Egal, Somaliland was able gradually to put in place basic bureaucratic structures of public administration capable of carrying out policy formulation and decision-making functions and financial and human resource management (Bertelsmann Stiftung, 2009; World Bank, 2006). Within the first two years of Egal's first administration, the following institutions of governance were

⁹ For example, Article 36 of the Somaliland Constitution reads: 'The Rights of Women. 1. The rights, freedoms and duties laid down in the Constitution are to be enjoyed equally by men and women save for matters which are specifically ordained in Islamic Sharia.' The reconciliation of these types of seemingly contradictory positions is at the heart of debates on universalism and relativism that extend beyond the scope of this paper.

¹⁰ Contemporary political processes in contexts of legal pluralism test the debate on universalism and cultural relativism. For more information, see Kymlicka (1991); Penna and Campbell (1998).

created or reconstituted: government ministries; the Civil Service Commission; the Central Bank; customs offices and other revenue authorities; and a judicial system with regional and district courts (Bradbury, 2008). Ministerial staff, civil servants, MPs, the police and the army were all paid regular wages (ibid). These institutions, so familiar to the international community, thus sit alongside or exist intertwined with traditional institutions imbued with local legitimacy a 'hybrid political order' (Renders and Terlinden, 2010).

Somaliland's hybrid political order's balancing of internal and external demands for legitimacy while developing rule-governed arrangements to structure interaction is an extraordinary achievement. However, it is important to note that institutional development and the broader state- and peace-building processes should be recognised as ongoing dynamic processes. It is not the case that an initial design for an idealised version of hybrid institutions was created and then implemented. Rather, the form of Somaliland's institutions of governance, including the precise mix of traditional and modern elements, has evolved over time in response to changing governance needs and public ideas. This capacity to change the institutional framework without the overthrow or wholesale renovation of the nation has been critical in the sustainability of progress in governance.

Over the course of the past decade, this capacity for change has largely been demonstrated by a shift in the institutions of governance in Somaliland towards a greater role for modern formal democratic institutions. Key elements of this apparent transition include:

- The ratification of the Constitution via public referendum in 2001;
- The transition from the Beel system, in which clan affiliation determined representation in the House of Representatives, to the employ of multiparty democratic elections in 2005. Successful 'free and fair' multiparty elections have also been held at the local administrative (2002) and presidential levels (2003 and 2010);
- A perceived decline in the legitimacy of some key traditional institutions, including the House of Elders. While the role of the *Guurti* seems to have been particularly important in early peace-building processes (Ibrahim, 2010; Renders and Terlinden, 2010), the legitimacy afforded this initially innovative institutional solution has progressively (though not monotonically) decreased. No mechanism has been developed to determine membership in the *Guurti* and, as a result, the institution has stagnated: original appointees have died and, where their seats have simply been passed on to the next generation, new members (who often live in urban centres or the Diaspora) are often viewed as disconnected from the community and thus as not having the same authority (Renders and Terlinden, 2010);
- Increased legitimacy of democratically determined outcomes, including adherence to free and fair election outcomes, even in cases of incredibly close results in the presidential election of 2003 (see Box 3).

Box 3: Legitimacy of democratic processes: allocation of parliamentary seats

The allocation of seats in the House of Representatives by formula under the Beel system was one of the major causes of the 1994-1996 civil conflict, as a number of clans felt underrepresented, according to a number of criteria (Bradbury, 2008). However, at this point, all parties seem to have accepted democratically legitimised reallocation, even those who lost out on seats in the 2005 elections.

Change in clan family composition in the House of Representatives, pre- and post-2005 elections

Clan family	Old House of Representatives	New House of Representatives
Isaaq	48	57
Samaroon	10	13
Ciise	5	1
Dhulbahunte	9	6
Warsengeli	5	4
Hewiye-Fiqishini	1	1
Minorities	4	0

Source: Abokor et al. (2006).

Interpreting the capacity to change according to governance needs as the constitutive element of progress also informs our understanding of the nature of 'transition' and its relationship to progress in governance more broadly. With respect to the former, while stakeholders interviewed suggested a complete abandonment of 'modern' democratic institutions and a return to 'traditional' roots would be both inadvisable and impossible to achieve, this apparent trend towards use of modern democratic structures should be seen neither as a one-way transition nor in itself as constitutive of progress towards an idealised set of institutions.

Rather, as certain component institutions fade in and out as their relevance increases or decreases, Somaliland's ongoing institutional evolution seems to be an impressive demonstration of a capacity for accommodating institutional change within state structures. Indeed, the importance of the role played by the *Guurti* as a dispute settlement mechanism for clan reconciliation has waxed and waned over time; it may at some point in the future again provide a useful mechanism. This is not equivalent to *ad hoc* decision making, but rather is the establishment of known and recognised rules that can subsequently be challenged and adapted. This suggests there are likely important differences between the types of institutional arrangements necessary for initial peace-building efforts and those suited to more complex state-building and administrative tasks.

Further, the fact that the Somaliland transition comprises a number of progressive and partial components demonstrates the nature of progress in governance, which is usually made up of complex and interconnected processes and systems of change. In the examples provided above, later reforms or components of progress, such as the increased legitimacy of democratically determined outcomes, would likely not have been possible (particularly at the presidential level) without progress in other areas, such as the ratification of the Constitution via public referendum.

3.2 Provision of public goods

While the social legitimacy of the evolving institutional forms in Somaliland helps us to account for their adoption and suitability despite inefficiencies and drawbacks, their persistence over an extended period of time suggests they have also, to some degree, fulfilled important instrumental functions in Somaliland society (Hall and Taylor, 1996). We suggest here three spheres of governance functions in which the governance institutions adopted in Somaliland have enabled the provision of key public goods: basic security, business environment and service delivery.

3.2.1 Peace building and the provision of basic security

One of the key governance functions in any society is the establishment of a basic level of public security (Brinkerhoff, 2007; OECD, 2008). Recent development literature has often included ideas of security and access to justice as public services (DFID, 2009). Thus, Somaliland's achievement of a growing monopoly on the use of force constitutes an important contribution not only to its claims of being a state¹¹ but also in its ability to provide key public goods to its population. This geographically incomplete monopoly remains a work in progress but, throughout most of its territory, the Somaliland state is now the recognised authority responsible for the legitimate use of force (Bertelsmann Stiftung, 2009). The partial exception to this is the eastern regions of Sool and Sanaag along the border with Puntland. These regions remain contested, though western parts of them are within Somaliland and district elections have helped consolidate Somaliland claims.

The earliest efforts to re-establish basic security in Somaliland relied on a series of peace conferences in the wake of the civil war and the collapse of the Somali state. At least 39 conferences were held from 1990 to 1997. These provided a peace-building mechanism, rooted in traditional Somali dispute settlement mechanisms, to achieve reconciliation among the various clans that had participated in the conflict (Ali et al., 2008). These processes are described at length elsewhere, but it is worth highlighting the point that 'Somaliland's recovery has evolved along a largely self-reliant path as "an example of the importance of the bottom-up approach to building societies from local communities upwards, gradually widening the arena of political agreement and political consensus"' (Lewis, 2005, in Jhazbhay, 2008: 62).¹²

Included in the reconciliation and reconstruction negotiations, processes of disarmament and demobilisation were critical, though they did come at a steep price. Clan militias were disarmed and demobilised largely through their incorporation into the national army, which provided them with a steady wage. Along with a newly established civilian police force, this constituted a national security force, consolidated under centralised

¹¹ Max Weber (1919) presents an argument, still widely accepted today, that 'a state is a human community that (successfully) claims the *monopoly of the legitimate use of physical force* within a given territory.'

¹² This bottom-up approach to peace building has increasingly been advocated as an alternative to the top-down, or externally facilitated, approaches that have failed in Somalia and elsewhere. See, for example, Bradbury (2008).

national control rather than clan control. This reduced the potential for further clan-based conflict as well as the chances of warlordism. Some have criticised the cost of maintaining this force of some 18,000 members, which has been estimated at 50-70% of total national expenditure (Bradbury, 2008; SCPD, in Jhazbhay, 2008), as the purchase of peace, thus establishing a precedent for further patrimonial practices. However, the success of negotiated reconciliation, disarmament and demobilisation processes is evident in the relative peace and stability that has prevailed since the Hargeisa conference and the abatement of civil conflict in 1996. As some authors note, the government's rationale seems understandably to be: "Better to keep the militia busy in camps, away from the cities and roads, than to return to the days of banditry and insecurity before the national army" (SCPD, in Jhazbhay, 2008: 64).

3.2.2 Improving the business environment

Another of the key achievements in Somaliland over the past two decades has been the gradual improvement in the business environment (Bradbury, 2008; World Bank, 2006). Specifically, key industries, including the *qaat* trade and livestock exports, have done increasingly well, contributing to an economic recovery that has allowed Somaliland to diversify away from an economy based almost exclusively based on war profiteering, as occurred in the south (World Bank, 2005).

The livestock sector, including trade in goats, cattle, camels and other animals, is essential in Somaliland, as pastoral income remains central to livelihood strategies for much of the population. In spite of the challenges presented by a Saudi Arabian ban on livestock imports, allegedly imposed in response to the dangers associated with Rift Valley Fever,¹³ trade in livestock, particularly to markets in the Middle East, continues to provide significant income to Somaliland's pastoral communities. In recent years exports from Berbera have recovered, by 2008 reaching 'about 1.2 million head annually, with a sharp seasonal peak towards the end of the year, coinciding with the annual Hajj pilgrimage to Mecca' (Majid, 2010: 2). This increase was achieved despite the livestock ban, which was lifted in late 2009.

A good deal of this improvement can be attributed to the relative peace and stability described above. Stability has contributed to an effective reduction in the transport and other transaction costs facing those engaged in the livestock trade (Leonard, 2009) and other economic pursuits (see Box 4). However, attention to a number of key issues central to the business community has also facilitated economic activity.

The best example of this effect may be the protection of key infrastructure, even during periods of increased conflict, such as the 1992 confrontation over control of Berbera port, which proved early on the importance of protecting economic infrastructure if the state was to survive. The port, as suggested above, is a hub for livestock exports and, along with a small number of airports, supports a robust entrepot economy. The collapse of the Somali state in 1991 brought significant economic opportunity for Somaliland, and particularly Berbera port, as redirection of activity away from the conflict-ridden south resulted in huge growth in livestock exports for several years (Majid, 2010). Control of the seaport, well placed along trade and transport routes, was immediately recognised as a valuable asset.

Box 4: Reducing transaction costs along key livestock routes

Alongside the protection of air and seaports required to facilitate import-export activities, the protection of key corridors used for the transport of people and goods is one of Somaliland's most important achievements. Among these, the protection of the Berbera corridor, whose routes include Harar–Jijiga–Hargeisa–Berbera, Hartisheikh–Hargeisa, the Haud route, Kebri Dahar–Burao and Gode–Burao, has been critical to the success of Somaliland's livestock trade and thus the protection of those whose livelihoods depend on that trade, including Isaaq, Ogadeni and other clans involved in activities along the length of the supply chain. Disarmament and demobilisation of clan militias and the corresponding creation of the national security forces have largely prevented the type of banditry and informal unregulated roadblocks seen in the south, reducing transaction costs incurred by businesses transporting overland and enabling transport from areas of production to key markets and export facilities to continue.

Source: Majid (2010: 6).

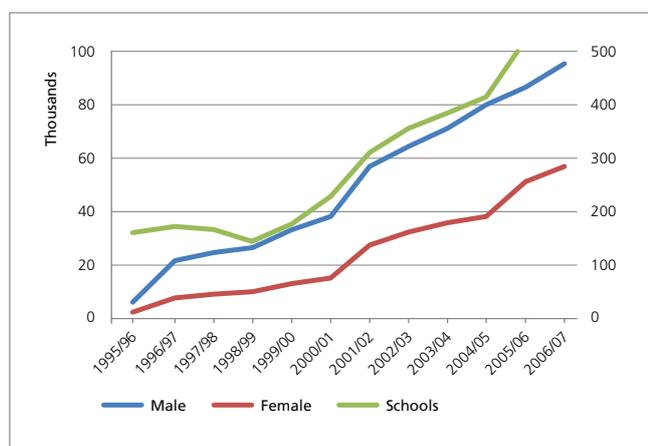
¹³. As Majid (2010) points out, there is some debate as to whether and how much health concerns are in fact the principle reason behind the bans. A number of those interviewed for this paper suggested diplomatic and economic concerns may trump medical realities.

3.2.3 Service delivery – health, education and utilities

The provision of public services, including health, education and utilities, is often assumed to be a necessary condition to overcoming fragility, as service delivery is linked closely to citizens' perceptions of state legitimacy (Brinkerhoff, 2007; OECD, 2008). While the processes and structures of public administration in Somaliland are preoccupied largely with security (World Bank, 2006),¹⁴ service provision has improved significantly since the late 1990s, through a combination of limited government provision (particularly at the municipal level), contributions from non-governmental organisations (NGOs), religious groups, the international community (including both governments and the Diaspora) and a growing private sector. There is also significant scope under current arrangements for local and municipal governments to support provision of key public services.¹⁵ Here, Menkhaus' 'mediated state' provides a model that accommodates this diversity of actors.

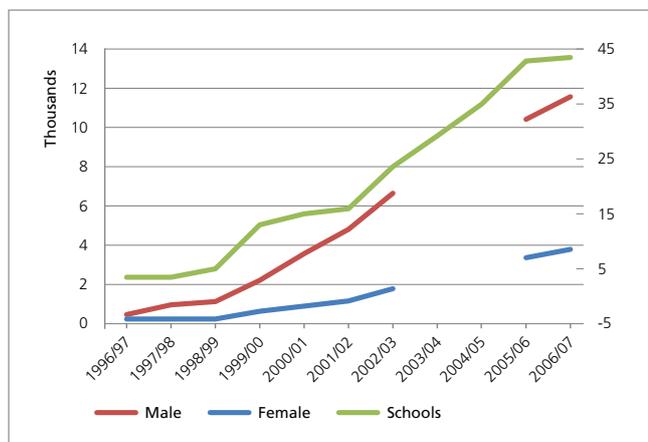
Sources of current and reliable data on Somaliland are extremely limited; however, those data that are available suggest provision of key public services in health and education is improving, albeit from very low initial levels (Figures 2-5).

Figure 2: Primary enrolment by gender and number of schools, 1995/96-2006/07



Source: Ministry of Education in Ministry of Planning and Coordination (2004; 2009).

Figure 3: Primary enrolment by gender and number of schools, 1995/96-2006/07

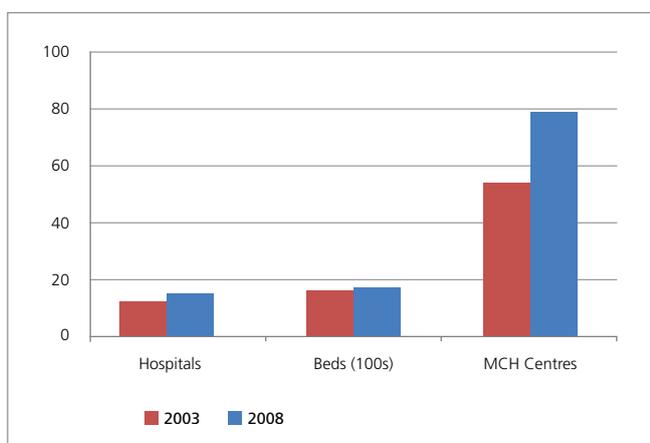


Source: Ministry of Education in Ministry of Planning and Coordination (2004; 2009).

¹⁴ Estimates suggest a significant portion, as high as 50-70% (Jhazbhay, 2008; Menkhaus, 2007) of the government's budget is devoted to security-related expenditure, with only roughly 10% available for social spending (Eubank, 2010a).

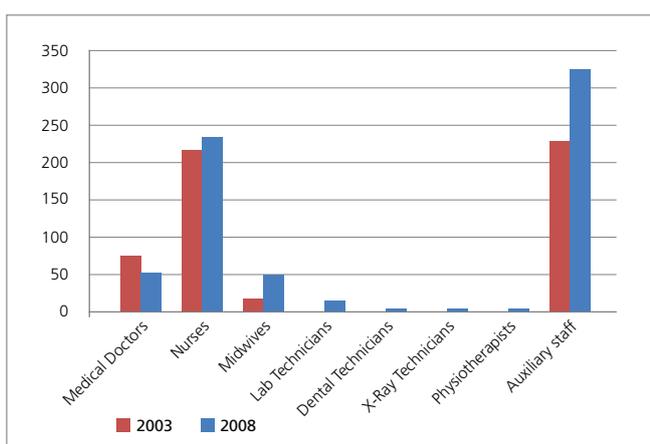
¹⁵ Examples of direct public provision and co-payments by local governments include the provision of water in Hargeisa and subsidisation of education, electricity and security services by the municipality of Berbera (World Bank, 2006).

Figure 4: Health facilities in Somaliland, 2003 and 2008



Source: Ministry of Health and Labour in Ministry of Planning and Coordination (2004; 2009).

Figure 5: Health staff in Somaliland, 2003 and 2008



Source: Ministry of Health and Labour in Ministry of Planning and Coordination (2004; 2009).

The key role played by complementary (non-public sector) actors in ensuring provision of those services that are currently available seems likely to be necessary for some time, given the lack of financial resources available to the state. However, the fact that services are being provided at all is demonstrative of the presence of an enabling environment for service provision, and lends credibility to the state. Some commentary has suggested provision of public services in water, electricity, education and health by the private sector and NGOs, as well as through public-private partnerships, may even be 'a positive consequence of the capacity, budgetary, and incentive problems' (World Bank, 2006: 37).¹⁶ However, access and equity issues suggest increased state capacity in a number of sectors would not be unwelcome.

¹⁶ For example, 'A new hotel in Hargeisa has negotiated an agreement with the public water supply company, which owns the wells and pumping capacity, to pipe water to residents in the neighborhood of the hotel. The same hotel is currently supplying electricity to the publicly owned and managed airport from its own generator. The Mayor of Hargeisa pays five NGOs each US\$5,000 a month to collect garbage, and has provided some of the vehicles needed' (World Bank, 2006: 37).

3.3 Sustainability of progress

There is no question that the progress in governance achieved to date remains fragile. In the years since Somaliland's declaration of independence, and particularly since the adoption of the Constitution in 2001, significant questions have been raised about the degree to which some of the new institutions of governance have truly taken root in Somaliland. Deviations from the adopted rules of the game have not been infrequent. One such deviation, postponement of the most recent round of presidential elections, provided an interesting test of the degree to which the rules that have been established do matter, and whether there are repercussions if those rules are broken.

Originally scheduled for August 2008, the elections were delayed numerous times before finally being held on 26 June 2010. Then-President Dahir Riyale Kahin attributed the delays to logistical problems and instability in the eastern regions and, with the assistance of the House of Elders and the National Electoral Commission, managed to achieve the extension of his mandate by almost two years.

Although this extension is concerning, there are some important signs that the rules-based system being put in place is becoming increasingly embedded in society's expectations about how decisions are made, and the relationship between citizens and the state. Remarkably, one of the best pieces of evidence demonstrating this is public reaction to the events preceding the 2010 presidential elections. In particular, public expectations regarding the frequency of elections were critical in the decision of the electorate to remove then-President Dahir Riyale Kahin from office.

Episodes of resilience, including the example of the most recent presidential elections, give good reasons to be optimistic. Just as the past 20 years have included numerous periods or individual incidents during which hard-won progress in governance has seemed to be in jeopardy, it is unlikely that the coming decades will not see some form of slippage or derogation from accepted institutional norms.

4. Drivers of progress

We suggested in the preceding section that one of the key components of progress in governance is the ongoing development of broadly accepted rules of the game. These rules and their legitimacy, while constitutive of progress itself, are also a factor accounting for the resilience/sustainability of progress in governance.

4.1 Sources of revenue for state building

Recent literature on the links between sources of government revenue and the quality of governance provides another interesting insight into the apparent drivers of Somaliland's progress in governance. Research examining the relationship between reliance on tax revenues and the quality of governance suggests the degree to which states rely on different sources of revenue fundamentally affects the relationship between government and citizens (Brautigam et al., 2008; Moore, 2007). In Somaliland, the absence to date of significant international aid revenues under the control of the state (or other forms of non-tax revenue, such as natural resource exports) has forced nascent government institutions to rely on domestic sources of financing (tax and otherwise) to generate government revenue (Eubank, 2010b). In other words, state elites remain dependent on economic activity and assets within the state, particularly those held by the business community, in order to fund the provision of public goods. This suggests a greater degree of responsiveness to citizens, as well as increased incentives to invest in the capacity of the state (Moore, 2007).¹⁷

Precisely how the state responds, to what degree and to whom depend on bargaining between citizens, who comply with or reject and evade the state's demands for tax payments, and states, which may offer benefits in exchange for compliance. Though important measures have been taken to widen the tax base and improve tax capacity,¹⁸ most revenue in Somaliland comes from trade taxes exacted at airports and ports, specifically at Berbera, as the main point of exchange in the livestock trade, the *qaat* trade and landing duties (Menkhaus, 2007). Given the government's limited tax capacity, trade taxes continue to be the most feasibly collected source of tax revenue. However, as a result of this relative concentration, bargaining processes have taken place largely with a limited subset of Somaliland citizens rather than with the broader population, as might have been the case with a dependence on income tax. Indeed, without access to external financing, the Somaliland government has, from its earliest days, been dependent on the business community for most of its meagre annual budget of \$20 million to \$30 million, resulting in a degree of symbiosis between these two groups of actors (Menkhaus, 2007).

While the state's revenue needs are clear, business communities worldwide also have clear incentives to support governance arrangements and capacity development that will result in the reliable delivery of certain public goods that contribute to a favourable business environment. In the case of pastoral economies like Somaliland, there are historically strong incentives to ensure the regulation of water and grazing land, yet in actuality the range of desirable public goods has proven to be much greater, including peace and stability, infrastructure and public service delivery.

In exchange for the provision of these public goods, as Section 3.3 described, the Somaliland business community has provided extensive support, both to processes of institutional development and directly to the state. This convergence of interests is perhaps clearest in the case of the resolution of the Berbera port conflict. Despite the fact that one of the clan-based alliances involved in the 1992 dispute was nominally the national army, in reality various SNM factions were competing over one of the few significant sources of revenue in Somaliland.¹⁹ The business community, worried at the prospect of sustained violent conflict and port closures, stepped in to fund the Sheikh and Boroma clan conferences at which the port at Berbera was confirmed as a public asset under the control and protection of the state (Bradbury, 2008). Thus, the state secured a resource that would be *the* main source of government revenue in Somaliland, while the business community secured reliable access to key infrastructure.

¹⁷. Moore (2007) also points out that 'How governments tax also matters. We cannot assume that, because they are fully dependent on taxation for revenues, governments will be capable, accountable, or responsive [...] Establishing more consensual taxation practices is an important practical route to improving governance.'

¹⁸. See, for example, improvements in municipality level tax administration: www.so.undp.org/index.php/Somalia-Stories/Council-more-efficient-with-new-automated-system.html.

¹⁹. Some scholars suggest the relative lack of economic resources reduced the potential for conflict by reducing incentives for competitive violent behaviour (Bradbury, 2008: 91).

Members of the domestic business community as well as those in the Diaspora (see Section 4.6) have, in fact, provided assistance in a wide variety of Somaliland's peace-building and reconciliation processes. This has included the funding of dozens of peace conferences and support to newly disarmed and demobilised former militia members serving in the national security services (Bradbury, 2008; Ibrahim, 2010). Funding provided to the state itself, sometimes in the form of contributions through tax revenue and sometimes through loans made directly to the state, has also been critical in building governance capacity. In 1993, when the government was struggling to collect revenue, Isaaq businessmen, including a number based in Djibouti, provided a loan of \$7 million to the new administration of President Egal to finance the introduction of the Somaliland shilling (Bradbury, 2008).

Additionally, the absence to date of international financing under the direct control of any particular group has helped to maintain the relative parity among political actors in terms of available resources. Aid provided in the form of financial assistance to country governments is, in effect, a subsidy to the ruling party. Where that assistance is directed towards improving developmental outcomes, the subsidy is in effect indirect. However, in cases where weak or absent fiscal controls mean aid is fungible, resources can be diverted (through patronage networks, etc.) to strengthen a given actor's ability to compete against opposition groups. Whether this asymmetric competitive dividend is expressed through peaceful (buying of votes, campaign financing) or violent (threats, intimidation forceful subjugation) means is clearly important, yet in either case the incentive of the benefiting party to bargain and compromise with opposition actors is reduced.

4.2 International donor involvement

Given the region's disputed political status, international donors have not been able or willing to provide financing directly to Somaliland. However, it is worth making the distinction between the unwillingness of donors to channel funds directly to Somaliland's authorities and their willingness to continue to engage within the territory claimed by Somaliland. Indeed, it is misleading to claim Somaliland's development has taken place in the total absence of international assistance. While engagement by some donors, such as the African Development Bank (AfDB), has been limited to dialogue and limited financial assistance to the Transitional Federal Government (AfDB, 2010), a number of multilateral organisations and bilateral donors do continue to play a role in Somaliland under the umbrella of broader programmes of engagement with Somalia. The influence exerted by the international community has not taken the form of external financial assistance provided to the Somaliland government, making the polity a rarity among developing countries.

Those donors that have continued to engage in Somaliland have often been forced to do so in creative ways, as traditional approaches are not feasible because of the lack of recognition. UN agencies have been among the most active international actors. UNDP has implemented a wide range of programmes, on access to justice and the rule of law, governance and a number of other issues, across Somaliland, Puntland and southern Somalia. Operations are often carried out in partnership with local NGOs. Funding from a range of donors, principally European,²⁰ has been key to the success of these programmes, suggesting that donor involvement has facilitated the provision of public goods in spite of a lack of recognition. A small number of bilateral donors, including the UK Department for International Development (DFID), engage more directly in support of Somaliland's institutions of governance, for example by providing funding for election monitoring.²¹ This provides an implicit, limited response to Somaliland's external appeals for legitimacy.

While the extent of donor involvement is unclear, a number of interviewees suggested donors recently played an important role facilitating negotiations leading to the 2010 elections. In particular, it was suggested that informal threats of removal of some forms of international support were critical drivers in the reform and reconstitution of a National Electoral Commission that had fallen into the pocket of the executive and had been complicit in the repeated postponement of the elections. In this case, donor pressure seems to have been instrumental in overcoming a potentially dangerous challenge to the embedding of Somaliland's democratic institutions. This suggests that donor involvement in Somaliland, despite its limits, is nevertheless of sufficient scope to influence domestic politics, thus raising important questions about the role of donors in Somaliland whether or not the country receives international recognition.

²⁰. For example, according to the UNDP, expenditure for Governance programmes across Somaliland, Puntland and Somalia in 2009 was 24,303,586 US\$, with the following donors contributing: Denmark: 2,156,335US\$; Norway: 2,377,672US\$; DFID: 1,223,304US\$; European Union: 3,573,929US\$; SIDA: 1,160,599US\$'. A breakdown of spending was not available at time of writing.

²¹. <http://projects.dfid.gov.uk/SearchResults.asp?RecordsPerPage=50&countrySelect=SO%2DSomali+Democratic+Rep&PageNo=1>.

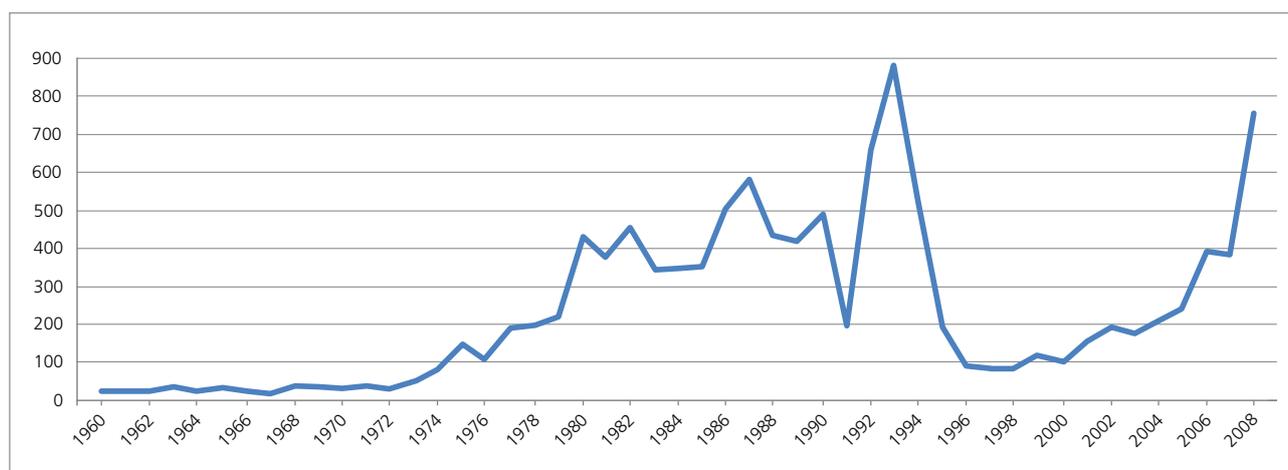
4.3 Incentives participate in non-violent peace building

Apart from the 2011 referendum on independence in Southern Sudan, in the past few decades Africa has had relatively few secessionist or independence events (Englebert and Hummel, 2005). Some scholars have suggested that this results, at least in part, from the incentives facing social, economic and political elites in potentially contested territories. Specifically, the material benefits of recognised sovereign statehood, in conjunction with the difficulties of obtaining recognition, provide concrete incentives for elites to surrender identity claims and thus maintain the legal existence of the state, despite the presence of different factional groups which may maintain *de facto* control in various regions of the country (ibid).

This theory provides an interesting insight into events both in Somaliland, which has not achieved recognised sovereign statehood, and in the broader Somali context. First, the relative lack of domestic and international resources associated with leadership of the Somaliland government (including that which owes to a lack of recognition, as with most international aid), compounded by a lack of natural resource wealth and other material assets belonging to the state, may have reduced the incentive for potential breakaway regions such as Sool and Sanaag in the east to remain a part of the state. However, the lack of significant wealth associated with the control of state institutions or, as a number of interviewees described, 'the existence of anything to fight over,' has reduced the incentive for the various factions (including various clan families, clans and sub-clans) within Somaliland to abandon negotiation and dialogue in order to wrest control of the state by force, as was the case with warlords in Southern Somalia.

Second, the resources associated with leadership of the Somali state are not sufficient to incentivise Somaliland elites to remain within a unified Somali state and compete for leadership. This may be associated with the decline in the value of the sovereign state as a commodity as aid flows diminished in the wake of the end of the Cold War. Aid data do indeed show an (interrupted) decline in official development assistance (ODA) and other official aid to Somalia, from \$586.96 million in 1987 to \$431.61 million in 1988 and \$417.5 million in 1989, before a slight rebound to \$491.39 million in 1990 and a collapse to \$185.34 million in 1991 with the disintegration of the Somali state (Figure 6). However, given that SNM attacks against the Somali government began as early as 1988 (with mobilisation beginning even earlier), the explanatory power of this variable is likely limited relative to grievances held by elements in the north. Even when foreign assistance revenues flooded into Somalia from 1992 to 1994, Somaliland elites showed little inclination to return to the state, suggesting that the divisive and exclusionary tactics employed by the Barre regime meant the distribution of state revenues via patrimonial networks benefited hardly anyone in Somaliland, and certainly not enough to induce a return to a unified Somalia.

Figure 6: ODA and official aid to Somalia, 1960-2008



Source: World Bank Africa Development Indicators – <http://data.worldbank.org/data-catalog>.

4.4 Leadership

Widely recognised as a seminal figure in the history of Somaliland, President Egal was a transformational figure in Somaliland politics. He was hardly certain to occupy such a role, given his involvement in the initial unification with Italian Somalia (Bradbury, 2008). However, able to leverage his relationship with senior elders from the era of immediate independence from colonialism, Egal emerged as a figure capable of bringing together disparate elements from both public and private sectors and across clans to achieve numerous strategic outcomes. Apart from the institutions created or refurbished under his administrations (see Section 3.2), Egal's attention to the necessary task of securing sources of revenue for the Somaliland state consolidated the government's presence, ensured its relevance and laid the critical foundations for further capacity development.

While clearly critical in its own right, President Egal's role as a leader is also illustrative of the contribution of a much larger set of actors. Traditional norms of inter-clan interaction that had been established in the pre-unification period, including the strong facilitative role played by clan elders, were critical in re-establishing order and legitimising state institutions. During the civil war against the Barre regime, the military wing of the Isaaq-dominated SNM had relied on the endorsement of the Isaaq *guurti* to maintain the support of the people (Renders and Terlinden, 2010). As a result, Isaaq clan elders gained a place at the negotiating table alongside militia leaders, where they subsequently played a critical role in negotiating processes of reconciliation among the clans (Ali et al., 2008; Bradbury, 2008). Where conflicts existed within the majority Isaaq clan family, *guurtis* comprised of minority clan elders were brought in as impartial facilitators. The leadership clan elders displayed during this period, and again in subsequent clan-based conflict, has been indispensable; it is all the more impressive as leadership authority among Somalis is largely facilitative rather than coercive or authoritative (Leonard, 2009). As the polity shifts increasingly from clan-based politics to party politics, the role of these figures may be challenged; however, the centrality of the clan to Somaliland society suggests they will remain relevant for some time to come.

4.5 Fear and identity

The presence of ongoing chaos and violence in southern Somalia has, since the fall of Barre's regime in 1991, presented a critical counterpoint to the relative peace and prosperity that Somaliland has achieved. Indeed, this contrast is often the central feature of some, but by no means all, of the literature on Somaliland, thus making the case for Somaliland a comparative one rather than one in which its achievements are valued in their own right. While an exclusively comparative focus risks downplaying some of the internal drivers of progress, it does draw on a critical component of the Somaliland psychology: differentiation from Somalia and a fear of devolving to a similar state of affairs. This fear and sense of difference has affected the behaviour of Somaliland's population, arguably making Somalilanders less likely to challenge questionable practices of the government for fear of destabilising a hard-won peace. It has also contributed to the development of a new national identity: in fact, within Somaliland, 'the notion of a Somali state identity is no longer accepted' (Bertelsmann Stiftung, 2009: 7).

Further contributing to this distinct national identity and the cohesion this provides in terms of developing institutions, Somalilanders have developed a number of shared ideas and experiences about Somaliland itself, with mixed effects. Together with prevailing international norms associating the boundaries of modern African states with historical colonial borders, a desire for recognition has driven decisions by Somaliland elites about the territorial limits of statehood claims. In seeking to establish the historical legitimacy of the Somaliland state, supporters of international recognition highlight the fact that Somaliland received its independence five days prior to its union with the newly independent former colony of Italian Somalia in Mogadishu on 1 July 1960 (e.g. Farley, 2010). This has important consequences: the dissolution of that union rather than a declaration of secession requires that the borders claimed by the government since 18 May 1991 match those of the former British Somaliland colony.

While a number of authors point to the contribution this shared history has made to the development of a distinct national identity (e.g. Renders and Terlinden, 2010), the incentives the desire for international recognition has generated have not been universally positive in their influence. Whether or not these borders *should* be recognised, insistence on the incorporation of the entirety of former British Somaliland has resulted in clear challenges for Somaliland's formal institutions of governance, specifically in the contested eastern regions of Sool and Sanaag, where low-level intermittent armed conflict continues.

4.6 The Diaspora and international linkages

Members of the Somaliland Diaspora have provided important assistance to progress in governance in a number of important ways. First, alongside the domestic business community, the Diaspora has engaged with a wide variety of Somaliland's peace-building and reconciliation processes, at times both initiating and funding peace talks. For example, funding for the 1991 Burao peace conference was provided primarily by the communities and Diaspora of the northern regions (APD, 2004, in Ali et al., 2008), and members of the Diaspora were critical in bringing together the feuding sides in attempts to resolve the 1994-1006 civil war (Bradbury, 2009).

Second, the same strong international network of support has played an important role in day-to-day affairs, by contributing to livelihoods and raising the standards of living of many Somalilanders. Through remittances, tourism and investments (Ibrahim, 2010), these cross-border links between family and clan members have supplemented incomes, improved the delivery of key public goods and facilitated business opportunities for many Somalilanders (Ahmed, 2000; Ibrahim, 2010).

Of particular importance in facilitating these strong international linkages has been the role of technology. The presence of cell phone and mobile communication technologies has further enabled ideas, financing and connectivity, contributing to the types of improvement in the business environment discussed in Section 3.2.2 and helping neighbouring countries to provide markets and outlets for activity. The *hawalad*, or money transfer, system has been an effective tool for bringing in needed investments from the Diaspora and elsewhere, and its prevalent role in Somaliland commerce demonstrates the potential for ingenuity in a formally stateless environment.

5. Conclusions

5.1 Key lessons

- The case of Somaliland highlights that, whether at the national level or with respect to any given development issue, **the absence of state institutions should not be equated with an absence of institutions altogether**. The strength of 'traditional' institutions in Somaliland was an important foundation for and component in future progress in governance. Although widely shared and historically legitimate institutions of equivalent strength are not necessarily to be found in all stateless contexts, policymakers and development practitioners cannot ignore the possible influence of such institutions.
- As a result, the case of Somaliland suggests **locating institutional change and reforms to systems of governance in locally legitimate norms is critical to their acceptance and sustainability**. Rather than implement a given set of best practice institutions, 'states should look inward for their resources and institutional models and adopt political structures and processes that reflect the history, complexity, and particularity of their peoples and environment' (Kaplan, 2008: 154-5), even where this may challenge prevailing international norms. The development of hybrid institutional solutions that combine adapted traditional and modern institutional structures, whether as permanent institutions or transitional institutions, is one possible alternative, though it should be noted that a hybrid approach may bring with it risks of institutional multiplicity that can undermine the consolidation of new institutions.
- Sporadic conflict, such as the Berbera port conflict of 1992 and renewed civil war from 1994 to 1996, and increased visible deviation from established rules in the latter half of the most recent decade, including delayed elections and a questionable extension of presidential terms, highlight the non-linear nature of progress in governance and the importance of maintaining a longer-term perspective. **Although it is difficult to predict moments of inflection, analysis of progress in governance should assume neither continued progress nor continued deterioration**. Even when trends in the quality of governance are positive, underlying challenges remain; when trends are negative, not all gains are lost, nor are those that are lost, lost permanently. That elections were eventually held and that the electorate in the 2010 elections punished the above transgressions are important evidence of this.
- While not diminishing the urgency of the need for progress, **reasonable expectations are critical when considering terms of time horizons for reform**. Progress achieved to date in Somaliland has been achieved remarkably quickly. Even so, a period of two decades has been required to build even a partially functioning, 'mediated' state. Establishing and entrenching systems to ensure the reliable provision of public goods in stateless areas will likely require several more decades.
- The case of Somaliland also demonstrates **the need for greater nuance in the public discourse on successful and failing states**. Sensationalist portraits of states, such as the 2010 Postcards from Hell publication by Foreign Policy magazine, risk overlooking potential areas of order and state function and engender ill-informed and unhelpful stereotyping. At the other end of the spectrum, elements of fragility continue to exist, even in states that are largely well-governed; ignoring these opens discourses on governance to charges of hypocrisy.
- Ideas of governance reform based on the simple adoption of best practice or most efficient institutional forms are misguided. International support should complement and build on local institutions and social norms rather than seeking to replace them. This will likely present challenges to donor organisations, particularly where socio-cultural norms are different from those of domestic audiences in donor countries. **Even where attempts to facilitate progressive transformation require changing the incentive structures provided by existing institutional arrangements, doing so with a locally grounded point of departure increases the likelihood of success**.
- The construction of institutions of governance in Somaliland is often presented as a purely domestic project. Yet, to examine the evolution of Somaliland's institutions of governance in isolation from the international context in which that evolution is taking place would mean providing an incomplete and potentially misleading picture. Here, we suggest the international community has, in a variety of forms, played an important role in influencing the trajectory of Somaliland

despite limited direct engagement. Even where direct engagement is limited, it is important to consider the potentially large impact of international factors on incentives for progress in governance. **The capacity of international assistance to distort incentive structures should be clearly acknowledged, and potential impacts (even where unintended) should inform the design of foreign assistance.**

5.2 Challenges

- **Developing systemic adherence to new institutions:** Given the relative youth of many of Somaliland's institutions of governance, further consolidation and ensuring implementation remain key priorities. The bending, if not breaking, of nascent institutional rules may lead many to question their sustainability. Thus, achieving more systematic adherence will likely depend on the ability of the country to overcome incidents that challenge agreed-on rules, such as the postponement of the 2008 presidential elections. The results of the 2010 presidential elections may be seen as a public response to this type of behaviour that punished rule-breaking, and are encouraging if read in that way.
- **Meeting rising expectations:** While the population of Somaliland has not traditionally relied on a formal state for the provision of public goods, as processes of sedentarisation and economic transformation continue there is a real potential that citizens' expectations of the state will grow. This may be particularly acute if processes of democratisation are oversold (World Bank, 2005) and encourage citizens to make demands beyond the capacity of Somaliland's nascent and poorly funded institutions before further consolidation can take place.
- **Addressing internal disparities:** Growing gaps in socioeconomic well-being between the centre and the periphery, between western and eastern regions and between rural and urban areas present a serious challenge for Somaliland's authorities. Where these disparities are overlaid along clan lines, they are likely to be particularly volatile. Indeed, perceptions of inequitable development and a government bias against the northwest region were key drivers of the war against the Barre government and the eventual 1991 dissolution of the Republic of Somalia.
- **Balancing security and civil liberties:** While by no means unique to Somaliland, citizens and government authorities face challenges in finding the right balance between the protection of civil liberties and ensuring security and stability in a fragile environment. Debates continue on contentious issues such as the future of a special security committee under the control of the executive branch; the appropriate level of regulation and control of various media outlets; and self-imposed constraints on the ability of citizens to question the practices of government. While such practices have been criticised for creating 'prisoners of peace' (e.g. Human Rights Watch, 2009), resolution will depend on the domestic political settlement.
- **Deal with exclusionary practices:** As elsewhere, current practices in Somaliland include both potential and actual variation in the degree to which all parts of the population are included in governance. Specific points for attention include gender disparities and the risk of exclusionary behaviour on the part of one clan versus other clans, both of which can present real risks to future progress. Despite some important changes,²² participation in many governance activities remains largely limited for women (Ali et al., 2008; Kaplan, 2008).²³ Attempts to address gender and clan disparities will need to acknowledge the often deeply entrenched nature of identity-based distinctions in society. This suggests that measurement of continued progress in this area is likely to require realistic timelines.
- **Consolidating authority in the Sool and Sanaag regions and relations with Puntland:** State control in these contested regions remains limited, as evidenced by conflict in October of 2007 in the areas around Lasanod (Bertelsmann Stiftung, 2009). Local authorities are seen to appeal to both polities depending on the specific issue in question and their own perceived benefits. Resolving these tensions will be further complicated by continued competition between the two polities for livestock exports from the ports at Berbera (Somaliland) and Bossaso (Puntland), particularly to Saudi Arabia now the ban has been lifted.
- **Getting what you wish for:** Somaliland's unrecognised status and the prospects associated with potential recognition have clearly influenced its developmental trajectory. One of the greatest challenges may be that of recognition should it occur. This question involves a complex web of incentives for both national and international actors. Potential challenges include the removal of key incentives for 'good', or peace-preserving, behaviour, the availability of new and significant non-tax sources of revenue for the government and susceptibility to new forms of external influence (including that of donors). Some of these same challenges could arise even without formal recognition, highlighting the care needed when considering changes to international approaches to enabling state and peace building.

²². See, for example, new opportunities for the participation of women in the justice sector: www.so.undp.org/index.php/Somalia-Stories/Hargeisa-women-lawyers.html.

²³. 'Although women have the same rights to vote and run for office as men, only 2 out of 379 municipal councilors and 2 out of 82 members of parliament are female' (Kaplan, 2008: 151).

References

- Abokor, A.Y., Kibble, S., Yusuf H.A. and Barrett, G. (2006) *Further Steps to Democracy: The Somaliland Parliamentary Elections*. London: Progressio.
- AfDB (2010) 'Somalia: Country Brief.' Tunis: AfDB.
- Ahmed, I.I. (2000) 'Remittances and Their Economic Impact in Post-War Somaliland.' *Disasters* 24(4): 380-389.
- Ali, M.O., Koss, M and Walls, M. (2008) *Peace in Somaliland: An Indigenous Approach to State-Building*. Nairobi: Interpeace.
- Bertelsmann Stiftung (2009) 'BTI 2010 — Somalia Country Report.' Gütersloh: Bertelsmann Stiftung.
- Bradbury, M. (2008) *Becoming Somaliland (African Issues)*. London: Progressio.
- Bradbury, M. (2009) *The Search for Peace: Somali Programme – A Synthesis Report of the Peace Mapping Study*. Nairobi: Interpeace.
- Bradbury, M., Abokor, A.Y. and Yusuf, H.A. (2003) 'Somaliland: Choosing Politics over Violence.' *Review of African Political Economy* 30(9): 455-478.
- Brautigam, D., Fjeldstad, O.-H. and Moore, M. (2008) *Taxation and State Building in Developing Countries: Capacity and Consent*. Cambridge: Cambridge University Press.
- Brinkerhoff, D.W. (ed.) (2007) *Governance in Post-Conflict Societies: Rebuilding Fragile States*. Abingdon: Routledge.
- Bryden, M. (1999) 'New Hope for Somalia: The Building Block Approach?' *Review of African Political Economy* 26(79): 134-140.
- DFID (2009) *Building Our Common Future*. White Paper. London: DFID
- Englebert, P. and Hummel, R. (2005) 'Let's Stick Together: Understanding Africa's Secessionist Deficit.' *African Affairs* 104(416): 399-427.
- Eubank, N. (2010a) 'Peace-Building without External Assistance: Lessons from Somaliland.' Working Paper 198. Washington, DC: CGD.
- Eubank, N. (2010b) 'Taxation, Political Accountability, and Foreign Assistance: Lessons from Somaliland.' Working Paper. Washington, DC: World Bank.
- Farley, B.R. (2010, forthcoming) 'Calling a State a State: Somaliland and International Recognition.' *Emory International Law Review* 24(2).
- Hall, P.A. and Taylor, R.C.R. (1996) 'Political Science and the Three New Institutionalisms.' *Political Studies* 44(5): 936-957.
- Hesse, B.J. (2010) 'Lessons in Successful Somali Governance.' *Journal of Contemporary African Studies* 28(1): 71-83.
- Huliaras, A. (2002) 'The Viability of Somaliland: Internal Constraints and Regional Geopolitics.' *Journal of Contemporary African Studies* 20(2): 157-176.
- Human Rights Watch (2009) *Hostages to Peace: Threats to Human Rights and Democracy in Somaliland*. New York: Human Rights Watch.
- Ibrahim, M.H. (2010) 'Somaliland's Investment in Peace: Analysing the Diaspora's Economic Engagement in Peace Building.' Working Paper 4. Jyväskylä: DIASPEACE.
- ICG (2003) 'Negotiating a Blueprint for Peace in Somalia.' Africa Report 59. Brussels: ICG.
- ICG (2003) 'Somaliland: Democratisation and Its Discontents.' Africa Report 66. Brussels: ICG.
- Ismail, E.A. (2003) 'Peace, Education, and Economic Development in Somaliland.' *Northeast African Studies* 10(3): 275-279.

-
- Jama, M.A. (2003) 'Somalia and Somaliland: Strategies for Dialogue and Consensus on Governance and Democratic Transition.' Oslo: UNDP.
- Jhazbhay, I. (2008) 'Somaliland's Post-War Reconstruction: Rubble to Rebuilding.' *International Journal of African Renaissance Studies - Multi-, Inter- and Transdisciplinarity* 3(1):5 9-93.
- Kaplan, S. (2008) 'The Remarkable Story of Somaliland.' *Journal of Democracy* 19(3): 143-157.
- Kymlicka, W. (1991) *Liberalism, Community and Culture*. Oxford: Clarendon Press.
- Leonard, D.K. (2009) 'Recreating Political Order: The Somali Systems Today.' Working Paper 316. Brighton: IDS
- Lewis, I.M. (1961) *A Pastoral Democracy: A Study of Pastoralism and Politics among the Northern Somali of the Horn of Africa*. London: Oxford University Press.
- Lewis, I. M. (2008) *Understanding Somalia and Somaliland: Culture, History, Society*. New York: Columbia University Press.
- Majid, N. (2010) 'Livestock Trade in the Djibouti, Somali and Ethiopian Borderlands.' Africa Programme Briefing Paper 2010/01. London: Chatham House.
- Menkhaus, K. (2007) 'Governance without Government in Somalia: Spoilers, State Building, and the Politics of Coping.' *International Security* 31(3): 74-106.
- Ministry of Planning and Coordination (2004) 'Somaliland in Figures (2004).'
- http://siteresources.worldbank.org/INTSOMALIA/Resources/somaliland_in_figures_04.pdf.
- Ministry of Planning and Coordination (2008) 'Somaliland in Figures (2008).'
- http://slministryofplanning.org/index.php?option=com_content&task=blogsection&id=37&Itemid.=58.
- Moore, M. (2007) 'How Does Taxation Affect the Quality of Governance?' Working Paper 280. Brighton: IDS.
- ODI (2010). 'Progress in Development: A Library of Stories. Phase II Selection of Progress Stories.' Background Paper Development Progress Stories Project. London: ODI.
- OECD (2007) *Principles for Good International Engagement in Fragile States & Situations*. Paris: OECD.
- OECD (2008) 'Service Delivery in Fragile Situations: Key Concepts, Findings and Lessons.' OECD/DAC Discussion Paper. Paris: OECD.
- Othieno, T. (2008) 'A New Donor Approach to Fragile Societies: The Case of Somaliland.' Opinion Paper 103. London: ODI.
- Penna, D. and Campbell, P. (1998) 'Human Rights and Culture: Beyond Universality and Relativism.' *Third World Quarterly* 19(1): 7-27.
- Renders, M. and Terlinden, U. (2010) 'Negotiating Statehood in a Hybrid Political Order: The Case of Somaliland.' *Development and Change* 41(4): 723-746.
- Rodriguez Pose, R. and Samuels, F. (2011, forthcoming) 'Rwanda's Progress in Health: Leadership, Performance and Insurance.' Development Progress Stories Background Report. London: ODI.
- Shinn, D.H. (2002) 'Somaliland: The Little Country That Could.' Africa Note 9. Washington, DC: CSIS.
- Shillinger, K. (2005) 'Recognizing Somaliland.' *The RUSI Journal* 150(2): 46-51.
- The Economist (2007) 'The Fragmentation of Somalia.' 4 October.
- UNDP Somalia/World Bank (2003) 'Country Re-engagement Note: Somalia.' Mogadishu: UNDP/World Bank.
- War-Torn Societies Project (2005) *Rebuilding Somaliland: Issues and possibilities*. Lawrenceville, NJ: The Red Sea Press.
- Weber, M. (1919) *Politics as a Vocation*. New York: Oxford University Press.
- World Bank (2005) 'Conflict in Somalia: Drivers and Dynamics.' Washington, DC: World Bank.
- World Bank (2006) 'Somalia: From Resilience towards Recovery and Development – A Country Economic Memorandum for Somalia.' Report 34356-SO. Washington, DC: World Bank.

A note on quantitative analysis:

Semi-quantitative analysis includes Freedom House indicators specifically for Somaliland, available from 2007-present (www.freedomhouse.org/template.cfm?page=363&year=2007). Otherwise, the only governance indicator data available are those for Somalia as a whole.

Annex 1: Timeline of events

