

SOMALILAND'S STORY:

Somaliland's progress
on governance:
A case of blending
the old and the new

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Development Progress



Somaliland's progress on governance:

A case of blending the old and the new

Key messages

1. Absence of easily recognisable formal state institutions should not be equated with an absence of institutions altogether. Coexistence and interaction between 'traditional' and 'modern' institutions have been key to balancing internal and external demands for legitimacy in Somaliland and represent significant progress in governance.
2. These unique institutional arrangements have contributed to the effective provision of public goods in key areas, such as those relating to basic security, the investment climate and service delivery at the local level.
3. Lack of significant international aid revenues under the control of the state to date has forced nascent government institutions to rely on sources of financing that include taxation, the Diaspora and loans from the business community, which have helped the state to provide essential public goods.

“Somaliland has achieved the type of progress in governance to which the rest of Somalia can only aspire.”

Summary

The collapse of the unified Somali state under General Mohammed Siyad Barre in 1991 after protracted civil war left in its wake widespread dislocation, death and destruction. Yet despite the chaos in southern and central Somalia, the northwest region of Somaliland has achieved the type of progress in governance to which the rest of Somalia can only aspire. This former British protectorate has been defined by a relative peace and calm and the development of an emerging set of state institutions. Somaliland has developed its own structures and systems of governance, drawing on elements of a kin-based system¹ that provided the organising structure for social, economic and political activity during centuries of nomadic pastoralist history.

What has been achieved?

Since 1991, Somaliland has made significant progress with respect to both the development of widely accepted rule-governed arrangements as the basis for social, economic and political actions, and the way in which these arrangements have contributed to the well-being of the population through the provision of key public goods.

Rule-based governance

A number of ‘home-grown’ institutions, including those derived from kinship-based principles, re-emerged strongly in the early 1990s following the civil war. While many of these ‘traditional’ elements have been adapted to better meet current governance needs, their presence offers a legitimacy that helps ensure relatively wide acceptance by Somaliland society. Key examples include:

- The Beel system, which formally incorporated both ‘modern’ democratic structures and key kinship-based elements such as clan identity and traditional elders into a system of state leadership, was key in facilitating power sharing among Somaliland’s main clans during its temporary tenure prior to the development of multiparty elections.

- The application of Shari’a law, which is an important component of the wider customary social contract known as *xeer*, has tapped into local ideas of authority, providing legitimacy to Somaliland’s newly established courts of law and key legal documents.

Meanwhile, Somaliland has also cultivated external legitimacy through the adoption of a wide range of governance 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. These institutions sit alongside or are linked to traditional institutions in a ‘hybrid political order’,² balancing internal and external demands for legitimacy.

Progress in this context should not be seen as a one-way transition towards an idealised set of institutions. Rather, certain component institutions fade in and out as their relevance increases or decreases, with the precise mix of ‘traditional’ and ‘modern’ elements evolving over time in response to changing governance needs and public ideas. The coexistence of these elements and the capacity to adapt the institutional framework without the overthrow or wholesale renovation of the state has been critical to the sustainability of progress in governance.

Provision of public goods

Peace building and the provision of basic security

Somaliland’s growing monopoly on the use of force constitutes an important contribution to its capacity to provide key public goods to its population. Early efforts to re-establish basic security in Somaliland relied on a series of peace conferences that provided a peace-building mechanism, rooted in traditional Somali dispute settlement approaches, to achieve reconciliation among the various clans.³ Clan militias were disarmed and demobilised largely through their incorporation into a national army, where former militia members received a steady wage. Together with a new civilian police force, this made up a national rather than clan-controlled security force, reducing the potential for further clan-based conflict as well as warlordism.

1 I.M. Lewis’s 1961 book *A Pastoral Democracy: A Study of Pastoralism and Politics among the Northern Somali of the Horn of Africa* (Oxford: James Currey) provides an excellent framework for understanding the Somali segmentary lineage system.

2 Renders, M. and Terlinden, U. (2010) ‘Negotiating Statehood in a Hybrid Political Order: The Case of Somaliland.’ *Development and Change* 41(4): 723-746.

3 Ali, M.O., Mohammed, K. and Walls, M. (2008) ‘Peace in Somaliland: An Indigenous Approach to State-Building.’ Paper produced for the Search for Peace Series. Hargeisa: Academy for Peace and Development.



Improving the business environment

Another key achievement in Somaliland over the past two decades is the gradual improvement of the business environment.⁴ 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 a dependence on war profiteering, especially in the south. Economic activity has been facilitated by the protection of key transport corridors and infrastructure, even during times of increased conflict, including Berbera port and other air and sea ports required to facilitate import-export activities. Peace building and the provision of basic security have also helped prevent the type of banditry and informal unregulated roadblocks seen in the south, thereby reducing businesses' transaction costs.

Service delivery

Provision of public services, including health, education and utilities, is an important part of overcoming state fragility. Service provision in Somaliland has improved significantly since the late 1990s, through a combination of (limited) government provision and contributions from non-governmental organisations, religious groups, the international community (including the Diaspora) and a growing private sector. Increasingly, local and municipal governments are able to support the provision of key public services directly, such as water in Hargeisa and education, electricity and security in Berbera. Given the lack of financial resources available to the state, non-state actors are likely to continue to play a key role for some time in ensuring provision of basic services. However, that services are being provided at all is demonstrative of the presence of an enabling environment and lends credibility to the state.

What has driven change?

Sources of revenue for state building

The absence to date of significant international aid revenues under the control of the state (and 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).⁵ State elites thus remain dependent on economic activity and assets held by citizens, particularly by the business community, in funding the provision of public goods. This has resulted in a degree of collaboration between these two groups, which suggests a greater degree of responsiveness to citizens as well as increased incentives to invest in productive capacity.

International donor involvement

A number of multilateral and bilateral donors do continue to play some role in Somaliland. However, lack of state recognition means that, unlike in most other developing countries, international community influence has not taken the form of external financial assistance provided to the Somaliland government. Those donors that have continued to engage in Somaliland have often been forced to do so in creative ways. For example, donors recently played an important role facilitating negotiations around reform and reconstitution of a National Electoral Commission leading to the 2010 election.

Incentives to participate in non-violent peace building

Unlike the warlords in southern Somalia, different factions of Somaliland's clan-based society have not abandoned attempts to reconcile through negotiation and dialogue. This is in part because the relative lack of domestic and international resources associated with leading the Somaliland government, together with a shortage of natural resource wealth and of other material assets belonging to the state, reduces the incentives to take control of the state by force.

4 Bradbury, M. (2008) *Becoming Somaliland*. African Issues. London: Progressio; World Bank (2006) 'Somalia: From Resilience towards Recovery and Development – A Country Economic Memorandum for Somalia.' Report 34356-SO. Washington, DC: World Bank.

5 Eubank, N. (2010) 'Peace-Building without External Assistance: Lessons from Somaliland.' Working Paper 198. Washington, DC: CGD.

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Leadership

Widely recognised as a seminal figure in the history of Somaliland, President Mohamed Egal played a transformational role in the country’s politics. Drawing on leadership authority among Somalis in a largely facilitative rather than coercive or authoritative manner,⁶ President Egal brought together disparate elements from the public and private sectors and across clans (including senior elders) to achieve numerous strategic outcomes. In addition to the institutions created or refurbished under his administrations, his attention to 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.

Fear and identity

Ongoing chaos and violence in southern Somalia present a critical counterpoint to the relative peace and prosperity achieved in Somaliland. A desire to differentiate themselves from Somalia and a fear of ending up in a similar state of affairs has formed a critical component of the psychology of many Somalilanders. This has arguably made some citizens less likely to challenge questionable government practices for fear of destabilising a hard-won peace, but has also contributed to the development of a new and distinct national identity, which has increased cohesion.

The Diaspora

Members of the Diaspora (often alongside the domestic business community) have provided assistance in a wide variety of Somaliland’s peace-building and reconciliation processes as well as day-to-day affairs, including support to livelihoods. Networks of support now reach across borders in the form of Somaliland’s enormous remittance economy. The system of transferring money known as *hawalad* has become an increasingly effective tool for bringing in needed investments from the Diaspora, a process facilitated greatly by the use of mobile communication technologies.

Lessons learnt

- 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 of future progress in governance. Policymakers and development practitioners cannot ignore the potential role and influence of such institutions.
- Grounding institutional reforms in local and legitimate norms facilitates their acceptance and sustainability. Rather than implementing a given set of best practice institutions, systems of governance are better off adopting practices that reflect their own historical legacies, current characteristics and future needs, even where this challenges prevailing international practice.
- Understanding and working with the incentives of the state (including sources of revenue and demands for legitimacy) to provide public goods is critical to progress in governance. Where external agents are involved in state-building processes, 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.
- 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. Reasonable expectations are critical when considering time horizons for reform. Establishing and entrenching systems to ensure the reliable provision of public goods in stateless areas will likely require several decades or more.

6 Leonard, D.K. (2009) ‘Recreating Political Order: The Somali Systems Today.’ Working Paper 316. Brighton: IDS.



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