Somalia Country Study

A part of the report on Informal Remittance Systems in Africa, Caribbean and Pacific (ACP) countries (Ref: RO2CS008)

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1. Introduction

This study is based on published sources and grey literature, and informed by the author’s own research with people from Somalia living in the UK (2002–2004). Conversations with participants at the United Nations Development Programme (UNDP) Somali Remittance Sector Conference in December 2003 and the clarifications of Nasser Issa, a London-based accountant, were also very helpful.¹

Since the Somali civil war began in 1988, there have been large movements of people from Somalia to neighbouring countries, and unprecedented levels of migration to Europe and North America. Remittances have assumed great importance in this context. Drawing a clear line between formal and informal remittance systems is often difficult. Regulation, supervision and recording may be seen as different dimensions of formality. Legality is another dimension. In the case of Somalia, distinguishing between formal and informal is particularly complex, because the state collapsed in 1991. The current “national” government controls only part of the capital city: it certainly does not regulate, supervise or record remittance flows.

In light of these complexities, this study distinguishes the following types of Somali remittance systems: hand delivery, trade-based systems, hawala-type networks and Somali remittance companies. These categories are not totally mutually exclusive: their interaction over time and space is also highlighted. Some of these systems are heavily institutionalized within the Somali economy and society. Moreover, many dedicated remittance companies are in a sense undergoing a process of formalization, as they increasingly interface in different ways with a variety of authorities in Somalia and with foreign governments. The study also explores the role of remittance inflows, and the systems that convey them, on macro-economy and governance, and on livelihoods in Somalia.

2. Somalia, migration and remittances

Somalia

Pre-colonial Somali society was ethnically homogenous, largely nomadic pastoralist, and politically organized around lineage and customary institutions rather than state institutions.² The Somali-occupied lands were colonized by Italy (to the South) and Britain (to the North). They gained independence in 1960 and were unified under a Western-style parliamentary system, forming the country now known as Somalia (Gundel 2003). Despite the expansion of livestock trade, the Republic of Somalia remained heavily reliant on budgetary support from other countries and over-centralized

¹ I am also grateful to Mark Bradbury for his comments on the first draft.
² Scholarly accounts of Somali traditional social and political structures include Besteman (1999); Besteman and Cassanelli (1996); Brons (2001); Lewis (1994); Luling (2002); Samatar (1994); Simons (1995). Major clan families are Dir, Isaaq, Hawiye, Darod and Rahanwein (including Digil and Miriffe). Minorities include the Bantu (the largest minority), Benadiri, Bravanese, Midgan, and Bajuni (European Commission 2002).
on the southern capital, Mogadishu. In this context, government corruption became common (Gundel 2003; Karp 1960; Lewis 1994). Siad Barre seized power in 1969, expounding “scientific socialism.” Soon he was supported by military and development aid from the Soviet Union (1969–77) and the United States (1978–89) that largely funded the war with Ethiopia over the Ogaden region (Gundel 2003; Mansur 1995; UNDP 2001). International support, also from Italy, reduced pressure to generate revenues domestically, undermining political accountability and fostering domestic clientelism. While anti-tribalist laws formally banned manifestations of clan organization, Barre, in fact a “master tribalist”, used state finances to manipulate different interest groups (Lewis 1994).

In 1988, insurrection by the Somali National Movement in the north met with savage government reprisals. The central region also suffered: persecution of dissenting groups and political movements had become common throughout Somalia. In 1991, the United Somali Congress and the Somali Patriotic Movement overthrew Barre in the South (Gundel 2003). The state collapsed. In 1991–1992, 240,000 to 280,000 people died from starvation or disease; in southern and central Somalia alone, at least 40,000 people were killed in fighting as the region entered a long period of inter-clan warfare, banditry and famine (UNDP 2001). International efforts to broker a resolution to the political crisis have failed miserably. Today, in some areas, localized politics, based on traditional clan-based, municipal, Islamic and local business influences, now ensure a degree of stability (Gundel 2003; Omer 2004). President Abdullahi Yusuf Ahmed was elected in October 2004 by the transitional federal parliament, sitting in Nairobi, and the re-establishment of a national government in the southern Capital of Mogadishu is on the cards, but currently the new government has no clear territorial control in Somalia. In the north, the secessionist Republic of Somaliland (since 1991) and the self-administering Somali State of Puntland (since 1998) are relatively stable, though internationally unrecognised (European Commission 2002).

Recent population estimates range from 5.4 to 8.7 million (European Commission 2002; UN Population Division 2003). Around two-thirds of the population live in the South, one third in urban centres (European Commission 2002; UNDP Somalia and World Bank, 2003). Nomadic pastoralism still predominates, with some farming and agro-pastoralism (UNDP Somalia and World Bank 2003). The main exports are livestock, bananas and charcoal: other industries were disrupted by the war (Webersik 2004). Education indicators for Somalia are drastically below neighbouring countries: 19 per cent of adults are literate and 17 per cent of children enrol in primary school (UNDP Somalia and

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3 Key elements included a massive literacy campaign, nationalizations and state farm development (Gundel 2003).
4 Partial suspension of foreign aid because of human rights abuses in the 1980s is believed to have contributed considerably to the collapse of the state (UNDP 2001).
5 E.g. diya-paying groups were banned: this is a group within a sub-clan that collectively pays compensation to other group if a member commits an offence (Lewis 1994).
Health indicators are also poor: life expectancy is 47 years and under-five mortality is 224 per 1,000 live births (UNDP 2001). An estimated 43 per cent of the population live in extreme poverty with an average per capita income of US$210 (PPP) (UNDP Somalia and World Bank 2003).

Migration
Pastoral movement across Somalia’s borders with neighbouring countries to graze livestock, trade or work has been a common feature for centuries. Ethnic Somalis have traditionally inhabited an area that stretches beyond Somalia’s 1960–1991 borders, living also in Djibouti, northern Kenya and the Ogaden region of present-day Ethiopia. During the colonial period, men from British Somaliland, many former nomadic pastoralists, worked as employees of the UK’s Merchant Navy, some returning after sojourns in the UK, others staying on (Griffiths 2002; Hussein 1993).

In the 1960s, many Somalians were employed in the transport sector and on the construction of the Tanzania–Zambia railway; more recently, Somalis found employment as truck transporters in Central and East Africa (Omer 2002, 2004). Elite young men often studied abroad, for instance in Italy, Britain or the Soviet Union. Domestically, substantial rural-urban migration began in the 1970s. Newcomers to the cities emphasized clan affiliations, politicizing otherwise declining identities. Urbanization continued during the civil war, and was most recently encouraged by the construction industry’s demand for labour (Ahmed 2000; UNDP Somalia and World Bank 2003).

Since the 1960s, significant numbers of Somalis have migrated to work in the oil-rich Gulf. By the 1980s between 150,000 and 175,000 Somalians worked in the Gulf, primarily Saudi Arabia (Jamal 1988). These migrants were mainly single young men: in the 1980s, most middle- and upper-income urban Somalians had a close relative working in the Gulf (Menkhaus 2001; Simons 1995).

Thus, significant numbers of Somali migrants and their children already lived in neighbouring countries, the Gulf, the UK and Italy prior to the first exiles in 1979 (Duale 1998). There was considerable internal displacement in the north in the late 1980s; by 2001 around 300,000 people were still internally displaced in Somalia (UNDP 2001). In 2002 there were 404,700 international Somali refugees known to the United Nations High Commission on Refugees (UNHCR): the vast majority in neighbouring countries – Ethiopia, Kenya, Yemen and Djibouti – but over the last twenty years many also migrated as refugees to Canada, Denmark, Egypt, Italy, The Netherlands, Norway, South Africa, Sweden, the UK and the USA (UNHCR 2004). Many stayed or moved to Gulf countries because of the conflict, but are not recognized as refugees. Substantial

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6 Ranging from 44.6 per cent for urban men to 6.7 per cent for rural and nomadic women; 20.8 per cent for boys to 12.7 per cent for girls.

7 The term “Somalian” refers to Republic of Somalia nationals, while “Somali” refers to an ethnic group in the Horn of Africa.
numbers of people from Somalia also live in Australia, Finland, New Zealand, Pakistan and India.

Some travelling to the West have used smugglers, others travelled under their own steam and sought asylum on arrival, or were admitted via family reunion provisions or resettlement programmes (Home Office 2003; Pérouse de Montclos 2003; Refugees Magazine 2002). Migration usually required the mobilization of considerable resources: migrants tend to be from cities or nomadic families and better-educated (Gundel 2003). The Bantus, Gosha, the agro-pastoralist Rahanwein and Digil sub-clans and other minorities mainly remained in Africa, until recent resettlements of groups of Bantu people to the USA (Gundel 2003; Refugees Magazine 2002). Reportedly, 80 per cent of the country’s skilled population has left since the conflict began (EC 2002).8

New patterns of migration often emerge, including within the diaspora: from African countries to the West; from other EU countries to the UK; between Minneapolis and Toronto (Al-Sharmani 2004; Bang Nielsen 2004; Economist 2003; Horst 2004; Lindley 2002). Increasingly, people travel to India and Pakistan for more affordable and accessible university training (Hansen 2004).

It is difficult to tell how many Somalians live outside Somalia. In broad terms, over one million people born in Somalia are thought to live abroad:

“The sheer size of this diaspora means that in some ways Somali society as a whole has been ‘globalised’… Somalia’s principal export is … human labour … this is of real significance within Somalia, given the remittance flows, and has wide-ranging impact on human development choices” (UNDP, Human Development Report 2001: 132).

Remittances
The West is believed to be the most significant source of remittances since the labour market tightened in the Gulf and the refugee crisis occurred in the 1990s. Somali refugees in neighbouring countries are more likely receive (from elsewhere in the diaspora) than send remittances, or to send much smaller amounts (Horst 2003). Most of the available information is on money transfer, on which this report concentrates, but remittances in-kind are also important, particularly via the export of vehicles to Somalia for sale or rental by family members.

Factors affecting remittance transfer are as yet poorly understood (see Section 5). Some migrants send remittances; some do not. There is no systematic research evidence on the incidence of remittance sending in the Somali diaspora or on comparative incidences of remitting among different migration cohorts and in the first and second generation. Migrants mainly send remittances to family members, but sometimes also to friends and business partners (Lindley 2004; Omer 2002). A survey of 166 remittance-receiving households in Hargeisa in 1998 found that most remitters

8 The definition of skilled population was not clear from this document.
lived in Europe or North America, 40 per cent of remitters were women, roughly as many wives support husbands as husbands support wives, and that 35 per cent of remittance-receiving households received money from two to eight migrants (Ahmed 2000). Transfers to cover family needs appear to range from US$ 50 to US$ 500 per month (Omer 2002; UNDP 2001).

There are currently two main ways to estimate total remittance flows to Somalia.

The top-down method uses estimates or data provided by remittance companies, by far the largest channel. This data omits flows through other systems. As transaction volumes are commercially sensitive to remittance companies, there also is a risk of misreporting. As the companies are the most efficient way to get money in and out of Somalia, they are also used by businesspeople to transfer much larger amounts. Omer suggests that investment-type transfers average over US$ 100,000 and trade-type transfers over US$ 500,000 (Omer 2002).9 Thus, the development of remittance systems is closely linked to demand from both migrants and traders. Top-down estimates of total remittance flows sometimes disaggregate investment and/or trade transfers, but more often do not (see below).

The bottom-up method is to deduce total remittance flows from information on average transfers and numbers of migrants, or from household surveys in Somalia. Pérouse de Montclos’ (2003) work on total remittance flows from Somalis in 13 countries to the Horn of Africa remains the most extensive and systematic attempt to estimate remittance transfers from the diaspora. Problems with the bottom-up approach include the frequent lack of reliable survey data on income, savings and remittance behaviour, leading researchers to rely on more anecdotal evidence regarding average transfers. In part of Somalia, security issues complicate household surveys, and local fears of reductions in aid may discourage declaring remittance income.

Many estimates combine both top-down and bottom-up methods, but a weakness in the literature is the frequent lack of detailed explanation as how estimates are produced. There is much recycling of figures in different documents: the general consensus is that remittances represent US$ 500 million to US$ 1 billion per year (Menkhaus 2001: 21). UNDP estimates that remittances today represent between US$ 700 million and US$1 billion, with the important distinction that a total of US$ 360 million is devoted to the subsistence of families, and the rest to business and investment (Omer and El Koury 2004).10 For Somaliland, estimates range from US$ 150 million to US$ 500 million: “Most calculations cluster around the US$200 million mark, although this may be as arbitrary as any higher or lower figure” (Somaliland Centre for Peace and Development 1999: 58). Estimates of remittance flows to Somalia are rising, although it is impossible to say whether this is because of a real increase or changing estimation methods. In 2002, The Economist Intelligence Unit (EUI) put annual remittances to Somalia at

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9 These estimates appear to be based on anecdotal evidence and remittance company estimates.
10 These figures are based on research with remittance companies, households and business people in Somalia.
US$200–500 million; for 2004, the figure rose to US$750 million to US$1 billion (EIU 2002, 2004).
3. Types of remittance systems in Somalia

*Hand delivery of remittances*

The most basic method of remittance transfer is hand delivery. The feasibility of hand delivery depends on the ability of the migrant to make a return visit, or to arrange for a trusted individual to deliver the money.

The growth in air transport, particularly in Somaliland, has made all the main towns quickly accessible for trade and individual visits (Ahmed 2000; Somaliland Centre for Peace and Development 1999). However, journeys (particularly from Europe and the US) still entail considerable travel/security costs, and are usually undertaken primarily for a social or business purpose, and by the better-off. Some travellers simultaneously deliver remittances: in recent years Somali “tourists” descending on Somaliland during the European summer holidays have provided a means of transferring funds. However, anecdotal evidence suggests that people avoid taking their own or others’ remittances by hand, for fear of robbery or increased airport security since September 11th.\(^\text{11}\)

There is little information on cash delivery by specialized couriers. During the early 1990s, brokers in Nairobi and elsewhere would arrange for the delivery of remittances to cities in Somalia or to refugee camps via couriers who flew on daily “qaat” flights, but these arrangements were “highly informal and personalized” (KPMG 2003: 15). The couriering of cash between Somalia, neighbouring countries and the Gulf States continues to be common for trade purposes (Omer 2002: 13). While some migrant remittances via trade-based systems (see below) may involve courier transport, I have not yet found any evidence that migrants directly use courier enterprises. Moreover, the widespread coverage of remittance companies (see below) means that there are usually safer ways to get the money to its intended destination.

*Trade-based remittance systems*

Gulf migrants have long financed the purchases of import–export traders, who used earnings from import sales in Somalia to pay remittances to families in local currency, often charging no commission (Ahmed 2000; Menkhaus 2001). Strong links between traders and their clan members in Somalia and abroad reinforced this practice, particularly among the Issac clan (Gundel 2003). The practice was formalized for a period under Barre as the Franco Valuta (FV) system, allowing traders to import goods duty-free if purchased with their own sources of foreign exchange (Jamal 1988: 212).

However, the International Monetary Fund (IMF) advised that FV had inflationary effects, and it was abolished in 1982. Jamal claims that, overall, abolition of FV simply pushed remittance transfer and trade further into the informal economy.\(^\text{12}\)

The method of remitting money via a trader, shopkeeper or travel agent who has other business with Somalia is still common in the United Arab Emirates, Saudi Arabia and

\(^{11}\) Field notes 6 September 2004 and 29 June 2004.

\(^{12}\) In fact, the old system was briefly reinstated to deal with crises, for example on rice and sugar imports in summer 1989 because cash was simply not available (Simons 1995).
the Gulf, but dedicated Somali remittance companies are now the main channel used by migrants further afield (House of Commons Select Committee on International Development 2004).

**Hawilaad and the role of technology**

*Hawilaad* is the Somali rendering of *Hawala*: a system of value transfer common in the South Asia and the Middle East. In this model, the migrant gives money to an agent who instructs a second agent to pay the money to the recipient. The second agent pays out on trust that the first agent will settle the debt at a later point (trust often based on family, clan or established business connections). The development of international telecommunications has facilitated the expansion of these informal financial networks. Many people refer to Somali remittance systems as hawilaad, but there has been no attempt to explore precisely the historical and operational similarities, or indeed interfaces, with hawala networks operating in other locations. It is not entirely clear from the literature reviewed how long the term "hawilaad" has been used in Somalia. Some suggest that this system only began or became significant in the 1980s, after FV was banned (Gundel 2003). After the government collapsed, there was no longer control of the radio system and by using high-frequency (HF) radios, it became possible to communicate cheaply with many places in Somalia. Radio operators would receive cash and relay payment instructions to correspondent agents (usually clanspeople) with whom they had compensation arrangements. In the early 1990s, radio communication was very important, although subsequently telephone networks have become available in most regions (KPMG 2003). In a sense, the hawilaad sector merges with the trade-based model described above: agents often settle their accounts via trade transactions. The major difference is that by operating on hawala principles, the transfer itself is dependent on communication between agents, backed by trust, rather than dependent on the shipping and selling of commodities, a longer process. This system really took off after 1988, supporting increasing numbers of refugees in Ethiopia.

Today, trade-based systems and hawilaad-type systems (see below) are common for domestic transfers. For a small commission, workers can send money from cities to families in remote regions, and village traders can avoid the risk of highway robbery on the way home (Omer 2002). Over time, and particularly since 1995, many hawilaad agents have been incorporated, sometimes organically via clan affiliation, sometimes via the discounted distribution of communications technology, into Somali remittance companies (KPMG 2003; Menkhaus 2001).

**Remittance companies**

Today the remittance company is the most commonly used remittance system. This description by the UK manager of Dahabshiil is typical:

"Somalis who want to send money go to our agents (we work just like the Western Union) and give the money to these agents and these agents pass that information to us and then we remit these funds to Somalia to the destination country, which is mainly Somalia. That is how it works, by getting orders from
agents and sending those orders to places where the recipients are, mainly in Somalia. [W]e take your details - your name, telephone number and address - and we also take the details of the recipient - the name and telephone number. We do not have an address in Somalia; if the person is not on the telephone we have the tribal details, which constitute a sort of an address for the individual, just to make sure that the right person gets the money” (House of Commons Select Committee on International Development 2004).

Most remittance companies appear to have begun with clan-aligned management, workforce, agent network and customers (Bradbury 2002a), subsequently diversifying both their investor and customer base and increasingly able to work throughout Somalia (Marchal 2000: 22). While many companies have large numbers of shareholders from different clans and regions, usually five or fewer owners effectively control and manage the business (KPMG 2003; Field notes 9 August 2004 and 4 December 2003).

Instead of going to the office, regular customers may phone the company with their bank details to make a transfer.13 Most companies advertise that money is ready for collection in 1 to 24 hours, some also offer an express service for collection within the hour and some offer online transfer tracking.14

Collectively, the remittance companies cover almost all towns and villages in Somalia (Omer 2002).15 Dahabshiil, the largest company, advertises 400 branches in 34 countries. The bulk of remittance company transactions are typically small: reportedly, over 90 per cent of Dahabshiil’s transactions are less than US$ 200, although there are also many larger transactions for commercial, investment and development projects (IRIN 2003).

The cost of transfers through Somali-owned remittance companies is modest. Typically, a 3–7 per cent fee was charged on dollar transfers in the late 1990s (Ahmed 2000). Today, for example, on transfers to Somalia under US$ 1,000, Dahabshiil charges 5 per cent. The difference between Somali remittance companies and other money transfer operators is particularly noticeable on small transactions. According to Dahabshiil’s UK manager

“On [a transfer to Ethiopia of] $100 we will charge only $6, which is about £4 [compared with Western Union’s fee of £14], but it does not just stop there. Also the rates we offer to clients is much lower than the exchange rate which Western Union offers. This morning, for example, Western Union were selling the dollar at

$1.72 to the pound; we were selling at $1.835 to the pound. So we offer much better rates to the customer and, also, much better commission” (House of Commons Select Committee on International Development 2004).

The total cost of remittance transfer includes often hidden costs in the “last mile”, that is, getting the money from the distribution point in the destination country to the recipient. In many countries, recipients have to travel considerable distances to reach distribution points. In Somalia, remittance companies have very widespread coverage: the last mile is shorter and cheaper.16

The agent deposits cash received in a local bank account. The money is then transferred to a central company account, usually in Djibouti or Dubai. The agent then relays payment instructions to a clearing house, which contacts their agent closest to the recipient, who in turn notifies the recipient (Omer 2002). Different communication technologies may be used: HF radio, satellite telephone, fax, email or dedicated company software. The clearing house is the central location of the remittance company, often the same location as the headquarters (Ahmed 2000; Omer 2002). The trade flows of a sister or sub-company can be an important element in the settling of remittance company accounts between country offices. According to Towfiqu Nationlink’s general manager,

“Towfiqu … transfers the cash into the country through importing the required foodstuffs, fuel, medicines, spare parts and so on. We sell the goods for cash. This is how we receive money from our agents abroad” (Duhul 2002).

Careful cash management is key. At each point in time, there is dead cash (collected by agents on a daily basis, not yet deposited in banks), transit cash (transferred from local bank account to corporate central account, transactions occurring daily, perhaps two to three million dollars per day) and stand-by cash (held by a receiving agent in Somalia or elsewhere, equivalent to the transit transactions) (Omer 2002). To defend against currency fluctuations in Somalia, remittance companies only deal in US dollars. “They will exchange money for customers [i.e. after distribution in Somalia], but they will only remit and distribute dollars” (Omer and El Koury 2004: 48).

Remittance companies rely on a network of branches or franchises (Omer 2002). Usually there are only a few salaried employees, the rest are agents who usually receive 30 per cent of transfer fees (Omer 2002). Agents are usually responsible for complying with national regulations and the establishment, management and overheads of their premises, although during crises the remittance company may offer legal or other support (Omer 2002).

With the breakdown of the state and legal system in Somalia, the companies have developed particular ways to secure their premises and preventing staff corruption

16 Field notes 3 December 2004.
(Omer and El Koury 2004: 47). They pay guards and clan militia to protect employees and premises, and furthermore “because so many households and businesses rely on hawilaad, the companies appear to be able to count on the entire community to protect them from theft” (Menkhaus 2001: 5).

The sector’s expansion went hand-in-hand with the emergence of satellite telephone services in Somalia in 1994–95, initially in Mogadishu and Hargeisa, today in most medium-sized towns, providing a direct and reliable link with the rest of the world for some of the cheapest rates in Africa (KPMG 2003; UNDP 2001). International telecommunications stimulate remittance flows by facilitating contact with relatives overseas and helping the money transfer sector to expand. In 1996, when the first telephone service became widely available, remittances to Hargeisa tripled: the two largest remittance companies have invested heavily in international telecommunications (Ahmed 2000).

Some companies are using new technology to meet new regulatory requirements. For instance, Amal is introducing computerized ID systems for regular customers (Field notes, 3 December 2004). Dahabshiil plans to introduce proprietary software to “make it possible for all its agents to provide near real time transfers of funds and make reporting requirements mandatory” (IRIN 2003). Other large companies are obtaining new software to cross-check customers with international lists of suspicious persons (KPMG 2003; Omer and El Koury 2004).

4. Remittance companies: growth and regulation

Remittance companies now dominate the money transfer sector, and their sophistication and regulation lend further support to the view that the term “informal” is not appropriate in this context. In Beled Weyn in 1998, remittance companies estimated they transferred two-thirds of remittances, and HF radio operators and hand-carrying one third (Menkhaus 2001). In 2000, 75 per cent of recipients in urban Hargeisa received remittances through the two largest major money transfer companies (Medani 2000).

There are also two Western Union offices in Hargeisa, reported to charge high fees (Hansen 2004). It is not clear what the Western Union’s strategy is in Somalia or what type of business they attract, given that even international aid agencies have long used remittance companies to send money to Somalia (El Qorchi, Wilson et al. 2002).

Precise transaction volumes are commercially sensitive. Omer found three remittance companies whose annual transaction volume was between US$ 225 and 400 million, two between US$ 50 and 150 million, and three of less than US$10 million (Omer 2002). Since 2001, Dahabshiil has reportedly more than doubled its transfer volumes to Somalia (EIU 2004). Ahmed (2000) identified ten other companies handling on

\[17\] It is not totally clear from Omer’s paper whether this is the collective transaction volume or the individual transaction volume of each company, although the former appears most likely.
average half a million dollars per month in Somaliland. According to Pérouse de Montclos (2003), in the late-1990s Towfiq moved between US$ 14 million and US$11 million a year via its Dubai and Jeddah offices respectively; Al-Barakaat moved a total of US$ 100 million, transferring money to 200,000 people.18

Previously, Al-Barakaat’s economies of scale prevented other companies from competing on fees, so “several companies merged and others developed specialized market niches in order to compete” (Omer and El Koury 2004: 48; Al-Barakaat has now been closed down, see below). Today, strong competition and the lack of price fixing or monopolies is emphasized – there are around twenty operators active in the UK alone (Omer and El Koury 2004; House of Commons Select Committee on International Development 2004).

Remittance companies and banking
Some remittance companies are extending their services to provide services conventionally offered by banks, for instance keeping large sums of money in an account (typically remittances for home or business investment, traders’ funds; Menkhaus 2001). The money is usually kept in dollars in a non-interest-bearing account; sometimes a chequebook is provided (Omer 2002). All major formal financial institutions19 were bankrupt by 1990 because of corruption and mismanagement. This abysmal banking history makes people cautious as banks are re-established: keeping money at a remittance company often appears a safer option (Omer 2002). Dahabshiil is particularly public about its intention to become a commercial bank and already offers small loans and facilitates international payments for imports (IRIN 2003). In southern Somalia, Dahabshiil offers the services of a normal bank, and in the north is negotiating with the Somaliland government. Plans include the installation of an ATM network in Somalia. Such ambitions to extend services are common: “Somali remittance operators are destined to lead the way for the future banks and financial institutions in the new Somalia.” (Omer and El Koury 2004: 51).

Regulation of remittance companies in Somalia
Hand delivery, trade-based systems and small-scale hawilaad transactions operate free of state regulation. Remittance companies are also comparatively free of regulation in Somalia itself. Reportedly, in the south, links between the TNG and the business sector may

“make it difficult to intervene in business activities in order to raise public revenue. For example, one government official told me that he would like to see the remittance banking systems formalized in order to be able to demand taxes … it is questionable that the business community will agree to interventions that would minimize profit margins” (Webersik 2004: 250).

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18 Research was conducted in 1997–1999.
19 The Central Bank of Somalia; Somali Savings and Commercial Bank; Commercial Bank of Somalia; Somali Development Bank and the Somali Insurance Company (Omer 2002).
The Somaliland Central Bank is responsible for the monetary system and currency in Somaliland, and has developed a legal framework to regulate financial institutions including remittance companies. The law and constitution allows for the establishment of commercial banks, but the Somaliland Central Bank has been keeping the remittance companies in check to date and has not issued any banking licences (Awdal News Network 2003; Omer 2002).

Allegations of terrorist links: the Al-Barakaat case
In late 2001, the American White House alleged that the owner of Al-Barakaat, then the largest Somali remittance company, was a “friend and supporter” of Osama Bin-Laden and the company was a “terror-supporting financial network”. Allegedly, the company provided terrorists with Internet services and secure telecommunications, skimmed money from transactions and transferred money internationally for terrorists. On 7 November 2001, the US Treasury froze the assets of 62 organizations and individuals associated with Al-Barakaat (Bradbury 2002a). On 26 November 2001, the United Nations Security Council included Al-Barakaat in a revised list of suspected terrorist supporters, and 105 countries froze their assets, including the G7 countries and key financial hubs such as the United Arab Emirates. The Ethiopian government reportedly shut down all Somali remittance offices in Addis Ababa for a period (EIU 2002). Although a senior US official told the International Crisis Group (ICG 2002) in May 2002 that evidence would be forthcoming soon, an article in November 2003 pointed out that

“the US offered no evidence for its allegations, and no-one associated with Barakaat was accused of terrorist financing … Some Al-Barakaat grocer agents in the US were charged with failing to disclose their money deposit of transmission systems to the state authorities. But these were minor offences compared with the original damaging allegations” (Dudley 2003: 1).  

Many reports on the closure were written in the immediate aftermath, and evoke potentially far-reaching effects (Bradbury 2002a; Menkhaus 2001). While there was certainly disruption and hardship, in the medium term most of these dire warnings were not borne out. There are suggestions that remittances got through in other ways. Bradbury (2002a: 24) likens the closure of Al-Barakaat to that of a major UK bank: “The economy may survive without it, but ordinary people will be hurt by its loss”. This has become the general consensus: “The closure of Al-Barakaat had a minimal impact on the delivery of remittances to individual Somali families and businesses, as other remittance companies have filled the void” (Omer and El Koury 2004: 47).


21  A Swedish spokesperson explained to the New York Times that confidential information provided by the US government to the Swedish government when asking for closures merely asserted that the company is linked to Al Q’aida (Golden 2002).
Regulation of remittance companies abroad

One of the fears after the closure of Al-Barakaat was that this would be the start of a crackdown on all Somali remittance companies. In many Western countries prior to September 11th, regulation of money transmitters was “light touch”. Globally, regulation of all financial services has increased since September 11th at the recommendation of the intergovernmental Financial Action Task Force (FATF). Many countries have set up or reinforced systems for registering or licensing money transmitters, and have tightened-up reporting requirements and other forms of state monitoring. Even in the United Arab Emirates (UAE), formerly a haven of unregulated economic activity, Somali remittance companies now have to be registered (Eldin Eltayeb 2004). In Norway, Germany, The Netherlands and France, financial and other requirements make it very difficult for Somali remittance companies to operate formally. In other countries, such as the UK, where barriers to registration are lower, virtually all the Somali remittance companies are believed to be registered with tax authorities and with the financial regulatory body – in the UK this is Customs and Excise (UNDP 2003; Field notes 3 December 2004).

Remittance companies are currently moving towards registration and compliance in countries where this is an option and commercially viable. When registration was being established in the UK in 2002, the UK manager of a remittance company told the author:

“Now we have to apply for the licence; we have to pay the fees; and we have to be much more bureaucratic in the way that we operate. But it is also a plus: we have become more professional. It works both ways” (Interview, June 2002).

In countries where it is harder to operate legally Somali remittance companies may be driven out of business or underground with uncertain effects. However, it is unlikely that remittances from these countries will stop: new systems will be created or old systems revived (Lindley 2002, 2004). Some strategic partnerships have emerged: in December 2004, Dahabshiil announced a partnership with Travelex Money Transfer, a large money transfer operator, to facilitate remittance transfers from The Netherlands, where it is hard for Somali companies to obtain a licence, to Dahabshiil agents in Ethiopia, Somalia and Djibouti.

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22 Special Recommendations on Terrorist Financing, No.6: “Each country should take measures to ensure that persons or legal entities, including agents, that provide a service for the transmission of money or value, including transmission through an informal money or value transfer system or network, should be licensed or registered and subject to all the FATF Recommendations [i.e. measures to prevent money laundering and terrorist financing] that apply to banks and non-bank financial institutions. Each country should ensure that persons or legal entities that carry out this service illegally are subject to administrative, civil or criminal sanctions” (FATF 2001: 2)

23 http://www.dahabshiil.com
With no state or central financial authority, Somalia has no representation (and remittance companies thus have no advocate) in international financial fora such as the FATF (Omer and El Koury 2004). To help deal with some of the problems this creates, the major companies, assisted by UNDP, launched the Somali Financial Services Association (SFSA) in December 2003, with a two-fold mandate: (a) to act as a self-regulatory body until there is a capable central financial authority in Somalia; (b) to represent its member interests, e.g. supporting compliance training workshops (Omer and El Koury 2004: Field notes 5 December 2003). Although Dahabshiil is no longer a member of the SFSA for reasons that remain unclear, the general thrust of joint activity towards compliance with financial regulators in host countries and incipient self-regulation point to an increasing formalization of the Somali remittance companies (Field notes 9 August and 29 June 2004).

5. Remittances, remittance systems, and development

Macro-economy and governance
Given the unreliability and variation in remittance flow estimates, comparisons with estimates of other macroeconomic flows (also often unreliable) are tricky. Remittances clearly dwarf aid: the Somali Aid Co-ordination Body is working on the basis that Somalia receives US$ 750 million in remittances compared with US$ 174 million in international aid annually (Omer and El Koury 2004). Moreover, whereas a considerable proportion of international aid “to Somalia” is spent at international NGO headquarters in Nairobi rather than in Somalia, much higher proportion of remittances sent are spent in Somalia. Remittances are also important in comparison with the livestock trade: Ahmed’s estimate of remittances to Somaliland was four times its livestock export earnings: he says that remittances financed virtually the entire import bill for Somaliland and the Ethiopian Somali region during the Saudi livestock ban (Ahmed 2000). It is important to emphasize that all of these figures may have wide margins of error (European Commission 2002). However, it is reasonable to say that since 1990 “without remittances Somalia would not be able to finance a trade deficit and the economy would be in a disastrous state” (Bradbury 2002a: 20).

The multiplier effects of the spending and investment of remittances in Somalia are explored later, but remittance systems themselves also contribute considerably to the Somali economy by facilitating all sorts of businesses. Somali traders use foreign exchange bought from migrants to buy their wares, and use remittance systems themselves to make payments to partners. Remittance companies are used by aid agencies for payroll and contract payments (Bradbury 2002a). Remittance systems also facilitate foreign direct investment in Somalia, the vast majority of this coming from Somali nationals living abroad (Drysdale 2000). Moreover, many Somali remittance companies invest in other industries (or vice versa), particularly import/export, construction, real estate and telecommunications.24

In recent years, several writers have suggested that remittances explain the relative buoyancy of the Somali economy and key economic indicators despite appalling human development indicators (Bradbury 2002b; Lindley 2002; Little 2003). There is virtually no foreign direct investment in Somalia, apart from the diaspora. Diaspora investment has played a noticeable role recently in Somaliland’s economy (Hansen 2004; Somaliland Centre for Peace and Development 1999; Field notes 17 March 2004). The violent politicization of productive resources across Somalia means that the economy is largely and of necessity trade-based. This trade-based economy appears to be thriving, crucially fuelled by remittances transfer among other factors, and facilitated by the financial services offered by remittance companies (Besteman and Cassanelli 1996; European Commission 2002; Little 2003).^{25}

However, as some of these writers also point out, discontinuities between the economy before and during the civil war should not be exaggerated. Jamal (1988: 203) asserts that in 1979, “the bulk of economic activities takes place outside the aegis of the national accounts”. Conventional statistics implying massive nomadic starvation in 1979, stagnant urban wages and doubled inflation for 1970–78, were belied by booming consumption linked to the growing unofficial GNP (Jamal 1988). Labour export and informal trade was where the real money was for many households.

Moreover, obviously, while the state’s collapse formally deregulated the economic playing field, it could not level it. These processes of informalization in were “linked to the privatization of the State by the ruling elite” (Marchal 2000: 7) as state regulation was increasingly flouted by those within the system. The populist view of informal trade expansion as automatically redistributive and gender positive is misleading: in economies undergoing conflict “new forms of privilege, authority and rights to wealth” are forged (Duffield 2001: 156). Conflict encouraged informal protectionism (Lindley 2002). How do remittances interact with this political and economic environment? In peaceful states, some writers suggest, migrant remittances have partially disguised damage to livelihoods caused by the adoption of radical neo-liberal reforms, by making a bad situation more liveable (Kapur 2003). I would adapt this: in Somalia, do remittances make statelessness more liveable – whether in the de facto state of Somaliland or under localized governance in other areas of Somalia? (Lindley 2004). Migrant remittances may have political effects even if not directly contributing to arming a militia faction: “One negative aspect of remittances is that they have allowed the factions to survive without delivering anything to the people” (Marchal et al. 2000: 14). How does a thriving remittance economy affect state–society relations? How does it affect ongoing processes of socio-economic differentiation and the relative positions of different social groups in Somalia?

In southern and central Somalia, there is no real state management of the money supply (Omer and El Koury 2004). The dollar was widely circulated in Somalia under Barre but dollarization accelerated after 1989: in the south in particular, Somali shillings

^{25} Although recent developments in agro-processing, the construction industry and other processing industries are acknowledged (European Commission 2002; EIU 2004)
are used for low-value transactions but US dollars are used for high-value transactions, and savings are now in dollars (Menkhaus 2001; UNDP 2001;). Holding your money, including remittance income, in dollars also protects you from domestic hyperinflation, which was particularly bad after the importation of counterfeit shilling notes by businessmen/warlords during the 1990s (Marchal et al. 2000). The political economy of currency control is intriguing: Addison, Mursheid and Le Billon (2000) suggest that given that “[i]nstitutions such as currencies arose to reduce transaction costs in market exchange, thereby creating the need for states… In effect Somalia’s private sector is trying to create state institutions” (Addison, Mursheid, and Le Billon 2000: 15).

How do members of the highly mobile Somali business elite – including the founders, owners and managers of remittance companies, and all those investing in Somalia – relate to changing political realities in Somalia? Enterprises have certainly developed business beyond political and clan lines and across regions, with a (sometimes expedient) stress on religious identity (Menkhaus 2002a). For instance, in 1999 key southern businessmen refused to pay taxes to their clan militia leaders, instead financing private security forces and an “independent” judiciary managed by local shar’ia courts (ICG 2002). When a remittance company mounts guards on its premises and makes deals with local militia, it engages in the local political context. Business cannot really avoid politics. On this basis, Menkhaus (2002b: 8) advocates constructive engagement with businessmen as the “real power brokers” in Somalia, putting faith in the idea that commercial interests would be damaged by a resurgence of warlordism. We should be wary of the strategy of “seeking out power brokers”, which in the international efforts to resolve the conflict thus far, has tended to further empower belligerent warlords who increasingly appear to have vested economic as well as political interests in the continuation of their disputes. The available literature on remittance systems tends to skim over the involvement of often powerful economic actors as owners and managers of the remittance companies and related financial and trade enterprises.

Livelihoods
There has been some research to ascertain the scale of remittance inflows and their impact in some parts of Somalia and neighbouring countries, although there remain major gaps and data is very limited. A recent UN survey suggested that remittances represent 23 per cent of total household income Somalia, compared with self-employment representing 50 per cent and wage employment 14 per cent (UNDP Somalia and World Bank 2003).

The significance of remittances as a source of household income may vary greatly among different locations. In the north in 1999–2000, remittance income was more common among urban households than among households in IDP/Returnee Camps (Medani 2000). Remittances were a main source of household income for 23 per cent of urban households in Hargeisa; but only for 7 per cent of urban households in Burao-Yirow (Medani 2000). In Burao, the majority of remittance recipients surveyed received an average of US$ 100 to US$ 150, three times a year (Medani 2000). A UN survey
estimated that in the late 1990s Beled Weyn (population 50,000) received US$ 200,000 per month in remittances, a monthly average of US$ 4 per inhabitant (Menkhaus 2001: 21). In 1998-9, a survey of recipient households in Hargeisa found that they received on average US$4,170 in 13.5 transfers per year, representing 64 per cent of the total income of the households concerned. However, only one-third of households in Somaliland were believed to receive remittances (Ahmed 2000).

While direct remittance flows into rural areas are believed to be lower, they may actually be more critical. “In rural areas, remittances provide security against crop failures, illnesses, sudden price falls and loss of income or assets” (Ahmed 2000: 386). Moreover, redistribution of international remittances within Somalia may be significant: 46 per cent of urban households support poorer rural relatives, with US$ 10 to US$ 100 a month; 22 per cent of the urban households themselves receive international remittances (Medani 2000). Montclos found that one beneficiary shared remittances with, on average, ten other individuals (Pérouse de Montclos 2003: 52). The flow of remittances is fairly regular, increasing during periods of economic stress or inter-clan warfare (Menkhaus 2001). It is little wonder that some claim that “[o]ver the past century, remittances have emerged as the single most important support system in the country” (Academy for Peace and Development 2002).

Most households use remittances for consumption – food, shelter, clothing, medical care, education (Ahmed 2000). UNDP (2001) claims that if remittances were interrupted, many households access to enough food, medical care and schools (both largely privatized) would be seriously affected. In terms of keeping a range of people fed, healthy and educated, migration plays a key role in Somalia.

“Up to 15 per cent” of respondents in Hargeisa in 1999 invested remittances in land, homes or businesses (Ahmed 2000). Small businesses can represent a sustainable livelihood for the family in Somalia. Anecdotal evidence from the UK is that while this is the ultimate dream for a migrant (to set your family up in a sustainable business), initiatives quite often fail, because of the poor state of the local economy, credit constraints, lack of business acumen and the disincentive to sustainability posed by ongoing remittances (Field notes 10 April 2004 and 11 November 2003). However, the construction boom in Somalia has generated substantial multiplier effects, prompting substantial rural–urban labour migration in recent years. It would appear that even official international development efforts effectively rely on the remittance economy: the closure of Al-Barakaat “affected the ability of rural communities and families to participate in development initiatives, such as those that Oxfam [and Novib] has been supporting” (Bradbury 2002a: 24).

Remittances are also invested in other socially significant ways: bridewealth, special occasions or visits to Mecca (Ahmed 2000; Cabdi 2002). Remittances also fund qat consumption, leading to claims that remittances support damaging addictions (Field notes, 2004).
Apart from the general effects on livelihoods and the economy, remittance in-flows locally also affect security. Reportedly, remittances fund dia-payments (collective compensation payments according to customary law), thus offering ways to avoid interpersonal conflict. A less positive use, from the national perspective, has been the use of remittances as protection money or directly to support factional conflict. “The diaspora has, during certain periods, been a critical source of funds for clan militias, which have raised funds (sometimes via coercion) from clan members living abroad” (Academy for Peace and Development 2002; Ahmed 2000; UNDP 2001: 132). However, all the evidence suggests that this practice is greatly in decline today compared with the early 1990s. From another angle, there have also been several reports of kidnapping of people with relatives in the diaspora.

Remittances are also sent to other countries: 46 per cent of Somalian refugees in Cairo (where it is hard for refugees to get work) receive US$ 50–100 in remittances each month, two-thirds from relatives in the USA and Europe, and 10 per cent from Saudi Arabia (Al-Sharmani 2004). An estimated 10–15 per cent of the population of Dadaab refugee camps in Kenya benefit directly from remittances, some occasionally (on average receiving US$ 200–500 two to five times a year, usually when requested in response to a contingency), others regularly, usually monthly on average US$ 50–100 (Horst 2002).

Migrant-supported projects
There are numerous migrant-funded projects in Somalia (in most cases, the transfer of funds to Somalia is undertaken via remittance companies). A few examples:

- Somalis linked to Borama helped to set up Amoud University, a community-owned institution, which still depends substantially on contributions from the diaspora as well as the local population to pay its staff (Samatar 2001).[^26]

- Read Horn of Africa is a charitable organization set up in 2001, which established and supports Irro Primary School in Bursalah in Puntland for 400 children aged 5–16. It is funded by a group of Somalians in Australia, New Zealand, North America, Europe, the Middle East and Africa, held together by family and clan connections and their support of the project (Field notes 9 August 2004).

- Ruudi is an umbrella organization supporting seven local community groups (four agricultural co-operatives or groups, a school, a civil society forum and an enterprise development group) in Western Hiiraan.[^27] Much of the organization’s funds so far have been raised by Somalis in London and Dubai (Field notes 26 March 2004).

- SomScan-UK, an umbrella group of Somalis based in Scandinavian countries and the UK, established in 1999, has collectively bought a block of land near Burao to

[^26]: [http://www.amoud-university.borama.ac.so](http://www.amoud-university.borama.ac.so)
[^27]: [http://www.ruunki.org.uk](http://www.ruunki.org.uk)
build homes where members of the group can live, using Dahabshiil in Burao to facilitate the project in its early stages, involving 330 families. The project is now backed by EU funding and the Danish Refugee Council (Jama 2004; Kleist 2003).

There is little written about migrant projects in Somalia (with the exception of SomScan): they deserve more attention. Some migrant-funded projects are more comfortable than others with relying on diaspora contributions. Ruudi explains that “we met the cost of establishing the Mogadishu Office from fundraising within the Somali community in London. But this method is NOT sustainable” (Ruudi 2003). A member of another migrant-funded project took the view that “[w]e thought – why ask for help from other people when you can do it yourself” (Field notes 9 August 2004).

More broadly, the UNDP-funded QUESTS scheme will place professional Somalis in new areas of Somalia on short-term social development project contracts (Omer 2004). QUESTS is an example of how the retrieval, if not the immediate return, of valuable human resources to Somalia can be encouraged by international aid.

6. Ways forward – research and action

Knowledge gaps
This report has mined nearly all available sources of literature. The onus of further research must be on primary research, including analysis of available statistical data. Research should in particular focus on the following areas.

1. Recent estimates of remittance flows to Somalia vary hugely: the highest estimates are more than double the lowest estimates. Top-down research remains difficult: host states under-record or are poor at measuring remittance transfer in general, and remittance companies regard their records as commercially sensitive. Alternatively, some of the research recommended below might provide a sounder basis for bottom-up estimates of total flows and uses than is currently available. In particular, if one is to put any weight on remittance statistics, more disaggregated estimates of remittance flows are required. Whilst acknowledging that types of transfers often are hard to categorize rigidly, trade transfers, themselves crucial to the Somali economy, should be disaggregated wherever possible from remittances for more private purposes.

2. There has been little systematic research into remittance sending by migrants. There is some over-used anecdotal evidence, but as yet no reliable survey research.28 In particular, the effect of immigration and asylum policies in Europe and North America

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28 The estimates by Pérouse de Montclos (2003) are worth exploring further. Horst (2004) offers interesting qualitative insights from research in Minnesota. A qualitative and quantitative picture of migration to and remittance sending from the UK is part of the author’s own planned research. A better understanding of remittance sending would also form a much stronger basis for estimates of remittance volumes.
may affect both migration and remittance incidence and habits in ways that are as yet poorly understood.

3. The primary research reviewed here on the *impact of remittances* – on the macro-economy, governance and livelihoods in Somalia – is very limited. Remittance income can and is contributing (directly and via multiplier effects) to meeting basic needs and to sustainable livelihoods and employment. A better understanding of this will help political authorities and aid agencies enhance the positive effects of remittances.

4. Little is known about the operation and impact of the numerous *migrant-supported projects* in Somalia. On the basis that international aid efforts should build on what is there and working already, migrant-supported projects merit closer attention. It may be time to develop protocols by which international development agencies can begin to work more effectively, where appropriate, with such organizations. From the perspective of international development agencies, an evaluation of the operation and impact of such projects in Somalia is long overdue. Moreover, as illustrated in the recent report “Social Facilitation, Development and the Diaspora: Support for Sustainable Health Services in Somalia” by Kent, Von Hippel and Bradbury (2004), there may be scope for Somalis to find ways for relatives overseas to organize more sustainable forms of support for their families, for example, health insurance, in Somalia.

**Policy options**

5. *Immigration and asylum policy.* As outlined above, it is clear that immigration policies of countries of residence have an influence on remittance transfer. The tightening of migration regimes in Europe or North America may become a matter of serious concern in Somalia. Development actors must engage with immigration and asylum policymakers in the West regarding the repercussions of various national and international migration regimes in Somalia.

6. *Remittance systems and regulation.* The differing regulation of money transmitters across the EU has sparked a debate about the merits of light-touch or heavy-handed regulation in preventing the use of money transfer systems for money laundering. Heavier regulation, such as in Germany, France, The Netherlands or Norway, tends to treat the non-bank systems of money transmission themselves as the enemy. In contrast, lighter regulation, as in the UK and Sweden, treats the use of the system for criminal purposes as the enemy and seeks to monitor and reinforce procedures to protect these systems from abuse. The debate on the different approaches has intensified in the context of the preparation of an EU Directive on international payments. If countries harmonize in the direction of making it harder to work as a money transmitter in the EU, this could have a particularly negative impact on countries with highly deficient or non-existent banking systems. In such countries, migrants, in their legitimate wish to transfer money to family in Somalia, will turn to other, unregulated or illegal channels, potentially doubly vulnerable to abuse by money launderers.
7. *Regulation and development*. Serious restrictions on remittance companies would disrupt the currently efficient and dedicated money-transfer sector serving all parts of Somalia. This would have a much greater impact than the closure of a single company as happened in 2001. Somalia is one of the world’s poorest countries; it has been through over 15 years of conflict. Although migration was prompted by poverty, lack of employment and violent conflict, remittances have mitigated against some of these dimensions of the situation in Somalia. Somali remittance companies are highly efficient and offer competitive rates in comparison with other services to developing countries, and their investors have a track record of reinvesting profits in Somalia. UNDP’s initiative to capacitate the remittance sector to cope with the demands of increasing international financial regulation is well-conceived. From the other end, EU member states should promote compliance with reasonable regulations, rather than effectively criminalize all Somali remittance systems.

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CHAPTER IV: Somalia Country Study. SECTION I: GEOGRAPHY. A. Location and Description. Somalia is located in the northeastern section of Africa known as the Horn of Africa. The country consists of the area comprising the former colonies of Italian and British Somaliland. The south and east coast were formerly under Italian administration, and the area along the Gulf of Aden coastline was the British colony. The country is shaped like the figure 7, or an open jackknife. Until recently, many people perceived Somalia as a country with a population of 7,000,000 people who share one culture, one language and one religion. This was the impression given during previous regimes in order to sustain the illusion of homogeneity. The methodology adopted for the study comprised qualitative and quantitative assessment. Qualitative assessments involved group discussions and interviews with informants from the minority groups, elders, leaders, intellectuals and humanitarian workers. Are you a Somalia student, looking for Somalia scholarships? We have compiled top 17 international scholarships for Somalia students this 2021. New Zealand, is offering doctoral scholarships for students from any country commencing study in the academic year 2021-2022. Scholarships are available for new and current students. Applicants should normally be intending to study full-time at the University of Waikato, however, those who have compelling reasons for enrolling in the part-time study may be considered. Learn all about the formal education system in Somalia, from primary education to advanced higher learning degrees, including government learning requirements. Before 1991, Somalia had an educational system consisting of four basic levels, namely, the pre-primary, the primary, secondary and higher education. The pre-primary training was provided by the Quranic schools up to late 1970s, while the primary education, with four years of schooling, lasted up to the middle of 1970s, starting with 6-year old children. The REFANI-Somalia study was a non-randomised cluster controlled intervention trial to assess the impact of cash transfer programs in reducing the risk acute malnutrition in children aged 6-59 months living in internally displaced person (IDP) camps. The impact results of the study can be found here. Study Background As a result of a prolonged state of conflict and