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Remittances and Vulnerability in Somalia

Assessing sources, uses and delivery mechanisms

Rift Valley Institute

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Map 1: Map of Somalia/Somaliland



Summary

This study presents the findings of a World Bank funded research on remittances and vulnerability in Somalia. The study is implemented by the Rift Valley Institute (RVI) and is part of the World Bank's ongoing work related to social protection in Somalia. The purpose of the study is to better understand the role that remittances play as a social safety net for families in Somalia. The study considers Somali processes of resource mobilization, distribution and support (focused on remittances) in order to inform policy and practice in relation to social protection and social safety nets in Somalia/Somaliland.¹

The study primarily covers an eight-month period, from October 2016 to May 2017, when field work, analysis and report writing was undertaken, and draws on available literature on remittances and vulnerability in Somalia/Somaliland. It is also based on input from 237 household interviews, 50 key informant discussions and 38 focus groups discussions conducted in different areas of Somalia/Somaliland, including members of the Somali diaspora and experts and aid agencies in Nairobi, Kenya. Previous research in relation to remittances largely focuses on Somaliland and Puntland and urban areas. This study contributes to existing knowledge of remittances in these areas. It also contributes new findings from southern Somalia and pastoralist groups in different parts of the country. The study uses a qualitative research methodology.

The focus of the research is on sources, roles and uses of remittances, as well as on money transfer modalities. The study is conceived to be sensitive to the different social and geographic factors that influence vulnerability in Somalia, which is particularly important given the recent famine in Somalia (2011) and the pre-famine conditions of 2017. Issues of trust and accountability are also discussed. These are important contemporary themes in Somalia in general and in specific relation to remittances, vulnerability and notions of equity in social protection.

It is clear that the scope and depth of household social connections is critical in determining the financial value and regularity of remittances received by households. Remittances are received predominantly from the United States and the UK. Consequently, Somalia is highly reliant on the financial regulatory environment of those countries. Kenya, Sweden and Saudi Arabia are also important countries, in particular for remittances sent to southern Somalia.

Remittances are not distributed equally in Somali society. Rather, they are concentrated within particular social groups, lineages and extended families, especially within Somaliland, Puntland and the central regions of Somalia due to the history of migration in these areas. The marginalized social groups generally receive less diaspora support and are therefore more vulnerable in times of crisis. This vulnerability is compounded by their weaker political power and reliance on the rural economy. Other smaller groups and pockets of minority populations also exist in different areas of Somalia/Somaliland, the experiences of which should be better understood in terms of their access to remittances and international aid.

¹ In this study, the term 'Somalia/Somaliland' includes reference to Puntland.

Remittances make an important contribution to the household economy and the food security of many Somalis. The vast majority of respondents interviewed for this study highlight food as the most significant use and value of their remittances, with little variation (in terms of priority) between urban, rural and pastoralist settings. Regular remittances are also used to maintain access to credit, education and for other basic needs. Occasional remittance payments are common, especially for health and drought-related problems, as well as for investment purposes. Household interviews indicate that aside from meeting basic needs, the receipt of regular remittances also:

- Improves the possibilities of gaining access to credit, which is useful in times of need
- Contributes to debt repayment and keeping credit lines open
- Plays an important safety net function, smoothing out fluctuations in income and expenditure
- Is an important coping strategy, which can prevent the sale of productive assets (including livestock) or reduce reliance on more negative coping strategies
- Enhances social status and contributes to wealth redistribution processes by enabling recipients to provide support to relatives and other selected recipients e.g. sending money, food, hosting meals and visitors, and hosting children for education purposes

This study finds that remittances currently act as a crucial informal safety net, protecting people from potentially utilising more harmful or negative household strategies and supporting households to meet basic needs. For many households, receipt of remittances is regular and predictable, which enables them to plan expenditures and smooth out monthly or seasonal fluctuations in their income.

Social protection policy and programming also has the potential to address risks and reduce vulnerability to shocks, in the Somali environment. In addition, such policy and programming could be used to build trust and the social compact between provider (typically the state) and society. Given the level of risk and vulnerability in Somalia, as well as the deeply entrenched political economy of aid in the country, an appropriate social protection strategy could contribute to dialogue about poverty and vulnerability in the country; the mobilisation of resources by the diaspora (alongside Governmental authorities, business and religious leaders and other actors from civil society), in times of crisis, does often invoke a wide sense of social solidarity.

In general, the processes involved in the provision of remittances are underlined by notions of trust and efficiency. In contrast, households tend to view government and local authorities with suspicion or associate these actors with bias, the diversion of resources or outright corruption. Likewise, international agencies are often viewed similarly. Accountability and transparency are critical elements in relation to social protection and are particularly problematic issues in fragile contexts, such as Somalia/Somaliland. The Somali informal safety net system (through remittances) addresses this by working on the basis of trust and through trusted individuals. Actors working in Somalia to provide humanitarian assistance or those considering the development of larger social protection programmes could therefore benefit by understanding these dynamics more deeply and attempting to build trust, accountability and transparency through the strategic inclusion of trusted actors, as is evident in Somali fund-raising processes described in this report.

This study makes several recommendations related to the continuation of humanitarian support and the development of social protection policy and programming in Somalia. The study also identifies areas of further research that would help improve understanding of the role of remittances in Somalia. These recommendations are summarised immediately below and elaborated upon at the end of this report.

Maintain and support remittance flows

This study recommends that international agencies collaborate in efforts to ensure remittance flows can be maintained, especially from the United States and the UK.

Develop appropriately targeted humanitarian assistance and social protection policy and programming

Given the predominance of remittances to urban populations, and northern and central areas of Somalia, humanitarian assistance and social protection policies and programmes should play special attention to marginalized and minority rural populations, particularly in the riverine and inter-riverine areas of southern Somalia.

Pilot a cash-based safety net programme in Somaliland

Although southern Somalia is considered to have the highest levels of vulnerability (in breadth and depth), any piloting of safety net programmes would most easily be developed in the northern parts of Somalia, particularly in Somaliland, given the conducive policy and security environments, as well as the presence of a significant diaspora population (and minority populations).

At the same time, further research could be carried out to explore how best to reach internally displaced persons (IDP) and other vulnerable populations in the south.

Encouraging the development of a functional ID system

Inter-operable, functional identification systems are not currently available in Somalia/Somaliland, which creates a vulnerability in the money transfer system and limits harmonisation of registries and databases. Encouraging and/or convening telecommunications and money transfer organisations, alongside Government, to support the development of such systems would be advantageous. Special attention should be given to incorporating marginalized and minority populations into such systems.

Continue to utilize cash-based approaches for humanitarian assistance in Somalia

There are several aspects of remittance flows that can benefit aid agencies in implementing humanitarian assistance. These include the following:

- Cash-based programming should be prioritized when the market allows as this is the most familiar and preferred mechanism through which households receive support (as remittances).
- Humanitarian agencies should collaborate, coordinate and draw on existing learning to better support communities in southern Somalia, particularly among the IDPs who have been repeatedly identified as the most vulnerable populations with the least access to remittance resources.
- Support should be given through regular payments rather than one-off grants, as this best matches the remittance system. Importantly, regular payments are most likely to be used to

meet household food needs, repay debt, increase access to credit, pay for education and support other vulnerable households.

- Programmes that have an objective of livelihood restoration or other investment-related objectives should provide larger sums of money on a less frequent basis but with more rigorous monitoring.

Include trusted community members in targeting assistance in Somalia

In fragile contexts such as Somalia, social and political tensions cannot be under-estimated, nor the extent to which the aid economy is incorporated into these dynamics. It is important for international aid agencies to understand that they are often viewed with distrust, as are local authorities in many areas. It is therefore critical that programmes utilize strategies to improve their integrity and credibility, including being as transparent as possible on targeting criteria and entitlements or by developing targeting approaches that are more visible and more easily understood. It is feasible to improve programme integrity and credibility through the following approaches:

- Develop targeting criteria and screening processes in collaboration with trusted local authorities, such as civil society groups, religious leaders and respected community members, including private sector leaders.
- Explore and pilot categorical or entitlement-based approaches (which may be more socially acceptable and better understood).
- Explore utilising the principles behind *zakat* in the identification of beneficiary groups (as is done to some extent already).
- Understand that households without access to remittances are likely to be more vulnerable in times of crisis and therefore should be prioritised during targeting.
- Ensure that targeting criteria and entitlements are transparent and publically accepted.

Engage the diaspora

Among diaspora communities, there is an interest in providing alternative forms of support to Somalia. This may extend to engaging in co-financing initiatives. Currently, the main mechanisms for support are through families, clans and mosques. Support for alternative and innovative initiatives should be encouraged and piloted.² This again requires considerable trust building and transparency.

Conduct further research

This study reveals a number of topics for further research that would help fill the gaps in knowledge about the role of remittances in Somalia. Further study into non-remittance-receiving households, particularly in areas in southern and central Somalia, would be beneficial. This would help better inform humanitarian and development agencies about how to best provide these households with support. More research is also needed on the gendered aspects of remittances, including whether men or women receive more and for what specific purposes, and whether there would be any gender-based differences in impact if there are changes or breakages in remittance flows. Further research on the

² See, for example, Lype et al., 2016.

impact of telecommunications and money transfer systems on rural poverty and vulnerability would also be beneficial.

1 Introduction

1.1 Study objectives

The purpose of the study upon which this report is based is to better understand the role that remittances play as a social safety net for families in Somalia, taking into consideration the sources and uses of remittances. It was conducted over a seven-month period, from October 2016 to April 2017. This study consists of three main components:

- A review and analysis of the existing literature on remittances to Somalia
- Empirical research on the role of remittances from Kenya, Europe and the United States in reducing vulnerability in the Somali regions
- A research report that informs the design of future safety net programmes in Somalia/Somaliland (i.e. this synthesis report).

This report provides a synthesis of the study findings.

1.2 Structure of the report

The report is divided into six sections. This introduction is followed by a brief explanation of the research methodology used in the study. This is followed by a description of the Somalia context, including the vulnerability context, the governance and legal environment, and the financial and cash-programming infrastructure and history in Somalia. The next section provides an overview of social protection programmes in East Africa and the current trend towards cash transfer programming for humanitarian action in Somalia. Following this, a range of findings around remittance patterns generated from the household and key informant interviews in Somalia/Somaliland and the diaspora is presented. These findings are correlated to available literature on this subject. This section also presents a number of trends and issues around money transfer mechanisms in Somalia, including new platforms developed by external actors. It discusses processes associated with the Somalia diaspora's engagement in the country in order to inform issues around the potential engagement of the diaspora in social safety net related initiatives. The final section of this report presents key concluding themes and identifies a number of recommendations.

Four substantive reports were developed prior to the development of this synthesis report. The first is a literature review followed by three interim reports that capture the (unanalysed) findings from: a) the Somaliland–Puntland interviews; b) the diaspora interviews; and c) the southern Somalia interviews. These were submitted as interim reports providing raw data and reflections on emerging themes. This report provides a synthesis of the study findings.

2 Methodology

The study was initiated with a review of available literature and a planning workshop in Hargeysa, which both took place during October and November 2016. Following the literature review, research occurred in three main stages: Initially, in northern Somalia (Somaliland and Puntland) in October and November 2016, then in the Somali diaspora, in January and February 2017, followed by research in southern Somalia in February and March 2017 (conducted by telephone). Interviews with various experts and agencies took place throughout the entire study period.

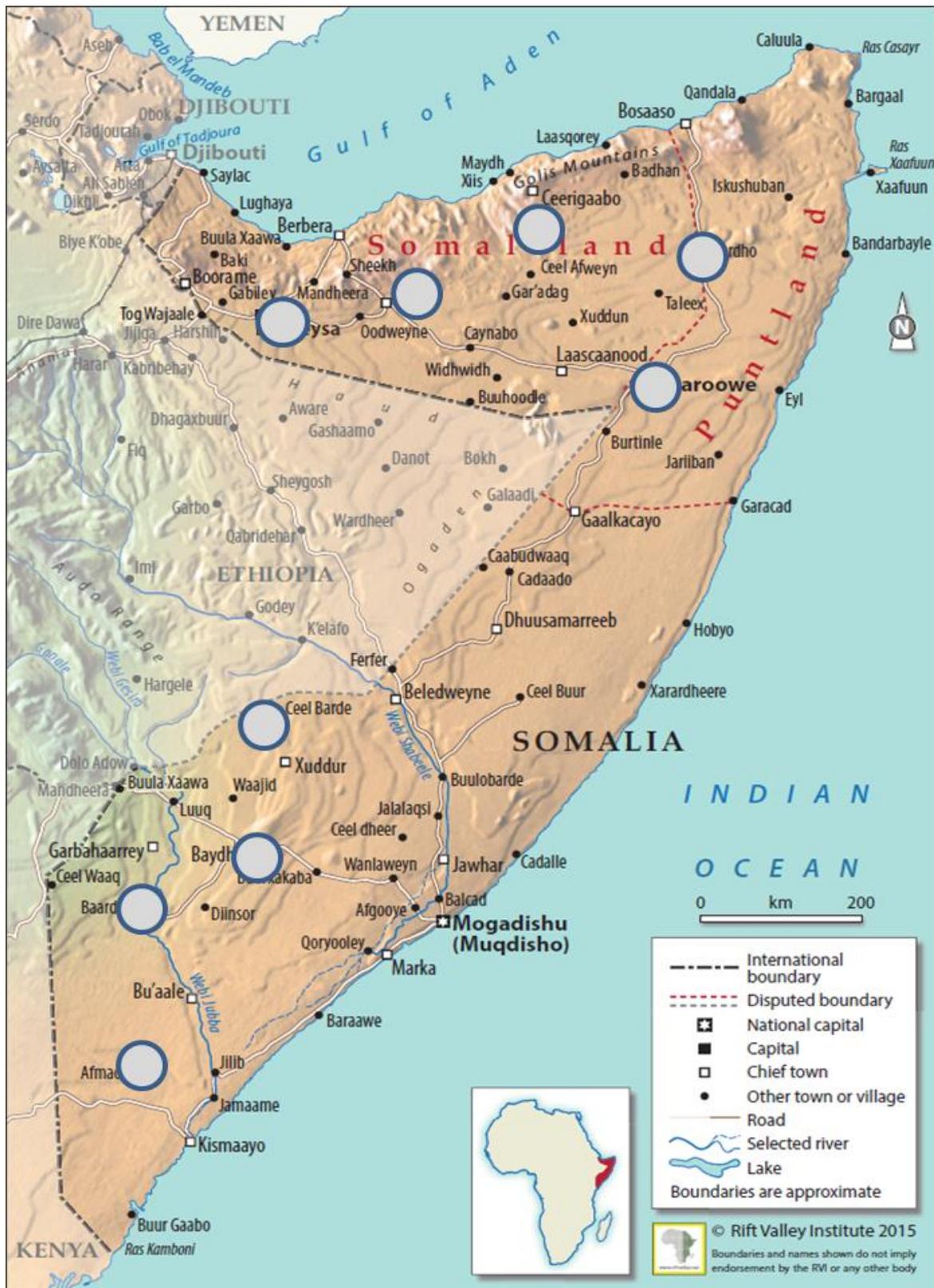
The study uses qualitative research methods, employing both simple structured and semi-structured interview guides. Research focuses on Somali populations in selected locations in northern Somalia (including in Sanaag region) and southern Somalia (by telephone). Key research hubs in northern areas include Hargeysa, Burco, Erigavo, Qardo and Garowe. These are significant urban centres and receive high levels of remittances. They also represent different social and geographic locations across northern Somalia. Research hubs for southern Somalia include Baidoa, El Berde, Afmadow, Bardheere and Berdale, with interviews conducted in towns and proximate rural areas (by telephone). These areas allow access to locations in and more closely connected to the rural economy and people of Somalia (in contrast to Mogadishu and Kismayo, for example). Map 2 indicates the locations of the main research hubs.

Researchers used these centres as bases for interviewing urban, rural and pastoralist households and key informants (rural and pastoralist key informants are often available in market places and in town, as well as in rural locations). They also visited proximate rural areas to these research hubs. The research team had to develop an efficient balance between time spent traveling and time spent interviewing, which contributes to the urban bias of this report.

Different research approaches are used in the north and south of the country. Across northern Somalia, good security and physical access mean interviews could mostly be conducted face-to-face. Most household interviews and many focus group discussions were undertaken or organized by randomly meeting people outside *hawala* (MTO) offices. Individuals were either interviewed immediately or arrangements were made to meet them or a group later. Other key informants were accessed through the personal networks of the researchers. The team decided to conduct only telephone interviews for southern Somalia, as this was considered safer, more efficient, more flexible and less subject to potential disruptions.³ In both northern and southern Somalia, the team identified respondents through personal networks, adopting a snowball approach, as well as random access to potential respondents at market places and outside money transfer operator (MTO) agency offices. Attention was given to identifying household and key informant representatives of different population sub-groups.

³ Physical access in southern Somalia is considered very difficult and potentially dangerous outside a number of major towns and the capital, Mogadishu, due to the presence or influence of al-Shabaab. Access to many rural areas is possible, although this is frequently limited to relatively short distances from the nearest urban centre.

Map 2: Map of Somalia/Somaliland showing the main research hubs



Interviews were also conducted with diaspora populations, primarily in the UK, the United States and Kenya, as well as with a range of experts and key informants. Interviews with diaspora representatives took place in the cities of London, Birmingham and Bristol in the UK, in Columbus

(Ohio) and Minneapolis (Minnesota) in the United States, and in Nairobi, Garissa and Mandera, in Kenya. These locations comprise major centres for Somali populations living abroad. Interviews with members of the diaspora were conducted in person and by telephone, and involved utilizing the personal networks of the researchers, with care taken to reach respondents from different social groups and wealth levels.

Interviewees across the range of household, focus group discussions and key informant respondent groups include individual remittance-receiving households, elders, *aqiils*,⁴ government and local authority figures, traders and businesspeople, religious leaders, and *hawala* and telecommunications agents. These consist of small group interviews, individual interviews, and both in-person and telephone-based discussions.

The research upon which this report is based has an urban bias. In part, this reflects the prevalence of remittances in urban environments. It also reflects the need to weigh the time and resources required to access remittance-receiving populations in urban areas vis-à-vis those in rural and pastoralist areas.

More interviews were conducted in northern regions than in southern areas due to the relative ease of access in these areas and the security constraints in the south. Focus group discussions (FGDs) were only conducted in Somaliland and Puntland because it was impossible to conduct these by telephone, as in southern Somalia. Household interviews include a balanced mix of men and women overall, although there are significant differences when comparing urban, rural and pastoralist respondents. In total, 237 household interviews were conducted, 46 per cent in southern and central regions and 54 per cent across the north. Thirty-eight FGDs were conducted. 73 key informant interviews were conducted in Somalia/Somaliland and in Nairobi (see Tables 1, 2 and 3).

Table 1: Household interviews in Somalia/Somaliland

Urban		Rural		Pastoralist		Total
Male	Female	Male	Female	Male	Female	
67	93	23	13	32	9	237
160		36		41		

Table 2: Diaspora interviews

	Male	Female	Total
Kenya	6	5	11

⁴ An *aqiil* is a chief elder, usually head of the *diya*-paying group, and as such is knowledgeable about clan members. They are often recipients of remittances collected by the diaspora of behalf of the clan of the *diya*-paying group. Some are also part of the state bureaucracy receiving stipends from government, a practice introduced by the British colonial government.

United Kingdom	10	4	14
United States	7	4	11
Total	23	13	36

Table 3: Key informant interviews

Type of informant	Number of interviews
Elder/ <i>aqil</i>	22
Trader/businessperson/broker	15
<i>Hawala</i> /telecommunications	13
Government/local authority	12
Expert/agency	11
Total	73

Focus on pastoralists: Particular interest is taken in pastoralist populations and their access to remittances. In addition to the 41 household interviews with pastoralists (see Table 1), eight focus group discussions (FGD) are conducted with pastoralists, five of which are all male groups, one of which is all female, and two of which are mixed groups. In total, 26 men and 10 women make up these pastoralist FGDs.

3 Somalia context

Understanding remittances and vulnerability in Somalia/Somaliland, and their relationship to social protection and safety net policy and programming, requires an appreciation of the geographic and socio-political heterogeneity of the country. Some of these distinctions may be familiar based on the different political, security and developmental trajectories and contexts within the country. Other more nuanced and sensitive distinctions are becoming increasingly evident and more frequently discussed as a result of the severe humanitarian crises in Somalia in recent years.

3.1 Poverty, food security and vulnerability

Somalia has an estimated gross domestic product (GDP) of USD 6 billion and per capita income of USD 435, with the latter figure the fifth lowest in the world.⁵ Imports account for more than two-thirds of GDP, with the majority of imports paid for by remittance transfers from the Somali diaspora.⁶ Remittances are estimated at more than USD 1.3 billion per year, reaching an estimated 40 per cent of the population and surpassing the total amount of development and humanitarian aid in most years.⁷ Inequalities have been increasing in Somalia since the early 1990s.⁸ Access to remittances reflects several dimensions of inequality, including an urban bias, a geographic bias (northern and central areas are thought to receive proportionally more) and an identity-based bias (remittances are concentrated in specific family and lineage groups).⁹

At the aggregate level, the Somalia/Somaliland population can be divided into urban, pastoralist, agro-pastoralist and riverine agricultural livelihood groups. Each of these can be further sub-divided according to more detailed livelihood-based descriptions (in these generic categories), as well as broken down into socio-economic groups (see Map 3). In addition to these generic livelihood types, there are more than one million displaced people in Somalia, with these figures constantly changing as new displacement takes place due to recurrent natural shocks, conflict and insecurity, including the crisis taking place in 2017.¹⁰ Migration and displacement are both significant historical and continuing processes in the country.

Northern and central parts of Somalia are predominantly based on pastoralist livelihoods, with significant urban populations, whereas southern Somalia has a more significant agricultural base (although there are many pastoralist and agro-pastoralist groups). Two major rivers, the Juba and the Shabelle, flow through southern Somalia, and agriculture includes rain-fed and irrigated production. Livestock (camels, cattle, sheep and goats), the largest export commodity in the country, is a key economic and cultural asset for much of the rural population, with many urban and settled populations also retaining livestock; major export markets are in Kenya and the Middle East.¹¹

⁵ World Bank, 2015.

⁶ Ibid.

⁷ World Bank, 2015; FSNAU, 2013.

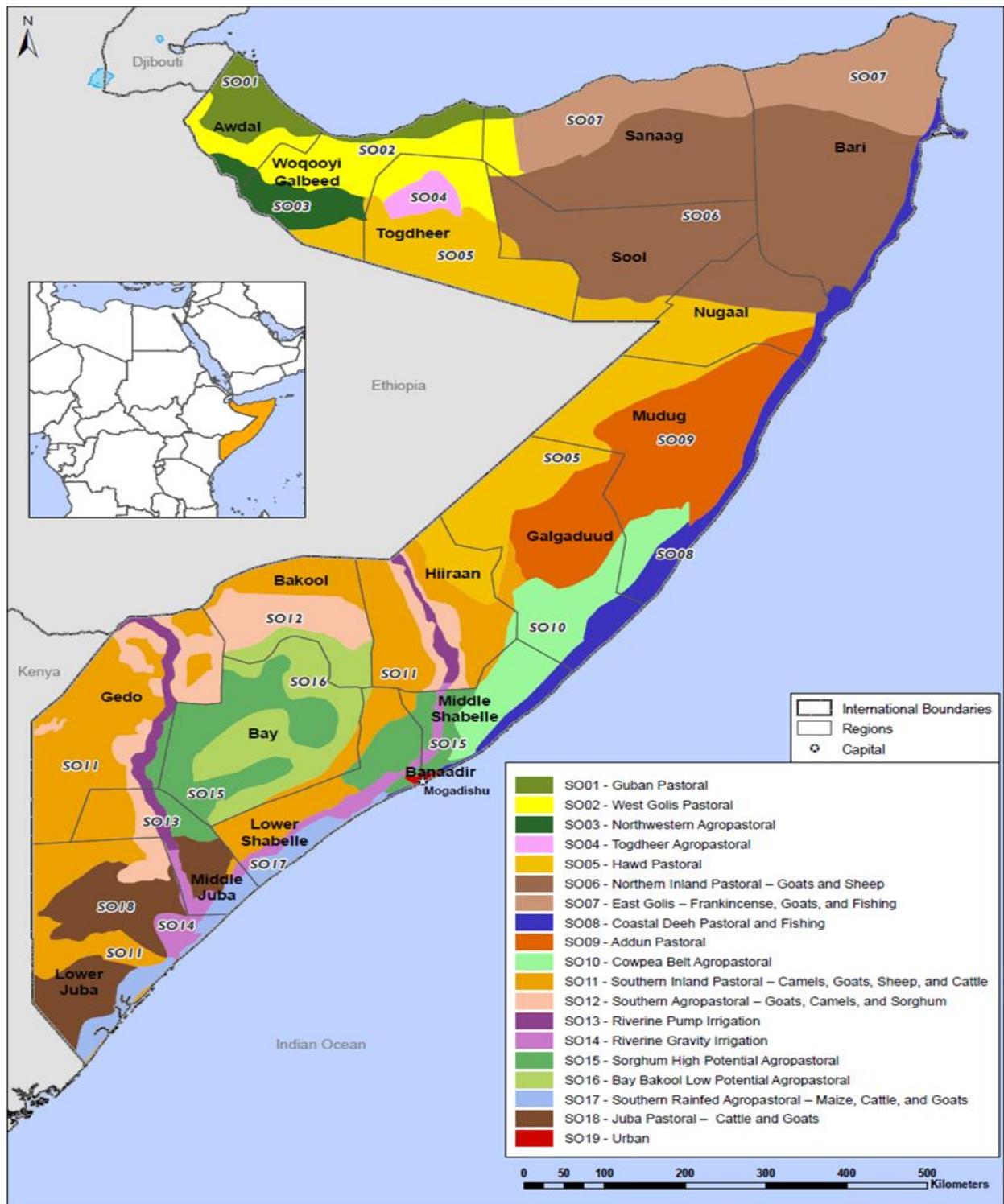
⁸ UNDP 2001.

⁹ See Maxwell and Majid, 2016.

¹⁰ OCHA, 2015; OCHA, 2017.

¹¹ Little, 2003; Mahmoud, 2010; Majid, 2010.

Map 3: Location of livelihood zones in Somalia/Somaliland



Source: FEWSNET, 2015

In terms of poverty, the Global Multidimensional Poverty Index (MPI) gives Somalia a rating of 0.47, ranking it 94 out of 104 countries.¹² In the country, the poorest rating is for southern regions of

¹² UNDP 2012. All other ratings in this paragraph are drawn from this source.

Somalia (0.54), compared to Puntland (0.41) and Somaliland (0.38); the value is highest in nomadic areas (0.62), followed by rural areas (0.52) and lowest in urban areas (0.3).

Chronic food insecurity is prevalent across Somalia. High levels of acute malnutrition are an ongoing concern. Although food insecurity and malnutrition rates fluctuate on a seasonal basis, high acute malnutrition levels occur even when food security indicators are more positive. In other words, even when climatic, production and market conditions are relatively good, levels of acute malnutrition can remain high in many areas of the country.

In 2016, the levels of acute malnutrition in Somalia increased unseasonably due to the repercussions of low rainfall and the onset of drought. Results from nutrition surveys in November and December 2016 found global acute malnutrition (GAM) prevalence rates above the critical (15 per cent) threshold in 13 out of 27 rural and displaced population groups that were sampled.¹³ Severe acute malnutrition (SAM) rates were critical or very critical (≥ 4 per cent) in 6 out of 27 population groups.¹⁴ This is further exacerbated by poor *Deyr* (secondary) rains at the end of 2016. Emergency conditions are forecast for some parts of both northern and southern Somalia. See Box 1 for more details on the current food security and nutrition situation in Somalia.

Stunting prevalence is 8.9 per cent, which is considered low by World Health Organization (WHO) standards. Again, however, regional variations follow typical patterns, with Somaliland doing relatively well, followed by Puntland and then southern Somalia. Stunting is lowest in the north-west (Somaliland), at 2.7 per cent, higher in the north-east (Puntland), at 7.7 per cent, and highest in southern Somalia at 12.6 per cent; the highest figures are for internally displaced persons (IDPs), at 14.9 per cent, across the country.¹⁵

Box 1: Drought, famine and vulnerability in Somalia (2011 and 2017)

Somalia has had two major famines in the last twenty-five years, in 1991–1992 and 2011. In early 2017, many parts of the country are in pre-famine conditions. The two previous famines took place in the south of the country and each resulted in the deaths of approximately 250,000 people.¹⁶ The 2011 famine was caused by a combination of poor rains and a production failure, high food prices (international and domestic), as well as a late humanitarian response. The late response was caused by the political and security context, whereby counter-terrorism concerns influenced the timeliness of the humanitarian response. Deaths during both these famines were concentrated among the Rahanweyn and the Somali Bantus, who are considered to be more vulnerable, agriculturally dependent and less economically diversified than other groups.¹⁷

In early 2017, pre-famine alerts were issued, with the Food Security and Nutrition Analysis Unit (FSNAU)¹⁸ indicating that 2.9 million people face crisis and emergency (IPC Phases 3 and 4)¹⁹

¹³ FSNAU–FEWSNET Technical Release, February 2017.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ De Waal, 1994; Maxwell and Majid, 2016.

¹⁷ See Haan, Devereux and Maxwell, 2012; Majid and McDowell, 2012.

¹⁸ The FSNAU–Somalia provides evidence-based analysis of Somali food, nutrition and livelihood security in order to enable both short-term emergency responses and long-term strategic planning to promote food and livelihood security for Somali people. The organization is based in Nairobi, Kenya. For more information, see: <http://www.fsnau.org/>.

¹⁹ IPC (Integrated Food Security Phase Classification) is a system for classifying food security and humanitarian conditions, using a variety of indicators. It is used in Somalia and many other countries.

conditions across Somalia, up to June 2017, with an additional 3.3 million people classified as stressed (IPC Phase 2). This adds up to more than 6.2 million people facing acute food insecurity across the country—approximately half of the entire population.²⁰ A worst case scenario, based on poor *Gu* (main) rains, would be expected to lead to famine (IPC Phase 5). The international community has been scaling up its response as a result, as has the Somali diaspora and business sector. The worst affected areas and people, including those most likely to succumb to famine, are the same as in 2011.

Somalia is a net importer of food, even in good production years. This is especially the case in Somaliland and Puntland, which rely heavily on imported cereals and other foodstuffs; urban populations in the southern and central regions are also major consumers of imported cereals.²¹

Vulnerability in Somalia is related to socio-political identity, as well as livelihood and economic factors. It is also more prevalent among groups that have been excluded from the processes of urbanization, education and migration, all of which are associated with the formation of the Somali diaspora.²²

IDPs (and refugees) throughout the country also tend to come predominantly from marginalized minority groups. It is increasingly recognized, arguably since the famine of 2011,²³ among international agencies in Somalia that certain population groups have been and continue to be excluded from humanitarian and development interventions and initiatives, despite constituting the majority of IDPs, refugees and famine victims (see Map 4). Furthermore, since 2007, these groups are predominantly located in areas controlled by al-Shabaab, which include large areas of southern and central Somalia (see Box 2).²⁴

Map 4: Map of Somalia/Somaliland showing level of access to humanitarian and development resources²⁵

²⁰ FSNAU (2017) FSNAU-FEWSNET Technical Release, February 2017. <http://www.fsnau.org/in-focus/fsnau-fewsnet-technical-release-february-2017>

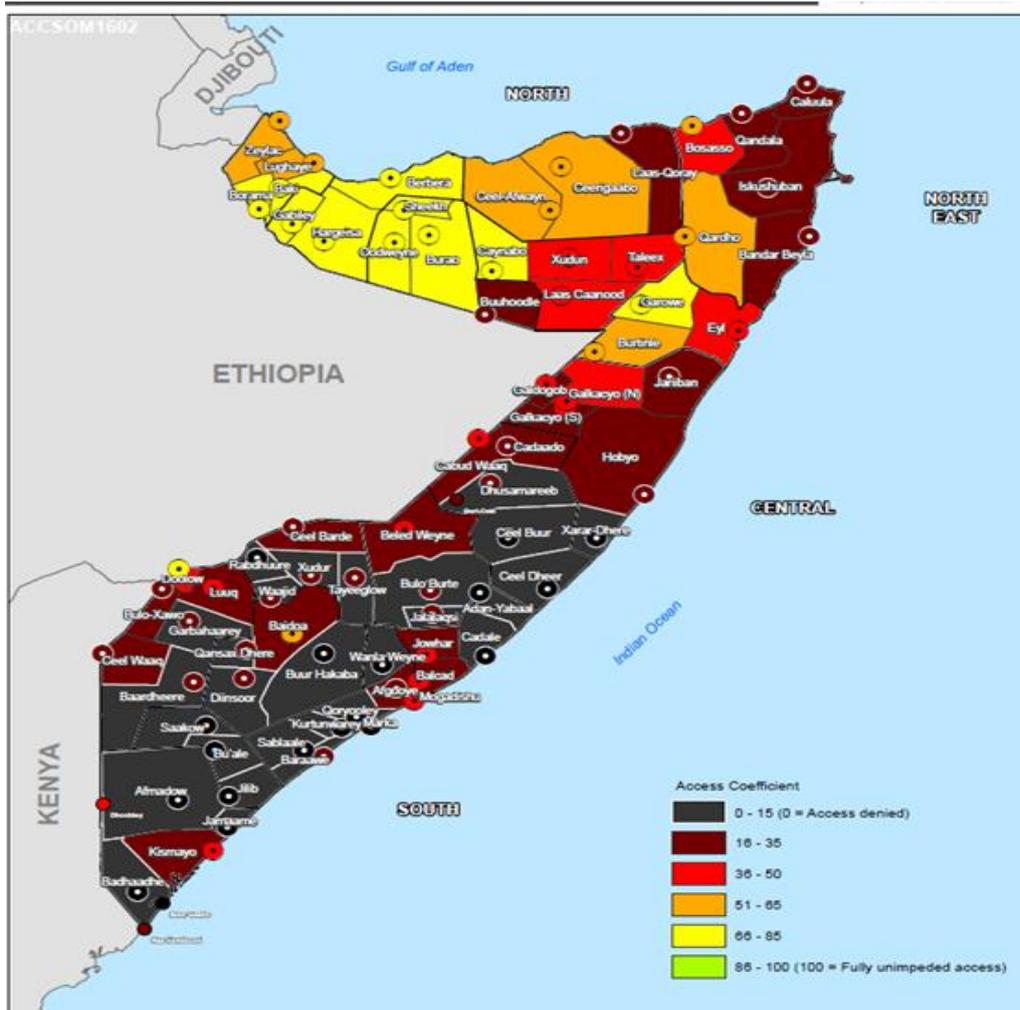
²¹ UNDP 2001.

²² Maxwell and Majid, 2016.

²³ Authors such as De Waal, 1994 have been making this point since the mid-1990s.

²⁴ Put another way, al-Shabaab has developed its presence in these areas. See Maxwell and Majid, 2016.

²⁵ This map represents the degree of access for different areas in the country based on three meta indicators: a) difficulties in reaching a given area; b) difficulties in staying and operating; and c) actual presence. It is developed by the NGO National Security Programme (NSP) and the United Nations Office for the Coordination of Humanitarian Assistance (OCHA) Somalia. It is the latest available map obtained by the research team.



3.2 Governance, legal and regulatory environment

Somalia has remained without a central state apparatus since the collapse of the Siad Barre regime in the early 1990s. In terms of governance processes and institutions, it has evolved differently in different areas.²⁶

Somaliland

- Self-declared independent republic with internationally contested legal status (since 1991)
- Multiparty democracy; with the exception of the eastern border most territory is pacified; limited state taxation and service delivery
- Inclusive bottom-up institution building and democratization managed by clan elders and politicians
- Establishment of democratic institutions; creation of public sphere based on media and civil society organizations

Somaliland is generally acknowledged for its ability to maintain security and stability in spite of its lack of international recognition. Somaliland's political and economic evolution has been well

²⁶ The brief characterizations that follow are adapted from Haggmann and Hoehne, 2009.

studied and combines features of traditional and formal institutional processes.²⁷ Government resources, capacity and services are, however, limited.

Puntland

- Self-declared autonomous region belonging to the Federal Republic of Somalia (since 1998)
- Single clan dictatorship (initially); unstable security situation; limited state taxation and service delivery
- Parochial bottom-up state-building driven by clan elders, warlords and politicians
- Establishment of some representative institutions; limited democratization combined with clan dictatorship

Puntland has had a more volatile political history than Somaliland, with its leadership associated with piracy and illegal fishing at various times. It is generally considered more fragile in political and security terms than Somaliland and has limited resources, capacity or services.

Federal Government of Somalia (FGS)

- Strongly contested, internationally recognized federal government (since 2012)
- Continuum of volatile local security situations, including large-scale fighting between government and insurgents; no state taxation or service delivery
- Externally sponsored attempts to restore central government on the basis of proportional clan participation and the inclusion of warlords
- Economy of conflict among various social groups; radical decentralization of politics and security in the hands of local businesspeople, warlords and Islamic groups; internationally funded African Union Mission in Somalia (AMISOM) forces
- Legitimacy arguably stronger internationally than domestically; limited authority, in conjunction with external forces

The Federal Government of Somalia is still evolving as a federal system. It has extremely weak administrative capacity and reach. Security and access is limited to towns and some rural areas, with the support of international actors, namely AMISOM, Ethiopian and Kenyan forces. Many of the rural areas in southern and central Somalia are either controlled by al-Shabaab or are regarded as grey areas with no clear governing authority.

Within this national context, the World Bank identifies three key drivers of fragility:²⁸

- The absence of a political consensus on a federal system based on inclusive representation and wealth-sharing among Somalia's communities and regions
- The absence of functioning institutions that can deliver basic services to citizens (including security) and manage the economy effectively and transparently
- Elite capture and economic exclusion resulting in widespread vulnerability

Donor attention to the risks of corruption and counter-terrorism policies have been prominent in recent years and link banking regulations in western countries to the delivery of assistance in

²⁷ Bradbury, 2008.

²⁸ World Bank, 2016.

Somalia itself.²⁹ It is important to acknowledge that corruption in Somalia should be understood as a function of relations between international and local actors, and therefore as a function of relationships and resource flows that link Kenya and Somalia (and donor countries), rather than, as is often portrayed, as something that primarily afflicts the Somalia government or Somali NGOs.³⁰

Notions and perceptions of corruption and accountability are relevant to and have been incorporated into the research upon which this report is based. Somali processes of resource mobilization (including remittances) are under-scored by trust and integrity, and therefore may inform equity and accountability in relation to social protection and safety net programming.

Finally, in the absence of a regulating, governmental authority, the Somalia economy has essentially remained informal and largely unregulated since the early 1990s, with the private sector (including groups in the diaspora) organizing and providing virtually all goods and services throughout the country, including healthcare and education. Some public services—in particular health and education—are also provided by the western aid system and the Middle East–Islamic aid and charitable sector. In the absence of government regulation, private entrepreneurs have used three methods to manage the lack of national regulation: “importing governance” by relying on foreign institutions in, for example, airline safety, currency stability and company law; relying on clans and other local networks of trust to help with contract enforcement, insurance and transmission of funds; simplifying transactions’.³¹

Various initiatives have taken place in recent years to develop policy and regulations in relation to the financial sector. The absence of a functioning central bank has led to remittance companies operating with little or no supervision from regulatory bodies. This, in turn, has made international banks reluctant to work with money transfer operators (MTOs), particularly as national governments have been promoting the tightening of regulations. Legal and regulatory weaknesses, along with increased risks in relation to corruption and counter-terrorism regulations, have resulted in some MTOs in the United States, the UK and Australia stopping work. Oxfam, in the United States, suggests this increasingly risk-sensitive environment reduces volumes and increases costs of Somali MTOs and encourages more use of informal channels.³²

Some 25 to 30 years of varied forms and quality of governance, extremely limited (public) social services, ongoing conflict in the south, limited education and employment opportunities, highly variable and volatile climatic conditions, and a reliance on external support (from the diaspora and international aid) have created a complex vulnerability context, with extremely high levels of vulnerability among specific population groups.

²⁹ Orozco and Yansura, 2013; Transparency International, 2016; Maxwell and Majid, 2016.

³⁰ Hagmann, 2016; Transparency International, 2016.

³¹ World Bank 2003: 1.

³² Orozco and Yansura, 2013.

4 Social protection

Interest in the area of social protection in developing country contexts has grown significantly in the last 10 to 15 years. There are a variety of definitions of social protection but for the purposes of this report it can be understood as ‘the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society’.³³ Implicit in the notion of social protection is the idea that it represents a social contract between the state and its citizens by providing some degree of guarantee of protection from extreme poverty.

As a range of interventions, social protection can be categorized into the following areas:³⁴

- Protective (recovery from shocks)
- Preventative (mitigating risks in order to avoid shocks)
- Promotive (promoting opportunities)
- Transformative (focusing on underlying structural inequalities)

Based on these broad categories, a number of instruments are commonly recognized:

- Social assistance, often referred to as ‘social safety nets’, e.g. cash or in-kind transfers to vulnerable groups; social safety nets are usually classified as protective social protection measures that help people meet immediate basic needs
- Social insurance, e.g. health and employment insurance
- Labour market interventions, e.g. promotion of employment, labour markets, protection of workers
- Social equity e.g. through policies

While social protection programmes are commonplace in many developed countries (as national welfare systems), this is not the case in developing ones. Such programmes are increasingly being explored for their applicability in fragile and conflict prone contexts. In this light, they can be understood as fitting in with the political objectives of state-building. It is argued that social protection instruments should be developed in relation to the specific context of any particular country regardless of the level of development or fragility.³⁵ One of the most important contextual factors in relation to social protection in Somalia is the existence of the remittance system.

4.1 Social protection in East Africa

Investment in the development of social safety net programmes has been taking place in the Horn and East Africa for some years. Prominent among such examples are the Productive Safety Net Programme in Ethiopia, running since 2004, and the Hunger Safety Net Programme in Kenya, running since 2008.³⁶ More recently, safety net programmes have been tied to (or are synonymous with) resilience programming. In Somalia for example, the impact of the 2011 famine is associated with a subsequent shift to resilience programming and exploration of safety net programming. Commentators on Somalia, however, suggest that the understanding and practice of enhancing

³³ Norton, Conway and Foster, 2000: 3.

³⁴ Devereux and Sabates-Wheeler, 2007. Discussion about the instruments for social protection are also drawn from this source.

³⁵ Harvey, 2009.

³⁶ Hobson and Campbell, 2012; Beesley, 2010.

resilience is still in its infancy.³⁷ The same could be said of developing social protection approaches in fragile contexts. Food (in)security is recognized as a key dimension of social protection and safety net policy and practice in developing country contexts.

Social protection is understood to differ from typical humanitarian programming in three main ways.³⁸ Firstly, it should reflect government policy in relation to minimal living standards. Secondly, transfer programmes should be long-term and predictable. Thirdly, selection and targeting processes should be transparent and easily understood. In the case of Somalia, the extremely limited capacity and reach of government raises questions as to what is an appropriate role for the Government. In Somalia/Somaliland, it is extremely important to prioritize targeting and transparency because of the current perceptions of corruption and bias associated with government and international resources.³⁹

The range of activities that can be considered part of social protection interventions is broad. In a recent review of social protection in Somaliland, for example, the World Bank proposed a definition of social protection as ‘policies, projects, and programs to reduce social and economic risks and vulnerability caused by conflict, climate, poverty, food insecurity, lack of education and health services, gender inequality, and age, and to promote resilience through appropriate, predictable, and reliable interventions in income and food security for a population that is defined by pastoralism but rapidly urbanizing and mainly young’.⁴⁰

4.2 Cash-based humanitarian programming in Somalia

Somalia has been an important context in the evolution and development of cash-based programming in volatile and insecure environments.⁴¹ The appropriateness of cash-based interventions in the country has been driven by the specific features of both Somali statehood (in particular insecurity and the lack of government capacity) and the characteristics of the economy (in particular the availability of financial infrastructure). The rationale for cash-based programming has always centred around the existence and qualities (reliability, extensive networks, low cost) of Somali money transfer enterprises (MTOs or *hawala*), as well as the trade-based economy that enables increased demand for food and other goods to be met with no or minimal price inflation.⁴²

The impact of cash-based programmes in Somalia is generally positive, with the evaluation of the 2011–2012 cash-based response to the Somalia famine stating:

Strong indications are that households used the majority of their money on improving their access to food, including diversifying their diet, by depositing their money with local traders and shopkeepers and thereby re-opening their credit lines. Households were also able to reduce sales of their remaining animals and minimize reliance on typical coping strategies, such as daily labour, bush product collection and sales and household migration. In addition,

³⁷ Maxwell and Majid, 2016.

³⁸ Dunn and Brewin, 2014. Each of these three points are drawn from this source.

³⁹ Hagmann, 2016; Transparency International, 2016.

⁴⁰ World Bank 2016: 8.

⁴¹ Ali et al., 2005.

⁴² Majid et al., 2007; Hedlund et al., 2013.

the cash distributions revitalised the local economy, especially by re-opening credit lines, which had started to collapse.⁴³

In all likelihood, this description of impact applies to most cash-based programmes in the country and, to a similar extent, to remittances (see next section).

Several resilience consortia exist in Somalia,⁴⁴ with individual projects located throughout the country. Different activities are included in resilience programmes, ranging from traditional unconditional and conditional cash-based programmes to savings and loans schemes, the development of alternative livelihoods and work on governance-related issues. Resilience is also incorporated into social safety net programme design.

While some safety net programmes have been implemented in northern Somalia with favourable results,⁴⁵ a recent feasibility study on the potential of social safety net programming in southern Somalia was supportive in principle but very cautious in relation to the operating constraints. The feasibility study concludes that 'there are currently several operational issues, including targeting, community participation, and transparency and accountability that need attention before long-term, regular transfers can be delivered in a predictable way'.⁴⁶

⁴³ Hedlund et al., 2013.

⁴⁴ These include the Building Resilience in Communities in Somalia (BRiCS), Somalia Resilience Programme (SomRep) and FAO–WFP–UNICEF Resilience programme of the United Nations.

⁴⁵ See Majid et al., 2016.

⁴⁶ Dunn and Brewin, 2014, XII.

5 Study findings

5.1 Remittance flows and patterns

5.1.1 Social networks

The most comprehensive household survey of remittance flows conducted to date (only conducted in Somaliland and Puntland), identified 41 per cent of the survey sample as households that receive at least some remittances; this proportion is further broken down into 51 per cent of urban respondents and 29 per cent of rural respondents, with urban households accounting for a much larger share of remittance value.⁴⁷ This study did not generate comparative findings—between those receiving remittances and those not—as it focused only on households actually receiving remittances. In addition, it is also widely thought that remittance flows to parts of southern Somalia are less than those to the north, given historical migration patterns.⁴⁸ Therefore, while remittances are extremely important for the economy and, directly, for a large minority of people, over half of the population do not receive direct remittances, a theme identified above in relation to marginalization and social equity.

Within this 40 per cent of the remittance-receiving population, there are a number of further variants and characteristics that influence the significance and impact of that income. This is most clearly apparent in the size and frequency of remittance transfers. For example, the size of regular remittance transfers has considerably different impact and potential (see Table 4 below, for its impact on minimum food purchase). The difference between receiving remittances on a monthly or occasional basis only is also considerable, with the latter acting more as a form of insurance in difficult times, whereas the former provides a predictable form of income with positive repercussions for food security and access to credit (also see below).

Furthermore, remittance flows tend to be concentrated in specific communities, clans or social groups.⁴⁹ The findings of this study support this concentration of resources in a number of ways. For example, a number of in-depth interviews for this study reveal that some families (which may number up to 200 distinct core families in total) have many members living abroad, with virtually all members receiving remittances in some way, from those abroad, with this taking place through the extended family or lineage-based network. Some families may have core members abroad (e.g. siblings) and others extended family members abroad (see Case Study 1 and Case Study 5 below).

There is a clear logic to this concentration of resources within extended families and sub-clans, reflecting historical processes of migration and a continuous process whereby families are likely to focus their financial support on enabling relatives to migrate. In some cases, this is enabled by official family reunification programmes in host countries but it also takes place through more informal channels.⁵⁰ This process of migration based livelihood change is understood in resilience and vulnerability terms as one of social transformation, which takes place over extended periods of

⁴⁷ FSNAU, 2013.

⁴⁸ See Ahmed, 2000. Detailed quantitative and qualitative research has not been conducted to verify the social and geographic character of remittances but these north–south differences are widely thought to be the case. This is verified by knowledgeable Somali key informants and reflects known patterns of migration.

⁴⁹ See Maxwell and Majid, 2016.

⁵⁰ See Vertovec, 2007.

time.⁵¹ The following excerpt identifies such processes of migration and diversification from the 1970s and 1980s, in the case of Somalia, highlighting the strength of familial social ties:

For example, it would not have been surprising to find that an extended family includes: a son who lives as a nomadic herder in the rural area taking care of the extended family livestock; a daughter who is also a pastoralist, living with her husband in the rural area; another son at university in the capital training to be an engineer; a son working in a Gulf country who sends back money regularly to his relatives in Somalia; a daughter who trained as a teacher and is married to an army lieutenant; another son who runs a business in town using his brother's foreign currency to buy imported goods; an unmarried daughter who is a bank clerk; and a grandson studying computer sciences in the United States. Within this web of livelihoods, income or resources in-kind are transferred or negotiated between family members to support and maintain the whole.⁵²

The process of migration associated with the diversified family described above, which began in the 1990s, is fully reflected in the present, as is indicated in the case study below.

Case Study 1: A dispersed family

Yes, I send USD 300 per month to my mother in Mogadishu and my sister who is with her. My nephew, who is here [in the UK] also sends USD 200 per month to his mother (my sister, who is with my mother). My elder brother, who is also here [in the UK] sends my mother USD 100 every month and USD 200 every month to my deceased uncle's children in Mogadishu. My younger brother sends USD 150 a month to our cousin, whose husband is unemployed and has three children. She is in Mogadishu. I also send USD 100 every month to my cousin, who is studying at the university in Mogadishu. My deceased uncle left two wives, two families. My cousins in Sweden (two of them) send USD 100 each every month to one of the wives of my deceased uncle.

During Ramadan, I send USD 400 and my brother sends USD 400. Most of this money goes to members of the family who don't receive anything from abroad [on a regular basis]. There are two Eid days in the year and my mother expects and gets USD 300 extra from me and my brother. We also pay *zakat* for the family. Last year I paid USD 200 and my elder brother paid USD 550.

We also send money occasionally. For example, two weeks ago my mother called me about the bad drought in Galhareri, Galgadud region, and the need of the relatives there. I sent USD 200 and my elder brother also sent USD 200. My younger brother in London also sent USD 150. This money will be distributed to close relatives in hardship. My mother [in Mogadishu] bought food with this money—flour, rice and sugar. Then she wrote the names of the recipients on the sacks and sent them to Galhareri. She makes sure they received it by calling them and asking them.

Also, my father's cousin is sick and needs to be taken to India. Each of us has to pay USD 1,000 to raise the USD 10,000 needed to treat him in India. For the orphans of the wider family, each of us has to pay USD 300 per year. This is their school fees and other needs they have. I also pay *qaraan* (collection) that averages USD 100 per month.

⁵¹ See Maxwell et al., 2016.

⁵² Gardner and El Bushra, 2004: 100.

There are 33 families in my extended family. Twenty live in Somalia, all in urban areas, and all except two in and around Mogadishu. Thirteen live in the UK, the United States, Canada and Europe. All except two families receive regular remittances and the two families that don't, receive occasional remittances from everyone else [who is abroad].

The above example illustrates a family that has become almost fully urbanized, partially based in Mogadishu, and with many members abroad, in different countries, but with a strong connection to the UK. They are able to raise significant amounts of money for different purposes, including support for rural relatives struggling with the ongoing drought. This case study provides a compelling illustration of the scope and depth of remittances and social connections that exist in Somali society. It captures the size of the extended family, with 13 of 33 members living abroad, in different countries in North America and Europe, with all family members benefiting financially from the whole. Both monthly and occasional flows are captured, including remittances to distant rural relatives affected by drought.

Food, education and healthcare are prominent among the uses of this money. While such an example is far from unusual, it does portray a well-established extended family (in the diaspora) able to mobilize considerable resources regularly and at other times when required. It also reflects a concentration of resources within a social group or extended family, whereas another group, which may not have been part of historical processes of migration, may have few or no members abroad to provide the equivalent level of financial input and support.

Box 2: *Qaraan*

Qaraan is a Somali term used to describe a collection. In the past, this often applied to the collection process used to pay *diya* (blood money), whereby extended family or clan members each contribute a camel to pay compensation to a family or clan group that had a person killed by their clan. Nowadays, with the prevalence of a cash economy and many family or clan members in urban and diaspora locations, *qaraan* is used to raise money for many different purposes—ranging from compensation to helping others (an individual or a group) in difficult circumstances to supporting a politician or to repay a debt and so on. *Qaraan* can be used to raise money for something affecting the whole clan or for an individual or smaller group. It is raised in the name of the clan. Whereas *qaraan* used to imply the same contribution from all, it is now often based on the ability to pay. Some clans have regular *qaraan* collections, for example on a monthly basis, with the money is saved until it is needed. Others disperse these resources on an ongoing basis.

5.1.2 Profile of senders and receivers

By far the most important recipients of remittances are the husband or wife in a family, with one or the other accounting for 66 per cent of recipients (34 per cent husbands; 32 per cent wives). However, a number of key informants, including MTO agents, suggest that women (wives plus other categories of female relations) generally comprise the majority of recipients. Comparing urban with rural and pastoralist recipients presents quite a different picture, with both rural and pastoralist recipients predominantly represented by the male side, typically the husband. In urban areas, in contrast, the wife is most frequently identified as the remittance recipient (59 per cent), compared to 41 per cent male recipients.⁵³ One study on remittance flows to Hargeysa finds that

⁵³ This comparison is based on husbands and wives only.

approximately two-thirds of remittances are collected by women.⁵⁴ Overall, more research is needed on the gendered aspects of remittances. While this study indicates that the majority of recipients are female, it is not clear what percentage of senders are female, for example, or if there are gender differences in the amount of the remittance sent by males and females. It is, therefore, not clear how changes to the remittance system could potentially affect men and women.

In addition, this study finds that 65 per cent of remittance recipients report receiving money from only one person, whereas 28 per cent report receiving from two or more people. These figures suggest, on the one hand, that the majority of people are dependent on one person. If that relationship or source is affected, it may have detrimental repercussions for the recipient. On the other hand, many of these single-person relationships are located within larger family networks. Thus it is possible that other core or extended family members would be able to replace income if the source is interrupted.

In general, a relatively high proportion of diaspora members is thought to disproportionately come from the clan families, such as the Dir, Isaaq, Darod and Hawiye. These are, however, extremely large units of population. Moreover, at increasing levels of disaggregation within these major clan families there are lineages and extended families that are relatively poor and considered minority sub-groups, with no or few members of the diaspora among them. There are also other large population groups (namely the Rahanweyn and Somali Bantu) that are widely thought to have relatively few members in the diaspora, in relation to their size, although there are also significant variations within these groups.

This concentration of resources flows and unequal access to remittances is extremely difficult to fully capture and measure. This does, however, raise interesting methodological and operational issues around appropriate units of analysis (i.e. the household and the community level), which is relevant for targeting purposes and in relation to meeting conditions of equity.

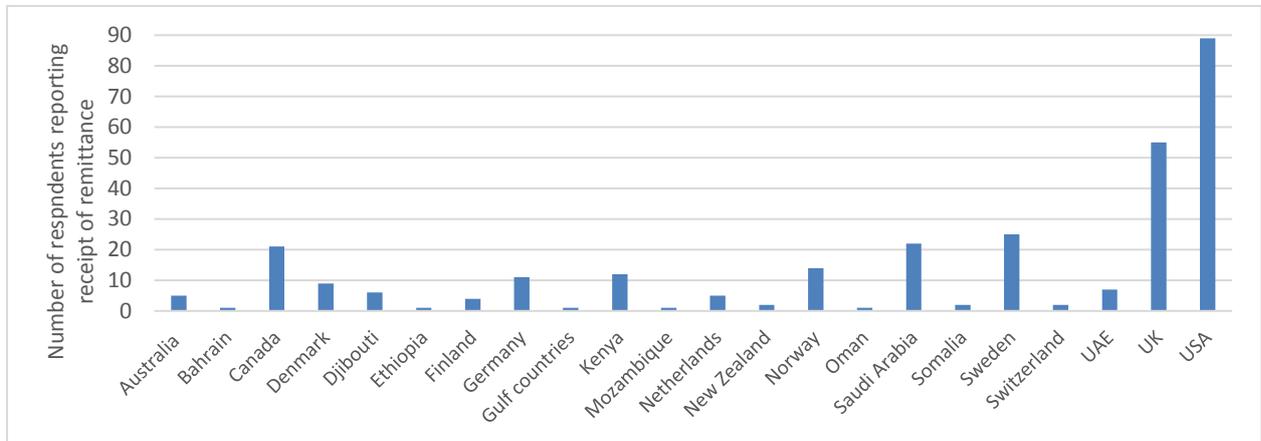
5.1.3 Geographical and territorial connections

Existing research identifies the United States and Europe as the dominant source countries for remittance transfers (but only for Somaliland and Puntland), with the UK being more important than the United States in Somaliland and *vice versa* for Puntland.⁵⁵ This study confirms that pattern and extends it to southern Somalia, with the United States remaining more important than the UK, and the UK significantly more important than all other countries (see Figures 1 and 2).

⁵⁴ Lindley, 2005.

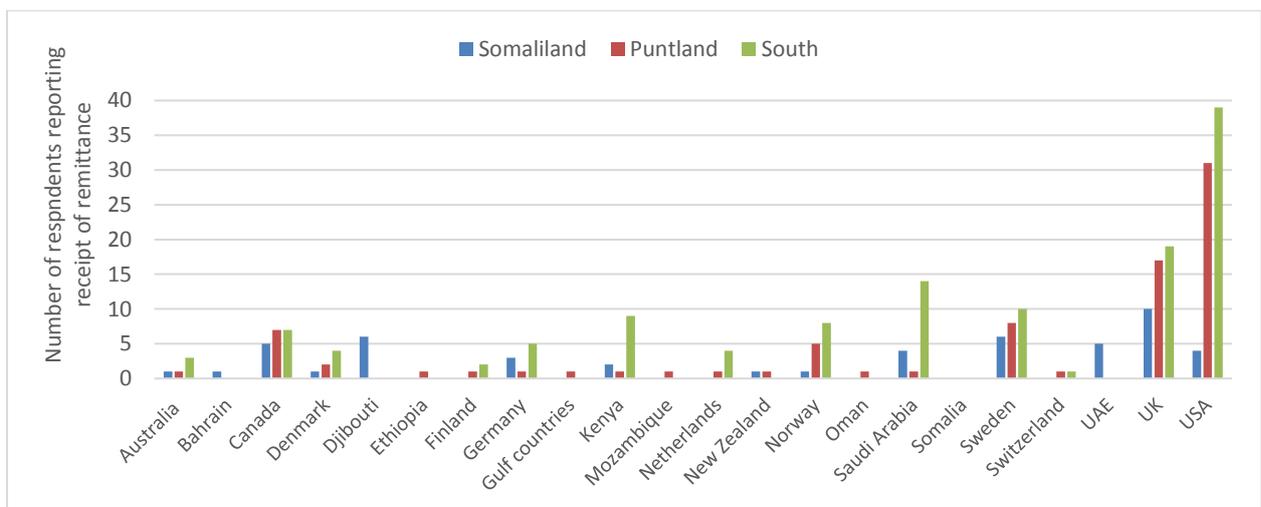
⁵⁵ FSNAU, 2013.

Figure 1: Frequency of responses—remittance sending countries



Sweden, Canada, Norway and the Gulf countries, particularly Saudi Arabia and the United Arab Emirates (UAE), are also important source countries, with some specific territorial relationships also evident. Somaliland has relatively strong links to Canada (more than with the United States), Sweden, Djibouti and the Gulf States (UAE and Saudi Arabia). Other interesting relationships are the importance of Kenya, Sweden and Saudi Arabia to respondents from southern Somalia. The proximity of Kenya partially explains this link, although Somaliland has Kenyan connections, too. Somewhat surprisingly, however, Kenya is not ranked higher as a source country for southern Somalia. It would be reasonable to assume greater importance for Kenya given its proximity and the strong cross-border and business connections between it and southern Somalia but this is not the case according to the finding of this study. A final observation of interest is that Germany is becoming an emerging Somali diaspora location.⁵⁶

Figure 2: Frequency of responses—remittance sources by region



⁵⁶ See also Ali, 2016.

A number of absences are notable, too, including Ethiopia and countries in Asia known to have significant Somali student populations and expanding business connections, such as Malaysia, Hong Kong, India and China.⁵⁷ Respondents in some areas of northern Somalia report that significant proportions of remittances received by their households are then forwarded to children in education in other countries (including Asia).

It should be emphasized that while some of the general trends around territorial relationships reflect broad patterns across Somalia/Somaliland, some very specific clan and identity territorial relationships are also identifiable (but beyond the scope of this study to develop in any detail). By way of an example, an elder of a specific sub-clan in Somaliland, interviewed for this study, pointed out that his clan has a very strong relationship to Saudi Arabia, established over decades.

At the most general level, these broad and specific relationships and patterns highlight the dependence and vulnerability of some areas and population groups on the financial regulatory environment of source countries for remittances, especially the United States and the UK.

Box 3: Disruptions to remittance flows

In recent years, disruptions to remittance sending processes have occurred in the United States, the UK and Kenya. In 2011, following the closure of accounts held by Somali MTOs with a US bank, for example, there were delays and increased transaction costs.⁵⁸ In 2014, Barclays Bank threatened to close its account with Dahabshiil.⁵⁹ At the time, it was the only major UK bank holding Somali MTO accounts. The largest Somali MTO won an injunction to reverse that decision and has been working with UK authorities to create safe corridors for channelling remittances since then (although no safe corridors are currently in place). In Kenya, Somali MTO offices were closed for three months following the attack in Garissa in 2015. These examples illustrate various threats to remittance flows. The effect of some of these actions is to cause delays, increase transaction costs and push remittance sending processes underground.

5.1.4 Frequency and amounts of transfers

Remittance levels identified in this study vary from USD 50 per month to more than USD 300 per month. Based on respondent input, in this study the overall average monthly remittance income is USD 229, with a regional average of USD 254 in northern Somalia and USD 191 in the south, and further variations in urban, rural and pastoralist areas. Table 4 indicates the potential contribution of remittances to the Minimum Expenditure Basket (MEB; food only) by region, which ranges from 32 to 364 per cent.⁶⁰

⁵⁷ FSNAU, 2013; Carrier, 2016.

⁵⁸ Orozco and Yansura, 2013.

⁵⁹ Dahabshiil (meaning 'gold smelter' in Somali) is an international funds transfer company founded in 1970 by Mohamed Said Duale, a Somali entrepreneur, and headquartered in Dubai, UAE.

⁶⁰ Developed by the Food Security and Nutritional Analysis Unit–Somalia (FSNAU), the MEB is the price to purchase a standard basket of food items that meets the minimal nutritional requirements of a household with an average family size of six to seven members (which is fewer than the large remittance-receiving families that responded in this study). MEBs provide the basis for aid agencies to calculate cash allocation levels for assistance programmes. The cost of the MEB is calculated on a monthly or quarterly basis using price data from major markets in the Somali regions. For detailed information on the contents of the MEB and the pricing data for each expenditure item, see: <http://www.fsnau.org/sectors/markets>.

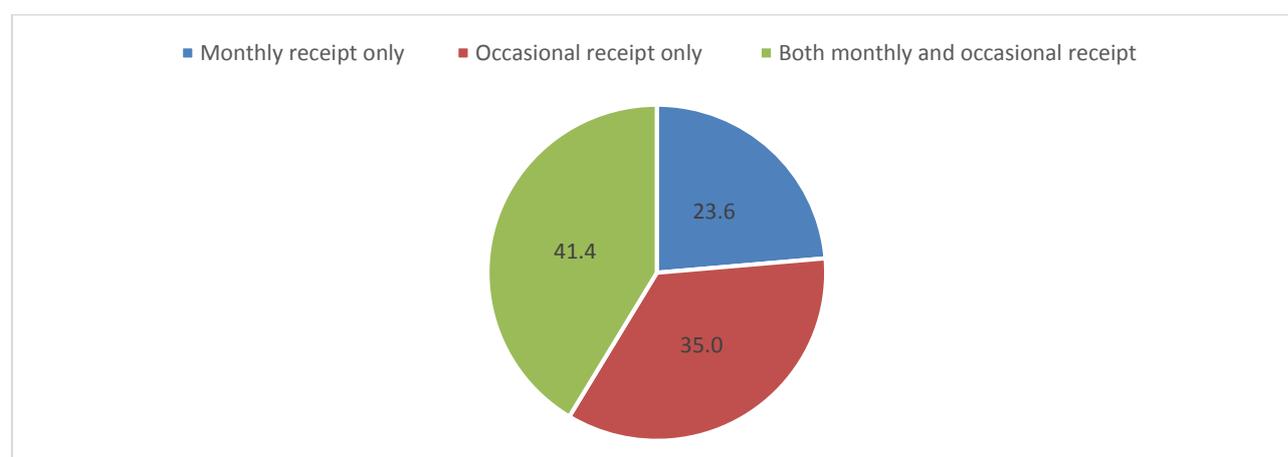
Table 4: Minimum Expenditure Basket (MEB) and remittances by region

	Region					
	Bay	Gedo	Benadir	Toghdeer	Bari	Sanaag
MEB (food only) ⁶¹ Prices in USD	55	84	55	113	158	157
% of MEB (food only) with USD 50 remittance	91	60	91	44	32	32
% of MEB (food only) with USD 100 remittance	181	119	181	88	63	64
% of MEB (food only) with USD 200 remittance	364	238	364	177	125	127

The frequency with which remittances are transferred provides further insights into the reach and impact of these flows. In terms of household-based flows, respondents report that remittances are sent on a monthly (only), both monthly and occasional, or occasional (only) basis.

Across the population sample, the largest single category of frequency of remittances received is on both a monthly and occasional basis (41 per cent), with regular flows being added to or topped up at specific times in the year, including during the Eid festivals and Ramadan (for food and clothes), as well as when requested for specific purposes, particularly for health or climate-related stresses. Monthly only flows (24 per cent) is the smallest category and may be influenced by various factors, such as the disposable income of the sender (those who earn little money and can therefore spare little) or the fact that a recipient has other income, sufficient overall income or receives money from different sources, among others. As Figure 3 indicates, a total of 65 per cent of households receive remittances on at least a monthly basis, creating a regular source of income for a majority of the respondents in this study. This provides an important distinction from previous studies acknowledge the that remittances have variable frequency but have not quantified or explored the implications of these dynamics.

Figure 3: Frequency of receipt of remittance



A significant finding is that pastoralist and rural respondents report receiving remittances on an occasional basis only (35 per cent) as their largest category of receipt, with 59 per cent and 42 per

⁶¹ The MEB level used is calculated from the average monthly figure for 2016.

cent of pastoralist and rural respondents, respectively, reporting this. It is not clear what accounts for this characteristic but it may be because these groups have other sources of income. This finding is in contrast to urban households, of which 28 per cent report receiving remittances on an occasional basis only. This is a new finding and may suggest that households with a regular source of remittances tend to move to urban centres where they can more easily access other services. While many rural and pastoralist households receive remittances only on an occasional basis, this is an important option for obtaining help if required, indicating that remittances act as a type of insurance or buffer in difficult times. This ability to call upon assistance in times of need is also identified during the 2011 famine.⁶²

Information on amounts of money received is provided by approximately half of the 237 households interviewed and the following figures should be understood as indicative only.⁶³ Across the entire set of responses, the average amount of remittance received is USD 229 per month, with a number of variations evident. The average amount received in northern Somalia (Somaliland and Puntland) is USD 254 per month, whereas in the south it is USD 191. Populations in the north therefore receive approximately one third more than in those in the south (excluding Mogadishu and Kismayo). As Table 4 illustrates, minimum food costs are significantly higher in northern regions than in the south due to greater reliance on imported foods. Although the data set for this study is based on a limited number of respondents, such comparisons between the north and the south have not previously been available.

Urban households receive proportionally higher amounts of money at USD 250 per month, with rural households receiving USD 192 per month and pastoralist households USD 139 per month.⁶⁴ One of the more significant differences between the 2013 FSNAU survey and this study is the relatively high rural amounts received and the lesser difference between urban and rural receipts. Converting these figures into MEBs (food only or total basket) indicates the proportion of basic needs that can be met by regular remittances in different areas (where costs can vary considerably).

Again, these comparisons should be treated as indicative only. Actual food baskets may vary, with remittance-receiving households purchasing relatively more high value foods and often feeding more than the six to seven household members calculated for in the MEB. In addition, many household responses indicate that the proportion of their income spent on wet food is relatively high. Many remittances receiving households may therefore be consuming significantly more than the minimums indicated in Table 4, in terms of both quantity and quality, as well as using a proportion of this income to purchase other basic commodities, pay other costs and assist other people.

5.1.5 Family size

According to this study, remittance receipts are grouped into three categories of household size: Small families (five or fewer members), medium sized families (six to seven members) and large families (eight or more members). The FSNAU use a family size of six to seven members for the MEB calculations, as this reflects their average household size (their sample included remittance-receiving and non-remittance-receiving households). Among the remittance-receiving households purposively

⁶² See, for example, Maxwell and Majid, 2016.

⁶³ For a more detailed household survey (in Somaliland and Puntland only), see: FSNAU, 2013.

⁶⁴ These figures are broadly in line with the FSNAU, 2013 findings.

sampled in this study, the large family size category is the most common, with members including three generations or other relatives, and sometimes a combination of both. The correlation between remittances and large families is significant, with respondents suggesting that remittance-receiving households do often host other family members, including the children of rural relatives, who stay with them for the purpose of education.

Table 5: Family size

Household size	No. households	% households
Large (≥ 8 members)	122	53
Medium (6–7 members)	72	31
Small (≤ 5 members)	37	16
Total	231⁶⁵	

Summary Points: Remittance flows and patterns

- The scope and depth of household social connections is critical to remittances.
- 40 per cent of the population in Somaliland and Puntland receive remittances.
- Remittances are concentrated within certain social groups.
- The Rahanweyn (Digil and Mirifle) and Somali Bantu are thought to have relatively few members in the diaspora.
- Across Somalia, remittances are received predominantly from the United States and the UK. Somalia is therefore highly reliant on the financial regulatory environment of those countries. Kenya, Sweden and Saudi Arabia are also important countries for remittances into southern Somalia
- Across Somalia/Somaliland, 65 percent of households that do receive remittances receive them on at least a monthly basis, with the remaining number receiving them only occasionally.
- Pastoralist and rural households receive remittances on an occasional basis only more commonly than urban households, for whom monthly receipts are most common.
- Women are the predominant recipients of remittances in urban areas but among pastoralist and rural groups recipients are generally male.

5.2 Role, use and impact of remittances

Remittance income funds or contributes to different areas of the household economy and beyond. This includes food and basic household essentials, education (provision and access), water, land purchases, business investments, as well as politics, peace initiatives and conflict.⁶⁶ As Case Study 1 above indicates, resources are mobilized at different times, for different purposes and in different ways. Despite this variation in use, the importance of remittances for improving access to food remains striking. While the importance of remittances for improving access to food is generally acknowledged in the literature (which is also supported by the findings of this study), there is little

⁶⁵ The total figure here is less than the total number of households surveyed as not all provided figures on household size.

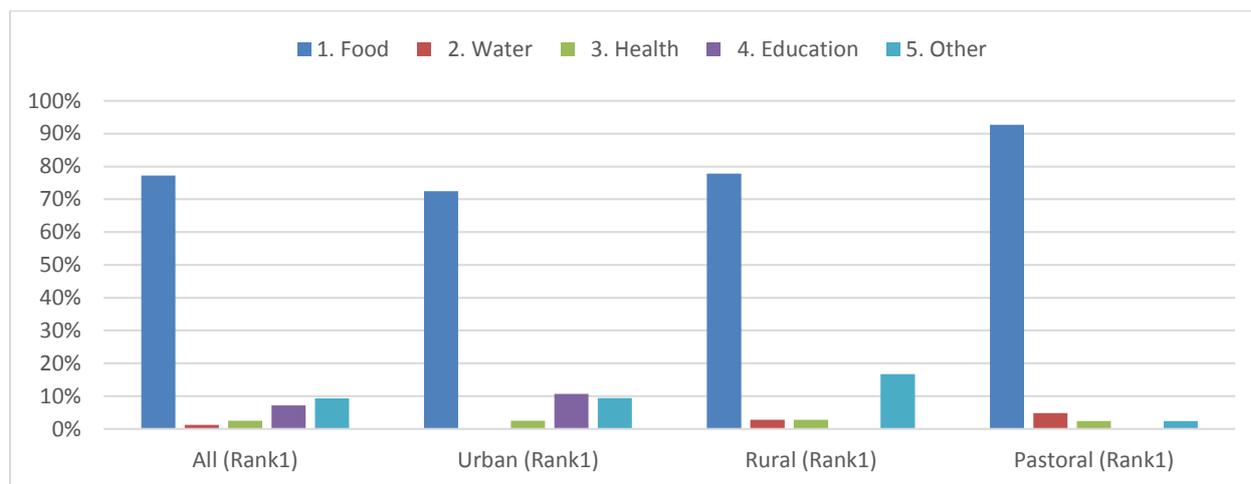
⁶⁶ Lindley, 2012; Hammond et al., 2011.

further discussion about how this occurs—through different types of food and in relation to credit and wider social support. This study examines these issues in more detail.

5.2.1 Improving food security

Respondents in Somalia/Somaliland and among the diaspora overwhelmingly associate the importance of their remittances with improving access to food. This is evident in relation to the quantity, quality and stability of access to food over time. Figure 4 shows that in all three groups (urban, rural and pastoralist), the primary use of remittances is to purchase food.

Figure 4: Ranking remittance uses



The association between remittances and food is distinguished by interviewees as dry food and wet food:

- Dry food: Typically including rice, flour, sugar, cooking oil (sometimes powdered milk and dry pasta)
- Wet food: Typically includes more regular purchase of fresh foods, such as meat, milk, fruit and vegetables⁶⁷

Dry foods are usually bought in small shops and grocery stores, and often from the same shop where a long-term relationship exists, as part of debt-credit relationships (discussed further below). Respondents in pastoralist areas report purchasing little meat or vegetables, as they obtain milk and meat from their own livestock and eat few fruit or vegetables.

The actual amount of food that is purchased from remittance money depends on the amount of remittances received, other household income sources and the size of the household. These variations are not investigated in this study.⁶⁸

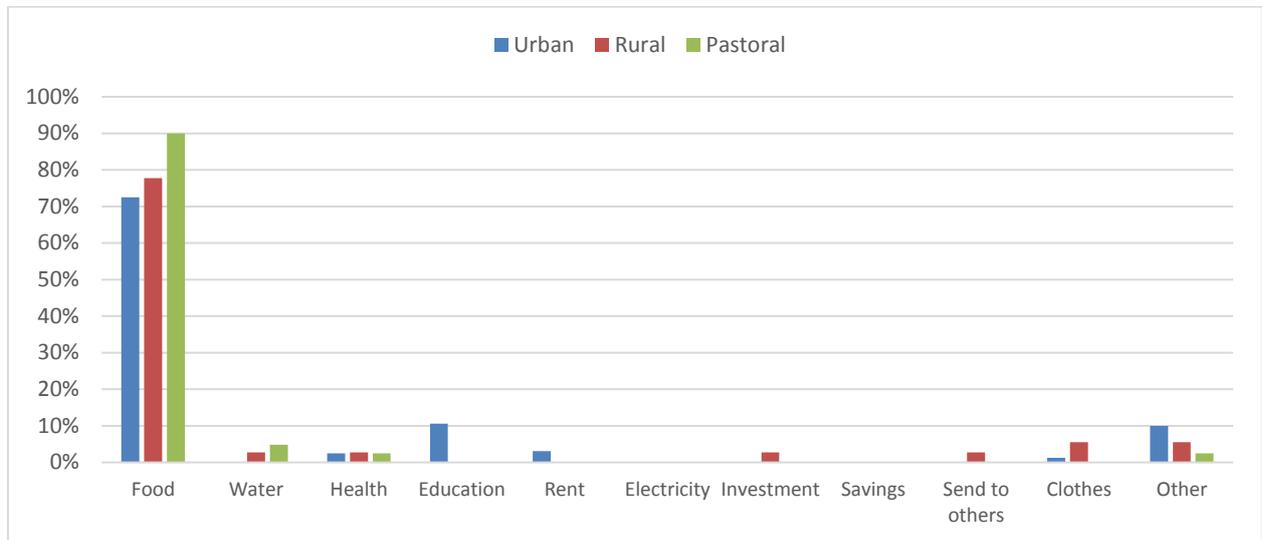
There is relatively little variation in the importance of remittances to improving food access between urban, rural and pastoralist settings, although a slightly more important weight is given in rural and pastoralist settings than in urban settings, which is consistent with the availability of services and

⁶⁷ See also FSNAU, 2013.

⁶⁸ For more detail, see FSNAU, 2013.

other costs associated with urban settings and the lack thereof in rural and pastoralist areas (see Figure 5).

Figure 5: Overall use of remittance by household type



Discussions with local traders and shopkeepers in different parts of the country provide an overview of trends in remittance uses and impacts, as is indicated below.

Example 1: Local trader perspective on the impact of remittances

This trader is based in Kalabayka in Somaliland. He sells different dry food items, such as rice, pasta, flour and other goods. As he explains:

The quantity [of food purchased] depends on the size of the family and the number of guests they have. When the family starts receiving money from abroad first is when you can notice a difference. ... Certainly the amount of food they purchase almost doubles when they first start receiving money from abroad. You can see the difference in their faces as well. They will look better, will wear better clothes and even appear more confident. They will have more guests as a result and increase the variety of food they buy. ... I sell basic foods that everyone buys, regardless of their income. It would be good if you visit butchers and vegetable and fruit sellers. I guess you would see the real difference here. The quantity increases, definitely.⁶⁹

5.2.2 Improving access to credit

The role of debt–credit relations in the Somali economy is well documented and extends from large-scale importers and wholesalers down to smaller traders and shopkeepers, and to many of their final customers.⁷⁰ In the absence of a formal banking system, the debt–credit relationship is a particularly important feature of Somali society and economy, extending to business relations between Somalis and other non-Somali actors in wider trade and business networks.⁷¹ This relationship also has a strong basis in the pastoralist economy, given the seasonal nature of income and expenditure

⁶⁹ Interview with local trader, Kalabayka (Somaliland).

⁷⁰ Little 2003; Carrier, 2016.

⁷¹ El Taraboulsi-McCarthy et al., 2017; Carrier, 2016.

among pastoralist groups, which commonly access food and other goods from traders during the dry season, on a credit basis, when the value of their animals is low, on the agreement that this debt is repaid once the rains come and the value of livestock increases. Trust along with personal and clan relations underline these relationships.⁷²

A small trader interviewed in Bardheere, in southern Gedo region, sees some parallels between the way pastoralists manage their income and expenses and the way that those who receive remittances do, stating, 'The pastoralists always need credit until they are able to sell their animals. They will ask you to give them some supplies and they will pay you when they next sell their animals. In the same way, those who receive remittances say, "Give me some supplies and I will pay you back when I receive money".'⁷³ He further points out that, 'The pastoralists who receive remittances have an arrangement where the money is sent to a relative or a friend, who buys their supplies and sends it with the remainder as cash. Many people will receive the cash through EVC⁷⁴ (mobile money). The nomads get some of their supplies from villages nearer to them so that is why they need some cash. The bulk of the supply is taken from the bigger towns.'⁷⁵

Access to credit depends on different factors. Clan identity and the clan relationship between lender and borrower is one important variable, as this is bound up in relations of mutual obligation and can also serve to provide a guarantee of repayment (by the clan). In recent years, Islamic identities and networks have become important dimensions of generating trust in economic relations, including in relation to access to credit.⁷⁶ Personal relations, character (reliability) and ability to pay (economic assets owned) are additional factors respondents mention.

In this light, many household respondents and traders participating in this study point out that receipt of regular monthly remittances, or known access to remittances, improves the possibilities of gaining access to credit. Again, responses from local traders provide an indication of wider trends on such relationships.

Example 2: Local trader perspective on credit

This trader elaborates his experiences with creditors:

Those who receive money from abroad will [get] credit because they have the means to repay, at least by the end of the month. They also buy more so they are the best customers. They do take a lot of goods on credit and then when they receive their money at the end of the month they pay us. Some of them leave their cash with us when they receive it and they take daily cash.

In my case, there are about 30 families that leave their money with me at the beginning of the month and take goods and cash throughout the month. I do provide credit to many of my customers. People are different and we know each other. The income, the clan and trustworthiness are all important factors in giving loans or credit. With the people we trust

⁷² Little, 2003.

⁷³ Interview with small trader, Bardheere, southern Gedo region, February/March, 2017.

⁷⁴ EVC refers to the EVCPlus service, which is the name of the mobile money transfer platform used by Hormud in southern and central Somalia.

⁷⁵ Interview with small trader, Bardheere, southern Gedo region, February/March, 2017.

⁷⁶ Carrier, 2016; Mahmoud, 2010.

and think can repay, we simply open a book for them in which all the items they take are entered. If a person had a problem and needed to use all of his or her income or remittance that month, we might allow him or her to pay at the end of next month. Many people bring their money to the shop in cash (dollars) upfront every month and then take bill⁷⁷ daily (as well as monthly), food items and whatever they need cash or goods for during the month. The difference will be settled every month. This is how it works, in brief.⁷⁸

These debt–credit relations are highly personalized and involve both parties in networks of mutual dependence.⁷⁹ In the volatile and competitive Somali environment, credit also provides a way of gaining customers; for customers, it is a way of gaining access to credit, which may be particularly important to smooth over difficult times. Furthermore, in the absence of a formal banking system, the shopkeeper or local trader provides a safe place to deposit money.

Example 3: Local trader perspective on credit and money storage

This trader explains the mutual benefits of the debt–credit relationship:

Both sides benefit here. It is not only capturing customers who are buying regularly but the trader also gets a lot of cash from the customers, which he [or she] uses to buy the goods that he [or she] sells to them. The customers get credit and safekeeping for their money. Another important thing for the customers is to [be able to] put the money away so it is not consumed within short time.

If you are getting remittances regularly or near regularly, then the trader knows you have some regular income and will welcome you as a trusted customer. Normally, the trader is a very good friend or a close relative, so he or she knows your situation well. They will know what assets you have, the size and value of your livestock, and how many close relatives you have abroad in bigger towns who may send you money. They even know if they are sending you money regularly and how much they are sending you.⁸⁰

5.2.3 Improving access to education

The importance of education among the Somali diaspora is well established.⁸¹ (In this study, a clear difference in the importance of remittances and education is notable between northern and southern Somalia, with the former clearly ranking education as the second most important use of remittances, while in the south, education is not ranked so clearly (see Figure 6).

⁷⁷ *Bill* refers to general household expenses, which may or may not include foodstuff.

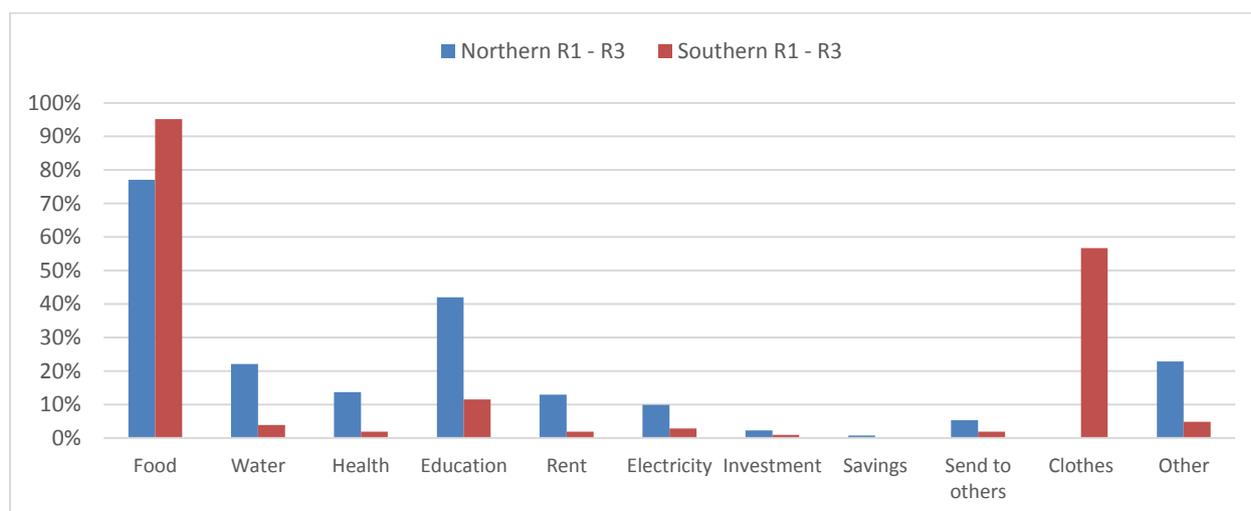
⁷⁸ Interview with local trader, February/March, 2017.

⁷⁹ Also see Carrier, 2016, who highlights this point.

⁸⁰ Interview with local trader, February/March, 2017.

⁸¹ Lindley, 2005.

Figure 6: Remittance use ranking by geographic area



Education services have been steadily increasing over the years in both Somaliland and Puntland, at all levels (primary, secondary and tertiary), and generally require payment. Furthermore, respondents suggest education costs are increasing as improvements in the quality of education are sought after; for example, higher costs are associated with a greater emphasis on the need for purchasing books and other printed materials. In some areas, where remittances are known to be high and education is especially valued, respondents suggest that remittances received are then resented to foreign countries, including Asia and neighbouring Kenya.

This study does not cover the main towns of Mogadishu and Kismayo. Mogadishu is known to have significant education services, whereas education services are limited in many other parts of southern Somalia. Education is not a focus area of the study, as it has been studied in other research and relates to longer-term processes of livelihood diversification and vulnerability changes in complex ways.⁸² Longer-term processes of urbanization and education are, however, noted in this study, with a number of examples provided whereby remittances contribute over time to the education of children brought to urban areas from rural or pastoralist backgrounds.

Case Study 2: Pastoralism and education

Abdullahi was born to a pastoralist family and used to take care of the sheep and goats, and sometimes the camels. His brother, who immigrated to Canada many years ago, sends money regularly. Consequently, the family has not needed to sell their animals, the effect of which a growing number of livestock. As a result, the family is now in very comfortable position.

In 2010, Abdullahi’s parents decided they would send him to school in town. He joined school and his brother started sending him USD 50 on a regular basis and, more recently, USD 100. He hopes to finish his secondary education and then go to university. Abdullahi also hopes his brother will continue supporting him through his university education so that he can help his brother to support the family, which he [the brother] is now doing single-handedly.

Case Study 3: Expanding family

⁸² Ibid.

Hodan was born in Garowe and grew up there. Her mother used to have a shop until the government collapsed. She completed her secondary education and married a local man after the collapse of the government but he could not find a job. Luckily, she claims, her brother made it to the United States. As soon as contact was established, he started sending USD 50 every month. Hodan started saving USD 5 a month through *hagbad* (a traditional money saving scheme) and then began selling various items from a table located in front of her house. Every month she imagined that her brother might not be able to send the USD 50 for the next month. She wanted to stretch what he sent as far as she could. Her table-top shop continued to grow as she added more and more items to it. Hodan had few children in the early years, and it was easy to manage her small business. Moreover, she only needed to pay for food. Then, as Hodan had more children, her brother increased the amount he sent to USD 100 per month.

After she was married, and her husband eventually found work, her brother stopped sending a regular remittance but he did continue to send money when requested. One of Hodan's sisters also immigrated to the United States, another to Norway and another to Finland. They were not sending her regular remittances because she was able to feed her children. As the children's need for fees for education grew, however, the sisters began to cover the fees, which now come to USD 700 per month. This amount is all paid by the sisters.

5.2.4 In times of crisis... from credit to social support

Regular and on-demand receipt of remittances serves an important role in smoothing out fluctuations in income and expenditure—whether on a short-term monthly cycle, or on seasonal or inter-annual basis. The seasonal debt–credit relations between pastoralists and traders are well documented. Pastoralists buy more food and water in the dry season as their access to milk decreases and their animals have less value. This relationship extends throughout Somali society during times of difficulty and crisis, with rural and pastoralist households more exposed to the vagaries of climate and seasonality than their urban counterparts. As connections between many rural and urban households are maintained through social networks, rural relatives can draw on urban relations and clan members, including those in the diaspora (see below), for support in times of need.

Somali society is renowned for the strength of its social capital and social bonds, although these are most evident in common identity groups (from family to lineage to clan). In these networks, the relatively wealthy support their poorer or affected kin through regular *zakat* (alms giving) processes and in times of need.

Example 4: Local trader perspective on credit and zakat

This local trader captures different elements of the relationships between Somalis, including the interaction between credit and support for the poor, whereby extending credit becomes part of the social obligations of the relatively wealthy.

I do provide credit to most of my customers. It is actually a way of selling goods here. I get it on credit from big wholesalers, if need be, and sell it on credit. Some people are having hard time and we give them credit, knowing their good character and that they will do their best to pay as quickly as possible. In hard times, we might give credit to people we are sure may not repay quickly enough because they are people we know or are related [to people we

know] and are facing hardship, such as drought. We have an obligation to keep them alive. If we don't give them food on credit, we might be forced to give it to them for free, so we opt for giving them credit and most of them will repay. At the end of the year, I have to pay *zakat* so I can erase some hard cases from my books since they are poor, using the *zakat* I was supposed to pay to them [anyway]. If the person is trustworthy and is getting a regular remittance, everyone will give them credit.⁸³

5.2.5 The 2017 crisis

Research for this study was conducted as the 2017 humanitarian crisis evolved in Somalia/Somaliland. Many respondents refer to this ongoing situation in the course of interviews and focus group discussions. In El Berde, in northern Bakool, for example, interviewees explain the different capacities of various clans in the area and how they are responding to the crisis. There are three main clan-based groups in El Berde—the Ogaden, the Reer Hassan and the Rahanweyn. The first two groups are known to have significant diaspora populations. During the research period, the Reer Hassan received diaspora support at the family level and at the higher clan-community level, with clan members being called on to contribute from Europe, Kenya and North America. The Ogaden only mobilized and received support at the family level, i.e. between smaller family units rather than through a wider mobilization of the clan. In contrast, the Rahanweyn population reports that it did not receive much diaspora-related support of any kind. These patterns are also noted in the famine of 2011.⁸⁴ Coordination between diaspora actors and business actors are part of these mobilization and response processes.

A number of individual examples are also described. Fatima, interviewed in the United States, reports sending money to her father in Mogadishu, who has a family with seven children, four of whom are in school. Fatima's father calls her requesting money for all sorts of problems that affect his relatives over the course of a typical year, including the drought and other hardships. She makes the following comment:

It is not only my family but other families benefit as well [from remittances]. My father always helps others and passes to me many problems that he needs help with. Every year, a few families related to him are having difficulties and I have to send them money. Most of these cases are people who are struggling to feed their children. I do help most of the time. This year, there are more and more families to be helped because of the drought. Since many are always asking for help, drought is another excuse to ask for more money. I have already helped three families because of the drought, sending USD 100 to each. I also contributed to a few collections [quraan] for supporting people with the drought but there is a limit to what you can do.⁸⁵

Finally, the perspective of a local trader, interviewed in Baidoa, which is close to some of the worst affected areas in 2017, explains:

Yes, remittances make a difference in difficult times. People call me and say give so and so that much food and pay him or her that much cash. You can see people sending USD 1,000 or

⁸³ Interview with local trader, February/March, 2017.

⁸⁴ Maxwell et al., 2016.

⁸⁵ Interview with female diaspora member, January/February, 2017.

USD 500 to alleviate the effects of drought. They do cover a lot of needs at difficult times. You hear people about who are receiving remittances calling you and saying give so and so that much food and I will pay for it. Give him or her that much food as his children are hungry. People come to town and go to the homes of those who they know receive remittances, saying to them that they have travelled to get help from them. They will say, 'My camels are unproductive and sitting waiting for death. Cattle are all dead and crops have failed and thus I harvested nothing.' They normally give them something.⁸⁶

5.3 Investment and asset protection

Approximately 14 per cent of respondents across the household interviews for Somalia/Somaliland indicate that investment is part of the use of remittances. The main categories of investment reported are housebuilding, purchase of land and starting a business. Several examples in the south include investments in riverine or irrigated farming, which is known to be one of the commercially important areas of the economy. In addition, 21 per cent of households report using remittances to repay debt, which is also referenced in relation to investment.

Respondents point out that there are some significantly different characteristics between how money sent for regular or irregular household use is perceived and managed, in comparison to money sent for investment. The latter is sent less frequently and likely to involve larger amounts of money. In this case, the sender tends to be much more involved in the process. It is also the case that sending larger amounts of money can be more complicated because the remittance company in the sending country requires more documentation.

Investment may also be understood as part of a long-term process of livelihood development within a large extended family, involving migration and the diversification of income streams. The two case studies below provide examples of how investment processes are long-term in nature and illustrate how dispersed family members come together around financial investment, education and basic household support.

Case Study 4: Kenya–Somalia investment

The following interview took place in Nairobi. It is based on the experiences of a respondent who sends money to his elder brother, who runs the family farm.

'I send USD 300 a month to my elder brother in Luuq, Gedo. He has three families (three wives) and also cares for my mother. I have a brother in the UK and another in the United States. They both send money to my brother. My brother runs the family farm in which we have all invested. My brother in the UK sends USD 200 every month and the one in the United States sends USD 300 a month. The money is used to feed the three families of my brother, as well as my mother. My brother has 17 children. I have three of his children with me in Kenya and the rest are with him in Luuq. The three here [with me] are here for education. They are all in boarding schools and I pay for them.

I do send money for investment. I and my three brothers bought land for farming and have a plantation, which is managed by my brother. We also have livestock of camels and shoats [sheep

⁸⁶ Interview with local trader, February/March, 2017.

and goats] around the area. I have been sending money for investment regularly during the last 15 years'.⁸⁷

Case Study 5: Dispersed families and investment

This example is compiled from an interview with an elder who is based in the UK and another member of the extended family, who lives and works in Nairobi, Kenya. It provides a detailed example from a large extended family.⁸⁸

The Ahmed family lineage group is a large family counting more than 200 families in their group, with roughly 5 members based in the United States, 30 based in Saudi Arabia, 30 to 50 based in Nairobi, 10 in the UK, and some in South Africa, Germany, Switzerland, Holland, Denmark and Belgium. They are from a prominent family originating in Jalalaxsi, in Hiraan region. The interviewee now has children from his current marriage and his previous marriage in the UK, as well as family members in Jalalaxsi and Mogadishu, to whom he sends money. He sends USD 150 per month to these two families. Each of these two families has extra people living with them—seven in Mogadishu and others in Jalalaxsi. The family have an irrigated farm in Jalalaxsi and he sends money to help pay for irrigation when needed. Three of his daughters also send USD 150 (in total) to their mother in Jalalaxsi (the wife the respondent divorced) and some of their children and relatives. They all send additional money during Eid and Ramadan, and when there are problems, such as health issues or irrigation problems. The money is mainly spent on food and education.

In the last 20 years, since the war, some family members have moved to Mogadishu and some to Nairobi. The wider family raised resources to start businesses in Nairobi, which are run by two of his brothers. One of the businesses employs 10 people and another 13. Employees are mainly from the wider family, including those who have little other source of income. Developing these businesses is a deliberate strategy on the part of the wider family. Most of the migration happened in the 1990s and 2000s and these businesses now support about 50 families. The family have a Whatsapp group⁸⁹ so they can share information.

They continue to send family members to Saudi Arabia and Nairobi, and also have brought family members to Europe and the United States. The elder being interviewed suggests that each member of the wider family (in Somalia/Somaliland) gets some sort of remittance or support from the extended family diaspora. The few that have no close family members abroad have money raised for them by others. For example, the *zakat* raised in the UK is taken back to Somalia and given to the weakest families.

The nephew of this elder was interviewed, by telephone, in Nairobi. He is 20 years old.

Mustafa sends USD 100 per month to his mother in Somalia. He works for his uncle's business in Nairobi and earns 25,000 Kenya Shillings (USD 250) per month. This only leaves him with USD 150 per month and he can't afford to send anymore. He says his mother spends most of this money on food. He was brought to Nairobi by his uncles and told to send USD 100 per month to his mother. He says he thinks some of the education costs of his brothers and sisters are paid for by his uncles and if

⁸⁷ Interview with remittance sender, January, 2017.

⁸⁸ Interview with elder, January, 2017. Interview with nephew, January, 2017.

⁸⁹ Whatsapp is a free instant messaging application for smartphones.

there is an emergency of some kind, his uncles would organize help. He does not get involved in such issues. He has been in Nairobi for two years and is the eldest son in the family. His father has died. His family in Somalia, headed by his mother, with six younger siblings, has a small farm and a few cows. He claims this is not enough to sustain the family and that's why his uncles brought him to Nairobi. He thinks that if the family had to survive on their farm only, they would be on the edge.

Case Study 6: Protecting livestock

Nur is a nomad who had sheep and goats but lost most of these in a previous drought. Once his brother heard that Nur had lost his main assets, he started sending money regularly, from Europe. His brother continued to send him money for several years, for his children's education, for food for the family, for water and for other needs he had. Nur says that this regular remittance allowed him to recover his shoat stock as he did not need to sell them every month to pay for school fees or family sustenance. It also allowed him to buy some camels because he was able to sell his shoats when the price was highest.

When his brother told him he had lost his job and could not send money anymore, Nur was able to thank his brother for his support and told him that he could manage through his own means again. Nur claims that many families fall in to the trap of thinking that remittances will continue forever and do not manage their affairs the same way that he did. He claims he was able to prioritize his recovery and make himself self-sufficient.

Summary points: Role, use and impact of remittances

- Food is the most important use of remittances, with little variation between urban, rural and pastoralist settings.
- Education is the second most important use of remittances, although this is more evident in northern Somalia.
- Receipt of regular remittance improves the possibilities of gaining access to credit and plays an important safety net function, smoothing out fluctuations in income and expenditure and preventing the sale of productive assets (including livestock).
- Remittances enable households to provide support to other relatives, including financial assistance, hosting relative's children and hosting meals for extended family members or friends.
- In the absence of a formal banking system, debt-credit relations are a particularly important feature of Somali society and economy, with remittances playing a significant role in access to credit. The credit system provides a key coping strategy for households and a key business strategy for traders.
- There are some significantly different characteristics between how money sent for regular or irregular household use is perceived and managed, in comparison to money sent for investment. The latter is sent less frequently and likely to involve larger amounts of money and greater oversight.

5.4 Remittances and social status

Questions were asked at the household level and wider community level about the relationship between remittances and social status. Thirty-four per cent of respondents reply positively to this association, most commonly explaining this in economic terms—that recipients of remittances are

better-off or wealthier than those who do not receive remittances. Some of these respondents add that the implication of being wealthier is such that households are able to be generous and supportive to others, which in turn can be a sign of higher social status. The most common response, however, is more neutral, with 49 per cent of respondents saying that there is no change in social status due to remittances. Explanation for this includes the fact that receiving remittances is normal and common, in particular in urban areas in northern Somalia, and therefore this is not linked to a higher social status. Other explanations are that various factors, such as the name or position of the family or individual, along with other character traits, are more important in terms of determining social status.

There are also a small number of responses that are more critical, with some respondents pointing out how people can become dependent on remittances. In addition, respondents comment that receiving remittances can bring considerable pressure and assumptions about the wealth level of a remittance-receiving household, which can lead to many people calling for assistance on a regular basis. While this can enable a remittance recipient to be generous, respondents also suggest that there is a high demand for and expectation that the recipient will be generous. Questions about dependency, the association of remittances with generosity and links to social status are also explained in relation to the amount of the remittance received. For example, a USD 50 per month remittance and remittances that are sent on an occasional basis only have much less scope for sharing or significantly changing the economic situation of the family.

Box 4: Quotes on remittance and social status

'They [the local community] see me as someone who receives remittances, which is itself status. They see me as someone who is well off and they listen to me.'⁹⁰

'People see her as someone who is so generous, despite her socio-economic status, because she makes contributions to help the poor—those worse-off than her—especially for funerals. On the other hand, they think she needs more support herself because the USD 50 is very small for such a big family.'⁹¹

'I feel as though people are against me. Because I receive remittances and it is a small amount, people [nonetheless] think I am rich but I am really poor and go hungry sometimes.'⁹²

'It surely makes you a target for every *qaraan* your family is collecting. Thing means everyone is viewing you as well-off even though you may receive a little.'⁹³

5.5 Remittance monitoring and control

The question of if and how remittance senders ensure that the money they send is being used as expected is explored with diaspora respondents. Many initially express no or very limited influence over how the money they send is used, indicating that it is in the hands of the recipient. For example, some respondents comment that they have no influence because their parents are the recipients and it would be inappropriate to demand or expect any explanation for how they spend

⁹⁰ Interview, October/November, 2017.

⁹¹ Interview, October/November, 2017.

⁹² Interview, October/November, 2017.

⁹³ Interview, October, November, 2017.

the money. Upon closer scrutiny, however, a number of nuances are also notable, indicating that senders are aware of how the remittances they send are used and that they may well exert some influence, if necessary. Trust is often expressed in the nature of the relationships involved, as well as knowledge about the motivations of the person money is sent to—even when a respondent admits having no control or influence over how the remittance is spent. In other cases, the sender knows that the recipients have no or little other income and therefore assume they automatically prioritize food and other basic expenses. Diaspora members who send remittances also imply that recipients are aware that this source of money might be discontinued if it is found to be being abused.

Money sent for investment purposes, however, is treated differently from smaller sums of money. This entails more involvement on the part of the recipient in terms of determining the amount required. It also requires more monitoring on the part of the sender. For example, if the remittance is for investment in the construction of a building, title deeds, photo or video evidence of the construction may be required to ensure that the investment is proceeding as agreed. Diaspora respondents also comment that they ask friends who are travelling in the area to visit the project to gain further information.

Examples are also provided about situations in which trust is not so clear and requires managing, as two respondents indicate.

This respondent explains:

The purpose of the money is to feed the people and get them out of any difficulty they are facing. So by definition this money improves the food security of the family receiving it. If the father or the mother misuses it, and the rest of the family are not benefiting from it, then this will be corrected by changing the recipient. [For example, a remittance] may be sent to the wife instead of the husband, or vice versa. It happens.⁹⁴

Another respondent comments:

The money I send monthly is for food only as there is no one in education. I think it is sufficient for basic living. ... I don't have any control over how the money is spent [but] I am monitoring them through the shops they are using and through my brothers, who are in business and in the same town. I am monitoring them because I want to make sure that they manage their money well, especially my nephew. Almost all of the money goes to food. They buy rice, sugar, pasta and flour at the beginning of the month when I send them the money. The remaining money they use for daily shopping for vegetables and other items needed for the daily food preparations. I always ask them if they have enough food. They look good, which means they are well fed.⁹⁵

5.6 Dependence on remittances

Remittances are generally associated with positive outcomes, including improved food security and resilience and reduced vulnerability. A number of respondents, however, raise the issue of dependence,⁹⁶ with some respondents suggesting that remittances decrease the incentive to engage

⁹⁴ Interview, October/November, 2017.

⁹⁵ Interview, October/November, 2017.

⁹⁶ Also see: Lindley, 2006.

in more productive activities. While such cases of negative association may well exist, such causality should be treated with caution for a number of reasons. Firstly, available employment and income opportunities are limited in Somalia/Somaliland. Secondly, even if households are reliant on remittances for some time, this income may also be associated with investments being made in education in order to improve future income and livelihood potential, which may eventually reduce dependency. Previous research suggests that the links between remittances and disincentives should be balanced by the wider economic environment and the availability of employment.⁹⁷ Thirdly, remittances frequently contribute to the future productive capacity of a household or wider social group, through investment in education.⁹⁸

A significant minority of remittance recipients (26 per cent of households) report that they had no other source of income. Approximately 50 per cent of these are female-headed households. Among urban households, this accounted for 35 per cent of responses. This population group could potentially suffer significant consequences if this income from remittances is stopped.

Table 6: Responses: ‘Have you any other source of income?’⁹⁹

	No	Yes
Pastoralist	0	41
Rural	5	30
Urban	56	101
Total	26%	74%

Box 5: Focus on remittances for pastoralists

Household-level interviews, focus group discussions and key informant interviews took place with pastoralist households, pastoralist representatives and elders. As indicated above, pastoralists are among the population groups that receive remittances. As with other groups, remittances are received on a monthly and occasional basis, with ‘occasionally only’ being the most common pattern: 58 per cent of remittance-receiving pastoralist households report receiving this income on an occasionally only basis. Occasionally only remittances are far more prevalent among pastoralists than in urban and rural households.

The proportions of pastoralist communities that do receive remittances is, however, relatively small. Several respondents from specific pastoralist groups suggest that up to approximately 20 per cent of their community receives money at some time during the year, especially in dry seasons, while only 10 per cent receive remittances on a regular basis. In other pastoralist communities, very few members receive remittances at any time.

Previous research in southern and central Somalia conducted by the same research team undertaking this study identifies pastoralist in different parts of the country who maintain links with diaspora relatives. This general dynamic is consistent with long-established social networks that connect urban, rural and diaspora populations in family and clan-based social groups. It should also

⁹⁷ Ibid.

⁹⁸ Ibid.

⁹⁹ Not all respondent replied to this question, hence the lower total figure from the 237 total household interviews.

be noted that some links between rural and pastoralist groups and distant relatives in the diaspora may remain latent or silent over many years, only to materialize under particular conditions, such as in time of crisis.

5.7 How remittances are sent—from *hawala* to mobile money transfers

The money transfer system has been and continues to evolve rapidly in Somalia. This particularly applies to domestic transfers, as network coverage and mobile money transfer technologies (MMT) have expanded rapidly.¹⁰⁰ This section provides a brief analysis of current issues and trends, drawn from a sub-set of household interviews and focus group discussions (in Somaliland and Puntland only), as well as interviews with traders, *hawala* agents, mobile money operators and a number of international aid agency staff. A recently completed study provides a much more detailed analysis of the mobile money sector in Somalia.¹⁰¹

Somalia provides somewhat of a pioneering context in the development of telecommunications infrastructure and both international and domestic money transfer systems, in Africa, with Somali telecommunications companies and MTOs prominent actors.¹⁰² In addition to providing a critical, efficient and reliable platform for Somali households and businesses to move money internationally and domestically, this sector also provides the financial infrastructure for international agencies to operate more efficiently, including when it comes to developing cash-based forms of assistance.¹⁰³ Within the last few years, this evolution has continued, incorporating households, smaller businesses and international agencies into MMT processes.¹⁰⁴

The international transfer of remittances into Somalia/Somaliland continues to take place primarily through Somali *hawala* (or MTOs), with Dahabshiil the dominant actor. There are a number of other MTOs operating in this sector and of these, Hormud's Taaj platform is considered an important rising challenger. To some extent the history and ownership of MTOs reflect a clan and regional identity where, for example, Dahabshiil is associated with Somaliland, Amal with Puntland and Hormud with south and central Somalia (and their major associated clan identities). That said, the business structures and reach of these organisations also transcends clan identity with, for example, local offices operating as franchises within the overall organisation, embedded in local clan identities, power dynamics and their associated security provision (see Lindley, 2009). Ownership models themselves differ with Hormud operating as a share-holder –based organisation, which generates widespread ownership, whereas Dahabshiil has a single owner but is nevertheless a highly successful business (ibid). The relationship, formality and controls between the central management and structure and the dispersed franchised agents is also opaque and international organisations have faced challenges when for example attempting to build operational partnerships (and capacity) with MTOs when they partner with them in cash transfer programmes (Majid et al. 2007).

Domestically, Somali MTOs continue to be active throughout the country, with the largest enterprises having the most extensive networks; Dahabshiil and Amal both have large domestic networks. However, with mobile network coverage very high in Somalia, covering virtually the entire country, the expansion of MMT platforms has increased dramatically in recent years. By far the

¹⁰⁰ Iazzolino, 2016; Lype et al., 2016.

¹⁰¹ See Altai Consulting and World Bank, forthcoming.

¹⁰² UNDP, 2001; Lindley, 2009; Iazzolino, 2016.

¹⁰³ Ali et al., 2005.

¹⁰⁴ Somalia's proximity to Kenya has enabled this rapid development. See: Iazzolino, 2016.

largest actor in the provision of mobile money, domestically, is the Hormud-Telesom-Golis integrated platform, which covers the whole country. Mobile money is now competing with or superseding *hawala*-based transfers in many geographic areas and among specific population sub-groups.¹⁰⁵ In Somaliland, for example, Telesom is reported to have one million subscribers and 85 per cent of the mobile phone market. Of these, 40 per cent are reported to be active users of the Telesom MMT platform, known as *Zaad*.¹⁰⁶

Although MMT platforms are useful for sending money domestically, they are not yet a solution for people wanting to send remittances from abroad to a mobile platform in Somalia/Somaliland, although this may be changing quickly. Dahabshiil's mobile money platform—e-dahab—is relatively new and developing slowly. Dahabshiil has not yet made a formal link to the dominant MMT platform¹⁰⁷, so there is no seamless connectivity between external and internal flows of money. Some MTOs are reported to be developing links to the major MMT platforms in Somalia so that remittances can be sent directly from diaspora locations to domestic mobile phone accounts; Hormud's MTO branch, known as Taaj, is expanding and does offer seamless transfer of money from international agents to domestic phone accounts but, as mentioned above, Dahabshiil is still considered the dominant platform for international transfers.

5.7.1 Users and preferences

The use of *hawala* and MMT platforms is not mutually exclusive. People can use either, depending on the purpose and recipient. Using MMT, for example, requires that both sender and receiver have this facility. Virtually all respondents in this study are aware of these two methods. In terms of preference, only 18 per cent express no preference between the two, whereas 44 per cent of respondents express a preference for using MMT platforms with 38 per cent preferring *hawala*.¹⁰⁸

A range of explanatory factors are provided for the various preferences. These highlight the advantages and disadvantages of the two systems. The most commonly reported advantages of MMT are its fast speed and convenience, including the need not to travel and the 24-hour availability of the service. Discretion is also mentioned as an advantage by a minority of respondents, particularly as it may reduce the need to give *shaxad* (gift or contribution).¹⁰⁹ The issue of discretion has also been raised as an advantage in relation to humanitarian cash transfers by the beneficiaries of such programmes, who might otherwise attract the attention of unwelcome parties. In other words, the receipt of money takes place without any visible signs to other people, which may be helpful in insecure, predatory environments or where there is social pressure to provide a gift.

Low or no transaction fees is also mentioned as an advantage to MMT platforms by a number of respondents. Some MTOs (based abroad) that are connected to the MMTs (in Somalia) are reported to be keeping transaction fees down as part of expanding their customer base, including those

¹⁰⁵ See Altai Consulting and World Bank, 2017.

¹⁰⁶ Iazzolino, 2016.

¹⁰⁷ Which is provided by Telesom, Golis and Hormud, in which the latter is the major actor.

¹⁰⁸ These findings are only indicative, as they are drawn from a mixture of household, key informant and FGD interviews, conducted only in Somaliland and Puntland.

¹⁰⁹ *Shaxad* is a small gift or contribution (money or in-kind) that is often sought when someone has just received money, e.g. from the sale of a livestock or as a remittance. Attitudes sharing and *shaxad* can therefore be ambiguous. On the one hand, this is seen as a positive—part of the social wealth-sharing system in Somali society. On the other, it can be seen as a burden by those who feel socially obliged to give to relatives or friends, who they may criticize for being lazy.

making international remittance transfers. Another potential benefit mentioned by key informants is the reduced need for women to travel from rural to urban areas to collect their funds.

The main disadvantages of MMTs centre around perceptions of trust and security; money can become lost in the transfer process, pin numbers can be stolen and phones can be lost or stolen. In addition, network problems are mentioned, such as congestion or the temporary failure of the network, thus preventing or slowing down money transfers.

The advantages of *hawala* that respondents mention are its familiarity, security and safety. Since the early 1990s, the *hawala* system has been the main money transfer system, linking international, urban and rural locations. Respondents report that the disadvantages of *hawala* are its inconvenience, especially compared to MMT. That is, receipt of money depends on outlet opening hours. Preferences for either *hawala* or MMT may be complex and dependent on other factors, too. For example, research findings suggest that the use of *hawala* has a social dimension. For those people who do live relatively close to a *hawala* agent, collecting remittances can be associated with a pattern of life and socializing that has been established over many years, whereby remittances are collected and the recipient then moves on to do his or her shopping, or visit a favourite café or restaurant. As indicated above, much of this money is immediately deposited with the recipient's preferred grocery store in order to repay debt, deposit savings, collect food and other goods, or reassert the debt–credit relationship. This social meaning may vary, depending on the livelihood and other financial relationships of the recipient. For example, remittance recipients who are owners of small businesses and conduct many financial transactions may value the MMT system over the social dimensions linked to collecting remittances.

5.7.2 Different user groups

Key informants responding to this study identify a number of characteristics distinguishing different sub-groups and their usage and preference for different forms of money transfer systems. In general, key informants and focus group discussion respondents suggest that *hawala* is preferred over MMT among older and less literate population groups. In addition, MMT usage appears to be less common in rural areas than urban areas, with some respondents suggesting that pastoralists mainly use *hawala*. This is confirmed through interviews with a group of pastoralists who claim that *hawala* is much more common amongst pastoralists than the use of MMT, although many pastoralists do use their mobile phones for communication purposes. The comparatively lower use of MMT in rural areas is likely due to issues related to network coverage, the availability of services, the intensity of commerce, education levels, and the fact that more formal jobs are found in urban areas. Payment for services and salaries via MMT in Somaliland, for example, has been increasing in urban centres.¹¹⁰ These trends are, however, changing quickly and indications are that MMT usage is already highly significant in rural areas and still expanding.¹¹¹ Increasing usage of and preference for MMT systems in rural areas is also indicated by feasibility studies on the part of humanitarian actors.¹¹²

¹¹⁰ lazollino, 2016.

¹¹¹ lazollino, 2016.

¹¹² An international NGO currently implementing cash transfers in northern and southern Somalia, which preferred not to be named, reports that in all areas in which they are working (urban and rural), apart from one area in the north, beneficiary populations prefer MMT to *hawala* for receiving their cash transfers.

5.7.3 Rural–urban (and commercial) interaction

MMT is predominantly an urban phenomenon but is recognized as an important and expanding interface between rural and urban areas.¹¹³ Traders in the north and south of the country suggest the same, indicating that business links have been made more efficient. An important caveat to this trend, however, concerns the availability of transport and the use of the phone vis-à-vis MMT systems. In areas of Puntland, for example, respondents suggest that links between pastoralists and traders have intensified over recent years, so that pastoralists can now call for food or water from their rural locations. This change is enabled by the prevalence of mobile phones and good network coverage but does not necessarily extend to MMT. Pastoralists often link with traders from their own clan and so can mobilize needed resources on the basis of trust and credit. In some research areas covered by this study, such as El Berde in northern Bakool, transportation (vehicle availability), rather than network coverage or MMT availability, is reported to be the major constraint, limiting an improved flow of goods between urban and rural areas.

Case Study 7: Local trader from Bardheere, southern Somalia

‘Phones changed the way we do business. Shopkeepers in villages no longer need to come to town. They will just call in an order, pay over the phone and receive their goods. It is the same for us. Pastoralists also do the same. They order and pay over the phone and receive their goods. Those who receive remittances ask the agents to hand the money to us, then we take their orders and send the remainder as cash or EVC (mobile money), [along with] the goods they bought. Phones really made things much easier. It has reduced the need for travelling, which is very beneficial in the Somali environment where security is a problem. It really connects communities and the whole country. It also connects us to the globe.’¹¹⁴

Case Study 8: Local trader in Baidoa, southern Somalia

‘We really work through the phone now. It really connects the rural area well to the urban areas. In Somalia, most of the people in towns are also from particular rural areas and people in [rural areas] come to those in business [who are] from their specific area or clan to buy things. It is not only about favouring one but it is about trust and knowing that the person you are buying from will look out for your interests. Phones made this easy. You can order what you want from a person you know who can’t deceive you because of the [family or clan] ties and pay it over the phone and then they send you the goods. You don’t need to go to town as much as you needed before.’¹¹⁵

Among pastoralist groups in Puntland, traders report that there is a proliferation of vehicles available in rural and remote areas, with some pastoralist groups reportedly combining resources to buy a vehicle. Pastoralists are also known to sometimes move their small stock by vehicle in order to improve access to water and pasture. The importance of network coverage to some remote and mobile communities, notably pastoralists, is therefore significant. A small but significant proportion of pastoralist respondents also report that they do have access to diaspora relatives abroad and are able to call for financial assistance using the mobile phone.

¹¹³ Iazollino, 2016.

¹¹⁴ Interview with local trader, February/March, 2017.

¹¹⁵ Interview with local trader, February/March, 2017.

5.7.4 International actors and new platforms

Since the early 1990s, international agencies have used *hawala* extensively as part of their operations (moving money for operations from Kenya to Somalia) and, from the mid-2000s, as part of cash-based programmes (Ali et al., 2005). The 2011 cash-based response to the famine was considered a successful intervention at scale and in an extreme crisis (Ali and Gelsdorf, 2012; Hedlund et al., 2013), and followed experience in closely monitored NGO programmes that had taken place in previous years (Ali et al., 2005; Majid et al., 2007). In the last 2-3 years, however, use of MMT systems has become relatively common, particularly in the NGO sector. The Hormud conglomerate is the dominant partner in this area and reportedly partners with 37 NGOs.¹¹⁶ Hormud, according to a well-informed respondent, is considered 'on the front foot' in terms of relationships and developments in this area and claims that it will be launching a platform/mechanism through its bank in Djibouti (Salaam Bank) that will allow funds to be transferred from Nairobi (or elsewhere) to registered (MMT) beneficiaries in Somalia, via Djibouti, at the touch of a button.

In the UN sector however *hawala* and the SCOPE systems are used by two of the largest actors, FAO and WFP, with their NGO partners being part of these money or credit transfer processes. SCOPE is discussed below in Box 7. While SCOPE is an important platform in Somalia, and was initially met with considerable optimism for its potential to be a common registry and platform for cash/voucher transfers in Somalia, this potential is now unclear and remains limited by a number of factors, including that it is proprietary (data is owned by WFP and it is not open source), technical support for its use and expansion has been limited/slow, it may be administratively 'heavy' to operate.

Box 6: The SCOPE platform

The WFP SCOPE platform is used in many countries around the world, including Somalia. In Somalia, an estimated 1.7 million people have been registered through SCOPE and there are plans to increase this figure to around 2 million by the end of 2017. Among the total number of people currently registered, approximately 400,000 people are or have been actual beneficiaries of assistance to date, reflecting the separation between registration and assistance. SCOPE provides both a registry and database for local populations (including a range of household data), which is supported by a bio-metric identification system and a multi-use platform for transferring or enabling access to assistance. In Somalia, so far SCOPE only operates as a food credit card, working through local vendors, where the credit card can be used to buy specific goods. As of May 2007, approximately 700 vendors in both urban and rural settings had been registered and equipped to participate in SCOPE.

5.7.5 Identification and equity

The expansion of bio-metric identification technology has been taking place in different countries in Africa for several years. In Somalia, this has also been the case, however in the absence of a central organising authority there are a number of non-interoperable systems.¹¹⁷ In relation to the financial

¹¹⁶ See Meeting Notes: Cash Working Group Mobile Systems Work Stream Consultation with Mobile Money Providers (MMPs), 26/09/2017.

¹¹⁷ See report, 'One Person, One Identity, One Vote: Towards a Somali Identification System to underpin Democracy and Development', (The World Bank Group, UNDP, IOM, Terra Incognita, 2017).

sector and money transfers, know-your-customer (KYC) requirements are not carried out according to international regulations or through bio-metric means. The Somali financial sector is largely unregulated, although international support is being provided in this area. This means that incoming flows of money are vulnerable to international anti-money laundering and counter-terrorism legislation. Currently, customers of MTOs are required to either provide official documentation, where this is available, or to provide a personal referee where it is not. Where new, bio-metric IDs are used as part of registration processes or presented to receive money, there is no electronic biometric screening process used by the MTO itself.

Marginalized and minority populations continue to be excluded from access to international resources. Respondents to this study confirm this concern and stress that existing agency beneficiary lists and the SCOPE database often exclude the most vulnerable populations due to the long-established political economy of aid in Somalia and the motivations for getting on such lists. Delinking registration from project benefits and prioritizing registration of known marginalized and minority groups may have important implications for the perceived equity of a safety net programme.

In summary, currently, international agency access to urban and rural populations in Somalia takes place through *hawala*, MMT systems and the SCOPE platform, with challenges evident in accessing rural areas and people through all of these methods. These shortcomings are due to a range of factors, including a lack of MTO agents, limited network coverage, lack of accredited SCOPE vendors and security issues. In terms of the latest developments, the Hormud conglomerate is reported to be pro-actively engaging with international actors in relation to mobile money transfers and has by far the largest coverage across the country.

The development of a foundational national ID system is in the pipeline and could provide an interface for financial transfers, as it does in other countries. MTOs have been approached as a collective group previously in order to encourage them to invest in a common bio-metric, functional ID system, but this has not resulted in an initiative to date, but could be revived in light of increasing use of bio-metric ID systems in the country and the potential to link this to common platforms for large-scale financial transfers. The SCOPE platform provides a further option but would require further assessment for its appropriateness for a large-scale, nationally owned programme.

Summary points: Money transfer issues

- International money transfers and mobile money transfers are dominated by two different companies, although there are also other smaller actors involved.
- Humanitarian and resilience related money transfer programmes run by international actors currently takes place through MTOs, mobile money and the SCOPE programme (where the latter is a credit facility rather than a cash transfer).
- Mobile money usage has been expanding extremely quickly in recent years, amongst local populations as well as through aid-related projects, although MTO-based transfers remain preferred amongst some population groups.
- Mobile network coverage and mobile money systems appear to be increasing connectivity between urban and rural areas.

- A number of bio-metric IDs are used in Somalia/Somaliland but these are non inter-operable and are not used to verify receipt of money.

5.8 Accountability and trust: Engaging the diaspora

The Somali diaspora are clearly major stakeholders in virtually all areas of Somali society, including in relation to their role as funders of the existing indigenous safety net system—the household remittance transfer system. Diaspora members are also potential (financial) contributors to equivalent externally supported initiatives. Their potential role in this regard has been explored by international actors on different occasions.¹¹⁸

Research and projects to explore and develop links to Somali diaspora populations continue to evolve.¹¹⁹ While these initiatives acknowledge the interest and potential of engaging the Somali diaspora, they remain in their nascent stages, with challenges identified and effective ways of working as yet unclear and untested. The following section explores Somali processes of resource mobilization and diasporic engagement, drawing on interviews with the diaspora, experts and key informants, as well as recent literature. Discussion identifies pertinent issues for an internationally supported safety net programme, with the potential involvement of the diaspora.

In relation to diaspora involvement in future social safety net policy and programmes, perhaps the key question is less concerned with levels of interest and more related to how to effectively develop an approach and mechanism that would be viewed favourably (both trusted and practical) by diaspora members. This is critical, given the divisions and differing motivations in Somali society, as well as the distrust and negative perceptions by Somali society (locally and in the diaspora) of government and international donors and agencies.

5.8.1 Existing Somali processes for resource mobilization

The Somali diaspora population are heterogeneous in nature and may be categorized according to different parameters, including family and clan identity, regional association, political affiliation, socio-economic status, age and generation, gender, education and so on. These identities and affiliations have implications for the means and motivations through which members of the diaspora might be engaged in social protection and safety net related initiatives.

Existing processes of resource mobilization primarily take place along family and clan lines, as indicated above and in the literature,¹²⁰ as part of core and extended family contributions to food and other basic household needs, including health and education. Many other forms of diasporic engagement and activity take place, some involving wider (non-clan) forms of affiliation and support, including funding of health and education services and facilities, and support to professional associations and organizations.¹²¹ Many of these also have an underlying geographic or territorial and identity-based rationale due to the localized and decentralized nature of politics and society.

¹¹⁸ For example, see: Kent et al., 2004; Hammond et al., 2011; Lype et al., 2016.

¹¹⁹ Such examples include the current initiative led by UNICEF (and informed by researchers at the London School of Economics; see Lype et al., 2016) and the ECHO funded Diaspora Emergency Management and Coordination (DEMAC) project, implemented by the Danish Refugee Council (DRC).

¹²⁰ Maxwell et al., 2016; DEMAC, 2017.

¹²¹ Hammond et al., 2011.

Of most direct relevance for this study, in relation to safety net policy and programming, is the flow of remittance income to reduce vulnerability. In this regard, it is important to understand the existing process by which Somalis are activated and mobilized to support each other.

Somali experts and key informants broadly recognize an expanding circle of affiliation and support, from core family to extended family or clan to a wider Somali and Muslim solidarity. Underlying these processes and motivations are social norms and obligations, as well as Islamic principles of charity and *zakat*. In other words, this social circle of support expands, from the bonds and obligations between close family members to more distant family and clan members until it finally reaches across Somali society, responding to human suffering and a wider sense of Somali and Muslim solidarity. This expansion of circles has been documented in relation to the 2011 famine context.¹²² Furthermore, as this circle expands, religious actors and the private sector become increasingly involved (alongside the diaspora). These actors act in their individual capacity within their family and clan social networks, as well as through their institutions mobilising support for the poor in general.¹²³

This process is confirmed by respondents to this study, who add that in relation to notions of safety net support, these processes of resource mobilization and distribution are underlined by efficiency and trust. That is, when resources are raised and flow through Somali networks—whether individuals, families, the private sector or religious organizations—trusted individuals are prominent and money moves through Somali institutions (predominantly MTOs), which are both trusted and assumed to be efficient, i.e. money sent is quickly accessible and with low transaction fees. These processes are now discussed in more detail with respect to the key sets of stakeholders.

5.8.2 Family mobilization and support

As described above, family and extended family networks provide the core relationships through which money flows, with ensuring food security being a primary motivation. Mutual social obligations and trust are an intimate part of these relations. In times of stress or crisis, as the wider lineage or clan-based identity is invoked, known and trusted people within the clan are involved.

- In a recent study of responses to the 2016 drought in Somaliland and Puntland, the most frequently identified actor or entity in the diaspora that raised and sent money is based on clan solidarity and identity.¹²⁴ Out of 71 actors, 50 per cent were clan-identified. By far the largest amount of diaspora money sent to crisis areas in western Somaliland at this time was through a clan-based structure.¹²⁵
- In 2011, in southern Somalia, clan-based entities were again evident as the primary form of resource mobilization and dispersal of funds.¹²⁶ Within this clan-based structure, resources may be drawn from wealthier members, such as the business community and urban-based families in Somalia, as well as from the diaspora abroad.

¹²² See: Maxwell et al., 2016; Majid et al., 2016.

¹²³ Maxwell and Majid, 2016.

¹²⁴ DEMAC, 2017.

¹²⁵ Here, clan-based is taken to mean that no other form of organization is named or referred to. That is, the clan identity and social group provides the social structure and system through which funds are mobilized.

¹²⁶ Maxwell et al., 2016.

In 2011 (and 2017), prominent (and often relatively wealthy) members of families and clans take on the role of supporting the poorer and worst affected groups within the wider social network. Hence elders (including *aqiils*), businesspeople and those with a background in assisting the poor become key hubs through which resources are raised and sent.

5.8.3 Mosques and religious leadership

Mosques and religious leaders in Somalia and among the wider diaspora population provide a further individual and institutional layer through which funds and support are mobilized and responses organized. During the 2011 famine response, for example, Somali-driven resource mobilization and response was extremely important, with Sheikh Umal of the Central Mosque in Nairobi playing a central role, as one of the most respected religious leaders for all Somalis.¹²⁷ His mosque is also reported to be highly involved in the response to the ongoing crisis in 2017. This Nairobi mosque is a central hub through which resources are raised and to which resources are sent from the diaspora. This mosque (and others) is also linked with the Kenyan-based Somali business community in order to provide resources and assistance.

Similarly, in 2016, with regard to the Somaliland and Puntland diasporas, mosques were the second most important category of actor in the Somali drought response, after family and clan, accounting for 20 per cent of responding actors.¹²⁸ Furthermore, respected religious leaders were brought onto emergency committees by government authorities in both Somaliland and Puntland at that time in order to provide credibility (indicating that government actors recognized their own limitations, in the public's eye, in this respect).¹²⁹

5.8.4 The private sector

The Somali private sector is known for its international and transnational networks and many actors in this sector have foreign passports in order to travel and conduct their business, with many returning to Somalia/Somaliland to engage in business.¹³⁰ Key hubs for the Somali private sector include Mogadishu, Bosasso, Hargeysa, Djibouti, Eastleigh in Nairobi, Dubai, Hong Kong, China, India and Malaysia.¹³¹ Actors in the private sector, as relatively wealthy individuals, are expected to support others in times of need and are part of the strong social support mechanisms among Somalis. This exists at the local level, through relatively small-scale traders and shopkeepers, helping others (including by extending credit) and extends to wealthier individuals with larger businesses, who may mobilize direct responses or contribute financially to other Somali-run initiatives.

The Somali private sector is a significant actor in relation to developmental and humanitarian support in its own right. Two of the biggest private companies, Dahabshiil and Hormud, have significant charitable foundations and fund a variety of projects and respond to ad hoc emergencies.¹³² In the absence of the state, many private enterprises are among the most trusted of Somali institutions.¹³³ Their role is increasingly visible and recognized. In 2016 in Somaliland, for

¹²⁷ Maxwell and Majid, 2016.

¹²⁸ DEMAC, 2017.

¹²⁹ Ibid.

¹³⁰ UDNP, 2001; Carrier, 2016.

¹³¹ Carrier, 2016.

¹³² Maxwell and Majid, 2016; El Taraboulsi-McCarthy et al., 2017.

¹³³ Lindley, 2009.

example, this extended to membership in the National Drought Committee that was formed to help coordinate and respond to the 2016 emergency.¹³⁴

5.8.5 Governmental authorities

A range of governmental authorities exist across Somalia and are part of the stakeholder groups relevant to the subject of social protection and safety nets. Somali government and local authorities generally have limited resources and often limited credibility. Where they are active in social support and disaster response, focused on Somali resources (rather than international resources), they often bring on board the private sector and religious leaders to generate resources from the public and the private sector and gain public support.¹³⁵

In general, respondents to this study and the wider literature suggest that government and local authorities are often viewed with suspicion or strongly associated with corruption and diversion of resources. This perception extends from before the collapse of the Somalia state in the early 1990s and continues to date. The most stable and credible of all of the governmental authorities is the Somaliland government. As noted above, the Somaliland National Committee relied on the involvement of business and religious leaders to improve its credibility with the public.¹³⁶

In 2017, the newly elected president of the Federal Government of Somalia (FGS), in Mogadishu, declared a state of emergency. Drought committees have been formed at federal and state levels and effective state actors are reported to be working closely with the private sector and other prominent local entities.¹³⁷

5.8.6 International agencies

International agencies, from the donor to the implementing level, are often viewed with suspicion or known to be associated with the diversion of aid or corruption.¹³⁸ Such perceptions extend from the local population to the diaspora population. These views derive from perceptions of waste, heavy bureaucracy and inefficiency to actual knowledge of bias and outright corruption (ibid).

A further limitation in terms of engagement by international actors with the Somali diaspora is the lack of continuity of project staff, where trust and understanding takes time to develop and where project-based timeframes may limit project continuity.

5.8.7 Critiques and complications of Somali responses

While Somali actors, including the diaspora and their remittances, are increasingly recognized for the multiplicity of roles they play in relation to food security for their family and kin from year to year, as well as being the first responders in times of crisis on a much wider social scale, a number of qualifications are now discussed.

Although household and clan-based remittance flows and channels are both well targeted and monitored, once response motivations and processes move beyond these kin-based channels, fundraising, targeting and distribution processes become less coherent. Respondents suggest that beyond the clan and mosques there are no other platforms to raise money and that some members

¹³⁴ DEMAC, 2017.

¹³⁵ Maxwell and Majid, 2016; DEMAC, 2017.

¹³⁶ DEMAC, 2017.

¹³⁷ Anecdotal reports from study team members.

¹³⁸ Hammond and Vaughn-Lee, 2012; Hagmann, 2016; Transparency International, 2016; Haver and Carter, 2016.

of the diaspora would be interested in alternative platforms and processes.¹³⁹ New online-based funding platforms used by Somalis are evident and may appeal to some segments of the diaspora populace, with family and clan based Whatsapp groups already in existence, along with use of other crowdfunding platforms.

An additional complication is that resources are usually targeted on the basis of territorial or clan affiliation. The allocation of resources outside of clan-based networks may become contested, particularly where visible evidence of suffering is not evident or comparable. Furthermore, inclusion of minority and marginalized populations, which will often number among the poorest and most vulnerable, may be excluded from Somali-based resource flows unless key advocates or specific measures are taken to include such groups. These exclusion dynamics take place in Somali and internationally supported processes and programmes.

5.8.8 Implications for engagement

Accountability and transparency are critical elements in relation to a social protection framework and are particularly problematic in fragile contexts, such as Somalia. Addressing long-established processes of fragmentation and distrust, which are evident across different layers of Somali society, including its relationship with and perceptions of international aid and its actors, should be a key underlying principle behind new forms of engagement. One means of doing this, as illustrated above, is through the strategic incorporation of respected figures from civil society (including from the private sector and religious leadership).

Given the level of risk and vulnerability in Somalia, and the deeply entrenched political economy of aid in the country, an appropriate social protection discourse could contribute to a dialogue in Somalia about poverty and vulnerability. It may help to contribute to developing a sense of social solidarity and common purpose in relation to protecting vulnerable populations, where such discourse and motivation appears to take place across Somali society, in times of crisis.

Box 7: The Islamic principle of *zakat*

Islamic principles of *zakat* are invoked by a variety of actors in the Somali context and provide one means of encouraging a social solidarity including support for the poor and vulnerable. One of the five pillars of Islam is the principle of *zakat*, ranked second. It is obligatory and described as a tax or alms giving in order to encourage solidarity and as a means of wealth distribution and relationship forming between the rich and poor. Muslims are directed to provide for poor and vulnerable people in a number of ways. There are eight categories of people that can benefit from *zakat* and an expectation that 2.5 per cent of annual wealth or income be provided.¹⁴⁰

Interviewees for this study suggest that interpretation of or adherence to *zakat* varies within Somali society but that this principle carries a significant social and moral weight and therefore has potential for appealing to a wider social solidarity and could be part of trust-building efforts within a social protection framework. It is also important to note that religious principles and institutions can become politicised and manipulated and therefore there are also risks associated with such

¹³⁹ Also see: Lype et al., 2016.

¹⁴⁰ Among others, recipients of *zakat* include the poor, the needy (someone in difficulty), the debt ridden and the wayfarer (a traveller, who could be a refugee or a person without resources on the side of the road).

initiatives. The potential role for *zakat* in relation to social protection discourse and practice therefore needs further research and piloting.

Summary points: Engaging the diaspora

- Remittance flows extend in concentric outward circles, from core households to extended families and lineages to a wider Somali and Muslim solidarity in times of severe hardship.
- Underlying the provision of remittances are social norms and obligations, as well as Islamic principles of charity and *zakat*.
- Household and clan-based remittance flows and channels are both well targeted but beyond these kin-based channels, fundraising, targeting and distribution processes become less coherent.
- Respondents suggest that beyond the clan and mosques there are no other platforms to raise money; members of the diaspora might be supportive of alternative platforms and processes.
- Overall, the processes involved in the provision of remittances are underlined by efficiency and trust, whereas perceptions of local authorities and international agencies are more circumspect.
- Accountability and transparency are critical elements in relation to social protection and particularly problematic in fragile contexts, such as Somalia.
- Engaging the diaspora requires innovation and significant emphasis on integrity and transparency.
- The strategic involvement of respected members of civil society, including from the business and religious communities, as part of wider trust building efforts involving Government, may lend credibility to social protection related initiatives.
- Invoking and exploring the principle of *zakat* as part of the process of developing social safety nets policy and programmes may address multiple areas of concern, from fundraising to targeting, including the inclusion of marginalized and minority populations.

6 Conclusions and recommendations

6.1 Conclusions

The scope and depth of household social connections is critical in determining the financial value and regularity of remittances received by households. Remittances are received predominantly from the United States and the UK, making Somalia highly reliant on the financial regulatory environment of those countries. Kenya, Sweden and Saudi Arabia are also important countries for remittances, in particular to southern Somalia.

Remittances are not distributed equally in Somali society. Rather, they are concentrated within particular clans, lineages and extended families, especially in Somaliland, Puntland and the central regions because of the history of migration in these areas.

Remittances make an important contribution to the household economy of many Somalis. The vast majority of respondents interviewed for this study highlight food as the most significant use and value of their remittances, with little variation (in terms of priority) between urban, rural and pastoralist settings. Regular remittances are also used to maintain access to credit, education and for other basic needs. Occasional remittance payments are also common, particularly for health and drought-related problems, as well as for investments. Household interviews indicate that aside from meeting basic needs, the receipt of regular remittances also:

- Improves the possibilities of gaining access to credit, which is useful in times of need
- Contributes to debt repayment and keeping credit lines open
- Plays an important safety net function, smoothing out fluctuations in income and expenditure
- Serves as an important coping strategy, which can prevent sale of productive assets (including livestock) or reduce reliance on more severe coping strategies
- Improves social status and contributes to redistribution processes by enabling recipients to provide support to other relatives, by sending money, food, hosting meals or visitors, and hosting children for education purposes

In addition to their regular remittance, many families are also able to obtain occasional remittances in the event of crisis, including health problems or climate-related problems. Most urban households receive remittances on a monthly basis (and often occasionally). Rural and pastoralist households, however, report receiving occasional support much more commonly than urban households. Remittances therefore act as both a regular source of income and an informal safety net. This means that households who cannot access remittances are likely to be more vulnerable, particularly in times of crisis, and are more likely to be using negative coping strategies, such as depletion of assets.

Women are the predominant recipients of remittances in urban areas. In contrast, in rural and pastoralist areas, recipients are generally male. It is not clear what percentage of senders are female or if there is a gender difference in the value of remittances sent by males or females.

In the absence of a formal banking system, debt–credit relations are an especially important feature of Somali society and economy. The credit system is mutually beneficial (linking customer and credit provider), providing a key coping strategy for households and a key business strategy for traders.

Overall, the processes involved in the provision of remittances are underlined by efficiency and trust. In contrast, households generally view government and local authorities with suspicion or associate them with corruption and the diversion of resources. Likewise, international agencies are often viewed similarly.

Actors working in Somalia to provide humanitarian assistance or considering developing larger social protection programmes could therefore benefit by working much more closely with trusted actors and by building transparent approaches. This requires the active inclusion of trusted figures from civil society, including from the religious and business communities, as well as elders and *aqiils*, who can provide insight into the targeting of vulnerable communities. Consistent with social protection guidance the use of categorical or entitlement approaches may appeal for their simplicity and social acceptability.

The involvement and support of respected members of civil society, including from the private sector and religious leadership have the potential to lend credibility to social protection initiatives, from the fundraising level and in relation to the distribution of resources. Exploring the principle of *zakat* as part of this process, especially in relation to integrity and equity in Somalia/Somaliland, deserves consideration.

6.2 Recommendations

Maintain and support remittance flows

International agencies should collaborate in efforts to ensure remittance flows can be maintained, especially from the United States and UK. This will involve:

- Advocacy, when required, with key stakeholders in the United States and the UK on the importance of remittances for food security in Somalia.
- The continuation (and intensification) of work to improve the regulatory environment and compliance of all actors involved in remittance transfers (especially in Somalia, the United States and the UK).
- Support to telecommunications infrastructure development and access, as well as mobile money transfer (MMT) use throughout Somalia, especially in remoter rural areas. This will enable rural and pastoralist populations to utilize telecommunications and MMT systems in order to support their own risk management and coping strategies, as well as to engage with internationally supported aid programmes.

Develop appropriately targeted humanitarian assistance and social protection policy and programming

Given the prevalence of remittances in urban populations and northern and central areas of Somalia, humanitarian assistance and social protection policies and programmes should emphasize marginalized and minority rural populations, particularly within the riverine and inter-riverine areas of southern Somalia. These groups are thought to comprise the largest numbers of internally displaced persons (IDPs) and refugees. These groups dominate those that are among the most vulnerable but are often excluded from international development for various reasons. Identifying

and supporting these groups is often difficult and requires good local knowledge and strong processes in organizations to ensure appropriate means are developed.

Development of social protection related policies and programmes in Somalia should ensure that trusted leaders are involved in the policy dialogue and in targeting processes. In the absence of a strong regulatory environment, prioritizing a transparent and trusted approach to programme development and implementation mechanisms, including targeting and entitlements, is paramount in the Somali environment. Such processes should involve different members of civil society, including from the private sector and religious actors and institutions.

Pilot cash-based safety net programmes in Somaliland

Although southern Somalia is considered to have the highest levels of vulnerability (in breadth and depth), any piloting of safety net programmes would best be developed in the northern parts of Somalia, particularly in Somaliland, given the conducive policy and security environment, as well as the presence of a significant diaspora population.

The advantages and benefits of starting such programming in Somaliland include:

- Presence of a stable government.
- Ability to include government in policy design and programme implementation.
- Good access to all population groups (urban, rural and pastoralist), physically and through *hawala*, MMT mechanisms and SCOPE.
- Familiarity and experience of cash-based programming.

To gain public support for an internationally supported safety net programme, consideration should be given to geographic factors, categorical approaches and Islamic notions of charity (*zakat*). This may appeal to the geographic affiliations of diaspora members, as well as impact underlying vulnerability criteria.

Special attention can be given to identifying and incorporating marginalized and minority populations into registration and beneficiary lists. At the same time as piloting a cash-based safety net programme in Somaliland, exploring how best to reach IDP and other vulnerable populations in the south should be undertaken.

Encouraging the development of a functional ID system

Inter-operable, functional ID systems are not currently available in Somalia/Somaliland. Encouraging and/or convening telecommunications and money transfer organisations, alongside Government, to support the development of such systems would be advantageous. Special attention should be given to incorporating marginalized and minority populations into such systems.

Continue to utilize cash-based approaches for humanitarian assistance in Somalia

There are several aspects related to remittance flows that could benefit aid agencies in implementing humanitarian aid.

- Cash-based programming should be prioritized when the market allows as this is the most familiar and preferred mechanism through which households receive support (as remittances).
- Humanitarian agencies should collaborate, coordinate and draw on existing learning to better support marginalized communities in southern Somalia.
- Support through regular payments rather than one-off grants best matches the remittance system.
- Regular payments are most likely to be used to meet household food needs, repay debt, increase access to credit, pay for education and support other households.
- Programmes that have an objective of livelihood restoration or other investment-related objectives can provide larger sums of money, less frequently, but with more rigorous monitoring.

Include trusted community people into the targeting of assistance in Somalia

It is important for international aid agencies to understand that they are often or generally viewed with distrust, as are local authorities in many areas. It is therefore critical that programmes utilize strategies to improve their integrity and credibility, including being as transparent as possible on targeting criteria and entitlements. This study identifies a number of ways to improve programme integrity:

- Develop targeting criteria in collaboration with trusted authorities, including respected members of civil society, including from the business community and religious leadership. This should include exploring the use of categorical targeting approaches as well as utilising the principles behind *zakat* in the identification of potential beneficiaries.
- Understand that households without access to remittances are likely to be more vulnerable in times of crisis and therefore should be considered during targeting.
- Targeting criteria and entitlements should be transparent and publically accepted.

Engage the diaspora

The Somali diaspora is heterogeneous in nature. There is, however, an expanding circle of affiliation and support around households in Somalia. It is well understood that this starts from the core family to extended family. It is also clear that support can extend much wider, within clan-based forms of identity and beyond to wider Somali and Muslim solidarity. Social norms and obligations are very strong in Somali culture and underlie the provision of remittances. These notions can be expanded on as part of supporting and developing social solidarity.

This study identifies an interest among diaspora communities in alternative forms of support to Somalia. This may extend to engaging in co-financing initiatives. Currently the main mechanisms for support are through families, clans and mosques. Support to alternative and innovative initiatives should be encouraged and developed.¹⁴¹ This will require considerable trust-building.

Conduct further research

¹⁴¹ See Lype et al., 2016.

This study is intended to describe and add to the existing understanding of the role of remittances in Somalia. In doing so, a number of topics for further research have been identified. Addressing these would help fill the current gaps in knowledge about the role of remittances in Somalia.

It is clear from this study that households receiving remittances have at least some support, particularly at the most difficult periods of the year (including because access to remittances is likely to be associated with other connections outside the rural economy). Households that do not receive remittances, and that have no or few diaspora connections, are among the most vulnerable in the country. These populations are most dependent on the natural environment and rural economy, and found in the conflict prone and insecure areas of southern Somalia. Further study into non-remittance-receiving households, particularly in areas in southern and central Somalia, would be beneficial. This would help inform humanitarian and development agencies about how they can best provide these households with support. Such research should be based on direct contact with households and key informant interviews with local traders, business people and religious leaders. Such actors are aware of the situation of many of their community members. The underlying vulnerability of these groups is likely worsening given the impact of the famine of 2011 and the 2017 crisis. This is also changing due to massive processes of displacement. Little is known about these processes and changes.

In addition, more research is needed on the gendered aspects of remittances, including whether men or women receive and send more money, for different purposes, and if there would be any gender differences in impact when there are changes or breakages in remittance flows.

Further research on the impact of telecommunications and MMT systems on rural poverty and vulnerability would also be beneficial.

Glossary of acronyms, words and phrases

AMISOM	African Union Mission in Somalia
<i>Aqil</i>	Traditional (clan-based) administrator (Somali)
<i>Boon</i>	Commoner lineage (Somali)
DEMAC	Diaspora Emergency Management and Coordination (project)
<i>Deyr</i>	Secondary rainy season – October to December (Somali)
Diaspora	Dispersion of people from their original homeland
FGD	Focus group discussions
FGS	Federal Government of Somalia
FSNAU	Food Security and Nutrition Analysis Unit
GPD	Gross domestic product
<i>Gu</i>	Main rainy season – April to June (Somali)
<i>Hagaa</i>	Dry (and windy) season – July to September (Somali)
<i>Hagbed</i>	Traditional rotating saving and credit association (Somali)
<i>Hawala</i>	Transfer (Arabic)
IDP	Internally displaced person(s)
IPC	Integrated Food Security Phase Classification
<i>Jilaal</i>	Main dry season – January to March (Somali)
MEB	Minimum Expenditure Basket
MMT	Mobile money transfer technology
MPI	Multidimensional Poverty Index
MTO	Money transfer operator
<i>Qaraan</i>	Collection (Somali)
SCOPE	System for cash operations
<i>Shaxad</i>	Gift, contribution or handout (Somali)
Shoats	Sheep and goats
UAE	United Arab Emirates

WFP	World Food Programme
WHO	World Health Organization
<i>Zakat</i>	Alms for the poor (Arabic)

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