

Somaliland's authoritarian turn: oligarchic–corporate power and the political economy of de facto states

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The prevailing narrative of Somaliland's democratic successes has to date stressed the pre-eminent role of bottom-up statebuilding, the strength of social institutions and the absence of foreign aid.¹ This research identifies Somaliland as one of the most effective entities in the Horn of Africa, even when compared to its neighbours—*de jure* recognized states such as Somalia, Ethiopia and Djibouti.² This depiction of Somaliland as a safe haven of security and stability—as opposed to the warlord- and terrorist-ridden Somalia—has, however, for decades downplayed internal political dynamics and complex crises.³ A political economy perspective provides new insights that challenge certain underlying assumptions and dominant discourses about Somaliland's processes of democratization and development. While democracy has been demanded and fought for from below since it declared independence in 1991, original findings unveil how cross-border oligarchic–corporate networks, linked also to the Djiboutian patron state, as well as dependence on trade and security rents, have restricted democratization, leading to the formation of an 'oligopolistic state' and a 'peaceocracy'. In putting forward this argument, this article focuses attention on the distinct challenges de facto states face in balancing political control and financial hardship, and the unique and uneven development trajectories, including creative governance structures, that are not captured by Weberian state models and path-dependent understandings of democratization.

While the study of de facto states has gained increasing prominence in International Relations, political economy research is notably absent from these discussions.⁴ This is partly because these jurisdictions are not researched in terms of

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¹ Yaniv Voller, 'Contested sovereignty as an opportunity: understanding democratic transitions in unrecognized states', *Democratization* 22: 4, 2013, pp. 610–30; Sarah G. Phillips, 'When less was more: external assistance and the political settlement in Somaliland', *International Affairs* 92: 3, 2016, pp. 629–45.

² Mark Bradbury, *Becoming Somaliland* (Oxford: James Currey, 2008).

³ Roland Marchal, 'Warlordism and terrorism: how to obscure an already confusing crisis? The case of Somalia', *International Affairs* 83: 6, 2007, pp. 1091–106.

⁴ James Harvey and Gareth Stansfield, 'Theorizing unrecognized states: sovereignty, secessionism and political economy', in Nina Caspersen and Gareth Stansfield, eds, *Unrecognised states in the international system* (Abingdon: Routledge, 2011), pp. 1–26. Magdalena Dembinska and Aurélie Campana, 'Frozen conflicts and internal dynamics of de facto states: perspectives and directions for research', *International Studies Review* 19: 2, 2017, pp. 254–78.

expectations of effective developmental performance. Instead, homogenizing, singular and linear narratives of de facto statehood see these entities as deviations from western institutional frameworks and as hot-spots of terrorism, criminality and corruption.⁵ I set out here to fill this gap, examining at close range how cross-border oligarchic–corporate interests brought stability but also limited democratization. This perspective includes assessing the canny political manoeuvrings of Somaliland officials and oligarchic–corporate structures in creating a ‘paper leviathan’ or hollow state,⁶ and how western donors and the politics of foreign aid, by means including the securitization of aid, have empowered dominant clientelistic networks and hindered democratization efforts for decades. This article also details how the ‘oligopolistic state’ in Somaliland was rooted in a revolutionary ideology of privatized governance that motivated Somalia National Movement (SNM) in the 1980s to resist Siad Barre’s socialist and predatory military regime. After independence, this revolutionary system sought to overturn colonial hierarchies of power and protect market-led development. It brought elements of stability for a time, but also lessened the bargaining power of the state *vis-à-vis* domestic firms and hindered the formation of a professional bureaucracy and legitimate central authority, and weakened popular mobilization. This system was tolerated (even encouraged) internationally in line with commitments to depoliticized economic development models until the formation of a crony capitalist system under President Mohamed Mohamoud ‘Silanyo’ that threatened Somaliland’s premier role in the fight against global terrorism.

Following his election in 2010, President Silanyo sought to accelerate state capture of the political economy—implementing a model of Djiboutian-style presidentialism—and he rewarded loyal business associates with new opportunities in Islamic finance and business. Yet, Silanyo was never able to rebalance the bargaining power of the state *vis-à-vis* domestic firms nor limit the opposition’s access to political finance. What was described as a ‘decentralized kleptocratic system’, of affiliated oligarchs and ‘deniable authoritarianism’,⁷ rather exposed the depths of collusion between business and government officials, and the nature of the corrupt and exclusive statebuilding enterprise also aided by foreign aid and security rents that empowered oligarchic–corporate structures.

While Somaliland has always received less aid than Somalia,⁸ the 2013 special arrangement, awarded as part of the New Deal Compact with the federal government of Somalia, provided access to funding from the EU and other donors earmarked for security, trade and resilience. Important was that minimal aid was directed for ‘state effectiveness’ due to political sensitivities and the region’s

⁵ See Laurence Broers, ‘Resourcing de facto jurisdictions: a theoretical perspective on cases in the south Caucasus’, *Caucasus Survey* 3: 3, 2015, pp. 269–90; Scott Pegg, ‘Twenty years of de facto state studies: progress, problems, and prospects’, *Oxford research encyclopedia of politics* (Oxford: Oxford University Press, 2017).

⁶ Daron Acemoglu and James A. Robinson, *The narrow corridor: states, societies, and the fate of liberty* (New York: Penguin Publishers, 2019).

⁷ These concepts, although not in the public discourse on Somaliland, were repeated in interviews and focus group discussions conducted from 2015 until 2020.

⁸ Federal Government of Somalia, Ministry of Planning, Investment and Economic Development, *Aid flows in Somalia* (Mogadishu, May 2019).

ambiguous status within the 2012 provisional federal constitution. This had deleterious implications. Democratization has always been a subordinate issue for donors who paid lip service to bottom-up statebuilding activities but made few attempts to support or maintain these systems. Like elsewhere in Africa, and indeed globally, the securitization of aid has entrenched illiberal and authoritarian states by promoting the state as donors' preferred 'partner' in development,⁹ creating aid flows no longer accountable to citizens and providing states with the machinery to repress opponents and democracy.¹⁰ In Somaliland the securitization of aid and access to new resources propped up the state's security apparatus and a military–logistics complex that reinforced the power of oligarchic–corporate structures rather than a national, democratic state.

In 2017, the international community and population widely endorsed Musa Bihi Abdi not as a supporter of democracy but as an antidote to corruption and political instability. He used his military credentials to re-confirm commitments to security, but he failed to assert political control over the economy. Kulmiye Party's tenure in power (2010–21) came to symbolize the fierce power struggle over how to balance financial hardship and 'supranational' corporate interests (that had fought for and singlehandedly financed the liberation movement and independence project) with political control and the nation-state agenda. By examining Somaliland's political economy and its effects on internal politics, this study provides new insights for understanding governance structures and outcomes within de facto states. It offers strong evidence of how collusive cross-border elites, regional patron states and western donors have limited democratization in Somaliland through the creation of a 'peaceocracy' and 'oligopolistic state'.¹¹ This study also raises important questions about how new donors in the Gulf and in Asia, and opportunities for recognition through Islamic finance and business, affect de facto states' relationship with the international system, including commitments to democratization.¹² It argues that the prevailing democratic-success narrative, as it has been constructed and reproduced, has not served the interests of Somalilanders but those of elites and donors keen to maintain the status quo.

Analysing the political economies of de facto states raises a number of methodological and political challenges, including poor availability of data. This study draws on a number of robust sources, including 110 interviews with politicians, former liberation fighters, business actors, senior government officials and international organizations, and archival work conducted in Somaliland from 2015 to 2021.¹³ Original data gathered from the chamber of commerce, business accounts

⁹ Jonathan Fisher and David Anderson, 'Authoritarianism and the securitization of development in Africa', *International Affairs* 91: 1, 2015, pp. 131–51; Will Jones, Ricardo Soares de Oliveira and Harry Verhoeven, *Africa's illiberal state-builders*, working paper no. 89 (Refugee Studies Centre, University of Oxford, 2013).

¹⁰ Tobias Hagmann and Filip Reyntjens, eds, *Aid and authoritarianism in Africa: development without democracy* (London: Zed, 2016).

¹¹ Rita Abrahamsen, 'Africa and international relations: assembling Africa, studying the world', *African Affairs* 116: 462, 2017, pp. 125–39.

¹² Davinia Hoggarth, 'The rise of Islamic finance: post-colonial market-building in central Asia and Russia', *International Affairs* 92: 1, 2016, pp. 115–36; Lena Rethel, 'Whose legitimacy? Islamic finance and the global financial order', *Review of International Political Economy* 18: 1, 2011, pp. 75–98 at p. 94.

¹³ Many interviewees (particularly senior government officials and those working for international organiza-

and intelligence reports, as well as interviews with business actors, enables an analysis of hitherto hidden corporate ownership (including around Islamic finance and banking institutions). Additional data is drawn from government and media archives (including leaders' published and unpublished statements, speeches and policy agendas) and donor surveys. Participant and non-participant observation of public debates on leadership and economic development plans also provides invaluable insights on how de facto states balance the challenges of financial hardship, political control and democratization. Together, these data sources provide a rich account of Somaliland's development since independence, and particularly of the transformations that unfolded after 2010.

The next section first outlines the analytical and conceptual framework surrounding the concepts of 'oligopolistic states' and 'peaceocracy'. The following section then examines how the oligopolistic state emerged out of a revolutionary liberation agenda committed from the outset to business autonomy, market-led development and self-sufficiency in the shadow of Siad Barre's predatory regime, and to overturning power structures inherited from the colonial state. The remaining sections then examine how attempts by President Silanyo to rebrand Somaliland as a player in the global political economy and to capture control of the economy presented new security concerns, a rupture in the political settlement, and laid the foundations for the rise of a populist authoritarian. The ruling Kulmiye Party, under President Musa Bihi Abdi after 2017, tried to implement stringent 'monopolistic' control over the country's political economy and its territorial boundaries—efforts that continued to reveal the weak bargaining power of the state *vis-à-vis* domestic firms.

Somaliland's 'oligopolistic state' and 'peaceocracy'

Somaliland constitutes what we can call an 'oligopolistic state', referring to the small number of firms and elites which, after independence—and through discreet cross-border business networks and unaccounted financial flows—colluded, either explicitly or tacitly, to limit competition and restrict the authority of the state in order to achieve above-normal market returns and protections.¹⁴ In particular, the deep entanglements of Somaliland's finance and politics with neighbouring Djibouti, and the polity's dependence on trade and security rents, have since underlain poor elite commitment to democratization as well as the enduring legacy of the SNM over politics. Where other de facto states may be either subsistence economies (relying on local forms of production and taxation) or rentier states (dependent on natural resources or a primary patron for formal loans),¹⁵ Somaliland has limited potential for industry, little agriculture and is

tions) requested anonymity, given the nature of the sensitive issues discussed.

¹⁴ On how such oligopolies emerge in conflict-affected contexts, see Antonio Giustozzi, *The resilient oligopoly: a political-economy of northern Afghanistan 2001 and onwards* (Kabul: Afghanistan Research and Evaluation Unit, Dec. 2012), pp. 4–5.

¹⁵ Broers, 'Resourcing de facto jurisdictions', p. 273. See also Michael Ross, 'Does oil hinder democracy?', *World Politics* 53: 3, 2001, pp. 325–61.

heavily reliant on import–export industries and the expansion of financial and business services (and to a lesser extent remittances).¹⁶ Pritchett et al. emphasize the ‘bad politics’ that emerge when such powerbroker industries dominate, as they fuel corruption and business–government collusion.¹⁷ Others have highlighted the risks of ‘small states’ relying on financial and business services as supporting the formation of undemocratic, offshore tax havens.¹⁸

By exerting excessive influence over policy-making and politics as the region’s major lenders, employers and taxpayers—using in-kind loans to support political campaigns—Djiboutian oligarchs and sectoral-specific rent relationships have limited forms of economic liberalization and democratization that would challenge structures of accumulation and power. In these oligopolistic systems, elites are not entirely autonomous and independent of society, as in rentier states,¹⁹ but they are not compelled to structure their relationship with society in such a way as to construct common projects around productive and inclusive development. While these states may exercise the functions of a state, and can create stable environments and mimic compliance with regulatory and governance structures, they also come into confrontation with the political–bureaucratic machinery of the nation-state and thrive in conditions of state regulatory failure, porous borders and the privatization of redistributive institutions. States of this type, such as Somaliland, lurch between the solidification of public–private ties and a more opaque rentierism, that create uneven development and governance and complicate external assessments of governance and political outcomes. For instance, corporate taxation is notoriously low (even lower than in Somalia) as successive governments have feared the risk of business flight to other regions (as businesses frequently threaten).²⁰

The oligopolistic state, in turn, also created a ‘peaceocracy’ that was necessary for business and external legitimacy. Holding frequent, peaceful elections adheres to certain minimal requirements for international legitimacy but also inherently restricts core tenets of democratization linked to freedoms and civil liberties.²¹ The concept of peaceocracy has been used in other post-conflict contexts to refer to the formation of limited electoral democracies and access orders,²² where peaceful elections are secured through the use of ‘peace-at-all-costs’ narratives,

¹⁶ ‘Somaliland’s private sector at a crossroads: political economy and policy choices for prosperity and job creation’ (Washington DC: International Bank for Reconstruction and Development, The World Bank, 2016).

¹⁷ Lant Pritchett, Kunal Sen and Eric Werker, *Deals and development: the political dynamics of growth episodes* (Oxford: Oxford University Press).

¹⁸ See Ronen Palan, *The offshore world: sovereign markets, virtual places, and nomad millionaires* (Ithaca, NY: Cornell University Press, 2005); Ricardo Soares de Oliveira, *Researching Africa and the offshore world*, working paper (Oxford: Oxford Martin Programme on African Governance, 10 June 2021).

¹⁹ Peter Evans, ‘Predatory, developmental, and other apparatuses: a comparative political economy perspective on the Third World state’, *Sociological Forum*, vol. 4, 1989, pp. 561–87.

²⁰ World Bank, *Somalia economic update: edition no. 2, mobilizing domestic revenue for Somalia’s economic reconstruction* (Washington DC, 2015), p. 35, fig. 1.13. Author interviews with more than 30 business actors, Hargeisa, Nov. 2017 and April 2018.

²¹ See Gabrielle Lynch, Nic Cheeseman and Justin Willis, ‘From peace campaigns to peaceocracy: elections, order and authority in Africa’, *African Affairs* 118: 473, 2019, pp. 603–27.

²² For definition of ‘limited access orders’, see Douglass C. North, John Joseph Wallis, Steven B. Webb and Barry R. Weingast, *Limited access orders in the developing world: a new approach to the problems of development*, policy research working paper no. 4359 (Washington DC: World Bank, 2007).

the stifling and criminalizing of dissenting views and open political debate, and a heavy security presence, but are nonetheless greeted internationally as legitimate and secure favourable aid relations.²³ Somaliland's peaceocracy, which has been in existence since its transition to multiparty democracy in 2002, has recorded some of the highest rates of election turnout on the continent (80 per cent of registered voters turned out for the presidential elections of 2016).²⁴ Yet every election since 2002 has also seen high rates of state interference, intimidation, rigging, and the stifling of opposition activity and media freedom, which often go under-reported where public criticism of corrupt officials and authorities is also criminalized.²⁵ Elites have for decades used the restrictive three-party system (effectively frozen since 2002),²⁶ along with constitutional provisions and electoral laws, to stay in power and prevent any genuine oppositional pole from emerging. The recent municipal and parliamentary elections of 2021 were no exception: at least seven candidates were detained to pre-empt any challenge to the ruling Kulmiye party.²⁷ These heavy-handed tactics just proved less effective this time around. As such, rather than serving the population as a whole, Somaliland's peaceocracy has protected the interests of a select group of financial and political elites for decades. These interests have deliberately kept civil society organizations and formal offices and ministries weak,²⁸ and repeatedly postponed important parliamentary elections,²⁹ in turn restricting the space for alternative political projects to emerge.³⁰

For decades, high rates of electoral participation, relative peace and stability, and economic self-sufficiency have been mistakenly construed as markers of democratization. A political economy perspective, by contrast, reveals weak elite commitments to democratization and the technologies of power that have been used to undermine genuine democratic reform and weaken popular mobilization. The following section examines the origins of Somaliland's oligopolistic state within

²³ Somaliland has frequently been characterized as a 'hostage to peace': see Human Rights Watch, *Hostages to peace: threats to human rights and democracy in Somaliland* (New York, 2009), <https://www.hrw.org/report/2009/07/13/hostages-peace/threats-human-rights-and-democracy-somaliland>. (Unless otherwise noted at point of citation, all URLs cited in this article were accessible on 26 Sept. 2021.)

²⁴ Michael Walls, Conrad Heine, Andrea Klingel, Carrie Goggin and Ahmed Farag, *The limits of consensus? Report on the Somaliland presidential election* (London: University College London International Election Observation Mission, 13 Nov. 2017).

²⁵ ICG, *Somaliland*, p. 20; International Crisis Group (ICG), *Somaliland: the strains of success*, Africa Briefing no. 113 (Brussels, 2015), pp. 14–15.

²⁶ Author in-person interview, former member of Somaliland parliament (1997–2005), Hargeisa, Sept. 2016. Oisín Tansy calls the three-party system one of the most problematic aspects of Somaliland's political transition: 'Does democracy need sovereignty?', *Review of International Studies* 37: 4, 2011, pp. 1515–36.

²⁷ See Human Rights Centre, *A quarterly report April 2021* (Hargeisa), <http://hrcomaliland.org/hrc-quarterly-report-april-2021/>; author phone interview, former member of SNM, Ali Guray, Hargeisa, June 2021.

²⁸ Sarah G. Phillips argues the weakness of formal institutions in *When there was no aid: war and peace in Somaliland* (Ithaca, NY, and London: Cornell University Press, 2020). Interviews and non-participant observation of bureaucracy reveal that this is a deliberate strategy pursued to exercise social and political control.

²⁹ Prior to the 2021 elections, the parliament elected in 2005 for five years had served 15 years; the Guurti or House of Elders has not faced elections since 1997. See Centre for Policy Analysis, *Somaliland: the extension-based democracy* (Hargeisa, 2019), <https://somalilandelection.com/reports/somaliland-the-extension-based-democracy/>.

³⁰ Author interviews and focus group discussions, 2015 and 2018, and with local activists and party officials, Hargeisa, Nov. 2016.

the liberation movement as these structures of power and ideologies of privatized governance continue to shape contemporary politics and power struggles.

The revolutionary origins of Somaliland's oligopolistic state

Under colonial rule, and in contrast with the more interventionist policies of Italian colonizers in Somalia, Somaliland's business community appreciated considerable autonomy from the 'state', developing a stronger orientation towards the Gulf countries.³¹ However, during Somaliland's long union with Somalia (1960–91), and particularly under Siad Barre's scientific socialism after 1969, Somaliland traders faced heavy restrictions as the government violently seized northern assets. The experience of political and economic marginalization,³² as a consequence of southern domination, generated two movements within the Somaliland region: religious nationalism, including the rise of organizations such as 'Waxda' (Unity of Muslim Youth); and capitalist mobilization against socialism, which was bad for business.³³ Not well understood in the study of Somaliland is how capitalists during this time viewed their longer-term interests as aligned with a nationalist struggle against broader waves of socialism in the region (under leaders including Haile Selassie in Ethiopia and Al Nasir Muhammed in Yemen), and how this resulted in mutual commitments to Islamic ideals of self-sufficiency, market-led development and entrepreneurship as the foundations of the national project.³⁴ These capitalists, represented initially by the Saudi group, dominated the more liberal ideas of the London group and the local grassroots Uffo group in the founding of the SNM,³⁵ and these hierarchical structures of power continued to influence political developments post-independence. Capitalists along with the military fighters decisively pushed for independence when it was evident that southern groups would continue to dominate the politics and economy of any newly liberated Somali state, and equally quickly moved against attempts by the SNM executive committee to establish a central army and government.³⁶

By independence, the SNM was deeply divided among different factions with fundamental disagreements over the nature of state power, the role of Islam, and how to balance the distribution of resources between clans—this would in turn spark a civil war. The single most important driver of the civil war was the fact that, at independence, the SNM was under the command of Abdirahman Ahmed Ali Tuur, who was to lead the two-year transitional government until a civilian government could take over. Yet Tuur represented the Garhajis clan, who were widely seen as beneficiaries of British indirect rule, landowners and more populous than other groups, having also commanded more fronts than other clans in the

³¹ Roland Marchal, *Final report on the post-civil war Somali business class* (Paris: Sciences Po, 1996), p. 15.

³² Hussein A. Bulhan, *Politics of Cain: one hundred years of crises in Somali politics and society* (Bethesda, MD: Tayosan, 2008).

³³ Author in-person interviews with members of the Saudi group, Hargeisa, Nov. 2018 and Nov. 2019.

³⁴ Author interviews with members of the Saudi group, Hargeisa, Nov. 2018 and Nov. 2019.

³⁵ On the dominant authority of the Saudi group within the SNM, see Marleen Renders, *Consider Somaliland: state-building with traditional leaders and institutions* (Leiden: Brill, 2012).

³⁶ Author interviews with ex-SNM officials and intellectuals, Hargeisa, May and June 2020.

liberation fight. There was widespread concern among factions within the SNM that the Garhajis would dominate the post-independent state.³⁷ At the 1991 Burco conference, Ahmed Silanyo and Saleban Gaal (two key actors within this faction of the SNM) even worked actively against recognition, ‘calling for the international community not to recognise Somaliland and [not to give it] any aid ... saying that Somaliland was in conflict amongst its people’.³⁸ What emerged was a ‘second liberation’ of Somaliland—an internal civil war (1992–4)—through which a new coalition of capitalist and non-dominant clan interests would seek to redistribute assets from the former colonial beneficiaries but also cement a new political order with strong commitments to market-led development as a preferred alternative to hegemonic state power.³⁹ These synergies between corporate and national interests, backed also by an anti-colonial and anti-socialist ideology, would not easily bring to power a national, democratic government.

Corporate sponsorship of the statebuilding project *after* independence in 1991 has featured prominently in the study of Somaliland. Scholars have, for instance, documented how a group of ten or so Djibouti-based traders from the Isaaq clan, known as the ‘exclusive club’,⁴⁰ gave the young Somaliland credit and financed the peace,⁴¹ leading to what Alex de Waal called ‘a profit-sharing arrangement amongst livestock traders’.⁴² Yet no scholarship has looked at the deep entanglements of the Djiboutian patron state, affiliated oligarchs and Somaliland officials (as far back as the SNM), and how these cross-border networks of ‘business–state–clan relations’ together overturned the inherited colonial state,⁴³ became stakeholders in the civil war of 1992–4 and created an oligopolistic state opposed to democratization. Immediately after independence, these cross-border networks seized control of strategic outposts, trade corridors, ports and imports, sidelining groups previously aligned with the statebuilding enterprise (in particular the Garhajis, who had previously dominated livestock, import/exports and the aviation sector).⁴⁴ Djiboutian oligarchs and affiliated banks used credit to the Somaliland polity to secure free economic rein (without taxation). Somaliland also committed itself to security and intelligence-sharing with Djibouti. In this collusive and coercive relationship, it would be frequently reported that ‘Djibouti de facto owned Somaliland’ and could cut off the polity from internet and financial services at any point.⁴⁵

From this perspective, the development of President Mohamed Haji Ibrahim Egal’s ‘shrewd, authoritarian politics’ and one-party state (from 1993 to 2002) was

³⁷ Author interviews with ex-SNM officials and intellectuals, Hargeisa, May and June 2020.

³⁸ Author interview with former member of the Uffo group and local activist, Hargeisa, 25 Oct. 2017.

³⁹ Author interview with former member of the Uffo group and local activist, Hargeisa, 25 Oct. 2017.

⁴⁰ Marchal, *Final report*, p. 28.

⁴¹ Dominik Balthasar, ‘Somaliland’s best kept secret: shrewd politics and war projects as means of state-making’, *Journal of Eastern African Studies* 7: 2, 2013, pp. 218–38.

⁴² Alex de Waal, ‘The wrong lessons: the vanishing legacy of Operation Restore Hope’, *Boston Review*, Jan. 2004, <https://bostonreview.net/world/alex-de-waal-wrong-lessons>; Phillips, *When there was no aid*.

⁴³ This conceptualization was used in an author interview with an ex-parliament member, June 2020.

⁴⁴ Claire Elder and Annette Hoffman, ‘Somalia’s business elites: political power and economic stakes across the Somali territories and in four key economic sectors’, Clingendael CRU report for World Bank and IFC (internal) (The Hague, 17 Feb. 2017). See also Balthasar, ‘Somaliland’s best kept secret’, p. 220, on the sidelining of the Garhajis from statebuilding.

⁴⁵ Author interviews with businessmen and local activists, Nov. 2018 and Nov. 2019.

less a reflection of the strength of a single charismatic leader or unitary state, as has frequently been reported, but more an indication of the growing power of new oligarchic–corporate structures tied to the ‘rainbow coalition’ or *jeegan*.⁴⁶ More than his successors, and understanding the implications for economic and political sovereignty, Egal would resist Djibouti’s oversized influence. This expansion of power was further halted for a time following the sudden death of Egal; this unexpectedly brought Dahir Riyale, who was closely aligned with the Garhajis, to power, and the rainbow coalition moved into the opposition pole. However, the election of President Silanyo in 2010 solidified the control of the rainbow coalition and its cross-border networks; he then set about defying the post-Burco political settlement, committing to only very marginal power-sharing and distribution of economic assets.

Silanyo’s decentralized kleptocracy

Once elected in 2010, President Silanyo championed national transformation through the rapid expansion of military bases, critical infrastructure, and Islamic financing and banking, with the aim of positioning Somaliland as a key player in the global political economy of logistics and trade.⁴⁷ Silanyo rebranded himself as a reformed SNM hero, wooing donors as ‘a diaspora leader more pragmatic than his predecessors’.⁴⁸ In courting new private financiers in the Gulf and Asia he also hardened the moral boundaries around a self-sufficient, stable Somaliland in contrast to the aid-dependent and chaotic south. He made highly symbolic appeals to his progress towards achieving inclusive development, as represented by projects including the 400-kilometre Burao–Erigavo road. In an escalated bid for recognition by way of economic development, he expanded opportunities in Islamic finance and banking. In 2012 he signed the Islamic Banking Bill, allowing privately owned banks—including the Mogadishu-based Premier Bank and Amal Bank—to open and expand business in Somaliland, and also attracted the Islamic Development Bank. WorldRemit, led by the Somaliland–UK diaspora figure Ismail Ahmed, also opened up operations in Hargeisa in 2010, and would become a leading global player in fintech.⁴⁹ Similarly, Silanyo’s patronage would aid the rapid expansion of Dahabshiil, which would become one of the largest remittance transfer companies in the world—operating in 126 countries and expanding domestically, with interests in telecommunications and utilities, as well as housing and construction—through rapid privatization efforts supported by the government. Other large businesses groups—including GSK Group, Deero Group,

⁴⁶ The Isaaq consist of eight sub-clans; five of them have formed an alliance under the banner of the Habar Jecllo (Tol Je’lo, Muuse, Sanbuur Ibraan) and Habar Awal (Sacad Muse and Isse Muse) in order to balance the Garhajis dominance (Idigale and Habar Yonis). *Jeegan* is a pejorative term used in political discourse to refer to the rainbow coalition.

⁴⁷ Andres Schipani, ‘Somaliland gears up for “healthy” battle of ports’, *Financial Times*, Sept. 2021, <https://www.ft.com/content/f928ecda-2c96-4957-ae3c-94be56385fcf>.

⁴⁸ Author interviews with UK and EU representatives in Hargeisa, Oct. and Nov. 2016.

⁴⁹ Nabila Ahmed and Crystal Tse, ‘WorldRemit adds Spotify CFO Vogel to board as it mulls 2021 IPO’, *Bloomberg*, 23 Nov. 2020.

OMINCO Group and MSG Group (all Isaaq-owned)—would expand power while paying minimal taxes that could be converted into public services or local development.⁵⁰

In his sights, he had the model of President Ismail Omar Guelleh's Djibouti. Guelleh, known as Africa's 'most friendly little dictator', had been able to establish a 'commercial state-city' while deflecting any international criticism or sanctions.⁵¹ To this end, Silanyo expanded the influence of key Djiboutian oligarchs—for instance, Mohamed Aw Saed's SomCable secured an exclusive 30-year agreement granting it control of fibre optic cables throughout Somaliland in return for financial support to Silanyo's campaign.⁵² SomCable would be accused of repeatedly shutting down websites, intimidating competitors, paying off parliamentarians and falsely claiming to have made philanthropic contributions.⁵³ More than any of his predecessors, Silanyo had set out to directly challenge the economic domain of the Garhajis by courting foreign capital, and by disseminating public contracts and licenses for natural resources to loyal *jeegan* business associates.⁵⁴ His moves to privatize the state were revealed most clearly by how he absorbed Dahabshiil's core management into his government. The ministries of foreign affairs, the presidency, telecommunications and energy were all headed by former managers in Dahabshiil's international corporate empire.⁵⁵ The expansion of the kleptocratic system included the involvement of Silanyo's close family. For instance, Silanyo's son-in-law Bashe Awil Omar (then Ambassador to the UAE) brokered large infrastructure projects and the privatization of public assets (including electricity grids, cement production, the port and livestock quarantine).⁵⁶ Widespread corruption allegations would engulf Silanyo's administration and the provision of licences and contracts around the DP World deal and oil exploration.⁵⁷

Silanyo had also virulently used narratives of self-sufficiency and economic development to disparage democratization.⁵⁸ While his rebranding around

⁵⁰ Elder and Hoffman, 'Somalia's business elites', p. 43.

⁵¹ President Guelleh would go on to win his sixth term in office in May 2021 with 99 per cent of the vote: see Aly Verjee, 'A friendly little dictatorship in the Horn of Africa: why the world doesn't care about Djibouti's autocracy', *Foreign Policy*, 8 April 2011, <https://foreignpolicy.com/2011/04/08/a-friendly-little-dictatorship-in-the-horn-of-africa-2/>; Daher Ahmed Farah, 'In Djibouti, a dictator clings to power and extends suffering', *Vanguard Africa*, 19 April 2021, <http://www.vanguardafrica.com/africawatch/2021/4/19/in-djibouti-a-dictator-clings-to-power-and-extends-suffering>.

⁵² Elder and Hoffman, 'Somalia's business elites', p. 41.

⁵³ Aly Verjee, Adan Abokor, Haroon Yusuf, Amina Warsame, Muhammad Farah and Mohamed Hersi, *The economics of elections in Somaliland: the financing of political parties and candidates* (Nairobi: Rift Valley Institute, 2015), <https://riftvalley.net/publication/economics-elections-somaliland>.

⁵⁴ Elder and Hoffman, 'Somalia's business elites', p. 35.

⁵⁵ Author in-person interviews with businessmen and government officials, Hargeisa, June and Nov. 2017 and Nov. 2019.

⁵⁶ Emma Lochery, 'Generating power: electricity provision and state formation in Somaliland', DPhil, University of Oxford, 2015. See also Mohamoud Hashi, former minister and chief Kulmiye strategist, confessing Kulmiye's blatant use of state power in a press conference: <https://youtu.be/DmcwT51R-FQ>.

⁵⁷ In May 2016, DP World signed a 30-year US\$442 million agreement with the government of Somaliland to develop and operate a regional trade and logistics hub at the Port of Berbera. Contracts were also allocated for the Berbera Oil Terminal. See Bashir Ali, 'How an unrecognised state's port deal could shift dynamics across the Horn', *African Arguments*, 1 May 2018, <https://africanarguments.org/2018/05/how-an-unrecognised-states-port-deal-could-shift-dynamics-across-the-horn-berbera-port-dpworld-somaliland/>.

⁵⁸ Author in-person interviews with ex-SNM officials and intellectuals, Hargeisa, May and June 2020.

economic development certainly attracted donors who elsewhere in Africa have supported ambitious developmental state models over democratization,⁵⁹ the red line was any perceived threat to security. Western donors refrained from making any negative statements about the quality of governance in Somaliland until after 2015, when there was an uptick in security events and Silanyo simply stopped 'showing up to aid meetings'.⁶⁰ Unbeknownst to Silanyo at the time, the expansion of economic opportunities through Islamic banking and finance had also empowered opposition and political liberalization against his administration.⁶¹ As he began to lose control over his kleptocratic system, Silanyo jailed journalists and deployed paramilitary forces against political opponents and groups,⁶² while also 'resuscitating' the militant SNM legacy through the reconstruction of monuments and the excavation of mass graves attributed to Barre-era war atrocities. He also sought to re-establish political control by using internationally sponsored 'talks with Somalia' to reinforce the dominant 'national' framing narrative of external threats and internal unity.⁶³

Consistent with Silanyo's lukewarm engagement with western donors, corporate actors also started to promulgate a narrative of 'philanthrocapitalism' as an alternative development model to aid.⁶⁴ Through philanthrocapitalism, the private sector would assume some responsibility for filling the gaps in state provision of public services through corporate charity and donations, in exchange for low taxation. This form of governance has been widely criticized by Linsey McGoey and others for entrenching powerful financial elites and eliminating the social welfare state. During Silanyo's tenure, this model constituted minor financial commitments in exchange for large tax breaks, where 'community-led projects' and support for conflict mediation largely aided business expansion plans in the region rather than leading to national transformation or poverty reduction.⁶⁵ There are also reports of companies falsifying reports of philanthropic activities altogether, leading to erroneous notions of business contributions to development.⁶⁶ This model has continued to gain prominence, expressed most recently by Ismail Ahmed, the founder of World Remit, who—having been a 'whistleblower' in a large corruption case against the UN—denounced the model of aid dependency and outlined

⁵⁹ Thomas Carothers and Diane de Gramont, *Development aid confronts politics: the almost revolution* (Washington DC: Carnegie Endowment for International Peace, 2013), p. 3.

⁶⁰ Author in-person interviews with UK and EU representatives in Hargeisa, Oct. and Nov. 2016.

⁶¹ Author in-person interviews with business actors, Hargeisa and London, Jan. 2017 and Nov. 2018.

⁶² ICG, *Somaliland*, pp. 20–22.

⁶³ See Silanyo's speech at a ceremony to lay the foundation stone for a monument to honour SNM struggle at Balligubadle (in Somali): <https://youtu.be/aM-9KqaOtQw>, accessed on 8 June 2021.

⁶⁴ Linsey McGoey, Darren Thiel and Robin West, 'Philanthrocapitalism and crimes of the powerful', *In Politix* 121: 1, 2018, pp. 29–54.

⁶⁵ For instance, while Sompower, a Dahabshiil majority-owned entity, supplies lights and electricity to police stations free of charge, the cost of this provision does not equal the profits they received from tax cuts and rapid expansion: J. Meester, A. Uzelaç and C. Elder, *Transnational capital in Somalia: blue desert strategy*, CRU report (The Hague: Clingendael Institute, 2019); author in-person interview with Somaliland government officials, Hargeisa, Feb. 2019.

⁶⁶ 'False advertising—Somcable chairman lies about his philanthropic activities in Somaliland', *Somaliland Chronicle*, 8 Nov. 2019, <https://somalilandchronicle.com/2019/11/08/false-advertising-somcable-chairman-lies-about-his-philanthropic-activities-in-somaliland/>.

a ten-year plan for Somaliland through the Sahamiye Foundation, pledging \$500 million (£365 million) for health and education.⁶⁷

This is important, as the rise of philanthrocapitalism was born in the absence of aid and through the revolutionary ideologies of privatized governance. It symbolized a creative governance structure not born out of state weakness but also not consistent with national, democratic government. It also became a convenient narrative through which oligarchic–corporate structures could disguise the ‘true agenda’ of elites in power—demanding the protection of business autonomy while restricting legitimized central authority and democratization. President Musa Bihi’s overt hostility towards domestic capitalists voiced an emerging popular opinion about oligarchs as corrupt agents who exploited the population at large. This would, however, also raise questions about the foundations of the national project. The election of Musa Bihi represented more generally the paradoxical ways in which the expanding power of global financial elites confront the violent resuscitation of the nation-state.⁶⁸

Bihi’s ‘populist’ authoritarianism

Musa Bihi emerged within Kulmiye as the antidote to Silanyo’s poor leadership and economic mismanagement. He was ultimately able to win the presidential elections thanks to support from western intelligence and security personnel for his anti-terrorist stance, and ‘his accessibility, efficiency, and commitments to stability’,⁶⁹ as well as to popular support for his military capital (having been a former liberation fighter) and appeals to order and stability, and for his undeniable loyalty to the cause of Somaliland statehood. Musa Bihi cultivated the image of a populist authoritarian leader (a man ‘of the people’ because of the role he had played as a liberation fighter, and because he was not from the diaspora). His access to state and corporate coffers certainly also helped. The main opposition party, Waddani, which represented the Garhajis, also faced many challenges including poor leadership and lack of originality. Kulmiye had previously pioneered a revolutionary narrative of progress and transformation, captivating the diaspora, and Waddani struggled to compete with this and also to shake off an image of being ‘from the establishment’ and even pro-union.⁷⁰ Waddani denounced the incumbent Kulmiye as the ‘engineers of corruption’ and called for the ‘removal of SNM entrenched power’ and the exposure of the ‘deep state’.⁷¹ Waddani’s chief strategist, Ismail Bubba (also one of the founding fathers of the SNM), denounced what he called Somaliland’s ‘democratic militancy’, recharacterizing

⁶⁷ Sarah Johnson, ‘Aid agencies can be harmful, says Somaliland tycoon’, *Guardian*, 9 April 2021, <https://www.theguardian.com/global-development/2021/apr/09/aid-agencies-can-be-harmful-says-somaliland-tycoon>.

⁶⁸ Philip G. Cerny and Alex Prichard, ‘The new anarchy: globalisation and fragmentation in world politics’, *Journal of International Political Theory* 13: 3, 2017, pp. 378–94.

⁶⁹ Author in-person interview with FCDO official, Hargeisa, Nov. 2017.

⁷⁰ Author in-person interviews and participant observation of 2016 election process, Hargeisa, Nov. 2016.

⁷¹ Author in-person interviews with opposition leaders from Waddani and civil society, Hargeisa, 16 and 17 Oct. 2016.

the quality of Somaliland's widely acclaimed democracy since independence. As he explained:

For decades being democratic has meant being tied to SNM-type leadership that is based on clan imbalance and is militaristic and stagnant. We need to move beyond that, close that chapter: Hargeisa is still armed (gun culture is still with us)—we need to establish a political leadership that is non-militaristic and progressive. SNM is continuing the old war. We cannot have peace with ourselves and progress with that liberation mentality.⁷²

Waddani's new national agenda and alternative political project tied to *Somaliland lawada leeyahay*—a charter based on inclusion, social justice, and equitable distribution of resources and power—would gain further momentum after the 2017 elections.⁷³ Yet no one was under the illusion that he would be a democratic leader. He was selected in the interests of security and nationalism—both of which had come into disarray under Silanyo. Musa Bihi's 'imperial presidency', as some have called it, would quickly reconfirm commitments to Somaliland's role as a security protectorate and was even less tolerant of public criticism.

In a clear display of his vision of state power, at the October 2020 party congress, Bihi—flanked by army leaders—refused to relinquish his role as chairman of the Kulmiye Party (a position he has held since 2010).⁷⁴ This also extended to the international community, escalating the tone and rhetoric around Somaliland's territorial sovereignty and independence. His numerous press releases and public appeals demanded recognition no longer on the basis of injustices, self-determination and human rights, nor on progress towards democratization, but now on Somaliland's geostrategic value (its indispensability as an ally in the Red Sea and counterterrorism).⁷⁵ In October 2020, Musa Bihi suspended Somaliland's relations with the United Nations 'until further notice' demanding the UN deal with Somaliland on its own terms.⁷⁶ In an unprecedented move he also announced that no external funds were to be used to conduct the upcoming municipal and parliamentary elections in 2022: the whole amount, he said, was coming from the national budget.⁷⁷

Like his predecessors, he actively sought external resources, including by sending a high-level trade delegation to Malaysia to discuss trade and development cooperation, and engaging the Islamic Bank of Thailand and the Islamic Development Bank (IsDB). Unlike his predecessor, he was hostile to domestic capitalists.

⁷² Author in-person interview with Ismail Bubba, former SNM official and strategist for Waddani, Oct. 2016.

⁷³ Author phone interviews with the originator of the motto *Somaliland lawada leeyahay*, Abdikarim Mooge, Hargeisa, June 2020; and with Abdirashid Jeeni, one of the authors and signatories of the *Baaq-shacab* or 'People's Declaration', <https://youtu.be/AYoUZiHpt6Q>, Dec. 2020.

⁷⁴ Author interviews and participant observation, Hargeisa and Mogadishu, Dec. 2020.

⁷⁵ Tom Wilson, 'Somaliland steps up push for international recognition', *Financial Times*, 1 November 2018, <https://www.ft.com/content/331521ba-dc24-11e8-9f04-38d397e6661c>.

⁷⁶ The UN was last expunged from Somaliland last in 1993; this occurs under the calculation that the UN will continue with its projects. Robert Kluijver, 'Somaliland suspends relations with the United Nations amidst rising tensions', *Democracy in Africa*, 20 November 2020.

⁷⁷ 'President Bihi reveals government was bankrolling twin election bill', MENAFN, 8 Feb. 2021, <https://menafn.com/1101567786/Somaliland-President-Bihi-Reveals-Government-Was-Bankrolling-Twin-Election-Bill>.

Musa Bihi quickly sought to nationalize public assets under a campaign of state-led development, launching a war against the private sector which he saw ‘as having worked across borders for decades’, interpreting their unwillingness to pay taxes as proof of disloyalty to the Somaliland project.⁷⁸ He cancelled previous contracts awarded under Silanyo, including a 20-year contract concerning ownership of the Berbera Oil Terminal (favouring Trafigura) that had allowed six domestic companies to import oil jointly.⁷⁹ Bihi also cancelled Somaliland’s contracts with low-cost carriers between Dubai and Hargeisa (Fly Dubai and Air Arabia) which were owned and managed by opposition groups.⁸⁰ One way in which he sought to maintain control was by demanding majority shares for himself and his associates in companies doing business in the country, including in Dahabshiil’s fibre optic initiative.⁸¹ Yet many of these initiatives, particularly those perceived as overt concessions to the Djiboutian state, were unsuccessful. As the rainbow coalition began to fracture, Musa Bihi began to rely even more on external legitimacy, most importantly from Djibouti. For instance, Bihi tried (but failed) to expand the Djibouti-based conventional bank La Banque pour le Commerce et l’Industrie—Mer Rouge (also known as BCIMR, a company in which he holds a stake) to challenge the authority of Islamic finance.⁸² He also ultimately failed to extradite from Somaliland to Djibouti one of the most powerful businessmen, Ahmed Geele of GSK holdings, whom Djibouti accused of escaping with loans and money from BCIMR.⁸³

The rallying of popular support to protect business autonomy from state intervention raises a number of interesting issues about Somaliland’s democratization processes and future development trajectories. First, these developments clearly demonstrate the fallibility of Musa Bihi’s image of strength and monopolistic control over the state, security and territorial boundaries, and the challenges of any leader ever mounting an authoritarian project in Somaliland. But they also equally strongly emphasize the state’s poor bargaining power *vis-à-vis* domestic firms. Musa Bihi had alienated business interests within his coalition. Second, these events also highlight the extent to which questions about the role of the private sector and market-led development are deeply embedded in questions about the viability of the national project, the authentic legacy of the liberation movement and relations with the international system.

⁷⁸ Author in-person interviews with officials in Ministry of Finance and Chamber of Commerce, Hargeisa, Nov. 2019.

⁷⁹ See also ‘Trafigura to invest in improving Berbera Oil Terminal to become a regional supply hub with the support of the Government of Somaliland’, press release, 7 Sept. 2020 <https://www.trafigura.com/press-releases/trafigura-to-invest-in-improving-berbera-oil-terminal-to-become-a-regional-supply-hub-with-the-support-of-the-government-of-somaliland>.

⁸⁰ ‘See Somaliland: politicians accuse President Bihi of sacrificing sound leadership for personal, familial interest’, MENAFN, 15 Oct. 2020, <https://menafn.com/1100965266/Somaliland-Politicians-Accuse-President-Bihi-of-Sacrificing-Sound-Leadership-for-Personal-Familial-Interest>.

⁸¹ Author phone interviews with The Justice and Welfare Party (Somali: Ururka Caddaalada iyo Daryeelka, UCID) party official, May 2021; with Dahabshiil officer, June 2021.

⁸² Author phone interview with local activists and ministerial officials, May 2021.

⁸³ Author phone interviews with businessmen and ministerial officials, June 2020.

What next for Somaliland?

The watershed win for the opposition in the June 2021 parliamentary and municipal elections was widely revered as a win for democracy—an image reinforced by the fact that Somalia is still unable to hold popular elections—and even more so by the fact that Bihi had tried, but failed, to orchestrate election results in his favour.⁸⁴ The opposition win in the 2021 election marked a protest vote against incumbency and a repudiation of Musa Bihi's vision of state-led development, and marked a renewal of long-stagnant institutions, namely parliament and local councils. Yet, the opposition win was also emboldened by the fracturing of the former coalition and the realignment of core business interests with the opposition. Bihi (and his imperial presidency) had evoked Siad Barre-style militant socialism that had been bad for business.⁸⁵ Waddani's new national agenda and alternative political project tied to *Somaliland lawada leeyahay* does offer promise.⁸⁶ But enduring issues remain a closed political space (dominated by old SNM-era elites) and key dimensions of the oligopolistic state—including the dominance of powerbroker sectors, the securitization of aid and the political economy of quasi-recognition. Both continue to hinder democratization.

New partnerships with Taiwan, now Somaliland's most outspoken critic in terms of governance and corruption, could encourage much-needed fiscal and political reforms and provide opportunities for building development cooperation treaties and mutual defence and banking agreements.⁸⁷ Yet in the immediate term aggressive politicking by Somalia of non-Isaaq communities at the peripheries of Somaliland's statebuilding enterprise, along with Great Power rivalries over military bases, hydropolitics and economic free trade zones in the Red Sea and the Gulf of Aden, have generated a multitude of issues for Somaliland's democratization process.⁸⁸ The passing of the free trade zone law in January 2021 by Musa Bihi solidified Somaliland's commitment to becoming a 'market-dominant small jurisdiction' based on 'chokepoint' sovereignty,⁸⁹ in a bid for independence with non-western allies.⁹⁰ This route does not follow the 'developmental state' models

⁸⁴ See Human Rights Centre, *A quarterly report, April 2021*, p. 3.

⁸⁵ Author phone interviews with Dahabshil Bank officers, June 2021. Opposition victories included a mayoral seat won by the originator of *Somaliland lawada leeyahay*, Abdikarim Mooge. See 'Somaliland elections: opposition parties win majority of seats', *Al Jazeera*, 6 June 2021, <https://www.aljazeera.com/news/2021/6/6/somaliland-opposition-wins-first-parliamentary-polls-since>.

⁸⁶ Author phone interviews with the originator of the motto *Somaliland lawada leeyahay*, Abdikarim Mooge, Hargeisa, June 2020; with Abdirashid Jeeni, one of the authors and signatories of the *Baaq-shacab* or 'People's Declaration', Dec. 2020, <https://youtu.be/AYoUZiHpt6Q>.

⁸⁷ Taiwan is also a leading player in the region in Islamic finance. See 'Taiwan and Somaliland risk China's ire with bilateral ties', *Financial Times*, 1 July 2020, <https://www.ft.com/content/a85c82f7-ed5a-4c78-b494-62oaddc03fd8>.

⁸⁸ Zach Vertin, 'Red Sea rivalries: the Gulf states are playing a dangerous game in the Horn of Africa', *Foreign Affairs*, 15 Jan. 2019, <https://www.foreignaffairs.com/articles/east-africa/2019-01-15/red-sea-rivalries>.

⁸⁹ Jatin Dua, 'Chokepoints and corridors: ordering maritime space in the Western Indian Ocean', Rift Valley Institute Report (Nairobi: Rift Valley Institute and X-Border Local Research Network), 2021.

⁹⁰ 'Somaliland passes law paving way for launch of free trade zone', *Horn Diplomat*, 8 Jan. 2021, <https://www.horndiplomat.com/2021/01/08/somaliland-passes-law-paving-way-for-launch-of-free-trade-zone/>. Christopher M. Bruner, *Re-imagining offshore finance: market-dominant small jurisdictions in a globalizing financial world* (New York: Oxford University Press, 2017).

of Ethiopia and Rwanda,⁹¹ nor the route of the east Asian tigers of the 1970s and 1980s, which relied on a smooth transition to more open and inclusive—and hence legitimate and stable—political systems. Seminal research has looked at how ‘small states’ in Africa and beyond have become some of the best and worst-performing democracies. In terms of the latter, many have become attractive tax havens for unscrupulous businesses and corporations where the lack of international recognition has not eliminated these options for de facto states. While challenges exist as Somaliland remains outside the formal financial economy, it offers the added advantage of stability, openness and proximity to Gulf allies, compared to other de facto tax havens in the region (including Djibouti and Somalia).

With this perspective, it is not yet clear whether Islamic finance and banking will serve as Somaliland’s ticket out of peripheralization, even if it has in the short-term aided political liberalization. What is clear is that Somaliland’s renewal of democratization will rely on local momentum as donor concerns remain directed elsewhere. This will require larger structural transformation to reduce the power of oligarchic–corporate structures—economic diversification (investing in labour-intensive industries), the regulation of business and campaign finance, and state commitments to the provision of public services.

Conclusion

This study of Somaliland’s political economy since independence challenges core arguments about the country’s democratic successes. Using theories of ‘oligopolistic state’ and ‘peaceocracy’, it presents key arguments about how structures of oligarchic–corporate power have limited democratization. The holding of routine elections without extending broader rights and public services has not generated a thriving democracy in the absence of progressive leadership. Rather, an oligopolistic state has formed around an exclusive statebuilding agenda that serves the interests of a select group of financial and political elites who represent the Isaaq clan. A critical political economy lens emphasizes the key challenges faced by Somaliland, along with other de facto states, in balancing financial hardship and political control and in designing development models. These financial troubles may place these states at the mercy of patron states and oligarchic–corporate structures in ways that affect political development and have been under-researched to date. As such, this article establishes an important comparative research agenda for examining de facto states’ political economies as they affect elite strategy and uneven and uncertain development trajectories, and makes a number of contributions to the study of Somaliland. First, it provides an account of how business–state relationships may develop in contexts of financial hardship and de facto statehood. It demonstrates how oligarchic–corporate systems and ideologies of privatized governance may emerge as forms of post-colonial market-building. Second, this article shows how quasi-recognition (special relationships and the

⁹¹ Stephen Brown and Jonathan Fisher, ‘Aid donors, democracy and the developmental state in Ethiopia’, *Democratization* 27: 2, 2020, pp. 185–203.

securitization of aid without necessary contributions to institution-building) can empower oligopolistic state systems and erode national, democratic government. This occurs by empowering the security apparatus and oligarchic–corporate structures that benefit from these rents. Third, it details how conflicts play out between traditional forces and global financial elites around the hollowing out of the state by privatization and around the viability of the nation-state.

Somalilanders' ambitions for democratization have for decades greatly suffered under the oligopolistic state and peaceocracy—a reality that has not been adequately captured by prevailing discourses and narratives on Somaliland to date. This oversight is due at least in part to a culture of silence that has pervaded the study of Somaliland—produced both by donors keen to justify and protect their security and strategic interests, and by the Somaliland state itself rallying behind a duty of collective national interests to protecting prospects for recognition. This article has sought to start the process of unveiling some of the dynamics that have safeguarded private sector actors and public authorities and created a culture of impunity, undermining democratization. It has also highlighted the importance of developing more flexible tools and frameworks in which to understand the uneven and uncertain development paths of *de facto* states. The challenge for Somaliland's viability now is how to reconcile foundational elements that include business autonomy and market development with democratic principles.