

Menkhaus, Ken

Working Paper

Aid and institution-building in fragile states: The case of Somali-inhabited eastern Horn of Africa

WIDER Working Paper, No. 2014/002

Provided in Cooperation with:

United Nations University (UNU), World Institute for Development Economics Research (WIDER)

Suggested Citation: Menkhaus, Ken (2014) : Aid and institution-building in fragile states: The case of Somali-inhabited eastern Horn of Africa, WIDER Working Paper, No. 2014/002, ISBN 978-92-9230-723-3, The United Nations University World Institute for Development Economics Research (UNU-WIDER), Helsinki,
<https://doi.org/10.35188/UNU-WIDER/2014/723-3>

This Version is available at:

<https://hdl.handle.net/10419/96287>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



UNITED NATIONS
UNIVERSITY
UNU-WIDER

WIDER Working Paper 2014/002

Aid and institution-building in fragile states

The case of Somali-inhabited eastern Horn of Africa

Ken Menkhaus*

January 2014

Abstract: Institution-building in Somalia has met with high levels of failure for two decades. But successes have occurred in other Somali-inhabited regions of the eastern Horn, and have been especially present at the local and municipal level. The most effective aid to institution-building in Somalia has been carefully calibrated support to hybrid local governance arrangements that enjoy a strong degree of local ownership and which deliver practical, urgently needed services.

Keywords: Somalia, failed state, institution-building, local governance, municipalities, hybrid state

JEL classification: O1, O2, O19

Acknowledgements: The author wishes to thank Rachel Gisselquist for her very helpful comments on the first draft of this paper.

*Department of Political Science, Davidson College, [kemenkhaus@davidson.edu](mailto:kemenkhaus@ davidson.edu)

This study has been prepared within the UNU-WIDER project 'ReCom—Research and Communication on Foreign Aid', directed by Tony Addison and Finn Tarp.

Copyright © UNU-WIDER 2014

ISSN 1798-7237 ISBN 978-92-9230-723-3

Typescript prepared by Minna Tokkari at UNU-WIDER.

UNU-WIDER gratefully acknowledges specific programme contributions from the governments of Denmark (Ministry of Foreign Affairs, Danida) and Sweden (Swedish International Development Cooperation Agency—Sida) for ReCom. UNU-WIDER also gratefully acknowledges core financial support to its work programme from the governments of Denmark, Finland, Sweden, and the United Kingdom.

The World Institute for Development Economics Research (WIDER) was established by the United Nations University (UNU) as its first research and training centre and started work in Helsinki, Finland in 1985. The Institute undertakes applied research and policy analysis on structural changes affecting the developing and transitional economies, provides a forum for the advocacy of policies leading to robust, equitable and environmentally sustainable growth, and promotes capacity strengthening and training in the field of economic and social policy-making. Work is carried out by staff researchers and visiting scholars in Helsinki and through networks of collaborating scholars and institutions around the world.

UNU-WIDER, Katajanokanlaituri 6 B, 00160 Helsinki, Finland, wider.unu.edu

The views expressed in this publication are those of the author(s). Publication does not imply endorsement by the Institute or the United Nations University, nor by the programme/project sponsors, of any of the views expressed.



1 Introduction

At first glance, an analysis of the role of aid in institution-building in Somalia sounds like an invitation to a eulogy. Somalia has long had a reputation as a ‘graveyard of foreign aid’, and this has especially been true for institution-building. For two decades, massive amounts of institution-building aid have been spent in Somalia. And yet today, despite the declaration of a federal government in 2012, Somalia remains ranked as the world’s ‘most failed state’. This is all the evidence many observers need to conclude that externally funded institution-building in Somalia has been an unqualified failure.

Yet this harsh conclusion is not entirely true. There are, in fact, a number of successful instances of aid to institution-building in the Somali-inhabited eastern Horn of Africa, and they provide revealing lessons about how local communities seek to craft governance arrangements in zones of state failure and collapse, and how external actors can at least on occasion provide essential support to those local efforts.

This study of aid and institution-building tests four popular explanatory claims for the prevalence of failed institution-building in Somali-inhabited areas of the eastern Horn of Africa, across six very distinct political settings—south-central Somalia, Puntland, Somaliland, Djibouti, eastern Ethiopia, and northern Kenya. It reaches the following conclusions:

- Institution-building is much more difficult in areas emerging from protracted war, in part because institutions enshrine and codify power, processes, and rules, all of which are deeply contested in a post-war setting.
- Institution-building has been most difficult to achieve at the national level, in part because stakes are so much higher and hence spoilers (both local and external) and corruption are much more prevalent.
- High levels of external aid to institution-building in Somalia have inadvertently had a corrosive effect, by ‘projectizing’ state-building, reducing local ownership and accountability, and attracting political elites whose primary aim is short-term profiteering from foreign aid, and for whom institutionalization is a threat rather than a goal.
- Security states in the eastern Horn—polities like Djibouti and Somali Regional State, Ethiopia—which enjoy strong external military support due to their strategic importance, or which draw on security forces to maintain control of restive populations—enjoy somewhat greater levels of institutionalization, at least in the security sector, but are ‘brittle’ states with vulnerabilities that do not correspond to the features of resilience, professionalization, and adaptability associated with institutionalization.
- Efforts to replicate formal-legal political institutions derived from Western models of government have had limited success at both the national and local level, if not hybridized to incorporate Somali cultural practices. Informal governance arrangements in Somalia have proven quite resilient, but are not institutionalized in the formal sense that most external aid agencies expect. This raises the question of whether the goal of external state-building actors should be ‘institutionalization’ or rather the promotion of key virtues related to political association, such as resilience, adaptability, and routinization and codification of rule of law. Put another way, can institutionalization occur without institutions?
- Regardless of political setting, the most successful instances of political institutionalization in Somali-inhabited areas of the eastern Horn have generally been at the municipal level—in towns, cities, and neighbourhoods. These municipal authorities

have relied heavily on coalitions of civic actors—businesspeople, clan elders, women’s market groups, and others—to build hybrid governance arrangements that shield townspeople from some of the worst insecurities of life in a failed state.

- Successful foreign aid to these local, hybrid governance arrangements in Somali-inhabited areas has been marked by close contextual knowledge and carefully calibrated, long-term support. Large infusions of funding for institution-building projects with short-time horizons have tended to be self-defeating.

2 Explaining state failure in Somalia: competing claims

In order to understand the limited success stories of aid and institution-building in Somali-inhabited zones of the eastern Horn, we must first address the ubiquity of state failure across the region. Why has Somalia been so impervious to political institution-building? Four explanations, none of which is mutually exclusive, are frequently cited.

2.1 Political culture

The first claim is that Somali *political culture*—its history of statelessness, nomadism, and clannism—works against the building of formal political institutions. Somalis, this explanation goes, prefer informal, negotiated political arrangements over formal rule of law and actually govern themselves quite well via hybrid, mediated governance arrangements at the local level. Efforts to replicate western political institutions in such a setting are doomed to fail. Some go so far as to suggest that Somali preferences for informal, negotiated governance arrangements could eventually produce a more organic political order that does not fit the mold of a conventional, institution-laden, post-colonial state. Some advocates of this school of thought argue that aid which is carefully tailored to encourage ‘hybrid’ political arrangements stand a better chance of producing ‘good governance’—though that may not be the same thing as institution-building. This perspective serves as a reminder not to conflate institutionalization with good governance, and that to succeed institution-building must account for political culture even as it represents an attempt to reshape it.

2.2 Political economy

A second school of thought argues that a *political economy* of state failure has emerged in Somalia over the past two decades. Powerful local interests have emerged since 1991, with vested interests in continued state weakness or failure. From this perspective, state failure in Somalia has now become self-perpetuating. Some of these interests are economic. A powerful business community has arisen in Somalia and it fears that a revived state will tax it and threaten it with predatory demands, heavy regulations, or even nationalization. These businesses prefer to maintain basic law and order informally, relying mainly on their own private security. Other spoilers include criminal interests, deeply corrupted government officials who thrive in an ‘accountability-free zone’, ‘warlords’, and other leaders whose power base rests on their ability to exploit fear and insecurity, and violent Islamic extremists. Collectively, this constitutes a powerful set of interests opposing successful institution-building in Somalia. Importantly, most of these sets of interests do not oppose the enterprise of state-revival outright—they see tangible benefits in the establishment of a recognized central government, which can attract foreign aid and produce lots of contracts and rental opportunities. But they want that state to remain weak. For many, state weakness and low levels of institutionalization are the preferred operating environment, not a problem to be solved.

The implication of this political economy theory of prolonged state failure is that institution-building must take into account and either neutralize or co-opt powerful spoilers or it will fail. It is a reminder that in Somalia as elsewhere institution-building is not a technical exercise but a deeply political one.

2.3 Risk aversion

A third interpretation places institution-building in the context of high levels of uncertainty, risk, and *risk aversion* in a post-war, failed state context. Building up the institutional capacity of the state carries risks for citizens, and the survival culture prevailing in post-war Somalia works against risk-taking at the political level. Fear that a revived state will be captured by a rival clan and will engage in predatory behaviour, leads many Somalis to prefer the ‘devil they know’—state collapse—even as they recognize the benefits of a revived state. Thanks to risk aversion, Somalis settle for a sub-optimal outcome. From this perspective, trust-building is an essential part of institution-building in failed states. It also serves as a reminder that capacity-building that is not twinned with efforts to construct constraints on state power are likely heighten resistance to state revival.

In the particular case of Somalia, an additional factor must be accounted for—namely, the fact that almost 75 per cent of the country’s youthful population—the portion of the population under the age of 30 to 35—has no living memory of what a functional state looks like or does. This portion of the population may even be more skeptical about state-building projects that promise an entirely alien form of governance to them.

2.4 Failed policies

A fourth school of thought focuses blame on the *failed policies* of the international community. External institution-building has at different times been accused of a wide range of errors, including: imposing universal templates on Somalia without regard to cultural and political context; reinforcing and institutionalizing clannism; violating neutrality and empowering one constituency at the expense of others; working with and underwriting the wrong leaders, including warlords; undermining national level state-building by building up local level government; ignoring local-level government and focusing only on central governmental institutions; fueling fraud and corruption in government by failing to insist on accountability for funds spent on capacity-building; and strengthening government capacity in a context where that capacity is likely to be abused by a predatory government, reinforcing social resistance to a revived state. This school of thought points to evidence from the unrecognized secessionist Republic of Somaliland, which has enjoyed higher levels of stability, peace, democracy, governance, and economic recovery than any other part of the region, despite relatively modest levels of external aid. Though blaming foreigners for the country’s woes is too often an easy way for Somali leaders to shift blame from themselves, flawed external policies have played a part in the low level of success institution-building as enjoyed in Somalia. They point to the need for much greater attention to lessons learned from the past, and the need to develop a greater institutional memory.

These four clarifications above are all intriguing explanations for the specific failure of institution-building in Somalia, but they tend to overlook institution-building successes at the local level, where some of the most effective governance structures have emerged in Somalia. They are also Mogadishu-centric, focusing mainly on the problems of prolonged state collapse in

south-central Somalia. When one widens the scope of inquiry to other Somali-inhabited polities in the eastern Horn—to include the autonomous state of Puntland, the secessionist state of Somaliland, Djibouti, Somali Regional State in Ethiopia, and the three new Somali-inhabited counties of northeastern Kenya (Garissa, Wajir, and Mandera) the question of aid and institution building becomes much more complex, as institution-building has been at least marginally more effective elsewhere. This offers tantalizing opportunities to compare differences in outcomes of aid and levels of political institutionalization in polities which feature more or less the same Somali political culture, and to learn what kind of aid to institution-building works in the very challenging setting of the eastern Horn.

3 Levels of political institutionalization across the eastern Horn of Africa

To appreciate what kind of aid has worked in institution-building, we first must establish a baseline of the current state of political institutionalization across the six Somali-inhabited polities of the eastern Horn of Africa.

Levels of political institutionalization vary across the eastern Horn, but are undeniably low by global and regional standards. Even where governments function and enjoy a certain degree of legitimacy, government institutions are hollow, decision-making is concentrated in informal circles around top leaders, civil services are thin in their competence, and—most importantly—no government branch is at all autonomous from the much more powerful social force of clannism. In some locations—Somaliland is the most obvious example—powerful local business interests also penetrate deeply into weak governments. The state is viewed less as an institution promising impartial, routinized, professional implementation of policy, and more as a catchment point for foreign aid and other rents over which clans and their elites jostle. Where they exist, political parties are very weak and rather than representing an aggregation of ideas and interests, they are typically little more than a vessel through which clans pursue power. The ‘rules of the game’ of politics are also weak, and political rivalries are often played out with the threat or use of violence. Group power is still measured in large part by the size of the armed threat it can pose. Security sectors are, with few exceptions, poorly controlled and rarely constrained by the law. Everywhere in the region, accountability for public funds is exceptionally poor and corruption high.

In addition, many of the most important functions of the state are carried out by non-state actors, a system which many Somalis appear to prefer. Clan elders or Islamic clerics mediate disputes and adjudicate criminal cases via customary or sharia law; private security forces provide protection rather than uniformed police; businesses and non-profits provide fee-based social services and utilities ranging from electricity to piped water to wireless phone service (Gundel 2006). With few exceptions, state ministries in these sectors have very limited funds and capacity, and are not even able to assume basic regulatory roles.

Even so, there is significant variation in degrees of political institutionalization across the eastern Horn. They tend to fall into one of four categories mentioned below.

3.1 Failed state

Somalia—where political institutionalization has been almost non-existent, and instability highest—is the largest and most important Somali-inhabited polity in the eastern Horn of Africa, and the clear example of a failed state, where institution-building has had little lasting impact in two decades. A seven-year transitional government from 2004-12, never managed to develop

administrative capacity and its parliament was generally unable to perform, despite considerable external efforts at capacity-building. Since 2012, a post-transitional government is in place, but it too has yet to develop even a modest capacity to exercise its authority over territory or deliver basic security and social services. It faces a stronger, better-organized, and more committed foe in the jihadi group al-Shabaab, and is able to remain in Mogadishu only because of the protection it receives from African Union peacekeepers. Beneath the crisis of state collapse, local level governance has enjoyed greater success, sometimes producing municipalities which are able to keep the peace and provide basic services (Hagmann and Hoehne 2008).

3.2 Weak states

In the two polities in northern Somalia, Somaliland and Puntland, formal governmental structures exist, with modest implementation capacities and reasonable levels of legitimacy in the public eye. Both Somaliland and Puntland have maintained some degree of public order and stability in their areas of control, though Somaliland's record is by far the more impressive. Somaliland's police and other forces in the security sector are more respected, effective, and constrained than anywhere else in the eastern Horn; Somaliland's electoral boards have, despite very challenging circumstances, pulled off multiple free and fair elections; and the government has operated with some effectiveness its seaport, international airport, and customs revenue collection. Both the governments of Somaliland and Puntland have survived multiple, often serious crises, a testament to their institutionalization. But larger business investments, both by the diaspora and foreign firms, have been slow to arrive in both locations, mainly frightened off by low levels of rule of law, a weak formal judiciary, and hence legal uncertainty over everything from land title to enforcement of contracts. As in Somalia, in both of these areas, local, municipal administrations are often the most functional and effective sources of governance (Hoehne 2013).

3.3 Brittle states

Two other Somali polities, Djibouti and the Somali Regional State in Ethiopia, feature somewhat more technically capable and well-trained civil services. These are stronger states, especially with regard to their security sectors, but they are not necessarily institutionalized. Most observers working with these two polities complain that levels of competence, capacity, and commitment drop off quickly below the level of a director general of a ministry, and that decision-making in both of these highly authoritarian governments is concentrated in the hands of the top leader and his family circle. In both cases, security forces act in the interests of the ruling circle, not the state, and are principally used against domestic opponents. And in both cases, these 'security states' enjoy heavy backing by much more powerful external actors—the Ethiopian central government in the case of Somali Regional State, and the US, France, and Ethiopia in the case of Djibouti. This includes robust financial support from external sources. Somali Regional State (SRS) enjoys an annual budget of US\$235 million, almost all of which flows from the central government, and Djibouti's US\$600 million annual budget is generated mainly from rent of its military bases and Ethiopia's dependence on its seaport. As a result, these two entities are best described neither as fragile nor robust, but rather as 'brittle'—strong in a narrow sense, but vulnerable and not likely to survive without a combination of coercive force and outside backing.

3.4 The hybrid state

Prior to 1993, Somali-inhabited northern Kenya was ruled under emergency law, and government was imposed by the center using the military and police as its main source of authority. From 1993 to 2013, the three Somali-populated regions (now known as counties)—Mandera, Wajir, and Garissa—were afforded full political rights and though provincial governors were still non-ethnic Somalis appointed by the central government, local populations gained more voice to demand rights and services. The very weak provincial administrators came to rely on informal networks of civil society leadership—comprised of clan elders, heads of women’s market groups, religious leaders, businesspeople, and others—to re-establish peace and order lost from spillover from the Somali civil war. That partnership—in which the weak provincial government willingly ceded authority to informal social actors to engage in police, judiciary, and even diplomatic functions—produced an impressive reassertion of order and stability in northeast Somalia, and was so successful that Kenyan authorities sought—paradoxically—to institutionalize it. The governance partnership was named the ‘Peace and Development Committee’ and the government sought, with some success, to replicate it across other remote and poorly governed borderland areas of the country. The arrangement was not without controversy—some argued that it was an abrogation of duties by the government that was illiberal and extra-constitutional, and had the potential to degenerate into vigilante justice, all charges that needed to be taken very seriously. But in the short term it provided Somali-inhabited northern Kenyan with far better governance than it had in the past.

In 2013, the new devolved political system in Kenya created self-governed ‘countries’ across the country. In northern Kenya, three Somali-inhabited counties—Mandera, Wajir, and Garissa—now enjoy a degree of self-rule, including directly elected governors and members of state and national parliaments, for the first time ever. It is too soon to draw any conclusions about aid and institution-building in these zones but they merit close attention.

4 Aid for institution-building in the eastern Horn

Foreign aid for institution building in the eastern Horn has varied over time, by country, by objectives, and by approach. This makes it difficult to generalize about institution-building aid in the region, but the following observations can nonetheless be made:

- First, most foreign aid to the Somali-inhabited eastern Horn since 1990 has not been directly devoted to institution-building. Most aid (counted both in dollars and projects) has been humanitarian in nature, while much of the rest has been dedicated to development projects, typically focused on livelihoods. Institution-building has been a preoccupation in two periods—during the brief UN operation in Somalia in 1993-94, and in the period since 2007 when the international community made a more concerted commitment to the Somali transitional government it helped to create. But even in locations and periods where humanitarian aid dominated the landscape, external actors found it difficult to avoid the question of institution-building, mainly because aid agencies needed more viable local counterparts. In consequence, even ‘pure’ humanitarian aid programming often featured efforts to help build up local institutions, including local non-governmental organizations (NGOs), professional associations, seaport and airport management, and district authorities.
- State-building and institution-building efforts in the eastern Horn in the 1990s—the first decade in which state-building became mainstreamed in foreign aid—tended to reflect efforts to promote democracy, civil society, and human rights. This reflected a

preoccupation with the need to *restrain* democratizing governments in previously authoritarian settings. This manifested itself in foreign aid, devoted toward building institutional capacity outside of governments, especially in civil society organizations. Governmental capacity-building tended to focus on electoral commissions, political parties, legislatures, and judiciaries. Institutional capacity building for the security sector was generally limited and focused on training police in human rights and due process.

- Donor programmes in institution-building in the 1990s were constrained in Somalia by state collapse. The complete collapse of the state meant that no central government existed. In consequence, sub-national polities—regional states like Puntland, the secessionist state of Somaliland, and dozens of districts and municipalities—became by default the main targets of institution-building. This local level or grass-roots approach was viewed by some as a preferred ‘bottom up’ strategy of state-building; others viewed it merely as the only alternative in the absence of a central government. In either case, local and regional level governance structures constituted one of the few success stories in institution building in southern Somalia. Aid agencies had to take care not to commit to building up political institutions in Somaliland in ways that appeared to be shoring up the government’s claim to sovereignty. Civil society institutions also earned considerable attention during this period, and exploded in number.
- Since 2001, institution-building in the eastern Horn has been ‘securitized’, with much greater attention devoted to building up the state’s capacity to monitor, prevent, and respond to security threats, especially from Al Qaeda and its affiliates. The fact that the eastern Horn has been the site of major violent extremist movements, especially the Somali-based group al-Shabaab, has accelerated this process and expanded the spectrum of donors and implementing agencies to include external militaries, UN peacekeeping operations, and private defense contractors. Across the region, this has had the effect of empowering security branches of governments and shifting programming away from human rights and democracy toward more narrow focus on capacity-building. Almost every government and polity in the region has benefited from counter-terrorism driven institution-building. It has not only increased assistance to governments, but pushed more aid to security sectors and emphasized capacity over human rights and accountability. For authoritarian governments in the region, like Ethiopia and Djibouti, this was a godsend.
- Coinciding with the securitization of institution-building was a major push by the UN and some donors to revive the central Somali state. This reflected in part a new global consensus that state weakness was a root cause of both conflict and underdevelopment, leading to much more sustained efforts to reinvigorate failed states. The Somali Transitional Federal Government (TFG), created in late 2004, was the chief beneficiary. Aid was refocused toward strengthening the central government, and even included direct salary payments to members of parliament, as well as security sector forces, despite mounting accusations that the latter were preying on rather than protecting the population. Even humanitarian agencies came under pressure to channel their aid through the TFG as a way to increase the government’s legitimacy and capacity. Because the TFG ranked among the most corrupt regimes in the world for its entire existence, many humanitarian and development agencies preferred to work around rather than with the government, sparking angry exchanges both with TFG officials and donors. The strong push to ‘jump start’ the TFG with external funding to make it viable, created an attractive flow of funds to and through the TFG. The lack of donor and aid agency presence in Somalia due to severe insecurity made it exceedingly difficult to ensure accountability over how funds were spent, leading to massive corruption. And the fact that the international community appeared to need a revived central government more than the Somalis themselves, meant that external actors had little leverage over the TFG

leadership. Institution-building became a lucrative project for the TFG, but not a goal. This episode was without question the low point in aid and institution-building in the eastern Horn.

- Institution-building aid to the region's weakest polities—Somalia, Puntland, and Somaliland—has tended to be dirigiste in tone, conceived and managed by external aid agencies and their donors. Local ownership has generally been weak, though some exceptions exist. It has also been generally project-driven, typically with short time horizons and focused, measureable objectives. This has been unfortunate because institution-building is universally agreed to be a slow process.
- Institution-building in SRS has been the domain of the Federal Ethiopian government, which maintains strong direct and indirect control over the SRS administration (Hagmann 2005). The Ethiopian government's philosophy toward political modernization in its poor peripheral federal states is strongly paternalistic and dirigiste. The ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) has embedded 'advisors' in the SRS government, and between those advisors and the Ethiopian military, little autonomy has existed for top Somali administrators. That has begun to change in recent years. The current government of President Abdi Illey in SRS enjoys more autonomy than any previous government, but that has been a mixed blessing locally as Illey's security forces have been a law unto themselves and rivals—especially those suspected of sympathizing with the Ogaden National Liberation Front—have been subjected to harsh human rights violations. Under the Ethiopian government's tutelage, an increasingly effective and professional SRS civil service has emerged, and today it is arguably the most institutionally competent government in the Somali eastern Horn. Its skills are strictly technical, not analytic, and the mostly young, college-educated civil servants quickly learn to steer far from politically sensitive topics. In recent years, a few donors—most notably UK's Department for International Development (DFID)—have explored options for aid to state-building in SRS, including human rights training of the 'Liyu' or 'Special Police' that answer to President Illey, though that has proven controversial (in part because of the Liyu's record, and in part because it appears to lack legal status). For now, the SRS's institutional capacity is entirely a home-grown effort led by the Ethiopian government. As noted above, it has produced an administration that is strong but brittle. Interestingly, even in SRS, Ethiopian authorities have concluded that strengthening the formal judiciary is a bridge too far, as ethnic Somalis have a strong preference for informal customary or sharia law. The government has actively explored ways to create a hybrid judicial system in which both sharia and customary law are afforded legal status.
- Kenya's northern districts were in the past not a significant foreign aid target for institution-building, with one exception—a USAID programme to provide surgical, light support for the emerging hybrid governance system described above. As will be noted shortly, that turned out to count among the most successful institution-building programmes in all of Somali-inhabited Horn of Africa.
- Contrary to popular belief, state-building in the eastern Horn has not been constrained by lack of financial resources. Hundreds of millions of dollars have been devoted to improving government capacity in places like Somalia. Most funds are lost to rampant corruption. Some of the most successful institution-building and progress in governance in the eastern Horn have occurred where external support has been delivered in carefully calibrated ways.
- Foreign aid aimed at institution-building in the eastern Horn was plagued in early years (most of the 1990s) by a very poor understanding—and in some cases willful ignorance—of spoilers, local governance culture, and other critical contextual issues. That produced a tendency to reduce institution-building to a purely technical exercise of

providing basic equipment and training to recently declared district councils that had no authority whatsoever, and that faded as soon as the foreign aid ceased. This was the unfortunate fate of the massive effort by the UN Operation in Somalia (UNOSOM) intervention—within a year of its departure in 1995, only a handful of the 70 of more district councils it created still existed (Menkhaus 1996). But over the past decade, aid agencies have been much more systematic in commissioning political economy and conflict analyses to guide their programming, and in the process have developed a heightened awareness of cultural and political economy factors working against institution-building. Unfortunately, it has been difficult—though not impossible—to translate that new analytic awareness into effective programming. As a result, many institution-building projects continue to possess similar features as past projects. This is especially the case with aid to the central government in Mogadishu, an administration which continues to defy external efforts to improve its effectiveness and accountability despite new, promising leadership.

5 Successes and sub-regional variation

Despite the mainly obstacles to political institutionalization in Somali-inhabited eastern Horn, important successes have occurred, some of which serve as sources of valuable lessons for future aid programming.

5.1 Municipal governance

There is no question that the most durable, legitimate, and functional political authorities in the eastern Horn have emerged at the town, city, and neighborhood level. The empirical record on this count is unambiguous (Menkhaus 2007). From Boroma and Hargeisa in Somaliland, to Bosaso in Puntland, to Luuq, Beled Weyn, Jowhar, and parts of Mogadishu in Somalia, to Wajir in northern Kenya, some towns and neighborhoods of larger cities have been bastions of relative peace and order. Political authority in these towns has shown a capacity to emanate out into the countryside, but the interests and institutions that keep these ‘city-states’ intact in spite of weak to non-existent central governments is centered in the town itself.

This is not the case for all towns. Contested towns, and more recently those that have passed hands from the control of al-Shabaab to government or African Union Mission in Somalia (AMISOM) are notoriously unstable, unsafe, and anarchic. The deeply troubled port city of Kismayo in Somalia’s south is emblematic of this syndrome. But where towns play a role as common markets for two or more clans, where business interests in smooth and predictable commerce are strong, where households want to secure neighborhoods for their children’s schools, and where a strong alliance of civic and clan leadership emerges, municipalities have been much more impressive sites of formal governance than have self-declared regional or national administrations. In Jowhar and Borama, for instance, a partnership involving municipal authorities and businesspeople have operated piped water systems that collect user fees and maintain pipes and pumps without the need for additional external assistance once underway. Hargeisa’s former mayor won international recognition for his aggressive insistence on urban planning and creation of new, organized neighborhoods for war returnees. Everywhere, markets are successfully operated and organized by local committees and town authorities.

Why are municipalities generally better sites of political institutionalization than are national polities? The main reason, simply put, is that governance at the local level is generally viewed as a positive-sum game for local actors, whose interests are served by organized markets, rule of law,

and public order. At higher levels, political institutions are perceived mainly as conduits of ‘rents’ (foreign aid, customs revenue, sale of licenses to foreign firms) over which elites struggle and as a potential source of political domination by one clan over others. Institution-building at higher levels threatens interests, and is perceived in more zero sum terms, and hence is much harder to accomplish.

There is an abundance of evidence of successful aid to municipal level institution-building, especially local capacity to level services. A few are highlighted here:

- UNICEF’s support of the above-mentioned piped water systems, for instance, was an innovative approach in the mid-1990s to encouraging public-private partnership that covered initial start-up costs, but then incentivized (through profit-taking) good stewardship of the piped water systems. It required a specific setting—a mayor and clan elders eager to demonstrate ‘performance legitimacy’ to their people, and a business community willing and able to co-operate in managing the system.
- Habitat’s support to the Hargeisa mayor in his quest to promote urban planning and municipal capacity to run the rapidly growing city was instrumental in his success, providing the kind of technical know-how and experience in other countries he needed. The precondition for this success was, again, a city leader with strong, no nonsense commitment to city governance. In this case the mayor had larger political ambitions and may have been using the city administration as a showcase platform.
- Supporting local institutional capacity to deliver basic services has had only limited success, mainly because non-profit and for-profit organizations already compete effectively for that space, but in a number of cases towns’ authorities have improved in their capacity to regulate markets, oversee allocation of aid funds for development projects, and manage contracts to private implementers for public goods. The United Nations Office for Project Services (UNOPS) project in Gedo Region, in the late 1990s, did some innovative work on this score, and more recently the Transition Initiatives for Somalia (TIS) has improved service delivery at the municipal level as well.

Importantly, these municipalities have arisen in both permissive (Somaliland, Puntland, Northern Kenya) and non-permissive (south-central Somalia) settings, though they have struggled in areas featuring armed spoilers, ongoing armed conflicts, jihadism, or a highly repressive central government.

5.2 Seaports

Institutionalized, professional port operations are critical for businesspeople engaged in trade, and some regional polities with important seaports—Djibouti, Somaliland, and Puntland—have a powerful incentive to keep ports attractive for import-export business. Djibouti’s new container port—by far the biggest and most active in the region—is operated by Dubai Ports World, a group which also has a joint venture with the government to operate a Djibouti Free Zones and Port Authority. This is an example of outsourcing as an alternative to institutionalization when local capacity is very low and the need for capacity is immediate (Styan 2013). By contrast, in Berbera Somaliland and Bosaso Puntland, local port authorities run the facilities reasonably well, thanks in large part to years of technical support and training from a number of aid agencies, especially UNCTAD. This competence is much less in evidence in the south, where the seaport management at Mogadishu and Kismayo has been overwhelmed by political corruption, warlordism, and jihadi violence.

5.3 Hybrid governance

External support to improved capacity for local level peace-building and other routinized political co-operation has also seen success, though this kind of work often goes unnoticed and is difficult to measure. The most dramatic instance of this was USAID's support of the above-mentioned hybrid governance model in Wajir, northern Kenya. There, a fluid coalition of government district officials, elders, women's market groups, businesspeople, and others assumed many of the functions of the state, including policing and judicial work, and in the process turned around a once violence and anarchic district into one that has enjoyed relative peace and stability for over 15 years. The aid, which was delivered by Development Alternatives Inc (DAI), proceeded very carefully, was deeply knowledgeable about local affairs, and was surgical in its assistance. Small, calibrated, well-timed support proved to be a recipe for success, and helped to avoid the risk of 'projectizing' a good local initiative and diverting energies toward a foreign aid bonanza. The fact that the Kenyan government saw fit to formalize this arrangement in what was called a 'Peace and Development Committee' and then replicate the government-civic partnership in other remote areas of the country, constitutes a fascinating case of institutionalization of an informal governance arrangement (Menkhaus 2008).

5.4 Electoral commissions

Somaliland's quest for recognition gives it extra incentive to demonstrate 'performance legitimacy', in order to highlight the differences between its impressive level of peace and security compared to the chronically troubled south of Somalia. A big part of Somaliland's case is its multi-party democracy. The country regularly holds elections and though each election has seen its share of controversies and delays, Somaliland has a powerful interest in holding free and fair elections as a showcase to the world. That has put the national electoral commission (NEC) under considerable pressure to perform. That 'need to succeed' combined with strong, consistent support from a variety of externally funded agencies, including the Academy for Peace and Development (a partner of Interpeace) and Progressio, among others, has gradually built up institutional capacity to pull off the very difficult challenge of holding regular elections in a poor, predominantly pastoral setting (Bradbury 2011).

6 Conclusion

What can be learned from the limited but significant success stories of aid and institution-building in the Somali-inhabited eastern Horn of Africa?

First, success has been possible when Somalis need institutions to function more than do the foreign aid agencies. Local interests are key. Without the desire and will to build up institutions, no amount of aid will leave a lasting impact. Institution-building in Somalia will either be Somali-led or it will not happen.

Personalities in key positions in Somali administrations matter. A highly motivated mayor, minister, or district commissioner is a necessary but not sufficient precondition for success.

The inverse relationship between levels of aid and institution-building in Somali-inhabited areas of the Horn is reasons for pause. Obviously, the most intractable zones of state failure—like Mogadishu—tend to attract the most aid, which could be partial explanation for the mismatch between levels of aid and results. But it also serves to remind that most of the successful areas of institution-building have only been lightly touched by aid, and may suggest that in conditions

where spoilers are dominant and corruption is high, large flows of statebuilding aid can inadvertently fuel the very impulse to de-institutionalize the state that the aid is setting out to fix.

Most successful institution-building has occurred at the local, municipal level because that is where the demand for good governance is greatest and spoilers fewest. Municipalities need to be given much greater attention as sites of opportunity for institution-building in Somalia. They have the added advantage of being far less controversial to support in context where the national debate over federalism remains heated.

Successful foreign aid at the local level has been based on close contextual knowledge, flexibility, patience, and a long time frame. Template-driven institution-building has rarely enjoyed success there.

Hybrid government partnerships have yielded innovative and lasting success at the local level and, though they are challenging targets for foreign aid, some aid agencies have been successful in supporting them. Whether public-private joint ventures, or even more complex arrangements drawing on informal authorities such as women's groups, clan elders, religious clerics, and others, hybrid governance works well in the Somali setting because it flows with rather than against some powerful cultural currents, especially Somali preferences for inclusive, negotiated governance.

Somalis not only prefer negotiated arrangements to formal-legal rule of law, they insist on it, and are quite good at it. Much of what passes for successful institution-building in the Somali setting has been in fact routinization of and recognition of informal governance, rather than anything resembling a Weberian state bureaucracy. For some, this points to a radical conclusion—that perhaps institution-building is an ill-advised objective in Somalia. But this is a conclusion based on a false choice about formal and informal modes of governance. In the most highly institutionalized political systems in the world, the institutions merely serve to house and set some rules for a cacophony of informal, negotiated politics.

A final point—one of the more successful instances of quasi-institutionalized rule in Somalia in the past decade has been in the lands controlled by the violent extremist group Al-Shabaab. Though abhorrent, extremist, and gratuitously violent, the group has imposed better law and order in its areas of control than have authorities in any other part of south-central Somalia, and at least some aspects of its rule appear to have been routinized and institutionalized. And though Shabaab's operational capacity was aided by some external Al Qaeda advisors, its administration of southern Somalia has been mainly a home-grown affair with little that could pass for 'aid' to its institution-building. We know little about the group's internal administration, but in the future this will be an important new source of comparative observations about how institutions do or do not work in Somalia.

References

- Bradbury, M. (2011). 'Securing the Peace in Somaliland'. Hargeisa: Academy for Peace and Development.
- Gundel, J. (2006) 'The Predicament of the "Oday"; The Role of Traditional Structures in Security, Rights, Law, and Development in Somalia'. Nairobi: Danish Refugee Council and NOVIB/Oxfam.
- Hagmann, T., and M. Hoehne (2008). 'Failures of the State Failure Debate: Evidence from the Somali Territories'. *Journal of International Development*, 21(1): 42-57.

- Hoehne, M. (2013) 'The Limits of Hybrid Political Orders: The Case of Somaliland'. *The Journal of Eastern African Studies*, 7(2): 199-217.
- Menkhaus, K. (1996). 'International Peacebuilding and the Dynamics of Local and National Reconciliation'. *International Peacekeeping*, 3(1): 42-67.
- Menkhaus, K. (2007). 'Governance without Government in Somalia: Spoilers, State-building, and the Politics of Coping'. *International Security*, 31(3): 74-106.
- Menkhaus, K. (2008). 'The Rise of a Mediated State in Northern Kenya: The Wajir Story and its Implications for Statebuilding'. *Afrika Focus [Ghent]*, 21(2): 23-38.
- Styan, D. (2013). 'Djibouti: Changing Influence in the Horn's Strategic Hub'. Chatham House Briefing Paper AFP BP 2013/01. London: Chatham House.