

SOMALIA: ILLICIT ECONOMIES, CRIMINAL NETWORKS AND THE  
DOWNFALL OF THE SOMALI STATE

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## TABLE OF CONTENTS

Title Page .....	i
Copyright .....	ii
Table of Contents.....	iii
Introduction .....	1
Map of Somalia .....	2
Background and Contextual History .....	3
Somali Socio-Political History and Attitudes.....	4
The Importance of Clan Structure .....	8
State Collapse and the Rise of Violence, Why Illicit Economies? .....	10
Legal Economic Opportunities in Somalia .....	13
Illicit and Informal Economies .....	14
Piracy .....	19
Drug Trafficking .....	26
Entrepreneurs? .....	27
Policy Recommendations.....	29
Conclusions .....	32
Appendix A: South-Central Somali Clan Structure.....	33
Appendix B: Map of Somali Clans.....	34
NOTES:.....	35
Bibliography .....	39

## Introduction

Somalia has existed for nearly twenty years without a stable government. Attempts by external powers to intervene internally to provide security or build a state have failed. An approach to establish a state which uses the functioning informal markets and institutions that have survived is needed, as opposed to an external development model based on misconceptions of Somali statehood. The failure of Somalia as a traditional state based on modern interpretations of statehood has resulted in a breakdown of most formal structures of commerce and government. In this environment, Somalia may appear to the external observer as a modern interpretation of a Hobbesian state of nature, where there exists only chaos and anarchy. However, a type of order does reign in Somalia, it revolves around the informal and illicit economies that have existed and supported people since before the fall of the Barre government. These various economies included illegal weapons transfers, parallel currency exchanges, informal commodity exchange markets, the illegal sale of food and medical aid, human trafficking and the drug trade. The Somali case provides an opportunity to evaluate the role that illicit economies played in the breakdown of the Somali state; ongoing illegal sales and transfers of weapons and goods continue to fuel conflict and enable illicit economies functioning in and around the Horn of Africa. This paper will examine how illicit and parallel economies, encouraged through aid and development intervention played a role in the downfall of the Somali state, and failed to bring peace, security and progress to Somalia.

Map of Somalia 1



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Source: University of Texas Austin. Perry-Castañeda Library Map Collection:  
<http://www.lib.utexas.edu/maps/somalia.html>

## Background and Contextual History

Due to its position at the tip of the Horn of Africa, Somalia has long played a role in the trade along the East coast of Africa, the Red Sea, the Gulf of Aden and beyond. The scramble for Africa at the end of the 19<sup>th</sup> century divided Somalia among the British, French, Italians and Ethiopians.<sup>1</sup> Each colonizer desired prime access to ports to bring goods from the African interior to markets in their colonial homelands. Almost immediately after colonization began the indigenous Somali people opposed occupation and a bloody resistance began, led by the ‘Mad Mullah.’ His death due to malaria soon thereafter, however, ended large scale resistance to initial British occupation. Somali opposition continued through the wartime Italian occupation as well as the post WWII British protectorate. Only the 1969 coup that brought the Siyaad Barre government to power provided a brief respite from ongoing violence.<sup>2</sup> The armed Somali opposition to foreign occupation ended in a 1969 coup that installed the Barre government to power. Barre’s government produced Somalia’s alignment with the Soviet Union and other Warsaw-Pact Socialist allies against the West. However, the Somali-Soviet relationship deteriorated in 1977-78 when the alliance failed to deter Somalia from invading Western Ethiopia in hopes of capturing the Ogaden region. The Soviet Union decided not to back Somalia, and provided aid to the communist regime in Ethiopia, the Derg, instead.<sup>3</sup> Never willing to let an opportunity to bleed the Soviet Union slip away, the United States briefly backed a repentant Somalia before turning away altogether as the dictatorship of Barre worsened.

In the mid 1980’s, Somalia’s Barre-led government in Mogadishu began to deteriorate as internal resistance movements emerged to fight the Barre dictatorship. Total state collapse occurred in 1991 with the final ousting of Barre and the ensuing civil war. Since the initial outbreak of civil war, Somalia has existed as a collapsed or failed state as defined by modern

criteria.<sup>4</sup> Somalia as a “state” is largely an artifact of 19<sup>th</sup> century imperialism. This is readily observable in the unsuccessful attempts to install externally backed governments to remake Somalia in the image of a Western state. Additionally, efforts to provide aid based on this model have yielded only ongoing suffering.<sup>5</sup> The Transitional Federal Government (TFG) of Somalia (as it now stands in October of 2010) is seen by many Somalis as a puppet of external powers, and controls only a small portion of Mogadishu and little else.<sup>6</sup> The Somali people, although desperate for peace and security themselves, have no interest in any external force meddling in their internal affairs.<sup>7</sup> Without an external occupying force however, and despite having one of the most homogenous populations in Sub-Saharan Africa with regards to language and culture, additional challenges to effective governance arise from the deep rivalries that exist among the various Somali clans. These competing clans make up the basic social structure of Somalia and persist despite imperialist experiments in the region.

## **Somali Socio-Political History and Attitudes**

As a nomadic people, with a wealth system and economy based primarily on livestock, the Somalis travel in familial units in a set pattern of herd rotation along the coast, following the green fields along the main rivers and up into the now Ethiopian highlands and then back down to the Indian Ocean coast. Some small scale subsistence farming or planting of crops to be harvested for the next migration seems evident, but most of the land is arid with little if any significant sustainability<sup>8</sup>. The Somali system of migration, rather than fostering centralization, nurtured the development of an intricate network of clan relationships based around the family and herd.

A nomadic way of life, Islam, and close ties to the Arabian Peninsula, Islam, and led to period conflict with Christian Ethiopia during much of Somalia's past. This environment precipitated the first major recorded incident of Somali *jihad* against Christian Ethiopia during the 16th century, led by Ahmad ibn Ibrihim al-Ghazi or 'the left handed.'<sup>9</sup> The Somali remained stateless until the Colonial era, when, after the opening of the Suez Canal in 1869, the British established the Somaliland Protectorate on July 20, 1887. Eventually Somalia was divided in 1889 with France in modern-day Djibouti, and Italy officially taking up the Northeast and South in 1905. The aforementioned resistance from the 'Left-Handed' (and that from the Darwish and Mohammed Abdullah Hassan or 'the Mad Mullah' from 1898 until 1920) occurred after this partitioning. Some scholars consider this one of the bloodiest anti-colonial resistance campaigns on the continent.<sup>10</sup> In World War II, North-Western Somalia (Somaliland) shifted to Italian control, and then in the post-WWII years the entire area of Somalia came under British administration. In 1950, the United Nations put Somalia back under Italian oversight. Finally, in 1960 Somaliland and later the rest of the country obtained independence. Peace however, was not forthcoming. Ongoing border disputes between Somalia, Ethiopia and Kenya kept the elected government in constant conflict with clan and regional leaders. Tensions and rivalries reached an apex when in 1969 Army Major General Siyaad Barre assassinated the President of Somalia, Abdi Rashid Ali Shemarle and took power in a relatively bloodless coup.<sup>11</sup>

After assuming power, the Barre dictatorship quickly implemented a policy of 'Scientific Socialism' and did not restrict most Islamic religious practices. The lack of restriction on Islamic practices was initially popular, despite ongoing debates about specifics of those policies.<sup>12</sup> To further create national unity, Barre created and enforced an intentional homogenization of Somali culture. In the 1970's, 'modernization' began. To this end, Barre enacted a series of

reforms permitting that only the Somali language be taught in schools. Additionally, in 1972 after lengthy debate, the government decreed that the national language, Somali, would be represented with the Latin alphabet rather than Arabic script. In 1975, Barre also enacted a 'progressive' family-code angering hard-line Islamists in the country. As these reforms were not always popular, Barre's government had the dissenters executed.<sup>13</sup> Furthermore, many of the economic activities were centralized (as far as possible in a nomadic community), leading to the beginning of the parallel economies that eventually brought down the Barre government.

The strains on the Barre government emerging from his social policies were further exacerbated in 1977-78 when Ethiopia, with backing from Cuba and the Soviet Union, defeated Somalia in a war over the Somali border areas (the Ogaden region). Whereas violence characterized the relationship between Somalia and Ethiopia in the late 1970's, relative peace between the two countries existed during the 1980's, culminating in an official peace accord in 1988. Additionally, the long term drought that plagued the country since the mid-1970's pushed many Somalis to informal and non-traditional economic activities, undermining the state-driven socialist economy which eventually weakened the Barre government, forcing it out of power in January 1991. The dictatorship's collapse sparked a bloody power struggle among the different clan leaders and regions. Somaliland in the North declared its own independence. International aid organizations withdrew from the South due to the blood-letting, leading to extreme starvation for the Somali people who no longer had access to external food aid.<sup>14</sup> Since 1991, the anarchy reigning since the fall of the Barre dictatorship has caused more human suffering in Somalia than most aid-workers have witnessed anywhere else in Africa.<sup>15</sup>

This desperate situation caused the UN to intervene in 1992 in its first 'militaristic' attempt at distributing aid to a collapsed state (UNOSOM I), an attempt which was backed by the

United States military and the will of the US government trying to prevent widespread famine. This backing constantly encountered violent conflict, culminating in the downing of U.S. military Blackhawk helicopters and the deaths of 17 US Army Rangers, some of whose bodies were desecrated and paraded around the streets of Mogadishu for the international media.<sup>16</sup> This event eventually caused the US to leave Somalia altogether, and almost completely ended US engagement in Africa. The hesitancy to intervene during the Rwandan Genocide became a bloody testament of the US policy of African non-intervention during the late 1990's.<sup>17</sup>

In the wake of the African embassy bombings as well as 9/11, US policy towards failed states, such as Somalia, the Sudan, and Afghanistan shifted. Somalia had already come under scrutiny as a problematic failed state due to its provision of safe haven status for the perpetrators of the 1998 US Embassy bombings in Tanzania and Kenya, and other individuals supposedly linked to al-Qa`ida. Subsequent attempts by the UN and international efforts to establish a stable government failed, as most Somalis viewed these governments as Ethiopian or US puppets, run by local mafia bosses. At the beginning of this decade, more "homegrown" violent movements were created by Islamists, the most important being the Ittihad al-Mahakim al-Islamiyya (Islamic Courts Union or Council i.e. ICC or ICU). In 2006, the ICU briefly claimed legitimacy as the government of Somalia and began to provide services and relief to Somalis. As with the current TFG, these governments usually only controlled small portions of Mogadishu and the path to Ethiopia, as well as some other parts of the South.<sup>18</sup> These attempts by the ICU to establish control in Somalia reached their culmination when Ethiopia invaded 2006 to take out the ICU, and install a 'friendly' government, the TFG, whose leader finally quit in December 2008.<sup>19</sup> Harakat al-Shabaab al-Mujahideen, or al-Shabaab, the current competitor for power with the TFG, split from the ICU and together with the co-opted Islamic Youth Movement, made its own

bid for power in January 2007, taking over parts of Mogadishu as well as Kismayo in the South. By 2008, al-Shabaab was thought to be more closely aligned with Islamic fundamentalist terrorist organizations such as al-Qa`ida, to whom they officially swore allegiance in early 2010.

### **The Importance of Clan Structure**

The clan system in Somalia co-opted the Islamic pattern of tracing lineage back to the Prophet Muhammed. The Somalis, who are ethnically and culturally homogenous, trace the Qurayshitic lineage of the Prophet into four "Noble Clans." These noble clans are an offshoot of the Samaale branch of Muhammedian lineage of Somali (See Appendix: A). They are the Darood, Dir, Hawiye and Isaaq. The other two main clans stem from of the Sab branch; Digil and Rahanweyn. From this base structure of the main clan groups, the clans then break down into smaller units, often called sub-clans, then further to their primary lineage or *reer* (which means herd in Somali). Below the sub-clans, smaller units exist called *diya* paying groups (which means collective payment and compensation), usually at the village level.<sup>20</sup> Clan identity was traditionally very fluid in Somalia, with members not prescribed to one certain clan or sub-clan at birth, as this could change due to alliances, marriages, protection rackets, or food security.<sup>21</sup> This identity was extremely important in financial dealings, both licit and illicit, as it formed a base for transaction-trust (which in modern economies is regulated by codified law and a functioning judiciary, an impossibility in Somalia), on which many market flows and contracts rely.

The *diya* paying group is the level at which most conflicts were resolved in traditional Somali society.<sup>22</sup> At the village level there was a further breakdown of the *diya* groups among the different households within the village. Conflict resolution within the clans was traditionally

mediated through the payment of a *diya* fee as assigned by the traditional Somali mediator in tribal conflict, the *Wadad*. These conflict resolution bonds and mediation techniques were dismantled by Barre due to his anti-clan policies and favoritism of his Marrehaan clan over the Isaaq or Mijerteyn clans in the government, which resulted in total collapse of the conflict mediation system after 1991. This collapse was worsened when the remaining "old bonds" not destroyed by Barre, finally broke in the wake over the struggle for the seat of government in Mogadishu and food scarcity.<sup>23</sup>

Clan-alliances and inter-clan trust still take precedence over every other organization or social structure in Somalia. In the early 1990's, as food aid was distributed, some clans were favored over others, giving them more resources and power. The marginalized clans not directly associated with the food distribution process retaliated with violence. The aid organizations and the UN, who were there to help the people at large, fell into the trap of helping one group at the cost of another, and were targeted for revenge. This sentiment from the Somalis transferred into an anti-Western attitude, then general xenophobia, which in turn sparked the killing of journalists and aid workers in the medical and other fields. The reluctance of the US and UN to intervene militarily to protect aid and media led the African Union to think it could possibly alleviate some of the xenophobia by sending in African troops for the African Union Mission to Somalia (AMISOM) in 2007. The AMISOM mission, which is still present in Somalia, continues to take heavy casualties and is considered ineffective.<sup>24</sup> In addition to the challenges faced in providing aid to the Somali people, the aid organizations that do operate in Somalia from more 'palatable' sources such as the Middle East or African-Muslim countries are themselves co-opted by the clan system as they grow in size and power. In turn this co-opting makes these organizations biased towards other clans and other clans biased towards working with them.<sup>25</sup> As a result of

this system, any attempt to provide aid that is not viewed as equitable to all clans is impossible and fosters more violence.

## **State Collapse and the Rise of Violence, Why Illicit Economies?**

Beyond the clan structure rivalries, which are one key factor in Somali state failure, the dissolution of the Somali state was due to the poor financial policies of the Barre government and the resulting widespread illicit economic activity and trade. These black markets became so dominant that they led to a parallel economy in Somalia over which the government lost all control. This loss of control over the formerly black market contributed to the government's downfall.<sup>26</sup> It is necessary to first look at the Somali economy in the language of the "Greed vs. Grievance debate" as discussed by Paul Collier in his work on the causes of civil war and state collapse. Collier claims the risk of civil war or rebellion is related to three significant economic conditions: dependence upon primary commodity exports; slow economic growth; and low average incomes. The last two reasons appear to play a larger role in Somali state collapse as opposed to the first, and coincide with the rise of illegal economic activity.<sup>27</sup>

Somalia has nearly no primary commodity exports. A rinder-pest scare eliminated the once thriving cattle trade industry, and no other replacement exists.<sup>28</sup> Collier proposes that countries with high dependence on primary commodities exports are susceptible to internal conflict because of their vulnerability to looting and predation by both the government and the rebels and a competition for the control of these commodities.<sup>29</sup> Somalia's functioning legal economy is primarily based on subsistence pastoral nomadic practices and minimal agriculture.<sup>30</sup> Collier views low per capita income as a cause of civil-war due to the low cost of recruiting militants.<sup>31</sup> The effectiveness of this recruitment practice is evidenced in the UN Monitoring

Group report showing that the group al-Shabaab, offers wages and recruiting ‘bonuses’ to recruits in extremely at-risk populations.<sup>32</sup> Somalia has an extensive informal economy that consists of: livestock sales, telecommunications, air transport services, agricultural exports, remittances, and sale of household items and food locally. The extensive international Somali diaspora also contributes considerable funds through remittances to the daily sustenance of the Somali population within Somalia, much of which is unrecorded due to the nature of *hawala* transactions. In the Somali case economic impoverishment and basic survival would appear to contribute more to the grievance side of the argument than outright greed.<sup>33</sup>

Collier also claims that a large youth population bulge is a contributing factor for conflict because it provides jobs and opportunities for survival beyond raising livestock or subsistence farming.<sup>34</sup> Al-Shabaab, as discussed earlier, is thought to be primarily made up of younger recruits, and stems from the ICU’s Mujahedeen Youth Movement (MYM). Additionally, *shabaab* means “youth” in Somali. The emergence of these groups would seem to provide evidence for Collier’s argument regarding the youth bulge as factor in rebellion, but the size and scope of the youth population actually involved in the two groups is unknown, but some figures place group size at approximately 14,000.<sup>35</sup> That said, involvement represents a minimal portion of the youth population.

Collier additionally proposes that contrary to the conventional argument of ethnic diversity as a driver of conflict, ethnically diverse societies have resilience to civil wars whereas societies with homogeneous ethnicity are more susceptible to rebellions.<sup>36</sup> Collier further posits that if an ethnic group has between 45 and 90 percent of the population, then there is an increased risk of civil war.<sup>37</sup> Collier cites Somalia as an example for his claims of diversity

reducing violence by stating that Somalia, despite ethnic homogeneity, has essentially engaged in civil war for protracted periods since independence.<sup>38</sup> However, in Somalia clan membership assumes a proxy role for ethnicity, and even Collier himself states that clan or tribal divisions create an equivalent of inter-ethnic hatred in an ethnically homogenous society.<sup>39</sup>

Collier argues that the grievance-theory as the cause of conflict is unsupported by reliable empirical evidence.<sup>40</sup> But as a factor in the outbreak of war in Somalia, it is important to note the long standing grievances that the Somali population has concerning foreign occupation; first by the Italians, then the British, then an oppressive Soviet-backed (until Soviets withdrew support for Barre during the Ethiopian war of 1977-8) dictator until 1989. When the Barre regime finally fell, conflict focused on the struggle for power and resources for survival. The grievance discourse is needed by the rebel groups even if it appears false, but resource competition is very real. Violence is the outcome of groups expressing their grievance, and furthermore greed, and is driven by opportunities to profit from instability. These profit making opportunities are abundant in a failing or failed state. External observation may not reveal what honestly motivates rebellion based on grievance, but as the rebels or militant groups begin to prosper at war and see the benefits (such as siphoning aid for private profit) they have an incentive to continue the violence and are well poised to do so in Somalia. The proliferation of arms in Somalia, from years of protracted conflict since the outbreak of war in 1977, has made obtaining a monopoly over violence close to impossible.

According to the economic scholar Jamil Mubarak, five policy choices initiated the weak state which in turn led to the Somali grievance discourse.<sup>41</sup> First, the continuing conflict over “absent Somali territories,” i.e. the continued disagreements with Ethiopia and Kenya over the

well-populated Southern and Eastern border areas of Somalia caused continual conflict that strained government resources. Second, the socialist experiment, and the creation of a large and inefficient public sector began the process of economic deterioration and waste that created a large black market economy. Third, there was poor commitment to policy reforms involving the currency exchange to head off the growing economic crisis. After the socialist experiment began to fail there was a great hesitancy to follow-through with the policy reforms. Wasteful institutions remained. Fourth, elite “capture” of state and market institutions, neo-patrimonialism, and clan dynamics led to a narrow distribution of resources and coercive power that excluded most Somalis. Finally, the oppression of individuals and groups not of the ruling elite pushed many people to retaliate as soon as opportunities presented themselves.

## **Legal Economic Opportunities in Somalia**

Several areas exist where the Somali economy has continued to function in spite of state collapse. These areas provide a source of income and revenue for many Somalis, even if relatively unregulated or controlled internally. Most of the formal and non-“illegal” Somali economic activities surround agriculture and livestock, telecommunications, money transfers such as remittances, and a small amount of transport and security services. Each of these economic areas has problems of their own and many overlap with illicit economic activities in and around Somalia. For instance, the livestock trade (which consists of both on the hoof sales as well as hides and meat) which was a booming business during the periods after colonialism was severely set back by the fall of the Barre government. The livestock market recovered with a huge surge in exports in the post-Barre years, only to collapse due to rumors of the rinder-pest disease that led to an import ban in key export markets for beef such as Saudi Arabia.<sup>42</sup> These

bans were lifted, then re-imposed, then lifted again in 2007.<sup>43</sup> Although Somalia in informal terms has one of the most thriving economies with a growth rate better than other countries in Africa, it still remains largely on the periphery of regular international trade.<sup>44</sup> That said, the international linkages and connections of the illicit and informal economies in Somalia are strong and varied, and most economic activity could not function without them.

## **Illicit and Informal Economies**

Some illicit activities in Somalia are integrated with its history and culture; others are more modern interventions. Some of the major illegal activities include: currency exchange; money laundering, remittance transfers; theft and re-sale of humanitarian aid resources, such as food, medicine; maritime piracy; kidnappings; arms transfers, of both small arms and light weapons (SALW), as well as larger combat units called ‘technical’s; drug trafficking, including qat, marijuana, etc; human trafficking, such as refugees but also including slaves and sex-workers; charcoal sales; and illegal sale or selling usage of government provided resources such as bore-holes and watering holes. This list contains most of the major illicit activities in Somalia (or at least considered illicit by international norms), but is by no means all-inclusive.

## **Currency Exchange**

The illegal currency exchange is one of the most interesting of the illicit economic activities in Somalia because it was a key factor in the Barre government’s economic problems. The currency traders continue to (oddly enough), use the Somali Shilling (SoSh) as the standard currency in daily exchanges and it remains in widespread circulation.<sup>45</sup> Although the SoSh has retained only a fraction of its value, it responds to supply and demand forces like any currency; Somali currency exchangers follow rates via modern telecommunications.<sup>46</sup> The Barre regime

after 1971 tied the official exchange rate to the U.S. dollar, where it remained until 1982 when the system became more responsive to market conditions at the behest of the International Monetary Fund. The fixed exchange rate allowed for an extensive black market trade in the appreciating Somali currency without government intervention -likely due to bribery- and huge profits were made in illegal exchanges that undercut official exchange rates.<sup>47</sup> Shortly after the SoSh began to react to market conditions, internal factors in the government such as corruption and mismanagement led to an excessive printing of paper money, and subsequent devaluation from inflation and trade losses. From the period of 1980-83 until the year 2000 the SoSh exchange rate went from 19 SoSh per USD to 9,925 SoSh per USD.<sup>48</sup> The SoSh has since experienced relative stability; as of 15 September 2009 the exchange rate was 3,190 SoSh per USD.<sup>49</sup> Most large transactions are carried out in US Dollars or Euros, but in order to obtain cash, one must visit a money-changer who has illegal ties within and outside the country. These money-changers operate completely independent of the shaky TFG backed Central Bank of Somalia, even if they do keep tabs on the current exchange rates, and it is these individuals who often have ties to other illegal networks and criminal organizations. Additionally, because of their independence from the state and volume of transactions they also maintain a *de facto* monopoly on the currency exchange enterprise and inadvertent control over the business beyond the reach of the central authority.

## Hawala

Beyond the unofficial money changing and transfers of wealth at the local level, many of the same individuals and organizations involved in local Somali money exchange and barter are also involved in the international money laundering and exchange business, which also involves remittances from the extensive Somali diaspora. The Somali diaspora and business community

primarily uses the informal banking system known in Somalia as Hawala, or the *hawalidaad* system, which is based on trust. The Hawala system allows for transfers of large sums of money across the globe without extensive official regulation or control. This lack of regulation or taxation is why the Hawala system receives a high volume of transactions from the illicit economic system, as much of that money is untraceable.

Hawala appeals to the illicit actor because it is cost effective, i.e. has low overhead and offers good rates; is efficient; has an established customer base; reliable, uncomplicated transactions that require little knowledge of a formal banking system; lacking in bureaucracy, based on trust and clanship; lacking in a paper trail, many transactions are not recorded in any official manner; evades taxes, exchange restrictions and fees.<sup>50</sup>

Additionally, as it is more appropriately called an “informal value transfer system,” Hawala resembles other types of money laundering. Money is often not transferred at all, but rather the value of the money is transferred through other goods, from something as benign as livestock skins or rugs, to illegal goods such as drugs and weapons. Shortly after the events of September 11, 2001 the United States froze funds and restricted one of the most prominent Somali Hawala banking houses, al-Barakaat because of its potential links to al-Qa`ida terrorists.<sup>51</sup> These money transfer companies (MTC) have resurged in recent years after adjusting to the restrictive environment post-9/11 and Dahabshiil, the largest current MTC claims expansive services that include postal services, construction, and telecommunications. Recently al-Barakaat was reviewed for delisting from US and UN blacklists and its assets partially unfrozen.<sup>52</sup>

These MTCs usually transfer the money that is being remitted through traditional legal banks in a number of countries, where it is stored and legitimately used for business costs, and then paid out at the other end through a variety of services. Many of these transactions go through a third party in Dubai or another Arab state who then export goods and other services to Somalia. A third party state and bank acting as the “legitimate” destination point is extremely important for MTCs due to the restrictive nature of trade with Somalia, which has restrictions from the US, UN and other international actors on many types of trade. Since a formal system is predicted to alienate 95 percent of potential Somali remittances, legal and illegal, because of documentation and identification systems, an informal system that uses the trust-based relationships which Somali religion, kinship culture and clanship provides is one of the only ways in which value could transfer in and out of the country.<sup>53</sup> Since identification is scarce in Somalia, and easily forged anyway, it is confirmed through questions involving family and clan. Only after these questions are answered correctly can an individual pick up his money.<sup>54</sup> In 2009 there were an estimated 14 percent of Somalia’s 7.4 million population strewn about the world, remitting an approximate 750 million to 1 billion US\$ each year. With such a high volume of transactions from disparate corners of the globe, using such personal informal connections for banking transactions represents no small feat.<sup>55</sup>

MTCs must still cooperate with an array of regulatory restrictions in order to operate in many countries across the globe. However, the small scale of most transactions and lack of traceable bank accounts makes these restrictions only a minor nuisance for most MTCs operating in Somalia. These restrictions were mostly enacted to catch terrorist finance, but as the 9/11 Commission Report shows,<sup>56</sup> the 9/11 hijackers eluded tracking from financial institutions even without extensive knowledge by using just such low-value transfer systems from “legitimate”

sources, rather than an MTC or money-laundering operation.<sup>57</sup> Money laundering, especially in cases involving Islamic charities are increasingly scrutinized internationally, but lack of oversight in Somalia makes it a prime destination for such activity. Al-Haramein for example, is a charity that has come under the most scrutiny for such actions. Al-Haramein was more associated with supporting terrorist activity than directly linked to involvement with illicit trade or finance networks. However, with the extensive network of criminal organizations operating in Somalia it is unlikely that Al-Haramein or other Islamic charities remain totally free of their influence.

## Humanitarian Aid

The aid sector is another area where illicit activity thrives in Somalia. As modern aid first began to flow in the wake of the 1973-4 drought and subsequent humanitarian crisis, the Somali government responded with what little resources they could, and even then corruption was present.<sup>58</sup> The Barre government worked to reduce clan allegiance, but, in fact, was still largely biased towards providing aid to the four main clans with which Barre was associated, the Darood, Ogaden, Majirteyn and Marrehaan. The government officials unfairly distributed aid to some regions and not to others, and other clans not in the distribution ring quickly moved to acquire resources through unofficial channels. The demand for aid quickly outstripped supply, and the officials involved in distribution saw an opportunity to profit, and did so.<sup>59</sup> As these individuals were also the officials with whom the external aid organizations worked and continued to do business, an illicit economy quickly sprung up parallel to the aid distribution networks. The aid organizations that operate in Somalia originating from more “acceptable” sources like the Middle East or African-Muslim countries are co-opted by the clan system as they grow in size and power, which in turn makes them clan biased in their operations as well.<sup>60</sup>

The later attempts by the UN to intervene and provide humanitarian aid were also interrupted in this manner, and food labeled for distribution was seen for sale as far south as Tanzania, and may have supported the Somali pirate industry.<sup>61</sup> Further investigation into aid-sales revealed that industrious criminals were creating refugee “camps” that didn’t exist, taking advantage of ignorance and the fear of violence against foreigners in Somalia. Criminals were providing fake camp names to officials in charge of distribution and receiving aid that was later sold elsewhere. The UN monitoring group report estimated that nearly half of all aid was diverted by criminal actors. Most of the aid was being sold illegally in markets and not reaching its intended recipients.<sup>62</sup> Some aid was also revealed as supporting the terrorist group al-Shabaab, and other insurgent groups and warlords in the country.<sup>63</sup> Consequently the United States ceased providing aid to the country for fear of it being diverted to questionable actors.<sup>64</sup> The World Bank Report discussed the problem, and did not wish to cease supplying aid for fear that the humanitarian crisis would expand. Any aid getting into Somalia, even if the majority was stolen, was a good thing.<sup>65</sup>

## **Piracy**

The issue of maritime piracy has received increased international media attention in the past few years. The success and frequency of pirate attacks and the scale of the criminal networks surrounding maritime pirates has risen along with their profile. In response to the piracy threat the international community has increased vigilance in maritime security, and many countries have contributed resources to more actively patrol and police threatened areas. New approaches are needed to address these issues, and some of the lesser known but more risky aspects of the problem need consideration for long term stability of Somalia and ability to

combat illicit networks in the region. Attempts to thwart pirates and prosecute those captured are so far largely ineffective. The pirate problem remains strong for several reasons. First, international laws regarding maritime piracy are outdated, and countries are hesitant or unwilling to try pirates due to issues concerning evidence and the possibility of failing to convict. Second, the current patrolling and enforcement method for combating maritime pirate networks usually involves considerable amounts of violence and risk. Up until now, only a Naval-Military strategy has been applied, with some successes but no overall reduction in attacks. As there is no Somali police force capable of combating the criminal network on the mainland, an external naval solution remains one of the few options open. In 2009, of the 22,000 registered ships that passed through the Gulf of Aden a total of 217 ships were attacked, up from 111 attacks in 2008.<sup>66</sup> Third, links to piracy and terrorism, both present and future, are real and increasing. Fourth, the attacks originating from Somalia are increasing in range and boldness, reaching as far south as 810 nm, and as far east as 1100 nm.<sup>67</sup> Finally, the scale of the pirate criminal organization has increased and poses a real threat of becoming a vast criminal organization. Even if piracy is reduced or stopped, such an organization could pose a threat for legitimate business for years into the future. The rise of the pirates as unique criminal organization has a number of driving forces. These forces go beyond the usual Somali political, clan, or Islamist group dynamic.

States such as Somalia where perpetual war, anarchy and economic chaos provide few opportunities for individuals to establish a formal stable livelihood or express themselves politically, have often fallen into a "Piracy-Cycle."<sup>68</sup> This cycle emerges from the analysis of piracy in the past, and shows strong evidence that, "piracy is likely to exist while there are littoral communities that are sunk in poverty or vulnerable to economic fluctuations and in which local traditional practice is more respected than the law of a remote central authority."<sup>69</sup> This lack of,

or disregard for (in their eyes illegitimate), remote authority is key to the political nature of piracy, and many cases from the past show how pirates in such states portrayed themselves as levying taxes and protecting coastlines.<sup>70</sup> Modern Somali pirates sometimes claim their actions are similarly motivated.<sup>71</sup> Although pirates are not necessarily attempting to influence a specific political entity directly through their actions, and some claim they are not at all politically motivated, the lack of a controlling political force that maintains a monopoly on violence is key to the emergence of piracy and the illicit economic activity that stems from it. An additional problem that needs consideration for anti-criminal activity including piracy and stability is the fact that prolonged drought and conflict as described earlier have not allowed food to be planted, grown or stored for years in many regions, resulting in an increased humanitarian crisis. This humanitarian and economic crisis only perpetuates the criminality and Pirate-Cycle. To break from these cycles requires an approach that takes into account the failed state and dilapidated market factors.<sup>72</sup>

The pirates themselves are roughly organized into two primary groups, one focused around Puntland (north-eastern Somalia associated with the Majirteyn Clan), and one based in central Somalia (primarily the Habar Gidir clan).<sup>73</sup> These networks have fluid relationships, and territory, personnel, resources and profits are shared and mutually controlled. The main leaders of the pirate groups are Garaad Mohamud Mohamed and Mohamed Abdi Hassan “Afweyne” (central Somalia network based in Harardheere) as well as, Farah Hirsi Kulan “Boyah.”<sup>74</sup> These leaders appear to have a strong business sense, and their pirate organizations are “guided more by the principles of private enterprise than military strategy.”<sup>75</sup> Their business model is extremely complicated, and the organization includes the main financier, his ground team (who provide the logistical support for the maritime militia), negotiators with foreign language skills,

local officials, elders, senior government officials, money launderers, and smugglers. Each of these individuals receives a salary, and in the case of the actual pirates themselves, the first man on the ship is often given a “bonus” as incentive, which could consist of a small monetary bonus, or depending on the final ransom, an SUV.<sup>76</sup> Ransom is paid via air-drop, in either Euros or US\$.<sup>77</sup> These flows of European or American cash further facilitate the illicit currency exchange.

Counter-pirate measures at sea have involved Yemen and Kenya, who have basic maritime patrol capabilities. Three further large naval coalitions conduct counter-piracy patrols in the area: Combined Maritime Forces of NATO (Operation Ocean Shield); EU’s NAVFOR Somalia (Operation Atalanta); Naval Forces US Central Command in Bahrain Combined Task Forces 151; plus a myriad of other patrol ships from China, Russia, and other interested parties. Many of these independent actors do not cooperate or coordinate with the other coalitions in the area, and no combined oversight exists that is managing and coordinating efforts.<sup>78</sup> As stated above, attempts to address the humanitarian issues by the international community have largely failed, and the continual failure has implications for the illicit activity, as well as regional and global security for a few key reasons. The Somalis have reacted to lawlessness, lack of economic security and insecurity on land by pushing out into the ocean and capturing ships for ransom in one of the most heavily transited areas of the world threatening global trade.<sup>79</sup> The proximity of Somalia to Yemen and linkages between the two has drawn more terrorists and criminal activity to the region, both seeking safe haven and transit opportunities in Somalia for drugs, arms, and people, including radicalized US citizens.<sup>80</sup>

Current attempts to combat piracy have generally focused around countries sending ships to patrol set corridors and provide a show of force<sup>81</sup> and measures taken by individual ships that

are generally non-lethal such as turning fire-hoses on their own ship's hull to prevent pirates from getting too close to climb the hull in dangerous areas, and putting up razor-wire around the deck to dissuade boarding. Any other methods, such as boarding of ships by military personnel, entering territorial waters with military vessels,<sup>82</sup> or the carrying of weapons by non-military maritime personnel are legally questionable.<sup>83</sup> Although after 2001 the UN and other countries tried to expand the capabilities and legal protection for countries undertaking counter-piracy measures, there remains a great deal of ambiguity and many gray areas.<sup>84</sup> These difficulties are inherent in the international system where consensus and cooperation are typically complicated and complex given the differing sets of priorities regarding maritime law. In the case of Somalia and Somali piracy, other mainland economic policies and de-stabilizing factors have led to the failed state that enables piracy, and any future attempts to combat it must understand and address these issues as well as those at sea.

Furthermore, the links between maritime piracy, criminal networks and terrorism, although perhaps not apparent upon initial evaluation, and denied by some, when examined more closely show the close conflation between the three illegal activities. Pirates are often seen as simple privateers, criminals who share more in common with highway robbers, kidnappers, extortionists and other criminals than the more fearsome and dangerous terrorist. In this paradigm, the criminal or pirate's motives are often considered as nothing more than opportunism, survival, and of course the proverbial "booty" i.e. money or goods.<sup>85</sup> Indeed, most of the Somali pirates are involved primarily for personal gain. However, although pirates are not necessarily attempting to influence a specific political entity directly through their actions, they are certainly making a clear statement that they see themselves as at least partially politically motivated. Even if these statements are just to gloss over criminal acts. This political motivation

may not fall into the same category as ideologically driven terrorism such as that of al-Qa`ida, but it is very similar to other profit seeking, violent organizations such as the various world Mafias.

Several key factors are worth considering in the case of Somalia and its criminal networks that have expanded out to sea. First, maritime terrorist attacks were carried out by al-Qa`ida operatives such as the 2000 attack on the *USS Cole* and 2002 attack on supertanker *M/V Limburg* at Yemeni ports. Second, al-Qa`ida has links to other groups such as al-Shabaab in Somalia who, although officially condemning piracy, certainly have the potential to co-opt the revenues taken in from ransom and pass these along to other terrorist groups, even if no apparent links between al-Shabaab and pirate organizations exist. Other international extremist and criminal organizations including Abu Sayyaf Group (ASG), Jemmah Islamiyya, and Kumpulan Mujahideen Malaysia (KMM) all include piracy and maritime acts in their portfolios of illicit activities.<sup>86</sup> ASG in particular uses piracy as a funding source and tactic in their overall terrorist strategy.<sup>87</sup> Third, this acquisition of revenue sources has become important not just for the individual pirate and the traditional criminal networks but for terrorist networks as well, who have in recent years lost support from states and had their other assets frozen in ongoing counterterrorism campaigns.<sup>88</sup> Fourth, terrorist groups, like any illicit operator, militant, criminal or even legitimate organization requires training, training grounds, and an area of operations (large or small), often called a "safe haven."

This training and its value are very important to increasing the capability of both criminals and terrorists and the risks and costs taken on by individuals to go to training camps are considerable. The Afghan Mujahideen that emerged out of the safe haven and long protracted war, poverty and conflict in Afghanistan (which also has extensive criminal networks) provided

a leadership base for al-Qa`ida that persists until today.<sup>89</sup> Some of these Afghan veterans were Somali and have since returned to the Horn.<sup>90</sup> Although there may exist no direct or immediately apparent training camps or safe-haven in Somalia or around the Straits of Malacca, the two places where piracy is currently most prevalent, the pirates are increasing in ability and boldness as a result of their "on-the-job training" through repeated acts of piracy. Most of the actual "doers" of piracy are expendable and at extremely high risk, however simply the sheer volume of participants (upwards of 1000-1500)<sup>91</sup> makes the potential for defectors to extremist groups (even if only a small number) extremely high. Capable pirates have the potential to become like the Afghan Mujahideen, but in a marine environment, i.e. a highly trained, experienced and capable force that has specialized in maritime operations involving the boarding, navigation and tactics for the takeover of maritime vessels.<sup>92</sup> The media attention received by high-profile hijackings like the *Faina* and *Maersk-Alabama* shows that maritime acts, though not as glamorous, high speed and intense as airplane hijackings, have the potential to draw the media attention that terrorists crave.

## Arms

Furthermore, the SALW that both the criminals, warlords, pirates and terrorists are using in Somalia are all transferred illegally. Since 1992 a UN Security Council arms embargo (UNSC-Resolution 733) has existed on Somalia, and member states are therefore in theory prohibited from sending arms to the nation. This ban is *de-facto* un-enforceable, and arms continue to flow into the country, especially from Yemen and Ethiopia.<sup>93</sup> The main financing for arms that flow to insurgents and Islamists comes from state actors such as Eritrea (est. US\$200,000 -500,000 per month), and at least two other states from the Islamic world. All of these transactions are in violation of the UN embargo.<sup>94</sup> Much of the fundraising for arms is done

via the illicit money transfer systems and web donations. The criminal networks appear to be largely self-financing, and as Brigitte Unger states in *Black Finance*: "...arms smuggling is also a source of illegal proceeds in itself, which are subsequently subject to laundering. Combined with the proceeds of drug trafficking, organized crime and the funds derived from arms smuggling have been identified as one of the main sources of illegal proceeds for laundering especially in parts of Eastern Africa."<sup>95</sup>

## Drug Trafficking

Somalia, along with the rest of Sub-Saharan Africa has seen a surge in drug trafficking in the past decade, and has become a key transit point for drugs that flow all over the world. This transit is in spite of the fact that other than qat or marijuana, no high volume of drugs is grown on the continent, and practically none grown in Somalia itself.<sup>96</sup> This drug transit point now includes a key route from drugs from Asia into the US via the Indian Mafia, usually with couriers from a variety of countries such as Somalia who transit through Kenya. The US\$ 100,000 payoff is a huge incentive for the Somali diaspora population, or any individual in search of quick money. Beyond transit, in the greater Horn, especially Ethiopia, qat and marijuana are cultivated for sale in Djibouti, Yemen and of course Somalia.<sup>97</sup> The drug trade is a thriving illegal business in Somalia and the Horn, especially for warlords, who operate the routes for heroin trafficking and use it as a main source of their self-sustained income to finance their criminal activities within Somalia, including purchasing arms. Although the external drug trade does include heroine and a high volume of cocaine, more frequently the chewed drug, qat, or marijuana, are consumed locally.<sup>98</sup>

Qat consumption is generally confined as an institutionalized consumption practice to Somalia (and the Somali realm), Ethiopia and Yemen, where it is transferred on a daily basis due to its high volatility and freshness requirements.<sup>99</sup> Throughout the Horn and East Africa, where qat is consumed, it also finds transfer points to the US and Great Britain where there are large Somali diaspora communities.<sup>100</sup> In spite of its status as a stimulant drug, qat remains legal under Islamic practice under the belief that it enhanced the religious experience, not unlike cannabis usage in the Ethiopian diaspora movement Rastafarianism, which also came from the area.<sup>101</sup> This is not to say that qat usage was always acceptable. In the 1980's qat was outlawed under the Barre regime (and again under al-Shabaab presently) which contributed to a major drop in income for many individuals who legally sold it previously, and pushed the sale and transit of qat underground.<sup>102</sup> In 1999-2000 it is estimated that an approximately 22.6 billion kg of qat, valued at 68.3 million US\$, were imported into Somalia, then much of it exported elsewhere in the world, making an extra 4,968 million US\$ for the illicit exporters air-lifting it internationally.<sup>103</sup> The qat producers, sellers, and traffickers are normally, all local individuals and criminal organizations based in the Horn, especially Somalia, where they can live and operate their business away from the scrutiny of the "stable" Horn governments: Ethiopia, Kenya, Djibouti, and Eritrea. The qat import-export business is a key player in the connections between criminal organizations such as those involved in arms smuggling, piracy (which needs an extensive support and business network), money laundering and illegal sale of humanitarian aid.

## **Entrepreneurs?**

Violent entrepreneurs are the main actors in the criminal networks in Somalia, with warlords, 'money-lords,'<sup>104</sup> and the Mogadishu Mafia<sup>105</sup> taking the foreground. Although some

criminal activity like piracy is denounced by Islamist groups, it is likely that they profit from the activity, and may include some of their main financing from the gray areas such as money-laundering. Both criminal and Islamic groups are using illicit (also informal) economies to finance operations, some are justifying this by providing services to local populations, and most of the locals are happy to look the other way if some modicum of peace and human security are provided, no matter where the source. The initial lack of, and conflict, over resources pushed entrepreneurs to use what materials were readily available (i.e. dugout boats, people in need, plus guns), to make their business focus on activities like piracy and other illicit economies. This business shift creates a greater demand for more guns and pirates, fuelling the illegal cycle. An upside to these activities exist however, as although the economy in Somalia is largely informal, a legal cottage industry grew from financing pirate activities (e.g. to build and maintain a force of patrol ships with a base on land, food and water for pirates and captives to name a few). Also, a market has developed around providing better tech for pirates, e.g. Global Positioning Systems (GPS), and sturdier long range mother-ships to extend the range of pirate attacks.<sup>106</sup>

These factors are hindering a real legal economy however, as they are seen as illegal by the international community who might otherwise potentially invest in Somalia. Additionally, the extensive pervasiveness of arms and an unstable political situation create high transaction costs for mediation and business. Therefore, the regular flow and taxation of commercial goods is hindered, and illicit goods such as arms, qat, and illegal currency exchange take the foreground in economic activity, placing livestock, agricultural trade, telecommunications and food/household goods in the background. That said, the recent UN report<sup>107</sup> on Somalia states that the Somali economy is actually doing better in the free market (albeit illicit and informal) atmosphere than some other African economies.

## Policy Recommendations

An approach that might have a chance at circumventing clan, warlord, money-lord, and Mogadishu mafia rivalries fueling the illicit economies is one that recognizes the diffuse and decentralized clan based system of government and provision of goods and public works within that structure. The pirate groups and their position as a conglomerate of members of different clans or businessmen instead of just clan-leaders are in a unique position to transcend clan issues and provide an actor (or actors) that can actually become a model for Somali cooperation, i.e. the violent entrepreneurs might become the politicians needed to unify the country. The idea of organized crime as a tool in state-building is not new; Charles Tilly proposed the idea as early as 1985.<sup>108</sup> As described by William Reno, Tilly draws connections between violence, protection rackets and generation of revenue by war leaders in Europe to pay for military campaigns, eventually resulting in the establishment of a formal state apparatus.<sup>109</sup> Reno further elaborates on these concepts, describing how these predatory individuals develop state structures and legitimate businesses as they shift from violent criminal activity to the realm of peaceful economic competition. This shift to legitimate business and cooperation by the money-lords and warlords can bring about significant social change. In Somalia, where external influence and other state-building activity have failed, promoting incentives for the moneylords and warlords to participate in legitimate economic activity may provide the boost needed to establish security and peaceful co-existence between clans. Policies towards illicit activity that confuse people with policies, especially those involved in illicit activity simply for survival such as piracy or acquiring humanitarian aid should focus on not criminalizing people who are acting out of necessity and lacking other distinct, viable opportunities. Instead, these policies should focus on providing better incentives for Somalis to go legitimate.

Additionally, the international community should also withdraw its bid for power in Somalia, and cease assassinating and targeting Somalis engaged in illicit activity as they do typical terrorists. This activity amounts to extrajudicial killings, and is done without due process in any court. As long as Islamist groups within Somalia are viewed as fighting foreign, international or US backed troops or rival clans, and their fellow Somalis are shot by overzealous international actors, Islamist groups will continue to gain in strength and support among the general mainland population and other trans-national criminal and terrorist groups.

The UN and other International actors should recognize that supporting a puppet Transitional Federal Government that remains “Transitional” and is not wanted or legitimized by the Somali people is simply futile. The international community should cease recognizing any actor or body who claims power or authority in Somalia (or Mogadishu) that is not approved by the conglomerate clan heads and the people that reside within Somalia itself.<sup>110</sup> Some suggestions include moving the capitol to Hargeisa in the stable Somaliland section of the country until peace is established in the south. Somaliland and Puntland could receive “interim special status” similar to that given southern Sudan. This status would allow Somaliland and Puntland to enter into international agreements, contracts and other foreign activity requiring state recognition such as a SWIFT banking code. Also concerning banking, more of the restrictions on al-Barakaat and other Hawala systems need to be lifted and revised in a manner that reflects the unique situation in Africa. The flow of goods through formal markets and legitimate entrepreneurs needs encouragement through preferential trade negotiations and permitting easier flows of money through other money-transfer organizations such as Dahabshiil.

Instead of hunting, angering and encouraging violent entrepreneurs, the international community should encourage contact, partnerships and trade with them. Criminal entrepreneurs,

especially in Somalia, have the potential to become the trade/market liaison between the international markets and donor community. If the root of the criminal problem lies in desperation and financial gain as well as a feeling of disenfranchisement and lack of voice in the international community, linking with illicit actors and providing them with incentives beyond big money has the potential to address most of their issues driving them to their current state. Captured pirates, for example, should be interviewed beyond simple security and intelligence questions about their socio-economic needs and potential new approaches taken to discover avenues to re-establish legitimate trade and market opportunities with the mainland.<sup>111</sup>

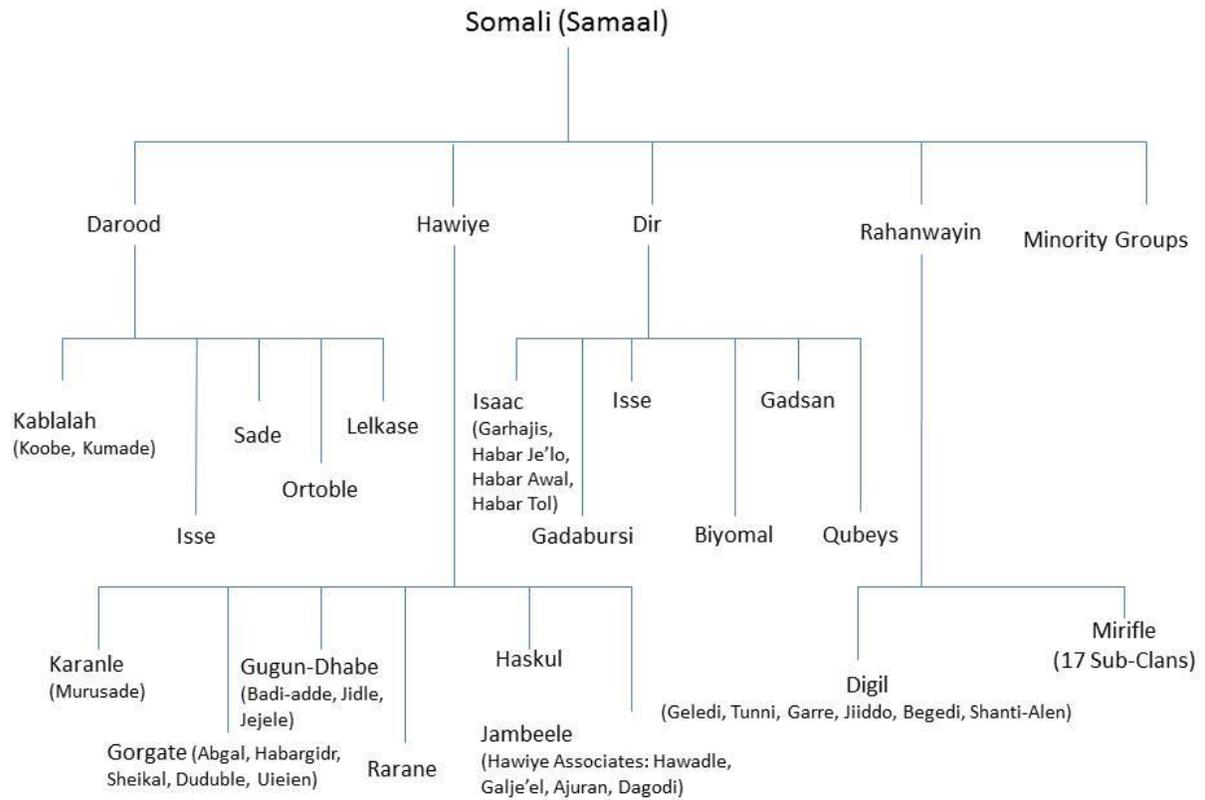
Finally, making the shipping and aid systems transparent is necessary, on the international side as well as the Somali side. On the Somali side of the equation, this transparency can be achieved by establishing many diffuse business contacts and utilizing a competitive system of development. This system could then be mediated not only through the observers running the program, but through the clans, money-lords and pirates themselves. Through this, all actors, illicit and licit will see what projects and goods the other clans and areas have available through the formal markets and trader networks, and wish to improve their own access. Making the operation function on a smaller scale and using local money-lords or businessmen and trade groups will reduce the top-tier corruption and make the local leaders more visible to their people. For larger projects that would involve a greater population or geographic dynamic, an element of cooperation would then fall automatically in place, further reducing the fissures between regions and clans.

## Conclusions

This leveling of the playing field would do much to alleviate tensions between clans and other groups competing for resources. Building the system to be based on economic competition, socio-economic incentives, market rewards and personal success will initially see some failures, but the invisible hand mechanism is such that niches are filled quickly given the right incentives. These incentives drive the people to recognize that the functionality of such a system is in their overall interest. This base is necessary because it will encourage not only economic entrepreneurs, but political ones as well, which is also necessary for the growth and stability of Somalia. Political entrepreneurship requires the same skillset as market entrepreneurship. The skills required to work with others to facilitate successful economic projects are similar to those used to gain widespread political support. This market-to-political entrepreneur evolution in Somalia may happen through existing clan, money-lord or pirate connections. However, the geographic fluidity of the clans is ever changing. Entrepreneurs therefore are encouraged to bring other actors into the fold so as not to undermine their own hard work and that of others, in a way that would challenge future progress. Since the existence of warlords, pirates, money-lords, Mogadishu mafia and Islamic groups has created actors that are not necessarily associated with clans only, representatives of their specific interests that are focused around more diverse populations beyond clanship might emerge. Excluding any of these groups is fatal to the process, since as stated earlier, such groups when alone are individually quickly co-opted by the clan system and thereby reduced in effectiveness. Illicit economies in Somalia currently have no end in sight and continue to grow, but they also possibly provide a path to growth for the Somali people given the proper incentives and international attention. Before that happens, informal and illicit activity represents a valuable asset for individual livelihoods in the poverty stricken nation.

## Appendices:

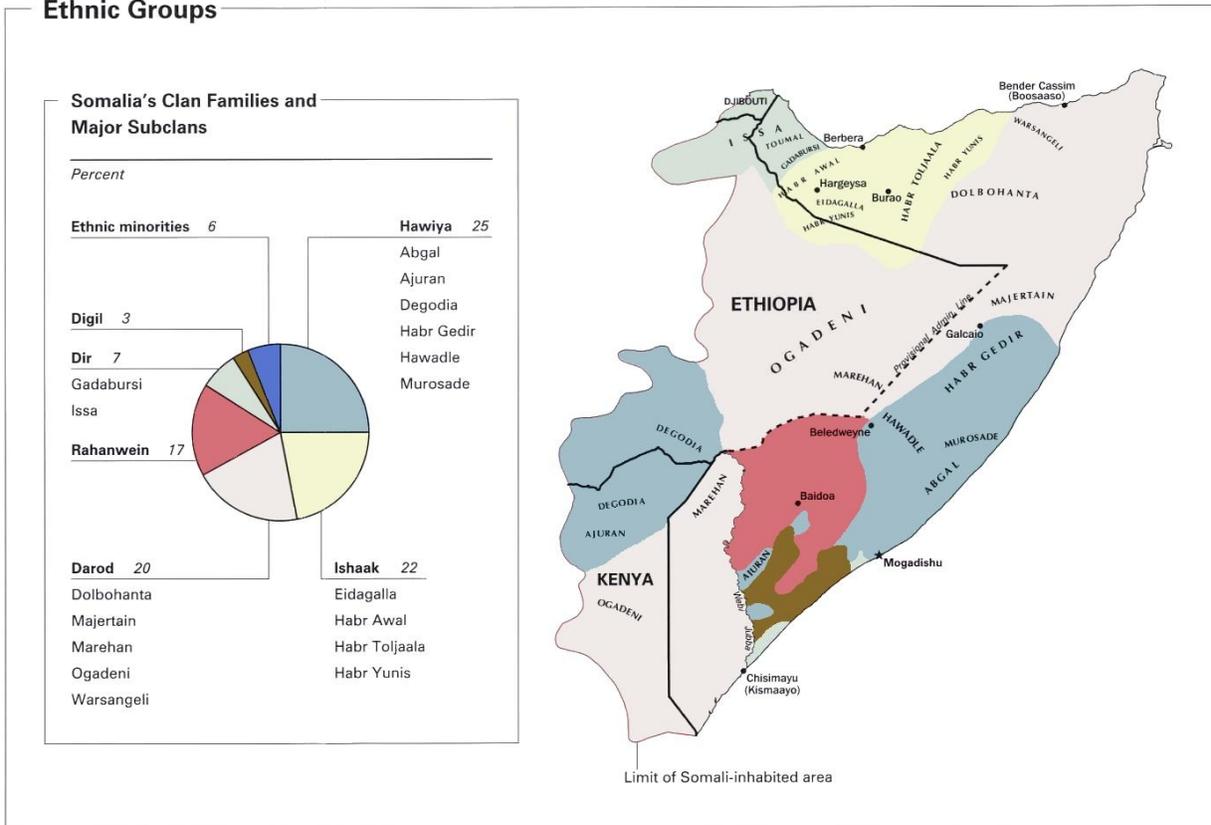
### Appendix A: South-Central Somali Clan Structure



Source: World Bank, “Conflict in Somalia: Drivers and Dynamics.” January 2005, p. 56;  
<http://siteresources.worldbank.org/INTSOMALIA/Resources/conflictinsomalia.pdf>

## Appendix B: Map of Somali Clans

### Ethnic Groups



Source: University of Texas Austin. Perry-Castañeda Library Map Collection:  
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- <sup>65</sup> *Ibid.*
- <sup>66</sup> Rothberg, Robert. *Combating Maritime Piracy: A Policy Brief with Recommendations for Action*. World Peace Foundation, January 26, 2010, no 11.
- <sup>67</sup> IMB Reports, Online: [http://www.icc-ccs.org/index.php?option=com\\_fabrik&c=form&view=details&Itemid=261&fabrik=45&rowid=377&tableid=55&fabrik\\_cursor=375&fabrik\\_total=0](http://www.icc-ccs.org/index.php?option=com_fabrik&c=form&view=details&Itemid=261&fabrik=45&rowid=377&tableid=55&fabrik_cursor=375&fabrik_total=0), [http://www.icc-ccs.org/index.php?option=com\\_fabrik&c=form&view=details&Itemid=261&fabrik=45&rowid=362&tableid=55&fabrik\\_cursor=360&fabrik\\_total=0](http://www.icc-ccs.org/index.php?option=com_fabrik&c=form&view=details&Itemid=261&fabrik=45&rowid=362&tableid=55&fabrik_cursor=360&fabrik_total=0),
- <sup>68</sup> Anderson, J. L. "Piracy and World History: An Economic Perspective on Maritime Predation." *Journal of World History* (University of Hawaii Press) 6, no. 2 (1995): 175-199.
- <sup>69</sup> *Ibid.*
- <sup>70</sup> *Ibid.*
- <sup>71</sup> Gettleman, Jeffrey. "Somali Pirates Tell Their Side: They Want Only Money." *The New York Times*, September 30, 2008: A6. (The Title of this is slightly misleading, the money referred to is for *Faina*, a ship containing arms, the pirates were stating that they didn't want the arms aboard the ship but the ransom only, later expressing " We don't

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consider ourselves sea bandits... We consider sea bandits those who illegally fish in our seas and dump waste in our seas and carry weapons in our seas. We are simply patrolling our seas. Think of us like a coast guard.”)

<sup>72</sup> This is also where the West needs to appreciate its lessons from emerging capitalist markets and encourage legitimate markets and entrepreneurs again in Somalia.

<sup>73</sup> Ibid.

<sup>74</sup> UN, 2008.

<sup>75</sup> Ibid.

<sup>76</sup> Ibid.

<sup>77</sup> Gardner, Frank. "The Long Road to the Chandlers' Release." *BBC On-Line*, November 14, 2010.

<sup>78</sup> Snodden, Robert. "Piracy and Maritime Terrorism: Naval Responses to Existing and Emerging Threats to the Global Seaborne Economy." In *Violence at Sea: Piracy in the Age of Global Terrorism*, edited by Peter Lehr, 225-240. New York, NY: Routledge, 2007.

<sup>79</sup> Rotberg, 2010.

<sup>80</sup> Temple-Raston, Dina. "Missing Somali Teens May Be Terrorist Recruits." *National Public Radio*, January 28, 2009.

<sup>81</sup> Snodden, Robert. "Piracy and Maritime Terrorism: Naval Responses to Existing and Emerging Threats to the Global Seaborne Economy." In *Violence at Sea: Piracy in the Age of Global Terrorism*, edited by Peter Lehr, 225-240. New York, NY: Routledge, 2007.

<sup>82</sup> Especially territorial waters of failed states where permission cannot be granted by a central government.

<sup>83</sup> Murphy, Martin. "High Resolution - Trying to tame Somalia's Piracy Problem." *Jane's Intelligence Review*. Jane's Information Group, July 17, 2008.

<sup>84</sup> Chalk, Peter, 2008.

<sup>85</sup> In the case of Somali pirates, more often it is simply money and nothing else which they desire, as their lack of interest in hijacked cargo, no matter the value, seems to imply. Other "flavors" of pirates, such as those off the West Coast of Africa or in and around the Straits of Malacca have a greater interest in goods beyond money, to include the ships themselves.

<sup>86</sup> Herbert-Burns, Rupert and Lauren Zucker. "Drawing the line between Piracy and Maritime Terrorism." *Jane's Intelligence Review*, September 01, 2004.

<sup>87</sup> Ibid.

<sup>88</sup> Murphy, Martin N. *Small boats, weak states, dirty money : the Challenge of Piracy*. New York, NY: Columbia University Press, 2009. p. 5.

<sup>89</sup> Bruce Hoffman, "The Myth of Grassroots Terrorism," *Foreign Affairs*, May/June 2008.

<sup>90</sup> "In the late 1990, half a dozen Somali Veterans of the anti-Soviet struggle in Afghanistan returned to Mogadishu, bringing with them an eagerness for armed jihad."

International Crisis Group. *Somalia's Islamists*. Africa Report No 100, Nairobi/Brussels: International Crisis Group, 2005; p 4.

<sup>91</sup> Lehr, Peter and Hendrick Lehmann. *Somalia -Pirates' New Paradise*. in Lehr, Peter, ed. *Violence at Sea*. New York, NY: Routledge, 2007. p.16.

UN Monitoring Group. *Report of the Monitoring Group on Somalia pursuant to Security Council resolution 1811 (2008)*. Report of the UN Monitoring Group, UN Security Council , 2008; p.28.

<sup>92</sup> These abilities may not seem threatening at first, but one need look no further than the leaders and other perpetrators of the Sept. 11, 2001 attacks for example, who all spent considerable time training for their operation by learning many aspects of aviation. Potentiality does not necessarily mean that an imminent threat exists, but as the resilience of piracy in the past years has shown international maritime security has serious flaws that are being exploited.

<sup>93</sup> UN, 2008.

<sup>94</sup> UN, 2008; p. 6.

<sup>95</sup> Unger, 2007; p. 146.

<sup>96</sup> Arnold, Guy. *The International Drugs Trade*. New York, NY: Routledge, 2005, p. 182-3.

<sup>97</sup> Arnold, 2005; p. 191.

<sup>98</sup> Anderson, David et. al. *The Khat Controversy: Stimulating the Debate on Drugs*. New York, NY: Berg-Oxford, 2007, p. 147-189.

<sup>99</sup> Anderson, 2007.

<sup>100</sup> Weir, Shelagh. Qat in Yemen: Consumption and Social Change. British Museum

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Publications, Ltd.: Britain. 1985; p.71.

<sup>101</sup> Weir, 1985; p. 75.

<sup>102</sup> Bariagaber, Assefaw, *Conflict and the Refugee Experience: Flight, Exile and Repatriation in the Horn of Africa*. 2006 Ashgate, Burlington, VT. p. 63.

<sup>103</sup> Anderson, 2007; p. 63.

<sup>104</sup> Gettleman, 2009.

<sup>105</sup> Le Sage, 2002.

<sup>106</sup> UN, 2008.

<sup>107</sup> UN, 2010.

<sup>108</sup> Tilly, C. (1985). War making and state making as organized crime. In P. Evans, D. Rueschemeyer, & T. Skocpol (Eds.), *Bringing the state back in* (pp. 169–191). New York: Cambridge University Press

<sup>109</sup> Reno, William. "Illicit Markets, Violence, Warlords, and Governance: West African Cases," *Crime Law and Social Change*, Vol 53 March 2009, p. 313-322.

<sup>110</sup> This 'strategic retreat' to intervention in Somalia will be the first and hardest pill to swallow, and is politically the most volatile, but is necessary to allow the Somali people the first step towards a plan that takes into account the political grievances of the Somali pirates and people.

<sup>111</sup> Exact details of how such a program might work are of course extremely difficult, it is important here only to assess possibilities for different approaches and not specifics.

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