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The Case of Hawala in Somali Society**

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List of Acronyms

AMISOM	African Union Mission in Somalia
AU	African Union
CSRO	Charitable Somali Remittance Organisation
EUR	Euro
GBP	Great Britain Pounds
IOM	International Organisation of Migration
LMICs	Low- and Middle-Income Countries
MG	Money Gram
ODA	Official Development Aid
OECD	Organisation of Economic Cooperation and Development
SDF	Somali Democratic Front
SDGs	Sustainable Development Goals
SNM	Somali National Movement
SRO	Self-regulated Organisation
SYL	Somali Youth League
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission on Refuge
UN SOM	United Nations Somalia office
USD	United States Dollars
WB	World Bank
WU	Western Union

List of Glossary

Bah – family linkage, usually those from same ethnic group

Clan- group of people which usually share same ancestral roots.

Mag – sometimes called diya, it's payable money or compensation when someone's property is either damaged/ it's also payable money when someone murders another one.

Xeer – customary Somali law

Sheeko- story; crucial part of Somali social interactions; arena for exchange of information and news

Shaah – tea; facilitator for social gathering(s)

Abstract

This paper analyses conditions which make Hawala work as money and information transfer system. This system of money transfer is so unusual due to some reasons. One of the reasons is lack of banking services in Somalia. Another reason which makes this system so unique is how it operates in stateless society especially within Somali Society. The study also shows how different actors play in the successful operation of Hawala system. These actors include inter-clan relations, embedded and capitalised trust among the Somali society, customary law and transaction costs associated with Hawala.

To answer the researcher's main question and sub-question, this study has used qualitative secondary data analysis in different languages. The study has also used primary data, collected through fieldwork conducted in The Netherlands and in Somalia.

The study has used three main conceptual frameworks i.e. governmentality, embeddedness and informal institutions to assess what makes Hawala work within Somali society. The study has found out other forms of governmentality that exists within Somali social structures that contributes to successful operation of Hawala. The study also suggests existence of non-Westphalian state and informal institutions which can successfully operate for decades.

Relevance to Development Studies

Remittances, including Hawala, are important part of financial flow to Somalia. This system known as Hawala provides development financing to Somali society more than any other external source of financing. Hawala also plays a major role in connecting Somali diaspora and local Somali society.

This research focuses on organic forms of governance which mainly exist with the global south societies. It proposes alternatives to development and how

lack of formal institutions encourages societies to find their own organic ways to support each other and remain connected to the rest of the world. This makes the research relevant one to development studies as well as other international mechanism on promoting sustainable development in the global South.

Keywords

Hawala, remittances, migration, money transfer, embeddedness, governmentality, diaspora, livelihoods,

Chapter 1: Introduction

In recent years, there was an increase in immigration from African and Middle Eastern countries to different regions of the world due to factors like insecurity, conflicts, unemployment and lack of opportunities in their home countries, etc. Since the outbreak of the Somali civil war in the early 1990s, insecurity and blood-shed and lawlessness characterised the country. During this time a lot of Somali population fled from the country to neighbouring countries especially Kenya and Ethiopia. As the number of Somali asylum seekers kept increasing especially in Kenya, United Nations High Commission for Refugees (UNHCR) has relocated hundreds of thousands of Somalis from Kenya, Ethiopia and Somalia itself to countries like United States of America, The United Kingdom and The Netherlands.

Most relocated Somali refugees help and support the families they had left behind. This help is mainly delivered in form of remittances and despite the absence of formal financial institutions to perform these transfers. International Organisation of Migration IOM (2018) defines remittances as “money or goods sent back by an immigrant to his/her country of origin.” Although most of the time remittances refer to money sent (IOM et.al), it can also include other valuables or goods needed by the families of the remitting person. For instance, the case of Somali refugees and their use of remittance is very unique and different from other forms of remittances.

The fact that Somalis can send money home without formal financial channels is in itself puzzling. Somalis use systems known as Hawala as form of remitting money and information to their country. This system of money transfer was present within Somali society for a very long time, even before the civil war. But it is in the last decades that its importance has soared. It's a unique way in which Somalis can send money and information within Somalia and outside. Hawala moves more funds than any other source of external financing to the country. The governmentality of such a system relates to factors that are yet to be disclosed.

Each year there's 1.3-4 Billion USD Hawala money flowing into Somalia which makes Hawala bigger than Official Development Assistance (ODA) received by Somalia in any year (Orozco & Yansura, 2013:4). World Bank's

Migration and Development brief (2018) has indicated that remittance flow to low and middle income countries (LMIC) reached record high of 528 Billion USD. This shows how remittances to LMICs is increasing yearly.

Hawala is not only a stable source of external financial flow but it has high impact on both economic life and livelihoods of Somali society. Scholarly works show different impact of Hawala and its specific embeddedness in Somali society. For instance, Lindley (2009a, 2009b, 2009c) shows Hawala contribution to livelihoods and income to households in Somalia. She also highlights how Hawala's funds are used for investment and human development in Somaliland. On other side, Laura (2011) shows how this "obligated to give" money of Hawala contributes to socio-economic life of Somali society. Other scholars like Kulaksiz and Purdekova also showed Hawala's positive on both social and human development in Somalia.

Although most remittance flow data is recorded, Somalia's Hawala flow and its data is very limited. One of the main challenges associated with data availability in Hawala system its nature of operation. Mostly, Hawala operates as part of grocery stores and shops around the world, most of Hawaladars¹ are not registered as legal and formal money transfers institutions in The Netherlands, UK, USA among other Western countries. Another factor which can be associated with limited availability of Hawala data is its seemingly anonymous or invisible ways of sending and receiving money without identification or forms to fill in.

Considering its lack of formalisation, Hawala is a rather invisible mechanism on which limited research has been conducted. There is a limitation of the literature and system's underground operations² remain to be part of the two of the limitations. This qualitative research aims to contribute to this limited literature on Hawala generally and more specifically its role in Somalia society.

¹ Hawaladdar(s) are operational places of Hawala companies.

² Underground operation is referred here how this system works mostly in informal way, usually works from stores or another business's office in order to avoid from banking service charges and government regulations.

In order to study the Hawala system and its role in Somali society; this research is led by one main central question: “What factors support the functioning of Hawala system of money transfers in stateless Somalia?”

The sub questions are:

1. Who are the actors involved in Hawala across borders?
2. What are the economic and non-economic developmental roles of Hawala in Somali society?
3. What institutional mechanisms facilitate the management of Hawala?

Generally, remittances data, including Hawala, in Somalia remain a “guesstimation” data. This guesstimation of data on remittances can be associated with a number of different factors. One such factor is underground transactions, most users including Hawala in Somali prefer to keep the data and information related to money they sent and ways which they used private. This could be due to other reasons including social security and welfare systems in the West.

Another major reason is low academic literature available in the field of Somali studies. This study will be contributing to the wider literature on Somalia and the Hawala system.

During my literature review for this topic, there was limited and outdated academic work on Hawala and financial system in Somalia. I have found that most of the literature written about Hawala was as old as 10 years. This topic was somewhat studied post 9/11 when the international community realised the existence of Hawala and its potential to finance terrorism.

There is need to study remittances in Somalia because it is allowing thousands of Somalis to survive, yet there is limited academic debate around the factors that allow this invisible yet massive system of international money transfers to function. The study will contribute to remittances literature especially so called “informal systems” that work under the radar of most Western research on the topic.

Study of Hawala and other informal finance can be related to development finances. There is greater need for development financing and

most of big development financing seems to be failing and unreachable. Thus, other means of financing development needs to be considered. As Hawala is used for development financing in one of the world's poorest countries, there's need to study why those societies preferred this system more than other formal financial institutions.

1.1 Research Methodology

As said, Hawala system's operation is invisible so there is limited reliable data on it. This research uses qualitative research methods and methodology. Secondary source of the data used in this research comes from intensive online search in several languages including Somali, English, Arabic and Turkish. During the qualitative secondary data analysis, the researcher has found that there are few recently written scholarly work on Hawala system especially in Somali context.

This limitation can be associated with different issues. One of the main issues is that most of the scholarly work is done by 'external researchers' who lack the understanding Somali social structure and how it shapes organisational operation of Hawala system. This limits researcher's understanding of the system and portrays Hawala as very complicated informal system where money laundering and terrorist financing is used.

Most of the academic literature on Hawala adopts a 'Western' point of view in its understanding of states and, hence, fails to address and understand Hawala system and how economic governance exists in a country where there is no functioning state. The research has taken a different approach to show how systems of governance like that of Hawala can work in a country where governance lies beyond 'Westphalian state' (Croxton, 1991:569). In Westphalian nature, there should be existing and recognised sovereignty where rule of law exists, but this type of state nature doesn't fit all different forms of state.

One of the main weaknesses associated with Westphalian state is that it only recognises the modern state – usually with Western viewpoint. This leads my research to the highlight: theexistence of other forms of governance and how certain governances can happen without state or functioning statehood

institutions. This research wishes to highlight importance of other organic governance structures in the global South in generally and, more specifically, how Hawala system as part of informal economy works without central Somali government. In order to achieve this understanding, the research has employed two main qualitative tools- key informative interviews and ethnographic fieldwork.

1.2 Data gathering methods

This research has used key informative interviews as source of finding out why people use Hawala system. These interviews were conducted in The Netherlands and Somalia. A total of 12 interviews were conducted, 10 face-to-face interviews in The Netherlands and two over WhatsApp calls in Somalia. The names of the informants are changed with general ones for the sake of privacy and ethics.

The researcher has decided to conduct the field work in The Netherlands which holds almost 33,000 Somali diasporas (Van Liempt & Nijenhuis, 2014), making it the country with 3rd largest Somali diasporic population.

Qualitative interviewing has a number of advantages when it comes to qualitative research. According to Seidman (1998), interviews are important when it comes to hearing and learning from people's experience. The research has used qualitative interviews in order to hear people's stories on use of Hawala and why it works within the Somali Diaspora in The Netherlands.

During the fieldwork, not only asking questions was necessary but also observing physical expressions of the respondents was as important as the answers given by the respondents. For instance, to understand how they react to different questions, their facial expressions as well as confidence they feel when talking about certain things were necessary during the fieldwork.

Ethnographic study was another methodological study tool used during the research. Specifically, this research has triangulated data from qualitative interviews, observations and secondary data as using ethnographic tools. Reeves, Peller, Goldman & Kitto, 2013: e1365). This triangulation was necessary for this

research to uncover use of Hawala system, how it works and the role it plays in Somali society. By using ethnographic study, this study tends to translate alien meaning of Hawala and how it works to a readers who are only familiar with formal banking and money transfer systems.

In order to study Hawala and how it operates in The Netherlands, the researcher has extensively travelled between three main cities (Amsterdam, Utrecht and Arnhem) for three months (July, August and September 2019). The research has employed what Hampshire, Iqbal et. el (2014: 215) call “narrative *ethnography*”. This type of data gathering instrument involves analysing narratives which informants shared with the researcher during the fieldwork. In narrative ethnography, the researcher studied the world in which those informants, their stories, how they were telling their stories about civil war, asylum seeking in Europe, and using Hawala as way of sending money and information to their relatives back in Somalia; thus, making narrative ethnography as break-through tool in which stories of Somali diaspora living in The Netherlands are studied.

This research has selected three cities in The Netherlands to conduct key informative and ethnographic study employed during the fieldwork: Amsterdam, Utrecht and Arnhem. All of these cities were selected based on different criteria. Firstly, Amsterdam and Utrecht hold large Somali population. Utrecht alone has some 2500 Somalis, while Amsterdam has around 5000 Somalis. (Van Leimpt & Nijenhuis, 2014: 28). Both Utrecht and Amsterdam has different Somali organisations and gatherings which the researcher attended to observation and also to listen their narrative as part of narrative ethnography.

In Amsterdam and Utrecht, there was higher chance of meeting Somalis in Somali neighbourhoods, and most of the people were willing to engage and talk unlike in other cities. The informants of the study were mix of both middle-aged and young people. Mostly the study interviewed middle-aged, working, Somali-Dutch men and women who are household heads. This selection was based on two main reasons. Firstly, this middle-aged working group use Hawala to send money regularly in comparison to the young and unemployed Somali-Dutch, and, secondly, these Somali-Dutch lived in The Netherlands for more than 15 years and had no fear from the government or local municipalities unlike other groups. Other Somali groups feel that they can be easily targeted by the

government or municipalities if they disclose their use of Hawala since most of them are unemployed and get social service from Dutch government, and if the government becomes aware of them sending money to Somalia, they could lose the benefit.

The third city which study was conducted was Arnhem because there was one Hawaladar office which was willing to allow the researcher to visit the Hawaladar operation. In Arnhem, two informants were interviewed. One of them was the Hawaladar operator. This informant was the only one who granted entrance to their^{*3} grocery where they operate one of the Hawala companies.

The fourth and final group of interviews were conducted over WhatsApp calls. Those informants were specifically selected on basis of their experience this system inside Somalia. Both of them had solid experience of the role trust plays in networks like Hawala. These two informants used Hawala when it was only in Somalia. They are also dependent on this system for their daily livelihoods. They have children and grandchildren in Europe and America who send living expenses every month to them. The selection of these two informants was also aimed at exploring what trust means to them and how the nature of Hawala is recently evolving- from someone carrying money to digital and mobile money solutions.

This study contains 7 chapters. Each of these 7 chapters deals with specific aspect of the study. The first chapter is introduction, second chapter studies conceptual and theoretical frameworks used in the study, third chapter studies background with more focus on socio-political structure of Somali Diaspora, fourth chapter studies main structures of Hawala while fifth chapter highlights key determinants of Hawala, the sixth chapter studies the role Hawala system plays within Somali society and the seventh chapter highlights the conclusion of the study.

³ Referring to gender neutral possessive adjective for the sake of privacy.

Chapter 2: Conceptual and Theoretical Framework

2.1 Introduction

The chapter highlights two main theoretical and conceptual frameworks and other associated theories. The two main conceptual frameworks of this study are embeddedness coined by Polanyi and governmentality by Foucault. The study employs both these concepts as main conceptual frameworks to study how trust is embedded into the Hawala system and how this system follows the Foucauldian concept of “governance of self”.

2.2 Governmentality

Governmentality is a concept developed by Michael Foucault in 1970s. Foucault's development of this concept is associated with his investigation of political power (Rose, O'Malley et. El 2006:83). In the course of Foucault's different lectures and academic work, there were different uses and explanations of governmentality. Mitchel Dean highlights some different definitions of government in his work *Critical and Effective Histories 1994*. According to Dean (1994), there are three main definitions of Foucault's Governmentality. Firstly, “as contact between technologies of domination of others and those of self”. Secondly, as “ethical relations of self to self which concerns strategies for direction of conduct of free individuals”, and, thirdly, governmentality as “practices of self and that of government together without reducing one to another.” (Dean 1994: 175-176). The genealogy of governmentality has its roots with two of Foucault's thoughts. The first thought is microphysics of power which concerns political rationality, technologies of government and history of sexuality which concerns the desires and techniques of self (Dean 1994).

Another important aspect of governmentality which Foucault talked about is the importance of state and its transformative role in the society. According to Foucault “state is no more than a composite reality but mythical abstraction which its function is a lot more limited” (Dean 1994: 180). This doesn't mean denying the state's existence and its role in the society but emphasises existence of different forms of governance in the society. In addition, Foucault stated three fundamental types of government as 1) “the art

of self- government which is connected to morality, 2) the art of family governing which belongs to the economy, and 3) science of ruling state”(Burchell, Gordon & Miller 1991:91).

Foucault’s first and second forms of government can be associated with Hawala’s operation. It can be argued that the art of self- government can include individual’s ability of self-governance. This then is related to that of family government which Foucault associated with the economy. The combination of these two forms of government can make systems like Hawala to function within Somali society. This is due to a number of different reasons. One of the reasons why the art of self-governance seems dominant form of government in Somalia and Somali society is that there is lack of state-government.

2.3 Embeddedness

Embeddedness is a term coined by Karl Polanyi in his work “*Great Transformation: The Political and Economic Origins of our Time*” in 1944. This term is the starting point of Polanyi’s work and thinking (Block, xxiii). This concept has had a major influence on modern economic thought. The term embeddedness expresses major idea on economic autonomy. This means that “economy is not autonomous but subordinated to politics, religion and social relations” (Block, 2001: xxiv). Polanyi makes a bold argument of embeddedness and social relations. He argues that social relations are embedded into the society (Block, 2001: xxiv). This is to say that social relations are the foundation of any society’ structures which results the uniqueness of each and every society.

Polanyi aims to demonstrate that economic relations have deep historical roots. No economic action can be understood without historicising it. (Watson, 2005: 142). In order to understand economic relations among the Somalis and their use of Hawala, there is a need to historicise economic relations among the Somalis. According to Polanyi, there are three forms of economic interaction within the society: 1) reciprocity, 2) redistribution and 3) exchange (Polanyi, 1944: 49-55). These three social integrations can be used to analyse reasons behind Hawala’s operation. Firstly, as Hawala is both economic and information relations among the Somalis, the principle of reciprocity may apply here. This happens due to primitive nature of Somali society and the believe that mutual benefits of such action. Watson highlights that reciprocity occurs when trust is

the dominant social norm. (Watson, 2005:147). Traditionally, Somali society practiced this principle. Trust is embedded into every social and political action among the Somalis. For example, sending money using Hawala and engaging with Hawala agents occur due to existence of trust. These norms can make it possible for someone to use Hawala and give his or her money and information to someone whom they never met before.

Polanyi's second form of economic integration within society is that of redistribution. Culturally there is such principle among the Somalis. It's not something which is required by the law but redistribution of resources among the Somalis is very common. Somali diaspora members who either work or get social welfare decide to share some money with his or her family back home in Somalia. Even if the diaspora makes less money than those in Somalia, there is a feeling that resource should be redistributed among the family members. Same thing happens when one receives the Hawala money - they share among the family members. One key issue which Polanyi talked about is the obligation to give and having the centrality or space which can make such exchange happen and, that's what Hawala plays in Somalia's informal economy.

Principle of economic integration	Reciprocity	Redistribution
Type of interdependence	Instituted complementarity	Instituted centrality
Type of institutional structure	Horizontal (symmetric)	Vertical (hierarchical)
Logic of action	Obligating among peers	Obligation in person/functional centralised system

Table 1.1 Polanyi's principles of economic integration, Source: Hillenkamp, Lapeyre & Andreia Lemaitre, 2013

2.3 Embeddedness Debates

There are different conceptualisations of embeddedness. Although Polanyi is the founding father of this concept of embeddedness, there are other scholars with different arguments. This has created different understanding of embeddedness. Firstly, there is embeddedness by Polanyi: when reciprocity and redistribution prevail over exchange. The second embeddedness debate is that of Granovetter which emphasises the role of individual relations and structures and how it can produce trust.

Third debate of embeddedness has its deep roots with Polanyians and the main argument is that there is always embedded. Economy can't be separated from the society and it is always embedded. The economy is embedded into the society. Fourth and final debate of embeddedness, which also Polanyians highlights, is the changing role of society in economy. Here economy seems to be dis-embedding from the society.

This research departs from the understanding that social relations affect the nature of institutions. This opposes the idea of free and self-regulating markets. For instance, in systems like Hawala, the economic activity is embedded in social relations. It's not a system which is free from such relations but is strongly base is from the society.

Although the presence of formal institutions in Somalia remains very limited, the interaction between formal and informal ones are high. For example, Hawala is an informal system where money and information is shared among the Somalis through formal mechanism. Money transferred from senders account is sent through formal mechanism but passes a system which is informal. This study will use embeddedness as theoretical and analytical framework in order to assess embeddedness within Hawala system and Somali social relations effect on the system. The concept of embeddedness highlights unique alignment between formal and informal institutions. Since Somali society don't have formal institutions to benefit from, informal ones play a major role. Lack of formal institutions like banking services didn't hinder Somali society to benefit from remittances. Thus, Hawala is where formal and informal institutions align and interact. This happens when Hawala operators use formal banking to transfer their money to another banks before they deliver to it

recipients. Somali society can benefit from informal. For example, even though there is no banking services connecting other parts of world to Somalia, there is still Hawala flow to the country. This is made possible by alignment between formal and informal institutions. Users of Hawala send money using informal institutions, then it goes through formal institutions in which traders with formal banking transfer money to another informal channel in Somalia. It's this process in which money is delivered in the country and it's this uniqueness of embeddedness which can make it happen.

2.4 Informal Institutions

Institutions are important part of any society's developmental process. They play a vital role in making a nation's prosperity and progress. Institutions exist in different forms. Some of them are formal while others are informal. North (1990:97) defines institutions as "humanly devised constraints that structure political, economic, and social interactions". Institutions existed throughout the history of mankind. North (1990: 97) states different components and structures of institutions. There are formal institutions with constraints such as constitutions with "property rights and rules of law", while informal institutions have different constraints such as "taboos, norms, customs, and codes of conduct".

Institutions are the blueprint to any developmental process, regardless of shapes, structures and typologies, institutions can either facilitate or hinder development processes. Even though constraints of formal and informal institutions are different, both have positive impacts within the society. Informal institutions still exist in different societies of the world. For instance, places where formal institutions are absent or weak, informal and organic institutions tend to bridge the gap between the society and institutions. Different types of institutions have varying importance for different societies. For example, societies like Somalis, which experienced 30 years of weak or absent formal institutions, are dependent on informal ones. Informal institutions in Somalia is backed by social norms and trust which made them more effective in the absence of formal institutions.

Formal and informal institutions can interact in different ways. Soysa and Jutting (2007) state four ways in which formal and informal institutions

interact. Firstly, informal institutions can be “complementary” to formal institutions. This happens when both formal and informal institutions contain similar incentives. Secondly, informal institutions can accommodate formal institutions. Here they co-exist with formal institutions to reach a target which is not reached by formal rules. Thirdly, informal institutions can compete with formal institutions when the formal institutions are ineffective. Fourth and final way in which formal and informal institutions interact is their substituting role. Informal institutions can substitute formal institutions in their absence. This mainly happens when formal institutions are too weak or completely absent (Soysa & Jutting 2007: 35-36).

These four interactions between formal and informal institutions can be used to illustrate the role of informal institutions in Somali context. The first role of complementarity seems to be missing in Somali context. There is very weak form of formal institutions which converge informal institutions to be complementary to the weak formal institutions in the country. Both second and third interactive ways between formal and informal institutions may seem incompatible in the Somali case. As there is absence or weak form of formal institutions in Somalia, informal institutions cannot be competing with imaginary formal institutions. Only the last interactive way between formal and informal institutions can be relevant to the Somali context. Informal institutions substituted formal institutions in Somali context. Somali civil war has led a total destruction of country's weak post-colonial formal institutions which resulted in more than 30 years of absent formal institutions in the country. Informal institutions in Somalia perform like formal institutions. For instance, property rights, laws and code of conducts are all present in Somalia's informal institutions. Unlike Soysa and Juttings' (2007) typology of institutional roles and functionality, Somali informal institutions act and carry out all formal institutions' roles including conflict resolutions and contract enforcements.

The three different theoretical bodies are interrelated to support the present study. Firstly, governmentality debates the dimensions of self-governance and how society and individuals can govern themselves independently of a state. Secondly, this self-governance associated with governmentality may have different embedded actors and factors. Thirdly, both governmentality and embeddedness can exist in different institutions, some of

these institutions can be organic like the type of governance and governmentality which exists within Somali society. It's this point where this research triangulates the three theoretical frameworks that enabled the researcher to study them in the context of statelessness and economic governance as will be discussed in the next paragraph.

Governmentality has many different debates, but this study focuses on governmentality which can exists without state i.e. governance without government with more focus on the case of Somalia. This type of governmentality that exists within Somali society is based on social relations and embedded structures which establishes connection between governmentality and embeddedness. The establishment of this type of governing mechanism is supported by organic and informal institutions. Unlike most conceptualisation of informal institutions that frame them as temporary institutions, the conceptualisation used in this study strongly argues that informal institutions can be permanent. For example, Somalia was run by informal institutions for more than 30 years. This clearly reflects informal institutions which can function as permanent institutions. This also indicates the need to consider re-conceptualisation of not only informal institutions, but the form of governmentality associated with such institutions. To sum up, Somalia's governmentality exists because of embedded social relations and norms that's supported by informal institutions and this bring connection between the three theoretical frameworks of this study.

2.5 Between Governance, Government and Governmentality

Governance, government and governmentality are associated concepts in are often used inter-changeable in academia. The definitions of these terms vary and keep changing from one scholar to another. This is due to richness and broad definitions associated with these three concepts. As part of the theoretical framework and foundational arguments of this research lies between those three concepts, this section highlights difference between these concepts while situating it within the research's main arguments.

Governance is a concept with different definitions. According to Ansell & Torfing (2017) governance is one of the frequently used social science

concepts. This frequency of use of governance is due to a number of reasons. One of the reasons is how governance is shaping and changing state- “centric view of power and societal steering” (2017:2). In their edited book on theories of governance, they highlight the different definitions of governance. One of the definitions relevant in this study is the one which defines governance as “the heterarchy of reflexive self-organisation.” (Ansell & Torfing, 2017:3). This definition of governance which Ansell & Torfing borrowed from Jessop (1998, 2002) highlights how steering is associated with self-organisation of the society. This self-organisation of society is what makes Somali society’s self-organisation unique. In Somali societal context, they are self-organised and steered. One of the factors which makes Somali society’s steering unique is how reflexive or involuntary it is. The reflexive self-organisation is mainly driven by a group of elderly and respected members of the society.

The concept of governance has many theories. These many theories are associated with the nature of the concept’s evolution. Like any other social science concept, this concept of governance has evolved through different steps- from theoretical definitions of international institutions by World Bank and International Monetary Fund (IMF) to intellectual and scholarly writings about the concept. The concept of governance has many debates and uses. Conceptualising it within single piece of work would be impossible but highlighting its relevant definitions and uses are important.

The second important concept which is inter-changeably used with governance is the concept of “government”. The definition of government in the academia is very broad and most of the time it includes Western ways of governing and government structures. Heywood (2007: 26) defines government as “any mechanism through which order is maintained in the society”. 'Government' is derived from govern which means to rule or oversee. Using this definition of Heywood, this study argues that any form of governing a society regardless of how formal, informal, strong or weak they are can be recognised as government. Unlike most of the Western-centric definitions of government, state government can be broader than that and it may include other factors which are not present in Westphalian state or Western forms of government. According to Heywood (2007:26), there is form of government in “all social institutions”. Governing structures and mechanism within Somali society is very

unique and different from prescribed definitions of government and state by many scholars. The main difference is that how this society governs itself without typical Western of government. The political system of the country or the regime in Somalia can be an absent or weak one, but that doesn't mean there is no government at all. The fact is that this country has experienced civil war and instability for 30 years, but society functions, rule and contracts are respected and there is existence of services like schooling and healthcare systems despite how fragile or weak they are. Despite different confusions and challenges associated with definitions of government and what can be a government system, this study uses government as any means of governing, achieving collective actions, and respecting rules and contracts. Heywood (2004: 66) highlights the importance of identifying what constitutes as government in each society. This identification of government by the society is important because each and every society has its own ways of defining what constitutes as government based on their social realm. This is what Somalis found through their own ways of defining their organic form of government.

Governmentality is another overused concept in the academia. Governmentality is important and interesting concept in social science. This concept is inter-changeably used to refer to many different issues. These different uses and definitions of this concept is not something contemporary but even Foucault- the master mind of the concepts refered to it during his lectures in *Collage De France*. Generally. Foucault's use of the concept highlights state's interference in the lives of its citizens. One of the definitions of governmentality by Foucault in his lectures, *Collage De France*, is self-governance and how individuals have their own ways of self-governing. This self-governance is what makes this concept usefull in Somali context. Both contemporary and traditional Somali society had strong self-governance structures and mechanism which enabled them to function as society with organic rules and regulations. This self-governance was present both during and post-colonial Somalia. After the outbreak of the civil war in 1990, people went back to their traditional and organic self-governance.

To sum up, governance, government and governmentality are inter-changeably used in the academia, but they address different political phenomena and the definitions vary from one scholar to another. These concepts exists

differently in different societies and that's what made them be practiced in a very unique way, like by Somali society.

Chapter 3: Socio-Political overview of Somalia and Somali Diaspora

3.0 introduction

This chapter highlights socio-political realm of Somalia and Somali society. It includes sociological and political overview of the Somalis, governance structures in post conflict era, Somali diaspora, and an estimation of their population.

3.1 Social Realm of Somalis

Somali society has many unique features which distinguish them from most of African societies. Two of the striking features of are nomadic life and cultural homogeneity (Laitin & Samatar 1987: 21). Somalis are nomads who usually move from one area to another seasonally. This is due to arid and semi-arid areas where most of Somali pastoral societies live. There's limited rain fall and most of the seasons are dry which make Somali nomads to perform their traditional *Geedi*⁴ journey. As Samatar and Laitin (1987) highlights, pastoral live is one of the unique features of the Somalis. This feature unites Somalis more any other features. Pastoral Somali life includes common activities like tea and storytelling, playing traditional folk songs and discussions on politics.

Another important feature among Somali society is that of cultural homogeneity. There are several definitions of culture and cultural homogeneity. According to Calabuid, Olsina & Panebianco (2017) culture can be defined as “existence of common and shared believes and norms within specific society”. Somali society’s culture can be associated with this definition. Society shares common culture, language, religion and social norms. It’s one of the defining features of Somali society unlike any other African societies. Somali society shares same culture and religion to the fullest, this makes Somali society homogeneous. Cultural homogeneity has its role in social life within Somali society. It’s this homogeneousness which defines Somali interactions both in the country and diaspora.

⁴ From Somali meaning a journey, usually a journey where people move as a group using camels.

These two main features are the main factors which shape and define uniqueness of Somali society. Even though those are two dominant features, their realm remains changing from region to another. For instance, the pastoral life of the society living in the north is different from the one of the south. In the north of Somalia, society glorifies camels which is backbone of Somali livestock while the south glorifies cattles over camels. Northern regions are semi-arid with less rainfall than the south. Southern region of Somalia has more cultivatable land and rainfall than any other regions of the country.

Another social factor which plays an important role in everyday lives of Somalis and their politics is the clan. Although there is cultural homogeneity within Somali society, they still keep practicing clan lineage. The clan lineages are used for politics, marriage and other social interactions. The clan lineages in Somali society is interesting in different ways. It has starting point where major clans appear, followed by main branches of the major clans and each branch has its own sub-branches.

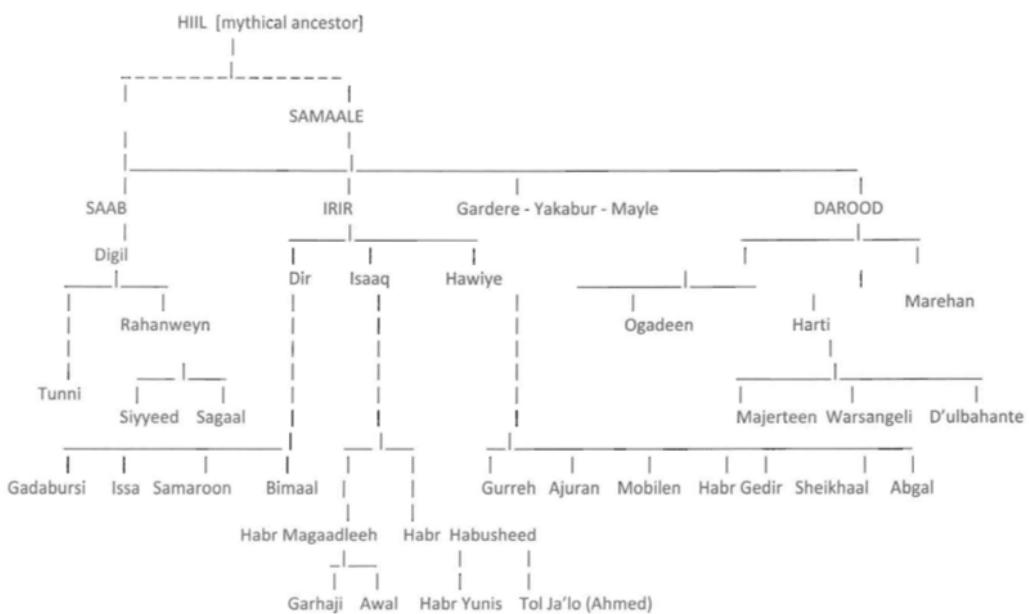


Figure 1 Somali Clan-Lineage, Source: Abbink 2009

Origin of Somali lineage has many debates within Somali society itself. Historically, there's no record of the lineage's starting point. This is due to a number of reasons. One reason associated with this mythical starting point of clan lineage is absence of any written literature on its origin. There are limited

sources of historical literature, which are usually from the West, but none of these prove or disprove the origin of the clan lineages.

3.2 Political Culture of Somalia

Traditional and contemporary Somali political culture and forms of governance is way different from Western standards of governmentality. Somali political culture is well known for its *Xeer* component. *Xeer* is traditional and informal contracts among the Somalis which form the basis of Somali political culture. (Samatar & Laitin, 1987) This traditional way of governing is deeply embedded into the everyday life of Somali politics. Traditionally, Somalis used this law to resolve their disputes. For example, in the times of wars and conflicts, traditional leaders used this *Xeer* to declare either war against another clan or group or peace with others.

Somali *Xeer* is based on democratic process of voting and decision making. Members of the society (mainly men) gather under a tree to discuss and decide about issues in their societies. This is done through an assembly known as *Shir*⁵. This assembly is usually organised in an informal way. There is no office which is in charge of organising, but clan elders do through words of mouth. The assembly is made of different members of the society. Sometimes non-decision-making members such as women and youth are invited to attend the assemblies without voting rights. There is deep egalitarianism embedded into this assembly (Samatar & Laitin: 42). It's through this which contemporary Somali politics emerged. This form of assembly sheds light on what Lewis called “ Pastoral democracy” when he studied democracy and institutions in Somaliland⁶. Lewis (1961) highlights how these traditional and informal institutions function in the Horn of Africa. It's this *Xeer* which has influenced most of Somali politics.

During the colonial period, *Xeer* was used by both Somali traditional elders and colonial power to engage and sign some of the treaties. When Somali gained its independence in 1960, *Xeer*'s role in Somali society was transformed

⁵ From Somali meaning, assembly, sometimes translated as conference as well.

⁶ Northern regions and Self-declared independent state in Somalia

from very active one to passive. The country has adopted a constitution which is based on *Xeer*, Islamic teachings and some secular principles. In 1961, Somalia adopted its first constitution (Samatar & Laitin 1987: 70). The constitution was adopted by the National Assembly (NA). This constitution also united political divisions between British Somaliland and Italian Somaliland. For a period of three years (1961-1963) the country was in transition to finalise the constitution as well as to arrange elections in 1964. Somali National Assembly elected Aden Abdulle Osman as the president of Somalia for the period of 1964-1967. (Samatar & Laitin, 1987: 74). During this period, the country was stable politically. After Aden's term ended, general election was held in 1967 where Abdirashed Ali Sharmake was elected as the president for a period of 4 years. This election was different from previous election. This time Somali society casted their vote to elect president Sharmake. Sharmake was president till 1969's coup d'état. Sharmake was assassinated by his own bodyguard and military government took over the country.

Siyad Barre, who was a military officer, became the ruling leader of Somalia. Barre ruled Somalia till 1990. During his time in the office, he adopted socialism and established Marxist state in the country which made Russia-Somalia relations very good. Barre was also known for his dictatorship rule. There were no elections in the country and economic crises were very high during his presidency. Barre's administration faced a lot of problems including Northern regions' anti-government protests which led to the Hargeisa massacre between 1987-88. After this massacre in Hargeisa, there was an increasing in opposition groups against the government. Main opposition groups were Somali National Movement (SNM) from Hargeisa (northern regions of Somalia⁷) and Somali Democratic Front (SDF) from north eastern regions of Somalia⁸.

In 1991, Siyad Barre was overthrown by opposing militia. In the same year, civil war broke out between opposition parties which were struggling to dominate and seize power from Barre. Barre fled from Somalia to neighbouring Kenya to seek asylum. This marked the start of new chaos and political instability in the country. During this time, mass slaughtering and bloodshed was very

⁷ Known as Republic of Somaliland.

⁸ Now known as Puntland Government of Somalia.

common in the country, especially Mogadishu and other southern regions. Causes of the civil war remain disputed among the Somalis and in the academia. Different scholarly work suggest and argue different causes of the Somali civil war. Samatar and Laitin (1987) suggest that contemporary civil war is a reflection of country's instability which started as early as 1969 military coup d'état. To some extent, this could be one of the reasons of outbreak of the civil war. Pre-civil war issues such as power and resource competition among different fractions in the country also contributed to the civil war. Afyare and Barise (2009) states three major causes of Somalia's civil war: 1) Resource/ Power competition among political groups, 2) State repression where Somali society experienced 21 years of military dictatorship, and 3) Colonial legacy and division of greater Somalia into 5 different regions⁹.

⁹ Greater Somalia was pre-colonial Somali states which are currently 5 different states under different administration.



Fig 2: Timeline of Somali civil war, source: authors own elaborations

Somali civil war, which is one of the longest humanitarian catastrophes in the world, has resulted in political instability, food insecurity, humanitarian crises, property looting and increased number of people migrating from Somalia to other neighbouring countries for protection (Osman, 2017:10). The severity of the civil war was worsened by drought. A combination of drought and killings has led more than a millions of Somalis to fled from the country. One of the

first destinations of Somali refugees was Kenya and Dadaab refugee camp- largest refugee camp in the world. Dadaab refugee camp became home to millions of Somalis among other refugees from Ethiopia, Eritrea, South Sudan and Democratic Republic of Congo. This refugee camp still hosts largest number of Somali refugees- about 54.5% of its inhabitants are from Somalia (UNCHR, 2019). Somali refugees who fled the conflict stayed in Dadaab refugee camp before crossing to Europe through Mediterranean sea or relocation programs of United Nations High Commission for Refugees.

3.3 Somali Diaspora

Somali diaspora, also known as Somalia's missing millions, are a group of Somalis who fled from Somalia due to civil wars, instability in socio-politics and development hindrance (Hassan & Sally, 2009). There is a long history of Somali diaspora and its origins. Movement of Somali people from one place to another isn't a new phenomenon in Somali society.

Historically, Somali diaspora started as early as 1880s, when Somali sailors started working for English companies in northern Somalia which is today's Somaliland. The Somali sailors of British Ships first landed in England (Liverpool, Cardiff, London). These sailors were the first wave of Somali Diaspora in the history (Hassan & Sally, 2009:11). The second Somali diaspora wave was in 1970s. This wave was due to long lasting drought of *Dabadbeer*¹⁰. *Dabadbeer* drought has forced a lot of Somalis to find an employment opportunity in near gulf countries, mainly Yemen and Saudi Arabia. Third Somali diasporic wave was in the years of 1977-1980. During these years, there was a political tension in the country after Somali-Ethiopian war in 1977. Military government started alienation of its population. This alienation has resulted in some people to fleeing the country. The 1977 political chaos didn't only affect local Somalis, but also affected the Somali diaspora in gulf countries which later that year started seeking asylum in United States of America, Canada and European countries. The fourth Somali diaspora wave was in 1991. This resulted from the outbreak of the civil war and continuous drought in the country. This

¹⁰ From Somali Meaning, Long lasting

wave has resulted in more than a million Somali diaspora in both neighbouring countries. of Ethiopia, Kenya and Yemen as well as European Union countries.

Number of Somalis living abroad keeps increasing every year. This has resulted in a large Somali diaspora in the recent years. Diaspora has different impacts on both Somali society and its socio-political lives. Diaspora plays an important role in Somali development and reconciliation process as well. Somali

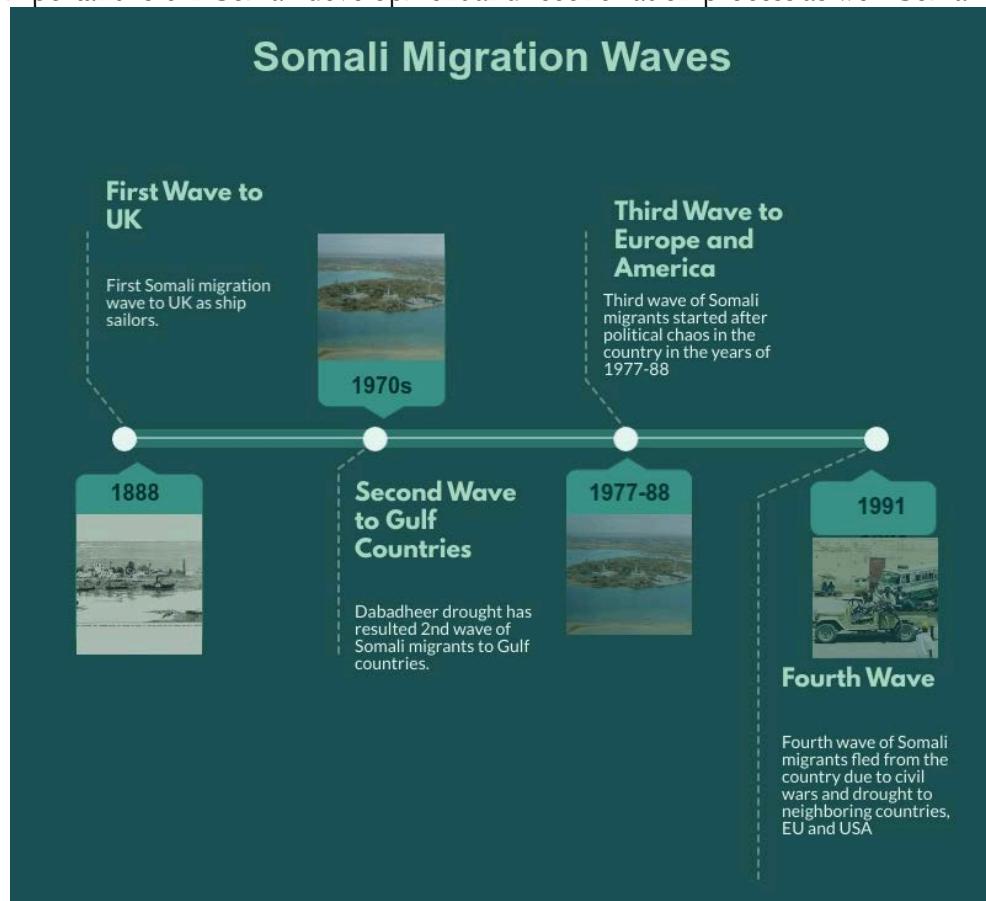


Figure 3 Somali migration Waves, Source: Authors own elaboration, 2019

diaspora contributes to Somalia's economy. This contribution could be through direct investments, remittances or seasonal visits especially during summer vacations when estimated 10,000 Somali diaspora visit the country (Osman, 2017: 40).

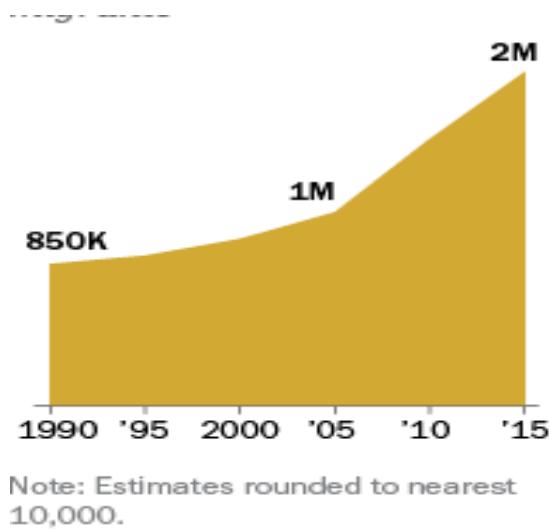


Fig. 4: Somalis living abroad (1990-2015), Source, Connor & Krogstad,

This increase of Somali diaspora has many different impacts on Somalia and its society; From remittances and sending money to support livelihoods of Somalis at home to expression of their political views and interests - Somali diaspora have a role in different aspects of Somali lives (Horst , 2009, Osman 2017). Although there's limited data available on Somali diaspora's facts, statistics and their contribution to the country, it can be observed that their contributions are having positive impacts.

Somali diaspora became an important part of Somali society, especially during and after the civil war. There are limited governmentality functions in the country since 1978. State remains very weak and fragile. Although there are some companies which operate as banks in Somalia, there's no financial architecture which are government regulated. Hawala companies took the opportunity to bridge the gap between Somali diaspora and local Somalis. Thus, making Somali diaspora the backbone of development in the country.

3.4 Governance without Government

In the academic literature, Somalia became a good example of state failure, fragility and catastrophic human conditions. This is due to state failure and political instability. Since the outbreak of the civil war in 1990, Somalia was experiencing lack of central government and its institutions. Somali civil war of 1990 didn't only destroy the society and its infrastructures but government institutions as well. Since 1990, there was no formal Somali government

institutions which were functioning. This absence of institutions can be associated with country's previous military government. According to Acemoglu and Robinson (2013), it's the type of state institutions which can make some countries to prosper while others fail. In their book, "*Why Nations Fail?*" , Acemoglu and Robinson illustrate the importance of institutions and their big role in any country's development. Somali institutions were extractive ones in a such way that prosperity and opportunities were taken only by small groups which were close to the president. These groups and individuals solely enjoyed the wealth and power in the country. It's one of the main reasons why Somali civil war broke out. It's the result of such extractive institutions in which most African states remain either fragile or failed states.

Even though there was no functioning government for 30 years, Somali society kept their own rules of the game to survive. In a short new era, governance without government has emerged (Menkhaus, 2007). During those years there was governing of self among the society. This type of self-governance in Somali society has two main drivers- Xeer law and religion. These are the foundations of Somalia's governance without government. Almost all the conflicts are mediated by either clan elders or *Imaams*.

Menkhaus (2007) highlights Somalia's organic governance and its importance for the society and the country without central government. He also highlights how these organic governances are established by society in different regions. For example, Puntland and Somaliland have their own governances but lacks central government. In those states, there is a form of governmentality which is working. People in those states hold elections, have their own institutions. Sub-national governance structures in Somalia made governance without government to work. (Menkhaus, 2007: 83). These sub-national and self-declared administration emerged as early as 1990. For example, Somaliland was established in 1991 after the outbreak of the civil war while Puntland was established in 1998. The establishment of these organic governance in Somalia is mostly due to conflicts or lack of other forms of governance. Menkhaus (2007) shows how military government created division in the society. This clan-based division is one of the main reasons of emergence of organic governance in Somalia. Somalia's governance without government is embedded in the social life of the country. Even business and economic related transactions are

facilitated by this organic governance. It is sometimes mistaken that the Somali market is self-regulated -. these markets and institutions have embedded governance structure which makes them work.

The existence of Somalia's organic governance can be traced back to its pre-colonial history. In pre-colonial Somalia, the only system which people used was this organic governance. Somalia's organic governance was used for all the social issues in the country. Disputes were mediated through organic governance. After the failure of the Somali government, society restored its organic governance with unique features. For example, in Somalia's organic governance, group interests are prioritised over nations. Scholars like Renders (2007) suggest that only clan has pivotal role in Somalia's governance without government, but there is religion which is embedded into most of Somalia's political arenas. Even though religion is not very dominant in organic governance of the Somalia, it plays a role to facilitate conflict resolutions and property rights.

4. Main Structures of Hawala

4.1 Hawala in Somalia

Since the civil war and political instability in 1990s, Somalia has been stateless society. Almost all the government structures and institutions were destroyed by the civil war. The civil war broke out as result of conflict between the various opposition parties which were against the then-government of Somalia. This government was led by the military president who served office for 21 years.

The civil war has resulted in a lot of people migrating out of the country to the neighbouring countries. The conflict has deeply affected the southern regions especially the capital city of Mogadishu. As more Somalis seek refuge in neighbouring countries, mainly Ethiopia and Kenya, United Nations organisations like International Organisation of Migration (IOM) and United Nations High Commission on Refugees (UNHCR) have started relocating the Somali refugees in different parts of Europe and America. For instance, United States has Somali population of 109, 000**¹¹ while United Kingdom has 110,000** Somalis (Oroczo & Jansura, 2013: 8). They remain the top 2 Western countries with Somali population.

The refugees who left from the country needed a way to help and support their family members in the country. This led to the rise of Hawala. Although the Hawala system in Somalia existed before the outbreak of the civil war and political chaos, its use increased dramatically during and after the civil war.

Hawala (from Arabic, meaning transfer) has become a popular way of sending and receiving money in and out of Somalia. Hawala system has evolved throughout the recent history of Somalia. This system of money transfers plays an important role in the country's economic activities (Cockayne, 2012). Hawala system supports the livelihoods of Somali society which suffered from decades of instability, civil wars and terrorist attacks. This system of sending money home also plays a crucial role in connecting the locals to their diasporic relatives.

¹¹ These numbers are estimations based on Oxfam Novib's 2013 study on Somali remittances. The data on Somali migrants and their population is hard to follow and this makes some statistical estimations to be made.

Estimated 1.0-1.5 billion USD is sent to Somalia yearly through the Hawala process (Cockayne, 2012: v), making Hawala money more than what the Somali government receives as Official Development Assistance (ODA) from Organisation of Economic Cooperation and Development (OECD). Total ODA flow to the country in the year 2018 was 419 million USD (MoPIED. 2018: 2).

Hawala is crucial part of Somali financial infrastructure which can play a role in financing development, improving livelihoods as well as economic situation in Somalia. There is considerable literature and studies which indicate and highlight such importance. (Musa 2019, Hesse 2010, UNDP 2009, IOM 2004, Hammond 2011, Lindley 2009a, Lindley 2009b).

Hawala systems is sometimes associated with different activities, both legal and illegal. Two of these practices include money laundering and terrorism financing (Razavy 2005, Jamwal 2002). This association of Hawala with money laundering and terrorism has arisen after 9/11. Post 9/11 Hawala was allegedly blamed as a source of terrorism financing. United States Department of Defence has imposed more control and monitoring of this system since then. Somali Hawaladar (place where Hawala operates) was among the victims of USA's post 9/11 foreign policy. The second largest Somalia Hawaladar, Al-barakat, was closed post 9/11. The decision came after US government suspected it as a source of financing terrorist groups although there was no active terrorist group in Somalia in 2001.(New York Times, 1991)

4.4 Actors involved in Hawala

A. Individuals Sending Money

This is the starting point of Hawala system. There are individual(s) who are sending money to family or relatives in a different part of the world. Most of this money is used for local purposes. For example to support livelihoods of the family members or their education. This can range from 100 to 1000 USD dollars per month.

B. Charitable Somali Remittance Organisations (CSRO)

This is the second point of Hawala. Usually individuals or groups of people form self-charitable remittance organisation. They operate as individuals but also as charitable organisation in case they have to send a huge amount of money. These charitable Somali remittance organisations collect the money and the information from the remitting person. Usually the senders approach and contact them to give the amount of money they would like to send and the information of the receivers and this enables CSRO to send the money and the information to local agents in Dubai or Somalia.

D. Intermediary Agencies

These are groups of traders in Dubai and some eastern African regions like Kenya and Uganda. They are traders with international links and have bank accounts. They receive the remittance money in their accounts as business transaction money. Usually they are individuals who mediate the process of moving money in and out of the Hawala system. They transfer money to local agency's account or in some cases travel with it as cash in the name of charity to orphans or refugees in Somalia to stay away from high commission rates by the banks.

E. Local Agency or Hawaladdar

These are local agencies in the destination country. Most of them are licensed. For example, in the case of Somalia, all local agencies or *Hawilad* operate as legal and formal business. These local agencies collect the information of the receiver and the amount to be paid from either intermediary agency or CSRO directly. After receiving the information needed, they contact the receiver (usually via call or text message) to notify that they have money for them. The receiver comes and they verify his/her identity. After verification, the receiver gets the money either as a cash (in US dollars) or mobile money¹², then the receiver signs a piece of paper as receipts and this receipt is sent back to the CSRO.

¹² Mobile money is dominant form of paying in Somalia. It's bi-currency system knowns as *Zaad, Sabal or EVC+*. These mobile money solutions are run by local communication companies and they serve as form of mobile banking, people use like Debit cards for different transactions.

4.4 How Hawala system works?

Hawala or Somali Remittance Organisation (SRO) system is based on trust. Although Hawala system is mainly based on traditional practices of lending and borrowing, trust plays a big role as there is limited law enforcement mechanism.

Hawala system operates in many different parts of the world and is used by both Somalis and non-Somalis (Razavy, 2005). The role that trust plays makes the Somali case different from the others. From the sender to the receiver, the system is empowered by trust and it is sometimes called capitalised trust (Cockayne and Shetret 2012).

Cockayne and Sheter (2012) have identified three organisational structures of the Hawala system as family networks, retain entities and commercial clearing houses. Each of these structures operate differently. The most common structure is that of family and charitable networks in Somalia context.

In the Hawala system, transfer of money and information from sender to receiver goes through a number of different channels. Each of these channels have roles and responsibilities. It starts with individuals sending money through Hawala and it ends with paying-out agents in destination country.

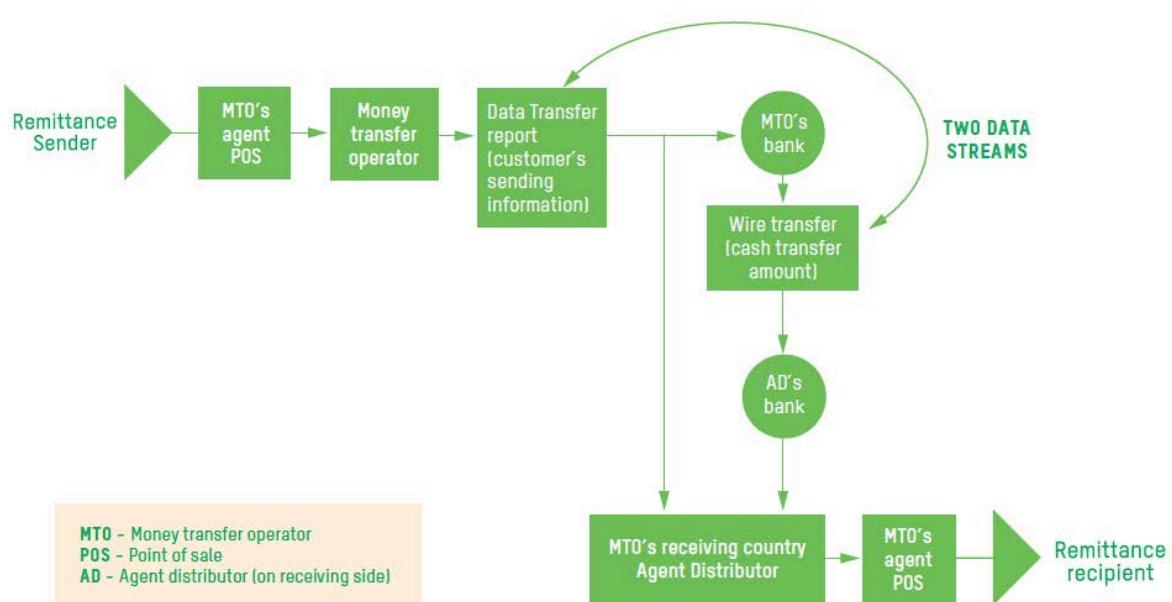


Figure 5: How Hawala Operates, Source Orozco & Yansura, pp.13 2013

Chapter 5: Factors supporting Hawala's Operation: embeddedness in Somali society

5.1 Introduction

This chapter analyses factors or determinants of successful Hawala operation within Somalia. During the fieldwork here in The Netherlands, intended number of interviews were not covered since few respondents turned up for the informal interviews. This could be because of the sensitive of the topic; less people were willing to talk about Hawala. To find an alternative mean of knowing about the factors which make Hawala work, the researcher chose to observe the operation of one Hawala office in Arnhem.

Generally, key determinants of Hawala's successful operation can be related to social structure within the Somali society. This Somali social structure has few key determinants which are embedded in the system. It's those key determinants which shape any economic or social relations within the Somalis. As was found during fieldwork, three main determinants of Hawala's successful operations are inter-clan relations, *Xeer* or Somali customary Law, and capitalised trust:

“Before anyone else, we[Somalis] had our deep roots with our culture and system of governing and ruling each other. To me two things were essential; how we trust each other and the *Xeer*..... None of us never thought of any other system to mediate our issues except this *Xeer*...”(Interview 4, July, 2019 Amsterdam)

5.2 Inter-Clan Relations

Somalis society is homogenous, with almost 100% people from same ethnic background and share tree shaped family structures which is used to recognise each other (see figure 2). This tree-like structure is known as *Qabiih* (clan in Somali language). Inter-clan relations remain one of the key foundations of Somali society (Lindley 2009). Inter-clan relations are most solid social relations in Somalia. These inter-clan relations existed historically. Even though there is limited anthropological literature on the foundations of Somali clan structures, the role clan and inter-clan relations played in the history of Somali society is very visible. Before colonial domination, Somalis were regulated by their *Xeer* and clan relations. For instance, business transactions and trading

required clan elders or at least one member of the clan (mostly, wealthy members) to take the responsibility of his clan-men's actions. This is to say that whenever two parties are trading or involving business, there is always an elderly person from each party who engage as law enforcement agents. They also ensure that all contracts are respected within the society. This traditional practice of law enforcement and contracts was embedded into the new Somali political realm, especially post-colonial Somalia. Clan structures and relations become embedded into the political process in the country.

Inter-clan relations became more visible during 1990s. In 1990s, when the civil war broke out, entire governmentality and governance structures within the Somali society collapsed. It is inter-clan relations which seemed to be the only way through which the Somali community could use as governing structure. It is common to blame Somali clan structure for the current political instability in the country, but inter-clan relations mediated a lot of inter-community conflicts for the past 30 years as one of the interviewees indicated:

"I mean how would a country like this work without clan and inter-clan relations? If someone needs lifetime health insurance where you don't pay regular premium every month, it is that of inter-clan relations.... Most of Somalis use clan as insurance and almost every social relation is based on that. Imagine doing a business in such conflict affected country where there is no law enforcement mechanisms. The only way which any business can succeed is getting your clan's support, especially when you are interacting with someone from a different clan....."

(Interview 5, July, 2019 Utrecht)

Inter-clan relations can make systems like Hawala function. This could be associated with Polanyian embeddedness emphasises the role social relations and structures play on their institutions and economic activities. This is what holds together inter-clan relations within Somalia Society. The social relations and structures which exists in the Somali society are a very strong one and they are embedded into all social and economic relations. Even if those drivers are not very visible in operations like Hawala, they still shape how it operates and are key sources of successful Hawala operations both in Somalia and outside the country.

There are various aspects connecting hawala to the embeddedness of Somalis in social relations, especially inter-clan relations. Inter-clan relations may determine the success of Hawala operation in different ways. For example, when

traders and Hawala owners want to recruit agent to works for them, they first meet with the person, assess its business and literacy skills and after assessing the prospective agent's details and social background, Hawala owners organise meetings with that person and their clan elders together. Then the clan elders pledged to take the full responsibility of agent's future misbehaving, for example, in the case the agent misuse Hawala money, the clan elders pay compensation known as *Magdhow* (meaning to 'pay back' in Somali language) to the Hawala owner(s). This is one of the ways in which clan and inter-clan relations involve successful Hawala operations.

Inter-clan relations not only mediate conflicts between Hawala owners and agents, but it also has a role in mediating conflicts between receivers or senders and agents themselves. For example, if receiver's information mismatches with what on online Hawala system, agents have to verify using receiver's clan elder(s). Agents or distributors of *Xawilad* (remitted money) asks the clan elders to take full responsibility of their clan men. In case someone (usually receiver) claims the ownership of *Xawilad* without any identification or identity document(s), his/her clan elder takes the responsibility to pay back that money if it's not for that person. According to one of the Hawala agents interviewed during field visit in The Netherlands, inter-clan relations shape their relationship with customers.

“... we don't know every inhabitant of this city. We generally try not to make sending or receiving money more complicated for our Somali users, but sometimes we ask them for identity if we are suspicious about the transaction or the identity of the sender or the receiver. There were days when we required senders or receivers to be present to collect their money but now with mobile money solutions like Sahal, Zaad and EVC+ we try to identify our customers using their clan-elder(s) name and phone number or someone responsible who knows that specific person....” (Interview 6, Amsterdam, September 2019)

One major implication of this inter-clan relations in the diasporic context is othering and how some groups prefer to use Hawala company which is operated by one of their clansmen.

5.3 Capitalised Trust

Another unique character of Somali Hawala network is trust and the role it plays in the entire system. This is sometimes referred to “capitalised Trust”(Cockayne & Shetret, 2014). Trust is embedded into the Hawala system more than any other formal institutions like banking. The role trust plays in the system is a major one. Together with Xeer and inter-clan relations, trust dominates the Hawala system. This dominance of trust in the system can be related to traditional living of Somali society. Traditionally, Somali social structure emphasised the importance of trust, privacy and clan identity (Cockayne & Shetret 2014: 12).

Somali trust networks are different from neo-classical economics argument on trust networks. According to neo-classical economists, kinship and friendship ties make markets corrupted which is totally different from that of Somali trust networks (Tilly 2005: 39). In Somali trust networks, its kinship and clan relations which make economic transactions like Hawala work. As one of the informants indicated:

“Before any form of governance, we [Somalis] trusted each other more than anything else. Now you see how people even use and keep their money in banks which they don’t know anything about. I would rather keep my money in a trusted grocery store rather than banks. This is why we are unique, it’s hard to trust but once that trust is created between two Somalis, it never disappears and whoever breaks it loses entire identity of being gentle and trustworthy” (Interview 8, WhatsApp, Qardho, September, 2019)

Reasons behind Somali society’s capitalised trust can be associated with a number of different factors. One of the main factors which shape the role trust plays in Somali society is nomadic life which included barter and trust based trading. During the early years of Somali history, the means of exchange between trading partners was clan and trust-based. During this time, traders exchanged goods and services in the name of trust and their clan identity, thus, developing more confidence in the trust system empowered by clan relations.

Second reason why trust still plays a dominant role in Hawala system is associated with Somali society’s mistrust of modern governance structures. Traditionally, Somalis lived in such way that entire system of governance was

organic, and clan and *Xeer* based one. The organic governance of Somali society didn't change during the colonial or even post-colonial era. Even though society accepted post-colonial governance structures in the country, they remained sceptical about it. (Cockayne & Shetret 2014: 12). This scepticism has led many in Somali diaspora in The Netherlands use Hawala system while there are formal and functioning institutions like banking. According to the one of the interviewees, "trust is like nothing else¹³". Most of Somali diaspora blame Western governance structures and their failure to understand trust and family ties in global South societies. Trust and family/clan ties are survival mechanism for many societies in the global South, including Somalis. Since formal institutions like banking are less trust dependent and can only reach specific places, informal and trust-based networks like Hawala become saviours of millions of Somali societies which are so disconnected from formal financial institutions.

Development of trust between Somalis can also be associated with deep personal relationships which shape the social structure within Somali society. This trust developed through those personal relationships later evolved into a dominant factor in most of Somali social relations and economic life. According to the embeddedness arguments of Granovetter (2001: 57), "embeddedness arguments stress the role of concrete personal relationships and structures of such relationship in generating trust and discouraging malfeasance."

This deep personal relations among the Somalis also shapes the operations of Hawala system and its functioning. Establishment of this trust starts with household level where people living in same neighbourhoods start trusting each other when it comes to "lending and borrowing¹⁴" within Somalis. This way of trusting each other seems to be embedded into almost all Somali social relations and economic life. It moved from with the Somalis from local neighbourhoods to the West, where this philosophy of living is not very dominant. Granovetter (2001: 58) continues to stress on how crucial trust is in economic transactions. Here the role of trust confirms what Granovetter argues on his chapter on

¹³ Interview 7, Amsterdam, 2019

¹⁴ Part of traditional communal living of Somalis, where goods such as food are mainly lent to each other and later on paid with same good in the form of barter-trade.

‘*Economic Action and Social Structure: The Problem of Embeddedness*.’ According to this, an individual has motive to perform an economic relation or activity with someone whom they know to be trustworthy. This is what makes Hawala’s operation very unique, users prefer individuals whom they have some sort of trust level for their money and that’s why this trust is embedded in Hawala system.

5.4 Binding Customary Law (*Xeer*)

Another factor which makes Somali Hawala networks function is its deep embeddedness to Somali customary laws known as *Xeer*. This *Xeer* is the only existing governance structure in the country. This customary law or *Xeer* is led by elders who are known for their neutrality and conflict resolution mechanism. Although these elders don’t get formal training to resolve conflicts, they have their own organic ways of dealing with them. In the Hawala context, both agents and operators of the networks are subjected to respect traditional Somali *Xeer*. According to *Xeer*, it’s strictly forbidden to steal or misuse someone’s resources and privacy. If either the agent or owner fail to respect this, then his clan elders take the full responsibility to pay back all the misused resources including *Xarilad*¹⁵.

All the agents and owners of Hawala agree to respect this traditional customary law. Before starting any Hawala network, different operationalising parties agree on which *Xeer* would be used in case money is not delivered to the recipients or its owners. During the fieldvisits, most of the senders of *Xarilad* mentioned the word *Xeer*. This indicates the importance of this customary law which is embedded into all the Somali social structures.

“operating monetary business in such lawless and conflict affected societies is difficult, but as long as you know person’s clan elder(s) it is easy to trust them.... Even before colonial period, everyone used *Xeer*, things like court and jail were never part of Somali way of living.... I can be in European or western country but that doesn’t mean I’ve to be obligated to see things the way they see. *Xeer* is Somali way and I definitely choose *Xeer* over any other law. Still I dial my elders whenever there is conflict between me and another clan-men....” (Interview 3, Utrecht, August, 2019)

¹⁵ Money sent through Hawala system.

From this quote above, it's very clear that role *Xeer* plays a major role in operations of Hawala network. *Xeer* is embedded into all Somali social structure. Respecting and following this *Xeer* is completely voluntary, but most Somalis feel obligated to obey this. This can be due to absence of formal sector for such long time. *Xeer* has become the only way of mediating any conflict within the Somali society. Not only does *Xeer* help in mediating conflicts within the Somali society, but also drives networks and systems like Hawala. Since there are no formal institutions to protect contracts, *Xeer* become the only way in which Somalis respect contracts and other trading interactions. Nevertheless, even if Hawala sometimes uses formal banking to transfer money, still *Xeer* is embedded into this network.

5.5 Self-Governance

Self-governance can be associated with Foucault's concept of governmentality (1977). Self-governance was very dominant in the history of the Somali society. The art of self-governance was always part of Somalia's historical governance structures. This self-governance in the Somali society become embedded into every social relation and governance structure in the country. Although this may sometimes be referred to federalism or any other form of modern governance structures, Somalia's art of self-governance is bottom-up and organic, empowered by *Xeer* and clan relations.

Art of self-governance was very visible in pre-colonial Somali governance structures. Although there is very limited scholarly work on this topic, oral archives within the Somali society can confirm this. The nomadic life was supported only by self-governing individuals led by elders. This always encourage self-governance within the society unless there is major issue which needs elder(s) or *Imaams* to involve.

Self-governance mechanism within Somali society didn't change much in the past 50 years. During the first 9 years post-independence, when there was stability and democratic governance, self-governance was converged into the wider governance structure of Somalia for the first time. Shortly after the first democratic power transition in 1964, the art of self-governance within Somali

society re-emerged. This was because clan and political interests emerged after 1969 military coup. Different social groups governed themselves despite the military rule of Siyad Barre. This led to the emergence of self-dependent state of Somaliland. Self-governance within Somali society was not that visible till the outbreak of the Somali civil war in 1990. That year, every state or clan has decided to govern themselves since there was state collapse. The state collapse in Somalia led to the re-emergence of self-governance structures. These self-governing structures had a lot of influence in different social institutions in the country. Informal sectors, including trust-based Hawala networks, which suffered a lot from lawlessness took the opportunity to form self-governing networks and systems including Hawala.

Hawala is entirely self-regulating and trust-based. This doesn't make Hawala an actor on its own. It is an interaction arena for Somali society. Both Hawala owners and users practice self-governance. Self-governance in Hawala can exist in a number of different ways. For instance, Hawala agents solely decide the transaction cost when sending money without taking order from the owners of that specific Hawala network although its Hawala owner who decides the transaction cost of Hawala to different regional locations. This shows how self-governing is practiced during Hawala operations. For individuals or Hawala users to choose Hawala over so called formal banking can also be considered as an art of self-governance. It is this self-governance which enables Hawaladar operators to decide when to operate, how and what to charge as transaction cost without influence and orders from another authority.

5.6 Transaction Cost(s)

Since most international money transfer companies do not have offices in Somalia, it cannot be denied that transaction costs also influence consumers to use Hawala. Hawaladars usually charge less transaction costs in comparison to formal money transfers like Western Union (WU) and Money Gram (MG). Most Hawaladar transactions cost less than 5% of remittance value. To make this more transparent, there is no fixed transaction cost in Hawala networks and changes from one region to another. For example, to send 100 GBP from United Kingdom to Somalia, the transaction costs of 3 GBP, while Western

Union's transaction cost is around 10 GBP¹⁶. As there is no Western Union or Money Gram offices in Somalia, money is usually transferred through intermediate banks or another Hawaladars in Dubai*¹⁷.

Transaction costs change from one location to another. Even those who used Western Union to send money to Somalia complain about the bureaucracy associated with such international money transfer companies:

“.... There is hardly anyone in the Somali diaspora using Western Union to send money even though the operation officer of [Arnhem] is me.... But I know why many people don't like using Western Union because here we require your identity documents among other verification methods and this is something which most of Somali diaspora don't like to share with private companies like Western Union.....”(Interview 9, Arnhem, July, 2019

There could be many reasons that make. Firstly, most of Hawaladars are not registered as money transfer agents, they usually operate within another business. For instance, few of Hawaladar operation centres visited during the fieldwork was not Hawala offices but grocery shops where Hawala was operating from. This reduces running costs, thus transaction costs lower. Secondly, since most of Hawaladars are not registered as financial institutions, there is no banking fees associated when sending money, although this depends on the amount of money to be transferred. Usually there is daily limit set by Hawaladars operators themselves which is EUR 10,000. This money is usually stored in one of the Hawala's operational centres. One of the main reasons why this money is usually not deposited in the banks is a daily limit on cash withdrawal and deposits which is not favourable for most Hawala operators or agents.

¹⁶ Calculations made by the author and dataset from Western Union website, <https://www.westernunion.com/nl/en/send-money/app/start> (18.09.2019)

¹⁷ Transferring money using WU or MG from The Netherlands to Somalia can be still possible, this happens through some banks which later transfer money to one of the Hawaladar accounts in Dubai but money doesn't directly go to Somalia as there is none of these money transfers in Somalia.

Name of Hawaladdar	Location of the sender	Destination of the money	Amount to be sent (in GBP)	Transaction cost ^{*18}
Dahabshil	United Kingdom	Somalia/Somaliland	£ 100	£ 6
Amal Bank	United Kingdom	Somalia/Somaliland	£ 100	£ 4
Taaj	United Kingdom	Somalia/Somaliland	£ 100	£ 2
Western Union	United Kingdom	Somalia/Somaliland	£ 100	£ 10 ^{*19}

Table 2: Transaction costs in different money transfer companies, source: authors(2019) with data from Dahabshil, Western Union, Taaj and Amal Bank Websites

¹⁸ Transaction cost is mainly determined by mode of receiving remitted money. For example if money is delivered in minutes using mobile banking transaction cost increases especially in Western Union, while other Somali-owned companies charge same transaction cost on each delivery method.

¹⁹ This depends on mean of delivering that money, since WU doesn't have an office in Somalia money is sent through local agents which also charge another transaction cost.

Chapter 6: Hawala's Role in Somali Society

6.1 Introduction

Hawala has a number of different roles within Somali society. These roles range from income and livelihoods empowerment to keeping and protecting family ties between Somali Diaspora and their family members in Somalia. This chapter highlights these different roles.

6.2 Economic Role

From the economic point of view, Hammond's (2011) study on Somali remittances shows how Hawala kept Somalia alive. This system is used by Somali diaspora since the outbreak of the civil war in 1990s. The study also shows that Hawala is the biggest capital inflow to the country. Hammond et al (2011) also showed that Hawala exists everywhere with Somali population regardless of how big or small is the number. The main reason for using Hawala is lack of formal banking in the country as well as the low transaction costs that the Hawalad (*Xawilaad* in Somali) charge for sending money to Somalia. This shows how Hawala has embedded Somali tradition that was historically used within the country before the outbreak of the conflict or modern banking.

Cockayne and Shetret (2012: V) study on Somali remittances and its regulations showed that an estimated 1.0-1.5 billion USD is sent to Somalia every year through Hawala. This is more than Official Development Assistance (ODA) and Foreign Direct Investment (FDI) among other capital flows to Somalia. This flow of money to the country has a number of different uses; from livelihoods support in household level to paying debts and *Mag*²⁰.

Hansen (2004) showed another importance of remittances in the Somali context. Hansen (2004) mentioned livelihoods of Somali families (100- 500 USD) per month and investment money (50,000-100,000 USD per month) as two sections where remittance money is used. This shows how such money can have positive impact on the livelihoods and the economy of the state as well.

²⁰ Mag or compensation is payable money from one family usually when member of them kills another member to the victim family. This is being used as a way of conflict resolution through the history of Somalia.

Kulaksiz and Purdeko (2006) have shown how Hawala supported and maintained Somali economy in wider context. According to this study, Somali entrepreneurs kept growing despite lack of functioning government and rapid inflations in the country. The Hawala from outside the country has helped Somali entrepreneurs as well as other economic activities in the country to survive. In practice, Hawala represents a source of credit in a country where finances are basically blocked or absent.

Hawala has a positive impact on other development sectors such as education. According to Lindley (2006), 40% of households in Somalia are remittance dependent. The remittances is main income source for them to survive. Lindley also showed how this money plays a big role in sending children to school. For example, paying school fees and transportation costs are covered by the money family members receive from their relatives in other foreign countries. Since the collapse of the state there was increasing privatisation in the education sector. The study shows the big gap between school fees in public and private schools in Somalia. Lindley (2006) also showed how inseparable are these costs and the positive contribution of Hawala towards paying school fees.

6.3 Family Linkages Importance

Hawala is more than sending money to Somalia. This system of sending goods and money to the country also plays a major role in connecting diaspora to the local ones. Although there are no direct interactions between the senders and the receivers of Hawala money, still social relations are kept invisible.

The significance of Hawala within Somali society is very lively one. Almost every one of the interviewees mentioned that they used to communicate with their relatives when there was limited connectivity or destructions caused by the civil war. From this social point of view, it can be argued that Hawala plays a major role in connecting Somalia diaspora to the locals. This is done through many channels, one of the channels in which information exchange happens is *Sheeko* and *Shaah* which is very common in Somali business. This exchange of information between the Somalis is encouraged by Hawala's operational places. Even the Hawala agents or owners sometimes encourage people to stay longer in those places and offer tea and coffee in order to

exchange information. It is through this process which money and information are sent, therefore making Hawala an arena for Somali social interactions.

Historically, Somalis have the culture of *Shaah* (tea) and *Sheeko* (story) where community members come together to discuss about the important issues in their lives, through round-table like meetings where tea is served and a lot of social problems and challenges are solved. This tradition of *Shaah* and *Sheeko* are embedded into economic activities associated with Hawala. This relates to Polanyi's concept of embeddedness and how certain traditions and norms are embedded into the economic activities. Hawala happens mostly in business operation centres. These business operation centres bring different senders and receivers together. This way Hawala connects these people in two ways. First, those sending money from the same Hawaladar interact and keep their societal relations; secondly, when collecting Hawala money from local Hawaladars in Somalia similar situation happens where receivers engage. Hawala can also be a source of sending and receiving information from both local and diaspora communities.

Difficult in communications and limited connectivity exists in Somalia. This is caused by lack of technological development in the country. Despite sending and receiving money and information, Hawala comes in here as mean of connectivity. This is to say that it keeps inter-connectedness between the Somalis. Some of the rural areas in Somalia, where there is limited connectivity or high costs of calling international numbers, Hawala facilitates communication through its operators by connecting Somali diaspora with these remote locations. This is done through either written message sent along with the money or orally delivered to the family members and giving updates of the family members living in the remote areas to the senders living abroad. In this way, Hawaladar's agents and the system itself connects Somali diaspora to family members in Somalia.

"I remember when there was no internet connectivity and my parents didn't have a cell phone to call, only way which I kept in touch was through this Hawala agent back home. He used to deliver my messages to my parents and take theirs and share with me... I can't say Hawala is only for sending money. it was our backbone when everything in the country was destroyed by the conflict" (Interview 9, Utrecht, July, 2019)

Hawala also plays an important role at household level. Here Hawala holds together local and transnational Somali households. It's through Hawala that family linkages happen. In broader terms, its exchange of ideologies, identity, cultural practices and this is what shape household and social relations. According to Gasper and Truong (2008: 300), “social remittances influence social norms and values between the people”. Hawala has also same influence, this influence of Hawala can have impact on household level where Somali diaspora’s use of Hawala contributes to locally available alternative livelihoods.

Chapter 7: Conclusion

“To those who don’t consider my way of living, I won’t be forced to comply with yours²¹”- Yamyam, 1978

The research has used two main theoretical frameworks to answer the main questions and sub-questions. Firstly, the use of embeddedness to study the main conditions and actors embedded into this system and how this system exists as part of socio-economic life within Somali society. Secondly, with the use of governmentality, the study has explored how economic governance structure like Hawala can function in a country where there is no functioning government or formal institutions for more than three decades. It is via mechanisms like Hawala that the country is governable because of the certain match between particular order in Somali society and its economy that is sustained in time. Strategies for direction of conduct of free individuals which is one of the key definitions of governmentality that can be related to self-governance within Somali society. Hawala exists because of Somali society specificities but also contributes to its governmentality.

This research has used both secondary and primary data. Qualitative secondary data analysis was one of the tools used to analyse already existing literature on Hawala with key focus on what makes the system work. The study has also employed primary data collection tools such as qualitative interviewing and ethnographic studies.

It's important to mention limitations encountered during the study. Doing fieldwork in The Netherlands was easily accessible but expensive, especially moving between different cities during peak hours and this has made research concentrated in three cities (Amsterdam, Utrecht and Arnhem). Another limitation associated with this research was accessing the data and interviewing enough number of informants. Although the Somali diasporas living in The Netherlands is around 33,000 people, very few people willing to

²¹ Siyad Yamyam, Abdirisack Hersi (1978), I am Somali, Poem, published by Minneapolis Institute of Arts, retrieved from <https://new.artsmia.org/i-am-somali/> (19.10.2019)

talk about their use of the system. This is due to information sensitivity and since it's "illegal" in Europe. This has also limited the richness of the study due to limited data availability and limited number of respondents willing to talk about their use of Hawala.

In order to answer this research's main question, "What factors support the functioning of Hawala system of money transfers in stateless Somalia?", this research has found out a number of different conditions which make Hawala work in Somali context. Firstly, there are two conditions which are embedded to the Somali social structures- inter-clan relations, and traditional, customary law. Even in the diasporic context, those binding conditions hold this system of money and information transfer together. Secondly, trust which predominantly exist within Somali society because of cultural and historical reasons plays an important role. Thirdly, transaction cost is another key determinant in Hawala's successful operation. Unlike other money transfer companies like Western Union, Hawala is far cheaper. The transaction costs is usually less than 4%. In the absence of bad experiences, migrants risk sending money home with Hawala to take advantage of the lower costs, and as long as the result is as expected, they continue to do so and expand the network of users by word of mouth. However, this is one part of the story, that Hawala is economically convenient and embedded in what Somalis are as nation in and out of the country. The second one is that Hawala is nested in Somali culture, but it also reinforces it and makes its tradition visible.

This study shows the importance of Hawala and the economic and non-economic roles it plays in the Somali society. The study has found two main roles of Hawala within Somali society. Firstly, the economic role of Hawala is a big one- the money transferred using this system plays a major role in improving the livelihoods and income sources of Somalia. Secondly, Hawala has social connectivity role. Here it becomes a hub which connects Somalis living in Somalia and those in the Diaspora. This system is used to send and receive information from Somalia where internet connectivity remains limited. Trans-local households work in a unique way where households' interaction's and information exchange happens during common gatherings like Friday prayers. The household head usually tries to reach other household heads, especially when one household head lacks internet connectivity or mobile phone. Then

information is exchanged through words of mouth and that's how trans-local household works in the country. Hence it shows that Hawala is much more than a way of sending money home. It is mutually reinforcing with the traditions and reflects a match between those unique traditions and economic interest.

This research opens door to future studies on organic financial structures, informal institutions and governmentality in way which highlights how they can all function and exist in different ways. Firstly, organic and informal institutions can provide similar functions like formal institutions. For example, most of the financial systems are secure to be used and that can be found in the organic financial structures. Modern financial systems also socio-economic impacts like Hawala has on Somali society. Secondly, unlike most governmentality and self-governance studies which only represent those concepts as dependent on formal and functioning government structures, this study shows the opposite. For instance, despite lack of government or formal institutions for more than three decades, Somalia shows how self-governance can be important for any society which endures statelessness. It's this self-governance which kept Somalia alive for all those decades without state or functioning government. This form of self-governance and governmentality shows that none of these concepts are limited to only formal or functioning institutions. This study shows how they work in a context where there were no formal institutions for decades. This could be one the key areas for future researches on governmentality and self-governance. Not all societies fit prescribed nature of Westphalian state or follow governmentality debates which tend to focus only on functioning and formal institutions. There are non-Westphalian state forms like that of Somalia. Most of the academic arguments on state, governmentality and institutions emphasise the formal ones and criticise how informal or organic forms of governance can't survive, but this not universal description of those systems. Other systems exist, for example Somalia's Hawala shows how governance within the society is driven by the society and informal institutions. The absence of state and formal institutions gave Somali society not choice but to depend on its own organic governmentality for survival. Future studies may need to explore and expand the debates on governmentality, Westphalian state and informal institutions as well as implications associated with them. And how informal institutions not only

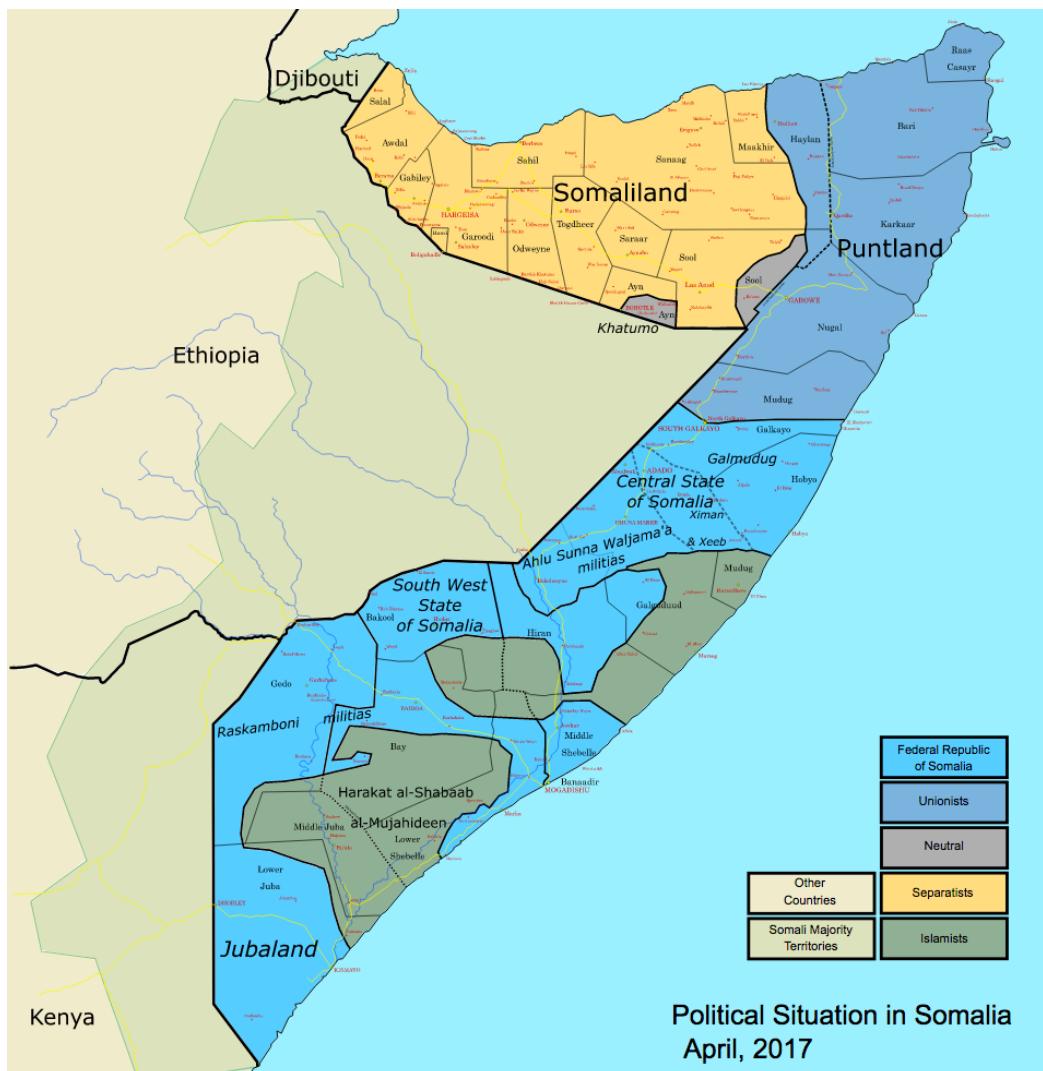
exist and function thanks to state gaps but allow a different type of social order to be achieved and sustained like Hawala.

Appendices

Appendix 1: Demographic Information of Informants

Interview Number	Gender of the Interviewee	Occupation
IN1	Male	Hawala Operator
IN2	Female	User
IN3	Male	User
IN4	Male	User
IN5	Female	User
IN6	Male	User
IN7	Male	User
IN8	Female	User
IN9	Male	User
IN10	Female	User
IN11	Female	User
IN12	Female	User

Appendix 2: Political Map of Somalia (2017)



Source:

https://upload.wikimedia.org/wikipedia/commons/9/9f/Somalia_map_states_regions_districts.png (19.10.2019)

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