

## Surviving the odds: education, commerce and development among displaced Somalis

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**Private entrepreneurship and the diaspora play important roles in supporting displaced people in fragile ungoverned situations. They are also valuable in helping those situations emerge from fragility.**

The Somali territories are beginning to emerge from arguably the most difficult period in their history. For two decades large areas of the region have struggled in the absence of any recognisable state infrastructure, and periodic droughts like the one of 2011 have left millions facing food and water shortages. But another story has also emerged, one of resilience and resourcefulness in the face of these hardships. Remittances from the Somali diaspora have helped to sustain an economy that in many sectors, such as livestock, construction and telecoms, is surprisingly buoyant.

Encouraging as these developments are, there is still some way to go. The UN estimates that there are currently 1.4 million internally displaced people (IDPs) across the Somali territories and hundreds of thousands of Somali refugees in Kenya, Ethiopia and beyond. As conditions for more established communities begin to improve, the fear is that these vulnerable groups could be left behind.

Barring inevitable cases of tension and resentment, resident communities have generally received these displaced groups with compassion and helped them to settle. Such charity is deeply ingrained in Somali culture and crosses regional and other divides. Smoothing the integration of IDPs is vital for a sustainable solution to the problem, and reinforcing common culture and values is an important part of that process.

The story of my family and the business we established, Dahabshiil, is closely associated with the story of migration in the Somali territories and with the growth of the remittance industry that accompanied

the mass movement of millions of people. Amid the unrest of the 1980s my family was among the hundreds of thousands who fled to Ethiopia leaving everything behind. Over time, we began using our existing network of contacts to offer much-needed money transfer and other services to refugees.

There are many examples of this kind in today's displaced communities. Time and again, refugees and IDPs have proved that they do not simply have to be passive actors waiting for aid. Business people arriving in the camps often begin trading again; in Dadaab refugee camp in Kenya's North Eastern Province there are blacksmiths, tailors, fruit vendors and many others earning a living despite the challenges. In some of the more stable and prosperous regions within the Somali territories, many IDPs have successfully integrated with host communities by becoming part of the productive economy. Now that the political and security situation is improving elsewhere, better coordination of aid efforts along with stronger governance and a more active business environment should help displaced people in those regions as well. These advances constitute the principal difference between past and present in terms of the status and prospects of the mobile population.

Aid agencies have in some cases implemented programmes that are specifically aimed at rehabilitating and integrating IDPs – employing vulnerable people and training them to tackle community needs such as rebuilding roads, collecting refuse and improving irrigation systems. Other initiatives have involved allocations of livestock, offering a source of income as well as food to the

recipients, some of whom have gone on to make successful applications for micro-grants, enabling them to start small businesses. Other schemes have focused entirely on training and vocational courses. In many efforts of these kinds, Dahabshiil has partnered with and supported NGOs and UN agencies by acting as a bank and a conduit for remittances, and in some cases – particularly in health and education – directly funding projects.

Perhaps the most powerful way to improve the situation of displaced people is through education. It is very often the poorest in society who are the most vulnerable to displacement and, once displaced, their chances of achieving a basic level of literacy and numeracy are diminished even further. Projects like that of the Africa Educational Trust (AET), which schooled women and children IDPs in 16 camps, aim to break this cycle. In Dadaab, a Canadian-Kenyan partnership is opening an onsite campus of Kenyatta University, making it the first higher education institution to serve a refugee camp. The project aims to bridge the gap between the outside world and the inhabitants of the world's largest refugee settlement, and to prepare them for returning to their places of origin.

Better connected students, both at Dadaab and in educational initiatives within the Somali territories, have been able to draw on help from relatives abroad; support for education has been one of the principal ways in which the diaspora has played a role in wider developmental efforts beyond straight commerce. Somalis of the diaspora feel a strong connection to their homeland and are driven by this and Somali custom to send remittances back to family members who find themselves displaced.

### Remittances

We have witnessed at close quarters how the evolution of remittance patterns has mirrored the various phases of migration the region has seen over the years. Early Somali migrants working in the Gulf were often comparatively well connected and educated, and the majority

of capital inflows in those days were invested. A trade-based system of remittance transfer, known as *franco valuta*, bypassed strict foreign exchange controls and allowed for imports of raw materials that fed industrial growth. Later on, the civil war prompted a much larger and more far-flung migration involving a fuller cross-section of Somali society. Remittances for family support began to overtake those for commercial objectives and were soon far greater than development and humanitarian aid combined. The recent improvement in the business climate has meant that the proportion of funding being used for investment is once again on the rise.

Remittance income has been crucial to sustaining consumption and thus maintaining the conditions in which the economy can grow, creating opportunities for the poorest to earn a living. As the remittance industry has expanded it has assimilated the latest information and communication technology (ICT). The East African mobile banking revolution is well documented, and in the current environment the volume of remittances transferred to a particular region now depends in large part on the quality of telecommunications there. Fortuitously, the Somali telecoms sector underwent a spectacular boom in the years following the collapse of central government, when a newly competitive marketplace (aided considerably, it must be said, by the lack of regulation in the absence of a functioning state) allowed for the proliferation of what are now some of the cheapest and most reliable mobile services in Africa.

The number of mobile subscriptions in the Somali territories is now in the millions. Landline connections, by comparison, are relatively few. Internet access is also spreading. Abandoning copper wire and moving straight into mobile and wireless is one of the best-known examples of the developing-world phenomenon of 'leapfrog' technology, by which obsolete phases of industrial development are bypassed altogether. While there clearly remains a pressing need for stronger formal institutions

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and governance, these advances seem bound to set the development of our financial infrastructure on a different trajectory. Realising the growing synergies between the two sectors, many money transfer operators in the Horn of Africa have, like us, made strategic acquisitions in the ICT industries, enabling them to expand services to those people who have traditionally lacked access to financial services but who now own or share a mobile phone.

There are many different shades of displacement within the Somali territories and different groups have distinct needs and priorities. With stability now returning across the region, collaborative efforts should be redoubled to boost literacy, training and employment, and to give not just IDPs but poor communities in general the tools they will need to contribute to the recovery.

By working with NGOs and local government, diaspora groups can play an important part in that process. The sheer size and spread of its diaspora have made modern-day

Somali society one of the most globally-minded in Africa. The steady inflow of financial and human capital has been hugely significant to private sector development. The rehabilitation of Mogadishu – with a diaspora-funded construction boom, a rash of new start-ups and the introduction of wireless internet by young entrepreneurs arriving from Europe and the US – is perhaps the best current example of this. Until that recovery was underway there was a fear that the next generation of Somalis abroad would forget their roots but migrants are now returning and are bringing their children with them, reinforcing a growing sense of renewed hope and confidence. There are many challenges still to face but if we can maintain the advantage, the last two years may well be remembered as the moment the tide finally turned.

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