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AN INTERVIEW WITH CHAIRMAN OF THE COSPOLMOPOLITIAN DEMOCRATIC PARTY OF SOMALIA

Samiya Lerew: CDP Founder

As Somali is planning to hold one person, one vote elections in 2021, *Puntland Post* has had the opportunity to interview Samiya Lerew, the founder and the Chairman of Cosmopolitan Democratic Party by email.

PP: When and why was the Cosmopolitan Democratic Party founded?

Samiya: The party was founded on May 10, 2015. There has been that Somalia will conduct party-based elections, and we are determined not to be absent from the political arena.

PP: Somalia is venturing into a multiparty system after two decades of the notorious 4.5 power-sharing formula that relegates more than half of the Somali citizenry to a minority status. What is the position of CDP on the political marginalisation of Somalis known as '*Others*'?

Samiya: The 4.5 era will be remembered as the darkest period of time in our history. Predatory system which was designed to create as much resentment among Somali people while creating small groups to amass huge wealth at the expense of societies on the periphery. '*Othering*' Somali citizens has enabled social Darwinism to take root. CDP rejects all forms of human degradation. The idea of *othering*, representation of Somalia as consisting of a number of clans, some in perpetual conflict, suggests a society of relative equals pursuing similar goals, sharing similar interests, engaged in similar activities, living in similar culture, sharing similar language if not same.

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AN INTERVIEW WITH SAMIYA LEREW …

From page 1

The opportunity to compete in a fair and free election should never be dismissed as impractical, in favour of the 4.5 system. No Somali citizen should be denied to reach their full potential simply because they were born into the wrong side of clan-fence.

PP: Does CDP have any ideas how to break the deadlock on the electoral law opposed by some political parties and some Federal Member States?

Samiya: has no idea as to how to break the deadlock. Federal Member States are based on the foundations of 4.5. They do not wish to let go of their good fortune. They think the idea of 1p1v threatens their very existence.

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DP WORLD ACCUSED OF "BREACH OF CONTRACT" OVER BOSASO PORT

Garowe (PPM) — A Puntland MP has accused DP World, the company that operates Bosaso Port, of breach of contract. Abdiasis Sa'eed Ga'amay alleged the breach of contractual obligations on the part of DP World resulted in decline of economic activities in Bosaso. "Contrary to what the Puntland Minister of Ports said, DP World was in charge of running Bosaso Port before Covid-19 affected the world. The agreement stipulates that P&O "will open an office in Bosaso three months after the signing of the agreement and within twenty four months will build two berths. Puntland business leaders tell us that, due to lack of dredging, sand has filled the harbour. [The minister] ... told us that the Puntland Government has an appointment with DP World but in light of the facts I have shared with you I believe DP World breached its contractual obligations" said Abdiasis.

In 2017 P&O Ports signed a 30-year concession to manage and develop a project at Bosaso in Puntland State of Somalia. The agreement would enable P&O Ports to commit USD $336 of two-phase investments to Bosaso Port.

Puntland State will have to grapple with institutional changes at DP World. In February DP World delisted from Nasdaq Dubai to return to "full state ownership". The delisting has been necessitated by economic pressures on Dubai whose decision *Euromone*y described as "a move that directly contradicts the UAE's efforts to improve liquidity and diversity in its domestic exchanges."

Puntland State Government Minister for Ports Mohammed Abdi Osman told parliamentarians "that the first meeting with DP World will revolve around what went wrong. The outcome of the meeting will be either a commitment on the part of DP World to start the project or termination of the agreement".

The new status of DP World will affect how projects will be implemented. Puntland State signed a deal with a publicly listed company but it is now dealing with a state-owned company. Puntland State has not so far sought legal advice to figure out where the law of contracts stands on the question of the change in the ownership structure of a company and whether DP World has the duty to inform other parties of what the delisting will entail.

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PUNTLAND STATE AT 22

Garowe (PPM) — On the 2nd of August, 2020 Puntland State celebrated its twenty-second anniversary and is now one-generation old. A lot of water has flowed under bridge since 1998 when the first, pro-union autonomous administration in Somalia was founded. Puntland proposed the federal system to prevent Somalia from relapsing into a centralised government that neglected 70% of the country and concentrated resources on the capital and nearby regions. The lessons from the state collapse are what determined the commitment to federalism on the part of Puntland State. Sixteen years have elapsed since Somalia adopted the federal system. Its benefits so far lie in how the International Community helped Somali political classes to work together on building nascent federal institutions despite having different conceptions about what it means to be a federal republic. A disturbing fact from the promotion of the federal system is the creation of Federal Member States that expose the futility of federal system and its similarities with the dreaded centralised system of government if federal member states remain clan fiefdoms whose institutions are protected under the draft constitution of the Federal Republic of Somalia despite rendering half of Somali citizens politically powerless on account of belonging to a group unfairly designated as minorities.

In Puntland twenty two years of political evolution have yet to create a decentralised administration. Each new administration has a mandate to enrich a select group of people in Puntland at the expense of the rest of Puntland regions. Security forces are still organised along clan lines; economic activities in the port city of Bosaso have declined after DP World took over the port to run it for thirty years. That a major Puntland, and Somali, infrastructure for that matter, ended up in the hands of a foreign country without consultations with stakeholders indicates that Puntland, far from being staunchly pro-federalism, is inherently a centralist Federal Member State rooted in undemocratic practices. Changes might be afoot if Puntland adopts a multi-party system after the pilot local elections take place next year. Three political associations will graduate to political parties. Without reforming the political system in Puntland where people are still divided along subclan constituencies and where the government is a tool to enrich the few and impoverish the many, Puntland will have wasted time and resources even if political parties become a common feature of politics in the Garowe-based Federal Member State.

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Somalia's Agriculture and Livestock Sectors: A Baseline Study And A Human Capital Development Strategy

Executive Summary

As Somalia transitions from more than three decades of conflict to partial stability in many parts of the country, there is an opportunity for sustainable development. The national stocks of natural resources (fertile soil, livestock, fisheries, minerals, oil and gas) hold opportunities not only to improve living standards and food security for the population of nearly 16 million,1 but also to provide a platform for advancing human capacity in trades, skills and technologies. However, decades of conflict, recurrent droughts and floods that have internally displaced millions, coupled with weak governance have undermined Somalia's human capital and state effectiveness. This has compromised delivery of basic social services such as healthcare and education, impeded legitimate revenue collection efforts and allowed corruption and illegal taxation throughout the country. As a result, the private sector and economic growth have been severely underdeveloped. In the absence of strong coordination and effective investment in capacity development, any current gains or hopes for future reform initiatives are in danger of reversal. Pervasive human capacity gaps present a threat to ownership, scaling up and the sustainability of efforts and results. This baseline study seeks to understand skills development in the agriculture and livestock industry; the availability of existing training and whether it meets the needs of the marketplace; challenges affecting human capital development in agriculture; and the key assets and resources for skills development in the sector. The research also identifies key stakeholders, partners and processes influencing human capital development in the sector. The Somali Agriculture Technical Group (SATG) developed tools for the study and briefed field enumerators prior to conducting consultations with stakeholders, including academic institutions (agriculture and livestock), students, federal and state ministries, the private sector, NGOs and professional associations. Data gathered from various stakeholders was compiled and analyzed following standardized procedures. Findings specifically relate to existing agriculture and livestock skills development, knowledge value chain mapping and skills needs for the sector to reach its potential. This study is one component of a wider baseline study that will inform a national human capital development strategy, which is linked to the National Development Plan (NDP-9).2 From June to December 2019, a sample consisting of faculty, staff and students from a total of 18 academic institutions with majors in agriculture and animal science were interviewed. These institutions are located in Benadir/Mogadishu (7), Puntland (3), South West (3), Hirshabelle (3), Galmudug (1) and Jubaland (1). Only one of the 18 institutions is public (Somali National University) while the others are privately owned. One-hundred-and eight-five faculty and staff members were interviewed in 17 of the 18 institutions. Only 11

(6%) reported receiving a PhD, while 111 (60%) reported receiving an M.Sc. Half of the 18 institutions (9 of 18) had fewer than 10 faculty and staff in agriculture and animal science, and six of the 18 institutions had fewer than five faculty and staff. The total number of students graduating from these institutions each year is 400-500. Approximately 86% of students are male and 14% are female. Twenty percent of the 78 students interviewed reported that the quality of education was "poor" and this percentage was higher at institutions outside Mogadishu.

About 176 employees of federal or state ministries of agriculture and livestock were interviewed. Of these, 157 (89%) are male and the remaining 11% are female. Both federal and state ministries reported that 87% of the students graduating from university are not proficient in the field of agriculture and livestock. Key Findings • All stakeholders interviewed for this study agree that there is a serious skills gap in the agriculture and livestock sectors. Private sector interviewees reported that while universities are the main centers of education and training for agriculture and livestock skills development, most graduates lack the technical understanding and know-how to address and effectively implement technical activities. There are serious skills gaps in all aspects of science-based programs. • Most universities lack the capacity to design strong curricula and only engage in limited use of high-end technologies, mainly due to a lack of research capacity, adequately trained instructors, laboratory facilities and innovative approaches to teaching. • Women play a prominent role in agriculture through crop planting, weeding, threshing, cultivation, winnowing and marketing of agriculture commodities, yet over 80% of agriculture students, ministry employees and university lecturers are male. Only 3.8% of the interviewed university faculty and staff in agriculture or veterinary sciences are female. Female enrolment in agriculture and veterinary sciences is also low (14%), indicating that these subjects are not attractive or accessible to female students. • International and local NGOs and ministries of agriculture and livestock are the major employers of university graduates. Due to the limited number of positions in the public and private sectors, the poor quality of education and the fact that most universities do not provide hands-on experience, most students are unable to secure jobs after graduating from university, and must resort to self-employment in areas unrelated to their courses of study. • Most of the universities surveyed were established in 2013 and 2014, among them the Somali National University (SNU), which was re-established in 2014. SNU was the only university that existed in Somalia before the civil war began in 1990. • The interviewed stakeholders and students strongly believe that the proliferation of universities in recent years has been in response to profit motives, with minimal effort given to offering high quality education. Only 10% of interviewed students reported that the reason for the opening of new universities is to introduce new professions and relevant technologies.

Heritage Institute City University Strategic Interventions • Quality control. Agriculture and veterinary science universities must adopt and adhere to standardized quality control measures governing curricula and demonstrated skills by graduates. Selection criteria must be set by the Ministry of Higher Education or other accredited agencies to oversee the curricula, verify graduates' skills and enforce quality standards required for graduation. Academic institutions must conduct periodic assessments of students to verify their skills and preparedness for the agriculture/ livestock sector. All graduating students should be measured according to a standardized qualifications framework. • Internship program. Applied learning opportunities should be established through internship partnership programs in agriculture/animal science, research and innovative technology development between universities, government institutions and the private sector. These internships should focus on areas relevant to the agriculture sector and help students prepare to compete in the labor market. • English language. English is the main language required by employers including international development agencies, international NGOs, government institutions and the private sector. All universities should screen for English proficiency on entry and provide advanced English language skills training where necessary. • Technical schools. Technical colleges and schools should be established in the agriculture and animal husbandry fields, with curricula in science and applied technology calibrated to the needs of the employers and the market. The specialties of each school should be strategically selected to reduce duplication and allow each of Somalia's states to host at least one technical school at which students from neighboring regions can study. • Self-employment. Coursework covering agribusiness, entrepreneurship and soft business skills should be provided for students planning self-employment, as a supplement for their academic and technical skills. • Strategic micro-grants/access to credit schemes. Strategic micro-grants or credit schemes should be set up to help graduates pursue self-employment in the agriculture/livestock sector. Relevant ministries such as finance and commerce should coordinate to incentivize new business development in areas of national strategic interest.

Source: Heritage Institute for Policy Studies

http://www.heritageinstitute.org/

IS THE SOMALI YOUTH A NEGLECTED GENERATION?

OPINION

By Mahbub Mohamed Abdullahi

Anarchy followed the overthrow of the Somali military regime in 1991. Since then Somali youth have been facing a lot of challenges; they have been marginalised and excluded from decision-making processes politically although decisions made by politicians affect, to large extent, the Somali youth. According to Somalia Human Development Report 2012, the majority of Somali youth believes they have a right to be educated (82%) and a right to decent employment (71%), but they feel disempowered by multiple structural barriers built into the family, institutions, local government and society at large. Added to this, there is a high unemployment rate of the Somali youth – 70%/.

It should be noted that the practice of clannism affects employment opportunities of the Somali youth. Jobs are distributed on the basis of clan-based relations, not a merit. That is why some young Somalis are lured into clan militias and extremist groups. Some choose to immigrate to Europe despite risks associated with such an endeavour.

The International Organization for Migration argues that, in order to tackle unemployment, the universities should play a role in equipping the youth with knowledge and skills that enable young jobseekers to find jobs in the labour market. In the case of Somalia precarious security situation is another somewhat intractable problem that impinge on how the Somali youth find jobs in their homeland. Where there is no peace, there is less opportunity for job creation.

Deputy Special Representative of the UN Secretary-General to Somalia, Peter de Clercq, stated that "We have contributed so far $38 million to 18 programs that are dedicated to youth employment, youth empowerment and more youth influence in politics, and we will continue to support the youth and the government of Somalia in this very important objective."

This is a step in the right direction that needs to be complemented by the work of the Somali Federal Government and Federal Member States. The Somali political class neglects the role of the youth in nation-building. To overcome those challenges, an effort must be made to

,• Get the Somali youth involved in decision-making

• Prepare the youth for leadership roles

• Empower the youth to become active citizens

• To encourage regional and federal authorities to put youth empowerment at the centre of the development plans.

It takes commitment, time and resources to bring those measures into fruition in the interest of Somalia where the youth remains a neglected generation.

Djibouti's Chinese Debt

July 31, 2020
by **Thierry Pairault**

On July 15, 2019, Ilyas Moussa Dawaleh, Djibouti's Minister of Economy and Finance, tweeted to announce that the restructuring of China's ExIm Bank loan for the construction of the Djiboutian section of the Djibouti-Addis Ababa railway line would be completed even though "a few small details" remained to be settled. He was back in Beijing a month later, on August 7th, to discuss these details. The minister reports "high-quality exchanges", but the atmosphere no longer seems to be festive, judging by the two photos he posts on Twitter where the three Djiboutian envoys (including him in the middle) have to face ten representatives of the ExIm Bank of China.

Issued on October 23, 2019, an IMF report is a little more explicit about the situation, but its interpretation is not obvious, especially since it suggests that the renegotiation would not have been finalised. The Ethiopia-Djibouti railway project is a $4 billion project that Djibouti has had to finance to the tune of $550 million for the part built on its territory, both with its own funds ($58 million) and with a commercial loan of $492 million granted in 2013 by China's ExIm Bank. Although the construction work is now complete, the line's operation has so far been disappointing, both because of the uncertain supply of electricity and because of a shortage of products for export. The current low profitability of the project and the terms of the loan have resulted in a debt burden that Djibouti is finding it difficult to meet, hence the request to renegotiate the terms in the very year (2019) when the loan repayment is due to begin. According to Ilyas Moussa Dawaleh and the IMF, this renegotiation would have made it possible to lengthen the duration of the loan from fifteen to thirty years and the length of the payment deferral from five to ten years. As for the interest rate, its modulation is less obvious, as it is the sum of two elements. The first element is a known fixed rate (spread) which is used to guarantee a minimum return to the lender and to cover its administrative costs. The second element is not immediately quantified, but must be equal to the London Inter-bank Offered Rate (LIBOR). The reference LIBOR rate here is the US dollar LIBOR rate for loans with a maturity of six months. While the latter two specifications (currency and maturity) express a choice among five different currencies and seven different maturities, it is difficult to know the exact amount of the interest rate that will actually apply for a given maturity. We can only observe that the interest rate of the ExIm Bank of China loan would have been reduced from LIBOR plus 3.0 per cent to LIBOR plus 2.1 per cent. However, the six-month LIBOR has historically been able – on an annual average – to reach 8.133 per cent in 1988 and 0.329 per cent in 2014. In other words, a low spread does not mean a low interest rate. Sri Lanka has paid the price. For the first phase of the Hambantota port project, in 2007, Sri Lanka borrowed $307 million from the ExIm Bank of China at a fixed rate of 6.3 per cent (plus a spread of 0.75 per cent) in preference to a LIBOR-based rate, as LIBOR had been rising steadily since 2003 and the Sri Lankan authorities preferred the certainty of a fixed rate; the choice was unfortunate since the LIBOR rate reversed as early as 2008 before stabilising at a fairly low level from 2010 onwards. Indirectly, we can see how high the ExIm Bank of China would estimate the fair amount of its remuneration.

Clearly, a variable rate does not facilitate budgetary planning of disbursements (principal repayments and interest payments). It also makes it more difficult to assess the burden of a debt and the cost of its renegotiation, so we will review what started the crisis.

Amortizing a Loan

The story begins with the issue of a loan repayment, several loans should we say. At the same time as a loan to finance the railway project, Djibouti obtained a second commercial loan of $322 million from the ExIm Bank of China, with the same term and interest rate conditions, for a water pipeline

project between Ethiopia and Djibouti. To this should be added a loan of $580 million granted in 2013, again by the ExIm Bank of China, for port developments: both for the multi-purpose port of Doraleh ($340 million) and for the livestock port of Damerjog ($240 million). To our knowledge, these latter loans have not been renegotiated. Other loans, which are much smaller, have also been taken out, but we have no information on their terms and conditions.
Given the variations in LIBOR and payment deferrals, we can attempt to estimate the value of disbursements the Government of Djibouti would have to face from 2019 onwards. Note that a payment deferral is not an exemption from paying the current interest, they shall be added to the principal if not paid during the year concerned the sum of the principal and interest serving as the basis for calculating the interest for the following period. In our cases, one year's interest was paid in the year it was due, with only the repayment of the principal being deferred from one year to the next until the deferral expires. Our calculations confirmed by World Bank data show that the expected disbursement in the second half of 2018 would have been $41.2 million (compared to $11.9 million in the previous half of the year). It is therefore at the very moment when the economic situation seems to be reversing, while the railway line is not operational and doubts are emerging as to its profitability. Not only are the expected revenues not forthcoming, but Djibouti is also experiencing a worsening of its financial environment. From July 2013 to January 2019, LIBOR increased steadily, so the interest rate paid rose from 3.506 per cent to 5.874 per cent, resulting in a 2.5-fold increase in the semi-annual cost of the loan. As interest has been paid regularly, no arrears have been added to the principal due to ExIm Bank until the end of 2018. Unfortunately, at the beginning of 2019, what money market developments suggest is a further increase in LIBOR making debt service *ipso facto* even more burdensome. In addition, since the Djiboutian Franc's real exchange rate has deteriorated in relation to the nominal exchange rate, the benefit that Djibouti could have derived from cashing in additional dollars against rising exports is considerably limited, given the country's very low export capacity. Djibouti's determination to develop is turning into a veritable infernal debt machine, because at the very moment it has to repay this loan, the other two loans mentioned above must begin to be repaid as well.
When the Djiboutian leaders became aware of these facts and decided to renegotiate their debt, it was also because the likely evolution of LIBOR was hardly auspicious in early 2019. The loan for the Djiboutian section of the Djibouti-Addis Ababa line would have required the payment of $81 million for the year 2019; to this figure should be added the annuities corresponding to the interest on the loans for the water pipeline and the port of Doraleh ($19 million and $16 million, respectively, according to our calculations), making a total of $117 million. And so on for the following years until the grace periods for the other two loans were exhausted. If we compare this charge to the budgetary expenditure in 2019 and 2020, it would correspond to about 14% in each budget. That burden, in terms of GDP, would represent respectively more than 4% of the national wealth to be created during those same two years. Whatever the inaccuracies in our calculations, we understand the concern of the Government of Djibouti and their pressing need to renegotiate at least part of these loans.
The loan granted for the construction of the railway line was chosen, not only because of its weight, but presumably because the Government of Djibouti knew the Ethiopian Government was renegotiating the loan it contracted to finance this joint railway project. The extension of the payment deferral from 5 to 10 years would result in an additional five-year grace period; in the immediate future, the Government of Djibouti can therefore expect a reduction in its liability of almost 50% in the first year and more than 40% in the following two years.
In fact, the evolution of LIBOR peaked at the beginning of 2019, only to fall off and allow

for a later period quieter than initially expected. Available data do not give us a clear and perfectly understandable picture of the situation of both the debtor – Djibouti – and its creditors – starting with China. In their report entitled *Djibouti: 2019 Article IV Consultation*, the World Bank and the IMF took stock of Djibouti's external debt; it emerged that, at the end of 2018, 53.3 per cent of Djibouti's external debt was made up of Chinese claims and accounted for 40.6 per cent of GDP, with the two major projects (railway and water pipeline) alone accounting for two thirds of that debt, while a number of other projects not clearly identified accounted for the remaining third. Djibouti's debt is mainly owed to public creditors. With China's share having increased considerably in recent years and payment deferrals coming due, debt service increased considerably between 2019 and 2021, rising from $48 million in 2019 to $82 million the following year (a 71 per cent year-on-year increase) and then to $104 million in 2021, an increase of 120 per cent in two years, or nearly two thirds of Djibouti's external debt service (60.7 per cent). China is also by far the largest bilateral creditor in terms of service, receiving on average 80% of the service over the three years 2019-2020-2021. In short, while Djibouti – considered to be at high risk of debt distress – expects a reduction in its burdens, even a total cancellation of its debt to members of the Paris Club or international institutions would have only a derisory impact if China fails to make a comparable gesture.

Whatever the long-term evolution of LIBOR, it appears that the short-term impact of restructuring is to avoid the 2019 disbursement peak and to delay the most important disbursements, which will never be as high as the initial contract could have caused. Another consequence is, of course, the lengthening of the repayment. Our simulations clearly show that variations in LIBOR have little impact on the benefit of the operation (reduced disbursements), even if this results in an increase in the cost of the loan (from 24% to 39% of the initial amount).

Profitability, Feasibility and Relevance

For China as a whole, the profitability of its ExIm Bank loan is not only financial but also economic. The granting of such a loan requires the Djiboutian authorities – and the Ethiopian authorities on their own territory – to call on Chinese firms, both service providers that build the infrastructure and firms that produce the rolling stock (locomotives and wagons), rails, signage and all the other elements needed to complete the project – often including the workers and their food. Therefore, even if the financial profitability of the project was nought or only low, it would generate *Keynesian* profit and growth in China.

The relief in disbursements resulting from the renegotiation is certainly welcome for Djibouti's budget. Perhaps it would have been better to question the relevance of the choices from the outset. No doubt it would have been wise for the Chinese advisers and the ExIm Bank of China to have initially checked the profitability of a railway project (or even its actual feasibility) before financing it and, above all, it would have been ingenious not to have powerfully encouraged Djibouti (and also Ethiopia) to choose a solution that was certainly splendid (a perfect showcase for Chinese technologies), but absurdly expensive for very poor countries (Djibouti and Ethiopia both are now classified as poorest countries eligible for the Debt Service Suspension Initiative) and in view of its current very limited profitability (lack of electricity to operate and goods to transport) and also the most uncertain in the longer term.

The renegotiation would also have had indirect – not to say hidden – costs that are more difficult to prove. The first of these costs would have been to vote in favor of the Chinese candidate, Qu Dongyu, as Director of FAO. We know that China's (China's, not Chinese companies') interest in Africa is far more political than economic. Note that the vote took place on June 23, 2019, shortly before the first – and apparently happy – visit of Ilyas Moussa Dawaleh to the ExIm Bank in Peking. The second

price to be paid would be the extension and development of the Djibouti-Addis Ababa railway line from the Nagad terminal station (12 kilometers from Djibouti City in the middle of nowhere) to the port terminals and beyond to the Chinese naval base. The works would be carried out by a Chinese firm and would be financed by a complimentary loan from the ExIm Bank. This story is unbelievable; we wonder why it was not until the budget crisis in Djibouti that the decision was made to undertake this work, which is essential for the line to operate smoothly and profitably since Ethiopian containers intended for export must necessarily be transported to the port terminals. Nevertheless, the conclusion is that ExIm Bank initially granted a loan without carrying out proper feasibility and profitability studies which should have been required to protect its funds. The third price to be paid, while the restructuring has not yet been finalized, is the granting (during the visit to Djibouti of Chinese Foreign Minister Wang Yi on 9 January 2020) to China of rights identical to those granted to the other foreign powers present for the use of its naval base.

Debt Diplomacy?

"There are two ways to conquer and enslave a nation, one is by arms, the other is by debt," John Adams (1735-1826), the second United States president, is quoted as saying. We suggested already that China (but not Chinese companies) sought primarily to build up a political clientele through loans rather than a commercial network. Saying this, we assumed that China was prompting African countries (but also other developing countries along the new Silk Roads) to support it in international fora. In an interview with China's national public broadcaster CCTV on April 23, 2020, ExIm Bank President Zhang Qingsong said that 1,800 projects along the new Silk Roads would benefit from his bank's financial support, which would have contributed a trillion *renminbi* – nearly $150 billion. Zhang Qingsong also emphasizes the role of these financial relations and these sovereign loans to point out their significance for the renminbi's internationalization. In this respect, it is clearly a policy of influence and not a mere extension of a commercial strategy. Despite the huge figures quoted, I do not imagine it could be a conspiracy hatched in the secrecy of Zhongnanghai's kitchens to put countries into debt beyond their capacity to repay, thereby enslaving them, as some authors claim when discussing the case of the port of Hambantota in Sri Lanka.

The truth is that Sri Lanka's over-indebtedness was not the result of a conscious and considered debt strategy from Beijing. It was more likely the result of former President Mahinda Rajapaksa's desire to be re-elected at whatever price his country would pay, as well as some Chinese pusillanimity – corrupting *per se* –, especially a clear reluctance to change. In any case, it was a company – precisely the China Merchants Port (CMPort) that operates in Djibouti – that bought the Sri Lankan debt to allow the new Sri Lankan government to repay the ExIm Bank of China its debts ($1.2 billion) relating to the port of Hambantota. In return, the company (*i.e.* CMPort, not China) obtained a 99-year concession which should enable it to get back the $1.2 billion, build and then operate the port, which is ultimately owned by Sri Lanka. Isn't this, incidentally, one of the lessons learned from the handover of Hong Kong?

Again, the point is that individual strategies from a range of Chinese actors (CCCC, CHEC, CMPort, ExIm Bank and others) have met in Sri Lanka – as in Djibouti and elsewhere – and have added up, but they do not represent or express a Chinese government strategy towards Hambantota, Sri Lanka, Djibouti or any other country. There is, therefore, an essentialisation of China which undoubtedly can only cloud our understanding of Chinese presences in the world; hence the discourse is falling into an inappropriate and sterile China-bashing and is turning away from legitimate and justified criticism of all actors – Chinese or not; official or not – as suggested in paragraph 47 of the Monterey Consensus of the International Conference on Financing for Development,

held in Monterrey (Mexico), 18-22 March 2002:
Sustainable debt financing is an important element for mobilizing resources for public and private investment. National comprehensive strategies to monitor and manage external liabilities, embedded in the domestic preconditions for debt sustainability, including sound macroeconomic policies and public resource management, are a key element in reducing national vulnerabilities. Debtors and creditors must share the responsibility [author emphasis] for preventing and resolving unsustainable debt situations.
Thierry Pairault, Socioeconomist*, and Sinologist is an Emeritus Research Director at France's National Centre of Scientific Research (CNRS) and at the EHESS Research Centre on Modern and Contemporary China (CECMC) where he organizes and runs a seminar on the Chinese Presences in Africa. He is also an associate researcher with the *EHESS France-Japan Foundation and a member of the Global Advisory Board of the CA/AC Research Network.

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SUPER POWER COMPETITION FOR RESOURCES IN SOMALIA HEATS UP

By Saeed Abdo

Somalia's transformation from a failed state to a semi-functioning polity is being hampered by superpowers jostling to control resources in the Horn of Africa country. This is the impression given by a tweet of the Chinese Embassy in Somalia. The tweet stated the politically obvious mantra that resources in Somalia belong to Somali people and that resources can contribute to the economic development in Somalia.

The tweet hints at a new stage for the superpower competition for resources in the Horn of Africa. Its indirect foray into resources in Somalia began with the fisheries agreement with the Federal Government of Somalia. The agreement gives the Federal Government of Somalia the authority to issue fisheries licenses.

Somalia was a major recipient of China's aid from 1960 to 1990 in addition to the cancellation of debts Somalis owed China. China cancelled the debt "without requiring any programme of reforms" writes Deborhan Brautigam in *China–Africa and an Economic Transformation*. China did not contribute "troops to the two UN missions and the US-led operation in Somalia between 1992 and 1995 and subsequent two UN Missions but it endorsed all operations due to humanitarian goals.

China is eyeing offshore oil exploration in Somalia. Its companies have a foothold in South Sudan and Ethiopia (where Haile Selassie granted Sinclar Oil exploration rights during 1940s to consolidate Ethiopia's sovereignty in the Ogaden.

The competition for resources in Somalia has two aspects. One between major western superpowers – USA and Britain. "Somalia has reached an agreement with a dormant Royal Dutch Shell and ExxonMobil joint venture to settle payments for rental fees for offshore blocks, as the east African nation seeks to promote the development of its resources. The [petroleum] ministry is also expected to honour legacy contracts

including the one signed in 2014 by Soma Oil and Gas, which was chaired by former Conservative party leader Michael Howard up until June of last year" reported the *Financial Times*.

Soma Oil has since changed its name to Coastline. Eni, an Italian legacy company, is reportedly included in companies seeking oil productions rights.

"Somalia has better benefit from its resources. The burning question is do Somalis have political leaders at all levels, federal and sub-federal, who are able to help Somalia make better use of its resource bonanza? " asks Ali Yusuf, a political analyst in Hargeisa .

The resource-sharing agreement and the Petroleum Law are two paths that could ease Somalia into an age of prosperity. This optimism does not hold water given the goals of oil exploration strategies. The *Financial Times* reported that sale of oil blocks to Western companies would " fund rebuilding".

The annual peace-keeping bill for the The African Union Mission in Somalia (AMISOM) is $600, 000, 000 to contain the threat of Al-shabaab to global security. This increasing bill of the peace-keeping mission impedes the reconstruction of Somalia. Funds that could be channeled into reconstruction now get used for AMISOM operations.
So much depends on how the Somali political class reduces reliance on Amisom and shows the ability to fight corruption. As for now the clash between reconstruction imperatives for Somalia and the need to make Somalia less of a threat to global security prompted superpowers to persuade the Somali political leaders to accept footing the AMISOM peacekeeping bill through funds from any successful offshore oil drilling in Somali waters.

The Federal Government of Somalia has been accused of keeping citizens in the dark about oil exploration agreements and that superpowers could put pressure on Somali political leaders to refuse to honour legacy agreements with some companies. "It is unfair to Somalis if the Federal Government of Somalia became a tool to advance the interests of foreign countries. Lack of separation of powers and absence of transparency and debate about offshore oil exploration in Somali waters foreshadows a future in which resource curse will befall Somalia if its political leaders remain indifferent to the plan to make Somalia pay peacekeeping forces through funds from hydrocarbon resources if and when Somalia becomes an oil-rich country.

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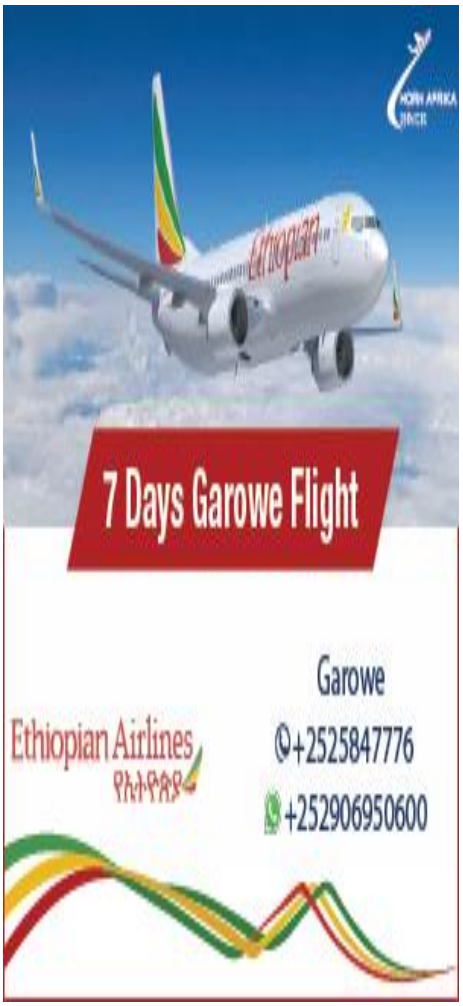

THE FOLLY OF THE SOMALI GRAND CLAN CONVENTIONS

By Issa Sheikh Dayib

The Grand Convention recently concluded in Mogadishu for a Somali clan was more interesting for more reasons than the statement of the Former Interim President Ali Mahdi Muhammad, who stole the show with his sabre-rattling. He said that his gun "is still loaded" and he would not hesitate to use it if his call for a good government is ignored.

The one-time ruler of North Mogadishu sees parallels between 2020 and 1990, when he was an influential businessman and a fierce critic of the military dictatorship. It is not only Ali Mahdi's unguarded remarks that threw a spanner in the works during the Convention.

Two former Somali Presidents, Hassan Sheikh Mohamud and Sharif Sheikh whose political parties drive the Forum for National Parties agenda, attended and delivered speeches at the Convention. Have they given up on the votes of other Somali clans when the two former Presidents throw their weight behind a return to 1990s warlordism-based politics? They have shed any commitment to a multiparty system where ideas matter more than clan identity.

Ali Mahdi Muhammed: My gun is still loaded

Participants were supportive of a return to indirect elections based on 4.5 twenty years after it was introduced in Djibouti, where a reconciliation confrence for Somalis was held. It was a power-sharing formula cooked up in Mogadishu to assign more political power to clans with armed militias on the one hand and to institutionalise a warlord's way of ruling a fiefdom.

The 4.5 formula was the basis for five elections held since 2000. It stands for the marginalisation of Somali clans whose lack of involvement in the civil war is the justification for the continued political and economic subordination that Fifth Clans suffer.
What Ali Mahdi Muhammad said at the Grand Clan Convention in Mogadishu is a reminder that one person can hijack the agenda to make incendiary remarks for publicity reasons.

The Somali pastoral democracy is not all that it is cracked up to be. Political aspirants may be put under pressure to seek support from or show solidarity with their clansmen and clanswomen when forming a coalition based on ideas and the national interest could be the right strategy.

Equality of opportunity, appointment based on merit, accountability at all levels — central and federal states — are core ideas that can underpin any political programme. If those themes dominate a clan's confrence politicians will be able to make the impression that they are doing their bit to nurture and further develop political processes for a country still grappling with the impact of state collapse and predatory politics.

By Issa Sheikh Dayib

A Letter from Jigjiga

By A. S. Mulugeta, Special Reporter

Jigjiga (PP Features) — The city of Jigjiga, the capital of the Somali region of Ethiopia, is a beneficiary of the federal system instituted by the now-defunct EPRDF during the 1990s. Insurgency led by the Ogaden National Liberation Front affected the development of the Kilil (region) back in the 1990s and early noughties. The conflict had negatively affected reconstruction and economic growth in Jigjiga. It was a missed opportunity for the Somali region whose opposition to the federal system had similarities with the Amhara opposition to the EPRDF policy. History might be repeating itself in the Somali region of Ethiopia where the leadership backs anti-federalist and assimilationist policies of Abiy Ahmed, the Ethiopian Prime Minister.

Comparing how the Somali region is run under Derg and imperial government of Haile Sallasie with how the region has been reorganised and run after 1991 is a case study about how federalism and developmental state transformed Ethiopia from a polity based on exploitative ruling classes from Gondar to a nation state eager to rectify the past feudal and dictatorial image that made Ethiopia a byword for famine during 1970s and 1980s.

Since April 2018 Jigjiga has witnessed a massive transformation politically if not economically. The release of the prisoners and closure of Jail Ogaden are a milestone. The inclusion of the Somali region's party in the new, but still unpopular Prosperity Party hastily formed by Prime Minister Ahmed, is another symbolic gesture. The Somali region was not represented in the EPRDF coalition.

The political headway made in the Somali region pales into insignificance if one looks at how the Somali region's government is aligning itself with Amhara political extremists and supremacists. Mustafe Omar, the President of Somai region, owes his ascendancy to Amhara politicians in the now defunct Oromara Alliance (Amhara and Oromo alliance against EPRDF). In July his government organised seminars about discouraging hatred against Amhara people although the Somali region is where Amhara people have not faced hostility and where many Amhara were spared death at the hands of angry Ethiopians when the Mengistu regime fell in 1991.

It is an open secret that Amhara media spews hatred against Tigrayans, Oromos and other Ethiopian nationalities they view to have been conquered and absorbed into Ethiopia by Menelik II. Influential Jigjiga residents I spoke told me that Mustafa agenda is a revenge against people who were close to Abdi Mohamud Omar, his predecessor. "That is why Mustafe has even made it clear that he views Amharas as allies. Somalis do not share his opportunistic and narrow-minded outlook" says a Jigjiga resident who asked to be quoted anonymously for fear of being tracked by the Liyuu police.

Ethiopia is undergoing political changes as forces against the federal system seek to impose a unitary system derided and opposed by Oromos, Tigrayans, Southern Nationalities and Somalis. "Abiy Ahmed

wrote a book in which he promotes a system different from the federal system that gave the Oromos the opportunity to pioneer a regime change but he is now trying to base governance on what many non-Amhara Ethiopians view as "Gondar pipedreams". "Ethiopians are now defending the federalism introduced by TPLF against Amhara supremacists who would like the Ethiopian state to exploit and subjugate Ethiopian nationalities" said Zecharias Eshete, a Tigrayan resident in Addis Ababa.

"The policies that the Mustafe-led government is carrying out creates inter-ethnic animosities "says Hiil (not his real name), a teacher in Jigjiga. When an Amhara man tried to destroy the monument of Sayid Mohamed Abdulle Hassan in Jigjiga, the Somali region government employees accused the action of a Tigrayan people person, in an attempt to direct attention from Amhara extremists who regularly provoke Somalis in Jigjiga. "Mustafe is not a politician; he is a propagandist for Ahmaha extremists" said Hiil.

"President Mustafe Omar campaigns against the federal system to help Abiy Ahmed deepen an authoritarian system and revive Amhara supremacy is the topic of discussion in Jigjiga" said Ilbirey (not his real name), a USA-based investor in Jigjiga. "A nominal representation in the Prosperity Party is not what the Somali region has been looking forward to. Abiy is rolling back all the political gains attained since 1991."

ONLF, a one-time outlawed party, is now active in Jigjiga. The ONLF is aligned with pro-federal parties whose leaders have been jailed by Abiy Ahmed for fear that federalist alliance can steal a march on Prosperity Party if elections are held.

The perception in Jigjiga is that the political change of 2018 has turned into a false dawn. The government of Mustafe Omar is lending credence to this perception. For Abiy Ahmed the Somali region is a smaller fish to fry. He has more challenges to deal with. His paternalistic relations to deal with Somalis in Ethiopia is not serving the Somali region well. Somali members of the new Prosperity Party coalition are expected to rubberstamp decisions by the new Ethiopian regime even if those decisions damage interests of Somalis and their coexistence with other Ethiopian nationalities. Somalis in Jigjiga are hoping that this is not another lost decade similar to 1990s.

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