



Sources of Campaign Financing in 2017 Presidential Election

Hargeisa, Somaliland

July 2018

Table of contents

Acknowledge.....	iii
Introduction.....	1
Methodology.....	1
Sources of party funding.....	3
Clan ownership.....	6
Foreign financial contributions.....	6
Transparency of political party’s financial system.....	7
Recommendations.....	8
About Centre for Policy Analysis.....	9

ACKNOWLEDGEMENT

Centre for Policy Analysis thanks to all of the participants who accepted to meet and share valuable information. We are grateful to their cooperation and commitment. We are also indebted to the individuals who gathered the information and compiled this report.

INTRODUCTION

The linkage between money and politics is a powerful one, with implications for democracy, especially in new democracies. Political parties financing laws and regulations, through which political parties and candidates for office declare their funding sources, are among the main instruments for transparency. The relationships between party financing and corruption are so significant that to ignore party funding is simply to open wide the door for corruption (Okechukwu Eme, 2014).

Looking in to the case of Somaliland, one realizes that there is much that needed to be done. In contemporary Somaliland political history, political financing is both necessity and a problem. There are no strong laws and regulations regarding the party and political financing in Somaliland. It is obvious that some of the political parties are owned by certain clans. The patriotic or ideological values among the parties have limited value within the party. Now, Somaliland democratization process is in a crossroad, which need re-evaluation, about what is wrong and the weaknesses of the democratic process which is 16 years old.

METHODOLOGY

CPA has interviewed 30 individuals, whom 21 of them were from the three political parties in Somaliland, namely KULMIYE, UCID and WADANI. Seven (7) key informants were selected from each party, including senior party members, some of the presidential candidates and other individuals who were responsible for party finance units. Moreover, 9 other individuals from civil society and the international organizations were also interviewed; those individuals were independent from the political parties.

These individuals have been selected due to their extensive knowledge on the subject matter. All interviews were carried out anonymously to protect the privacy of the individuals and to let them express their ideas openly. The research was started on February 2018.

SOURCES OF PARTY FUNDING

Formal election cost

The National Electoral Commission is the main institution responsible in registering voters and holding an election. Their exercise requires resources. The government of Somaliland and donor partners contributed to the election costs. It is difficult to find out the exact amount of money the international community donated to Somaliland elections because resources were mobilized by different institutions who managed it differently. The National Electoral Commission does not provide public reports on all funds they have received during the course of election. In his Annual Address to the Parliament, the president of Somaliland, Muse Behi Abdi, stated that 2017 presidential election costed 24 million dollars in which \$13 million (54%) of it was paid by the Government of Somaliland whereas the international Community contributed \$11 million 46%. Therefore, the overall of money directly spent to in the administration of the election was 24 million dollars.¹ This money was used both registration process of voters and the presidential election process.

¹ Presidential speech before the Parliament

Party funding

The political parties directly receive contributions from different sources. The main contributions come from clan members.² The two main political parties, Kulmiye and Waddani, rely on clan contributions in getting votes and mobilizing resources.³ Money is collected by either clan committees, or individual businessmen do contribute through the party leadership. These contributions are not channeled in an official party financial system. Therefore, it is not possible to state in a certainty the exact amount of money used for the election campaign. Even party leaders do not know how much their party was able to mobilize. The two presidential contenders of Kulmiye and Waddani directly managed funds made to the parties.⁴

From interviews given by informative leaders in the parties, it is confirmed that the three political parties used more than 20 million US dollars in total. About 96% of this money was used by Kulmiye and Waddani. CPA tried to get any printed financial report about their expenditures, but it was not successful, largely because proper records of such nature are not even kept by the parties.

Money managed by clan committees

There were clan committees who were formed to support parties. These clan committees were collecting money from diaspora and businesses, and they were managing on their own way to support the campaign operations of their parties within their clan areas.⁵ The committees mobilized and spent money without channeling to party leaders. As the clan committees have no

² Interviews with party leaders in March and April 2018

³ Interviews with party leaders in March and April 2018,

⁴ Interviews with party leaders in March and April 2018 and interviews with civil society members in May 2018

⁵ Interviews with party leaders in March, April and May 2018

financial report, it is very difficult to have exact estimate how much the committees contributed for their respective part financing. Many of the interviewees believe that most of the campaign finances were raised and managed by these clan committees. The clan committees had different structures and layers. They were formed from clan level to sub-clans, from diaspora committees to local organized groups.

Sources confirmed that clan committees used 8 to 10 million US dollar during the voter registration process for transporting the voters into different regions. The same clan financing was used during the election campaign.⁶

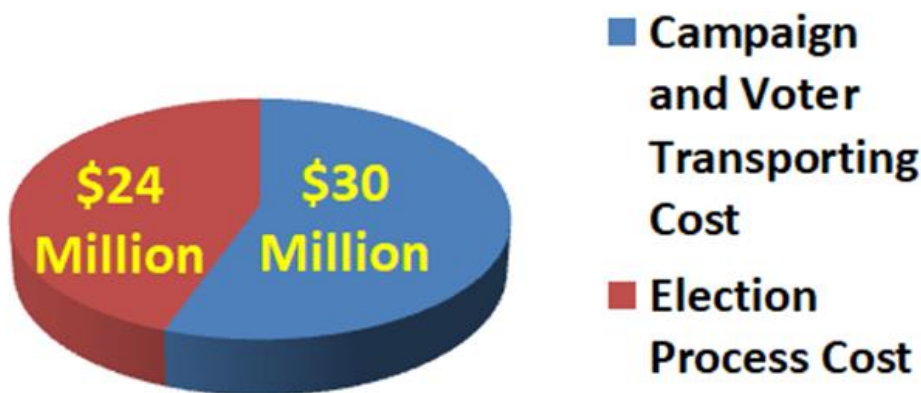
Money supporters Used Independently

There were independently organized groups who were supporting the parties. Those groups were working at districts and villages using their own money to support the party. Also, some of these groups were collecting money from their local businesspersons or their diaspora families to open local offices, arrange rallies, etc. It is very difficult to have the exact estimation of the money spent by such groups. Some of the groups were organized by strong politicians who wanted positions from the party that he/she supports and others were motivated by clan affiliations. No exact estimations were available.

From such disorganized financing systems explained above it is clear that it is very difficult to make estimations about the exact amount that the three political parties spent in the last 2017 presidential election. In total, Somaliland presidential election costed 54 million US dollars that can be generally categories as following:

⁶ Interviews with party leaders and civil society members in March and April 2018

- According to the data CPA collected from the party leaders, about 20 million US dollars were spent by party leaderships. But the exact amount could be more than this, as other independent sources confirmed.
- Clan committees used nearly 10 million US dollars in the elections.
- The formal election costs were about 24 million US dollars.



Somaliland 2017 Presidential Election

Costs more than \$54 Million.

According to the participants that CPA interviewed, 85% of them agreed that the parties received campaign finances from Diaspora, local clan contributions and businesspersons. According to the interviewees 69% of contributors have clan connections, they have motivated by political or business interest to the party, and 31% of the interviewees believe that the contributions they receive are, because of the program of the political party.

CLAN OWNERSHIP

As most of the people CPA interviewed agreed, including one of the 2017 presidential candidates, clans dominate the parties. One chairman of the political parties told CPA:

“...Our Supporters/members [as a political party] are unemployed. Instead of paying the membership fee to the party, they need financial support to take part the party activities. And we know that the party needs income to cover its expenses. Anyone who pays the expenses of the party can have active role in the party. Since its members/supporters in Somaliland are not actively paying their membership fee, the family or clan or friends of the Party’s Candidate are paying most of the expenses, so the group who pays the money to the party have more influence to the upper management of the party...”⁷

FOREIGN FINANCIAL CONTRIBUTIONS

During the election campaigns, political parties were accusing each other of receiving foreign financial supports.⁸ CPA asked all the 30 interviewees if foreign governments provided financial support to the political parties. 60% of them said they believe that foreign money was donated to the political parties. 40% of the interviewees named Somalia, Djibouti, Qatar, UAE and Turkey. But no one has shown CPA any prove about a financial support from foreign country.

⁷ Interview with presidential election in March, Hargeisa,

⁸ CPA asked this question to all of the 30 people it interviewed for this research.

It is also important to note that each party member that CPA interviewed was accusing the other parties of receiving money from foreign governments/companies. No party was able to show concrete evidence proving these allegations.

TRANSPARENCY OF POLITICAL PARTY'S FINANCIAL SYSTEM

Most of the participants of this research agreed that the political parties have no financial policies and regulations. Money is managed by the party leaders and parallel clan committees or supporters without process, transparency or proper financial system. Such lack of transparency and regulations give room to corruption and mismanagement and un-ethical or illegal sources. It is only the national budget allocations to parties that are reported. In the annual budget, about 10,000 USD are given to each party.⁹

Article 23 of Somaliland Political Party Act (Law No.14), “requires the political parties to submit their yearly budget to the Electoral Commission no later than 31st of March of every year, and that Financial Report must be verified by independent auditor.”¹⁰ As CPA found, no political party has ever submitted to the electoral commission the financial report required by the Law.

⁹ National Annual Budget

¹⁰ Article 23 of Somaliland Political Party Act (Law No.14),

RECOMMENDATIONS

1. The political parties have to adhere the laws of the country in receiving and spending money;
2. The parties have to use proper financial system with transparency, accountability and auditing;
3. The parties have to be reformed to establish membership system and remove the authoritarian nature of party leaderships and clan dominations;
4. Electoral laws have to be updated. If not updated, this can damage the country's democratic process and lead into money led democracy system.
5. Parties financial system and campaign financing have to be transparent as required by article 23 of Somaliland Political Party Act (Law No.14). The political parties have to submit their yearly budget to the Electoral Commission and have to be made public. Financial reports have to be verified by independent auditor.
6. The law has to limit the amount one person or company can contribute to a party to avoid parties to be owned by rich businesspersons;
7. Foreign funding has to be clearly banned by a law and its infringement has to carry consequences.

About Centre for Policy Analysis

CPA is a think tanks center that was established to help the countries of Horn of Africa region to build, peace, democracy, human rights and effective governance systems where all citizens are equal. CPA is based in Hargeisa, the Capital of Republic of Somaliland.

Contact Information:

centerforpolicy.ed@gmail.com

<http://www.centerforpolicy.net/>