



## Does Somali piracy have any 'developmental effects'?

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There has been growing debate about where the spoils of Somali piracy have been going. How far are they helping to support the Islamist terrorist group al-Shabaab? Is some of the money going into the pockets of local politicians and businessmen with links to the pirates? Could a surprisingly large portion of the spoils be percolating through to ordinary Somalis?

The public evidence base on which to base judgements has always been limited. The security situation in Somalia and off its coastline is certainly not conducive to researchers. However, in January 2012, Chatham House published a study by Dr Anja Shortland of Brunel University which used satellite technology to try and overcome this obstacle. In the report, entitled "[Treasure mapped: Using satellite imagery to track the developmental effects of Somali piracy](#)" (Africa Programme Paper AFP PP 2012/01). Dr Shortland does not address the issue of possible linkages with al-Shabaab. But, as the title indicates, she does look at the issue of 'developmental effects', concluding that there is significant evidence of shared, if unequal, economic benefits across different sections of local society. However, Dr Shortland's report quickly provoked a critical [response](#) from the Puntland Government's Minister for Maritime Transport, Ports and Counter-Piracy, HE Saeed Mohamed Rage.

This note briefly summarises the main arguments made by Dr Shortland and then provides the full response of the Puntland Government. It does not adjudicate on the merits of their respective positions.

See also SN06237, "[Preventing and prosecuting piracy at sea: legal issues](#)" (28 February 2012).

For additional background on the subject, see SN03794, "[Shipping: piracy](#)" and the recent report by the Foreign Affairs Committee, [Piracy off the coast of Somalia](#) (5 January 2012).

Finally, also see SN06115, "[Somalia: recent political, security and humanitarian developments](#)", for deeper background about what has been happening on land.

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### 1 Summary of Dr Shortland's report

Below are the 'summary points' of Dr Anja Shortland's report, "[Treasure mapped: Using satellite imagery to track the developmental effects of Somali piracy](#)" (Africa Programme Paper AFP PP 2012/01):

There are increasing pressures to develop land-based approaches to Somali piracy. By making use of non-traditional data sources including local market data and satellite images, this paper is intended to be an objective analysis of who benefits from pirate ransoms.

Significant amounts of ransom monies are spent within Somalia, but conspicuous consumption appears to be limited by social norms dictating resource-sharing. Around a third of pirate ransoms are converted into Somali shillings, benefiting casual labour and pastoralists in Puntland.

Data analysis is complemented by examination of satellite imagery to establish where the beneficiaries are located. Pirates probably make a significant contribution to economic development in the provincial capitals Garowe and Bosasso. Puntland's political elites are therefore unlikely to move decisively against piracy.

The positive economic impacts of piracy are spread widely and a military strategy to eradicate it could seriously undermine local development. However, coastal villages have gained little from hosting pirates and may be open to a negotiated solution which offers a more attractive alternative.

She elaborates on these points in a bit more detail in her conclusion, including on why a negotiated, land-based solution would, in her view, be the best way forward (our highlights):

The paper has demonstrated the impact of piracy on the local and national economies of Somalia, using a number of innovative ideas for tracking economic development in a failed state. Piracy has created employment and considerable multiplier effects in the Puntland economy, even if a significant proportion of the proceeds is invested in foreign goods or channelled to foreign financiers. The distribution of ransoms follows traditional patterns in Somalia, involving considerable redistribution and investment in urban centres rather than coastal villages. Piracy-related gains have been largely offset, however, by the rise in international food prices. While Puntlanders are relatively better off than the rest of the country as a result of piracy, the poor are no better off in absolute terms.

**The conclusion that a large group of people can be expected to benefit from piracy should not discourage the international community from seeking a land-based solution. The total cost of piracy off the Horn of Africa (including the counter-piracy measures) was estimated to be in the region of US\$7–12 billion for 2010, while ransoms were said to be in the region of US\$250 million.<sup>37</sup> Even if Somali communities received all of the ransom money, replacing this source of income (for example with a combination of a foreign-funded security forces**

**and development aid) would be considerably cheaper than continuing with the status quo.**

A negotiated solution to the piracy problem should aim to exploit local disappointment among coastal communities regarding the economic benefits from piracy and offer them an alternative that brings them far greater benefits than hosting pirates does. A military crack-down on the other hand would deprive one of the world's poorest nations of an important source of income and aggravate poverty.

The report includes two interesting quotes (p5) from pirate bosses:

The research on remittances suggests that the most likely developmental effect of piracy would be widespread but incremental progress rather than conspicuous consumption by the few. Interviews with pirate bosses back this up. Pirate chief Abshir Boyah, questioned on how he spent his considerable profits from piracy, simply referred to his extended clan network, stating "It's not like three people split a million bucks. It's more like three hundred." Another pirate boss, Mohamed Abdi, laughed off the UN threat to freeze pirate assets: "What assets?"

Writing of Puntland's capital, Garowe, which has seen rapid development in recent years, despite downward pressure on remittance levels, she says (p18):

"It is [...] probable that pirate money has contributed to the rapid growth of this town, which is at the heart of the pirates' clan homeland [...] It is commonly asserted by local residents that pirates are living and spending money in Garowe. They are said to be easily identifiable by their flash cars, lavish weddings and expensive drug habits."

She adds (p21):

"[...] pirate activity also positively correlates with improved business conditions [...] anarchy is bad for pirates [...] as a country starts to rebuild governance structures opportunities for piracy improve until law enforcement becomes effective. Indeed the explosion of piracy in Puntland started in 2007 when local governance became sufficiently stable to enforce contracts and property rights."

She does not endorse arguments that local politicians and businessmen are beneficiaries of piracy-generated funds. She writes (p13) that the port of "Bosasso's status as Puntland's boomtown makes it an attractive location for successful (former) pirates to invest their newly found wealth in businesses and real estate.

In a related footnote, she goes on to say: "both Foreign Office and MoD officials rejected the alternative hypothesis that the observed effect is due to Bosasso elites receiving financial transfers from the counter-piracy operation."

It is also worth noting that on 23 February 2012, the day on which the London Conference on Somalia took place, BP, Shell, Maersk and the Japanese shipping industry announced an [initiative](#) to support job-creation projects in the coastal regions of Somalia. There are rising hopes that Somalia has significant oil reserves on land – in Puntland – and off the coast. Shell has been involved in Puntland but BP has said that it has no plans to work in Somalia.<sup>1</sup>

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<sup>1</sup> "Revealed: UK leads dash for oil in war-torn African state", *Observer*, 26 February 2012

## 2 Response to Dr Shortland from the Puntland Government

Dr Shortland's report prompted a critical [response](#) from the Puntland Government's Minister for Maritime Transport, Ports and Counter-Piracy, HE Saeed Mohamed Rage.<sup>2</sup>

This report, written by Dr. Anja Shortland of Brunel University, aimed to analyze how piracy proceeds were used, between 2001-2009. While the aim of the research is academic, the content is full of contradictions, uses faulty evidence, biased research methodology, street-talk, hearsay, and was clearly prepared by a person(s) with a clear political agenda in Somalia. It is noteworthy to mention that the researcher has failed to meet her research interests, namely the "interaction between political conditions, institutions, and economic outcomes."

Furthermore, it is no coincidence that this research is published now, at a time when Puntland State's national and international profile is at an all-time high and as Puntland State prepares to attend the international conference on Somalia, organized and hosted by the UK Government to be held in London on 23 February 2012.

The researcher's contradictions are embarrassing by any measure. While claiming throughout the 28-page report that piracy proceeds are spent locally, the researcher goes on to say: "...a significant proportion of the proceeds is invested in foreign goods or channeled to foreign financiers." In another example on page 4, the researcher says: "...because much of the money generated is moved aboard."

The research is riddled with meaningless phrases, such as: "are said to be"; "alternative explanations"; "perceived to be"; "could well be linked to"; "might be"; "common assertion"; "could well be"; "potentially linked"; "relatively better off"; and many other examples.

In academic literature, it is unprofessional and indeed counter-productive to use the above-mentioned words and phrases. Using such words and phrases undermines the research, exploits the researcher's inherent academic weakness, and destroys the credibility of the research. While recognizing the researcher's academic credentials, it is nonetheless prudent to highlight the unprofessional documentation by the researcher and the research methodology used. For example, the researcher has never visited Puntland State – nor does the researcher understand the complex history and culture of Somalia. Moreover, the researcher admits "while each of the data sources has significant weaknesses..." (Page 3). In academic protocol, it is common knowledge that the wrong data sources produce the wrong outcome. As such, the researcher's documentation was flawed from the onset.

On page 18, the researcher argues that "mass emigration from Puntland is relatively recent." Any student of history recognizes that there has not been any "mass emigration" from Puntland in recent years. In fact, natives returned to ancestral lands in Puntland State following the violent collapse of the Somali central government in 1991 and the subsequent massacre of Darod clansmen in Mogadishu and other southern towns. This period marked a major demographic shift from southern to northern Somalia (i.e. Puntland), thereby leading to rapid urban growth. This natural progression over time urbanized towns and cities in Puntland and Somaliland, as the researcher recognized on page 11, stating: "Total light emission increased over time in Puntland and Somaliland. This reflects both reconstruction after the civil war and diaspora remittances supporting consumption and development." However, the researcher made no effort to explain the reason for similar urban growth in

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<sup>2</sup> Liban Ahmad, chief editor of the UK-based Somalia Research Report, has also published a critical article. "[HSomalia: one-sided Chatham House report on piracy](#)", [www.garoweonline.com](http://www.garoweonline.com), 14 January 2012

Somaliland, while the researcher unashamedly and ignorantly attributes urban growth in Puntland to piracy proceeds.

Urban growth in Puntland State is a result of the ingenuity, creativity, entrepreneurship, determination and vision of the people of Puntland – including Diaspora communities. For 30 years of Somali central government rule, the Puntland regions remained the most backward regions of the entire country, with no airports, roads, public institutions, hospitals and universities.

However, after 1991 when Puntlanders fled southern Somalia and returned to their ancestral lands in Puntland, the region has undergone tremendous growth. This is mainly due to the peace dividends –that Puntland has enjoyed stability, which attracts investment and leads to the growth of cities. It is this stability that people have been fleeing northward to Puntland for the past 20 years. Local entrepreneurs and the Diaspora have invested in the private sector, leading to development in Puntland State.

There is a worrying trend in the researcher's use of words. In two examples, the researcher makes unproven relationship between a "clan" and pirates: "...pirate money has contributed to the rapid growth of this town [Garowe], which is at the heart of the pirates' clan homeland"

(Page 18). This statement is prejudiced towards one particular group of Somalis; in fact, piracy can be found along the entire Somali coastline and pirates belong to practically every clan in Somalia. If we were to accept the researcher's prejudice towards "Garowe clan" as supporters of piracy, then it is suffice to say that "Garowe clan" is the same as "Eyl clan" – and the entire world knows that Eyl is the only town in Somalia where the community (clan) successfully chased away pirate gangs. In this connection, the researcher states: "...the UN reports that the Puntland authorities concentrated their land-based counter-piracy operations in 2010 in Eyl, leading to the relocation of pirate activity towards Hobyo and Garacad" (Page 15). What a great contradiction!

It is abundantly clear that Puntland Government abides by national and international law. After establishing the Puntland Maritime Police Force (PMPF) in 2010 to fight pirates on land and along the coast, the Puntland Government pursued a notification process to the UN Security Council to attain a waiver to continue training the PMPF units and to station them along strategic coastal towns in Puntland State. As such, the researcher's argument that "Bossaso was a pirate port in the past" and that the port is used to import "pirate equipment such as communications technology, motors and weapons" (Page 13) is intentionally deceptive and a calculated move to mislead international opinion. No weapons are imported in Bossaso or other parts of Puntland State, as this violates the UN arms embargo.

It comes as no surprise, because the researcher believes that pirates "provide local governance and stability" in Somalia and that pirates "help other entrepreneurs to trade more easily" (Page 7). Who on earth with a common sense could unashamedly state that criminals, such as pirates, produce stability and help trade in a country?

The researcher is not knowledgeable about the recent piracy attacks targeting vessels heading to or leaving Puntland's Port of Bossaso. While all pirate attacks threaten security and trade in Puntland, specific pirate attacks targeting vessels heading to or leaving the Port of Bossaso endanger Puntland's economic lifeline and emphasizes the Government's strong commitment to eradicate piracy from Somali shores.

The researcher makes many surprising assertions, which underline the researcher's

ignorance on Somalia and the researcher's inclined pro-piracy position. On a number of pages, the researcher makes erroneous links between piracy and cattle prices. Cattle exports constitute the least in all livestock exports from Puntland State. According to data from the Port of Bossaso, cattle exports in Puntland State accounted for 7% of all livestock export in 2010 and 2011. By comparison, sheep/goat export accounted for 91% and 89.8% of all livestock exports in 2010 and 2011, respectively. Moreover, Puntland nomads do not traditionally raise cattle for consumption or export. It is a wonder that the researcher could not find out that cattle is found in the inter-riverine area between Shabelle and Jubba rivers, in southern Somalia. Therefore, it is not clear to see from the research precisely the link the researcher attempts to make between piracy and cattle exports, the link is completely out of context and thereby confuses the reader.

Moreover, the researcher makes absurd self-explanatory claims that praise pirates:

"The result that the growth of the pirate industry has lowered the average price of imported rice might be explained by pirates providing local governance and stability."  
[Page 9]

"Pirate financiers and ex-pirates are said to be investing in local businesses and contributing to local governance." [Page 4]

Furthermore, the researcher rejects the military option, but fails to provide other recommendations, thereby indicating the researcher's inclined position to advocate for the continuation of piracy activities along Somalia's coastline:

"A military crack-down on the other hand would deprive one of the world's poorest nations of an important source of income and aggravate poverty." [Page 20]

At no point throughout a 28-page report does the researcher manage to speak of or sympathize with the suffering of innocent seafarers held hostage by pirates, nor does the researcher condemn the act of ransom payments, which is the number one fuel-factor that encourages piracy to continue. Indeed, the researcher has clear political motivations or interests, which is apparent throughout the document. But one example is suffice to demonstrate our point:

"...this study focused on the three provinces that make up Puntland: Bari, Nugal and Muduq."

As a researcher, it is a pre-requisite to read and study about the current and historical developments of any particular research topic, in this case a country or region of the world.

Even if the researcher disagrees, it is vitally important to maintain a neutral voice vis-à-vis the Somali political landscape. In this relation, it would have better served the researcher to identify Puntland State's regions as five regions of Nugal, Bari, Mudug, Sool, and Sanaag.

Clearly, the researcher excludes Sool and Sanaag – the same position of the Somaliland administration, in northwestern Somalia. It is well known that Somaliland administration is troubled by Puntland State's rising international profile – following the Puntland Government's strong action against terrorists and pirates.