



PUNTLAND SITUATION REPORT

Somali Law & Policy Program

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1. EXECUTIVE SUMMARY

During February, Puntland State remained relatively stable, although irregular VEO attacks continued, particularly in Bossaso and Galkayo. Sub-national conflict between Puntland and Somaliland led to two armed clashes in eastern Sanaag region, where tensions have remained high since Somaliland troops seized Yubbe town in Mar. 2019. In Mudug region, a spate of random shootings targeting civilians continued with at least 4 people killed in a single incident during the reporting month. In Bossaso, two of three attacks by suspected militant groups were targeted killings, whereas the third incident, the victim survived with gunshot wounds and was rushed to a hospital.

Puntland government's strained relations with the Federal Government of Somalia (FGS) continued to shape federal-state politics, with the two parties tussling over respective powers in national issues, such as education, petroleum, and federal elections. In particular, during the month, the FGS and Puntland disagreed strongly over the federal Ministry of Education's demand that Puntland students 'take the national exam' in order to be awarded national certificates; however, the Puntland Ministry of Education rejected this proposal on the basis that Somalia lacks an integrated 'national curriculum'.

Separately, the FGS legislative and executive organs approved the revised Petroleum Law, which Puntland state has called 'illegal', as the Federal Member States (FMS) were not consulted during the law revision process. Puntland has argued that federal-state negotiations must precede the formulation of federal laws; however, the FGS has posited that FGS-FMS Interim Agreement signed in Baidoa, in June 2018, is the base framework for natural resource sharing between federal and state-level governments. In addition, in a sign of worsening relations, Puntland government unceremoniously shut down the offices of the National Independent Electoral Commission (NIEC), the federal government's independent electoral body. The Puntland administration's view was based on the ongoing dispute over the federal Electoral Law which, like the revised Petroleum Law, was drafted without the consultation of FMS governments.

Meanwhile, the Puntland state parliament's Permanent Committee issued a legal document detailing the parliament's view in the new debate over the 'Acting President' role in Puntland. The debate is the first of its kind in Puntland and centers around the role of 'Acting President', with MPs arguing that the role of 'Acting President' rests with parliament when the president and vice president travel overseas. The administration did not publicize a formal response; however, parliament's view runs contrary to the political tradition in Puntland, whereby the Minister of Justice holds the temporary 'Acting President' role when both leaders are absent.

Also, during February, President Said Deni declared that the state government would host a Puntland Consultative Conference and invite delegates from all regions of Puntland. The conference, scheduled to be held on Mar. 15 in Garowe, aims to provide a platform for government officials, community leaders and civil society to engage in open discussions over state policy, including domestic policy, federalism, and relations with the FGS. Some analysts have predicted that the conference's outcome has the potential to garner domestic support for the Deni administration's federal policy and weigh heavily on prospects for federal elections 2020/2021 in Somalia. However, some have warned that, if mismanaged, the conference could antagonize elements of Puntland society and further widen the political divide. In Galkayo and other urban centers, the Puntland Ministry of Finance commenced a robust tax collection campaign and local traders shut down their businesses in protest. If not properly addressed, this Report suggests that this taxation dispute could heat up and exert additional pressure on the Puntland administration.

2. PEACE AND SECURITY

2.1 **Key Developments:** In February, local media reported a total of 16 violent fatalities in Puntland State, representing a massive increase of 300% from 4 violent deaths reported in Jan. 2020. About 56.3% of all reported violent deaths were attributed to sub-national conflict between Puntland and Somaliland. Local/clan conflicts accounted for about 25% of reported violent fatalities, while VEO attacks represented 18.7%. In Buhodle, a rebel militia unified its ranks and declared its intention to fight against Somaliland forces in Sool, Sanaag and Cayn (SSC) regions. The Puntland military court executed two men convicted of the rape-murder of a 13-year-old girl last year. During the month, state counter-terrorism forces PSF conducted operations in the Golis Mountain Range and Puntland government dispatched more state police to Galkayo.

2.1.1 **Violence Against Women:** On Feb. 11, Puntland military court executed two men convicted of rape-murder of 13-year-old Aisha Ilyas, who was killed in Galkayo in Feb. 2019.¹ A third convicted man's execution date was delayed 10 days from that date.² On Feb. 15, Nugal regional court commenced proceedings against 7 suspects accused of the rape-murder of Hodan Shanlayste a mother in Garowe in April 2019.³ The court also concluded proceedings in absentia against another suspect in a rape case of a young girl in Garowe, sentencing him in absentia to 5 years in prison and \$1,000 USD fine. On Feb. 20, the third man convicted in the rape-murder case of 13-year-old Aisha Ilyas, was released in a deal where the victim's family was awarded blood compensation.⁴ On Feb. 22, Nugal regional court continued listening to the case of rape-murder victim Hodan Shanlayste, whereby 7 suspects were brought to court to face rape and murder charges.⁵

2.1.2 **Sub-National Conflict:** On Feb. 2, Somaliland army commander Gen. Nuh Taani, speaking at the 26th anniversary of formation of Somaliland Armed Forces in Hargeisa, said Somaliland forces "had advanced towards Yubbe and Hadaaftimo [towns in eastern Sanaag region]", a statement that comes after several armed clashes, since Mar. 2019, between Somaliland forces and local militia, and between Somaliland and Puntland forces, in eastern Sanaag region.⁶

On Feb. 16, Mudug governor Ahmed Muse Nur told local media that Federal Government is planning to deploy troops to parts of Mudug region, warned that Puntland opposes the alleged troop deployment and that the state government would "defend itself" against such deployment.⁷ During February, the FGS did not publicize any information related to the deployment of federal forces in Mudug region.

On Feb. 26, Somaliland and Puntland traded accusations that rival forces attacked each other in parts of Sanaag region.⁸ Fighting first erupted in Las Qorey on Feb. 25, when one Puntland soldier was killed. On Feb. 26, Somaliland forces reportedly attacked Hadaaftimo town in Sanaag region, where 5 Puntland soldiers and 3 Somaliland soldiers were killed in the clashes, and 6 soldiers wounded on both sides of the conflict.⁹ Puntland also lost 2 vehicles, while Somaliland lost 1 vehicle.¹⁰

2.1.3 **Regional Fault-Lines:** On Feb. 15, an armed group named "SSC" (Sool, Sanaag and Cayn), declared its intentions to fight against Somaliland troops in Sool and Sanaag regions. The SSC militia reportedly seized control over Aroweyn area in Ayn region (Buhodle district).¹¹ On Feb. 24, SSC militia commanders announced that they "formed a united front" and vowed to fight against Somaliland forces in the region.¹² The two SSC commanders who merged forces are named Col. Abdirashid Hussein and Col. Faisal Falaalug, the latter of whom was responsible for a number of armed attacks against Somaliland forces in Sool region in 2019.

On Feb. 25, Somaliland public works minister Abdirashid Qambi told a press conference in Hargeisa that Somali-owned fuel company Haas Petroleum is "funding" the SSC militia in Buhodle. However,

Haas Petroleum company director in Hargeisa denied the “false accusations” and demanded that the minister “produce evidence”.¹³ The Minister reportedly apologized to Haas Petroleum for the accusation.¹⁴ Local media reported that the minister was frustrated over rebel groups “gaining strength” in Buhodle area.¹⁵

2.1.4 Violent Extremist Organizations: On Feb. 4, a Puntland state police officer was killed in Bossaso by suspected militants. The late officer, Hassan Khalif Muse, was working with the taxation department.¹⁶ On Feb. 14, a Puntland police commander was shot and wounded by armed assailants. Col. Omar Warsame Isse, commander of Nur Salad police station in Bossaso, survived and no group claimed responsibility for the attack.¹⁷

On Feb. 17, Garsoor neighbourhood chairman in Galkayo Mr. Abdirahman Nur Geesdiir was killed in Galkayo by suspected militants who fled the scene.¹⁸ Al Shabaab claimed responsibility for the killing.¹⁹ On Feb. 25, a Somali businessman Jama Qurshe was killed in Bossaso by masked men who escaped the scene.²⁰ Bossaso has witnessed a rise in targeted killings of government officials, soldiers and civilians by Al Shabaab and ISIS militants in recent months.

2.1.5 Counter-Terrorism: On Feb. 18, Puntland government sent additional troops to reinforce security in Galkayo.²¹ Some reports suggested that Puntland planned to prevent the rumoured arrival of Federal Government troops in Mudug region. On Feb. 22, Puntland counter-terrorism forces PSF reported that its soldiers conducted security operations in parts of Almadow Mountains, including Hidid, Milho and Ulheed villages to “dislodge enemy forces” and to engage local communities in “public awareness” campaign, according to a press statement.²²

2.1.6 Local/Clan Conflicts: On Feb. 6, at least 4 people were killed when unknown militia opened fire on a passenger bus traveling in a small-town west of Galkayo.²³ The attackers escaped the scene and the attack was attributed to a rise in clan related attacks in Mudug region in recent months.

2.1.7 Security Sector Governance: On Feb. 13, Puntland government’s Security Reform Committee chaired by Finance Minister Hassan Shire Abgaal, and includes security minister and Darawish commander, continued their troop assessments and registration process by visiting Armo, 90km south of Bossaso.²⁴ On Feb. 14, the Reform Committee visited Puntland troops stationed at Af Urur and Galgala army bases in Bari region, as part of continuing troop registration process.²⁵

On Feb. 19, Puntland president Said Deni appointed new commanders for Puntland Maritime Police Force (PMPF) to lead four different units: Commando Unit; Land Unit; Maritime Unit; and Operations Unit. The president also fired the former PMPF commander and his deputy.²⁶ PMPF was established in 2010 to fight Somali piracy crimes, with funding and technical assistance coming from the UAE government. On Feb. 21, local media reported that the Security Reform Committee was facing challenges with registration of security forces in Gardafui region of Puntland, with 300 soldiers showing up for registration and government officials were mandated to enrol a smaller unit of security forces.²⁷

2.2 Security Forecast

2.2.1 Violence Against Women: The case of the rape and murder of Aisha Ilyas seems to have to come to a close with the execution of two out of three of her convicted rapists and murderers. The third perpetrator, who was convicted of rape and murder along with his brother, was not executed. The family of Aisha Ilyas opted not to carry out the execution and instead agreed to an out-of-court settlement. The court proceedings of the high-profile case of Hodan Shanleyste also began with 7 of her accused perpetrators on trial. The Puntland government was tested by a spate of gruesome violence against women last year and the administration has yet to bring all the cases to justice. The public’s reaction to the out-of-court settlement was not favorable, but unconfirmed rumors had been

circulating that a settlement was likely. In the future, the Puntland government will have to ensure that, if the victim's family prefers traditional justice processes, these out-of-court settlements are conducted before the Puntland courts embark on a lengthy and costly judicial process. It is also important that the public are updated accordingly about case outcomes, including out-of-court settlements, to reinforce public confidence in the law. It is likely that the case of Hodan Shanleyste will continue throughout the month of March.

- 2.2.2 **Sub-national Conflict:** The sub-national conflict between Somaliland and Puntland continued to intensify, as armed skirmishes in Sanaag region saw death and injuries on both sides of the conflict. The Somaliland government has continued its offensive in the region, while Puntland continues to fortify its defenses in the region. The international community remains quiet on the escalating violence between Somaliland and Puntland. In recent months, the two fronts of the conflict (Sool and Sanaag regions) have seen a dramatic escalation as the two administrations battle over territory. To make matters worse, a clan conflict in Sanaag region over gold mining has the potential to amplify and widen the conflict even further. It is unlikely that the conflict will decline over the coming months. Furthermore, given the trends of 2019, it is unlikely that international stakeholders will interject until it is too late.
- 2.2.3 **Regional Fault-lines:** The sub-national conflict over the control of Sanaag and Sool has been accentuated by armed groups fighting for the liberation of Sool, Sanaag and Ayn (SSC) regions from the control of Somaliland. The decision to merge the fighting forces of Col. Abdirashid Hussein and Col. Faisal Falaalug will likely result in more attacks on Somaliland forces in the region. The inflammatory statements made by the Somaliland Public Works Minister against a prominent privately owned company will embolden the SSC militia's community narrative even further. It is likely that there will be more attacks in Sool and Ayn regions involving the Somaliland forces and the SCC militia during the next reporting period.
- 2.2.4 **VEO & Counter-Terrorism:** VEOs in Puntland continued to target the cities of Galkayo and Bossaso with a number of attacks throughout February. Over the past few months, VEOs have increased their attacks on government officials in Galkayo and Bossaso. The government's reinforcement of Galkayo is a necessary approach to ensure its security. However it will take a coordinated effort that prioritizes community outreach and support to ensure that VEO operations are countered effectively. The advancement of state security forces in the Golis Mountain range is a crucial step in the fight against VEO activities; however, Puntland will need to concurrently prioritize both its urban efforts and rural efforts to strengthen security. More VEO activities and government counter-terrorism efforts are likely to continue in Bossaso in the next reporting period.
- 2.2.5 **Security Sector Governance:** February saw more reshuffling by the administration with a notable target on the Puntland Maritime Police Force (PMPF). The security apparatus supported by United Arab Emirates saw a slight change in their institutional framework, as the role of PMPF commander was removed and the four tactical commanders were appointed to lead different sectors. Continued emphasis was made on the registration of armed forces with the security reform committee visiting various bases in Puntland. However, the security reforms have been mostly rudimentary with appointments and registrations being the main activities carried out throughout 2019 and early 2020. The Puntland government will need to implement broader security reforms in order to ensure that security apparatuses are working at the intended levels. It is likely that incremental security reforms will continue in the next reporting period.

3. POLITICS AND GOVERNANCE

3.1 FGS-Puntland Relations Worsen Over Petroleum Law

3.1.1 Key Developments: Political relations between Federal Government of Somalia (FGS) and Puntland state have been on a collision course over federalism throughout 2019. Despite heading into a new year, it has become evident that the political divide was continuing to widen this early on. On Feb. 12, Somali President Mohamed Abdullahi Farmajo told a TV interview that he “invited” Puntland president Said Deni to “visit us in Mogadishu” but that the Puntland leader has decided not to visit Mogadishu yet.²⁸ On Feb. 12, Puntland Information Minister Ali Sabarey responded at a press conference that the FGS leaders “rejected” the Puntland president’s offers for national dialogue, in response to Somali president’s claim that he “invited” the Puntland president to Mogadishu for talks.²⁹ On Feb. 8, Somali media reported that Upper House senators from Puntland chose not to attend Upper House sessions, until such time that the Federal Government and Puntland state enter political negotiations to resolve the dispute over power and resource sharing between federal and state-level governments.³⁰

On Feb. 8, President Farmajo signed the revised Petroleum Act (2019) into law. Federal parliament approved the Petroleum Law in 2008, and it was revised and approved by Lower House of Federal Parliament in May 2019.³¹ Puntland senators left parliament hall before the Upper House vote, with some political figures arguing that the Federal Constitution requires the approval of “all senators of a single state” for an act to become law. On Feb. 11, Puntland government responded to the Somali president’s signing of the revised Petroleum Law, calling it “illegal and a clear violation of Federal Constitution” arguing that “natural resource sharing and management should be ‘negotiated and agreed’” between Federal Government and Federal Member States.³² Puntland government has strongly opposed the Federal Government’s process to draft and pass the revised Petroleum Law without consultations with state governments.³³

3.1.2 Analysis: It is irrelevant what leader visits what leader, in which town; rather, what is critically important is for the federal and state-level leaders to meet, engage in wide-ranging consultations, power and resource-sharing negotiations, and agreeing on a model towards 2020/2021 federal elections. Instead, what transpired during February was FGS and Puntland leaders exchanging divergent views publicly, with each side appealing to political constituencies. There is no doubt that the FGS did not engage in consultations with FMS governments during the review and revision process of the Petroleum Law; as such, Puntland government is within its rights to oppose a federal law passed without consultations with state governments, as required by the federal constitution.

However, Puntland government’s response to the Petroleum Law review and revision process at the federal level was delayed and seemingly reactive, instead of a proactive approach that fully utilizes and activates state resources, including forming a united front of Puntland representatives in Lower House of Federal Parliament and the Federal Council of Ministers. The FGS leaders expertly used this discrepancy of support/opposition of Puntland representatives at the federal level to continue pushing through the revised Petroleum Law, despite the associated risks and confrontation with FMS governments especially Puntland. While the FGS succeeded with this daring calculation, Puntland was successful in activating and uniting its senators in the Upper House to collectively walk out on the day of the law’s approval, thereby throwing into question the legality of the Petroleum Law within the country’s constitutional framework. However, despite Puntland government’s strong objection, the Petroleum Law was passed and signed into law by the Somali president. It remains unclear whether or not the anticipated federal-state negotiations will agree to a review of the passed Petroleum Law, and other laws, such as the Electoral Law.

3.1.3 Forecast: It is expected that the FGS will continue promoting its successful passing of the revised Petroleum Law (2019) as federal law to attract international oil and mining companies to Somalia.

However, the controversial law's area of enforcement is unlikely to include Puntland territory. This is especially true since the FGS approved seismic data for coastal areas south of Puntland and expects to offer licensing rounds for offshore blocks south of Puntland to international investors. Expectedly, the federal-state dispute over power and resource-sharing is forecasted to continue, until such time that FGS and FMS leaders initiate direct negotiations and agree to a common solution.

3.2 Dispute Over 'Acting President' Role in Puntland

- 3.2.1 **Key Developments:** In January, Puntland government officials quietly resolved a dispute over the State Bank nomination (as reported in PSR January 2020). On Feb. 24, Puntland Parliament's Permanent Committee issued a press statement declaring that, in the absence of President and Vice President, "the authority of Acting President lies with Speakers of the House of Representatives".³⁴ Conversely, Puntland Justice Minister Awil Sheikh Hamud was serving as Acting President when President Said Deni and Vice President Ahmed 'Karash' Elmi Osman were overseas during the same period.³⁵
- 3.2.2 **Analysis:** The Puntland Constitution (2012) does not specifically assign the role of 'Acting President' when both the president and the vice president travel out of the state. However, during Puntland state's 21-year history of governance, the role of Acting President has been reserved to the executive branch, and represented by the Minister of Justice. The Puntland parliament's legal argument is founded on constitutional principles and parliamentary bylaws. While the parliament's policy position was publicized, the administration's response (if any) was not available in public spaces. Fundamentally, with Puntland state struggling to strengthen its security institutions and revitalize a lagging economy, a legal debate over the role of 'Acting President' is neither important, nor relevant. The state parliament's work should be focused on holding the administration to account over major issues, such as security policy, decentralization, institutional reforms, economic recovery, and community engagement initiatives. Instead, the state parliament has wrongly focused on expanding its governance role, without adequately undertaking its existing legislative authority.
- 3.2.3 **Forecast:** The debate over the role of 'Acting President' is unlikely to continue in the coming month; however, it is plausible that the Puntland parliament might seek a High Court decision on the matter.

3.3 Puntland Shuts Down Federal Election Commission Office

- 3.3.1 **Key Developments:** Puntland government's rejection of the federal electoral process took a bold turn in February after the state's Ministry of Interior issued a decree shutting down the Garowe office of the National Independent Electoral Commission (NIEC). The Feb. 6 decree, which stated that the office shall remain closed "until further notice," also banned NIEC from conducting any election-related activities in Puntland territories.³⁶ This decision came on the heels of Puntland government's rejection of the Electoral Law, which was approved by the Lower House of Federal Parliament on Dec. 28, 2019, in Mogadishu. The government's new policy did not impact only NIEC offices and work in Puntland; rather, on Feb. 7, Puntland-based news agency *Horseed Media* reported that it was "unclear" if Puntland TV director Jamal Arab Yusuf was "fired" after Puntland TV aired an advertisement by NIEC.³⁷ The report could not be verified independently, however. On Feb. 24, NIEC finally responded to the Puntland government's decision, with NIEC chairwoman Halima 'Yarey' Ismail telling Somali media that Puntland "closed our [NIEC] offices but did not suspend the national elections altogether...we hope the issue can be resolved through dialogue and negotiations".³⁸
- 3.3.2 **Analysis:** The Puntland government's decision to shut down NIEC office in Garowe was a clear response to the federal government's continued push to pass the Electoral Law through the two Houses of Federal Parliament. Puntland state's argument is founded on the lack of consultations

between FGS and FMS governments over key federal legislation, specifically the Electoral Law. In a Feb.24 statement to the UN Security Council, UN Special Representative to Somalia Amb. James Swan said that “the new [Electoral] Law regrettably does not address many outstanding questions” and called for broader consultations with the FMS governments to ensure that “the NIEC can maintain offices across the country to organize elections”.³⁹ In a Feb. 28 press statement by the UN Security Council on elections in Somalia, the Security Council “called on the Somali Federal Parliament, in collaboration with NIEC and in consultation with the Federal Government of Somalia, Federal Member States, and other stakeholders, to take urgent action to clarify these issues to enable implementation of the Electoral Law”, adding that the “members of the Security Council expressed regret that the NIEC is unable to operate freely in all Federal Member States”.⁴⁰

Puntland government’s decision to close NIEC office in Garowe has attracted the attention of UN Mission in Somalia (UNSOM) and its head, Amb. Swan. Certainly, the decision has the potential to derail the holding of credible, legitimate and timely federal elections. At the same time, the decision has brought to surface the underlying political disputes that have caused a stall in federal-state cooperation and further polarized the two sides. As such, it is imperative that federal-state negotiations commence immediately, as called for by the UN Security Council. If these federal-state negotiations do not commence or culminate in a disagreement, then there is limited hope that federal elections can be held on time, whilst ensuring credibility, inclusivity and legitimacy.

- 3.3.3 **Forecast:** In the near-term future, federal-state negotiations are anticipated to commence between the FGS and FMS governments, possibly mediated by the Inter-governmental Authority on Development (IGAD), an East African regional bloc headquartered in Djibouti. If the federal-state talks are delayed or end in failure, then the current state of political impasse and incessant dispute is anticipated to continue unfolding in Somalia. If federal-state negotiations are successful, then the outcome is an agreed electoral model that has the support of the FGS and FMS governments, and can be endorsed by the Somali public and the international community. Puntland is unlikely to approve the reopening of NIEC office in Garowe until the federal electoral model is agreed upon.

3.4 Puntland to Host ‘State Consultative Conference’ in March

- 3.4.1 **Key Developments:** On Feb. 17, Puntland president Said Deni speaking at the opening of a Trade Exhibition in Bossaso, called for a Puntland Consultative Conference to be held on Mar. 15 in Garowe.⁴¹ President Deni said the government would invite state and federal officials from Puntland, local politicians, elders and civil society to discuss the state’s role in federal Somalia.⁴² The following day, on Feb. 18, the president nominated an 11-member steering committee to organise the Puntland Consultative Conference, including Puntland ministers, parliamentarians and civil society.⁴³

- 3.4.2 **Analysis:** It is not the first time that Puntland state has organized a consultative conference. In 1998, Puntland state was founded at the conclusion of the year-long Constitutional Conference held in Garowe and attended by 480 delegates representing the founding five regions and Buhodle district. In 2012, Puntland hosted a second Constitutional Conference whereby 480 delegates from all regions of Puntland attended as members of the State Constituent Assembly, which ratified the revised state constitution in a plebiscite vote. However, the consultative conference announced by President Deni is not exactly the same as the above-cited examples. In the case of examples above, the conference had specific objectives with regional delegates tasked with voting on a State Charter (in 1998) and a State Constitution (in 2012). By comparison, the upcoming Puntland Consultative Conference does not have such a specific objective; rather, the Conference is reportedly aiming to address a broad range of issues and to foster a platform for uniting the state’s political ideology towards a specific direction. While there are risks of deadlock associated with a state-wide conference of this magnitude, the risks of stalemate are further exacerbated when there is a lack of clarity with the objectives of such a conference. The government has yet to clearly articulate the objectives of this

conference and the intended outcomes. Leading many to believe that the conference is largely expected to support the Deni administration's hardline position against what many see as the Federal Government's abuse of power, centralism policies and violation of constitutional authority. Even if this is the case discussing a number of broad issues such as these in the short period allocated will likely result in broad outcomes that aren't exactly specific or result oriented.

- 3.4.3 **Forecast:** The anticipated Puntland Consultative Conference will be held on time in Garowe in mid-March. The conference's outcome is expected to endorse the Puntland administration's ongoing institutional reforms, its federal policy and to reaffirm the unity and defense of Puntland state.

4. SOCIAL AND ECONOMIC AFFAIRS

4.1 FGS-Puntland Education Dispute Heats Up

- 4.1.1 **Key Developments:** The education dispute over national examinations, which went relatively under the radar, has reared its ugly head as the FGS Education Minister's press conference last month brought the dispute back into the public discourse. On Jan. 25 FGS Education Minister Abdullahi Godah speaking to BBC doubled down on his Ministry's decision to refuse national certification for Puntland students who did not take part in national exams.⁴⁴ The same day on Jan. 25, Puntland Parliament's Second Deputy Speaker Ismail Mohamed Warsame told local media that Puntland public should "support national examinations" in response to Federal Education Minister's comments, but emphasized that Puntland should retain a role in "design, management, corrections and result announcements" of national exam process in Puntland.⁴⁵ A day after the statement on Jan. 26, Puntland Education Minister Abdullahi Mohamed Hassan made a statement to local media responding to Federal Education Minister Abdullahi Godah's comments. The Puntland minister accused the federal minister of violating previous agreements and the federal constitution. Days later on Jan. 31 Minister Godah released a 25 minute video press statement in which he further explained his position but also sidetracked from the topic to make disparaging remarks about former Puntland leaders.

On Feb. 3, Somali federal MPs and senators who represent Puntland in federal parliament held a press conference in Mogadishu criticising policies of Federal Education Minister Abdullahi Godah, whose ministry rejected national endorsement documents for graduates awarded secondary school graduation certificates by Puntland Ministry of Education.⁴⁶ On Feb. 5, representatives from education ministries from federal and state level governments met in Mogadishu, and issued a communique endorsing the federal Ministry of Education plans to unite national examinations and called for Puntland Ministry of Education to join the process; Puntland state was absent from the meeting.⁴⁷ One of the key takeaways was that students who did not take part in the national exams would not receive certification for their diplomas. After this meeting, several delegations from Puntland visited Mogadishu to reportedly solve the education dispute that continued to linger. On Feb. 17, federal parliamentarians from Puntland announced that the Federal Ministry of Education has approved national certificates for Puntland secondary school graduates.⁴⁸

- 4.1.2 **Analysis:** The dispute between the Puntland Ministry of Education (MoE) and FGS MoE is based on Puntland's objection to impose national exams upon state students. According to Puntland's MoE officials, the premise of Puntland's objection is that Somalia has not yet adopted a national curriculum and that it would be unfair to force their students to take an exam on a curriculum that has not been endorsed by Puntland government. The FGS Minister stated last April: "There was a long debate that lasted for a long time between Puntland and the [Federal] Ministry and I believed that the [unified exams debate] was resolved last year, but Puntland has kept the same position."⁴⁹ What is troubling is the assumption that this issue was worked out. The future of Puntland students hinged on assumptions that came to surface a month before national exams commenced, indicating that neither side was clear on each other's stance, specifically Puntland MoE which only responded

to Minister Godah's initial press conference. Maybe a case could have been made that, since Puntland did not adopt the national curriculum, that this would by default make Puntland ineligible for the national exam. But even if this was the case, Puntland should have anticipated this reaction from the FGS and disclosed its position clearly and earlier. The whole situation could have been avoided if both sides were willing to meet and genuinely work out a way forward. Instead, the FGS opted to use the press to politicize the affair while Puntland only disclosed their stance when pressed by the FGS and the mounting public pressure. Thus, leaving Puntland students to bear the impact of this political impasse. Before talking to media, neither side attempted to have genuine talks to resolve matters, and this left the public, who officials are supposed to be accountable to, totally in the dark.

Almost a year after the issue became public the FGS retracted from its initial stance after the interjection of MPs, clan elders and community leaders. The question remains: why did it take this long to come to an agreement? Why did the FGS initially refuse to accept Puntland state certificates if they would later retract? Could this outcome be reached at a earlier time if the two ministries were willing to have genuine talks? The reversal of the decision by the FGS has posed more questions than answers. But the outcome is clear: Puntland students unnecessarily lost valuable time and possible scholarships due to a politicized dispute, which was later quietly resolved. If Somalia wants to progress as a federal republic, the relationship between the center and periphery will need to be strengthened or more scenarios such as this will impede development and ultimately the Somali public will suffer.

4.1.3 **Forecast:** To the public, it seems that this political row has reached its final chapter, with Puntland students receiving national certification. But it may be too premature to say that the FGS and Puntland have forged a common understanding with regards to education. As secondary school exams are only a month away, it is possible that this dispute will resurface yet again, as Puntland did not take part in the education meeting in Mogadishu, and more importantly haven't respond to the communiqué that came out of the meeting. It is likely that Puntland and FGS are headed on a familiar collision course come this April.

4.2 Puntland Traders Protest Over New Tax in Major Cities

4.2.1 **Key Developments:** On Feb. 20, Galkayo traders closed their shops in protest against what media reported was "new local tax" imposed by Puntland government.⁵⁰ On Feb. 22, North Galkayo local businesses were shut down for the third consecutive day of protest.⁵¹ Local business leaders met privately to strategize negotiations with government officials. On Feb. 26, local businesses in Bossaso closed their businesses in protest against a new tax collection procedure introduced by the Puntland Ministry of Finance.

4.2.2 **Analysis:** The service tax that the Puntland government attempted to implement was not received well by the business community throughout Puntland. The idea of businesses closing their doors in protest began in Galkayo, but it quickly spread to Bossaso and finally Garowe. The media's reporting of the 'new taxes' contains a lot of ambiguity, as to what exactly will be taxed. NAI reached out to Ministry of Finance officials to get more clarity on what the taxes are. A senior ministry official confirmed to NAI that local media reports of 'new taxes' is 'misleading'.

In Galkayo, the so-called new taxes in question were in fact not new taxes, but the enforcement of existing taxes. In Bossaso, a new system to ensure tax procedures were being adhered was introduced, including steps to verify offloaded business goods at Bossaso port for taxation purposes. The Ministry of Finance's reasoning is to ensure tax compliance and minimize tax fraud. With regards to the 'new tax' in Galkayo, this is the enforcement of an existing tax which can roughly be described as a Value Added Tax (VAT). "A VAT is a tax that is levied on the transaction value of a product at each stage of production, distribution or sale to the end consumer."⁵² However, the

government plans on imposing this tax on suppliers of imported goods since the government does not have the capacity or systems in place to impose a sales tax directly to the end customer.

Business owners in Galkayo are refusing this tax, arguing that they are competing with goods coming in from South Galkayo that are taxed significantly lower, which would make goods coming in from Puntland less competitive. The argument holds weight and this is likely why this tax was not previously imposed on business owners in Galkayo in the first place. Galkayo has two different tax regimens making introducing of new taxes on a part of the demographic even more difficult. Galkayo would benefit from a common tax regimen that ensures that there is a level playing field. However, it is clear that the Puntland government has not fully factored in these complexities and ultimately its impact on the government's long-term objective. If the objective is to raise revenue, if a tax such as this is imposed on North Galkayo, could this result in North Galkayo residents and business owners opting to purchase goods from South Galkayo? If this is the case, then it will have a chain reaction, as products being imported into Bossaso would likely decrease, ultimately minimizing revenue generated at the port. If this new tax is implemented in Galkayo, then what mechanisms does the Puntland government have in place to ensure that products coming from South Galkayo are subject to Puntland tax? Will the government set up a dry port within Galkayo city, taxing all products coming from there? If Puntland attempted to do so, it would be extremely difficult to implement effectively.

Ultimately, the tax burden or tax incidence will fall on the consumer who has very little consumer protections being offered by the state. If Galkayo did not have two tax regimens and business owners were not worried about losing consumers to South Galkayo, this new tax would likely occur relatively unopposed. And the tax burden would solely fall on consumers, because business owners transferring all taxes that were owed by them. The Puntland government has not attempted to ensure that the tax burden is evenly shared by the consumer and business owner. The administration should understand that all of this tax burden will be transferred to consumers, subsequently raising prices of goods and ultimately contributing to inflation.

In addition, the government has not been transparent enough in ensuring that the public understand what these taxes are and why they are being imposed. There was no visible media counter-campaign to try and correct the misguided narrative being purported throughout local media. Ultimately, the government has been unable to understand the implications of these tax policies, while also failing to garner adequate support from the public and the business community, prior to implementation.

Implementing tax policies aimed at generating more revenue for government services is not an easy process. Ultimately, residents have to trust that taxes are going to improve government services for the public. Puntland has historically struggled with financial accountability and garnering public trust for the state's public finance management. Last year, the Puntland government passed a budget of \$346 million that included local revenue and international aid. Many new budget headings were introduced, such as the Puntland Youth Fund, and increases in budgets for public services, such as health and infrastructure. The allocation of finance to these areas should be welcomed, however, whether the funds are managed effectively and accountability is ensured will continue to be the ultimate test for the Puntland government.

- 4.2.3 **Forecast:** It is likely that the tax in Galkayo will be reassessed, which may result in a postponement. It is unclear whether the government will go ahead with the proposed taxes given its implications. The new systems in Bossaso will likely be implemented as is. It is unknown, however, if the administration will attempt to inform the public of what initiatives the government will undertake improve accountability and transparency in public finance management.

*New Access International (NAI Somalia), founded in 2012, is a Civil Society Organization (CSO) based in Somalia. NAI Somalia specializes in research, organization and policy development, and advocacy programs, and launched its **Somali Law and Policy Program** in January 2019, publishing the monthly **Puntland Situation Report** that focuses on collecting, observing, recording, and analyzing all major events and developments linked to matters of law and policy, and its impact on peace, politics and development in Puntland State, Somalia.*

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