

**SITUATION OF WAR-AFFECTED PEOPLE IN POST-CONFLICT SOMALIA AND
THEIR NEED FOR ISLAMIC MICROFINANCE SERVICES: A QUALITATIVE
SURVEY**

Mohamed Abdikarim Ali

International Islamic University Malaysia/Institute of Islamic Banking and Finance IiBF

Prof. Dr. Rusni Hassan

International Islamic University Malaysia/Institute of Islamic Banking and Finance IiBF

Assoc. Prof. Dr. Salina Hj Kassim

International Islamic University Malaysia/Institute of Islamic Banking and Finance IiBF

ABSTRACT

This paper aims identify the situation of the poor and war-affected people in post-conflict Somalia and highlight the potential roles microfinance in alleviating poverty and enhancing their lives in the country. This paper also aims to establish foundational argument for developing microfinance best practices to provide affordable, accessible and efficient Islamic microfinance services the specific context of post-conflict Somalia. The paper adopts qualitative research approach using phenomenological method to investigate the situation of war-affected people in post-conflict Somalia and how the introduction of suitable microfinance services can be the help solve the poverty and sufferings of these people in many ways. The study collected primary data through conducting interviews with fifteen key informants in the microfinance sector of the country, such as lead managers to the institutions offering microfinance services, the regulators of the central bank of Somalia CBS and other government officials including the current Deputy Minister of Finance in Somalia to gain holistic understanding on the issues at stake. It is found that the short experience of microfinance in Somalia faces several issues and challenges in regard to reaching for the ultra-poor in the country especially the war-affected people such as IDPs and returning refugees. The paper also found that microfinance can be a viable intervention mechanism to enhance the standard living of these disadvantaged people that was harmed by the long civil war.

Keywords: IDPs, refugees, Somalia, microfinance in post-conflict situation, microfinance

INTRODUCTION

Civilian people are the most affected by conflicts. Therefore, post-conflict countries which is a term used to refer to describe the situation of a country that is in the wake of conflict (Kudus, 2010), seek a way to rebuild and improve the lives of the war affected people in order to reduce their vulnerability and lift them out of poverty. Although, the majority of the low-income population in developing countries lack access to financial services such as credit or savings, this problem is even more prominent in post-conflict countries (Arne, Utin, & Agun, 2008; Kudus, 2010). In fact, less than 1 percent of population in post-conflict countries such as Kosovo, Liberia, Congo, and Sierra Leone had access to bank account towards the end of the conflict (Ahmeti, 2014; Arne et al., 2008). However, microfinance institutions (MFIs) prove to be beneficial and considered as the only financial source to the poor individuals and war affected such as war widows and demobilised soldiers (Ahmeti, 2014; Kuehnast, 2001).

In fact, many post-conflict countries developed MFIs to support war affected people such as the Internally Displaced People (IDPs) and returning refugees. These countries include: Cambodia, Lebanon, Angola, Mozambique and Rwanda (Djankov, McLiesh, & Ramalho, 2006; Jacobson, 1999; King, 2008; Manalo, 2003; Samuels, 2006; Wijesiri & Meoli, 2015; Wilson, 2002). Hence, providing suitable microfinance services to people affected by conflict is regarded as a powerful development and reconstruction mechanism (Nagarajan & McNulty, 2004; Wilson, 2002). Likewise, microfinance can provide a livelihood security and economic self-reliance through self-employment to the post-conflict Somali and its people who are affected by the conflict.

Somalia is a Muslim country located in East Africa and regarded as a post-conflict nation coming out of more than two decades of civil war and absence of a centralized government. Besides the conflict, the country suffers from severe drought that puts the lives of millions in danger, increasing the number of refugees and Internally Displaced People (IDPs) causing a devastating poverty. Between the years 2015-2017 the country was hit by the latest drought that caused famine, affected more than 6.2 million people, and increased the number of IDPs to more than 2.1 million people (UNOCHA, 2017).

Prior to this, the country experienced the worst famine of the 21st century in 2011-12, the absence of urgent response from the government and delay of international aid resulted in the loss of more than 258,000 lives (Maxwell, Majid, Adan, Abdirahman, & Kim, 2016). Additionally, more than 900,000 refugees are reportedly migrants in neighbouring countries such as Yemen and Kenya (UNHCR, 2017). These unfortunate people strive to restore their livelihood and economic self-reliance in an absence of financial services that can contribute into their socio-economic growth and a better well-being.

Somalia's economic and social infrastructure witnessed severe damage that is caused by the conflict that has lasted for a quarter of the century. This extended civil war made the country fragile. The whole story begun in 1991 when the central government collapsed due to an armed opposition groups and lead to prolonged civil conflict and total absence of central government. As a result of the conflict, the country's economy remained underdeveloped, the state institutions are impaired, and poverty is unescapable. Now Somalia is emerging from this extended civil war and

has a functioning central Bank and other government agencies working to develop the economic infrastructure.

The country witnessed a peaceful transition of political power in February 2017, and the new government has drawn-up a partnership model with the World Bank. According to a recent report by the (World Bank, 2017) the partnership is aligned with the National Development Plan, which focuses on priority areas critical for development, such as humanitarian, strengthening national security, more inclusive stable politics, and accelerating economic recovery.

However, the growth potential of Somalia will continue to be limited due to the legacy of the destruction of both human capital and physical infrastructure. According to an official document released by the International Monetary Fund (IMF), the government of Somalia stated that it has taken important steps to rebuild the economic institutions of the country, facilitate the economic recovery, and improve the livelihood of its citizens. Based on the report, the government aims to embark on policies and reforms to rebuild the financial system, enhance governance, strengthen the fiscal framework, and regaining relations with international financial institutions (IMF, 2016).

Nevertheless, the government of Somalia still lacks the capacity to focus on other crucial issues such as tackling the alarming levels of poverty in the country such as initiating programs that assist the war-affected people and other disadvantaged segments of the society such as the IDPs and returning refugees. Thus, there is a need to investigate the efforts of other players in this regard, especially the role of the private sector such as commercial banks and other organisations offering Islamic microfinance services in the country.

Hence, the aim of this research is to examine the experiences of the managers of the institutions offering microfinance services in Somalia, along with the regulators of the Central Bank of Somalia CBS as well as several other government officials to shade more lights on the situation of the IDPs and returning refugees and their access to microfinance services to provide them livelihood how these programs can restore these peoples' dignity to integrate back into the society . Correspondently, the current study attempts to answer the following research questions, what is the situation of the Somali IDPs and returning refugees in general? How can microfinance services help these war-affected people? How can microfinance play a role in bringing the war-affected people together and integrate them back to the society?

Following this introduction is a review on the relevant literature to provide an overview about the war-affected people in Somalia and the poverty level in the country as a whole. Thereafter, the methodology, the findings, the discussions and conclusions will be presented consecutively.

LITERATURE REVIEW

During the 1990s, Somalia was the main source of refugees since the country became in the centre of violence, millions fled the country to the neighbouring countries as well as to other continents. Beside the conflict, climate related environmental changes also contributed to push out many Somalis to seek refuge and secure better livelihood to other countries (De Juan, 2015). In fact, these environmental changes has contributed as well to the many conflicts among the tribes and

specifically the pastoralists in the whole Horn of African region in general and Somalis in particular, and ultimately forced many of them to be displaced within the borders of Somalia or migrate to outside the country (Markakis, 2003; Maystadt & Ecker, 2014). Hence, during the times of droughts, hardships and worsening livelihood conditions, violent conflict generally become more intense (Maystadt & Ecker, 2014).

Moreover, the political unrest and elite exploitation are often the reason in sustaining these violences (Webersik, 2008). Likewise, these high temperatures and droughts force animal herders in Somalia to sell more of their livestock, which lead the prices of these animals to decrease in the local markets and causes economic price shocks which eventually make these people susceptible to livestock raiding and prone to join armed militias (Maystadt, Calderone, & You, 2014; Maystadt & Ecker, 2014).

While the phenomenon of displacement as well was alarming since the collapse of the central government, the number of IDPs increase following the level of violence or weather shocks that took place several times in the country. As mentioned earlier and per the latest report of UNHCR, (2017), more than 1.5 million Somalis are internally displaced within the country, while the number of refugees who have flown into the neighbouring countries such as Yemen and Kenya is 900,000. These unfortunate people strive to restore their livelihood and economic self-reliance in the absence of financial services that can contribute to their socio-economic growth.

The president of Somalia Mr. Mohamed Abdullah Farmajo while speaking at the special summit held on 25th of March 2017 in Nairobi to devising lasting solutions for Somali refugees said:

*“We have to launch investment scheme for resettlement refugees and Internally Displaced Persons (IDPs) so that they can restart and sustain their livelihood. Many are farmers and pastoralists but mostly have the inherent entrepreneurial spirit of Somalis and they would excel in small business. All they would need is small investment and faith in their God given talent. This could be in the form of **microfinancing** and other incentives. Together with the private sector and development partners we are confident that such scheme could become a catalyst of durable solution for refugees and IDPs”.*

This is in line with the practice of many other post-conflict countries. In fact, several studies have shown that when refugees and IDPs get access to financings, they become relatively financially secure and operate a small business, making them legitimate clients of microfinance. Sylvester, (2011) investigated several refugees living in Kampala, Uganda from the Somali and Congolese communities that run business activities and hired other refugees and Ugandan nationals. Among the surveyed persons were a Somali refugee who was trading in camel and he was operating the business successfully for more than one year - hiring fifteen Ugandans and Somalis in the same period. However, he mentioned that he faces many challenges to access credit to expand the business (Sylvester, 2011). Moreover, Boniface (2012) reported several activities that been offered by the refugees in Dadaab, a Somali refugee camp in Kenya, these business activities include, internet cafes, hotels, butcher shops, barbershops, clinics, electricity suppliers, telephone bureaus and dealing in second-hand motor vehicles. Likewise, another study of the

Dadaab assessed the camp's economic value at \$14 millions, which constitutes at least 25 percent of the economy of the Kenyan province that host the camp (Roger, 2012).

Unfortunately, the majority of Somali refugees and IDPs suffer a great deal of financial pressures, and microfinance can play vital role to relieve this burden from their shoulders and offers them a dignified way of survival. In different parts of the world, microfinance proved to be particularly beneficial to people affected by conflict, such as the IDPs and returning refugees. Ohiorhenuan & Stewart, (2008) believe that, microfinance services provided to refugees and IDPs will enable them to overcome their conflict-induced vulnerabilities over time. In addition, microfinance services can help in redeveloping social interaction, specifically on rebuilding of trust and networks that lost because of the conflict (Dhakal & Kanel, 2004; Morais & Ahmad, 2011).

The notion of supporting refugees and IDPs through microfinance received recognition as part of promoting the economic engagement of these groups. This was a result of the realisation of several humanitarian organizations such as UNHCR on the insufficient, ineffectiveness and impracticality of the previously proposed durable solutions. Moreover, providing microfinance services for refugees and IDPs will achieve repatriation, integration, resettlement among these affected people and allow them to regain their livelihood and resume their normal daily activities.

Finally, because of the civil war and unrest, poverty in Somalia is alarming. According to the World Bank report, almost half of the country's population of about 12 million live on less than \$1.90 per day, which is below the international poverty line. However, about one third of the people (35.4%) receive remittances are from this category. As a result of this extreme poverty, there is high level of inequality, and it is driven by the different causes of poverty in different locations. For example, in Mogadishu the inequality is close to 60%, while in other urban and rural areas the percentage reduced at 40% or 50%. However, the highest percentage of inequality is witnessed among the IDP settlements of about 70% (World Bank, 2017).

Methodology

Approach

Based on the objectives mentioned above, a qualitative research approach was applied. Qualitative research allows the researcher to how to drive results and understandings on how people interpret their experiences (Merriam, 2009). Choosing qualitative research methodology assist the researcher to further utilise this methodology's ability to generate comprehensive information to determine the perception of the managers of the Somali commercial banks, the regulators of CBS and the government officials about the situation of the war-affected people in the country, their need for microfinance services and the role of these services to bring these disadvantaged people to integrate them back to the society by building the social infrastructures of Somalia through microfinance. Therefore, collecting brief answers to structured questions will not allow the researcher to provide the required in-depth information to assess the current situation of the war-affected people in Somalia adequately (Weischedel, Matear, & Deans, 2005).

Sample and data collection

A total of fifteen 15 interviewees were selected based on specific conditions, as the sample is composed of well-informed and articulated senior managers and government officials who are key informants to share their experiences regarding the situation of war-affected people in Somalia and how microfinance can be the right intervention mechanism to help these people. Although, Creswell, (2009); Polit & Hungler, (2001); Morse, (1994) recommended that in order to allow an in-depth exploration and achieve in phenomenological studies, the researcher needs to interview six to ten participants.

The total sample for this study has involved all the financial institutions that was operating and offering Islamic MF services in Somalia during the data collection period in the summer of 2018. The number of the institutions were 6, and the researcher obtained approvals from them all to conduct interviews with their lead personnel. Similarly, the Central Bank of Somalia CBS, and the Ministry of Finance were approached to complete the sample size. The total number of financial institutions' managers interviewed reached 9 individuals. The participants also include the current Deputy Minister of Finance in Somalia Dr. Abdullahi Mohamed Qallocow and three other advisors to the Ministry of Finance in Somalia.

Data analysis

All the fifteen interviews were transcribed and then reviewed several times. Afterward, the current research used a phenomenological approach to analyse data that involved interpreting and reflecting on the data transcript in order to drown a holistic understanding of the meaning of the respondents' experiences regarding the situation of war-affected people in Somalia and the potential role of microfinance to enhance their lives (Crotty, 1998).

Several other literatures examined the microfinance state in Somalia have severely discussed the from the customers' point of view. Hence, this mentioned data analysis approach was chosen to allow the other stakeholders such as microfinance providers, regulators and other government officials to express their opinion based on their experiences and their positions.

Results

Situation of war-affected people

Understanding the situation of the Somali IDPs and returning refugees based on the perception of the financial services providers in the country, the regulators and government officials is the core principal of this research. The interviews explained the living conditions of the war-affected people in post-conflict Somalia based on their experiences and previous engagements with these disadvantaged groups. According to the respondents, since the beginning of the 27-year war, a huge number of Somalis fled their homes to seek refuge in the neighbouring countries or became

displaced within the country. The sub-theme contains two sub-sub themes, the first focus generally on the resettlement of refugees and Internally Displaced People (IDPs) while the second discusses their need to microfinance services. The model below illustrates the responses of the respondents on each of the sub-sub-themes about the war-affected people in Somalia:

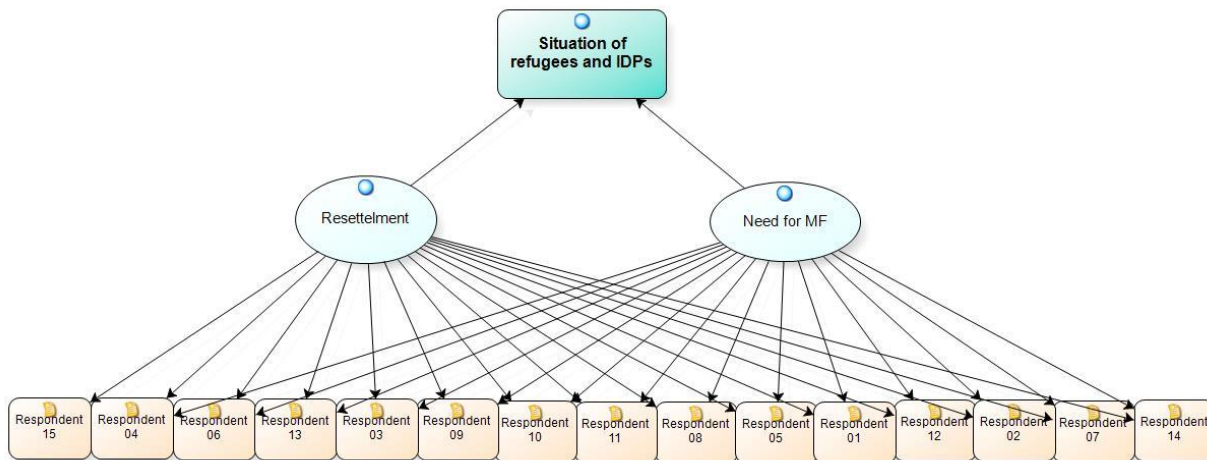


Figure 1.1 Situation of War-affected People in Post-conflict Somalia
 Source: Output of NVivo 10 generated from interviews, 2019

The issues related to resettlement of the refugees and IDPs

Among all the affected people, IDPs are the least productive. Their situation worsens whenever unrest takes place nearby their territories, which causes them to flee again with nothing to sustain their lives or face a devastating famine and drought when the government’s help and humanitarian aids available are inadequate. There are two main causes behind the large numbers of IDPs in Somalia, as clarified by several respondents. One of them stated that,

“The IDPs are mainly two groups, one group ran away because of war and the other displaced because of famine” (Respondent 11).

In fact, Respondent 9 believed that at least 60 percent of the citizens are IDPs, which means that 3 out of every 5 people are being displaced at least once in their lifetime (Respondent 9).

Although it is difficult to assess how the war affects people, especially the current IDPs as stated by Respondent 14, the general notion about them was that they are vulnerable and live in very harsh situations. Similarly, Respondents 3, 7, 8, 12, and 15 believed that IDPs are the least productive people in the country and do not have the economic capacities that enable most of them to participate in the local markets. According to one respondent, two reasons are hindering most of the IDPs from economically productive, i.e. lack of education and lack of suitable financial

services (Respondent 7). Additionally, most of these people live in camps and depend on aids received from international organisations, which is limited. One respondent added that,

“Although the support they are getting from the international community is very limited, and the Somali government is not able to financially support these IDPs. It is very difficult to integrate them into the local market, because of the lack of financial assistance or financial services” (Respondent 12).

Moreover, Respondents 8, 11, and 12, mentioned that the IDP camps are located around the big cities such as Mogadishu and IDPs are scattered around these cities to seek out better access to aid from international organizations providing humanitarian aid while some of them look for business opportunities in the local markets. However, Respondent 3 stated that 70 percent of the IDPs who live in the country are in dire need for urgent assistance such as resettlement, microfinance services, and other forms of support (Respondent 3).

Recently, the humanitarian organizations started offering to IDPs cards that can be exchanged for food items and other stuff directly from the stores, giving them access to a variety of goods. One respondent explains this new development:

“Nowadays the UN agencies started to provide cards or IDs that can be taken to the market and exchange them with food items and other facilities. Previously, they used to distribute imported food items from abroad, but now these cards helped to improve the local market and other businesses to get more cash and generate income” (Respondent 4).

Despite these developments, one respondent reported that some of these IDPs are comfortable with receiving aids. Even if IDPs are offered financial services or business opportunities, they still need continuous supervision because they are complacent and have gotten used to receiving food, money, and other aids (Respondent 7). Hence, one respondent suggests the way out for these people is through resettlement.

“Only when they are resettled and inserted into the community they can become productive elements their contribution will be shown” (Respondent 15).

However, to ensure smooth resettlement, one respondent shared a deep concern of the need for reconciliation among the different Somali tribes that fought during the civil war as the foundation for restoring the mutual trust among society and contribute to complete resettlement of the IDPs. The respondent stated,

“At Amal Bank, we mostly follow internal regulation prepared by the bank to set the structures and procedures to distribute the loans and mechanism to repayment by the beneficiaries” (Respondent 13).

Although this may be true to a certain level, the majority of the citizens need to understand that they need each other and learn to forget the past, according to other respondents. Several respondents differed with the previous opinion and shared appealing evidence on the level of integration that these IDPs have achieved with their new neighbors. The amount of welcoming they usually receive from the existing residents is one of the crucial factors for the resettlement process.

For instance, Respondents 1, 2, 3, 4, and 6 mentioned that most of the IDPs relocate themselves and settle in new places and even formed new neighborhoods around the big cities. So many of them reside in their new houses instead of staying in camps and they get some help from NGOs in the country. One respondent provided an example of the new locations created by ex-IDPs that have now consider themselves at home,

“There are several neighborhoods and cities created by IDPs and returnees such as Ma’ani and Waido, in these places they have opened markets and established many services and look they are no more displaced people” (Respondent 2).

According to the respondents, the main factor that made the relocation process easy for most of them is that both the IDPs and the hosts mostly belonging to the Somali race which makes the integration process much easier, letting the newcomers feel at home as soon as they reach the new territory. In this regard, one respondent classified the IDPs into two categories and clarified the integration process of each category:

“the IDPs in the country are classified into two categories. The first category is people that used to live in other cities and urban areas and the other category are the nomad people, the pastoralists that called the Bedouins. However, both of the two groups normally do not prefer to go back to their original places, because they mostly can fit in and naturally integrate themselves into the new environment. The reason for the IDPs considering their new place as their home is that all of them are ethnically Somalis, and they share everything, and they easily find welcoming from their new neighbors. Specifically, the Bedouins they normally find the new resettlement as relief and relaxing from the harsh life of the nomads in the desert and herding after the camels all day” (Respondent 5).

Positive improvements in their living conditions

On the other hand, Respondents 9, 10, and 14 believed that the situation of the war-affected people is getting better because of two reasons. The first reason is that most of these IDPs used to be economically active people in the past, while the second reason is that business is part of the Somali culture. Therefore, when they flee from war, they normally start their livelihood somewhere else and open businesses in the new place and forget that they are refugees or IDPs. One of the respondents emphasised that,

“The Somali business people are able to relocate and establish themselves wherever they go and survive in the difficult situations” (Respondent 10).

For example, one respondent visited the largest refugee camp in the world which is located in Kenya and mostly populated by Somalis.

“I once visited Dadaab, the refugee’s camps in Kenya and witnessed a great number of refugees who became wealthy just by doing business inside or around the camps, they import goods from Mogadishu or Nairobi” (Respondent 4).

According to respondents 1 and 2, the number of the Somali refugees who fled to Kenya, Ethiopia, and Yemen is declining since many of them are returning home and the rest are planning to do so soon (Respondents 1 and 2).

Their importance of providing Islamic microfinance to these people

After discussing the situation of the war-affected people in the previous theme, this theme focuses specifically on the importance of providing microfinance services to the above-mentioned people as a tool to improve their lives and help them to become economically-active citizens. As discussed earlier, many of the respondents emphasised the lack of microfinance services and the potential of such services to lift the IDPs and refugees out of poverty.

One respondent reasoned that Somalis are wise and hardworking people but found themselves in a very difficult situation because of the prolonged civil war and famines. In fact, as soon as they arrived at their camps near the big cities, they started petty trading such as selling small items such as peanuts and miswaks or provide haircuts and similar activities that do not require a lot of funds and the rest of the society appreciate their role in the market (Respondent 2). In support of this, another respondent stated,

“Microfinance services will help this category of people a lot, as I mentioned some of these IDPs are already engaged in the business and the others have the creativity and the capacity to run business, if they receive a little support they would grow and achieve decent lives for themselves and their families” (Respondent 1).

In the same vein, Respondents 3, 4, 5, 6, 7, 8, 10, 11, and 12 have highlighted the importance of providing microfinance services to the Somali IDPs and refugees. In fact, all the respondents believed that microfinance will help them start small businesses and generate income to cover their daily expenses and support their families. According to Respondent 3, the average daily expenses of these families is between \$2 to \$5 a day. Therefore, if these people receive small financings such as \$500 or \$1000 or maximum \$2000, it can expand their businesses, sustain their livelihood, and increase their productivity, which would boost for the economic growth of the whole country (Respondent 4).

Additionally, Respondent 11 claimed that providing such opportunity will be the right intervention to support these people, instead of giving them humanitarian aid. These kinds of projects will improve their lives, restore their dignity, enables them to send their kids to schools and have higher ambitions (Respondent 11). Moreover, the respondent argued that enabling these people to start a business and become economically active will reduce the unemployment rate in a

country where more than 90 percent of its citizens are unemployed (Respondent 7). In fact, the respondent believes that poverty and unemployment are closely associated with the security disruption in the country. The respondent explained that,

“If the lives of these poor people have improved, this again will contribute to peace development because all these unemployed young men are easily manipulated to join the armed militias” (Respondent 7).

However, Respondents 7, 8 and 9 believed that the currently available microfinance services in Somalia are below the need, and the existing beneficiaries mostly are people who already had something, while the ultra-poor people such as the war-affected ones are totally ignored. In other words, since the whole idea of microfinance is quite new in Somalia, refugees and IDPs are yet to benefit from such projects. Access such as small loans, investment, and training will help them to boost their lives (Respondents 7,8 and 9). Nevertheless, to introduce a successful microfinance programme, Respondent 7 argued that we need first to ensure that two things are in place.

“Before offering microfinance we need to ensure the peace and security in the country first, then create the enabling regulatory environment for businesses, after that we can be hopeful that microfinance will be the right intervention” (Respondent 7).

Given the above points, one of the obstacles would be the right platforms to channel the microfinance services and reach for these groups. To tackle this issue, respondents suggested the utilisation of existing business associations or associations these groups have formed themselves, if any, as platforms to channel microfinance services (Respondents 1). By doing so, IDPs will be able to go back to their original localities, to their farms, livestock, and other business activities to boost their economic capabilities (Respondent 14).

CONCLUSION AND RECOMMENDATIONS

Microfinance has been touted as a viable mechanism for poverty reduction in many parts of developing world for several decades. Moreover, in post-conflict countries, microfinance is expected to play more roles as an intervention tool for peace building, economic development, reconstruction, reconciliation and restoring back the lives and dignities of the people who severely affected by the war. Somalia is in the wake of conflict that lasted for more than two decades, and the country needs to rebuild the damaged economic and social infrastructures. In this paper, Islamic microfinance programs and similar grants are confirmed to be the best intervention to support these war-affected people along with the utilization of zakah and waqf institutions. Moreover, the Islamic microfinance in Somalia face many issues and challenges. Moreover, the

current research confirms that since the beginning of the civil-war, a large number of Somalis fled their homes to seek refuge in the neighbouring countries or were displaced within the country.

1. At least 60 percent of Somali citizens are still IDPs, which means that 3 out of every 5 people have been displaced at least once in their lifetime.
2. These IDPs are discovered to be the least productive sector economically among all the war-affected people, and they reside in camps around the big cities.
3. The causes of their suffering include lack of education, lack of financial resources suitable for them, their over dependence on aid the limited received from local and international organisations which, and the inability of the Somali government to financially support these disadvantaged people.
4. Their situation worsens whenever unrest, famine or drought hit their regions.
5. Particularly the IDPs who fled their homes the previous years and shifted to camps nearby the capital city Mogadishu due to the long famine and drought that took place in Somalia three years ago until 2017.
6. Moreover, it is found that many refugees are returning back to the country, while some IDPs are relocating and settling in new places forming new neighbourhoods and cities.
7. Although, it was also revealed that the unemployment rate in the country is estimated to be more than 90 percent, however, the respondents emphasised that these people can be very productive if they get access to suitable microfinance services and similar means to help them start businesses and improve their livelihoods.
8. In fact, the research indicated that some of these people are already established in the market and mostly engage in different kinds of businesses such as agriculture, fishery, livestock and trading.
9. The existing beneficiaries of Islamic microfinance services are confirmed to be customers with certain economic capabilities, while the ultra-poor people, especially IDPs, are totally forgotten and are yet to be reached by the current microfinance providers or access to any other grants from other institutions such as zakah or waqf.
10. Thus, Islamic microfinance services are proven to be the best intervention mechanism to support the war-affected people to restore their dignity and build a decent life for their families and be able to participate in rebuilding the new Somalia.

Thus, it can be concluded that, Islamic microfinance providers should double their efforts and focus on the acute poor people in the country including the war-affected people such as the IDPs and returning refugees who do not have the economic capacity to be economically productive or do not have the means to start a business)

The findings of the current study have significant contributions to the body of knowledge, practitioners and stakeholders, as well as to the policymakers and regulators of post-conflict countries especially Somalia. In fact, this is the first study that examines the situation of war-

affected people from microfinance providers, regulators and government officials' perceptions, which enriches the literature in this area of research. Likewise, the findings provide insights on their perspectives on the matter of offering microfinance to these ultra-poor people in the country, which will motivate the commercial banks and other microfinance providers to deploy more efforts to provide accessible and affordable services to the poor and low-income people in Somalia, and, coupled, with the expectation of service providers along with the regulators and government officials. This means that the policymakers and regulators should implement the necessary regulations to ensure the microfinance sector in Somalia receives the suitable supportive environment.

References

- Ahmeti, F. (2014). Microfinance As a Tool for Economic Development in Transitional Countries: Experience From Kosovo. *European Scientific Journal*, 10(4), 269–287.
- Arne, J. U. E., Utin, J. O. H. N. G., & Agun, J. U. J. (2008). Frontier Finance - Microfinance As A Prudent First Intervention In Post-Conflict Countries.
- Bank, W. (2017). Somalia Overview. Retrieved November 24, 2017, from <http://www.worldbank.org/en/country/somalia/overview>
- Creswell, J. W. (2009). *Research Design: Qualitative, Quantitative and Mixed Approaches*. SAGE Publication.
- Crotty, M. (1998). *The Foundations of social research*. Allen & Unwin.
- De Juan, A. (2015). Long-term environmental change and geographical patterns of violence in Darfur, 2003–2005. *Political Geography*, 45, 22–33.
- Dhakal, N. H., & Kanel, J. P. (2004). Microfinance services in insurgency and conflict situation: case study of Nepal. *INAFI and SAP Nepal, Kathmandu*.
- Djankov, S., McLiesh, C., & Ramalho, R. M. (2006). Regulation and Growth. *SSRN Electronic Journal*.
- Humanitarian Response UNOCHA. (2017). *Humanitarian Needs Overview*.
- International Monetary Fund. (2016). Somalia: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding, (July 17).
- Jacobson, J. L. (1999). *UGANDA : THE PROVISION OF MICROFINANCE IN THE WAKE OF CONFLICT*.
- King, E. M. (2008). Vietnam's Decree On Microfinance: A Flawed Attempt To Create An Enabling Legal Environment For Microfinance Elin. *Pacific Rim Law & Policy Journal*, 17(1), 187–207.
- Kudus, C. L. (2010). *Socio-economic impact of microfinance in post conflict situation: A Case of SUMI in Juba County (Sudan)*. University of Juba.
- Kuehnast, K. (2001). Innovative Approaches to Microfinance in Post-Conflict Situations : Bosnia Local Initiatives Project. *Social Development Notes (World Bank)*, (50).
- Manalo, M. S. (2003). Microfinance Institutions ' Response in Conflict Environments. *Africa Region Working Paper World Bank*, (54).
- Markakis, J. (2003). Anatomy of a conflict: Afar & Ise Ethiopia. *Review of African Political Economy*, 30(97), 445–453.
- Maxwell, D., Majid, N., Adan, G., Abdirahman, K., & Kim, J. J. (2016). Facing famine: Somali experiences in the famine of 2011. *Food Policy*, 65, 63–73.

- Maystadt, J.-F., Calderone, M., & You, L. (2014). Local warming and violent conflict in North and South Sudan. *Journal of Economic Geography*, 15(3), 649–671.
- Maystadt, J.-F., & Ecker, O. (2014). Extreme Weather and Civil War: Does Drought Fuel Conflict in Somalia through Livestock Price Shocks? *American Journal of Agricultural Economics*, 96(4), 1157–1182.
- Morais, N., & Ahmad, M. M. (2011). NGO-led Microfinance: Potentials and Challenges in Conflict Areas. *Journal of International Development*, 23(5), 629–640.
- Morse, J. M. (1994). Designing funded qualitative research. In *Handbook of qualitative research* (pp. 220–235).
- Nagarajan, G., & McNulty, M. (2004). Microfinance Amid Conflict: Taking Stock of Available Literature. *Accelerated Microenterprise Advancement Project*, (August). Retrieved from
- Ohiorhenuan, J., & Stewart, F. (2008). *Post Conflict Economic Recovery*.
- Polit, D., & Hungler, B. P. Essentials of nursing research: methods, appraisal, and utilization, Lippincott Williams & Wilkins § (2001).
- Roger, Z. (2012). Are refugees an economic burden or benefit? *Forced Migration Review*, 50.
- Samuels, K. (2006). Rule of Law Reform in Post-Conflict Countries: Operational Initiatives and Lessons Learnt. *Access*, (37), 64.
- Sharan B. Merriam. (2009). *Qualitative Research: A Guide to Design and Implementation*. Wiley.
- Sylvester, A. J. (2011). Beyond Making Ends Meet : Urban Refugees and Microfinance, (May).
- UNHCR. (2017). Somalia situation 2017: Supplementary Appeal, (December).
- Webersik, C. (2008). Wars Over Resources?: Evidence from Somalia. *Environment: Science and Policy for Sustainable Development*, 50(3), 46–58.
- Weischedel, B., Matear, S., & Deans, K. R. (2005). A qualitative approach to investigating online strategic decision making. *Qualitative Market Research*.
- Wijesiri, M., & Meoli, M. (2015). Productivity change of microfinance institutions in Kenya: A bootstrap Malmquist approach. *Journal of Retailing and Consumer Services*, 25, 115–121.
- Wilson, T. (2002). Microfinance during and after conflict: Lessons from Angola, cambodia, Mozambique and Rwanda. *Sprongfield Centre for Business in Development*, (March).