

BTI 2014 | Somalia Country Report

Status Index	1-10	1.32	# 129 of 129	
Political Transformation	1-10	1.42	# 129 of 129	➔
Economic Transformation	1-10	1.21	# 129 of 129	➔
Management Index	1-10	1.70	# 126 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	10.2	HDI	-	GDP p.c.	\$	-
Pop. growth ¹	% p.a.	2.9	HDI rank of 187	-	Gini Index		-
Life expectancy	years	54.4	UN Education Index	-	Poverty ³	%	-
Urban population	%	38.2	Gender inequality ²	-	Aid per capita	\$	91.9

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

During the review period, Somalia experienced ongoing violence which, in combination with a severe drought in 2011, initiated one of the worst humanitarian crises in two decades. However, the military defeat of the Islamist militia Harakat al-Shabaab al-Mujahedeed (al-Shabaab) by joint international and national forces, as well as the selection of a federal parliament and federal government, have again raised hopes for a political breakthrough that will eventually end the war in Somalia and enable a broad-based reconciliation and reconstruction process.

Since 2007, al-Shabaab has expanded its sphere of control and has dominated southern and central Somalia, with the exception of some parts of Mogadishu; by the end of 2009 insurgents increased their presence in the capital as well. By mid-2011, military pressure on the insurgents increased. The African Union Mission in Somalia (AMISOM) was raised to nearly 10,000 troops and forced al-Shabaab to withdraw from Mogadishu in August 2011. In October 2011, Kenya intervened in the Somali conflict, on the side of the Transitional Federal Government (TFG) after al-Shabaab had allegedly launched a series of kidnappings across the Kenyan border. Kenya was followed by Ethiopia, from which troops fought al-Shabaab together with local militias in the west of the country. Under military pressure from all sides, al-Shabaab had to successively withdraw from major towns in southern and central Somalia. Even without controlling main urban centers, al-Shabaab however continued with its guerilla-based, hit-and-run tactics and suicide attacks.

Although politics are deeply intertwined with clan affiliation, Somaliland in June 2010 held its second presidential election which allowed for a smooth transition of power from the ruling to an opposition party; municipal elections were held on 28 November 2012. While the election process was peaceful in most parts of the country (except in the eastern regions, which are contested by Somaliland and Puntland, and where autonomous political movements are gaining ground), the announcement of the election results triggered a series of violent protests throughout Somaliland. Protests were met with extreme force by Somaliland's police, and at least 10 people were killed.

By the end of 2011, the Transitional Federal Government initiated an end to the transition process. In August 2012, a draft interim constitution was confirmed by the national council. The Committee of Elders selected a new federal parliament, which in turn elected a president, who then nominated a prime minister, who formed a cabinet by the end of the year. Hopes for reconciliation are high in Somalia and among international actors, although the president, federal government and federal parliament still have to prove their ability to govern.

With 237 incidents, the number of overall piracy attacks increased during 2011. Due to international counterpiracy operations and the increasing use of private maritime security, the number of successful attacks however was significantly reduced. In 2012 there was a significant fall in pirate activity, with no attacks at all in the second half of 2012. Pirates have allegedly started to diversify their activities, engaging in kidnapping and in marketing their services as counterpiracy experts or ransom negotiators. Accordingly the new schemes are driven by the Somali diaspora, many of them who are provided with reference letters and even diplomatic passports by members of the Transitional Federal Institutions.

Since 2012, internally displaced people and Somali refugees have been returning to Mogadishu. Returnees from the Somali diaspora are starting to invest, in particular in Mogadishu, where they have opened restaurants, shops, hotels and other businesses. Additionally, the real estate sector in Mogadishu is booming, although the land registry is defunct and the illegal acquisition of land since 1991 has been common practice. Title deeds cannot be verified, and thus it is likely that the question of land ownership, access and user rights will lead to conflicts in the near future.

History and Characteristics of Transformation

With the complete collapse of state institutions in 1991, Somalia represents one of the modern world's most protracted cases of statelessness. While the central and southern parts of the country are since affected by intermittent violent conflicts, northern Somalia has developed differently. In the northwest, the Republic of Somaliland declared independence in May 1991 and has gradually rebuilt its basic state structures. Although the new country has developed a modest capacity to govern and has continued along a path to full democratic transformation, it has not yet gained international recognition. In August 1998, Puntland was established as a semi-autonomous regional state in Somalia's northeastern region. Although Puntland has developed rudimentary governance structures, it does not strive for independence and is part of the newly announced Federal State of Somalia. This report therefore only examines the developments in Somaliland, and not in Puntland. In 2006, after a series of armed conflicts, another semi-autonomous region, the Galmudug State, was declared in an area comprising two regions at the southern border of Puntland.

In central and southern Somalia, localized processes of political reconstruction after 1995 have led to increased security and modest economic growth until 2006. In 2004, after two years of

complicated negotiations, an internationally mediated peace and reconciliation conference in Kenya led to the formation of a Transitional Federal Parliament (TFP) and Transitional Federal Government (TFG). Both the TFP and TFG relocated from Kenya to Somalia in mid-2005, a move that changed the dynamic of the Somali conflict dramatically with the rise of a well-organized Islamist movement, U.S. counter-terrorism operations and the military involvement of neighboring and international troops in Somalia. The Transitional Federal Institutions were plagued by internal conflicts and power struggles and were challenged by a new politico-military actor, the Union of Islamic Courts (UIC), which expanded its rule throughout southern Somalia between June and December 2006. Ethiopia's military intervened on the side of the TFG in December 2006, defeated the UIC and established the TFG in Mogadishu. This was then supported by a small contingent of African Union Mission to Somalia (AMISOM) forces, authorized by the U.N. Security Council in February 2007.

The combined TFG, Ethiopian and AMISOM forces were soon involved in a complex Islamist insurgency, spearheaded by the Harakat al-Shabaab al-Mujahedeed (al-Shabaab). Although peace negotiations led to the inclusion of moderate Islamist forces into the TFG, the withdrawal of Ethiopian forces from Somalia in January 2009 and the election of President Sheikh Sharif, a moderate Islamist, al-Shabaab continued its fight. By mid-2010, al-Shabaab controlled vast parts of central and southern Somalia and started to build administrative structures. Their success however did not last. By 2011, AMISOM had raised its forces to the originally planned 8,000 soldiers. After a series of kidnappings by Somali actors in Kenya, Kenyan troops invaded southern Somalia in October 2011 and shortly afterward, Ethiopia re-intervened in Somalia from the west. During 2012, al-Shabaab successively lost control over major towns in southern and central Somalia to allied international and national forces and was eventually defeated in its economically important stronghold of Kismaayo in October 2012. Up until the end of 2012, al-Shabaab had to withdraw from all major towns in southern and central Somalia. The war between 2007 and 2012 demanded the lives of more than 10,000 people, most of them civilians, forced hundreds of thousands to flee the capital and initiated, in combination with a drought, a severe humanitarian crisis from mid-2011 to mid-2012. All the fighting forces in Somalia were involved in severe human rights violations.

The interim period of the TFG officially ended in August 2012. Between May and September 2012, the United Nations initiated a formal basis to end the transitional period, assisted in the development of a new constitution and facilitated the formation of a federal government and parliament, moves which raised new hopes for a reconciliation and reconstruction process.

The collapse of the state and the subsequent disarray of its formerly centrally planned economy have led to the radical privatization of economic activities. In the mid-1990s, the economy, especially international trade and local services, started to grow. This progress was not due to any coherent economic management, but rather to the results of private initiatives by entrepreneurs, who, within an insecure environment, often act in close cooperation with powerful militia leaders. Commercial activity is driven by short-term profits and in general relies heavily on armed protection. However, growing insecurity and violence has contributed to a subsequent and severe

economic crisis. In Mogadishu, one of the capital's biggest markets was seriously damaged and several businesses were destroyed between 2010 and 2012.

While the central and southern regions of Somalia were engaged in war, the Republic of Somaliland continued its path toward state-building and democratization. Independence was confirmed during a public referendum in 2001, which was followed by district elections in 2002, presidential elections in 2003 and parliamentary elections in 2005. As a result of the second presidential elections in June 2010, an opposition party took over the executive branch. The fact that the election as well as the transfer of power went peacefully indicated the consolidation of democratic rules in Somaliland. However, the second district elections were held in 2012 and an allegation of electoral fraud led to a series of violent demonstrations throughout the country.

The eastern regions of Sool, Sanaag and Cayn are contested between Somaliland and Puntland, with both claiming these regions as part of their state's territory. However, neither Somaliland nor Puntland has established real control over the regions, and Somaliland was not able to conduct elections in most parts of the contested areas. In spite of its overall success in peace- and state-building, the Republic of Somaliland remains limited in its effective and material capacity and has established few measures to regulate economic activity. Not officially recognized as a state, Somaliland receives only limited aid from OECD countries, which arrives primarily in the form of assistance from non-governmental organizations and multilateral aid. The state is also highly dependent on an emergent business class and corruption and clan-based patronage networks permeate all levels of governance.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

Somalia is a country without a state since 1991, when the already weak monopoly on the use of force collapsed. The review period saw the military defeat and withdrawal of the Islamist militia al-Shabaab, which since 2007 expanded its power and controlled by end of 2009 most parts of southern and central Somalia. Neither the TFG nor the newly formed federal parliament and federal government have managed to reestablish a monopoly on the use of force throughout the country. The military success against the Islamist militia was delivered mainly by foreign armies. The strength of the African Union Mission to Somalia (AMISOM) was enhanced from 8,000 troops in 2010 to 12,000 during 2011 and 17,000 by July 2012. Their military victory started with the uprooting of al-Shabaab from Mogadishu in September 2011 and from Mogadishu's outskirts by March 2012. From there, AMISOM and TFG-allied militias moved toward southern and central Somalia.

Monopoly on the
use of force

1

AMISOM operated in the western parts of the country supported by Ethiopian troops, which invaded Somalia in November 2011 and May 2012. Ethiopia, in cooperation with the TFG and allied militias, among them the Ahlu Sunna Wal Jamaa (ASWJ), a network of local clan militias, has taken over the western Somali border districts and established basic forms of administration. In the south of the country, the fight against al-Shabaab was supported by Kenya's military, which invaded southern Somalia on the side of the TFG in October 2011 and since forced al-Shabaab to successively withdraw from all major towns in the far south of Somalia. In October 2012, Kenya took over the economically important port city of Kismaayo, a move that severely weakened the revenue base of the Islamists. Kenyan troops were in June 2012 integrated into the AMISOM framework. Ethiopia, in contrast, has an unspecified mandate but is part of a broader anti-Islamist alliance and hence coordinates its activities with the TFG and AMISOM.

Another military actor engaged in the Somali war since 2006 is the United States. U.S. forces have launched a series of targeted attacks against leading al-Shabaab and

al-Qaeda militants in Somalia, are involved in surveillance activities and reportedly operate drones from airbases in Ethiopia and Djibouti.

By end of 2012, al-Shabaab was defeated and withdrew its forces from all major towns in central Somalia. While many of the Islamist fighters demobilized, an unclear number of al-Shabaab militants withdrew to rural areas and a large number allegedly relocated to Puntland during 2012, from where they launched several attacks in late November 2012. Although the Islamists currently possess neither the military strength nor the will to challenge the Somali government and allied international forces, they may nonetheless pose a significant threat to any attempts to re-build central state structures.

The establishment of TFG, AMISOM and Ethiopian-controlled administrations in almost all major towns has only partly enhanced security. These forces have, especially in the initial phase of fighting, committed many atrocities and human rights violations. Although still unpredictable as attacks continue, security in Mogadishu has increased significantly since mid-2012. A large number of internally displaced persons (IDPs) and refugees, even from the greater Somali diaspora, have started to relocate to Mogadishu. Mogadishu now is for the first time since the collapse of the state in 1991, and with the exception of a brief period when it was ruled by the Union of Islamic Courts (UIC) in 2006, under a single administration. Additionally, AMISOM and TFG have improved their activity coordination, and the international effort in building up the Somali Police Force (SPF) and a National Security Force (NSF) has contributed to the city's security provisions. The 5,000 SPF forces were established and trained by a long-standing United Nations Development Program (UNDP) initiative. The majority of the SPF is deployed in Mogadishu.

The expansion of armed security forces in recent years, however, has also had a negative effect, as many underpaid soldiers use their weapons to work additionally as private security guards. Some soldiers even resort to looting civilians at checkpoints. Although police training and salaries for policemen is provided by the European Union and Japan, and the TFG is supposed to provide a salary of \$100 for constables and \$150 to \$200 for senior officers, it has allegedly often delayed or even skipped payments.

During 2011 and 2012, al-Shabaab continued with targeted and suicide attacks against allied forces, international aid workers, journalists and civil society activists, especially in Mogadishu but also in other parts of the country. The security situation in Somalia is additionally challenged by the high number of armed groups, including clan-based militias allied or opposed to the TFG, neighborhood vigilantes, private security companies and private security guards and criminal gangs. A number of TFG-allied and mostly clan-based militias are operating throughout south-central Somalia, and have established embryonic administrative structures with the support of external military. In north-central Somalia, Ahlu Sunna wal Jama'a (ASWJ)

receives training from Ethiopia, while Kenya supports the Ras Kamboni militia in the south. Although these militias are officially aligned with the TFG and the new federal government of Somalia respectively, the militias' loyalty is first with their commanders and their clan and second with the external forces that support them. Some of the re-built local administrations seem to be proxies for the intervening states rather than emergent local authorities. In general, it remains to be seen if the local militias will subordinate themselves to a central state structure and hand over power to the federal government. In Kismaayo, the withdrawal of al-Shabaab has already led to conflicts between different local actors and clan militia.

Although al-Shabaab is defeated militarily, the group still poses a significant threat to stabilization and reconstruction attempts, as they have continued with violent attacks and targeted killings throughout Somalia, in particular in Baidoa, Kismaayo, Afgooye and Merca.

Somalia also saw an increasing number of private security companies offering their services to AMISOM, the TFG (and since the end of 2012, the federal government) and the Puntland administration, be it for maritime or onshore security services. In Puntland, the private security company Sterling Corporate Service (formerly Saracen International) is accused of violating the Somali arms embargo.

Violence also erupted in the contested border area between Somaliland and Puntland, in the regions of Sool, Sanaag and Cayn, where the Somaliland military and a local clan militia were involved in a series of armed attacks. More than 100 people lost their lives and over 3,000 individuals have been displaced. The border region has seen the rise of new militant actors, among them the Sool, Sanaag and Cayn (SSC) movement and the Galgala militia. The SSC has aimed at establishing a regional administration independent of both Somaliland and Puntland. It faltered in 2011 but was replaced in early 2012 by the autonomous Khaatumo State of Somalia, which claims to administer the Dhulbahante areas between Somaliland and Puntland. Armed clashes between the Somaliland security forces and Dhulbahante militias followed throughout 2012, with particularly heavy fighting around two towns, Lasanod and Buuhoodle. While a ceasefire was agreed upon between local militias around Buuhoodle and the Somaliland troops in August, following negotiations between former SSC leaders and the government in Hargeysa the violent incidents and armed attacks continued until the end of the year over much of the Sool region.

The second violent actor in the north has its basis in the Galgala Mountains, in the regions of eastern Sanaag and western Bari. This militia was until mid-2012 headed by Mohammed Said Atom, who established links with al-Shabaab in 2009. While the militia allegedly received arms from Eritrea and Yemen in the beginning of 2010, Puntland security forces launched a series of attacks against the militia in the Galgala highlands and took over its main base in September 2010. In May 2011 the militia regrouped and attacked Puntland forces. In February 2012, the Galgala militia

officially joined al-Shabaab. It also came under the leadership of two seasoned Islamists, named Yasin Kilwe and Ali Ga'amey. Sheikh Atom allegedly went into hiding in southern Somalia. Fighting with Puntland forces around Bosaso and in the mountains continued. Puntland was additionally challenged by pirates, who are increasingly involved in criminal activities on the mainland.

While pirates have increased their activities in 2011, the success of their attempts to hijack ships decreased considerably due to effective international anti-piracy operations and the use of private maritime security. In 2012 the number of pirate incidents decreased. However, by August 2012 there were, according to the International Maritime Organization, still 259 hostages from 18 ships being held by Somali pirates. Pirates seem to engage increasingly in mainland criminal activities, especially in the kidnapping of aid workers and civilians.

The Somaliland state has in the western and central parts of the country developed modest capacities to govern. With only modest external funding, governance is provided on a minimalist basis and concentrates on the maintenance of public security. Somaliland has made considerable progress in its democratic transition in its western and central regions. But due to the escalating conflict in the eastern regions (Sool, Sanaag and the area around Buuhoodle) the reach of the government has been limited and democratic reforms effectively have not taken place.

The vast majority of Somalia's population is ethnic Somali, and nearly 100% of the population is Muslim, making Somalia a relatively ethnically homogenous country when compared to other African states. However, there has always been strong social divisions; some population groups have been considered "second or even third class" Somalis. Groups such as the largely agro-pastoralist Rahanweyn and the Jareer/Somali Bantu were looked down upon, and had little to no access to political and economic power. Their particular culture, including local dialects, was largely excluded from the "Somali canon" of identity. Prior to 1991, citizenship was based on patrilineal descent; a person with a Somali father was considered Somali, regardless of where they lived. A Somali is defined as a person who by origin, language and tradition belongs to the Somali nation. In legal terms and despite their discrimination in everyday life and politics, so-called minority groups such as the Jareer/Somali Bantu, Midgan, Yibir and some Arabic minorities were seen as full-fledged citizens. After the collapse of the state, members of minority groups were harassed by gunmen and threatened by freelance and clan militias, which often targeted militarily weak groups for exploitation or sexual violence. With the increasing influence of Islam in Somali politics, particularly since 2006, the concept of the umma, or community of Muslims, has gained importance. It is unclear though how or whether this affects the situation of minorities.

In the Somaliland Citizenship Law of 2002, patrilineal descent from the clans or people living in Somaliland was reaffirmed as the basis of citizenship. A similar

State identity

4

principle of descent from regionally dominating groups also underpins citizenship in Puntland. Also, the new Somali constitution refers to *jus sanguinis* as basis of citizenship. But given Somaliland's claim for independence, the notion of a common Somali state identity is no longer valid in much of the northwest (territory of Somaliland), with the exception of the regions of Sool, Sanaag and the area around Buuhoodle, where many people still adhere to the idea of a united Somalia. In central and western Somaliland, Somali state identity has been gradually replaced by a Somaliland state identity, particularly among the younger generation.

With the collapse of the government in 1991, the state's secular law ceased to function in most areas. Simultaneously, two already existing non-state legal systems gained prominence in Somalia: traditional law (*xeer*) and the Islamic Shari'ah, with the latter growing in influence since 1991. In Somaliland's constitution, as well as in the interim constitution of Puntland and the Transitional Federal Charter, Islamic law forms the base of jurisprudence. Under President Sheikh Sharif, the TFG has announced the implementation of Shari'ah law, and the new provisional constitution, which was approved by the assembly of elders in August 2012, equally propagates Islamic law as Somalia's legal foundation, stating that all laws have to comply with Shari'ah law and asserting Islam as only religion of Somalia. With the defeat of al-Shabaab and taken into account the weakness of the new government, the continuation of a mixture of traditional law and Shari'ah plus, if the new Somali government prevails, some nascent state law, is likely throughout south and central Somalia.

In the areas ruled by al-Shabaab until 2012, politics and everyday administration were guided by religious dogma. A strict interpretation of Islamic law was enforced and harsh penalties, such as execution by stoning, amputation of limbs and flogging, were publicly applied. Al-Shabaab has further imposed morality laws, with strict dress codes for men and women, forcing women to wear a heavy veil and men to shorten their trousers, shorten their hair and grow beards. Smoking or chewing khat, a mildly narcotic leaf, in public was banned, as was secular music and any forms of dances. At times, al-Shabaab controlled even private houses for compliance of these rules.

Beside its draconic rules, al-Shabaab lost public support when it continued restricting humanitarian operations and the access of aid organizations, even to areas which were severely affected by the 2011 famine. In November 2011, Islamist militias banned more than 16 international organizations from working in their territory, seizing both the compounds and local assets of these organizations. The militias additionally imposed taxes on the remaining agencies in December 2011, and in January 2012 expelled the International Committee of the Red Cross (ICRC) from southern Somalia, after the ICRC had suspended its distribution activities due to constant harassment by the militia. Looting, the diversion of aid and the harassment of aid workers were common in the areas controlled by al-Shabaab.

No interference of religious dogmas

3

Somaliland's constitution allows for three legal systems, based on Shari'ah (Islamic law), civil law and customary law. Islamic courts primarily regulate family issues but have increasingly gained prominence among the business community, whose members appreciate the speedy judgments. Although secular legal codes, including the old Somali penal code, have been applied across the country, they remain subordinate to traditional law, as the courts' institutional capacity is limited, and judges and attorneys lack training and expertise in secular legal codes.

In the eight years of its rule from 2005 to 2012, the TFG has neither established public institutions nor built-up at least the rudimentary structures of governance. Many of its institutions, such as the parliament or the civil service, are barely functioning. Most ministers have neither clear terms of reference nor a ministerial apparatus. Public goods, among them the most basic good of security, have not been provided to the population, although quite a significant part of external funding and support was directed toward the establishment and training of national security forces. Lack of administrative capacity, the misuse of resources for private gain, and weak leadership structures have exacerbated the administrative failures of the TFG. Instead, the TFG relied mainly on AMISOM for security. Although the recruitment of armed forces was supported by international donors, payment for them was often delayed or even skipped altogether. Corruption and misappropriation of state funds were tremendous and became systemic within both the TFG and TFP. Additionally, the TFG was involved in human rights violations and violations of international humanitarian law, including indiscriminate attacks against civilians. It has also been accused of recruiting child soldiers.

In the areas controlled by al-Shabaab, administrations have been established with the main function of upholding order based on a radical interpretation of Islamic Shari'ah. Al-Shabaab has exercised arbitrary and authoritarian rule, and civilians were confronted with many violations of their human rights. With the defeat of al-Shabaab, localized forms of authority have gained new importance. The new federal government has started to develop plans for the establishment of regional administrations, and President Hassan Sheikh Mahamud has committed himself to a "bottom-up" approach, involving authorities from the regions and establishing locally adequate governance structures.

In Somaliland and Puntland, basic administrative services were provided in most parts, with the exception of the contested borderlands between them. These services include core infrastructure (usually with the help of the diaspora or international NGOs or U.N. organizations) and a regulatory authority, funded through revenue collection.

Basic
administration
1

2 | Political Participation

Somalia is not an electoral democracy. The selection of the members of the Transitional Federal Parliament (TFP) and in August 2012, equally the selection of the members of the federal parliament are based on the so-called 4.5 formula, which allocates an equal number of seats to the four major clans, and then half that number to smaller clans and minority groups. The original number of 275 parliamentarians was nearly doubled by the end of 2008 after the TFG entered into a power-sharing agreement with the moderate Islamist party, Alliance for the Re-Liberation of Somalia (ARS). The transition period was originally scheduled for five years, but was serially extended for further three years until August 2012 by parliament.

Free and fair
elections

1

After no steps to finalize the transition were undertaken by the Transitional Federal Institutions (TFI), the United Nations Political Office for Somalia (UNPOS) together with the Intergovernmental Authority on Development (IGAD) initiated in 2011 a process to end the transition. It started with a series of high-level talks, which led to the development of a roadmap to end the transition in September 2011, signed by the main power players in southern and central Somalia, the president, the prime minister, the speaker of parliament and the leaders of the Ahlu Sunna wal Jamaa (ASWJ) militia, the Galmudug State and Puntland. Two further meetings in London in February 2012 and in Istanbul in June 2012 highlighted the international commitment and pressure on the TFI to eventually finalize the transition after eight years. At a meeting of the signatories in Addis Ababa, on 23 May 2012, a timeline and the criteria for the final transition were eventually developed.

A National Constituent Assembly (NCA) comprising 825 political and traditional leaders from all regions, including the semi-autonomous states of Puntland and Galmudug and representatives of Ahlu Sunna wal Jamaa, was formed and met in Mogadishu on 25 July 2012 to review the draft constitution. On 1 August 2012, the NCA approved the draft with a 96% vote. Subsequently, on 20 August 2012, 135 elders representing the 4.5 formula selected 275 members for the federal parliament and a new speaker of parliament, Mohamed Osman Jawari. The selected parliamentarians were vetted by a Technical Selection Committee (TSC), mandated to conduct background checks on potential parliamentarians, including their involvement in the civil war. The TSC has rejected more than 60 of the nominated candidates, because of their role in the war or because of a lack of qualifications. However, Mogadishu's Supreme Court has already overruled the decision of the TSC in 15 cases and has hence allowed people to be nominated, although some were involved in the war and even were militia leaders. A total of 215 parliamentarians were eventually confirmed in Mogadishu on 20 August 2012.

The federal parliament then elected civil society activist, Hassan Sheikh Mahamud, as their new president in September 2012. He won the election in a run-off vote

against the incumbent President Sheikh Sharif. Hassan Sheikh Mahamud stayed in Somalia throughout the war, and contrary to his predecessors, was not involved in military activities. While it is the first of such an election held in Mogadishu since 1991, the International Crisis Group criticized the unprecedented levels of political interference, corruption and intimidation that accompanied the political process ending the transition.

On 6 October 2012, the president selected Abdi Farrah Shirdon as prime minister, who in turn nominated a lean cabinet comprising 10 members, two of them women, and additionally five state ministers and 20 deputy ministers. The parliament and the cabinet have since developed rules of procedures and a strategic plan. They have a plethora of challenges to face, including to bring an end to the war, to establish a monopoly of violence throughout the country, to build up at least rudimentary administrative structures and not least, to overcome internal divisions, to fight corruption and to enhance professionalism in their own ranks.

In Puntland, presidential elections, originally scheduled for January 2013, were postponed after incumbent President Abdurahaman Mohamoud “Farole” sought a one-year extension of his originally four-year mandate to continue the democratization process.

The self-declared Republic of Somaliland has continued its path to democracy. In 2010 it held its second presidential election, in which the candidate of the main opposition party, Mohamed Mohamoud “Silanyo,” won with a clear majority. The transition of power went without major interruptions. On 28 November 2012, local council elections were held, in which seven political parties and associations respectively competed in the western and central parts of the country. Although the election was peaceful, the announcement of election results and the allegation of electoral fraud by some opposition parties led to a series of violent clashes in different parts of the country over the following two months. Due to security concerns, elections could not be conducted in the eastern border regions contested between Somaliland and Puntland and partly controlled by autonomous militias of the Khaatumo state. Among the major sources of contention in Somaliland as well as in Puntland is inefficient voter registration, which gives rise to the probability of multiple voting.

None of the political factions in Somalia exercises the power to effectively govern the country. In their eight years in power, the TFG has not developed even modest capacities to govern, not even in the few areas in Mogadishu under its control since 2006. It relied mainly on the support of AMISOM forces, which grew from a few hundred in 2007 to nearly 18,000 in 2012. The inability of the TFG to govern the country was especially visible during the humanitarian crisis that was brought about by the combination of drought conditions and armed conflict, and led in July 2011 to the declaration of famine in six regions in Somalia and forced hundreds of thousands

Effective power to govern

1

of people to flee the country. In July 2011 alone, 30,665 people fled to Kenya; the total number of Somali refugees there increased to nearly one million by the end of 2011, while the number of internally displaced people (IDPs) in Somalia reached 1.36 million by April 2012. Although the humanitarian crisis continued till mid-2012, the government was not only unable to develop a response mechanism, but also was involved in the systemic diversion of humanitarian aid and large scale corruption.

People in regions controlled by al-Shabaab were confronted with a highly authoritarian and repressive form of rule. While this contributed to increased security and a significant decrease in crime and violence by clan militias, al-Shabaab attempted to control all aspects of public and private life, and has, with its harsh punishments, created a general climate of fear. Al-Shabaab has become a threat to the people. During the humanitarian crisis, al-Shabaab not only denied the United Nations, Western and most other humanitarian organizations access to the population (before that, Western organizations had mostly subscribed to the U.S. doctrine combining humanitarian aid with counter-terrorism efforts), but seized compounds and took over assets of international organizations still working in November 2011. Al-Shabaab then imposed strict mechanisms of control on the few local agencies allowed to work, demanded high taxes and was involved in the diversion of humanitarian aid. While approximately 250,000 people fled to TFG-held areas, al-Shabaab was also accused of restricting peoples' movements and hindered people from moving into areas outside the control of the movement.

In Somaliland and Puntland, elected political decision-makers are much more sovereign in governing their territories, except in the contested borderlands, including the area of the Khaatumo State and the insurgents in the Galgala Mountains. Still, decisions have usually to be taken in consent with influential clan heads and the failure to do so on the side of state officials usually leads to tensions and sometimes even armed conflict.

Protracted warfare and counterinsurgency measures have seriously affected citizens' freedom of association. Civilians bear the brunt of the ongoing conflicts, and the number of civilian casualties and the rates of internal displacement between 2010 and 2012 were high, with the highest number of refugees and rate of internal displacement measured during the famine.

Freedom of association was particularly restricted in the regions controlled by al-Shabaab. Although al-Shabaab's withdrawal from Mogadishu in 2011 and later from other major towns have increased civic freedoms in those areas, civil society organizations and activists, aid workers and journalists continued to fall victim of targeted and indiscriminate attacks by al-Shabaab and other armed groups. Somalia still ranks as one of the most dangerous places in the world for humanitarian workers,

Association /
assembly rights
2

who since the rise of the Islamist insurgency have been threatened, attacked and kidnapped.

In the self-declared Republic of Somaliland, freedoms of association and assembly are guaranteed by the constitution, and there are many civil society organizations (groups for women and youth, occupational associations and so on) operating throughout the territory. In Puntland, civic freedoms have been restricted under President Abdurahman Farole until recently. Since the end of 2012, with the introduction of political parties, a new dynamic is starting to unfold and public debates throughout Puntland are becoming livelier.

Somalia remains among one the most dangerous countries in the world for journalists. According to the National Union of Somali Journalists, 18 media workers were killed during 2012, the highest rate of journalist killings ever reported in Somalia. Targeted killings continued after al-Shabaab was forced to withdraw from Mogadishu, and among the 14 people killed in September 2012 in a suicide attack on a café frequented by reporters and government officials, three were journalists.

The Transitional Federal Institutions have not only failed to protect journalists, but also are themselves accused of threatening and of systematically harassing people involved in media. The new Federal Government of Somalia has committed itself to provide space for free expression, but has not yet implemented any plans. In contrast to the federal government's verbal commitments, the Somali police detained in January 2013 a journalist for writing an article about rape in camps for internally displaced persons (IDPs), and equally detained a woman who reported that she was raped by members of the Somali National Security Forces. In Puntland, criticism of the postponement of presidential elections led to arbitrary detentions.

Freedom of expression was severely restricted in areas under the rule of al-Shabaab. Sources of independent information did not exist, and citizens could easily be accused of sharing information with foreigners or of spreading Western or non-Islamic propaganda, an accusation that was usually followed by severe punishment.

In Somaliland, since 1991 many privately owned newspapers and several TV stations have been established. Private radio stations have not been granted licenses, which has left the government-owned Radio Hargeisa as the only official radio station in the country (at least officially; in the eastern borderlands, beyond the government's reach, small FM stations operate, such as in Badhan). Access to Internet is largely unrestricted (yet sexually unacceptable content is sometimes blocked by Internet providers). While there is no systematic censorship or press prohibitions, freedom of expression has been on several occasions severely hampered in recent years. Journalists have faced interference and harassment, and a number of journalists were arrested and held in Somaliland prisons without charges. Although the new government has committed itself to protecting press freedoms, the state has continued

Freedom of
expression
2

to interfere and to harass media workers, especially when they critically report on the government or on public officers. The editor of the daily newspaper Waheen was, for example, detained in January 2011 for defaming senior officials, who he accused of nepotism. Although he was pardoned one month later, security forces arrested another reporter of the same newspaper in September 2011 for publishing a story about the regional governor.

3 | Rule of Law

There is no separation of powers, whether in the area controlled by the TFG or federal government respectively, nor in the areas that were under the rule of al-Shabaab.

The Somali Transitional Federal Government (TFG) has not established key government institutions. No division of labor exists between the ministries, and most ministries do not function. There is no effective judiciary; the legislative functions of the transitional parliament are rudimentary.

Al-Shabaab has established a Shari'ah-based administration in the areas under their control. Powers are not separated. However, detailed information on their organizational and administrative structure is not available, as they operated in a highly secretive manner.

In Somaliland and Puntland, government institutions have been working for some time and at least the constitutions of both small states provide for a separation of powers. In practice, however, the executive influences both the legislative and the judiciary to a substantial extent.

With the collapse of the government in 1991, the state's secular system of laws ceased to function. Statutory law gained some relevance, but only in the north, in Somaliland and in Puntland again from the mid-1990s onward. Aside from statutory law, two "traditional" legal systems operate in Somalia: traditional law (xeer) and the Islamic Shari'ah, with the latter gaining in influence since 1991. In the areas under al-Shabaab control, politics and everyday administration were guided by religious dogmas until 2012. Shari'ah law served as the basic judicial and political framework, and a separation of powers or an independent judiciary was neither established nor welcome. A strict interpretation of Islamic law was enforced and harsh penalties, such as execution by stoning, amputation of limbs and flogging, were publicly applied. Al-Shabaab further imposed morality laws, with strict dress codes for men and women, forcing women to wear a heavy veil, and men to shorten their trousers, cut their hair and grow beards. Smoking or chewing khat, a mildly narcotic leaf, in public was banned, as was secular music and any forms of dance. Al-Shabaab units even controlled private houses to ensure compliance of these rules. There is little information available on how Shari'ah courts were actually set up or how they

Separation of
powers

1

Independent
judiciary

1

operated under the rule of al-Shabaab or other Islamist insurgents. However, individuals prosecuted by these courts had no process guarantees, legal representation or opportunity to appeal.

In general, throughout the years of statelessness the judiciary and its functions were nonexistent. Government courts did not work effectively in the areas under TFG control. In Mogadishu, the TFG established a military court in May 2012, mandated to prosecute criminal activities, including robbery, extortion and rape, committed by soldiers. While some sources credit the court for its contribution to enhancing security, other sources have raised concern over the court's tendency to order summary executions and to violate human rights in general. The court was equally criticized for neither allowing sufficient legal representation of defendants nor providing appeal mechanisms. Arbitrary arrests and detentions remained a major concern even after the end of the transition period, and especially in areas recently removed from al-Shabaab rule, mass arrests and mass detentions were common.

In Somaliland's constitution, as well as in the interim constitution of Puntland and the Transitional Federal Charter, Islamic law forms the base of jurisprudence. Both Somaliland and Puntland still practice a mixture of statutory law, *xeer* (traditional law) and Islamic *Shari'ah*. In Somaliland, the judiciary's independence is enshrined in the constitution. The executive has undermined the judiciary's independence on several occasions in the past and the last government has frequently bypassed the courts and arrested people without due process. President Silanyo has committed himself to strengthening the independence of the judiciary. In May 2011, he pardoned 751 prisoners to celebrate the 20th anniversary of Somaliland's independence. In general, institutional differentiation in the judiciary in Somaliland is challenged by a lack of resources, an absence of qualified staff and expertise, and insufficient territorial penetration. Moreover, the judiciary faces frequent allegations of corruption by the general public. Court cases are also deemed to take too long. Against this background, and despite the fact that organizations such as the UNDP have provided training and other support for Somaliland's judges and courts, many ordinary people habitually resort to customary or Islamic law to settle issues. Still, most formal and informal legal practitioners are in agreement that criminal cases, and particularly sensitive cases involving terrorism charges, have to be dealt with by the courts. In Puntland, the situation is similar, with a demand for an increase of efficiency in the judiciary.

Corruption and the misappropriation of domestic revenues and foreign aid were rampant in Transitional Federal Institutions. There is no transparency in the utilization of revenues gathered at the international port and airport. According to a report published in May 2012 by the World Bank, almost 68% of the TFG's revenues in 2009 and 2010 were unaccounted for; the U.N. Monitoring Group recorded an even higher percentage for 2011. Most TFG revenues were accordingly channeled through the offices of the president, prime minister and speaker of parliament. Being

Prosecution of
office abuse

1

underpaid or not paid at all, security forces tend to either sell their arms and equipment, work additionally as private guards or extort money at checkpoints as a substitute for their salary.

Nepotism is also systemic and based on clan affiliation and clan rivalries. According to a recent report, nearly half of Mogadishu's district commissioners as well as the police commissioner, the mayor and the heads of the port and airport, radio and television stations and the military court obtained their positions due to their clan affiliation with the former President Sheikh Sharif.

While it is unclear if senior administration officials were conspiring with pirates, pirates face some threat from the Puntland administration. Puntland has established its own, 1,000-person strong and well-equipped Maritime Police Force which, financially supported by the United Arab Emirates, aims at curbing piracy.

In Somaliland, there were no legal consequences or sanctions for officials who exploit their positions for private gain, and corruption was especially widespread under the former president. However, there are signs of improvement, as President Silanyo established an anti-corruption commission in 2010. Two public officials were given sentences of up to five years for the misappropriation of public funds in August 2011. One month earlier, in June 2011, President Silanyo fired the chairman of the High Court and eight High Court judges, accusing them of nepotism and corruption. In general, the institutional capacity of the governmental apparatus, including judicial institutions, remains limited and is challenged by incompetence and clan connections.

Civil rights in Somalia are not guaranteed at all. All political actors fighting for power in southern and central Somalia have been involved in severe and systematic human rights violations in recent years. Civilians bear the brunt of armed conflicts, and indiscriminate attacks and the disproportionate use of force is commonplace in all areas. Violations of human rights, breaches of international humanitarian law, forced displacement and inhibition of the rights of movement are the norm.

Civil rights

1

Al-Shabaab has, in the areas under its control, systematically violated civil rights and has arrested, beaten and even executed civilians, often under the pretext that the accused were spying for the West. TFG troops and affiliated militias have, though to a lower extent, resorted to arbitrary executions and indiscriminate retaliation attacks. People accused of working with al-Shabaab have been arrested and prosecuted without due process.

Women in Somalia lack protections and are subjected to various forms of gender-based and sexual violence. In al-Shabaab areas, girls were forcefully "married" to fighters and offered as an award for volunteering suicide attackers. Women were beaten in some regions if they left the house without a male relative; they were also beaten if they did not obey the strict dress code. Yet TFG and allied forces, particularly Ethiopian troops, also committed crimes against women frequently, and

with impunity. In all areas of Somalia, women who have fled the drought or violence where they live, run the danger of being raped or sexually assaulted by militiamen and bandits. Incidences of rape were also extremely high in the internally displaced persons (IDP) camps in government-controlled areas.

All parties have recruited child soldiers, again with al-Shabaab at the forefront, using aggressive and violent methods to recruit children as young as 11 and teenagers. The parents of recruited children have no opportunity to protest and if they tried to protest, faced punishment or were even killed.

While all parties were involved in the forcible displacement of civilians, al-Shabaab has additionally prevented famine-affected groups from migrating to areas with access to humanitarian services.

In the centers of Somaliland and Puntland, some basic rule of law has been established, and the police force, the judiciary and other government institutions are working reasonably well. However, in the more remote areas such as in the countryside, local authorities, mostly elders, provide for legal order. In such contexts, the rights of women, children and local minority groups are frequently insufficiently guarded.

4 | Stability of Democratic Institutions

Democratic institutions are non-existent in southern and central Somalia.

Democratic institutions in Somaliland are characterized by a lack of resources and expertise. Nevertheless, the population tends to accept existing governmental institutions, though not exclusively. Traditional norms and rules operate simultaneously throughout Somaliland. Even though, in some aspects, state legislation and traditional rules are in clear contradiction of each other (for example, with women's rights), they tend not to be perceived as competitive but rather as complementary.

The Republic of Somaliland has had a functioning, two-chamber parliament with an upper house consisting of clan elders since 1993. While the members of parliament and the state's first two presidents were nominated by clan elders, Somaliland held its first presidential elections in 2003, followed by elections for the lower house of parliament in 2005. Both elections were considered free and fair by international observers. While Somaliland experienced with the delay of the subsequent presidential elections (by two years) some alarming tendencies toward dictatorial rule, the presidential election in June 2010 resulted in a clear victory of the opposition candidate, Ahmed Mohamed Silanyo, who captured almost 50% of the vote, compared to 33% for the incumbent. Although the municipal elections in November 2012 were conducted peacefully, national and international observers expressed

Performance of
democratic
institutions
1

serious concerns over the weakness of government institutions in preventing fraud, including multiple voting, underage voting and a slow vote counting process. The announcement of preliminary election results on 6 December 2012 inspired a series of violent demonstrations and protests, which were met with excessive force by Somaliland's police force, resulting in the death of several participants.

Puntland adopted a new constitution in April 2012, which provided for the introduction of multiparty democracy. In the second half of 2012, the first political parties were launched; the first general elections are planned for the end of 2013.

There is no commitment to democratic values or institutions by any of the armed factions in southern and central Somalia so far. The federal government has committed itself to democracy, and it remains to be seen if this commitment will translate into action.

Commitment to democratic institutions
1

The commitment to democracy in Somaliland is high. Although municipal elections resulted in several violent incidents, most political leaders have urged their followers to respect the peace while demonstrating. There is a growing commitment to democratic reform in Puntland.

5 | Political and Social Integration

Somalia does not have a party system or a system of political representation beyond clan affiliation and religious dogma.

Party system
1

The Republic of Somaliland legalized the formation of political associations in 2001. Following local council elections in 2002, three of these associations have been officially registered as political parties. According to the Somaliland constitution and with the aim of avoiding the proliferation of clan-based parties, only three parties and no independent candidates are allowed to compete in elections: The Peace, Unity, and Development Party (Kulmiye) chaired by the current President Silanyo, the Allied People's Democratic Party (UDUB) which ruled the country up to 2010, and the Justice and Development Party (UCID). These parties competed in both presidential elections in 2003 and 2010 and the parliamentary elections of 2005. A new electoral law in 2011 allowed additionally registered associations to compete in municipal elections. In all, seven political groups were contesting in the council election on 28 November 2012, which also decided on the next three parties to be allowed to compete in the coming national elections. The outcome was that Kulmiye, UCID and a new party, called Wadani, became the new national parties.

The Somali public is politically weak and fragmented by clan affiliation. Cooperative organizations or interest groups that operate independently of either the clan system or religious affiliation are rare in both Somalia and Somaliland. Social conflicts are mostly perceived and articulated as conflicts between clans and/or sub-clans. In the

Interest groups
1

area controlled by al-Shabaab, public life and opinion was under the tight control of the militia, and the formation of interest groups outside of religion-based groups was forbidden.

A survey of attitudes toward democracy has never been conducted in Somalia. Attempts to establish a multiparty system were abolished with the military coup in 1969. However, democratic norms and procedures are also found in the traditional system, which points to an acceptance of democratic ideals within the Somali population. The example of peaceful democratic transition in Somaliland suggests a general acceptance for democratic principles.

Approval of
democracy
n/a

Al-Shabaab, in contrast, is openly anti-democratic and condemns democracy as un-Islamic and Western or, alternatively, as a form of governance informed by Christian and Jewish precepts.

The formation of social self-help groups and the construction of social capital is a prerequisite for survival within war-torn Somali society. Social capital is based mainly on kinship lines, and is grounded primarily in extended family systems. Membership in Islamic organizations and associations provides further opportunities for social organization across clan lines. There is also an emerging form of social capital among members of the younger generation, at least in certain parts of Somalia, who share biographical experiences and interests (education or jobs) and are sometimes organized in youth organizations or gather in informal discussion groups and online networks.

Social capital
2

II. Economic Transformation

6 | Level of Socioeconomic Development

Somali society suffers from long-standing inequalities. Minority and caste groups have been traditionally excluded from politics and the economy and have been kept in inferior positions despite their sometimes vital economic role as specialized workers and traders. Women as a whole have been kept in an economically inferior position, and usually have not owned much capital on their own. This exclusion was upheld until 1991, despite the Somali government paying lip-service to social reform and equality. After the collapse of the state, these inequalities and exclusions worsened. Whole population groups, such as Jareer/Somali Bantu and Benadiiri minority groups along the southern Somali coast, were forcibly evicted from their homes and land, subjugated to slavery or killed. Those who managed to flee usually sought repatriation to the West as to never return to Somalia. Women who remained had to enter the market in the absence of men, who frequently engaged in fighting,

Question
Score

Socioeconomic
barriers
1

chewing narcotic khat or who had been maimed through the fighting or were mentally unstable. While women perform increasingly vital economic roles in Somalia and have become in many cases the family breadwinner, they still are excluded from political and economic positions. Up until 2012, despite some political progress, there are few signs that the most underprivileged and excluded groups in Somalia would be in a position to reclaim property they lost after 1990 or to gain a fairer share within politics or the economy. Women remain marginalized, despite some having achieved some level of economic and political power.

In the absence of state regulation, economic actors in Somalia have been organizing themselves according to kinship relations and partly along religious affiliation, with the so-called majority clans taking the lead. Within clans, men dominate in economic and political matters. Structures of social control and trust within kinship groups or religious associations determine the parameters of economic interaction, instead of legal guarantees and general regulations. Membership in Islamic organizations, which promises new business contacts with the Arab world, is of growing importance. Within such organizations, clan belonging can be transcended to some degree.

The current Somali economy is based on international trade networks, which are controlled by a small group of wealthy businessmen, while the majority of the population continues to live at the subsistence level, engaged in small-scale businesses as petty traders, livestock or grain producers. Diaspora remittances still provide many individuals and families with some additional income. Joint projects financed and sometimes implemented by diaspora actors can also improve the infrastructure, economic situation and social services in a neighborhood or town. But diaspora support is too mostly structured along clan lines, which means that not everybody has equal access to such support. However, ongoing violence between the TFG and its allies and al-Shabaab has shattered economic opportunities. Data on the economic structure and activities within areas formerly controlled by al-Shabaab are not available. The expulsion of international organizations, restrictions put on the khat trade and on humanitarian supplies, as well as forced displacement, all indicate a general decline in trade and economic activities. Since mid-2012 the economy in Mogadishu shows signs of recovery, with supermarkets, restaurants and shops being reopened. Turkish Airlines since March 2012 offers flights between Mogadishu and Istanbul. Still, previously underprivileged and excluded groups are still not able to take part in the current gradual recovery.

Economic indicators		2009	2010	2011	2012
GDP	\$ M	-	-	-	-
GDP growth	%	-	-	-	-
Inflation (CPI)	%	-	-	-	-
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	-	-	-	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	-	-	-	-
External debt	\$ M	3045.6	3045.5	3050.1	-
Total debt service	\$ M	0.2	0.2	0.1	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	-	-	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

No state-based legal or institutional framework for market competition exists in Somalia. In the context of the state's collapse, all forms of economic transactions, including financial and currency systems, as well as social services such as health care or education, have become radically privatized. A war economy has emerged in south-central Somalia and fed into the areas controlled by Islamic militias as well as by the TFG, among it a trade in arms, the diversion of humanitarian goods, piracy and the extortion of protection money and taxes.

Market-based
competition

2

Al-Shabaab financed its activities through the control of lucrative taxation centers, such as markets and border posts, most notably the large Bakara market in Mogadishu. Its biggest source of income was however from taxation of charcoal exports to the Gulf States. Large amounts of charcoal were shipped through the port in Kismaayo, and to a larger extent, through ports in Baraawe and Marka.

In the more peaceful areas in the north, in Somaliland and Puntland, some market-based competition has developed in a setting characterized by general stability (guarded by regional governments) and liberal rules (or the absence of too many restrictions) for doing business.

The absence of an institutional framework limits any sort of positive economic performance in Somalia. Business transactions have been re-established along kinship ties and there are strong tendencies toward monopolization. Foreign trade, for example, is dominated by a few wholesalers who have managed to expand trade networks and to increase their wealth, while the bulk of the Somali population continues to live in extreme poverty and with high levels of social and physical insecurity.

In the absence of security guaranteed by the state, businessmen must either cooperate with violent actors or arm themselves to protect their goods against robbery or looting. Business opportunities are better for members of powerful clans or sub-clans. No data exist on the development of trade in areas that were controlled by Islamist insurgents. It can however be assumed that religious affiliations and networks have gained importance vis-à-vis kinship ties. Al-Shabaab has taken over the former warlord practice of collecting taxes from traders, businessmen and national and international organizations. Maintaining control of airports and ports are especially profitable; controlling the seaport in Kismaayo was a main revenue generator for al-Shabaab. According to the U.N. Monitoring Group, Somalia exported between nine and 10 million sacs of charcoal in 2011, which in turn generated \$25 million in revenue. In February 2012, the United Nations banned the importation of Somali charcoal in order to curb the revenue base of the Islamists, but principal importers, the United Arab Emirates and the Kingdom of Saudi Arabia, have so far failed to fulfill their obligations. After the takeover of Kismaayo from al-Shabaab by AMISOM and the federal government, charcoal export continued. The United Nations in late 2012 launched plans to develop a sustainable charcoal production and alternative livelihood program.

General demand for imports of all kinds, such as food, clothes, petroleum or electronics, connects Somalia to the world market, and foreign trade in the country is “liberalized” in the absence of central governance. In al-Shabaab dominated areas, the militias used revenues from charcoal exports to finance the import of

Anti-monopoly
policy

1

Liberalization of
foreign trade

2

commodities. A large quantity of imported commodities was smuggled to neighboring states, particularly Kenya.

Humanitarian aid has in Somalia developed into a commodity, with evolving business cartels controlling humanitarian and food aid. In Mogadishu, officials of the TFG together with local militias were in the midst of the humanitarian crisis involved in large-scale diversion and misappropriation of aid. They have acted as gatekeepers to control access of humanitarian organizations to internally displaced persons (IDP) settlements, have inflated numbers of IDPs and diverted assistance. International organizations such as the United Nations World Food Program (WFP) knew about these problems without taking appropriate action.

Exports from Somalia primarily include livestock, other agricultural products and charcoal.

In Somaliland, domestic and foreign trade is not subject to much state regulation. However, there is a close bond between the state elite and economically powerful actors. In the past, affluent individuals who could provide financial support for state-building activities were exempt from taxes.

When the state-owned banking system collapsed in 1991, private remittance companies became the sole financial institutions connecting Somalia with the rest of the world. Diaspora remittances sent to family members in Somalia are among the primary financial sources for the survival of many Somali citizens. Even in the areas controlled by Islamist insurgents, remittance companies have continued to work. They operate under no formal regulations. Remittance companies facilitate financial (including foreign currency) transactions and safe deposits, but do not provide for a capital market.

Banking system

1

8 | Currency and Price Stability

Somalia has neither a formal banking system nor a functioning central bank, and there is no policy for inflation or foreign exchange. The TFG has set up a National Central Bank, responsible for financial stability, currency policy and promoting credit and exchange conditions. However, currency transactions are still mainly carried out by local vendors, who set the exchange rate daily on the basis of localized and contingent factors. Without institutional or political precautions to regulate and control the financial sector, the Somali shilling is prone to severe fluctuations. Several militia leaders, authorities and businessmen have in the past resorted to printing money as a way to increase revenue, often with the dramatic effects of devaluating the shilling and thus weakening the already limited purchasing power of the population.

Anti-inflation /
forex policy

1

In 1994, Somaliland set up a central bank and introduced a new currency, the Somaliland shilling. Responsible for directing the monetary system and the currency,

the central bank however lacks trained personnel, experience or market power, which weakens its institutional capacity. Although the central bank's attempts to control the currency market have failed, the Somaliland shilling is reasonably stable and widely used throughout Somaliland. Currency stability has been maintained for the most part by established money exchangers and khat dealers, in cooperation with the central bank. In the westernmost part of Somaliland, the Ethiopian birr is used as a second currency, and the former Somali shilling is still circulated in central and eastern regions. All major transactions are made in U.S. dollars.

The Transitional Federal Government (TFG) has not developed a revenue system. Aside from international aid, it relies on fees paid at the international port and airport in Mogadishu. The TFG has neither the technical ability nor the territorial control necessary to establish a tax collection system, and is therefore almost entirely dependent on foreign donors. No accountability systems for expenditures are in place, and members of the government and parliament are often accused of corruption and the misuse of foreign funds.

Macrostability

1

9 | Private Property

The TFG or federal government are in no position to ensure property rights. Protection of individual and collective ownership of land and other property depends entirely on clan support and/or the military might of related factions. Land, including its access and its utilization, is already a problem in Mogadishu, as internally displaced persons (IDPs) and refugees seek housing. The TFG has evicted tens of thousands of IDPs from government-owned property without offering alternatives. Somalis from the diaspora are buying land in Mogadishu, although there is no functioning land registry and most of the land and buildings in Mogadishu have been forcefully occupied by militias in consecutive fashion.

Property rights

1

Somaliland provides a degree of legal protection of private property, but the weakness of the judiciary, as well as corruption and clan-based interference, place serious limitations on protections.

All economic enterprise in Somalia is private and operates under conditions of insecurity and the threat of violence. No legal safeguards exist apart from clan arrangements. Al-Shabaab, however, has restricted some economic activities, The khat trade was forbidden in some areas, cinemas were closed and the media was tightly controlled (the TFG also set out to control the media in areas under its control between 2009 and 2012). The economic implications of al-Shabaab rule in southern and central Somalia have not yet been assessed.

Private enterprise

3

In Somaliland, private enterprise is viewed as the primary engine of economic activity, and only the port of Berbera and airports are state-owned.

10 | Welfare Regime

Somalia, during 2011 and the beginning of 2012, suffered with a humanitarian crisis. Ongoing violence, the destruction of homes and livelihoods, the displacement of hundreds of thousands of citizens and the brutal rule of Islamists and ruthless counterterrorism operations by the TFG, AMISOM and Ethiopian forces put the lives of many Somalis at risk. Although the end of the drought and improved security contributed to end the crisis, hundreds of thousands of Somalis are still in need of humanitarian aid.

Social safety nets
1

With the collapse of state-run social services, any services including health care, but also housing, job-seeking or poverty alleviation became “privatized.” The only social safety nets that exist are maintained by extended families and clans. Remittances from Somalis abroad account for a large part of this safety net; according to World Bank estimates, these remittances provide up to 40% of household income. However, this money is seldom enough and is unequally spread across the population. The majority of the population survives at a basic subsistence level, and such funds are not able to compensate for the enormous destruction caused during each new phase of the war.

In Somalia, there is no substantive equality of opportunity. Gender discrimination is an old issue and was particularly pronounced in the area controlled by al-Shabaab. In Somalia’s clan-based and patriarchal social environment, girls are often subject to parental restrictions on education, and there are similar trends of exclusion visible among social minorities. Conditions for the huge number of internally displaced persons (IDPs) in Somalia are catastrophic. In general, in a society disrupted by decades of general and civil war and without any overarching government structure, opportunities depend very much on a person’s individual and family background. The underprivileged or simply the unlucky hardly enjoy the same or only marginally similar opportunities as those from privileged backgrounds. Only in some cases, Islamic charities and associations try to counterbalance such inequality.

Equal opportunity
1

Somaliland lacks the funds to organize a coherent welfare system. Health care is concentrated in urban centers and is organized by private actors or international organizations. Local administrations and communities cooperate with donors in rehabilitating primary and secondary schools, and local as well as international agencies have initiated campaigns to improve women’s education. Nevertheless, substantive equality of opportunity for both genders remains beyond reach.

11 | Economic Performance

The real output strength of the Somali economy is impossible to examine, as there are no reliable economic data for Somalia. In southern Somalia and especially in

Output strength
1

Mogadishu, all signs of economic progress and performance have been shattered due to escalating violence since 2007, but since mid-2012, there have been some early signs of economic recovery, concentrated in Mogadishu.

12 | Sustainability

Environmental concerns are entirely subordinate to profit opportunities and short-term benefits and have no institutional framework. The charcoal business in southern Somalia provides a striking example. Trees are cut and burned for charcoal export, which facilitates desertification and the destruction of valuable grazing zones and fertile soil for agricultural needs. Furthermore, foreign companies have disposed of toxic waste and are engaged in uncontrolled fishing along Somalia's shores; the damage from this has yet to be assessed. The United Nations in late 2012 launched plans to develop a sustainable charcoal production program.

Environmental
policy

1

Somaliland has a Ministry of Environment, but it does not have the necessary means and budget to provide effective environmental protection or to monitor environmentally sustainable economic growth.

In 1991, the formally organized education system in Somalia collapsed. In the absence thereof, education has been reorganized according to private interests and means. Initially, Quranic schools have been rebuilt or have been newly established across the Somali territory. Formal schools and even universities have also been established, mostly as private endeavors. With an estimated adult literacy rate of 24%, Somalia still ranks worldwide among countries with the lowest levels of adult literacy.

Education policy /
R&D

1

In Somaliland, with peace and political stability established from 1997, educational and training services have shown steady improvement. These services are based on the cooperation of state organs with local communities and external donors, including the diaspora. The private education sector is booming and several universities and colleges are providing higher education throughout Somaliland. Also in Puntland and in parts of southern Somalia, particularly in Mogadishu, education up to the tertiary level is booming. Still, curricula are quite diverse and adequate resources and equipment are often scarce.

Transformation Management

I. Level of Difficulty

Implementing a nationwide system of central governance in Somalia remains extremely difficult and was further constrained by the escalating war, the territorial gains of Islamist insurgents until 2010, and the military advances of the TFG and allied international forces. In addition, the government faced formidable challenges in battling the country's humanitarian catastrophe. No policies or strategies are in place to fight extreme poverty. Yet the government has overcome a tremendous lack of human resources while still managing the scarcity of accessible valuable resources.

Structural
constraints
10

While Somaliland has succeeded in re-establishing state structures and directed democratic reforms, it nonetheless continues to grapple with massive structural constraints; the Somaliland state apparatus remains weak and poorly funded, and the country is still characterized by unacceptable levels of poverty.

The Western understanding of civil society is misleading in the Somali context, where there are few distinctions drawn between the public and private sphere. Strong traditions of social organization beyond the state, primarily based on social trust within kinship groups, exist throughout Somalia. Since the onset of civil war, social network structures have reorganized and strengthened themselves as a means of survival. Numerous NGOs have also sprung up since the mid-1990s, mostly in direct response to (real or expected) external funding from both Western and Islamic donors. In the areas controlled by al-Shabaab, many of these NGOs were forced to close down their operations as they were suspected of spying for Western powers. It is not clear if NGOs have restarted their activities after the military defeat of al-Shabaab. In Somalia, and to a certain extent even in Somaliland, trust in a central authority and formal institutions remains weak.

Civil society
traditions
9

Since 1991, Somalia has suffered a number of factional battles as groups jockey for power within, and often at odds with, a weak patchwork of mostly clan-based local authorities. All of this has left behind a society that is deeply divided along sub-clan affiliations. In general, politics within Somalia are radically localized. Even in relatively stable regions, such as Somaliland and Puntland, periodic inter- and sub-

Conflict intensity
10

clan conflicts, often driven by competitive claims on water, land and grazing rights, continue intermittently in localized situations.

The period under review was characterized by ongoing violence. Al-Shabaab has however experienced military defeats and a consecutive loss of territory until having to withdraw from every major town in southern and central Somalia. Although improved, the security situation in Somalia is still unpredictable and attacks are reported nearly daily.

In most parts of Somalia, the past experiences of violence to the population have so far largely gone unaccounted for. There has not been any substantial discussion over dealing with the past, including massive property and human rights violations. This situation points to the huge potential for future conflicts.

II. Management Performance

14 | Steering Capability

There is no unified or common political leadership structure in Somalia. Both the interim parliament and government on one side and Islamist opposition forces on the other were affected by internal power struggles and ideological differences in 2011 and 2012. The TFG has been unable to achieve cohesion and articulate a common purpose. It remains to be seen if the new federal institutions will be able to develop a cohesive political strategy to reconstruct the country.

In Somaliland, the steering capability of the political leadership has been rather weak. Lacking the necessary resources and expertise, political leaders have acted ad hoc and without coherent political concepts. While the peaceful presidential election in 2010 and the smooth transition of power demonstrated the success of democratic performance and the stability of the young polity, the violence that followed the municipal election in 2012 should be taken seriously and remind the Somaliland government and the National Election Commission to restructure the election process in a more efficient and transparent manner.

The balance of activities of the Transitional Federal Parliament (TFP) and the Transitional Federal Government (TFG) is devastating. The end of transition process was eventually initiated following international pressure; the constitution was largely written by external actors; and the TFG was plagued by internal quarrels. Corruption was rampant. The new federal institutions have a multitude of tasks ahead, among them to establish administrative structures that integrate the various bodies of local

Question
Score

Prioritization
1

Implementation
1

governance, to initiate a reconciliation process, to demobilize former militias and not least, to curb the social support basis of al-Shabaab.

In Somaliland and Puntland, due political process is in place; the governments in Hargeysa and Garow have been able to formulate political agendas that, in many cases, trigger public debates. At least some policies, particularly those related to burning “national” issues such as the introduction of multiparty democracy, have become eventually implemented. Still, generally speaking, the foundation of knowledge and the cognitive framework upon which policy is based are rather limited. The main challenge in Somaliland and Puntland is to establish a political system capable of transcending the deep clan-based cleavages within society.

While policy learning of the TFG was rather limited and also hampered by the war against al-Shabaab, the smooth transition of power from the former TFG President Sheikh Sharif to civil society activist Hassan Sheikh Mahamud, the relative peaceful selection of a parliament and the subsequent election of a president in Mogadishu have again given rise to hopes that the long-lasting war in Somalia may come to an end. It remains to be seen if the new federal institutions are able to learn from the failures of predecessors and will be able to accumulate experiences and engage in learning in the extremely difficult situation in Somalia.

Policy learning
2

15 | Resource Efficiency

Somalia’s coalition government under President Sheikh Sharif did not take sufficient advantage of assets, neither in terms of developing its administrative and bureaucratic infrastructure nor in integrating some of the more moderate opposition forces into a broad-based reconciliation process. Its earlier legitimacy and support among the population has steadily eroded.

Efficient use of
assets
1

The government in Somaliland has not made much progress in using its economic and human resources. The majority of the state budget is still absorbed by security needs and general administration tasks, leaving behind the tasks of social and economic development. Clan loyalties instead of competence determine administrative appointments at all levels, a practice that facilitates patronage structures and obstructs the efficient use of resources. President Silanyo has made some effort to curb corruption and the misuse of public funds.

The Transitional Federal Government under President Sheikh Sharif was not able to coordinate its policies, to achieve internal cohesion or to set common objectives. It failed to reach out to a wider public; rampant corruption and constant infighting destroyed much of the TFG’s credibility. Its inability to deal with the drought and the diversion of foreign aid added to the TFG’s legitimacy crisis.

Policy
coordination
2

The successful end of the transition period and the selection of new federal institutions, together with the coordinated military advances of the TFG and international troops that led to the military defeat of al-Shabaab by the end of 2012, opened up new options for a broad-based reconstruction and reconciliation process.

The governments of Somaliland and Puntland have a much better track record of coordinating conflicting objectives and negotiating policies with various political state-holders, including clans and their traditional leaders.

The TFG was involved in corruption on a massive scale and the misuse of foreign aid, including humanitarian aid. No anti-corruption policy was established, and the management of taxes collected at ports and airports as well as money received from international donors was nontransparent. No integrity mechanisms were in place, and allegedly most international and nationally extracted funds were channeled through the three most-powerful offices, the office of the president, prime minister and the speaker of parliament. Additionally, members of parliament and the government were regularly accused of being involved in visa fraud and in transforming the production of passports into a money-making operation.

Anti-corruption
policy

1

Somaliland showed some attempts in fighting corruption, though so far no systematic regulatory mechanism, standards monitoring mechanism or vetting procedures for public officials are in place. In Puntland, the mismanagement of public money and the engagement of leadership in corruption seem to be an issue, albeit not to the degree it is in the south.

16 | Consensus-Building

The Transitional Federal Government and the new federal government respectively agree with the goal of building a market-based democracy as principally reflected in the transitional and new charter. While the TFG was paralyzed by constant infighting, the body at least managed to follow through to end the transition process and to initiate the selection of members of parliament and a new government in Mogadishu.

Consensus on goals

2

Islamist opposition forces are clearly anti-democratic and aim to establish an authoritarian Islamist caliphate, either with undefined borders or at least comprising, aside from Somalia and Somaliland, all the parts of neighboring states that have a significant Muslim population.

Somaliland and Puntland agree on democracy and a market economy as strategic aims, and partly have gone some way in achieving this.

The anti-democratic militia al-Shabaab was militarily defeated by joint TFG, AMISOM and Ethiopian forces at the end of 2012. While they have lost territorial control, al-Shabaab is still active in Somalia. And although they have lost legitimacy

Anti-democratic
actors

1

among the majority of Somalis, they may still have a broad basis for support. Security remains unpredictable and attacks are frequently reported from Mogadishu and other parts of the country. Al-Shabaab will therefore most likely pose a significant threat to further reconstructions processes.

It also remains to be seen how democratic-minded some of the government's allies, such as the Ahalu Sunna wal Jamaa (ASWJ) or Ras Kamboni Brigades, really are. In general, democracy in the Western sense has no real tradition in Somalia, and the strong Islamist undercurrent even in its "moderate" form may provide formidable obstacles, such as in the equal representation of women in powerful positions in society.

None of the political actors in southern and central Somalia have so far engaged in a reconciliation process or even developed a reconciliation strategy. However, the defeat of the al-Shabaab and support by international military opens new opportunities for a reconciliation process.

Neither the TFG nor the new federal government have established an outreach strategy. However, the nomination of a civil society activist as president has received broad support among the Somali public. It remains to be seen if the new government will seize this opportunity and integrate in its purview wider segments of the population, including those factions among the Islamists who have demobilized.

In the regions once controlled by Islamists insurgents, a climate of fear is prevalent and most civil society organizations were banned. The Islamist movement has lost a great deal of legitimacy in the last two years, due to its increasingly authoritarian leadership, the denial of relief assistance to people in need and not least because of attacks against Sufi shrines and religious leaders who opposed the groups' extremist ideology.

In Somaliland, civil society actively participates in political debates. The government regularly invites civil society representatives to consult and to participate in advisory committees. In Puntland, civil society has been restricted by authoritarian President Abdurrahman Farole, but some tendencies of opening up are underway.

No serious attempts were made by the TFG to initiate a reconciliation process in Somalia. Although its main mandate instructs it to do so, the Transitional Federal Government (TFG) neither formulated a reconciliation strategy nor attempted to reach out to potentially supportive factions. In case of a reconciliation process, there is a risk that parochial interests would be promoted and that certain powerful clans may seek to "hijack" talks over memories and how to overcome the country's violent past.

In Somaliland, a successful reconciliation process was completed in the 1990s, and was the basis for state-formation in the region. But the dominant memories

Cleavage /
conflict
management
1

Civil society
participation
2

Reconciliation
n/a

underpinning the claim to Somaliland's independence have become the memories of only one group (the one dominating in central Somaliland). This means that people in the western part of the country, and even more so in the eastern parts of the country, have been excluded. This has led to new conflicts that have escalated most violently in the regions Sool and Sanaag and the area around Buuhoodle.

Puntland was little affected by the civil war and therefore has not had to engage in a large-scale reconciliation process.

17 | International Cooperation

The Somali state, represented by the Transitional Federal Institutions and since August 2012 by the new federal institutions, depends primarily on foreign aid and foreign protection. Somalia is supported by the United Nations, notably the United Nations Political Office for Somalia (UNPOS), the African Union (AU), the Intergovernmental Authority for Development (IGAD), the European Union and individual countries such as the United States and United Kingdom. The United Nations, IGAD and the European Union play the main roles in coordinating Somalia's transition process. UNPOS leads the political transition process, while AU and IGAD have mainly a military role, with the three IGAD member states, Uganda, Kenya and Djibouti, deploying troops to AMISOM, the AU Mission in Somalia. AMISOM is mandated to support the transitional and federal government respectively, to create the conditions for the long-term stabilization and reconstruction of Somalia. AMISOM troops train the Somali police force, provide security in their areas of control, and have in Mogadishu guarded the committee of elders that was mandated to end the transition period. The European Union is, together with the United States and the United Nations, also among the main supporters of AMISOM. Funding arrangements for AMISOM are complex. The European Union is largely responsible for the payment of salaries through its African Peace Facilities. Other external actors fund training and development of the TFG.

This international approach is so far concentrated on counterterrorism and enhancing security through military support for the TFG and AMISOM. An additional focus is on the improvement of local security institutions. The European Union, together with the United States, has funded training for approximately 3,000 Somali security troops in Uganda.

Turkey has become a significant actor, providing humanitarian aid, political support and engaging in reconstruction activities, among them infrastructure development. Approximately 500 Turkish aid workers were deployed to Mogadishu, and Turkey has additionally funded a scholarship program for more than 1,000 Somali students to be educated in Turkey. The United Kingdom is a leading actor in the political transition process. It has deployed an advisory team to AMISOM, mandated to

Effective use of
support

1

engage in stabilization, communication and medical advice. For the first time since 1991, the United Kingdom has appointed an ambassador to Somalia. In May 2012 the TFG, the U.S. Agency for International Development (USAID) and the U.K. Department for International Development announced the funding of quick-impact projects to stabilize Mogadishu, using a community-based approach.

So far, much of the external funding has only helped to find military solutions to the extremist threat in the south. It has not yet translated into sustainable peace-building and development. Due to the enormous degree of corruption under the TFG, much external support was mismanaged. Also, security personnel trained and funded outside the country sometimes has not shown loyalty to the government but has instead deserted and sold weapons and other equipment. There are major issues with managing external support effectively.

The end of the transition process was not democratic and was instead characterized by high levels of political interference, corruption and even intimidation. The selection of elders who were in turn responsible for the selection of parliamentarians was rushed, and many of the new members of parliament have allegedly purchased their way in to office. However, while the whole process can be characterized as undemocratic, the newly elected president enjoys a good reputation. He is the first political leader in Somalia since the collapse of the state who was not militarily involved in the war. The additional fact that he remained in Mogadishu throughout the war enhances his chances to gain legitimacy among the Somali public. However, it is too early to judge how the federal government and parliament will manage the complex political challenges that lay ahead.

Credibility
3

The governments of Somaliland and Puntland partner with the international community in counterterrorism and counterpiracy, and do so relatively reliably. The democratization process in Somaliland has since around 2005 been steered jointly by the regional government and international partners.

Regional actors remain among the key players in Somalia. Ethiopia, Kenya and Djibouti have been deploying troops to Somalia to support the TFG. While Kenya's and Djibouti's military have joined AMISOM, Ethiopia acts in coordination with but independent of the TFG and the federal government. Recently Ethiopian and Kenyan troops competed to gain influence in the economically important port city of Kismaayo. Eritrea's involvement has declined in 2011 and 2012. Eritrea was before an important provider of finances and arms for anti-TFG forces. Allegedly its relations with al-Shabaab became tense over time. Various actors inside Somalia manipulate regional tensions to their benefit.

Regional
cooperation
4

Strategic Outlook

Somalia during the review period experienced the end of the transitional period to establishing new federal structures. Although the process was largely shaped by undemocratic behavior and the political interference of those in power, it has in general raised new hopes for reconciliation and the initiation of a peace process among both Somali and international actors. The federal government became the first Somali government in more than two decades that was officially recognized by the United States.

Another reason for hope stems from the military defeat of the Islamist militia al-Shabaab. However, the language of the Islamist groups, who speak about a strategic withdrawal rather than a defeat, already indicates their will to continue the armed struggle. Instead of holding territory, al-Shabaab has returned to classic hit-and-run engagement tactics, using targeted suicide attacks against supporters and institutions of the federal government, humanitarian and aid workers as well as against international troops operating in the country. The main task of the federal government will be to engage the various local administrations, Puntland, Galmudug and other local authorities in a meaningful political process, aimed at establishing federal structures of governance. The challenge will be not to fall back to the former warlord style of local administration. However, most militias deployed outside Mogadishu, although they may cooperate with the federal government, still answer to their local militia leaders or clan elders, rather than to the president.

It is important that the federal government establishes a mechanism of population outreach to different parts of Somalia, and does not only concentrate its programs in the capital. So far all militias have had their recruitment base in rural areas, and the problem of neglecting rural development has proved counter-productive. It is important that the government develop a cohesive political strategy that involves elders and political authorities from all clan groups, involves demobilized militias in the reconstruction process and simultaneously provides for quick-impact projects across Somalia.

Another important issue will be dialogue between the internationally recognized but still very weak government in the south, and the unrecognized but much more effective government of Somaliland in the northwest. Some constructive engagement and careful international support is needed, not to foster new confrontation between Somaliland and Somalia but to steer both into a peaceful dialogue which eventually may provide both partners with benefits. The south still has a long way to go regarding reconciliation, which was largely achieved in Somaliland already more than a decade ago. Somaliland desperately needs to achieve stability and also legal certainty about its political status, be it independence or some form of autonomy.