

BTI 2008 | Somalia Country Report

Status Index	1-10	1.36	# 125 of 125	
Democracy	1-10	1.43	# 125 of 125	➔
Market Economy	1-10	1.29	# 125 of 125	➔
Management Index	1-10	1.04	# 125 of 125	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	8.2	HDI	-	GDP p.c.	\$	-
Pop. growth ¹	% p.a.	3.3	HDI rank of 177	-	Gini Index		-
Life expectancy	years	48	UN Education Index	-	Poverty ³	%	-
Urban population	%	35.2	Gender equality ²	-	Aid per capita	\$	28.8

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

Executive Summary

From 2005 to 2007, power relations in Somalia were fundamentally reshaped by the rise of new actors and violence that culminated in intense fighting between the Ethiopian and Somali Transitional Federal Government (TFG) forces and the Union of Islamic Courts (UIC) in Mogadishu in December 2006. The following report focuses primarily on the failed state of Somalia; though discussed, the (to date) not officially recognized Republic of Somaliland (hereafter: Somaliland) is not included in the BTI's overall ranking. Because the autonomous region of Puntland is not seeking independence and is represented in the Transitional Federal Parliament and Transitional Federal Government (TFP/TFG), it is not evaluated separately, but included within Somalia's evaluation.

Throughout the period under review, Somalia's TFG has failed to present itself as a government of national unity and demonstrate any effective power to govern. Little more than a coalition of powerful faction leaders and other important political figures pursuing their own interests, the TFG split into two factions in June 2006. Animated by fears of Islamist terrorism, the United States provided support for Mogadishu warlords in their fight against the growing influence of the UIC. However, these efforts failed and the UIC took over Mogadishu in June 2006. By November, it had expanded its influence to southern and central Somalia while the TFG remained confined to the southwestern city of Baidoa, supported and protected by its main ally, Ethiopia. In December 2006, the Ethiopian army joined ranks with TFG militias and began a war aimed at removing the Islamic Courts. Within a few days, Ethiopian and TFG troops captured Mogadishu, and by mid-January of 2007, the last UIC strongholds in southern Somalia were defeated. Both the United States and Ethiopia have aided the TFG in its hunt for scattered Islamist militias; the United States launched two air strikes in January 2007 against Islamic militias in southern Somalia, and fired shells on an

alleged al-Qaeda cell in the northeast region of Puntland in May 2007. However, the situation in Mogadishu remains tense as UIC and clan militias deployed several strike and run attacks against the TFG and Ethiopian forces, which led to several serious battles in Mogadishu. Approximately 150,000 people have fled Mogadishu since February 2007.

By and large, the northern parts of Somalia, the autonomous region of Puntland in the northeast, and the independent, but yet-to-be recognized Republic of Somaliland in the northwest, have been neither directly affected by the UIC's rule nor the war waged against it. Political and economic performance in Somalia, including the southern regions, is therefore highly localized, making it impossible to evaluate the transformation process uniformly throughout the country. The economic ramifications of Islamic rule and the war against it are not yet assessable.

In contrast to the unstable and violent situation in southern Somalia, Somaliland has continued democratization efforts and held parliamentary elections in 2005. Its economic performance, however, remains limited and no serious steps to promote an institutionally and socially embedded market economy were undertaken during the period under review.

History and Characteristics of Transformation

With the complete collapse of state institutions in 1991, Somalia constitutes one of the modern world's most protracted cases of a country without a state. Since the mid-1990s, however, there have been localized processes of political and economic reconstruction throughout the country.

The Republic of Somaliland in the north declared its independence in 1991 under the leadership of the insurgent Somali National Movement (SNM). Since then, it has managed to rebuild functioning state structures and continue on the path of democratic transformation. Following Somaliland's example, the insurgent Somali Salvation Democratic Front (SSDF) under the leadership of Abdullahi Yusuf, proclaimed regional autonomy for the northeastern region Puntland in 1998, and has since established rudimentary structures of governance.

In Somalia's other regions, locally dominant clan groups and their militias have cooperated with traditional and religious authorities, the emergent business class, and with the Islamic Shari'ah courts to set up local and sometimes regional administrations. The effective authority of these administrations varies considerably among the regions, as the state of security changes daily with the level of social fragmentation in local communities, the status of social groups within these communities, and the influence of warlords and other violent actors. Local administrations are caught up in constant

struggles for power that sometimes turn violent, which clearly undermines any hope of stabilization and reconstruction efforts. Any amount of security local administrations can provide to the population depends largely on their effective symbiosis with traditional councils of elders and/or religious institutions.

The Somali National Reconciliation Conference (SNRC), which began in Kenya in October 2002 and ended in January 2005 with the creation of the Transitional Federal Government (TFG), engaged the majority of Somalia's warlords and powerful political actors. All four major clan-families are nominally represented in the TFG and the Transitional Federal Parliament (TFP). However, clan-affiliation and political interests do not necessarily dovetail, and clan identity constitutes only one aspect of the current power struggle in Somalia. Ali Mohammed Gedi's appointment as prime minister circumvented interim President Abdullahi Yusuf's ability to include the powerful Mogadishu warlords in the new government. Although Ali Gedi stems from the same Hawiye clan as the Mogadishu warlords, he has no power base in Mogadishu and is known instead to be a close ally of Ethiopia. The cabinet's formation reflects a similar tactic in excluding the warlords. Though nearly all of the 82 cabinet seats were given to the warlords, the most powerful positions were concentrated in the hands of Abdullahi Yusuf's own clan group and his political allies. What was originally meant to be a government of national unity soon became an entity reflecting certain lineages of Abdullahi Yusuf's own Darod clan and its leaders' interests. Neither the TFG nor the TFP have demonstrated much interest or aptitude in initiating an effective reconciliation process or in building government structures in Somalia. They have instead been engaged in internal efforts to monopolize their personal power and to exclude the opposition.

As the northeastern, central and southern regions of Somalia continued to fall further into the quagmire of factionalist power struggles, the Republic of Somaliland pressed on with state-building and democratization. Somaliland approved its new constitution by referendum in 2001 and removed a significant barrier to elections by abolishing a ban on political parties. District elections were held in 2002, followed by presidential elections in 2003. Parliamentary elections in September 2005 created a state of political cohabitation: while the Allied People's Democratic Party (UDUB) maintains its hold on the executive, the two opposition parties together won a 60% majority in the House of Representatives.

State failure in Somalia and the subsequent disarray of its once-centrally planned economy have created a vacuum in which all economic activities have been radically privatized. The rapid revival of the economy since the mid-1990s cannot be attributed to any coherent management among leaders, but is the result of private initiatives of entrepreneurs, who, against the background of an insecure environment often act in close cooperation with powerful militia leaders. Political instability, and intermittent security or its absence keeps progress at bay. Commercial activity is driven by short-term profits and relies heavily on armed protection. In Somaliland, though the state

formally grants property rights, the clan system is the only effective mechanism through which these rights can be exercised. Limited in its effective and material capacity, the state does not have the means 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 NGO and multilateral aid. The state is therefore highly dependent on the emergent business class. As linkages between key economic and political actors strengthen, corruption and patronage networks are bound to grow.

Transformation Status

I. Democracy

There has been no progress made in re-establishing a functional government in Somalia during the period under review. In contrast, the Republic of Somaliland, which has yet to be internationally recognized as an independent state, has continued to advance democratization and is, for the most part, a politically pluralist state. However, the performance of democratic institutions remains weak, and freedom of the press as well as the respect for human rights are still not guaranteed.

1 | Stateness

Somalia is a country without a state. In 1991, the state's already weak monopoly on the use of force collapsed. During the civil war that followed, Somalia was divided into various zones, each controlled by clan-based militias and their leaders. Most of the regional and local administrations established since the mid-1990s have been only partially effective, underscoring the declining influence of faction leaders and warlords relative to other groups, such as the emergent business community, Islamic Courts and traditional authorities.

Monopoly on the use of force

Officially recognized as Somalia's national government, the Transitional Federal Parliament (TFP) and Transitional Federal Government (TFG) fail to act as a government of national unity. Parliament could not convene throughout most of the review period, as both the TFP and TFG quickly slid into factional in-fights over the decision to relocate the seat of government from Kenya to Somalia. Unable to agree on a (provisional) capital and on the deployment of international peacekeeping forces in Somalia, both parliamentarians and ministers split into two rival camps, one advocating Mogadishu as the capital, the other pushing for Jowhar and Baidoa respectively. It was not until Yemen intervened as mediator that parliament held its first session in February 2006 – 18 months after its formation – and the southwestern town of Baidoa was accepted as Somalia's provisional capital.

Most ministers favoring Mogadishu as the capital, however, abstained from participating in the parliamentary session. They instead formed the Alliance for the Restoration of Peace and Counter-Terrorism (ARPCT) to combat the growing

influence and expansion of the Islamic Courts, who have been accused of having close links to al-Qaeda. Backed by the United States, the ARPCT engaged in a series of military clashes with the UIC/Courts' forces in Mogadishu, but were defeated by June 2006. The clashes left at least 350 dead and displaced thousands. Assuming power in Mogadishu, the UIC reunited the city, and brought relative peace and stability to it by removing road-blocks and introducing a ban on arms possession for individuals in the city. The Courts failed, however, within their six months of power, to achieve one of their main goals: to transcend clan divisions. Though their ability to bring security to Mogadishu won them public support, the majority of the Courts' support came from lineages of the Hawiye clan.

As the Courts expanded into southern and central Somalia, the parliament and cabinet in Baidoa remained divided over the capital issue and further divisions emerged over whether or not the TFG should forge a power-sharing agreement with the Courts. Several ministers resigned over the cabinet's reluctance to do so, and Prime Minister Ali Mohammed Gedi ousted others, all of which resulted in a no-confidence vote held in July 2006. Narrowly surviving the vote, the prime minister nominated a new cabinet in August 2006. Having expelled the pro-Mogadishu/ARPCT ministers and excluded representatives from the Courts, the TFG was perceived as serving primarily the interests of the Darod clan, of which interim President Abdullahi Yusuf is a member. As the Courts' militias advanced towards Baidoa, they were eventually stopped by the TFG and Ethiopian troops in October 2006. Sporadic battles in the Bay region between the two groups intensified, culminating in an open war during the second half of December. Ethiopia officially declared its intervention on behalf of the TFG on December 24 and within a few days, TFG and Ethiopian troops defeated the Courts in Mogadishu. Retreating further into southern Somalia, by mid-January 2007, the remaining Islamist militias were disbanded. Following the Courts' defeat, the TFP in Baidoa deposed the speaker of parliament, who had pushed for dialogue with the Courts, and declared a state of emergency, authorizing the president to ban demonstrations and other gatherings.

The African Union finally agreed in January 2007 to replace Ethiopian troops with an international peace-keeping force (AMISOM) of 8,000. However, only 1,500 Ugandan soldiers have been deployed and other states are reluctant to contribute forces so long as violence continues. Ethiopian troops remain in Mogadishu and provide the TFG its primary military support.

In contrast to the violence that has reigned in south and central Somalia during the period under review, the Republic of Somaliland managed to rebuild the its monopoly on the use of force, which is today established in most parts of the territory. The authority of the Somaliland government remains fragile only in the border regions to Puntland, Sool and eastern Sanaag. Both Somaliland and

Puntland claim these regions as parts of their territory, but neither has so far succeeded in establishing functioning political institutions in the area.

The vast majority of Somalia's population are ethnic Somalis and nearly 100% are Muslim, making Somalia a relatively homogenous country compared to other African states. While minority groups such as the Midgan, Yibir, Bantu and some Arabic minorities are included as citizens, they clearly suffer discrimination in many aspects of social and economic life. Clan militias have begun targeting minority groups, who are also often harassed by gunmen and freelance militias.

State identity

Since the collapse of the government in 1991, the state's secular law has more or less dissipated. At present, there are two legal systems operating in Somalia: traditional law (xeer) and the Islamic Shari'ah, with the latter growing in its influence. In Somaliland's constitution, as well as the interim constitutions of Puntland and the Transitional Federal Government (TFG), Islamic law forms the base of jurisprudence. In the contested areas of southern Somalia, Shari'ah courts are often the only source of even basic judicial guarantees in civil as well as penal cases. As the main provider of security and law and order during its short-held control over several areas, the Union of Islamic Courts (UIC) was able to mobilize public support in Mogadishu. Until their defeat in late December 2006, the UIC had begun to re-establish administrative and state structures in areas that it had control over that were based on a strict interpretation of Islam. Banning the popular stimulant khat and closing public entertainment facilities such as cinemas, the UIC's security forces also engaged in more draconic measures such as public slashing and public execution. Although the TFG and Ethiopian troops have dealt a heavy blow to the UIC by scattering its militias, the grassroots network of Islamic courts and charity organizations remains intact and is deeply rooted in Somali society. Any future legal system in Somalia will have to integrate Islamic norms and values to some extent. In Somaliland, Islamic courts regulate primarily family issues. 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 the training and expertise in secular legal codes.

No interference of religious dogmas

Somalia has no central functioning administrative structure. However, upon expanding its political control in southern and central Somalia, the UIC began establishing a governmental structure. It created an executive committee, comprising 10 members and headed by Sheikh Sharif Sheikh Ahmed, the UIC's more moderate chair. A consultative or legislative committee, the "Shura," was formed, which was to be comprised of 91 members from different Islamist groups, business groups and militias, but was, in reality, never fully functional. The Shura was headed by the jihadist leader Hassan Dahir Aweys, who is suspected of al-Qaeda involvement and was, at the same time, a leader of the well-trained military core of the UIC, the radical militia "Shabab" (youth).

Basic administration

However, during the six months of its existence, the Shura never really operated as a legislative committee, leaving decision-making primarily up to its leader, Hassan Aweys. Together with a few other powerful figures, Aweys became a rather authoritative leader of the Islamist movement. In spite of the governmental structure, local Shari'ah courts, with their somewhat independent structure and sub-clan roots, provided executive and juridican tasks and services on the ground. The UIC successively extended its control through the central and southern regions by integrating already existing local Islamic courts into their network and backing them with their own militias and military supplies. The UIC drew attention especially in Mogadishu by disarming clan-militias, reducing criminality and thus providing public order. While the UIC mobilized the emotions of a wider public by presenting itself as peace-providing, nationalist and democratic movement, it soon revealed authoritarian tendencies by suppressing opposition tendencies and imposing strict Islamic norms on daily life. Furthermore, Islamist hardliners appeared to have won considerable influence within the movement. However, talks between the TFG and UIC broke down in November 2006, and the international community never recognized the UIC as a legitimate governing structure for Somalia. Somaliland's reconstructed state infrastructure is limited to maintaining stability and order in key areas.

2 | Political Participation

The TFG was composed by an internationally mediated power-sharing plan to spread representation between the major clans and thus does not represent the interests of the people through a popular vote. President Yusuf then exercised his power to appoint his surrounding aides from his own clan and his political allies. Since the defeat of the UIC, the TFG and allied Ethiopian forces in Mogadishu have been engaged in a series of guerrilla hit and run attacks, ambushes and battles, most likely conducted by remaining Shabab forces as well as dissatisfied clan-militias. In the Republic of Somaliland, the transition to a multiparty democracy has continued. The formal transition from a system based on clan-representation to an electoral democracy began in May 2001 with a general referendum, in which an overwhelming majority of the population confirmed the constitution and thereby the independence of Somaliland. In December 2002, local council elections were held, followed by multiparty presidential elections in April 2003 and parliamentary elections on 29 September 2005. International observers declared each of these elections as reasonably free and fair. For security reasons, however, parts of the Sool and eastern Sanaag regions could not participate in these elections. In parliamentary elections, the ruling party Allied People's Democratic Party (UDUB) received the largest share of the votes (39%) and won 33 out of 82 seats in the Somaliland House of Representatives. The two opposition parties, Solidarity (Kulmiye) and the Justice and Welfare Party

Free and fair
elections

(UCID) won 34% or 28 seats and 27% or 21 seats respectively. However, Somaliland's parliamentary elections subjected to popular vote only one chamber of the bicameral legislative body, the House of Representatives. In the second chamber, the House of Elders (Guurti), members were nominated on the basis of clan-representation in 1993 and 1997. The mandate of the current Guurti was to have expired in August 2006. In May 2006, however, the Guurti, on the president's recommendation, extended its own term of office by four years. Although provoking strong protest among opposition parties and civic organizations, the present Guurti remained in power, and so far, no plan has been presented on how to reconstitute it.

The leadership of the TFG displays neither an effective power to govern nor commitment to democratic governance.

Effective power to govern

There are a number of civic organizations, such as human rights groups, youth and women's organizations, informal networks of experts and occupational groups operating throughout Somalia, the majority of which are supported by international organizations and donors. In the absence of a comprehensive state structure, however, freedoms of association and assembly cannot be ensured and many of these groups can be easily threatened by local militias or other powerful local actors. In Somaliland, freedoms of association and assembly are guaranteed and there is a high number of civil society organizations (women's and youth groups, occupational associations, etc.) operating throughout the country. In 2001, the prohibition of political parties was abolished.

Association / assembly rights

Although there are no regulatory state organs to interfere with media systematically, there is also no general freedom of press or opinion throughout Somalia. The constant threat of violence has made access to armed protection a prerequisite for the survival of the press and other organizations. Nevertheless, the collapse of government has led to a proliferation of print media, and there are several radio stations and even a television station operating in Mogadishu. However, since its arrival in Mogadishu early in 2007, the TFG leadership has repeatedly cracked down on media freedoms, ordering the closure of three main radio stations, banning al-Jazeera TV from Mogadishu, and arbitrarily arresting journalists. According to Amnesty International, more than 20 journalists have been arrested in different areas of Somalia during the period under review, although interventions by media associations assured their rapid release in most cases. There is no systematic prohibition of public opinion or press in Somaliland, but there are reports of occasional restrictions on the freedom of the press through arbitrary imprisonment of journalists, even if only briefly. In January 2007 the Somaliland government seriously curbed press freedom.

Freedom of expression

3 | Rule of Law

Drastic disparities in development between the branches of Somalia's transitional government prevent any separation of powers in practice. Staff below the ministerial level are rarely recruited, and the appointment of ministers follows the power interests of the interim president. The executive branch does not have the capacity to take up its myriad tasks, and has generally prioritized external relations over confronting the urgent need for domestic reforms. As of July 2006, the judiciary still consisted solely of the chairman of the Supreme Court and seven appointed justices. As for the executive branch, it remains severely underdeveloped.

Separation of
powers

There is no general, universal judicial system in place throughout Somalia. Instead, a combination of traditional law (xeer) and Islamic Shari'ah provide the basic judicial framework for Somalia's rural and urban communities. In traditional law, clan elders mediate conflicts, negotiate peace agreements and, if necessary, compensation payments within and between the clans. Although traditional law has fused with Islamic jurisprudence over the centuries, Shari'ah influence in inter-clan relations was never very pronounced, leaving primarily family and personal issues (marriage, divorce, inheritance) to be regulated by Shari'ah law. In urban areas, however, Shari'ah courts have gained considerable influence. During the UIC's short rule in southern and central Somalia between June and December 2006, Shari'ah was established as the primary legal code, but its interpretation and implementation differed among the courts. The Mogadishu Shari'ah courts remained sub-clan based, and thus had difficulties to pass judgment across clan lines. The ban of the stimulant Khat, a mild narcotic habitually chewed by most male adults in Somalia, and the closure of mixed gender entertainment facilities such as cinemas, signaled the emergence of a stricter interpretation of Shari'ah law, which has been further confirmed by Amnesty International reports that offenders have been arbitrarily flogged and humiliated by militias. In Somaliland, the judiciary's independence is guaranteed by the constitution. However, the executive has undermined the judiciary's independence several times, and opponents and critics of the Somaliland regime were occasionally arrested without trial. Institutional differentiation in the judiciary system is challenged by functional deficiencies such as a lack of resources, qualified staff and expertise, and insufficient territorial penetration. Altogether, the capacity of the under-funded judiciary system is weak, and the majority of Somaliland's population refers primarily to traditional as well as religious law. Only in those cases where these systems fail to provide solutions for conflicting parties do people turn to the legal institutions of the state.

Independent
judiciary

President Yusuf uses his power to appoint members of his clan and other political allies to all powerful positions in government. However, the TFG's ineffectiveness has mitigated what abuses of office the administration might otherwise have attempted. In Somaliland, there are no legal consequences or sanctions for officials who exploit their position for private gain, and the institutional capacity of the governmental apparatus, including the judicial institutions, is challenged by incompetence, corruption and the pliability of clan connections.

Prosecution of
office abuse

With a high level of politically motivated violence and lack of security, civil rights are not protected at all in Somalia and are continuously violated. Every individual, assembly or organization can at any time be threatened by violent factions, any number of freelance militias or other violent actors and groups. Although the UIC appeared to bring relative stability to the regions under its control as it gained power in 2006, it began overstepping its boundaries, often compounding unrest rather than defusing it. They began raiding and closing down mixed gender parties and cinemas showing "Bollywood" films. Somalis, most of whom practice a more moderate form of Islam, resented these incursions into their lives. The UIC militias reportedly met resistance both from angry patrons and armed cinema guards, which led to violent clashes and even casualties. In Somaliland, civil rights are formally guaranteed, but only within the limited reach of secular legal institutions. The dominance of traditional and religious norms and rules mean that women and minority groups in particular are discriminated against.

Civil rights

4 | Stability of Democratic Institutions

Somalia does not have a central government brought into power through popular elections. TFP members obtained their positions through clan representation and the TFG is increasingly composed of members who have gained their position through the president's favor. During the review period, the UIC managed to win considerable widespread support throughout Somalia and the Somali diaspora, though its support has been strongest in Mogadishu and within the dominant Hawiye clan groups. This support is based primarily on the UIC's success in restoring basic forms of order in Mogadishu. Other factors contributing to this support include its rhetoric of national unity and strength, its proclaimed Islamist values and anti-Ethiopianism, and its ability to present itself as an umbrella organization for a broad and diverse spectrum of Islamist groups, ranging from traditional Sufis to hardline jihadists. Democratic institutions in the Republic of 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

Performance of
democratic
institutions

Somaliland. Even though, in some aspects, state legislation and traditional rules are in clear contradiction of each other (e.g., women's rights), they tend not be perceived as competitive but rather as complementary.

The UIC/Islamic Courts, which demand an Islamic state for Somalia, restored basic order in Mogadishu during the period under review by disarming the militias and criminal gangs, and ended the violent power struggle of the armed factions and their leaders or warlords. The Courts' interpretation of Islamic law (Shari'ah) however, as revealed in their increased policing of morality in areas under their control, resulted in far-reaching restrictions being placed on human rights, women's rights and the freedom of expression. Since the UIC's demise and the onset of guerrilla fighting, an alarming human rights situation has emerged, especially in Mogadishu where civilians are subject to indiscriminate violence carried out by all factions.

Commitment to democratic institutions

5 | Political and Social Integration

Somalia does not have a party system. The TFP/TFG was formed according to clan and not political representation. Loyalties on the local level tend to bifurcate along clan and sub-clan lines. On the national level, however, conflict dynamics are more complex. This was recently demonstrated by the emergence of the three rival power coalitions that have shaped the violent conflict in the south of the country. The three power-groups can be defined as follows: the TFG/Baidoa led by interim President Abdullahi Yusuf; the UIC, led by Hassan Dahir Aweys and Sheikh Sharif Sheikh Ahmed; and the so-called "Mogadishu Group," composed of opposition ministers and their local allies. The Mogadishu Group, formally represented by Speaker of the Parliament Sharif Hassan Sheikh Aden (a member of the Digil-Mirifle clan), was composed primarily of dissident Hawiye cabinet members (who, like most cabinet members, are former warlords) with their militias and some businessmen, including, for example Mohamed Qanyare Afrah (minister of national security), Musa Sudi Yalahow (minister of commerce), Bootan Isse Alin (minister of militia disarmament), Omar Mohamud Mohamed (minister of religious affairs). Two issues polarized the parliament and cabinet during the period under review: the site of the capital and whether to invite peacekeeping forces to support the TFG. In March 2005, the rivalry between Yusuf's allies and the Mogadishu group culminated in a chair-throwing brawl and the departure of Mogadishu-allied parliamentarians and ten Hawiye clan cabinet members from the TFG's center of operations in Nairobi. They returned to Mogadishu, whereupon they demanded that subsequent sessions of parliament and cabinet take place there. This defection precipitated a ten-month period of open crisis. Efforts to convene a quorum in parliament failed, thus suspending the only functional branch of the government. The inflammatory rhetoric lashing

Party system

from both sides of the split TFG obscured the deep internal fault lines within both the Yusuf and the Mogadishu wings. Rifts between leaders and especially their militias over the control of resources, rents and policy-making limited potential cooperation even within the different factions. Even the Islamic Courts, united de facto by a commitment to religion, include eleven separate courts with jurisdiction only over their individual clans. Moreover, UIC members' views on political Islam span a wide spectrum, from traditional Sufis to those with rather progressive views (i.e., embracing democratic values), to opportunists using the Courts' power for personal advancement, to socially rather conservative Islamists eschewing political violence, to hardline jihadis who do not. Thus any temporary alliances between these strains, political or otherwise, does not necessarily mean that one might not attempt to subsume or quash the others in future power plays. The Republic of Somaliland legalized the formation of political associations in 2001. Since the local council elections in 2002, there have been three political parties officially registered. They competed in both the presidential election of 2003 and parliamentary election of 2005. Lacking distinct political programs, the parties can be distinguished mainly by the personality and clan affiliation of their leaders. Although these parties have consolidated themselves to some extent during the election processes, their organizational stability remains weak, as they lack qualified personnel, membership, internal structures and solid funding.

Cooperative organizations or interest groups that operate independently of the clan system are rare in either Somalia or Somaliland. Social conflicts are perceived and articulated primarily as conflicts between clans and/or sub-clans.

Interest groups

Surveys of attitudes towards democracy have never been conducted in Somalia. Democratic norms and procedures, however, are also found in the traditional system, which points to an acceptance thereof within the Somali population. Representation in the current political systems, be it the local administrations or the TFP/TFG, is based on the principle of clan representation and power-sharing arrangements between the major clan groups. The example of peaceful democratic transition in Somaliland suggests a general acceptance for democratic principles in Somalia. According to the International Crisis Group, strong anecdotal evidence suggests that most citizens and civic leaders find none of the current political groups worthy of unconditional support. These narrow-based groups focus their efforts on their particular communities rather than advancing the good of the society as a whole, and all engage in intimidation, coercion and assassination against civic leaders and critical media figures who oppose them. Although the Islamic Courts have enjoyed the broadest support since the decay of central government, many people remain wary about the possible imposition of radical Islamic rule and its interference in their personal lives. Likewise, most Somalis express a strong desire for a revived central state but the ineffective TFG increasingly dashes their hopes for the future of democracy in Somalia and

Consent to
democratic
norms

affiliation with political coalitions seems pointless. While the TFG was meant to represent all major power groups, creating this constellation meant incorporating primarily warlords into major ministerial posts. Many of these were involved in past war crimes and have contributed to the country's instability.

The formation of social self-help groups and the construction of social capital is a prerequisite for survival within war-torn Somali society. However, social capital is based 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. In addition, the slow but steady reconstruction of schools and universities constitute an opportunity for new relationships to develop beyond clan lines, while creating trust beyond extended family networks.

Associational
activities

II. Market Economy

6 | Level of Socioeconomic Development

In the absence of state regulation, economic actors organize themselves according to traditional and socially embedded patterns of kinship relations. Structures of social control and trust within kinship groups mediate the parameters of economic interaction instead of legal guarantees and regulation. Clan relations also shape social exclusion as well as inclusion. However, membership in Islamic organizations, which promise new business contacts in the Arab world, is of growing importance. To date, it is too early to assess the impact of the UIC's rise and fall on Somalia's socioeconomic development and relations with international businesses. First assessments, however, indicate further economic revival and, above all, a significant rise in external trade under the UIC's rule. However, trade has dropped considerably since the TFG established its rule in Mogadishu. Somalia's extended civil war has driven an increasing number of women to work outside the home, making a growing number of them family breadwinners. Still limited by social constraints, and traditional and religious norms, however, women are often left to engage in small, survival oriented business activities. Although the social exclusion of women and minority groups is structurally embedded in Somalia's social system, and is therefore quantitatively and qualitatively extensive, it must be borne in mind that the described processes only constitute a tendency. By no means do only powerful clans have access to markets, and there are quite a number of women with

Socioeconomic
barriers

considerable economic power. Though revived in the last few years, the Somali economy relies heavily on remittance income from Somalia's huge diaspora. In addition, the 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. The Somali economy is driven by the need for fast and short-term trading profits and is not directed at developing sustainable production capabilities.

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	-	-	-	-
Growth of GDP	%	-	-	-	-
Inflation (CPI)	%	-	-	-	-
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	-	-	-	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-	-	-	-
Public debt	\$ mn.	1,859.9	1,936.1	1,949.0	1,881.5
External debt	\$ mn.	2,688.9	2,838.0	2,848.7	2,750.4
External debt service	% of GNI	-	-	-	-
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 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

7 | Organization of the Market and Competition

There is no legal and institutional framework for market competition in Somalia. In the context of state failure, all forms of economic transaction, including financial and currency systems, as well as social services such as health or education, are radically privatized, as there is no political regulation of market competition.

Market-based competition

The absence of an institutional framework limits sound economic performance in Somalia. Business transactions are re-regulated 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 their 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. According to 2002 FAO estimates, 43% of the population lives on one dollar per day. In the absence of security guaranteed by the state, businessmen have to either cooperate with violent actors or arm themselves to protect their goods against robbery and looting. There are better business opportunities for members of powerful clans or sub-clans than members of the less-powerful and less-armed groups. Although foreign trade is not restricted by a state, those engaged in trade must pay fees to use ports and airports, and often also pay import “taxes” to the dominant local faction or administration. The majority of the emergent Somali business elite therefore strongly supported the establishment of Shari’ah courts, and initially, the UIC’s expansion because of the stability and regulation they ushered in. The UIC succeeded in stimulating international trade by re-opening Somalia’s international port and airport and by dismantling checkpoints in Mogadishu. However, their ban on the lucrative trade in khat and charcoal, as well as public entertainment facilities clearly negatively affected economic performance. Eventually, tensions between the business interests and the UIC began to grow.

Anti-monopoly policy

The high demand for imports of all kinds – food, clothes, electronics, khat, cigarettes – connects Somalia to the world market, and foreign trade is completely liberalized. Comprising primarily livestock, a few other agricultural products and charcoal, the total amount of exports is low. Imports are not only directed at consumers in Somalia, but are also re-exported, often as contraband, to neighboring countries Ethiopia and Kenya. In Somaliland, domestic and foreign trade are not subject to much regulation by the state. However, there is a close bond between state elites and economically powerful actor. In the past, affluent individuals providing financial support for state-building activities were exempt from tax duties. The risk of corruption and patronage structures is high in Somaliland.

Liberalization of foreign trade

When the state-owned banking system collapsed, 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 the primary source for the reconstruction of an internal market. However, there is no domestic institutional framework for such remittance companies.

Banking system

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. Without institutional or political precautions to regulate and control the financial sector, the Somali shilling is prone to severe fluctuations. Currency transactions are carried out by local vendors, who set the exchange rate daily on the basis of localized contingent factors. There have also been several waves of massive inflation in the last decade due to imported counterfeit banknotes. In 1994, Somaliland set up a central bank and introduced its new currency, the Somaliland shilling. Responsible for directing the monetary system and the currency, the central bank, however, lacks trained personnel, experience and market power, which make its institutional capacity weak. 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 the established money exchangers and khat traders. Nevertheless, in the western parts of Somaliland, the Ethiopian birr is used as a second currency, and the "old" Somali shilling is still circulated in the central and eastern regions. All major transactions are made in U.S. dollars.

Anti-inflation /
forex policy

Most significantly, the TFG has yet to develop a coherent revenue system. Its policy of increasing taxes on ports and airports may counter economic development. Several cash flows from external donors have been received, but have not been made public, and most of those funds are under the personal control of President Yusuf. The TFG has neither the technical nor the military ability to establish a nationwide tax collection system, and is therefore almost entirely dependent on foreign donors.

Macrostability

9 | Private Property

In the absence of a functioning judiciary and executive branch, private property rights are not guaranteed in Somalia. Looting and robbery are constant threats, especially in the southern regions of Somalia, making private property protection contingent upon access to armed militias. Private enterprises as well as NGOs or any other organization must either mobilize their own protection or cooperate with local warlords. In Somaliland, private property is nominally protected by the

Property rights

state, and the clan system is the only genuinely effective enforcement mechanism for private property issues. In the absence of an effective state policy to regulate natural resources ownership such as agricultural land, water points or grazing zones, ownership and usufruct rights are a permanent source of conflict throughout Somaliland.

All economic enterprise in Somalia is private, and operates under conditions of insecurity and violence without any legal safeguards. In Somaliland, private enterprise is viewed as the primary engine of economic activity, and only the port of Berbera and the airport in Hargeisa are state-owned.

Private
enterprise

10 | Welfare Regime

With the collapse of state-run social services, social safety nets within extended families and clans help to compensate for poverty and other risks. Remittances received from Somalis abroad account for a large part of this safety net; according to World Bank estimates, they make up to 40% of household incomes. However, they are clearly not enough, as the majority of the population survives on the basic subsistence levels. Significant, continued external assistance is a must if poverty in Somalia is to be reduced systematically. According to UNDP estimates, approximately two-thirds of the population has no access to health services, and adult illiteracy is above 70%.

Social safety nets

In Somalia, there is no substantive equality of opportunity. Gender discrimination is pronounced in the access to education. In Somalia's clan-based and patriarchal social environment, girls are often subject to parental restrictions to education and there are similar trends of exclusion visible among social minorities. Conditions for the approximately 400,000 internally displaced people (IDPs) in Somalia remained deplorable. Discrimination and violence against minorities persisted during the period under review. The Republic of Somaliland lacks the funds to organize a coherent welfare system. Health care is concentrated in the 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.

Equal opportunity

11 | Economic Performance

The real output strength of the Somali economy is difficult to establish, as there are no reliable economic data for Somalia. There has, however, been significant tangible improvement since the end of the 1990s, particularly in the

Output strength

telecommunication and transport sectors as well as in internal and external trade. Somalia's once expanding livestock export trade suffered several blows due to consecutive import bans from Arab countries and increasing competition on the world market, most notably from Australian exporters. Although a growing number of Somalis are employed in the service and transportation sectors, unemployment levels remain tremendously high. At the time of this writing, it is too soon to adequately assess the economic impact of the UIC's rule in southern Somalia as well as the subsequent war between Islamic militias and the TFG.

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 thus the destruction of valuable grazing zones and fertile soil. Furthermore, foreign companies have disposed of toxic waste and engaged in uncontrolled fishing along Somalia's shores; the damages have yet to be assessed. During their short rule, the UIC banned the production of charcoal for export. The Republic of 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.

Environmental
policy

Since the mid-1990s, there has been no formally organized education system in Somalia. In the absence thereof, education has been reorganized according to private interests and means. With an estimated adult literacy rate of 24%, Somalia still ranks among the lowest levels of adult literacy worldwide. In Somaliland, 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 Somali diaspora. The private education sector is booming.

Education policy
/ R&D

Transformation Management

I. Level of Difficulty

Implementing a nationwide system of government in Somalia is severely constrained by its protracted civil war, which has left hundreds of thousands dead. Any future government will have to cope with the twin challenges of state- and peace-building, and it will have to successfully demobilize and reintegrate the numerous militias. In addition, future governments face formidable challenges in battling widespread extreme poverty, overcoming a tremendous lack of human resources, and managing the scarcity of accessible valuable resources. While Somaliland has succeeded in re-establishing state structures and directed democratic reforms, it nonetheless continues to grapple with huge structural constraints on governance as the political transition to democracy faces numerous political, social, technical and financial challenges.

Structural
constraints

The modern Western understanding of civil society is misleading in the Somali context, where there is little distinction between the public and private spheres. Strong traditions of social organization beyond the state, primarily based on social trust within kinship groups, were maintained even under Siad Barre's rule from 1969 to 1991. Since the onset of civil war, social network structures have reorganized themselves and strengthened 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 the Western and Islamic worlds. However, after repeated bouts of authoritarian or a fundamental lack of leadership, most Somalis are skeptical of attempts to restore a central authority and trust in modern institutions remains weak.

Civil society
traditions

Since 1991, Somalia has been under the grips of factional battles jockeying for power within – and often at odds with – a weak patchwork of mostly clan-based localized 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 Puntland, periodic inter-(sub-)clan conflicts, often driven by competitive claims on water, land and grazing rights, continue intermittently in localized situations. The UIC's defeat in December 2006 – January 2007 has left a power vacuum that can easily be filled

Conflict intensity

again by the same factions and faction leaders that were defeated by UIC militias. The only, at least in its very rudimentary state, successful effort to rebuild a common administration in the south came under the leadership of the Islamic Courts in the second half of 2006. Though religious conflicts have never played a major role in Somali's civil war, religion-based cleavages may gain in importance as a result of the UIC's defeat and the military intervention of Ethiopia. With little public support and only superficial control in areas outside of Mogadishu, the TFG's clear dependence on Ethiopian military support is likely to exacerbate these divisions.

II. Management Performance

14 | Steering Capability

There is no unified or common political leadership structure in Somalia. The fact that the TFG failed to relocate itself from Kenya to Somalia as a government of national unity, but instead immediately split into two rival factions, indicates the lack of common objectives and aims, and the highly personalized interests of the political leadership. In Somaliland, the steering capability of the political leadership is rather weak. Lacking the necessary resources and expertise, political leaders act ad hoc and without coherent political concepts. Bearing in mind Somaliland's extremely high level of difficulty, with its young and embryonic state structures, lack of resources and experience as well as the fact that transhumant herders make up approximately 60% of the population, attempts at democratic reform in Somaliland during the period under review are very successful. All attempts at economic reform by setting up regulation measures, particularly in the currency and financial sector, have failed thus far.

Prioritization

In the absence of a unified political leadership there has been no substantive attempt to implement structural or qualitative changes in Somalia's economic system during the period under review. Although Somalia's Foreign Minister ratified 17 African Union (AU) treaties in February 2006, completing Somalia's signing of all 31 AU treaties and conventions, including the African Convention on Human and Peoples' Rights, the TFG had no means to implement them. For example, steps toward creating National Human Rights Commissions taken by the Transitional Federal Parliament and by the authorities in Puntland and Somaliland have yet to produce functional associations. Generally speaking, the foundation of knowledge and cognitive framework upon which policy is based in

Implementation

Somaliland are rather limited. The main challenge in Somaliland is to establish a political system capable of transcending the deep clan-based cleavages within society. Because attempts to overcome clan structures, when undertaken at all, are often boycotted within communities, political leaders face a formidable challenge.

The TFG has not learned from the mistakes of previous efforts to (re-)build a central government in Somalia. During the reporting period, the TFG remained locked in an ideological face-off with Islamic groups and was plagued by internal factional fights. Its failure to establish itself as a government of national unity deprives it of its needed legitimacy among the Somali population.

Policy learning

15 | Resource Efficiency

Somalia's interim government has not taken sufficient advantage of human resources neither in developing its administrative and bureaucratic infrastructure nor in demobilizing the militias or in building up its own forces. Some of the many clan-based militias express some degree of commitment to the TFG, but the process of integrating them into a unified force under a single command remains a distant goal. Unsurprisingly, the core of the TFG militia today is from President Yusuf's Majerteen clan from Puntland, adding to the general perception that the TFG represents a rather narrow clan base. While the UIC was supported by a broad alliance of business people in Mogadishu, only some of these businessmen are willing to cooperate with the TFG. One of the TFG's first steps was to increase taxes at the main ports and airports under its control, which led to protests voiced by the business community and to a significant reduction in import trade to Somalia. The UIC has arguably enjoyed broader success, and, unlike the TFG, the UIC was more efficient in making use of available resources inside Somalia, such as taxing airports, seaports and checkpoints. The UIC was also extremely successful in gaining the support of a wider Somali business community. However, the UIC relied heavily on external funding, and, according to a UN Monitoring Group report, it received military and financial support from at least six states. As for its military strength, the UIC drew on four sources. At its core is a multi-clan, integrated unit of roughly 400 fighters drawn from each of the eleven clan-based Shari'ah courts. This unit is the best-trained and equipped of the Shari'ah militias, and it proved better than the rather disorganized and poorly trained clan militias of the ARPCT. Beyond this core, the UIC also comprises clan-based Shari'ah militias associated with specific courts, which vary in size and strength. The Islamic Courts also managed to forge alliances with local clan militias previously unaffiliated with either side, a tactic that worked increasingly well as they accumulated victories. Finally, and perhaps most worryingly, the Islamic Courts reportedly paid between \$5,000 and

Efficient use of assets

\$10,000 to local unaffiliated gunmen to conduct quick ambushes on passing ARPCT vehicles. The government in Somaliland lacks the requisite economic and human resources. The majority of the state budget is absorbed first by security needs (approximately 50%), and second by general administration tasks (approximately 10-20%), leaving few opportunities for social spending and economic development. Clan loyalties instead of competence continue to determine administrative personnel appointments at both higher and lower levels, which facilitates patronage structures and obstructs the efficient use of resources.

President Yusuf has forged alliances with a number of local and regional authorities such as those in Beled Weyne, the Gedo region, Bay and Bakool regions, but TFG claims of authority there are indirect at best and perfunctory at worst. Attempts to appoint governors in these areas have met with resistance from the local population.

Policy coordination

President Yusuf's flagrant practice of nepotism and the opportunistic nature of the TFG's fragile clan alliances have led to a widespread perception among the Somali population of the government as corrupt. This disappointment may further explain the success of the UIC in winning the support of a growing part of the population: their religious-nationalist, anti-international (especially anti-Ethiopian and anti-American) rhetoric had wide appeal for Somalis weary of the vicissitudes of political power plays and unfulfilled promises from foreign donors.

Anti-corruption policy

16 | Consensus-Building

Those with any semblance of power in Somalia do not share the same long-term goals for the country. There has been only one positive example of an attempt at proto-consensus-building that stands out during the review period: the attempt to establish and maintain security in Mogadishu with the Mogadishu Security and Stabilisation Plan (MSSP). Although it ultimately failed, its beginning was promising enough so as to merit a more extended narration here. Following the parliamentary walk-out over the capital's location in March 2005, the Mogadishu Group announced an ambitious initiative to reinforce security in Mogadishu. The proposal for a Mogadishu Security and Stabilisation Plan included plans to demobilize 1,400 militiamen and 60 technicals from eight militias, efforts to eliminate militia roadblocks in the city and preliminary plans to establish a regional/municipal administration. The stabilization plan brought together an unlikely group of allies: the Mogadishu-based TFG "armed ministers," the Islamist leadership (including Hassan Dahir Aweys), TFG rejectionist militia leaders, business leaders and civil society groups. These groups supported the plan for very different reasons, which ultimately led to its

Consensus on goals

demise. Civil society groups and businessmen saw a genuine chance to improve security and bring the militias under control. Mogadishu civic groups – including both formal NGOs and informal neighborhood groups – mobilized in support of the plan to a degree that increasingly alarmed leaders supported by armed militias. Whatever political and tactical motives militia leaders and Islamists had in creating the stabilization plan dissolved as they witnessed it becoming a vehicle for grassroots mobilization that threatened their influence. Not surprisingly, the plan failed. The International Crisis Group attributes its final downfall to a string of assassinations (including one prominent murder), which damaged the movement's credibility in the media and deterred civic leaders. Public mobilization thus lost its momentum and Mogadishu reverted back to its dangerous status quo ante. Somaliland's major political actors and stakeholders agree on the long-term objective of establishing a market-based democracy. Although clan-based cleavages still predominate within Somaliland, the political leadership has initiated peace-building initiatives, and conflicts usually do not lead to violence.

Whether it be the TFG/TFP, the UIC or individual warlords, most political actors in Somalia act as anti-democratic veto powers.

Anti-democratic veto actors

On top of the obvious cleavages between the TFG and the UIC, both sides suffer from potentially explosive internal cleavages (see 5.1, Party system). Although the Islamic Courts have united the Islamist leadership with an array of civic movements sharing an interest for improving the rule of law in Mogadishu, the fragile alliance has little other common ground. Collectively, the multiple fault lines between clans and strains of Islam make the Courts prone to fissures, internal feuds and defections unless they can exploit – and perhaps provoke – an existential threat from an outside force (e.g., the TFG Alliance).

Cleavage / conflict management

So far, none of the governmental bodies inside Somalia – be it the warlords, the UIC or the TFG – have established an environment conducive to forming well-run civil society organizations.

Civil society participation

A reconciliation conference is scheduled for June 2007, beyond the time of writing. Interactions between group leaders up to the present do not bode well for the success of these negotiations.

Reconciliation

17 | International Cooperation

Throughout Somalia, international cooperation is generally not conducted by the state or official political leaders but by a diverse set of private actors. External support – often in the form of military support – hailing from Ethiopia, Eritrea, the United States and Arab states often has the effect of de-development by

Effective use of support

fueling proxy battles within Somalia. Though having decreased after the withdrawal of U.N. forces in 1995, aid-flows into Somalia continue. There was a total of \$191.3 million official development assistance (ODA) in 2004 (or \$24 ODA per capita). This plays an important role in the Somali economy and constitutes one of its major regular employment opportunities. International governments' as well as NGOs' need for local partners and contacts has led to a proliferation of local NGOs now competing for international aid monies.

To date, there are no entities in Somalia that have proven credible in their relations with the international community.

Credibility

Lacking its own resources, the TFG relies heavily on the assistance of its primary external patron, Ethiopia. Thus far, Ethiopia's support has been limited to military support for the fight against Islamic militias. Any TFG attempts to rebuild state structures will depend on external support and funding, much of which is contingent upon progress made in the internal reconciliation process. The extent to which Ethiopia's own geopolitical strategies have contributed to and indeed exacerbated developments in Somalia needs to be taken seriously. The Ethiopian government had a number of reasons for taking out the Islamic Courts that stemmed from their own goals rather than any objective impulse to "protect" Somalis. Ethiopia and Somalia have a troubled history, marked by three wars between 1960 and 1978. Moreover, the terrorist organization al-Itihaad al-Islamiya planted several bombs in Ethiopia in the 1990s from a base in Somalia, whereupon the Ethiopian government has in the past sent troops into Somalia to destroy the group and dismantle its training camps. Perhaps most significantly, senior court officials in Somalia made clear that they intended to incorporate Somali populations in the Somali region of southeastern Ethiopia into a "greater Somalia" and had begun to back Ethiopian opposition groups, which led to a clampdown on the latter in the latest Ethiopian elections.

Regional cooperation

Strategic Outlook

The defeat of Union of Islamic Courts (UIC) militias in Mogadishu and south central Somalia has left behind a political vacuum that can easily be filled by warlords and political strongmen similar to those the UIC ousted in 2006. Although the peace in Mogadishu remains highly tenuous, discussions on relocating the Transitional Federal Parliament/Government (TFP/TFG) from Baidoa to Mogadishu are already underway.

Meanwhile, the TFG lacks public support, is internally divided and faction-ridden. As for the UIC, although its militias have been defeated and scattered throughout Somalia, the Islamic movement's basic structure, with its localized network of courts, schools, charities and businesses, remains intact. More radical factions, namely the Hisb'ul Shabaab, have launched a guerilla war against Ethiopian domination and TFG forces. Attacks against TFG, Ethiopian and Ugandan/AU forces and facilities have increased sharply; repeated, massive efforts to crush this resistance have failed. While genuine consensus-building in Somalia appears predicated upon a withdrawal of Ethiopian forces, this would also most likely spell for the TFG's collapse. The 8,000 international peacekeeping soldiers mandated for southern Somalia is grossly insufficient to meet this challenge and there is little hope that the current number of 1,500 Ugandan soldiers can be increased to the number mandated.

The TFG's main challenge is to transform itself into a government of national unity, gain public support and to build administrative structures from scratch. While external peacekeeping forces are necessary to uphold TFG control in Mogadishu, it cannot base its rule solely on force. The TFG needs to engage in political dialogue with moderate Islamic leaders as well as clan groups and factions that feel marginalized or disenfranchised by the TFG. Stability in Somalia will depend on the TFG's ability to facilitate a national process of reconciliation that leads to genuine inclusive representation in all government bodies.

In addition, the TFG and the international community should begin facilitating the formation of municipalities and locally representative administrative structures – immediately. Such a process would help prevent former warlords and strongmen from re-asserting territorial control and instead support a process in which district and regional councils are established on the basis of local power-sharing agreements. Somalia's war-prone southern and central regions should be focused upon first.

