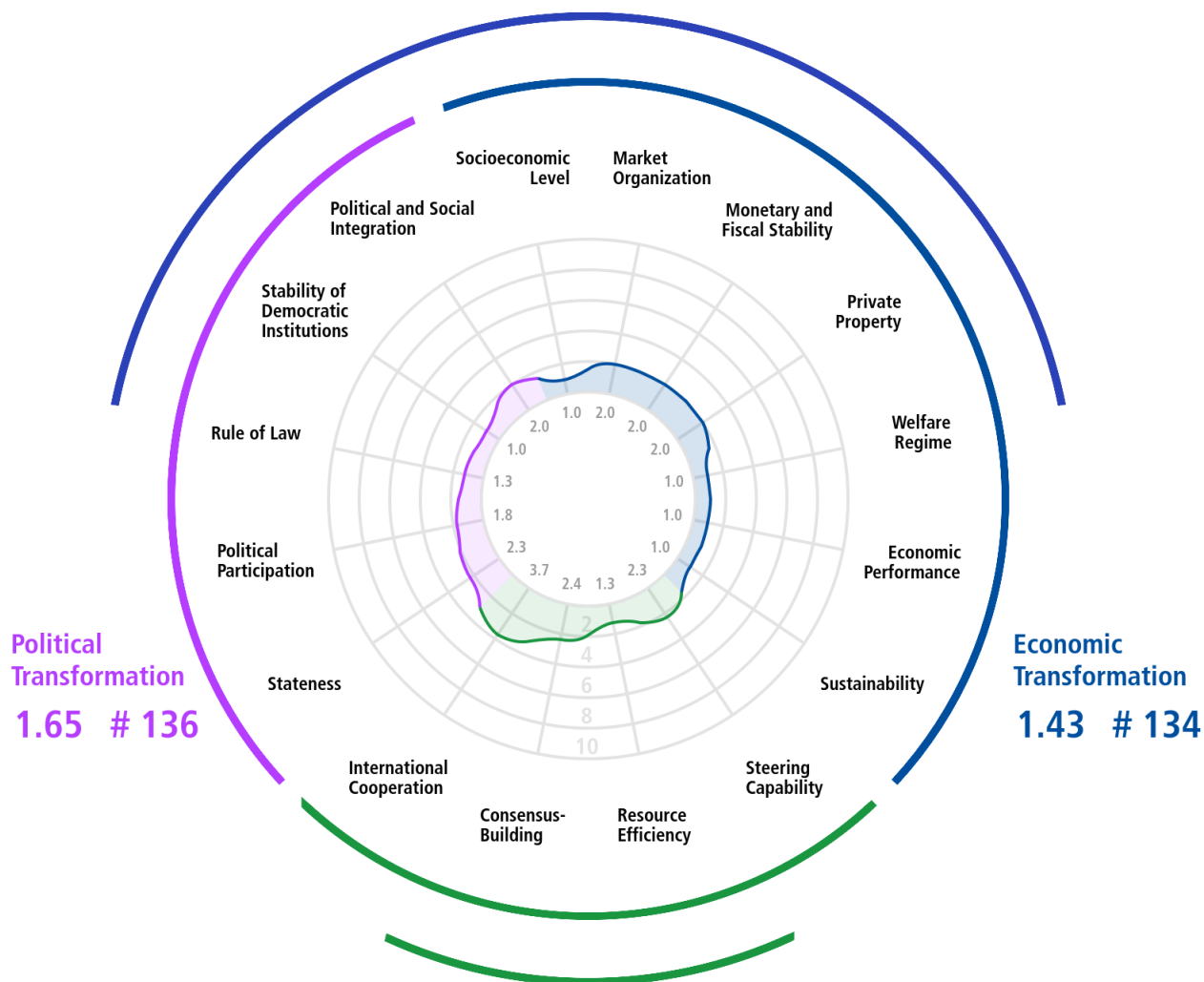


Somalia

Status Index

1.54 # 135

on 1-10 scale out of 137



Political Transformation
1.65 # 136

Economic Transformation
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Governance Index

2.41 # 129

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	15.9	HDI	-	GDP p.c., PPP \$	875
Pop. growth ¹	% p.a.	2.9	HDI rank of 189	-	Gini Index	36.8
Life expectancy	years	57.4	UN Education Index	-	Poverty ³	% 88.9
Urban population	%	46.1	Gender inequality ²	-	Aid per capita \$	120.8

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Somalia remains vulnerable to environmental shocks. Severe flooding, desert locust infestations and the COVID-19 pandemic have exacerbated existing vulnerabilities and slowed down necessary reforms. While the Somali economy had begun to pick up again after the end of the severe drought in 2016, the global disruption of supply chains, and the closure of borders and airports in the context of the health pandemic have slowed Somalia's economic recovery. The country has only a very rudimentary health infrastructure and is ill-prepared to deal with the pandemic.

The reporting period was additionally characterized by rising political tensions as well as military confrontations between the federal member states (FMS) and the federal government of Somalia (FGS). These conflicts blocked necessary reforms. The constitutional review process has stalled. The status of the FMS and especially the modus of power and resource sharing between the federal and central institutions are yet to be determined. Although planned presidential and parliamentary elections did not take place, universal suffrage was replaced by an indirect electoral model. The president's term in office ends on February 8, 2021, and attempts to unilaterally expand his mandate could, in the current explosive political atmosphere in Somalia, result in violence.

The federal government has initiated reforms in the security and finance sectors, among them the biometric registration of security forces and the integration of soldiers into an electronic financial system. It increased the domestic revenue base and contributed to the successful completion of three reviews by the International Monetary Fund. Somalia eventually qualified for participation in the Heavily Indebted Poor Countries (HIPC) Initiative, which initiated a three-year process of debt relief and provided the country with access to the international borrowing market.

However, the Islamist insurgency against the Federal Government of Somalia (FGS) has continued. Supported by the African Union Mission to Somalia (AMISOM), the FGS held control over major towns, but the Islamist militia Harakat al-Shabaab al-Mujahideen (al-Shabaab) has firmly established itself in rural areas in the southern half of the Somali Federal Republic. Al-Shabaab controls major supply routes to towns and, through taxation and judicial services, exerts

influence even in the FGS-controlled areas. It has regularly launched attacks and assassinations. Meanwhile, the al-Shabaab offshoot Islamic State of Somalia (ISS) has established bases in Puntland.

Security in Somalia depends heavily on the approximately 20,000 AMISOM forces. Plans to withdraw AMISOM troops by the end of 2021 are unrealistic in the context of continued infighting between political elites and the large institutional and capacity gaps in the Somali security sector. The Somali National Army (SNA) improved its military capacity, but the loyalty of many forces lies with the political leaders of their clans rather than with the government. In many areas formally under the control of the FGS regional forces and clan militias provide security.

The United States has increased airstrikes against al-Shabaab that have killed many Islamist operatives. Human Rights organizations have criticized the rising number of civilian casualties. About 700 U.S. security personnel were relocated from Somalia to neighboring countries in January 2021.

The self-declared but internationally not recognized Republic of Somaliland has again postponed parliamentary elections. Since assuming presidential power at the end of 2017, President Muse Bihi Abdi has increasingly resorted to authoritarian forms of rule. Abdi's regime has regularly curbed freedom of speech and has harassed and detained media workers and other people reporting or publicly discussing controversial political topics.

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. Since 2012, the country has established an internationally recognized government that has a limited capacity to rule. The central and southern parts of the country have been affected by intermittent violent conflicts since the 1990s. In the north-east of the country, the Republic of Somaliland declared independence in May 1991 and has gradually rebuilt basic state structures. Somaliland has developed its capacity to govern and has embarked on a path toward democratization but has not received international recognition. All scores in the report refer to Somalia, and do not include political and economic developments in Somaliland.

In August 1998, Puntland was established as a semi-autonomous regional state in Somalia's northeast. Puntland has also developed its own governance institutions but was integrated as a Federal Member State into Somalia's governance system.

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 and Government (TFG). Its establishment was accompanied by the rise of an Islamist movement, United States counter-terrorism operations and the military involvement of neighboring and international troops in Somalia. The Transitional Federal Institutions were soon challenged by a new politico-military actor, the Union of Islamic Courts (UIC). Ethiopia's military intervened in December 2006, defeating the UIC and helping to establish the TFG in Mogadishu. The new

authority of the TFG was bolstered a few months later 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 tackling a complex Islamist insurgency spearheaded by Harakat al-Shabaab al-Mujahideen (al-Shabaab). By mid-2010, al-Shabaab controlled vast parts of central and southern Somalia and had started to create administrative structures. However, their early successes did not last. By 2011, AMISOM had increased its forces to the originally planned 8,000 soldiers and received additional support from Kenyan and Ethiopian troops, which were later integrated into AMISOM. During 2012, al-Shabaab successively lost control of major towns in southern and central Somalia to allied international and national forces. The war between 2007 and 2012 took 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 fighting forces in Somalia were involved in severe human rights violations.

The collapse of the state and the subsequent breakdown of its formerly centrally planned economy have led to the radical privatization of economic activities. In the mid-1990s, the economy, especially in the areas of international trade and local services, began 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 acted in close cooperation with powerful political actors and militia leaders. Two consecutive droughts in the last decade – notably in 2011 to 2012 and in 2016 – have had a devastating impact on Somalia’s economic development. The recovery of agricultural production after 2016 has slowed in the last two years as a result of severe locust infestations and floods.

Commercial activities in Somalia are primarily driven by short-term profit. The economy is import-dependent, and growth is mainly driven by consumption. International trade networks are dominated by a few powerful business cartels, often intertwined with the politico-military elite. Another source of economic development is the large Somali diaspora. Urbanization is rapid and unregulated.

While the central and southern regions of Somalia were engaged in violent conflicts, the Republic of Somaliland continued its path toward democratization. Independence was confirmed during a public referendum in 2001. Somaliland has since held two district elections (in 2002 and 2012 respectively), presidential elections in 2003, 2010 and 2017, and parliamentary elections in 2005. Despite double voting and registration errors, all elections were considered relatively free and fair by international observers. Parliamentary and district elections, originally scheduled for 2019, were again postponed.

Neither Somaliland nor Puntland has established real control over the eastern regions. Tensions between Somaliland and Puntland escalated further in the reporting period and have resulted in violent clashes. Despite 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. The state is also highly dependent on an emerging 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

Somalia experienced a complete state collapse from 1991 to 2004. From 2004 to 2012, a transitional government was formed, but with extremely weak capacity. Since 2012, a post-transitional government, the Federal Government of Somalia (FGS), has succeeded in building a fragile administration in the capital, Mogadishu but has not been able to re-establish a monopoly on the use of force throughout the country, including much of the capital. Protection of key installations depends on the African Union Mission to Somalia (AMISOM), which had reached a strength of around 22,000 troops by mid-2015 but started to reduce over 2,000 troops in the reporting period. AMISOM plans to hand-over security to the Somali government by December 2021, a plan that remains highly unrealistic.

AMISOM troops, in cooperation with the Somali National Army (SNA), regional security forces, and regional as well as local clan militias, managed to hold control over the cities and towns recaptured from al-Shabaab after 2012. They made little territorial gains in the reporting period despite continued support from the United States Africa Command and an increase in air and drone strikes against al-Shabaab and members of the Islamic State of Somalia (ISS) in Puntland.

Al-Shabaab maintained its presence across rural areas, controlled supply routes to most cities and established checkpoints on main streets where it extracted taxes on goods and passengers. It has established shadow governance structures in areas controlled by the FGS and extracts taxes. According to a report of the UN Monitoring Group, al-Shabaab launched 27 attacks during 2019, causing 895 casualties and relying mainly on improvised explosives, vehicle-borne devices, suicide attacks and mortar fire.

On December 28, 2019, at least 94 people were killed and nearly 150 people were injured when a vehicle-borne explosive detonated at a major security checkpoint of the federal government. Al-Shabaab also launched attacks against Turkish

Question
Score

Monopoly on the
use of force

1

'06 '22 10

1 1

construction workers and killed at least 15 people in an attempted invasion of the Ministries of Labor and Public Works in Mogadishu in March 2019. A suicide attack on the mayor's office in Mogadishu on July 24, 2019, killed at least six people. The mayor succumbed to injuries a week later.

Al-Shabaab also continued to target hotels and restaurants known to be frequented by government officials and businesspeople. Attacks on the Mogadishu Airport Zone, a heavily gated enclave between the airport and the Indian Ocean and the seat of the headquarters of the UN Somalia, AMISOM and embassies, have also increased in 2020.

The Islamist militia continued with summary executions of civilians and intensified targeted killings of members of the federal, regional and district governments, the state-based security services, and civilians aligned with the government. In 2020, al-Shabaab fighters assassinated the state governors of the Nugal and Mudug districts in Puntland (the Minister for Agriculture and the Deputy Minister for Religious Affairs in the FMS Hirshabelle respectively). In September 2019, five former Hirshabelle administrators were killed in an explosion and three district officers in the Gedo region in the FMS Jubaland were killed by Al-Shabaab militants. Al-Shabaab also targeted elders who became delegates in regional elections and businesspeople who refused to pay tax to the organization.

Al-Shabaab remains a regional security threat and has over the years carried out attacks outside Somalia. On January 15, 2019, the organization attacked the upscale market Dusit hotel in Nairobi, killing more than 20 people. On January 5, 2020, al-Shabaab launched a raid on Camp Simba, a military base in Manda Bay near the coastal town of Lamu, which is jointly used by the Kenyan and U.S. militaries. One U.S. soldier and two private contractors were killed. At the turn of 2020, Islamists also increased attacks in the border region with Kenya.

The complexity of many attacks testifies to the strength of the Islamist organization and underscores the persistent weakness of the Somali security apparatus.

Good progress was made in the biometric registration of approximately 20,000 security forces and some progress in the formalization of command structures. Registered forces also underwent health checks, were registered with the Human Resource Department of the Ministry of Defense and integrated into the Financial Management Information System of the FGS. They can now receive regular salary payments into bank accounts, while payment before was often sporadic and regularly caused unrest.

Deepening political rifts between the federal government, Jubaland and Puntland hinder the full implementation of the security reform and underscore the fragmented character of the security sector. The FGS does neither exert full control over the

national army nor over the regional and communal security forces – many recruited along with clan affiliation. The integration of clan militias and regional armies into the Somali National Alliance (SNA) proceeded slowly.

Conflicts between the FGS and FMS escalated in February and March 2020 in the context of the Jubaland elections. The FGS airlifted approximately 1,000 troops from Mogadishu to the Gedo region in an attempt to capture the fugitive former Jubaland Minister for Security who is implicated in serious crimes and human rights violations. Federal and regional troops eventually entered into violent battles, and violence also spilled over to Kenya.

Al-Shabaab used rifts between Somalia and Kenya to carry out attacks on both sides of the border, attacking and assassinating security forces and district authorities. In September 2020, Kenya launched airstrikes and orchestrated cross-border military operations against al-Shabaab in the Gedo region, reacting to al-Shabaab raids in the Kenyan county of Mandera. Kenyan and Somali troops engaged in gunfire.

At the end of 2020, the Somali government was accused of having deployed soldiers in support of the Ethiopian army in the Tigray conflict. Accordingly, 370 Somali soldiers have lost their lives in battles in Ethiopia. The FGS and Ethiopia deny these accusations.

In the reporting period, security forces from Puntland and Galmudug were also involved in violent battles, while the Sufi militia Ahlu Sunna Wal Jamaa (ASWJ) violently contested the results of the presidential election results in Galmudug in February 2020.

Tensions and violence between the political entities underscore the deep political cleavages in Somalia. They attest to unresolved territorial and border conflicts and leadership disputes within and between the FMS and the FGS. Conflicts are also triggered by questions of the structure of the political system, including the sharing of power and resources at the national and regional level. Failure to resolve the tensions between the FGS and FMS plays in the hands of al-Shabaab and other Islamists who use the tensions for their political propaganda against state-building and to launch further violence.

Somaliland, in contrast, has managed to establish a monopoly on the use of force, albeit one that remains contested in the eastern Sool, Sanaag and Cayn border regions with Puntland.

The vast majority of the population is ethnic Somali, and nearly 100% of the population is Muslim. Despite chronic clannism, the Somali populated territories in the Horn of Africa display a sense of ethnic nationalism, and the idea of a Somali nation-state is therefore likely accepted by many.

However, the establishment of Somaliland and, to some extent, Puntland, has given rise to new layers of identity formation that transgress ethnic nationalism. Additionally, ideas of the establishment of a global or regional caliphate were raised by some Islamists, while others mainly insist on a state based on Islam and Shariah, an idea that is more likely supported by the population.

Concerning citizenship, some population groups have been considered second or even third class, and the so-called Bantu and occupational caste groups are discriminated against and treated as second class citizens.

While the concept of an ethnically and religiously defined nation-state is likely accepted by a majority, Somalia is struggling with an unresolved citizenship debate related to its federal system. Who has the right to live and make claims to rights in each federal state, as well as in the capital Mogadishu, remains unresolved.

The provisional constitution of 2012 does not define who qualifies as a Somali citizen. 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 are viewed as fully-fledged citizens.

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 principle of descent from the regionally dominant groups also underpins citizenship in Puntland.

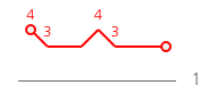
With the collapse of the government in 1991, the state's secular law ceased to function in most areas. Simultaneously, two existing non-state legal systems began to gain prominence: traditional law (xeer) and Islamic law (Shariah), with the latter growing in influence since 1991. In Somaliland's constitution, as well as in the interim constitution of Puntland and the Transitional Federal Charter, Islamic law forms the basis of jurisprudence and the state is supposed to adhere to religious norms.

The formal court system remains weak, and courts are only available in larger cities. Therefore, Shariah and Xeer are in varying combinations simultaneously practiced across the country. Religious norms exert a strong influence on political, economic and social practices in the country.

State identity

3

'06 '22 10

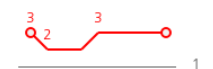


1

No interference of religious dogmas

3

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1

In areas governed by al-Shabaab, politics and everyday administration are strictly guided by religious dogma.

Somaliland's constitution allows for legal pluralism and three legal systems based on Shariah (Islamic law), civil law and customary law, which are applied in various combinations. 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. However, as in Somalia, religious norms in Somaliland are deeply intertwined with traditional law and shape everyday political as well as social life.

The FGS has continued to build up administrative institutions but has made only limited progress in the provision of services. Taxation has improved in Mogadishu. Fees at the port and airport, taxation of international trade, and an additional sales tax for products arriving at Mogadishu's port have steadily increased revenues. Revenue collection was centralized and integrated into the Ministry of Finance. This ended decentralized taxation by district officials and increased tax transparency. However, the FGS has no power of taxation outside Mogadishu. The federal member states rely on separate taxation systems, and al-Shabaab has established a shadow tax system at Mogadishu's port and extracts taxes on trade and businesses all over Somalia.

Most federal member states are based on fragile clan balances and tend to neglect the interests of less powerful clans and minority groups in their areas of jurisdiction. Some member states compete with al-Shabaab for territorial control and have little capacity to administer their territories. The mode of parliamentary and presidential elections, originally scheduled for December 2020 and February 2021, respectively, was contested. An agreement in support of indirect elections (as opposed to universal suffrage) was reached in September 2020, but no further steps were undertaken to organize these elections. Farmajo's term in office ends in February 2021, and further delays could be interpreted as an unconstitutional extension of his term and trigger conflicts that could undermine the reform progress made to date.

Al-Shabaab, in contrast, has built up basic administrative structures in the areas under its control. Above all, it established a centralized system of taxation that stretches throughout its territory, but also expands to areas under the control of FGS and its allies. Al-Shabaab collects taxes and fees on agriculture, vehicle registration, transport, and livestock sales. Taxation is systematic, organized, monitored and controlled. Al-Shabaab uses record keeping and provides receipts to avoid double taxation. It also provides protection and an effective, though draconian, judicial service to communities in areas under its control. However, it relies heavily on violence and intimidation.

Basic
administration

2

'06 '22 10

1 2 1

No improvements were made in the provision of public goods. Most services, such as water, electricity, schooling or health care, are privatized and, for large parts of the population, remain difficult to access or not accessible at all. Security remains dependent on AMISOM.

The COVID-19 pandemic has further underscored these limitations, especially for the health infrastructure. PPP equipment was often not available for health workers and testing kits were extremely limited. With international support, a small number of testing centers and 18 isolation centers, with collectively under 400 beds, were established in thirteen cities across the country. Some mechanisms to curb the spread of the virus have been implemented, such as a night curfew in Mogadishu, the limiting of air transport and restrictions on public gatherings. However, the measures were not implemented consistently throughout the country, and FMS often implemented their own restrictions or no restrictions at all.

Somaliland, in contrast, has established administrative structures throughout its territories, although they are not fully functional and remain contested in the eastern border regions. Elected political decision-makers are here more sovereign in governing their territories, and while their decisions are usually implemented, they still must be taken with the consent of influential clan elders. With international support, the Somaliland government was able to provide some basic services to its population and has improved, for example, education and health care. Their operations continue to be hampered by the weak capacity of staff, and many of the institutions lack adequate resources and equipment.

2 | Political Participation

Somalia is not an electoral democracy. The Provisional Federal Constitution that was adopted in 2012 constitutes Somalia as a multiparty democracy based on the separation of powers. The FGS developed a strategic framework and time plan for the democratic transition, initially until 2016, which was then expanded to 2020. This timeframe was not met. The political constitution of the country remains contested and questions of power and resource sharing especially were not addressed. In September 2020, the conflicting parties agreed to organize indirect elections, but preparations stalled and the December 2020 deadline was eventually missed. The COVID-19 pandemic added another layer of difficulty to the organization of elections.

During most of 2020, tensions about the electoral process increased and deepened the rift between the FGS and the FMS, notably in Puntland and Jubaland, as well as between the FGS and opposition parties. The president signed an electoral law promoting a one-person-one-vote system in February 2020. Given the lack of preparation and a highly unrealistic timeframe, President Farmajo's opponents interpreted his signature as an attempt to extend his term in office beyond February

Free and fair elections



2021. The lower house in the parliament approved the law, but the upper house rejected it. By September, after a series of reconciliation meetings in Dhusamareb (FMS Galmudug), political leaders agreed to organize indirect elections building on experiences from the electoral process in 2016. Clan leaders had selected delegates in regional electoral colleges who in turn elected the 275 members of the federal parliament's upper house, while the 54 members of the lower house were elected by the assemblies of the FMS. These steps are seen as a modest attempt at widening participation and enhancing the legitimacy of the election. The agreement also includes that 30% of the seats in the lower house of the parliament are reserved for women. Indirect elections continue to be organized along clan lines and elders are nominated along with the so-called 4.5 system, which provides an equal number of delegates to the four dominant clan families, while so-called minority groups together get half of the seats of a clan family. Political parties have no role in the electoral process.

Candidates for the lower house will have to pay \$10,000 to be registered, while candidates for the upper house need to pay double. Upper house members will be nominated by the FMS. Somaliland will be included in the process, with elders from Somaliland clans nominating delegates, but no election will take place within the territory of Somaliland and Somaliland rejects the legitimacy of the elder delegates and the process itself.

A significant postponement of elections bears the risk of violence as political elites may resort to mobilizing clan-based militias to underscore their demands. President Farmajo has been accused of causing delays by manipulating the electoral process, with critics pointing to the president's past attempt to place close allies in regional leadership positions (during elections in the South West State and Jubaland in December 2018 and August 2019, for example). Interferences were also reported in the Puntland electoral process, especially accusations of paying bribes to influence the selection of candidates. Bribery was, however, not limited to the FGS, as candidates were reported to pay large sums to members of the parliament in an attempt to secure votes. In January 2019, Said Abdullahi Mohamed Deni was elected the new president of Puntland, and the hand-over of power from former President Ali Gaas took place without interruptions.

The presidential elections in Jubaland in July and August 2019 were, in contrast, marred by conflicts and rising tensions between the ruling administration and opposition groups who received the support of the FGS. The FGS refused to accept the victory of Mohamed Islam Madobe in the elections, and supporters from President Farmajo's and President Madobe's clans entered into open confrontations in the Gedo region of Jubaland. On June 14, 2020, after negotiations, the FGS officially recognized Madobe, albeit only as interim president of Jubaland for two years. Madobe rejects the transition period.

Democracy in Somaliland is increasingly strained. After delays, the country managed to hold presidential elections in November 2017, which the current President Muse Bihi Abdi, of the Peace, Unity, and Development Party (Kulmiye), won with a clear majority (55%). Despite tensions, the election was considered considerably free and fair by independent observers. However, parliamentary and municipal elections, scheduled for 2019, were again postponed to May 2021.

None of the political factions in Somalia exercises power to effectively govern the country. The FGS has, with the support of AMISOM and international donors, expanded its territorial control after 2012 and has made some governance progress since. The establishment of federal member states was an important step toward the roll-out of countrywide administrative structures. However, the highly conflictual relationship between the central administration and the FGS has brought administrative reforms to a halt.

The FGS and FMS control only parts of the country's territory. Large parts of the South West State, Jubaland and Hirshabeele, are controlled by Al-Shabaab, while Galmudug shares power with Ahlu Sunna wal Jama'a, a Sufi militia formed to counter the influence and Shariah interpretation of Al-Shabaab. Puntland is the most solidified of the FMS and governs most of its territory, even though al-Shabaab and ISS are active and continue to pose a serious threat in the region.

Overall, the capacities to govern the territories which are formally under the control of FMS or FGS remained limited. Relations between the FMS and the federal government have deteriorated. Concerning security provision, the FGS relies mainly on the support of the 20,000 AMISOM forces.

In Somaliland, the government has increased its sovereignty and can govern and implement policies in most of the territory, excluding the eastern border region and some remoter rural areas. Government decisions, however, must be accepted to some extent by clan elders, if they are to be implemented smoothly.

The Provincial Federal Constitution provides for the right to association and public assembly. While officially allowed, public protests and assemblies are often restricted or met with security forces who regularly resort to violence during protests. Public demonstrations and rallies remain risky for citizens and have in the past regularly resulted in casualties.

Fifteen civilians died when security forces intervened in demonstrations against the arrest of presidential candidate Mukhtar Robow in Baidoa in December 2018. The UN Special Representative, Nicholas Haysom, who raised concerns about the government's actions, was expelled from the country in January 2019. A motorcycle taxi demonstration against violence at roadblocks in Mogadishu in April 2019 was stopped by security forces and led to the death of seven people. An anti-government demonstration in Mogadishu in December 2020 against the delay of elections was accompanied by gunfire. In January 2021, people went to the streets of Mogadishu to protest against claims that Somali soldiers were deployed in the Tigray conflict.

Effective power to govern



Association / assembly rights



To contain the spread of COVID-19, the FGS and FMS promoted social distancing measures, closed schools and madrassas, and restricted public gatherings. A partial lockdown was initially introduced but not sustained. Travel between cities was reduced. Mogadishu imposed and initially enforced a night-time curfew between 8 pm and 5 am in April 2020. The curfew resulted in the death of two civilians who were shot by security forces. This led to protests and was subsequently not sustained.

In areas controlled by al-Shabaab, association and assembly are fully restricted, and civil society organizations, aid workers and journalists regularly become victims of both targeted killings and indiscriminate attacks.

Throughout Somalia, civilians bear the brunt of the violence. The number of civilian casualties and the rate of internal displacement remained high during the reporting period. The vast majority of civilian casualties are attributed to al-Shabaab. But security forces of the federal government and the member states also continue to be accused of abusing and killing civilians, as well as of prolonged detention and military trials of civilians suspected of working for al-Shabaab. Military courts in Puntland during 2019 were accused of subjecting civilians, including teenagers, to fast trials, imprisonment and even torture.

In Somaliland, the right to association and assembly is guaranteed in the constitution. Most NGOs and political parties operate without serious interference. However, the reporting period saw a trend toward authoritarian restrictions and arbitrary arrests of government critics, among them journalists and opposition leaders. In May 2019, Somaliland's security forces used violence during a rally organized by the political opposition and unlawfully arrested and detained two party leaders. The government's responses to COVID-19 included the closure of schools and office-based businesses and the prohibition of gatherings and social events starting in March 2020. The government initially also closed mosques but opened them again due to pressure from religious leaders and instead issued guidelines. International flights were restricted. These measures were lifted in July 2020.

The Provincial Federal Constitution and the Constitutions of the FMS provide for freedom of opinion and expression. The constitutions are, however, not harmonized and they contain different sets of restrictions, such as prohibitions on speaking against Islam, if public safety, order or stability are disturbed, or if expressions are unethical (without however specifying what is considered unethical). Political activists and opponents of governing authorities are often intimidated and can at any time face repression and beatings or violent arrests by security forces of both the national and regional states. The state and regional security forces, prominent among them, the National Intelligence and Security Agency (NISA), are regularly accused of severe human rights violations. The Covid-19 pandemic had no effect on the already limited freedom of expression.

Freedom of
expression

2

'06 '22 10



Somalia saw the establishment of a broad number of regional media outlets, including newspapers, TV, radio, online media outlets and media associations, some partisan and with factional links, others lobbying for media rights, freedom of expression, and improvement of journalism. Generally, however, journalists in Somalia operate in a hostile environment and face intimidation, arbitrary arrests and harassment by state, clan-based and Islamist authorities.

Puntland tried to introduce the mandatory registration of journalists and media outlets in 2019. The move was interpreted as an attempt to control journalists and caused protests which were answered by raids on media outlets and arrests of media workers. Puntland, however, eventually halted the process. In August 2020, President Farmajo approved a controversial media law which has been criticized by leading human rights organizations. The law, albeit it provides rights of expression, also contains restrictions and vague wordings that provide scope for abuse of media freedom.

In areas under Al-Shabaab, independent media and journalism are prohibited. Al-Shabaab runs radio stations that broadcast a mixture of political propaganda and religious sermons. The Islamist militia also continued to threaten and harass media workers in areas outside its direct control.

Although Somaliland's 2001 constitution guarantees the right to freedom of expression, including press freedom, the authorities continued to prosecute people under the 1964 penal code, which contains several overly broad and vaguely worded provisions that can be used to unduly restrict the right to freedom of expression. The Somaliland government has temporarily shut down websites and media outlets, among them major television stations in June and September 2019. In June 2020, Somaliland's Minister of Information shut down a TV station because it did not properly broadcast the president's address to the nation on the Independence Anniversary.

Somalis within the country as well as the Somali diaspora with access to social media continue to possess the ability to voice criticism and dissent on those mediums but face organized personal attacks if they do.

3 | Rule of Law

There is no strict separation of powers, whether in the areas controlled by the FGS or the FMS. The establishment of key government institutions progressed, and in parts, there seems to be a clearer division of labor between the ministries. However, nepotism, corruption and clan-based decision-making impede the independence of the powers. Reform of the judiciary stalled during much of the reporting period. The judiciary played no role in the containment of the COVID-19 crisis. The FGS has established a task force to deal with the pandemic. The task force includes line ministries, major UN agencies, NGOs and donors. The developed response plan to contain the spread of COVID-19 included restrictions on gathering and movement which were imposed by the government. However, most restrictions were only upheld between April and July or August 2020, respectively.

In Somaliland, although there is a much clearer separation of power, the executive tends to influence both the legislative and the judiciary to a substantial extent. The judiciary also continues to lack sufficient funding and training. Judges are often selected on the basis of clan or political affiliation.

There is no countrywide rule of law. The reform of the judiciary system moves slowly. Secular legal institutions remain in a nascent stage, are understaffed and are regularly accused of corruption. Additionally, there is no countrywide agreement over the basic framework, institutional structure and composition of the legal system. Somalia is characterized by legal pluralism, and the formal courts run parallel to two other legal systems: a customary law (xeer), which is negotiated on a case-by-case basis and implemented by elders; and Islamic Shariah law, which is, however, interpreted quite differently in different courts and locations.

State courts at the district level in Mogadishu and some courts in other cities were established in the last decade.

Military courts were established under a state of emergency in 2012 to deal with cases related to Islamist terrorism and militia violence. However, they also tried civilians, albeit usually for offenses related to terrorism, do follow neither basic standards nor due processes and are regularly accused of severe human rights violations. Their verdicts often contain long-term sentences or executions. Intelligence agencies and special forces operating in Mogadishu, Puntland and Jubaland continue with arbitrary arrests, detaining people for longer periods and without charge and without following due process.

The independence of the judicial system is, in all regions, a serious concern. Generally, people display little trust in the formal legal institutions, which are difficult to access, costly, deemed inefficient and open to political and clan-based manipulations. Salaries for judges are irregular, court fees are high and often

Separation of powers

2

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Independent judiciary

1

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informal. Legal personnel in all courts lack training. In contrast, Shariah courts, many financed by private business owners, and the legal services provided by al-Shabaab are often described as efficient, less corrupt, faster and more just.

A survey in Mogadishu in 2014 established that only 13% of interviewees trust courts, while 48% rely on customary and 29% on religious mechanisms. The availability of different legal codes, among them the Italian, British, and, before the state collapsed, the Somali, complicates adjudication. Judges often base decisions on clan or political considerations. They are regularly accused of corruption and misconduct. No proper oversight mechanisms or safeguards against arbitrary arrests or detentions exist.

Somaliland's constitution allows civil law, Shariah and customary law, three legal systems, as long as they don't contradict Shariah. A legal infrastructure and a court system that reaches most urban centers exists. Mobile courts increase the territorial outreach of the judiciary, which is composed of a four-tiered court system: a Supreme Court, regional appeal courts, regional courts and district courts. However, courts are regularly criticized as dysfunctional, and judges and other personnel in the judiciary lack capacity and formal qualifications. Judiciary processes are rather slow. The judiciary also lacks independence from the executive, as judges are often appointed on the basis of clan or political association, and it is underfunded. Additionally, clan elders are regularly reported interfering in and influencing court cases.

Corruption and the misappropriation of domestic revenues and foreign aid are endemic in Somalia. The indirect election model further increases the risk of corruption. Vote-buying, bribery and all other forms of corruption and fraud were pervasive in the last indirect election. President Farmajo started his term in office in February 2017 with the promise of fighting corruption, but steps to contain it were modest. The federal administration has introduced some internal audit and control mechanisms, although no information is available as to whether and how well they work. Financial irregularities characterized the take-over of the country's civil aviation by an international body in mid-2019. The Somali Civil Aviation Authority allegedly simply wrote-off a \$4.8 million debt owed by the local company, Jubba Airways Limited.

In June 2020, the FGS endorsed a National Anti-Corruption Strategy and additionally ratified the African Union Convention on Preventing and Combating Corruption. The Convention was already signed in 2006 but had not been ratified. Overall, the progress in the fight against corruption remains very limited, and Somalia was in the 2020 Corruption Perception Index again ranked among the most corrupt countries in the world.

Endemic corruption includes the payment of bribes for governmental contracts and the diversion of international aid. Corruption is also known for land and property transfers, the latter especially in larger cities where land and real estate prices are

Prosecution of
office abuse



spiking. Diversion of aid continues to be widespread in Somalia, and vulnerable people, in particular internally displaced persons (IDPs), have had to pay for access to camps. Corruption was also reported around COVID-19 interventions.

To date, persecution of corruption remains an exception in Somalia, where accountability mechanisms to oversee the conduct of public servants or politicians are missing. Corrupt officials mostly enjoy impunity. While individual cases of dismissal due to corruption are known, there are usually no legal repercussions. The inability or lack of will of the Federal Institutions and donors to address endemic corruption hampers the ongoing state-building process, makes institution-building ineffective and undermines citizens' trust in state institutions.

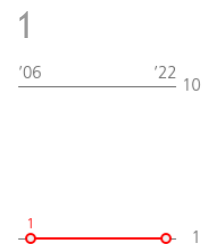
In Somaliland, corruption and nepotism continue to be a serious problem and are often practiced on a clan basis. No further institutional safeguards were developed in the reporting period. Concerns about corruption were especially raised about international contracts given out by the Somaliland government to the United Arab Emirates (UAE) for a 30-year lease to manage and renew the port in Berbera in 2016.

In Somalia, civil and human rights are regularly and systematically violated. Conflicting political actors 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 due to indiscriminate attacks and the disproportionate use of force. The UN has recorded over 1,100 civilian casualties in 2019, and 596 in the first half of 2020. Approximately two-thirds of these casualties are attributed to al-Shabaab's indiscriminate use of improvised explosives, suicide bombings and shelling alongside targeted assassinations. The other third is attributed to regional and federal security forces, AMISOM, foreign forces and air raids.

The National Intelligence Organization (NISA) and the Puntland Intelligence Agency (PIA) have detained children suspected of working with al-Shabaab and have used unlawful methods during investigations, and in some cases, torture. The state's security forces were also accused of using indiscriminate violence against civilians while fighting over land, during controls at roadblocks, in forced evictions or disarmament operations. Civilians were also targeted in localized clashes between clans and in revenge killings.

Displacement and forced evictions of people in urban areas continued on a mass-scale. 2020 saw over one million new displacements caused by violence, environmental shocks, flooding and the loss of livelihoods due to a severe locust infestation. Forced evictions also continued unabated in urban areas. By September 2020, 65,000 people were forcefully evicted in Mogadishu, according to a Human Rights Watch report. Only Baidoa announced it would temporarily stop evictions to mitigate the impact of COVID-19 on the urban poor.

Civil rights



Al-Shabaab has, in the areas under its control, systematically violated civil rights and has arrested, beaten and even executed civilians, be it that they are labeled as apostates or accused of spying for the West.

Women and girls in Somalia lack protection and are subject to various forms of gender-based and sexual violence. Over 100 cases of conflict-related sexual violence were documented by the UN in 2020, often involving underage girls. Internally displaced women are particularly vulnerable to sexual and gender-based violence by members of the security forces as well as by civilians. Domestic violence is rampant in Somalia.

A “sexual intercourse and related offenses” bill tabled by the speaker of the parliament in August 2020 caused heated debates in Somalia and was criticized by many women and human rights organizations for allowing child marriage, reducing penalties for forced marriage and excluding a range of sexual offenses.

All parties were accused of recruiting child soldiers, but Al-Shabaab was reported to systematically kidnap children of minority groups, or to use violence to press communities and elders to hand over young recruits. All parties were involved in the forcible displacement of civilians, often in an attempt to annex farmland or urban public land.

In the urban centers of Somaliland, 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, local authorities, mostly elders, provide for a legal order. In such contexts, the rights of women, children and local minority groups are frequently insufficiently guarded. The Somaliland House of Representatives passed in 2018 legislation on rape and sexual offenses that outlaws all forms of sexual violence, including forced and child marriage. After protests of elders and Imams, the government halted the application of the law, and the Lower House approved an amended “rape and fornication” bill in August 2020. The new law was widely criticized by human rights and women’s organizations for allowing child marriage and forced marriage and excluded the possibility of rape within marriage. The bill has not yet been approved by the Guurti.

4 | Stability of Democratic Institutions

There are no democratic institutions in southern and central Somalia. The transition toward democratic elections was yet again postponed in 2020. Indirect elections are scheduled for the beginning of 2021, but no election date is yet set. Negotiations on when and how to organize the elections between the federal member states and the FGS are ongoing at the time of writing. The president's term in office ended on February 8, 2021.

The indirect elections held in Somalia reflect a consociational democratic model that provides very limited democratic roles for a small number of community representatives.

The FGS has committed itself to democracy but failed to translate this commitment into practice. International pressure to organize general elections failed twice in 2016 and 2020. These goals were unrealistic given the Islamist insurgency, the government's limited control over its territory, enduring conflicts among political elites and high security dependency on international actors. President Farmajo has insisted on upholding the election plan, which his opponents have interpreted as an attempt to extend his term in office. By September 2020, all involved parties agreed to resort again to an indirect electoral model, in which elders from clans select delegates for electoral colleges, which in turn elect the 275 members of the federal parliament's upper house. The 54 members of the upper house are to be elected by the assemblies of the FMS. This system upholds an agreed-upon system of clan balance in the parliament but fosters clan-based rather than democratic political practice as well as discriminating against women.

The commitment to democracy in Somaliland is facing considerable strain. Since Somaliland embarked on a path toward democratic representation after a public referendum in 2001, no election was organized in time. The country has nonetheless organized three presidential and two municipal elections. Citizens were, however, only once allowed to elect the 82 representatives to parliament in 2005. The same parliamentarians have thus been in power for more than 15 years and have, together with the House of Elders, regularly agreed to extend the time of their mandate. The House of Elders was never publicly voted for and its members have been in power since the 1990s.

Across Somali society, a strain of thought informed by one interpretation of Islam holds that democracy is illegitimate. It is unclear what percentage of the Somali population embraces this view.

Performance of democratic institutions



Commitment to democratic institutions



5 | Political and Social Integration

Somalia has enabled the registration of parties in 2017. By 2020, the National Independent Electoral Commission has registered 108 parties. In preparation for the elections, six major parties formed the Forum for National Parties. The forum is led by former President Sharif Sheikh Ahmed, leader of the Himilo Qaran party, and includes many prominent figures, among them also former president Hassan Sheikh Mohamoud, now the leader of the Peace and Development Party. The registration of parties provided a first step in the transition from clan-based political representation toward multiparty democracy. Parties are usually grouped among their leaders and seem to have few ideological differences. Political parties have no role in the indirect election planned for early 2021.

The Republic of Somaliland legalized the formation of political associations in 2001. Following local council elections in 2002, three of these associations were officially registered as political parties. According to the Somaliland constitution, and to avoid the proliferation of clan-based parties, only three parties and no independent candidates are allowed to compete in elections. A new electoral law in 2011 allowed additionally registered associations to compete in municipal elections. In all, seven political groups were contesting the council election in 2012, which also determined the next three parties to be allowed to compete in the presidential elections scheduled for 2017, which have yet to take place.

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 clan groups. However, some interest groups do exist, such as chambers of commerce and trade unions, but the latter is rather weak. Some civic groups, often led or supported by the diaspora or funded by international organizations, work to promote wider social issues such as women's rights.

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

Party system

2

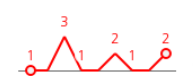
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Interest groups

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A nationwide 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. While numerous political parties have been formed in the last two years, their commitment to democracy has not yet been tested. However, democratic norms and procedures are also found in the traditional system, which points to an acceptance of democratic ideals within the Somali population.

Approval of democracy

n/a



The formation of social self-help groups and the construction of social capital is a prerequisite for survival within the volatile and conflicting sociopolitical context of Somalia. Social capital is often 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. 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 who sometimes organize themselves in youth organizations or gather in informal discussion groups and online networks.



Social capital

2



Worsening levels of political polarization, often expressed in clannist terms, have eroded trust and cross-clan social capital over the past year. Reliance on trust and social support within clan groups has become the main safety mechanism in Somalia.

II. Economic Transformation

6 | Level of Socioeconomic Development

Barriers to the development of the Somali economy remain high. The ongoing Islamist insurgency as well as political and resource conflicts among the social and political elites generate a climate of generalized insecurity. Inequitable distribution of resources and entrenched structural inequalities further impede the socioeconomic development of the country. The economy remains vulnerable to ecological shocks. The last decade saw two famines that caused enormous destruction to Somalia's economy. They have led to an agricultural collapse and left approximately half of Somalia's population in food insecurity. While the economy initially started to recover after 2017, it remained vulnerable to ecological shocks such as the severe desert locust infestations and severe floods in 2019 and 2020. These shocks contribute, together with the COVID-19 pandemic, to an unfolding humanitarian crisis. Over six million people were classified as food insecure in mid-2020, with an estimated two million people facing severe hunger.

Question Score

Socioeconomic barriers

1



Throughout Somalia, minority and caste groups have been traditionally excluded from politics and the economy and have been kept in inferior positions, despite their often vital economic contribution as specialized workers and traders. Women as a whole have been facing many barriers to participating in the economy, and often 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.

Another dramatic development impeding economic development are massive displacements caused by a combination of violent conflicts and environmental shocks, and increasingly so by forced evictions that accompany urban reconstruction. Rapid and unregulated urbanization is visible in most major cities. Approximately 70% of the Somali population is living below the poverty line, and the situation is even worse for the internally displaced population (IDPs) which accounts for 2-3 million people. IDPs living in camps are among the most vulnerable population group and are exposed to many forms of violence. Due to poor housing conditions in overcrowded settlements and lack of access to clean water, displaced people face a greater coronavirus infection risk and cannot self-isolate or adhere to social distancing. Mobility barriers imposed to prevent the spread of the COVID-19 virus have particularly damaging effects on urban poor and displaced people, impeding their ability to secure a livelihood.

On the positive side, in March 2020, the IMF and World Bank approved Somalia's eligibility for debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Beyond the significant reduction in obligations of repaying external debt, Somalia has gained better access to financial resources and development aid, and currently also to international instruments aimed at mitigating the impact of the global COVID-19 pandemic.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	4508.8	4720.7	4942.3	4917.6
GDP growth	%	1.4	2.8	2.9	-1.5
Inflation (CPI)	%	-	-	-	-
Unemployment	%	13.0	12.9	12.8	13.1

Economic indicators		2017	2018	2019	2020
Foreign direct investment	% of GDP	8.2	8.6	9.0	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	-	-	-	-
External debt	\$ M	2833.5	5558.4	5621.3	4659.7
Total debt service	\$ M	0.0	0.1	0.6	820.9
Net lending/borrowing	% of GDP	0.0	0.0	0.0	-
Tax revenue	% of GDP	0.0	0.0	0.0	-
Government consumption	% of GDP	11.0	11.0	11.9	12.9
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	-	-	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

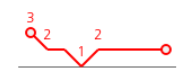
7 | Organization of the Market and Competition

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 services such as health care and education, have become radically privatized. Due to minimal regulation of the economy, Somalia serves as a hub for formal and informal trade in the wider region, which has led to the growth of a small number of large-scale traders and business organizations, which, often in close cooperation with state actors, control most of the import-/export trade. The financial sector, too, is dominated by three major telecommunication companies. Trade and financial companies rely on a vast network of medium and small-scale traders and transporters. The private sector generally tends toward anti-competitive behavior, and especially larger-scale businesses try to block competition and seem to oppose formal regulation.

Market organization

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The country remains dependent on international aid, which has been deeply embedded in the political economy of the country.

Overall, the state's revenue system improved and the tax base increased until the COVID-19 crisis. Informal taxation of trade and the extortion of fees at roadblocks nonetheless continued to provide a key source of income for state and non-state security forces, including al-Shabaab.

In Somaliland, the private sector also plays a key role, but anti-competitive behavior is also a problem. The private sector provides the government with funds, and private actors are, often through clan affiliation, linked to the ruling elite.

No anti-monopoly policy exists either in Somalia or Somaliland and anti-competitive behavior is common, especially in the southern parts of the country, where business owners are intertwined with the political elites and ruling authorities.

In the absence of state regulation, economic actors in Somalia have been organizing themselves according to kinship relations and partly religious affiliation, with the so-called majority clans taking the lead. Within clans, men dominate 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 promise new business contacts with the Muslim world, is of growing importance. Within such organizations, clan belonging can be transcended to some degree.

Without adequate access to financial institutions or credit, the current Somali economy is mainly driven by consumption, and is based on Diaspora financing and on international trade networks, which are controlled by a small group of wealthy businessmen. The majority of the population continues to live at the subsistence level and is engaged in small-scale businesses as petty traders, or small-scale producers of livestock or other agricultural products. Political elites tend to invest in real estate, expecting large-scale profits. Overall, the gaps between rich and poor in Somalia are rising.

International trade is the backbone of the Somali economy. The country is largely dependent on imports of basic food items (rice, pasta, sugar, flour, cooking oil), building materials, fuel, electronics, etc. Sugar is the main import product, followed by Khat, a mild stimulant, which is mainly imported from Kenya and Ethiopia. Concerning export, the Somali economy relies on a few products, among them livestock, charcoal, hides and skins. Livestock exports to Saudi Arabia, the United Arab Emirates, Yemen and Oman account for approximately 80% of the export earnings, and Somalia has evolved into the trade hub for pastoral products linking Ethiopia, Kenya and Somalia to countries in the Gulf.

Competition policy



Liberalization of foreign trade



In this respect, the charcoal trade has received international attention, as port fees for trade were among the main revenue sources of al-Shabaab. The government seems to have improved measures to implement the ban on charcoal exports by the UN Security Council and the significantly reduced charcoal export from Somalia has dried up one major source of revenue for Al-Shabaab.

The COVID-19 related closure of the border and airports and the global interruption of supply chains have hit the country hard. It led to food shortages, panic buying and food price inflation. Exports of livestock significantly declined due to the cancellation of the 2020 Hajj pilgrimage in Saudi Arabia, while travel restrictions increased the vulnerability of traders and decreased capital inflows.

In Somalia, humanitarian aid has also developed into a commodity, with business cartels controlling humanitarian and food aid, and the rise of gatekeepers facilitating access of international organizations to vulnerable populations, in particular to internally displaced people living in camps.

In Somaliland, domestic and foreign trade is not subjected to rigorous 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 money transfer companies (Hawala) became the sole financial institutions connecting Somalia to the rest of the world. Diaspora remittances are among the primary financial sources for the survival of many Somali citizens, and work throughout the country. Hawala companies operated until 2014 under no formal regulations and facilitated financial (including foreign currency) transactions and safe deposits but did not provide for a capital market. The operations of money transfer companies are based on trust and control within lineage groups.

Since 2014, the FGS has taken important steps to regulate and formalize the financial sector, mainly with the support of the World Bank. It has since licensed and registered six commercial banks that operate across the country, and 14 money transfer companies, three of which jointly have a market share of 90%. The World Bank estimates that the formal banks are accessed by only 16% of the population. An important innovation in recent years has been the introduction of mobile banking and money transfer services, and thus the shift toward mobile money and digital payments. An estimated 70% of the population uses mobile banking services, as they are fast, low-cost and provide security of payment and savings. Approximately one-third of the population holds mobile money accounts. Supported by the World Bank and the IMF, Somalia's central bank (CBS) has provided some monetary oversight and set up a national payment and automated transfer system enabling international payments and adherence to international norms and standards for financial transactions. Most financial institutions lack access to global banking or insurance systems.

Banking system

3

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Al-Shabaab benefits from the lack of financial monitoring. The Islamists use the domestic financial institutions and mobile money services to store and transfer large sums of money collected through revenues and the extortion of fees.

Somaliland and Puntland have established their own banking sector, and the central bank in Somaliland and the Puntland state bank have opened branches in some cities. However, they offer very few commercial banking services, and people in Somaliland and the Federal State of Puntland continue to rely mainly on informal banks and the Hawala system.

8 | Monetary and fiscal stability

Without a proper functioning banking system, the Somali economy has become dollarized, while the Somali shilling (SOS) is primarily used for small-scale, face-to-face transactions. Somalia has an active market for mobile money, and digital money transfers are increasingly replacing the physical transfer of currency notes. Mobile banking and money transfer rely on close cooperation between money transfer companies and mobile telephone companies.

Plans by Somalia's central bank to replace the SOS with a new currency did not materialize in the reporting period. Own currency is a prerequisite for the implementation of policies to regulate inflation. The central bank thus has the support of the World Bank but is requested to build up its institutional capacity and independent monetary policy instruments before rolling out the currency exchange.

The interruption of supply chains by the COVID-19 pandemic is likely to increase inflation, which, according to a World Bank report, was measured at 3.1% in February 2020 and rose to 5.2% in March 2020. Since the economy is mainly dollarized, inflation is projected to remain modest.

The Somaliland 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.

The government has developed a fiscal and debt policy which has led to increased domestic revenue mobilization. Domestic revenues increased and reached 4.6% of the GDP in 2019.

A major challenge and continued source of conflict between the federal and state governments is the harmonization of fiscal operations. The Federal Government has not pushed forward with negotiations on revenue sharing. So far, no rules and procedures for fiscal federalism have been developed. The government mainly collects revenues in and around Mogadishu, while the states collect taxes in their areas of jurisdiction. Measures to balance revenue differences between the FMS are missing. The tax income of states that own their ports is, for example, higher.

Monetary stability

2

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Fiscal stability

2

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The COVID-19 pandemic significantly decreased the revenue base at both the federal and member state level. To curb the increase in food prices, the FGS has provided temporary tax exemptions on basic food items and has, with international assistance, provided some household support for extremely poor population groups. Despite some progress, however, the pandemic underscores that the Somali government cannot use fiscal policy to respond to shocks.

Government spending is dominated by expenses for security. Around 38% of the money for security is paid for by the FGS and FMS. Government spending is mainly used for salaries and rations for security personnel. The bulk of the security spending, estimated at \$1.5 million per year, is paid by international partners. AMISOM consumes half of the international security spending.

A breakthrough for Somalia is its eligibility for debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) initiative of the IMF and World Bank. Somalia has reached the so-called Decision Point, which will enable the country to irrevocably reduce its debt from \$5.2 billion at the end of 2018 to \$557 million in the next three years, if Somalia continues with steps toward economic reforms and implements a poverty reduction strategy. With this decision, the country's access to international credit is restored. Somalia also got access to international instruments to deal with the COVID-19 pandemic.

In Somaliland, the annual state budget has grown annually and regulatory capacity has improved. In the context of successful reconciliation and state-building, Somaliland has established a revenue system, albeit one that is too highly dependent on fees and customs. It has also managed to provide some services and achieve overall macroeconomic stability. The decrease in livestock exports, and especially the cancellation of the Hajj in 2020, decreased the country's revenue base, which was already estimated at a shortfall of \$36.6 million by mid-2020.

9 | Private Property

The federal government does not ensure property rights and political elites are often involved in illegal land transfers. Land conflicts are prevalent all over Somalia. Competition for water and pasture has shaped conflicts in rural areas for decades, but land has also evolved into a major source of conflicts in cities.

Somalis from the diaspora and local political and economic elites are purchasing land, especially in Mogadishu as well as other cities, despite the lack of a functioning land registry. Most of the land and buildings in Mogadishu have at some point been forcefully occupied by militias. Protection of individual and collective ownership of land and other property depends primarily on clan support and/or the military might have related factions. With ongoing urbanization, partly caused by migration of the forcefully displaced, and with increasing investments from the diaspora in cities,

Property rights



urban land has become highly sought after and land prices are steadily on the rise. The political and military elites are regularly involved in grabs of public and private land and have, in many cases, issued forced evictions of vulnerable populations from informal settlements and camps.

Private property is to some extent protected in Somaliland, and land that was grabbed during the war was returned following negotiations between elders. A land registry exists but lacks equipment and appropriate technology, and suffers from insufficient numbers of staff who lack adequate training. Allegations of large-scale and small-scale urban land grabbing by politico-economic elites and illegal enclosures in the countryside continue to be reported. The rural enclosures are a source of conflict with nomadic pastoralists who rely on accessible grazing zones.

All economic enterprise in Somalia is private. While security for enterprises was enhanced to some extent in government/AMISOM controlled areas, the threat of violence remains very real. No legal safeguards exist apart from clan arrangements, and businesses continue to hire private security. Taxation pressure from al-Shabaab puts a huge burden on businesses, and refusal of payment is usually followed by threats and, at times, assassinations.

The short and long-term impact of COVID-19 on the private sector is likely to be substantial. In June and July 2020, a survey of 550 business owners across major cities (excluding Somaliland) found that 45% of the interviewees had to temporarily close their businesses, 71% faced shortages of supplies, and 64% reported reduced demand. Sales and employment decreased by 30%, and many companies faced cash flow challenges.

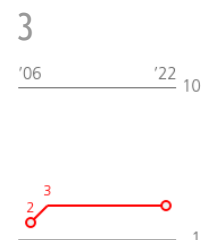
The government recognizes the centrality of private enterprise to the national economy but does almost nothing to facilitate or regulate it.

In Somaliland, private enterprise is viewed as the primary engine of economic activity, and only the port of Berbera and airports are state-owned. The impact of COVID-19 on businesses is likely to be similar to the challenges faced in Somalia.

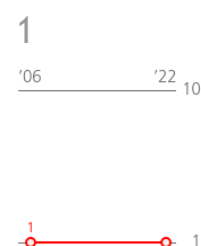
10 | Welfare Regime

No public welfare system exists in Somalia. Welfare is either provided by Islamic charities, through clan membership or through the work of NGOs. With the collapse of state-run social services, services including health care, housing, employment and poverty alleviation became “privatized.” The main social safety nets that exist are offered 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.

Private enterprise

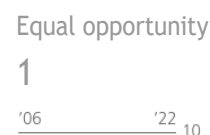


Social safety nets



The COVID-19 pandemic has severely affected remittance flows to Somalia and the UN estimated a 17% decline for 2020. Household income and consumption rates are, therefore, likely to decrease substantially. In the context of 70% of the population being considered poor and surviving at the basic subsistence level, the decline in remittances is increasing vulnerability across the population, and likely has dramatic effects on the most vulnerable, among them minority groups and internally displaced people, who often have no access to basic services and live in dire poverty.

In Somalia, there is no substantive equality of opportunity. Gender discrimination is widespread in the clan-based and patriarchal social environment. Girls are subject to parental restrictions on education. Only 30% to 40% of children are enrolled at the primary education level, with significantly fewer girls than boys. Many students fail to finish their schooling. The general percentage of enrollment falls further and the gender disparity rises in secondary and tertiary education respectively. Social minorities often lack access to opportunities and services and are discriminated against in many aspects of their social and economic lives. Living conditions for the large numbers of IDPs in Somalia are catastrophic, and there are no support structures to enable them to access any services or opportunities. In general, in a society disrupted by decades of civil war, opportunities depend very much on a person’s individual and family background, but also on their location, as there are more schools in urban areas and in the northern parts of the country.



11 | Economic Performance

The real output strength of the Somali economy is difficult to examine, as there is little reliable economic data available. In October 2015, the World Bank began publishing assessments of economic trends in Somalia, and data collection has improved over the years. However, the informal nature of the economy and the lack of access to many locations make a reliable assessment impossible.



In 2019, the economy continued to grow with an estimated GDP increase of 2.9% in 2019 driven by livestock production, fishing, construction, communication and mobile money services. The growth in population, however, meant that GDP growth did not translate into per capita GDP growth and also had little effect on the reduction of poverty. GDP growth is expected to contract by 2.5% due to the COVID-19 pandemic. The global disruption of supply chains, the closure of borders, major airports and businesses, and the reduction of remittance have interrupted the economic recovery of Somalia. Agricultural production is also negatively affected by desert locust infestations and flooding.



The Somali economy is dependent on imports and mainly driven by private consumption, which relies heavily on diaspora remittances. Exports contribute only 14% to GDP. The huge trade deficit is financed by remittances and international aid.

The economy is characterized by high levels of inequality and poverty, high unemployment and a lack of infrastructure. There is no regulation in place and, while the economy is privatized, anti-competitive behavior and monopolistic tendencies are common. As noted above, livestock, trade, communication and mobile money services are the main contributors to GDP, with agriculture (mostly livestock production), accounting for at least 60% of GDP, followed by services.

The economic structure of Somaliland does not differ significantly from Somalia. Here, too, livestock and services are the main drivers of GDP, while the economy is generally driven by consumption, and dependent on imports.

12 | Sustainability

Environmental concerns continue to be subordinated to profit opportunities and short-term benefits. The FGS has almost no influence on the management of natural resources. In February 2020, the FGS endorsed a National Environmental Policy and established an Environment and Climate Change Directorate under the Office of the Prime Minister. The directorate started to draft environmental policies and legislations among them an environmental act, which has, however, not yet been approved by parliament.

According to a recent environmental study commissioned by the World Bank, Somalia's natural resources are under tremendous stress. Soil degradation is estimated at over 20%, caused by droughts and unsustainable land-use systems. Deforestation rates are over 1%, almost twice the average rate of forest loss across African countries. Deforestation is mainly caused by exports, especially charcoal, which is the second-largest export good after livestock. Charcoal exports decreased in the reporting period, partly due to the ban by the UN Security Council. However, charcoal production seems to continue unabatedly.

Somalia is also heavily water-stressed, and massive Deforestation contributes to groundwater shortages.

Uncontrolled and often illegal fishing by foreign fishing fleets has reduced Somalia's marine biodiversity. Natural resources, from land or water to recently identified oil reserves, provide a source for ongoing conflicts that frequently lead to violence.

Somaliland's Ministry of Environment and Rural Development developed a National Environment Policy in 2015. It does not have the necessary means and appears to also lack the will to provide effective environmental protection or to monitor environmentally sustainable economic growth.

Environmental
policy

1

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In 1991, the formally organized education system in Somalia collapsed, and since then there has been no universal education system. The ministry of education has limited reach and control over education services in the country. It has made little effort to develop a harmonized curriculum, and no teacher training institutions have been created, meaning teachers often lack basic training. Quranic schools have been established across the Somali territory. Primary schools, secondary schools and universities have also been established, mainly with financial support from international organizations. The country has among the lowest levels of adult literacy in the world. Literacy is also unequally spread, rising to nearly 65% in urban areas, and sinking to just 27.5% in rural ones. The lowest literacy rates are reported for the nomadic population (12.1%). Unsurprisingly, literacy rates are higher in the north and lower in the war-torn regions of south and central Somalia. The primary barriers to education in these zones are the lack of safe spaces for learning (security) and insufficient numbers of teachers (both qualified and unqualified).

Literacy rates also depend largely on wealth, and poorer population groups cannot afford to pay for education. The current primary school enrollment rate reaches only 36%, with a bias in favor of the education of boys.

In Somaliland, with peace and political stability established since 1997, educational and training services have demonstrated 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 provide higher education throughout Somaliland. In Puntland and parts of southern Somalia, particularly in Mogadishu, education up to the tertiary level is booming. Still, curricula vary, and resources and equipment are often scarce.

Education policy /
R&D



Governance

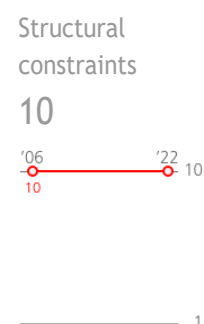
I. Level of Difficulty

Somalia has been without a functioning state apparatus for more than 30 years. Although a central government was re-established in 2012 and donor support for state-building continuously increased, overall, the government exerts little control over the territory and its people. A broad range of institutions govern at the local and regional level. Some operate parallel to the central government, others complement or cooperate and others compete with it. The structural constraints on the government, therefore, remain exceptionally high. The physical and social infrastructure in the country was destroyed during three decades of violent conflicts and insecurity, and the government has had to rebuild many institutions from scratch. The continued insurgency of al-Shabaab, regular attacks, violent conflicts, recurrent environmental shocks and humanitarian emergencies place severe constraints on any form of political regulation and management. The ruling elites themselves are shaped by the war, and their government capacities are weak. The government must overcome a tremendous lack of human capacity while still managing the few accessible resources.

While progress continued in some areas of governance, notably in the security and financial sectors, it stalled in other areas. Parochial interests continued to dominate politics, which deepened the rift between the federal government and regional member states.

The COVID-19 pandemic adds to the difficulties. Somalia's rudimentary health sector is ill-prepared for a pandemic, with testing and treatment capacities in the country being extremely limited. The modest recovery of the economy came to a halt. State revenues shrunk and the economy is contracting. However, the economy is expected to pick up again in 2021 as businesses have developed resilience and coping mechanisms for shocks.

While Somaliland has succeeded in re-establishing state structures, it continues to grapple with massive structural constraints. The Somaliland state apparatus remains weak and poorly funded, the country is still characterized by unacceptable levels of poverty and the initial efforts in support of democratization have stalled.



The Western understanding of civil society is misleading in the Somali context, where there are few distinctions drawn between the public and the 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 to ensure their members' survival. Numerous NGOs and community-based organizations (CBOs) have also sprung up since the mid-1990s, initially in response to (real or expected) external funding from both Western and Islamic donors, but many of them have professionalized over time. 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. The power of civil society has increased over the years, but its oversight of the government remains comparably weak.

In Somalia, and to a certain extent even in Somaliland, trust in a central authority and formal institutions remains weak.

The Islamist insurgency continues in Somalia. Al-Shabaab lost territory after 2011 and withdrew from major urban centers. The Islamist militia, however, continues to operate from the countryside and exerts influence far beyond the areas it controls. Attacks against civilians, government installations and the military basis of AMISOM and national security forces continued. The Islamist militia is responsible for the assassinations of government officials, civil servants, humanitarian workers and journalists. Al-Shabaab poses a significant threat to any attempts toward peace- and state-building in Somalia and threatens the security of the wider region.

Over three decades of violent conflicts have deepened social cleavages in Somalia. Clashes between clan militias and violent confrontations between and within the FMS and the FGS are the expressions of ongoing conflicts over power and resources.

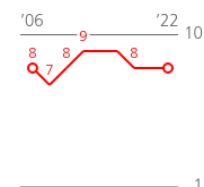
Al-Shabaab remains responsible for the greatest number of fatalities caused by anti-civilian violence, but all sides in the conflict have violated international humanitarian law and human rights, such as the killing of civilians, gender-based violence and rape, forceful evictions, public harassment, illegal arrests, and executions.

In the contested eastern border regions of Somaliland and Puntland, conflicts further intensified during the reporting period. The border region also saw clashes between the armies of both sides, causing fatalities and displacement.

Political tensions over delayed and contested elections in 2021 have increased the use of the threat of political violence as a tool for political elites.

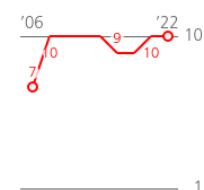
Civil society traditions

8



Conflict intensity

10



II. Governance Performance

14 | Steering Capability

There is no unified or common political leadership structure in Somalia. The development of policies and strategic action plans is supported by international donors. The FGS has made good progress toward developing policy frameworks and strategic action plans. It has developed a new national development plan (2020-24) and submitted the nearly 400-page document to the IMF and World Bank in October 2019 to qualify for the Heavily Indebted Poor Countries (HIPC) initiative. The plan includes a reflection on the challenges of implementing the last National Development Plan (2016-2020) and comprises four main pillars: the promotion of Inclusive Politics, Security and Rule of Law, Economic Development, and Human Development in four main areas. An emphasis is placed on poverty reduction and on addressing the drivers of conflict, while stakeholder consultation is suggested to support the harmonization of federal and state-level policies.

The government has improved planning capacities but continues to perform relatively poorly in terms of policy implementation and its steering capability remains weak and dependent on international partners.

To contain the COVID-19 pandemic, governments at the federal and state levels have formed task forces, often in cooperation with international donors and NGOs, and at the federal level, which also include civil society members. There are no plans on how to deal with the long-term social and economic impacts of the pandemic, and most measures to contain the spread of the virus were poorly enforced and could not be sustained in the context of endemic poverty and generalized insecurity.

The reporting period saw progress in the reform of the financial and security sectors and modest improvement in the administrative capacity of the FGS. No progress was made in the constitutional review, the preparation for elections stalled and, most importantly, no attempt was made to build up coherent administrative and security structures across the federal member states. Power and resource sharing conflicts between the FGS and the federal member states have impeded the roll-out of crucial reforms across the territories formally controlled by the FGS and its international partners.

Poor-to-nonexistent implementation is caused by a combination of factors – corruption, low levels of political will, chronic power struggles within the government, and spoilers.

Question
Score

Prioritization

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Implementation

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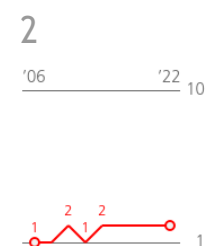
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The FGS has made modest improvements to policy learning and has started to implement some reforms. In the context of a highly fragmented political culture, the scope for policy learning remains limited. The leadership is hampered by power conflicts which are manifest in the failure or lack of will to prepare for general elections. They impede reform progress in crucial areas. The constitutional review has been pending for years. No progress was made in initiating negotiations and stakeholder consultations for the establishment of mechanisms to share power- and resources with the federal administrations.

Very high personnel turnover impedes institutional learning and memory, and a lack of documentation systems and evaluation mechanisms deprives the government of written records of lessons learned. External actors – Somali think tanks and international donor agencies – are the main repository of lessons learned.

Policy learning



15 | Resource Efficiency

The FGS has neither the technical ability nor the territorial control necessary to establish a nationwide revenue system. The mobilization and administration of revenues in Mogadishu improved considerably, but federal member states continue to raise and administer their taxes. Revenue differences between FMS are not balanced.

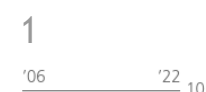
The country lacks sufficient funds to combat the spread of the coronavirus and to mitigate the social and economic impact of the pandemic. Relying mainly on international aid and grants to cover basic expenditures, the FGS cannot meet basic government operations with its revenues.

The government has improved its capacity to develop national budgeting. It has, in the light of the pandemic, for example, redrafted the 2020 budget and applied for \$146.2 million in intergovernmental grants to compensate for the expected revenue shortage and to cover the increase in spending needs. The highest cost of spending is on security, which is mainly paid for by international partners. This high spending is neither sustainable nor does it leave space for the use of revenues to provide services to the population or to regulate the economy.

The Somaliland government manages its revenues which stem, like in Somalia, mainly from customs from foreign trade, and here also, to a large extent, from livestock trade. The COVID-19 pandemic is likely to have a huge impact on Somaliland's revenue basis. The country has among the lowest tax to GDP ratios in the world.

Policy Coordination remains very weak. Competition and conflicts between the federal government and federal member states hampered institution-building at the national level. The cohesion of the political elite remains weak. Politicians pursue

Efficient use of assets



clan and personal interests and seem more interested in amassing political and economic resources than in achieving common goals. Corruption remains endemic and conflicts between the central and federal institutions have led to episodes of violence.

Policy Coordination among the ministries in Mogadishu has improved but remains weak between the central and federal institutions. The cohesion of the political elite is weak, and politicians follow clan and personal interests and seem more interested in short-term political and economic gains than in achieving common goals.

Disputes over jurisdiction and authority between ministries are a major impediment, including in the security sector. Corruption remains rampant.

The government of Somaliland has a much better track record of coordinating conflicting objectives and negotiating policies with various political stakeholders, including clans and their traditional leaders.

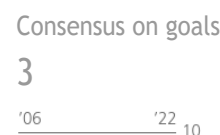
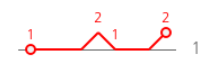
Somalia continues to be ranked as the most corrupt country in the world. An anti-corruption framework exists, and a new Anti-Corruption law was enacted in October 2019. Overall, however, no measures were put in place to enhance the accountability and transparency of public transactions. Without progress at the system level and with a culture of impunity for corruption, individual ministers and public servants are not able to address the problem.

Public contracts continue to be provided in a nontransparent manner and bribes are common. The regular misappropriation of public land, land grabs by elites, evictions of vulnerable population groups and the diversion of aid, all provide examples of the endemic nature of corruption in Somalia. The Benadir Court in Mogadishu has, however, convicted four officials to prison sentences for the theft of COVID-19 emergency funds.

Somaliland has made some attempts at fighting corruption but has not established regulatory and monitoring mechanisms or vetting procedures for public officials.

16 | Consensus-Building

The main political actors in the central and federal institutions seem to agree with the broad goal of building a market-based democracy. Parliamentary democracy is set up in the country’s interim constitution. However, the transition toward democracy or even basic national building is hampered by political in-fighting and parochial interests of political elites. While there seems to be a general agreement on democracy, no consensus on the particular system of representation that would institutionalize democracy exists. The Islamist opposition forces are anti-democratic and aim to establish an Islamist caliphate, either with undefined borders or comprising Somalia, Somaliland and all parts of neighboring states that have a



significant Muslim population. Somaliland has also settled on democracy and a market economy as strategic aims and has gone some way towards achieving these. The continuous postponement of parliamentary elections is accompanied by an increasingly authoritarian style of rule, and tensions and cleavages remain. Consensus-building is based more on lengthy clan negotiations than on formal democratic processes.

Aside from al-Shabaab, the major political actors aim in principle to establish a market economy. However, within the context of long-established clan-based trade and patronage networks, proper regulatory mechanisms are needed to ensure market competition.

The main anti-democratic actor is the Islamist militia al-Shabaab and its small offspring, ISS. Despite losing territory, influence and legitimacy, al-Shabaab is still very active in Somalia and the wider region and enjoys some public support. Security remains unstable and the Islamist militia continues with attacks in urban areas, especially in Mogadishu. Al-Shabaab has also launched attacks on military bases and increasingly seems to resort to direct assassinations of government officials. The Islamist organization continues to pose a serious threat to further reconstruction and peacebuilding.

In general, multiparty democracy has no history in Somalia, but the “traditional” system of clan-based negotiations and joint decision-making, albeit only among men, provides a set of democratic values that can support the transition toward democracy.

Since 2017, evidence has been mounting that some political leaders at both the federal and federal member state levels are themselves anti-democratic.

Political conflicts are poorly managed, if at all, and tend to escalate regularly to the point of violence. Attempts at reconciliation are often localized and are usually not facilitated by political elites but by local elders. The political leadership tends to opt for a militarized solution when dealing with al-Shabaab and seems inclined to also deploy violence against internal opposition.

The upcoming election puts the political leadership in Somalia under mounting strain, especially over the division of spoils associated with the 4.5 formula and federalism.

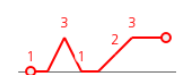
The political settlement that loosely governed inter-elite power struggles since 2008 also led to implicit norms about the use of political violence. That political settlement has now badly frayed, leading to an increased use of violence as a tool of politics.

Somaliland, which in the 1990s underwent a relatively successful reconciliation process that established power-sharing principles, shows a tendency toward military solutions, especially when dealing with the dissident factions in the east of the

Anti-democratic actors

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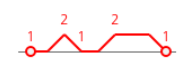
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Cleavage / conflict management

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country. This fuels the perception that the state is centralized in the hands of certain clan groups while others are marginalized.

The democratic space for civil society participation in the political process is limited. The FGS has not established a mechanism to include civil society in decision-making processes. Critical voices, of civil society organizations or the media, are often threatened and silenced.

Civil society participation

2

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With some exceptions, political decisions are not based on broader consultation, although the clan structure of politics and the political cleavages between regions, some of them again clan-based, require consultation with elders. They, therefore, account for a kind of civil participation.



The COVID-19 response in Somalia involved civil society in the emergency task force and in outreach and advocacy activities.

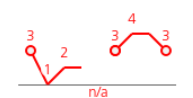
In Somaliland, civil society participates actively in political life. Increasingly, however, dissent and critical voices seem to be silenced, especially on topics concerning the relationship with Somalia or the leadership of the current president.

None of the political actors in southern and central Somalia have so far engaged in a broader reconciliation process. Consultation at the state and regional level for the development of a reconciliation strategy has been conducted, but the strategy is not yet developed or at least not published. Mounting tensions and even violence between central and federal institutions, the ongoing clan conflicts in southern and central Somalia, and the lack of a strategy on how to negotiate with al-Shabaab indicate an inability or the lack of will by the FGS to foster reconciliation. The government and its international partners seem to prioritize a military approach, albeit only small territorial gains have been made in recent years and al-Shabaab remains a serious threat. The military approach has had little impact on peacebuilding efforts in the country.

Reconciliation

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In Somaliland, a successful reconciliation process was completed in the 1990s and was the basis for the independent and comparatively successful formation of the state. The peace in Somaliland, however, remains fragile, and the current political elites would be well advised to further embark on reconciliation processes, especially when dealing with the eastern borderlands.

17 | International Cooperation

The Somali state depends on foreign aid and protection. The country received \$1.9 billion in official development assistance (ODA) in 2019, with approximately equal shares for development and humanitarian support. With an ODA to GDP ratio of over 40%, Somalia remains highly aid dependent.

Somalia is supported by the United Nations, notably, the UN Assistance Mission in Somalia (UNSOM) and the African Union (AU), the former steering the political transition, the latter mainly with a military role, deploying troops from member states to AMISOM.

Key international actors, notably the World Bank, the United Kingdom, the United States, the EU and Germany are engaged in providing humanitarian and development aid and provide support for stabilization and state-building.

Additionally, an estimated \$1.5 billion is spent yearly on security and several countries provide bilateral military support. The United States has trained the SNA, regional forces, built-up the special counter-terrorist unit Danaab and strengthened counter-terrorism capacities. The European Union continues with its Training Mission in Somalia (EUTM Somalia) and complements military training for the SNA with capacity-building measures involving the Somali Ministry of Defence (MoD). The EU naval force ATALANTA (previous EU NAVFOR) is deployed to fight piracy and armed robbery in the Horn of Africa.

Saudi Arabia, the United Arab Emirates, Qatar and Turkey are increasingly providing support for Somalia, but are also engaged in diplomatic confrontations and power struggles. While Qatar has close ties with the current Somali government, Saudi Arabia has improved relations with Somaliland. The UAE supports the expansion of seaports in Somaliland and Puntland, which led to conflicts with the FGS. The port's modernization continued unabated in Somaliland but was halted in Puntland.

Turkey is additionally involved in infrastructure reconstruction, building roads and running a hospital and the port in Mogadishu. Economic relations between Somalia and Turkey have intensified in recent years and many Somali businesses import their goods via Turkey. In 2017, Turkey also opened its largest overseas military base in Mogadishu.

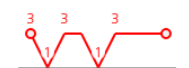
The political elite in Somalia has used international support to initiate state-building, to build up capacities and has to some extent improved expenditure reporting. However, the government is also regularly accused of mismanaging and embezzling funds and continues to use funds in a nontransparent manner, especially for the provision of contracts. It has developed a development plan, but it remains to be seen if and how the plan will be implemented.

China also offered Somaliland support for infrastructural reconstruction if it ends its relationship with Taiwan, a request Somaliland declined.

Effective use of support

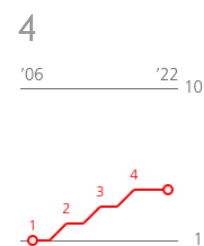
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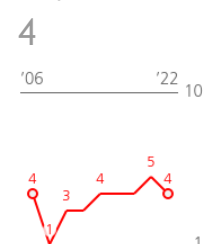
Overall, there were fewer reports of embezzlement of international funds. Whether this indicates a general reduction in corrupt practices cannot yet be determined. The need to fight endemic corruption was acknowledged in Somalia's new National Development Plan. The overall credibility of Somali institutions from the perspective of international partners seems to increase slowly, less so from the perspective of Somali citizens. However, international support for the institutions continues, as no alternative to building up the state institutions seems available, and some, albeit quite modest, progress has been made in reporting and oversight of public expenditure.

Credibility



Regional actors remain among the key players in Somalia. Ethiopia, Kenya, Djibouti, Uganda and Burundi all deploy troops to AMISOM. Ethiopia and Kenya have, since their military intervention in Somalia in 2006 and 2011 respectively, gained influence in Somali politics. Kenya has established strong relations with the FMS Jubaland and cooperates with Jubaland's security forces in an attempt to secure its border with Somalia, most recently in direct conflict with the FGS, which accuses AMISOM forces in Jubaland of interfering in Somalia's internal affairs. In November 2020, Somalia expelled Kenya's ambassador to Somalia and recalled its ambassador from Kenya to protest Kenya's interference in Somali politics. The Inter-Governmental Authority on Development (IGAD) launched a fact-finding mission that found Mogadishu's severing of diplomatic ties with Kenya unjustified.

Regional cooperation



Ethiopia, on the other hand, has close ties with President Farmajo and the current president of the South West State. Ethiopia's relations with Jubaland's president are strained as the latter is allegedly tied to opposition movements in Ethiopia's Ogaden region.

Ethiopia's military conflict in the Tigray region led to the disarmament and withdrawal of 200-300 Tigrayan soldiers from Ethiopia's military contingent in Somalia. In December 2020, rumors circulated that Somali soldiers who were trained in Eritrea were sent to fight with the Ethiopian army in the Tigray region. The FGS and Ethiopia denied the involvement of Somali troops in Ethiopia.

Somalia, Ethiopia and Eritrea agreed to foster cooperation in 2018. Diplomatic shuttling between the three countries increased and peaked at the third trilateral meeting of the three presidents in January 2020. The presidents agreed on a plan of action, focusing on cooperation in security, infrastructure development and economic cooperation. They also discussed the formation of a new regional bloc referred to as the Horn of Africa Cooperation.

In January, Somalia also became a party to the new Council of Arab and African Littoral States of the Red Sea and the Gulf of Aden, launched in Saudi Arabia.

Somalia's relations with the UAE have deteriorated sharply since 2016 and 2017, when the UAE company DP World signed contracts with Somaliland and Puntland to modernize and administer the Berbera (Somaliland) and Bosaso (Puntland) seaports respectively – without consulting with the FGS. Ethiopia also holds a 20% share in the Berbera (Somaliland) port project and has close relations with the UAE.

Strategic Outlook

Somalia missed the opportunity to hold its first general elections since 1969. Political conflicts in the country have increased and rifts between factions have deepened. The political leaders would be well advised to embark on a reconciliation process if they do not want to jeopardize the state-building progress made to date. Among the most urgently needed measures is the establishment of a power-sharing mechanism between the central government and the federal member states, which also specifies tasks and responsibilities. Finalization of the permanent constitution is also an urgent transitional task.

In the context of AMISOM's plan to withdraw troops and hand security provisions to Somalia's security forces until the end of 2021, the government needs to speed-up security sector reform and to establish a nationwide security architecture. This requires the integration of regional and clan militias into a national army under the authority of the FGS but under civilian management and oversight. Somalia must develop capable and legitimate security forces that are able to provide security and offer protection to the population.

Simultaneously, Somalia should implement a broad-based reconciliation process that provides peace dividends and development options for the impoverished population. Reducing local grievances will be the most powerful way to erode the tactical support that communities provide to Al-Shabaab.

Among the greatest challenges facing the country, however, is the need to address political infighting among the elites and to curb corruption, misuse of offices and mismanagement of public resources. To date, strategies to address corruption have only been half-heartedly implemented, if at all. The ongoing power struggles in the central and federal leadership diminish the trust of the population in the state institutions. Without agreement by the political elites on the future of the Somali Republic, the long-term stabilization of the country remains in jeopardy. The finalization of the constitution, the delivery of basic services (including security) to the population and a broad-based reconciliation initiative are crucial building steps for peace in Somalia.