

## Somalia

<b>Status Index</b> (Democracy: 1.2 / Market economy: 1.0)		<b>2.2</b>		<b>Management Index</b>		<b>1.0</b>	
<b>System of government</b>	Autocracy	<b>Population</b>	9.1 mill.	<b>GDP p. c. (\$, PPP)</b>	n. a.	<b>Unemployment rate</b>	n. a.
<b>Voter turnout</b>	n. a.	<b>HDI</b>	n. a.	<b>UN Education Index</b>	n. a.	<b>Gini Index</b>	n. a.
<b>Women in Parliament</b>	n. a.	<b>Population growth<sup>a</sup></b>	3.0 %				
<b>Largest ethnic minority</b>	n. a.						

Data for 2001 – if not indicated otherwise. <sup>a)</sup> Annual growth between 1975 and 2001. Source: UN Human Development Report 2003.

### 1. Introduction

Somalia has been in a state of civil war since 1988. The structures of state collapsed completely during the course of the war, with the country being divided into zones controlled by warlords and their clan-based militias. The UN classifies the situation in Somalia as a *complex political emergency*. However, the intensity of military violence has lessened since the mid-1990s, and during the assessment period (1998-2003), political reconstruction processes from the bottom up were observed in many regions of Somalia.

Somaliland, a republic that was formed in the northwest in 1991 but is still not internationally recognized, has surely made the most progress. This former British protectorate has not only succeeded in rebuilding functioning state structures, but has also made considerable advances toward democratization. The Republic of Somaliland's enormous developmental edge in many of the performance criteria is also described in the following assessment. The Republic of Somaliland's enormous developmental edge in many of the performance criteria justifies a separate evaluation in this assessment since it may be important for the future of the former common state. But since Somaliland is neither by the UN nor by any other state recognized, its progress will not be considered for the evaluation of Somalia.

It is hard to find uniform consensus of opinion about the status of Somalia's democracy and market-economy transformation development over the last five years. While there is evidence of progress in some of the performance indicators to be assessed in this report, these improvements cannot be ascribed to any planned transformation management. The result of local, bottom-up initiatives,

they vary greatly in speed and degree of success and all originated in extremely unfavorable conditions.

## **2. History and characteristics of transformation**

Political and economic transformation processes have been observed in Somalia since the mid-1990s despite the lack of governmental control. They have taken place during persistent conflict. As a result, their development has been greatly influenced by the course of the war.

A democratic transformation is not taking place in Somalia, although it is in the Republic of Somaliland. However, regional attempts to rebuild state structures have been observed since UN troop withdrawal in 1995, despite the continuation of fighting and the failure of several foreign-backed peace initiatives. One of the first initiatives was the establishment of the autonomous region of Puntland in northeast Somalia in August 1998. A regional parliament was set up and a government formed here, based on the model of the Somaliland republic but without any attempt at political independence. Pacification of the region has succeeded to a great extent, as evidenced by the rebirth of trade and investment, but was disrupted in mid-2001 by a renewed outbreak of armed conflict.

Similar developments have occurred in the southwestern regions of Bay and Bakool. Both regions contain pastureland, an extremely valuable resource in Somalia, as well as fertile arable land. Clan militias from different regions began fighting for these areas after 1995. In 1999, the *Rahanweyn Resistance Army* (RRA), recruited from local clan groups, was able to end the fighting victoriously with Ethiopian aid. Since then it has been working on forming a regional government. The RRA did not succeed in completely pacifying the region, however, and power struggles within the RRA led to renewed armed conflict that lasted through the end of 2002.

Another process of state restoration, watched closely by international organizations, was the formation of a Transitional National Government (TNG) in Mogadishu. On the initiative of the government of Djibouti and the regional organization *Intergovernmental Authority on Development* (IGAD), representatives of civil Somali organizations and some of the warlords agreed between May and August of 2000 to form a new, supra-clan, transitional parliament and a transitional government. The TNG, which has been based in Mogadishu since August 2000 and claims jurisdiction over all of Somalia, has not succeeded in asserting its authority over the competing armed factions. The TNG controls only a few districts in Mogadishu as well as some areas of land in southern Somalia. Its status is thus less that of a government than that of yet another armed faction.

Only the Republic of Somaliland has succeeded in making considerable consolidation and democratic progress during the reporting period. In 1999, Somaliland's parliament passed the transitional national charter worked out at a peace conference in 1993. A majority of the Somaliland population voted for the charter in a public referendum in May 2001. At that time, Somaliland also authorized the formation of political parties starting in June of 2000. In December 2002 the first general and, as far as can be ascertained at this time, sufficiently free elections were held at the district level, in which the ruling party, the Allied People's Democratic Party (UDUP) won the majority.

The transformation toward a market economy has been marked by the collapse of the state and the associated collapse of the state-controlled economy. The breakdown of the state was accompanied by the complete privatization of the economy and the service sector. Many economic indicators have shown marked improvement since 1998. In view of the state's breakdown, however, these improvements cannot be considered a transformation toward the normative goal of a market economy embedded and regulated in a regulatory framework. In the absence of laws to protect property rights and access to justice, only the small percentage of the population that can mobilize private forces of protection are able to benefit from economic development.

In Somaliland, property rights have been guaranteed to a great degree, and there is access to justice. In issuing currency and specifying tariffs on foreign trade, Somaliland's government provides only minimal guidance. The state is, however, financially dependent on its few successful business people. Connections between important economic and political players are a reminder of the dangers of increasing corruption and nepotism.

### **3. Examination of criteria for democracy and a market economy**

#### **3.1 Democracy**

The first and only steps toward a democratic transformation have taken place in the Republic of Somaliland, which split off from Somalia in 1991 but is not recognized internationally.

##### **3.1.1 Political organization**

(1) *Stateness*: The Somali governmental monopoly on the use of force has been in a complete state of collapse since 1991. The country is divided into regions controlled by warlords and the militias they have mobilized on a clan basis. The intensity of the warfare has lessened since 1998, reflecting the warlords' gradual loss of power, caused by nonstop power struggles within the militias, the

warlords' dwindling economic resources, resulting schisms within the militias, and the population's increasing war-weariness. The period under study was also characterized by a parallel attempt to rebuild regional and central governing and administrative structures, which has been only moderately successful so far.

The rating for the Republic of Somaliland is much better. There, the state's monopoly on the use of force has been restored since 1991 and has been enforced through the end of the assessment period in the central parts of the country. Its enforcement is precarious only in the east. In the disputed border regions Sool and Sanaag, between Somaliland and Puntland, violent battles have occasionally broken out over control of the territory.

The definition of citizenship is not an issue in Somalia because the country is relatively homogeneous ethnically and religiously. Even minority groups that are socially and economically disadvantaged (occupational castes such as the Midgan, Yibir, the Arab minority, and the ethnic minority known as the Bantu) have not been denied citizenship.

Political secularization has clearly lost ground during the endless war. In the new local administrations, the judiciary is marked by a blend of secular and religious guidelines. Both in Somaliland's charter and in Puntland and the TNG's transitional charters, Islamic law has been elevated to become the basis for legislation. While in Somaliland matters of family law are in general decided by Islamic courts, in the disputed regions in southern and central Somalia the sharia courts form the only basis for a rudimentary judicature. However, the practice of imposing drastic sentences is only known to occur in northern Mogadishu and is rarely practiced in other regions.

No working administrative structures exist in Somalia. In the Republic of Somaliland, the reconstructed state infrastructures barely achieve much beyond the rudimentary task of securing the peace and maintaining law and order.

(2) *Political participation*: Democratic elections on a national level do not exist in Somalia. However, in the Republic of Somaliland, general and free parliamentary elections have been in preparation since 2000. A general referendum was held in May 2001 in which the majority of the people of Somaliland voted for independence and the national charter that was drawn up in 1993. This was the first general election since parliamentary democracy ended in Somalia (1960). Another step toward democratic transition occurred after the sudden death of Prime Minister Ibrahim Egal in May of 2002, when Egal's deputy, Dahir Riyale Kahin, peacefully took over this highest public office. This was all the more remarkable because the new Prime Minister belongs to a clan that only represents a minority of the people in Somaliland.

In December 2002, general and free elections were finally held at district level. The ruling party emerged as the winner. The district elections are viewed as a preparation for the general parliamentary elections scheduled for May of 2003. Dahir Riyale Kahin won these elections with 42.08 % before his challenger who could win 42.07 % of the votes. The long-term political stability could be in danger since the opposition did not accept the outcome of this election.

In the absence of state regulation and under the auspices of the armed factions, many civic organizations have formed in Somalia, including human rights groups, youth organizations, informal occupational networks and groups with special expertise. The lack of formal structures places very close limits on these groups' ability to influence policies. The groups are very important in day-to-day life, however.

In Somaliland, freedom of association for political and civil groups is guaranteed. Many civil groups have been founded, including women's groups, youth groups and professional associations. The ban on political parties was lifted in 2000. Parties not formed on a clan or religious basis were allowed to register officially and participate in the district elections in December 2002.

Of course one can scarcely say that general freedom of opinion and of the press exists in Somalia. The established media can be threatened by the warlords at any time and are also in constant danger of being looted. Its continued existence depends, therefore, on the availability of armed protection. However, with the collapse of the state, government control of the media has also vanished. The result has been a proliferation of newspapers. During the period under study, several Somali radio stations were established, as well as a regional television station in Mogadishu.

Although the newspapers do publish articles critical of the government, there are no known government press bans in Somaliland. However, there are reports of interference in freedom of the press in the form of occasional, arbitrary, mostly short-term arrests of journalists.

(3) *Rule of law*: Without a state monopoly on the use of force, there is neither separation of powers nor an all-encompassing universal legal system in Somalia. Most Somalis rely on a combination of traditional law (*xeer*) and Islamic sharia. In *xeer*, the eldest clan members settle local, inter- and intra-clan disputes, also negotiating compensation if necessary. Islamic sharia is responsible for regulating family matters such as marriage and divorce. Sharia courts have been gaining influence since 1998, however, especially in the larger cities. They are attempting to expand their influence beyond issues of family law as well as geographically. The courts and their militias have been absorbed into the TNG in Mogadishu and Merca. Under the permanent threat of violence, however, it is impossible to guarantee civil rights.

In the Republic of Somaliland, judiciary independence has been anchored in the national charter. Actual independence is being undermined by the executive branch, however, and government critics have been arrested at times and held without trial. The judicial system is institutionally little differentiated, due to constraints on development. These problems include the scarcity of government resources, lack of qualified staff and inability to train new staff. Court capacity is limited. The mixture of traditional and Islamic law thus continues to be important for most of the people in Somaliland. The legal institutions established by the state generally only become relevant when traditional law proves unable to provide a solution. In view of the short reach of government law, civil rights are only partially enforced and there is visible discrimination against social minorities and women.

### 3.1.2 Political patterns of behavior and attitudes

(1) *Institutional stability*: It is not possible to comment on this point for Somalia since no democratic institutions exist there.

In Somaliland, the reconstructed institutions only work to a limited extent due to a lack of resources and expertise. The population accepts the existing institutions but not exclusively, so that governmental institutions exist parallel to traditional regulatory mechanisms. Up to now they have not been in competition with each other but are considered complementary.

(2) *Political and social integration*: Somalia does not have a party system. It is only in Somaliland that the formation of political parties has been permitted and then, only since 2000. The parties are still in the process of being built, and are not yet stable organizations. Whether the parties will become socially anchored remains to be seen. Clan-independent interest groups are rare in Somalia and Somaliland. Social conflicts are mostly understood as conflicts among clans, sub-clans and sub-sub-clans, and are publicly articulated as such. In both Somaliland and Puntland, however, chambers of commerce have been established in which business peoples' interests are represented independently of clan affiliations.

Survey data about people's attitudes toward democracy do not exist for Somalia. But since democratic norms and processes have a centuries-old tradition in Somalia, it can be assumed that democracy would find high acceptance in the population.

Civil self-organization and the formation of social capital are very high across all of Somalia and are prerequisites for survival in a society marked by regular acts of violence. For the most part, this organization runs along family lines. However, the complexity of the clan system should not be underestimated. In the south, for example, people are frequently adopted into clan families.

Membership in Islamic organizations, the importance of which is on the increase in Somalia, is a form of building social capital that transcends family structure. Also not to be underestimated is neighborhood aid, which is not always organized by clan associations. The slow reconstruction of schools and universities is also resulting in new friendships and relationships among people attending these institutions together. This is providing the initial stages for enabling people to develop trust in ways independent of the clan families.

## **3.2 Market economy**

The war is having a radical impact on economic restructuring. In the absence of state regulation, the Somali economy has achieved a level of privatization that is practically unique. All economic activities, including services and even currency matters, are taken care of by the private sector. A minimum of state regulation, with the state performing a few economic services, exists only in Somaliland.

### **3.2.1 Level of socioeconomic development**

In the absence of state regulation, the economic players are developing new forms of regulation along the lines of tried and tested social patterns, which in Somalia, means on the basis of family relations. Because transactions are always concluded on the basis of trust, access to international trade networks is also primarily dependent on membership of certain clan families. Social exclusion and inclusion are based primarily on family associations. Membership in religious groups is also important, however, and its significance is increasing. Although one result of the war is that women are increasingly active economically, including outside the home, their access to “bigger” business is being hindered. Women primarily work in small businesses.

However, this is only a description of tendencies. It is not the case that the more powerful clans have exclusive access to a market, and there certainly are women occupying positions of high economic status. For example, trade in gold and jewelry in Mogadishu is run almost exclusively by women. Monopolization tendencies, caused by the concentration of trade among a few wholesalers, are being observed in every region of Somalia.

### **3.2.2 Market structures and competition**

As a result of the collapse of government, all economic activities in Somalia must be considered informal, so that drawing a line between the formal and informal sectors makes no sense. In Somalia, it is possible to observe the complete deregulation of economic activities. This affects all services, from the education

and health sectors to currency and pricing mechanisms. There is no banking system, and currencies are freely traded. Foreign trade has been completely liberalized.

Although the level of privatization in Somalia can only be described as unique in the world, the country still cannot be considered to have a free market economy. The reregulation of the economy described above along the lines of social characteristics is leading to visible monopolization tendencies. International trade is thus limited to a few wholesalers who are able to successively expand their networks and disproportionately increase their wealth. Without security guaranteed by the state, protection of trade goods is also dependent on the availability of armed forces and means. Members of powerful clans or of clans that have weapons and militias at their disposal have much better chances of organizing lucrative deals than members of unarmed, less powerful clans. It is true that foreign trade is not subject to government regulation. However, ports and airports can only be used if fees are paid to the controlling armed factions, which means that a non-state tax system has been introduced.

In Somaliland the state also has little control over domestic and foreign trade. Here, however, there is much evidence of close connections between the young governmental elite and economically significant players. For example, people who give credit to the state are “rewarded” with tax breaks. There is a danger of growing corruption and nepotism.

### **3.2.3 Stability of currency and prices**

There is no authority for regulating monetary policy, nor is there a formal banking system. Numerous money transfer companies have been founded in Somalia and Somaliland, however. For the most part, they handle money transfers originating from the Somali diaspora. Although the dollar is becoming more and more established as a second currency, in Somalia the Somali shilling continues to be used as the main currency. The biggest problem for Somalia’s currency and price stability is that some warlords and business people are importing counterfeit banknotes and this is driving up inflation. The new banknotes presumably imported from the TNG in 2000 massively contributed to the weakening of purchasing power in Somalia and started a round of hyperinflation. The results were drastic, primarily for poorer population groups unable to switch to the US dollar.

In Somaliland, a central bank was established and new banknotes introduced in 1994. Government attempts to control the currency market and to take over the numerous money transfer companies have not yet succeeded, and until now, the central bank has functioned only as a treasury for the government. As a result of the high rate of inflation, the Ethiopian birr has become established as a secondary

currency in western Somaliland, while the “old” shilling note remains in circulation in the east.

### **3.2.4 Private property**

Without a formal system of law and a monopoly on the use of force, it remains impossible to guarantee private property rights. Individuals must mobilize armed forces to protect private property. Looting and attacks are a constant threat, especially in the southern part of the country. As a result, business people and NGOs have their own militias and/or work closely with one of the warlords. In Somaliland, protection of private property has been secured to a great extent.

In Somalia, all economic enterprises have been privatized. Only in Somaliland do some occasional state-owned enterprises exist, with, for example, the state operating both the port in Berbera and the airport in Hargeysa.

### **3.2.5 Welfare regime**

In the absence of a state social security system in Somalia, some very strong civil networks have been developed to compensate for poverty and other social problems. However, since almost 70 % of Somalis live under the absolute poverty line (less than one US dollar per day) it would be practically impossible for them to systematically combat poverty using only civil resources. Estimates are that 73 % of the population has no access to health care. The government of Somaliland is also unable to provide social security. Health care there is concentrated primarily in the urban centers and is run by private initiatives and international NGOs.

There is no equality of opportunity yet. The catastrophic state of education in Somalia, with an estimated illiteracy rate of 83 %, is also marked by extreme inequalities. Women’s access to educational institutions is strongly impeded in the strictly patriarchal societal structure. Social and ethnic minorities also tend to be excluded. Social institutions are concentrated in the urban centers, greatly disadvantaging the rural population. The same applies for the Republic of Somaliland. Although access to schools has improved steadily since 1991, and local and international initiatives do exist to improve women’s education there is no equality of opportunity. This is also reflected in the composition of the Somaliland parliament, with not a single woman representative.

### 3.2.6 Strength of the economy

Somali economic performance is difficult to assess due to the lack of reliable statistical material. Since 1998, however, economic performance has improved. The upturn primarily affects the service sector, especially telecommunications and transportation, as well as domestic and foreign trade. The previous growth sector of trade in live animals suffered serious setbacks in 1998 and 2000 due to the Saudi Arabian freeze on importing live animals from the Horn of Africa. Generally, a slight increase in employment can be assumed because of the growing service sector. Nevertheless, unemployment is still a very serious problem.

### 3.2.7 Sustainability

In the absence of state regulation environmental protection is not anchored institutionally and has been completely subordinated to the principle of maximizing profit. One example of long-term environmental damage for short-term profit is the increasing charcoal production in southern Somalia. Deforestation of the few remaining trees has resulted in the desertification and destruction of the pastureland so extremely valuable in Somalia. Uncontrolled fishing by foreign companies in Somalia's fish-rich coastal waters, together with the uncontrolled dumping of toxic waste has resulted in such severe environmental damage that its overall dimensions cannot yet be estimated.

Environmental protection is not institutionalized in Somaliland, either, and the state clearly does not have the means to pursue sustainable economic growth.

Somalia does not have a public education system. However, many educational institutions have been reorganized privately since the mid-1990s. The rate of children entering elementary school climbed back almost to pre-war levels by 2001. Construction of schools for continuing education is also on the increase. Both of these developments are primarily benefiting the urban population. However, with a general rate of about 13.6 % of children entering school, Somalia's education level remains one of the lowest worldwide. The same trends apply for Somaliland, but here there has been steady improvement in the educational situation since 1991.

## 4. Trend

(1) *Political regime*: Not one of the criteria of what constitutes a state, for instance, a monopoly on the use of force, or a functioning system of administration and law—not even the guarantee of safety and order—has been fulfilled in Somalia. Somalia remains a long way away from reorganizing its

government structures. Despite these originating conditions, however, a noticeable improvement in the political situation has been observed since 1998 caused by the expansion of local administrative structures. So far, it has not been possible to completely stem the violence, which remains the biggest obstacle to a successful state consolidation.

The Republic of Somaliland, on the other hand, has made clear progress in expanding its state monopoly on the use of force and in guaranteeing safety. The administrative system is only in its formative stage, however, and the construction of a uniform, functioning system of law is strongly impeded by the government's low budget and lack of trained personnel. Some first steps toward democratic transition have been realized in Somaliland as well.

(2) *Market economy*: Despite the absence of reliable statistical material, noticeable improvements in Somalia's socio-economic development status have been detected.

**Table: Development of socioeconomic indicators of modernization**

	<b>HDI</b>	<b>GDP index</b>	<b>Education Attainment Index</b>	<b>GDP per capita (\$, PPP)</b>
1995-1997	0.240	0.312	0.125	650
2001	0.248	0.364	0.139	795

In the absence of state regulation, new regulatory mechanisms have formed, mainly based on family relationships, and although they do not completely exclude certain population groups, they do significantly interfere with their opportunities for participation. Quantitative improvements, therefore, do not go hand in hand with qualitative improvements. There are also hints of monopolization tendencies and of a concentration of wealth in a few hands. The high unemployment indicates that the great majority of the population is not participating in economic development. Ecological guidelines do not exist, and economic development in several sectors brings with it ecological damage that is to some extent irreversible.

## **5. Transformation management**

### **5.1 Level of difficulty**

The continuing war and the complete collapse of the state form extremely unfavorable originating conditions for any consolidation efforts. Long-term

political stabilization can only occur if armed conflict is terminated and if there is at least rudimentary reorganization of state authority. In the Republic of Somaliland originating conditions were somewhat better but still very difficult. Since 1995, it has at least been possible to ensure peace in the region. The moves toward political and economic reconstruction have also been based on a complete breakdown of formal institutions.

## **5.2 International cooperation**

The internationalization of economic and political processes is one of the main features of social change in Somalia. However, international cooperation has not been achieved through government cooperation with external players, but rather is controlled by private parties. International governmental and nongovernmental organizations' searches for local mediators have led to a proliferation of local NGOs competing for access to international aid. Although international contributions have sharply declined since the withdrawal of UN intervention troops in 1995, the international aid sector remains one of the most important employers in both Somalia and Somaliland.

## **6. Overall evaluation**

This assessment evaluates the originating conditions, current status, evolution, and political management in the direction of democratic and market-economic transformation as follows:

(1) *Originating conditions*: The originating conditions for transformation in Somalia must be rated as extremely unfavorable. Owing to many years of war and the complete collapse of the state apparatus, Somalia lacks any basis whatsoever for political and economic reform management. The transformation processes described in this assessment are not due to systematic management but rather must be seen as the first, though not always successful, steps toward a political and economic reorganization from the bottom up.

(2) *Current status and evolution*: The only, and extremely short, progress toward democratization was made in the Republic of Somaliland. In Somalia, democratization must be preceded by the re-establishment of government authority, whether organized as a centralized state or as a federation. Transformation toward a market economy is taking place all over Somalia, however, and this movement continued to gain strength during the period under study. Due to the lack of state regulation, however, economic development is neither institutionally integrated nor socially and ecologically cushioned. The constant threat of intensification of combat undermines market-economic

development to considerable risk. Under no circumstances can it be considered stable.

(3) *Management*: There is no state management in Somalia. The political management rating in Somaliland is clearly more positive, due to the poor originating conditions. Without being able to fall back on internal resources or extensive international aid, the government still managed to succeed in bringing peace to the country, as well as reconstructing and to a great extent stabilizing state structures. However, the government provides almost no economic management. It has not gone beyond the fundamental requirement of guaranteeing safety and protecting private property.

## **7. Outlook**

Despite the absence of a managed transformation policy, it is nevertheless possible to recognize initial, fundamental processes toward social restructuring and reconstruction of the state. However, the key tasks in Somalia lie less in democratic and market-economic transformation than in bringing peace to a country wracked by civil war since 1988. The Republic of Somaliland in the northeast can surely serve as an example. There, through laborious negotiation and reform, a state system, albeit a still rudimentary one, was successfully rebuilt. Moreover, the people's confidence in the state was strengthened. Lack of money and of professional administrative personnel in Somaliland will make improvements in administrative efficiency very difficult to achieve. Future transformation processes will thus presumably be rather slow to arrive.

In the south of Somalia, the only chance for improvement in the living situation of the Somali people is the achievement of long-overdue peace between the most important war factions. So far, however, all efforts to bring about peace have failed due to the warlords' interests in acquiring power and wealth. The peace conference currently taking place in Eldoret, Kenya, in which all significant Somali war factions are participating, provides a small ray of hope.

Negotiations, which have been going on since October 2002, have not produced any workable results yet, although the fact that negotiations are still continuing is itself occasion for hope. Even if agreement on a new government can be reached in Eldoret, its long-term success is still far from assured. The people's confidence in government has been shaken as much by the Barre regime's decades of dictatorial rule as by the constant struggles for power among those warlords who in the future are supposed to guide the fate of a Somali state yet to be created.