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# Somalia Programming and Policy Assessment

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This report was produced for review by the United States Agency for International Development. It was prepared for Development Alternatives Inc. (DAI) by a team of consultants comprising Ken Menkhaus, Matt Bryden, Andre LeSage, and Mark Bradbury. Ken Menkhaus served in the capacity of lead consultant and principal report author/editor.

# Somalia Programming and Policy Assessment

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## **DISCLAIMER**

The Authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government

NOTE: This corrected version includes an updated "Somali Major Lineages Table" as Appendix B.



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**Appendix A: Somalia: Socio Economic Data**

**Appendix B: Major Somali Lineages**

## Acronyms

AIAI – al-Ittihad al-Islamiyya  
ASWJ – Ahlu Sunna Wal Jama'a  
AU - African Union  
CMC – Coordinating and Monitoring Committee  
CT – Counter-terrorism  
FPENS – Formal Private Education Network in Somalia  
IGAD – Inter-Governmental Authority on Development  
JVA – Jubba Valley Alliance  
LAS - League of Arab States  
NGO – Non-governmental organization  
NSS – National Security Service  
RHBs – Regional Health Boards  
SACB – Somalia Aid Coordination Body  
SAFE – Somalia Association for Formal Education  
SNA – Somali National Alliance  
SNM – Somali National Movement  
SRRC – Somali Reconciliation and Reconstruction Council  
TFG – Transitional Federal Government  
TFP – Transitional Federal Parliament  
TNG – Transitional National Government  
TFI – Transitional Federal Institutions  
UAE – United Arab Emirates  
UDUB – Ururka Dimuqraadiga Ummadda Bahawday (Democratic United Peoples' Movement)  
UN – United Nations  
UNDP – United Nations Development Programme  
UNITAF – United Nations Task Force on Somalia  
UNOSOM - United Nations Operation in Somalia

## Executive Summary

This Somalia Programming and Policy Assessment report was prepared in November and December 2004 for the U.S. Agency for International Development (USAID). Research and drafting of the report were undertaken by a team of independent consultants contracted by Development Alternatives Inc. through the Managing Africa Conflict contract.

Somalia has been without a functional central government since 1991 and is the longest-running instance of state collapse in post-colonial history. This situation could end if the Transitional Federal Government (TFG) declared in October 2004 succeeds in reviving a central state. State collapse has been protracted due to a combination of the enduring “veto power” of spoilers, risk aversion of political and economic elites with a vested interest in state collapse, and negative interference on the part of regional rivals. Among the parties with a vested interest in promoting continued insecurity and state collapse are actors seeking to exploit Somalia to conduct transnational criminal and terrorist activities.

Though Somalia remains a collapsed state, important changes have occurred since the early 1990s that have rendered the country less anarchic. Though Somalia is without government, it is not without governance. Somali society has adapted to state collapse and has devised informal and formal systems allowing basic security and economic activity. Businessmen and regional authorities enjoy growing political and military clout while most militia leaders and factions are less influential. These positive trends are producing a political climate in south-central Somalia more conducive to state revival.

**Political Islam:** The threat of international terrorism is central to international interests in the emergence of a more stable and secure Somalia. Of particular concern is Somalia’s potential role as a safe haven, transshipment site, base of operations, and/or recruitment center for terrorism and particularly *Al-Qaeda*. While Islam is ascendant in Somalia, its manifestations are diverse, ranging from progressive to fundamentalist to violent. Close understanding of these variations among rival Islamic movements is a crucial ingredient for effective and appropriate external policy. It is essential that Islam in Somalia not be viewed or treated as a monolithic movement.

*Al-Qaeda* and *Al Itihad al Islami* (AIAI) are the two principal radical terrorist groups in Somalia. *Al-Qaeda* is comprised almost exclusively of foreigners. It has used Somalia as a rear-base for a small number of its operatives, particularly for operations against Kenya and has limited its involvement in Somali politics to financial support for AIAI. U.S.-led counter-terrorism efforts since late 2001 have had some success in disrupting *al-Qaeda* activities in Somalia, but they have also begun to create a backlash among ordinary Somalis. American cooperation with faction leaders in tracking and apprehending suspected terrorists is unpopular and has played into the hands of Somalia’s radical Islamists. In 1997, AIAI came under heavy military pressure from Ethiopia, dissolved its formal structures, and dispersed its followers throughout society to avoid counter-terrorism reprisals. AIAI’s goals are the Islamization of the Somali territories of the

Horn and their ultimate unification. Elements of AIAI were implicated in the 1998 bombings of U.S. Embassies in Nairobi and Dar es Salaam.

Other moderate and/or non-violent Islamist movements are also active and some play important roles in supporting social services through charities and promoting social order through the *Shari'a* courts which receive support from the business community. It will be important for the international community to engage with these elements and to distinguish between them and the smaller core of genuine radicals.

**Regional Security:** Somalia's political and administrative vacuum has created a range of regional threats. The realities of large ungoverned spaces, unpatrolled coastlines, porous terrestrial borders, unregulated arms markets, and radical Islamist networks provide a measure of protection and secrecy for terrorist and trans-national criminals. The restoration of a central government to Somalia is probably the only real solution to these problems, but the state building process, even under an optimistic scenario, will take at least a decade to produce a Somali government that is capable of dealing effectively with threats. In the meantime, the process of state building may aggravate some regional security threats.

Somalia's protracted crisis has allowed a number of potential enablers of terrorist and *jihadi* groups to go unchecked including: extremist ideologies propagated in schools, *madrassas*, universities and mosques; unregulated arms flows, and organized crime including identity fraud. In addition, Somalia presents significant spillover threats to the region, including arms smuggling, armed criminality, contraband and smuggling, and the possibility of undetected outbreaks of communicable diseases.

**State building and Governance:** The state in Somalia has historically been the primary source of power and wealth and has been used as the coercive instrument with which empowered clans and coalitions have expropriated the assets of rivals. Those who find themselves out of the circle of power tend to become armed rejectionists. This zero-sum view of the state has contributed to the virtual absence of loyal opposition groups in regional and transitional governments. For external actors, state-building initiatives must either proceed very carefully so as not to produce armed conflict or must accept that their interventions may produce casualties. To survive as a sustainable polity with modest external support, the TFG must be a "minimalist" state structure in the short-term.

A fully functional state in Somalia will diminish terrorist threats, but the transitional period of state building could provide terrorists with a more conducive operating environment. *Al Qaeda* and jihadists appear to operate best not in zones of complete state collapse – where they face a myriad of security and logistical obstacles – but rather in "quasi-states" where they can exploit the weak state.

**Economic Recovery:** Though Somalia remains extremely poor, impressive advances by the private sector in some sectors have sparked the hope that sustained economic recovery might serve as a catalyst for positive developments in others. Economic recovery has the potential to facilitate demobilization; reduce armed conflict; expand the

numbers and power of stakeholders with vested interests in peace and the rule of law; increase tax revenues for local and national governments; reduce poverty and underdevelopment; reduce the flow of Somali migrants; and help combat terrorist activity in Somalia. Advances made by the Somali private sector reflect an evolution in the economic activities and interests of key local actors, many of whom made their initial fortune in a war economy but have shifted to quasi-legitimate activities. The new Somali economy has produced a powerful urban based business elite which controls both the greatest wealth and the largest private militias and security forces. Top economic actors are now often influential in the political arena as well.

**Social and Humanitarian Trends:** Somalia has been the site of continuous humanitarian operations since 1990. Even in years of good rainfall, strong harvests, and reduced conflict, the country is chronically vulnerable to disease epidemics and food shortfalls. The social costs of war and 13 years of statelessness have been enormous. Of a total population of 8-9 million, 250,000 Somalis died in the famine and war of 1991-92; over one million fled the country as refugees. The collapse of health, sanitation, and education systems has contributed to further decline of Somalia's human development indicators, which are among the lowest in the world. Life expectancy is 47 years; the mortality rate for children under five is 224 per 1000; primary school enrollment is 17%; acute malnutrition levels are estimated at 17%; and GNP per capita is US\$226. Prolonged civil conflict and state collapse have increased the vulnerability of poor households.

**TFG SCENARIOS:** The establishment of the TFG in October 2004 presents several possible scenarios, some of which could occur sequentially. Summary of scenarios is as follows:

**Scenario 1: Incremental Success:** in a "best-case" scenario the TFG succeeds gradually in building an administrative capacity and presence throughout most of Somalia; manages to contain and co-opt rejectionists, and makes progress on the critical political issues of constitutionalism, federalism, and elections. The culmination of this scenario is an accord on a permanent constitution and elections in 2009. Under this scenario, the TFG relocates successfully to Somalia; manages relations with Somaliland peacefully; begins building a small, committed civil service; oversees partial demobilization; secures control of key national assets, including seaports, airports, and government buildings; and earns broad external recognition. This scenario is contingent on the ability of the TFG to: (1) secure adequate levels of appropriate assistance to "prime the pump" of the new administration and win local confidence that the TFG is "the only game in town," (2) exercise effective stewardship of those funds, including effective control of corruption and production of tangible signs of governance in areas it controls, (3) minimize and contain defections and rejectionists, and (4) host African Union peacekeeping forces without provoking armed resistance to those foreign troops. This scenario is most plausible if the TFG can achieve some early accomplishments, allowing it to build confidence in Somali society and generating a "success breeds success" dynamic that earns it a measure of "performance legitimacy" in the eyes of both Somali and external communities.

**Scenario 2: TFG as Paper State:** Under this scenario, the TFG follows the same trajectory as did the TNG in 2000-2001, resulting in a government which enjoys juridical sovereignty without exercising empirical sovereignty. This paper state exists principally as bait to attract foreign assistance, which is diverted into pockets of leading politicians. As it does not attempt to project its authority, it is viewed by rejectionists as harmless rather than threatening and hence does not provoke armed conflict on a significant scale. Because this scenario has already transpired once with the TNG, and because many of the same dynamics appear to be at play within the nascent TFG, this should be considered a likely scenario as of November 2004. Among the anticipated consequences of this scenario are a proliferation of self-declared regional polities, deepening of international pessimism and cynicism about state-building in Somalia, and demoralization of Somalis, especially professionals and others in “civil society.”

**Scenario 3: Divided Somalia At War:** This is the “worst-case” scenario under which the TFG is viewed as a direct threat by rejectionist groups, who actively seek to undermine it. The TFG, enjoying robust support from Ethiopia and perhaps others, responds to rejectionists with force, and seeks to wrest control of key territories such as Mogadishu, Kismayo, and Lower Shabelle region. The most likely outcome would be a bloody stand-off. The rump TFG coalition would likely attract support from Islamic radicals – both Somali and foreign – mobilized to fight jihad against perceived aggression by Ethiopia, its Somali clients, and African Union peacekeeping forces. This scenario would almost certainly doom the TFG’s prospects for establishing effective governance in most of Somalia.

**Scenario 4: Rapid Collapse:** Under this scenario, the TFG never even makes it to the “paper state” stage as serious defections occur upon the naming of the cabinet and create a snowball effect of rejectionists. The TFG remains in Nairobi or Addis Ababa and makes only token efforts to establish a presence in Baidoa or Mogadishu. External donors refuse to provide start-up aid. The TFG leadership continues to insist on its authority but from a safe distance in exile. This scenario would likely prompt a growth in self-declared regional and municipal administrations in much of south-central Somalia. Counter-terrorism efforts would remain unchanged, with western governments working with local militia leaders and some regional authorities to track and apprehend terrorist suspects inside Somalia.

**Key Principles for International Engagement:** In formulating an international approach for re-engaging more substantially with Somalia, the following principles are proposed:

*Performance Legitimacy:* It is recommended that external support to the TFG and sub-national polities in Somalia be conditioned on performance against a set of mutually agreed criteria.

*Calibration of Assistance:* If external assistance and support to Somalia is to be helpful, it will need to be more effectively calibrated than has been the case in the past. This is

especially the case for support to specific administrations which are deemed worthy of assistance.

*Do No Harm:* The positive political and economic developments which are occurring in the country and which provide many Somalis with livelihoods and basic security need to be consolidated and safeguarded. Further, it is essential that positive and/or negative developments in Somalia not be allowed to undermine the stability and economic recovery of Somaliland.

*Recognition:* It is advisable that the nature and scope of engagement with the TFG reflect its transitional mandate and its incomplete representation. The TFG should not, at least initially, be recognized as a fully sovereign entity.

*Adjust Engagement to Events:* If TFG fails, the international community must work to minimize the negative repercussions, including shielding Somaliland from destabilization. If the TFG appears to be viable, carefully calibrated assistance which allows for “priming of the pump” but not flooding the engine and reinforcing old, bad patronage habits is recommended.

**Status of Somaliland:** One of the most difficult problems that a transitional government of Somalia is likely to face will be the status and relationship with the secessionist territory of Somaliland. It will also pose a delicate diplomatic challenge to the international community, which simultaneously has strong interests in promoting state-building in Somalia and also in maintaining the stability and economic recovery of Somaliland.

**Approaches to Islamism:** Political Islam is a rising social force in Somalia. Some Islamist groups – even militant ones using violent means – are increasingly perceived by Somalis as the only actors standing up for a moral, justice-based Somali society. For many Somalis, Arab states and their Islamic charities are perceived as the only international actors working to assist the Somali public.

The following strategies, which are not mutually exclusive, should be promoted:

- Continued counter-terrorism vigilance to identify, disrupt and eradicate terrorist activities in Somalia;
- Sustained pressure on the TFG to avoid actions and decisions that polarize relations with militia-faction leaders, businessmen, and sharia court leaders and which could push them into an alliance of convenience with militant Islamist opposition;
- Enhanced public diplomacy to counteract propaganda generated by radical Islamist movements in Somalia that US counter-terrorism efforts are a conspiracy against Islam and Somalis and to increase general Somali public awareness of the specific *al Qaeda* targets operating in the country.
- Encourage real development progress by increasing international humanitarian and development assistance to the country. A substantial increase in US foreign aid to Somalia would simultaneously improve the US

public image in Somalia and help to provide alternative sources of income and support for Somalis who now turn to Islamic movements and charities.

**Deconflicting Counter-terrorism policies with state-building initiatives:** Currently, international counter-terrorism policies on Somalia involve extensive monitoring and surveillance, strengthening of neighboring states' capacities to patrol their borders with Somalis, and cultivation of working relations with non-state actors inside Somalia who have in limited cases been asked to apprehend suspected terrorists. Reviving an effective state in Somalia is therefore, in principle, entirely in accord with long-term counter-terrorism goals of denying terrorists safe havens and strengthening the capacity of governments to monitor and apprehend terrorist suspects. Existing counter-terrorism practices, which rely on militia leaders as local partners and sub-contractors for some counter-terrorism operations, may hinder and undermine the capacity of the TFG to expand its own law enforcement and security capacity.

**Reconciliation Issues:** With the recent emergence of the TFG, Somalia has completed another process of negotiation over state-building and power-sharing without addressing any of the key conflict and reconciliation issues at the root of the Somali crisis. If the country is ever to move toward a durable peace, Somalia urgently needs to embark on a process of reconciliation which acknowledges, negotiates, and resolves these conflict issues. The key immediate conflict issue is land – land occupation, land ownership, and “right of return” for the thousands of Somalis who fled Mogadishu and other locations in the civil war. Resolution of this issue is a prerequisite for reaching basic decisions about the future structure of political representation in Parliament. External assistance and support can play a vital role in putting these issues on the agenda and moving the process of reconciliation forward.

## I. BACKGROUND

### 1. CONTEXT ANALYSIS

Since January 1991, Somalia has been without a functional central government, making it the longest-running instance of complete state collapse in post-colonial history. Over a dozen national peace conferences have been launched unsuccessfully over a fourteen year period, including the sustained efforts of a large UN peacekeeping mission in 1993-95 (UNOSOM). This lengthy period of state collapse may soon end, however, if the transitional federal government (TFG) – declared in October 2004 as the culmination of a two year peace process in Kenya -- succeeds in reviving the central state.

This section is an overview of the political context within which efforts to revive a central government and combat security threats in Somalia are taking place.<sup>1</sup> It highlights the following themes:

- Though Somalia remains a collapsed state, important changes have occurred since the early 1990s in the nature of armed conflict, governance, and lawlessness, rendering the country less anarchic than before. Contemporary Somalia is, in other words, without government but not without governance.
- Evolving interests and adaptations on the part of a range of Somali actors, from merchants to militiamen, are driving changes in the political landscape of the country. Specifically, more Somali constituencies today have economic and political interests in a certain level of predictability and security, and a greater capacity to advance these interests, than in the days when Somalia was dominated by a war economy and warlordism. This may be producing a political climate in south-central Somalia more conducive to state revival than was the case in the past. Nonetheless, state-building initiatives continue to heighten conflict and are viewed in zero-sum terms by important Somali actors.
- These changes have coincided with shifting fortunes of whole categories of actors in Somalia. Businessmen and regional authorities enjoy growing political and military clout while most militia leaders and factions are less influential.
- The fact that this evolving set of interests in security and rule of law has failed to culminate in a revived central state has been due in part to the enduring “veto power” of spoilers, and to risk aversion of political and economic elites who have made their fortunes in a context of state collapse and for whom the reintroduction of a central state poses risks they have been unwilling to assume.
- Among the parties with a vested interest in promoting continued insecurity and state collapse are actors exploiting Somalia to conduct transnational criminal and terrorist activities.
- Competing interests of regional powers have in the past undermined efforts to support the re-emergence of a stable central government in Somalia; more recently, they have been critical in promoting progress in Somalia.

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<sup>1</sup> Throughout the paper, the authors’ descriptions and assessments of trends in Somalia are not intended to represent trends in Somaliland, which has enjoyed a very different political and economic trajectory from the rest of the country. Somaliland is discussed separately in various parts of the paper.

## 1.1 Chronology since 1990

**1.1.1 Civil war and famine, 1990-92.** Somalia's descent into civil war and state collapse can be traced to a number of underlying factors which were at work in the 1980s but which only culminated in political catastrophe in 1991. The harsh repression and police state tactics of the government of Siyad Barre fueled sharp resentment towards and fear of the state itself in the Somali public. Divide-and-rule tactics used by the Barre regime stoked deep inter-clan animosities and distrust, and are held partially responsible for the failure of clan-based factions to unite in a post-Barre government. The high levels of Cold War-generated foreign aid that Somalia received were used to fund an expansive but unsustainable patronage system and civil service. The subsequent freezing of that aid by Western donors in 1988-89 left the state virtually devoid of resources and led to the rapid withering of the central government. Funded almost entirely from external sources, the Somali state was a castle built on sand. While complete state collapse in Somalia was not inevitable in the post-Cold War period, state failure was.<sup>2</sup>

The wars waged between government forces and multiple clan-based liberation fronts in 1988-1990 produced destruction and widespread loss of life in much of northern and central Somalia. Northwestern Somalia, where 50,000 people died at the hands of the government, was especially hard hit. Last-ditch reconciliation efforts in 1990 by eminent Somalis – the so-called Manifesto Group – met with opposition from both the government and liberation fronts. After the fall of the government in January 1991, factional warfare was concentrated in southern Somalia. There, an economy of plunder developed, featuring violent banditry by armed gunmen and warfare waged principally over opportunities to loot. Atrocities committed by militias against rival clans generated massive internal displacement and refugee flows into neighboring Kenya and Ethiopia. Repeated looting of agricultural communities in southern Somalia produced a massive famine in which an estimated 250,000 Somalis died. Dominant clans occupied and claimed valuable urban and riverine land in southern Somalia at the expense of local communities. Meanwhile, rival faction leaders made competing claims on control of the government, culminating in heavy fighting in Mogadishu in late 1991 and 1992 that destroyed much of the capital. Previously marginal Islamist groups gained strength, attempting to take control of key real estate, especially seaports; the Islamist group *al-Ittihad al-Islami* (AIAI) made an unsuccessful bid to seize power in northeast Somalia and assumed direct control over in Luuq district in southwestern Somalia. In the northwest, a unilateral declaration of secession established the Republic of Somaliland in May 1991.<sup>3</sup>

The legacy of the 1988-92 period on contemporary Somalia is profound and disastrous. It includes unaddressed war crimes and deep inter-clan grievances over atrocities committed; massive levels of stolen property, unresolved property disputes, and occupied

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<sup>2</sup> State failure here refers to states which maintain juridical sovereignty but which are unable to exercise authority over much or most of the country.

<sup>3</sup> Somalilanders argue that their May 1991 declaration was a not a secession but a dissolution of union. Their claim is technically correct. British Somaliland was a separate colony from Italian Somalia, and earned its independence four days earlier than the Italian colony before joining it as a single state.

territory; the rise of warlords and others with vested interests in continued lawlessness and impunity; near-universal spread of armaments; destruction of much of Mogadishu; the looting of nearly all public goods and state properties; the flight of up to a million Somalis abroad; and massive internal displacement.

**1.1.2 *International intervention, 1993-95.*** Intense media coverage of the Somali famine and outrage over widespread diversion of food aid by militias created calls for armed humanitarian intervention in Somalia. In November 1992, the US announced it would lead a multi-national peace enforcement operation in Somalia aimed at protecting humanitarian aid. That mission, the UN Task Force on Somalia (UNITAF), injected nearly 30,000 troops into southern Somalia from over a dozen countries. It successfully imposed a cease-fire and ended the famine. The more challenging tasks of brokering national reconciliation, demobilizing and disarming militia, and reviving local and national government were left for the UN Operation in Somalia (UNOSOM), which succeeded UNITAF in May 1993. UNOSOM was intended to serve as a precedent for more “muscular” multilateral peace enforcement in the growing number of civil wars and complex emergencies arising at the end of the Cold War. Instead, UNOSOM was quickly plunged into a crisis from which it never recovered. Several militia leaders, most notably General Mohamed Farah Aideed (chairman of the Somali National Alliance, or SNA), strongly distrusted the UN and viewed its reconciliation, disarmament, and state-building agenda as a threat to their power base. In June 1993, Aideed’s militia ambushed Pakistani forces attempting to inspect a weapons cantonment site, killing twenty-four. US Special Forces operating in support of UNOSOM responded with attacks on Aideed’s militia and compounds and with a manhunt to capture Aideed and his top aides. Efforts to apprehend Aideed failed, and the UN became bogged down in a protracted urban war that threatened to derail the mission. When 18 US Army Rangers and hundreds of Somalis were killed in fierce street fighting on October 3, the US government began a phased withdrawal of its forces. UNOSOM withdrew in March 1995, leaving the country still divided by warring factions and without a central government.

The failed UN intervention in Somalia led to a strong international reluctance to re-engage in the country, which earned a reputation as an intractable crisis. For their part, Somalis felt unfairly abandoned and were disillusioned with the UN, which it blamed for the UNOSOM debacle. But the large UN operation inadvertently catalyzed some positive developments in Somalia. The enormous amount of money, employment, and contract opportunities it poured into the country helped to stimulate and strengthen legitimate business by shifting resources away from a war economy toward construction, telecommunications, trade, and services. In the process it helped to reshape local interests in security and rule of law, and eventually local power relations as well.

**1.1.3 *Post-intervention period, 1995-2000.*** Following the departure of UNOSOM, Somalia was largely abandoned by major powers, creating a political vacuum partially filled by neighboring states playing out regional rivalries (see Chapter 3). At times these rivalries became proxy wars pitting Somali militias backed by Ethiopia and Arab states. Ethiopia intervened directly in southern Somalia, driving AIAI out of Luuq and supporting Somali clients elsewhere. Regional rivals also sponsored competing

reconciliation processes, none of which bore fruit. *Al Qaeda* began exploiting Somalia as a transshipment point into East Africa, most notably for transshipment of material used in both the August 1998 bombing of the US Embassy in Nairobi and the 2002 attack on Israeli tourists in Mombasa.

Internally, subtle but important political and economic developments occurred in this period. Local polities, ranging from neighborhood *shari'a* courts to self-declared regional states, began to provide a modest level of political order. In the northwest, secessionist Somaliland enjoyed a period of impressive economic growth, public security, and state-building. In the northeast, the Puntland Regional State of Somalia was established. In the south, armed criminality and pillaging was reduced by the gradual reassertion of customary law, and armed conflicts tended to be briefer, less deadly, and much more localized. Factions, which had dominated the political scene in the first half of the 1990s, declined in importance, and militia leaders found it increasingly difficult to garner support from their clans. In 1999, leading businessmen in Mogadishu refused to pay “taxes” to militia leaders and bought the militiamen out from beneath warlords, a critical moment marking the rise of businessmen as a powerful and autonomous force in Somali politics. New economic opportunities arose in transit trade (mainly into Kenya), financial transfers, telecommunications, construction, and services. Remittances sent back by the nearly one million Somalis in the diaspora came to constitute the main source of revenue, fueling urban economic expansion and providing some households with the capacity to pay for health care and education.

**1.1.4 Contemporary Somalia, 2000-.** Two major developments – the establishment of transitional national government beginning in August 2000, and the ascendance of counter-terrorism policies in the aftermath of the 9/11 attacks in 2001 – fundamentally altered the Somali political landscape. The establishment of the Transitional National Government (TNG) following months of negotiations in Arta, Djibouti did not yield a functional central government as most had hoped -- the TNG was never able to project its authority beyond portions of the Mogadishu area and was rejected by a large set of Somali regional states and factions -- but it impacted Somali politics in other ways. The Arta talks brought to an abrupt end the “building block” approach which from 1996 to 2000 had encouraged the rise of regional state polities in Somalia. The TNG’s financial dependence on Gulf Arab states, its anti-Ethiopian nationalist rhetoric, and its perceived ties to Islamist organizations such as Al-Itihad al-Islami (AIAI) alarmed Ethiopia, which responded by supporting Somali coalitions opposing the TNG. The failure of the TNG to become operational during its three-year mandate exposed the fact that much of the Somali political elite continued to view the state as a source of personal gain, not a tool of administration, and revealed that some key Somali constituencies continue to have interests in state collapse. The Arta conference established a template for power-sharing based on fixed proportional representation by clan, the so-called “4.5 formula” which was adopted again in the 2002-04 talks in Nairobi to establish a successor to the TNG. With the Kenyan peace talks producing a successor body to the TNG, the Transitional Federal Government (TFG), in October 2004, Somalia appears to have entered an extended phase of transitional government.

The terrorist attacks of 9/11 partially transformed the security context in which regional and global actors view Somalia. Throughout the 1990s, Somalia's state of collapse posed numerous security threats both regionally and globally, attracting attention as a site of transnational criminality, *al Qaeda* transit operations into Kenya, and arms flows and spillover of armed criminality into neighboring states (see Chapters 3 and 4). The 9/11 attacks dramatically increased concerns that Somalia was being exploited in some manner by *al Qaeda* and other radical Islamist groups. In partnership with regional states, Western states engaged in much more vigilant monitoring of Somali businesses, money transfers, shipping, and cross-border movements, including freezing of assets of several Islamic charities and one remittance company suspected of links to *al Qaeda*. Some local authorities in Somalia have partnered with external counter-terrorism efforts to monitor the terrorist threat. Though Somalia has not to date proven to be a site of major terrorist activity, growth in local jihadist cells and a sharp increase in the number of attacks on international aid workers since 2003 has alarmed observers. At the same time, non-violent, moderate Islamist groups such as *al Islah* have increased their role in social sectors such as education and health care, reflecting a growing divide inside Somalia between moderate and radical Islamist movements (see Chapter 2).

In October 2002, the Inter-Governmental Authority on Development (IGAD) sponsored a Somali national peace process intended to produce a successor body to the TNG. Those Nairobi-based talks lasted two years and weathered multiple crises, culminating in an accord in October 2004 which produced a transitional federal government. As of January 2005, the TFG (discussed in detail in Chapters 5 and 6) consists of a 275 person Parliament, a President (Abdullahi Yusuf), a Prime Minister (Ali Mohamed Ghedi), and an 89 member cabinet. The TFG remains based in Nairobi and is not yet operational.

In Somaliland, the period since 2000 has been one of both political consolidation and growing crisis. Politically, Somaliland has enjoyed impressive consolidation of its democracy and constitutional rule. It has made a transition to multi-party democracy; held local and presidential elections; resolved a disputed, extremely close presidential election without violence; and executed a peaceful, constitutional transfer of power upon the death of President Egal in 2002. At the same time, Somaliland faces worrisome challenges: internal political divisions are increasingly acute; numerous assassinations of foreign aid workers over the past year (some apparently conducted by Islamic radicals) have damaged Somaliland's reputation for security; a military stand-off with Puntland over control of parts of Sool region remains unresolved; and the formation of the TFG has created deep uncertainty over Somaliland's future.

## **1.2 Actor Inventory**

In the context of a collapsed state, the question "who acts?" is both fundamental and problematic. In Somalia, the number of political actors who matter is quite large, reflecting the ease with which relatively small groups can play the role of spoiler. Labeling Somali political actors is often problematic – a political figure can simultaneously be considered a traditional elder, a businessman, and a militia leader. The legitimacy of political claimants to serve as representatives of Somali constituencies is

also fiercely contested; identifying legitimate and authoritative representation for Somali communities has been one of the most persistent problems faced by external mediators. Finally, the power of different actors has shifted significantly over the past decade.

**1.2.1 Clans.** Somalia is a lineage-based society, and clannism – always a central factor in politics, conflicts, and allocation of resources – has greatly increased in functional importance since the collapse of the state. Clan is the main source of personal protection for individual households in the absence of public security; the main source of customary law and conflict management; the principal source of identity; the basis for proportional representation and power-sharing in the transitional governments; the tool manipulated by political leaders to mobilize support, divide adversaries, and dispense patronage; and the basis on which most militias form and armed conflicts have been fought since 1991. Somali lineage groups are particularly complex actors because they are fissurable along clan, sub-clan, and sub-sub-clan lines, creating situational and fluid political groupings. This makes them a chronically unstable basis on which to structure alliances and political representation. Over the course of the past fifteen years, Somali clan politics and armed conflicts have devolved to much lower (sub-sub clan) lineage levels.

**1.2.2 Traditional elders.** After a period of marginalization during the civil war of 1991-92, traditional clan elders have reasserted a more robust role in political life. Their principal role is as mediators of disputes within their clan; as representatives of their clans in negotiations with other clans; and, more recently, as ratifiers or legitimizers of national political accords. They rarely assume direct political roles as faction or elected leaders, though in Somaliland the assembly of elders, or *guurti*, is formally enshrined in the upper house of the Parliament. Who actually constitutes an “elder” is frequently a matter of dispute, since any respected adult male may earn that role. The background of elders ranges from highly educated engineers to illiterate nomads, and their behavior ranges from respected to venal and corrupt. Titled elders vary in their authority in different regions of the country.<sup>4</sup> The past fifteen years has seen a proliferation of titled elders as sub-clans all seek their “own” traditional head.

**1.2.3 Factions.** Political factions – the United Somali Congress, the Somali National Front, the Somali Salvation Democratic Front, and a dozen others -- were the dominant actors in the early to mid 1990s, and monopolized representation in national peace talks. Many began as armed liberation movements. Nearly all were narrowly clan-based, led by militia leaders and top former civil servants of that clan, and were devoted mainly to earning that clan a seat in national reconciliation talks. In recent years, the rise of cross-clan alliances has produced an array of coalition-based factions, such as the Somali Reconciliation and Reconstruction Council, or SRRC (a collection of Ethiopian client groups), the Jubba Valley Alliance, or JVA (an alliance of convenience between some Marehan and Haber Gedir/Ayr militias occupying Kismayo) and the Group of Eight (mainly Hawiye militia leaders in the Mogadishu area, opposed to Ethiopia but also outside the TNG). For the most part, clan-based factions are increasingly marginal if not entirely defunct today, while coalition-based factions have proven to be very transient in nature.

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<sup>4</sup> Titled elders are named *ugaas*, *boqol*, *sultan*, *iman*, or *garaad*, depending on clan.

**1.2.4 Militia leaders.** Militia leaders are mainly former Somali army officers or ex-militiamen who command militias drawn from their clan or sub-clan. Through much of the 1990s, top militia leaders like General Aideed dominated political affairs in the country. Since the late 1990s, however, the fortunes of most militia leaders have fallen, mainly because their own clans are reluctant to provide them with financial support, and because businessmen have bought out the militia from beneath them. However, even weak militia leaders can play the role of spoiler. Militia leaders who possess independent sources of revenue such as airstrips and seaports (i.e., those who double as businessmen), or who head up regional administrations where they can collect taxes (i.e., those who double as governors), have maintained a greater level of influence than those dependent on their clans and external patrons for resources.

**1.2.5 Transitional National Government.** Led by President Abdiqassim Salad Hassan, the TNG was established at the Arta peace talks in August 2000 and was intended to serve for a three-year period to culminate in ratification of a constitution and holding of elections. The TNG faced considerable internal opposition from the outset, and was never able to extend its administration beyond portions of Mogadishu and surrounding areas. Since its mandate ended in August 2003, it has continued to exist more as a political faction representing the Haber Gedir/Ayr clan than as a national authority. With the declaration of the successor Transitional Federal Government (TFG) in October 2004, the TNG has ceased to exist, though its clan and commercial support base remains partly intact. If that residual support base opts to contest the TFG's legitimacy, a "rump TNG" will constitute the main opposition to the TFG in the Mogadishu-Kismayo corridor (see Section III, "Scenarios").

**1.2.6 Businessmen.** The business community is by no means a coherent group – in many respects, it is more accurate to speak of business communities. As a whole, businessmen have emerged since the late 1990s as major power brokers inside Somalia. They now possess the greatest concentration of wealth in the country, and control the largest militias. Most leading businessmen are based in Mogadishu and a majority are members of the Hawiye clan-family. Many are based in Dubai. The interests of the business community in revival of national government are variable, as some are engaged in legitimate commerce while others make their fortunes in activities which are either illegal or which would likely be taken over by a central government.

**1.2.7 Islamists.** Islamic movements and groups have unquestionably grown in influence since 1990, and today are a major feature of the political landscape. They are not unified in agenda, worldview, or sources of support. Some, such as the *al Islah* movement, have earned prominence by supporting a network of educational and health care providers. Others, such as *al Ittihad al Islami*, have more overt and radical political agendas, and have engaged in acts of violence which have earned them designation as terrorist groups. Recently, small jihadist cells have assassinated international aid workers in Somalia. (see Chapters 2, 4).

**1.2.8 Regional authorities.** Regional polities have emerged as one of the strongest power bases for Somali leaders since the late 1990s. By far the most powerful is secessionist

Somaliland, which controls a growing administrative structure, has an annual budget of \$27 million, and claims jurisdiction over approximately one to two million people. Puntland state is much weaker as an administration, but has generally maintained a stable environment, and served as a successful political base for its President Abdullahi Yusuf to secure the position of President of the TFG. To the south, the Jubba Valley Alliance controls the port town of Kismayo; strongman Indha Adde has established a regional authority in Lower Shabelle anchored in a network of Islamic courts; and Mohamed Dhere controls a Jowhar district administration.

**1.2.9 Civil society groups and professionals.** Civil society groups were extremely weak in the early 1990s but have gradually assumed a more robust and autonomous role in political life. Most continue to reflect clan interests, but a growing number transcend lineage and region. The most powerful civil society groups today include *al Islah*, the Islamic charity association which represents a loose network of many top professionals in Mogadishu; the Somali Business Council in Dubai, institutionalizing the growing clout of the business community; and local human rights and women's groups. The independent media -- both print and radio journalism -- are also important actors. Organized civil society groups tend to be concentrated in a few urban centers, especially Mogadishu; in much of the country they are virtually non-existent.

### **1.3 Political and Economic Trend Analysis**

Important changes have marked most aspects of contemporary economic and political life in south-central Somalia since the early 1990s. Most of these trends are driven by gradual shifts in the interests of key local actors, and in the manner in which they seek to protect and advance those interests. The general trend is toward greater interests in improved security, rule of law, and predictability. This is an interest increasingly embraced by businessmen, neighborhood groups, professionals, and even some militiamen, who over time prefer the stability of a paid job in a private security force to the dangers of banditry. In many instances, these changes constitute potential opportunities for reconciliation and state-building. In no instances do these developments approach anything near to the level of peace, public safety, and economic recovery of Somaliland.

**1.3.1 Armed conflict.** Armed conflict continues to plague much of Somalia, but since 1995 the nature, duration, and intensity of warfare has changed significantly. With few exceptions, armed conflicts today are more local in nature, pitting sub-clans against one another in an increasingly fragmented political environment. This devolution of clan warfare means that armed clashes tend to be much shorter and less lethal, in part because of limited support from lineage members for such internal squabbles, and in part because clan elders are in a better position to intervene. Money and ammunition are scarcer as well, placing limits on the duration of conflict. Atrocities against civilians are much less common than in the past. Warlords are much less of a factor since 1999. Armed clashes in Somalia are now increasingly difficult to distinguish from armed criminality and blood feuds.

**1.3.2 Governance.** In the absence of a central government, local systems of governance have developed in Somalia which generally reflect the desire of local communities and businesses to manage state collapse and provide minimal law and order. Informal rule of law has emerged via local *sharia* courts, neighborhood watch groups, and the reassertion of customary law and blood compensation payments. More formal administrative structures have been established at the municipal, regional, and transregional level as well. Somaliland is by far the most developed of these polities, and has made important gains since the late 1990s in consolidating rule of law, multi-party democracy, functional ministries, and public security. Other sub-state administrations have tended to be vulnerable to spoilers and internal division or have had only a weak capacity to project authority and deliver core services. Collectively, these informal and formal systems of governance fall well short of delivering the basic public security and services expected of a central government, but they provide a certain level of predictability and security to local communities.

**1.3.3 Criminality.** Lawlessness remains a serious problem in Somalia, but the egregious levels of violent crimes and level of impunity associated with the early 1990s are a thing of the past. This is due in part to the reassertion of governance systems noted above, which punish and deter crime; in part to rise of private business militias, which protect most of the valuable assets in the country; and in part to the procurement of arms by previously weak social groups (such as the agricultural communities of southern Somalia). Many former gunmen who earned a living from banditry have since demobilized, often shifting into jobs as security guards. The most dangerous street crime is now kidnapping for ransom, which is endemic in Mogadishu. Less visible but more destructive is “white collar crime” in Somalia committed by some of the top political and business figures. This includes the damaging export of charcoal, introduction of counterfeit currency, land grabs, complicity in dumping of toxic waste in Somali territory, drug-running, gun-smuggling, embezzlement of foreign aid funds, and incitement of communal violence for political purposes.

**1.3.4 Economy.** Somalia’s economy remains one of the poorest in the world. Its productivity is based mainly on pastoral nomadism and in some regions agriculture; both sectors are mainly subsistence-oriented and profoundly impoverished. Somalia’s human development indicators are among the lowest in the world. The country is heavily and increasingly dependent on remittances. Remittances have been the key to impressive growth in money transfer and telecommunication companies, commercial imports of consumer goods, the transportation sector, real estate investment and housing construction, and a range of service industries. Nearly all of this economic growth and entrepreneurship occurs in the largest cities, worsening the urban-rural wealth gap in the country. The prolonged absence of a central government has meant the private sector is generally the only provider of what few services are available in area such as health care and education. Lack of a central government has also created a context in which criminal economic activity (such as smuggling and drug production) has flourished. The absence of customs taxes and poor border patrols in the region, have transformed Somalia into a major entrepot economy for commercial goods flowing into east Africa (see Chapter 7).

**1.3.5 Social services.** With the exception of some modest services provided by local administrations, non-profit agencies, and Islamic charities, the prolonged absence of a central government has resulted in Somalia's service sectors being almost entirely privatized. For those who can pay – especially households receiving remittances – access to quality education and health care is possible. For the vast majority of the population, access to social services is generally beyond reach (see Chapter 8).

**1.3.6 Humanitarian access.** The security threats faced by international actors operating inside Somalia have worsened considerably in the past decade. The “old” security concerns – death threats and attacks against aid agency personnel and others over employment, contracts, and distribution of aid -- remain a chronic problem. Since the late 1990s, kidnapping for ransom or for political reasons has been an added threat. Most recently, a sharp rise in targeted assassinations of international (mainly western) aid workers by jihadist groups has rendered Somalia much more dangerous for foreigners than in the past. This is a security concern which is unlikely to subside in the near term.

#### **1.4 Implications for International Community**

The changing political landscape in Somalia poses dangers and presents opportunities to the international community. Left unaddressed, trends in Islamic radicalism (discussed in Chapter 2), public attitudes, transnational criminality, and weapons smuggling in Somalia will almost certainly culminate in more terrorist attacks on Western targets both inside Somalia and in neighboring states. They could also transform a country which to date has not been a major safe haven for Islamic terrorists into a zone where jihadist groups operate undetected or with virtual impunity. Yet the more positive trends in Somalia – the impressive entrepreneurship of the businessmen, the rising community and commercial interests in revived stability and rule of law, the establishment of local and regional polities, and the efforts to establish a transitional federal government – all suggest the possibility of an alternative future for Somalia which would improve the security of both the Somali people and the international community. By monitoring and working with these positive trends in Somalia, the international community can seize windows of opportunity to help the Somali people steer a path away from radicalism, chaos, and underdevelopment.

## **2. POLITICAL ISLAM**

Islam plays a much more visible role in Somali society today than prior to the civil war. This heightened Islamic role manifests itself in different ways -- in shifts in political rhetoric, the rise of *sharia* courts, the ascendance of Islamic charities and Islamic schools, attitudes regarding women and matters of public morality, and views of the West. Somalia has not, however, been a hotbed of Islamic radicalism. It has not been a significant source of recruits into *al Qaeda*, nor has it been the site of major terrorist camps and attacks against western targets. The main Somali radical Islamic movement, Al-Itihad al-Islami (AIAI), appears to have declined in power since the mid-1990s. Throughout the past decade, Somalia was principally used by foreign Islamic radicals as

a transshipment point into Kenya, but not as a safe haven. In recent years, however, concerns about Islamic radicalism inside Somalia have grown. Several foreign terrorists have used Somalia as a refuge; Somali Islamic hardliners such as Hassan Dahir Aweys have successfully built a power base using local *sharia* courts; some Somali businesses and charities have been accused of collaboration with *al Qaeda*; and since 2003 a number of assassinations and attempted attacks on international targets inside Somalia have been linked to jihadist cells operating in the country. The public sense of desperation with the daily perils and poverty of protracted state collapse, and resentment at the West's perceived disinterest in Somalia's crisis, combine to provide an ideal breeding ground for rising anti-western sentiments and radical Islamic movements (see Chapter 4). Importantly, the ascendance of political Islam in Somalia today is marked by significant divisions between competing movements ranging from neo-fundamentalists to progressive Islamists to Islamic radicals embracing terrorism and violence. Close understanding of these variations between rival Islamic movements is a crucial ingredient for effective and appropriate external policy.

## 2.1 Background

Traditionally, the practice of Islam in Somalia has been described as moderate – a “veil lightly worn.” Islam was integrated into local customs. The strict, conservative *wahhabist* practice of Islam in neighboring Gulf States was largely unknown in Somalia and considered foreign to Somali culture.

Somalis are almost entirely from the *Shafi'i* school of Sunni Islam. Although Somali society is primarily organized according to a genealogical clan structure, Islamic faith is one of the horizontal identities that cut across clan lines. In pre-colonial times, rural Somali communities recognized two distinct authorities, clan elders and religious leaders, whose responsibilities in the conduct of individual and community affairs overlapped to the extent that Islam was essentially assimilated into clan culture. *Sharia* law was not adopted by Somali clans in full, but many aspects of it were assimilated within, but remained subordinate to, traditional clan law, or *xeer*. Somali sheikhs and religious leaders did not play a direct role in Somali political affairs, which were the domain of the elders. Rather, they undertook *qadi* or judicial functions, including the conduct of marriage rites and divorce proceedings, and at times they supported the efforts of the elders to promote peace between warring clans. This symbiotic relationship has persisted throughout the colonial and post-colonial era.

Aside from mosques, Sufist *tariqa* are the oldest and most widespread Islamic organizations active in Somalia today. These moderate sects or religious orders follow the teachings of various Islamic mystics and scholars, have no overt political agenda, and embrace peaceful co-existence with secular political authorities. The *Qadiriyya*, *Salihyya*, and *Ahmadiyya* sects – found worldwide – are the most influential in Somalia today. Of these, only the *Salihyya* sect is distinguished by its involvement in modern politics. In the early 1900s, a *Salihyya* leader named Said Mohamed Abdullah Hassan, otherwise known as the Mad Mullah, led the resistance of the Dervishes to British and Italian colonial rule in what is now northern Somalia.

## 2.2 Modern Islamist Movements

Modern political Islamic movements emerged in Somalia in the late 1960s. Somali students and economic migrants were exposed to political Islam in Egypt, Saudi Arabia and other Arab countries where the Muslim Brotherhood was active. Upon return from abroad, some of these individuals formed parallel Somali movements to the Brotherhood, seeking to peacefully transform the Somali state to be based on *sharia* law. They spearheaded public resistance to Siyad Barre's plans for "scientific socialism," and were met with government repression. When followers of the movement publicly rejected the Family Law of 1975 for its recognition and promotion of the legal and economic equality of women, demonstrations were eventually put down by the execution of ten prominent clerics. Following such repression, these movements went underground.

Today, political Islam is not a single, unified movement in Somalia. Rather, four different types of Islamist movements exist in Somalia:

- 1) Radical, terrorist Islamic movements. This includes *Al Qaeda*, comprised almost exclusively of foreigners, which has used Somalia as a rear-base for a small number of its operatives, and AIAI, a Somali Islamist organization which has dispersed its followers throughout Somali society in businesses, mosques, *shari'a* courts and rural clan areas to avoid counter-terrorism reprisals.
- 2) Non-violent fundamentalist movements. *Al Tabliq* and *Majuma Ulema* both seek the establishment of a strict Islamic government through education and social activism, differing from AIAI over tactics but not objectives.
- 3) Modernists or reformists. *Al Islah* and the majority of the Islamic charities in the country advocate a 'modern' interpretation of Islam as the basis for a democratic Somali state that upholds and promotes many of the same humanistic values of Western liberalism. Though occasionally critical of Western and American policies, *Al Islah* welcomes relations with Western counterparts and is in no way associated with "radical" Islamism in Somalia.
- 4) Traditionalists The Sufist brotherhoods and *Ahlu Sunna wal Jama'a* view Islam as a system of religious belief that is complementary to, but distinct from Somalia's political system, and agitate against the rising influence of Islamist groups.

**2.2.1 *Al Qaeda*.** *Al Qaeda* is known to be active in Somalia, where its interests are principally in exploiting Somalia as a transshipment point for terrorist attacks in East Africa, and occasionally as a safe haven. No Somalis are known to play prominent leadership roles in the movement. *Al Qaeda*'s limited presence in Somalia is comprised mainly of foreign operatives. The organization has to date played a relatively inconsequential role in Somali politics, providing AIAI with financial support and thereby strengthening AIAI's hand locally. *Al Qaeda*'s interests are mainly in using Somalia as a base for operations elsewhere, especially Kenya. The regional security implications of *al Qaeda* presence in Somalia are considered in Chapter 4, below.

**2.2.2 *Al Itihad al Islami.*** *Al Itihad al Islami* (AIAI) has often been described as a local “franchise” of *al Qaeda*. In reality, although the two organizations share a militant ‘Salafi-Jihadi’ ideology and have at times collaborated, AIAI has evolved independently of *al Qaeda* and maintains an autonomous existence. AIAI’s primary objective involves the Islamization of the Somali territories of the Horn and their ultimate unification, but the movement has at times benefited from the support of *al Qaeda* and other foreign “jihadists.” Elements of AIAI were allegedly involved in the 1998 Nairobi embassy bombing.

In 1997, under military pressure from Ethiopia, AIAI dissolved its formal structure and became a loose network of “alumni.” Many, if not most, AIAI members have abandoned militancy in favor of private enterprise, social services and proselytizing. However, some AIAI leaders such as Hassan Dahir Aweys have successfully co-opted local Somali *sharia* court structures (see below) as a platform for political influence. AIAI is thus no longer a discrete organization -- even at its height it was quite decentralized and unable to overcome clan divisions -- but it maintains a significant influence as a loose and potentially dangerous network.

**2.2.3 *Sharia courts.*** Since the early 1990s, political Islam has been propagated in Somalia through the establishment of *sharia* courts in a number of different cities and towns, but particularly in Mogadishu. A variety of motives lay behind the establishment of these courts, which manage some of the country’s best-equipped militia forces. First, the courts can be considered a response by local communities seeking to improve security conditions in the absence of state police forces. Second, the courts provided a secure environment for Somali businessmen who profit from more secure local and regional trade routes and reduction in militia roadblocks. Third, they have in a few cases served as institutional vehicles for a small number of Islamic radicals to promote the adoption of *sharia* as the basis for a theocratic state in Somalia.

Although popular with local communities for reestablishing a semblance of law and order, the *sharia* courts face substantial challenges and limitations. First, the courts are strongly opposed by some of Somalia’s strongest warlords, who view the *sharia* leaders as potential challengers for power. Second, the courts are often invested with authority by the clan elders. Unless the courts are able to develop political, military and financial autonomy, this limits the ability of the courts to reach decisions that go against the interest of the clan. Third, the jurisdiction of these courts rarely extends beyond the sub-clan operating them, limiting their ability to handle most crimes. Finally, many Somalis – although pleased with the short-term improvements in security that the courts provide – are wary of the longer-term consequences of the courts, if they bring Islamic fundamentalism into the political mainstream.

Since the beginning of 2004, the *sharia* courts in Mogadishu have returned to prominence. By mid-2004, eleven different *sharia* courts were established in the capital city, and their leadership and militia were pooled into a single Joint Islamic Courts administration. Members of the Joint Courts include a number of former AIAI leaders, such as the courts’ Deputy Chairman Hassan Dahir Aweis. He has publicly stated that his

forces would physically resist any foreign peacekeeping forces sent to assist implementation of a new government agreed at the Somalia National Reconciliation Conference. Alternatively, members of the Joint Courts are expected to be willing to negotiate with the new government to provide security services in exchange for appointments to control the judiciary branch.

**2.2.4 *Tabliq and Majma.*** *Al Tabliq* and *Majma Ulema* are two relatively new and highly conservative Islamist movements in Somalia. Based on the teachings of the Indian/Pakistani movement of the same name, *Tabliq* has grown to become the largest fundamentalist Islamist movement in the country. The movement professes to be non-violent, but has nonetheless attracted the attention of counter-terrorism authorities for the particularly conservative brand of Islamist ideology that it espouses. *Tabliq* mosques and schools are known to be used by *Al Qaeda* as recruiting grounds, a fact evidenced by John Walker Lindh – the so-called ‘American Taliban’ – who was recruited to fight in Afghanistan from a *Tabliq* institution in Pakistan. Although *Tabliq* exists across Somalia, its largest area of activity and support is in Mogadishu and Lower Shabelle region. Following these locations, *Tabliq*’s largest locations of activity include Buraq in Somaliland and Bosaso in Puntland. The political vision of *Tabliq* is the creation of an Islamic government in Somalia. *Tabliq* leaders agree that their movement’s political objectives bear a strong resemblance to those of *Al Itihad*. However, *Tabliq* asserts that its doctrine of non-violence and the gradual promotion of social change make it different.

*Majma Ulema* is a Mogadishu-based group of Islamic clerics whose leaders see themselves as a group of the ‘highest scholars of Islam in Somalia’. *Majma* appears to function as two separate organizations. On the one hand, *Majma* is evolving into a ‘professional association’ for clerics who used to be paid by the Somali government to run the country’s mosques. On the other hand, it is a vehicle for a small number of fundamentalist and politically minded religious leaders to assert their influence. *Majma* leaders regularly pronounce in public their interpretation of how Islam should be practiced in Somalia – this includes commenting on supposedly ‘un-Islamic’ social practices. The group issues statements asserting that Islam is the only religion that can be propagated in Somalia, that no Somali should cooperate with foreign nationals seeking to capture terrorists living in the country, and that Somali leaders should reject the Inter-Governmental Authority on Development (IGAD) peace talks and hold an Islamic peace conference inside Somalia.

**2.2.5 *Al Islah.*** *Al Islah* has been a source of concern and confusion to analysts of Somali affairs. Its supporters describe *al Islah* as a force for political liberalization, respect for human rights and the reconstruction of a democratic state – objectives that are all grounded in a ‘modernist’, ‘progressive’ or ‘reformist’ interpretation of Islam. According to its detractors, *al Islah* is essentially a peaceful front for *al Itihad*. *Al Islah* has built a strong base of support amongst urban professionals and intellectuals in southern Somalia. The movement has developed a strong critique of the social ills that perpetuate the collapse of the Somali state (including clannism and corrupt, self-interested leadership) and has proposed as a remedy systematic social change in a manner that integrates their reading of Islam and political liberalization into a single political

platform. *Al Islah* accepts progressive Islamist notions such as innovation (*bid'a*) and interpretation (*ijtihad*) in its readings of the *Qu'ran* to produce an Islamic system of democratic governance. *Al Islah* has also developed practical means of responding to the needs of average Somalis, particularly urban and middle class populations in Mogadishu, through their promotion of essential social services in the health and education fields.

There is no evidence that *Al Islah* represents a threat in terms of terrorism to Somalia or neighboring countries. It is not a *salafist* or *wahhabist* movement. The movement is unarmed, has yet to promote a political agenda for individual *al Islah* leaders, and is directly engaged in propagating religious beliefs and social practices that are contrary to Islamic fundamentalism.

**2.2.6 Islamic charities.** Somali Islamic charities are a relatively new phenomenon. They focus on key social sectors of education and health and have earned legitimacy by filling the void caused by failure of local government to provide these services. They rely heavily on *zakat*, or tithing, from foreign sources, but enjoy significant success in building a sense of local ownership of and responsibility for the schools and health centers they support, as reflected in effective cost-recovery systems based on user fees. Somalia's Islamic charities struggle with new demands for transparency and accountability in their operations. And they use aid strategically to pursue an Islamist vision of social order. All of these features mirror broader trends in Islamic charities worldwide.

Most importantly, evidence from Somalia's Islamic charities reveals a divergence between two competing schools of thought. The dominant, mainstream school of Islamic charities embraces a relatively progressive vision of a future Islamic order in Somalia which is intended to replace the destructive, clannish, and corrupt factions and militias currently dominating the Somali political scene. A much smaller group of radical Islamists operate charities supporting mosques and schools with a sharp anti-Western agenda. The mainstream charity groups have to date enjoyed much greater levels of success and support, as their agenda resonates with the immediate concerns of local communities – namely, access to needed services and a vision of an alternative political order to the clannism, violence, and state collapse which have plagued Somalia for 14 years.

**2.2.7 Ahlu Sunna Wal Jama'a.** Leaders of Ahlu Sunna Wal Jama'a (ASWJ) describe their movement as an umbrella group for "Somali traditional Islamic scholars." ASWJ was in fact established in 1991 with support from the warlord General Mohamed Farah Aideed to espouse a "traditionalist" interpretation of Islam as a counter to fundamentalist rhetoric. The movement consists of politically motivated sheikhs from the Sufist brotherhoods, whose most important activity is to preach a message of social harmony that delegitimizes the beliefs and political platform of *al Ittihad* and any other fundamentalist movements. The group's leaders insist that ASWJ has the largest base of supporters of any Islamic movement in Somalia since it purports to represent all followers of the country's Sufist brotherhoods. However, these supporters are generally passive, unorganized and unmobilized.

## 2.3 The Rise of Political Islam

US military and intelligence initiatives (discussed in Chapter 3) have served as both a deterrent and an obstacle to *al Qaeda* and AIAI activities in Somalia. However, the almost exclusive focus on *al Qaeda* and complete reliance on covert military and intelligence operations has done little to check the rise of political Islamic ideologies and the return to prominence of key AIAI leaders.

Since September 11 2001, Somali Islamists have benefited from developments in the global context. A significant degree of Somali public opinion has shifted against the West, particularly the US, Britain and the United Nations, due to negative local perceptions of the war to oust Saddam Hussein and the occupation of Iraq, as well as the continuing political and humanitarian crisis in Israel and the Palestinian territories. These attitudes have been fueled by the consumption of anti-Western sentiments spread by Islamist mosques, as well as the reporting of *Al Jazeera* and other Arab media outlets. This shift in public opinion has been seized upon by conservative Islamist groups, particularly leaders of AIAI, the *sharia* courts, *Tabliq* and *Majma*, to swell their ranks and further enflame public opinion. Given the elitist professional and intellectual nature of more moderate movements, such as *al Islah*, most people inclined toward Islamism find the Islamic conservative movements more accessible and receptive.

Many Somalis are genuinely unaware of why the US is concerned with terrorism in their country. With little or no public knowledge that counter-terrorism efforts are focused on a small number of non-Somali, foreign jihadists, political Islamic groups have successfully convinced many Somalis that the US position is anti-Islam in general, and that the US seeks to persecute Somali religious leaders. In the absence of effective public diplomacy initiatives to counter such negative propaganda, the Islamists are currently winning the war for Somali “hearts and minds.”

The rise of political Islam in Somalia is not only confined to Mogadishu or its neighboring areas in southern Somalia. A spate of deadly attacks on expatriate aid workers by AIAI supporters in northern Somalia over the past eighteen months has prompted a degree of internal debate. Some of this has appeared in the form of internet postings on popular Somali websites that decry the ‘Saudization’ of Somali society. The presence of radical Islamists in Somaliland and Puntland, despite the anti-Islamist commitments of regional administrations there, is a source of concern. Though small in number, Islamist activists have been able to attain prominent positions in local business communities, as well as in certain clan and bureaucratic circles.

The ability of militia-faction leaders – even those who receive counter-terrorism support from Ethiopia and the US – to overcome the influence of Islamists is also questionable. Somali warlords remain unable to fulfill the counter-terrorism mandate given to them by foreign military and intelligence agencies, mainly because of their inability to operate in areas controlled by other clans, and because of the danger of retribution and even clan warfare triggered by their attempts to apprehend suspects. As a result, they have been reluctant to undertake “snatch and grab” missions.

## 2.4 Implications for the TFG

The creation of the new Transitional Federal Government, led by President Abdullahi Yusuf, presents both opportunities and risks for future counter-terrorism efforts. On the one hand, Yusuf has been a staunch opponent of Islamists while leading the Puntland Administration and has been cooperating closely with US counter-terrorism efforts. His aggressive leadership style and reliance on domestic security and intelligence forces mean that the TFG will likely take a firm stance against Islamic militants in Mogadishu and other parts of southern Somalia (if and when the TFG gains control of such territory). Counter-terrorism and anti-terrorism programs – ranging from enhanced intelligence liaison and training of a national counter-terrorism police force, to measures to ensure the transparency of remittance networks, mosques and Islamic charities – would likely be welcome. This could reduce the problems of distance and lack of local intelligence that have affected US counter-terrorism efforts.

On the other hand, the TFG will face a number of important challenges. Radical Islamists may seek to undermine the TFG from the start, and a heavy-handed response from the TFG risks provoking a backlash, not only from the Islamists, but also from the general public. Overt reliance on Western countries and Ethiopia for political, security and financial support will provide radical Islamists with a propaganda tool. The new government will also have to consider how to rein in the *sharia* courts and their militia, without providing seats in the government to listed terrorists such as Hassan Dahir Aweys. It will also face the possibility of infiltration by Islamists into the TFG. Most importantly, the TFG will need to balance its measures against the Islamists to ensure that their leaders do not create alliances with warlords who are not part of the new government and launch a military opposition campaign that threatens the country's progress towards peace.

## 3. INTERNATIONAL INTERESTS

International interests in Somalia have been rekindled in the aftermath of the 9/11 attacks, driven principally by concerns that Somalia's protracted state of collapse will be exploited by international terrorist networks. This renewed focus on Somalia comes after years of benign neglect, a function of the country's reduced strategic importance in the immediate post-Cold War period and to the legacy of the failed UNOSOM intervention in 1993-95. Lack of interest in Somalia and a lack of political will to re-engage the country guaranteed Somalia's marginalization even after revelations that Somalia was used as a transit site for the 1998 *al Qaeda* bombing of the US Embassy in Nairobi. Only Somalia's regional neighbors have remained consistently engaged in Somalia due to unwanted spillover effects across their borders (see section 4).

### 3.1 International Security Threats

Central to international interest in Somalia today is the concern that terrorists – specifically, *al Qaeda* or its affiliates -- are exploiting Somalia's protracted state of

collapse. Five potential roles which terrorists might assign for Somalia are of particular concern:

**3.1.1 *Somalia as safe haven.*** Somalia can be exploited by foreign terrorists seeking to evade detection and apprehension by residing beyond the reach of rule of law in Somalia. Though Somalia to date has proven to be relatively inhospitable for foreigners seeking safe haven, the complete lack of customs and immigration control at Somalia's landing strips, seaports, and borders makes this a worrisome prospect. Several known cases of terrorists fleeing into Somalia confirm this fear.

**3.1.2 *Somalia as transshipment site.*** Somalia's unpatrolled beaches and borders mean that men, money, and material can be easily moved through Somalia into neighboring countries for use in attacks against soft international targets there. Somalia was used as a transshipment point in the terrorist attack on the US embassy in Nairobi in August 1998, and the Mombasa terrorist attack on Israeli tourists in November 2002. A 2003 suspension of flights between Somalia and Kenya was based on fears of an aerial terrorist attack originating from Somalia on the US Embassy in Nairobi.

**3.1.3 *Somalia as base for attacks on international targets inside the country.*** In the past year, five international aid workers in Somalia have been killed in what appear to be targeted assassinations, some or all implicating Somali "jihadists." Little is known about these jihadist cells, which are able to operate with impunity due to the lack of effective law enforcement in south-central Somalia. This constitutes a new and very dangerous development for the international aid community, diplomats, and others who need to have a physical presence inside Somalia.

**3.1.4 *Somalia as site of terrorist misuse of businesses and charities.*** The absence of government oversight and law enforcement makes it difficult to monitor the activities of Somali businesses and charities, which are at present accountable to no one. The vast majority of these entities are legitimate, but a few, such as *al Barakat* Company and *al Haramain* charity, have been accused of serving as fronts for terrorist groups.

**3.1.5 *Somalia as recruitment site.*** To date, Somalia has not been a significant source of recruitment for *al Qaeda* and other terrorist organizations, but Somalia's ongoing crisis constitutes an ideal environment for such recruitment, especially among uneducated, unemployed young men who currently face a future with bleak prospects, as well as the large number of Somali migrants and students residing in Gulf states where they are exposed to *wahhabist* Islam. That, coupled with rising anti-western sentiments and anger at the relatively low level of international engagement in Somalia, could turn some Somalis to *al Qaeda* or its affiliates.

## **3.2 Non-terrorist Security Threats**

Somalia's protracted state of collapse can also host a range of other security threats to the international community. A variety of transnational criminal activities have been identified in Somalia, including drug-smuggling and weapons-smuggling. The Somali coast is one of the five worst sites for piracy in the world. Somalia is also the site of

unrealized but potentially dangerous non-traditional security threats. Chief among these is the prospect of a dangerous new strain of disease developing in Somalia's unsanitary slums and going undetected due to the collapse of the public health care system. HIV/AIDS rates in Somalia are quite low – currently estimated at less than one percent – but high rates of infection in neighboring countries place Somalia at risk of an epidemic. Combined with substantial Somali migration abroad, an AIDS epidemic in Somalia would pose a significant health threat to host countries in the Gulf States, Europe, and North America.

### **3.3 Chronic Humanitarian Crises**

The most extensive and continuous international engagement in Somalia since 1990 has been humanitarian. Due to the high variability in its climate, Somalia is chronically prone to humanitarian emergencies produced by drought and flooding; inadequate rainfall produces crop failures and rangeland deterioration one in every five years, requiring large-scale external assistance. The prolonged collapse of the Somali state has severely exacerbated humanitarian crises in the country on a number of counts. First, chronic armed conflict has created displacement of tens of thousands of people. Second, insecurity and the collapse of government services have driven food production far below pre-war levels. Third, the collapse of public sanitation systems in urban areas has produced annual outbreaks of disease such as cholera. Finally, chronic instability in the south blocks the return of over two hundred thousand Somali refugees who have been in refugee camps in neighboring countries for over a decade.

The cumulative result is that Somalia has required uninterrupted and often extensive humanitarian aid since 1991. From a human development perspective, this is obviously a disaster for Somali communities. It is also very costly to the international community. Expensive logistical and security arrangements required to operate in Somalia make the country one of the costliest complex emergencies in the world. Poor security has also meant that a growing number of national and international staff of aid agencies have been targets of kidnapping and attacks, some fatal. The cost of sustaining hundreds of thousands of Somali refugees for 15 years has produced donor fatigue, and the lack of a durable solution for the refugees has led to accusations that the world is “warehousing” the refugees in the camps indefinitely. Finally, state collapse and insecurity have made it difficult to impossible to promote long-term, sustainable development necessary for reducing Somalia's vulnerability to humanitarian crisis and creating conditions conducive for durable peace.

### **3.4 Illegal Immigrants**

Somalia's prolonged crisis has triggered an enormous movement of its people abroad in search of employment. With an economy that is increasingly dependent on remittances, Somalia's chief export is now its own people and their labor. This has produced large flows of Somali illegal immigrants seeking entry into Gulf States (usually via Yemen), Europe (generally via North Africa), and also into states as far as South Africa and

Australia. For some host countries, large numbers of Somali immigrants create social and political problems they are keen to avoid.

## **SECTION II: FOCAL POINTS**

### **4. REGIONAL SECURITY**

Over the past 14 years, Somalia's political and administrative vacuum has presented a range of regional threats, including transnational terrorist and jihadist activity, arms trafficking, and spillover of crime, armed conflict, refugees, and disease. Over the long term, the restoration of central government to Somalia is probably the only solution to such problems, but - even in the best scenario - it will take a decade or more before a Somali government will be in a position to address them. In the short term, paradoxically, the process of state building may actually aggravate regional security threats rather than mitigate them.

Parts of Somali territory are governed by inter-regional administrations, such as Somaliland and Puntland, which could potentially co-operate in managing a range of potential security threats, but lack contacts with foreign police, intelligence and immigration services or international security architecture such as Interpol.

#### **4.1 Transnational Terrorist and Jihadist Groups**

Contrary to expectations post-9/11, Somalia has not emerged as a transnational terrorist threat of the first order. The reasons include the following:

- Somalia's limited commercial and industrial base is unfavorable for the development of weapons of mass destruction;
- Open terrain and vulnerability to surveillance discourages the establishment of large scale terrorist infrastructure;
- Lack of sovereign central government leaves terrorists vulnerable to intervention by foreign countries;
- Somali oral culture, lack of secrecy, and predisposition to exploit foreigners jeopardize operational security; and
- Scarcity of significant Western targets available in Somalia renders the country less attractive.

Somalia nevertheless possesses several features that render the territory a potential refuge, transit zone and/or operational base for individual terrorists and small groups. Its large ungoverned spaces, unpatrolled coastlines and porous terrestrial borders permit clandestine access and egress; unregulated arms markets offer easy access to weapons and explosives; and Somali radical Islamist networks can provide a measure of protection

and secrecy. Managing these threats will remain a regional counter-terrorism imperative for some years to come.

Until recently, the principal terrorist threat in Somalia has been posed by foreign al Qaeda operatives, who have used Somalia as a transshipment site for men, money, and material for attacks in other East Africa states, especially Kenya. *Al Qaeda* operatives have at times used Somalia as a safe haven as well, fleeing from Kenya after launching terrorist attacks there.

Al Qaeda's principal interest in Somalia has been as a site for transit of men, money, and material for attacks in other East Africa states, especially Kenya. Al Qaeda operatives have at times fled Kenya to Somalia as a safe haven after launching terrorist attacks. Intelligence reports suggest that part of the planning and preparation for the 1998 embassy bombings in East Africa may have been conducted in Somalia; and in 2002, an al-Qaeda cell based in Somalia and Kenya bombed a tourist hotel on the Kenya coast and sought unsuccessfully to shoot down an Israeli-owned commercial airliner. Several members of the Kenyan cell subsequently escaped to Somalia, where some of them may still remain.

More recently, Somalia has been the site of direct terrorist attacks launched against western targets by jihadist cells. Since 2002, five foreign aid workers in Somalia have been assassinated, while several other attempts have been made on the lives of international aid targets, possibly including the planting of landmines on airstrips used only by humanitarian aid flights.<sup>5</sup> The assassinations and landmine incidents have in almost every case been fairly sophisticated, well-planned operations, involving close knowledge of travel routes and itineraries of aid workers. Most if not all of these attacks on soft western targets have been linked to a small number of Somali jihadist cells about which little is known. The relationship between these jihadist cells with ex-AIAI members, their possible links to *al Qaeda*, and the extent to which they take cues from the public statements of leading Islamists in Somalia such as Hassan Dahir Aweys, is the subject of debate. Regardless, these jihadist cells currently pose the most immediate and direct threat to foreigners inside Somalia. The sophistication of the attacks suggest that at least some of these cells are not simply disgruntled local gunmen but experienced and trained terrorists, possibly Somalis who previously served as mujahadeen in Afghanistan.

## **4.2 Enablers of Terrorism**

Somalia's protracted crisis has produced an environment characterized by several features that serve as potential "enablers" of terrorist and jihadist groups: the propagation of extremist ideologies; the proliferation of weapons; and the presence of organized crime.

**4.2.1 Extremist ideologies.** Somali society is generally not inclined toward radical ideologies; the pastoral culture is above all pragmatic. But the collapse of most public schools and the rise of unregulated Islamic schools in urban Somalia offer fertile ground

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<sup>5</sup> Evidence linking the landmines to jihadists is not conclusive.

for the propagation of extremist ideologies that can help to legitimize the activities of groups like AIAI. Even in Somaliland and Puntland, administrations lack the means and political leverage to regulate the functioning of such institutions. Most Islamic schools – including madrassas, kindergartens, private schools, universities, and religious institutes -- are simply attempting to fulfill a vital social need, but a few serve as incubators of extremism. Likewise, a growing number of Somali mosques now preach radical versions of *Wahhabi* Islam, rather than Somalia's traditional, tolerant *Shafi'i* brand of the faith.

Such ideologies provide a context for – and demand a response to - media reports of Muslim communities in distress around the world, and cast the plight of the Somali people as a product of injustice and persecution. Somalia has not to date been fertile ground for recruitment into radical Islamist movements. If such ideologies remain unanswered, however, extremists will find willing recruits and sympathizers among Somalia's unemployed, angry and frustrated youth.

**4.2.2 Arms flows.** The collapse of Somalia's Cold War military establishment in 1991 left the country awash with arms and more have poured in ever since, despite the imposition of an arms embargo by the United Nations Security Council in 1992. Regional governments, including Saudi Arabia, the United Arab Emirates, Ethiopia, Egypt, Eritrea and Djibouti, have contributed significant quantities of arms – or the cash to buy them - to their respective Somali clients. The arms markets of Yemen provide a steady stream of small arms and light weapons to Somali weapons dealers, but can also provide anti-aircraft cannons and even surface-to-air missiles on demand. Three successive U.N. expert panels have documented the steady stream of weapons.

Illegal arms flows are damaging not only to peace and security in Somalia, but to neighboring states as well. Arms entering the region via Somalia have supplied Kenyan criminal syndicates, Ethiopian insurgent groups, and transnational terrorists. The weapons employed in the November 2002 *al Qaeda* attacks in Kenya were smuggled into the country via Somalia.

**4.2.3 Organized crime and contraband.** In addition to arms, Somalia is also a regional hub for contraband. Although most of this trade consists of small-scale cross-border smuggling, some of it is linked with broader organized crime networks and militant groups. Sugar smuggling, for example, has been an important source of revenue for AIAI networks on both sides of the Kenyan-Somali frontier. Regional customs officials have also identified Somalia as a source of domestically produced *cannabis*, as well as a transit point of heroin and other narcotics from south Asia.

In addition to contraband, Somali has become a regional center of identity fraud. Since 1991, Somali passports have been on sale from open markets, street vendors and Somali diplomatic missions. In recent years, tighter international controls on Somali passports have reduced this problem; in response, Somali criminal networks have branched out into the fabrication of foreign visas and entry stamps, and as well as trafficking in stolen and counterfeit foreign passports.

### 4.3 The “Paper State” Hypothesis

Ultimately, the containing the threat of terrorism will require the restoration of effective government to Somalia, but the state-building process is not without risks. The emergence of a “paper state” in Somalia, enjoying the perks of statehood – such as juridical recognition and foreign aid – but lacking the capacity or inclination to impose the rule of law, could render Somalia more attractive to terrorists than it is at present: weak government institutions might collude with terrorists or be corrupted by them; sovereignty issues could limit opportunities for external intervention; and the gradual expansion of diplomatic missions, aid agencies and foreign businesses in-country would enrich the field of potential targets (see Chapter 5, “state-building”).<sup>6</sup>

The experience of the Transitional National Government (TNG) formed in August 2000 is illustrative in this regard. President Abdiqasim Salad Hassan associated openly with key AIAI leaders and, over time, his ineffective administration grew increasingly dependent on militia groups and business interests linked to AIAI. Large areas of Lower Shabelle and Lower Juba regions remain under the control of a consortium of clan, political, and commercial interests in which AIAI alumni, their allies and militia forces play a central role.

### 4.4 Geopolitical Risks

**4.4.1 Regional competition.** The geopolitical vacuum left by the collapse of the Somali government has served, since the early 1990s, as an arena for the competing interests of regional powers. Rivalries between neighboring states have produced a series of proxy conflicts in Somalia in which arms, cash and diplomatic leverage have been expended on all sides to no clear advantage. The protracted Somali peace talks in Kenya from 2002-2004 were complicated by the need to achieve a durable settlement not only for Somalia, but for the “front line states” as well.

Regional competition over Somalia has generally taken the shape of “sphere of influence” politics between Ethiopia on the one hand and Egypt and its Arab League partners on the other. Neither camp is eager for a direct confrontation over the issue, but unless their interests in Somalia can be reconciled, their dispute by proxy could potentially continue to destabilize Somalia even after the formation of the TFG. Failure to strike a pragmatic balance will prolong instability in the Somali peninsula and continue to polarize regional dynamics.

**4.4.2 Greater Somalia/irredentism.** Somalia’s neighbors - Djibouti, Ethiopia and Kenya – all contain sizeable ethnic Somali populations. Since 1960, successive Somali governments have aspired to the reunification of these territories under the rubric of a “Greater Somalia,” triggering several major conflicts. Although few Somalis currently believe the notion of Greater Somalia to be either desirable or realistic, Ethiopia and Kenya, in particular, remain quietly concerned that the restoration of central government

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<sup>6</sup> For an elaboration on this argument, see Ken Menkhaus, *Somalia: State Collapse and the Threat of Terrorism* (London: International Institute for Strategic Studies, 2004), *passim*.

to Somalia could eventually revive the lapsed policy of Somali irredentism. AIAI's stated goal of Somali reunification in an Islamic state reinforces this lingering concern. A significant driver of Ethiopian foreign policy toward Somalia is fear of a revived central state which again lays claim to Somali-inhabited Ethiopia. This is one reason Ethiopia has been much more supportive of the principle of federalism and decentralization in Somalia and was hostile to the centralist tendencies of the TNG in 2000-2003.

Over the years, the attraction of a "Greater Somalia" has come to represent less the durability of Somali irredentism than the marginalization and underdevelopment of Somali communities outside Somalia. Such grievances have historically been vulnerable to exploitation in the service of other causes, of which Somali irredentism was only one. AIAI has been able to sustain its influence among Ethiopian and Kenyan Somalis for precisely the same reasons.

Somali irredentism is simply one political expression – among many - of Somali identity. It is therefore best described as dormant rather than dead: whether or not it reawakens depends at least as much on the internal policies of Somalia's neighbors – especially Ethiopia and Kenya – as upon a future Somali government.

**4.4.3 *Islamist agendas.*** While governments in the region ostensibly agree on the need for a stable, secure Somali state, they harbor different preferences about the best type of government for that state, and especially the degree to which it should reflect the Arab-Islamic dimension of Somali identity. Ethiopia and Kenya in particular are both concerned about the growing influence of Somali Islamist groups on the political scene.

With the exception of AIAI, no Somali Islamist movement has been involved in violence and most of them profess a peaceful, evolutionary Islamist paradigm. Ethiopia and, to a lesser extent, Kenya, fear that even moderate Islamist organizations, intentionally or otherwise, might undertake the "ideological preparation" of Somali society for eventual exploitation by more radical groups.

Whether or not such concerns are legitimate, the emergence of an Islamist government in Somalia or one visibly influenced by Islamist agendas would be regarded with mistrust and concern in at least two of Somalia's three neighbors (Djibouti's political and security establishment is arguably divided as to such an outcome), and could potentially lead to a realignment of forces within IGAD and the region as whole.

**4.4.4 *Somaliland.*** The question of Somali unity remains unresolved by the recent process. No foreign government has so far recognized Somaliland's claims to independent statehood and Somalia's neighbors have unanimously reaffirmed their commitment to Somali unity. But Somaliland's government, with the support of a probable majority of its citizens, has declared independence "irreversible" -- and it is far from clear how regional governments, particularly Ethiopia, would react were the dispute over Somali unity to escalate.

The formation of a functional interim government will eventually bring the issue to a head. The prospect of negotiations could be destabilizing for both sides: concessions on the part of Hargeisa could trigger civil war in Somaliland; concessions from Mogadishu could potentially bring down an interim government and derail the peace process. Either scenario could trigger a political and humanitarian crisis in Somalia, while dividing the region as a whole (see Chapters 10 and 14).

#### **4.5 Spillover threats**

Beyond the potential regional threat posed by terrorism and irredentism, Somalia's protracted state of collapse has produced a range of undesirable and in some instances destabilizing spillover effects into neighboring states. This includes the following.

**4.5.1 Arms flows.** Despite a UN Security Council arms embargo on Somalia, arms and ammunition have been shipped freely into Somalia throughout the 14 year period of state collapse. Some of those weapons -- mainly small arms -- are transported across regional borders and sold, and are held responsible for the militarization of local conflicts in Kenya, Ethiopia, and Uganda. Police in Nairobi have long expressed alarm at the availability of small arms in Somali-inhabited portions of that city, and the increase in violent crime they attribute to the arms flow from Somalia.

**4.5.2 Spillover of communal and factional tensions.** Clan and factional clashes inside Somalia have periodically spilled over into border areas of neighboring states, resulting in localized destabilization and population displacement, revenge killings, and deterioration of relations within Somali communities of Ethiopia and Kenya.

**4.5.3 Spillover of armed criminality.** Armed bandits from Somalia have crossed borders to engage in attacks and theft throughout the region. At one point some cattle raids as far from Somalia as northern Tanzania were attributed to Somali bandits.

**4.5.4 Destabilizing refugee flows.** Somalia's neighbors -- Kenya, Ethiopia, Djibouti, and Yemen, and more recently Tanzania and Uganda as well -- have had to shoulder the burden of major refugee flows from Somalia. While most Somali refugees from Somaliland have returned to their homes there, refugees from southern Somalia have not been able to return due to ongoing insecurity. This has placed an enormous burden on neighboring states and on local communities near to where the refugee camps have been located. Some refugee camps have been associated with rising crime, illicit economic activities, disease, communal tensions and violence, environmental degradation, and radical Islamist recruitment. More recent flows of refugees from Somalia are principally driven by a desire to seek migrant labor abroad, affecting Yemen especially. Managing the flows of refugees places burdens on regional militaries, navies, and police forces.

**4.5.5 Partial loss of control of border areas.** Neighboring states have at times struggled to maintain minimal control over border areas abutting Somalia, as lawlessness has spilled across the border.

**4.5.6 Contraband and smuggling.** Somalia's beach ports and lack of customs has made in an ideal entrepot economy for the transit trade of a variety of goods – both legal and illegal – across Somalia and into neighboring states. While this entrepot economy has produced economic benefits for Somali merchants, it has come at a high cost to neighboring states. The goods smuggled from Somalia are untaxed, deprive states of needed customs revenue, and have harmed legitimate local import-export businesses which cannot compete with duty-free smuggled imports.

**4.5.7 Incubator for epidemics and unchecked communicable diseases.** The prolonged collapse of public health agencies, lack of regulation of importation and dispensation of pharmaceutical and veterinary drugs, the collapse of public sanitation systems, and chronic insecurity which at times has blocked the ability of international agencies from accessing parts of Somalia, have combined to render Somalia especially vulnerable to undetected outbreaks of dangerous communicable diseases, including new drug-resistant strains of diseases. Such an outbreak would quickly cross border of neighboring states. The outbreak of Rift Valley Fever in Somali livestock in the late 1990s, which led to the banning of Somali livestock exports by Gulf states, is an example of an otherwise manageable disease creating regional health threats and a prolonged ban on livestock due to the absence of functional government vaccination and monitoring programs.

## **5. STATE BUILDING AND GOVERNANCE**

### **5.1 General Dynamics of State-building in Somalia**

State failure is a factor in most of the security threats and crises of underdevelopment in Somalia. The lack of an effective government potentially provides terrorists with safe haven beyond the reach of law enforcement. The absence of a responsible Somali government directly contributes to the country's enduring underdevelopment, which in turn produces social environments conducive to crime, violence, and radicalism.

It follows, then, that any long-term strategy intended to address security and development concerns in Somalia must focus first and foremost on state-building and governance. Yet in the short to medium term the process of reviving a central government in Somalia may paradoxically work against objectives in counter-terrorism and reconciliation. This suggests the need for a specific set of policies designed exclusively to cope with challenges unique to the transitional period bridging complete state collapse and consolidation of effective governance.

Specifically, efforts to revive a functional state in Somalia have been and remain conflict-producing exercises, because the stakes are so high for Somali actors. The state in Somalia has historically been the primary source not only of power but of wealth – as the catchment point for foreign aid, the point of control of government contracts and parastatals, and as the coercive instrument with which empowered clans and coalitions have expropriated the assets of rivals. The repressive and predatory character of the Somali state under Siyad Barre has left a legacy of deep distrust among Somalis towards the state

as an institution. For that reason, though most Somalis understand clearly the benefits a revived central government would bring, they are reluctant to see control of the state fall into the hands of rival clans or factions. As a result, efforts to revive a central government since 1991 have been viewed as a zero-sum game by Somali actors, and have provoked rather than mitigated conflict. This dynamic was evident as early as 1993, when the formation of local (district) administrations by UNOSOM produced sometimes deadly conflicts among communities which had coexisted in the absence of a formal government.

This zero-sum view of the state has contributed to the virtual absence of “loyal opposition” groups in regional and transitional governments. Instead, those who find themselves out of the circle of power tend to become armed rejectionists, spoilers who opt to bring down an entire government rather than risk seeing it used against them. For external actors, this means that state-building initiatives must either proceed very carefully so as not to produce armed conflict, or that they must accept that their interventions may produce casualties. It also means that in the short-term, external support to state-building will almost never be a neutral exercise, but will instead entail taking sides in internal Somali disputes, since virtually all administrations face rejectionist groups.

Likewise, in the short-term the revival of central government in Somalia is likely to create conditions which are more, rather than less, conducive for terrorism. This is so because *al Qaeda* and jihadists appear to operate best not in zones of complete state collapse – where they face a myriad of security and logistical obstacles – but rather in “quasi-states” or “paper states” where they can exploit the weak state’s juridical sovereignty, corrupt government officials, and low governmental capacity to monitor activities along its borders and in its large cities. Even in a best-case scenario, a revived central government in Somalia capable of effectively policing and preventing terrorist activities is probably a decade away. This suggests that during the transitional period of state-building, the terrorist threat in Somalia may get worse before it gets better.

Four other general challenges exist to state-building in Somalia. The first is the question of revenue and the scope of the state itself. Unless the transitional government secures a windfall of foreign assistance at high and sustained levels – a scenario currently considered unlikely – it will have to operate mainly on tax revenues. The combination of modest levels of foreign aid, a very poor economy, the ease of evading tax collection, and possible resistance by private or regional authorities to handing over control of valuable seaports and airstrips all point to the likelihood that the transitional federal government will be forced to work with an extremely modest annual budget – probably somewhere in the vicinity of \$50 million.<sup>7</sup> State-building will thus necessarily be minimalist in scope – perhaps even radically minimalist -- not by preference but by force of circumstances. This will place a premium on the leadership’s ability to focus only on the most essential functions of government which cannot be left to (or sub-contracted out to) the private and non-profit sectors. It will also severely hamper the capacity of the

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<sup>7</sup> This is strictly a best-guess estimate based on conversations with Somali analysts. It is about twice the annual budget of Somaliland.

government to use state revenues for political patronage purposes, an important tool in maintaining a government of national unity. Given this sobering fiscal reality, the natural temptation for the TFG leadership will be to devote its energies toward prospecting for external assistance rather than engaging in the arduous task of state-building and revenue collection.

Second, state-building in Somalia will almost certainly encounter resistance from groups and individuals who perceive that their economic and political interests are threatened by revival of a functional state. Some of these spoilers will be situational – clans, factions, or leaders who feel they have not been adequately represented or rewarded in the government and who withdraw from the TFG in anger or disappointment at not getting a “fair share of the cake.” This category of spoiler is potentially manageable, with astute diplomacy, political bargaining, and external pressure. More problematic is a second category of spoilers who reject the state-building project because it poses a fundamental threat to their political or economic interests. These may include so-called “warlords” for whom return of rule of law could result in their marginalization or even arrest for war crimes, businessmen whose activities are illicit, and whole clans which have benefited from armed occupation of valuable real estate during the war.

Third, state-building in Somalia does not enjoy the luxury of poor performance. The new government will lack the military capacity to use coercion to impose its rule; it will lack the financial resources to maintain itself in power through extensive political patronage. It will thus have to earn its legitimacy with the Somali people through performance – consensus-building, provision of key services, and accountability. A government which is tempted to transform the state into an instrument of clan hegemony, which is indifferent to provision of public security and other key state services, or which engages in widespread corruption or predatory behavior, will sow the seeds of its own demise by provoking rapid and widespread withdrawal by most of the population. Under current circumstances, Somalis are easily able to resort to an “exit” option if dissatisfied with a transitional government. In this respect, the popular wisdom in some diplomatic circles that “a bad government is better than no government at all” is quite misleading. Somalis themselves make a very clear distinction between “weak” government, which they expect in the short term and will tolerate, and “bad” government, which they will swiftly reject. In this sense, good governance is not so much an ideal goal as it is a precondition for state survival.

A fourth general challenge to state-building in Somalia is how a formal, “top-down” state structure can and should co-exist with existing practices and structures of informal governance which have evolved in local communities over the past decade. Ideally, the newly revived formal state and the informal systems of governance can and will reinforce one another, especially if the architects of the new state are willing to consider innovative ways to meld the two. If not carefully conceived, however, TFG institutions (including structures supported by foreign aid projects) could undermine and even destroy some of the informal, organic practices of public security and provision of services.

## 5.2 Specific Challenges of State-building

In addition to the broad dynamics outlined above, Somalia faces a number of specific state-building challenges, some of which will require difficult decisions and which have the potential to trigger serious armed conflict.

**5.2.1 *Federalism/decentralization.*** The Charter drafted at the Kenya peace talks enshrines the principle of decentralization in the very title of the new government, the Transitional *Federal* Government. But little if any consensus exists inside Somalia about the merits and meaning of federalism, and none of the key details of federalism has been resolved. Almost all of these unresolved issues of federalism have the potential to trigger armed conflict. The delineation of boundaries of regional states is one example. Will the TFG fall back on the 18 pre-war regions as the basis of federalism, or draw up new regions to better reflect current political realities? Many of the pre-war regions are poor, remote, and not viable; some are also riven by clan conflicts. But any attempt to draw up new regions (or recognize existing ones such as Puntland) runs the risk of triggering disputes over valuable real estate such as port towns, or even causing ethnic cleansing. What is intended as an exercise in political devolution could quickly degenerate into a violent struggle to carve out separate “clanustans.”

Another challenge is the scope of actual devolution of power to federal states. Some Somali clans – such as the Digil-Mirifle -- are forceful advocates of regional autonomy, fueled by resentment of political domination and land expropriation by stronger clans. Others, such as the Haber Gedir clan, hail from the very arid and remote central regions of Somalia but now control much of the capital Mogadishu, and are understandably fierce advocates of a more unified system of government. The controversy over residency and political rights in Somalia is also linked to federalism. Who may claim residency, property ownership, and full legal rights in regional states? Inside Somalia, a lively debate exists over residency and rights, a debate premised on the notion that clans have “home areas” where “guests” do not enjoy the same rights to representation, power, and protection.

**5.2.2 *Ownership of national/regional assets.*** Much is at stake in the question of control over tax and customs revenues. Some regions of Somalia enjoy income-generating seaports; others do not. Regions or militias controlling income-generating seaports and airports may be unwilling to see those revenues redistributed to other regions, or even to cede control over port revenues to a national government, and may fight to maintain control over what they perceived to be “their” asset. Whether controlled locally or nationally, tax or customs revenue collection capacity and accountability will need strengthening.

**5.2.3 *Outstanding reconciliation issues.*** The TFG is the result of state-building without reconciliation. Delegates at the Kenyan peace talks found conflict issues too sensitive and divisive to manage, and opted to postpone addressing them in favor of moving directly to power-sharing talks. As a result, extremely sensitive issues such as the return of stolen or occupied real estate, political control over towns and regions by military force, the right

of all clans to return to live safely in Mogadishu, and the handling of charges of war crimes must now be dealt with by the transitional government (see Chapter 6, reconciliation issues). Failure to address these conflict issues will almost certainly derail state-building – the creation of legitimate regional administrations in Lower Shabelle or Kismayo, for instance, cannot proceed until the conflicts over land and militia occupation in those areas is resolved, and a government of national unity will be virtually impossible to maintain if long-standing conflicts divide members of the cabinet.

**5.2.4 Role of legal opposition.** The TFG is currently configured as a government of national unity – in that all clans enjoy pre-set representation on the basis of the “4.5 formula.” In reality, the TFG government is dominated by the pro-Ethiopian SRRC coalition, at the expense of the various sub-clans and political figures associated with the defunct TNG. The benefits of a unity government in post-conflict settings are obvious, but one of the costs is that it tends to conflate the government in power with the government as a whole. That does not provide space for a loyal opposition which might oppose the government in power but not the very idea of the TFG. To reduce the rise of spoilers and to deepen the democratic culture and practices of the parliament, legitimate space for opposition groups must be carved out.

**5.2.5 Democratization and rule of law.** One of the TFG’s principal state-building tasks during its five-year mandate will be to craft and agree upon a constitution. The constitution is critically important to Somalia’s future, providing the framework for a return to rule of law, for safeguarding civil liberties, and for democratic governance in Somalia. One of the many contentious issues the constitution will need to address is the structure and principles for democratic representation in Somalia. The current, temporary practice is “consociational” – that is, political representation based on fixed clan and sub-clan proportional representation. Somalis may opt to adapt the consociational model to democratic practices by holding elections within lineage groups (as occurs in Lebanon). Alternatively, they may opt for the more common practice of district or region-based representation. The latter will raise important questions about district residency, district borders, voting rights, voter registration, all of which can produce conflict, and all of which will require a trusted and effective national electoral commission. Presuming regional administrations are democratically elected, these issues will be revisited at the regional level as well.

**5.2.6 Security sector and judiciary.** The Somali public consistently cites personal security as their most pressing need, and expect improved public security from a central government. Creating an effective and accountable police force and judiciary is a critical state-building task, one which will catalyze positive developments in the economy and which will earn the state legitimacy in the eyes of the public. The challenges to the revival of an effective security sector are considerable. The expense of standing up even a modest police force nationally will strain the modest budget of the TFG. Private and clan militias will in all likelihood continue to exist in coming years, and will possess superior firepower to the police. To effectively advance public security, the formal police and judiciary will need to establish innovative partnerships with local security and justice

practices, including neighborhood watch forces, private business security forces, practices of customary law, and *sharia* courts.

**5.2.7 Capacity of civil service.** Most of the trained, professional class of civil servants from the 1980s are now abroad in the diaspora, and while a number have been willing to return to assist state-building efforts, Somalia suffers from very low numbers of qualified professionals. Especially if the Somali state is to feature a lean, minimalist civil service, the skill level and dedication of those hired into the government will need to be quite high.

**5.2.8 Independent and Responsible Media.** Key to the development of an accountable and democratic government is an effective, autonomous media. One of the outcomes of the collapse of the state has been the emergence of a vibrant media. In the early 1990s, newspapers and radio stations served as propaganda mouthpieces for warlords. In recent years, however, private media has become more independent and professional. Today, a half dozen daily papers compete for readership in Mogadishu, and over a dozen local radio stations operate nation-wide. A privately-operated television station broadcasts locally in Mogadishu. Befitting an oral pastoral culture, radio is the dominant medium. The media focuses heavily on news and current events, and devotes extended coverage to peace talks and workshops of political or social importance. Some of the more innovative radio stations, such as Radio Shabelle and Horn Afrik, have developed sophisticated soap operas with satirical political and social themes; the best of these shows are intensely popular, command large audiences, and have real political impact on public opinion. Call-in talk shows on political topics are also popular and provide a channel for conflicting views to be aired. Some programming is also devoted to community-oriented education. Overall, the quality of media coverage varies considerably. Somalis are, however, discerning consumers of news and information, and are quick to identify, dismiss, and deride propaganda. External efforts to penetrate the Somali media and shape public opinion, if not very carefully crafted, are especially prone to this fate.

The freedom enjoyed by the media in the south has not been maintained in Somaliland and Puntland, where the authorities have sought to exert control over it through legislation and intimidation.

Another important media development has been a proliferation of Somali websites. Mostly hosted abroad, many are regionally and clan focused, and often parochial in their orientation. The internet, however, has enabled communities to extend their social networks, linking the diaspora to their home communities. The primary consumer of this news source is the diaspora.

## **6. RECONCILIATION**

International efforts to bring peace to Somalia and to reconstruct a central government have typically come in one of two forms – a “top-down” approach of internationally-sponsored peace conferences to create a power sharing deal between Somali militia-faction leaders, and a “bottom-up” approach that seeks to encourage and capitalize on

local processes of state construction, reconciliation and “development without a state.” This has proven to be a false dichotomy. Both approaches will need to be adopted simultaneously in order to bridge the gap between formal government structures and the realities of “stateless” governance that have emerged over the past decade. In doing so, a critical component will be responding to the interests and concerns of both the Somali public.

Most Somali national peace conferences, including the two-year talks in Nairobi which recently produced the TFG, have been misnomers – the almost exclusive focus of the delegates has been on power-sharing, not reconciliation. Key conflict issues remain unaddressed and pose a major challenge to the new government.

For its part, state-building is viewed by many Somalis and external actors alike as the key ingredient for reconciliation – an effective state will be able to pacify and disarm militia, broker disputes, and reintroduce rule of law. While there is an element of truth in this view, it is also the case that state-building in Somalia has been one of the most important sources of conflict, as clans and factions vie to control the proposed central government in a high-stakes, zero-sum game.

## **6.1 Somali Dynamics**

As noted in section one, conflict itself has changed in significant ways since the civil war of 1991-92. Since the late 1990s, most of the frontlines have stalled, clan-based factions have split into competing sub-clan militias, and their leaders have become entrenched in increasingly localized political and economic issues. Conflicts between the militia-factions remain serious affairs, costing large numbers of (mainly civilian) lives, and continuing to disrupt chances to form a government of national unity. However, at the same time, military conflicts are increasingly sporadic and short-lived skirmishes. An uncertain stalemate prevails: while militia-factions regularly shift their alliances, frontlines between them rarely move and a prevailing balance of power prevents any one militia-faction from imposing its rule over another.

The large clan-based militias – the basis for the worst fighting in Somalia in the early and mid-1990s – became difficult to maintain and now are defunct. Nearly all of Somalia’s militia-factions have split internally as leaders from different sub-clans compete for supremacy. The power base of Somalia’s warlords has declined further as a result of the limited resources at their disposal. Opportunities for plunder have gradually disappeared and the amount of foreign aid available for diversion has dwindled. Funds accumulated by the faction from taxation at checkpoints and airstrips are largely consumed by the overhead costs of salaries for standing militia and payments required for the settlement of local disputes.

Although “civil society” organizations – primarily local NGOs seeking to deliver humanitarian services and promote human rights on behalf of the UN – have never mounted a serious challenge to the faction leaders, clan elders have effectively reasserted

their authority in community decision-making. At the same time, public support for the factions has also decreased.

These factors have altered the fundamentally predatory relationship between many faction leaders, their militias and the communities which host them. The overlap between community interests and militia interests means that popular pressures for social stabilization now influence and even circumscribe some militia activities. In Puntland and Somaliland regions of northern Somalia, regional administrations maintain a virtual monopoly on use of armed coercion.

## **6.2 Recent History of National Reconciliation**

The international community has responded to these trends in two at times contradictory ways. On the one hand, it has at times adopted a ‘building blocks’ strategy that supports the “bottom up” realities of reconciliation, local governance, and the emergence of decentralized political authority structures, particularly in Somaliland and Puntland. The building blocks strategy anticipated that Somalia’s militia-faction leaders and other civil society actors could be supported to slowly take control of discrete territorial enclaves across Somalia and create regional administrations that would over time become organic federal units of a reunified Somali state. To this extent, the strategy was formally adopted by IGAD, the UN and Western governments as the most appropriate political strategy for state reconstruction in Somalia between 1996 and 2000. What is notable about this approach was that it avoided issues of national reconciliation entirely. The building blocks approach instead placed a premium on regional and local reconciliation, which has generally enjoyed greater levels of success in Somalia.

On the other hand, the international community has continued to hope that a quick fix could be found to Somalia’s conflict by recreating a national government from the “top-down.” This strategy has focused on negotiating an elite-level power-sharing agreement between the country’s competing warlords and political leaders. This approach resulted in over a dozen failed peace conferences in the 1990s. Externally-sponsored peace processes in Somalia came to develop a reputation as a cottage industry, in which warlords gladly appeared, extending talks for months and even years while they resided in expensive hotels and ran up large bills without any intention to reach or implement the accords over which they met. The lesson that frustrated diplomats derived from this legacy of failure is that Somali “warlords” were not serious about peace; some went so far as to argue that they had called the wrong representatives to convene. This reflected a long-running debate about who constitutes a legitimate and authoritative representative of Somali constituencies in national peace talks. Dating back even to the UNOSOM intervention, mediators and Somalis alike have been unable to reach a consensus on this.

In August 2000, the Arta peace conference appeared to provide an answer to this debate. Mediators circumvented the warlords and enshrined clan elders and civil society leaders as representatives of Somali communities, who succeeded in brokering a deal – based on overt clan proportional representation (the so-called “4.5 formula”) – on the establishment of a transitional national government (TNG), led by President Abdiqasim

Salad Hassan. Following nearly a decade of state collapse, the TNG became the first Somali political initiative to achieve a significant degree of international recognition. The TNG took Somalia's long-empty seats at the United Nations, Organization of African Unity, Inter-Governmental Authority on Development (IGAD), and League of Arab States (LAS).

In the end, however, the Arta process did little to resolve the Somali conflicts. Its chief breakthrough was the devising of a power-sharing formula for Parliament which was acceptable to all clans. But it left virtually all the country's other conflict issues, such as return of stolen/occupied land, unaddressed. The TNG never came to control a significant amount of territory in Somalia and within a year was in a state of crisis.

There is no consensus on lessons derived from the failure of the TNG. TNG advocates argue that the failure was due to the international's community's "wait and see" approach to the new administration, which, by depriving it of urgently needed assistance at the outset, doomed the TNG to failure.<sup>8</sup> Others blame Ethiopia for supporting a coalition of anti-TNG rejectionists and undermining the government. Still others argue that the flaw lay in the Arta process which, by sidelining warlords and militias and failing to bring in key regional administrations (Puntland and Somaliland, among others), created a large pool of rejectionists and spoilers. Finally, some skeptics claim the TNG leadership and its supporters were never serious about establishing a functional government, much less resolving outstanding conflict issues; instead, they sought to use the TNG as a fishing expedition to attract and divert foreign aid to enrich themselves. There is at least some evidence to support all four of these "lessons learned," most of which are not mutually exclusive.

### **6.3 The IGAD Peace Process**

In October 2004, the two-year peace process in Kenya culminated in the declaration of a transitional federal government (TFG) led by President Abdullahi Yusuf. The TFG is intended as the successor body to the now-defunct TNG and has a five year mandate. The manner in which mediators sought to address reconciliation and conflict issues in that process is revealing.

The peace talks in Kenya were initiated in January 2002, when heads of state from across the Horn of Africa and East Africa began to plan the Somalia National Reconciliation Conference in Kenya. In contrast to past peace talks, mediators placed great emphasis on reconciliation, not power-sharing deals, as the centerpiece of the process. To that end, a Cessation of Hostilities agreement was signed in the first month of the Somalia National Reconciliation Conference in October 2002. Yet the country's security situation remained precarious. Serious armed clashes took place in at least half of the country's eighteen regions over the next two years.

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<sup>8</sup> The TNG did however receive between \$30 and 60 million in aid from Gulf states, most of which went unaccounted for, creating major corruption scandals which led to the dismissal of the first TNG Prime Minister.

A second element of the reconciliation effort was to engage the Somali delegates in discussing and, when possible, resolving conflict issues. The original plan of the IGAD Technical Committee (including envoys from Kenya, Ethiopia, Djibouti and the IGAD Secretariat) was to promote reconciliation between the warlords and gain their substantive agreement on how any future government would address key peacebuilding issues, including the following:

- Plans for the disengagement of forces, disarmament, demobilization and reintegration;
- Modalities to address the restoration of stolen property and occupied land;
- Mechanisms to promote clan-based reconciliation and address past human rights abuses;
- Strategies for the management of key economic resources and trade infrastructure.

No effective agreements were reached on these issues during the peace process. Instead, Somalia's rival militia-faction leaders postured in disputes over which groups should be allowed to participate in the conference. This was manifested in endless wrangling over procedural issues, particularly the proportional distribution of conference delegates between the factions, and membership in the conference's Leaders Committee, a key decision-making body.

The interests of Somali militia-faction leaders in the peace process was maintained only by the possibility that they could come to power in a new government, the fear that their rivals had the same opportunity, and the lack of alternatives if they finally decamped from the process and returned to Somalia. As a result, there were few serious political negotiations, no attempts to foster clan reconciliation, and a lack of technical, policy planning for the country's future.

Once the IGAD Technical Committee decided to proceed directly to power-sharing discussions, the peace process moved more quickly. After nearly two years of negotiations, the participants agreed in mid-2004 on the Charter of a new Transitional Federal Government (TFG). This led to the clan-based selection of 275 Members of Parliament by the militia-faction leaders according to the "4.5 formula."<sup>9</sup> Once the parliament was selected, it then proceeded to elect the country's President, Abdullahi Yusuf. The selection process was, as has been the case in the past, heavily influenced by financial payoffs and bargaining over the appointment of key individuals to the posts of Prime Minister or Cabinet ministers. Yusuf has since named a Prime Minister, Ali Mohamed Ghedi, who has in turn named an 89-person cabinet. An initial cabinet was named and inaugurated in December 2004 but was challenged by the parliament on the grounds that it had not been approved by parliament, as required by the constitution, and because it did not conform to the "4.5 formula." The 89 person cabinet which was subsequently announced reflected the 4.5 formula of seat distribution, and was properly submitted to the parliament, which approved it in January 2005.

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<sup>9</sup> According to this formula, each of the four main Somali clan families, including the Darod, Dir, Hawiye and Rahanweyn, receive equal representation. Minority groups, including the Jareer (Bantu) and Arab groups, receive half of the number of participants allocated to each of the main clan families.

## 6.4 Challenges for the TFG

As a result of these dynamics, Somalis are left to confront a peace process that continues to unfold amidst a series of very grave challenges. First, a large number of politically influential and well-armed groups – including many warlords, large-scale businessmen and traders, the powerful Haber Gedir Ayr sub-clan, and the country's radical Islamist groups – have long perceived both President Yusuf and his patron Ethiopia as enemies. This potential opposition includes key militia-faction leaders in Mogadishu and Kismayo. There is a danger that some or all of these groups may coalesce into a single armed movement against the TFG once it attempts to relocate from Nairobi to Somalia.

Second, the peace process has not addressed the situation of the Somaliland Administration, and its calls – both at political and public levels – for secession. Over the past year, Somaliland militias have clashed numerous times with those of President Yusuf, while he was still in charge of the neighboring Puntland Administration. Somaliland authorities have issued a range of official statements warning of a full-scale war with the TFG if President Yusuf engages in any provocative actions.

Third, the TFG will have to confront the expectations and fears of the Somali public. While large-scale military conflict in Somalia has deteriorated into a stalemate, average Somalis continue to live with intense physical insecurity due to rampant banditry and regular clan-based conflicts over land, property, water resources and trade routes. The abilities of the TFG to improve security across the south of the country will be a first major test of its capacity to become a functioning government that deserves public respect. However, Somalis will quickly choose to resist the TFG if it is seen as a mechanism to channel patronage to the allies of President Yusuf and repress his opponents.

The future of peace and government in Somalia depends on how the TFG responds to these challenges. President Yusuf will not be able to overcome these dangers if he chooses to rely on foreign aid (which is unlikely to arrive in large sums) and heavy-handed security measures. Rather, he will need to find means of entrenching his new administration in the prevailing dynamics of Somali society. This will require genuine power sharing in the TFG that brings key political leaders, businessmen and clan constituencies into the fold. It will also require the establishment of mechanisms to bridge Somalia's perennial urban-rural divides such that the benefits of the TFG's existence are evident outside of the capital city. This will likely require undertaking some form of public consultations across Somalia to identify the needs for clan reconciliation, the management of resource-sharing problems, and the priorities and limitations of the new government during its transitional period.

## 7. ECONOMIC RECOVERY

The protracted Somali crisis is generally understood to be driven by self-reinforcing failures, or “vicious circles.” Endemic insecurity has prevented economic recovery; the weak economy has in turn produced high unemployment which has impeded demobilization and reinforced criminality and armed conflict. In short, predation breeds poverty, poverty breeds predation. Likewise, economic collapse has reinforced state failure by depriving government of necessary tax revenues, which in turn stymies economic recovery. State failure reinforces economic collapse, economic collapse perpetuates state failure.

In reality, the relationship between economic crisis, criminality and conflict, and state collapse in Somalia is more complex. Over the past decade, the Somali economy has managed to break away from the “conflict trap” and has enjoyed notable expansion and growth in a variety of sectors despite the non-permissive security and political environment. Though Somalia remains extremely poor and its economy mainly subsistence-oriented, the impressive advances by the private sector in some areas has sparked hope that sustained economic recovery might serve as a catalyst for positive developments in other aspects of the Somali crisis. Specifically, economic recovery has the potential to facilitate demobilization; reduce armed conflict; expand the numbers and power of stakeholders with vested interests in peace and the rule of law; increase tax revenues for local and national governments; reduce poverty and underdevelopment; reduce the flow of Somali migrants seeking work in Europe and elsewhere; and help, at least indirectly, combat terrorist activity in Somalia.

The advances made by the Somali private sector reflect an evolution in the economic activities and interests of key local actors, many of whom made their initial fortune in a war economy but who by the mid-1990s began to shift their activities towards more quasi-legitimate commerce and investment in services and real estate. To do this, the business community has been forced to provide security for itself by hiring large private security forces. This has been a costly adaptation to Somalia’s chronic insecurity, but has allowed businessmen to invest in an otherwise hostile and risky environment. They have also improved security by forging cross-clan partnerships, and in the process have become potentially important source of shared interests and networks across conflict lines.

### 7.1 Key Features of the Somali Economy

**7.1.1 *Impoverished.*** The Somali economy is characterized principally by very high levels of poverty; by most measurements it is considered one of the most underdeveloped economies in the world. About 75% of the population engages either in pastoral, agro-pastoral, or agricultural production; nearly all of this rural production is subsistence in nature. Yields per hectare in Somalia are among the lowest in Africa. Because of Somalia’s variable and low rainfall, this subsistence production is very vulnerable to periodic crop failure and loss of livestock. Urban poverty is also high – unemployment

figures in Somali cities are about 60% of the adult population. Those who can secure wage labor typically work for less than one dollar per day.

**7.1.2 *Dependent.*** The Somali economy, especially in urban areas, relies principally on the flow of remittances from the diaspora. Remittances are estimated at \$500 million to \$1 billion annually, dwarfing annual earnings from export of livestock (prior to the Saudi ban about \$120 million) and foreign aid (variable, but typically about \$100 million per year). This injection of remittances from abroad is vital to urban economies. Studies suggest about half of all urban households receive remittances, usually in the range of \$50-200 per month. Remittances allow Somalia to run a very large balance of trade deficit, provide the purchasing power which sustains the large urban service economy, and are largely responsible for the boom in real estate investment in many cities. But it also underscores the fact that Somalia's chief export is its own labor, and that the current economy is heavily dependent on the ability and willingness of its diaspora to send remittances. Without the remittance lifeline, Somalia's already poor economy would face catastrophic collapse.

**7.1.3 *Dynamic.*** Despite the poverty and insecurity pervading Somalia, some sectors of the economy are extraordinarily dynamic and enjoying impressive growth. Import-export commerce is very vibrant, serving the Somali market but also exploiting Somalia's lack of customs to enjoy profitable transit trade into Kenya and Ethiopia. Several sectors – especially remittance companies, telecommunications, construction, transportation, and hotels and restaurants – are all enjoying significant growth and investment. Local entrepreneurs are identifying and exploiting niche markets even in the generally stagnant rural sector – dried limes, sesame seeds, and chilled meat are flown direct to markets in the Gulf States.

**7.1.4 *Expansive.*** The private sector has also stepped into vacuums left by the collapsed state, providing for-profit services in health, education, utilities, security, sanitation, passport and other legal documentation, and seaport and airport facilities. The collapse of the public sector in all but a handful of locations in the country has led to an expansion of the private sector into almost every domain of life where a profit can be turned. In practice, this means that many of these services are only available in the largest towns, where sufficient purchasing power exists.

**7.1.5 *Competitive.*** With few exceptions, the private sector in Somalia is quite competitive. Profitable activities discovered by one entrepreneur typically results in rapid expansion of imitators competing in the same market. Remittances, telecommunications, air and ground transport, and other sectors all feature multiple firms competing openly for customers. Some cases of collusion to fix prices have occurred, but tend not to last long. Import-export commerce is especially open to small investors.

**7.1.6 *Transnational.*** In contrast to Somali politics, which has grown extremely localized and fractured since 1991, the Somali economy is now extraordinarily transnational in nature, reflecting the porous nature of Somalia's borders and the fact that the Somali nation itself is increasingly transnational, including a million diaspora members. The

principal source of revenue is remittances, sent through a global *hawilaad* system. The financial capital of Somalia is Dubai, where businessmen place most of their orders, secure loans and partnerships, and hold bank accounts. The most lucrative commercial activity is transit trade into the Kenyan and Ethiopian markets. The largest private companies in Somalia – the telecommunications and air transport industries – involve partnerships with foreign investors. Many other large investments in light industry, real estate, and services are financed by the Somali diaspora members. The transnational nature of the Somali economy includes undesirable transactions as well, including a trade in arms, drugs, toxic waste, and smuggling of illegal immigrants.

**7.1.7 Unregulated.** State collapse has meant that economic activities are entirely beyond government regulation, resulting in some highly destructive, undesirable, and normally illegal activities – including charcoal exportation, toxic waste dumping, arms smuggling, importation of counterfeit money, and uncontrolled fishing (by foreign vessels) off the Somali coast.

**7.1.8 Constrained.** Economic recovery and growth is constrained by the absence of a banking system, lack of access to letters of credit, poor and deteriorating roads and economic infrastructure, external restrictions imposed as part of post 9/11 counter-terrorism measures, poor security, and high risk levels for fixed investments.

**7.1.9 Powerful.** The Somali economy has produced a business elite which controls both the greatest amount of wealth in the country and the largest private militias and security forces. Top economic actors are now often influential in the political arena as well.

## **7.2 Challenges of Economic Recovery**

Despite the impressive expansion of some urban-based sectors in Somalia, sustained economic recovery faces a number of potential challenges. The extent and nature of these challenges is to some degree unknowable, since the context of prolonged and complete state collapse in Somalia constitutes a unique environment within which to pursue economic development. One question is whether the current trend of relatively robust economic growth in several major urban areas – Mogadishu, Hargeisa, Burao, Bosasso, Galkayo – can continue indefinitely, or whether that growth will be constrained by a “glass ceiling” of limits imposed by the absence of a functional government. A second question is whether economic growth and recovery can expand beyond these main urban areas into the countryside as well as into areas of endemic conflict such as Kismayo.

**7.2.1 Public goods.** The loss of public goods provided by the state – security, roads, currency, bridges, seaports, airports, utilities, and riverine dams and floodwater management systems, among others – is a clear constraint on economic recovery. The private sector has adapted in a number of ways to this loss, in some cases by stepping in to provide those goods at a profit (privatized seaports, airports, and utilities), in other cases by improvising to at least partially circumvent the obstacle posed by the lost public good (use of unmaintained, off-road tracks for transportation; hiring of private security

forces and reliance on clan and partnership networks to provide security in the absence of a police force; dollarization of the economy). Still, some key public goods cannot be easily replaced or managed. Very expensive collective goods such as roads, bridges, and concrete runways continue to deteriorate and in some areas constitute a real impediment to commerce. The prolonged absence of an effective canal and floodwater management authority is resulting in worsening flooding and declining production in key agricultural zones. Even where businesses are able to replace the public good, the costs are often very high, especially with regard to security.

**7.2.2 Certification.** The lack of government has made it difficult for traders to certify the health of livestock for export. One of the reasons the Saudi government has maintained a devastating ban on livestock imports from Somalia is fear of the spread of Rift Valley Fever, a disease threat which could be managed with effective government certification programs. Somalis have partially circumvented this problem by expanding the export of chilled meat by airplane, but this represents only a small fraction of the livestock trade lost to the ban.

**7.2.3 Letters of credit.** The lack of a banking system in Somalia denies most Somali businesspeople access to letters of credit. Businesspeople throughout Somalia and Somaliland view this as a major impediment to investment. Somalis with residency or citizenship rights in another country are usually able to secure loans and letters of credit, giving them a considerable advantage over local entrepreneurs.

**7.2.4 Insurance.** Businesses based on foreign partnerships face the problem of lack of access to insurance, making investments in Somalia extremely risky and hence discouraging both local and direct foreign investment.

**7.2.5 Lack of legal framework.** Both private and non-profit sectors in Somalia operate in a legal vacuum. This makes upholding contractual agreements, and arbitration of contractual disputes, much more difficult. It also means entrepreneurs are forced to place expensive fixed investments on land the title to which exists in a legal limbo and which could be contested at a future date. Currently, such contractual and land title disputes are managed through traditional elders, but in many cases contract disputes result in armed violence or kidnappings.

**7.2.6 Security costs.** Except for Somaliland, and to a lesser extent Puntland, private businesses in Somalia must invest heavily in security to guard against theft of property, war damage, and kidnapping of owners and their family members. The recently-opened \$8.3 million Coca-Cola plant in Mogadishu, for instance, requires several hundred security guards and has had to shield parts of its production area with mortar-proof concrete protection. One of the largest telecommunication companies, Nationlink, employs 300 guards to protect 500 staff. Businesses in south-central Somalia routinely cite the costs of security as one of the reasons they support the re-establishment of a government, though in the short-term and medium-term those businesses would almost certainly need to retain large private security forces until police forces gained strength.

**7.2.7 Human resources/brain drain.** The practice of exporting its labor to generate remittances from abroad sustains the Somali economy in the short term, but simultaneously cripples its economic recovery by draining the country of most of its skilled labor. Somalis now routinely seek education in English or Arabic, not Somali language, as they assume that their education is preparing them to work abroad as part of the diaspora. Local businesses are hard-pressed to find trained Somalis locally, one reason for the unlikely but growing practice of hiring Kenyan engineers, accountants, and others to work inside Somalia.

**7.2.8 Risks.** Despite impressive adaptive strategies, businesses in Somalia face high, chronic, and sometimes unpredictable risks. The threat of extortion, warfare, expropriation, kidnapping, and interruption of business activities by external actors (US counter-terror measures, Kenya and UAE travel and visa restrictions, Ethiopia border smuggling crackdown) all make Somalia a very risky environment in which to invest, discouraging economic recovery.

## **8. HUMANITARIAN AND SOCIAL NEEDS**

The social cost of war and 13 years of statelessness has been enormous. Of a total population of 8-9 million, 250,000 Somalis died in the famine and war of 1991-92; over one million fled the country as refugees (of whom 240,000 remain in refugee camps today); and 1.6 million were internally displaced (of whom 300,000 remain internally displaced today). The collapse of health, sanitation, and education systems has worsened Somalia's already very low human development indicators, which place the country among the least developed countries in the world. Life expectancy is 47 years; the mortality rate for children under five is 224 per 1000; primary school enrollment is 17%; acute malnutrition levels are estimated at 17%; and GNP per capita is US\$226.<sup>10</sup>

Assessing similar figures several years ago, the UNDP *Somalia Human Development Report 1998* reached the following conclusion:

In almost any other country, any one of these indicators would be considered a national emergency. Yet Somalia's prolonged humanitarian crisis has raised the threshold for what is considered an emergency there – only outright famines and deadly epidemics generate an emergency response. Nonetheless, the chronically low levels of human development constitute a long-term emergency for Somali society and, indirectly, for the international community.<sup>11</sup>

These aggregate figures mask a still deeper crisis of human development in the country – namely, the sharp and growing gap between wealthier households (typically, urban, with access to remittances or business revenues) and increasingly destitute households

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<sup>10</sup> Figures are from UNDP, *Somalia Human Development Report 2001* (Nairobi: UNDP, December 2001), and recent World Bank/UNDP surveys.

<sup>11</sup> UNDP, *Somalia Human Development Report 1998* (Nairobi: UNDP, 1998), p. 12.

(typically, rural or displaced, with no access to remittances). For the latter category, access to basic social services and minimal food security is beyond reach.

Trends in human development in Somalia over the past decade are mixed. A reduction in armed conflict since the mid-1990s has reduced war-related deaths, life-threatening emergencies, refugee movements and internal displacement; in 2001-2002 only 4.3% of deaths were reported to be war-related. Access to education is improving, thanks to an increase in the number of private Islamic schools in Mogadishu. But health, nutrition, and per capita income indicators are all stagnant, and purchasing power in rural sectors continues a long-term downward spiral. The prolonged civil conflict and state collapse has affected settlement patterns, property rights, and community safety nets in complex ways, in some cases increasing the vulnerability of poor households. Meanwhile, Somalia has been the site of continuous humanitarian operations since 1990; even in years of good rainfall, strong harvests, and reduced conflict, the country is chronically vulnerable to disease epidemics and food shortfalls.

## **8.1 The Revival of Social Services**

Prior to the war basic services were managed by the central government and heavily subsidized by foreign aid. War and state collapse has resulted in the decentralization, deregulation and privatization of basic services. Currently, the administrations in Somaliland and Puntland provide very modest support to social services, mainly in the form of salaries. Some municipalities or district councils also provide some basic services. The revival of health, education, water and sanitation services has therefore fallen on a mixture of communities, international aid agencies, Islamic charities, diaspora organizations and Somali businesses. For the most part, access to social services is restricted to those who can pay.

**8.1.1 Health.** Somalia's health system is better funded by international aid than other sectors, involving some 50-60 organizations including Islamic charities. These agencies, through the Somalia Aid Coordination Body (SACB) and in collaboration with Somali health organizations, regulate the sector through common health policies and practices. Certain forms of health care provision, such as vaccination, polio and cholera control, are centrally managed by international aid agencies, but many facets of health care are provided by the private sector. International health agencies have supported decentralized management and financing of minimal public health services through Regional Health Boards (RHBs). Most non-profit services are based on cost-sharing, which limits access for the poor.

Despite the investments made by international agencies and Somali health professionals, there has been little improvement in overall health indicators and the sector faces several critical problems, including a chronic lack of qualified health professionals, weak management of health services, inadequate resources to finance a public health system, an urban bias in health provision, and a weak drug certification regime.

Limited foreign and public investment in health care means that a significant proportion of the population obtains its health care from the private sector. This trend is increasing with a growth in private hospitals, which are supported in part by benefactors in the Gulf States and the diaspora and in part through fees. In recent years, the emergence of medical associations in Mogadishu, Somaliland, and Puntland has protected the interests of doctors and established a form of self-regulation.

Available data indicate a low HIV/AIDS prevalence of less than 1%. However, the high prevalence of STDs and TB suggests that this figure may be underreporting the problem. WHO and UNICEF argue that it is better to assume there is already a “generalized HIV epidemic” in Somalia, due to conflict and poverty and the cross-border movements of Somalis to and from Ethiopia, Kenya and Djibouti, all of which have high prevalence rates. There is also a potential danger that a proposed deployment of African Union peacekeeping forces in Somalia could exacerbate the problem. However, a basic awareness of HIV/AIDS in Somalia, and a substantial commitment of funds from the Global Fund to Somalia could provide an opportunity to avert an AIDS epidemic.

**8.1.2 Education.** Since totally collapsing in 1991, educational services in Somalia have been revived in various forms: a traditional system of Quranic schools; a public primary and secondary school system working to a common curriculum, financed by communities, foreign donors and the administrations in Somaliland and Puntland; a system of Islamic charity-run schools; and a system of privately-run primary and secondary schools, universities, and numerous vocational training institutes. The current data indicates that the total number of primary schools exceeds the number in the late 1980s and that enrollment rates are rising, although with considerable regional variation. Secondary and higher education is also expanding. Whereas there was only one university in Somalia prior to the war, there are now at least four claiming the title of university in Mogadishu, Hargeisa, Borama and Bossaso.

As with health provision, aid policy has promoted the community management and financing of schools through community-based committees and school fees. However, the feasibility of a fully self-financing system is unrealistic, given the current per capita income of families. There is an urban bias in education provision, the cost of education is restrictive for some poorer communities and female enrollment is disproportionately low.

There is an increasing divergence in the educational systems between the south and the north, particularly Somaliland. In the south-central regions of Somalia there has been a rapid growth educational establishments funded by Islamic charities, in which over 100,000 children are currently enrolled. These schools are managed through two educational umbrellas – the Formal Private Education Network in Somalia, or FPENS (for Arabic medium schools) and the Somalia Association for Formal Education, or SAFE (for English medium schools). This contrasts with the “public” education system in Somaliland, ostensibly managed by the government. The development of several models of financing and managing education is illustrative of the future challenges and choices that a new Somali government will be faced with.

**8.1.3 Water.** The water sector provides a further illustration of the changes in the management and provision of previously publicly run services. Donor policy promotes the public-private management of water systems. In most municipalities, piped systems have been outsourced to multi-clan business consortiums with a modicum of public overview or, as in Mogadishu are completely privatized. Many rural boreholes that were previously government managed have been taken over by private individuals. While more Somalis have access to clean water now than five years ago, it is still less than 30% of the population, which is worse than before the war.

## **8.2 Humanitarian trends**

Somalia has been ranked by Tearfund as the second most disaster-prone country in the world. While armed violence and state collapse continue to render some people vulnerable to displacement and food insecurity the nature of humanitarian crises has changed since the early 1990s. In much of Somalia climatic extremes, such as the El Niño floods of 1997/1998 and localized droughts are the main causes of humanitarian distress. The country's extreme poverty makes it especially vulnerable to high fatality levels when natural disasters strike. In early 2005, most of northern and central Somalia is in the grip of a prolonged drought affecting 1.2 million Somalis, and a number of coastal communities have been destroyed by the December 2004 tsunami.

Local coping mechanisms, social obligations of wealth-sharing within Somali lineages, remittances, and improvements in international systems of early warning and response have helped to avert most crises from becoming acute and prolonged. In some instances, however, local coping mechanisms are under growing strain. In northern Somalia, a combination of economic stress caused by the import embargo imposed by Gulf States on Somali livestock, environmental degradation and three successive years of rainfall failure has depleted livestock numbers and pushed the livelihoods of several hundred thousand people to the edge of collapse. In the Juba Valley three successive years of crop failure, combined with high levels of displacement and chronic insecurity, have precipitated very high rates of malnutrition and mortality.

Humanitarian response has been complicated by poor and worsening levels of insecurity. Over the years aid agencies have developed more effective means of operating in "non-permissive" areas of Somalia, including minimizing the diversion by militias by delivering food aid through local contractors, reducing the presence of international staff, and experimenting with alternatives to food aid, such as cash distribution in response to the drought in Sool and Sanaag regions. But multiple attacks by jihadist cells on aid workers in the past year add a new dimension to threats faced by aid agencies.

## **8.3 Demographic Trends**

War and famine have caused a major geographical realignment of the Somali population. From 1988 until the mid-1990s, Somalia was one of the main refugee producing countries in Africa, with over one million people fleeing the war. The war also displaced an estimated 1.6 million people within Somalia. Flight from violence and economic

migration has created a large diaspora giving Somali society a transnational dimension. Since 1995, a reduction in conflict, the internal resettlement of populations and economic recovery has meant displacement has been infrequent and on a smaller scale.

**8.3.1 Refugee movements.** Since 1995, refugee outflows have declined and the pace of repatriation and reintegration has increased. The last refugees from Somaliland resident in Ethiopia were repatriated in 2003. Today, there are an estimated 400,000 Somali refugees worldwide, of whom 144,129 are registered in Kenya, 67,433 in Yemen, and 37,498 in Ethiopia. There are also thousands of Somalis residing illegally in neighboring countries, most living in urban areas rather than in camps.

Today, most Somalis leaving Somalia today do so as economic migrants or as part of family reunification programs. Increasingly stringent asylum policies in Europe, and increased security restrictions on cross-border movements since the 9/11 attacks, have affected refugee movements. But because Somalia's economy is so heavily dependent on remittances, the outflow of Somali migrants is likely to remain strong even in the event a central government is re-established.

**8.3.2 Internal displacement.** Currently there are estimated to be between 320,000 and 350,000 people displaced in Somalia, with the largest concentrations to be found in Mogadishu and Kismayo. These are mainly former farming families from southern Somalia. Migration and the splitting of households are part of the normal coping strategies of agricultural and agropastoral populations, so displaced people are often indistinguishable from other disadvantaged groups. Nevertheless, the internally displaced are amongst the most vulnerable population groups in Somalia. Living on the periphery of urban centers, they are vulnerable to insecurity, sexual abuse, labor exploitation, eviction, destruction and confiscation of assets, biased media reporting and lack legal protection. They have the lowest of household incomes, and nutritional surveys consistently indicate higher malnutrition rates among the displaced compared to the general population. The future challenge of addressing the needs of displaced is considerable if they are not to become an entrenched underclass.

**8.3.3 The diaspora.** With over one million Somalis residing outside Somalia, the Somali nation is no longer confined within Somalia's territorial borders, but has become transnational. The Somali diaspora has been a potent force in Somali politics and Somalia's economy. Many of the country's political movements were founded and financed by Somalis outside Somalia, and the diaspora constitutes a large and influential portion of top leadership in the Parliament and civil society – indeed, most top Somali political figures and their families hold multiple passports. Economically, the remittances sent by the diaspora are the single greatest source of revenue in Somalia (estimated at between \$500 million to \$1 billion annually) and arguably float the entire economy and constitute the main source of investments in local businesses. Socially, the diaspora are beginning to invest in community services (libraries, schools, hospitals); returning professionals have brought new skills and knowledge and technology which benefit business and social services. The social impact of the diaspora is also apparent in the adoption of new religious practices, social mores and cultural habits both from the West

and the Gulf states. The relationship between the diaspora and Somalia is likely to remain significant and dynamic.

**8.3.4 Urbanization.** Somalia is undergoing a very rapid level of urbanization, driven by a combination of war-time displacement, rural immigration, security, access to services in urban areas, and the concentration of wealth and economic recovery in the main cities. This is producing a range of challenges for municipal authorities, including water shortages, shanty-towns, property disputes, congestion, sanitation problems, homeless people, land speculation, and sky-rocketing property values.

## **8.4 Food Security and Livelihoods**

**8.4.1 Food security.** Although food security has improved since the early 1990s, Somalia continues to experience an annual food deficit and a need for external food aid. In 2000, the number of people estimated to be food insecure had fallen to a post-war low of 400,000 people, but by September 2004, it was estimated 1.2 million people require food aid until April 2005.

There are marked regional variations in food security, and between population groups. Poor farmers, returning refugees, internally displaced, people without access to remittance, or people from minority or weak clans are most vulnerable to food insecurity. Over the past decade food security in the north has generally been better than in the south, primarily due to better physical security and a greater reliance on pastoral production.

**8.4.2 Employment.** High unemployment has become a permanent feature of urban Somalia, and is one factor sustaining the large numbers of militia, particularly in the cities of southern Somalia. New sources of employment are growing in trade, retail, telecommunications and construction. The urban construction boom in the northern cities has attracted a significant flow of migrant labor, mainly from the south but also from former pastoralists and migrant workers from Ethiopia.

Opportunities for salaried employment for professional are very scarce and are concentrated in the main urban centers. The administrations in Somaliland, Puntland and Mogadishu provide some public employment opportunities (the Somaliland administration pays salaries to some 4,000 public employees) but in both Somaliland and Puntland it is the security forces that consume the largest proportion of the public wage bill. Very low public salaries and the limited employment opportunities discourage skilled labor from returning to Somalia. One consequence of the war and the collapse of public service employment, is that Somali women have taken on a greater economic role, and in many households are the sole breadwinner.

## **8.5 Environmental Trends**

Formal regulations for governing the use and protection of natural resources collapsed with the government and traditional measures for environmental management have

lapsed due to conflict, economic necessity or opportunistic exploitation. Somalia consequently faces numerous environmental problems.

Rangelands are under stress from a variety of factors, including the private enclosure of rangelands and water resources, sedentarization, the embargoes on livestock exports, economic stress, and the breakdown in environmental management practices. Forest cover has been devastated by the cutting of forests for charcoal and fuel. The export of acacia charcoal to the Gulf states has risen sharply since the mid-1990s. Over the past decade the Somalia's potentially rich marine resources have been over-fished due to industrial fishing within Somalia's Economic Exclusion Zone, by local and foreign vessels in joint venture operations with Somali businessmen and faction leaders. Somalia's marine life has also been affected by the dumping of toxic wastes. Water sources in Somalia are also declining.

## **8.6 Human Rights**

Some progress has been made since the early 1990s, but human rights violations remain endemic and very serious in Somalia. Efforts to hold non-state actors accountable for upholding human rights in areas they control have met with little success. Formal administrations in Somaliland, Puntland, and Mogadishu (the TNG) have been sensitive to external pressure and charges of human rights abuses. Their record is mixed but by no means egregious regarding human rights violations. Threats of smart sanctions and the possibility of war crimes tribunals should a new government choose to pursue that option is increasing the visibility of human rights issues in contemporary Somalia. Key human rights violations in Somalia include:

**8.6.1 *War crimes.*** Armed conflicts continue to produce some of the worst human rights abuses in Somalia. Of special concern have been targeting of civilians; rape; looting and destruction of property; intentional displacement of civilians; illegal occupation; and child soldiering. These crimes have been committed with impunity, and in some cases implicate high-level militia commanders.

**8.6.2 *Criminal violations of human rights.*** The distinction between militia and criminal activity in Somalia is very difficult to make, as warfare itself is an enterprise for looting and as armed conflict is increasingly linked to retaliation against criminal acts. Still, there are numerous instances in which crimes committed by "civilians" – be they criminals or unpaid militia engaging in criminal acts – are generating serious human rights crises. They include kidnapping, rape, forced labor, and discrimination against minorities.

**8.6.3 *Violations committed by local authorities.*** Where some level of formal administration has been established – in Somaliland, Puntland, the TNG (up to 2002), the Juba Valley Authority, and elsewhere – those local, regional, or national administrations are themselves sometimes the source of human rights violations. In the past two years, some of these polities have been accused by human rights groups of infractions ranging from arbitrary deprivation of life; arbitrary arrest and detention; restrictions on civil liberties; denial of due process; cruel and inhumane punishment; and unacceptable prison conditions. The general weakness of these administrations is one factor limiting their capacity to commit human rights violations on a large scale.

## SECTION III: SCENARIOS

### 9. CONSTANTS (3-5 YEAR OUTLOOK)

Regardless of the eventual outcome of the TFG – possible scenarios for which are considered below -- most aspects of Somali politics, economics, and security will remain largely unchanged in the next three to five years. Barring a wildcard, changes which occur will be incremental and driven primarily by existing trends. Even in a best-case scenario, the TFG will only gradually be able to extend a presence and have a meaningful impact on most of Somalia in the next few years. And even in a worst-case scenario of TFG failure, most local political and economic systems will not be significantly disrupted. The declaration of a transitional government has more immediate impact on external actors dealing with Somalia than on the lives of average Somalis.

#### 9.1 Governance

South-central Somalia will remain a zone of *de facto* state collapse, with either weak or non-existent capacity of central government to project authority. Informal and/or local systems of governance will remain the principal source of rule of law and public order; their writ will continue to be modest in capacity, patchy in coverage, and vulnerable to spoilers. Most disputes and criminal cases will be handled by customary law and blood compensation. Local *sharia* courts and *sharia* militia appear likely to remain an enduring feature of the political landscape, complementing customary law. The TFG will not be able to and will probably not attempt to replace these local systems of justice. Where *sharia* courts, customary law, and blood payments fail to resolve disputes, revenge attacks will periodically spiral into localized armed conflict.

An increase in the number of formal local and regional authorities (such as Puntland, the Lower Shabelle regional authority, and the Jubba Valley Alliance) is very likely to continue as well, though the reasons for their growth will vary depending on the fate of the TFG. If the TFG is successful, regional states will expand as part of the federalist structure of the transitional government. Conversely, TFG decline or failure is very likely to trigger the rise of self-declared regional authorities, rarely conforming to existing regional boundaries. The proliferation of sub-national polities (ranging from large trans-regional polities like Puntland to city-states like Jowhar) will be driven mainly by political calculations on the part of militia and political leaders. They will correctly anticipate that, in a post-TFG setting, fixed territorial bases will earn them greater legitimacy in the eyes of the international community. The success of Abdullahi Yusuf in parlaying Puntland into a political base to claim the Presidency of the TFG has not been lost on Somali political figures, who will emulate the Puntland model in a post-TFG setting. Regardless of the fate of the TFG, these regional polities will possess modest capacity to perform rudimentary administrative functions. Past precedent suggests that most will barely function at all, either because of a lack of revenue or a lack of interest on the part of the leaders claiming to be governor or president of the polity.

## **9.2 Conflict**

Localized, low-intensity, low-duration armed conflicts, usually involving sub-sub clan level disputes, will almost certainly remain endemic in south-central Somalia in the next three to five years, mainly because the drivers of these local conflicts – communal competition over scarce resources, contested control of real estate, unresolved crimes leading to blood feuds, political manipulation of clan tensions, and proliferation of small arms – are relatively fixed features of the political landscape in Somalia. A functional TFG will only gradually be able to contain and prevent this type of armed conflict.

A second type of armed conflict, involving large-scale battles pitting the TFG against rejectionist fronts, is a possibility in at least one of the scenarios considered below.

## **9.3. Criminality**

Endemic criminality is likely to remain a major problem in the short to mid-term in much of south-central Somalia. The pattern of violent crime over the past decade has been one of oscillation, with periods of relative communal control over criminality followed by outbursts of crime when local public security devices like *sharia* courts are weakened or collapse. The establishment of the TFG may help marginally in re-imposition of law and order in areas of the country it controls, but that linkage cannot be taken as a given. In 2000, the establishment of the TNG actually worsened crime in Mogadishu, by partially displacing existing local mechanisms of public security.

Kidnapping will remain one of the most persistent forms of “street crime” and will be a major security threat to international residents and visitors in Somalia as well to Somali citizens. Other types of street crime, such as roadblocks and banditry, may be more susceptible to TFG policing. A decline in Somali “white collar crime” – export of charcoal, drug-smuggling, gun-running, importation of counterfeit currency – is possible only if the TFG succeeds in establishing a fairly robust authority.

## **9.4 Land Occupation**

Occupation of valuable real estate by militarily strong clans remains one of the most intractable outstanding conflict issues in southern Somalia. That a few clans and sub-clans (most notably the Haber Gedir/Ayr) have been major beneficiaries of military conquest and occupation, and appear intent on permanently settling land they have acquired through the course of the war, makes this an extremely delicate topic. The Mogadishu-Kismayo corridor is the main site of this occupation, but not the only site. Even in a best-case scenario, land disputes and occupation will remain a major feature of the political landscape in the Mogadishu-Kismayo corridor in coming years.

## **9.5 Power**

The trend toward increased political as well as economic power in the hands of leading Mogadishu-based businessmen (including those based in Dubai) appears likely to endure.

Most observers expect that the social and political influence of Islamist groups will continue to grow as well, given their superior organization, their external financial support, and their investment in the education sector. Militia leaders who lack an income-generating resource (such as an airstrip or a business) will remain relatively marginal actors. However, even in a weakened state, a significant number of militia leaders retain the capacity to disrupt and play spoiler to political arrangements they do not like. The spoiler problem will likely remain a major headache for both the TFG and local authorities, unless a real political consensus emerges along the lines anticipated in scenario #1 below.

## **9.6 Economy**

Somalia's economy appears to be on a fairly predictable trajectory in the coming three to five years. It will remain very poor and dependent on remittances, and the worst levels of poverty will remain concentrated in rural Somalia, which will continue to be vulnerable to periodic humanitarian emergencies. The most predictable sectors of the economy are those based in some manner on remittances, namely commercial imports of basic consumer goods, the service economy, and real estate investment. Continued urban drift is likely as well. Less easy to predict are sectors of the economy such as transit trade and livestock exports which are more vulnerable to external shocks.

## **9.7 Somaliland**

Internal political and economic conditions in Somaliland may experience major changes for better or worse depending on factors such as the outcome of 2005 parliamentary elections, but the overall status of Somaliland as a self-declared secessionist state outside the authority of the TFG will not change in the next three to five years. Jurisdiction over portions of Sanaag and Sool will remain in dispute between Somaliland, Puntland, and the TFG, and as such will be a chronic potential flashpoint of armed conflict. Somaliland's overall political stability – in the past decade a fairly predictable “constant”—can no longer be taken as a given, however.

## **9.8 External Interests**

Barring a wildcard factor, external interests in and engagement on Somalia will remain relatively modest in the next three to five years. The country is very unlikely to attract a major external patron willing to provide transformational levels of foreign assistance. The European Union will likely remain the lead external actor on Somalia and principal source of foreign assistance. Relief aid in response to periodic humanitarian emergencies will remain a major component of external engagement. Due to chronic security threats, external actors will establish only a minimal physical presence inside the country even if the TFG succeeds in rebuilding central government relatively quickly. Ethiopia will remain the most engaged regional actor, and will use its influence to support Somali allies and veto undesirable political developments. Though currently dormant, regional rivalries between Ethiopia and regional Arab states remain a potential problem, one which may quickly resurface if Somalia breaks into opposing camps.

## 10. TFG SCENARIOS

The recent establishment of the TFG may finally bring an end to the 14 year period of state collapse in Somalia. But it is not at all clear how the TFG's fortunes will play out over the course of its five year mandate (2004-2009). Several scenarios are currently possible, some of which could occur sequentially.

### 10.1 Incremental Success

In a best-case scenario, the TFG succeeds gradually in building an administrative capacity and presence throughout most of Somalia, containing and co-opting rejectionists, and making progress on critical political issues such as the constitution, federalism, and elections. The culmination of this scenario is an accord on a permanent constitution and system of government and election of a government in 2009. Even in this best-case scenario, external actors must not expect too much, and must anticipate chronic insecurity, flare-ups of armed conflict, and conditions of *de facto* state collapse throughout much of the country. Setting the bar any higher would make this success scenario, which is already unlikely, entirely implausible. The challenge for external observers in this scenario will be to distinguish between developments which are predictable "bumps in the road" as opposed to developments which are signs of impending failure of the TFG. Discerning the difference between the two will help external actors avoid two harmful policy errors – one, premature abandonment of the TFG, the other prolonged support to a TFG which has devolved into an unsalvageable "paper state."

For the incremental success scenario to transpire, a number of hurdles will need to be cleared relatively early on in the TFG's mandate. If they are not, this scenario quickly becomes unrealistic. The TFG will need first to secure timely, adequate, and appropriate amounts of external assistance, enough to "prime the pump" of the new administration and win local confidence that the TFG is "the only game in town" but not so much that it reinforces habits of corruption and lack of accountability. It is not clear that the external aid community currently possesses the capacity to calibrate assistance to this degree.

The TFG must then exercise adequate stewardship of those funds. Effective stewardship of its first budget – meaning minimal corruption and tangible signs of governance in areas it controls – will earn the TFG "performance legitimacy" in the eyes of both Somali and external communities. The grace period that the TFG has to demonstrate its seriousness of purpose is probably shorter than the TNG enjoyed in 2000; the TFG will need to begin to show results within three to six months or it will begin to lose public and international confidence and will be viewed like the TNG – as a "paper state" sham (see scenario #2). The longer the TFG remains outside of Somalia, the quicker the grace period is likely to come to a close.

It is worth noting that the yardsticks which Somalis and the international community use to measure the TFG's performance are to some degree incompatible. Many Somalis will judge the TFG on its ability to "deliver the goods," most notably its ability to provide

positions in the government to satisfy all clans. This patronage logic, which tends to produce such anomalies as a Ministry of Tourism in Somalia, runs counter to the sustainability and responsibility yardstick which external actors will employ. Signs that the TFG is making itself into a bloated and unsustainable administration will be interpreted by external actors as a lack of realism and seriousness on the part of the TFG leadership.

To succeed, the TFG will also have to minimize and contain defections and rejectionists. The natural instinct of the government will be to use patronage politics to this end, but the minimal funds available to it will make patronage a tool of limited utility. Some political figures and clans will be content to engage in “seat-banking” – holding a cabinet or other position on the expectation that it will have future value. That is the logic which produced the bloated 89 person TFG cabinet. But not all rejectionists can be bought off. Some have no interest in seeing the TFG succeed. Somaliland is an obvious example; the JVA, the Lower Shabelle regional administration, hard-line Islamists, and others may be as well. The TFG will be faced with a choice of using force against these rejectionists or slowly eroding their power base. With few exceptions, the option to use force will rally entire clans against the TFG and lead to scenario #3.

To achieve lasting success, the TFG will need to secure buy-in from the Hawiye business leaders in Mogadishu (and Dubai). Resistance or lack of support from the Mogadishu business community will effectively prevent the TFG from establishing an operational presence in the Mogadishu-Kismayo corridor, denying it control over key seaports, airports, and the capital city. Support from the businessmen, who might be convinced that a functional TFG opens lucrative new commercial possibilities, may still not guarantee TFG success – other spoilers in south-central Somalia could pose obstacles. But the businessmen’s support would go a long way toward securing tax revenues for the TFG and carrying most of the Hawiye clan into the TFG fold. Importantly, it would also improve the TFG’s odds of establishing itself in Mogadishu within a year or so, which is crucial for the TFG’s legitimacy.

The “incremental success” scenario would likely include other important accomplishments as well. In this scenario, the TFG manages relations with Somaliland peacefully; begins building a small, committed civil service; oversees partial demobilization; secures control of key national assets, including seaports, airports, and government buildings; and earns broad external recognition. Given the enormous challenges posed by each of the above benchmarks of progress, this best-case scenario is certainly not a given. This scenario is most plausible if the TFG can achieve some early accomplishments, allowing it to build confidence in Somali society and generating a “success breeds success” dynamic.

How hard line Islamists fit into this best-case scenario is a troubling consideration. If the TFG keeps them out of the government – certainly the preference of the TFG’s patron, Ethiopia, and TFG President Yusuf – the TFG faces the prospect of a potentially dangerous spoiler. If the TFG accommodates the hard line Islamists, the government will be effectively infiltrated, making the TFG a problematic partner in counter-terrorism

efforts (somewhat akin to problems associated with Yemen and Pakistan). Infiltration may not occur only via a policy of accommodation; it may be a tactic on the part of Islamists whether the TFG leadership likes it or not. President Yusuf was unable to prevent hard line Islamists from taking positions within the Puntland judiciary; it is entirely conceivable they will adopt the same approach with the TFG. The result would be a successful outcome for state-building but a potential complication for counter-terrorism partnership.

## **10.2 TFG as Paper State**

In this scenario, the TFG essentially follows the same trajectory as did the TNG in 2000-2001, resulting in a government which enjoys juridical sovereignty without exercising empirical sovereignty. It exists principally as bait to attract foreign assistance, which is diverted into pockets of leading politicians. Precisely because it does not attempt to project its authority, it is viewed by rejectionists as harmless rather than threatening and hence does not provoke armed conflict on a significant scale.

Indications that this scenario may be unfolding will include some of the following signs. President Yusuf and his supporters devote their energies to securing foreign aid rather than building an administration in country. Yusuf stays abroad most of the time, enjoying the perks of a head of state and postponing the difficult and thankless task of building an administration. The TFG delays its relocation from Nairobi to a temporary capital in Baidoa; once established in Baidoa, many of the cabinet members and MPs are absent, preferring residence in Mogadishu, Nairobi, or Addis Ababa. The number of ministries in the TFG quickly proliferates due to the patronage impulse, but none develops a meaningful administrative capacity. Foreign assistance which is garnered by the TFG is diverted into private pockets, leading to charges of corruption and eroding local and international confidence in the TFG. TFG budgets run dry. Key conflict and governance issues – the parameters of federalism, control of national assets like seaports, status of occupied land – go unaddressed. TFG civil servants and MPs gradually defect or, if diaspora members, return home. The TFG fades into irrelevance in the final years of its five-year mandate.

If the “paper state” scenario occurs, it will likely produce a proliferation of self-declared regional polities. Coming on the heels of the failed TNG, the decline and eventual failure of the TFG will deepen international pessimism and cynicism about state-building in Somalia and demoralize some Somalis, especially professionals and others in “civil society. This may prompt accelerated out-migration by Somalis who conclude there is no future in the country. This scenario will also re-energize calls in some quarters for recognition of Somaliland.

Because this scenario already transpired with the TNG, and because many of the same dynamics appear to be at play within the nascent TFG, this should be considered a likely scenario as of January 2005.

### **10.3 Divided Somalia at War**

In this scenario, the establishment of the TFG is viewed as a direct threat by rejectionist groups, who actively seek to undermine it. The TFG, enjoying robust support from Ethiopia and perhaps others, responds to rejectionists with force, seeking to wrest control of key territories such as Mogadishu, Kismayo, and Lower Shabelle region. Given current political alignments, this scenario would involve core TFG supporters mainly derived from the old SRRC coalition – some combination of Mijerteen, Rahanweyn, Biimaal, and perhaps some Hawiye sub-clans – against a rejectionist front led by the powerful Haber Gedir/Ayr sub-clan but including a number of other clans and factions comprising a rump TNG group. A direct Ethiopian military role cannot be ruled out if Yusuf invites Ethiopia in as a peacekeeping force. Heavy and protracted warfare ensues, potentially mobilizing entire clans and drawing in rival external actors. The most likely sites for this conflict would include the Bale Dogle airport in Bay region, Kismayo, the Lower Shabelle, and strategic points inside Mogadishu.

The most likely outcome would be a bloody stand-off, with the TFG able to wrest control of parts but not the entire Mogadishu-Kismayo corridor from the opposition. The rump TNG coalition would likely attract support from Islamic radicals – both Somali and foreign – mobilized to fight jihad against perceived aggression by Ethiopia and its Somali clients (see Chapter 16). Many Somalis – especially from the large Hawiye clan -- would resist the TFG as well if rejectionists succeed in portraying the TFG as an Ethiopian-backed, Darood invasion, and by playing on local opposition to the proposed African Union peacekeeping force. Even if the TFG were to win control over most of southern Somalia by military force -- a variation on this scenario which would require sizable Ethiopian assistance – the TFG would likely face insurgencies and sabotage at levels which would make Mogadishu ungovernable. Kidnapping and assassinations of international aid workers, AU peacekeepers, and diplomats in areas the TFG claims to control would be a tactic of choice for rejectionists.

Regardless of the outcome, the outbreak of armed conflict on this scale would almost certainly doom the TFG's prospects for success in establishing a government over most of Somalia. Given the level of destruction, loss of life, mobilization of jihadists, and poor prospects for the TFG that this outcome entails, it must be considered a worst-case scenario.

### **10.4 Rapid Collapse**

In this scenario, the TFG never even makes it to the “paper state” stage as serious defections occur upon the naming of the cabinet, creating a snowball effect on rejectionists unhappy with the composition of the TFG but initially reluctant to openly oppose it. The TFG remains in Nairobi or Addis Ababa, making only token efforts to establish a presence in Baidoa or Mogadishu. External donors refuse to provide start-up aid to a government that appears to be a non-starter, and the absence of aid prompts further defections. The TFG leadership would continue to insist on its authority but from a safe distance in exile.

This scenario would likely prompt a growth in self-declared regional and municipal administrations in much of south-central Somalia. The Somaliland recognition issue would be propelled by this scenario as well. Counter-terrorism efforts would remain unchanged, with western governments working with local militia leaders and some regional authorities to track and apprehend terrorist suspects inside Somalia.

## **11. WILDCARDS**

One of a number of wildcards could entirely reshape Somali political trends and create new variations on the above scenarios. Among the more plausible high-impact wildcards in the Somali setting include the following:

### **11.1 Major Terrorist Act or Presence Uncovered in Somalia**

Were a major foreign terrorist presence to be uncovered inside Somalia (such as a safe house for top *al Qaeda* figures) or were a major terrorist attack to occur in Kenya that was planned and launched from inside Somalia, western countries would become much more engaged in Somalia, either in direct counter-terrorist operations or in much more robust support of the TFG, or both.

A significant ratcheting up of American counter-terrorist operations inside Somalia, such as air strikes, would fundamentally alter the political landscape, simultaneously fueling fierce anti-American sentiment while also causing many leaders to scramble to distance themselves from Islamic extremists.

### **11.2 Catastrophic Humanitarian Crisis**

Somalia is exceptionally prone to severe drought or floods, so humanitarian crises constitute “routine” emergencies to which aid agencies are well-equipped to respond. But an exceptionally catastrophic combination of disasters – for example, severe drought combined with heavy armed conflict -- could produce levels of displacement, refugee flows, and human suffering which would generate intense media coverage and compel external states to devote more systematic attention to Somalia than in the past. The Darfur crisis is an example.

### **11.3 External Recognition of Somaliland**

The key wildcard for Somaliland is external recognition extended by one or more international actors, a factor which is more likely in some of the scenarios discussed below than others. Were some form of recognition to be extended to Somaliland, it would likely trigger efforts to destabilize Somaliland on the part of the anti-secessionists both inside and out of the country. Assassination attempts on international visitors inside Somaliland would count as one of several tactics to this end. Recognition of Somaliland

is a wildcard factor in the near-term, but over time – if the TFG fails – it will constitute a fairly serious possibility and hence a scenario in its own right.

#### **11.4 “Bait and Switch”**

President Yusuf’s alliance with Ethiopia appears iron-clad, but if the TFG successfully establishes its authority in Somalia, his administration will eventually begin to assert its independence from Ethiopia and pursue its own interests. Ethiopia learned to its chagrin that weak neighboring states such as Eritrea are not always willing to accept client status. It has also seen several Somali political figures use Ethiopia to their advantage and then discard the alliance. Though unlikely, it is conceivable that the TFG could reverse its policies and adopt a more pro-Arab, anti-Ethiopian position – reverting to a standard Somali irredentist policy. This wild-card is more likely if the only substantial source of external funds is from the Gulf States.

#### **11.5 Death of President Yusuf**

Were President Yusuf to die unexpectedly – either by assassination or due to poor health (he is the recipient of a liver transplant and his health has long been the source of concern) the TFG would face a potentially destabilizing or paralyzing succession struggle.

## **SECTION IV: POLICY CONSIDERATIONS**

### **12. PRINCIPLES OF ENGAGEMENT**

Regardless of how the situation in Somalia evolves, international responses to the TFG should be guided by some basic principles that emphasize the TFG's performance and transitional mandate.

#### **12.1 Recognition**

The nature and scope of engagement with the TFG should reflect its transitional mandate and its incomplete representation – particularly with regard to Somaliland. The TFG should not, at least initially, be recognized as a fully sovereign entity. Bilaterally, governments should consider limited diplomatic representation with the TFG. The TFG's international partners should be encouraged to coordinate their relations with the TFG through the proposed Coordinating and Monitoring Committee (CMC), and the interim government should be assigned observer status in international bodies such as IGAD, the AU, and the UN. Full membership and/or voting rights should be withheld until a fully representative and sovereign government is established.

#### **12.2 Neutrality**

International responses to the TFG should be as neutral and disinterested as possible. Neither Somalia's immediate neighbors nor Somalia's former colonial powers are appropriate for a lead role in this capacity. Ideally, leadership on Somalia should be exercised through a collective body (the CMC), a "Troika" (such as that in Sudan), or an intergovernmental organization (the AU, UN).

#### **12.3 Long-term Perspective**

The challenges Somalia faces – state-building, economic development, reconciliation, and demobilization -- and the challenges it poses to the international community – Islamic radicalism, terrorism, regional spillover of crime and other threats -- are all long-term in nature. Engagement should be framed by long-term strategy as well, focused on a vision of how the country can be rendered more stable and secure, better-governed, more prosperous, and less prone to Islamic extremism over the next ten to fifteen, not two to three years. Development strategies should not be driven by performance indicators which focus on immediate and measurable results. Counter-terrorism measures need to weigh immediate gains against long-term costs, and state-building assistance must focus on long-term sustainability.

#### **12.4 Calibration**

If external assistance to Somalia is to be helpful, it must be more effectively calibrated than has generally been the case in the past. This is especially important for the provision

of support to specific administrations which are deemed worthy of assistance -- the TFG, the Somaliland administration, and perhaps regional and municipal polities. Well-timed, properly sequenced, coordinated, appropriate support is much more likely to produce positive results. Carefully calibrated support requires a high level of flexibility and coordination on the part of the external community to respond creatively and constructively to both positive and negative political developments in Somalia.

### **12.5 Performance Legitimacy**

External support to both the TFG and sub-national polities in Somalia must be conditioned on performance against a set of mutually understood criteria. The bar need not be set very high – it is understood that administrative capacity of the TFG will be quite weak at first – but a bar must be set. To this end, the Declaration of Principles should be strengthened and formalized to ensure that its elements of conditionality are understood and respected by all parties. Resources should be channeled via the UN and NGOs until transparent mechanisms are established by the CMC for the management of funds.

### **12.6 Do No Harm**

External engagement should strive deliberately to do no harm. The situation analysis presented in this study makes clear that a range of positive political and economic developments are occurring in the countries that provide Somalis with livelihoods and basic security; these gains must be effectively safeguarded. Ill-conceived interventions which undermine local coping mechanisms are unacceptable. Food relief, for instance, should not undermine incentives for local producers by driving market prices down to unprofitable levels; development aid should not displace promising private sector delivery of key services; support to state-building should not trigger armed conflict; and counter-terrorism policies should not empower destructive elements blocking reconciliation and revival of the rule of law. In particular, it is imperative that political developments in Somalia – whether positive or negative – not be allowed to undermine the stability and economic recovery of Somaliland. Avoidance of unintended negative consequences is primarily a matter of close knowledge of local conditions, which requires an increased level of diplomatic engagement inside the country itself.

### **12.7 Sustainability**

External engagement with the TFG must respect the principle of sustainability; propping up a short-lived government only to have it collapse when aid flows dwindle would be actively harmful to Somali political development. Somali authorities must be encouraged to build a state structure which can be sustained without large amounts of foreign aid. This will place a premium on identifying and supporting core, essential functions of the state, and actively discouraging the patronage impulse to construct a bloated civil service and to claim authority over sectors and services the government is unable to provide. The TFG needs to demonstrate fiscal realism if it is to survive; external actors must reinforce such realism.

## **12.8 Maintenance of Arms Embargo**

In all scenarios depicted above, the UN arms embargo on Somalia should be maintained and reinforced through the incremental development of a watchlist and the imposition of punitive measures (sanctions) against violators of the embargo and/or ceasefire. Any support to police or military forces or the deployment of an international peace support operation should be subject to a selective waiver from the UN Security Council.

## **13. POLICY OPTIONS: ADDRESSING SOMALI CONSTANTS**

“Constants” are by definition considered enduring features of the political landscape and thus not amenable to external engineering. However, many of the constants identified above can vary in their intensity and in their impact on Somali and external interests. While they cannot be fundamentally altered in the short-term, they can be shaped and channeled in more constructive directions. A number of external policies may be useful in this regard.

### **13.1 Governance**

Local, regional, and informal systems of governance remain the primary source of the rule of law in the country, and constitute a sort of “organic” state-building process in Somalia. The initiative to establish the TFG is, by contrast, a top-down, “inorganic” state-building project. How these two diametrically opposed sources of governance and authority interact will be a major factor in Somali politics in the next five years. There are several possibilities. Unintentionally or intentionally, the TFG may displace and disrupt organic systems of governance, as did the TNG in 2000 when it assumed control over security and judicial roles from the network of *sharia* courts operating in Mogadishu. The possibility of the TFG becoming just powerful enough to pull down existing structures of governance – including Somaliland -- without being strong enough itself to survive is a governance worst-case scenario. A second possibility is that the TFG negotiates a co-existence and even a division of labor between itself and organic forms of governance, in essence producing a synthesis between the two. This “mediated” form of government – one in which the TFG would cede *de facto* authority to non-state, local, and informal actors on many matters of public security and governance -- is the only viable path during the transitional phase. External actors should not contribute to the erosion of legitimate local and informal authorities, but should instead negotiate with the TFG to maintain the right to work with and support local and informal forms of governance as appropriate.

### **13.2 Criminality**

Curbing endemic criminality is a long-term task in Somalia. External actors can be most immediately effective in helping Somalia combat criminality by intervening where criminal activities require cross-border transactions over which the international community has some control. Illegal export of charcoal, for instance, can be effectively

curbed with embargoes by importing nations; counterfeit currency imports, gun smuggling, piracy, and other illegal activities can also be curtailed with appropriate external monitoring and enforcement.

### **13.3 Land Occupation**

The occupation and settlement of land by militarily powerful clans in parts of southern Somalia (especially, but not exclusively in the Mogadishu-Kismayo corridor), is a long-term problem for Somalia. External actors should press Somali political and civil society leaders to begin seriously addressing this issue and consider providing venues for the kinds of deliberations on conflict issues that were supposed to occur in “phase two” of the Nairobi peace talks. Until these land occupation and settlement disputes are resolved, external actors should avoid providing assistance which valorizes occupied land (such as canal rehabilitation), which inadvertently legitimizes claims of land ownership by occupiers, or which recognizes and reinforces claims of political authority by clans occupying an area by force of arms. Currently, the Jubba Valley Alliance and the Lower Shabelle regional authority of Indha Adde are two examples of government of occupation which should not be legitimized.

### **13.4 Rising Social and Political Powers**

External actors have frequently chosen to recognize Somali leaders with dubious legitimacy and/or authority within their own constituencies. That error has been partially responsible for the long record of stillborn accords and failed reconciliation in Somalia. The international community must base its engagement with Somalia on a more nuanced assessment of local actors. Currently, that means devoting considerably more time and attention to developing regular contact with the business community in Mogadishu, which is arguably the most powerful interest group in the country; with the leadership of *al Islah*, which appears to represent many of Mogadishu’s professional class; and with other professional and non-governmental associations.

## **14. POLICY OPTIONS: RESPONDING TO THE FOUR SCENARIOS**

### **14.1 Responding to the “Rapid Collapse” Scenario**

If the TFG collapses, Somalia will return to a familiar *status quo ante*. The international architecture described above, including the CMC or an equivalent body, should remain intact to coordinate future political engagement. At the same time, international leadership on Somalia should be shifted from IGAD to the AU or UN. This would help to avoid a repetition of the mistakes made at Eldoret/Mbagathi if and when the peace process resumes.

In the absence of a central authority, donors should return to the “bottom up peace dividend” approach, which was abandoned following the Arta conference in 2000. The purpose of such an approach should be to encourage the re-emergence of stable areas

with functional, representative authorities. This would contribute to improved security for parts of the Somali population and facilitate the delivery of essential services and humanitarian assistance, while simplifying the problem of political representation if and when the peace process resumes.

International assistance should continue, but allowance should be made for capacity building in support of local administrations; investment in education and other social services should increase as part of broader efforts to offer an alternative to extremist ideologies. Greater emphasis should also be placed on co-operation with Islamic charities and donors.

Continuing counter terrorism efforts should diversify from their current focus on militia leaders and selected intelligence networks and offer greater scope for engagement with civil society actors and moderate Islamists. Public diplomacy efforts should be enhanced to promote improved understanding within the Somali public of counter terrorism goals and to obtain broader cooperation.

The collapse of the TFG would also force the international community to consider seriously Somaliland's recognition as an independent state and its consolidation as a democratic, Muslim society in a volatile region.

#### **14.2 Responding to the “Paper State” Scenario**

Engagement with a Somali “paper state” should essentially be an exercise in damage control. International efforts should primarily be directed towards ensuring that the paper state does not become a shell for extremist, terrorist criminal interests, and that it does not stifle or derail positive developments elsewhere in Somalia. As in the “rapid collapse” scenario above, consideration should be given to more proactive measures with respect to Somaliland's recognition as an independent state.

As in the “rapid collapse” scenario above, Somalia's international partners should continue to engage sub-state entities in Somalia. However, some effort should also be invested in trying to shift the “paper state” towards the “incremental success” scenario described below.

The TFG should be treated as one of several sub-state authorities, possibly even as “primus inter pares” in order to prevent a drift towards radicalization or criminality. Support and engagement of the TFG should be designed as an incentive for its evolution towards the “incremental success scenario.” This would require the establishment of clear benchmarks to permit progressive engagement and support.

#### **14.3 Responding to the “Incremental Success” Scenario**

The most promising scenario for Somalia is one in which the TFG makes incremental, and probably uneven, progress. In this scenario it should be clear that the interim government is a caretaker body, not a sovereign authority, whose success will be judged

primarily by its advancement of reconciliation and demilitarization, as well as the fulfillment of its transitional responsibilities (i.e. completion of a constitution, establishment of a mechanism for the resolution of land and property disputes, and preparation for a referendum and elections).

This is the only scenario under which an African Union peacekeeping force can play a useful role. The mandate of a peace support operation should be primarily the monitoring and verification of a ceasefire linked to the cantonment of heavy weapons and fighting vehicles (“technicals”). A limited number of troops might be authorized to provide site protection for the Transitional Federal Institutions (TFIs), but should be able to provide only limited mobile protection for TFG/TFP officials. The TFG must not be permitted to exploit any deployment to liberate its own forces for offensive operations.

Donors should be prepared to offer timely external support to “prime the pump” of the TFIs and its related agencies, such as the national constitutional and reconciliation commissions. Planning should also begin early, through the CMC, for support to transitional tasks including a constitutional referendum and national elections. The Somali transition should not be allowed to fail simply because of lack of sufficient or timely donor support.

In order to ensure that the process is not derailed by misuse or wastage of resources, arrangements should be made for joint management of donor funds. International financial institutions or consultants should be engaged early to assist with fiscal and economic planning, and to ensure that TFG financial management provides adequate transparency and accountability for eventual budgetary support.

Support and engagement of the TFG must be calibrated in such a way that it does not give rise to friction or destabilize other sub-national authorities, including Somaliland. Assistance to these areas should continue to be channeled independently of the TFG, unless mutual agreement is reached on cooperative arrangements

Special attention should be given to the relationship between the TFG and Somaliland in order to create opportunities for dialogue and to defuse tensions over Sool and eastern Sanaag regions. Somaliland might be offered observer status in intergovernmental forums when Somali issues are being discussed in order to encourage dialogue rather than disengagement. While efforts must be made to encourage dialogue and some form of reunification between Somalia and Somaliland, the external community should remain open to the possibility that one variation of a successful outcome scenario may be a “two-state solution” for Somalia and Somaliland.

#### **14.4 Responding to the “Somalia at War” Scenario**

The worst-case scenario involves a return to violent conflict in Somalia, with the TFG leading one of several warring factions. Under such circumstances, international efforts should be principally directed towards providing humanitarian assistance to victims of

violence, obtaining a cessation of hostilities and preventing regional powers from escalating the conflict.

Counter-terrorism efforts would be complicated by this scenario, in part by the breakdown of authority in previously stable areas, but also because extremists would be able to exploit the situation to arm and organize themselves, and possibly to integrate or ally their forces with those of other armed factions.

As with the scenario of “rapid collapse” above, in a “Somalia at War” scenario consideration should be given to Somaliland’s demands for international recognition.

## **SECTION V: SPECIFIC POLICY ISSUES**

### **15. SOMALILAND**

One of the most difficult problems that a transitional government of Somalia is likely to face will be its relationship with the secessionist territory of Somaliland. This will also pose a delicate diplomatic challenge for the international community, which has strong interests both in promoting state-building in Somalia and in maintaining the stability and economic recovery of Somaliland.

Since declaring its independence from Somalia in May 1991, the “Republic of Somaliland” has emerged as the most stable and state-like political unit within the territory of the Somali Republic. Today, Somaliland has many of the attributes of a sovereign state, including a constitutionally-based government and a public administration that retains control over some public assets, provides security for its population, levies taxes, formulates development policies and issues its own currency and passports. It is also democratizing, having held a constitutional referendum and multi-party elections for district councils and head of state in the past two years. It is a zone of economic recovery and a polity which is a willing partner on regional security concerns. For these reasons, Somaliland has earned a degree of support and sympathy among some states. It has failed, however, to achieve recognition from any sovereign country, and it has consistently refused to participate in national reconciliation talks with other parties in Somalia.

#### **15.1 Policy Issues**

Most external preoccupation with Somaliland will be over the question of reunification with the TFG. But other policy challenges exist as well. Despite Somaliland’s many accomplishments, there are several sources of tension that have the potential to destabilize the territory and which may present difficult policy choices to the international community.

**15.1.1 Political transition.** Somaliland is mid-way through a political transition from a clan-based system of power sharing to a multi-party constitutional system of government. This transition is occurring with limited human and financial resources and in context where the nature and status of the state is unresolved. The decision by opposition parties to contest the results of the 2003 presidential elections through the courts indicates a public commitment to constitutional government. Nevertheless, the transition holds risks:

- It remains to be seen whether a multi-party system of government will prove better than the clan system at managing lineage politics and elite competition.
- Until legislative elections are held (scheduled for early 2005), there are few checks on the power of the executive, and the opposition parties have no formal mechanisms to challenge the government.
- The narrow margin of victory by the ruling party (UDUB) means that in terms of popular vote, the government actually represents a minority of public opinion.
- A significant proportion of the population that lives within Somaliland's borders in eastern Sanaag and Sool did not vote in the elections. The lack of representative political structures in those regions that are loyal to Somaliland undermines the government's claim to represent those regions.
- The presidential elections exposed unresolved tensions between former SNM military officers and some members of the ruling party who were formerly officers of the Barre regime's National Security Service (NSS), including President Riyale.
- Delays by the Riyale administration on key legislation related to the upcoming Parliamentary elections is heightening a climate of distrust between the government and opposition, which suspects the government will seek to postpone the elections.
- In the wake of the presidential elections government restrictions on public demonstrations, and the harassment, arrest and detention of journalists and political activists without charge is tarnishing Somaliland's good human rights record. Critics of the government express concern at the growing investment in the Somaliland's security service, which is accountable only to the President, and the influence of former NSS officers among the government's advisors

These worrisome indicators suggest the possibility that Somaliland could, in a worst-case scenario, experience significant instability if politics surrounding the Parliamentary elections go awry in 2005.

**15.1.2 Economic stagnation and resource competition.** The economic growth that Somaliland experienced in the 1990s has not been sustained, due to protracted import bans by the Gulf States on Somali livestock and to a lack of external investment. The eastern regions in particular are facing greater economic hardships which are straining relations with Hargeisa. In addition, demographic pressures, structural changes in the economy and changing political relations between clans are affecting systems for the management and distribution of productive assets such as land and water. Land in and around settlements has become a common source of neighborhood and inter-clan conflict.

Interventions by local and central government have prevented land conflicts from escalating, but if unmanaged such tensions could result in broader inter-clan conflicts.

**15.1.3 Religious revivalism and terrorism.** Islamists have been less influential in Somaliland than in Puntland or the south. However, their influence is growing in business and in education, and this may provoke tensions with followers of established *sufi* sects. The killing of four foreign aid workers in 2003 also highlights the vulnerability of Somaliland as a potential soft option for terrorists wanting to target Westerners.

**15.1.4 International relations.** Actions from Somalia or neighboring Ethiopia and Djibouti could upset the delicate internal political balance in Somaliland. Somaliland's strong political and economic relations with Ethiopia are threatened by Ethiopia's support for the election of Abdullahi Yusuf.

**15.1.5 Sool and eastern Sanaag.** A major threat to the territorial integrity and security of Somaliland comes from Puntland and the regions of Sool and eastern Sanaag, where the political affiliations of the Dulbahante and Warsengeli (Harti) clans are divided three ways, among Somaliland, Puntland and Somalia. Some senior Harti elders who acceded to the Somaliland's declaration of independence in 1991 now oppose it, and Somaliland has never been able to establish an effective administration in these regions. The creation of Puntland State in 1998, which asserts authority over these regions on the basis of Harti unity, was supported by Dulbahante and Warsengeli leaders, and in 2001 the first Prime Minister of the TNG was Dulbahante. The political and economic dominance of Isaaq in Somaliland have left many Harti feeling marginalized. The vigorous trade through Bosasso has encouraged them to look east for their economic livelihoods.

Somaliland's constitutional referendum and elections have reinforced the fissure. Most people in eastern Sanaag and Sool regions did not vote in these plebiscites. Consequently, there are no elected councils in these regions which respect the authority of the Hargeisa administration. The attempted assassination of President Riyale in Las Canod in December 2002, and the subsequent withdrawal of the Somaliland administration enabled Abdullahi Yusuf to extend Puntland's administration to Sool region.

The selection of Abdullahi Yusuf as president of the TFG has rendered the issue more complex. He is perceived by Somalilanders to be a greater threat to Somaliland than a Hawiye president would have been. The vulnerability felt among many Isaaq in reaction to Yusuf's election has been clearly expressed in a forceful determination to defend Somaliland's independence. The assumption of the mantle of Puntland president by its former vice president – a Dulbahante - challenges the authority of the governments of both Somaliland and Abdullahi Yusuf in Sool. The armed clashes that occurred in Sool region in late October 2004 are a result of both local tensions and relations between Somaliland and Somalia.

Sool and eastern Sanaag are of critical political and economic importance to Somaliland, Puntland, and the TFG. The limited control exercised by the Somaliland government

over these regions weakens its sovereignty and territorial claims, and challenges its own image as a pluralistic, multi-clan entity. The limited control that Puntland has been able to exercise in these regions also weakens its claim to represent a united Harti platform. The possibility of commercial oil reserves in Sool region renders this area a potential source of conflict.

**15.1.6 Reconciliation and union with the South.** This is a divisive issue in Somaliland, which incorporates a myriad of groups with competing interests, demands and grievances. Many Harti and Dir (Gadabursi and Issa) are dissatisfied with the monopolization of political authority and economic power by the Isaaq. Some Isaaq are ready for reconciliation with the south, if issues of justice can be addressed, and would be prepared for unconditional dialogue with a credible southern government. The possibility of reunion in some form has not been totally ruled out. However, separatist sentiments among the Isaaq have grown over the past decade, and public opinion supporting independence has been formally canvassed in the constitutional plebiscite and two elections. Within the Isaaq there are subtly different positions, depending on how they have fared over the past decade. Former Somali National Movement (SNM) cohorts often express dissatisfaction with their place in post-war Somaliland and the government that has emerged. Some Somaliland business people are attracted by the economic potential in the south, and believe they could benefit from closer economic relations. Some professionals see limited opportunities in Somaliland for career development and argue that in a globalized world Somaliland cannot isolate itself. The infusion of aid in support of a new TFG could entice professionals away from Somaliland. The fragility of Somaliland's body politic was exposed in the 1994-1996 war and could be exploited again by anyone intent on destabilizing it.

Economic incentives alone, however, will not entice people to rejoin the south. Social standing, status and security are as important. One of the consequences of the war has been to transform the regime of property rights by strengthening territorial ties and increasing the exclusivity of territorial claims. Many northerners lost physical assets in the south to looting as well as rights to social protection, economic rights and rights of access and ownership. Opportunities for the Isaaq to regain a financial foothold in the south are therefore slim, and many Somaliland businesses could not compete in the voracious economic environment in the south.

Finally, security and freedom from violence are key foundations to the Somaliland polity. In the south, criminal networks trafficking in arms, drugs and other contraband have taken root, aligned with or controlled by faction leaders, and personal insecurity is a daily threat for people in many locations. Many people in Somaliland do not want to experience that again by reuniting with the south.

The constraints to reconciliation with the south are therefore considerable. While political debate in Somaliland has been opening up, there are fundamental obstacles to immediate dialogue over reunion:

- The Somaliland public would not accede to anything that weakened independence, while Somalia's leaders cannot accede to the break up of Somalia.
- There are incompatible perspectives on possible forms of association. Somaliland might concede to a bilateral federation, but not as outlined in the Mbagathi charter.
- Somaliland and Somalia have been on divergent paths of political development. Somaliland has laid the groundwork for a pluralist democracy. Somalia faces a lengthy interim period of factional politics and increasing Islamic influence.
- Both the south and Somaliland currently suffer from poor leadership.
- There is a new generation of Somalilanders with no links to the south.
- Even if some Isaaq could be persuaded of the advantages of unification, efforts to enforce a reunion would lead to bloodshed in Somaliland.<sup>12</sup>

## 15.2 Policy Options

The international community has several options in response to the issue of Somaliland: (a) recognition of Somaliland as an independent sovereign state, (b) continuing support for the status quo until a TFG is fully established, and (c) active promotion and facilitation of dialogue between the TFG and Somaliland.

In the current circumstances recognition of Somaliland is not a realistic option. There would be no international backers for this initiative and recognition would potentially destabilize other regions of Somalia at this time. Some form of recognition – perhaps some status short of outright sovereignty – may be an option to consider if the TFG fails.

A more pragmatic policy in the next three to five years would be a combination of options b and c – namely, continue to support the status quo, including support for parliamentary elections in Somaliland in 2005, until either the TFG emerges as a functional administration, at which point dialogue should be supported, or the TFG collapses. At the same time the international community should engage in facilitating dialogue between Somaliland and Somalia over the immediate crisis in Sool region, but with a longer term plan to support substantive dialogue between Somaliland and Somalia on possible forms of economic cooperation and political association. It should also work to prevent and defuse political destabilization in Somaliland should that appear likely in the run-up to 2005 parliamentary elections.

Should the TFG fail and the international community begin to consider seriously some form of recognition of Somaliland, efforts by unionists to destabilize and discredit Somaliland will intensify.

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<sup>12</sup> Matt Bryden, Somalia and Somaliland: Scenarios for Settlement or Separation. Unpublished mimeo (2003 November).

## 16. ISLAMISM

As detailed above in Chapter 2, political Islam is a rising social force in Somalia. Some of these Islamist groups – even militant ones using violent means – are increasingly perceived by Somalis as the only actors standing up for a moral, justice-based Somali society. For many Somalis, Arab states and their Islamic charities are perceived as the only international actors working to assist the Somali public. Debate over the proper role of Islam in Somali politics and cooperation with foreign governments (particularly on issues of counter-terrorism) is starting to become a fault line in the disputes between competing militias and factions.

### 16.1 Scenarios

Now that the Somali peace conference has concluded with the formation of the TFG, its leaders will be forced to address these movements – either by negotiating a *modus vivendi*, by attempting to undermine their broad base of political, ideological and economic support, or by attempting to dislodge the Islamists through military force. Thus, at present, the future development of political Islam in Somalia will be determined primarily by the success or failure of the TFG in the coming months. At least four different scenarios should be considered:

**16.1.1 TFG undermines support for militant Islamists.** The best-case scenario would involve the continuation of the Somalia peace process inside Somalia to gain legitimacy and acceptance for the TFG by both the Somali public and key Somali political actors. This would likely require the adoption by TFG President Abdullahi Yusuf of strategies including 1) power-sharing in government between rival militia-faction leaders, 2) cooptation of powerful businessmen and “money lords” that now support the *sharia* courts, and 3) cultivation of public support through the equitable balance of clan and sub-clan interests. If successfully implemented, these strategies would undercut public, financial and military support for the radical Islamist and jihadist elements in Mogadishu and elsewhere across the country. Such a situation would also enable the TFG to deal cooperatively with moderate Islamist movements such as *Al Islah* with regard to social and developmental issues.

**16.1.2 TFG infiltrated by Islamists.** If the TFG makes gains in establishing itself, a predictable tactic of Islamists will be to insinuate themselves into the TFG despite attempts by Yusuf to block them. The advantages of gaining a toehold inside the TFG are numerous. The Islamists would gain access to TFG funds; they could use key ministries as a power base; and they could spy on and even undermine TFG security operations directed against Islamists. Yusuf struggled unsuccessfully with AIAI penetration of the Puntland administration, frustrated in part by dynamics of clan politics which blocked him from taking action. The same ambiguous outcome could occur again with the TFG.

**16.1.3 TFG provokes a “clash of civilizations.”** A worst-case scenario would involve the devolution of the TFG into an alliance of pro-Ethiopian militia-factions similar to the

SRRC alliance, but possibly acting with a degree of governmental legitimacy and with support from AU, IGAD or Ethiopian military forces. This sort of TFG would almost certainly come into direct conflict with a coalition composed of former supporters of the TNG of Abdiqasim Salad Hassan, the *sharia* courts and their business supporters from the Hawiye clan in Mogadishu, the Lower Shabelle Administration in Merka, the Juba Valley Alliance (JVA) in Kismayo, and a number of other prominent warlords. This opposition alliance would immediately receive the support of militant jihadist groups, including the remnants of *Al Itihad*, which may give the pro-TFG vs. anti-TFG conflict an overtly Islamist character. The conflict would also divide southern Somalia in two halves, possibly providing a safe haven and incubator for political Islam in the country's coastal areas down to the Kenyan border. Jihadist elements would do everything in their power to instigate crises and undermine support for the TFG. This could include launching terrorist attacks and targeted assassinations against Somali and foreign supporters of the TFG, including AU or other military peacekeepers sent to assist the TFG.

**16.1.4 Militant Islamists benefit from continued state collapse.** If the TFG completely fails and never relocates effectively to Somalia, the Islamist movements could end up as the biggest winners in the peace process. Islamist institutions – including political movements, *sharia* courts, hospitals, schools, and universities – would remain the only effective channel for Somalis seeking to resist the dominant frame of warlord politics. Somalis would likely respond by increasing their allegiance to the Islamists and opposing any intervention – including moves by Somali militia-faction leaders and international counter-terrorist activities – that seeks to check the spread of political Islam.

## **16. 2 Policy Considerations**

While Somalis themselves hold the greatest power in determining the future of their country, there remains a great deal that the international community, and the United States in particular, can do to affect the future of political Islam in Somalia. At least four different strategies for engagement could be considered beneficial at this point in time. None is mutually exclusive of the others.

**16.2.1 Continued counter-terrorism vigilance.** With or without the support of a Somali government, the US and the wider international community must continue diplomatic, military and intelligence efforts to identify, disrupt and eradicate terrorist activities in Somalia. This will certainly include continued reliance on clandestine intelligence efforts as well as liaison services provided by Somali militia-faction leaders.

**16.2.2 Pressure on TFG Strategy.** As described above, the actions of the TFG will be the main determinant of the future development of political Islam in Somalia for the foreseeable future. In this regard, the international community cannot risk a policy of benign neglect regarding the TFG. While this would not require sovereign recognition or substantial financial commitments, it would require sustained political pressure on the TFG to convince President Yusuf to avoid actions and decisions that polarize relations

with militia-faction leaders, businessmen, and sharia court leaders and which push them into an alliance of convenience with militant Islamist opposition.

**16.2.3 Enhanced public diplomacy:** At present, a significant number of Somalis believe the propaganda generated by radical Islamist movements in Somalia that US counter-terrorism efforts are a conspiracy against Islam and Somalis. Partly, this stems from the fact that the general Somali public is genuinely unaware of the specific *al Qaeda* targets operating in the country. Renewed efforts to promote public knowledge of the specific counter-terrorist interests in Somalia, to promote the US Rewards for Justice Program, and to engage diplomatically with traditional and moderate Somali Islamic representatives may ease Somali fears.

**16.2.4 Achieving real development progress:** Another means of decreasing support for Somalia's Islamists would be to increase international humanitarian and development assistance to the country. At present, the US image has been negatively affected by the public backlash that followed the US-backed closure of the Al Haramain Foundation, which reportedly left some 3,000 orphans without care. A substantial increase in US foreign aid to Somalia would simultaneously improve the US public image in Somalia and help to provide alternative sources of income and support for Somalis who now turn to Islamic movements and charities.

That said, attempting to compete with and displace Islamic charities in Somalia is unlikely to succeed, since they have highly successful public service projects (far more so in Mogadishu than any UN or international NGO effort) based on significant local knowledge and well-entrenched personal networks. Alternatively, it may be possible to work with the majority of Islamic charities who are politically moderate. Such engagement and support (as opposed to the threat that counter-terrorism efforts pose to cracking-down and closing their offices) might elicit some *quid pro quo*'s from the charities, including acceptance of projects to assist them to achieve global standards of financial transparency and accountability,<sup>13</sup> or to review the Islamic charities' curriculum to ensure there is no fundamentalist proselytism or political incitement against the West. Such engagement may also provide an opportunity to convince Arab donor governments to provide basic information on charitable donations to Somalia.

## 17. DECONFLICTING COUNTER-TERRORISM AND STATE-BUILDING

Currently, international counter-terrorism policies on Somalia involve extensive monitoring and surveillance, strengthening of neighboring states' capacities to patrol their borders with Somalis, and cultivation of working relations with non-state actors inside Somalia who have in limited cases been asked to apprehend suspected terrorists. The absence of a functioning government in Somalia has meant that no state-to-state

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<sup>13</sup> Such standards have been established by the Financial Action Task Force in "Combating the Abuse of Non-Profit Organizations: International Best Practice," Paris: FATF Secretariat (October 2002). The UN already has a project in Somalia to assist *hawala* remittance agencies to abide by similar FATF guidelines regarding money laundering.

cooperation on counter-terrorism has been possible.<sup>14</sup> The absence of a government in Somalia is repeatedly invoked as a major concern in the war on terror, reflecting the widespread consensus that failed or collapsed states constitute an especially dangerous safe haven for terrorist networks. Reviving an effective state in Somalia is therefore, in principal, entirely in accord with long-term counter-terrorism goals of denying terrorists safe havens and strengthening the capacity of governments to monitor and apprehend terrorist suspects.

The impending establishment of the TFG in Somalia may soon change the political landscape within which current counter-terrorism policies on Somalia have been developed, and may present external states with the need to deconflict current counter-terrorism policies with state-building imperatives. Existing counter-terrorism practices, which rely on militia leaders as local partners and sub-contractors for some counter-terrorism operations, may hinder and undermine the capacity of the TFG to expand its own law enforcement and security capacity. This is so because some of the militia leaders partnering in counter-terrorism efforts are or are very likely to be rejectionists against the TFG, either due to the logic of clan politics, or because they profit from businesses which may be threatened by revival of the state, or because they benefit from their current relationship with western states on counter-terrorism and do not want to lose those benefits. In Somalia, as in Afghanistan, the short-term practice of relying on militia leaders and warlords as counter-terrorism partners gives them an incentive to maintain the status quo, including an interest in perpetuating state collapse and an interest in fighting, but not necessarily winning, the war on terror.

### **17.1 Programming Options**

For external states, tension between counter-terrorism policies and state-building objectives present several options.

**17.1.1 Privilege the status quo/ the non-decision option.** Not to choose is to choose. In this instance, continuation of the current policies either by design or default would result in the TFG facing an odd alliance of rejectionists – comprising both hard line Islamists and the militia leaders in the counter-terrorist partnerships designed to combat Islamic terrorists. This would almost certainly prevent the TFG from extending its authority into much of Mogadishu, and would probably insure its eventual failure. External actors seen as supporting rejectionist warlords in the name of counter-terrorism would come under criticism for blocking state-building in Somalia and sacrificing the long-term interests of both the Somali people and the international community for the sake of short-term security goals. The main virtue of this option is that it is low risk – it would not compromise current counter-terrorism modalities for the sake of a very uncertain gamble on the TFG.

**17.1.2 Privilege state-building.** This option would require external states involved in counter-terrorism in Somalia to throw their support behind the TFG. Militia leaders

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<sup>14</sup> Some cooperation with Somaliland authorities takes place but is limited by Somaliland's lack of recognition.

currently partnering in counter-terrorism efforts would be pressured to join the TFG and assume a role within the government rather than acting as agents outside TFG control. If they refused, their partnership privileges in the war on terror would be terminated. International counter-terrorism efforts would instead concentrate on rapid strengthening of the TFG's security and domestic surveillance capacity. The chief virtue of this option is that it throws the full weight of external actors behind state-building in Somalia, thereby improving the odds of TFG success and working toward long-term rather than short-term security objectives. The drawbacks to this option are numerous. It would create a dangerous short-term security vacuum which terrorists could exploit; it would bank on the successful establishment of the TFG, which, as is argued above, is not a given; and it would render future counter-terrorist partnerships with non-state actors in Somalia more difficult by eroding local confidence in the durability of those partnership relationships. Were the TFG to be viewed as the principal counter-terrorism agent for international actors and Ethiopia, it would likely energize Islamist resistance to the TFG and could even increase Islamist recruitment in the Mogadishu-Kismayo corridor by conflating an anti-TFG agenda with the jihadist agenda.

**17.1.3 “Mediated state” option.** This option would promote not a resolution of the tension between counter-terrorism and state-building but rather a negotiated co-existence, loosely akin to the relationship between the Yemeni government and semi-autonomous tribal authorities. The TFG would be convinced to accept that key counter-terrorism partners may remain largely outside the authority of the TFG, so long as they do not openly reject the TFG and do not openly work against it. Most monitoring and apprehension activities would remain the responsibility of existing Somali partners, freeing up the TFG to concentrate on basic state-building. This would shield the TFG from too close a linkage to counter-terrorism (with would be exploited by its enemies), and would avoid burdening it with unrealistic and onerous responsibilities in counter-terrorist operations. Such an arrangement is only a stop-gap measure, not a long term solution, but it buys the international community time and allows it to assess the longer-term prospects of the TFG. If in several years it is clear the TFG is viable, negotiations can be undertaken to integrate the TFG and independent militia forces in ways which satisfy all parties. If the TFG fails, then no damage is done to existing counter-terrorism arrangements.

## **18. ECONOMIC RECOVERY**

Despite extremely high levels of poverty, Somalia's economy is by far the most dynamic, innovative, and –usually – constructive aspect of Somali society today. This economic expansion has been deeply dependent on global markets, transnational partnerships, and worldwide money transfers, but has enjoyed only incidental direct support from the international community. Continued economic recovery is an essential precondition for state-building, reconciliation, and demobilization. For the external community, the Somali economy presents not so much a set of options as imperatives.

### **18.1 Do No Harm**

External actors should take great care not to pursue development, trade, and other policies which actively impede legitimate and constructive private sector expansion in Somalia. Non-emergency (development) aid interventions should be based on careful assessment of existing private sector activities and should generally avoid displacing or undermining them by providing externally subsidized competition. Instead, aid should be targeted at “market failures” where the private sector has not opted to provide services because no profit can be made (e.g., public sanitation) or because of a collective goods dilemma (e.g., major road and bridge repair).

### **18.2 Stimulate and Encourage Investment and Production**

External actors should take all appropriate steps to actively encourage private sector investment and production. Open access to markets for Somalia’s livestock exports is vital, and there is a strong case for international pressure to convince Saudi Arabia to lift its ban on Somali livestock. Where preferential trade access to external markets is feasible, it should be extended to Somalia to encourage niche production in export items like dried limes, sesame, frozen seafood, and handicrafts which can provide new business opportunities. Development assistance aimed at repairing or building key infrastructure – bridges, road repair, and airport runway repair – will remove some constraints to commerce. Any policies which can help foreign and local investors minimize risk would stimulate investment and confidence. Consistent and fair customs policies on the part of neighboring states would make transit trade activities less risky. Policies which facilitate rather than hinder the flow of remittances are essential. Finally, technical and legal assistance to provide Somali government administrators with improved public records capacity to provide property owners with uncontested legal deeds would boost investor confidence.

### **18.3 Poverty Alleviation**

Efforts to promote economic recovery in the private sector will generate employment and may also produce a larger and more robust constituency for revived government and rule of law. But the vast majority of Somalis continue to live in conditions of desperate poverty. With no skills, and in an environment of unemployment reaching 80%, they will not be competitive for new jobs created by economic recovery; and with no income, they cannot pay for the services in education, health care, and utilities currently provided by the private sector. The rural poor are almost entirely untouched by the impressive economic recovery in major urban areas.

External aid agencies must increase current levels of assistance, aiming to improve basic access to key services in primary education and health care for the poor. Increased emphasis on improving agricultural and pastoral production and access to core services in rural Somalia will improve Somalia’s food security, increase basic conditions for the poorest segment of its society, and possibly slow the pace of urban migration.

## **19. REGIONAL GEO-POLITICS**

The formation of the TFG marks a dramatic shift in regional dynamics. In 2000, the TNG was backed principally by members of the Arab League, led by Djibouti and Egypt, but opposed by Ethiopia; now the TFG's principal supporter is Ethiopia.

Somalia has long been a victim of geopolitical divisions in the sub-region. Regional powers have historically competed for influence in Somalia. Since the collapse of the Somali government, they have backed various factions, and launched competing peace initiatives at the expense of the quest for a durable peace.

The conclusion of the Mbagathi process was expedited by an apparent détente between Somalia's neighbors – notably Ethiopia and Djibouti – based on their common desire to bring to an end the threat posed by Somalia's prolonged statelessness. But the fundamental divisions in the region continue unabated, and are likely to re-emerge in the near future.

### **19.1 Ethiopia**

The formation of the TFG no more represents a consensus of regional powers than it represents a government of national unity. On the contrary, in many respects it amounts to an Ethiopian foreign policy victory and will be perceived as such by other regional powers. Abdullahi Yusuf has long been a close ally of the Ethiopian government -- he was a key figure in the Ethiopian-backed opposition to the TNG, the SRRC, and shares Ethiopia's aggressively anti-Islamist agenda. His federal agenda meshes closely with Ethiopia's own federalist preferences, which were expressed in the late 1990s as the 'building blocks approach' to political reconstruction in Somalia. Ethiopia can be expected to remain a lead actor in Somalia in coming months, promoting the TFG's interests in much the same way Djibouti sponsored the TNG and possibly providing unilateral military assistance.

Ethiopia's engagement in Somali affairs is driven primarily by calculations of national security. Rightly or wrongly, Ethiopia fears the rise of Islamist groups in Somalia, which it associates with an increased threat of domestic and transnational Islamist terrorism. Ethiopia may also fear that Islamist groups in Somalia could give impetus to Islamist tendencies within Ethiopia's own large Muslim population.

Whether or not the TFG becomes viable or stable, Ethiopia's engagement and agenda in Somalia are likely to change little in the foreseeable future.

### **19.2 Kenya**

Like Ethiopia, Kenya also perceives the restoration of functional central government to Somalia in terms of its own national security: Kenya has been the victim of several terrorist attacks linked to Somalia, and is concerned about the continuing links between militant Islamists in Kenya and Somalia.

Unlike Ethiopia, however, Kenya has a very limited history of direct involvement in internal Somali affairs and, despite having played midwife to the TFG, is likely to disengage somewhat from subsequent stages of the peace process.

### **19.3 The African Union**

Through the efforts of Ethiopia and Kenya, the African Union has become more closely seized with Somali affairs than at any time in the past. As of the end of December 2004, a significant number of African states had already extended diplomatic recognition to the TFG. The TFG leader has requested an AU peace making force of 20,000 troops as well as training and support for a 30,000-strong Somali national army.

AU responses to these requests have been generally supportive, but tangible assistance for the TFG will be contingent on a number of factors. The AU lacks the military and financial resources to undertake such interventions without significant international backing. In view of its other commitments, notably in Darfur, the AU leadership will be wary of over-extending the organization. Member states are likely to make independent assessments of the TFG's capacity and likely success – as well as the scope of domestic opposition - before subscribing to AU intervention. Overall, it seems more likely that the AU would assume a more limited role than that envisioned by the TFG, perhaps deploying a small ceasefire verification and monitoring team. Whatever presence the AU establishes, its peacekeepers will be very vulnerable to attack and kidnapping.

Understanding of the Somali issue varies considerably between AU members. Most are largely ignorant of Somali affairs and are likely to take the declaration of a new government at face value. Some key states, however, including South Africa, Uganda, and – to a lesser extent – Nigeria, are better informed and thus more skeptical. South Africa in particular is closely involved in the issue of Somaliland and is therefore likely to promote a carefully measured approach to involvement with the TFG.

### **19.4 Egypt and the League of Arab States (LAS)**

Arab League policy on Somalia since the collapse of the Barre regime has been driven in large part by Egypt, which acts as a geopolitical foil to Ethiopian influence in the region. The Arab League is therefore likely to be less enthusiastic about the formation of the TFG than it was about the TNG, and to provide a concomitantly lower level of support.

Unlike Ethiopia, Egypt's Somali policy is driven by geopolitical and strategic assumptions rather than immediate national security concerns. This makes it less likely that Egypt will act as a spoiler for the TFG in the way that Ethiopia undermined the TNG -- despite Cairo's perception of Yusuf as an Ethiopian proxy. Instead, Egypt is likely to maintain relationships with a range of Somali actors as a way of diluting the authority of the TFG and ensuring a long-term role for itself in Somali affairs.

## **19.5 Djibouti**

Despite its dual membership in the LAS and AU, in recent years Djibouti has aligned itself more closely with the former than the latter, notably through its sponsorship of the TNG in defiance of Ethiopian concerns. Djibouti disapproves of Yusuf's election, but will seek to avoid unnecessarily antagonizing Addis Ababa, and will probably confine itself to a limited and generally passive role in Somali affairs in the immediate future.

## **19.6 Yemen**

Yemen's proximity to Somalia requires Sana'a to entertain a somewhat independent foreign policy vis-à-vis its southern neighbor. This combined with the Yemeni government's links to Abdullahi Yusuf via mutual business associates suggests that the TFG can count on a level of Yemeni support. In return, Sana'a may seek to stem the flow of Somali refugees across the Red Sea and to obtain, inter alia, the extension of Somali fishing licenses for Yemeni-registered vessels.

## **19.7 Libya**

Libya has long played a wild card in Somali affairs and may continue to do so. Gaddafi's relationship with Yusuf dates from the late 1970s, and the interim Somali president can therefore probably count on a level of support from Tripoli. Libyan assistance, however, is typically sporadic, idiosyncratic, and often tied to commercial payoffs – of which Yusuf has little to offer. If broader international assistance does not materialize, however, the TFG's relationship with Libya may acquire disproportionate importance.

## **19.8 Saudi Arabia and the Gulf States**

After a long period of political disengagement from Somali affairs, Saudi Arabia and the Gulf States became the principal financial backers of the TNG, contributing between \$30 and \$60 million towards its expenses. In the absence of other significant sources of revenue, this kind of "soft money" sustained the TNG's arms purchases, foreign travel and patronage networks. It also fuelled rampant corruption.

Following the Egyptian lead, Saudi Arabia and the Gulf States are likely to be much less forthcoming with the TFG, although it is not inconceivable that they would provide some funding simply to retain influence with the new administration. Since western donor funds are likely to be tightly controlled and largely funneled through aid agencies, the TFG's inability to count on Gulf funding will severely constrain the leadership's room for patronage games and clandestine arms purchases. On the other hand, it may also encourage the administration to engage in rent-seeking behavior and restrict the availability of reconstruction funds if the TFG begins to make positive progress.

## **19.9 Policy Considerations**

Regional commitment to the success of the TFG is uneven, although no government has yet demonstrated overt hostility. The AU and its members are likely to be generally supportive of the interim government although skeptical of its more grandiose plans and in any event lacking the resources to indulge them. The LAS and its members will be cooler towards the TFG than to its predecessor, but may continue to express their support and to provide limited assistance so as not to lose all influence.

Over the longer term, regional divisions over Somalia will likely remain intact, and should be expected to contribute incrementally to a polarization of internal politics. The challenge will be to confine such tensions to the political, rather than military, domain. External actors such as the US are in a strong position to influence and constrain any tendency on the part of regional states to play out rivalries inside Somalia.

## **20. RECONCILIATION**

Somalia has completed another process of negotiation over state-building and power-sharing without addressing any of the key conflict and reconciliation issues at the root of the Somali crisis. Whether the TFG survives or not, Somalia urgently needs to acknowledge, negotiate, and resolve these conflict issues. The international community must assist Somalia on reconciliation initiatives if the country is ever to move toward a durable peace.

The key immediate conflict issue is over land – land occupation, land ownership, and “right of return” for the thousands of Somalis who fled Mogadishu and other locations in the civil war and who have not been able to return to their homes, or who can return but only as “guests” of more powerful clans who dominate territories politically. This issue must be at least partially resolved if the country is to again feature a cosmopolitan capital city where all may live and enjoy equal rights and opportunities. It is also a prerequisite for reaching basic decisions about the future structure of political representation in Parliament. External actors may be in a strong position to provide global expertise in the form of commissions or eminent persons groups from other post-conflict countries experiencing comparable land issues. External actors may also be able to help Somali authorities reassemble old land titles and claims.

In the medium run, state-building itself will awaken previously dormant conflicts over dozens of sensitive issues, including power-sharing, the nature of representation, federalism, taxation, allocation of resources, regulation of non-profit and private sectors, the role of Islam in law, and foreign relations. This type of conflict is inevitable and normal, but must be kept within acceptable political boundaries. External actors can apply pressure to prevent recourse to armed violence or rejectionism, and can provide technical expertise on these matters so Somalis are provided a menu of options from comparable post-conflict settings.

In the longer-term, Somalis will have to face the most potentially divisive issue of all: accountability for war crimes and human rights abuses of the past. How the Somalis opt to handle this issue – forgiveness, truth commissions, war crimes tribunals, or other – is up to them. The external community can assist in this regard by not injecting its preferences into this internal debate, and then by providing whatever assistance they may require.

## Appendix A: Somalia: Socio-Economic Data<sup>15</sup>

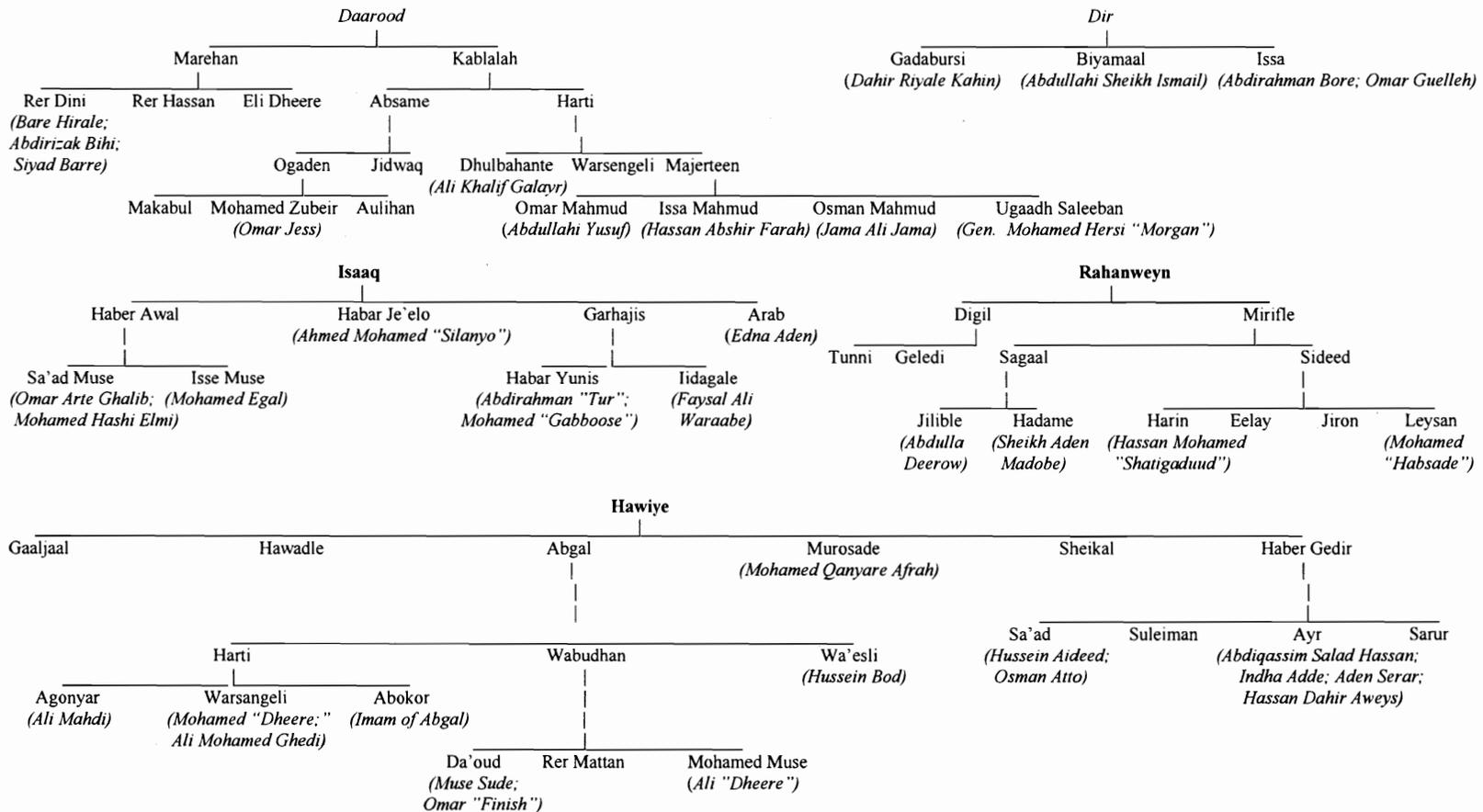
|  |   |
|--|---|
| <b>Estimated population (Million)</b>  | 6.8 (7.5, pre-war)<br>Urban (%) 34 (23.5)                 |
| <b>Internally Displaced</b>  | 300,000   |
| <b>Somali Refugees (neighbouring countries only)</b>   | 250,000   |
| <b>Unemployment status (%)</b>   | Somalia 47.4<br>Urban 61.5<br>Rural and nomadic 4.7       |
| <b>Per capita household income (\$)</b>  | Somalia 226<br>Urban 291<br>Rural and nomadic 195         |
| <b>Extreme poverty (share of population with per capita income less than \$1 PPP per day, %)</b> | Somalia 43.2<br>Urban 23.5<br>Rural and nomadic 53.4      |
| <b>Adult literacy (%)</b>  | Somalia 19.2 (24)<br>Urban 34.9<br>Rural and nomadic 10.9 |
| <b>Gross primary school enrolment rate (%)</b>   | Somalia 16.9<br>Boys 20.8<br>Girls 12.7                   |
| <b>Population with access to at least one health facility (available and affordable, %)</b>      | Somalia 54.8 (28)<br>Urban 62.7<br>Rural and nomadic 36.4 |
| <b>Population with access to safe (treated) water (%)</b>  | Somalia 20.5 (29)<br>Urban 53.1<br>Rural and nomadic 4.1  |
| <b>Population with access to sanitation (sanitary means of excreta disposal, %)</b>              | Somalia 49.8 (18)<br>Urban 93.0<br>Rural and nomadic 28.2 |
| <b>Average life expectancy</b>   | 47 years  |
| <b>Infant mortality rate per 1,000 live births</b>   | 132   |
| <b>Under 5 mortality rate per 1,000 live births</b>  | 224   |
| <b>Maternal mortality rate per 100,000 live births</b>   | 1,600   |
| <b>HIV/AIDS prevalence</b>   | <1%   |
| <b>Principle Exports</b>   | Livestock: sheep, goats, camels, cattle.                  |
| <b>GNP per Capita:</b>   | 200   |
| <b>GNP:</b>  | 1.3   |
| <b>External Debt US\$ billion:</b>   | 2.6   |
| <b>Remittances per annum \$ millions</b>   | 300-500   |
| <b>Official humanitarian and development aid pledged 2003 US \$ millions.</b>                    | 217   |

<sup>15</sup>Data derived from the World Bank and UNDP, *Somalia: Socio-Economic Survey 2002* (Nairobi, World Bank Report no. 1, Somalia Watching Brief, 2003), and UNDP, *Somalia Human Development Report 2001* (Nairobi: UNDP, 2001).

## Appendix B: Major Somali Lineages

(Updated February 2005)

Note: this is a **partial and simplified** lineage chart of the five main Somali clan-families, intended to highlight sub-clans of particular political relevance in 2005. Many lineages are omitted while others are compressed or their relationships simplified. Notable Somali political figures are identified in parentheses below their sub-clan identity. Adapted from Ken Menkhaus, "Somalia: State Collapse and the Threat of Terrorism" Adelphi Paper #364 (Oxford: Oxford University Press, 2004), p. 24.



**Somali Minorities:** Bantu; Benadiri; Barawans (*these groups generally stand outside Somali kinship, but occasionally enjoy adopted status within a Somali clan*)