

**Rebuilding Viable State and Effective
Institutions in Somalia**

Conference Proceeding

August 26-28, 2013

Addis Ababa, Ethiopia

Edited by

**Staff of the Horn Economic and Social Policy Institute
(HESPI)**

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FOREWARD

While majority of the African continent is experiencing a period of stability and economic progress, there have been several countries such as Somalia which have faced prolonged conflict and political instability. Despite the ending of the transitional administrations, and a change of leadership in late 2012, lack of sound management, and misuse and misappropriation of public resources remain prevalent. Somalia continues to face the same challenges as the transitional administrations in order to bring sustainable peace and stability, to rebuild effective state institutions, initiate the delivery of economic and social services, and in general to promote reconstruction and recovery in the country.

The weakness of the State institutions is at the root of Somalia's endemic conflict. Systemic failures in government policy formulation and execution, absence of effective institutions, and in many cases even operative institutions compound the problems faced. As a result of the institutional legacies of political instability, such post-conflict and fragile states are often trapped in a negative equilibrium driven by conflict, poverty and other mutually reinforcing factors. The overall economic policies are flawed and the institutions governing the economic activities are inoperative or at best very weak.

It is thus the right time for serious discussions on how to support in a substantive and comprehensive manner the rebuilding and recovery of Somalia. The government is ready and Somalis have more than adequately demonstrated, at the national, sub-regional (through the Inter-governmental Authority on Development; IGAD), continental and international levels a will to move on from the debilitating conflict and pervasive insecurity.

It is with this intention that the Horn Economic and Social Policy Institute (HESPI), an independent regional think tank, organized a three day Consultative Meeting on the reconstruction and recovery needs of Somalia from 26 – 28 August 2013 in Addis Ababa, Ethiopia. This meeting is a new way of thinking to innovate, seek new opportunities and empower Somalis to make a difference.

The main objectives of the consultative meeting were to:

- Contribute to the current assessment of the country's priority needs;
- Provide support to the new government of the Federal Republic of Somalia in its endeavors to plan, formulate and implement a coherent program for the rebuilding of viable state and effective institutions; and
- Foster dialogue that promotes the exchange of ideas and new thinking among policy makers and the country's development partners,

The consultative meeting has attracted participants from different parts of the globe working at different capacities. It brought together members of the Somali leadership, representatives from civil society, embassies and multi-lateral institutions, professionals and academics, along

with international experts on post-conflict reconstruction, with the aim of addressing appropriate ways of rebuilding a viable state and effective institutions in Somalia.

At the meeting, 15 papers, under seven main thematic areas, were presented and discussed. Most of the papers were focused on issues of concern to Somalia and a few on experiences of other countries post-conflict reconstruction.

The meeting was a good platform to discuss pertinent issues of reconstructing Somalia. Uniquely, it took the debate beyond government's domain by encouraging other stakeholders to become engaged and committed to the reconstruction of Somalia. The three days consultative meeting was concluded by forwarding the deliberations and recommendations of the conference to Somali authorities and the country's development partners.

I would like to take this opportunity to express HESPI's gratitude to the co-organizer of the conference, the United Nations Economic Commission for Africa (UNECA). I would also like to thank all those who helped make the conference a success including: authors and presenters of the papers at the conference, individuals who chaired and facilitated the different sessions, and the participants whose active involvement made the conference meaningful and dynamic.

I also want to extend special thanks to HESPI's partners who have shared its vision and provided generous financial support to the Institute's activities, in particular the African Capacity Building Foundation (ACBF). I would like to extend my sincere gratitude and appreciation to our key note speakers: Ambassador Ahmed Abdusalam, Ambassador of Somalia to Ethiopia; Ambassador Nicholas Kay, UN special representative to Somalia, and Dr. Frannie Leautier, Executive Secretary, ACBF; who addressed the meeting despite their busy schedules.

Finally, I wish to commend the management and the staff of HESPI who conducted the consultative meeting from inception to completion with enthusiasm and dedication. I wish to note in particular the tireless efforts of Ms. Jihan Ahmed and Ms. Mahlet Hailu who worked extra and long hours to manage the logistics of the conference seamlessly, and Dr. Fredu Nega and Mr. Edris Hussein for their efforts including editing of the conference proceedings.

Ambassador Peter Robleh
Chairman of the Board of Director, HESPI

KEY NOTE ADDRESSES

Ambassador Ahmed Abdusalam, Somalia Ambassador to Ethiopia

Your Excellencies,

Invited guests,

Dear colleagues,

Distinguished ladies and gentlemen

I am extremely pleased to be with you this morning and to participate on behalf of my government, in this important conference on rebuilding effective institutions and a viable state in Somalia. Perhaps if we tackle the challenges in Somalia covered by the topic of this conference, we can all say that the country will be out of the current situation. And if there is one topic that fits the current needs of Somalia, it is building a viable state that can effectively tackle the problems that we have.

I certainly want to extend my appreciation to the organizers of this conference, in particular to the Horn Economic and Social Policy Institute (HESPI) and the United Nations Economic Commission for Africa (UNECA) for putting together and preparing this well-prepared Consultative Meeting. I also want to thank all of you, the participants, who have come from all over the world to participate in this important discussion.

Before I came this morning, I spoke with the President and the Prime Minister of Somalia and informed them about the conference and they extended their greetings to the participants of the conference. More importantly, they want to benefit from your discussions and deliberations and look forward to the outcome of this conference. We are very pleased that discussions of this magnitude are taking place at this crucial time. And I have been asked to bring the outcome of this conference back to the leadership not only for their information but also for their action. So I hope that the outcome of this conference won't only serve the Somali government but the nation at large.

Of course any Somali understands the role of the Diaspora particularly Somali professionals all over the world. And given the current Somali situation, I think it is crucial, on its own, to have such a network of professionals coming from all over the world to participate in this event. We will wait for the outcome of this conference for

implementation. My goal is just to represent the Somali government and to welcome you here and more importantly to indicate the government's commitment that we are prepared to work with the Institute (HESPI) and UNECA on moving forward these discussions.

There are a number of critical elements in the agenda of the consultative meeting. Moreover, there are members of parliament, former government leaders, and many scholars at the conference and my sense is that the outcome of this conference will be fruitful and important. Hence the government is ready to listen to the outcome.

I wish to close my brief remarks by saying a word about the ongoing discussions this week between the Jubaland administration and the Central Government of Somalia here in Addis Ababa at the Hilton Hotel. I can assure you that we will have the final signature of an agreement, before these discussions conclude.

Once again I thank you all!!

KEY NOTE ADDRESSES

Dr. Frannie Léautier, Executive Secretary of the African Capacity Building Foundation (ACBF)

Chairperson, HESPI Board of Directors, Dr Peter Robleh

Representative, United Nations Economic Commission for Africa

Invited guests,

Ladies and Gentlemen,

It is my utmost pleasure to be here for this important conference on Rebuilding a Viable State and Effective Institutions in Somalia. The event marks an important date in the Foundation's calendar as we support the ongoing efforts by the Federal Government of Somalia and her people to rebuild a nation.

At the time, the ACBF Executive Board approved a USD 3 million Grant to the Horn Economic and Social Policy Institute (HESPI) in 2010, there was great excitement that ACBF was partnering with a young policy institute that was committed to undertaking policy analysis and research for the IGAD region, and supporting capacity building activities in two conflict affected countries, namely South Sudan and Somalia. We would like to thank HESPI and UNECA for their collaborative efforts in bringing us together to openly discuss and deliberate on the further development of Somalia.

ACBF is currently in the second year of its third strategic medium term plan 2012 – 16, which recognizes the priority we have given towards targeted and flexible support to countries emerging from conflict. The plan is anchored in three strategic pillars that of (i) enhancing critical capacities to promote political and social stability for transformational change; (ii) enhancing the capacity to engage and regulate the productive sector; and (iii) enhancing the capacity to track policy impact. Under the plan, Somalia's developmental context is linked to priority number one namely, "enhancing critical capacities to promote political and social stability for transformational change".

Honorable Guests, Ladies and Gentlemen,

ACBF is pleased to provide this crucial support at a time when Somalia needs it most. In the recent 2-3 years, there have been several forums most notably the Istanbul

Conferences in May 2010 and June 2012, and the London meetings in February 2012 and May 2013, which have focused on creating new economic opportunities in Somalia, and mobilizing resources for Somalia.

This conference is expected to build upon the Istanbul and London meetings. What makes this conference unique is that over the next three days Somali professionals and academicians, together with selected international experts, will discuss the needs and challenges to move Somalia forward. I hope the discussions will be frank and progressive, and ultimately feed into Somalia's national development plan.

ACBF has vast experience in supporting capacity development on the Continent. When we talk about capacity building, our starting point is the existing capacity already developed through years of facing challenges and celebrating successes. It is this experience of Africans that we strive to unleash, strengthen and maintain translating capacity building as a multi-directional process that requires all parties involved to have a role in exchanging their experiences and efforts leading to socio-economic growth. ACBF has experience in 14 of the 25 countries categorized as post conflict or fragile states. This experience has resulted in different outcomes, for example, in Rwanda where ACBF was one of the first partners to support the development of a capacity development coordination agency, to Burundi where ACBF support was critical to the establishment of development planning processes across the country.

Honorable guests, Ladies and Gentlemen,

Allow me to conclude by thanking you all for your time and contribution to attend this important event. My special thanks go to the panelists, and presenters for sharing their knowledge and experiences as we tackle and discuss important issues of reconstruction and capacity building in Somalia. I also want to express on behalf of the ACBF Executive Board, the Foundation's commitment to support the reconstruction of Somalia. I thank you for your kind attention and wish you fruitful deliberations.

KEY NOTE ADDRESSES

Ambassador Nicholas Kay, UN Special Representative in Somalia

Thank you very much indeed Dr. Ali

Chairperson Jibril,

Honorable Former Prime Ministers, Distinguished Professors and invited guests

It is a real pleasure and privilege to actually spend some time with you this morning.

I'm not quite sure on the format of your day and I have got interesting and exciting things in the programme, so I will try not to get in the way of those; but it will be an opportunity, I think, this morning to also make it as interactive as possible.

Because I'm on this role only for nearly three months, I'm still spending more time listening than speaking and I think what better place to listen than here with such distinguished and expert people. So I hope as I say we can be as interactive as possible. But it is also an opportunity for me to introduce, if you like, to this company the mission of UNSOM (the UN Assistance to Somalia Mission) just to run through a little bit about what we are supposed to be doing and how we are setting about that. And since the title of your conference is rebuilding viable state and effective institutions in Somalia, I suspect, there is quite an overlap between our mission mandate and the topic here.

I'm very happy to say a little bit about the UNSOM Mission, which has benefited from very unanimous support of the Security Council unlike some other issues in the Security Council. As there is no real significant divide in the Security Council, we benefited from a very clear unanimous mandate in the resolution *2102 in May (of this year)* that set up UNSOM, which started on the 3rd of June. And I think the whole concept behind UNSOM is that there is recognition that Somalia is entering a new phase and broadly speaking it is the phase of building. The last phase that UNPOS (United Nations Political Office for Somalia) was involved which most of you are familiar with was the phase of going from failed state to fragile state and going through transition to the establishment of the federal government. And they did an excellent job. And my predecessor Ambassador Mahinga did a tremendous job in that role. And UNPOS was concluded at the stage where the international communities have

perceived there is a new beginning, a new opportunity, a new phase now in Somalia which is more or less a building phase, state building phase, capacity building phase. And UNSOM has been mandated to do principally four things. (It is a relatively short Security Council resolution but it is still a bit more than four things).

The first is straightforward which is good offices and political role to support the Federal Government with peace building and reconciliation. And we can dwell on the challenges that entails. So far in the first two and half months, the sort of issues that seem potentially require good offices, mediation, and reconciliation support from the UN include the relationship with Somaliland, the relationship with Puntland and the relationship with Jubbaland. So (there is) plenty to do. But I would say that my first observation on that is that the UN so far is playing really a supporting role on all of those. The conversation between the Somalia and Somaliland has been facilitated by Turkey in a successful progressive way. And the next meeting is due at the end of October. And the UN has supported politically that process. But we are not running it and we are not involved in it.

In the case of Jubbaland, IGAD is doing a tremendous job. Dr. Tedros (Foreign Minister of Ethiopia) is working night and day; he has been extremely patient, calm and persistent for the last few days to facilitate an agreement between the Jubbaland administration and the central government. The UN has said very clearly that it is great that IGAD has assumed the leadership on this problem. We (UN) are there to support them. And that is what we are doing. In any way that I can more in margin than in actual negotiating room than the UN is supporting that process. While in Puntland, I have engaged myself a little bit with President Farole in the internal Puntland political process.

The second mandate of UNSOM is to provide support for state building which breaks down to: support for the review of the Federal Constitution, building of the Federal State, and capacity and institutional building.

The resolution mentions particularly security sector and the security sector institutions. But it is not exclusive to that. And we see a role for UNSOM as being a strategic advisor, convener, and coordinator of international community efforts to build capacity in Somalia. In this context, the topics of your conference and your views, wisdom and suggestion on how you go about best in building capacity will be welcomed.

The first part of that sort of state building support role that UNSOM is being charged with is the review of the federal constitution. From our perspective, I don't know whether it is shared here, the biggest strategic challenge if you like is the review of the Federal Constitution. As far as my fairly new and unformed analysis is that the issue really at the heart of what is happening is the coming to terms with and getting over the

fact that as the consequence of the last twenty years of conflict, fundamental powers and resource shift have happened in Somalia. And it is no longer a central unitary state. And over the last twenty years the centers and control of power, revenue and resources have dispersed and fragmented around the country. And coming to terms with that is a challenge. And the Provisional Federal Constitution backed that issue. It identified this issue as the challenge. And it got as far as suggesting the answer to that challenge is a federal state, or model. But it didn't get further in terms of working out what exactly that means, how exactly you share power, control and revenue. It is a difficult issue. I couldn't be surprised that it is not resolved at that particular juncture. It is the task that UNSOM is mandated to do.

The third is around human rights. It is very large component of the Security Council resolution 2102. And it has two functions for human rights. One is again capacity-building; it is based on fundamental assumption that the Federal Government of Somalia is well intentioned when it comes to human rights and there is strong desire to protect and promote human rights. And there is equally strong lack of institutional and individual capacity to do so. The second function (under this mandate) is strong monitoring and reporting to the Security Council and to Geneva the Human Right Council on the human right situation in Somalia on regular intervals.

The fourth mandate is international coordination. This is starting with the UN. The concept is that the mission is integrated mission in response to the federal government's desire to have one UN door to knock on. And so we are getting our own house in order within the UN to be more coordinated and more streamlined, but also we have a function to assist with the coordination of international donor efforts.

A couple of final points about the UNSOM mission which are relevant. We are not based in Nairobi we are based in Mogadishu. We are mandated to be present throughout Somalia. We are much more present than UN has been previously that is the (UNSOM) mission concept. So that is us. More importantly please give me advice on how best I can discharge those four functions particularly the first two.

Thank you very much!!

KEY NOTE ADDRESSES

Mohamed Abdi Mohamed, Associate Member of HESPI

Mr. Chairman, Brothers and Sisters

Greetings!

First, let me thank you for inviting me to speak at this conference. It is an honor that my views are worthy of your consideration and worthy enough to be heard by your distinguished participants.

Second, let me commend and congratulate the HESPI organization and others for their efforts in arranging this conference here in Addis.

Third, let me also take this opportunity to acknowledge the importance of the timing and significance of this conference. Somalis, friends of Somalia and other stakeholders, meeting and sharing ideas for the benefit of future generations, is truly a wonderful thing. This conference also provides all of us an opportunity to present our individual visions for the future of Somalia. I am optimistic that Somalis can rise above sectarian interests and put Somalia first.

The sole purpose of my participation in this conference is to share my personal vision and hopes for the future of Somalia. For me, this is very simple.

- I absolutely reject the notion of a balkanized nation, splintered into several pieces and having a token presence on the world stage.
- I believe in one nation bound together by one constitution, a common flag, a shared identity, language, religion and history, a viable nation with defined territorial borders (land and sea), respected by our neighbors, with my countrymen and countrywomen sharing a mutual peace and protecting the constitutional rights of every Somali citizen.

The simplicity of this vision is not to imply that the future is not without challenges. For me, the question is not what the ultimate objective should be; it is how we, as one people, get there. Some may say that one should be pragmatic and not be too hopeful. I challenge them to give me a few examples where progress was made without vision and hope. Great nations are defined by how they rise to great challenges in the dark

hours of their history. This conference challenges us to rise to this ideal and the organizers need to be commended.

As we focus on rebuilding a viable state, we may need to be mindful of the past as we look to the future. It may be helpful to ask ourselves what lessons have Somalis learnt from our history and what mistakes we, as a people, must we strive never to repeat. If we are daring enough to be honest with ourselves, we are compelled to face some inconvenient truths and I will attempt to put a few of these in some context.

First, it is an inconvenient truth that Somalia has not experienced a truly democratic central government for the past fifty years. Two generations of Somalis have grown up witnessing a nation in decline without participating in the social and economic development. The sad consequence of this reality is that societies truly develop only when one generation provides a viable foundation for the next one. This intergenerational legacy is the critical component of societal development. My question to you is what inheritance will we leave to the next generation?

Second, it is an inconvenient truth that the trials and tribulations endured by the Somali people over the past forty years have resulted not only in massive and traumatic social and economic dislocations resulting in loss of limb, lives, and treasure. However, while this is widely known, there is some irreversible negative impact on the nation. Insufficient focus, in my view, has been put on the impact on the Somali middle class. The best and brightest of our sons and daughters have left these shores and have found refuge in more friendly environments. Incidentally these comprised most of the Somali middle class and ironically these are the same ones that are responsible for a very large percentage of the remittances received in Somalia.

Third, these professionals now have children who, in all probability, were born in other countries and over time have weakening ties with the Somali homeland. **It is an inconvenient truth** that this younger generation to a very large degree is lost to Somalia and is more likely to dedicate their talents to their current home countries. This means that Somalia has lost the youthful impatience of the younger generation that is driving innovation and change around the world. These should have been the nucleus of the next Somali middle class. Around the world, it is this class that will have the power to effect political change in their respective countries. This new modernized middle class has already made their mark on Turkey, Brazil and elsewhere in Latin America and Asia.

Fourth, it is an inconvenient truth that Somalia will never emerge from a state of developmental darkness until and unless serious consideration is given to human development. It is evident that in developing countries, the quality of information and decision making within government agencies is inadequate. This cycle of imperfection

begins with imperfect information collection processes, which lead to imperfect information distillation processes that lead to imperfect information, which lead to imperfect reactions and decisions that ultimately lead to imperfect results.

The theme of this conference challenges us to consider the structure we need to see, examine the foundations that currently exist, think about the adequacy of current resources and any corrective actions required. Our minds need to address and accept the fact that Somalia is a “Broken Nation” in need of reconstructive surgery by qualified physicians, and post-surgery care.

This would no doubt imply that “Rebuilding” has three main prerequisites. These are, capacity building, the role of government in effective capacity building, and, building bridges of trust in government.

Capacity Building

It is now universally accepted that developing countries face serious economic challenges due to the shortage of qualified human capital. This is compounded by the fact that too many institutions in the third world lack the capacity to fully utilize trained staff and encourage their self-actualization needs.

This acceptance seems to underscore the previously neglected realization that the key to third world social and economic development is “**Capacity Building**”. **In my view, this is the area where Somalia needs the greatest international help. Belonging to a particular clan is insufficient qualification for high office.**

Role of Government in Capacity Building

Capacity Building is further enhanced when Government is committed to Institutional and legal framework development, making legal and regulatory changes to enable organizations, institutions and agencies at all levels and in all sectors to enhance their capacities.

In today’s world, governments in developing countries need to be equipped to handle the problems associated with environmental, economic and social transformations. Developing a government’s capacity whether at the local, regional or national level will allow for better governance that can lead to sustainable development and democracy. To avoid authoritarianism in developing nations, a focus has been placed on developing the abilities and skills of both national and local governments so power can be diffused across a state. Capacity building in governments often involves providing the tools to help governments best fulfill their responsibilities. These

include building up a government's ability to budget, collect revenue, create and implement laws, promote civic engagement, be transparent and accountable and fight corruption.

Building Bridges of Trust in Government

If we accept the thesis that Governments come and go but the people are here to stay, then the term “viability” can be exchanged for “sustainability”. If we accept the general proposition that all stakeholders wish to see a democratic Somalia, then we need to face the inconvenient reality that Somalia is in a “Coma of Mistrust”. It is my view that Somalia will not move forward unless there is a national climate of inclusiveness and a will to build bridges of trust. A prolonged battle for the hearts and minds of Somalis must be vigorously waged. The following are some positive things that need to happen both on the domestic and international fronts. In fact, these are some essential measures, without which, Somalia will not move forward.

1. The Constitution needs to be completed.
2. A multi-regional Truth and Reconciliation Commission needs to be established. Putting a fresh coat of paint does not mean that the house is fit for habitation.
3. A progressive legislative agenda needs to be implemented. Anti-corruption legislation needs to top the list. This should include annual financial disclosure of assets.
4. A code of ethics for all senior government officials must be developed.
5. The government should establish a Public Service Commission to review and conduct background checks on senior government officials and political appointees. It also needs to be emphasized that extreme caution must be taken to ensure that those officials who represent Somalia abroad are technically, legally and morally equipped to avoid being an embarrassment to the government and people of Somalia.
6. The implementation of a credible public finance system is of critical necessity for the Nation. This is not an issue that we can or need to ignore. We need to understand that there is a connection between the absence of an accountable public finance system and bureaucratic corruption. The absence of an accountable public finance system is a direct temptation to practice corruption. Corruption is a cancer that spreads very quickly, is very addictive and nationally destructive. This is of political and economic necessity for the mere existence of a central government.

Finally Mr. Chairman, brothers, sisters and friends, I wish to leave with you these parting thoughts.

- In a democracy, those who deserve to hold the reins of power should not do so by divine right or accident of birth; they deserve to do so by responding to an inner call for higher service.
- In my view, the broader international community has not turned its back on Somalia. They generally want to see a stable nation in the Horn of Africa (possibly with a few exceptions). However there will be no peace in a balkanized nation.
- The international community cannot legislate or impose peace among Somalis. Peace is only assured when the various communities of Somalia support and contribute to a national government and when we are all bound by our Constitution.

Thank you.

TABLE OF CONTENTS

FOREWARD.....	i
----------------------	----------

KEY NOTE ADDRESSES

- Ambassador Ahmed Abdusalam, Somalia Ambassador to Ethiopia **iii**
- Dr. Frannie Léautier, Executive Secretary of the African Capacity Building Foundation (ACBF) **v**
- Ambassador Nicholas Kay, UN Special Representative in Somalia **vii**
- Mohamed Abdi Mohamed, Associate Member of HESPI..... **xi**

REVIEW OF INTERNATIONAL COMMUNITY INTERVENTIONS IN SOMALIA AND FEDERAL GOVERNMENT’S PRIORITIES	1
Mohamood Abdi Noor	

POST-CONFLICT RECONSTRUCTION AND THE CHALLENGES OF SUSTAINABLE DEVELOPMENT: THE CASE OF SOMALIA	13
Franklyn Lisk	

SOMALIA’S RECONSTRUCTION AND DEVELOPMENT: NEED FOR A PARADIGM SHIFT.....	30
Abdullahi M. Yahie	

IT IS ALL ABOUT INSTITUTIONS	49
Abdiweli Ali Gaas	

IT’S THE LEADERSHIP STUPID: THE CHALLENGES OF POST-CONFLICT ECONOMIC GOVERNANCE	59
Lual A Deng	

THE STRATEGY FOR YOUTH EMPLOYMENT TO AVOID RECURRENCE OF INSECURITY AND POLITICAL INSTABILITY	88
Liban A. Egal	

YOUTH EDUCATION AND EMPLOYMENT CHALLENGES FACING SOMALIA	97
---	-----------

Hassan Abdi Keynan

**PRIVATE SECTOR DEVELOPMENT IN
SOMALIA/SOMALILAND: OPPORTUNITIES AND
OBSTACLES109**
Osman Sheikh Ahmed

**ENHANCING FINANCIAL ACCOUNTABILITY, INTEGRITY
AND TRANSPARENCY IN SOMALIA 123**
Ali I. Abdi

**POWER-SHARING MECHANISM AND THE CHALLENGES
OF FORMING VIABLE FEDERAL REGIONS FOR
SOMALIA137**
Abdinur Mohamud

**FEATURES AND EXPERIENCES OF THE ETHIOPIAN
MULTI-NATIONAL FEDERALISM145**
Chane Gebeyehu Turi

**PROSPECTS FOR A RENEWED UN-AU-IGAD PARTNERSHIP
IN STATE BUILDING AND POST-CONFLICT
RECONSTRUCTION IN SOMALIA: THE CHALLENGE
OF GOOD GOVERNANCE PROMOTION153**
Valerio Bosco

**STRENGTHENING PEACE THROUGH REGIONAL
ECONOMIC INTEGRATION: THE PROMISE OF
SOMALIA’S DIGITAL ADVANTAGE168**
Ali Noor Mohamed

CONCLUDING REMARK181

REVIEW OF INTERNATIONAL COMMUNITY INTERVENTIONS IN SOMALIA AND FEDERAL GOVERNMENT'S PRIORITIES

By

Mohamood Abdi Noor¹

Abstract

*This paper reviews the international community's development intervention in to Somalia since the last decade. One of the notable interventions was the Somalia Joint Needs Assessment (JNA) and the resulting Reconstruction and Development Programme (RDP). The Joint Needs Assessment was carried out by the World Bank and United Nations Development Group in collaboration with the then Somalia Transitional Government to recover the country from the prolonged conflicts. It also reviews the recent intervention by the European Union called the **New Deal for Somalia**.*

1. Introduction

In 2005, the Somali Transitional Government and the International Community requested the World Bank and the United Nations Development Group (UNDG) to lead the Somali post-conflict needs assessment called the Somalia Joint Needs Assessment (JNA). The Joint Needs Assessment process was completed in 2008. The aim of the JNA was to promote and facilitate the recovery of the country from the negative impact of prolonged conflict and war and to formulate 5 years reconstruction and development priorities. The lengthy process involved wide consultation with donors, international and national non-governmental organizations (NGOs), representatives of the Transitional Federal Government, the Transitional Federal Parliament, authorities in autonomous Somali regions, UN agencies and the World Bank staffs. Somali public, private and civil society groups were also widely consulted through workshops and meetings. In addition, the draft JNA documents were widely circulated to enhance the participation and input of key stakeholders and Somali experts in various sectors.

¹ **Dr. Mohamood Abdi Noor** was Senior World Bank agriculturalist. He is currently a consultant with the World Bank, other international organizations and NGOs. He earned his BSc from the University of Arizona, MSc from the University of Wyoming and PhD from the University of Massachusetts.

Based on the priority needs identified under the Joint Needs Assessment, a national plan called the Reconstruction and Development Programme (RDP) was formulated, which laid out in sequential manner Somalia's five year national recovery, reconstruction and development programmes with the expected outcomes and their financial implications with the motto of "Deepening Peace and Reducing Poverty".

The JNA and RDP were both targeted identified priority needs and the proposed programs to address them in the geographic locations of Somalia: South-Central, Puntland and Somaliland. The process of their formulation took considerable time and efforts, and there was a plan to hold a donors meeting that was postponed owing to instability and insecurity. Therefore, given the establishment of the Somali Federal Government (SFG) and the improvements in relative peace and stability, it would be appropriate to utilize the JNA results as the main instrument for the reconstruction and development of Somalia. The revised JNA could include additional needs that promote the current priorities identified by Federal Government of Somalia (FGS) and the proposed 'New Deal Compact' for post conflict countries by EU.

2. The Joint Needs Assessment (JNA) & the Reconstruction and Development Programme (RDP)

The JNA and the five year RDP covered the suggested programs to be implemented in the country as a whole and sub-divisions. The JNA consisted of the following six clusters:

- Governance, safety and rule of law;
- Macro-economic policy framework and data development;
- Infrastructure;
- Social services and protection of vulnerable groups;
- Productive sectors and environment; and
- Livelihoods and solutions for the displaced;

In addition, there were three cross-cutting issues in the joint needs assessment (JNA) as follows:

- Peace building, reconciliation and conflict prevention;
- Capacity building and institutional development and anti-corruption initiatives; and
- Gender and human rights.

The programs proposed for implementation and their costing are summarized in the consolidated result-based matrix for deepening Peace and Reducing Poverty (see table 1 below). The priority areas covered are summarized below:

- ***Deepening peace, improving security and establishing good governance***, which address the area of reconciliation, constitutional process; as well as security and the rule of law, demobilization, disarmament and reintegration (DDR), strengthening of police, mine action, the rule of law, promotion of human rights, improved capacity of governance, macroeconomic stability and data development, fiscal and monetary policy;
- ***Investment in people through improved social services***, which covers the areas of expanding quality education and training services with gender equity, improving health services, improving provision of water, sanitation and shelter, assisting internally displaced people (IDPs) and returning refugees and protecting vulnerable and displaced groups; and
- ***Creating an enabling environment for private sector-led growth to expand employment and reduce poverty***, which includes the rebuilding of infrastructure, expanding financial services, rebuilding key productive sectors such as livestock, crop production and fisheries, developing other productive sectors such as industry, telecommunications, mineral resources, ensuring environmental sustainability including enforcing of charcoal export ban, reforestation and control of illegal fishing, improving livelihood and food security.

a) Constraints to Achieving the Target Outcomes of RDP

Under each priority areas of the reconstruction and development programme, the country has achieved a lot in reconstruction and conflict resolution, peace building, macroeconomic stability, administrative governance, public finance management, expansion of education and public services, rebuilding infrastructures and improving the livelihood and food security. During that period, the federal institutions were also set up and the provisional constitution was adopted.

Due mainly to the prevalence of insecurity and conflict in the country, the implementation of the reconstruction and development programme of Somalia has been hampered by complex situation. The following are among the many constraints:

- Low public confidence in state and public institutions, unresolved political and power sharing issues, unaddressed human rights violations and insecurity
- Weak institutional capacity, lack of experience in electorate processes and weak/non-existent electoral institutions
- Lack of employment opportunity for demobilized people and lack of resources

- Deterioration of human capital resulting in current lack of qualified personnel
- High cost of doing business due to persistent insecurity and deterioration of physical infrastructures

b) Summary of the Costing of the RDP

The consolidated result-based matrix for Deepening Peace and Reducing Poverty has a total cost of US\$ 2,220.5 million and five years implementation time frame for the reconstruction and development programme.

Table 1: Summary of the Consolidated Result-Based Matrix for Deepening Peace and Reducing Poverty in Somalia

	Pillars of Reconstruction & Development Programme	Costs for implementing RDP in US\$ Mn
a)	Deepening peace & Strengthening Governance	
(i)	Reconciliation, Conflict Resolution & Peace building	26.5
(ii)	Security & Rule of Law	183
(iii)	Administrative Governance	151.7
(iv)	Macroeconomic Stability & Data Development	87.9
(v)	Public Finance Management	12.8
	Sub total	461.9
b)	Investing in People Through Improved Social Services	
(i)	Expanding Education & Training Services	322.8
(ii)	Improving Health Services	153.6
(iii)	Improving Access to Water, Sanitation & Shelter	52.4
(iv)	Assisting Displaced persons & returning refugees	131.1
(v)	Protecting Vulnerable & Disadvantaged Groups	6.1
	Sub total	666
c)	Establishing an Environment for Rapid Poverty Reducing Development	
(i)	Rebuilding Infrastructure	793.6
(ii)	Improving Financial Services	20.9
(iii)	Rebuilding Key Productive Sectors	164.7
(iv)	Developing Other Productive Sector	29.9
(v)	Ensuring Environmental Sustainability	42.1
(vi)	Improving Livelihood & Food Security	41.4
	Sub total	1092.6
	Total	2,220.5

Source: Compiled from the draft report on Reconstruction & Development Programme, 2008

3. The New Deal for Somalia

In September 2013, a donor conference for Somalia was held in Brussels which was co-hosted by the European Union and the Somali Federal Government, and attended by participants from Somalia, Members of European Parliaments (MEP) and civil society,

as well as development partners. To support the positive progress the country made in the reconstruction and reconciliation process, the European Union with the Federal Government of Somalia endorsed a “New Deal” for Somalia.

a) Proposed Programs Based on the Somali Compact

The FGS Committee for the formulation of the Somali Compact could have reviewed the JNA and RDP and add to the identified needs and any additional programs to be implemented in RDP or present them in parallel to the Brussels conference. This would have given the donor community the options for funding the identified needs in the past and the present and would address all the identified needs without gaps. Since the completion of the Reconstruction and Development Programme, there have been lots of changes in the country (such as the formation of federal states like Gulmudug, Khatumo, Xeemin iyo Xeeb, and Jubaland) that could complicate the funding allocation for the New Deal for Somalia. Hence, the new deal should take such facts into consideration.

The Somali Compact includes programs that are in parallel with those in the JNA and RDP and has five Peace and State-building Goals (PSG) and five cross-cutting issues as indicated below:

- i. ***Inclusive politics to achieve a stable and peaceful federal Somalia through inclusive political processes:*** These processes include: (i) political dialogue among the federal government and existing and emerging federal states; (ii) finalizing and adopting the Federal Constitution by December 2015; and (iii) prepare for and hold election by 2016.
- ii. ***Security through the establishment of unified, capable, accountable and rights based Somali Federal Security institutions providing basic safety and security for its citizens including:*** (i) strengthening the capacity and accountability of state security institutions; (ii) integrating security forces into federal institutions; (iii) national program for demobilization and reform of combatants; and (iv) developing an effective maritime security within the framework of the Maritime Resources and Security Strategy;
- iii. ***Establish justice, independent and accountable justice institutions capable of addressing the justice needs of the people of Somalia by delivering justice to all through:*** (i) reorganization of the judiciary and its alignment with the Constitution and international standards; (ii) justice institutions start to address the key grievances injustices of the people; and (iii) more Somalis have access to fair and affordable justices;

- iv. ***Economic revitalization and expansion of the Somali economy with a focus on livelihood enhancement, employment generation and broad-based inclusive growth, including:*** (i) enhancing the productivity of high priority sectors and related value chains through the rehabilitation and expansion of infrastructure for transport, market access and energy; (ii) expanding opportunities for youth employment through job creation and skills development; and (iii) promoting sustainable development and management of natural resources by developing legal and regulatory frameworks and building capacity in key natural resources management (NRM) institutions.
- v. ***Achieve and promote transparent and accountable revenue generation and equitable distribution and sharing of public resources and services, including:*** (i) provision of equitable, accessible, decentralized and affordable social services; (ii) enhance transparent and accountable revenue generation; and (iii) strengthen Public Financial Management (PFM) to enable different levels of government to better manage financial resources in a transparent and accountable manner, in support of national priorities.
- vi. ***Cross-cutting issues which include:*** (i) gender equity and balance; (ii) public sector capacity development; (iii) bringing tangible results to people; (iv) respect of human rights; and improving external relation with neighboring countries and internationally.

b) Implementation Arrangement of the Somali Compact

The Somali Compact is designed to establish funding and implementation through effective partnership between the Federal Government of Somalia and the international donor community. Its principles include:

1. Somali owned and led development;
2. Alignment with overall goals
3. Aid alignment with government priorities and sector policies;
4. Aid operation are designed and delivered in partnership with relevant government institutions;
5. Aid is provided in line with the government budget cycle and helps the strengthening of public financial management system;
6. Aid is channeled through preferred instrument of the government;
7. Aid supports institutional capacity building;
8. Aid coordination achieved;
9. Aid is transparent and predictable; and
10. Conflict sensitivity is taken into consideration in aid management.

Somalia Development and Reconstruction Facility (SDRF)

The FGS and its development partners would establish SDRF as a centerpiece of the Somali Compact or the New Deal. It will serve as mechanism for the FGS and its development partners to oversee and guide the reconstruction and development process. The coordination will be achieved through the establishment of a mechanism that include: High Level Partnership Forum, SDRF Steering Committee to manage policies, financing and aid delivery and a committee consisting of FGS and Development Partner Group, which will be a technical forum for sector policy formulation, planning and program coordination. In addition, a monitoring mechanism will be established.

c) Costing of the Somali Compact

The costing of the Somali Compact was covered in the Somalia Economic Recovery Plan 2014 (ERP), which was approved by the Council of Minister on September 5, 2013. The ERP highlights the priorities of Somali New Deal Compact, but does not cover the areas of security, justice and inclusive politics, which are covered by separate working groups. The ERP is limited to South-Central Somalia and focuses on the following priorities:

1. Rapid upgrading of state capacity and federal and local authority levels;
2. Productive sectors (crops, livestock, forestry, and fisheries);
3. Rapid rehabilitation of infrastructures (ports, urban water and waste disposal);
4. Basic health services; and
5. Education and other social services.

The summary of the costing of the ERP is indicated in Table 2 below. The priority project for South Central Somalia is estimated to be US \$ 593.2 million. However, the Brussels Conference for all Somalia pledged about US \$ 2.4 billion.

Table 2: The Summary of the costing of the Somali Economic Recovery Programme

Sector and Sub-Sectors	Ministry/Agency	Indicative Cost in Millions of
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		Dollars
Core State Functions (public admin., revenue collection and management of data and statistics)	Finance and Planning, Labor, Youth and Sports and Civil Service Commission	137.6
Productive and Natural Resources (livestock, crops, fisheries, oil, gas and minerals, environment management, Information and Communication Technology, private sector development and regulation)	Natural Resources, Information, Post, Telecommunication and Land Transport and Industry and Commerce, SBRD	104.9
Infrastructure (energy, roads, ports, airports, urban water and sanitation and solid waste management)	Public Works, Ports, Marine Transport, Energy and Municipalities	203.3
Social Sectors (health and nutrition, education, gender, social protection and resilience and youth and labor)	Human Development, Labor and Youth, Social Affairs and Sports	147.4
Total ERP Indicative Costs		593.2

4. The Federal Government of Somalia Priority

After the democratic election in 2012, Somalia has seen modest improvement in stability and progress. Subsequently the government in power has launched new national policy priorities which revolve around deepening peace and good governance and facilitating the economic recovery of the country. These programmes of the FGS are structured in six pillars with implementation under each pillar being pursued simultaneously.

The current Federal Government of Somali's priorities can be summarized as follows:

- (i) Ensuring the supremacy of rule of law and good governance
 - Attaining relative security in the whole parts of the country through strengthening the capacity of the relevant institutions and by pursuing reconciliation process and inclusion.
 - Strengthening the effectiveness and the integrity of legal and judicial institutions. The Federal Government of Somalia consistent with the reconstruction and development programme (RDP) has given much

emphasis to improving access to justice and rule of law and developing strategic framework for judicial systems

(ii) Economic recovery

- The long and protracted civil war has taken a toll on the country's physical infrastructure and human capital. The economy which heavily depends on the informal sectors is held back in its development by the destruction of the country's infrastructure and deteriorating human capital at home. The Federal Government of Somalia has put economic recovery as one of the priority. Ensuring macroeconomic stability was one of the sub pillars of the RDP.

(iii) Restore peace and security and facilitate social reconstruction

- The persistent insecurity that the country has faced for about two decades has impeded the recovery process and eroded social values and forced many Somali to flee their country. Hence it is imperative for the government to work on restoring peace & security and facilitate the return of refugees.

(iv) Ensuring efficient social delivery to the public at large and to vulnerable group in particular

- Addressing the vast needs of the population that was battered by the long civil strife is among one of the key priorities of the FGS.

(v) Building collaborative relations and nation image building

(vi) Unity and Integrity of Somalia

- In the reconstruction and development programme, ensuring the unity and integrity of Somalia was not given emphasis.

The current Federal government's priorities mainly center on the first pillar of the reconstruction and development programme, i.e. deepening peace and strengthening governance. The other two pillars of the RDP which are *investing in people* and *establishing an environment for poverty reducing development* are not in the current year's government priority. Given the resources the government has, it could be a good idea to mobilize resources to those areas with high pay off for the nation and to those which facilitate rapid recovery from the conflict.

The European Union with the Federal Government of Somalia is working on the costing of the current priorities. There is a need to ensure that there is no duplication of efforts with the reconstruction and development programme.

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POST-CONFLICT RECONSTRUCTION AND THE CHALLENGES OF SUSTAINABLE DEVELOPMENT: THE CASE OF SOMALIA

By

Franklyn Lisk²

Abstract

The paper begins with an introduction that presents a background (trend and overview) of post-conflict reconstruction efforts and experiences in Africa in the context of socio-economic development, including elaboration of concepts of conflict vulnerability, state fragility, risk, humanitarian action, transitional assistance and aid financing and recovery, with reference to Somalia as appropriate. The main analysis of post-conflict reconstruction in Somalia as presented in the paper focuses on four areas: the Political process (implementation of conflict resolution and peace-making and building strategies, leadership, legitimacy and democratic governance); Economic development (investment in post-conflict recovery and reconstruction for inclusive growth sustainability sustainable development, including institution building and capacity development, (investment in post conflict recovery and reconstruction for capacity development, resource mobilization and management of natural resources, the private sector, socio-economic opportunities and employment creation programs, the contribution of the Diaspora); Social progress (basic services, livelihoods and poverty reduction programs; social justice and inclusion for addressing vulnerability and inequality including gender biases, broad based participation in development processes); and Human security (assuring and safeguarding conflict related threats to human security – personal, food, health, environmental and community security sector reform, transitional justice and human rights). The paper addresses issues in these four areas mainly from the perspective of the sustainable development challenges facing Somalia in the process of reconstruction and recovery and within the wider context of regional integration, economic globalization and the post 2015 international development agenda.

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1. Introduction: Framework for Transition from Conflict to State-Building and Economic Recovery

Since the fall of the Siad Barre regime in January 1991, Somalia has been without a single distinct central government. The collapse of the state and the ensuing insecurity, stemming from inter-clan warfare, banditry and lawlessness, exacerbated inherent political instability and precipitated the breaking up of the country (Menkhaus, 2000). For more than two decades, Somalia has experienced the realities of a failed state, the absence of unitary governmental structures and institutions, partition of the country into contestable regions, lack of national cohesion and, for most of the population, a dependence on aid from the UN and donor agencies for a life line (Menkhaus, 2013). During this period, most of the country has relied on non-state and customary institutions for governance, justice and security purposes. Furthermore, militarized violence has resulted in the loss of thousands of Somali lives and the displacement and loss of livelihoods of large swaths of the population; halted and reversed progress in economic development through the destruction of vital infrastructure and the drain on critical human capital resulting from large-scale emigration of Somali professionals, skilled people and educated youth to all continents. Somalia's unfortunate experience of prolonged conflict and state failure has been further compounded by the development challenge of a spate of natural disasters over the past two decades; droughts and floods with adverse effects on the population in the form of famine, increasing poverty and human vulnerabilities. The break-up of the nation into clan enclaves undermined its sovereignty and led to the loss of state credibility and legitimacy which eroded the basis for state representation and participation in the international system.

Indications are that Somalia is finally emerging from its prolonged civil war and embarking on a process of transition from conflict to state-building and economic and social recovery. This process is faced with formidable challenges: the absence of viable and credible institutions, widespread and severe damage to economic and social infrastructure, eroded human and social capital, severely diminished productive capacity, insecurity and the effects of a major humanitarian crisis of immense proportion (Abdi, 2009). It is in this context that the present paper explores the prospects for post-conflict reconstruction and the economic recovery in Somalia. On the basis of evidence from similar post-conflict situations globally (Zartman, 1995; Collier and Hoeffler, 2002; Addison, 2003; Ghani and Lockhart, 2008; Chauvet, et. al, 2010; Anten, et. al, 2012; Petersen and Engberg-Pesersen, 2013), the major challenge of “rebuilding a viable state and effective institutions” would invariably involve the interface of two principal ‘actors’: (1) *Somalia*, as the ‘developmental state’ (a combination of governmental and non-governmental bodies at central and local levels,

the private sector and diaspora); and (2) and the *international system* (a collection of UN and regional organisations, bilateral and multilateral donors, international NGOs), as the ‘development partner’ . These two actors are likely to interact forcefully in any post-conflict reconstruction agenda for Somalia, and how this interaction is managed could be decisive to the outcomes of post-conflict reconstruction efforts (Fukuyama, 2004; Lockhart and Maxwell, 2006; Ghani and Lockhart, 2008). Both sets of actors and their systemic contributions are crucial for building a viable and better functioning state, which has the necessary human and institutional capacity to inform and decide on appropriate development approaches, options and strategies for conflict reduction and post-conflict reconstruction. But it is important to get the right balance in the interaction between the state apparatus, on the one hand, and its international development partners, on the other, in order to derive a beneficial relationship from the standpoint of post-conflict reconstruction and economic recovery.

In the context of failed states, like Somalia, the immediate requirement for state-building and post-conflict reconstruction is to couple swift *economic, political and social* advancement with increased *security*. Hence, this paper is structured to focus on the following four strategic pillars:

- Political stability
- Economic development
- Social progress
- Human security

The elaboration of a development policy framework for post-conflict reconstruction and recovery in Somalia in relation to these four strategic pillars will undoubtedly require an understanding of the historical and structural antecedents of the conflict. Though outside the scope of this paper, decision-makers at national and international levels concerned with the post-conflict reconstruction programme would need to have a good appreciation of the factors that precipitated and converted an embryonic conflict into an open and prolonged civil war lasting over two decades; that is, conflict structures, actors and dynamics. It will also be necessary to undertake an examination of the role of different interventions or efforts introduced to resolve the conflict and their impact on the conflict, which provides the context within which to focus on the strategies, policies and programmes for peace-making, state-building and post-conflict economic and social recovery.

2. Rebuilding a Viable State and Effective Institutions: Managing the Dynamics of the Interaction of the National and International Systems in Post-Conflict Reconstruction

Before looking more closely at the requirements for making operational the four strategic pillars of post-conflict reconstruction, it is useful to consider the critical issue of managing the dynamics of the interaction of the *national system* (state), including the contribution of the Somali Diaspora globally, and the *international system* (development partners) and how to obtain the best from the interaction of the two systems. This brings into focus a set of development challenges, embedded in conceptual and methodological questions pertaining to what works, what would work, what is achievable, what can be improved, and under what conditions and involving fundamental governance and decision-making relationships, that must be addressed in order to delineate success or failure of post-conflict reconstruction efforts.

Mobilizing the international system for enhancing state sovereignty

A major state-building challenge for Somalia is to mobilize the international system around the goal of enhancing the sovereignty of the state. Long-term compacts based on shared responsibility and mutual accountability must be created to bind the *international* and the *national systems* in a partnership with a common endeavour to restore state sovereignty as a priority objective of post-conflict reconstruction. Interventions from both systems in the political, economic, social, security, judicial and administrative domains should be integrated into a *single* development framework whose functioning is carefully monitored over time during the transition from conflict to post-conflict reconstruction and recovery. In this regard, it is important to avoid the creation of dual bureaucratic structures in the process of reconstruction and state-building whereby, for example, qualified and competent Somali nationals work in an under-resourced and poorly-remunerated national system alongside a privilege group of foreign ‘experts’ and ‘advisers’ in the international system employed at much higher salaries and with all sorts of perks thrown in. Wide disparity in wages and working conditions between the national and international systems could create frustration and resentment among local civil servants and support staff, as well as contribute to a new wave of ‘brain drain’ of technical and managerial skills from the public sector to structures of the international system operating within the country and beyond.

Governance, or the exercise and organization of political power to manage a country’s affairs, has been a major concern for donors since the late 1980s. Confronted with a failed state situation, there is risk that the international or aid system could seek to orient its assistance for state-building towards dealing with the symptoms of bad governance, rather than with the causes. Thus, instead of promoting good governance

by helping governments of fragile states to build efficient and transparent public sectors, with stable and effective institutions and encouraging broad-based citizen engagement and participation in the development process, the aid system would choose to withhold support for the provision of core services from the state and ‘outsource’ this responsibility to non-state networks of bilateral and international agencies and NGOs. Such decision would in effect create a parallel bureaucracy which drains capacity from the public sector and further exacerbate the plight of existing weak institutions. Conflicting rules of operation and duplication of efforts inherent in a dual bureaucracy could divert energy and resources from core development management tasks. Lack of policy coherence, due to parallel structures of decision-making and lack of alignment between international and local actions, tends to diminish rather than build state capability. The ‘aid system’ in post-conflict reconstruction should therefore be re-oriented towards a ‘partnership’ model, where shared responsibility and mutual respect of sovereignty becomes the aim of development assistance; highlighting the importance of ‘whole of government’ approaches to addressing fragility and governance challenges. Such a harmonisation of the aid system and the local system, including the alignment of policy goals and priorities, will require agreement among donor organisations themselves and between donors and state authorities on the common goal of creating and bolstering sovereignty. This is consistent with the principles of the ‘Paris Declaration on Aid Effectiveness’ regarding country ownership, harmonisation and alignment of development efforts, which were later reaffirmed in the form of a pact for effective development cooperation at the 2011 Busan High-Level Forum on Aid Effectiveness (Booth, 2012)

Reinforcing the system of national governance and the rule of law for building state capability

Based on the experience of contemporary post-conflict reconstruction processes, it is reasonable to assume that only a viable and capable sovereign state will create opportunities for Somali citizens to participate in and benefit from the recovery of the economy as well as act to prevent terror and insecurity. This implies a closer look at the relationship between governance and economic development, as well as between fragility, conflict and good governance, in post-conflict reconstruction (Addison, 2003; Anten et. al, 2012: World Bank, 2011). In this context, there is a need for ‘national ownership’ of the process, with the accent on building state capability and ensuring security. Significant from the standpoint of managing the interaction of the international and national systems are effective state institutions which can make a difference between ‘effective’ and ‘ineffective’ choice and use of aid. Given the present fragmentation of Somali state, it is equally important to pay attention on the need for disaggregated interventions in relation to enhancement of governance institutions rather than focusing only on good governance as a whole at the national

level. Interventions should go beyond the requirements of political governance (democracy and human rights) to include economic governance and public sector management.

The absence of judicial institutions that guarantee the rule of law could have adverse effects on the goals and objectives of post-conflict reconstruction in terms of frightening away potential investors (foreign and diaspora) and worsening and deepening poverty and inequality. Interventions should therefore support the building of institutions to guarantee the rule of law as a central challenge for the government in a post-conflict Somalia (UNDP, 2008). The rule of law will serve as an attestation of the degree to which the government and citizens of Somalia are willing to accept the established institutions for making and implementing laws as well as adjudicate disputes; the extent to which the government is willing to take on the role of protecting its citizens and promoting their rights and freedom; to ensure that law-making is guided by open, stable, clear and general rules; and that the independence of the judiciary is guaranteed and courts are easily accessible and have powers to ensure conformity to the law and its application according to the principles of natural justice. In terms of the interaction of the aid system and the national system, evidence suggests that the donor community can play only a limited role in building the rule of law and in combating extra-judicial actions; these are national political processes that cannot be resolved entirely by external technical-legal advisory services and solutions (UNODC and USIP, 2011; Mungiu-Pippidi, 2011).

Overall, the existence of effective institutions in the economic, political, social, legal and security domains is vital for fulfilling the critical functions of a modern sovereign state, and this will be decisive to the success of the transition of the Somali state from conflict to peace and reconstruction while moving towards sustainable development. These functions include maintenance of peace and political stability; nurturing of human capital; macroeconomic management and job-creation; creation and regulation of the market; provision of essential social services such as health, education; and engagement of global (e.g. international development and financial institutions such as the World Bank and IMF), regional (e.g. African Development Bank) and local (e.g. private sector and civil society) development actors as partners of the government. The government will in turn have a critical role to play in formulating effective policies and putting in place credible institutions that will promote transparency in government, attract foreign investments, support private sector development, and increase security through enforcing the law by means of an independent judiciary.

Diaspora contribution to post-conflict reconstruction and recovery

In the course of their sojourn abroad, migrants accumulate human, financial and social capital which gives them the ability to contribute directly towards the development of their homelands. In addition to remittances sent to families and relatives and investments in local communities and businesses back home, the transfer of knowledge, skills and technology by Diasporas and their organisations can be crucial for economic development (Cohen, 2006). The contribution of African Diasporas to improvements in their countries of origin has long been recognised by the UN agencies as a development option, going back to the 1970s when the United Nations Development Programme (UNDP) launched its ‘Transfer of Knowledge Through Expatriate Nationals’ (TOKTEN) initiative (UNDP, 2009). For Somalia, like several other African countries, the ‘*diaspora option*’ can be an effective strategy for dealing with the development challenges of post-war reconstruction and recovery (African Union, 2003). The cessation of conflict and positive developments regarding political stability and economic recovery represent favourable conditions for enticing members of the Somali Diaspora worldwide to invest financial and human capital towards the rebuilding of their country. There is ample evidence of substantial Somali diaspora contribution towards sustaining livelihoods and maintaining basic social services throughout the conflict (Kleist, 2008; Farah, 2009). Perhaps the best example of such a contribution is illustrated by the activities of health professionals among the Finland-based Somali Diaspora undertaken with the official support of the Finnish national development cooperation agency.

The Somali diaspora in Finland numbers about 10,000, roughly half of whom are Finnish citizens. There are about 200 health professionals – medical doctors, nurses, midwives, pharmacists and medical technicians among the Finland-based Somali diaspora. The International Organisation for Migration (IOM) joined forces with the Finnish Government in 2009 to implement a Migration for Development in Africa (MIDA)³ health project involving the temporary redeployment of Finland-based Somali health professionals to work with health authorities in Somalia. The project was designed to make use of the knowledge and skills of the Finland-based Somali health professionals to bridge major human resource gaps in the health sector in Somalia (Weiss, 2010). Within the framework of its official development assistance policy, Finland provides financial and logistical support to diaspora organisations based in the country for ‘co-development’ initiatives to be implemented back in their countries of

³ The IOM’s ‘Migration for Development in Africa’ (MIDA) focuses on the transfer of knowledge, expertise and experiences of migrants and diasporas to their counties of origin through temporary return migration, but without jeopardizing their legal status in their host countries or adopted home countries.

origin.⁴ Under this policy, the Finnish government regards the presence of skilled migrants among its population as a positive factor, and co-development was conceived as a way of using the expertise of skilled migrants as a conduit for the delivery of Finnish development assistance. In the case of the Somalia MIDA health project, the Finland-based Somali diaspora health professionals were recruited on a voluntary basis and sent to work with local health professionals back in Somalia. Needs assessments carried out by health authorities in Somalia formed the basis of the terms of reference for the diaspora professionals, and resources were provided by the Finnish government to cover the cost of their temporary redeployment for up to six months. Civil society organisations and hospitals in Finland also provided equipment and medicines to complement the services provided by the diaspora professionals. In addition to filling key vacancies, the participating diaspora health professionals were expected to provide training to local counterpart staff as a way of strengthening local human resource capacities in Somalia's health sector.

In its first full year of operation, 2009, the MIDA health project involved the participation of 22 health professionals from the Somali diaspora in Finland, who worked with 15 health institutions in Somalia; interacted with and shared their skills and knowledge with over 500 local doctors, nurses, laboratory technicians, medical students and trainee nurses, including developing training manuals and guidelines on best practices in different competences; treated and provided specific medication not available in Somalia to approximately 1,100 patients; and contributed through donation and advice to upgrading of facilities and equipment (Weiss, 2010). The project enjoyed enormous support from Somali healthcare professionals both in the diaspora and in Somalia. The diaspora health professionals in Finland found it most gratifying to be able to contribute to the reconstruction and development efforts in their country of origin⁵. The local health authorities in Somalia benefited from the services of the expatriate national experts and showed sincere appreciation for the contribution and commitment of the diaspora colleagues which “inspired and energized” them (Weiss, 2010).

There are a number of lessons to be learnt from this project that will be relevant to post-conflict reconstruction in Somalia. First, the project was developed in response to the needs of health institutions and authorities in Somalia, and in this regard the IOM

⁴ ‘Co-development refers to a phenomenon in which migrants are seen as a factor in contributing to the development of their countries of origin.

⁵ It is significant to note that the participating Finland-based Somali diaspora health professionals have included men and women who come from different and opposing clans and ethnic factions in Somalia, but are willing to mobilize their collective resources and work together on the project as a team.

and Finnish government ensured that the local health authorities worked closely with the Finland-based Somali diaspora health professionals in the planning and management of the project. Second, the project benefited immensely from the support of the diaspora's host government, Finland, particularly in terms of it being implemented within the policy framework of 'co-development'. The development cooperation arm of the Finnish Ministry of Foreign Affairs was the project's donor, and organised the release of Somali diaspora health professionals from their regular employment with the Finnish national health system. Third, the Somali diaspora in Finland itself contributed directly both in terms of advice on technical inputs and planning logistics and in volunteering to return and work in under-resourced hospitals in their homeland and contribute to capacity building. The 'Association of Somali Healthcare Professionals in the Nordic Countries' played a key role in the planning of the redeployment, including dissemination of information about the project and mapping the available skills of diaspora health professionals. Fourth, the contributions of other stakeholders in Finland outside the government circle that is, the private sector and civil society were solicited as important partners. The Finnish Medical Association not only provided expert advice, but also helped the Somali diaspora health professionals in obtaining donations of medical supplies and equipment and pharmaceuticals from Finnish healthcare institutions and companies. Fifth, while the project was well received by local Somali health authorities and institutions at the management level, it was reported that some of the local health professionals initially regarded the presence of the visiting diaspora health professionals as "external interference", and saw them as enjoying "unfair competition" and "privileged status", with some local health professionals even concerned that their own positions could become redundant (Weiss, 2010). Another important lesson, therefore, is to ensure that information on the purpose and objectives of diaspora development projects is sufficiently communicated in advance to the local counterpart staffs that come into direct contact with the diaspora-based development agents in order to avoid misunderstanding and mistrust.

3. The Four Pillars of Post-conflict Reconstruction and Sustainable Development

As already noted, the nature, extent and impact of international interventions on the post-war recovery and reconstruction efforts of the Somali developmental state will be crucial in determining development outcomes in the post-conflict period. These outcomes can be analyzed through four distinct dimensions of sustainable development:

- **Political Stability:** state-building; democratic governance; accountability; credible leadership; internal and external legitimacy
- **Economic Development:** national development planning; international development assistance (donors, international financial institutions); institution building (Chauvet and Collier, 2004)
- **Social Progress:** reform of social policies and institutions
- **Human Security:** respect for human rights and dignity

Political Stability

Peace-making strategies and efforts need to be well coordinated and well prepared, and a common political approach should be maintained by all parties involved in conflict-resolution and peace-building. This implies cooperation by the parties and their willingness to work towards durable peace and political stability. To complement national efforts, use should be made of the good offices and resources of the international donor community (DFID, 2005; USAID, 2003) and relevant regional and sub-regional bodies and mechanisms, with consolidation and cooperation between local and external efforts (McGillivray, 2006). A smooth and early transition to post-conflict peace-building is critical; hence, the urgent need to establish peace-building livelihood support structures within central and local government authorities (Goovaerts et.al, 2006). There must be a clear assessment of key post-conflict peace-building needs and of ways to them. Peace-building elements should be explicitly identified and integrated into the post-conflict reconstruction and recovery programme during the transition phase. *Peace-building programmes*, centered on recovery, security and reintegration, should initially aim at short-term stability, while providing positive inducements (which could take the form of socio-economic opportunities and development incentives, such as infrastructure like water and electricity projects, access to social services, and access to business loans) for longer-term national reconciliation.

Democratic legitimacy and governance is essential for political stability insofar as it helps to guarantee political and other human rights, protect economic freedoms and foster an environment where peace and development can flourish. The transition process towards democratic legitimacy is reflected in a ‘Provisional Constitution’ that is currently under debate; by all account, this process enjoys a tremendous amount of goodwill and a sense of optimism among a cross section of Somali society which should be capitalized upon. The ultimate aim should be for Somalia to establish pluralistic systems of government at all levels in which *political leaders* are elected by the will of the majority to fixed terms of office, and exercise their authority within legal limits, and they should promote transparency and accountability in public administration. The broad leadership of the country, which appears to be committed to

peace-building and a post-conflict reconstruction and development agenda including the creation of employment and income-earning opportunities (ILO, 2010; UN, 2009), is well positioned to move the transition process forward on the basis of the Provisional Constitution. The aid system should provide complementary support for integrating a rights-based approach into the post-conflict reconstruction and development agenda (OECD, 2006).

The role of leadership in state-building in developing countries is of the utmost important, and post-conflict Somalia will be no exception if not even more so. Effective, transparent and visionary leadership will be required to formulate appropriate strategies and build strong institutions that will guide the reconstruction and recovery efforts, ensure good governance that will provide the foundation for representative and accountable government, and promote sustainable development for improving living standards and especially meeting basic needs of vulnerable people and communities. Assistance from donors to promote and enhance democratic governance in post-conflict situations has a long history and mixed results (Finkel, et. al, 2007; Kalyvitis and Vlachaki, 2009). There is a need for harmonization and coherence of donor initiatives based on a common approach that is consistent with national political and development objectives and home-grown values, rather than a desire to successfully export foreign trappings of democracy as part of a wider geostrategic and political scheme.

Economic Development

Good economic performance, with inclusiveness and equity, will greatly diminish the potential for future conflict and enhance post-conflict recovery and reconstruction in Somalia. Achieving economic governance will be one of the most important challenges facing the Somali government in its pursuit of post-conflict reconstruction and development. This goes beyond issues of tackling corruption and strengthening financial integrity in public administration to include processes by which authority is exercised in the management of the country's economic and social resources and the capacity of government to design, formulate and implement sound policy and deliver goods and services. Particular attention should therefore be paid to public sector management as an important component of economic governance. This implies addressing possible constraints of limited institutional and human capacities to design, implement and monitor policies; post-conflict reconstruction will provide a unique opportunity to rebuild public institutions and introduce new organisational structures and regulatory frameworks aimed at boosting public sector and public resources management.

Economic growth will be crucial for realising the development goals and objectives of post-conflict reconstruction in Somalia. While economic growth on its own does not guarantee political stability and social progress, without growth there can be no sustained increase in household and government spending, in private or public capital formation, and in social services. The basic strategy for achieving sustainable economic development through economic growth is now well established, but growth has to be *inclusive* in order to benefit the largest segment of the population. The core components of the strategy for inclusive growth in Somalia will include *macroeconomic stability* and a *stable investment environment*; reliance on the *private sector* as a driving force for economic growth; long-term foreign direct investment (FDI), especially in support of export-oriented activities; adequate *investment in human development* in areas such as education and health; a fair and *reliable legal framework*; and the creation and maintenance of vital *physical infrastructure*. To reinforce economic growth prospect, a post-conflict Somalia should have the ability and capacity to benefit from the opportunities created by globalisation and a globally-competitive trade environment, and contribute to regional and sub-regional cooperation and integration that could bring additional economic gains through access to wider markets.

It is important for governments in post-conflict situations to have control over natural resources and revenues, especially those that have been used in the past by warring factions to finance conflict (e.g. ‘blood diamonds’ in Sierra Leone). Good governance implies crucially the effective management of natural resources, based on transparent economic and regulatory procedures and practices (Africa Progress Panel, 2013). A strong central bank capacity, an efficient customs and well-managed government regulatory institutions are vital prerequisites for efficient management of natural resources and the wealth generated from such resources and for building of investor confidence.

To ensure the sustainability of post-conflict reconstruction efforts, Somalia will need a coherent and effective strategy for making *employment creation* a key element of peace-building. In a post-conflict situation, employment is vital to short-term stability, longer-term economic growth, and sustainable peace. Employment facilitates broad, inclusive recovery and is of key importance in sustaining the integration of ex-combatants and returnees, especially youth. Creating youth employment opportunities will be a major challenge in post-conflict Somalia. The incidence of youth unemployment/underemployment in African countries is exceptionally high; often triple the average adult rates. In a post-conflict setting, the local economy will be faced with an even greater challenge to generate productive and remunerative jobs for young people who are often victims of conflict; e.g. missing out on education and training and ill-prepared to enter the labour market. The critical contribution of employment and

income generation to peace-building and post-war reconstruction is now recognised and acknowledged by the United Nations and international and regional development agencies (Goovaerts et.al, 2006; ILO, 2010; UN, 2009).

Social Progress

According to a '*people-centred*' approach to development, development gains is ultimately measured by the benefit they bring to the majority of citizens, and the value of development outcomes assessed by the extent to which they will contribute to that end. Focusing on social progress, the emphasis will be on the provision of and access to essential social services as required for meeting basic human needs and reducing poverty and insecurity. In the context of post-conflict reconstruction in Somalia, government should aim to mobilise all the tools at the disposal of the state to ensure that greater sensitivity to social development issues is matched by increased financing for *anti-poverty* and *basic human needs* programmes; the basis of a stable and progressing society. Social progress should be regarded as an important requirement for building a viable state, and in this regard the following goals and objectives should be included in the post-conflict reconstruction and development programme:

- *Meeting basic human needs*: primary healthcare - prevention and treatment of endemic diseases such as malaria, AIDS and TB, improved sanitation, maternal and child health, and affordable access to drugs, shelter, and food security,
- *Investing in human development*: education, health, and culture,
- *Focusing on social justice and human rights*: wide access to benefits of economic growth, equitable distribution of benefits of growth and development, social protection, social inclusiveness and development, and rule of law

Human Security

The notion of a *security-development nexus* is particularly relevant in the context of peace-building and post-conflict reconstruction programmes. It has political, economic and social dimensions: for example, the role of inclusive government and broad-based citizen participation in the political process and power-sharing arrangements to end culture of militarism and enhance peace and security in post-conflict societies; the reintegration of ex-combatants into gainful civilian employment; and legitimate and democratic security spheres, including the need to strengthen democratic governance of the security sector, which is the responsibility of the state. The connection between state fragility and human security experienced a strategic re-orientation stimulated by the '9/11' attacks on the US, which focused attention of the rich nations and

international community on the greater threat posed to global security by fragile and failed states like Somalia, than on the powerful states. Development actors soon began to adopt this thinking as well: a 2003 report by USAID, *Foreign AID in the National Interest: Promoting Freedom, Security and Opportunity*, stated that: “When development and governance fail in a country, the consequences engulf entire regions and leap across the world. Terrorism, political violence, civil wars, organized crime, drug trafficking, infectious diseases, environmental crises, refugee flows and mass migration cascade across borders of weak states more destructively than ever before”. This, in a sense, exemplified the situation of Somalia, real or imagined (Patrick, 2006). Hence, there is a need to adopt an integrated approach to security and development in post-conflict peace-building and reconstruction efforts in Somalia.

The threat posed by conflict to human security is a formidable development challenge, and promoting human security and fostering sustainable development are complementary strategies. The link between the satisfactions of basic needs (e.g. food, health, shelter, education, etc.) and human security illustrates the need for an integrated approach to deal with the challenge of promoting sustainable human development in the aftermath of a crisis.

Human security encompasses the protection of rights as well as freedom from hunger, poverty, deprivation, etc. In the context of poor developing countries faced with the challenges of post-conflict reconstruction, like Somalia, the prevailing situation would require addressing a deficit in personal human needs and a needs gap with respect to the satisfaction of basic needs and the means for protection from insecurity.

Respect for human rights and the rule of law are necessary components of any effort to make peace durable. They are the cornerstone of good governance and state-building (Fukuyama, 2004). By signaling its commitment to respecting human rights, the government can demonstrate its commitment to rebuilding a viable state and a society in which all can live freely. A plan of action for human security in the context of post-war reconstruction in Somalia should therefore include an independent judiciary that would guarantee the fair and impartial enforcement of the law and the protection of rights – this requires respecting the autonomy, integrity and independence of the courts, and by the police and the state security services. This also implies a need to revive and strengthen judicial institutions as part of post-conflict reconstruction.

4. Conclusion

Somalia’s recovery from prolonged conflict and state failure has commenced amidst continuing insecurity and state fragility. The major challenge in efforts to rebuild a

viable state and effective institutions therefore is to achieve a broad-based recovery process with outcomes that benefits all or the vast majority of Somali citizens, in terms of the provision of basic public goods and access to socio-economic opportunities. Key amongst these public goods is security (OECD, 2012; Rothberg, 2003; Zartman, 1995). Equally challenging will be the ability to create opportunities for productive and income-earning work for all in the context of post-conflict reconstruction. But, at the same time, Somalia's socio-economic recovery cannot be separated from its integration with the rest of the world through flows of trade, finance and people, which also harbours potential benefits from globalisation opportunities in terms of better and non-violent livelihoods. As it grapples with the huge and multi-faceted task of post-conflict reconstruction, Somalia will need external assistance (finance and technical advice) to support early and much-needed institutional development and reform. Donors have already devoted considerable resources to reconstruction and development initiatives amidst on-going hostilities. In order to increase the cost-effectiveness of aid flows, donor policies toward Somalia as a state in transition should be clearly distinguishable for different phases of the transition from conflict and a failed state to a viable sovereign state: from humanitarian and emergence aid for conflict-affected areas, through peace-making and peace-building, and finally to state-building, economic recovery and successful integration into the global economy, as part of the overall post-conflict reconstruction process.

In this paper, we have proposed four pillars as the basis for inducing and assisting successful policy interventions for post-conflict reconstruction and recovery. These distinctions in policy prescription of course are not rigid or sharp, as there are interactions, linkages and complementarities between the four sets of interventions and their sequencing in the context of the reconstruction and development process. At the operational level, several recommendations are implicit in these four pillars or tracks to guide the interaction of national and international policies. What is important is that collectively, the four pillars provide a more integrated framework for facilitating the reconstruction and recovery process, with emphasis on security, jobs and livelihoods, basic services, and justice, as a means of preventing conflict, reducing fragility and building state capabilities to provide core public goods and create socio-economic opportunities.

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SOMALIA'S RECONSTRUCTION AND DEVELOPMENT: NEED FOR A PARADIGM SHIFT.

By

Abdullahi M. Yahie⁶

Abstract

Somalia symbolizes the only case of a failed state in contemporary history of the world. Public institutions were completely destroyed during the conflict; which made the country ungovernable. As the conflict in Somalia protracted; the human, social and economic cost continue to mount and the social and economic infrastructure remains in ruins. Efforts in the past 23 years, focused primarily on reinstating central government authority. These efforts did not, however, yield any significant results. This could be attributed to a number of critical internal threats; namely inexistence of functioning public institutions; insecurity, absence of residual claimant and the emergence of rent seeking opportunistic behavior among the elites in Somalia.

While examining some of the root causes of the failure of the state in Somalia, the paper presents: i) lessons learned from the evolution of the implementation of development thoughts and reconstruction and development efforts in Africa and the rest of the world; ii) A reality check: Development aid is changing as the global economy is transforming – Somalis' should not expect someone else to rebuild the country they destroyed; and iii) Propose inward looking and context appropriate approaches – possibly unconventional – to tackle the reconstruction and development of Somalia.

1. Is There a Problem?

Somalia symbolizes the only case of a failed state in contemporary history of the world. Public institutions were completely destroyed during the conflict; which made the country ungovernable. As the conflict in Somalia protracted; the human, social, and economic cost continues to mount and the social and economic infrastructure remains in ruins. Efforts in the past 23 years, focused primarily on reinstating central government authority through a structured international and regional community

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driven process in cahoots with warlords and other clan representatives. These efforts did not, however yield any significant results⁷. This could be attributed to a number of critical internal threats; namely inexistence of functioning public institutions; insecurity, absence of residual claimant and the emergence of rent seeking opportunistic behavior among the elites in Somalia.

While examining some of the root causes of the failure of the state in Somalia in chapter II, the paper will present lessons learned from abroad and within in chapter III; chapter IV will focus on the challenges. The way forward will be discussed in chapter V and chapter VI will present concluding remarks.

2. Causes Contributing into the Belligerent of Somalia: Thinking Outside the Box.

Class struggle: In historical context, large segments of the population, namely the pastoralist and rural population were excluded in the past from the political sphere. The national political, financial and economic sphere were controlled and dominated by the urban elite which constituted less than 1% of the population. Keynan (1994) argued that the Somali equation is riddled with fault lines that undermine its cohesion and stability. One such anomaly is the “urban-rural fault line”.

George Orwell’s prophecy in 1953 in his novel “1984” was that “The social class system of Oceania is threefold: (i) the upper-class Inner Party, the elite ruling minority, who make up 2% of the population; (i) the middle-class Outer Party, who make up 13% of the population; and (iii) the lower-class Proles (from *proletariat*), who make up 85% of the population and represent the uneducated working class.”⁸

His prophecy was that the elite will always mobilize and collude with the “lower class” to overthrow the “upper class” and a new “upper class” primarily made of the elite will be formed and this evolution will continue. It appears, however, that the “Orwellian” prophecy is refuted by the Somalia situation. In essence, the elite who form the “middle class” in Somalia are not any more in control of the “lower class.” The “lower class” in Somalia which is primarily constituted of the pastoralist and rural population

⁷ The efforts of state rebuilding, however, have been more successful in the self-governing regional states of *Somaliland* and *Puntland* where the basic structures of public administration are in place. The establishment of *Somaliland* and *Puntland* as self-governing states was primarily achieved with minimal foreign aid.

⁸ http://en.wikipedia.org/wiki/Nineteen_Eighty-Four

(uneducated) are now active players and kingmakers. The fact that the lower class is uneducated does not matter anymore since they can buy degrees from the market.⁹

Maintaining the Status-quo-anti: Though Somalia at the time of eruption of the conflict had one of the best public institutional infrastructures in Africa, the political elites of the previous regime created a parallel and informal system of governance that fundamentally undermined the very official policies, system, rules and procedures that the Government established. It was a common knowledge during the previous regime that a piece of paper with scribbled instructions and the appropriate signature from the Head of the State or his cronies will guarantee you winning a government contract without going through the normal procurement procedures, getting a loan from a commercial bank without meeting even the basic requirements, appointment to key civil service position in a blatant disregard to the formal government recruitment process, etc. It was also common that heads of key departments such as defense, security, presidency, finance, etc would keep significant amount of cash in the offices to dish it out to their cronies.

This scenario created a social and political belief, perception and attitude that the Government is a “milking cow”, and which ever clan is in the helm will garner the biggest share of the pie. There are common phrases used by Somalis which corroborate the “milking cow” concept. These include: (i) “Dawlad baa gacan dheer” - “Government has a long hand” which implies that it cannot run out of money or become bankrupt¹⁰, and (ii) “Gurbaankaa ama garabkaaga ha kuugu joro amd gacalkaa ha kuu hayo” This means that your drum (a musical instrument used during plays) should be in your shoulder or at the hand of your clan member.

As the civil war protracted and in the absence of institutions of governance, looting public resources became the norm. In fact, those who steal are praised by the society as “Geesi or hero” and those who do not steal and show higher moral grounds, a minority, are labeled as “Nacas or Fool.” In essence, stealing from the state is legit. As a result, any casual observer can see that public officials in key positions leave their offices with considerable wealth in comparison to when they took over the job. One wonders, where did this wealth came from?

This clan based system of governance which is used by the elite to maintain power and full control of the wealth and resources of the country is exasperated by the emergence

⁹ In one of his famous cartoons Amin Amir portrayed the image of people lining up in a shop to buy diploma's and university certificates including a PhD. Degree.

¹⁰ A good example is the printing of Somali notes which have eroded of value and is gradually replaced by the Dollar.

of the following phenomenon which will constrain the reconstruction and development of Somalia:

- (i) Tragedy of the commons that is to say the depletion of shared resources by individuals, acting independently and rationally according to each one's self-interest, despite their understanding that depleting the common resource is contrary to the group's long-term best interests. Examples of such behaviors would include the looting of public assets; environmental segregation by destroying forests - charcoal trade; polluting the oceans by colluding with the Mafia in dumping toxic wastes in Somali shores; depletion of fishing resources by granting contracts to foreign companies, mostly Asian. The war lords and higher echelon political elites continue to perpetuate such actions.
- (ii) Zero Sum Game: Keynan (1994) eloquently characterizes the Somali clan politics a Zero-Sum mind set. That is to say “a game in which any one competitor’s gain must come out of the losses of other players. In this political culture, political power is perceived as a fixed-sum game in which whatever one clan wins, it can win only at the expenses of other clans. This often results in a perpetual struggle for power in which different clans compete for power endlessly and without mercy. And in the mathematics of this political culture, the only outcome that can be acceptable to all clans is one in which all clans emerge as losers. Any other outcome is seen as being synonymous with one or more clans dominating the others, and as a result triggers rebellion.”
- (iii) Moral hazard or principal-agent problem, where one party, called an agent acts on behalf of another party, called the principal. The agent usually has more information about his or her actions or intentions than the principal does, because the principal usually cannot completely monitor the agent. The agent may have an incentive to act inappropriately (from the viewpoint of the principal) if the interests of the agent and the principal are not aligned. In the absence of credible public institutions, the UN Political Office for Somalia (UNPOS) became a Proxy Government in Somalia led by the Representative of the UN Secretary General. Given that part of donor funding for Somalia were channeled through this office, it also became the “de-facto Treasurer.” As a result, Government officials including the President became subservient of UNPOS and other UN agencies based in Nairobi, Kenya. As a rational and better informed economic agent, the UN staff were also content with their prolonged presence in Nairobi with better amenities, and made no effort to rebuild institutions in Somalia. In other words resolving the crises is not to their best interest.

3. Lessons from Abroad and Within

a. *The Evolution of Development Paradigms in Sub-Saharan Africa (SSA)*

Since the independence decade of the 60s, aid agencies (bilateral and multilateral institutions) spent billions of dollars to support the development of Sub-Saharan Africa (SSA). In ensuing decades one development paradigm continued to be replaced by another contemporary but more fashionable. In the post-independence era there was a conviction among economists and development experts that in order for Africa to develop it needed to focus and promote import substitution industries and rural development. Soon after, the focus shifted to meeting basic needs of the population. The development of the informal sector, small and medium enterprise (SMEs) became popular among development practitioners in the 70s. Population control and family planning, gender equality and education for all became the appreciable model of development in the 80's.

The push for sustainable development, structural adjustment programs (SAP), community driven development (CDD) and meeting the Millennium Development Goals (MDGs) replaced all previous paradigms in the 1990's. This coincided with the emergence of Good Governance, the Comprehensive Development Framework (CDF), and the "Washington Consensus" which is interpreted by many as focusing on privatization, liberalization of markets, and macro-economic stability while minimizing the role of the Government. As we entered the new millennium the Poverty Reduction Strategy Papers (PRSPs) emerged and the UN Millennium Project was born with the ambitious goal of halving global poverty and hunger by 2015. Recognizing that foreign aid was not producing the desired results, donors and recipients finally agreed in 2005 on a framework for Harmonization known as the Paris Declaration on Aid Effectiveness.

In the midst of this evolution of scholarly thoughts, these changing development paradigms were dyed with new jargons that could make them amenable to recipients such as "listen to the people", "pro-poor growth", "bottom up approaches", "community participation", "country driven development" or "ownership", "partnership", etc. Unfortunately, none of these paradigms and sweetener phrases proved to be the panacea for development in SSA. The 80s were labeled the "the lost decade for development" and the 90s seem to follow suit. Moreover, of all the developing regions, there is an overwhelming consensus that SSA will not achieve the widely publicized MDGs.

The introduction of these paradigms and innumerable remedies was at times as a result of genuine concern among development experts on the failure of its predecessor. While

their substance varied, however, they shared the following common denominators and characteristics, among others:

First, they were all tied to development aid- and were driven by bilateral and multilateral institutions or aid agencies. Since the beginning of development aid in the 60's and in spite of its noble intention of assisting developing countries attain a better economic and social wellbeing for their people, the pattern of allocating aid was dictated by political and strategic considerations of the donor, much more than by the economic and social performance of the recipient countries.

Second, these development paradigms were all imported, had no African character and were not home grown. It is arguable, therefore, that these myriad development paradigms were built on flawed assumptions and were destined to fail. Instead, African governments and its peoples remained passive recipients of these aid packages without questioning how they were conceived and designed.

Third, the conceptualization and development of the principal policy documents, projects and programs that were supposed to translate these development paradigms into better social and economic wellbeing of Africans remained the intellectual property of bilateral and multilateral institutions. They relied on blueprint models and opted for a one-size-fits-all approach which did not take into consideration the unique social, cultural, political and institutional characteristics of the recipient country. Each aid agency developed its own procedures, reporting formats, financing terms and modes operandi. Meeting respective aid agency's targets supersede recipient country's development plans. As a result, they opted to create their own project implementation units and hiring away, at exorbitant rates, of competent civil servant from their civil service jobs. This perpetuated the lack of local capacity and continued dependency on development aid agencies to manage local development by remote control.

Fourth, except in the 60 and 70s when industrialized countries provided generous scholarships to Africans, the various development paradigms describe above did not give strong emphasis on building the required institutional capacity that were vital for the economic and social development of aid recipient countries. Instead, bilateral and multilateral institutions transformed into parallel, permanent and dominant structures that displaced local/national institutions and made them redundant and irrelevant.

Fifth, these various paradigms did not provide adequate incentives to the African intellectuals, academia and experts that were trained in the west to play an effective and constructive role in the development of their countries. Instead, they were lured to join their flourishing country offices, the private sector or migrate to the new found lands in

search of greener pasture, leaving behind skeleton public sector structures that could not cope with the enormous development challenges facing these countries, let alone coordinating and meeting the divergent requirements of the mushrooming aid agencies. This created a window of opportunity for expatriate staff which replaced the migrated or displaced skills.

Finally, donor agencies that implemented these various paradigms always remained accountable to their financiers or constituencies and the recipient countries remained in the periphery. The perception most of the recipient country's people hold was one of indifference – after all it is theirs – even when the resources were loans to be repaid.

b. What did we learn from the chaos of the past 23 years in Somalia?

As the country and the society continue to endure the devastating impact of the protracted civil war, there emerged a number of positive outcomes, namely:

The emergence of the private sector: The private sector has demonstrated resilience in the past 23 years and has proved its ability to effectively operate and do business in the midst of chaos. It demonstrated proven comparative advantage on being efficient and cost-conscious and providing service in all parts of the country. In the absence of state institutions in most parts of the country, the sector is viewed as the sole entity with both financial resources and service delivery competencies.

The World Bank in its 2005 “Somalia: Country Economic Report” made the following assessment “The private sector is providing sometimes better and more efficient services than the state before the civil war, as in telecommunications—an international phone call costs 50 cents/minute, the cheapest rate anywhere in Africa, and air transport—Daallo Airlines flies Paris-Djibouti for 60% of the price of Air France; sometimes less reliably and efficiently as in electricity, water, and sanitation—but service is now available in towns that never benefited from those services in the prior autocratic regime; and sometimes, as in the case of banking services or roads, only to a minimal extent. The private sector also offers essential social services, including health and education, whose coverage in some cases extends beyond peak levels achieved under the prior regime. Even in the areas of court services—dispute resolution, contract enforcement, property rights protection, and law and order. Private solutions relying on traditional clan customs have been viable so far; although as growth introduces outside players into the economy, state regulation inevitably will have to increase.”

Urban renewal: The emergence and rebirth of cities and towns and the abandonment of the “prime city” concept where all political and socio-economic institutions and services were centralized in the capital. Moreover, the wealth and assets of most Somalis were concentrated in the capital.

Reversal of migration pattern: There have been “Urban to Rural” migration in Somalia contrary to established historical patterns of rural-urban migration in Sub-Saharan Africa (SSA) since the civil war started in 1990s. Since the collapse of the Central government and the tension erupted between clans, most people opted to: (a) travel to their tribal birth place or (b) migrate to overseas. Of those who migrated to overseas, many have maintained close links with their birth place and have even invested their life savings. As a result, villages have (been?) transformed to towns and from towns to cities. In all these villages, towns and cities, basic socio-economic services such as utilities, finance, trade, communication, etc. are provided by the private sector.

Somali Business Communities Overseas: Somali diaspora communities are vibrant in business in many parts of the continent and overseas; as a result, there is strong recognition in the region and elsewhere of the entrepreneurial talent of Somalis in the diaspora;

Civil Society Organizations (CSOs): Strong civil society emerged that cuts across clanship. The position of the civil society was strengthened by the availability and access to the media - radio, TV and internet networks - which provided a platform to share information and maintaining dialogue, mobilize communities and provide both relief and developmental support. The **Somali Agricultural Technical Group (SATG)** presents a good example of a non-profit association of Somali professionals and friends of the country dedicated to assist in the reconstruction of Somalia and its agricultural heritage. SATG was established to provide sustainable home-grown solutions to alleviate the rampant food shortages caused by conflict and the lack of agriculture and food policy. SATG draws upon a mix of both practical and scientific expertise that trickles down to the grassroots. All work and studies undertaken by SATG have real world practical applications. These studies are conducted in key target areas working in co-operation with partners and local farmers in Somaliland, Puntland and South Somalia. Agriculture including livestock is the backbone of the Somali economy. Pre-war figures indicate that 67% of the country’s GDP came from livestock, agriculture and fisheries. SATG envisions a huge opportunity whereby agriculture will not only play a crucial role in reconciliation and rebuilding in Somalia but be a key component in the rejuvenated Somali economy.

4. What are the Challenges?

In spite of the positive developments highlighted in the preceding chapter, there are, however, critical gaps in the provision of services where the absence of effective public institutions is felt more acutely. Persistent insecurity in many parts of the country and the absence of provision of key public goods services is hurting the population and the economy (World Bank, 2005). Following are some of these challenges:

Institutional: Due to the absence of adequate and functioning institutions, the government is handicapped and: (i) is unable to develop policies, programs, and projects that enhance the wellbeing of its citizens; (ii) does not have the capacity to bring about functioning hospitals, schools, universities; (iii) can not control the actions of elites, politicians, and other powerful interest groups that are expropriating public wealth; (iv) unable to enforce the rule of law and protect property rights which discourages investment by national and foreigners alike; (v) unable to effectively negotiate and protect their interest in international forums; (vi) do not have functioning statistical office that would provide the information necessary to develop plans, policies, programs and make informed decisions.

World Political and Financial Crises: Traditional bilateral donors in the Western world are facing financial crises of historic proportion. The economies of most of these countries are growing at dismal or negative rates. As a result, most of these countries are struggling in tackling the financial crises in their midst. The Arab Spring is another challenge that should be taken into account. All members of the Arab League, which Somalia is a member, are struggling to contain the geopolitical, financial and economic implications of the so called Arab Revolution. Due to the so called “Donor Fatigue Phenomenon” many donors both bilateral and multilateral institutions no longer have the desire to provide resources to interventions that they supported in the past. There are a number of causes for donor fatigue. These include pressure to donate to competing priorities, overstretched budgets, and dissatisfaction with mismanaged resources by recipient countries. In particular donor fatigue is an inevitable consequence of long-term engagement of a donor in a given country. The United Nations and its engagement in Somalia is a good case at hand.

Lack of Infrastructure: As pointed earlier, the destruction and ensuing decay of the country’s basic infrastructure is hurting the economy. The World Bank (2005) “Somalia Economic Report” points out that “this is primarily due to, for instance, air safety is inadequately assured and poor compliance with domestic and international

quality product standards (restaurants, medicinal drugs, livestock exports) has harmed public health and the economy. Moreover, except for in Mogadishu, telecom companies have proved incapable of establishing local interconnections, so that an international call is needed in order to call a neighbor. Business travel is made difficult by the lack of international recognition for Somali passports. Crumbling road networks between the countryside and urban centers and also between different regions prevent rural households from engaging in supplementing incomes through trade and different regions from closer market integration. Finally, pure public goods such as health and education for the poor that cannot be profitably provided by the private sector are available only to a very limited extent through domestic and international NGOs and community organizations.”

The Second Wave - The Youth: According to the 2010 revised UN's World Population Prospects, the total population of Somalia was 9,331,000 in 2010, compared to 2,264,000 in 1950. The proportion of children below the age of 15 in 2010 was 44.9%. It could be assumed, therefore, that the population below the age of 23 years of age is more than 60% of the population. Many of these young people, who were born after the collapse of the government in 1991, have not seen a functioning central government, remain hostile to public institutions, have little or no skills and are therefore largely excluded from productive economic and social life.

Many of the youth have no means of earning an income and depend on remittances from their relatives who live abroad. The lack of employment opportunities has created lethargy among many young men and women. Because they are idle they chew Khat to distract them from the stresses, feeling of hopelessness of current Somali life. It leaves men in a severely debilitated state and usually ineffective for any work. This leads to lack of confidence and low self-worth. Many of these youth became attracted to militia's fueling the prolonged civil unrest. Unfortunately the malaise has affected the young female population, many of whom sought prostitution as the only means of earning income. This represents a bomb that could explode any time and would require urgent attention.

5. What is the Way Forward?

a. Synopsis of Recent Reconstruction Efforts in the World

The task of rebuilding Somalia is monumental and Somalis' should not expect someone else to rebuild the country they destroyed. Based on the lessons learned from countries devastated by civil war, there are a number of options:

- (i) *Relying on status-quo-anti institutions*: Uganda, Sierra Leon, and Liberia have gone through devastating civil wars and are at various stages of reconstruction and development. Following restoration of peace and security, these countries relied on whatever was left of public institutions in the reconstruction and rebuilding of their countries. Uganda established the Northern Uganda Reconstruction Program (NURP) financed by the World Bank and other donors. NURP was placed under the office of the Prime Minister as the executing agency.

Liberia, established The Liberia Reconstruction Trust Fund (LRTF); a multi-donor trust fund for infrastructure. The rationale behind this multi-donor approach to infrastructure rehabilitation stems from the sheer scale of Liberia's infrastructure needs. The LRTF is administered by the World Bank and supervised by an Oversight Committee (OC) comprising Government of Liberia (GoL), contributing donors, and the World Bank. The OC agrees collectively on funding priorities within the Poverty Reduction Strategy Papers (PRSP) framework and approves project concepts. The World Bank then prepares and provides implementation support to projects according to its own policies and procedures, taking advantage of economies of scale with its own program.

With no adequate financial and human resources and institutional capacity, these countries had to rely on the donor community and civil society organization – many with their own agenda, policies, processes, procedures and rules. As a result, the reconstruction and development efforts in these countries protracted and most of them are still suffering from poor infrastructure and low provision of public goods.

- (ii) *Establishment of new institutions*: In the previous section we presented lessons from African countries and how they addressed the institutional dimension of reconstruction and development. Is there something to learn from the rest of the world? In Lebanon, the reconstruction effort was charged with the Council for Reconstruction and Development. This was a public independent institution directly connected to the Council of Ministers. It did not depend upon the supervision of any Ministry. Lebanese in the Diaspora played a major role in financing the reconstruction efforts in Lebanon.

Europe suffered from the devastation of wars. The International Bank for Reconstruction and Development (IBRD) or better known as the World Bank was established in 1944 with the mission of financing the reconstruction of

European nations devastated by World War II. The fall of communism resulted in the creation of the European Bank for Reconstruction and Development (EBRD) in 1991 and uses the tools of investment to help build market economies and democracies in 30 countries from central Europe to central Asia. Its mission was to support the formerly communist countries in the process of establishing their private sectors.

The Ivorian “Le Grand Travoux” Program presents a different model of reconstruction and development in times of peace. During the economic boom in Cote d’Ivoire in early 70’s, the late President Félix **Houphouët-Boigny** established what became known as “Le Grand Travoux” or the “Large Public Works Program.” The idea was built on the premise of directing a large portion of the proceeds from the cocoa export to this agency in order to fast track building the entire basic infrastructure in Cote d’Ivoire. This agency was overseen by an independent board and managed by a highly qualified professional (not Ivorian) who reported directly to the office of the president. The agency also recruited competent professionals who were not Ivorian for that matter.

Based on these lessons and recognizing that institution building is a long term process, there is a need for the establishment of lead institutions to speed up and facilitate the reconstruction efforts: (i) Re-establishing the Ministry of Planning and Coordination (MoPC). The MoPC was a model institution which played a key role in the development of the country until the conflict erupted. The Ministry had 5 departments, namely Statistics, Planning, Technical, Human Resources development, and Coordination.¹¹ The Ministry prepared development plans and policies; appraised sector specific development projects/programs; mobilized financial resources and monitored the implementation of these projects and programs. These activities were conducted and undertaken in close collaboration with relevant Ministries. Once the negotiation of the loan/grant is completed the project or program were handed over to the executing agency. And (ii) setting up the “Somalia Reconstruction and Development Fund (SRDF)” as an independent body with its own board of directors and management and mandated to deliver specific measurable results in the shortest time possible. While the MoPC will play the lead role in preparing policies, plans,

¹¹ The Department of Coordination was moved to the Ministry of Foreign Affairs in 1988. The move which was political was instigated by the then Minister of Foreign Affairs who was eyeing the \$250 million so called “Fondo Auto Italian (FAI) or Italian Aid Fund”. The loan/grant was expected to be disbursed in 18 months. This would have coincided with the end of the term of the last Socialist Government in Italy.

project and mobilizing resources, SRDF will be the reconstruction implementation arm.

b. *Ride on the Mountain:*

There is a Somali proverb which says “Ama Buur ahow ama mid ku Tiirsanaw.” Literally this would mean “Be a mountain or lean on one” We need to build and take advantage of the goodwill of Turkey. Turkey has emerged as an economic power to reckon within Europe and Asia. With its strong financial and industrial base, Turkey recently adopted an expansion strategy to Africa. Its recent efforts to open an embassy in Mogadishu for the first time since the independence of Somalia, Turkish Air launching a direct international flight to Mogadishu, rebuilding Government offices, schools and health facilities, providing scholarships to large number of students, etc. presents a unique example of goodwill that cannot be matched by any other country. It is believed that the Turks have a long term strategy to: (i) access Africa’s natural resources potential; and (ii) penetrate Africa’s untapped market for its industrial production. For this strategy to succeed, Turkey needs a strategic location which can give easy access to Africa – Somalia.

c. *The Chinese Factor in Africa:*

In recent years China emerged as a “*Lender of Last Resort*” for many countries in the world. With their remarkable economic growth and large financial reserve, even Europeans sought Chinese assistance to bail them of their financial mess. China’s involvement in Africa is, however, driven by its need for natural resources and raw material that are critical for its industries. In accessing such resources, China gives grants, soft loans at less stringent terms and conditions to developing countries. In addition, its private companies and contractors mostly supported by the Government are keen to operate in conflict areas. A good example is their exploration of oil in the Somali Region in Ethiopia and drilling oil and building the pipeline to export oil from South Sudan. Moreover, China built the road which links the south to the north (Beletwein - Galkayo - Garowe - Hargeisa). They also built the National Theater and sports Stadium in Mogadishu.

It has been proven in recent years that the Chinese are ahead of the pack in implementing large scale infrastructure projects in Africa and elsewhere - particularly turnkey project. Timely delivery, lower cost and high quality became their trademark.

d. *Making the most of The Private Sector*¹²

¹² In the context of this paper “Private Sector” includes profit and not for profit organizations.

The private sector demonstrated unique capabilities in delivering services across communities in Somalia. The depth of its outreach to local communities, its capacity to take calculated risk in doing business and mobilize financing, ability to invent a non-conventional banking system -Hawala and readiness to invest in infrastructure - water, electricity, etc. in the midst of chaos qualifies it as a potential partner in any future efforts to reconstruct and develop Somalia. In other words, development and reconstruction of Somalia shall not be viewed as a monopoly for the Government. It is interesting to note that the private sector was able to overcome some of the critical or so called structural impediments in Somalia's reconstruction and development, namely security and clan politics. With the exception of occasional banditry, insecurity did not deter them from doing business in the most unsecure parts of the capital. Even when artificial barriers were created, business entrepreneurs on one side of the barrier were able to reach out and forge alliance with entrepreneurs cross lines.¹³ In a similar fashion, Somali businessmen in Africa and overseas proved that professionalism, networking and cooperation are critical for doing businesses in any hostile environment with many unknowns.¹⁴

The 2008 financial crises in the Developed World, however, exposed the excesses of the private sector, particularly the financial sector. White (2013) correctly warns that "The increasing encroachment of the private sector into what historically been the public domain and the subsequent failure of democratic governments, religious institutions or businesses to uphold the necessary caveats against excess, exploitation, and abuse have helped create a world of myth, fantasies, and bad thinking based on me-first attitude, specious inductive generalization, and quick solutions. It is an age of unreason and stupidity, where everyone is talking and few are listening" (White, 2013).

What emerges out of this dichotomy is that in the absence of a residual claimant or an "Owner" of public goods there is need for a credible and accountable government with the capacity to prevent the scrupulous private sector entrepreneurs from privatizing public goods. Following the eruption of the civil war and overthrow of the Government in January 1991, the first order of the day was to loot and destroy the very institutions

¹³ During the break of civil war in mid and late 90's when the south was completely cut from the rest of the country, businessmen from Mogadishu will take their goods to Galkayo and hand it over to businessmen from the local clans who will cash it. In turn, the truck from Mogadishu will return loaded with goods from the north to be sold in Mogadishu.

¹⁴ Somali business men were able to penetrate the Kenya market which was originally dominated by Asians and Eisghtlee in Nairobi, Kenya; though dirty and filthy; transformed into a formidable market which supplies all kinds of good to Kenya and neighboring countries. The word goes, that the Asians kept secret information on the source of their goods. Somali businessmen went to the source and settled as agents; supplying the same goods supplied by the Asians at a competitive price.

that would have helped the winning opposition forces to rule the country and run it as they see fit - there was no opposition. This reinforces Keynan's (1994) argument on the Zero-Sum-Game. The absence of a plan to protect public institutions shows that the opposition did not see - a priori the importance of these institution and their real value in empowering them, instead they viewed these institutions as the instruments used by the regime to rein on them - destroy them. We need to balance the role of the public and private sector for the good of all by setting institutions of good governance.

e. *Peace Dividend*

The World Bank (2005) stressed that there is a high likelihood of a "peace dividend" including increased foreign aid for all of Somalia if the current efforts at re-establishing security and governance institutions at the national level and in the south-central regions succeed. However, in the event of a failure of such efforts, there may still be scope for the donor community to work with functioning regional and local governance institutions in peaceful and secure parts of Somalia. In either case, (and correctly so), the report concludes that "external assistance needs to avoid the temptation to rebuild large state structures and instead needs to build on existing local and community initiatives for service deliveries whenever possible."

This proposed "Peace Dividend" initiative is built on the premise of building institutions from the bottom. It will introduce a community driven approach that seeks to mobilize the capacities of communities and service providers to effectively plan, manage, implement, and monitor local initiatives. It will adopt a 'learning-by-doing' approach: organizational learning through reflection and action, and deployment of knowledge-based approaches that will play a potentially decisive role on the extent to which this operation will be successfully delivered. At a minimum, the initiative will stimulate stakeholders by addressing capacities at the: (i) Individual level through skills enhancement and participation in the various development processes; (ii) Organizational or institutional level through creation of incentives to build institutions from the bottom; and (iii) Societal level through provision of information to contribute towards creation of a citizenry that is critically aware of its rights, and therefore able to participate and lead local development and demand greater accountability from government, donors, CSOs, etc.

Considering the high level of antagonism between clans as described in the previous chapters, it would be useful to develop "Peace Dividend Index (PDI)" to measure the degree of readiness of a particular community or region for reconstruction and development.

f. *Tapping on the Potential of the Somali Migrant population*

Historically migrants played a critical role in rebuilding and developing motherland. Indian and Lebanese migrants to East and Western Africa respectively, Ghanaians in Europe, the Irish and Polish communities in the USA, Portuguese in their colonies in Africa, etc. present vivid examples.

At independence, the economies of most African countries were characterized by Europeans owning the large industrial and commercial enterprises; Asians and Lebanese had a virtual monopoly in wholesale and retail trading. At the bottom were the Africans pursuing farming, petty trading and rudimentary services. Therefore, indigenization was at the heart of the massive nationalization of productive enterprises soon after independence in the 60's. Since then, a small number of African entrepreneurs may have graduated through the ranks and may have increased their asset possessions. However the situation remains the same, as most of the productive enterprises and trade are in the hands of Asians (East and the South) while the Lebanese dominate the West and Central part of the continent.

Who owns the trade and productive sector enterprises presents a dilemma to many countries in the region. In practice, lack of access to financial resources and the skills necessary to manage these enterprises meant foreign domination of the sector. Therefore, the apparent foreign domination of the private sector in Africa leads to highly undesirable results both socially and politically. On the social front, foreign ownership perpetuates capital flight and diminishes the income redistribution milieu, negatively affecting the social safety net. As the gap between the rich and the poor grows, mostly in favor of the foreign business owners, domestic political tension grows which dampens the climate for promoting private sector environment.

In spite of the above mentioned dilemma in most African countries, Somalia presents a unique case. Indigenous private sector dominates the economy and they have succeeded in building a solid business foundation in East and Southern Africa, The Gulf and in the West. This presents an opportunity with significant potential in the ownership of the productive and business sectors which could contribute to rebuild and develop the country.

g. *The Belgian Phenomena of Cooperation- Could it be a model for Somalia*

From Wikipedia, I found the following definition of the Belgium political system "Belgium is a federal state with a multi-party political system with numerous parties who factually have no chance of gaining power alone, and therefore must work with each other to form coalition governments. Almost all Belgian political parties are divided into linguistic groups, either Dutch-speaking parties (see also political parties in Flanders), Francophone parties or Germanophone parties. The Flemish parties

operate in Flanders and in the Brussels-Capital Region. The Francophone parties operate in Wallonia and in the Brussels-Capital Region. There are also parties operating in the comparatively small German-speaking community. No party family has a realistic chance of winning enough seats to govern alone, let alone win an outright majority. There are no significant parties left who exist, or operate on a national, Belgian level.”

The Telegraph of 6 December 2011 reported that “Belgium will wake up today with a new Prime Minister after a world record of 19 months without government but the incoming administration will not settle longer term questions over the future of the divided country. But the new government has not bridged the gap between the 6.5 million Flemish in the north of the country and 4.5 Walloons in the south, meaning that doubts over the viability of both the government and Belgium itself will continue.” It is important to note, however, that in spite of the deep animosity between the two tribes in Belgium, there is one common denominator that keeps them together; that is a functioning civic institution that preserves the running of public institutions even in the absence of a Government.

h. *Establishing of a New Civil Service Institutions:*

The above mentioned Belgium example shows that in the event of collapse of the Government, public institutions can continue running the country’s affairs. In the absence of the public service institutions, as is the case in Somalia, any established political institutions will remain ineffective. As a result, reconstruction and development in Somalia cannot be managed in a vacuum. There is need for a new system of governance and public institutions that are immune to tribal affiliation and political influence¹⁵; a neutral entity built on professionalism and strong incentives to sustain efficiency and protect the system.

6. Concluding Remark

Somalia is in the midst of a changing and dynamic world. It is, therefore, imperative that it should be accepted by all that the country has gone through a “natural” transformation process though at a staggering cost. I used the term “natural” to remind us that most of the developed world has been at a point in history destroyed to the

¹⁵ What makes Somalia case so unique is that the entire Governance institutions collapsed in an instant in January 1991? The president and his entourage looked for refuge in neighboring countries; the army, police and civil service literally evaporated and the country took a nosedive. This has never happened in the world. In Africa many countries such as Ivory Coast, Liberia, Rwanda, Sierra Leone, Uganda went through devastating civil wars, but they always had a Government in place

brink - civil war. In building a nation-state, it's, therefore, accepted that the country reaches a level of "political maturity" to resolve issues that simmer beneath the surface. As a result, the reconstruction and development of Somalia would require bold, innovative, homegrown and context appropriate initiatives implying that there is no magic bullet!! -

Somalia needs to build on the positive aspects of the crises and learn from the rest of the world without re-inventing the wheel. While Somalia is not in the same league with Japan or Germany, both countries were transformed with economic development "as the demand of a highly organized industrial society made people behave in more disciplined, calculating and cooperative way." (J. Chang 2010, p124). Chang also concludes that "structural impediments to development and reconstruction such as cultural, ethnic (heterogeneous vis-à-vis homogeneity), institutional, etc. can be and have been overcome with better technologies, superior organizational skills, and improved political institutions.

Reconstruction and development cannot be managed in a vacuum. Without the development of adequate and vibrant local and national institutions, Somalia will remain trapped and its human capital which is an essential element of its development will continue migrating to the Western World leaving the country in misery and mayhem. It is about time that the development paradigm is shifted and the clan and political elite as well as donors loosen their grip and monopoly on the intellectual rights of Somalia's reconstruction and development. There is the need to give the Somali professionals "space" to develop and mature in order to lead the country to the new frontier of development. Changing the inherent culture of dominance in these institutions will remain difficult and elusive due to resistance from elites and interest groups. Developing the necessary institutional infrastructure and skills is the answer if Somalia has to emerge out of the misery and deepening poverty.

In conclusion, I would like to end this paper by borrowing from H. Chang (2013) who quotes Daniel Etounga-Manguelle, a Cameroonian Engineer and writer who noted "The African, anchored in his ancestral culture, is so convinced that the past can only repeat itself that he worries only superficially about the future. However, without a dynamic perception of the future, there is no planning, no foresight, no scenario building; in other words, no policy to affect the course of events. And he goes on to say that "African societies are like a football team in which, as a result of personal rivalries and a lack of team spirit, one player will not pass the ball to another out of fear that the latter might score a goal." Daniel Etounga-Manguelle (2000).

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IT IS ALL ABOUT INSTITUTIONS

By

Abdiweli Ali Gaas¹⁶

Abstract

The reason Somalia is being marred by anarchy and instability for over two decades is the collapse of state institutions. The lack of an institutional framework that could have guided the country politically, socially and economically had a deleterious and negative effect on rebuilding the state. Although there are many factors outside the control of Somalia's political elite, the paper addresses those institutions which are under the purview of the current leaders. Chief among these are judicial efficiency and the rule of law, political credibility, stable economic policies, a transparent political system, decentralization of power, and an accountable and responsive state institutions.

1. Introduction

The institutional settings within which policies are formulated are of crucial importance; and the quality of these institutions can be a primary source of the differences in progress and development among nations. Clague et al (1996) indicated that the quality of economic policies and institutions vary from one dictatorship to another and from one democracy to another, and therefore irrespective of the type of the political regime institutions will have a substantial impact on development.

North (1990 and 1991) suggested that institutions shape the incentive structure that may impede or increase economic activity. Poor institutions interfere with economic growth by inducing economic agents to engage in redistributive politics rather than economic activity with lower economic returns (Murphy et al 1991).

Hall and Jones (1997) argued that poor institutions encourage diversion over production and therefore reduce the level of economic activity. Philip Lane and Aaron Tornell (1996) observed that many countries that are rich in natural resources such as Nigeria, Trinidad and Venezuela have done badly in terms of economic growth

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because natural resources suffer from a common-pool problem. In the absence of well-defined and protected property rights, natural resources can be exploited by a number of powerful political interest groups. Poor countries tend to have unreliable legal systems, corrupt governments and insecure property rights. The lack of the security of property rights also prevents poor countries from acquiring the badly needed, advanced and expensive technology available in developed countries.

This paper highlights the importance of institutions and their effects on growth and development. The rest of the paper is organized as follows: section II addresses the effect of political regimes on development. The debate of whether the nature of political regime (democracy versus dictatorship) matters for growth is unsettled. This section provides the claims and counter-claims of whether democracy is a pre-requisite for a country's economic development.

Section III underlines the importance of institutions, while section IV concludes and provides suggestions for further research. While the paper addresses these issues in a more generalized fashion, nevertheless, an attempt will be made to draw attention to the relevance of institutions for the future of Somalia. Section III specifically tries to show the political and policy implications of institutions and institutional quality for the betterment of Somalia.

2. Does the Nature of the Political Regime Matter? Or is it All about Institutions?

Institutional scholars argue that the quality of institutions matter more than the type and the nature of the political regime. They suggest that the quality of institutions will have a lasting impact irrespective of a country's political orientation. Dictatorships with good institutions such as Singapore and Chile under Pinochet, succeeded economically while many democracies are economically backward. Natural resource-rich countries such as Nigeria, Venezuela, and the Democratic Republic of Congo have done poorly in terms of economic growth while resource-poor countries in East Asia such as Hong Kong, Taiwan, Singapore and South Korea grew fast in the past 30 years. For example, South Korea had the same per capita income as Congo in 1960; today, it is ten times richer and all the indications suggest that it was all about the characteristics of their respective institutions.

Although the quality of institutions can be of utmost importance in a country's economic trajectory, it might also be the case that the type of the political regime is also as important as institutions. There is a voluminous literature on the effect of democracy on growth. The overwhelming conclusion of this literature is that democracy and all that it entails is a pre-requisite for economic development.

The proposition that democracy promotes growth is based on the premise that democratic regimes provide constitutional guarantees of the protection of property rights: a legal framework that facilitates exchange and enforces contracts. Proponents of this idea suggest that democratic processes and the existence of fundamental civil rights and political freedoms create an environment conducive to investment, and the requisite incentives to undertake risky economic activity (Scully, 1988 and 1992). The economic collapse of the socialist totalitarian regimes in the early 1990s and their shift towards democratic, free market systems support this claim.

However, a stark contrast to this proposition is the conflict perspective whereby democratic regimes are vulnerable to popular pressures. Voter preferences for current consumption over long-term investment make democracies ill equipped to undertake the kind of policies necessary for sustained economic growth. Pressure groups in democracies hobble the enactment of policies whereby current consumption activities are sacrificed for long-term investment.

Bardhan (1993), Przeworski and Limongi (1993) and Weede (1983) suggest that development-minded authoritarian regimes are characterized by a high degree of insulation from short-term, pork-barrel politics. They also report that the ability to insulate institutions from redistributive politics allowed East Asian non-democratic, resource-poor countries to grow faster than comparable democratic countries.

Dictators as residual claimants to national wealth may also have an encompassing interest in promoting economic growth (Olson 1991, and McGuire and Olson 1996). In addition, Dore (1978) argues that dictators promote growth not out of concern of the welfare of citizens, but to enhance their status among world leaders, if in effect personal prestige is a positive function of national wealth.

The proponents of the authoritarian approach to economic growth generally believe that democracy poses a real threat to economic development; whereas an insulated non-democratic regime promotes growth especially during the earliest stages of economic development. Historical evidence suggests that genuine democracy did not exist in any of the developed countries during several stages of their economic development.

Whatever cogent theoretical reasons may be given in support of one perspective or another, the empirical results do not clarify the issue one way or the other. Economic growth can take place in a democratic environment; it can also take place in a dictatorship provided that economic agents are allowed to fully exploit their human potential.

For example, a highly democratic country with a wide range of political freedoms and civil liberties may adopt economic policies that discourage entrepreneurship and investment. Alternatively, autocratic regimes may adopt economic policies that promote basic economic freedoms, and encourage investment and private initiatives.

3. Good Institutions as a Prerequisite for a Better Somalia

As an economist, let me start with a caution. It is very likely that the transition of Somalia from authoritarianism, civil war, to a broad-based democracy will coincide with severe economic hardships. How successful Somalia will be depends on the institutions established and the policies followed. Although many external factors outside the control of Somalia's political elites will affect the outcome, in this paper, I will emphasize those institutions and economic policies, which I think are under the purview of Somalia's current political leaders and which I think will contribute to the consolidation of the transition and to good economic performance. Chief among these are: political freedom and civil liberty, economic freedom (distinct from other freedoms), judicial efficiency and the rule of law, political credibility, stable economic policies, a transparent political system, decentralization of power, and an accountable and responsive state institutions.

Guaranteeing freedom, formulating credible and stable policies, and establishing transparent, decentralized, and accountable state institutions will determine the outcome of Somalia's political and economic future.

Somalia can therefore be the vibrant Singapore in East Africa or it could be another economic basket case similar to other Sub-Sahara Africa. The economic potential is there; the question is whether the complementary political will of unleashing this potential is available in the current crop of Somalia's political leaders. The choice is theirs; it is also the Somali people to live with the consequences of the choices they make. Here are few of the institutional variables that are deemed to be extremely important and really quite necessary for political and economic progress. The list is not exhaustive and could not be satisfactorily addressed in this short paper.

a) The rule of law

The rule of law in any given country reflects the degree to which the citizens of that country are willing to accept the established institutions to make and implement laws and adjudicate disputes. It also indicates the extent to which countries have sound political institutions, strong courts and orderly succession of powers. A good measure of how reliable a country's legal system is the extent to which a government enforces the rules codified in their constitutions. In many developing countries including Somalia, it doesn't take much for a government to repudiate its contract with the

citizens of the country. In extreme cases, citizens face risks associated with arbitrary arrests, summary executions, outright confiscation, and forced nationalization of private property.

Another burden that citizens of rogue states face is the poor quality of the government bureaucracy. Often times, the bureaucracy is incompetent and lacks professionalism. Moreover, the government employees are recruited and promoted not by merit but rather on political, tribal, or clan loyalty. In developed countries, the bureaucracy is not only competent and highly proficient, but it is also autonomous and free from political pressure.

The quality of the bureaucracy can be measured by the strength and expertise to which it conducts its activity without drastic changes in policy or interruptions in government services. It can also be measured by the extent to which high government officials are likely to demand special payments, and the extent to which legal claims are adjudicated without paying someone for the services that should have been provided for free. Somalia is currently perceived as a highly corrupt country and this would have far-reaching implication for the future of Somalia.

b) Freedom

The most important thing that a government can give to its own people is protect and endow them with their God-given freedoms. Of fundamental importance are political freedom and civil liberties. Whether a government provides political freedom to its citizens will depend on how it responds to the following questions:

- Are there fair electoral laws, fair polling and honest tabulation of ballots?
- Is there significant opposition vote and realistic possibility to gain power through elections?
- Does the country have the right of self-determination and its citizens free from any kind of domination?
- Do cultural, ethnic, and religious and other minority groups have reasonable self-determination?
- Is the political power decentralized?

Among other things, the following questions also address the extent to which citizens fully enjoy liberties of civilized societies.

- Is there freedom of political organization, independent media, free trade union, professional organizations, free religious institutions and free business cooperatives?
- Are citizens equal under the law and have access to an independent, nondiscriminatory judiciary?

- Are there personal and social freedoms such as freedom of movement, choice of residence, and choice of citizens to engage of marriage and size of family?
- And finally, is there a freedom from extreme government indifference and corruption?

No country in the world without proper institutions, such as an unreliable legal system, corrupt government, and insecure property rights, succeeded politically and economically. It is therefore imperative that future governments establish institutions that discourage banditry, and encourage the rule of law. Good institutions beget good governance, and good governance is the essence of prosperity and economic development.

The relevant questions above narrowly define freedom and did not capture other relevant factors measuring the degree of economic freedom, such as freedom to own and dispose private property, freedom to keep what one earns, and the freedom to exchange and trade. Therefore, it is imperative to define freedom more broadly to include economic dimensions. In the future, the Somali citizen should be given a real voice in public discourse including economic issues.

c) Economic policy

Another important factor that will affect the success of a country's future state is the quality of the government's economic policies. Fiscal, monetary, and trade policies will affect the economic environment in which economic activity takes place. One of the fiscal policy parameters that are considered to have a negative impact on economic growth is the size of government.

The standard explanation in the literature is that government deficit crowd-out private capital formation by increasing interest rate and reducing the amount of savings available for private investors. To the extent that deficits are used for investment purposes, the country's total capital formation might not necessarily decline.

However, the relative productivity of public and private capital can affect the pace of economic growth and as long as the return to public capital is below that of private capital, deficits will negatively affect the growth rate of the country's economy. It is therefore necessary to have a small but efficient government. This will minimize the habit of depending on the government for things that people can do for themselves. If you create a government big enough to give you everything you need, it would be a government big enough to take everything you have. The future governments of Somalia shouldn't fall into the trap that the size of your bureaucracy is a reflection of your power.

How about trade policy? The Somali economy should be open and should follow an outward-looking strategy. Openness is an important determinant of economic growth. The empirical literature on trade overwhelmingly suggest that trading with other nations is a positive-sum game mutually beneficial to the trading partners; and is an engine of economic growth and development. The Somali economy should be diversified and should not depend on on the generosity of few Arab Sheikhs.

In terms of monetary policy, the most important thing that the Somali government should do is to protect the value of the Somali Shilling.

d) Credibility and transparency

The future Somali governments should be credible and transparent. Credibility can be provided not by decree but by enforcing the law of the land and abiding by it. In other words, you earn credibility when the government enforces the rules and is bound by them. Having free elections and winning it does not guarantee credibility. You have to earn it and the biggest obstacle to political credibility is an executive with excessive discretionary powers. Therefore, the government should be frugal with its discretionary powers.

The government should also be transparent, and to be transparent it should allow the full freedom of the press and the mass media. Transparency allows the government to sustain its political future. It will allow the government to build a power base not based on clients and individuals but on grass root support.

Freedom and good economic policies coupled with transparency and political credibility will guarantee a political success and acceptance from the masses.

e) Decentralization

It is imperative that the power of the state is divided and should not be concentrated in the hands of one individual or one entity. In addition to horizontal separation of powers, the power of the state should also be vertically divided.

The idea of decentralization is to establish different hierarchical levels and to distribute the power of the state in a way that creates mutual dependence. By sharing the legislative and enforcement powers with lower levels of government, decentralization will also reduce the pressure on the government to deliver and will allow it to deflect criticism.

By decentralizing, you are not only sharing the power with lower level groups but also the responsibility and the blame that comes with it. Somalia has a very short history of constitutional government and the concentration of the political and economic power in the hands of the elite minority fueled opposition movements and led to the current civil war.

Abdiweli and Hodan (2003) found that the decentralization of power reduces corruption. The paper addressed the determinants of economic corruption in a cross-sectional study of 119 countries. It found that decentralization and vertical separation of powers reduces corruption and creates multiple veto powers along vertically competing jurisdictions. It makes collusion among corrupt officials difficult to enforce.

Although some commentators and political science scholars might argue that federalism and decentralization of power would perpetuate regionalism and clannism, all the indications suggest that the vertical separation of powers protects the sovereignty of the individual and protects individual liberty from self-serving politicians who might otherwise seek the concentration of the political power and would use it to attain pecuniary and non-pecuniary personal and parochial gains.

4. Conclusion

Many empirical results from different countries reveal that countries with high levels of economic growth are characterized by high levels of judicial efficiency, low levels

of corruption, effective bureaucracy, sound economic policies, transparent and decentralized political system, and protected private property, among others. The results also indicate that freedom is important for economic development.

Economic and political freedoms are symptomatic of good institutions. They go hand in hand, suggesting that freedom can only be sustained in an environment of high institutional quality. Today, Somalia under President Hassan Sheikh has a window of opportunity to put the future path of Somalia into a good start. Let the journey begin with institutional framework that will guarantee the sovereignty of the Somali citizen, and I hope the transition to a solid democracy will soon generate substantive economic outcomes for the people of Somalia.

The next generation of Somali leaders should learn from the mistakes of their predecessors and should offer the people of Somalia real opportunities to improve their material and moral well-being.

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IT'S THE LEADERSHIP STUPID: THE CHALLENGES OF POST-CONFLICT ECONOMIC GOVERNANCE

By
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Abstract

The central thesis of the paper is that leadership is one of the key challenges of post-conflict reconstruction and development. The paper identifies five “stylized” facts of a country emerging out of violent and devastating conflict. The paper then presents the experience of Sudan during the interim period following the signing of the Comprehensive Peace Agreement (CPA) in January 2005. Five Rs are highlighted as the immediate challenges of economic governance in Sudan in general, and South Sudan in particular. These 5Rs are: Restoration of social values, Rehabilitation of infrastructure and institutions, Resettlement, Reconciliation, and Reconstruction.

1. The Context

... a leader is a person with certain qualities of personality and character, which are appropriate to the general situation and supported by a degree of relevant technical knowledge and experience, who is able to provide the necessary functions to guide a group towards the further realization of the purpose, while maintaining and building its unity as a team; doing all this in the right ratio or proportion with the contributions of other members of the team (John Adair, 2006: 16 – 17).

My professional exposure to the challenges of post-conflict economic governance dates back as far as September 2003, when the Economic Commission of the Sudan People's Liberation Movement (SPLM) organized a retreat to the New Site, Kapeota County. It was a three-week retreat to reflect on the challenges of reconstruction of post-conflict Sudan in general and southern Sudan in particular. The late Dr. John Garang de Mabior joined the team for a period of one week; a week in which he outlined the themes of the **SPLM Strategic Framework for War to Peace Transition**¹⁸. Dr. John was able to guide us, as articulated by the above quotation, toward the articulation and formulation of the SPLM framework for reconstruction and development.

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¹⁸ This was the SPLM blue print for the rebuilding/reconstruction of post-conflict southern Sudan, which was published in August 2004.

It was the leadership of Dr. John, with rare qualities of personality and character (e.g. professional conviction, courage, and consistency¹⁹), that provided enabling environment for some of us to embark on a comprehensive review of the lessons of experience from post-conflict reconstruction and development. I was, for instance, tasked in 2003 to review the key challenges unique to post-conflict environment and I concluded that in addition to the inherent characteristics of conflict, countries emerging out of civil wars normally face enormous challenges in the formulation and implementation of post-conflict economic recovery and reconstruction programs. These challenges are compounded by what Daniel Bromley (2008) calls “institutional degradation and decay.”

Although the effects of conflict depend on the characteristics embedded in the root causes of civil wars, as well as on the specifics of the conflict (intensity, duration, territorial location and so forth), there are still common effects of conflict that could be summarized in broad terms as “stylized” facts of a post-conflict transition. For instance, a review of post-conflict literature tends to indicate that violent conflict more often than not results in the following (Cliffe and Kostner, 2004; Mack, 2002; and Bromley, 2006, 2012)²⁰:

1. **It destroys physical infrastructure.** The challenge here is the rehabilitation of transport system (e.g. roads network), telecommunication, public utilities (e.g. electricity and water), etc. Rehabilitation of these systems would undoubtedly send signals to the private sector to participate in the post-conflict economic recovery and reconstruction, which could contribute in generating employment and growth at the early stages of the war-to-peace transition.
2. **It renders institutions dysfunctional and induces the best human capacities to seek refuge abroad.** The breakdown in “law and order” is such that all economic activities shrink into small local spaces, which in turn undermines governance structures and processes. The central challenge is thus to re-build an inclusive, efficient, and effective civil service system, as well as the legal arrangements—the institutions—necessary for a functioning market economy (Bromley, 2006, 2012; Easterly, 2004).
3. **It diminishes fiscal resources and damages financial management systems.** Restoring systems of accountability and transparency in the management (i.e. mobilization, allocation and utilization) of public resources would reduce chances for corruption and misuse of scarce resources.

¹⁹ For more of this point, see: *The Power of Creative Reasoning: The Ideas and Vision of John Garang*, by Lual A. Deng (2013) published by iUniverse, Bloomington, Indiana (USA).

²⁰ This section is taken from Lual A. Deng et al (2012), *South Sudan: Creating Jobs for Sustained Peace, Economic Growth, and Poverty Eradication*. A Report prepared for the World Development Report (WDR 2013).

4. **It weakens networks of civic engagement.** Until trust and the necessary legal architecture (institutions) can be recreated, movement of goods across space is often difficult to arrange.
5. **It reduces service delivery capacities.** There are normally high expectations with respect to the provision of basic services, administration of justice, education, and health and water sanitation in the aftermath of conflicts.

2. The Challenges

The “stylized” facts of a post-conflict environment stated in the preceding section provide some of the challenges that were faced in Sudan during the Interim Period (2005 -2011). Both the Sudan Government of National Unity (GONU) and the then Government of Southern Sudan (GOSS) confronted six (6) key challenges during this period, which I would think are relevant to the Somali situation. These are: a) rehabilitation; b) resettlement; c) relief; d) reconciliation; e) reconstruction; and f) resource management. The ability of a post-conflict authority to meet these challenges is largely a function of leadership on the one hand, and quality institutions on the other. I would briefly examine each of the 6Rs in the context of Sudan by way of sharing with the reader some lessons of experience²¹.

2.1. Rehabilitation

As stated in the preceding section, the SPLM began in 2003 to prepare to take a leading role in the governance of Sudan in general, and Southern Sudan in particular by first identifying the 5Rs. In this regard, the framers of the **SPLM Strategic Framework for War to Peace Transition** conceptualized the first R (i.e. Rehabilitation) as requiring rehabilitation of attitudes, infrastructure, social capital (i.e. values, norms and trust), and institutions. Our focus was mainly on rehabilitation and reform of institutions of the liberation struggle into those of democratic governance. The leadership question was not given a serious consideration for it was taken for granted that Dr. John Garang de Mabior was going to be there. Besides personal integrity, consistency, and conviction; Dr. John had solid technical knowledge and experience in guiding us to the desired options and strategies for enhancing the human dignity of our people.

Dr. John Garang wanted his team to have a deeper understanding of institutions underpinning good governance. He strongly believed that such an understanding would

²¹ These challenges were popularly known within the SPLM policy group as 5Rs, but I have now added resource management to the list. I thank Dr. Cirino Hiteng for bringing the issue of resource management to my attention.

enable his team to sufficiently address legitimate concerns and competing visions of the main actors behind violence, especially ethnically-based violent social conflicts. His conviction was underpinned by the fact that high quality institutions on the one hand “exert a very strong determining effect on aggregate income” (Rodrik, 2004), and on the other “mitigate ethnically-based social conflict that lowers growth” (Easterly, 2004).

For instance, our review of empirical research for the SPLM leadership on institutions indicated that institutions “shape the visions, the interactions, the decisions and routines of economic agents at all levels within and outside organizations and markets; they form the processes of technical and organizational change” (Nielsen and Johnson, 1998:xvii). This implies that post-conflict environments would demand the formulation of what John R. Commons (1959) calls “working rules of collective action in restraint, liberation, and expansion of individual action.” These working rules must be inclusive of visions of all the actors in order for them to be collective “rules and conventions” of the whole society that regulate their behavior and interactions (North, 1990; Ruttan and Hayami, 1984).

Another critical area of rehabilitation is infrastructure in which the framers of the SPLM post-conflict development strategy had wished to have about 10,000 km of roads tarmacked by the end of the Interim Period (i.e. by July 9, 2011). We had less than 200 km of tarmacked roads on July 9, 2011! What happened? I would think that one of the main reasons for failure was weak leadership of those who were charged with the ministry of roads, transport and bridges. There have been five (5) ministers of roads, transport and bridges since 2005 and this is, in my view, an indication of the inability of successive ministers to rehabilitate physical infrastructure, especially roads.

2.2. Resettlement

The second R (i.e. resettlement) is how to resettle those who have been displaced by civil conflict. There are two types: i) internally displaced persons (IDPs); and ii) refugees (i.e. persons who have crossed the international border into neighboring countries). There are still thousands of South Sudanese IDPs and refugees waiting to be resettled even after 8 years from the end of the civil war. This is an area where there has been mismanagement since 2005 by senior officials of resources for the repatriation and resettlement of IDPs from Sudan before secession of the South. And some of those who were lucky to have been repatriated from Khartoum are still homeless in towns such as Juba.

IDPs and refugees are critical components of human capital that is needed in the reconstruction and development of a society/community emerging out of a devastating violent conflict, such as in Somalia and South Sudan. In this regard, resettlement of

war-displaced persons is imperative for sustained peace, economic growth and social stability in a post-conflict environment.

2.3. Relief

The third R (i.e. relief) is a necessary, though not sufficient condition for the success of a resettlement program. Relief programs are short-term by nature and should not be pursued for a longer period; otherwise they could create a dangerous culture of dependency on relief by the communities. Some communities in South Sudan have given up farming and are instead depending on humanitarian supplies provided by the United Nations World Food Program (UNWFP). Moreover, humanitarian supplies tend to discourage local production; since they are imported or are given in kind (e.g. USAID funded food aid is purchased from American farmers and the cost of transporting is often higher than the total value of the grain). Hence, post-conflict authorities should see into it that UNWFP and international relief agencies give priority to local products when they purchase food items for their humanitarian supplies to war-affected communities.

2.4 Reconciliation

The fourth R (i.e. reconciliation) is central to sustained peace, social harmony and tranquility. The Mandela South African model of reconciliation (i.e. Truth & Reconciliation Commission) is, in my view, one of the most appropriate models for Somalia and South Sudan. As articulated by Alfred Sebit Lokuji, “truth-telling in repentance is a necessary condition for reconciliation²².” We in South Sudan have adopted a model of reconciliation that has proven to be quite expensive and therefore unsustainable. This approach is properly known as “**buying peace**” through the absorption of former Government of Sudan supported militias into the Sudan People’s Liberation Army (SPLA) and into the government (i.e. executive, legislature, and judiciary). The consequence of such an approach has been that GOSS spent less than 10% of the total public sector annual spending on investment (i.e. development) and the rest on wages (about 50%) and operating costs (40%).

2.5 Reconstruction

The fifth R (i.e. reconstruction) provides the bridge between destruction and development of a conflict-devastated community/country. Reconstructing the basic structures of governance is normally one of the first tasks of governments formed to manage the war-to-peace transition. The challenge here is how to make these structures inclusive; so as to eliminate the existence of deeply entrenched animosities between the actors enlisted in institutions and organizations that existed before a comprehensive peace agreement was enacted. Post-conflict countries have now a range of indices (e.g.

²² From a posting by Prof. Lokuji at the SPLA-Veterans Forum, August 22, 2013.

index of governance, index of institutional quality, index of failed states, etc.) that would guide them in addressing this challenge.

For instance, Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi (KKM, 2003) have constructed six broad indices of governance covering 199 countries over four periods (1996, 1998, 2000, and 2002), which can act as a useful benchmark/framework for post-conflict countries in designing inclusive systems that embrace traditions and institutions of all the stakeholders/actors in the exercise of the authority of a country for the overall well-being of its citizens irrespective of ethnicity, gender, race, region or religion.

The tragic death²³ of Dr. John Garang on July 30, 2005 constrained the full implementation of the Comprehensive Peace Agreement (CPA), which would have had contributed to enhanced socio-economic well-being of the ordinary Sudanese people. Moreover, the untimely death of the SPLM leader made Sudan not to “get its institutions right” and consequently failed to achieve the tripartite objectives – sustained peace, economic growth, and poverty reduction – of the 5Rs. I would examine in the next section

2.6 Resource Management

This is the sixth R of the post-conflict challenges, which is essentially related to the first R (especially rehabilitation of attitudes and norms). Rehabilitation of attitudes toward, say, public property has not been successful in the case of Southern Sudan, evidenced by pervasive corruption²⁴. Revitalization of positive attitudes and networks of civic/communal engagement would have raised “social capital or trust,” (Easterly, 2004) that would have in turn contributed toward proper management of public resources by a team guided by political morality of the SPLM on the one hand, and core values of the liberation struggle on the other. Robert Putnam uses the term social capital “as reserves of mutual assistance created through norms and networks of civic engagement, just as monetary capital accumulated through one set of activities to others, thereby mobilizing collaborative action to further community well-being” (1995:256).

I would, therefore, argue that it was our inability to restore norms, ethics and social values that have led to widespread mismanagement in post-conflict southern Sudan.

²³ President Museveni of Uganda stated on August 5, 2005 in Yei town, South Sudan that this was not a normal death; “this is an assassination!”

²⁴ Reports of the audited GOSS accounts during the period 2005 – 2011 by the Auditor General of the Republic of South Sudan see www.auditchambers-ss.org. President Salva Kiir Mayardit has also publicly stated in a letter in June 2012 addressed to 75 current and former officials that they have “stolen” about \$4b from GOSS.

Others would argue that it was the lack of capacities, which led to widespread mismanagement of resources during the Interim Period. But, as it would seem to me that it was basically due to lack of political will to enforce discipline.

3. How Can Countries Emerging Out of Violent Conflict Get Their Institutions Right?

Regardless of the root causes of conflict – whether the economy (Collier and Hoeffler, 1998; World Bank, 2003) or ethnicity (Easterly and Levine, 1997) – post-conflict countries can make use of the existing body of empirical research in “**getting institutions right.**” This body of empirical research informs that “the process through which countries acquire good institutions is typically quite idiosyncratic and context specific. Luck plays an important role, as does human agency” (Rodrik, 2004:6). Hence, the key task for framers of institutional reform and capacity development strategies in post-conflict environments is to ensure that these strategies address legitimate concerns and aspirations of all the major stakeholders.

By way of illustration, a government facing armed opposition would normally, for instance, impose a state of emergency in which the production, distribution and use of national resources, including knowledge are geared towards war efforts so as to achieve victory over the opposition group. Similarly, the armed opposition groups challenging a ‘legitimate government’ would often constitute their own social, political, legal, and economic ground rules governing the conduct of war and in managing processes of change for achieving the stated vision and associated objectives of what they have conceptualized as a liberation struggle²⁵. In this way, violent competition would lead to destruction, evolution or creation of new institutions, which in turn shape the visions of the warring parties and impose new rules and codes of social behavior.

Furthermore, the magnitude of impact of wars on institutions would logically be more severe in the case of the so-called failed states. Here long, intense and widespread conflict can lead a central government (i.e. a symbol of state), as we know it, into a halt and anarchy, such as the case of Somalia in the immediate aftermath of the fall of Siad Barre. Therefore, it is not uncommon to expect institutions in such instances to collapse and disintegrate at the center (i.e. macro level) and spread out to other levels in the absence of an enabling institutional environment for a responsive and

²⁵ In Sudan, for instance, the Sudan People’s Liberation Movement (SPLM), which was fighting the Government of Sudan (GOS) did establish its own institutional set-up in the areas of the country it was controlling. The SPLM used to call these areas: New Sudan with its own institutions and associated organizations.

accountable state. Conversely, experience from recent conflicts, have illustrated the ability of institutions at the lower (meso and micro) levels of governance to endure any collapse of central structures.

A case in point was Somalia during the conflict when clans, warlords and households were able to establish a different set of ground rules for coping with the consequences of collapsed central authority structures. Nonetheless, while such failed states are extreme cases, it is generally acknowledged that most countries emerging from conflict often have weak capacities and face tremendous challenges in performing basic functions, especially because of the lack of an enabling institutional environment at the central level. Hence, capacity building and institutional strengthening should be among the top priority areas for countries emerging out of conflicts (Cliffe and Kostner, 2004). Supporting this statement is the experience derived from post-conflict economic recovery and reconstruction programs.

The World Bank has, for example, engaged in conflict-affected countries to re-build the necessary capacity and reform institutions (e.g. Uganda, Mozambique, Cambodia, Ethiopia, Armenia, Bosnia and Herzegovina, West Bank and Gaza, Sierra Leone, Rwanda, East Timor, Sri Lanka, Guatemala, Afghanistan, Liberia, and South Sudan). In a 1998 evaluation of World Bank engagement in conflict-affected countries, the Operation Evaluation Department of the World Bank reviewed eighteen Technical Assistance (TA) operations in conflict-affected countries; a review that has provided valuable lessons for both policy analysts and students of development and reiterated the need for capacity development and institutional support to post-conflict countries (World Bank, 1998). The challenge for policy analysts in post-conflict countries is to design institutions that attempt to tackle the underlying causes of conflicts in these countries.

If the general consensus is that the “key root cause of conflict is the failure of economic development”, then the process of institutional reform would focus on creating institutions capable of regenerating economic growth (World Bank, 2003:53). Here, I am in agreement with Dani Rodrik that “large-scale institutional transformation is hardly ever a prerequisite for getting growth going” (2004:10). However, sustainability of this growth would require a comprehensive institutional transformation with a long-term view of creating quality institutions that could in turn prevent post-conflict countries from falling into conflict trap.

But, if the general consensus within the country on the root cause of conflict is ethnicity, then the process of institutional reform would seek to establish institutions that first “lower the risk of wars and genocides that might otherwise result from ethnic fractionalization” (Easterly, 2004:18). This paper assumes that majority of countries, which have witnessed episodes of civil wars during the last four decades are

characterized by ethnic division. My assumption is based on the findings of empirical research and conflict literature. For instance, if we look at the sample of countries in the study of Easterly (2004), Easterly and Levine (1997), and Harff and Gurr (1996) we find that more than 99% of countries in the sample have witnessed some form of ethnically-induced conflict²⁶.

In light of the above, the process of institutional reform in post-conflict environments will have to, at the design stage, take into account the following:

- i) State of governance as exhibited by Kaufmann's indices of governance;
- ii) Elements of institutional quality – components of good institutions;
- iii) Characteristics of the main actors behind violent conflict; and
- iv) Key challenges of post-conflict recovery and reconstruction.

I would like in the rest of this section to provide some “tips” for countries emerging out of conflicts to seek institutional designs that are sensitive to their social, economic, political and cultural characteristics. The underlying objective of “**getting institutions right**” is the establishment of good governance. I believe that post-conflict countries can get “institutions right” if they were allowed²⁷ to internalize three key concepts – **governance, capacity, and institutions** – at the early stages of their process of institutional reform. Stated differently, the desired output in post-conflict environments is better governance, which requires effective capacities and quality institutions to produce it. This entails that the point of departure for the process of institutional reform is the situation analysis of the prevailing types of governance, capacities and institutions in post-conflict countries. Such an analysis should cover all the actors at the national, sub-national/regional, and local levels.

3.1. Understanding Governance

A common understanding of the term governance among all the stakeholders is, in our view, a *sine quo non* for reforming institutions for good governance. And there is emerging body of empirical work on governance that would assist post-conflict countries to internalize this concept. The Information and Communication Technology (ICT) has now made information easily accessible to analysts. For instance, policy analysts in post-conflict countries could benefit from an empirical body of research on governance, which is accessible at

²⁶ I have excluded Somalia, since it is a homogenous nation going through a clan-based conflict.

²⁷ The designs of post-conflict recovery and reconstruction programs are most likely to be driven by the donor community than by the countries themselves. Donors have initiated a new assessment tool known as the Joint Assessment Mission (JAM), which is usually jointly led by the World Bank and UNDP on behalf of the UN system. JAM sets priorities that are quantified and presented to the donor community for funding at a donor conference. For instance, the World Bank in case of Sudan resisted issues of institutional reform and capacity building and it was only after the Sudanese insisted after which they were added to the list of clusters constituting the JAM.

<http://www.worldbank.org/wbi/governance/Kaufmann>. Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi (KKM) give a comprehensive definition of governance:

[T]he traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them. (2003:3).

The KKM's definition essentially tells us that traditions and institutions by which authority is exercised must in post-conflict environments be inclusive. That is, they must include traditions and institutions of all the stakeholders so as to ensure better governance at all levels relative to the one, which contributed to the violent conflict in the first place. An important point to note here is that institutions are a critical component of governance, but not synonymous with it. That is, governance is an output, while institutions are inputs necessary for the production of governance by management (i.e. capacity). Good governance then is to be viewed as a function of quality institutions. Moreover, the definition would help in the organization of this section of the paper around the key dimensions of governance with requisite capacities and institutions.

3.1.1. Indices of Governance

Countries emerging out of conflicts would undoubtedly like to know the attributes of good governance. They could do this by conducting a situation analysis. A situation analysis of the prevailing types of governance in post-conflict countries would certainly benefit, in our view, from the work of KKM cited in the preceding paragraphs. A comparative analysis of governance would guide these countries in prioritizing steps to be taken in the restoration/establishment of participatory governance. The sequencing of actions to be taken would in turn avoid overloading the institutional reform process that aims at achieving good governance. Policy analysts do not, therefore, need to re-invent the wheel when they can be guided by empirical research. For instance, KKM have constructed the overall index of governance consisting of the following six indices:

- a) Voice and accountability;
- b) Political stability and absence of violence;
- c) Government effectiveness;
- d) Regulatory quality;
- e) Rule of law; and
- f) Control of corruption.

A brief look at the first index of governance would provide an illustration for comprehending the other five indices. That is, understanding these indices would also help in the identification of capacities and institutions for the establishment of good governance – by answering the capacity for what and which institutions questions. Policy analysts should not be bogged down with numeric values of the indices, but rather with the qualitative dimensions of governance, so as to appropriately guide them in the identification and design of capacities and institutions for better governance.

Voice and accountability is a composite index, which is constructed through the following four indicators:

- **The political process**: It has to be inclusive through a system of equity in access that is transparent and easily understood by ordinary people in the society. This is a process through which all citizens (stakeholders/actors) participate in the selection (appointment and removal) of governments without resorting to violent or unconstitutional methods²⁸. For post-conflict countries the process would seek to incorporate all the systems of various actors that competed against each other through violent means in an attempt to advance their own visions and agendas. An inclusive political process provides equity in access to resources (political, economic, social, legal, etc.) for all its inhabitants irrespective of gender, ethnicity, region, religion or political affiliation.
- ii) **Civil liberties**: KKM provide a checklist of 13 questions used by Freedom House in assessing the state of civil liberties in 193 countries (see Box 1 below). Here civil liberties are defined as “freedom to develop views, institutions and personal autonomy apart from the state²⁹.”
- iii) **Political rights**: These are “those freedoms that enable people to participate freely in the political process” (KKM 2003:73).
- iv) **Independence of media**: To what extent is the freedom of the press is protected by law?

²⁸ A clear system of checks and balances between the conventional three branches of government – legislature, executive, and judiciary – is a critical component of the political process.

²⁹ As defined by Freedom House in KKM (2003:73).

Box 1: Selected questions for a checklist of rights and freedoms for rating countries

Civil Liberties:

1. Are there free and independent media, literature and other cultural expressions?
2. Is there open public discussion and free private discussion?
3. Is there freedom of assembly and demonstration?
4. Is there freedom of political or quasi-political organization?
5. Are citizens equal under the law, with access to an independent, non-discriminatory judiciary, and are they respected by the security forces?
6. Is there protection from political terror, and from unjustified imprisonment, exile or torture, whether by groups that support or oppose the system, and freedom from war or insurgency situations?
7. Are there free unions and peasant organizations or equivalents, and is there effective collective bargaining?
8. Are there professional and other private organizations?
9. Are there free businesses or cooperatives?
10. Are there free religious institutions and free private and public religious expressions?
11. Are there personal social freedoms, which include such aspects as gender equality, property rights, freedom of movement, choice of residence, and choice of marriage and size of family?
12. Is there equality of opportunity, which includes freedom from exploitation by or dependency on landlords, employers, union leaders, bureaucrats or any other type of denigrating obstacle to a share of legitimate economic gains?
13. Is there freedom from extreme government indifference and corruption?

Source: From KKM (2003: 74).

3.2. Defining “capacity”

Developing a deeper understanding of the concept of capacity has led me to undertake a quick survey of its various definitions. This in turn provided me with a working definition for the paper that is based on a combination of the UNDP and the World Bank definitions. UNDP defines capacity as “the ability of individuals and organizations or organizational units to perform functions effectively, efficiently and sustainably” (UNDP, 1997:11). An alternative definition provided by the World Bank, defines capacity as “the ability to access and use knowledge to perform a task” (World Bank, 2002). A combination of the above two definitions enabled me to formulate a working definition, where I define capacity as **the ability of individuals or organizations to acquire and use knowledge and skills to perform a specific task effectively, efficiently and sustainably.**

In deriving the above stated working definition, I have added three key notions: **acquire, skills and specific**, which would in turn facilitate critical examination of two groups of factors underlying the main features of capacity – **ability and performance**. “Acquire and skills” center, in my view, on inputs that lead to ability (i.e. determinants of ability). The ability to acquire knowledge, which implies learning, is important in

the understanding of this feature of capacity. In this regard, I view learning as a process of acquiring an asset, which is knowledge. One of the important points of this definition is that we cannot appoint persons with limited technical knowledge and experience and expect them to perform well—a point that has not been fully internalized by many leaders involved with post-conflict reconstruction and development.

Moreover, to “acquire” knowledge is more critical than to “access” knowledge. A learner can access information but not knowledge; for knowledge is earned (i.e. learnt or acquired). Similarly, a person may have access to knowledge, but without necessarily learning much to enable her/him to undertake a given task that requires a certain level of know-how in order to ensure effectiveness and efficiency. Although interrelated and sometimes used in place of the other, skills and knowledge are quite different. For the purpose of this paper, skill is viewed to be the “**art of doing**” things as opposed to the “**know how to do**” things, which is knowledge. Two individuals may have the same knowledge, but have different skills. Learning can then be viewed as a process of acquiring an asset, which is knowledge.

The ability to acquire knowledge at the individual level is a function of economic, social and mental well-being on the one hand, and the learning environment on the other. In this sense, capacity largely depends on a combination of endogenous and exogenous factors. These factors would undoubtedly be different at the meso and macro levels (e.g. organizational unit or entity/state) of analysis. For instance, social and mental well-being for a state emerging out of conflict would be described as trust and norms. The lack of trust (i.e. a high degree of mistrust) is one of the contributing factors to most of the conflicts. Hence, trust would be among the key inputs in the ability of an emerging state (government) out of conflict to effectively perform the basic functions of policymaking, implementation, service delivery, and aid management and coordination.

A second characteristic of capacity is performance. This is of particular interest especially as it relates to the quality of performance (i.e. delivery) – in terms of efficiency, effectiveness and sustainability. The quest for quality is the ultimate objective in the performance of any task by an individual, organization and/or state. But in order to ensure quality performance, a task to be performed must be clearly defined. In a post-conflict setting, economic recovery and reconstruction would be two of the primary tasks to be performed by the state and its organs. The effectiveness of the recovery program would be judged, among other things, on how the overriding objectives of the war-to-peace transition have been addressed.

As captured in the discussions thus far on the concepts of capacity, there are multiple levels and numerous dimensions of capacity. Literature review on capacity development pinpoints three levels of capacity – system/state, entity, and individual; (UNDP, 1997; Mizrhai, 2003) and more than 50 dimensions/areas of capacity (VanSant, 2000). For the sake of clarity, I would not use the terms level and dimension interchangeably. The level refers to a point at which capacity is being assessed (i.e. whose capacity question), while dimension is about the type/category of capacity (i.e. capacity for what?)

3.2.1. Dimensions of Capacity: “Capacity for what?”

The multi-dimensional and multi-level aspects of capacity would undoubtedly place an enormous burden on those seeking to identify the most appropriate capacities for managing the war-to-peace transition. Hence, the point of departure for this review is to reduce the categories/dimensions of capacity to a manageable size by asking the question – “capacity for what?” This critical question of “capacity for what” in the context of post-conflict situations would seem to have been answered by Ian Bannon³⁰ in stressing four “different, but inter-related dimensions” of capacity. Such a narrow focus would in turn enable countries emerging out of conflict to address the problem of absorptive capacities. The absorptive capacity³¹ problem would then center on the following five key dimensions – four of which have been identified by Bannon:

- Decision-making capacity: which refers to the ability to make decisions. Poor decision-making systems are often associated with the centralization of decision-making, institutional weakness and capacity deficits, which can in turn be a major constraining factor on absorptive capacity during the transition period. This is a critical area, especially in Africa where traditional African decision-making systems/processes are based on consensus – elders can sit under a tree and debate a single issue the whole day until all those present have spoken. Such a system of decision-making would undoubtedly, in my view, contribute toward the general problem of absorptive capacity within the overall framework of post-conflict recovery and reconstruction.
- Policy formulation capacity: which in the context of post-conflict environment, refers to the ability of war-to-peace transition leadership to put in place a set of rules, policies and strategies for good governance. These rules, policies and strategies would in turn create or foster an enabling environment for all

³⁰ I was a consultant with the World Bank Institute (WBI) at that time when Ian Bannon responded on June 18, 2003 to an e-mail message from Markus Kostner (with a copy to me) about a proposed study on institutional reform and capacity development in post-conflict countries, which I was working on. Bannon identifies four dimensions of capacity as policy reform capacity, implementation capacity, service delivery capacity, and aid management capacity.

³¹ Absorptive capacity is being used in a broader sense to include the five dimensions of the capacity for what question in the context of post-conflict economic recovery and reconstruction.

stakeholders to undertake economic activities at the macro, meso and micro levels of a newly established governance system resulting from a peace agreement.

- Implementation capacity: the ability to translate policies into actions -- implement formulated policies, strategies and associated programs/projects within given resource constraints, including time, human and financial resources. It would also include capacity for monitoring and evaluation of programs being implemented, capacity for budgeting and financial management, and capacity for procurement of goods and services. The SPLM leadership was aware of this potential constraint, so it decided earlier on (2003) to outsource public financial management (PFM) task to KPMG.
- Service delivery capacity: the ability of newly established administration to provide basic public services, e.g. security and administration of justice, including human rights protection, education, health, water, and physical infrastructure. Effective, efficient and equitable provision of these basic needs is central to the sustainability of peace as well as post-conflict economic recovery and reconstruction. One of the key outcomes of governance is peace, which is an important indicator of political and social stability.
- Accountability capacity: the ability for efficient utilization of public resources, including development assistance and effective coordination of donors' support in the immediate aftermath of the peace agreement.

3.3. Understanding the Role of Institutions

A critical determination in implementing institutional reform measures is the decision of “which formal institutions” would enable countries in a post-conflict environment to manage change from war to peace. These institutions would normally be required to formulate appropriate policies, implement programs, deliver basic services, and manage public resources efficiently, including external aid. Reminiscent of “capacity,” there are numerous definitions of institutions. However, for the purpose of this review, only five definitions would suffice. These are:

- “Working rules of collective action in restraint, liberation, and expansion of individual action” John R. Commons: (1959³²: 73).
- “Rules and conventions of society that facilitate coordination among people regarding their behavior”³³. Vernon Ruttan and Yujiro Hayami (1984).
- “The rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction” Douglas C. North (1990).

³² From 1990 edition

³³ Quoted from Daniel Bromley (1989:22).

- “Social phenomena which restrict and pattern interactions in society like laws, regulations, rules, norms, established practices and routines” Klaus Nielsen and Björn Johnson (1998: xvi).
- “Rules, enforcement mechanisms, and organizations” The World Bank (2002:6).

The term rules is a common denominator among all the five definitions of institutions that I have presented above. Nonetheless, the definitions of institutions given by Commons, and Ruttan et al are most preferable due to the broader considerations of institutional tenets. The other definitions emphasize the constraint/control aspect of institutions and in this sense make them as if they are static. Commons stresses three tenets – restraint, liberation and expansion – or aspects of the ‘working rules of collective action,’ hence, the dynamic feature of institutions is inherent in this definition. It is also imperative to make a distinction between institutions and organizations as they are quite often used interchangeably.

If institutions are rules of the game, then organizations can be defined or viewed as formal groups of players subject to a common subset of these rules. This interpretation notwithstanding, there are, however, occasions in which the divergence between organizations and institutions is not easily distinguished. For example, the World Bank Group is widely considered to be an organization and at the same time, also an institution. As an institution, the Bank has its own ‘working rules of collective action’ contained in the articles establishing it as an International Bank for Reconstruction and Development (IBRD). These articles guide (restrain, liberate and expand) the Bank’s operations, policies and strategies. And on the other hand, the Bank functions like an organization, governed by rules stipulated in the articles (i.e. working rules of collective action formulated by the founders) establishing the Bank.

Literature suggests that the central role of institutions in economic performance and growth is now widely acknowledged, due largely to the recent empirical evidence, which indicates institutions as one of the key determinants of economic development (North, 1990; Rodrik et al, 2002). According to Douglas North, institutions may be created (e.g. written constitutions) or may simply evolve over time (e.g. common law). The challenge then is on utilizing existing empirical evidence in the proper identification of institutions that would produce economic growth and not stagnation in the post-conflict era. Thus, this further affirms the paper’s emphasis on the significance of an analytical framework for guiding “which institutions” are more likely to accelerate the implementation of the 5Rs.

In the context of countries emerging out of conflict, four main components of John Commons' definition of institutions provide four broad categories of institutions, underpinning the formation of new organizations and agencies for the 5Rs:

- A new constitution that takes into consideration legitimate grievances and aspirations of all the stakeholders. The working rules of collective action would be embedded in such a constitution.
- Restraint (e.g. though shall not...type of constraints/commands) entails that all the citizens or members of a given organization are aware of the prevailing rule of law (or what we would prefer to call administration of justice), so that nobody takes the law into her/his own hands. It also calls for the observance of prescribed social values, ethics and moral norms. Here, law enforcement agencies and organizations derive their existence /legitimacy from this tenet.
- Liberation in this context means liberty and freedom of whatever one does, though within the 'working rules of collective action' or constitution. This tenet provides legal foundation and institutional frameworks for the establishment of social, political and economic organizations/agencies.
- Expansion is the third tenet, which provides the dynamic aspect of institution in that it allows change (i.e. technical and organizational change) to occur in order to obtain growth and development. Agencies and organizations that focus on innovation and social change would derive their strategic visions from the expansion aspect of the 'working rules of collective action.' That is, the working rules of collective action allow expansion to occur in space and over time.

3.3.1. Reforming Institutions for Better Governance

The question of "institutional reform/transformation for what" refers to institutional evolution and/or reform measures to build appropriate institutions for the functions or purpose of which the institutions will be charged to do. If this inquiry is viewed in the context of the common understanding of capacity and institutions as defined in the preceding paragraphs, one could argue that institutional reform or transformation requires a deeper understanding of institutions and associated capacities. Concurring with Klaus Nielsen and Björn Johnson (1998) argument that institution is a core concept for understanding the types of institutional change envisaged to occur during the war-to-peace transition. The call then, is a realization of the fact that institutions created and/or evolved during the conflict, were in most cases for the overall objective of applying 'working rules of collective action in restraint, liberation, and expansion of individual action' in the pursuit of the war efforts.

Countries emerging out of conflict should therefore seek to reform or transform their institutions of war economy to democratically accountable institutions, which are

tasked with the implementation of the 5Rs. Thus, institutional reform/transformation is, with the advent of peace, required to ensure:

- A functioning state at the macro-level, which would in turn provide an overall governance system through an enabling institutional environment for other levels (meso and micro) of governance to operate. This implies the adoption of a new constitution with a clear definition of intergovernmental relations, basic principles of human rights and civil liberties, property rights and promotion of private initiative or entrepreneur spirit, rule of law, social values and norms.
- A robust system at the meso-level of corporate and communal governance within a set of principles, obligations, duties, social responsibility and rules consistent with the overall policy thrust and the constitution. The constitution is essentially a social contract between the state and respective communities and /or civil society.
- Stable household governance at the micro-level, within which core and basic values, ethics and norms of civility and patriotism are learnt, internalized, obeyed and respected. Here the role of household in combating corruption is imperative through emphasis on integrity, human dignity and self-respect.

3.3.2. Institutional Needs Assessment Tools

The review of analytic frameworks, methods and tools used for assessing capacity and institutional needs is crucial in providing answers to the key questions of capacity for: a) what; b) whom; and c) which institutions. Diagnostic tools, which were reviewed, would be used in the identification of capacity gaps and institutional weaknesses/strengths in a post-conflict setting.

According to UNDP, “capacity assessment is a structured and analytical process whereby the various dimensions of capacity are measured and evaluated within the broader environmental or systems context, as well as specific entities and individuals within the system” (1997:11). This definition implies that there are numerous analytical frameworks, methods and tools for identifying and assessing the various dimensions of capacity. Moreover, the definition treats assessment as a process consisting of a number of phases, stages, steps or building blocks. For instance, UNDP (1997) has formulated guidelines for capacity assessment in which four main stages in the assessment process are identified as:

Stage One: Where are we now or current situation;

Stage Two: Where do we want to be, which basically means the vision and mission statements of an organization or entity being assessed;

Stage Three: How to get there (i.e. roadmap), which concerns the strategy and action plans of the organization or entity under evaluation; and

Stage Four: How to stay there once you have reached your final destination, concerns issues of sustainability.

However, for the purpose of this paper, the above stated stages would be more applicable to a capacity development program rather than to a capacity assessment process. This approach or methodology would add value to the review if the stages and steps in the assessment process were to be substituted. In this regard, the current situation in the context of post-conflict setting is an important point of departure for a capacity and institutional needs assessment exercise.

In my review of analytical frameworks, methods and tools used for assessing capacity and institutional needs, three main (literature or diagnostics tools) contributions could be identified as relevant to the subject matter of this paper. The first contribution is from Peter Morgan and Suzanne Taschereau (1996) in which the authors provide a brief summary of the advantages and limitations of eight analytical tools for capacity and institutional assessment. The analytic frameworks consist of:

1. Stakeholder analysis (SA);
2. Sectoral Institutional Assessment (SIA);
3. Institutional Environment Assessment (IEA);
4. Policy Environment Mapping Techniques (PEMT);
5. Institutional Assessment (IA);
6. Gender Analysis of Institutions and Organizations (GA);
7. Capacities and Vulnerability Analysis (C&VA); and
8. Participatory Rural Appraisal (PRA).

The second contribution by Jerry VanSant (2000) provides a comparative analysis of eight analytical tools. Most of these tools have been developed and/or used by private voluntary organizations (PVOs) and non-governmental organizations (NGOs) funded by the United States Agency for International Development (USAID). This is a valuable summary in which VanSant identifies three clusters of attributes that have a combined total of eleven characteristics. The three clusters are a) institutional resources cluster, which comprises resources that an organization/agency has in the form of legal structure and governance, management systems and practices, human and financial resources; b) institutional performance cluster; and c) institutional environment cluster. The analytic tools provided by VanSant are:

1. Institutional Self-Reliance (ISR);
2. Organizational Capacity Assessment Tool (OCAT);

3. Directions in Organizational Capacity Building (DOCB)³⁴;
4. Training and Technical Assistance Plan (TTAP);
5. Institutional Strength Assessment (ISA);
6. Institutional Development Framework (IDF);
7. Organizational Capacity Indicator (OCI); and
8. Fisher (1997)³⁵.

The third contribution is by Daniel Kaufmann et al (2002) – *Assessing Governance: Diagnostic Tools and Applied Methods for Capacity building and Action Learning*. This is a comprehensive framework for assessing governance. It highlights strengths and weaknesses of diagnostic tools used in capacity and institutional assessment. The framework has four key dimensions -- conceptual, empirical, implementation, and policy -- that are quite relevant to our discussion of the challenges of post-conflict economic governance. The conceptual aspect of the framework seeks to establish a common understanding of a working definition of the proposed analytic tool. Such an understanding is imperative for the appreciation of the data collection methods underlying the empirical tool. The implementation dimension of the framework concerns the process by which the assessment is undertaken. Finally, policy dimension of the analytic framework focuses on potential uses of data/information collected.

Added to the above list of analytical frameworks, methods and tools, is an instrument that has been developed in 2002 by the World Bank Institute (WBI), Capacity Enhancement Needs Assessment (CENA). The CENA has been used by WBI in a number of countries at both the local/community level and the central/national government level. In Nigeria, for instance, a thematic CENA was designed to “identify and assess existing capacity within a particular topic area or cross-cutting theme, and to use this assessment to design a multi-year strategy for capacity enhancement actions that measurably raise capacity in the specific area.”

3.3.3. A Proposed Capacity and Institutional Needs Assessment Framework (CINAF) for Post-Conflict Countries

I had proposed this tool in 2003/2004 when I was a consultant with WBI, which I would still think is relevant to countries emerging out of violent conflict, such as Somalia. The overarching objective of the proposed Capacity and Institutional Needs Assessment Framework (CINAF) is to identify and evaluate existing institutional capacities of governance in a post-conflict setting/country and to determine gaps with a view to formulating a multi-year program for institutional reform and capacity

³⁴ The acronym given by the author is DOSA, which I guess may stand for Directions in Organizational Sustainability Assessment!

³⁵ Is based on the work of Julie Fisher (1997) – *Non-governments: NGOs and the Political Development of the Third World*.

development (IRCD). This overall objective calls for the identification of the most appropriate elements of CINAF, which would enable the framework to be applied at the various levels of government (e.g. national, sub-national/regional and local).

The CINAF must address the delicate linkage between human capacity and institutions. Although individual capacity can be considered as a prerequisite - that is, the 'working rules of collective action' are a product of human capacities - of institutions; it is also true that institutions, as engines for an enabling environment, can also influence the capacity of individuals within the institutional environment. I have identified three diagnostic tools, based on the review of the analytical frameworks. These three diagnostic tools would, in my view, enhance a deeper understanding of the existing institutions in the immediate aftermath of conflict (i.e. on the cessation of hostilities). That is, I have reduced the number from 18 to 3 diagnostic tools, which I would recommend as the key elements of CINAF:

1. Capacity Enhancement Needs Assessment (CENA);
2. Capacities and Vulnerability Analysis (CAVA); and
3. Institutional Environment Assessment (IEA).

All the above three elements of CINAF can be applied simultaneously or sequentially (from bottom-up, i.e. starting from the local level) depending on the urgency for institutional capacity needs assessment. It is important to note that these diagnostic tools can be used at all levels simultaneously and also interchangeably combining different aspects of each tool. In other words, the tools are task oriented and not mutually exclusive to the level of assessment or tool. The decision to use the tool should be based on circumstances of the country and projected use or priority of the results. The approach taken should also consider the peculiar situation of the country/entity emerging out of conflict. For a country like Somalia or Sudan (especially Southern Sudan), a sequenced application (CENA-CAVA-IEA) of the three elements of CINAF, would be more appropriate.

Alternatively, the three elements could be applied simultaneously if there is a strong team that can undertake a rapid assessment of the existing institutions and capacities using CENA, CAVA and IEA at the local, sub-national/regional and national levels respectively – looking at their strengths and weaknesses. A brief highlight of the three elements of CINAF is given below.

3.3.3.1 Capacity Enhancement Needs Assessment (CENA) 36:

The CENA tool is, in my view, the most appropriate diagnostic tool for assessing the strengths and weaknesses of institutional capacity (human and organizational) at both the micro and macro levels of governance. For example, in a post conflict environment such as the case of Somalia, the CENA can be best applied at the micro level, examining the challenges that would face the emerging Federal Government of Somalia at the micro-level (local level) and developing a plan of action to address the capacity issues. Issues that the CENA could address in Somalia would include:

- (a) Transformation of the existing institutions of various clans (i.e. structures of armed resistance that have been put in place by the war-lords) into those of participatory governance;
- (b) Operationalizing the system of intergovernmental relations, especially fiscal decentralization stipulated in the Federal Constitution so that local governments (e.g. at the County/district level) are fully in charge of basic public service delivery in critical areas, such as health, education, water, sanitation, administration of justice (i.e. rule of law), and so forth; and
- (c) Creating an enabling environment -- community empowerment and social inclusion -- for clans/local communities to effectively participate in the post-conflict recovery and reconstruction program.

According to Guy Darlan and Kofi Anani (2004), the CENA methodology has the following six important characteristics:

- Places a strong emphasis on the development action to be carried out or the specific task to be performed;
- Relies on development actors to carry out their own needs assessment and propose remedial actions;
- Has well-defined underlying principles;
- It is country-led and task-driven;
- Promotes results-oriented action, and builds on a shared vision among key constituency groups and existing capacity to close gaps, which enables a given task team or stakeholder group to act collectively for achieving their common objectives; and
- Emphasizes performance and coordinated action to bring about positive change.

³⁶ I have relied here on Sudan CENA Concept Note prepared nine (9) years ago by Guy Darlan and Kofi Anani (2004), both of WBI-RCET.

In addition to the six characteristics, which make CENA complementary to the other two elements of CINAF, Darlan and Anani provide requisite steps that are normally followed in its application. They provide the following five critical steps that are central to the CENA methodology:

- The first step is to define the area where competency is required. This would in turn enable the task team to answer the important question of capacity for what?
- The second step is to identify the task team. This step entails identifying the development actors and key stakeholder groups who should be involved if the task is to be carried out successfully.
- The third step is to identify the institutional capacity (i.e. human and organizational) gaps. The development actors and the stakeholders involved collectively agree on what they perceive as critical obstacles to successful implementation of their strategies and programs aimed at improving their social well-being. This step provides a critical vehicle for effective empowerment, since it allows all the stakeholders to build consensus on what they collectively view as barriers to their development.
- The fourth step is to search for a remedial action plan. The development actors and the stakeholders concerned discuss possible solutions (such as of formulating working rules of collective action in restraint, liberation and expansion of individual action) to the gaps in capacity, drawing lessons of experience from similar situations in the rest of the world.
- The fifth and final step is to formulate, based on the outcome of the assessment, a multi-year capacity enhancement programs. Learning interventions could include an exchange of information, space for dialogue within and across constituency groups, focused learning and training opportunities, networks or communities of practice for sharing knowledge, and hands-on support for the application of learning and monitoring of results.

3.3.3.2 Capacities and Vulnerability Analysis (CAVA):

The CAVA framework is a crucial assessment tool for two main reasons. First, CAVA stresses the importance of social, motivational and attitudinal factors influencing capacities in addition to physical and material factors. Secondly, CAVA seeks to understand the main problem facing a given situation and then provide a systematic diagnosis of the root causes in light of available resources, skills and capacities for tackling the identified problem (Morgan and Taschereau, 1996). CAVA as an element of CINAF will be used in assessing institutional capacity (human and organizational) at

the meso-level (i.e. regional or sectoral level). It occupies a central point in the CINAF, since it constitutes the glue/link between CENA and IEA tools.

The following four steps are being proposed in the application of CAVA at the meso-level of governance system:

- The first step is to identify, with relevant regional stakeholders, representatives of beneficiary regions/clans to be trained in capacities and vulnerabilities analysis technique. Here, gender and social/ethnic/clan balance will have to be taken into account so as to ensure sustainability of CAVA analytical capacity at the regional level.
- The second step is to conduct the training in CAVA technique for national teams that will subsequently undertake the needs assessment exercise.
- The third step is to apply CAVA using a matrix and initially focusing on the five dimensions of capacity mentioned earlier in the paper.
- The fourth and final step is analysis of the findings of institutional needs assessment at the meso-level. Depending on whether or not the three elements of CINAF are sequenced or otherwise, this step must look at the results obtained from CENA and IEA application at the micro- and macro-levels respectively. This would in turn ensure consistency between the findings of the three elements of CINAF. Performance indicators for the monitoring and assessment of the effectiveness of institutional capacity will also be developed at this stage. Moreover, this step will identify some of the key remedial actions, which feed into the formulation of a multi-year IRCD.

3.3.3.3. Institutional Environment Assessment (IEA):

Due to the different use and understanding of Institutional Environment Assessment (IEA), it is important at this point to have a common understanding of what is meant by institutional environment. For the purpose of this paper institutional environment means the fundamental political, social, cultural, economic and legal ground rules (Bromley, 1989) underlying or defining the system of governance in a given community/society/clan or country. The ultimate function of the governance system is to create an enabling environment for the protection of basic human rights, so as to ensure a sustained pursuit of happiness, prosperity, human dignity, social stability, generalized tranquility, freedom and liberty. Such a function is carried out through the establishment of institutions and organizations at the various levels of the governance system.

The IEA is the most pertinent analytical tool for assessing capacity and institutional needs in a post-conflict setting at the macro-level. My choice of this tool is influenced by the fact that the:

IEA approach looks at the relevant institutions and the context (governance) in which they operate. It focuses on three levels: political (organization of state), administrative systems (of the public bureaucracy) and technical functions (service delivery and performance of core functions of institutions). It is designed as a participatory process, drawing on local ownership and seeks to build consensus around the results of the diagnosis, the process used, the causes of identified impediments to institutional effectiveness and change, and proposed action plan involving key stakeholders (Morgan and Taschereau, 1996 p.12).

By way of summary, the CINAF methodology consists of four critical steps, which are:

Step One. A brief analysis of the current situation:

- The root causes of conflict, including the type of institutional environment prevailing prior to the on-set of conflict;
- Institutional environment during the conflict; and
- Institutional arrangement embedded in the peace agreement that ended the conflict

Step Two. Identification and analysis of stakeholders at the three levels of the governance system with respect to:

- Vision and mission statements as given by the main stakeholders;
- Guiding principles, if any, underlying the vision and mission statements;
- Specific objectives, as perceived by the stakeholders, for achieving the stated vision; and
- Strategies and programs for realizing the specific objectives.

Step Three. Conducting institutional capacity needs assessment in the light of information obtained under steps 1 and 2 above. I would suggest that the assessment should focus on the five key dimensions of institutional capacity identified earlier – capacity with respect to a) decision-making; b) policy reform; c) implementation; d) service delivery; and e) public resource and aid management within the overall framework of public expenditure management (PEM). Table 1 illustrates a proposed prototype matrix of institutional capacity (human and organizational) needs assessment.

Table 1: A Matrix of Institutional Capacity Needs Assessment in Post-conflict Setting

Dimension/Type of institutional capacity	Desired system or institutional environment consistent with stated vision & mission	Current system or existing institutional environment	Gap or institutional capacity deficit
1. Decision-making			
2. Policy Reform			
3. Implementation			
4. Service Delivery			
5. Resource & aid Management			

Specifically, we propose that needs assessment be undertaken at the three levels of governance system as follows:

- Institutional capacity needs assessment at the micro-level using CENA methodology;
- Institutional capacity needs assessment at the meso-level using CAVA methodology; and
- Institutional capacity needs assessment at the macro-level using IEA methodology.

Step Four. Utilizing results of the needs assessment through:

- Analysis of institutional capacity strengths and weaknesses at the three levels; and
- Formulation of a multi-year IRCD, based on the findings of the needs assessment exercise.

4. Conclusion

I would like to conclude this paper by stating in general terms that leadership and quality institutions do matter, especially in the speedy implementation of the 5Rs of countries emerging out of conflict. Hence, the point of departure for any needs assessment should begin, in my view, with assessing institutional capacity (human and organizational) needs of communities/clans, governance structures and the overall country as it emerges out of conflict. I believe that CINAF, though it has not been tested, is the most appropriate diagnostic tool for undertaking such an assessment. It would enhance a deep understanding of existing institutions and associated capacities. Moreover, I believe that the tripartite objectives – sustained peace, economic growth,

and poverty eradication - of post-conflict reconstruction program would depend to a large extent on a well-formulated strategy of institutional reform/transformation and capacity development. Somalia does not need to re-invent the wheel; it can utilize innovative programs that are easily available in the world of Internet and Communication Technology.

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THE STRATEGY FOR YOUTH EMPLOYMENT TO AVOID RECURRENCE OF INSECURITY AND POLITICAL INSTABILITY

By

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Abstract

With the implications of prolonged civil war, Somali youth are in a more precarious position than that of their global counterparts. Job insecurity has contributed to a loss of livelihood, and lack of motivation, leading them to join radical groups and clan militia groups.

Therefore, it is critical that the Somali Federal Government and donor partners provide opportunities and resources to rebuild the overall infrastructure of the country and engage in generating activities with a short and long-term perspective. There should be increased commitment in funding vocational and technical training to create skills that meet labor markets requirement. Strengthening the work force can improve the investment climate, increase economic growth, and prevent instability and violence.

1. Introduction

Somalia After the collapse of the Central Government of Somalia in 1991, coalition of clan-based and armed opposition groups began competing for power; unfortunately it led the country to descend into a state of anarchy. Such struggle to dominate Somalia's leadership and presidency led to disintegration, clan conflict, and inter-clan warfare; many of Mogadishu/capital districts continued under self-rule held by local clan leaders. Every standing government institution and infrastructure got ransacked and destroyed. Schools, healthcare centers, hospitals, banks and businesses got destroyed; literally every establishment was a target by roaming clan-militias.

The youth were the first victims affected, where their insecurity contributed to a loss of livelihood, a lack of inspiration, and an overall sense of lack of purpose. To have a sense of protection and security, the heterogeneous residents of Mogadishu started

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migrating to their original clan-based regions and districts. This disintegration of the nation in clan contagious disease spread to the rest of the country, where the regions/districts were not immune from this syndrome and faced disruption of livelihood. The ongoing turmoil and difficulties put a halt on inter-regional business transactions as well as eroded community coexistence; interrupting the checkpoints of interlinked-roads resulted in fear among residents and instability of the regions. The regional administrations became clan-based and further extended to districts. Nevertheless, some of the regions were able to succeed and carry-on with their lives due to their strategic locations, having access (forcefully inheriting access) to revenue generating infrastructure such as ports, and factories. Other inland regions/districts lacked access to leverage the revenue generating infrastructure or any other survivable structural system to sustain.

However, there is broad consensus that these disruptions, displacements and the migrations induced and prolonged the civil-war; urging youth to survive and join clan-militia, radical groups, galvanizing gang violence, trafficking and piracy. Youth in the age range of 15-24 underwent violent and radical transformations during the conflict, and handy and available small arms made them continuously committed to crime, violence, and becoming player propagators in the conflict. The departure of the country's youth, professionals, and intellectual for survival, exacerbated the civil war and left the country a fractured and failed state. Many of those who were able to seek refuge or migrated abroad, especially to countries in Asia, Europe, North America, and Australia were able to instill certainty into their future.

When the transitional governments came into being, they continued to fail in addressing unemployment with the help of international community and bilateral donors. Having failed to capitalize on regional partnership that could have helped to tackle development challenges and promote economic growth, the transitional government left access to education unevenly distributed. The horrendous risks in spite of, locked out of school, the country's remaining youth became unwilling recruits of war; as they saw this as offering tools, training and a chance at a livelihood.

Africa is a very young continent, with half its population under 25 years of age. In Somalia youth have consistently resisted the impact of the prolonged conflict and, today, 73 percent of Somalia's population is below the age of 30, and 42 percent are between 14 and 29 years. According to the 2012 Somalia Human Development Report entitled "Empowering Youth for Peace and Development," the unemployment rate for youth aged 14 to 29 amounts to 67 percent, one of the highest in the world. By increasingly engaging youth in productive entrepreneurships and other activities, the UNDP and the different Federal Ministries in Puntland and Somaliland have

contributed to a significant increase in their income, thus supporting the reduction of poverty and conflicts while facilitating to choose their future career goals.

The global economy is in the midst of a series of demographic and economic shifts and too many young people are being left behind.

Increasing numbers of young people, in the regions like Somaliland and Puntland, who are having difficulty entering the workforce and establishing themselves in sustainable careers, now have resorted to migrate through land and high seas in search of work. The lack of information, connections for acquiring appropriate skills, lack of work-relevant skills, and lack of experience and credentials that could get them started on an upward path, and limited opportunities for entry-level work that is career oriented.

Unemployment in youth has been shown to have lifelong effects on income and employment stability, because affected young people start out with weaker early-career credentials, and show lower confidence and resilience in dealing with labor market opportunities and setbacks over the course of their working lives. Many factors are responsible for the difficulties that youth experience in initial workforce entry. These are universal trends which are not confined to a particular region. These include:

1. Lack of information, networks and connections among youth, especially youth from families lacking significant social capital.
2. Lack of skills relevant to the workplace.
3. Lack of experience and credentials that address employers' risk in making hiring commitments.
4. Lack of available jobs suited to entry-level skills.

In addition, in difficult economic times, young people are often the first to be laid off, making it still harder for them to consistently build their skills and experience. Moreover, people who experience extended unemployment in youth are at increased risk for other social pathologies. Direct poverty effects on unemployed young people's families include "considerable cognitive, health, nutrition and psychological deficits" for children raised in poverty. Chronic unemployment is also associated with increased incidence of criminal behavior.

2. Vocational Training Program Model

Vocational Training courses should be designed to meet Somalia's post-conflict and international standards of education where possible. An agreement with the office of the Vocational Education Commission of Somalia under the Ministry of Education

should be established to support ongoing projects. A further component of this project is the establishment of short Vocational Training courses for high school students.

Technical Skills Courses:

- Refrigerator repair, plumbing, electrical systems, and computer software.
- Sewing / Tailoring
- Cooking / Baking
- Hairdressing / Beauty Salon
- Auto-mechanics (small engine mechanics)
- Welding / metal fabrication

Skills for traditional **village life** or for IDP populace

- Clay stove
- Basket weaving
- Weaving
- Black smith

The proposed project will generally benefit the refugees residing in the **IDP camps** either in urban or rural areas. The project targets the most active participants of the population between 15 and 55 years of age. Building self-reliance and quality of life of the population in the refugee camps in Somalia will help to mitigate the negative psychosocial impact of the prolonged encampment of refugees.

The beneficiaries of the Vocational Training Program where women can be attributed to the high number of female participants in Vocational Training courses such as child and elderly care, cooking/baking and sewing. Ways in which to link Vocational Training courses with livelihood opportunities will be explored in order to increase women's access to financial capital. The project aims to occupy refugees, especially the out of school youth, with a meaningful activity.

The project will significantly contribute to social sustainability by improving the quality of life of the refugee populations in the camps, also helps providing trainees with vocational skills that are immediately useful within the camps and also meet Somali and international standards of education.

(Afghanistan) AVIPA model (Voucher for Increased Productive Agriculture)

Instability, low household income and declining agricultural productivity are contributing factors which lead youth to join the insurgency so they can afford food for

their families. USAID project model applied in Afghanistan can be used for Somalia too. If this project is applied, it should support the community in the agricultural area. AVIPA (**Voucher for Increased Productive Agriculture**) aimed at increasing rural family farm production and productivity and strengthening links between the Government (Ministry of Agriculture) and its farmers. It's aimed to increase basic wheat crop production in fertile lands. AVIPA distributed vouchers for high-quality wheat seed and fertilizer at a reduced cost to vulnerable farmers suffering from prolonged drought.

AVIPA objectives are; 1) Increase farm family use of high quality agricultural inputs 2) Support profitable farm family participation in agricultural value chains 3) Implement cash for work projects that enhance rural family farm production and productivity. Therefore, AVIPA links Somali Federal Government leadership and local community ownership.

Cash For Work activities stimulated local economies and provided income for local youth farmers affected by violence and insurgent activity. It should identify cash for work projects such as road rehabilitation, canal cleaning, repair of water reservoirs, and construction of drying and storage facilities.

Small Grants: Ministry of Agriculture and donors should approve Small farmer's **cooperative** allowed to purchase tractors, tractor blades, trailers, wheat threshers, maize sellers, and other heavy farm machinery to farm cooperatives. From a counter-insurgency point of view, cooperatives help farmers stand up against local insurgent groups by bringing them together into one body and giving them equipment to earn. This type of grants provide long lasting and better returns for youth farmers while strengthening relations between local population and the district and regional government.

Agriculture Vouchers: The vouchers program offered high-quality vegetables, forage, legume seeds, and fertilizers at a subsidized price. The program also distributed tools packages, greenhouse and shade kits, storage bags for dry grains and forage, and water pumps.

Reconstruction and rehabilitation of infrastructure

In the medium and longer term, generating recovery and sustainable and high economic growth will be necessary to realize productive absorption of Somalia's young workforce. A community infrastructure is the most visible measure of its stability and economic development. Infrastructure contributes to poverty reduction by spurring economic growth, stimulating enterprise opportunities, generating

employment and providing poor people with access to basic services. The poor also benefit indirectly through the contribution that infrastructure makes to economic growth through a reliable public works services:

- Electricity supply
- Better roads
- Improved water supply (access to sanitation)
- Horizontal projects affecting multiple communities such as reconstruction and rehabilitation railways, roads, ports, pipelines, power transmission lines, and modern telecommunications
- Large-scale projects requiring construction of industrial or support facilities such as mineral extraction, energy developments.

Innovative approach to incorporate youth into labor market

As part of its coordination efforts, the Government of Somalia should take steps to coordinate and integrate development partners including donors whose functions were similar but initially scattered under different organizations in order to improve coordination and impact. Such integration should go hand in hand with consolidated budgets, which can bring all investment related functions under one umbrella as Common Development Fund. This platform should bring together all the stakeholders with the aim of coordinating all initiatives aimed at promoting employment through regular meetings in order to improve the effectiveness of the programs and reduce the current duplication of employment initiatives throughout the country.

This support fund could take the form of a basket fund based at the donor coordination unit where different donors with interest in supporting employment promotion will pool their resources for greater impact. This basket fund can then be managed by Common Development Fund committee with the stakeholders employment platform in order identify viable projects with youth cooperatives and private employment and entrepreneurship service providers. Through regular meetings they can then prioritize in order and allocate employment resources from the consolidated basket fund to initiatives which are likely to achieve greater employment creation outcomes than the many isolated initiatives with minimal impact.

Employment services: Job recruiting centers provide information about job openings. Community job search centers, potential employers post job openings and potential employees reply directly to employers of interest. Professional recruiters offer a range of services, including career counseling, training or education program placement help, and usually targeting disadvantaged workers with little access to the informal search channels. Instead of confining to recruiter’s job hunt offices, the use of internet, radio, or cell phone text messaging (using telecom companies for tax exemption or as part of

their contribution in country's reconstruction and recovery program) may provide an opportunity to offer employment services across larger areas.

Creating Business-Driven solutions to the youth

Somali Federal Government response to the youth employment challenge should be shaped by their own responsible self-interest in ensuring their future long-term growth and innovation, and in securing their access to talent for emerging and future economic needs. The recommendations outlined below can be implemented, now, by businesses on their own initiative to help realize the potential represented by young people.

Career guidance programs suffer from poor funding, under-qualified instructors, and lack of access to timely and relevant labor market information. Employers should partner with schools and vocational institutions to increase young people's exposure at the work place to improve the quality and the delivery of their career services. For many youth, business leaders can serve as role models and as an inspiration to set more ambitious goals for themselves.

Employers can use their influence to encourage schools to adopt courses that help young people navigate the job-search process and build key soft-skills relevant to the workplace; employers can help youth gain an understanding of the jobs available in the local economy. Young people, especially those dissatisfied with an academic education and in danger of dropping out of school, need to understand the high demand that exists, and the competitive salaries available, for skilled and well-prepared vocational and technical personnel. Employers can expand career opportunities for a more diverse range of young people, help address their own skills shortages, and stimulate greater attention and improvement to the vocational education system.

One of the most immediate ways to align skills training initiatives with real work opportunities is through the creation of demand-driven "**training-to-employment**" programs. Training-to-employment programs can help employers rapidly address skills shortages and they can efficiently expand access to work opportunities. Post-employment counseling and mentoring are important to help new workforce entrants retain jobs.

Education for Employment foundation (EFE)

EFE works with its employer-partners to secure job commitments ahead of training. They focus on sectors of the economy that offer solid growth potential but lack appropriately qualified personnel. EFE works alongside employer partners to recruit unemployed youth and train them in the specific skills they need to succeed in that job. Courses are highly interactive to encourage learning by doing, and most run for one to

three months. Program graduates are placed directly into jobs for which they were trained.

EFE's training programs include:

- Accounting
- Construction Project Management
- Sales
- Teaching
- Entrepreneurship training
- Banking
- Land Surveying
- Textile Merchandising
- Workplace Success Professional Skills
- Technology (ICT) being a focus area

Engage With “Dual” Training and Work Experience Programs

People who are chronically unemployed - The implication for employers is that even if they are not prepared to hire additional full time personnel, they can substantially contribute to the employability of young people on seasonal work for short-term employment or term-time internships, and the identification of appropriate project work. The “**dual track**” apprenticeship systems that divide a student’s week between classroom learning and time in the workplace, these programs tends to depend on government policy and a well-developed school-to-work system. These programs represent the “**gold standard**” for helping young people transition into careers.

Strong vocational education system that serves a majority of secondary students and that combines classroom-based training with workplace-based apprenticeships over a period of several years. Students will have access to a wide range of programs reflecting the actual needs and opportunities in the economy, bringing industry experience and valued credentials to their job search. Young people who go through combined classroom and workplace training are 30 percent more likely to get a job than those have only a classroom education; those who take part in programs that combine in-classroom and workplace training and other services are 53 percent more likely to find work than those with classroom-based training alone.

Overall, it is important that the roles young entrepreneurs can play in creating precious resources and at the same time become innovators in the business sector to encourage sustainable long-term development, economic growth and poverty relief and both to fill knowledge gaps and effectively support young people’s transition to work.

Suggestions

The Somali Federal Government, in order to achieve a short and long term goals and meet youth engagement challenges, promoting youth employability and job security should first implement a multi-level vocational training and skills building models specifically tailored for the youth.

Youth employment policies and replicable model programs should be implemented and aim to identify the skills needed for employment in Somalia and explore innovative models of delivery at every level. The skills needed for Youth to assume competitive roles have to be applicable for all areas of the country, weather rural or urban, in coastal villages and for all groups of youth. The Federal Government of Somalia should provide multi-level skills, vocational trainings and entrepreneurship development as part of Secondary Education programs in government-aided schools and blend with traditional academic work and hands-on projects to emphasize relevant skills students need in rural areas. These successful models should be also applicable in today's global economy. These skills trainings should be inclusive and should benefit all. For instance, there are special needs groups such as girls, youth with disabilities and youth that have been disabled during the civil war. These youths participation in the training is crucial and should be addressed within the framework of the program details and within the same framework of employment opportunities. These groups should also receive advanced technical trainings, soft skills training and networking with potential employers at the end of the training to help transition these special needs group.

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YOUTH EDUCATION AND EMPLOYMENT CHALLENGES FACING SOMALIA

By

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Abstract

Assessing the state of youth education and employment in Somalia is fraught with immense difficulties, mainly because reliable data on these two critical pillars of economic growth and sustainable human development is either scant or completely lacking. Nevertheless, the limited evidence that is available depicts a country trapped in the worst and most depressing situation imaginable. A combination of overwhelmingly young population, with limited and poor education, and one of the highest youth unemployment rates in the world, coupled with widespread poverty, protracted conflict and insecurity, and chronic 'failed state' affliction, has saddled the country with a cyclical and youth emergency.

This paper aims to examine the myriad and persistent challenges facing Somalia in the crucial areas of youth education and employment; with a view to proposing essential elements of a strategy to turn the situation around. It will begin with a detailed analysis of the current situation, highlighting the key issues and bottlenecks. The final section will present the following three main messages: (i) the situation of young Somalis is rapidly turning to a massive 'youth emergency', (ii) there is a narrow window of opportunity to turn the situation around; and (iii) the time for appropriate and decisive action is NOW.

1. Introduction

Most Somalis and the international community have welcomed the encouraging and potentially ground-breaking developments in Somalia that culminated in birth of the first recognized government in Somalia not blighted by the degrading and humiliating label 'transitional' since 1991. This has generated optimism and hope among Somalis on a scale not seen in decades, inspiring myriad instantaneous celebrations in many parts of the country and in the diaspora. The new government has also received the full endorsement and backing of the international community, including a huge and

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coordinated political and diplomatic support and generous pledges technical and financial assistance. It seemed that the moment marking the beginning of the long-awaited recovery and renewal of Somalia has finally come.

However, the euphoria and transient celebrations soon faded away as the true scale and magnitude of the challenges confronting the infant new Government became evident as did the near total lack of the human, institutional, technical, and economic resources required to even begin to fully comprehend the daunting tasks at hand. A key area in which the difficulties facing the new Government seem to be glaringly evident relates to the critical sectors of education and employment across the country, especially in relation to the youth. This paper aims to examine the myriad and persistent challenges facing the Government in youth education and employment. The presentation will be divided into two main parts. The first part will focus on a detailed analysis of the current situation, highlighting the key issues and bottlenecks. The second part will take a critical look at future prospects, underscoring three main points: 1) what can be expected if current trends are allowed to continue with little or no significant intervention, 2) the options and opportunities that are possible and readily available to craft and kick start a rapid response to at least halt the precipitous downward spiral, and 3) the way forward and what it takes to turn the situation around by providing the teeming young population with solid and sustainable pathways to skills development and gainful employment.

2. A Teeming Youth Population Blighted by Multiple and Persistent Deprivations

Determining the exact number of people in Somalia has been a daunting task even in the best of times. The tumultuous state affairs that prevailed in the country for more than two decades has complicated the situation even further. The best that is available are, therefore, estimates based on the census conducted in 1975 by the military regime. The latest (2012) population data estimates the number of people in Somalia as 10,085,638 as shown in the table below.

Table 1. A Snapshot of Somalia’s Population Data Highlighting the Dominance of the Young/Youth (2012 Estimate)

Total Population	0-14 Years	15-24 Years	25-54 Years	Fertility Rate	Median Age
10,085,638	4,491,721 (45.5%) Ranked 15 th globally	1,896,178 (18.8%)	3,127,586 (31%)	6.26 Children born/woman Ranked 3 rd highest globally	17.8 Years Ranked 210 globally

Source: 2013 CIA World Factbook And Other Sources (ITA, 2013)

Somalia’s current population profile displays a number of interesting characteristics all of which point to a rapid and sustained increase in the number of young people in the country. Nearly half of the population, 45.5 % to be exact, is 14 years old or younger. This figure rises to over 64 percent when we count all those aged 24 years or younger. This means that 6,387,899 of the country’s 10,085,638 are young people the vast majority of whom fall within the tender primary school age group.

A key indicator that confirms this demographic trend and further underpins its continuous growth is the fertility rate, one of the best yardsticks to measure and monitor the potential for population change in a given country. Somalia has the third highest fertility rate in the world estimated 6.26 children born per woman. This is more than three times the figure widely believed to be the replacement rate for a population, indicating measured growth and stability. More importantly, this trend is projected to continue at least in the coming three years. A related factor that sums up the rapidly changing demographic landscape is the Median Age for Somalia which currently stands at 17.8 years. This is one of the lowest in the world, solidly confirming Somalia’s demographic status as a member of a small number of countries blessed with a teeming youthful population.

In addition to being overwhelmingly young, the Somali population is predominantly rural and more specifically nomadic. Although up to date and accurate data are lacking, the status of the nomadic population as the clear majority has rarely been disputed, with estimates ranging between 60 and 70 percent gaining universal acceptance and wider currency. This assessment has remained fairly consistent from independence to date. For example, reports from Puntland and Somaliland classify 60 percent of their respective populations as nomads. This makes Somalia quite unique as there is hardly any other country in which nomads constitute two-thirds of the population. The majority of Somalia’s teeming youth population is therefore concentrated in the nomadic communities. This peculiar and ubiquitous demographic character has

profound and far-reaching implications for Somalia. This is not the place or the time to engage in a detailed discussion and analysis of the nature and well-documented manifestations and legacies of nomads and nomadism. Suffice it to say that some of the destabilizing tendencies historically associated with the nomadic tradition have been evident in the protracted and seemingly endless crisis in Somalia.

A large youth population is a double-edged sword. Young people constitute an enormous opportunity in countries in which they have access to quality and skills-oriented education and good employment prospects. Where these opportunities are limited or completely lacking, large numbers of young people can be a serious threat to political stability and social harmony. Where does Somalia stand on this dicey front?

3. Youth Education in Somalia

In addition to being a basic human right, education has been recognized as an effective vehicle and a powerful enabler for the realization of other basic human rights: political, social, economic, and cultural. More importantly, there is a strong and steady correlation between quality basic education and economic growth and sustainable national development. At the level of the individual, education inspires and empowers learners by equipping them with the knowledge, values, and most importantly, skills (foundational, transferable, and technical vocational) that enable them to earn a decent living and become enlightened citizens and resourceful contributors to the social cohesion and prosperity of their communities and countries.

Unfortunately, with its prolonged status as a fragile state, with no functioning and recognized government for over two decades, Somalia has not been able to fulfill its basic obligations and responsibilities, especially in matters related to the education of its children, youth and adults. In fact, Somalia barely existed as a coherent nation-state during the entire decades that inspired the Education for All (EFA) goals and Millennium Development Goals (MDGs). The unprecedented and most sustained gains in education recorded in developing countries had been made in the late 1990s and between 2000 and 2008, when networks of destruction were busy tearing the country apart.

However, it would be wrong to assume that there was nothing during the prolonged absence of state institutions and public services. Although steeped in a chronic ‘failed-state’ affliction, the country has not been lacking in community activism, voluntary initiatives, entrepreneurial initiative, and even concerted efforts to create new political entities and autonomous regional administrations. Parents, community leaders, local

authorities, and prominent figures, and private entrepreneurs have joined forces to create schools and other learning spaces, recruit teachers, and provide learning materials in many parts of the country with the support of Somalis in the diaspora, local NGOs, and international development partners. As a result, at least 30 percent of children attend primary schools, and a much smaller but significant number in secondary schools. A lucky minority also manages to go to colleges and universities. The progress has been most evident in Somaliland and Puntland as well as in Mogadishu.

Yet the impact of over two decades of protracted and intractable conflict has been profound and far-reaching; and overall the challenges dwarf the achievements. Like other social sectors, education continues to suffer from lack of accurate and reliable data, making a comprehensive and credible assessment immensely difficult. Nevertheless, the limited evidence that is available depicts a country trapped in the worst and most depressing situation imaginable.

Pre-primary enrolment for the 3-4 age group averaged 4 per cent and Gross enrolment rate (GER) at primary level rarely passed beyond 30%, with only 15 to 19 per cent pupils in grade 1 reaching lower secondary (EFAGMR, 2006). What this means is that at least 60 per cent, arguably more, of the 7-16 age group never enrolled in school, of whom 39%, are in Somaliland, 46%, in Puntland, and 65% in Central South (EFAGMR, 2006).

The situation of the youth is particularly worrisome. Sixty one per cent of the 15-25 age group did not complete primary level. The corresponding figure for lower secondary is 65 per cent. The future of young adults is even bleaker, with an estimated 61 per cent of those aged 17-22 and 67 per cent of the 23-27 age group having less than two years of schooling, a condition referred to as *extreme education poverty* (EFAGMR, 2006). This affliction has blighted all regions of the country, especially in the Central South areas. The actual number of youth and young adults suffering from extreme education deprivation could be much higher. A recent report stated that generations of Somalis have grown into adulthood *with no access to education* (UNESCO 2009). One can only imagine the possible and potentially deadly connection between the tragic plight of this teeming young population and the protracted strife, political instability, extremism, terrorism, and most recently piracy that have come to be associated with the country.

A clear and deeply worrying trend is that inequality, marginalization, and exclusion are rampant and are likely to increase if current trends continue. And three groups have been affected continuously and disproportionately: children from the poorest

households, those in rural areas, and girls. The poorest pupils account for only 1 percent of the enrolment in pre-primary schools; and 90 percent of the 7-16 year olds who have never been to school (EFAGMR, 2006). The corresponding figures for pre-primary and primary school age children in rural areas are 2 percent and 74 percent respectively. The situation of school girls is much worse as they are often the poorest among the poor and disproportionately suffer from the effects of marginalization among children in rural areas. At the same time young school girls routinely experience cruel, humiliating, and often violent gender-based practices and harmful cultural traditions.

Another important area of concern is the plight of the nomadic children. Nomads constitute over 60 percent of the total population. More importantly, the nomadic sector accounts for 40 percent of GDP and 50 percent of export earnings. Yet children from nomadic background disproportionately suffer from marginalization and exclusion in the education system. 74 percent of nomadic children aged 7-16 never went to school compared to only 24 percent in urban areas (EFAGMR, 2006).

Sixty one and 62 percent of those aged 15-24 had not completed primary and lower secondary respectively. An estimated 79 percent of the age group 17-22 had only two years of schooling as did 81 percent of those aged 23-27.

At the tertiary level, Somalia has seen a proliferation of higher education institutions in the form of universities and colleges. The majority are in the main cities in Somaliland, Puntland and the South, especially Mogadishu. However, the apparent impressive growth in numbers hides a catalogue of serious deficiencies and constraints. Most are private and access is limited to the small number who can afford and predominantly live in a few major cities. Quality has also been a problem as most, probably all, institutions evolved in the absence of established regulatory frameworks and quality assurance mechanisms.

Many of those who successfully conclude their studies and graduate, therefore, often lack the foundational skills and essential technical and vocational knowhow. It is important to note that the students entering higher education institutions are already saddled with myriad qualitative deficiencies inherited from primary and secondary schooling. The huge difficulties confronting the infant higher education system were discussed in great detail in the *National Education Conference for Somalia* held in Mogadishu last June under the leadership of the Ministry of Human Development and Public Services, together with strategies aimed at addressing the main challenges.

From the analysis and evidence outlined above together with a wide range of credible assessments available elsewhere, one can reasonably conclude that the educational landscape in Somalia is very bleak, and things are likely to get worse before they get better. Education is the lowest of the three indicators used to assess the level of human development in any country and it stands at a disappointing 0.118 out of 1. Figures like this confirm that Somalia lags behind all other countries on all key education indicators at all levels of the education system. What this means is that by 2015 Somalia will miss all the 6 Education for All Goals and the two education-related Millennium Development Goals by a wide margin.

4. Youth Unemployment

Challenges pertaining to youth employment have recently emerged as a matter of grave concern world-wide; causing a great deal of distress in both rich industrialized countries and poor developing countries. The devastating global economic downturn which started in 2008 in the USA has deepened the problem to such an extent that it has reached a crisis proportion on a scale not seen in many years. This has attracted the attention of the media and influential international actors; and has soon led to concerted calls and demands for urgent and coordinated action at global and regional levels. The ILO devoted much of its 2012 International Labour Conference held in Geneva, Switzerland, to the deepening youth employment challenges confronting most countries. The Conference adopted *The youth employment crisis: A call for action* as the core message of its main outcome document (ILO, 2012). In Africa this issue took center stage as early as 2006 when the African Union (AU) endorsed the *African Youth Charter* (AYC), a strategic framework for youth empowerment and development in Africa. Then came the declaration of the *Decade on Youth Development in Africa (2009-2018)* in January 2009; followed by the launching in 2011 of the *African Youth Decade 2009-2018 Plan of Action: Accelerating Youth Empowerment for Sustainable Development* (AU, 2012). The following quote from the Plan of Action firmly places youth empowerment as the core of the ambitious development agenda envisioned by the African leaders for the development and prosperity of the peoples of the continent.

If the Vision and Mission of the African Union are to be realized, Africa needs deliberate efforts to accelerate social development that give high priority to youth empowerment and development. This is also a sine qua non condition for sustained economic growth and the realization of the NEPAD objectives.

What then is the situation in Somalia? What chances does the proverbial ‘failed state’ have to cope with a challenge that startled so many countries with stronger state

institutions and better means? The most comprehensive and recent assessment of youth employment in the country is the *Somalia Human Development Report 2012: Empowering Youth for Peace and Development* by UNDP. Drawing on extensive field work including surveys, interviews, and focus group discussions, the Report depicts a deeply disturbing and according to many utterly hopeless picture.

The Report sets the scene with details confirming the overwhelmingly young nature of the Somali people, with those aged 29 or younger constituting 42 percent of the population. A related and important factor is that Somalia's youth will continue to increase and is unlikely to peak anytime soon. Unemployment among young people aged 14-29 is estimated at 67 percent, one of the highest world-wide according to the report. Young girls and women suffer disproportionately with a massive 74 percent being unemployed.

The Report further depicts in graphic details teeming millions blighted by multiple and persistent deprivations and vulnerabilities, mainly poverty, conflict, marginalization, exploitation, and exclusion. The scourge of unemployment afflicts all parts of the country; but it is the central and south that seem to be most affected. It is also worth noting that the widespread disparities observed in the education sector are also evident in the employment arena. The economic status (poor/rich), location (rural-nomadic/urban); and gender (female/male) largely determine who is likely to get a job and who misses out.

5. Counting the Cost

The combined effects of lack of quality education, high unemployment, and widespread deprivation have produced millions of young people blighted by idleness, resentment, and deep and debilitating frustration. And the consequences have been costly and catastrophic for young Somalis in particular and for Somalia and even beyond. The above mentioned UNDP Report warns that the large youth population:

...has the potential to threaten peace, stability and sustainable development. Already, youth are major actors in the conflict, constituting the bulk of the participants in militias and criminal gangs, including Al-Shabaab. Lost opportunities, unclear identity and a growing sense of marginalization among youth in an environment of state collapse, violent conflict and economic decline provide fertile ground for youth radicalization. The same reasons that have pushed young Somalis to join Al-Shabaab have also drawn them to join street gangs (UNDP, 2012).

A link can also be established between the pervasive feeling of desperation and frustration among Somali youth and the growing and lucrative war economy, piracy, and terrorism. The high Youth Frustration Index (YFI) estimated at 3.96 out of 5 is also good indicator of why 60 percent of the young people intend to leave the country in search of better opportunities (*UNDP, 2012*). This affliction is most acute in south central Somalia, with a YFI estimated at 4.3.

Informed observers who closely follow events unfolding in the country widely agree that the challenges facing Somalia in relation to youth education and employment have already reached a crisis proportion. The detailed analysis and major findings of the seminal 2012 UNDP Report widely cited in this paper and other credible sources seem to support this assessment. However, there are many knowledgeable and respected voices that truly believe that the situation is much worse and is in fact rapidly approaching a full blown emergency.

6. The Way Forward

A teeming and overwhelmingly young population, limited and poor education, and one of the highest youth unemployment rates in the world, coupled with widespread poverty, protracted conflict and insecurity, and chronic ‘failed state’ affliction, have saddled Somalia with a lethal and potentially catastrophic youth emergency. The country faces the most calamitous scenario imaginable and at the same time is the one least prepared to even cope with it, alone. There are no easy options. But the worst course of action is inaction. A scenario that allows or tolerates the continuation of the current trend is therefore not an option. The time for action has come and it is now! If concerted and coordinated action is not taken immediately, Somalia faces consequences that are too terrifying to contemplate.

What is needed is a comprehensive, multi-sectoral, well-coordinated, and Somali-led strategy that places youth at its core and focus on expanding the education and employment opportunities for the young people both in the short-term and in the long-term. Existing international and regional frameworks provide a wide range of ideas that can be used to craft a credible agenda for action for Somalia. These include *The youth employment crisis: A call for action* (ILO 2012), *African Youth Decade 2009-2018 Plan of Action* (African Union 2011), *UNESCO Strategy on African Youth: Towards an Enabling Policy Environment for Youth Development and Civic Engagement 2009-2015*. The 2012 UNDP Report *Empowering Youth for Peace and Development* include: *A Reform Agenda for Dynamic Transformation* and a *Youth Charter* that provide

unique, context-specific insights and excellent recommendations that can help turn the situation around.

A good way to conceptualize and kick start a realistic and actionable agenda forward is to ensure Somali leadership and ownership of the whole process, including the following elements:

National Task Force on Youth Education and Employment: The Federal Government in close consultation with regional states and autonomous local administrations should form credible, inclusive, and well-resourced National Task Force with the responsibility of developing a comprehensive strategy to cope with and ultimately solve the massive youth emergency in the country. The leadership and members of the Task Force should comprise mature and well-respected Somalis, inside the country and in the diaspora, with the right mix of required specific expertise, professional experiences, and relevant local knowledge. The voices and aspirations of the youth must be adequately represented.

Begin with what Somalia and Somalis have and are capable of: There is a tendency to dwell on the inadequacies and ruinous habits and practices of the Somalis. What is often overlooked, ignored, or deliberately undermined are the strengths and great potential of the Somali people, especially the young. The Somalis are known for being fiercely independent and proud, energetic, ambitious, adventurous, entrepreneurial, highly mobile, and big risk takers. Many of these qualities can be double-edged swords, depending on the context. However, if well-nurtured and harnessed these national traits can be invaluable assets. The entrepreneurial spirit is particularly impressive and is on display everywhere in Somalia and elsewhere in the world. The story of the Somalis in South Africa is quite illustrative. In a way the Somalis are frustrated natural capitalists. One of the first assignments of the proposed National Task Force could be to systematically examine and document both the great entrepreneurial potential of young Somalis and map the geography of its actual practice and manifestations.

Comprehensive, effective and well-targeted advocacy campaign: There are scattered but increasingly credible pieces of evidence indicating that Al-Shabab is the most powerful and successful actor in Somalia when it comes to efforts to efforts aimed at influencing and mobilizing Somali youth, especially in central south areas. This speaks volumes about what is at stake and what needs to be done. Where are the parents, families, community and faith-based organizations, NGOs, and education and other relevant state institutions? An advocacy campaign, which involves all stakeholders especially the youth themselves, to turn the situation around is urgently

needed. The campaign should also include a variety of information, education and communications resources targeting the 60 percent of young Somalis who leave the country on daily basis many of whom perish in the seas, oceans, and deserts.

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PRIVATE SECTOR DEVELOPMENT IN SOMALIA/SOMALILAND: OPPORTUNITIES AND OBSTACLES

By

Osman Sheikh Ahmed³⁹

Abstract

This paper describes the relative vibrancy of the Somali private sector and its contribution to the economy under the most difficult environments, the key constraints it faces and how to address them. It then lays out a series of recommendations for sustained growth and development and specific actions by all the partners: the government, international development partners, the private sector itself and the Somali Diaspora. While peace, stability and good governance structures have been established in Somaliland, and in that regard is ahead of Somalia, the same issues concerning private sector, constraints to its development, and recommendations for future action, equally apply.

1. Background

The approach so far taken by the international community towards Somalia is to find a political solution-- essentially a power sharing formula at the center. But for any political solution to be sustainable, including current efforts which appear to have restored some measure of stability, it must be coupled with a strong effort to meet the basic needs of the population, provide basic services and revive the economy. The absence of educational opportunities means that children without schooling opportunities can become recruits for factional armies, lack of employment opportunities may lure the youth into violent and illegal activities, or undertaking risky journeys of emigration in which many perish.

Conflicts are, in large part, struggle over scarce resources. When the institutional mechanisms for mediating conflict, allocating resources and adjudicating conflicting interests are absent, that struggle could turn into open conflict. The struggle over

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political power in Somalia is partly struggle over resources. The tribal element is an overlay, but not the ultimate source of the conflict, the conventional wisdom notwithstanding. The fight for political power is ultimately a fight over the control of resources, both domestic and foreign, and over the institutions that distribute them. In effect, the road to peace depends, in large measure, on the creation and equitable access to basic services and economic opportunities. Creating economic opportunities can also forestall possible slide-backs into conflict by those areas which have achieved some measure of stability. Experience elsewhere shows that conflicts are more likely in areas that have experienced conflicts over the preceding five years (see for example, Collier, 2006). On the other hand, strong institutional mechanisms for mediating conflicts and proper governance structures that are seen as legitimate by the population can prevent the emergence of open conflict even under economic pressures. In this regard, the lessons from Somaliland in laying the ground for sustainable peace from the ground up can be usefully applied to Somalia's, especially southern and south-central regions.

2. The Central Role of the Private Sector in the Somali Economy--Past, Present and Future

The private sector and private initiatives have been the savior of the Somali people when all else failed-- the collapse of the state and all its formal structures, the total destruction of the country's asset base, isolation from normal business transactions with the rest of the world, and the absence of meaningful international support beyond the political and military. All through those difficult times, the private sector provided basic goods and services competitively but also started to take on many of the functions of the state, providing health, education, water, power. It did so in the face of tremendous impediments, including lack of security and absence of the rule of law, higher costs of doing business resulting from lack of infrastructure and public support structures, and international isolation. Going forward, the private sector is the only vehicle for economic revival and growth-- the ultimate cementers of peace and stability.

The revival of the private sector dates from the collapse of Siyad Barre's regime in 1991 and with it the removal of onerous restrictions on private initiatives, especially by those not connected with the increasingly narrow-based power structure of that regime. This increased space for private sector activities helped unleash the entrepreneurial spirit and creativity of the sector. New businesses flourished including money transfer agencies, telecommunications, and new transport and media companies, and cross-border trade.

a) Resilience and vibrancy of the private sector

The private sector has also been able to skirt the many obstacles it faces, by adopting coping strategies. Private, Somali-owned airlines operate out of foreign airports and are checked there; both planes and crews are leased from international suppliers. But safety continues to be an issue. Hawala system uses financial infrastructure outside Somalia for money transfers but they are coming under pressure from efforts to combat money laundering. Hajj traveler's checks are written with Saudi banks. For power distribution, entrepreneurs divide cities into manageable sections and use flat tariffs for electricity charges. Traditional systems, mostly clan-based, arbitrate commercial and other disputes.

b) High entrepreneurial spirit

The vibrancy of the private sector in the midst of conflict and turmoil reflects the entrepreneurship spirit of Somali businesspersons everywhere and their flare for navigating the most difficult of terrains. This spirit is evidenced by business people in Barrako, a bustling market in the heart of Mogadishu which survived mayhem and targeted bombardment and continued to flourish as a huge, efficient market, servicing all parties to the conflict in all sectors and even acting as Somalia's "Wall Street". This entrepreneurial spirit is also evidenced in Harta Sheekha, a desolate refugee camp in northeastern Ethiopia near the Somaliland border, where residents of Hargiesa and other urban centers in the then- Northern region of Somalia, settled after fleeing the bombardment and total destruction of the population centers in May 1988. From a tent city of hundreds of thousands in a barren territory (aptly named "Dul-Cad or barren top), in then-Marxist Ethiopia, it grew into the largest and most vibrant trading center in the Horn of Africa in a couple of years. Its role as an important trading center continued until peace returned after the fall of the Siyad Barre regime in early 1991 and the displaced population returned to what is now Somaliland. This entrepreneurship spirit is also reflected in Eastleigh, a suburb of Nairobi where Somali refugees and other immigrants fleeing the conflict in Somalia settled, and lifted a hitherto depressed area into a vibrant economic hub that contributes over \$1.5 billion to the neighborhood alone, according to estimates. Eastleigh entrepreneurs own facilities ranging from small corner stalls to shopping malls and sell anything from basic food and household items to designer clothes and jewelry.

3. The Key Constraints that Impede Sector Progress

Despite the high entrepreneurship, and the sector's progress resilience, the private sector is enormously constrained by a number of factors which limit its growth potential and contribution to long-term development.

- a) **Lack of infrastructure.** Lack of investments and absence of any maintenance of infrastructure facilities over a period of almost twenty years, has left major infrastructure facilities dysfunctional. This is particularly true for the roads system, most of which have largely been washed away over the years. Access to electricity is limited, sporadic and very expensive (over \$1.00 per kilowatt hour). While the private sector fills some of the gaps in the provision of infrastructure services, such as provision of lighting through small generators and water distribution, the role of the private sector is limited and major public investments are needed.
- b) **Lack of access to banking, finance and insurance.** The majority of the financial transactions take place through an informal credit network of business owner lenders and Diaspora investors. As a result, a significant amount of working capital sometimes is tied up in financing basic needs like food and fuel. This leaves no room for business expansion, additional hiring, productivity investments and market development.
- c) **Difficulty in access to international markets.** Many traders cannot participate in international trading since there are no services, letters of credit facilities, or insurance services, impeding overseas trade-- imports are on a cash basis, and receipts of export receipts are often delayed or not paid at all. There are reports that many livestock traders have incurred losses due to non-payment and lack of access to effective, and binding legal recourse.
- d) **Absence of public sector support institutions.** Strong private sector needs viable public institutions to provide public goods, create an enabling environment, and adjudicate business conflicts and enforce contracts, provide overall security, and above all steer the private sector from engaging in harmful or predatory activities. The absence of viable public institutions has meant that the private sector is on its own—and can sustainably only go so far.

Other constraints include:

- Destruction of the country's asset base, both private and public, and having to start from scratch in many instances;
- Low educational attainment (a whole generation that grew up during the conflict may have been cheated of basic education) with abysmally low

primary school enrollment ratios (about 17% overall in Somalia, vs. Millennium Development Goal of 100% by 2015) and very poor skill levels.

- Land ownership and lack of clarity of titles has been a source of conflict and is likely to be a source of risk for new investors outside of the speculative, fast turn-around trade and real estate sectors.

Many of the main constraints in Somalia also apply to Somaliland, though qualitatively different given the long period of stability and established governance structures. In a World Bank/IFC report on the “Cost of Doing Business in Hargeisa, Somaliland”, the same constraints were pointed out as key impediments to private investment⁴⁰.

4. Addressing the Constraints and Unleashing the Potential

Despite its resilience, the private sector is not in a position to address these constraints and may have reached the limits of what it can do by itself. However, with the support of a reconstituted public sector, once these institutions are rehabilitated and strengthened and international partners, the private sector can overcome those impediments and move towards realizing its potential. As a World Bank report noted, the capability of some business sectors to cope under the most difficult conditions should give hope and guidance for governments and aid agencies in the reconstruction efforts. It may take less encouragement than is commonly thought for stripped-down systems of finance, electricity, and telecommunications to grow again (Nenova and Harford, 2005).

Below are selected roles that the partners—government, international partners, private sector and the Somali Diaspora—can help the private sector realize its potential in contributing to the overall economy.

a) Role of government and the public sector

The role of the state in the economic sphere must be clearly-defined and applied. It should be limited to setting the rules of the “game” and providing public goods such as basic infrastructure, or pro-poor social services, which the private sector may have neither the incentive nor the capability to provide. In addition government should provide security, adjudicate conflicts and enforce contractual obligations. Public sector involvement in the provision of goods and services which the private sector can provide should be avoided. In principle, no new public enterprises should be established outside of public goods sectors.

⁴⁰ <http://www.doingbusiness.org/reports/subnational-reports/hargeisa>

- Keep business regulations to the absolute minimum. Avoid imposing new regulations, or re-imposing previous ones, except for health (e.g. against sale of expired or mislabeled medications, or bringing unhealthy products to the market), environmental (dumping of toxic waste both from national and international parties), or social/ethical reasons (the latter to be vetted by an independent panel to ensure neutrality). The private sector has proved its resilience and vibrancy despite all the obstacles it faces, partly because of the absence of restrictive government regulations. As stronger public sector institutions are established, the temptation to re-institute new restrictive rules and regulations, in part in an effort to reassert the authority of the state cannot be ruled out and must be guarded against. In particular, the government and public sector institutions must not encroach on private sector space or otherwise stifle private initiative. Steps needed for business registration and business licenses must be time-bound and kept to a minimum, to minimize the room for favoritism and irregularities. A “one-stop shopping center” should be considered in this regard.
- Ensure transparency, fair competition, and accountability in government procurement activities to avoid corruption and favoritism, and ensure equitable access for all businesses, especially small ones. Internationally accepted standards must be followed for all procurement by the government. An oversight organ, sanctioned by international partners, should ensure that these standards are adhered to, especially where external funding is involved.
- Management of natural resources. Proper management of the country’s natural resources, including oil, gas and minerals should be a top priority. Environmental degradation, wanton cutting of trees and export of charcoal (mainly to the GCC countries for shisha and incense-burning), and lack of transparency in awarding licenses to companies for oil and mineral exploration and development pose major risks, in light of poor governance structures. All licenses that have not been properly and transparently awarded need to be reexamined and where appropriate renegotiated or rolled back. In addition to hydrocarbon potential, there appear to be considerable deposits of gemstones--such as emerald, aquamarine, ruby and sapphire as well gold and others, as well large deposits of many industrial minerals. The resource base needs to be properly assessed and prudently exploited. Given the weaknesses of public sector institutions and potential for corruption, international partners must exert influence to ensure that resources are fairly and equitably managed, including participation in the World Bank-led Extractive Industries Review Group and seek technical advice and other assistance as needed. The emergence of a “resource curse” that further fuels conflict must be avoided. Overall, there must be clear responsibilities and

accountabilities for the management of public resources and results need to be monitored and reinforced by conditionalities in external assistance.

a) *Role of the international community*

- Support the revival of productive sectors and livelihoods. A major adverse impact of prolonged conflict is the damage inflicted on the productive sectors of the country. The conflict and generalized insecurity, lead to direct destruction of normal economic activities and disruption of agricultural production. In Somalia, the displacement of workers from farms has led to internal displacement of people, which in addition to forgone production and added dependence on external food aid, has fueled conflicts as more jobless youth are attracted to illegal activities or become available as “hired guns” for various warring factions.
- Ease restrictions on remittances, the main source of income for a large segment of the Somali population. Citing concern over falling foul of regulations against money laundering, some banks have announced or implemented decisions to suspend accounts of Somali money transfer companies. Any disruption to the flow of remittances would represent a huge setback.
- Support the development of an enabling environment through inter alia: (i) experience and knowledge-sharing and international best practices (what works and what does not, and where), especially in post-conflict and fragile states; (ii) ensure through its moral persuasion and financial support leverage that no new or previous restrictive policy, legal, regulatory and institutional constraints that impede private sector initiatives are imposed. but not necessary for economic growth and social welfare, (iii) competitive forces are not thwarted or the playing field tilted in favor of certain sectors or groups.
- Support Somali businesses to break into international markets and reduce barriers and extra cost of doing business with international counterparts, and that legal recourses are available for injuries by unscrupulous foreign companies or their agents.
- Basic infrastructure. As mentioned previously, given the near-absence of public sector institutions and lack of adequate revenue base, even for those areas which have functioning institutional structures, external resources flows on grant basis are needed for development of infrastructure sector. Any meaningful intervention in reconstruction of infrastructure would be possible only if significant pledges of financial support from members of the international donor community.

- Support skills development VTE. There is critical skill deficit in both Somalia and Somaliland and overall educational attainment are as low, with just about 17% of school age children attending school. Recent focus has been mainly on general education and there are little or no attempts to establish formal vocational education facilities to meet the skill needs of the economy. International community can initially target recent secondary and university graduates, the bulk of who are unemployed, to equip them to create their own job positions. Microcredit schemes and initial support/training in basic management and accounting could provide potential entrepreneurs to cross the perceived risk threshold. The returns in terms of employment (job multiplier included) and poverty reduction could be substantial and could provide the needed catalyst for others to follow suit.
- Capacity-building and technical assistance for organizations which provide business/industry support and services-- livestock health certification, corporate governance, technology transfer and licensing organizations chambers of commerce, micro-finance institutions etc.
- Improved access to normal international business transactions— easing of visa restrictions for bona fide business travelers, opening letters of credit etc.
- Better access to international finance especially from MDBs, like IFC, EIB, ICD that support private investment without government guarantees. For example, businesses in Somaliland or Puntland should not be barred from access to assistance from the private sector windows of MDBs/IFIs, simply because of instability in Mogadishu or south and south-central Somalia., especially since those institutions usually provide support based on the strength of business proposals and investment ideas (i.e. on their own merit) and do not require government guarantees of repayment.
- Facilitate relations with international/bilateral business organizations— mentoring, coupling, partnering around specific initiatives, and participation in business forums.
- Support to income and employment generation opportunities for vulnerable groups. Such efforts are ongoing especially in some areas but need to be strengthened and better targeted. Support from the international community, including from bilateral sources and grant-based resources from multi-lateral development institutions, could build on some of the success stories attained by the private sector. They could initiate, for example, financial and technical support for micro enterprises that can have a broader impact on the less well-off members of the population. In the reconstruction and recovery period, private sector development will be the most important source of growth and employment. At the same time, improving the investment climate by ensuring incentives and removing administrative constraints on

domestic investments is critical particularly for small- and medium-sized enterprises, which are usually less connected to formal public institutions. The international community can support the development of this segment of the private sector (i.e. small and micro-enterprises, including informal ones) through microfinance schemes.

b) Role of the private sector

- Form cross-regional business organizations that can magnify the voice of the business community in matters that concern them nationally and internationally, and provide better access to information channels and business networking opportunities in a way that individual business cannot do on their own.
- The private sector should continue to act as a bridge between regions and clans, contributing to peace-building and a cohesive social structure. Businessmen collaborate along opportunity lines regardless of political affiliation. Many businesses moved to safe areas as conflict intensifies in their base areas.
- Explore technology and innovation-based business opportunities. Somali private sector continues to rely on tested, less risky, fast-turnaround activities like trade and real estate speculation, and Somali businesspersons are generally imitative rather than innovative. However, in the increasingly knowledge and innovation-based global economy, technology and innovation rather than resources drive development. The sources of competitive advantage and long-term viability are knowledge and innovation, which are globally available and accessible. New technologies can provide countries which have been left behind due to conflict, fragility and other factors and provides the opportunity climb-up the development ladder faster and even leapfrog the process. China, India, Brazil, and Malaysia are among the countries that successfully leapfrogged through knowledge and innovation. As can be illustrated by developments in the ICT sector, technologies that may be relevant to Somali context and can provide long-term competitive edge are available and accessible but one has to look beyond the traditional sectors. Technology-based companies, on the other hand are inherently risky but the pay-off is also huge. The highly successful ICT industry provides a powerful example of the potential of new technology-based businesses. Technologies in power, water, agriculture that can fit-in with the market needs and development conditions in Somalia and the Horn/Eastern Africa Region are increasingly internationally-available

and can be accessed and utilized. International organizations and business groups can be helpful in this regard.

- Social responsibility of businesses. Predatory and anti-social, anti-environmental practices on the part of some businesses hurt all business in the long-run, even when some of those activities are not technically illegal. Self-monitoring and peer pressures for good behavior can help in this regard. This is not only the right thing to do, but also advances the self-interest of businesses.

c) Role of the Diaspora

The Somali Diaspora has been a greater enabler of the private sector and a source of safety net for a large portion of the population. Remittances, conservatively estimated at \$1.5 billion (over \$700 million in Somaliland)⁴¹, is a main source of income for almost 40% of urban households, and the major source of capital investments in Somalia and Somaliland. Returning Diaspora is also bringing back much needed skills, business ideas and international connections.

However, they can do more, especially if they collaborate beyond the narrow clan lines (sometimes those in the Diaspora nurse grievances from when they fled the country, even when grievances have been settled between the parties on the ground). They can provide networking opportunities or pool investment resources that can then be invested in business opportunities in the country. Rather than sending money to relative for day-to-day living, Diaspora members can invest in income-bearing instruments from which living expenses of relatives can be paid out while the capital and undistributed dividends are invested in productive investment for long-term capital growth and development of the country.

d) Prioritization and Sequencing

These recommendations are not of equal importance nor do they need to be, or can be implemented at the same time. Prioritization and sequencing are key. While these would need to be drilled down and details worked out later, it is important to note that all the constraints mentioned above (section II) are binding and need to be addressed.

5. Conclusions and the Way Forward

⁴¹ <http://www.enterprise-development.org/page/download?id=2034>

The restoration of peace and stability are paramount but so is economic growth and creation of employment and income-earning opportunities, the absence of which would likely undermine stability and security. Absent those opportunities, even areas which have achieved some measure of stability could slide back into conflict. Experiences from around the world and in Somalia/Somaliland have shown the pivotal role of the private sector in creating those opportunities. Effective partnership and collaboration between Somalis (governmental entities, members of the private sector and the Diaspora) and international development partners is key in removing the most binding constraints and enabling the sector to move towards realizing its potential.

The role of the state in the economic sphere must be clearly-defined and limited to creating the enabling environment, rooting out corruption and miss-governance, and providing public goods such as basic infrastructure, or pro-poor social services, which the private may have neither the incentive nor the capability to provide. In particular, business regulations must be kept to a minimum and only as necessary. The private sector has proved its resilience and vibrancy despite all the obstacles it faces, partly because of the absence of restrictive government regulations. As stronger public sector institutions are established, the temptation to re-institute new restrictive rules and regulations, in part in an effort to reassert the authority of the state cannot be ruled out and must be guarded against. The state also needs to keep its own house in order through proper management of natural resources, including public finances and transparent management of oil/gas and mineral resources (canceling or renegotiating prospecting licenses that have been given through opaque, “sweat-heart deals”) and protecting the environment. Given the weaknesses of public institutional structures, international partners must encourage transparency and accountability to help narrow the room for corruption and favoritism.

International partners, including MDBs/IFIs, can support the development of an enabling environment, share experiences and best practices, especially in post-conflict and fragile states, and provide financial support for infrastructure and other urgent reconstruction needs. Given the lack of adequate revenue base, even in those areas which have functioning institutional structures, any meaningful intervention in reconstruction of infrastructure would be possible only through significant external resources flows—on grant basis. A fraction of the billions of dollars so far spent by the international community on political/security or on overheads of international agencies could produce visible results in livelihoods and incentivize peace-building efforts.

The international partners can also advocate access of Somali private sector to international finance especially from MDBs, like IFC, EIB, and ICD which, by mandate support private investment without government guarantees. They can also

facilitate access of Somali businesses to normal international business transactions and thus reduce their cost of doing business— e.g. through easing of visa restrictions for business travelers, opening letters of credit etc.-- and countering the imposition of restrictions on the flow of remittances on the pretext of countering money laundering and terrorism financing.

On its own, members of the private sector can collectively do a lot better themselves. They can form cross-regional business organizations that can magnify the voice of the business community in matters that concern them, nationally and internationally, and provide mechanisms for better access to information channels and business networking opportunities for all. Rather than continuing to rely on tested, less risky, fast-turnaround activities like trade and real estate speculation, they can step-up to the next level and embrace new ways of doing things, including technology-based activities relying on available and accessible global knowledge. As has been demonstrated by the ICT sector, such knowledge and technologies can be profitably tapped into. The Diaspora, collaborating beyond the narrow confines of regional and clan lines, can be a vehicle for bringing new ideas to the table, tapping into global knowledge and technologies and facilitating networking opportunities for the business community.

This is a tall agenda but it is doable. Prioritization and sequencing are key. The role of each of the four parties to the partnership in carrying out their respective parts of the agenda is critical. The focus should be on the economic as well as political and security development. The latter cannot be solidified in the absence of the former. Based on their track record, Somali entrepreneurs and businesspeople can do a lot given empowerment, the right environment and the right incentives to not only grow but also grow in a way that contributes to sustainable overall economic growth.

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ENHANCING FINANCIAL ACCOUNTABILITY, INTEGRITY AND TRANSPARENCY IN SOMALIA

By
Ali I. Abdi⁴²

Abstract

This paper proposes an implementable blueprint for the restoration of key financial integrity institutions, which are essential for accountability and transparency of public finance management in Somalia. The country has long been branded as a “failed state with a pervasively corrupt leadership”. Prolonged insecurity and instability contributed to weakening the entire governance structure. Yet Somalia has a unique opportunity to build new governance structures, and to restore sound public resources management. While the primary focus of this paper is targeted at financial integrity institutions, the findings and proposed policy reforms are relevant and applicable to the broader spectrum of governance institutions. The current state of public resources management institutions in Somalia is assessed, including the Ministry of Finance, the Auditor General’s office, the Central Bank, and the Parliament’s Budget and Accounts committees. Also examined is a transitional step, while the operational capacity is being rebuilt and becomes effective: Specifically, a Financial Integrity authority and an Anti-corruption Agency are now essential to ensure integrity, accountability, transparency, and which are required for credibility and the legitimacy of government.

1. Introduction

Somalia has faced prolonged civil conflict for more than two decades, which resulted in massive destruction and damage to economic infrastructure, significant social disruption, and human displacement and deprivations. Other adverse consequences of the conflict include the loss of public and private assets and the considerable departure of the professionals and most skilled Somalis from the country. These adverse developments occurred in one of the world’s poorest countries, even before the crisis, and led to loss of economic and social assets built over decades.

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With the exception of security, the most important task facing Somalia is the restoration of effective good governance and building public trust in Government. This fact is perhaps true of most countries recovering from conflict. Without effective governance and a vital civil society, political stability and recovery are difficult to achieve. Accountability, integrity, transparency, and democratic participation are mutually reinforcing. Where there is effective financial accountability, transparency is likely to be managed and public sector operations reported fairly and honestly. Integrity in turn promotes accountability and transparency. And participatory democracy improves the prospects for accountability, which in turn minimizes systemic corruption, fraud, and abuse in the use of public resources.

Accountability is the mandate to deliver ones responsibility in a proper manner and to be answerable for the choices and actions taken to the people and elected bodies. Transparency entails free access to governmental activities, operations and decisions, and enables all stakeholders to monitor government policies and performance, fiscal operations, and final audited accounts. Thus, the discharge of accountability requires transparency. Financial integrity is the use of funds, resources, and assets in accordance with intended official purposes and in conformity with the public interest. Integrity refers to honesty and trustworthiness in the discharge of official duties and serves as the antithesis to corruption and the abuse of power.

Accountability, transparency, and integrity are the pillars of good governance and are essential in the current phase of Somalia transitioning from conflict to reconstruction and recovery. In this context, reliable systems and procedures for sound Public Finance Management are essential to ensure that public resources are fully accounted for and managed effectively.

Somalia's pursuit of sound economic management and broad good governance is being constrained by limited institutional capacity. Lack of effective institutions to formulate and implement sound policies undermines proper governance and broad stability. Building credible and effective economic management institutions is therefore essential to secure sustainable local security and to underpin successful reconstruction and recovery. Serious commitment to sound economic management reforms by the Somali authorities and considerable financial and technical support by development partners are required to build institutional capacity in the medium and long term. The focus of this paper is to assess the capacity of economic and financial integrity institutions to enhance economic management, which is a priority policy area for Somalia.

There is a broad consensus that, the transitional Federal Governments of the past decade have made limited or no progress to establish economic management institutions that could implement accountable and transparent government operations. Broad insecurity in many parts of Somalia during the reign of these transitional governments played an important role in the lack of operative, let alone effective, institutions. But the legacy of the crisis in economic and financial management in Somalia predates the transitional governments and even the prolonged conflict years. The loss of financial integrity in the management of public resources has become endemic in the entire half-century of post-independence period, and there is need for a fundamental change in the culture and governance style of the Somali leadership.

Adequate institutional capacity is a precondition for sound public policy making and for economic and social development. Effective institutions are required for markets to function efficiently, for the private sector to thrive, and for governments to ensure proper management of both own resources and donor financial assistance, as well as to implement home-grown economic policies and reforms. The need for effective domestic institutions for post-conflict African countries is highlighted in the UN Millennium Development Project, which concludes that “*developing local capacities to take the lead in solving problems is an essential prerequisite to good governance and sustainable development*”.

Somalia’s emergence from prolonged civil conflict and long absence of central authority is being constrained by non-existent institutional capacity for economic and social governance. The lack of effective institutions to formulate and implement sound policies undermines stability and is one of the most serious constraints on economic and social recovery. Somalia needs to build credible and effective public finance management institutions to underpin good governance; and serious commitment to reforms by the Government and considerable financial and technical support by development partners are required.

2. Assessment of the PFM Systems and Institutions

This study makes an assessment of the current state of key Public Finance Management (PFM) institutions in Somalia and the need to rebuild financial accountability and integrity in the country on an urgent basis. The assessment focuses on the key public institutions, including the Ministry of Finance, the Auditor General, the Central Bank, and the relevant Committees of the Federal Parliament. In this context, the Federal Government of Somalia should address the imperative of redressing the perception of poor governance and corruption in the near term, and to strengthening key financial integrity institutions during the transitional recovery phase from the prolonged conflict.

The proposed PFM strengthening requires urgent action on the formulation of a participatory budget for the country and its execution in an accountable and transparent manner. The realization of a national budget and its proper execution require immediate support to train the relevant personnel and to introduce effective systems and procedures. It also requires urgent action to rebuild the following institutions:

- An efficient tax administration agency that will help ensure the main sources of domestic revenue are handed back to the national government; and that there is law-based and equitable allocation of revenue between the different levels of government: federal, state, and local.
- An effective and efficient Public Expenditure Management Institution is key for accountability and transparency and is essential for gaining domestic trust and international credibility.
- An operational Central Bank, as a fiscal agent of government, is imperative as an instrumental for proper management of government accounts and the economy at large.
- An external audit and changer office to scrutinize public sector operations is imperative for sound PFM.

The principal short comings of the PFM in Somalia are evident in every aspect of fiscal and financial management in the country. Foremost, the country had no budgets for most of the twenty plus years of economic and financial crisis. It is only since 2011, that the first annual national budget was formulated, with the help and technical support of the Horn Economic and Social Policy Institute (HESPI); submitted to Parliament for consideration; and implemented after parliamentary approval. The budget formulated in similar style in 2012 was not submitted to Parliament or properly implemented. It is only since the end of the transitional Governments that the process of budget formulation and implementation is being attempted on a regular basis. The

current Federal Government of Somalia prepared a mini-budget for October-December 2013, which was approved by Parliament. The FGS has subsequently formulated and submitted the 2013 national budget to Parliament.

Based on a self-assessment of the state of PFM findings, the current deficiencies in the final management of Somalia include:

a) *Budget formulation and credibility*

The credibility of the Somali budget is assessed on the basis of aggregate revenue and expenditure outturn compared to original approved budget; and the composition of expenditure outturn compared to approved budget. The position relating to aggregate revenue and expenditure outturn compared to budget estimates shows significant deviation in the few years such data are available. The variance in composition of expenditure outturn compared to original budget was much more pronounced than deviation of aggregate expenditure. The stock of payment arrears have been significant and include mostly arrears to domestic suppliers and salary arrears. The monitoring of the stock of payment arrears has been problematic on account of insufficient data. Effective commitment control to avoid new build-up of arrears is not currently fully utilized.

The indicators of fiscal transparency and completeness of accounts are measured on the basis of the classification system used for the government budgets; the comprehensiveness of the information included; the extent of the unreported operations; and the extent of public access to key fiscal information.

The broad assessment is that the classification system of accounts used by the FGS for budget formulation, execution and reporting is rudimentary and not Government Finance Statistics (GFS) compliant. It needs considerable improvement in detailed revenue and expenditure coding.

The comprehensiveness of information included in budget documentation, which are submitted to parliament for scrutiny and approval is deficient. Among the essential information that is not included are the macro-economic assumptions underlying the budget estimates, debt stock and financial assets balances, prior year's budget outturn, and explanation of budget implications of new policy (revenue and expenditure) measures and programs.

The reliability and comprehensiveness of the FGS fiscal accounts is compromised by unreported government operations. These undocumented operations include extra-budgetary expenditure, and all donor-financed projects.

Annual budgets are developed without reference to sector development plans and without medium-term fiscal targets to underpin the annual budgets. Moreover, capacity for policy analyses and development planning is weak to ensure proper alignment of policies with the budget. The budget mainly covers recurrent spending⁴³ that is largely comprised of salary payments. The budget profile shows financing gaps with no indication of how those gaps are to be financed. The budget is 'functionally' classified according to administration and general services which include the security sector; economic services; social services; and others. There is urgent need for establishing macro-fiscal unit with capacity for revenue forecasting, which will help in improving the realism of the budget which currently shows significant variations in view of notional revenue forecasting.

Analyses of previous year budgets show significant revenue shortfalls arising from weak revenue management and control mechanisms, and poor revenue forecasting. Evidence exists to show spending without recourse to the approved budget and non-adherence to laid expenditure controls. The actual expenditure outturn in the few years, that budgets have been in place, featured a growing variance from budget targets, and actual outturns; and a build-up of payments arrears and generally low regard for budget execution. The alignment of budget allocations to expenditure approvals and ex-post scrutiny has been grossly deficient.

a) Banking arrangements:

The Central Bank of Somalia (CBS), in its functions as a fiscal agent, is a critical PFM integrity institution. Yet, it is not fully equipped to handle banking operations to support and supplement delivery of reconciled public accounts management. It needs to upgrade its banking and accounting software to facilitate effective management of banking transactions. As the Ministry of finance accounting and reporting performance is even more deficient, it could not act as the first line of defense by ensuring accountable and credible reports of the PFM.

⁴³The 2013 fiscal year total expenditure is estimated at US\$114.3 million, out of which USD 107 million (94 percent) is for recurrent expenditure and the remaining US\$7.2 million (6 percent) is for capital expenditures.

b) Accounting, reporting and monitoring:

There is a lack of comprehensive reporting on the use of public resources. The accounting and reporting processes of government do not comply with international standards. The Accountant General does not prepare annual financial statements for audit. Simple receipts and payments schedules are prepared but are not made available to the public for lack of adequately trained staff in the internal control environment.

c) External audit and scrutiny:

The Accountant General is unable to produce monthly statements comparing approved budget with executed budget and outstanding contractual commitments. The Accountant General's Department does frequently allow budget/cash limits to be exceeded. The budgetary control system if tightly operated should in theory not allow the budget allocations to be exceeded. However, examination of the data shows there were many heads including the contingency budget, which were over-spent in 2011. The lack of the production of fiscal accounts is attributed to failure to prepare final conduct regular bank reconciliations between the Treasury Consolidated Account and the Central Bank.

The quality and timeliness of annual financial statement of the FGS should be improved. Moreover, the completeness of the annual financial statements needs to be strengthened. Other public funds, including some aspects of donor funds and retained own-domestic revenue are not included, owing to lack of complete and accurate information.

The external auditing function is currently weak. The weak external audit function contributes to weakening of internal controls, opening rooms for misuse and/or diversion of funds. The Auditor General is significantly dependent on the executive for appointment and funding; and therefore lacks real independence to conduct and carry out external audit with professional judgment. As noted already, standard form financial statements are not prepared and submitted to the Auditor General for audit, and standard form audit reports are not presented to the Legislature for scrutiny. Government's accountability, transparency, and integrity records cannot be trusted unless the Supreme Audit Institution is set independent to exercise professionally guided judgments.

d) PFM legal framework:

The existing legal framework is inadequate and requires modernization. Evidences suggest that there is indeed serious infractions of existing legislations, hence urgent actions is imperative to counter bypass of legislations. The Mini-Budget Proclamation

Act had provisions for budget administration that would ordinarily be found in a PFM Act. This is a welcomed pragmatic move while the PFM Act prepared by The Horn economic and Social Policy Institute in 2011 is being considered. Meanwhile, the budget administration section of the Mini-Budget Proclamation Act could be strengthened by including some public reporting deadlines and empowering the Minister of Finance to issue interim Treasury Circulars for procedural and internal controls. In the medium-term, the PFM Bill should be considered for enactment after review to take account of emerging PFM reforms and followed by Financial Regulations and detailed Operating Procedures Manuals. It must be stressed that if existing legislations are breached with impunity, there is no guarantee that a new PFM law will be complied with; and an adequate sanctions regime should therefore be established and consistently implemented.

e) Political commitment:

Government commitment for reform is evident in the PFM self-assessment which will ultimately result in an action plan. The President of the FGS has emphasized that *"a sound public financial management is the heartbeat of a credible stateif state revenues are squandered or stolen, the delivery of government services will falter⁴⁴, and the people will withdraw their trust"*. According to the self-assessment findings, reforms are anchored on: (i) instituting fundamentals for budget credibility; (ii) effective budget execution and financial accountability; (iii) improved policy formulation, planning and budgeting; and (iv) institutional structures; including Strategic Human Resource Management.

A major challenge that needs to be addressed is the formulation and execution of a comprehensive, participatory and policy-based budget, while building, “from ground zero”, the key institutions responsible for public resource management. Other key objectives include: the setup of an effective Ministry of Finance staffed with personnel that are technically competent to initiate the formulation, monitoring, and reporting of government operations to all relevant stakeholders.

3. Rebuilding Credible and Effective Financial Integrity Institutions

A number of international and bilateral agencies are providing technical and financial supports to assist Somalia’s PFM capacity building endeavors. Unless a government takes a lead role in prioritization and coordination, the delivery of donor assistance is often susceptible to duplication and over-lapping efforts. A country that emerges from

⁴⁴ Statement on the country’s PFM reform vision to Development partners, in Mogadishu, on January 23, 2013

conflict with operative institutional capacity demands different set of priority interventions than a state that has damaged central authority and no institutional capacity.

Among the many challenges of Somalia's PFM, that require urgent response by the government and partners are:

- Rebuilding domestic revenue generation and efficient tax and customs administration.
- Establishing effective budget formulation and execution capacity, at the local level, including effective centralized Treasury operations.
- Establishing credible external audits and Parliamentary scrutiny.
- Establishing a strong anti-corruption Commission that can prosecute financial illegality and impose proportionate and certain sanctions.

a) Enhancing domestic revenue generation capacity

A principal legacy of protracted insecurity and civil wars is the destruction and damage to a country's domestic resource generation and tax administration capabilities. At the onset of the reconstruction phase and transition to recovery, a country's financial requirements are greatest on account of the need to revive delivery of social services and to rebuild economic and social infrastructure. Consequently, a first priority in any post-conflict setting is the rebuilding of domestic capacity to adopt sound taxation policies and to re-establish an effective and transparent tax and customs administration.

Rebuilding domestic revenue base is vital to ensuring that government's priority expenditures are adequately met—without exclusive dependence on aid donors. Providing appropriate financial incentives to government staff on a timely basis is crucial to build institutional capacity. Most donors, however, are hesitant to supporting remunerations for public servants even for governments that are unable to sustain such expenditures from own resources alone. They instead involve in occasional salary top-up schemes for favored sectors and often for high salary-consultants that are hired to fill specific project technical assistance requirements during most challenging transitional phases.

Rebuilding sustainable capacity in the public sector requires, foremost, effective and efficient revenue generation and administrations. Establishment of a revenue authority with effective tax and other revenue mobilizations requires well qualified tax assessors, auditors, and administrators. Significant financial resources are needed for continued staff capacity buildings through short and long term trainings (both on- job and off-job). In post-conflict settings, including Somalia, such capacity requirements are

immense and governments often are not able to address them from own sources alone. And hence technical and financial assistances of development partners are critically needed.

b) Establishing local capacity for sound budget management

Building credible and effective budget processes and effective local capacity for financial management are key to sustained and inclusive growth. Also, effective financial institutions are essential for markets to function efficiently, for the private sector to thrive and for ensuring that economic policies and reforms have true domestic ownership. Consequently, a first step toward rebuilding local institutions for sound PFM is to address critical shortage of qualified staff. Donors should endeavor to set up mechanisms to strengthen policy development and fiscal execution capacity at the Ministry of Finance and at other relevant domestic institutions, and to create the nucleus of rebuilding sound budget formulation and execution.

Other critical functions of a strong Ministry of Finance is institute effective systems and procedures to handle treasury functions (including financial planning; allocation and releases of expenditures, management of cash flow, accounting for assets and liabilities; and internal audit). Robust management of treasury functions determines to a large extent the credibility and legitimacy of PFM, especially in a post-conflict settings. Macroeconomic stabilization institutions is one among the urgent issues that a post conflict country need to re-institute. A country in such transition needs to put great emphasis on aggregate expenditure controls, in order to keep budget units within authorized limits, and to avoid unsustainable fiscal outcomes and to overcome the accumulation of payments arrears or inflationary money printing.

Weak treasury management is often a manifestation of financial indiscipline, and is associated with misuse of scarce public resources and corruption that ultimately erodes government's legitimacy. For instance, unauthorized commitments without regard to a government's liquidity position are features of poor fiscal management. Such indiscipline will also throw an added burden over the nascent private sector during transitional phases, through forced credits and delayed payments.

Against this background, there is a need to set-up a “center of excellence” at the Ministry of Finance or at least in key departments in charge of policy formulation, treasury management, and external finance management. Center of excellence with adequate skilled staff, information technology equipment and software, and good leadership. An effective Ministry of Finance with requisite institutional capacity enhances execution of public expenditure consistent with national priorities; improves analysis and reporting; assures regular monitoring and evaluation of budget

performance. A capable Ministry of Finance promotes in coordination with the central bank of the country, appropriate macroeconomic policies, which are in line with agreed framework to maintain stability.

Effective Ministry of Finance in a post-conflict setting should align its effort on “gap-fill” measures. In an event when local staff are scarce, expatriate consultants should fill the gap temporarily. An entire handover of the job to expatriate consultants and technician is never sustainable. Policies that eventually train and empower local staff to replace the expats in the medium and long term are key for sustainability. The provision of technical assistance in itself sends a signal that the government has limited capacity to implement programs. And development partners may question the government’s absorption capacity and integrity. The major challenge, especially in a post-conflict situation, is to reconcile meeting urgent needs and focusing on building capacity over the medium and long term.

c) Ensuring credible external audits and controls

Generally, inadequate external audits and controls are a common feature of low income African countries, as the supreme audit offices are ill-equipped in terms of staff skills and support resources to perform timely and credible audits. The lack of qualified audit staff is often compounded by pervasive delays in finalizing annual financial accounts of public bodies. Delays in publication of audited accounts, for instance for over 6 years in Sierra Leone, in turn hinder the legislature's ability to scrutinize and follow up on, a timely basis, the recommendations of audit reports.

In a detailed verification of government accounts, credible financial audits could shed light on not only corrupt practices, but also on how well the entire public expenditure management is performing, including on issues of coverage and comprehensiveness. A major question on budget execution in Sierra Leone and other post-conflict countries is the prevalence of off-budget government accounts and inadequate oversight by parliament, both of which point to the absence of accountability and transparency.

A key feature of the integrity of PFM is the role played by the legislative branch of government. Parliamentary approval of the budget is a prerequisite for the executive branch to use public money for authorized purposes only. It is therefore necessary for parliaments to have the competence to scrutinize national budgets, so as to discharge their responsibilities for informed consent. In addition, once the audited accounts are presented to the public accounts or other pertinent organs of Parliament, proper oversight and scrutiny should be assured. There is clear evidence that strong ex-post controls accompanied by predictable and assured sanctions promote effective public expenditure management. In addition, for external audits and controls to be effective, a

country's legal framework should be reformed, particularly to support clear and timely implementation of the recommendations of audits, once vetted and forwarded to the judiciary by the legislature.

d) Providing for strong civil service capacity

As a consequence of the protracted conflict that further diminished capacity, the public service is plagued with very low incentive structure, which has exacerbated the flight of qualified personnel from the civil service. The vision should be to create a leaner, well-motivated, and efficient civil service to implement national development strategies and maximize efficiency in the public service. This requires a medium and long term comprehensive civil service reform program that retrains and enhances competences at all levels. In the near term, the strategy should involve the filling of critical gaps in key government ministries and agencies through implementation of competitive recruitment, capacity retention and linking rewards to performance.

A comprehensive civil service reform program will involve improving the legal and institutional framework of human resource management, creating an environment of attractive remuneration, and sustained training to develop the full capacity of the service. In particular, improving the institutional environment, capacity retention and sustainability will require:

- Comprehensive public service reform implemented under government leadership;
- An effective framework for retraining and imparting required skills at all levels of the civil service;
- Leadership and management capacities to be developed in the civil service to spearhead institutional transformation; and
- Improved human resources management (merit-based recruitment and performance-based retention, with adequate incentives) in the civil service.

4. Conclusions and Recommendations

The purpose of this paper is to make an objective assessment of the current state and capacity of the financial integrity institutions of Somalia, to propose a practical and implementable framework for the restoration of key financial integrity institutions; to enhance accountability and transparency of public resources management within the Government of Somalia, and to distill the capacity requirements for effective PFM in Somalia.

Somalia has a unique opportunity to build new organizational structures, and to rebuild public finance institutions in particular. This paper is particularly focused on positioning the Ministry of Finance and other key financial institutions that are critical to the restoration of sound public resources management, government legitimacy, and international credibility. While the primary focus of this study is targeted towards the assessment of the performance of financial integrity institutions, the proposed capacity building and reform measures are relevant and applicable to the broader spectrum of Government institutions and agencies.

The key institutional requirements to improving PFM in Somalia are:

- a) **Financial Integrity Authority (FIA)** should be urgently set up as a transitional step to manage and control public resources. And the operational capacity of existing financial integrity institutions including the Ministry of finance and the Auditor General need to be rebuilt through better staffing, leadership. Operations need to be assisted with better information technologies. Financial management legislations enforcement mechanism need to be revisited and an appropriate check and balance should be put in place.
- b) **An Anti-Corruption Commission or Board** should be established with the authority to investigate and prosecute misuse of public resources and abuse of office for personal gain. An Institution with the authority to prosecute corruption cases in the country is required, particularly with the anecdotal evidence of endemic corruption.
- c) **A Public Service Commission** to be responsible for the recruitment, selection on a merit basis, remuneration and management of the civil service terms of employment, with equity, professionalism and justice should be established.

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POWER-SHARING MECHANISM AND THE CHALLENGES OF FORMING VIABLE FEDERAL REGIONS FOR SOMALIA

By
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Abstract

This paper highlights the challenges faced by the Federal Government of Somalia (FGS) in the formation of viable federal regions in the country and the need for the executive leadership to spend political capital to achieve this tall order and to seek the support of all Somali stakeholders in ensuring the completion of the complex Somali political process envisioned in the roadmap by August 2016.

1. Introduction

It has been well established that ending the Somalia transitional process and establishing a permanent sovereign state in 2012 is indeed an important milestones achieved. But there are some facts that cannot be overlooked and underemphasized in the long journey for political stability. Somalia desperately needs a well-thought out and genuine national reconciliation; and balkanization of the country is not in the overall best interest of the Somali people in general and the Horn of Africa region in particular. And federalism is the constitutionally selected system of governance in Somalia subject to national referendum. Currently Somalia needs a comprehensive capacity building at national and regional levels to help improve:

- a) Capacity for decision making and devolution of power;
- b) Optimal use of scarce national resources;
- c) Improved service delivery; governance; and International competitive capacity.

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Having established the context for this paper, let me discuss four sets of questions that I believe will underscore the core issues surrounding the complex process that hinder the formation of viable federal regions in Somalia and these are the following:

- a) Given that Somalia is a federal political entity as enshrined in Article I of the provisional national constitution, how would the Federal Government of Somalia take ownership and lead the formation of viable federal regions?
- b) What are the major impediments or challenges that currently face the establishment of viable federal regions?
- c) What incentives are there or could be provided to encourage regional formation?
- d) What can the Somali Federal Government do to complete the Somali political process to ensure that a peaceful and politically stable Somalia is able to hold a smooth national referendum by the year 2016?

These are not very simple questions to explain in the short essay; however, this short essay will highlight some of the glaring aspects that require immediate attention, consideration, and resolution by those in a position to act on them.

To address the first question, the Federal Government of Somalia (FGS) in accordance to Articles 49 and 142 of the provisional constitution is the sole political entity responsible for guiding, developing, and implementing the process of completing the Somali political process in consultation with its regional stakeholders. Other than a planned conference on the federal system and the completion of the Somali political process convened in Mogadishu in early September of 2013, there has been very little discernible activity that has been undertaken by the FGS in showing leadership and guiding this process. The only notable exception is the national stabilization plan that has not been adequately supported nor effectively implemented throughout the regions.

It is anticipated that the following critical components of the Somali political process are to be enhanced and possibly achieved before the 36 months remaining for the Federal Government of Somalia term that is to set to expire by August 2016.

- Secure the country and expand territories under its control with the defeat of Al-shabab extremists;
- Establish temporary regional administrations for liberated territories for a maximum of two years;
- Implement a bottom-up stabilization strategy and the appointment of interim local authorities;

- The formation of economically and politically viable regions based on the 18 political subdivisions of 1991 with two or more regions joining to form a federal region;
- The determination of the number of federal regions, subdivisions, and their political boundaries;
- Enactment of law defining the mandate and responsibilities of the constitutionally mandated commission for number and boundaries of the federal regions and other commissions;
- Establishment of national commissions to oversee the completion of the various components of the political process.

Given that Somalia is a federal political entity as enshrined in Article I of the provisional national constitution, one would naturally wonder how the FGS will lead this complex process in the formation of viable federal regions, all the while meeting its other pressing issues including the implementation of the FGS's six pillar strategies of a) security b) economic recovery, c) peace building, d) service delivery, e) international relations , f) national unity.

Moreover, the current provisional constitution of Somalia is arguably ambiguous on the formation of federal regions and leaves a lot for the readers' interpretation. Multiple interpretation of the constitution in the raucous Somali context leads to more conflict and fragmentation. However, the spirit of the document is clearly based on the principle of devolution of power and resources throughout the country and getting them closer to the people. Specifically, chapter five of the provisional constitution which deals with federalism is aptly titled "Devolution of the Powers of the State in the Federal Republic of Somalia".

On the other hand, Article 49 of the constitution states that the number and boundaries of the federal member states shall be determined by the Federal Parliament as well as the nomination of a national commission which shall study the issue and submit its recommendations to the parliament. The article also empowers the federal parliament to enact laws which will define the responsibilities of the commission. Explicitly, article 49 of the provisional constitution states that Federal member state boundaries shall be based on the boundaries of 1991 administrative regions and on a voluntary decision, two or more regions may merge to form a federal member state.

Given the fact that devolution is the keyword and that the constitution gives the federal parliament the responsibility to form a national commission to study the "issue of federalism" and provides steps that need to be taken to establish a federal system, the

FGS should lead regional formation by following the specifications in the constitution with the following:

- a) Prepare legislation to be enacted by parliament on the terms of reference for the establishment of national commission on federalism and the devolution of Power.
- b) Constitute and identify members of the commission as soon as practical and give it specific tasks with timelines for completion.
- c) Based on the commission's recommendations, pass legislation to regulate establishment of federal member states.

The government should move to accomplish these tasks with the basic assumption that all pre-existing and newly formed regional entities must meet the specifications and recommendations of the commission in the formation of viable federal regions.

2. What are the Major Challenges Facing the Establishment of Viable Federal Regions?

Establishing federal regions out of a historically, politically, and socially unitary state is no easy task. Federation works well when independent entities with clearly demarcated political and geographical boundaries voluntarily join to form a federation. The following seem to undergird FGS's inability to make tangible progress in the formation of viable federal regions:

- Insecure social environment;
- Ambiguous constitution, especially on the implementation of the federal system, especially in determining the following:
 - i. Who within the territory can form the region;
 - ii. Maximum number (of the 18 regions) to form a single federal region;
 - iii. Ideal number of federal regions for the country;
 - iv. The role of pre-existing or newly formed regions in the ongoing political process;
- Slow pace of parliament and government in following the stipulations of the constitution to enact necessary legislation, establish constitutional court, and to craft a clear strategy to implement federal plan in Somalia.
- Limited financial, human, and technical resources to undertake such ambitious political and social engineering.
- Unnecessary distraction from regional advocates that is fearful and concerned of the return of a strong central government;

- Deep rooted clan suspicion and interests on the part of some regional administrations;
- The negative role of regional and international actors pursuing their own agenda in Somalia; and
- An international community that continues to send mixed signals about a single way forward for Somalia.

3. What Incentives have been there to Encourage Regional Formation in Somalia?

Very little, if any! Tangible political and economic incentives for regions formed in accordance with the constitution would undoubtedly encourage many others to follow suit. However, the FGS needs to explain its vision of federalism and strategies for implementation to the public and embark on a campaign to sell its vision across the nation. The government could also explain to the masses how it envisages the development of grassroot (regional and district level) government systems as well as providing service incentives to the public including in areas of security, basic education, health, and so on.

4. What Can the Federal Government of Somalia Do to Complete the Somali Political Process to Ensure That a Peaceful Somalia is Able to Hold National Political Referendum by the Year 2016?

To begin with, the FGS must publicly and emphatically embrace federalism, define the kind of federalism it envisages for the nation and genuinely lead its implementation. Concerns from its detractors seem to paint a negative picture that the FGS is not serious about upholding the constitution and is keenly interested in maintaining a quasi-unitary state where power and resources are consolidated in the central authority.

It does not seem pragmatic to hold nationwide elections and referendum in less than three years from the date of this conference with the current pace of political transformation in the country. The security situation in Somalia is far from being resolved. Alshabab is still in control of vast areas of the country and continues to conduct ragtag operations at will, including surgical attacks on key government and international installations. The government relies on the presence of AMISOM for its own security. There is no effective, well equipped, and trained national army or police force to replace AMISOM forces in the foreseeable future. However, the federal

government can do the following to prepare the ground for a more stable political environment in the next three years:

- Focus on security by making it priority number one and clear the country of the threat of Alshabab.
- Train and equip adequate troops and policemen to take charge of the security of Mogadishu and other liberated regions. This would both free AMISOM troops to conduct operations in other regions and give the government much needed legitimacy and credibility to show that it is serious about taking charge of its affairs and enhances the process of taking over security throughout the area under its control.
- Continue dialogue with Somaliland aimed at achieving union through viable power sharing arrangement.
- Continue collaboration and improved relations with Puntland and to ensure political stability throughout the country.
- Move fast in setting the agenda and installing credible government administrations in the regions that have been liberated from Alshabab.
- Resolve the Jubbaland conflict through dialogue and mutual understanding.

Finally, devolution of power and resources to the people should be the leading principle for the Federal Government of Somalia's implementation and formation of viable federal regions and not the maintenance of Somali style clan-based federalism that are autocratic at the core. Viable and sustainable regional states and municipal authorities cannot be erected from a vacuum with pride and emotions alone; it requires a balanced mix of complex ingredients including clan diversity, human capacity, and economic vitality.

To ensure healthy and viable federal regions, the following processes must be in place:

- Authentic census of the Somali population;
- The creation of political subdivisions (region, municipality, village, township etc., based on population size and free from clan-based gerrymandering;
- Equal representation of all citizens in the regional and national parliament and ridding the nation of the disgraced 4.5 system;
- Limited number of political parties at the national level so as to discourage clan inspired political rivalry;
- Limited number of federal regions with clearly defined boundaries, clan-diversity, economic viability, access to sea and water resources and genuine grassroots participation among all inhabitants; and;

- A sound national strategy to devolve power and resources from national to regional capitals and to municipal authorities and finally smaller locales.
- A genuine national social and political reconciliation.

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FEATURES AND EXPERIENCES OF THE ETHIOPIAN MULTI-NATIONAL FEDERALISM

By

Chane Gebeyehu Turi⁴⁶

Abstract

In the Ethiopian multi-national federal system and the constitution, long lasting constructive values of Ethiopians have been given due emphasis and incorporated as tools to meet basic objectives of the constitution and the existing government system, multi-national federalism. The basic principles of the constitution and the guiding principles of the federal set-up of the country (mutual respect, tolerance, partnership and senses of fraternity) are interdependent and non-replaceable.

The multi-national federal system of Ethiopia and the underlining principles and provisions of the founding document (the constitution), are basic factors behind all Ethiopia's socio-economic, and political achievements. Unlike the earlier periods, Ethiopia has become successful in ensuring peace, economic development, and democratization. In fact, there are fueling challenges that hinder speedy reach to envisioned targets. Such challenges as unemployment, inflation, rent seeking practices, movement of fundamentalists and extreme neo-liberalists, are few. The challenges are not new, they are in fact derivatives of the pervasive abject poverty history of the country.

1. Introduction

Federations often have their own peculiarities, yet they also share some common features. The common denominators among most federation are existence of:

- *two or more levels/tiers of governments;*
- ***Separation of power*** (formal and constitutional distribution of legislative and executive authority);
- ***organ that interpret the constitution;***
- ***representation of regional views within the federal policy making and legislative processes;***

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- *institutions that facilitates inter-governmental collaborations (facilitation of both vertical and horizontal collaborations while implementing shared and overlapped responsibilities);*

Some Features of the Ethiopian Multi-National Federalism

Some of the provisions of the constitutions of Ethiopia are rarest in other federations, such as:

1. ***The Rights to self-determination of nations, nationalities and peoples.*** Article 39 of the constitution provides rights to self-determination for nations, nationalities, and people of Ethiopia including a right to secession is unique. And this is believed to anchor sustainable co-existence of federal units;
2. ***Group and Individual Rights:*** The provision that treats both group and individual rights as two faces of a coin is in difference of other federations;
3. ***Provision of Compensations for historically marginalized federal states to ensure equity:*** In order to ensure equitable socio-economic and political development among members' states, there are certain provisions in favor of previously marginalized member states (Article 89/4). For instance consideration of inequalities emanating from past injustices during budget allocations.
4. ***Ownership and use rights of land (Article 40/3-8):*** Land use rights are constitutionally put in bald to protect the potential displacement challenges of the rural society of the country;
5. ***Development of regional Constitutions:*** What is unique in the constitution is that member states of the multi-national federal arrangement of Ethiopia are authorized not only to a full measures of self-government but also to develop their own regional constitution within the framework of the national constitution;
6. ***Interpretations of the constitution:*** Unlike most federations, responsibilities of constitutional interpretation are given to the House of Federation /HoF (a common house in which all nations, nationalities and peoples of the country are members). It is the organ that interpret the constitution.
7. ***Residual Power Given to the States:*** As stipulated in article 52(1) of the Federal Constitution, "all powers not given exclusively to the Federal Government alone, or concurrently to the Federal Government and States are reserved to the States".

2. Fiscal Decentralization and Fiscal Federalism in Ethiopia

2.1 Fiscal Decentralization

The Federal Democratic Republic of Ethiopia is made up of 9 member regional states. The federal government as tire of the federal system is an organ where principles of

shared rule are being exercised. Two cities (Addis Ababa and Dire Dawa) are chartered administration units each accountable to the federal government.

In Ethiopia, the nine autonomous regional states (similar to the federal government) are constitutionally granted with powers of exercising legislative, executive and judiciary rights within each respective territory (Article 52). What is different between the federal and regional states is that the former is bicameral and the later ones remain unilateral. According to the same provision, member states of the federation include; regional states of Tigray, Afar, Amhara, Oromia, Somali, Harari, SNNP, Gambella and Benshangul Gumuz.

Decentralization of power under the federal setup of Ethiopia does not end with tasks of power division between the federal government and member regional states. Rather; based on the principles and provisions of each regional state's constitution, power as well as resources are further shared among sub-regional units. What is a good experience in Ethiopia, regarding fiscal decentralization is that the federal government has done a lot to capacitate both the legislative and executive organs of the regional states through its Public Sector Capacity Development Program (PSCAP). Because of such an intervention, member states of the federal arrangement have developed their institutional capacities across sectors which are in charge of justice, revenue collection, urban development, and civil service reform practices.

2.2 Implementation Procedures of Fiscal Federalism in Today's Ethiopia

First of all fiscal matters in the multi-national federal system of Ethiopia are regulated by the upper chamber (HoF) where each and every nations, nationalities and peoples of the country are represented to have their own respective voices. By virtue of the provision enacted under article 62/7, the house is responsible to determine division of revenue derived from joint federal and state tax sources and the subsidies that the federal government may provide to states.

In doing so, the modalities of disbursing federal grants to regional states are supported by certain agreed criteria. Regional budget subsidy criteria include such parameters as population sizes, revenue collection performance records of each regional states and, comparative statuses of socio-economic development indicators of states. Depending on the changing nature of these subsidy disbursement parameters, the degree at which each criterion are weighted and/or rated is changing over time.

3. Success Stories and Challenges of the Ethiopian Federal System

3.1 Successes

Since the early 1990s, Ethiopia has established institutions that bring about remarkable changes in the country's socio-economic and political spheres. The foundation of the new constitution which is distinctively unique and comprehensive is the first success. By virtue of its 106 provisions, the constitution responded to various critical questions of human and democratic rights. National issues related to diversified interests have been also addressed through formulation and implementations of several reforms and policies.

The establishment of the multi-national mode of governance has contributed a lot to practice both national and local development programs. With the help of different efforts made by self and shared government entities, Ethiopia has registered a double digit growth scores for the past 10 to 15 years' time. What have been done better in sectors as education, health, water, infrastructure and human and institutional capacity building activities are live witnesses for the sated successes in the country.

In support of the overall development achievements, there had been multi-disciplinary efforts put forth to improve good governance in all sectors. What have been ensured in peace building and security across the country are results of the new constitutional provisions and the new government system put in place.

The following achievements speak more about the successes specific to the constitutional provisions.

- *Both **individual and group rights** are simultaneously protected;*
- *Rights of **self-rule (regional autonomy)** are respected and exercised;*
- *Directly and indirectly, citizens are exercising their **rights of participation** and start to enjoy **beneficiary rights** too;*
- *Nations, nationalities and peoples of Ethiopia have **ensured the rights of development** (including private property rights, land ownership/use rights, ...),*
- *Citizens have got freedom to act in the framework of **free market economic development principles**;*
- *Freedom of speech, expression of opinions, establishment of associations, and other **elements of human rights** have been liberated from centralized inspection procedures;*
- *Rights and **freedoms related to religion and beliefs** are being respected;*
- *Constitutional **rights of social services** such as education, health and potable water supply services are being provided to address public interests.*

Above all, the Ethiopian nations, nationalities and peoples have clearly underlined their commitments, convictions, and determinations towards ensuring the common vision “building of one and strong socio-economic and political society”.

3.2 Challenges and Limitations

Irrespective of the achievements within the constitutionally guaranteed multi-national federal system of governance, Ethiopia also faced a number of challenges in peace building, development, and democratization processes. Critical challenges facing Ethiopia and its citizens can be viewed from two perspectives. One is featured in relation to what we refer as generic weaknesses and the second one is directly related to certain implementation modalities employed in the courses of building the new governance system, multi-national federalism.

(a) General Challenges

Regarding general challenges of the system, poverty and backwardness have exposed the nation to a multitude of socio-economic and political ups and downs. Moreover, rent seeking practices remain a challenge, despite the concerted effort to curb it.

In summary, country-wide constraints and their root causes include the following:

- *The **working culture** of our society is not as expected to meet both national and local goals enumerated in various development policies and strategic documents.*
- *Historically **capitalized gaps such as lack of skillful labor and the culture of slow adherence to changes** also affected the government plans.*
- ***Unemployment**, elements of economically and politically fused practices of **fundamentalists** and inflation resulted from **unethically adopted marketing activities** are additional challenges against the national and regional goals of development and governance.*
- *Above all, **poverty catalyzed by backward thinking and corrupted service delivery systems** (growing culture of rent seeking) are **prime challenges against the development and democratization processes** of the system.*

(b) System Related Limitations

Successes and failures of the Ethiopian multi-national federalism is primarily depend on such factors related to the extent to which constitutional principles are respected and implemented accordingly. In addition to this, the way both government appointees and citizens understand and implement basic principles of inter-governmental relations determine the effectiveness of the governance system under consideration.

In Ethiopia in general, gaps related to awareness (knowledge, skill and opinion) on basic principles of the constitution are major factors that limit all anticipated growth changes in the federal arrangement. Likewise, constraints in implementing principles of the federal system and inter-regional relations are what practically challenge the existing federal system of government. These include:-

- *Limited awareness on both constitutional principles and provisions at all levels*
- *Lack of commitment towards respecting and implementing principles, procedures and norms of inter-governmental relations.*
- *Limitations related to the general descriptions of constitutional provisions regarding inter-governmental partnership modalities and, absence of other supporting legal frameworks to facilitate such relations.*
- *Absence of proven experiences on how to facilitate inter-governmental relations (strengthening and institutionalizing of inter-state relations and associated working procedures).*
- *Basic Principles of inter-governmental relations such as culture of partnership, sense of accountability, stakeholders' self-initiated participation, transparent ways of exchanging information and experiences, are not yet properly recognized, respected and implemented at all levels.*

4. Summary Notes

- The Ethiopian multi-national federalism is designed in a governance system that sets basic principles to guide the process such as: tolerance, mutual respect, partnership and fraternity.
- The Ethiopian constitution is developed on the basis of citizens' conviction, determination, commitment, and participation. And it is aimed at building a strong socio-economic and political society in the country.
- The Ethiopian constitution is not only supreme but also a binding legal document that granted various rights and duties/responsibilities to nations, nationalities and peoples of the country.
- The Ethiopian constitution is the foundation that guides the new governance system (multi-national federalism).
- The multi-national federal system of Ethiopia is primarily necessitated for purposes of accommodating diversities and thereby sustaining peaceful co-existence of all nations, nationalities and peoples of the country.
- In doing so, inter-governmental relations are inevitable and vital to the system by itself and, along with its principles; it is a safe ground to encourage integrated development and peaceful co-existence.
- Last but not the least, the foundation of the "Ethiopian Multi-National Federal System is "an opportunity" to all Ethiopians to "strengthen unity with in diversity".

PROSPECTS FOR A RENEWED UN-AU-IGAD PARTNERSHIP IN STATE BUILDING AND POST- CONFLICT RECONSTRUCTION IN SOMALIA: THE CHALLENGE OF GOOD GOVERNANCE PROMOTION

By

Valerio Bosco⁴⁷

Abstract:

The paper provides a short analysis of the most recent political and security developments in Somalia by highlighting the positive role played by the increased partnership between the UN, the AU and IGAD in supporting a more inclusive peace process and a comprehensive approach to post-conflict reconstruction and State building in the country. Lesson learned from cooperation between UN, AU, and IGAD in facilitating the peace process in the past years could provide specific inputs on how to ensure that the new phase is grounded in respect for Somali leadership and ownership and principles of inclusive dialogue.

In light of priorities identified by the Somali government (stabilization; peace building and reconciliation; economic recovery; collaborative international relations, public service delivery; and unity and integrity of the country) good governance promotion - both at federal and local level – is identified as the crucial area where the above-mentioned international and regional organizations should scale up their work and cooperation in Somalia. The paper suggests the possibility for UN expertise and agencies – including the new UN mission in Somalia (UNSOM), UNDP, ECA - AU and IGAD instruments and platforms to provide Somalia with the necessary international and regional framework as well as capacity support to guarantee adequate focus on good political and economic governance. In addition, the promotion of effective land policies, anti-corruption, private sector development, youth empowerment, sound financial management practices, effective governance framework for natural resource are identified as key sectors where Somali stakeholders could benefit from increased interaction with and support from the UN system.

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1. The End of the Transition: The UN-AU-IGAD Role in 2012

Along with the improvement of the security situation in southern Somalia and Mogadishu in the second half of 2012, the end of the political transition in Somalia in August 2012, the establishment of new Federal Parliament - through the selection of 275 members by 135 traditional elders - the election of Hassan Sheikh Mohamud as new President as well as the appointment of Abdi Farah Shirdon as new Prime Minister raised optimism over the prospects for peace consolidation in the country.

The new government identified Somalia's priorities in the following six policy pillars 1) stabilization 2) peace building and reconciliation, 3) economic recovery, 4) collaborative international relations, 5) public service delivery, 6) unity and integrity of the country. These are blue print for peace consolidation and State building in the country. Furthermore, the new government also issued a program of work to reinforce governance structures, to promote national reconciliation, to build good-neighborly relations, and to consolidate socio-economic infrastructure (UN, 2013a).

The positive developments in Somalia were achieved through a renewed cooperation between Somali actors, the AU peace support operation, the neighboring countries, United Nations and IGAD. *An informal division of work between regional and international organizations was able to ensure effectiveness and complementarities of their cooperative engagement in Somalia*

The international debate on Somalia created a new consensus on the need to accelerate the end of the transition. A new series of international conferences promoted a common understanding on the need to ensure the end of the former TFG and open a new phase for stabilization and peace consolidation. Allegations of widespread corruption and criminal activities within the TFG suggest the International Community to act in a more determined and coordinated manner in order to end the transition (Burton, 2010). Furthermore, the rise of piracy and global threat represented by Al-Shabab and its alleged links with international terrorist groups justifies the need for a collaborative effort of Somalia and its stakeholders.

With regard to the insurgency and security situation in Somalia, it is widely acknowledged that the strengthening of AMISOM in 2012 was crucial in freeing some areas in southern Somalia, and part of Mogadishu and its neighborhoods that were under the control of Al-Shabab. The role played by the Ethiopian and Kenyan troops, and the new AMISOM operation were instrumental in driving out Al-Shabab from areas they controlled. The capture of Marka and Kismayo represented most significant and symbolic territorial gains. Nevertheless, Al-Shabab was able to regroup and

launched a warfare to disturb the current political process and to create chaos in the country. The security situation remained therefore volatile in light of the continuing terrorist attacks and deliberate targeting of civilians. Nevertheless, a crucial challenge for AMISOM was the lack of political component entrusted with the mandate to synchronize its activities with UN good offices initiatives. A regional and continentally guided interventions need to be strengthened rather than single Member States participating in AMISOM providing their own political instructions emanating from their respective capitals. This aspect was somehow reflected in the multiple meetings organized by the African Union through the format of the AMISOM Troop Contributing Countries or the International Contact Group where aspects related to security, military operations and capacity of AMISOM and national security forces were the only elements to be dealt with.

The United Nations, through its good offices and the UN Political Office for Somalia were the leading forces in the facilitation of the peace and mediation process. Particularly important was the role played by SRSG Ohud Abdallah who emphasized the nature of Somalia as a fragile State and not a failed one (Atta-Asamoah, 2013). At this stage, partners' support are critically needed in a spirit of gradually abolishing external blueprints for the stabilization and pacification of the country. Particular emphasis was, therefore, put on the inclusion of groups that were excluded from the political process – including opposition elements based in Asmara – as well as on the potential role to be played by the diaspora (Bosco, 2009).

The appointment of Augustine Mahiga from Tanzania as new SRSG coincided with an increased involvement of regional actors in the peace building process and the promotion a more inclusive dialogue with key stakeholders in Somalia. *Mahiga also promoted an increased involvement of civil society organizations, traditional leaders, and women groups by taking advantage of the proactive approach taken by the Somali civic movement in moving the political process forward.* The adoption of the provisional federal constitution, the establishment of the new parliament, and the election of a new president were identified as the most urgent steps to be taken to accelerate the completion of the transition. The PFC was signed in Nairobi, Kenya, on 22 June 2012, by the Somali road map signatories with UNOPS being the key facilitator.

UNPOS also promoted the principle of women's participation in politics – the appointment of two women in the 10-member Cabinet marked a significant progress.

Since its establishment, the government carried out preparations to formulate a local governance structures that would last for three-phases during which the temporarily

appointed administration would gradually be succeeded by locally selected and then by elected regional administrations. It is in this field that IGAD, in close consultation and collaboration with Somali authorities, played a crucial role to implement the Grand Stabilization Plan for South Central Somalia. The Plan was aimed at empowering the population at all levels in the newly recovered areas of south-central Somalia to determine administrative and political arrangements in the Federal Republic of Somalia. The stabilization plan was expected to promote political reconciliation, to establish local administrations, to develop integrated national security capacities, and to establish rule of law and deliver the necessary assistance to communities in need.

In addition to this, the recovery of new areas by Somali and AMISOM forces generated new pressing demands on the new Government. Improvement of public safety and security; re-establishment of local, district and regional administrations; delivery of basic services; and initiation for reconciliation have become key priorities. The United Nations also launched consultations with new authorities on the emerging development challenges and on improvising security situation. A plan for the development of the Somali police force was put in place. Disarmament, demobilization, and reintegration were identified as major challenges.

Furthermore, a new sense of urgency was given to the issues of socioeconomic recovery and development. Low levels of capacity in both the public and private sectors, as well as the lack of enforceable regulatory frameworks continued to constrain recovery and development in the country (UN, 2013b). The United Nations focused their support on Puntland and Somaliland in order to strengthen their capacities to utilize environmental and natural resources in a sustainable, equitable, and gender and conflictive sensitive manner. The United Nations developed a framework to monitor progress on poverty eradication, and the Millennium Development Goals. UNDP Somalia Human Development Report 2012 represented a crucial contribution to the promotion of youth empowerment and social development. The report clearly indicated how Somali conflict became a major obstacle to address social, economic and political exclusions faced by the youth.

In conclusion, the multifaceted support provided by the UN system, the AU, and the IGAD in facilitating the end of the transition and the preliminary phases of the State building process cannot be underestimated. In line with priorities identified by the Somali government, Security Sector Reform, Disarmament, Demobilization, Reintegration, governance and basic service delivery, socio-economic development became the areas where the above-mentioned actors were asked to focus their initiatives.

Nevertheless, the UN presence in Somalia has been criticized by national, regional, and sub-regional actors for lack of coherence and proliferation of its offices. UNPOS, UNSOA, UNDP were seen by Somali stakeholders as different and uncoordinated doors.

2. New Phase of International Engagement in Somalia

The above-mentioned progresses on the security and political front were recognized by the International Community. It suggests the need for comprehensive review of the forms and structures of international assistance flows to Somali authority.

Security Council Resolution 2067, which was approved in September 2012, urged the UN Secretariat to develop an integrated strategic approach to all activities of the United Nations system in Somalia in close partnership with the Somali authorities, the African Union, and international partners. The UN SG was also asked to present options and recommendations on the future presence of the United Nations in the country.

During consultations between UN Somalia Integrated Task Force and Somali stakeholders a “strong appetite for UN enhanced role in peacebuilding” emerged. Somali authorities requested strategic and policy advices, as well as unified United Nations support to build national institutions, including in the areas of security, governance, justice, and in coordinating international assistance. Somali authorities asked for a more integrated UN approach to be based on Somali ownership of peacebuilding; a long term strategy for the development of Somali people and institutional capacity; and support to accelerate the transition from humanitarian aid to economic recovery and development. While the need to enhance the physical presence of the United Nations in Mogadishu and beyond was suggested, the President of Somalia openly called on the United Nations to provide “one door to knock on”. These views on the UN presence in Somalia were greatly echoed by the African Union, the regional and international partners. The need to provide Somalia’s with nascent federal and regional institutions in a timely and tailored manner was highlighted.

The UN Secretariat has considered options for a new political mission whose mandate could focus on (a) good offices and political support; (b) strategic and policy advice on matters of security, peace building and State building, including a substantially strengthened security and rule of law, and support to coordination in these areas; (c) monitoring, reporting and technical advice and capacity-building on human rights, and

(d) coordination and support to Government efforts to manage international assistance, with particular attention to security sector reform.

The UN Secretariat reviewed three possible options, namely: a) a Joint African Union/United Nations peace support operation, b) a fully integrated United Nations peace building mission, and c) a United Nations Assistance Mission. The first option seemed to be most dangerous: whilst meeting the concerns of the African Union for consistent funding and operational flexibility for AMISOM, it was considered to increase the identification of the United Nations with AU active combat operations against Al-Shabaab, thus raising the issue of political impartiality and eventually compromising humanitarian space. The second option of a fully integrated United Nations peace building mission, will operate alongside AMISOM to undertake political, humanitarian and development activities is in line with the interest of Somalia for a single and coordinated United Nations presence in Somalia. The risk of combining political support and aid coordination functions during combat operations or in areas where territorial control by the central Government is limited has presented serious risks.

A strong preference within the UN system and international community emerged for a new United Nations mission engaged in delivering political and peace building support with a presence across Somalia. While the support component to AMISOM was supposed to be integrated in the new mission, the United Nations country team was expected to remain structurally separate.

It goes without saying that the approach promoted by the UN Secretariat was not well received by the African Union. Nevertheless, the new proposal made by the UNSG seemed to meet Somali's request and represented an advanced step in comparison to the light footprint approach promoted by the UN Secretariat since 2009. The UN assistance mission was probably the best way to ensure coherence of political and peace building efforts without jeopardizing the space for humanitarian assistance. In light of the above, the UN assistance mission to Somalia (UNSOM) was authorized by Security Council 2102 (2013) of 2 May 2013. In conclusion, the liquidation of UNPOS represented a new phase in the history of UN engagement in Somalia: UNSOM was given the mandate to provide good office, support political dialogue, and advise the government on peace and state building, including the coordination of international assistance (UN, 2013d).

During the first half of 2013, the Federal Government of Somalia continued to consolidate its efforts to promote establishment of sustainable peace and credible democratic institutions. The implementation of its six-pillar policy and the plan for the

establishment of regional administrations were given prominent focus. From the institutional point of view, interaction between the government and the parliament dramatically increased, further progresses were made on the review of the provisional federal constitution. The President, the Prime Minister (Abdi Farah Shirdon), the Speaker of Parliament (Mohamed Jawari) , and several Members of Parliament have successively undertaken visits to meet with local leaders and communities in the regions of Shabelle Hoose, Hiraan, Bay and Gedo, “Galmudug” and “Puntland”.

UNPOS and the new UNSOM were increasingly engaged in the support of the national reconstruction process; the establishment of local governance structures, and the stabilization of the newly recovered areas. They promoted enhanced political outreach and national reconciliation; worked on moving forward with the process of federalism, constitutional review, and preparations for elections and provided technical assistance in various fields. The need to build good working relations between the Parliament and the Executive, and the development of an outreach strategy for the Members of Parliament to establish dialogue with their constituencies have received an increased focus. Mechanisms for promoting capacity development in support of the six-pillar policy and other initiatives aimed at consolidating the civil service are also put in place.

Nevertheless, as it is widely known, the federal government has been facing a serious challenge in the southern regions where a conference which took place in Kismayo proclaimed Sheikh Ahmed Mohamed Islam Madobe as President of the Jubaland State of Somalia. While the development in Jubaland violated the provisional federal constitution of Somalia and the national policy on regional states formation, PM Shirdon appointed a joint committee in order to address the issue and promote a reconciliation process in the area. A joint committee was appointed by the PM in order to address the issue and promote a reconciliation process in the area.

IGAD has intensified its efforts to support the process of building regional administrations. IGAD undertook several visits to the area and reiterated decisions taken during the twenty-first extraordinary summit of its Heads of State and Government and facilitated further dialogue between Kenya and Somalia⁴⁸.

The signing of a seven point cooperation agreement signed in Ankara in April 2013 between the Federal government and Puntland is an encouraging development. The

⁴⁸ Ethiopia: 21st Extraordinary Summit of IGAD Heads of State Held Today, <http://allafrica.com/stories/201305060350.html>

Parties agreed on the restitution of property, on the facilitation of investment, on the introduction of new Somali national currency, and on the capacity building for electoral and governance system. Although, the relations with Somaliland has improved since the signing of the agreement, the recent disagreements of the Federal Government with both Puntland and Somaliland administrations became a new area of concern and seemed to neutralize prior progresses.

With regard to the security situation, Al-Shabab's movement remains the principal threat to peace in Somalia. Despite some improvements in Mogadishu, Al-Shabab continued to launch asymmetrical attacks on soft targets using terrorist tactics that often resulted in civilian casualties. Targeted killings and attacks are routinely reported. In this sense, the development of professional and capable Somali security forces and the disengagement of Al Shabab fighters from the society are instrumental.

More recently, security sector reform and an effective governance system of national military and police force have been identified by President Mohamud as the "priority of priorities". During the second London Conference on Somalia held on 7 May 2013, the Federal Government presented its draft national security plan framework, and called for urgent support for the Somali National Army and strategic action plans for the policing and justice sector. The London Conference focused on Security, Justice, and Public Financial Management. The importance of London conference cannot be underestimated with regard to commitment taken by president Mahommud on the continuing stabilization of Somalia through dialogue, the finalization of draft constitution, preparation of 2016 elections and intensified cooperation and goodwill in addressing aspiration of local and regional administrations. On top of the USD 300 million pledged for stability in Somalia, additional funds were also pledged by US (40millions) and UK (52million) for security activities, including deployment of Somali forces outside Mogadishu and anti-piracy actions. Funds are also allocated to train police officers.

Furthermore, the launch of the *New Deal Compact* process in June 2013 also represented a crucial step to betterment of collaborations between the Federal Government and the international community. The Compact is expected to set out the most important priorities within the five Peace- and State-Building Goal for Somalia and associated commitments of the Federal Government, resulting from a consultation process among different regions and social groups. The development of a comprehensive Compact should allow to further shape the above-mentioned priorities, financing mechanism and modalities through a mutual accountability framework. The Conference on a New Deal for Somalia will take place on 16 September 2013 in Brussels, Belgium.

Nevertheless, the regional dimension of the crisis and the action of neighboring countries remains crucial in order to catalyze necessary international engagement in Somalia. The recent AMISOM TCC Summit which took place in Kampala, Uganda, in early August called for the International Community to enable them to reorganize, restructure and increase their military presence and to mobilize increased logistical support. The meeting was held under the theme towards a harmonized approach by stakeholders in Building a Peaceful Somalia (AMISOM, 2013)⁴⁹.

Some analysts noted that despite the increasing international understanding on the need to accompany Somalia through a socio-economic recovery process which could leave behind the humanitarian emergency, a renewed and narrow focus on security seemed to emerge. However, any approach to the stabilization and post-conflict reconstruction of Somalia that does not include the security discourse within the overall need of strengthening good governance is unlikely to succeed.

3. The Need for a New Focus on Good Governance and Socio-Economic Development in Somalia: Distributing Peace-Dividends

Recent studies show that good governance lower the risk of conflict recurrence in countries emerging from political crisis and violence. In particular, data shows that five years after conflict ends, the risk of conflict recurrence is negligible in a country with governance level at par with developed democracies. In countries with poor governance, it takes 15-20 years to achieve the same reduction in risk (Harbon and Walensteen, 2010). Effective governance is identified by several analysts as the necessary condition for successful peace-building.

Furthermore, reduction and or end of hostilities – as it happened in some parts of Somalia and in other post-conflict settings – naturally create high expectations for the provision of tangible political, social and economic gains.

It is also acknowledged that good governance reduces the accumulation of conflict capital and helps stimulate and encourage post-conflict growth. Provision of basic services; water, sanitation, health and primary education; economic revitalization and recovery; restoration of core government functions such as basic public administration and public finance are key priorities of a good governance system. Such provisions and functions cannot be met without sound governance practices or mechanisms. In

⁴⁹ See more at: <http://somaliamedia-monitoring.org/august-5-2013-daily-monitoring-report/#sthash.OE3k7yMt.dpuf>; AMISOM Daily Media Monitoring., 5 August 2013.

other words, it can be argued that “*without effective governance institutions – an effective government, a strong private sector, and a vital civil society – little can be done to bring about peace, reconstruct war-affected countries and stabilize political, economic and social conditions*” (UNDESA and UNDP, 2007).

The lack of capacity in terms of human resources and infrastructure, within the public sector, to deliver essential service or perform core functions of government can be both a cause and effect of conflict. Several studies link State capacity to civil conflict. Fearon and Laitin (2004) argued that State capacity, which they proxy by per capita income, is closely linked to the onset of civil war. They found that high-capacity States have much lower risk of conflict and conflict relapse than weak States.

Civil participation and civil society organizations do play a very effective role in acting as dynamic platform and lobby for the promotion of good governance. Transition to a stable Somalia is unthinkable without the full engagement of Somali civic movements (civil society organizations, women and diaspora groups, and traditional leaders). Civil society organizations might often lack resources and legitimacy to be effective in influencing the political scene. However, in cases where citizens’ needs are not met, corruption is rampant and the economic and peace dividends are not fairly distributed, CSOs can be the most precious vehicle to challenge existing system of ineffective governance and promote inclusive approach to peace building. This is particularly true for Somalia.

The new deterioration of relations between Government of Somalia and Puntland on issues related to power sharing, management of natural resources, destination and use of foreign aid do represent an importance dimension of the governance discourse. At the same time the renewed tensions in the Jubaland highlighted the risks of balkanization of the country as well as the need to ensure an inclusive and bottom up approach to establish regional administrations and federal structures of governance.

While SSR and DDR processes are crucial in order to strengthen security and promote reconciliation in Somalia. Al-Shabab, a major threat to peace and security in Somalia, can also be weakened youth empowerment strategies that provide decent jobs and invite at most political and economic inclusion. Once, hope is there for the youth, Al-shabab will find it hard to make new recruitments and it can be well isolated.

Key aspect of socio-economic recovery is the role that can be played by an active and dynamic private sector. Since the end of the transition, there has been a rapid increase in private sector activities in Mogadishu. Private sector could also be a key vehicle for promoting economic growth and recovery and for ensuring youth employment.

According to the 2012 Somalia Human Development Report entitled "*Empowering Youth for Peace and Development*" 73 per cent of Somalia's population is below the age of 30, and 42 per cent is between 14 and 29 years, and the unemployment rate for youth aged 14 to 29 amounts to 67 per cent - one of the highest in the world. Somali youth apparently ask for access to a better education, and economic and political participation. The contribution of Somali youth to reconstruction and stabilization of the country cannot be overemphasized (UNDP, 2013).

The emergence of significant oil interests in Somalia and the region should be well monitored. Additional political tensions over oil resources would further undermine coordination between federal and regional administrations and would threaten the peace and security situations. The hostility between the Federal Government of Somalia and the regional administrations that have signed oil deals independently of the Federal Government is escalating. Tensions between regional authorities and self-declared administrations and local armed forces emerged in the areas of Sool and Sanag between Somaliland, Puntland and self-declared Khatumo State⁵⁰. Power sharing issues in Jubaland and territorial disputes between Somalia and Kenya could also represent a threat to peace and security.

Nevertheless, the issue of public financial management reform remains a top priority. The Government has completed its PFM self-assessment, supported by the World Bank and the United Kingdom Department for International Development. The idea was to improve the budget formulation and execution process, enhance fiscal discipline, and strengthen overall financial management and accountability. The self-assessment highlighted the low revenue base, stressing on the lack of government control over major ports, an out-of-date tariff system and weak controls. The Office of the United Nations Resident Coordinator and UNPOS worked with the Federal Government and the World Customs Organization (WCO) to strengthen the customs and port management regime, which contributed to Somalia's becoming the 179th member of WCO.

Despite the above-mentioned efforts, the findings of the latest report issued by the SC Monitoring Group launched an important alarm over supposedly persisting bad practices, corruption and misappropriation of public resources. The report, which was accused of biased anti-government approach, highlighted the risk of a patronage system and set of social relations that is increasingly defying the institutionalization of the State. According to some analysts, the system of Fadlan where key leaders

⁵⁰ East Africa: Energy Group Opposes Somali Government Deal With Soma Oil and Gas, 16 August, <http://allafrica.com/stories/201308190593.html>

authorize individual payments from public funds is fundamental to the distribution of resources within the sphere of Government and is not aligned with structured spending and national budget system for official and public bodies⁵¹.

4. Conclusions and Recommendations

Political and security developments of Somalia since the summer of 2012 have been widely seen as the best chance in decades for sustainable peace in the country. Security gains achieved since 2012 have been real, precarious, and reversible at the same time. Areas recovered from Al-Shabab do remain volatile and setback might derail the entire process of State building in Somalia. Restoring effective local and federal governance structures in the above-mentioned areas is therefore extremely important.

Progresses on the security front and the stabilization process are ultimately linked to political reconciliation. The 6 pillar policy framework identified by the Somalia Government - 1) stabilization 2) peace building and reconciliation, 3) economic recovery, 4) collaborative international relations, 5) the delivery of service to people, 6) unity and integrity of the country – still represents a homegrown blueprint to which international and regional actors should align their engagements in Somalia.

On the basis of the above-mentioned priorities, and in line with the current political process and international engagement in Somalia, a reorganization of the work carried out by UN-AU-IGAD in Somalia could be envisaged. However, this restructuring should respect Somalis' self-leadership and ownership. It should also be guided by the principles of inclusive dialogue with all national stakeholders.

The current division of labor where the UN deals with the political process and peace building support, the AU force provide security in cooperation with Somali authorities, and IGAD facilitate the crisis management initiative related to the Federal State building process should ensure additional complementarities and more effective synergies.

Increased cooperation between IGAD and the new UN mission should be ensured in order to accompany and complete the establishment of local and regional administrations in an inclusive and peaceful manner: the leading role of IGAD in this process cannot be overemphasized.

⁵¹ Somalia: United Nations Report Paints Grim Picture of Somalia, <http://allafrica.com/stories/201307190069.html>

AMISOM role is crucial in ensuring safety and protection of UN personnel and supporting efforts of Somali security forces aimed at restoring State authorities in areas recovered from Al-Shabab. Thus, strengthening AMISOM's military capabilities is key.

Despite the very peculiar experience of Somalia, lesson learned from peace building process in other regions of the continent might prove to be useful with regard to promoting good governance, private sector development, youth empowerment, and natural resources management. Twin exercises and peer review of peace building experiences should be facilitated by the UN family and the African Union, whose PCRD policy provided an important contribution to the post-conflict reconstruction in the Great Lakes Region.

In line with recommendations made by 2012 UNDP report, preparing youth and women for the job market in Somalia, and providing them with trainings and skills for improved livelihoods, and political inclusion should be integral part of the process. Increased women representation in the Somalia stabilization process is fundamental component of the envisaged social transformations (Abdi Moalim, 2013).

To encourage youth employment and to address challenges posed by piracy, conflict and unemployment, UN system should increase support activities aimed at creating an enabling environment for investment and private sector development in Somalia. The establishment of Islamic microfinance instruments could boost financial inclusion.

With regard to some of the priorities indicated above, namely, the management of natural resources, and private sector development, UN actors could scale up their involvement. The repositioning of ECA, as continental think tank institution and forum for technical assistance with a renewed focus on economic and financial governance, could provide technical assistance to the State building process in Somalia, with a specific focus on natural resource management and governance, public financial management, anti-corruption, fight to illicit financial flows. As land disputes have continued in Mogadishu (since many privately owned homes were taken over by influential landholders after the collapse of the central government in 1991) initiatives aimed at promoting sound land policies in line with regional policies and frameworks should be also considered⁵².

⁵² Somalia: Mogadishu Mayor Asks Lawmakers for Help With Land Dispute Resolution <http://allafrica.com/stories/201308140336.html>, 14 August.

In relation to the emerging tensions over the oil sector, recommendations from UNSC Sanctions Committee Monitoring Team do deserve adequate attention: the absence of clear constitutional agreements between regional and federal governments, the lack of best-practice transparency mechanisms and procedures for the management of fees, royalties and takes on future oil production does not create necessary conditions for negotiations between Somali authorities and oil companies. Current negotiations risk fueling non-transparent practices, mismanagement, and also exacerbating political disagreements and tensions. The establishment of an inclusive and representative national commission with the mandate of harmonizing, constitutional, legal and fiscal provisions related to natural resources management should be considered. An ad hoc governance mechanism in the oil sector could also be established in order to manage, publish, and disseminate information on oil contracts and payments made to regional and federal authorities (UN, 2012). Moreover, with regard to the oil sector, it should be noted that strong negotiating skills are required for Somali authorities in order to ensure that exploration rights, rents for leasing, share of profits and royalties distribution are designed by taking into account the need to add local content to economic activities, promote low and medium level service-jobs as well as incentives for infrastructure development (UNECA, 2007).

Lastly, capacity building in Somalia should not be conceived as an exercise to be only linked to the national security sector: parliamentarians, personnel from civil administrations, at both federal and regional level, judiciary, CSOs, NGOs, could all benefit from the design and implementation of a comprehensive and inclusive capacity building program for Somalia, to be eventually coordinated by the UN and IGAD.

A substantial shift to country and international efforts aimed at strengthening national capacities at all level of the State building process is needed. A medium term capacity building program for Somali stakeholders, to be considered as an evolving framework, is strongly required in order to ensure the alignment of international assistance to the nationally established six priorities and stimulate adequate resource mobilization for support to the State building process.

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STRENGTHENING PEACE THROUGH REGIONAL ECONOMIC INTEGRATION: THE PROMISE OF SOMALIA'S DIGITAL ADVANTAGE

By

Ali Noor Mohamed⁵³

Abstract

This paper advances the argument that Somalia is at a crossroads and best-positioned to lead regional economic transformation through ICT. Despite its reputation as the quintessential failed state, Somalia is ironically the most viable candidate to serve as the nexus for regional economic integration that brings together IGAD member countries. Regional integration is best achieved through utilization of ICT. Somalia is already a de facto regional hub through the considerable private investment in mobile and internet infrastructure over the last two decades. Although it is understood that regional economic integration is the best insurance against armed conflict, it is equally true that old habits and adverse cultural mindsets may militate against its realization. It is paramount, therefore, that the government in Mogadishu, with the help of donor countries and regional organizations such as IGAD emphatically provide the impetus for achieving this goal.

1. Introduction

Even during the darkest moments of Somalia's civil war, many development experts marveled at Somalia's advanced communication technology infrastructure – widely acknowledged as one of the most advanced in sub-Saharan Africa (Mohamed and Childress, 2011). The inordinate rate of diffusion of ICTs was precipitated in large measure by the single most transformative element that has defined the Somali condition over the last few decades – the forced exodus of about a million of the country's urbanites, including much of her technocratic and educated classes. The likelihood of even faster diffusion of IT and other technologies is now further enhanced by the current “reverse brain drain” trends in which thousands of diaspora Somalis are returning home – many with a strong entrepreneurial spirit. This potent combination of skill, ambition, capital, and technology ought to be harnessed in the

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right way to produce the most desirable outcomes for Somalia and the entire Horn of Africa region.

This paper advances the argument that Somalia is at a crossroads in which it is best-positioned to lead regional economic transformation. Despite the country's reputation as the quintessential failed state, Somalia is ironically the most viable candidate to serve as the nexus for regional economic integration that brings together Ethiopia, Uganda, Kenya, Djibouti, Eritrea, Sudan, and South Sudan -- a market that is over 250 million strong. Regional integration is best achieved through utilization of ICTs. In part due to its strategic location and the considerable private investment in mobile and internet infrastructure over the last two decades, Somalia is set to be the *de facto* technological and commercial hub for the Horn of Africa region.

Although it's understood that regional economic integration is the best insurance against armed conflict, it's equally true that old habits and ethnocentric cultural mindsets may militate against its realization. It's paramount, therefore, that the government in Mogadishu, along with her Horn of Africa partners, donor countries, and regional organizations such as IGAD, emphatically provide the impetus for achieving this goal.

2. Role of ICT in Economic Development

Current literature on social and economic development uniformly affirms the consensus that information and communication technology (ICT) is indispensable for economic growth and enhancing a wide range of human development indices. A UNDP study in 2006⁵⁴ noted that ICTs can affect human development in several ways:

- ICT boosts economic growth. Just within 6 years last decade, global spending on ICTs quadrupled – with a corresponding expansion of cross-border commercial activity that boosted GDPs across the board.
- ICTs enhance human productivity in large measure by breaking many barriers.

a) Breaking barriers to knowledge

The internet is a major delivery mechanism of information and knowledge to segments of the population that lacked access before. With access, even those with limited education were enabled to gain greater knowledge of one's chosen field of interest. ICTs are used for life-long learning in continuing education programs as well as to re-integrate unemployed people into the workforce.

⁵⁴ Realizing the Millennium Development Goals: Promoting ICT for Human Development

b) Breaking barriers to participation

Internet discussion groups throughout Africa and the developing world contribute to creation of vibrant public spheres that have had emancipatory benefits for hitherto voiceless groups. Examples include a radio campaign against the caste system in Somalia, challenges to patriarchal injustices against women in Uganda, and the Malala case in Pakistan that spotlighted the extent of inequality for girls in eastern cultures, etc.

In areas where the media are strictly controlled, the Internet has afforded various groups a forum for political mobilization and greater civic participation (this has been especially true in Somalia recently when Islamist extremists intimidated journalists through the threat of torture and murder).

c) Breaking barriers to economic opportunity

ICTs require less initial capital investment than most other commercial and business ventures. As a result, they lower the barrier to entry into the economy for millions of small entrepreneurs, producers, and women. ICTs make it possible to overcome the challenges of distance by vastly expanding markets for small entrepreneurs and producers.

But as the challenges of the digital divide illustrate, most of Africa's poor and illiterate masses cannot take full advantage of these opportunities. Many real-life cases in the developing world illustrate point:

- i) Active and enthusiastic participation by poor peasant women in Ghana in an internet-based rural information system.
- ii) Widespread adoption of e-mail as a cost-effective alternative to telephone calls by poor rural women in Uganda.
- iii) Moroccan villagers use the internet to sell hand-crafted ornaments – some for as much as \$300 a piece.
- iv) Small farmers in the Ivory Coast raised their income 20-35% by using the internet to market organically grown vegetables and tropical fruits to European customers

But in all these cases, the peasants and villagers were assisted by better educated and better trained persons with higher ICT literacy. The positive effects of technology did not survive withdrawal of the trainers from the villages. This underscores the importance of higher ICT literacy for genuine economic transformation.

3. Regional Economic Integration and the Potential Role for Somalia

International trade is assuming ever increasing importance in the global economy with its contribution to the global GDP set to rise to 50% by 2020 (UNECA, 2011). The continent is not only the least integrated region into the global economy but also the

Regional Economic Community	No. of Member Countries	Free Trade Area	Customs Union	Common Market	Economic & monetary union
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least regionally integrated continent in the world with intra-African trade accounting for only 10% of the continent's total trade. This contrasts sharply with intra-European trade at 70%, or with inter-ASEAN trade at 47%, or 32% for inter-North American trade, and 27% for inter-Latin American and Caribbean trade.

Following agreement on the Abuja Protocol of 1991, several African trading blocs were established as part of a long-term plan to integrate the continent economically as a whole by first integrating separate geographic regions (World Bank, 1991). Of all African regional trading blocs, Intergovernmental Authority on Development (IGAD) represents the least developed region with members making no effort at integration (See Table 1).

The Abuja Protocol sets a specific timeline for achieving full African economic integration by 2034. Important intermediate goals to be realized along the way include: (1) creation of regional trading blocs by 1999; (2) strengthening of Regional Economic Community (REC) coordination and harmonization by 2007; (3) establishment of free trade areas and customs unions within each REC by 2017; (4) establishment of a continental common market by 2023; (5) establishment of a continental economic and monetary union by 2028; and (6) attainment of full and functioning African Economic Community with a single currency and free flow of goods and services among all African states.

IGAD's counterparts among African trading blocs such as COMESA (Common Market for Eastern and Southern Africa), EAC (East African Community), ECOWAS (Economic Community of West African States) and SADC (Southern African Development Community) have all taken strident steps towards meeting the goals of the Abuja economic integration timetable. All these organizations have reached agreements establishing their blocs as trading partners and economic entities and are already functioning as free trade areas. Most have established customs unions to facilitate free flow of goods and services among member states.

COMESA	19	Established in 2000 with 14 participating countries	Launched in 2009 with three year transition period	Not scheduled	Proposed for 2018
EAC	5	Established	Established	Agreement ratified in 2010; five-year transition	Scheduled for 2014
ECOWAS	15	Established	Not yet established	Initial steps taken re freedom of movement	Eventual merger of UEMOA and WAMZ envisaged
SADC	15	Established	due to be launched in 2010 but was postponed	Proposed for 2015	Proposed for 2016
IGAD	7	Not yet established	Not yet established	Not scheduled	Not scheduled

Table1: Current Status of Selected African Economic Communities

Source: UNECA (2011)

With the exception of COMESA, all have either ratified or have made substantial progress towards establishing a common market. All have also scheduled specific dates within the next 2-5 years to achieve full economic and monetary union. By contrast, IGAD members have yet to take a single step toward economic integration. Clearly, the long history of wars and civil wars in the region has precluded all chances for progress toward economic integration in this region. But opportunities have opened up now especially with the cessation of armed conflict in Somalia and a strong Pax-IGAD order seemingly established over the region. The fact that there has been little economic integration means that opportunities for faster development are greater here than elsewhere on the continent.

Countries in the Horn of Africa represent a 250-million market where each country has specific strengths that can make economic integration a bonanza for the entire region.

Ethiopia, Uganda and south Sudan are landlocked countries among IGAD member countries with more than a 100 million population. Diversification of their economies – which is a goal for most developing countries – will require external markets to grow and develop -- at the same time that they can serve as next-door markets for their Horn of Africa neighbors. Uganda's economy can easily be integrated with south Sudan's

where complimentary needs in energy, agricultural, fishing, and educational resources exist.

Kenya offers more advanced infrastructure, especially in broadband and ICT utilization. In the entire East Africa region, Kenya alone has direct connection to international Internet backbone channels through a submarine fiber optic cable. Also, Kenya offers the most advanced ICT-based trading experience in the region.

Somalia's natural resources and her people's entrepreneurial spirit remain untapped for sustained regional growth and economic development. One of Somalia's advantages is that her citizens already make-up a significant part of the business communities in Kenya, Ethiopia, Djibouti, and Uganda. No other nationality in the region has such far flung business connections throughout the Horn of Africa as do Somalis.

Much informal trade is conducted by Somali merchants between and among all Horn of Africa states -- with the possible exception of Eritrea. Because it is mostly informal trade, it's hard for any reliable assessments of the volume of such trade to be made. But it runs into tens of billions of dollars annually – excluding trade in the stimulant *Qat*.

One of the most celebrated examples of Somali economic ingenuity and business acumen is the marvelous story of Nairobi's Eastleigh district where Somali businessmen and women, who fled the civil war in the 1990s, set up shop. As soon as the refugee merchants descended on Nairobi, they became a dominant commercial and business force that overshadowed all other commercial centers and activities in Kenya. Indeed, non-Somali economists have observed that Eastleigh's commercial reach has engulfed the entire East Africa region, not just Nairobi or Kenya:

*Nairobi's Eastleigh estate has gained fame due to its rapid development into a commercial hub of East Africa sustained by much investment from the Somali Diaspora and trade networks stretching as far as China.*⁶

Similar experiences borne of Somali entrepreneurship are replicated in Kampala, Addis Ababa, Dire Dawa, Djibouti, and elsewhere in the Horn of Africa, albeit on a smaller scale than Eastleigh's.

The extraordinary success of Somali entrepreneurship is attributable in large measure to Somali culture and the social structure of extended family relationships in the context of strong collectivist norms. Many successful commercial ventures and business models are voluntary cooperatives in which a dozen or so close family members' pool resources in order to attain a competitive threshold in an otherwise free capitalist market.

One investigative report in a Kenyan newsweekly that attempted to find explanations of the mystery behind the fast and extraordinary business success of a refugee community concluded that:

*Speculations remain rife over the source of wealth that fuels the economy in Eastleigh. To answer that, one has to understand the intricacies of the tightly-knit ethno-economic networks that characterize how Somalis do business and relate with each other. You can call it informal socialism, or even better, an ethnic cooperative.*⁷

The article went on to note that Somali restaurant businesses alone have achieved such remarkable success that they have forever changed culinary tastes and habits of a lot of native Kenyans as well as thousands of international travelers who visit Kenya as tourists. Somali cuisine reflects a multicultural mix of Italian, Arab, Turkish, and assorted Asian influences which have made most travelers feel at home in Somali restaurants or other business establishments. This adaptability to change and the ability to bequeath positive cultural influence on others is another reason why Somalis are well-positioned to help integrate the economies of the Horn of Africa region. But Somali businessmen have been doing the leg-work for regional economic integration for decades. As early as the late 1960s, Somalis from Somalia started acquiring long-haul trucks that transported goods between East, Central, and southern Africa. By the 1970s through the early 1980s, Somalis assumed major stake in the terrestrial freight transportation between Ethiopia, Somalia, Djibouti, Kenya, Uganda, Tanzania, Zambia, and the Democratic Republic of Congo. Unwittingly, they were integrating the economies of the region because they realized that it was good business. A new dimension that Somali businesses have acquired over the last two decades that promises to facilitate even greater cross-border business and trade is the use of ICTs.

4. ICTs in Somalia and the New ‘Digital Generation’

In Somalia proper, the resilience of the Somali economy in the face of total anarchy and the absence of a formal banking system have fascinated economists throughout the world. But there is little mystery to this as it was accomplished through a combination of the survivalist grit of Somali culture and the use of modern communication technologies. Throughout the 30-year civil war, arguably the most successful businesses in Somalia have been ICT firms (Nuxurkey, 2013).

Telecom Somalia is one of the first ICT companies in the country when it began operations in 1994. Soon, many more followed, including *Golis*, *Somtel*, *Hormuud*, and

Soma Phone. All these businesses started as telecommunications companies offering mobile and landline telephone service. The Internet was late to arrive in Somalia when it finally did in 1999. But its rate of diffusion has been phenomenal. Within a year, 500,000 individuals, businesses, and educational institutions had signed up as subscribers (Southwood, 2007).

Today, a broad range of Internet services are available to customers in 70% of Somalia’s territory. Most users access it through cyber cafes which can be found in bigger towns throughout the country. *Hormuud Telecom* was first to introduce mobile internet in 2010 using General Packet Radio Service (GPRS) technology. The service is now widely available but has limited capacity because of the lack of broadband Internet. *Hormuud’s* GPRS-based service, for example, operates at a speed of 50 kilobytes per second which is extremely slow. Service at most Internet cafes is equally slow forcing clients to patronize the businesses in the evenings when download speeds are a tad faster.

Business and educational institutions, however, pay a premium for limited broadband services. Rates for such service range from \$300 to \$600 per month – exorbitant prices by any standard. (See Table 2).

Table 2: GOLIS customer rates by Internet speed

Bandwidth (speed/per second)	Total volume downloaded	Price/Month
128 kbps	7 GB	\$40
256 kbps	15 GB	\$80
512 kbps	30 GB	\$160
1 mbps	60 GB	\$300

Source: *Shirkada Golis*

Somalia’s main challenge, however, is that internet service is satellite-based and not connected to an under-sea fiber optic cable. Much of Africa got connected to global backbone lines in 2009 and 2010 when submarine fiber optic cable was laid in time for the World Cup tournament in South Africa (Souter et al, 2012).

Somalia's long coastline is now the biggest gap in submarine cable installation that rings much of the rest of the continent thanks to the many years of furious pirate activity. Despite this handicap, Somalia has been home to a thriving e-Commerce sector that was greatly facilitated by the widely popular mobile money services used even in remote areas. The lack of a formal banking sector, coupled with the perpetual security situation in much of the country, have provided the motivation to invest in mobile money services popularly known as *Zaad* (Mohamoud, 2013) at the expense of other life necessities.

With peace returning to Somalia, a new generation of western-educated young entrepreneurs are flocking back home. Many of these children of former refugees are highly skilled in ICT use and are not hampered by the constraints of first- or second-level digital divides as most non-Diaspora Somalis are. Since the onset of the current "Information Age", two kinds of digital divides have been identified. First-level digital divide refers to disparities in access to the internet and other modern communication technologies between higher and lower SES groups in society. This issue was acute even in the most advanced countries during the first decade of the Information Age when segments of the population in the lower SES classes had limited access to the Internet.

Since then, concern in developed countries has shifted from issues of *access* to questions of the nature of *use* of the internet. This is called the second-level digital divide. Many studies show that the social stratification identified in the first-level divide is largely kept intact in the second level divide – in spite of appearances of equality as gauged from what social scientists have termed the "normalization hypothesis". Through survey research in numerous contexts, social scientists have established that while better educated classes use the Internet for information seeking purposes, a majority of those in lower SES classes use it primarily for recreational and entertainment purposes. Thus mere access does not guarantee equality of economic opportunity for all segments of the population. Economists and social scientists alike note the detrimental effects of the digital divide for faster economic growth and for economic integration in the developing world.

Diaspora Somalis have a role in mitigating this effect. Most of the million Somalis who emigrated as a result of the civil war settled in advanced countries of Western Europe, North America, and Australia. Smaller percentages settled in the Gulf States of Arabia. But a common feature among all Somali immigrant communities is the emphasis on education for their children. This has paid off in the form of a highly educated segment

of Diaspora communities – many of whom maintain residual allegiances to the “motherland.”

Among those returning to Somalia are thousands of young, technology-savvy entrepreneurs who instinctively know how to exploit the opportunities beckoning in Somalia and the Horn of Africa region. As a percentage of the population, this influx of skilled entrepreneurs with high computer and Internet literacy gives Somalia the digital advantage over her neighbors in an integrated regional economy.

Furthermore, the presence of vibrant Somali business communities in Kenya, Uganda, Ethiopia, and Djibouti has already laid the foundation for much informal trade in the Horn of Africa region. The arrival of thousands of business-minded youth promises to cement the commercial bonds that pull the Horn of Africa closer together.

5. Use of ICTs for Regional Economic Integration

If and when Horn of Africa governments decide to integrate their economies, ICTs will have to be deployed to facilitate trade. ICTs are more ubiquitous today in global trade and commercial transactions because of expanded pressures for faster and safer deliveries in a security-conscious world. Also, the greater flow of goods in a globalized environment that is more averse to corruption and tampering has necessitated the deployment of ICTs in all phases of the trading process from port of origin to final destination.

Three main areas of ICT use can therefore be identified for trade efficiency and coordination: (1) facilitation of efficient and transparent flow of goods through customs, (2) management of transport logistics, and (3) facilitation of intelligence and risk management.

- a) **ICTs facilitate efficient and transparent flow of goods through customs.** Automation of customs duties can greatly affect timeliness of deliveries, cost of goods, and reliability of service. Because customs perform too many important chores in the trade process (e.g., monitor cross-border flow of goods, ensure compliance with existing government regulations, collect taxes and applicable tariffs, and guard against admitting illegal merchandise) their modernization through deployment of ICTs is extremely critical to efficiency and reliability of any cross-border commercial activity. Furthermore, this has become a requirement enshrined in the Kyoto Convention of 1999 on “Simplification and Harmonization of Customs Procedures.” All signatories of the agreement (WTO members) are required to implement the modernization of customs accordingly.

- b) **ICTs and management of transport logistics.** Beyond customs, many other transportation-related activities can prove essential for moving goods, services, and money along trade routes. These include management of transit freight operations, warehousing at seaports and airports, and harmonization of distribution and payment systems. Without the use of ICTs, each of these operations could lead to transit delays that contribute to dramatic cost increases. With delays, movement of merchandise can become subject to corruption – something that has saddled inter-African trade. To measure the detrimental effect of delays in executing transportation logistics, the World Bank developed the Logistics Performance Index (LPI) – a composite coefficient that measures “transport and information infrastructure, supply chain management, and trade facilitation capabilities at ports and airports.”¹² African countries get the lowest scores on the LPI index – with the Horn of Africa countries at the very bottom.
- c) **ICT as facilitators of intelligence and risk management.** All trade management regimes require enforcement of a host of other rules and regulations beyond the work of customs departments. These include seaworthiness of small boats that ferry cargo from docks, compliance with loading limits on transit trucks, and proper transportation of hazardous industrial goods, to name a few example. In Africa, informal trading offers ample opportunities to circumvent any existing rules. But even in formal trading situations, unscrupulous merchants may be tempted to mislead enforcement agencies by misrepresenting either the quantity or even the nature of the cargo being hauled. Inspections can therefore be cumbersome and time-consuming – thus rendering the entire process highly inefficient. In order to strike the right balance between security and efficiency, trading partners need to ensure reliability of information they have to share about shipping consignments. One important condition for this is standardization of information entry systems so that data on consignments are entered once at the source and easily shared with, and processed by trading partners. ICTs are the only vehicle for attaining standardization of data entry among trading partners as well as improving and maintaining efficiency.

6. Conclusion

The Horn of Africa is the least economically integrated region in Africa and therefore the world – at least in a formal sense. With peace returning to much of the region, opportunities beckon for effecting desirable change. What is required is formalization of existing informal commercial ties through an official regional trading protocol. The region also has to establish a harmonized digital communication network anchored in a submarine fiber optic cable along Somalia’s 3000-kilometer coastline which is yet to

be installed. It is possible that private telecoms in Somalia and elsewhere in the region can pool resources to install this submarine cable. But the onus is on governments to provide the legal and political framework for infusion of such private investment.

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Concluding Remark

As a concluding remark of the three day workshop, the participants at the consultative meeting produced the following deliberations and recommendations.

1. Observations and Deliberations

1.1. Transitioning towards democratic legitimacy

The transition process towards democratic legitimacy as reflected in the Provisional Constitution was debated. There is currently a tremendous amount of goodwill and a sense of optimism amongst Somalis which ought to be harnessed. The leadership of the country is extremely well positioned to move the transitional process forward using the Provisional Constitution. The Constitution indicates a clear timeline to achieve democratic legitimacy through elections, followed by a comprehensive process of institution-building. Participants recognized that the roadmap laid out in Chapter 15 of the Provisional Constitution provides an excellent first step towards these objectives. However, given the time constraints, it is recommended that the government re-prioritize the tasks that are absolutely critical in helping Somalia achieve democratic legitimacy, outlined in this statement.

1.2. Rule of law and securing human rights

The rule of law in any given country reflects the degree to which the citizens of that country are willing to accept the established institutions to make and implement laws as well as adjudicate disputes. Governments increase their legitimacy and chances of success by taking on the role of protecting their citizens and promoting their freedom and rights;

Another important factor that will determine the success of the Somali state is the effectiveness of economic policies to underpin peace and reconstruction while moving development forward. Government has a critical role to play, especially in supporting the private sector, attracting Foreign Direct Investment by formulating sound fiscal, monetary, and trade policies. Credibility is provided not by decree but by effective economic policies, transparency, and accountability and by increased security through enforcing the law of the land using an independent effective judiciary. A government earns credibility when it enforces the rules and is bound by them. It is imperative that the power of the state is not concentrated in the hands of one individual or one entity.

Truth and Reconciliation is an important aspect of moving forward and a solid plan with clear mechanism underpinned by government policies ought to be implemented.

1.3. Meeting basic needs of the vulnerable communities, particularly women and youth

The participants considered the basic social service needs of the most vulnerable communities, particularly the education and employment needs of women and youth. They recommended measures to address the special challenges facing youth and women. The participants concluded that youth constituted a significant emergency that should be addressed urgently, and that state-building processes in Somalia were innately gendered and have affected Somali women and men differently. The state-building processes in Somalia have been top-down, non-inclusive and marginalized women.

1.4. Economic governance and institutional capacity building

With the exception of security, the most important task facing Somalia is the restoration of effective good governance and building public trust in Government. Without good governance, political stability and recovery are difficult to achieve. Accountability, integrity, transparency, and democratic participation are mutually reinforcing. The loss of financial integrity in the management of public resources has become endemic, and there is need for a fundamental change in the governance culture of the Somali leadership.

Somalia's pursuit of sound economic management and good governance is being constrained by limited institutional capacity. Lack of effective institutions to formulate and implement sound policies undermines proper governance and broad stability. Building credible and effective economic management institutions is therefore essential to secure sustainable stability and to underpin successful recovery. Serious commitment to sound economic management reforms by the Somali authorities and considerable financial and technical support by development partners are required to build institutional capacity in the medium and long term.

Somalia has a unique opportunity to build new organizational structures, and to rebuild public finance institutions in particular, in order to enhance accountability and transparency of public resources management within the Government of Somalia and proper governance in the country at large. The participants emphasized that strengthening financial integrity is critical to the restoration of sound public

resources management, government legitimacy and credibility.

1.5. Relations with the international community, the moral hazard problem

Following the collapse of the state in Somalia in January 1991 and the ensuing insecurity, specialized UN agencies, bilateral and multi-lateral donor representation offices moved to Nairobi, Kenya. In the absence of viable and credible institutions in Somalia, these agencies; under the coordination of the UN and donor agencies mobilized resources that have been a life line to many in Somalia and provided essential support to the Government in implementing policies, programs and projects. However, twenty three years later, all these institutions are still in Nairobi implementing their respective plans and programs of assistance for Somalia on remote control. While substantial amount of donor funding (in the billions) was provided to Somalia in the ensuing years; public institutions destroyed in 1991 remain either non-existent or extremely weak at best. As a result there is a consensus emerging among Somalis attending the consultative meeting that the UN and other donor agencies:

1. Did not give sufficient attention and emphasis to building the required institutional capacity that is vital for the economic and social reconstruction and development of Somalia. Instead, they created parallel, and dominant institutions that displaced national institutions and made them redundant and irrelevant;
2. Created a window of opportunity for expatriate staff, most of whom have little or no knowledge of Somalia. Most of the donor staff affected by “moral hazard” and content with their prolonged presence in Nairobi, made no discernable effort to rebuild effective and sustainable institutions in Somalia or for that matter recruit Somali professionals who could better build local institutions.

There is need for a paradigm shift. Rebuilding institutions with a Somali character is a prerequisite for the reconstruction and development of Somalia.

1.6. The role of leadership in state-building

The role of leadership in state-building is of utmost importance. In many developing countries, and Somalia is no exception, the limited quality and quantity of leaders and elites with the necessary vision, knowledge and experience means that their ability to shape the strategies and institutions that will arbitrate the relations between private interests and public goods is extremely compromised. Leadership is complex and the quality of leadership is to some extent influenced by historical, structural, political and cultural factors. But without effective leadership, current efforts to build strong state

institutions, promote development, and ensure good governance will not yield the desired results and will continually lead to failed aspirations as has been the case in the last twenty plus years.

Although institutions are as important as leadership at this particular juncture in Somali history, it is leaders who are needed to establish and sustain locally relevant and effective organizations, which negotiate, establish and consolidate over time, the fundamental institutions of an effective state.

1.7. Federalism Power Sharing Mechanism, and the Challenges of Forming Viable Federal Regions

The conference discussed the mechanism that could be employed in federating the country. It has been recognized that although there are challenges, these can be surmounted if the leadership furnishes political commitment and the international community support the process with the resources required in a timely fashion. It was argued that there was a glaring misunderstanding of what federalism was all about, and that even those who support it have little understanding of what federalism is.

2. Recommendations

2.1. Transitioning towards democratic legitimacy: priorities for implementation of the constitution

- Judicial Service Commission (JSC) set up should be critical in setting up an effective, impartial, accountable and independent Judiciary, which will advance the Rule of Law in Somalia;
- Constitutional court should be established so that the ongoing constitutional debate will be guided by the court's judgments;
- Human Rights Commission should be set up as this is critical in the establishment of JSC and the constitutional court. The commission needs to be established urgently in order to respond to allegations of widespread Human Rights abuses;
- Review and Implementation Commission, of technical drafters should be set up and staffed with capable, highly respected members; and
- Boundaries and Electoral Commission should be established and a law adopted on the tasks and structure of the Boundaries Commission.

2.1. Rule of Law and Securing Human Rights

- A national reconciliation commission should be established and a law adopted on political parties and Voter Registration; and
- A Truth and Reconciliation Commission should be instituted, perhaps modeled on the Kenya one, along with the Somalia Plan of Action.

2.2. Meeting Basic Needs of the Vulnerable Communities, Particularly Women and Youth

The participants recommended the following urgent actions:

- The Federal Somali Government should implement multi-level vocational training and skills building models that are tailored for youth (14 to 29 years old) living in both rural and urban areas; develop and promote entrepreneurship program as part of a Secondary Education Program; and offer advanced technical training;
- Establish a National Task Force for Youth Education and Employment and develop well-targeted advocacy campaigns;
- The representation of Somali women in the political arena is a rights issue, justice issue and democratic issue. It is critical that Somali women are represented in the machinery of power so that they realize their rights and have a stronger voice in the post-conflict governance;
- Create opportunities to develop a viable state and effective institutions that are inclusive, participatory, accountable and responsive to all; and adopt gender sensitive policies and programs ensuring the active participation of women;
- Include the minimum 30 percent women's quota in the Provisional Constitution and reform state institutions including the justice and security sector institutions to address barriers facing women;
- Empower women, men and youth in order to strengthen the efforts of rebuilding political, economic and social institutions as gender equality is a pre-requisite for rebuilding viable and effective state institutions and address socio-cultural barriers that deny women and youth representation in the political space;
- Create an independent platform where the voice of Somali women can be amplified in all institutional reform efforts particularly in the justice system, security sector institutions, counterterrorism, peace and state-building; and
- Place women and youth at the center of all policies and programs to address their vulnerabilities, promote their empowerment and their overall representation in politics and decision-making processes; and develop policies

and programs that tackle gender-based violence, poverty, and marginalization of women and youth.

2.3. Economic Governance and Institutional Capacity Building

The participants urge the establishment of:

- A national "Financial Integrity Authority" (FIA) as a transitional step to manage and control public resources, while the key financial integrity institutions rebuild operational capacity and become effective;
- The creation of an Anti-Corruption Commission/Agency, as a matter of national importance; and
- An effective Public Service Commission that will be responsible for the recruitment, retention and remuneration of qualified civil servants and that will eliminate current abuses and political patronage.

2.4. Relations with the International Community, the Moral Hazard Problem

- Participants recommended that serious efforts be made to attract and provide adequate incentives to Somali professionals, and experts to enable them play an effective and constructive role in the reconciliation, reconstruction and development of Somalia; and
- Extend timely and sustained financial and technical support to rebuilding of national and local institutions, which are essential for good governance.

2.5. Federalism, Power sharing mechanism and the Challenges of Forming Viable Federal Regions

- The framework that the constitution provides should be the guiding legal framework;
- The Somali Government should take ownership and educate the public about the kind and nature of Federalism it envisages for Somalia;
- Parliament should begin the political process by establishing rules and commissions to enhance the developmental process;
- Review of the constitution should not be contingent upon the formation of sub units and the government should develop a template that will guide the respective center and state powers.

2.6. Other recommendations on the way forward

Somalia is turning a corner and its efforts need support from partners around the world who need to organize themselves better, join those that share their aims, focus

their efforts on achievable objectives and bring their experiences to bear on rebuilding Somalia. The Somali authorities have been unable to take full advantage of major goodwill and support from donors and the international community at large. Agreements and commitments were not implemented through lack of follow up and the severely limited capacity of the Somali government.

The conference participants and HESPI are advocating the setting up of the following:

- An international High Level Panel on Somalia to provide technical support to the Somali government in working cooperatively and effectively with the international community. The panel would aim to engage and galvanize Somalis and the International Community and provide an objective platform for advocacy and implementation follow-up on Somali development issues.
 - (i) Liaise with the Somali government and donors to monitor progress on agreements;
 - (ii) Identify appropriate action to be taken by the government and donors in rebuilding Somalia; and
 - (iii) Produce and disseminate regular briefs and background notes on selected Somalia development issues.
- One clear solution put forward by participants at the conference was to push for the establishment of an independent institution, separated from government, which would underpin the work of ministries by providing the technical support in the implementation of policies. Additionally it would act as a repository for information which both government and non-government development actors would have access to.