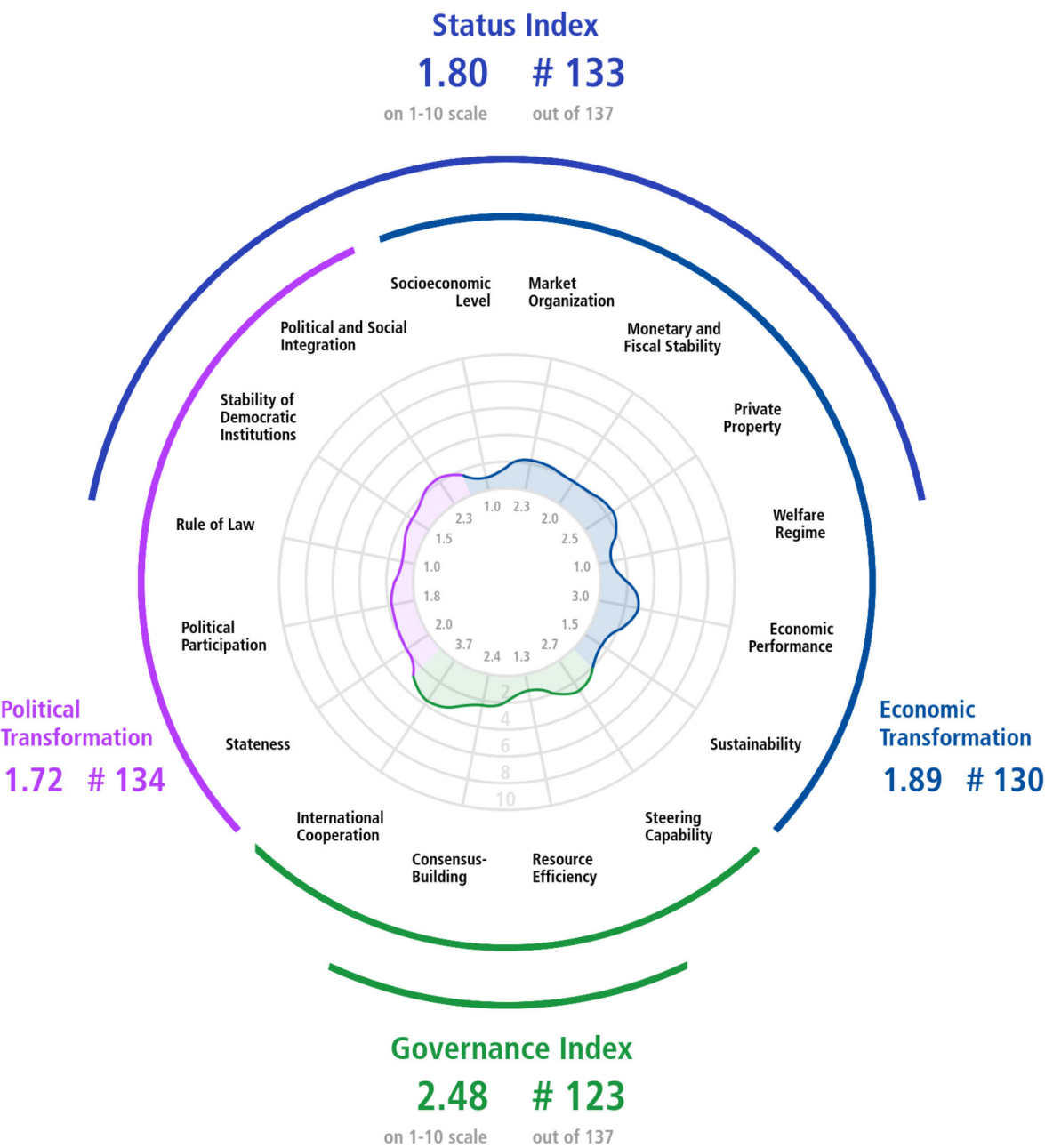


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Somalia



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Key Indicators

Population	M	19.0	HDI	0.404	GDP p.c., PPP \$	1601
Pop. growth ¹	% p.a.	3.5	HDI rank of 193	192	Gini Index	-
Life expectancy	years	58.8	UN Education Index	0.271	Poverty ³	% -
Urban population	%	48.5	Gender inequality ²	0.675	Aid per capita \$	124.3

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

During the review period, a controversial constitutional review began, leading to Puntland's withdrawal from the Somali Federation. Presidential elections in Puntland and Jubaland also heightened tensions with the Federal Government of Somalia (FGS), underscoring ongoing political fragmentation and the fragility of Somalia's federal system. The FGS attempted to use the Somali National Army to remove Jubaland President Madobe from power, resulting in a rapid military defeat and retreat by FGS forces. The lack of clarity regarding the constitutional status of federal member states (FMS), unresolved issues related to the division of responsibilities, and disputes over power and resource-sharing have all hampered efforts toward political cohesion.

Such political instability has created opportunities for the Islamist militia Harakat al-Shabaab al-Mujahideen (al-Shabaab), which has continued to launch regular attacks on civilian and military targets using improvised explosive devices and suicide bombings, resulting in hundreds of casualties each year. Despite a strong military push against al-Shabaab in 2022, momentum faltered in 2023 and was not regained during the review period. Instead, al-Shabaab retaliated by attacking clan groups allied with the FGS and recapturing territory. Al-Shabaab maintained control over vast rural areas in southern and central Somalia. The arming of clan militias aligned with the counterinsurgency shifted local power dynamics and contributed to deadly clashes between militias in central and southern Somalia, resulting in hundreds of deaths.

The African Union Transition Mission in Somalia (ATMIS) continued its phased withdrawal, reducing its troop presence ahead of the planned December 2024 transition to the African Union Support and Stabilization Mission in Somalia (AUSSOM). While most troop-contributing countries remain the same under ATMIS as under the former African Union Mission to Somalia (AMISOM), Burundi withdrew its forces following disagreements with the Somali government over troop numbers. Ethiopia's participation in AUSSOM remains uncertain, especially after Somalia objected to Ethiopia signing a memorandum of understanding (MOU) with the breakaway

region of Somaliland in January 2024, which Somalia viewed as a violation of its sovereignty. The MOU disrupted regional alliances, drawing Somalia closer to Eritrea and Egypt, with the latter expected to send troops to AUSSOM.

Somalia's economy began to recover after the prolonged drought from 2021 to 2023, which was followed by floods in late 2023. These environmental shocks devastated agricultural production, destroyed infrastructure, and caused widespread loss of life and displacement. While the economy showed modest growth during the review period, Somalia's vulnerability to ecological disasters and widespread poverty continue to undermine prospects for sustainable economic and social development. In December 2023, Somalia's participation in the Enhanced Heavily Indebted Poor Countries (HIPC) initiative reached its completion point. Somalia has now received debt relief and has access to financial institutions for the first time since 1991.

History and Characteristics of Transformation

With the complete collapse of state institutions in 1991, Somalia represents one of the modern world's most protracted cases of statelessness. Since 2012, the country has had an internationally recognized government, albeit with limited capacity to rule. Since the 1990s, central and southern parts of the country have been affected by intermittent violent conflict, while northern Somalia has developed differently. In the northwest, the Republic of Somaliland declared independence in May 1991 and has gradually rebuilt basic state structures. Although Somaliland has increased its capacity to govern and continued on its path toward democratization, it has not received international recognition. Note, political and economic developments in Somaliland are covered in this report, but the scores refer to Somalia and do not include Somaliland.

In 2004, after two years of complicated negotiations, an internationally mediated peace and reconciliation conference in Kenya led to the formation of the Transitional Federal Parliament and Government (TFG). Its relocation from Kenya to Somalia in mid-2005 dramatically changed the dynamics of the Somali conflict, with the rise of an Islamist movement, U.S. counter-terrorism operations, and the military involvement of neighboring and international troops in Somalia. The Transitional Federal Institutions were challenged by the popular Union of Islamic Courts, but Ethiopia's military intervened in December 2006, defeating the Union of Islamic Courts and helping establish the TFG in Mogadishu. A few months later, the new TFG authority was bolstered by a small contingent of African Union Mission to Somalia (AMISOM) forces, authorized by the U.N. Security Council in February 2007. The combined TFG, Ethiopian and AMISOM forces were soon tackling a complex Islamist insurgency spearheaded by al-Shabaab. By mid-2010, al-Shabaab controlled vast parts of central and southern Somalia, and began to create administrative structures. However, its early successes did not last. By 2011, AMISOM had increased its forces to the originally planned 8,000 troops, and received additional support from Kenyan and Ethiopian troops, who were later integrated into AMISOM. Between 2012 and 2017, AMISOM comprised more than 20,000 troops. In 2012, al-Shabaab successively lost control of major towns in southern and central Somalia to allied national and international forces. At the end of 2012, al-Shabaab had

withdrawn from all major towns but continued to control most of the southern and central Somali countryside. The 2022 counterinsurgency offensive could not be sustained during the review period.

The war from 2007 to 2012 took the lives of more than 10,000 people, most of them civilians, forced hundreds of thousands to flee the capital city and initiated – in combination with a drought – a severe humanitarian crisis between mid-2011 and mid-2012. Since 2012, al-Shabaab has continued to carry out regular attacks on government and international institutions, and on civilian targets. All fighting forces in Somalia committed severe human rights violations.

The collapse of the state and the subsequent breakdown of its formerly centrally planned economy have led to radical privatization of economic activity. In the mid-1990s, the economy, especially in international trade and local services, began to grow. This progress did not result from coherent economic management but from private initiatives by entrepreneurs, who often operated in close cooperation with powerful politico-military actors in an insecure environment.

Regular, often prolonged droughts have had a devastating impact on Somalia's economic and social development. The country is characterized by extreme poverty, widespread food insecurity and acute malnutrition.

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

Meanwhile, Somaliland has steadily advanced on a path to democratization, confirming its independence in a 2001 referendum. Somaliland has held several district, parliamentary and presidential elections. Despite some irregularities, international observers have deemed these elections relatively free and fair. Tensions with Puntland over the Sool and Sanaag regions remain unresolved, and local movements seeking independence from Somaliland have gained momentum during the review period. Despite Somaliland's success in state- and peace-building, it still faces challenges, including a lack of regulation over economic activities, heavy dependence on a rising business class, and the influence of corruption and clan-based patronage networks within governance structures.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Somalia has effectively been a stateless country since 1991, when the previous state’s already fragile monopoly on the use of force collapsed. Since its formation, the FGS has not been able to re-establish a monopoly on the use of force throughout the country. It largely depends on AU forces, initially AMISOM from 2007 to 2022, then ATMIS from 2022 to December 2024, as the African Union sought to transfer security responsibilities to the FGS. Authorized by the U.N. Security Council in December 2024, the AUSSOM replaced ATMIS in January 2025, renewing the international commitment to counter-terrorism in Somalia. Under the new mandate, the African Union can deploy up to 12,626 uniformed personnel, including 1,040 police, to support the Somali Security Forces in their fight against the Islamist insurgent al-Shabaab.

The security landscape in Somalia remains fragmented; therefore, counterinsurgency offensives often lack effective command and coordination, complicating the AUSSOM mandate. Currently, multiple forces operate at the federal and regional levels, including the Somali National Army, often supported by clan militias (Ma’awisley); federal and regional Somali Police Forces; the National Intelligence and Security Agency; special counter-terrorism units; FMS forces; and clan-based militias. The Somali National Army and Somali Police Forces lack internal cohesion and remain heavily dependent on international support, including funding, training and logistics.

The 2023 revision of the Somali National Security Architecture (founded in 2017) also clarified responsibilities; for example, intelligence is designated a responsibility of the FGS.

Puntland withdrew from the (Somali) National Security Council and criticizes the new architecture as unconstitutional, largely because of the centralization of functions at the national level. Puntland has established its own security forces, and

Question
Score

Monopoly on the
use of force



is neither willing to give up its command nor hand over its intelligence organization and special counter-terrorism force. Puntland's withdrawal highlights unresolved political conflicts over the distribution of power between the federal and regional levels. These conflicts also impede the constitutional review process, which – after nearly 10 years of stalemate – progressed in 2024.

By the end of 2024, the protracted conflict between the FGS and the Jubaland authorities escalated. The FGS deployed 2,000 special security personnel in Raas Kambooni, a town in Jubaland on the border with Kenya. These troops were deployed after Jubaland's president, Ahmed Mohamed Islam (known as Madobe), was re-elected as regional president for a third term, which the FGS considers unconstitutional. Federal and regional security forces clashed several times in November and December 2024. Both sides suffered heavy losses, but Jubaland's forces eventually forced the federal units to withdraw. Several hundred troops fled across the border and surrendered to the Kenyan Defence Forces. The situation remains volatile, and clashes between federal and regional forces were reported in other districts in Jubaland.

The transition from ATMIS to AUSSOM aims to concentrate the African Union's efforts on peace-building and fighting al-Shabaab, leaving broader state-building measures to other international and national partners. Similar in size to ATMIS, the force is expected to have the mobility and flexibility needed to counter al-Shabaab. However, the composition of the African intervention force remains unclear even after AUSSOM formally began operating on January 1, 2025. Ethiopia's troop contribution was overshadowed by a yearlong diplomatic row with Somalia over Ethiopia's access to the Red Sea and potential recognition of Somaliland. After mediation by Türkiye, both countries declared their continued cooperation in AUSSOM, but the size of Ethiopia's troop contingent was not disclosed. It had been expected that Egyptian troops would replace Ethiopian troops in AUSSOM, and Egyptian President al-Sisi confirmed in January that he intended to send troops. If both Ethiopia and Egypt deploy troops either through the African Union or on a bilateral basis, conflict is likely given the geopolitical competition between the two regional hegemonies. Disagreement over troop numbers has made the deployment of forces from Burundi uncertain.

Through its Africa Command (US-AFRICOM), the United States has continued to support the counter-terrorism operations of the Somali Security Forces, including a limited number of ground-support operations. The United States has mostly conducted drone strikes, although the number of these strikes decreased significantly during the Biden administration. Over the years, many higher- and lower-ranking al-Shabaab operatives have been killed in such strikes, but al-Shabaab has continued unabated to carry out violent attacks against military bases, government installations and civilian targets.

Türkiye continues its active involvement in Somalia's security sector. Türkiye operates a large military base in Mogadishu, and both the United States and Türkiye are military partners of the FGS and have been active in training Somali National Army and special forces. The United States has trained the Danaab (Lightning), and Türkiye has trained the Gorgor Special Forces. Both were at the forefront of Somalia's anti-terrorism measures, and Türkiye also employs drone strikes in support of Somalia's counterinsurgency. In February 2024, Türkiye and Somalia signed a memorandum to partner in maritime security, with Türkiye equipping and training the Somali Navy and providing support for the protection of its waters.

Al-Shabaab continues to pose the most serious threat to stabilization and security in Somalia. In 2022, al-Shabaab was forced to withdraw from some locations in central Somalia due to a concerted counter-terrorism effort by clan militias, locally referred to as Ma'awisley, the Somali National Army, AMISOM/ATMIS units and regional forces. However, the counterinsurgency momentum could not be sustained; the offensive stalled in early 2023. Military support for Ma'awisley altered local political balances, fueled an arms race among clans and led to inter-clan fighting in 2024. In the meantime, al-Shabaab put significant pressure on local clan leaders, launched counterattacks and managed to recapture territory.

During the review period, al-Shabaab continued to carry out regular attacks against institutions and members of federal and regional governments and security forces; the military bases and checkpoints of national and international forces; and civilian installations. These attacks often involve improvised explosive devices (IEDs), suicide bombings, indiscriminate shelling and targeted assassinations – all causing high numbers of deaths and injuries among military forces and civilians. In the first five months of 2025, the group carried out more than 155 IED attacks, killing 300 people. On August 2, 2024, the group carried out its deadliest assault in years, attacking a prominent restaurant at Lido Beach in Mogadishu, killing at least 30 people and wounding many more.

Al-Shabaab continues to maintain shadow governance structures in many towns formally under the control of the FGS and allied international forces, including the capital, Mogadishu. The Islamists provide judicial services and extract taxes on import and export trade and other businesses. It has built a sophisticated business network and uses licit and illicit means to gather resources, including extracting fees at checkpoints and taxing businesses.

Al-Shabaab has, over the years, carried out military operations and attacks outside Somalia, especially targeting Kenya, where its terrorist operations since 2014 have cost at least 500 lives. In the review period, it continued to carry out hit-and-run attacks and was especially active in August 2024, when it directly attacked security forces on both sides of the Kenya-Somalia border. Al-Shabaab continues to pose a serious security threat to the whole region. Its ability to orchestrate complex attacks across Somalia's borders against high-security installations and high-ranking, well-

protected members of the political elite in Somalia testifies to the operational strength of the Islamist organization and underscores the persistent weakness of the Somali security apparatus.

Puntland has come under increasing attack from the Islamic State of Somalia (ISS). ISS increased its operational strength during the review period, bolstered by an influx of foreign fighters. ISS was formed in 2015 by al-Shabaab defector Abdulqadir Mumim. Although its strength remains small compared with al-Shabaab, ISS is suspected of operating an important node in the Islamic State group's regional terror network, providing support to ideologically aligned militant groups in Africa (e.g., Mozambique and the DRC) and the Middle East. In response to the announcement of a counter-terrorist offensive by the Puntland Security Forces, ISS launched a complex attack on a military base in Puntland's Bari region at the end of December 2024. Puntland's counter-terrorist offensive continued in January 2025 and included airstrikes on ISS positions. Puntland claims to have killed dozens of Islamic State (IS) group fighters during the operation.

During 2023/24, piracy re-emerged along the Somali coast. More than 25 attacks by Somali pirates were reported against commercial vessels and dhows.

Overall, civilians bear the brunt of the ongoing conflicts in Somalia. The Islamist insurgency, the military offensive against al-Shabaab and ISS, increasing inter-clan fighting and Somali government military operations against the armed group al-Shabaab took the lives of hundreds of people, many of them civilians. Tens of thousands were forced to flee during the review period.

Somaliland, in contrast, has established a monopoly on the use of force in western and central parts of the country, while border districts with Puntland remain contested. In December 2022, Somaliland police used excessive force, killing several people, while they were attempting to disperse demonstrations in Las Anood, the capital of the eastern Sool region. The demonstrations were protesting the state's failure to act on a series of assassinations of civil society leaders and opposition members in the region. The violence only fueled public unrest and forced the military to withdraw from the city. In this context, elders from the locally dominant Dhulbahante clan declared their secession from Somaliland, formed a separate administration called SSC-Khatumo, announced their intention to rejoin Somalia and called on Somaliland troops to withdraw from Dhulbahante territory. The conflict escalated in February 2023. Clashes between Somaliland's security forces and clan militias killed more than 100 people and displaced more than 100,000 in the first months of 2023, amid indiscriminate shelling of residential neighborhoods by Somaliland security forces. Somaliland troops eventually withdrew from the region in August 2023 and, while violence subsided, the conflict remains unresolved. In October 2023, the FGS recognized SSC-Khatumo as a "transitional administration," but no steps have since been taken to formalize its integration into the federal state.

Most of the population is ethnically Somali and nearly 100% of people are Muslim. However, an unknown but likely significant number of people belong to ethnic minority groups, among them the so-called Somali Jareer (hard hair) or Bantu, who mainly live along the two permanent rivers, as well as Benaadiri and Bajuni groups living on the southern Somali coast.

The population is likely to accept the idea of the nation-state. Somalia and even the wider Somali-populated territories in the Horn of Africa remain characterized by a sense of ethnic nationalism. However, the establishment of Somaliland and, to some extent, Puntland has given rise to new layers of identity formation that transcend ethnic and clan-based nationalism. In addition, with the rise of al-Shabaab, some supporters advocated establishing a global or regional caliphate, while others mainly insisted on a state based on Islam and Shariah, an idea already widely supported by the population. Regarding citizenship, some population groups have been considered second or even third-class citizens. Traditionally, the agro-pastoralist Rahanweyn (Digil and Mirifle) clan groups were looked down upon, but – with their successful military formation in the 1990s and their full participation in the federal institutions – they have increased their social and political power. Members of most minority groups, especially the Somali Jareer and occupational caste groups, are discriminated against and treated as second-class citizens.

In the Somaliland Citizenship Law of 2002, patrilineal descent was reaffirmed as the basis of citizenship. Under the law, a citizen by birth is anyone whose father descended from individuals residing in the territory on or before June 26, 1960, the day of Somaliland's independence.

With the collapse of the government in 1991, the state's secular law ceased to function in most areas and was replaced by two existing non-state legal systems: traditional, clan-based law (Xeer) and Islamic (Shariah) law, with the latter growing in influence. Islamic law provides Somalia's legal foundation, and the constitution states that all laws must comply with Shariah law and that Islam is the only religion of Somalia.

Overall, the formal court system remains weak, and secular courts are available only in larger cities. Therefore, Shariah and Xeer are practiced in varying combinations across the country. Religious norms exert increasing influence on the country's political, economic and social practices.

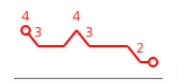
Politics and everyday administration in areas governed by al-Shabaab are strictly guided by religious dogma.

Islam is also the state religion in Somaliland. Somaliland's constitution allows for freedom of belief but prohibits conversion from Islam and proselytizing by members of other faiths. It also designates Islamic law as the basis of jurisprudence and the state is expected to adhere to religious norms. Somaliland's constitution, nonetheless,

State identity

2

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No interference of religious dogmas

3

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allows for legal pluralism, with three legal systems – based on Shariah (Islamic law), civil law and customary law – applied in various combinations. However, the constitution states that all laws must comply with the general principles of Shariah. Islamic courts primarily adjudicate family matters but have gained increasing prominence within the business community, whose members appreciate their speedy judgments. Although secular legal codes, including the old Somali penal code, have been applied across the country, they remain subordinate to traditional law because the courts’ institutional capacity is limited and judges and attorneys lack training and expertise in secular legal codes. However, as in Somalia, religious norms in Somaliland are deeply intertwined with traditional law and shape everyday political and social life. Throughout Somalia and Somaliland, the trend toward more conservative and “purist” interpretations of Islam continues.

Somalia is de facto composed of five FMS: Jubaland, South West, Hirshabelle, Galmudug and Puntland. Officially, Somaliland is considered the sixth FMS and is represented in the upper house, although Somaliland rejects this. However, to date, no country-wide administrative structures exist and different groups levy taxes, sometimes operating in the same political spaces. Services such as water, electricity, schooling and health care are privatized and, for large parts of the population, difficult to access or not accessible at all. The provision of services – especially water, schools and health care – has received considerable international support, but only a few schools and medical centers can offer services free of charge, and service quality is often limited.

Most FMS are built on fragile clan balances, and tend to neglect the interests of less powerful clans and minority groups in their jurisdictions. Some FMS compete with al-Shabaab for territorial control and lack the capacity to administer their territories. Because of conflicts over the rushed constitutional review process, Puntland withdrew from the federation in early 2024.

Al-Shabaab, in contrast, has built administrative structures in the areas under its control. Above all, it established a centralized system of taxation that extends across its territory, and into areas under the control of the FGS and its allies. Al-Shabaab runs a shadow tax system in Mogadishu and other cities that is primarily based on customs extracted from international trade at the main port and on the taxation of businesses throughout Somalia.

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

Basic
administration

2

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1 2 1

2 | Political Participation

Somalia has made progress in a constitutional review that paves the way toward electoral democracy. The Provisional Federal Constitution, adopted in 2012, establishes Somalia as a multiparty democracy based on the separation of powers. Currently, citizens cannot vote in the political process. Instead, delegates are expected to vote according to clan affiliation, not political choice.

The current president, Hassan Sheikh Mahamoud, fulfilling the promises he made during the complex selection process that brought him to office, advanced the constitutional review process and amended four of the 14 chapters of the constitution. After further revisions, the amendments were approved by the federal parliament and Senate on March 30, 2024. Under the new constitution, the president has the authority to appoint and dismiss the prime minister, and the presidential mandate was expanded from four to five years. Most importantly, the revised constitution stipulates that the president will be directly elected by the population, replacing the current clan-based indirect election of the parliament and introducing a shift toward a presidential system. The constitution also stipulates a multiparty system, allowing a maximum of three political parties to compete in elections to avoid fragmentation into clan-based factions. These amendments could pave the way for a direct presidential election scheduled for 2026, although logistical and security challenges, as well as political infighting, are likely to interfere with the process.

Many opposition groups criticized these constitutional amendments, arguing that they were rushed and lacked comprehensive consultation. The legislative approval process in the parliament and Senate was accompanied by allegations of vote-buying. Puntland was among the staunch critics of the process and withdrew from the federation. The Puntland government announced it would, henceforth, act independently until a constitution is ratified through a public referendum. Puntland and Jubaland have requested comprehensive consultations, criticized the move toward universal suffrage as hurried, and emphasized logistical and security concerns. Most importantly, the shift from parliamentary to presidential elections, and the president's authority to appoint and dismiss the prime minister are seen as concentrating power in the hands of the president.

For the first time, Puntland held direct municipal elections in May 2023 and planned to follow with direct presidential elections. The municipal elections went smoothly in 34 districts but were canceled in three because of armed resistance. Puntland's government built on the success and sought universal suffrage in the presidential elections scheduled for January 2024. However, many powerful actors in Puntland opposed the plan. In June 2023, the dispute led to violent clashes between clan militias and government forces in Garowe, Puntland's capital, causing more than 25 casualties. On January 8, 2024, President Deni won the election for a second term.

Free and fair
elections

1

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1 1

This is the first time a president has been re-elected, as the Office of the President usually rotates among the three most powerful clans in the region. The president was inaugurated on January 25 and had formed his new cabinet by February 29, which included some of his opponents, indicating that reconciliation had occurred in the interim. The “smaller” clan groups in Puntland fear losing representational power through a one-person-one-vote system, and political elites perceive a risk of losing both economic and political opportunities.

The review period included indirect parliamentary elections in Jubaland and Puntland. On November 25, 2024, the 75 members of the Jubaland state parliament in Kismayo re-elected Ahmed Madobe Islam as president of Jubaland for another five-year term. This is Ahmed Madobe’s third term in office. The FGS rejected the election process, insisting on the two-term limit in the amended constitution. Such forms of infighting between FMS and the FGS have accompanied elections in many FMS, and are usually driven by conflicts over power and resource-sharing.

Al-Shabaab has largely maintained its highly authoritarian and repressive form of rule across the territory it controls. The Islamist militia aims to control all aspects of public and private life. The Islamists have been able to regain previously lost territory, including through intimidation. Several clan groups pledged allegiance to al-Shabaab to avoid continued attacks and to protect their areas from the ongoing militarization of clan groups in the context of the counterinsurgency.

After a two-year delay, Somaliland held its fourth presidential election on November 13, 2024, which for the first time was conducted jointly with party elections. Voter turnout, at 53% of registered voters, was lower than in previous elections. The opposition candidate, Abdirahman Mohamed Abdilahi, popularly known as Cirro, and his Waddani party received 64% of the vote, a clear victory over the incumbent Muse Bihi and his Kulmiye party. Preparation for the elections was marked by conflicts over the timing of both elections, which led to violent clashes in several cities in August 2022 between security forces and protesters, and in central Somaliland in mid-2023 with clan groups. The electoral process then proceeded without major disturbances. The smooth transfer of power to the opposition underscores the consolidation of democracy in the country.

None of the political factions in Somalia exercises the power to govern the country effectively. The FGS is highly dependent on international donors and lacks the ability to implement laws in the territory it controls. With support from AU peacekeepers, the FGS has expanded its territorial control and made some governance progress since 2012. The establishment of FMS was an important step toward the rollout of country-wide administrative structures. However, the highly contentious relationship between the FGS and FMS blocks further progress. Although President Sheikh Hassan embarked on revitalizing dialogue, he implemented reforms without the necessary consultations, and – like his predecessor – is accused of centralizing power and undermining the federation.

Effective power to govern

2

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1 2 1

Two FMS, Puntland and Jubaland, have suspended relations with the FGS and, as such, constitute an important veto coalition against what they claim is overreach by the FGS.

The FGS and FMS control only parts of the country's territory.

Beyond the main contenders, clan-based militias outside the control of regional governments remain active in all regions and occasionally clash with one another or government forces, often in disputes over local resources.

In Somaliland, the government has authority to govern and implement policies and laws across most of the territory, except the eastern border region of Sanaag and Sool (known as SSC-Khaatumo) – which straddles Somaliland and Puntland, and is claimed by both countries as their territory.

The provisional constitution provides for the right of association and public assembly. Although officially permitted, public protests and assemblies are often restricted or confronted by security forces, who regularly resort to violence, including gunfire, during protests. Public demonstrations and rallies remain risky for citizens and have regularly resulted in casualties.

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

Throughout Somalia, civilians bear the brunt of the violence. The number of civilian casualties and rates of internal displacement remained high during the review period. The spike in inter-clan fighting resulted in the deaths of hundreds of people and displaced tens of thousands throughout 2024. Civilian casualties from the counterinsurgency against al-Shabaab decreased from a reported 1,300 in 2023 to 854 in 2024, indicating a reduction in the intensity of military operations. Most civilian casualties are attributed to al-Shabaab. Security forces of the FGS and FMS also continue to be accused of abusing and killing civilians, of prolonged detention, and of subjecting civilians suspected of working for al-Shabaab to military trials.

The level of freedom of assembly varies across different regions of Somalia. Puntland has multiple political parties that compete for power in local direct elections and regional indirect elections. At the national level, the government has initiated the process of registering parties. Across most of the country, however, freedom of assembly and association is restricted by local strongmen or al-Shabaab.

In Somaliland, the rights of association and assembly are guaranteed in the constitution. Most NGOs and political parties have operated without serious interference. Creeping authoritarian tendencies since 2016 raised concerns about the erosion of civil liberties, but that trend appears to have been reversed with the 2024 elections and the transfer of power.

Association /
assembly rights

2

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The provisional constitution and the constitutions of the FMS provide for freedom of opinion and expression. The revision of the federal constitution has not yet been finalized and the various constitutions are not harmonized. They contain various restrictions, including prohibitions on speaking against Islam; restrictions when public safety, order or stability are disturbed; and bans on expressions deemed unethical (without, however, specifying what is considered unethical). Freedom of expression is restricted, and criticism of people in power and discussion of sensitive topics, including religion, can prompt reprisals. Political activists and opponents of governing authorities are often intimidated, and can at any time face repression, beatings or violent arrest by both national and regional security forces. State and regional security forces continue to be accused of severe human rights violations.

Somalia has a wide range of regional media outlets – including newspapers, TV and radio outlets, online media, and media associations – some of which are partisan with factional links, while others lobby for media rights, freedom of expression and improvement of journalism. Generally, however, journalists in Somalia operate in a corrupt, hostile environment, and face intimidation, death threats, arbitrary arrest and harassment by state, clan-based and Islamist authorities. Somalia continues to be ranked among the most dangerous countries for journalists in Africa and third on the Global Impunity Index, which highlights countries where the murder of journalists goes unpunished.

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

In Somaliland, a variety of privately run media outlets, including print, television and online media, operate across the country. The state has restricted the registration of new newspapers and has a monopoly on the radio sector. The 2001 Somaliland constitution guarantees the right to freedom of expression, including press freedom. Censorship and harassment of media workers and opposition leaders rose under the presidency of Muse Bihi Abdi (2017 – 2024). Media workers, political opposition leaders and, generally, people critical of the Somaliland government were arbitrarily arrested during the review period, often on allegations of spreading false news, anti-national propaganda, or circulating false or exaggerated information. The election of Abdirahman Irro in 2024 as Bihi's successor has raised hopes that civil liberties and press freedom will be fully restored in Somaliland.

Freedom of expression

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3 | Rule of Law

There is no strict separation of powers, whether in the area controlled by the FGS or the FMS. The establishment of key government institutions has progressed slowly, but there appears to be a clearer division of labor among ministries. However, nepotism, corruption and clan-based decision-making impede the independence of the powers. Judicial reform stalled during much of the review period, and the judiciary continues to face a lack of capacity, personnel, infrastructure and funds. Some externally funded facilities were inaugurated in Mogadishu in 2024, including the Criminal Investigations Directorate, and the Mogadishu Prison and Court Complex.

In theory, the two houses of parliament are supposed to check the executive branch. However, the common practice of presidential payoffs to members of parliament to secure their votes has severely eroded the legislature's independence.

Somalia's dual-executive system, in which both the president and the prime minister are empowered, is also meant to provide some checks and balances. In past years, that has occurred, but President Hassan Sheikh has consolidated power in the Office of the Presidency, limiting the prime minister's ability to check the president.

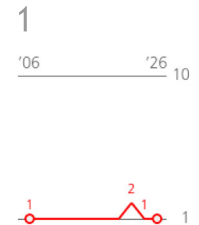
Al-Shabaab has established a Shariah-based administration in the areas under its control. It provides judicial services throughout Somalia and thus exerts power beyond the territory it directly rules. There is no separation of powers. However, detailed information on its organizational and administrative structure is not available because al-Shabaab operates in a highly secretive manner.

Although Somaliland has a much clearer separation of powers, the executive exerts considerable influence over both the legislature and the judiciary. The judiciary also continues to lack sufficient funding and training. Judges are often selected on the basis of clan or political affiliation.

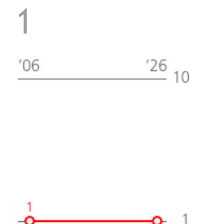
There is no rule of law nationwide. Reform of the judicial system is progressing very slowly, if at all, and secular legal institutions remain nascent and understaffed, and are regularly accused of corruption. In addition, there is no nationwide agreement on the basic framework, institutional structure and composition of the legal system. Somalia is characterized by legal pluralism, and formal courts run parallel to two other legal systems: customary law (Xeer), negotiated on a case-by-case basis and implemented by elders, and Islamic law (Shariah), which, however, is interpreted differently across courts and locations. The FGS has put little effort into designing, debating or implementing a legal framework or providing legal services to its citizens.

Many courts have limited capacity. The courts exercise criminal and civil jurisdiction. Additionally, there are an appellate court and the Supreme Court in Mogadishu. Puntland and Somaliland have both established their own formally

Separation of powers



Independent judiciary



structured, hierarchical court systems. However, the government did not advance judicial reform and failed to conduct the planned revision of the outdated penal code from 1964.

Executions have increased steadily, with 38 people executed in 2023 compared to 11 in 2020.

Intelligence agencies and special forces operating in Mogadishu, Puntland and Jubaland continue to carry out arbitrary arrests, detaining people for prolonged periods without charge. Federal and regional forces continue to unlawfully detain children, often on allegations of working with armed groups. The amended constitution included a controversial change setting the age of majority at 15, an amendment criticized as legalizing child marriage. While the amendment was shelved due to widespread opposition, the marriage of underage girls is customarily practiced in many parts of Somalia.

In all regions, the independence of the judicial system is a serious concern and people generally display little trust in formal legal institutions, which are difficult to access, costly, deemed inefficient, and open to political and clan-based manipulation. In some regions, judges have not received salaries, which may partly explain the high and often informal court fees. Legal personnel across all courts lack training. In contrast, Shariah courts, many of which are financed by private business owners, and the legal services provided by al-Shabaab are often described as efficient, faster and less corrupt.

The capacity of court personnel is generally low, and many judges and prosecutors lack formal qualifications. The availability of different legal codes – including Italian, British and Somali law before the state collapsed – complicates adjudication and makes it appear arbitrary. Judges often appear to base their decisions on clan or political considerations, and are regularly accused of corruption and misconduct. Proper oversight mechanisms and safeguards against arbitrary arrest or detention by the security forces do not exist.

Al-Shabaab has established courts in areas under its control and follows a strict interpretation of a Salafi version of Shariah law. These include strict punishments (*hudud*), such as amputation of limbs, stoning and executions. At times, al-Shabaab allows the application of customary law if it does not contradict its interpretation of Shariah. Many people, even in areas controlled by the government, prefer the legal services provided by al-Shabaab. The courts are easier to access, costs are lower, and decisions are made quickly and based on clear regulations.

Somaliland's constitution allows three legal systems – civil law, Shariah and customary law – provided they do not contradict Shariah. The country has built up a legal infrastructure and a court system that reaches most urban centers. The judiciary is composed of a four-tiered court system, comprising the Supreme Court, regional

appeal courts, regional courts and district courts. However, courts are regularly criticized as dysfunctional. Relative to the population, the number of judges and prosecutors in Somaliland is low, resulting in very high caseloads. Judicial processes are slow. The judiciary also lacks independence from the executive, as judges are often appointed based on clan or political association. The judiciary is underfunded. Additionally, clan elders are regularly reported to interfere in and influence court cases. Arbitrary arrests persist and detainees are held without charge for extended periods.

Corruption and the misappropriation of domestic revenues and foreign aid are endemic in Somalia. The indirect election model has significantly contributed to corruption at the state and regional levels, with pervasive vote-buying, bribery and other forms of corruption during elections. The federal administration has introduced internal audit and control mechanisms, although no information is available on whether or how well they work. Somalia continues to rank among the most corrupt countries in the world in the 2023 Corruption Perceptions Index.

Endemic corruption includes paying bribes for government contracts. Corruption also shapes land and property transfers – particularly in larger cities where land and real estate prices are spiking. The diversion of international aid remains widespread in Somalia, with cartels benefiting from logistics and construction contracts in the international aid sector.

To date, prosecution of corruption remains the exception in Somalia, where accountability mechanisms to oversee the conduct of public servants and politicians are lacking. Corrupt officials largely enjoy impunity. Although individual dismissals for corruption occur, there are usually no legal repercussions, regardless of how high-level the case is. The inability or unwillingness of federal institutions and donors to address endemic corruption hampers the ongoing state-building process, makes institution-building ineffective and undermines citizens' trust in state institutions. The biometric registration of security officials and their integration into the electronic payroll were steps to limit corruption in the security forces.

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

Prosecution of
office abuse

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In Somalia, civil and human rights are regularly and systematically violated. All political actors seeking political and economic power in southern and central Somalia have been involved in severe and systematic human rights violations in recent years. Civilians bear the brunt of armed conflicts, and indiscriminate attacks and disproportionate use of force are practiced in all areas. Although international organizations and donors provide support and apply some pressure on the FGS, no progress has been made in establishing human rights protection frameworks and policies. Forced evictions of Somalia's poorest and most marginalized population groups persist. In Mogadishu, tens of thousands of internally displaced persons (IDPs) were forcibly evicted in 2024.

People accused of working with al-Shabaab, including children, have been arrested by state security forces and prosecuted without due process. Intelligence organizations are regularly accused of using unlawful methods during investigations and, in some cases, torture. In August 2024, 10 people were executed in Puntland on suspicion of working with al-Shabaab, four of whom were children when the alleged offense was committed.

The state's security forces were also accused of using indiscriminate violence against civilians while fighting over land, during controls at roadblocks and in forced evictions or disarmament operations.

In the areas under its control, al-Shabaab has systematically violated civil rights.

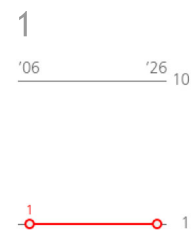
During the review period, no legislative progress to advance gender equality was made. The country ranks fourth from last in the UNDP Gender Equality Index. Women and girls in Somalia lack protection and are subject to various forms of gender-based and sexual violence.

Existing legal codes do not address the severity of gender-based violence and often fail to provide protection or acknowledge the rights of survivors. For example, the penal code does not treat sexual violence as a severe bodily violation but instead describes it as a violation of modesty and sexual honor. Somalia has ratified neither the Convention on the Elimination of All Forms of Discrimination Against Women nor the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa. The controversial attempt to introduce 15 as the "age of maturity" in the constitution was widely interpreted as an attempt to legalize the widespread practice of child marriage in Somalia, especially affecting girls.

In al-Shabaab areas, girls and women can be married to fighters and offered a reward for volunteering as suicide attackers. In some regions, women can be beaten if they leave the house without a male relative or if they do not obey the strict dress code.

In the urban centers of Somaliland, some basic rule of law has been established, and the police force, the judiciary and other government institutions function reasonably well. However, in the more remote areas, local authorities, mostly elders, maintain legal order. In such contexts, the rights of women, children and local minority groups are insufficiently protected and frequently violated.

Civil rights



4 | Stability of Democratic Institutions

There are no democratic institutions in southern and central Somalia. The transition toward democratic elections is planned for 2026 and amendments to the constitution regarding universal suffrage have been approved by the parliament. However, two FMS have rejected the move toward universal suffrage in the current constitutional form and the ability of the FGS to roll out country-wide elections, even in areas not under the control of al-Shabaab, remains questionable.

Performance of
democratic
institutions

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The Puntland FMS has successfully held one-person-one-vote elections for district councils, and hopes to use that as a first step toward direct elections for the Puntland legislature and presidency.

1 1

Democratic institutions in Somaliland are stable. The peaceful presidential election process and the smooth transfer of power in 2024 attest to the consolidation of democracy among political elites.

The FGS seems committed to paving the way for democracy, although the lack of consultation and consensus-building during constitutional review is likely to impede the democratic transition. The ongoing Islamist insurgency, the government's limited control over its territory and enduring conflicts among political elites pose severe challenges to the country's wider rollout of democratic institutions. The country's political elite are divided over whether direct elections are feasible or advisable. There is a good deal of fear among the FMS that local-level direct elections would be vulnerable to FGS manipulation. Available surveys of Somali citizens suggest that most strongly support direct democracy. Direct elections in Puntland and Somaliland in 2024 were widely embraced by the public and political elites.

Commitment to
democratic
institutions

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The commitment to democracy in Somaliland faced considerable strain during the review period. Since Somaliland embarked on a path toward democratic representation after a public referendum in 2001, no election has been held as scheduled, with delays often accompanied by rising political tensions. The House of Elders also increasingly challenges democratic procedures. It regularly extends its mandate and the elders have never been publicly elected. Most of its members have been in power since the 1990s, or – in cases of severe illness or death – have been replaced by clan elders who often lack public approval.

Although delayed by two years, the direct presidential election on November 13, 2024, was conducted peacefully. The smooth transfer of presidential power to the opposition further attests to the commitment to democratic procedures.

The country has so far held four presidential, two parliamentary and three municipal elections, most of which were peaceful, and considered largely free and fair.

5 | Political and Social Integration

In 2016, Somalia enabled the registration of parties and the National Independent Electoral Commission has registered many of them. The role of political parties remains undefined, and so far political parties are personality driven and reflect alliances among a small circle of political elites. Indirect elections for the lower house of parliament continue to be clan-based, using a form of consociationalism known as the “4.5 formula,” in which members of parliament are elected within their own clans and sub-clans. Party affiliation is of little importance. Presidential candidates, who are elected by the lower house, have party affiliations, many of which are Islamist to some degree but are better understood as coalitions than parties.

The constitutional amendment limits the number of parties allowed to contest elections to three to avoid the proliferation of parties stemming from clan-based fragmentation. The status of political parties, and the rules governing their roles and number remain subject to debate. Efforts to finalize the constitution and reach agreement on the structure of direct elections have been delayed for years.

In Puntland, several political parties contest the parliamentary election of the president and direct elections at the district level. Somaliland’s constitution allows a maximum of three recognized parties that compete in elections at all levels of government. The parties serve less as sources of coherent platforms than as sites for inter-clan alliance building and negotiation.

The Somali public is politically weak and fragmented by clan affiliation. Cooperative organizations or interest groups that operate independently of the clan system or religious affiliation are rare in both Somalia and Somaliland. However, an increasing number of interest groups have formed, such as chambers of commerce and trade unions, with the latter increasingly active and expanding their operations in Somalia. They operate in an insecure environment, and threats against active members and repression of union activities are regularly reported.

In areas controlled by al-Shabaab, public life and opinion are tightly controlled by the militia, and forming interest groups outside religion-based groups is forbidden.

A nationwide survey of attitudes toward democracy has never been conducted in Somalia. Attempts to establish a multiparty system were halted by the 1969 military coup. However, democratic norms and procedures are also found in the traditional system, suggesting an acceptance of democratic principles within the Somali population. In 2014, a local think tank published a poll of 1,633 people across the Benadir region (Mogadishu and surrounding areas), which found that 93% of Mogadishu residents strongly favored democratic elections, while 72% expressed dissatisfaction with clan-based representation and the 4.5 system. The peaceful democratic transition in Somaliland also points to a general acceptance of democratic principles.

Party system

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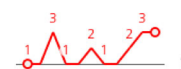
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Interest groups

3

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Approval of democracy

n/a

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Al-Shabaab, in contrast, is openly anti-democratic and condemns democracy as un-Islamic and Western, or as a form of governance informed by Christian and Jewish precepts.

The formation of social self-help groups and the construction of social capital are prerequisites for survival within Somalia’s volatile, conflict-ridden sociopolitical context. Social capital is often based on kinship lines and is grounded primarily in extended family systems. Membership in Islamic organizations and associations provides further opportunities for social organization across clan lines. There is also an emerging form of social capital among members of the younger generation, at least in certain parts of Somalia, who share biographical experiences and interests (such as education or jobs) and who are sometimes organized within youth organizations or gather in informal discussion groups and online networks.

Political fragmentation and defections have exacerbated inter-clan tensions, eroding some of the gains in cross-clan social capital in recent years. This was especially visible in the deterioration of social relations between Somalis supporting Somaliland and those opposed to it, following the political uproar over the Ethiopia MOU with secessionist Somaliland.



II. Economic Transformation

6 | Level of Socioeconomic Development

Barriers to the development of the Somali economy remain high. Poverty and inequality are extensive, with approximately 70% of the Somali population living below the poverty line. Among the most vulnerable are IDPs, accounting for two to three million people. IDPs living in camps are exposed to many forms of violence, including regular evictions. They face poor housing conditions in overcrowded settlements, and lack access to clean water and health services.

Throughout Somalia, minority and caste groups have traditionally been excluded from politics and the economy, and kept in inferior positions, despite their often-vital economic contributions as specialized workers and traders. Over the years, entire population groups, such as the Jareer/Somali Bantu and Benadiiri minority groups along the southern Somali coast, were forcibly evicted from their homes and land, and subjected to forced and bonded labor; many were killed.

Women face structural barriers to participating in the economy, are confronted with many social norms that constrain their opportunities, lack access to finance and often do not independently own much capital. While women increasingly perform vital economic roles in Somalia and in many cases have become the family breadwinner,



they face multiple barriers to accessing political and economic positions, and often work at the low-paid end of business chains. The female labor force participation rate in the formal economy is estimated at 15%, compared with 38% for men.

Over the last decade, a locust infestation, two prolonged famines and flooding significantly weakened the agricultural sector, destroyed infrastructure and livelihood assets, and displaced hundreds of thousands of people. While the situation improved during the review period, floods continued to displace thousands and the humanitarian situation remains precarious.

Economic indicators		2021	2022	2023	2024
GDP	\$ M	9484.0	10202.8	10968.5	12108.5
GDP growth	%	3.5	2.7	4.2	4.0
Inflation (CPI)	%	-	-	-	-
Unemployment	%	19.7	19.1	18.9	18.9
Foreign direct investment	% of GDP	6.3	6.2	6.2	6.3
Export growth	%	17.0	13.7	17.5	10.7
Import growth	%	5.8	18.8	9.5	11.4
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	-	-	-	-
External debt	\$ M	4142.6	4089.5	3022.8	-
Total debt service	\$ M	17.4	20.0	363.1	-
Net lending/borrowing	% of GDP	0.0	0.0	0.0	-
Tax revenue	% of GDP	0.0	0.0	0.0	-
Government consumption	% of GDP	7.1	7.4	7.3	7.6
Public education spending	% of GDP	0.0	0.0	0.0	-
Public health spending	% of GDP	0.3	0.2	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

There is no state-based legal or institutional framework for market competition in Somalia. Amid extreme state fragility, economic transactions – including financial and currency systems – and services such as health care and education have become radically privatized. Because of minimal economic regulation, Somalia is a hub for formal and informal trade in the wider region.

The financial sector is dominated by three major telecommunications companies that are also moving into the real estate market. The newly developed strategic partnership with the World Bank for the period from 2024 to 2028 – which focuses on institution building and macroeconomic regulation, including strengthening institutional and administrative frameworks that regulate the market, and facilitate and monitor competitive and fair economic transactions – remains a key goal.

The country remains dependent on international aid and international financial support, both deeply embedded in the country's political economy, and often contributing to corruption and economic monopolization.

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

No anti-monopoly policy exists in either Somalia or Somaliland; anti-competitive behavior is common; and business owners are often closely connected to political elites and ruling authorities.

In the absence of state regulation, economic actors in Somalia have organized themselves according to kinship relations and partly by religious affiliation, with the so-called majority clans taking the lead. Within clans, men dominate economic and political matters. Structures of social control and trust within kinship groups or religious associations – rather than legal guarantees and general regulations – determine the parameters of economic interaction. Membership in Islamic organizations is also important. Within such organizations, clan affiliation can be transcended to some degree, but patriarchal structures continue to impede women's economic participation.

Somalia's economy is driven by consumption, often supported by diaspora remittances. Without internal manufacturing, the country relies on imports for most products. International trade networks are controlled by a small group of powerful businessmen. Most of the population continues to live at the subsistence level and is engaged in small-scale businesses as petty traders, informal laborers, or small-scale producers of livestock or other agricultural products. Formal employment is primarily expanding in the service sector. Diaspora remittances provide a basic income for

Market
organization

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Competition policy

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many individuals and families. They enable large segments of the population to sustain consumption rates, including consumption of basic but privatized services, such as (clean) water, health care, education and electricity. They also provide significant investment in the building and housing sector, and outweigh international aid flows. Urban economies across Somalia show signs of economic recovery, with building booms, and the reopening of supermarkets, restaurants and shops. However, this also leads to rising land and real estate prices, and – without proper legal regulation – to land grabs by the political and economic elite. Large-scale, often violent evictions are ongoing in major cities in Somalia.

International trade is the backbone of the Somali economy. The country largely depends on imports of basic food items (rice, pasta, sugar, flour, cooking oil), building materials, fuel, electronics and technology. Closer relations between Türkiye and Somalia have led to a significant increase in imports from Türkiye since 2012, rising to more than \$400 million in 2023. Turkish companies have secured major construction contracts for infrastructure, and manage and maintain Mogadishu's international airport and seaport, among other things.

Regarding exports, the Somali economy relies on a few products, among them livestock and livestock products.

Livestock exports to Saudi Arabia, the UAE, Yemen and Oman are estimated to account for about 80% of Somalia's export earnings, and the country has evolved into the trade hub for pastoral products, linking Ethiopia, Kenya and Somalia to countries in the Gulf. The global rise in food and fuel prices, in conjunction with the prolonged drought between 2021 and 2023, has hit the population in Somalia hard.

In Somalia, humanitarian aid has also become a commodity, as business cartels control the logistics of humanitarian and food aid, and gatekeepers have emerged to facilitate international organizations' access to vulnerable populations, including IDPs living in urban camps.

In Somaliland, few legal frameworks exist to regulate the economy and those that do are poorly implemented. Because of a lack of international recognition, the country has limited access to the international financial system. Business cartels are common, often based on close ties between the state elite and economically powerful actors. In the past, affluent individuals who could provide financial support for state-building activities were exempt from taxes.

Somalia's 2024 entry into the East African Community offers new opportunities for Somali private sector investment and trade in the wider region, and for regional firms to compete and sell in Somalia. Although it is too soon to see tangible results, Somalia's entry has the potential to significantly liberalize aspects of the country's somewhat closed and oligopolistic economy.

Liberalization of
foreign trade

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When the state-owned banking system collapsed in 1991, private money-transfer companies (Hawala) became the sole financial institutions connecting Somalia to the rest of the world. Remittances from the diaspora sent through the Hawala network to family members in Somalia are among the primary sources of survival for many Somali citizens. These companies also operate in areas controlled by Islamist insurgents. Hawala companies operated until 2014 without formal regulation, and facilitated financial transactions (including foreign currency) and safe deposits but did not provide a capital market. The operations of money-transfer companies are based on trust and control within lineage groups. After the September 11, 2001, attacks, these companies were accused of supporting Islamist networks. Remittance companies' lack of capacity or will to implement monitoring systems and adhere to international money-laundering standards has led to the closure of many of their international accounts. For example, 16 of the 35 companies had their bank accounts closed in the United Kingdom over the past decade.

Since 2014, the FGS has taken important steps to regulate and formalize the financial sector, primarily with support from the World Bank. With support from the World Bank and IMF, the central bank of Somalia has provided some monetary oversight, and developed its capacity to license commercial banks and money-transfer businesses. So far, six commercial banks are registered and operate across the country, and 14 money-transfer companies are registered, three of which jointly hold a 90% market share.

According to World Bank estimates, formal banks are used by fewer than 20% of the population and fewer than 10% have their own bank account. In this context, mobile banking and mobile money-transfer services have expanded rapidly, and about 90% of the population use mobile banking services. These services are fast and low cost, and they provide security for payments and savings. The shift toward mobile money and digital payments is facilitated by telecommunication operators.

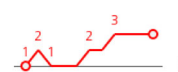
Al-Shabaab benefits from the lack of monitoring. The Islamists use domestic financial institutions and mobile money services to store and transfer funds collected from revenues and extorted fees.

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

Banking system

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8 | Monetary and fiscal stability

Without a properly functioning banking system, the Somali economy has become dollarized. Only a few Somali shilling notes remain in circulation, primarily for small, face-to-face transactions. Digital money transfers have largely replaced the physical transfer of currency notes. Mobile banking and money transfers rely on close cooperation between money-transfer companies and mobile telephone companies.

Plans by Somalia's central bank to replace the Somali shilling with a new currency did not materialize during the review period. While dollarization has increased price stability, the lack of its own currency impedes the development of policies to regulate inflation. According to World Bank estimates, inflation rose from 4.5% to 6.5% in 2022 following the global increase in food and fuel prices, then fell to 5.7% in 2023.

In 2024, Puntland announced its intent to print its own currency, reflecting its estrangement from the FGS.

In 1994, Somaliland established a central bank and introduced a new currency, the Somaliland shilling. The central bank is responsible for overseeing the monetary system and the currency; however, it lacks trained personnel, experience or market power, which weakens its institutional capacity. The central bank's attempts to control the currency market have failed, although Somaliland continues to operate successfully outside the formal financial economy. As in Somalia, mobile money is replacing banknotes and the economy is largely dollarized.

The government has developed a fiscal and debt policy, which has overall led to increased domestic revenue mobilization. Revenues nearly doubled between 2017 and 2022, but averaged only around 2.3% of GDP and remain insufficient to fund the expenditure needed to stabilize the state. External partners fill the fiscal gap, including paying wages in the security sector and the wider administration. The FGS mainly collects revenues in and around Mogadishu, while the FMS collect their own taxes in their areas of jurisdiction. Measures to balance revenue differences among the FMS are lacking. For example, the FMS with ports have significantly higher tax income.

Government spending is dominated by security expenditures, which are likely to increase further amid the overall reduction in international troops. The bulk of security spending, which is estimated at \$1.5 billion per year, is funded by international partners.

In March 2020, the IMF and World Bank approved Somalia's eligibility for debt relief under the HIPC initiative, and, in December 2023, the HIPC initiative reached the completion point, providing the country with debt relief and access to global financial instruments for the first time since 1991.

Monetary stability

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Fiscal stability

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In 2025, concerns that the government's budget is far too dependent on foreign aid and is, therefore, vulnerable to instability were borne out by the announcement of the suspension of USAID funding and a substantial cut in UK foreign aid.

In Somaliland, the annual state budget has grown, and regulatory capacity has improved. In the context of successful reconciliation and state-building, Somaliland has established a revenue system, although it is overly dependent on fees and customs.

9 | Private Property

The FGS does not ensure property rights and political elites are often involved in illegal land transfers. Land conflicts are prevalent across Somalia. Competition for water and pasture has shaped rural conflicts for decades, but land has also become a major source of conflict in cities.

Somalis from the diaspora, and local political and economic elites are purchasing land, especially in Mogadishu and FMS capitals, although also in other cities. Somalia has no functioning land registry, and this applies to most of the land and buildings in Mogadishu. Protection of individual and collective ownership of land and other property depends primarily on clan support and/or the military might of related factions.

Political and military elites are regularly involved in seizing public and private land, and have often ordered the forced eviction of vulnerable populations from informal settlements and camps. The number of evictions remains high, especially in Mogadishu. Government land grabs have become a major source of public anger and political tensions in Mogadishu.

Private property is protected to some extent in Somaliland and some land grabbed during the war was returned after negotiations among elders. A land registry exists but lacks equipment and appropriate technology, as well as staff, especially trained staff. Allegations persist of small and large-scale urban land grabs by politico-economic elites, and of illegal enclosures in the countryside. The rural enclosures are a source of conflict with nomadic pastoralists who rely on access to grazing lands.

All economic and social enterprises in Somalia are private. While security for enterprises has been enhanced to some extent in areas controlled by the government or AU peacekeeping forces, the threat of violence remains very real. Few legal safeguards exist apart from clan arrangements and businesses continue to operate their own security teams or pay private security firms for their services. Taxation pressure from al-Shabaab places a heavy burden on businesses, and refusal to pay is usually followed by threats and, at times, assassinations.

Property rights

1

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Private enterprise

4

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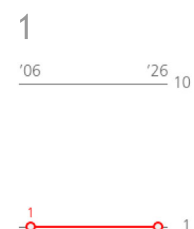
In Somaliland, private enterprise is viewed as the primary engine of economic activity, and only the port of Berbera and airports are owned by the state. However, in 2017, the port was leased to DP World under a 30-year concession. The concession transfers management and development of the port to the Dubai-based company. The port has undergone significant modernization in recent years, and in 2023 the Berbera Economic Zone, a free trade zone aimed at facilitating international trade and attracting investment, was jointly opened by DP World and the Somaliland government. The Somaliland transport corridor linking the port of Berbera to the Ethiopian border has also been completed.

10 | Welfare Regime

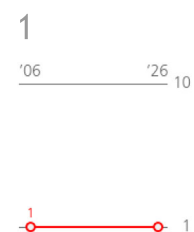
No public welfare system exists in Somalia. Welfare is provided either by Islamic charities, through clan membership or by international NGOs and their Somali partners. With the collapse of state-run social services, health care, housing, employment and education were privatized. The main social safety nets are offered by extended family networks. Remittances from Somalis abroad account for a large part of this safety net. According to World Bank estimates, they provide up to 40% of household income. However, this money is seldom enough and is unequally spread across the population. 70% of the population is considered poor and survives at the basic subsistence level, without adequate access to basic services, such as housing, clean water, health care, schools and energy.

In Somalia, there is no substantive equality of opportunity. Gender discrimination is widespread in the patriarchal, clan-based social environment. Girls are subject to parental restrictions on their education. Although some improvements in primary education have been made, gender disparity rises in secondary and tertiary education. Many students fail to finish their schooling. Women also face many disadvantages in both the formal and informal job markets. Social minorities often lack access to opportunities and services, and face discrimination in many aspects of their social and economic lives. Living conditions for the large number of IDPs in Somalia are catastrophic, and there are few support structures to help them access services or opportunities. In general, in a society disrupted by decades of violence, opportunities depend largely on a person's individual and family background and on their location, because there are more schools and health facilities in urban areas and the northern parts of the country.

Social safety nets



Equal opportunity



11 | Economic Performance

Somalia's real economic output is difficult to assess due to the unreliability of economic data. In October 2015, the World Bank began publishing assessments of economic trends in Somalia and data collection has improved over the years. However, the informal nature of the economy, the fragmented political system and the lack of access to many locations make a reliable assessment impossible.

The World Bank estimates that average GDP growth after 2017 is between 2% and 3.5%. In many years, this is smaller than the estimated annual population growth of 2.8%, so growth does not translate into per capita GDP growth and does not lead to poverty reduction.

The Somali economy depends on imports and is driven mainly by private consumption, which relies in significant part on diaspora remittances. Exports account for less than 20% of GDP. The trade deficit is financed by remittances and international budget support.

The economy is characterized by high levels of inequality and poverty, high unemployment, and a lack of infrastructure. There is no regulatory framework in place, and although the economy is privatized, anti-competitive behavior and monopolistic tendencies are common. Livestock, trade, communications and mobile money services are the main contributors to GDP, with agriculture – primarily livestock production – accounting for at least 60% of GDP, followed by services.

The country's heavy dependence on foreign aid generates substantial employment and contracts for local firms. Somalia's economy likely faces a downturn because of cuts in foreign aid by several major donors.

Somalia's rapidly growing urban centers are the main sites of economic growth and opportunity, especially Mogadishu, Hargeisa and Bosaso. Small towns and rural areas are experiencing none of that development.

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

Output strength

3

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12 | Sustainability

Somalia is heavily affected by climate change, with highly unpredictable weather patterns and extreme events, such as prolonged droughts often followed by severe (flash) floods. Deforestation, overgrazing and generally unsustainable resource management continue to destroy ecosystems, and contribute to sinking groundwater levels and soil erosion, leading to recurrent environmental shocks that are among the major causes of mass displacement.

An environmental study commissioned by the World Bank confirmed that Somalia's natural resources are under tremendous stress. Soil degradation, caused by droughts and unsustainable land-use systems, is estimated at more than 20%. The deforestation rate exceeds 1% – almost twice the average rate of forest loss across African countries. Deforestation continues to be driven by firewood and charcoal production and likely by illegal exports.

Generally, environmental concerns continue to be subordinated to profit opportunities and short-term benefits. The FGS has almost no influence over the management of natural resources. In February 2020, the FGS endorsed a national environmental policy, and established the Environment and Climate Change Directorate under the Office of the Prime Minister, which has drafted environmental policies, and has received and conducted environmental capacity-building and smaller programs.

Somaliland's Ministry of Environment and Rural Development developed a national environment policy in 2015. However, it lacks the necessary means and appears to lack the will to provide effective environmental protection or monitor environmentally sustainable economic growth.

In 1991, the state-based, accredited education system in Somalia collapsed. Since then, there has been no nationwide education system. Although the Ministry of Education formulated a national education policy in 2020, it has limited reach and control over educational services in the country. Overall, efforts to develop a harmonized curriculum have been limited and no teacher-training institutions have been established, which means teachers often lack basic training. In 2022, the FGS spent about 0.16% of GDP on education, some of which was funded by the World Bank.

Quranic schools have been established across Somali territory. Primary schools, secondary schools and universities have also opened, often with financial support from international organizations. High birthrates and an overwhelmingly young population put pressure on the education system.

Environmental
policy

1

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Education policy /
R&D

2

'06 '26 10



In 2016, the U.N. Population Fund published a census report that found Somalia's adult literacy rate was 40%, a finding confirmed by more recent surveys conducted by the Somali government in 2022 and 2023. Accordingly, only 39% of children attend primary school. Meanwhile, at least 60% of the population has no formal education at all and fewer than 5% have completed secondary education. The country continues to have among the lowest levels of adult literacy in the world.

Among the main barriers to education are poverty, insecurity, a lack of safe learning spaces (security) and too few teachers (both qualified and unqualified). High rates of child poverty and malnutrition further impede education. With private and for-profit education, literacy rates depend largely on wealth and poorer population groups cannot afford to pay for education.

Somalia has seen the emergence of dozens of small universities and colleges, as well as numerous think tanks producing indigenous reports and analyses. The number of Somalis with the educational background to engage in the production of original research is small but growing rapidly. Most Somalis with college or advanced degrees receive their education abroad and then return to work in Somalia.

In Somaliland, where peace and political stability have prevailed since 1997, education and training services have improved. These services are built on cooperation among state institutions, local communities and external donors, including the diaspora. The private education sector is booming, and several universities and colleges provide higher education throughout Somaliland.

Governance

I. Level of Difficulty

Somalia lacked a functioning state apparatus for more than 20 years and has been ranked among the world's most fragile states since 2012. Although a central government was re-established in 2012 and donor support for state-building has steadily increased, the government exerts little overall control over the territory and its people. A broad range of institutions govern at the local and regional levels; some operate in parallel to the central government; others complement or cooperate with it; still others compete with it. The structural constraints for the government therefore remain exceptionally high. The country's physical and social infrastructure was destroyed over three decades of violent conflicts and protracted insecurity, and the government must rebuild many institutions from scratch. Political infighting is common in all institutions. Two of the country's five FMS have suspended relations with the central government. The continued al-Shabaab insurgency and the recently intensified counterinsurgency, regular attacks, violent conflicts, recurrent environmental shocks and humanitarian emergencies place severe constraints on any form of political regulation and management. The ruling elites themselves are shaped by the war, and their capacity to govern is weak. The government must overcome a tremendous lack of human capacity while still managing the few accessible resources.

Some progress was made on the constitutional review during the review period, but the deep rift between the FGS and FMS remains. The country is characterized by extreme poverty, and recurrent droughts and other environmental shocks place a heavy burden on economic and social development. Social infrastructure is negligible, and a large part of the population lacks access to basic social services such as health care, clean water or education.

While Somaliland has re-established state structures, it continues to grapple with massive structural constraints, including succession conflicts in the eastern part of its territory; its state apparatus remains weak and poorly funded, and the country is characterized by unacceptable levels of poverty. The smooth handover of presidential power attests to its democratic consolidation.

Structural
constraints

10

'06 10 '26 10

1

Somalia has strong traditions of social organization beyond the state, based primarily on social trust within kinship groups. Since the onset of the civil war, social network structures have been reorganized and strengthened to ensure the survival of their members. Numerous NGOs, community-based organizations and trade unions have sprung up since the mid-1990s, and many of them have professionalized over time.

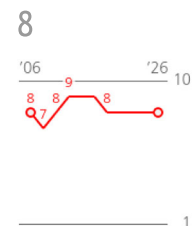
In areas controlled by al-Shabaab, many NGOs were forced to suspend operations because they were suspected of spying for Western powers and spreading Western ideologies. After al-Shabaab withdrew from most urban areas, many NGOs have resumed their activities. There are also many professional associations, unions or guilds that represent the interests of their professions, such as the National Union of Somali Journalists, business associations or women's business associations. Think tanks have been established in major cities and provide a degree of oversight of government activities. The power of civil society has increased over the years. However, its oversight of the government remains relatively weak, and civil society organizations continue to operate in an insecure environment where their legal rights are not protected and criticism is often met with repression or even violence.

In Somalia – and, to a certain extent, even in Somaliland – trust in central authority and formal institutions remains weak, especially in the eastern parts of the country.

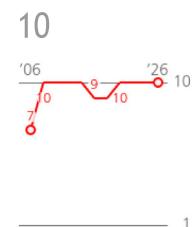
Conflict intensity remains high across Somalia, with violence especially concentrated in central and southern Somalia. Over three decades of violent conflict have deepened social cleavages across Somalia. The lack of agreement on modalities for sharing power and resources often leads to violence among clan militias, rival factions of the army, and central and regional forces. Disputes between the FGS and the government of Jubaland over the re-election of regional President Madobe escalated after the FGS deployed the military in the region, leading to clashes in multiple locations with Jubaland's forces in December 2024. Tensions remain high.

The Islamist insurgency continued during the review period. Although it mainly operates in the countryside, al-Shabaab continues to exert considerable influence in cities and beyond the areas it directly controls. The review period saw attacks against civilians, government installations, and the military bases of ATMIS and of national security forces. Al-Shabaab significantly increased its attacks in the first half of 2023 and targeted ATMIS forces in the South West FMS, the Hiran region of Hirshabelle FMS and the Gedo region in Jubaland FMS. In addition to attempting to recapture territory and consolidate its control in remaining areas, the violent escalation is also an attempt to deter clan militias from joining the counterinsurgencies. Additionally, al-Shabaab is responsible for assassinations of government officials, civil servants, humanitarian workers and journalists. The organization poses a significant threat to any peace-building and state-building attempts in Somalia, and threatens the security of the wider region.

Civil society traditions



Conflict intensity



The review period also saw an increase in clashes between clan groups. Some were driven by conflicts over resource-sharing; others – especially in the Hiran and Shabelle regions – were driven by shifts in the balance of power between clans due to the arming of some groups in support of the fight against al-Shabaab. Both years saw an increase in civilian deaths, and al-Shabaab was responsible for most. However, all sides in the conflict have violated international humanitarian law and human rights, including the killing of civilians, gender-based violence and rape, forced evictions, public harassment, illegal arrests, and executions.

Puntland launched a military offensive against the ISS, which had been increasingly active in the region. The offensive began in May 2023 and was supported by U.S. drone strikes. ISS retaliated with attacks on security forces. Puntland launched another offensive at the start of 2024, which is ongoing.

The contested eastern border regions of Somaliland and Puntland saw an escalation of conflict between Somaliland's security forces and clan militias in early 2023. The situation remained calm in 2024, despite the unclear status of the SSC-Khaatumo state, which joined the Somali Federation.

II. Governance Performance

14 | Steering Capability

Somalia lacks a unified or common political leadership structure. International donors support the development of policies and strategic action plans. The FGS has made steady progress toward developing policy frameworks and strategic action plans. A significant step was the completion of the HIPC initiative in December 2024. Overall, however, planning is donor driven, policy implementation is slow or does not occur at all, and steering capability remains weak.

The review period saw the start of the constitutional review after a decade of delays. However, the review process was rushed and lacked necessary consultation with the main stakeholders, notably the FMS. In the context of the ongoing insurgency, the phased withdrawal of ATMIS and transition to AUSSOM, and the unclear status of troop-contributing countries, little attempt was made to build coherent administrative and security structures across the FMS. Relations between the FGS and FMS remained conflictual and even led to violence in Jubaland at the start of 2025.

The government's capacity to implement policy has been considerably stronger in foreign affairs than in domestic policy. Somalia has been assertive in regional relations, has forged alliances with Egypt and other regional states, and holds a rotating two-year position on the U.N. Security Council.

Question
Score

Prioritization

3

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Implementation

2

'06 '26 10



Over the years, the FGS has made modest improvements in policy learning and begun implementing reforms in some areas formally under its control. Within a highly fragmented political landscape, the scope for policy learning remains limited. The leadership is hampered by power struggles, as demonstrated by conflicts with the FMS during regional elections. These conflicts impede reform progress in crucial areas. No progress was made in initiating negotiations and stakeholder consultations to establish mechanisms to share power and resources with the federal administrations.

The government has shown the capacity to learn and adapt to changing regional relations in its foreign policy, including the high-profile dispute with Ethiopia over its MOU with Somaliland.

Policy learning

3

'06 '26 10



15 | Resource Efficiency

The FGS lacks the technical capacity and territorial control necessary to establish a nationwide revenue system. Revenue mobilization and administration in Mogadishu have improved considerably, but FMS continue to raise and administer their own taxes. Revenue differences among FMS remain unbalanced.

The government has improved its capacity for national budgeting and, in December 2023, the parliament approved the highest budget to date for 2024, totaling more than \$1 billion. More than 60% of this budget relies on donor budget support. At about 35%, the largest share of the budget goes to state administrations, including salaries and allowances for members of the Senate, parliament and government. Funding for security also increased by \$58 million, rising from 20% in 2023 to 25% in 2024. Another 20% of the budget is spent on social services, while the judiciary and independent commissions saw comparatively low allocations.

The Somaliland government manages its revenues, which, as in Somalia, are derived mainly from customs duties on foreign trade. The government has steadily increased its tax base, but its revenues remain insufficient to provide services to the population.

The government makes poor use of its human resources. Low pay, high turnover, frequent replacements of appointees, and appointments based on political deals, ethnic identity and patronage are the norm.

Overall, policy coordination remains very weak. Competition and conflicts between the FGS and FMS have hampered institution building at the national level. The cohesion of the political elite is fragile. Politicians pursue clan and personal interests and seem more interested in amassing political and economic resources than in achieving common goals. Corruption remains endemic, and conflicts between the central and federal institutions have continued and have even led to violence.

Efficient use of assets

1

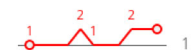
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Policy coordination

2

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Somalia continues to be ranked among the most corrupt countries in the world. An anti-corruption framework exists and an anti-corruption law was enacted in October 2019, but it has not been implemented. No measures have been put in place to enhance the accountability and transparency of public transactions, and impunity for the misuse of public funds remains the norm. Without progress at the system level and with a culture of impunity for corruption, individual ministers and public servants cannot address the problem. Public contracts continue to be awarded in a nontransparent manner, and bribes are common. The misappropriation of public land, land grabs by elites, evictions of vulnerable population groups and the diversion of aid all provide examples of the endemic nature of corruption in Somalia.

Somaliland has made some efforts to combat corruption but has not established regulatory and monitoring mechanisms or vetting procedures for public officials. In general, however, Somaliland's state officials are closely linked to the business elite and public transactions are often not transparent. Corruption allegations surround the contracts with DP World to modernize and manage Berbera Port, as well as contracts for oil and mineral exploration.

16 | Consensus-Building

The main political actors in the central and federal institutions seem to agree on the broad goal of building a market-based democracy. Parliamentary democracy was established in the country's interim constitution, but the constitutional revision moves it toward a presidential system and outlines a shift from indirect to direct elections based on universal suffrage. The constitutional revision remains contested, is not recognized by Puntland and was severely criticized by other FMS that see it as an attempt to concentrate power in Mogadishu. In general, transitions toward democracy – or even basic nation-building – are hampered by infighting and the parochial interests of political elites. Although there seems to be general agreement on democracy, there is no consensus on a system of representation to institutionalize it and determine federal power-sharing. The Islamist opposition forces are anti-democratic and aim to establish an Islamist caliphate, either with undefined borders or comprising Somalia, Somaliland and all parts of neighboring states that have a significant Somali population. Somaliland has also adopted democracy and a market economy as strategic aims, and has made some progress toward achieving them, although social tensions and cleavages remain. Elections are regularly delayed, but – when they occur – they are mostly conducted in a comparatively free and fair manner. Transfers of power are usually peaceful. Consensus-building relies more on clan negotiation than on formal democratic processes.

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

Anti-corruption policy



Consensus on goals

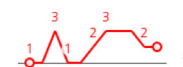


The main anti-democratic actors are the Islamist militia al-Shabaab and its much smaller offspring, ISS. Despite losing territory, influence and legitimacy, al-Shabaab remains active in Somalia and the wider region. The extent to which it enjoys public support is unclear, but it has intensified its attacks in 2023 to counter the military offensive and deter clans from joining the military counterinsurgency. Attacks in urban areas are frequent, especially in Mogadishu. Al-Shabaab has also launched attacks on military bases and assassinated government officials. The Islamist organization continues to pose a serious threat to further reconstruction and peace-building.

Anti-democratic actors

2

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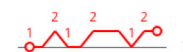
In general, multiparty democracy has no significant history in Somalia, but the “traditional” system of clan-based negotiations and joint decision-making, albeit only among men, provides democratic values that can support the transition toward democracy.

Political conflicts are poorly managed, if at all, and regularly escalate to the point of violence. Attempts at reconciliation are often localized and usually facilitated not by political elites at the state level but by local elders. President Hassan Sheikh has not managed to improve dialogue and cooperation with political leaders in the FGS, and relations with Puntland and Jubaland remain contentious. Both FMS have announced their withdrawal from the federation until the conflicts are resolved.

Cleavage / conflict management

2

'06 '26 10



Somaliland underwent a relatively successful reconciliation process in the 1990s that established power-sharing principles, but it also showed a tendency toward military solutions, especially in dealing with dissident factions in the country’s east. This contributes to the perception that the state is centralized in the hands of certain clan groups, while others have little political representation. It remains to be seen whether the new president will reconcile dissident clans and better integrate the country’s east.

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

Public consultation

2

'06 '26 10



With some exceptions, political decisions are not based on broad consultation, although the clan structure of politics and the political cleavages between regions – some of which are also clan-based – require consultation with elders. This constitutes a limited mechanism for citizen participation. Although elders represent societal groups, indirect elections in previous review periods have shown that they can be co-opted and can contribute to corruption.

In Somaliland, civil society participates actively in political life. Under the last presidency (2017 – 2024), however, dissent and critical voices faced growing threats, especially on issues concerning the relationship with Somalia, the upheaval and violent clashes in Las Anood, and the general leadership of the president.

None of the political actors in southern and central Somalia have engaged in a broader reconciliation process so far. At the local level, reconciliation initiatives are led by clan elders. Consultations at the state and regional levels to develop a reconciliation strategy have been conducted, although the strategy has not yet been developed, or at least not published.

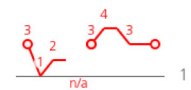
Relations between central and federal institutions are strained, and clan conflicts in southern and central Somalia have increased during the review period. Some clan groups have pledged allegiance to al-Shabaab, likely under pressure from Islamists or to protect themselves against the dominance of government-armed clan groups.

In Somaliland, a successful reconciliation process was completed in the 1990s and provided the basis for the state's independent and comparatively successful formation. Peace in Somaliland remains fragile, and the current political elites would be well advised to pursue further reconciliation efforts, especially in the eastern borderlands.

Reconciliation

3

'06 '26 10



17 | International Cooperation

In 2023, Somalia became the latest member of the East African Community; in 2024, the country was confirmed as a nonpermanent member of the U.N. Security Council for 2025/26. Both memberships attest to the international attempt to acknowledge progress in the state-building process.

Effective use of support

3

'06 '26 10



The Somali state depends largely on foreign support and protection. About two-thirds of the state budget comes from international donors, most notably the World Bank. Official development aid increased relatively steadily from about \$1 billion a year in 2011 and peaked at \$3 billion in 2020. Since then, it has hovered around \$2 billion. The United States, the United Kingdom and Germany were among the largest bilateral donors, and the European Union and the World Bank were the largest multilateral donors. Key international donors provide humanitarian and development aid, as well as support for stabilization and state-building.

Somalia's security sector is supported by the United Nations – notably the U.N. Assistance Mission in Somalia – and the African Union. The former steers the political transition; the latter mainly plays a military role, deploying troops from AU member states to AMISOM/ATMIS. ATMIS is an exemplary case of multilateral cooperation in military intervention, with many African countries contributing troops to ATMIS. The European Union, among others, pays troop salaries, while the United Nations is responsible for equipment and logistics. Individual countries such as the United States, Türkiye and the United Kingdom, as well as the European Union, provide additional financial, logistical and training support to improve security. Several countries, including the United States, the United Kingdom, Türkiye and the UAE, as well as the European Union have provided military support for Somalia. The

United States has trained the national army and regional forces, and built the Danaab special counter-terrorist unit. It has also built the counter-terrorism capacities of other Somali security forces and of security forces in neighboring states. Türkiye has steadily increased its engagement with Somalia. It has built an anti-terrorism force, Gorgor (Eagle), and agreed to support maritime security in Somalia.

Türkiye has further strengthened cooperation with Somalia. Focusing on Mogadishu, Türkiye provides social and physical infrastructure, such as hospitals, schools and roads, while Turkish companies receive contracts for infrastructure development, and manage the international airport and port in Mogadishu. Economic relations between Somalia and Türkiye have intensified in recent years, and many Somali businesses import their goods via Türkiye. At the beginning of 2024, Türkiye and Somalia signed two new cooperation agreements. The first establishes Türkiye as a key partner in supporting Somalia's maritime security and law enforcement over the next 10 years. The second allows Türkiye to explore and develop Somalia's offshore oil and natural gas reserves. Several companies have already secured similar exploration contracts, among them Royal Dutch Shell and Exxon Mobil, but could not begin because of the volatile security situation.

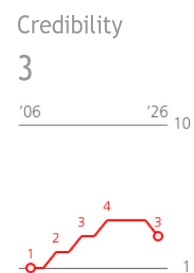
The political elite in Somalia has used international support to initiate state-building, build up capacities, and, to some extent, improve planning and reporting. However, the government continues to use funds in an opaque manner, especially in awarding contracts.

The UAE, through the state-owned company DP World, supports the restoration and expansion of two seaports in Somaliland and Puntland. The expansion and modernization of the port in Berbera by DP World, the establishment of a free zone, and the construction of a transport corridor between Berbera and Ethiopia were completed during the review period.

The government is rarely a reliable partner. In 2023, the United Nations identified widespread and systemic diversion of food aid, which led to the temporary suspension of funding for the World Food Program in Somalia. These and other forms of international aid diversion have a long history in Somalia and are deeply entrenched in the country's political economy.

Overall, there were fewer reports of the embezzlement of international funds. However, whether this indicates a general reduction in corrupt practices cannot yet be determined. The credibility of Somali institutions, from the perspective of international partners, seems to be improving slowly, though less so from the perspective of Somali citizens. Nevertheless, international support for these institutions continues, as no alternative to strengthening state institutions seems viable. Some, albeit modest, progress has been made in the reporting and oversight of public expenditure.

The government has increasingly insisted on control over donor funds and political analysis, heightening tensions with donor states.



Regional actors remain among the key players in Somalia, with Ethiopia, Kenya, Djibouti, Uganda and Burundi contributing troops to ATMIS. Since their military interventions in Somalia in 2006 and 2011, Ethiopia and Kenya have gained influence in Somali politics. Kenya has established strong relations with the FMS and cooperates with Jubaland's security forces to secure its border with Somalia. Ethiopia has close relations with the South West FMS and is key in securing its urban centers from attacks by al-Shabaab. Puntland, Somaliland and Ethiopia are also close allies.

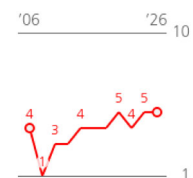
The year 2024 was marked by the rearrangement of regional alliances following the signing of an MOU between Ethiopia and Somalia on January 1, 2024. Although the MOU is not publicly available, the president of Somaliland announced that Ethiopia agreed to recognize the country in exchange for access to a strip of coastal land on the Gulf of Aden, where landlocked Ethiopia will build a naval base. The announcement sparked outrage across Somalia, which viewed the agreement as an infringement of its sovereignty and territorial integrity. Somalia was supported by many countries in the region and beyond, including Djibouti, Eritrea and Egypt, as well as the United States, the European Union, China and Türkiye. The diplomatic disputes and realignment of alliances in the Horn of Africa after the signing of the MOU attest to the wider geopolitical competition in the region. Several states – among them the UAE, China, Qatar, European countries and Türkiye – are competing for access to the Red Sea and Gulf of Aden, one of the most heavily trafficked oceanic trade routes globally.

Following an extraordinary parliamentary meeting in January 2024, Somalia recalled its ambassador to Ethiopia, and later announced that Ethiopia must withdraw its troops along with ATMIS and that Ethiopia's troop contribution to AUSSOM would not be accepted. Instead, Somalia fostered its diplomatic ties with Egypt and Eritrea in 2024, both of which also immediately condemned the MOU. Egypt and Ethiopia are competing for hegemonic power in the region and are in a bitter dispute over the Ethiopian Grand Renaissance Water Dam. Eritrea and Ethiopia are in conflict again after Ethiopia ended its war with the Ethiopian Tigray People's Liberation Front in November 2022. After several failed attempts to mediate the conflict, Türkiye eventually succeeded, and Ethiopia and Somalia announced in December 2024 that they would end their dispute and foster cooperation. At the time of writing, it remains unclear whether Ethiopia has given up its plan for a naval base in Somaliland and whether it will contribute troops to AUSSOM.

Overall, relations between Somalia and Kenya, which had deteriorated during the term of Somalia's previous president, improved. Kenya also sought to mediate the conflict between Somalia and Ethiopia during President Hassan Sheikh's diplomatic visit to Nairobi in February 2024.

Regional cooperation

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Strategic Outlook

While the commencement of the constitutional review is a positive, long-awaited step in the development of the Somali state, the government should prioritize a consultative approach by engaging in meaningful negotiations with Puntland and Jubaland. The deployment of troops to Jubaland and the political tension with both FMS only serve to strengthen al-Shabaab's position. Without an inclusive and transparent political dialogue that includes discussions on resource-sharing between the federal and regional states, the already challenging transition to direct elections by 2026 will remain unattainable. Furthermore, it is unclear how a direct election model could function effectively amid ongoing territorial fragmentation and al-Shabaab's insurgency.

Al-Shabaab continues to pose a significant threat to peace and stability in Somalia and the broader region. While a focused military campaign against the militant group has taken precedence, discussions of potential negotiations have taken a back seat. However, as the presence of international forces is reduced, and the Somali National Army and clan militias struggle to retain control over recaptured areas, it is increasingly evident that a purely military solution is no longer viable. Al-Shabaab has shown resilience, repeatedly reorganizing itself despite military setbacks. Therefore, the government must offer incentives to encourage defections from al-Shabaab and establish plans for the reintegration of lower-ranking members into Somali society.

The security sector is fragmented, with unclear divisions of responsibility and no cohesive command structure. The integration of regional forces remains elusive, further weakening their operational effectiveness and social cohesion. Moreover, institutions to investigate abuses within these forces are lacking. Internal power struggles and political infighting within the central and federal leadership have diminished public trust in state institutions. Without a clear, unified vision from Somalia's political elites for the future of the Somali Republic, the country's long-term stability remains uncertain.

Amid counterinsurgency and state-building efforts, too little attention is paid to service provision and economic development, particularly to strengthening the agricultural sector in ways that address food insecurity and poverty. Climate change-related shocks are likely to continue, yet established response mechanisms are lacking to mitigate the impacts of recurring and prolonged droughts, and to prevent famines and mass starvation.

All the challenges Somalia faces will be compounded by the sudden loss of aid from the U.S. government.