

Mendel University in Brno
Faculty of Regional Development and International Studies

Piracy in Somalia as consequence of Failed State

Bachelor Thesis

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Brno 2015

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Abstract

MIKÝSEK, M. *Piracy in Somalia as a consequence of Failed State*. Bachelor Thesis. Brno, 2015

The aim of the thesis is to analyze the influence of state failure on the genesis of piracy in Somalia. This bachelor thesis is focused on description of situation in the failed state of Somalia and connecting this situation with rise of piracy in the region. Task is to show the connection between piracy and harsh economic conditions, ineffective and corrupted government institutions and humanitarian crisis, caused by natural disasters and long-lasting civil war. Results obtained from analysis are used to recommend effective solution which would assist in eradicating piracy in Somalia.

Key words: Somalia, piracy, failed state, institutions, security, corruption, economy, humanitarian crisis

Abstrakt

MIKÝSEK, M. *Piráctví v Somálsku jako důsledek zkrachovaného státu*. Bakalářská Práce. Brno, 2015

Cílem této práce je analyzovat vliv zkrachovalého státu na vznik pirátství v Somálsku. Tato práce je zaměřena na popis jevu tzv. zkrachovalého státu v Somálsku a zabývá se především tím, jakou má tento jev souvislost se vznikem pirátství poblíž břehů Somálska. Zvláště na propojení pirátství s těžkým životem lidí žijících v této zemi, nefungujícími a zkorumpovanými vládními institucemi a humanitární krizí způsobenou přírodními pohromami a dlouhotrvající občanskou válkou. Výsledky analýzy byly použity pro návrh vhodného řešení, které by pomohlo zastavit pirátství v Somálsku.

Klíčová slova: Somálsko, pirátství, instituce, bezpečnost, korupce, ekonomika, humanitární krize

List of Abbreviations

CAP	Consolidated Appeal Process
CIC	Council of Islamic Courts
EU	The European Union
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
GNP	Gross National Product
GII	Gender Inequality Index
IDP	Internally Displaced Person
IUU	Illegal, Unreported and Unregulated
SANF	Somali Army Naval Forces
UIC	United Islamic Courts
UN	The United Nations
UNDP	The United Nations Development Programme
UNEP	The United Nations Environment Programme
UNHCR	The United Nations High Commissioner for Refugees
UNOSOM	United Nations Operation in Somalia
US	The United States
USD	The United States Dollar
TFG	The Transitional Federal Government
TNG	The Transitional National Government
WFP	The World Food Programme

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1. Introduction

For nearly quarter of century, Somalia has been a prime example of a failed state, word so often discussed recently due to its significance for terrorist groups, which use failed states as their bases. All efforts to rebuild Somalia into functional state, made by many groups and individuals, foreign and domestic, have failed and the country is still among the most failed states in the world. Due to absence of central authority, there is long-lasting civil conflict causing many casualties, humanitarian crisis seem to be permanently present and there is number of illicit activities, such as piracy and smuggling. Another serious problem in the country, is the presence of militant group Al-Shabaab, which has ties with the infamous terrorist group Al-Qaeda. Al-Shabaab has been terrorizing citizens of Somalia and managed to take control of area around central and southern Somalia.[19] As result of these negative influences, present Somalia is one of the most dangerous countries in the world.[1] This situation in Somalia has been ignored by international community for a long time, as early actions taken against chaos in Somalia were counterproductive and left the country in worse situation than it was. Therefore, the illegal groups could thrive without any opposition in the country.[24]

Piracy in history was traditional, sometimes even legal, way of life. Golden age of piracy ended in 18th century, main reason for it was presence of more ships patrolling coastal areas. Invention of steam engine also caused that more and more commodities to be transported on land.[32] Piracy almost disappeared during the cold war, mainly because seas were patrolled frequently by naval forces. In order to not to get caught, pirates had to spent less time at sea and hide well on land. With the end of the cold war piracy reappeared.[10]

Waters around Somalia are especially important as international trade routes. Gulf of Aden, which is situated between Arabic Peninsula and northern coast of Somalia, links Indian Ocean with the Red Sea. This shipping route is used by more than twenty thousand vessels, carrying mostly crude oil from the Persian Gulf to Europe and North America, each year.[25]

Piracy poses a great danger to smooth operation of international business and economy, as more than three-fourths of global trade are happening at seas and oceans, which are immense. Because of their magnitude, it is really difficult to establish some effective way to patrol them and ensure security of those involved in naval trade. There are many studies focused on terrorism and similar problems, however, till now only a few studies focused on modern piracy. International community have not been giving this issue much significance when it was only a minor threat and now this threat has grown to unexpected proportions. Although measures have been taken, it is increasingly difficult to patrol thousands of ships which are going through areas where is danger of piracy attack.[7] Piracy is likely to arise where is plenty of commercial activity, weak security and small number of naval patrols in the area. And in this environment, it is possible that other illegal activities linked to piracy will occur. These may include smuggling of drugs and arms, terrorism and human trafficking.[43]

Piracy threatens the international trade market not only directly, via ransom payments, but also mainly indirectly. These indirect threats are connected with costs which arise from the undelivered cargo, these may be vitally important as part of further processes or may cause pressing situations to recipient. This undelivered cargo may also lose its value significantly over the time. As result of piracy, boat crews are more afraid to use high-risk routes and may refuse to work or demand higher remuneration. Insurance cost is higher due to danger of piracy, boats are travelling faster and there is increased cost of fuel.[32]

2. Aim and methodology of the work

Aim of the bachelor thesis is to analyse the influence of the state failure in Somalia on genesis of the piracy in Somali waters. The thesis focuses on consequences of government breakdown, especially weak institutions in the country, harsh economic situation, insufficient security of citizens and humanitarian crisis.

Literature research focuses on definition of piracy according to the United Nations Convention on the law of sea. In second part, it suggests the most appropriate definition of failed state and how to measure failure of state with help of fragile states index. Then it focuses on economic indicators used to measure economy of states and indicators used to measure humanitarian crisis. In the next part, it uses theory of state to show what are the most crucial functions of state. Another part depicts the Somali territorial waters according to the UN Convention on the Law of the Sea. Last part is focused on defining the non-state factors analysed in this work.

Analytical part uses available reports and literature focused on the topic. First it describes piracy in Somalia in general and it also describes how the area of pirates' activity has evolved over the years and how frequency of piracy attacks in Somalia have increased or decreased over the last fourteen years. Then it depicts business model of pirates and their possible connection with politicians and militant group Al-shabaab. Second part is focused on analysis of the political and security situation in Somalia since its independence. Another part is focused on description of economic situation of Somalia and further analyses sectors of Somali economy, such as agriculture, fishery, industry and transportation. This economic situation is one of the reasons for the humanitarian crisis, which is analysed in next part of the work. Another part is aimed at analysis of the non-effective and predatory institutions in Somalia which work with insufficient resources and are the main cause of corruption, insecurity of people and illegal trade in the country. These consequences of weak institution are analysed afterwards, along with illegal fishing in Somali territorial waters and exclusive economic zone and dumping of toxic waste in Somali waters, which is another consequence of non-functioning government and institution. The last part focuses on analysis of the non-state factors, which could also contribute to genesis of piracy such as, natural disasters and geography.

3. Literature Research

3.1. Definition of piracy

The United Nations Convention on the Law of the Sea defines piracy in its article 101. Piracy consists of any of the following acts:

(a) any illegal acts of violence or detention, or any act of depredation, committed for private ends by the crew or the passengers of a private ship or a private aircraft, and directed:

(i) on the high seas, against another ship or aircraft, or against persons or property on board such ship or aircraft;

(ii) against a ship, aircraft, persons or property in a place outside the jurisdiction of any State;

(b) any act of voluntary participation in the operation of a ship or of an aircraft with knowledge of facts making it a pirate ship or aircraft;

(c) any act of inciting or of intentionally facilitating an act described in subparagraph (a) or (b). [33]

3.2. Definition of failed state

Defining exactly what is a failed state is complicated, as the scholars have not yet decided which is the most suitable definition. Here are the most notable ones :

- *Failed States are tense, deeply conflicted and dangerous.* [41]
- *Failed States are those which cannot safeguard minimal civil conditions, such as, peace, order, security and others, domestically.* [46]
- *Failed States can be defined in terms of their failure in performing governmental functions of a state.* [48]

For state to become failed state, there is a long process of weakening the state's governance capacity, which then may lead to complete failure. There is not that many states, which are failed, but there are many who are on their way to possible failure in the future. Weakening states have generally some common negative characteristics, which are caused by unsuitable governance, these are mainly: increased violence and possibility of internal conflict; poor economic situation caused

by insufficient infrastructure and transport, widespread corruption due to ineffective institutions, low quality and general lack of education, lack of medical care for ordinary citizens.[49]

3.2.1. Measuring state failure

Intensity of state failure is measured by the Fragile States Index¹ published by the Fund for Peace and the magazine Foreign Policy since 2005. The index only assesses sovereign states - members of the United Nations (also UN). Index gives every state a ranking according to two groups consisting of twelve indicators, which have another 100 sub-indicators. First group is called social and economic indicators and it encompasses six indicators – demographic pressures, group grievance, uneven economic development, refugees and internally displaced persons (also IDP), human flight and brain drain, poverty and economic decline.[45]

Second group of indicators assesses political and military indicators – state legitimacy, public services, human rights and rule of law, security apparatus, factionalized elites and finally external intervention. In the list the states are divided into 12 categories according to the susceptibility to failure of the state, ranging from very high alert to very sustainable.[45]

3.3. Economic Indicators of State

Nominal Gross Domestic Product (also GDP) or Gross National Product (also GNP) is used to measure total economic activity in current prices. Which of the two is used depends mainly on national conventions. It is usually measured quarterly or annually. Real GDP measures total economic activity, but differently from nominal GDP, in constant prices and therefore is more useful in tracking developments of economy over longer periods of time. GDP per head is output per person, which is calculated as total GDP divided by population size. Employment comprises of employees in employment and the self employed citizens. It is significant because it indicates the current output potential of economy. Total unemployment, on the other hand, shows

¹ formerly called the Failed States Index

number of people not employed but who are ready and able to work. More likely is released unemployment rate which depicts unemployment as percentage of labour force.[28]

Public expenditure measures spending of the government, which affects aggregate demand and size of the budget deficit. Government revenues measures income of the government, mainly from taxes and duties. Budget of the government can be either in balance or deficit or surplus. Condition of government budget is calculated as net total of government spending minus government revenues in given period of time. Situation of government budget has further influence on the national debt which represents long-run cumulative total of government spending minus government revenues.[28]

3.4. Humanitarian Crisis Indicators

Report on conflict, human right and peace building called Alert 2010! established four indicators which to use when determining countries facing the humanitarian crisis. First indicator measures the seriousness of food crisis in the country. Level of food crisis is determined from periodic reports by Food and Agriculture Organization (also FAO), these reports focus on crops prospects and food situation. The second indicator is concerned with forced internal displacement of inhabitants which is caused by violence in the country. The third indicator is related to the number of refugees who get assistance from the United Nations High Commissioner for Refugees (also UNHCR). The last, fourth indicator is the Consolidated Appeal Process (also CAP), it shows severity of the humanitarian crises in terms of the UN's urgency of appeal for funds.[31]

3.5. The State Theory

According to Anifowose, there are four essential functions of the State, which are necessary when ensuring the existence of the State in general and upholding its power.

The maintenance of such armed forces as are necessary for defence against foreign invasion or domestic violence;

The maintenance of such police forces as are essential for the suppression of crime and the prosecution of criminals;

The maintenance of courts for the punishment of offenders, protection of the rights of individuals and settlement of disputes by legal means;

The maintenance of foreign services for the conduct of relations with other States;

Control of environmental pollution.[37]

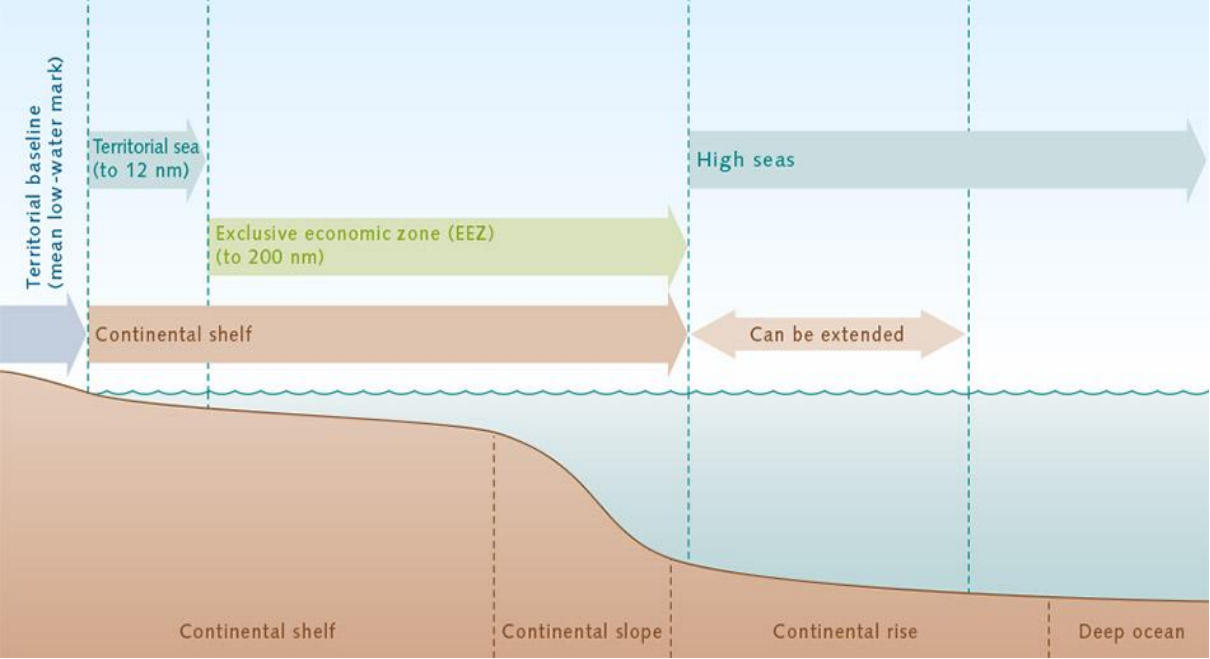
3.5.1. Territorial waters according to Convention on Seas

According to the United Nations Convention on the Law of the Sea coastal states are entitled to a territorial sea which do not exceeds 12 nautical miles from coast of the state. In its territorial sea, the coastal state exercises sovereignty which includes air space of the area but also bed and subsoil. In a contiguous zone to its territorial sea the state may exercise the control necessary to prevent infringement of its customs, fiscal, immigration or sanitary laws and regulations within its territory or territorial sea or punish infringement of these laws and regulations committed within its territory or territorial sea. This zone which should not extend more than 24 nautical miles from the baselines marking the territorial sea.[33]

Moreover a coastal state may set up an exclusive economic zone. This zone may not extend beyond 200 nautical miles from the baselines. In this zone the state has sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living. This concerns the waters above the seabed, the seabed and its subsoil, with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds. Within its exclusive economic zone, the state also has jurisdiction to the protect and preserve the marine environment and perform scientific research. Foreign fishing vessels in the exclusive economic zone are required to comply with the conservation measures, laws and regulations of the state. Coastal state also able to enforce laws and regulations in the exclusive economic zone with respect to living resources, including boarding, inspection, arrest

and judicial proceedings as well as the protection and preservation of the marine environment.[33]

Figure 1: Territorial Waters according to the UN Convention on Seas



Source: www.worldoceanreview.com

3.6. Non-state Factors

In this part are considered factors which are not caused by failed state situation but which might have contributed to the rise or increase in the number of piracy attacks in Somalia waters. These factors include natural disasters which influence livelihoods of people and favourable geographic location for piracy attacks.

4. Analytical part

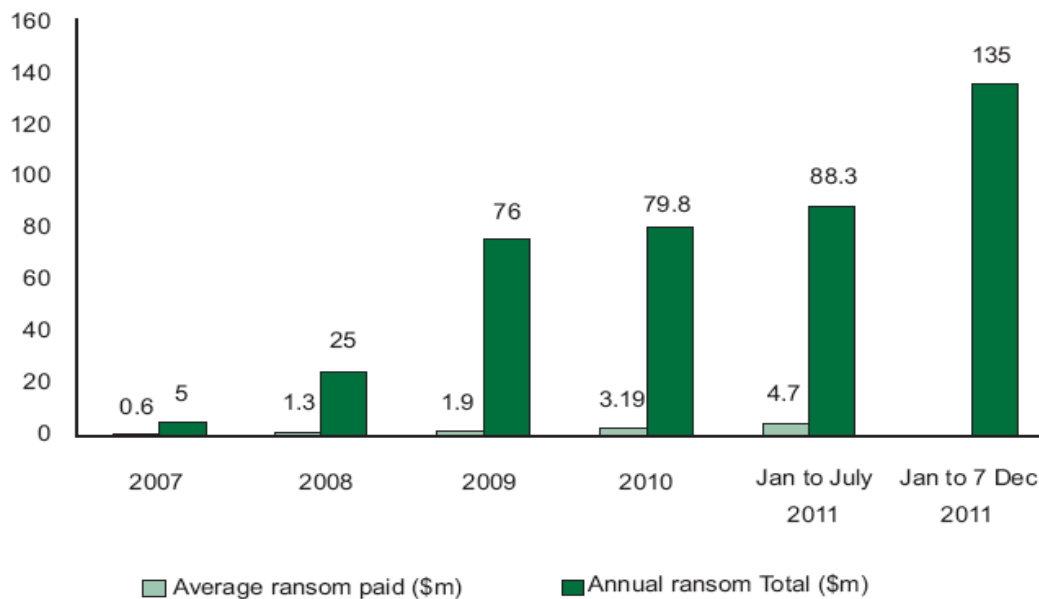
4.1. Overview of Piracy in Somalia

Before the fall of Barre's regime, there was coastal guard in Somalia, it was called Somali Army Naval Forces (SANF). SANF was operating since 1965 and its operation was considered to be quite successful as it was one of the most effective coastal guards in the region. When length of the country's coast is taken in consideration, it is remarkable that it was able to effectively control such large area and ensure safe passage of ships.[3]

First acts of piracy in Somalia supposedly occurred between 1989 and 1991 and were conducted by group called "Somali National Movement." Then came the fall of Somali Democratic Republic and long coast of Somalia was left unprotected and consequently, over the years, foreign vessels have started to take advantage of this situation and illegally fished in Somali waters. During 1990s, acts of piracy were infrequent and it was not considered as serious threat to national and international security.[12] First attacks against illegal fishing vessels occurred around 1995, in that time local fishermen heroically took up any available arms they had, in order to defend the coastal ecosystem and their livelihoods against foreign intruders. In 2005, this took different form as it started to be business of hijacking ships for ransom. [10] At the end of 2007, acts of piracy began to occur mainly in the Gulf of Aden, where vessels are leaving the Suez Canal, as it was less dangerous for pirates and more vessels could be hijacked as well.[13]

Pirates use small boats with powerful engines which are easily manoeuvred and able to reach high speed. Bulky ransom payments are good motivation for pirates. Amount of ransoms steadily increased over the years, and in 2008, which was the most successful year for piracy, total ransom payments were between 18 million USD to 30 million USD. Companies or governments, who own hijacked vessels, are willing to pay massive ransoms because they are still much lower than are the values of the ships and their cargo, not to mention lives of those aboard the hijacked vessels.[1]

Table 1: Ransoms paid to Somali pirates



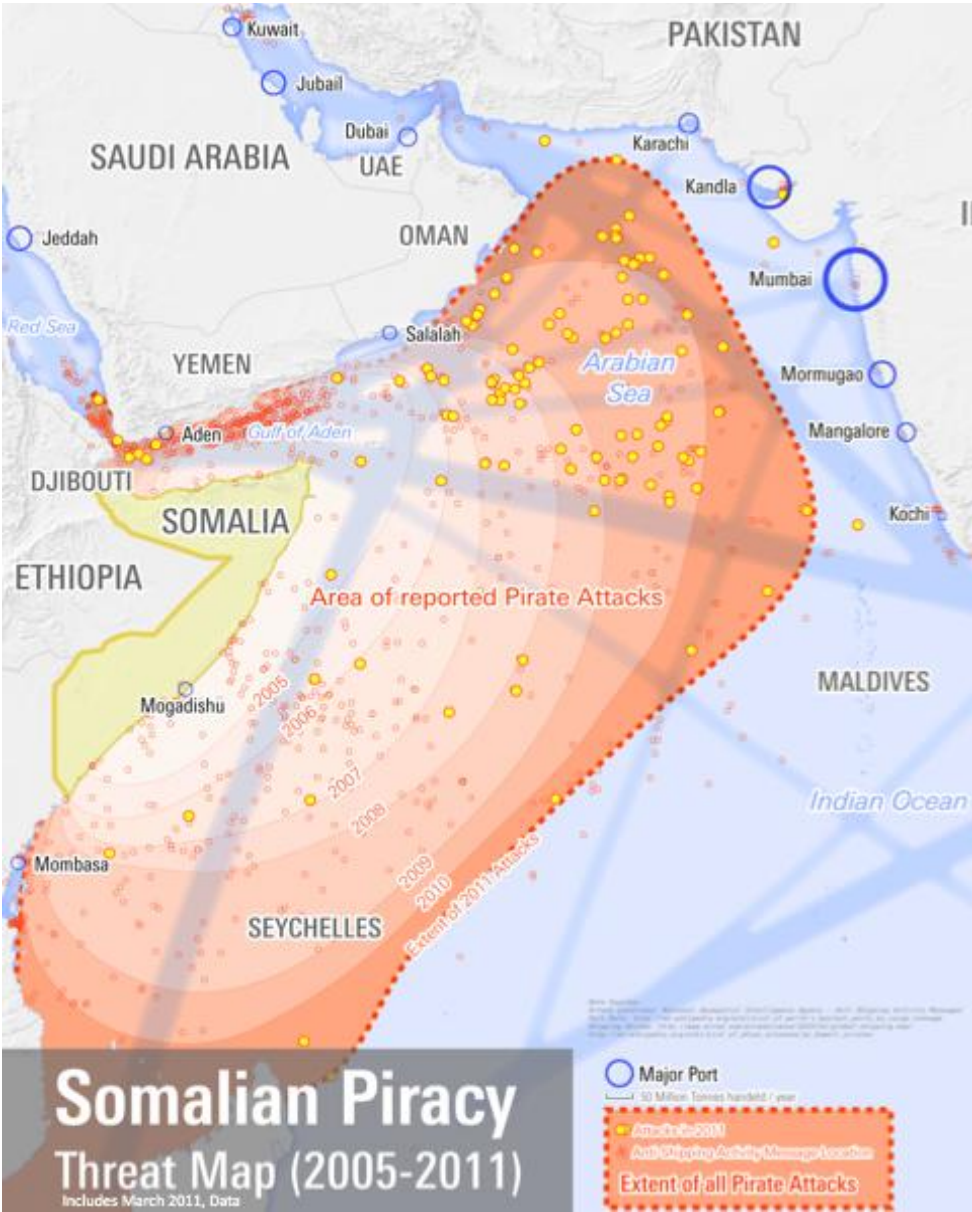
Source: www.publications.parliament.uk

4.1.1. Determining the area of piracy attacks

Somalia Pirates were at first focused only on the area close to their coast, especially Gulf of Aden area. However, with their growing confidence over the number of hijacked ships they decided to expand the area of their activity. So nowadays we have to determine the area which is far reaching. This area stretches from Red Sea to Gulf of Oman in the north, then it continues along territorial waters of India and to Maldives. On south, it ends somewhere in the middle of Mosambique Channel and through Madagascar it goes up to the northeast. The area is large, it is over 4 million square kilometres. The farthest attack in 2007 occurred 800 km from Somali coast, this distance doubled the year after and in 2010 it reached almost 3700 km far from coastline of Somalia. This is interesting, as in other parts of the world the acts of piracy occur mainly close to the coastline and major ports.[10] In the case of Somali piracy, the reason for this extension was that as one moves away from coast, there is smaller probability of encountering patrolling ship, which were frequent in the area after 2008.[42]

Governing Board of Philippine Overseas Employment Administration had established this so called “extended zone of high risk” in 2011, as follows: "The western border of the Zone runs from the coastline at the border of Djibouti and Somalia to position 11 48 N, 45 E; from 12 00 N, 45 E to Mayyun Island in the Bab El Mandeb Straits. The eastern border is set at 78 E, the southern border is set at 10 S and the Northern Border set at 26 N." [30]

Figure 2: Expansion of the area of Somalia pirates’ attacks

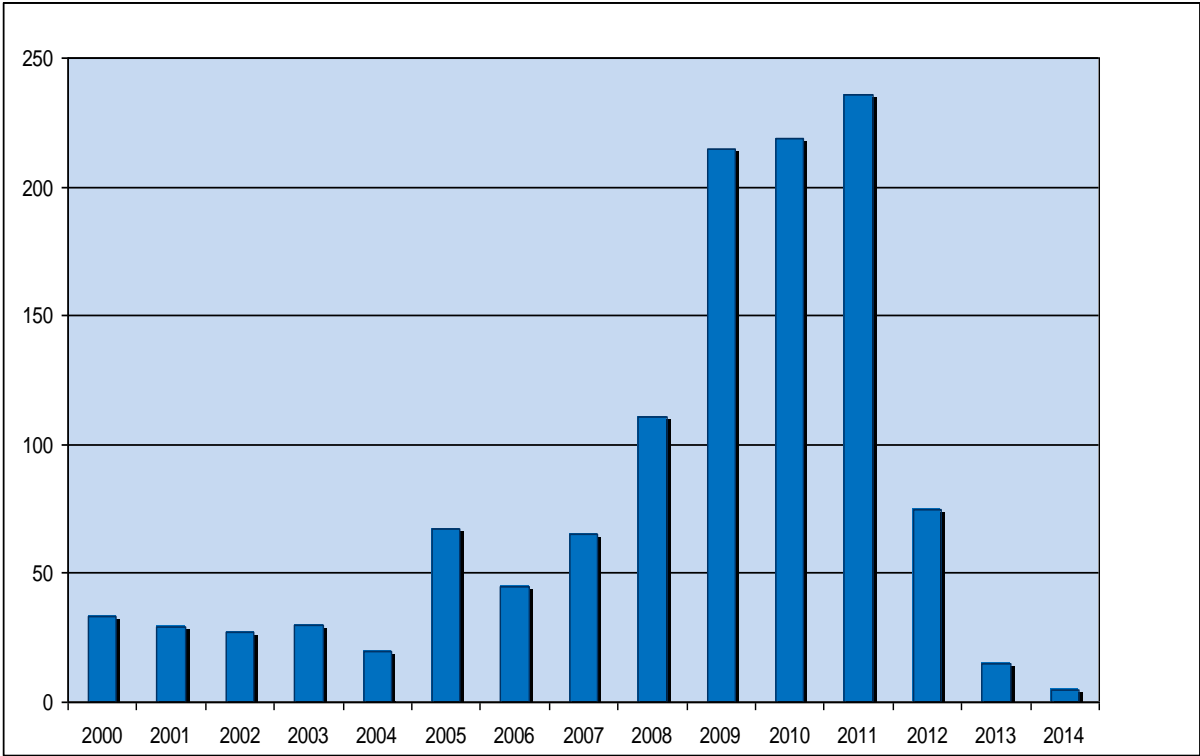


Source: The Economics of Piracy, Geopolicity 2011

4.1.2. Frequency of piracy attacks since 2000

In 2011 was the peak of piracy attacks off the Horn of Africa and after that year, the number of attacks was declining each year. In 2013 only 23 vessels was attacked in Indian Ocean.[8] Attacks are now usually taking place in Southeast Asia and Gulf of Guinea – the other side of Africa. In 2014 there were mostly seen suspicious vessels and were attempted attacks, mainly in the Gulf of Aden area close to Djibouti – Eritrea border. In 2015 as of March, there was yet no attack. [44]

Table 2: Number of piracy attacks in Gulf of Aden since 2000 to 2014



Source: Own work based on International Maritime Bureau Data

4.1.3. Business model of Somali Piracy

At the beginning of a piracy operation, there is an instigator who is responsible for acquiring the funds, needed to purchase all the necessary equipment which piracy require and who also determines who will be in the charge of piracy attack. The funds may also comprise of equipment suitable for piracy such as, boats, weapons etc. Those who are providing the funds will after the action have right to a part of ransom

received for releasing the ship. Pirates in the recent years mainly used mother ships from which they set out on the sea and seek out the vessels suitable for hijacking. Thanks to the use of mother ships pirates can stay longer on the sea, they can extend their reach and they are less conspicuous.[10] Pirates have good access to weapons and they tend to be armed with small weapons as well as high-calibre weapons such as, machine guns, anti-ship ordinance and rocket propelled grenades.[29] Reports estimate that there is a window of 15 to 30 minutes, when it is possible to stop pirates from boarding.[43]

When pirates take control over the ship, their only goal is to hijack the ship and obtain ransom for the ship or to use the vessel as new mother ship. During the ransom negotiation, the ship is usually anchored in suitable port or off the Somali Coast. Then the vessel is secured by ground team, so that no rival gangs or rescue team cannot take control of the ship. Main asset for the pirates is a negotiator who also plays a role of translator and who negotiates about the amount of ransom with those authorized by owner of the ship.[10] Ransom negotiator is trying to raise the ransom as high as possible. This is unusual behaviour, as other pirate groups usually take all valuable things which are easy to carry away and to sell. Then they try to get rid of ship as soon as possible.[14]

New recruits for piracy mainly come from coastal areas, lying around bases of pirates. Due to high unemployment there is many recruits willing to get involved in piracy, most of them are not well educated. Most useful for pirates are fishermen because they know how to operate boats and know how to use sea to their advantage. Pirates promise them high rewards in order to persuade them to join.[13] Piracy in Somalia is based on the rules of clan structure which are widespread among all groups in the country. This structure is significant in two ways, as it influences organizational structure of the group and behaviour outside the group.[12]

It is predictable that pirates equipped with small boats will attack small boats called skiffs which are easy to capture, but it is usually the opposite way. Pirates seem to focus mainly on huge boats such as, bulk carriers, container boats and tankers. Pirates are risking a lot, when they try to board such immense boats. But there is one factor which is favourable to pirates attacking huge boats, it is their speed. Those

gigantic boats are usually moving at slow speed and they have many good access point for pirates.[42]

It was found that activity of pirates is affected by weather, especially by monsoon season. Research, based on 15 years of observation, showed that pirates dramatically reduce their activity during monsoon season. The most probable reason of this, is that pirates have problems controlling their small boats during the harsh weather conditions on sea.[42]

4.1.4. Relationship between piracy and politics

Political capital is vitally important for Somalia piracy, without it pirates would not be able to anchor hijacked ships, which are often huge and cannot be hidden easily for so long as pirates need, usually for several months but it may be even for years.

Pirates are taking advantage of the chaotic situation in Somalia. The country is divided into many smaller regions, controlled by different authorities. Pirates can leverage the authorities, to enable them to anchor the hijacked ships in their region. This make one of the conditions for political model of Somali piracy. Pirates have to beat significant rivals, in order to win the attention of the authorities for their purpose. Competitors of the piracy are for example, central government, international community and other businesses which have conflicting interests with piracy.[10]

Model, suggested by World Bank experts, shows that it is much more probable that piracy will arise, when country's political fragmentation level is higher than the usual level. Nevertheless, piracy is more costly as there is higher level of fragmentation, as there is need to bribe more influential people. Government, on the other hand, is more effective and less costly to operate, where there is low level of political fragmentation. In such politically fragmented environment, as is in Somalia, piracy is more effective than government in gaining the support of state and non-state stakeholders. That is why the piracy is so hard to control and eradicate in Somalia, when the central government is weak and the country is divided into many smaller regions. The model was based on assumptions that gaining support of stakeholders is more expensive as number of stakeholders rises. Pirates need less money to gain support of stakeholders than government. When there would be no pirates in

Somalia, it would be more beneficial to the government than revenues earned by pirates.[10]

4.1.5. Piracy and Al-Shabaab

Al-Shabaab is islamist group operating in Somalia, information about its formation are not unanimous. Most probably, it operates since 2004 and was formed as an answer to intervention by Kenya and Ethiopia. This movement is behind many terrorist attacks in Somalia.[14] But only some countries designated Al-Shabaab as terrorist movement. In many recent debates led by experts on Somalia, it was discussed, if it is possible that Al-Shabaab is taking part in piracy. It is true that there seems to be connection between pirates and members of Al-Shabaab, especially, since both groups have similar interests and are involved in illegal activities. Fortunately, no significant danger is expected to arise from this connection, as cooperation of these two groups is improbable.[13]

4.2. Situation in Somalia since its independence

4.2.1. Independence and Barre regime

Modern Somalia was firstly formed, as a union, from two colonies after they received independence. The first colony was British Protectorate of Somaliland which became independent state on 26th June, 1960 and the second was territory administered by Italy, as a UN trust, which became independent on 1st July, 1960. These two states have formed one state because it seemed advantageous and another reason was that it was the time when African nationalism was very popular. Nonetheless, these two nations have ever since not been able to develop common sense of nationhood, due to very different colonial experiences. The first president, of the state called Somalia, became Aden Abdullah Osman.[19]

In 1967, came the first peaceful transfer of power in the country and Adbi Rashid Ali Sharmarke beat Abdullah Osman in the presidential election, but his term was prematurely ended, as he was assassinated the same year. This chaotic situation

was used by Major General Siad Barre whose coup d'état was successful. After one year Barre proclaimed the new "Somali Democratic Republic" – a Marxist state. In this kind of state was no place for clan identity which was deeply rooted in Somali identity. Clan identity was seen as obstruction to development, and therefore should be replaced by nationalism and "Scientific Socialism". In 1978, attempted overthrow of Barre regime was repulsed and plotters were eliminated. But Barre's insecurity rose, as result, he started to put members of his clan into important positions. Another problem came when foreign aid, generated by Cold war, was frozen by the donors which meant that the government had almost no resources. His regime ended in January 1991, when Barre was trapped in between two popular rebellions. One originated from North and was led by Isaq and Darod and Hawiye uprising from Central Somalia. During the the of Barre's flight, Somalia came back to traditional clan division and all forms of law and order ceased to exist.[19]

4.2.2. Civil War in Somalia

After the collapse of "Somali Democratic Republic", there were fights between leaders of Hawiye uprising. Fighting was followed by cutoff of food supplies and subsequent humanitarian crisis. This situation lead to international military interventions supposed to secure humanitarian aid flowing into the country.[19] Nonetheless, central and southern Somalia quickly returned to the old pattern of clan division and cooperation with powerful figures. Clans were encouraged by gains from conflict, competed with each other for control over the territory and looted, what valuable was still left in the country. This wars between clans left especially southern Somalia in ruins. Around 250 000 Somalis died because of famine and around million of survivors fled to neighbouring countries. In northwest was established state of Somaliland.[27] In 1993, the UN began operation UNOSOM whose main task was to bring order and law back to Somalia. This operation ended after three years when it was fighting against the strongest warlord in the country and crisis in Somalia to continued. Other international bodies were deterred from helping to rebuild the state of Somalia, after the lessons learned from the UN operation.[15]

4.2.3. Rise of Islam in Somalia

The fall of Somalia's government have led to subnational governance which caused rise of self-declared states, like already mentioned Somaliland. Even though borders in Somalia are usually along clan territories, many of others failed in their efforts to establish their own state. Amidst the chaotic situation and in the absence of political structures, Islamic authorities came to spotlight with Shari'a law as a mean to curb the increasing criminality. Thanks to this, Islamic legal authorities assumed roles of police and judges.[15] As a result, they achieved access to greater amount of resources and acquired greater influence. In the south Somalia, Islamic religious leaders have managed to organize security and other services, particularly they established courts based on shari'a law. Later these courts served as models for establishment of Islamic Court Union in Mogadishu in June 2006. By this, Islamic leaders tried to fulfil some inexistent functions of the state and in the meantime they tried to incite Somalis to convert to Islam. Then came the first attempt to establish functional government, after the years of disorder, but the operation called Nairobi failed. The Islamist created governmental structure called the Council of Islamic Courts (also CIC) and quickly took control over great part of southern and central Somalia. CIC was improvement for Somali people because with it came security and order. But there was also other side of the coin, as Islamist wanted to impose their inhibitions which were strange to Somalis.[19]

4.2.4. The Transitional National Government

First attempt to establish functioning government came in 2000 when the Transitional National Government (also TNG) arisen from international effort, so it acquired some international recognition, especially from the UN. Although it was financially supported by Gulf states, it was not able to control the whole Somalia which was divided into many self-governing units. President became Abdiqasim Salad Hassan. All the leaders of the government were affiliated with group of leading Mogadishu businessmen, which proves that in Somalia business is more important than politics. The legitimacy of TNG was doubtful from the beginning. There were many disagreements among the leaders and it was not able to create some order in the

lawless country. In 2002, it seemed that the government is no longer needed, as it was not effective at all. Moreover, allegations emerged about the TNG's cooperation with Islamic fundamentalist. In August 2003 its mandate was about to end, but the president of the TNG prolonged its mandate. Nevertheless, TNG did not achieved any particular results, even in the next period of governance.[24]

4.2.5. The Transitional Federal Government

The Transitional Federal Government of Somalia (also TFG) was established in 2004 and its first President was Abdulahi Yusuf. But he was not able to establish himself in Mogadishu until 2006 and he needed assistance of Ethiopian troops. The government was based on the Charter which was created during the Somali National Peace Conference held the same year. TFG claims the whole territory of Somalia and is supported by the UN and other significant international partners. Despite this support, it never achieved to control much of the territory it is claiming. It relies overly on the external financial sources from the UN, the EU and others. The situation in TFG is quite tense, there are often various disputes among the leadership. Sometimes these disputes have to be solved by external interventions. TFG's constitutional framework is Transitional Federal Charter which was approved in 2004. This Charter mandated five-year period for TFG which should end in 2009. TFG's main tasks were to create new constitution which would lead to elections and establishment of democratic government. In 2009 was approved an extension of mandate for another 2 years when Shiekh Sharif replaced the former TFG's President. Nevertheless, the tasks assigned to TFG were still not fulfilled, even after seven years. Then came another compromise deal to extend the TFG's mandate for another year, during which constitution should be completed and elections held. Subsequently, in 2012 was passed new Provisional Constitution and also the first formal parliament in 20 years was formed, followed by first democratic presidential elections. First president elected by people became Hassan Sheikh Mohamud. Despite these advances in politics Somalia was still on the top of the list of Failed States, mainly because of continuous insecurity of its citizens.[35]

4.2.6 Somaliland and Puntland

Unlike rest of the Somalia, self-governed regions in the North of the country, namely Somaliland and Puntland, have achieved relative stability and security within their imaginative borders. There have not been so much violence and any major conflict in these regions, whereas in other parts of Somalia, this is the major problem for development of the country.[19]

Somaliland was established after the fall of Barre's government. Elders from variety of clans, from area of former British Somaliland Protectorate, called a meeting in Burao. On this meeting, they decided that merger from which State of Somalia arose should be nullified, therefore there would be self-governing Somaliland, as before the independence.[19] Puntland was established in 1998 as autonomous region, when Abdullahi Yusuf Ahmed was its leader. He later became the president of Somalia. But before that, he was responsible for political crisis in Puntland.[38]

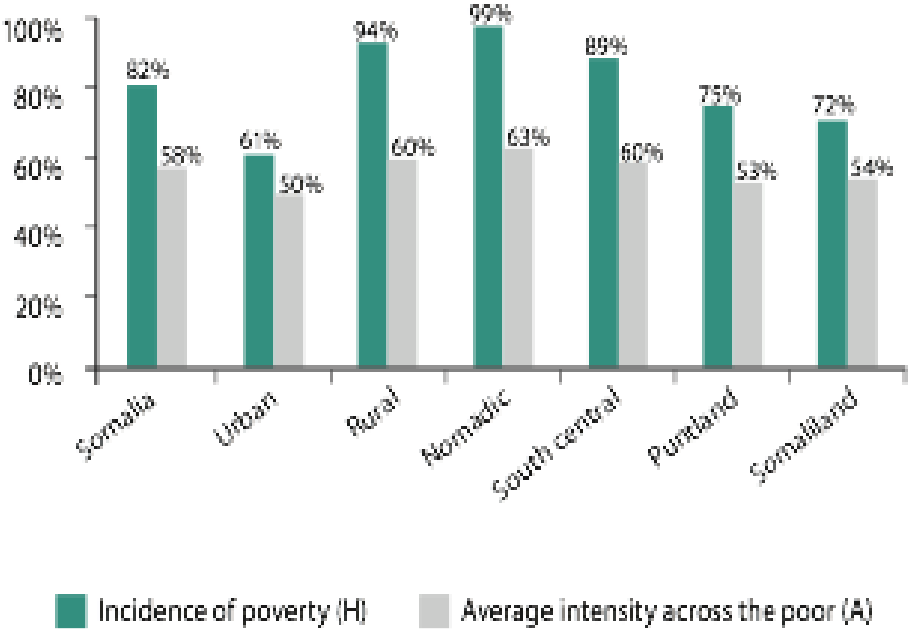
Somaliland was able to establish some of the institutions necessary for functioning state and that helped to reintegrate of over million of refugees. Good governance² brought many locals and Somalis living abroad to invest into Somaliland. From these investments were built, among other things, advanced telecommunication infrastructure.[19] Somaliland was also effective in countering piracy, as they curbed the piracy when the first signs started to show in the region. Now, Somaliland is considered to be almost free of piracy. On the other side, Puntland's administration is thought to be cooperating with pirates and receiving substantial part of the ransoms in return. So piracy in Puntland, is not only overlooked, but it may be even supported by its officials. Although there are reports that many pirates were arrested in Puntland, all the piracy leaders remained free.[12] Even though these two self-governing regions were not officially recognised and international community does not provide any help to them, they managed, especially Somaliland, to be more secure and economically self-sufficient than rest of Somalia.[19]

² Good governance means that the corruption is reduced, minority views are considered, responsiveness to present and future needs of society [52]

4.3. Economic situation of Somalia

Somalia is among the world’s poorest countries and therefore, economically fits into the failed state model.[47] Overall incidence of poverty, measured by poverty line of US \$2 a day, is almost 75 percent, this number is higher in rural areas and lower in urban areas. Since the start of civil war, economy has been in decline. Main reason for poor economic situation of Somalia is the two decades long absence of effective government. Another reason are the civil wars, much too frequent in the country. Ongoing civil wars also make it hard to establish functioning economy in Somalia. Another contribution to economic hardship is environmental stress on natural resources. It is not easy to get concrete data on Somalia economic situation, as there is no bureau to collect the data. In Somalia there is basically no developed infrastructure and industry. Due to this lack of incentives for business development, the state is excessively dependent on external funding in order to fill out the void in Somali financial sector, where only agriculture is a source of moderate income.[5]

Table 3: Poverty in regions of Somalia



Source: Somalia Human Development Report 2012

There are qualified suggestions that there is oil in Somalia, but it has not been extracted, probably because of inadequate infrastructure, equipment and general

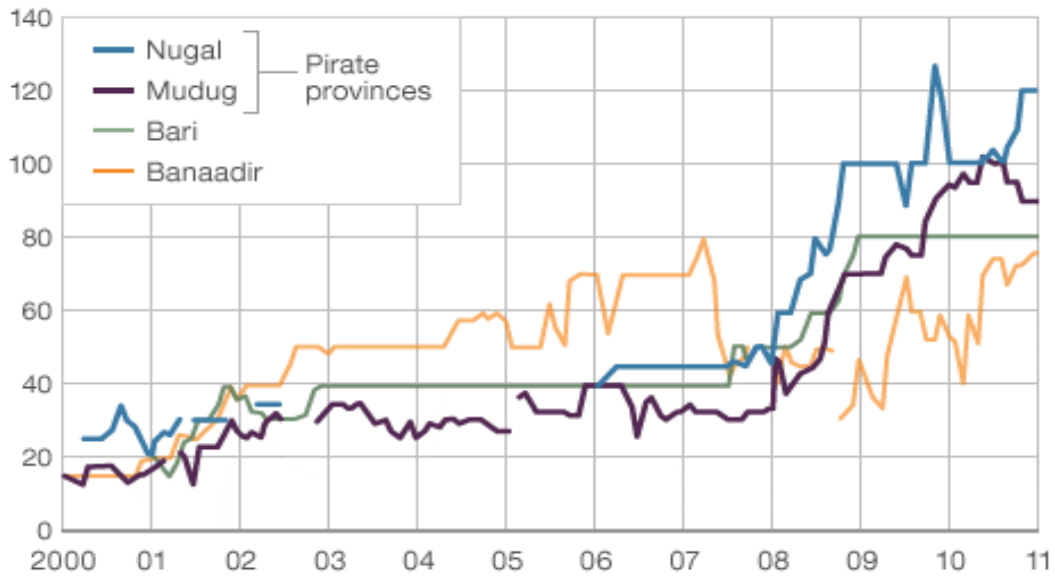
insecurity in the country. So for war factions in Somalia, the main source of income is security, therefore main skirmishes in Somalia take place around major infrastructure points. Those are airports, harbours, bridges, markets and other places where warlords are able to impose some taxes. Because of this situation, there is no clear boundary between informal and formal sector.[24]

Somalia's GDP is, for a long time, one of the lowest in the world and nearly 40 percent of GDP comes from livestock. Export of livestock constitutes two-thirds of export earnings. On the other hand, Somalia has to import over 50 percent of grain, in order to feed its people.[47] Pastoral nomadism along with agriculture make up for the most part of economy, nevertheless, both sectors are subsistence-oriented and poverty-stricken. Remittances are increasingly important for Somalia and contribute between 500 million to almost one billion US dollars yearly. It was main factor in striking growth of telecommunication companies, money transfer sector, the transportation sector, real estate investment and many other service industries. However, this growth is happening in the largest cities and differences between urban-rural wealth are growing. Due to the open borders and no customs taxes in some parts of the country, Somalia has become main centre for commercial goods going to east Africa.[23] In recent years, income from piracy started to be an important part of economy of Somalia, especially in coastal areas. It creates new job opportunities, as there are new finance incentives coming from ransoms reinvested by pirates.[43]

Figure 3: Growth of wages in chosen provinces of Somalia

How wages have grown in Somalia's pirate provinces

Nominal wage in Somali shillings per day (000s)



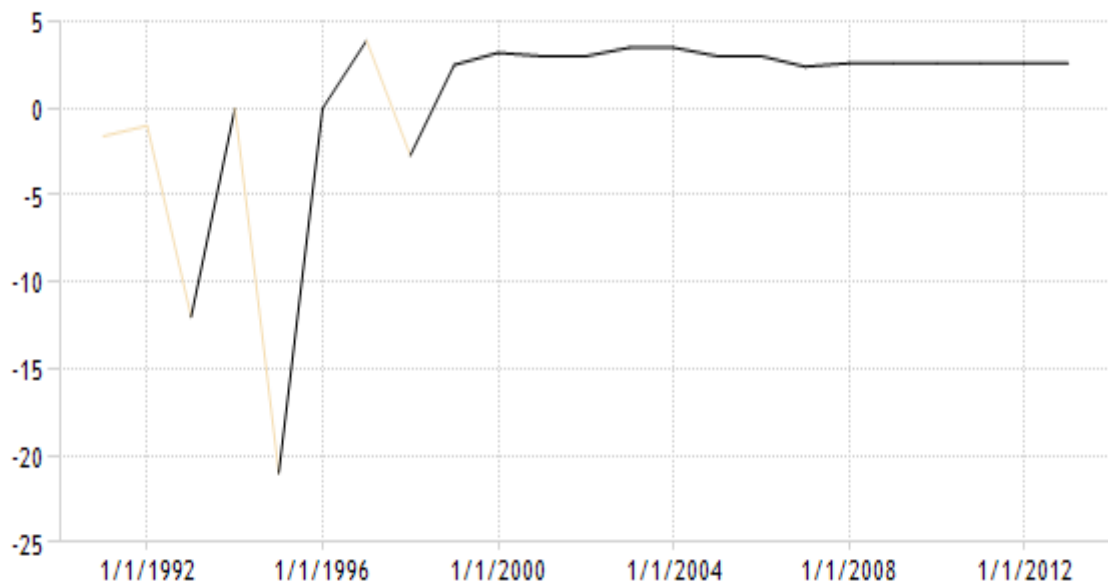
Source: Chatham House

Source: www.news.bbcimg.co.uk

4.3.1 Economic Indicators

Somalia GDP growth rate in 1990 was about -2 percent. Then came two waves and in the second one, growth fell down as far as -21 percent and then again after one year, it skyrocketed to 4 percent which is record for period since 1990 to 2012. From 1999 till now the growth was stable, about 2 to 3 percent.[16] According to the 2012 Human Development Report, made by the United Nations Development Programme (also UNDP), GDP per capita of Somalia was US \$284, making it the fourth worst value among all of the assessed countries.[5]

Figure 4: Annual GDP growth of Somalia since 1990

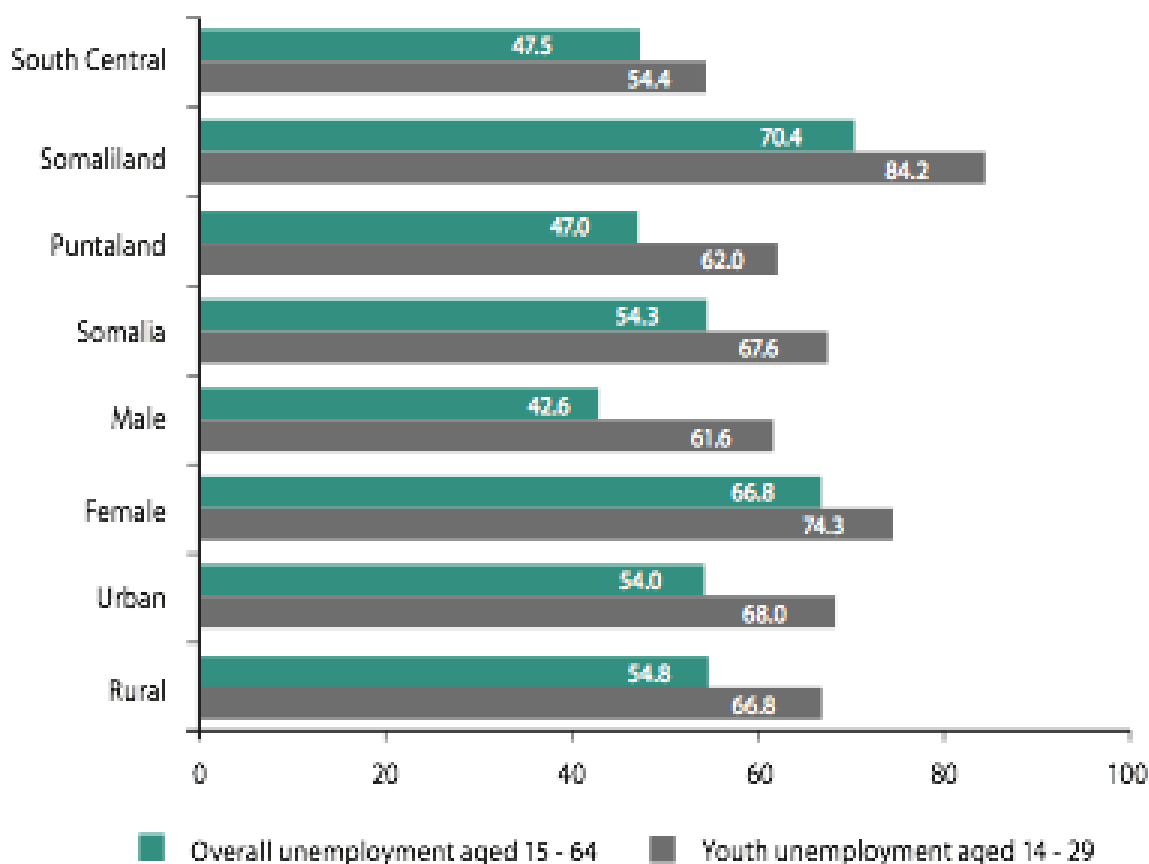


SOURCE: WWW.TRADINGECONOMICS.COM | AFDB

Source: www.tradingeconomics.com

Overall unemployment was estimated to be at 54 percent in 2012, while 10 years ago it was about 47 percent. The unemployment rate for youth aged from 14 to 29 was 67 percent, which is most problematic. Females experience higher unemployment than males. Those jobless and dishearten young people are most susceptible to involve in some criminal activity, such as piracy.[5] Among people living in coastal areas of Somalia, piracy is not only considered acceptable, it is also modern and attractive business. It does not matter that it is prohibited by international law, for Somalis it is the only way how to acquire high income and make their way among the country's economic elite.[11] Income of a pirate is estimated to reach between US \$33 000 to US \$79 000 per one year, which is very tempting for young unemployed Somalis, who are frustrated by this lack of working opportunities. Moreover, when we consider the next best alternative would make around US \$500 per year, piracy seems to be the best option, how to make money.[6]

Table 4: Unemployment rate in Somalia by Region (%)



Source: Somalia Human Development Report 2012

4.3.2. Remittances and Hawala system

Approximately half of the Somalis does not have any income, except what they receive in remittances from their relatives abroad. Emigration of significant number of natives started since the fall of Barre regime in 1990, but even more people left the country after 2000. Most numerous communities of Somalis are in Canada, the United Kingdom and the United States. Remittances can significantly help the economy and the people in Somalia. On the other hand, there is evidence that this money is used to finance piracy and war in Somalia.[24]

In Somalia is used a very special system for money transfers, its called hawala, which means transfer in Arabic. It is almost impossible to track the flow of money in this informal system, as it built on trust and clan and family relationships. Everywhere in the world, we can find buildings, so-called money houses, where this practice is

realized.[24] This system has many advantages for Somalis, as there is absence of administrative procedures, fastness of transactions, exchange rates and charges are cheaper than through official channels. That are the reasons, why this system is so widespread among Somalis living in developed countries, but also among the businessmen in Somalia, since it is not safe to walk around streets with a lot of cash. However, there is absence of transparency in this informal money transfer system and it is therefore used to finance many criminal activities and even acts of terrorists. In most countries this system is not illegal, but in the United States, for example, is prohibited.[9] Pirates benefit from this system because they use it to buy weapons and other illegal equipment which they mainly buy via contacts in Dubai.[11] Also this system is used in redistributing ransom money, as significant part of ransom money is transferred abroad.[9]

4.3.3. Agriculture Sector

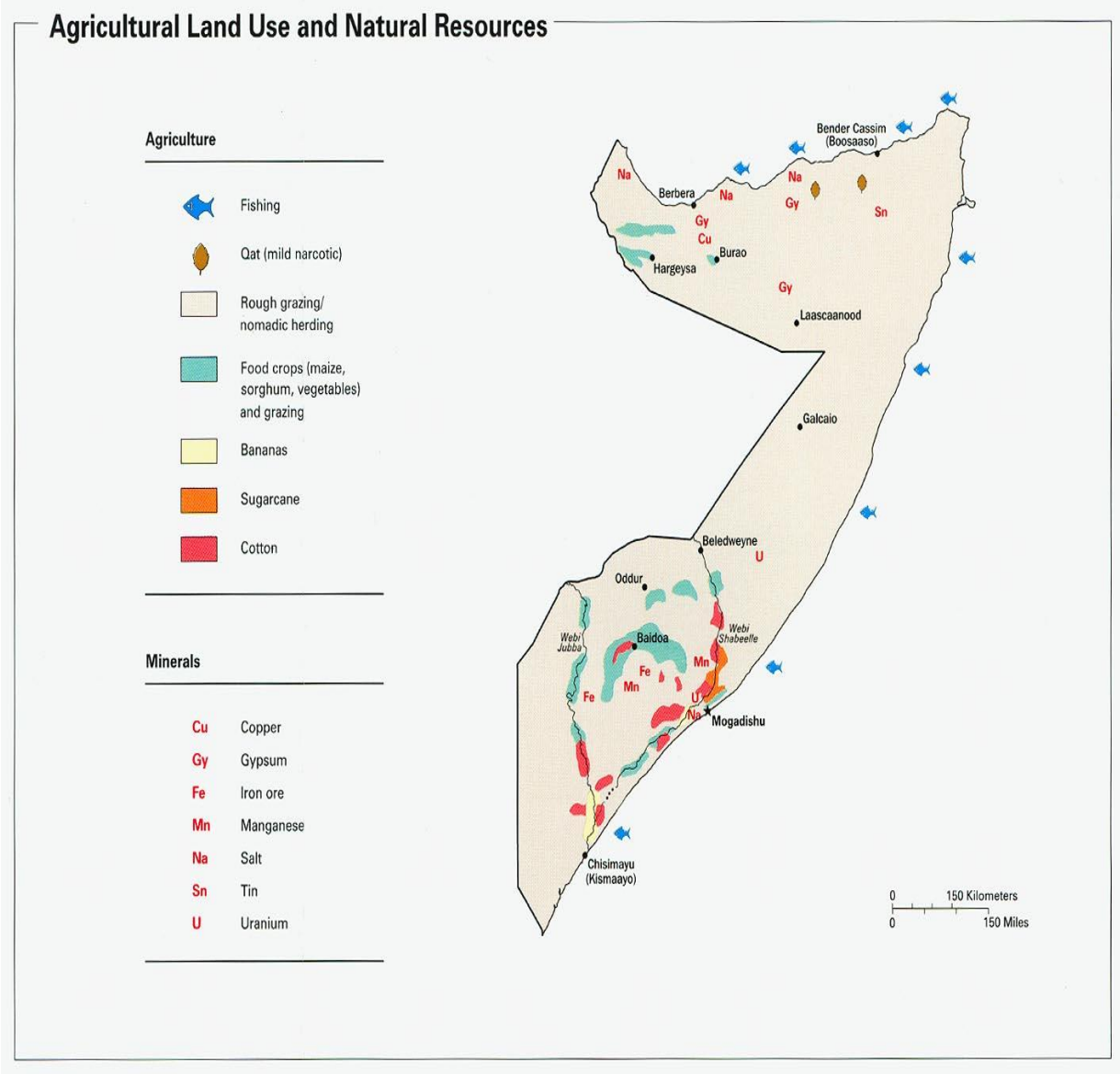
Pastoralism has been dominant way of life for people in Somalia for centuries. Livestock production was also the base of economy and main source of income for chiefly rural population. Both nomadic and sedentary herding of mostly cattle, goats, sheep and camels. The meat of animals together with milk account for over half of the caloric intake of the whole population. For more than half of the households the main source of income is pastoralism or agro-pastoralism. Livestock makes up more than 40 percent of Somalia's GDP.[20] Estimates from 2005 assumed that there was about 5.2 million cattle, 13.5 million sheep, 12.5 million goats and 6.2 million camels.[34] In comparison with other nomadic livestock systems, Somalia's system is much more market-oriented. Roughly 2-2.5 million animals are exported every year along with other livestock exports, which comprises about 80 percent of foreign currency revenues.[20] Livestock production have not been so affected by civil war and non-existent government as other sectors of economy. Mainly because nomadic pastoralists do not have any fixed assets and they sometimes move their herds across border into Kenya or Ethiopia in order to find water or new pastures. Another advantage is that they have access to different parts of the country and are not so dependent on resources and weather conditions. Even in spite of the export ban by some countries, most notably Saudi Arabia, Somalia main export commodity remains

livestock. However, this economic activity is not short of many problems. The export of animals is hindered by the missing animal health monitoring system and collapse of veterinary system. Another problem is also weak regulatory framework for export of livestock, which is mainly controlled by individuals. This creates many dangers which owners of livestock have to withstand, such as outbreaks of diseases, overgrazing, overstocking and also deteriorating quality of pastures. (34)

Agriculture is the most important sector of Somali economy and it creates about two-thirds of the GDP, which was approximately 5.9 billion in 2010.[34] More than 70 percent of the land is reserved for agriculture purposes, mostly rain-fed and irrigation farming, which creates basic source of livelihood for about one-fourth of households.[20] Before the civil war, Somalia was leading exporter of agricultural products in Africa. Southern part of the country was most important, especially in production of bananas, with more than 120 000 tons exported each year, but also other farming products. The most important agriculture commodities are following: pineapple, sugarcane, mangoes, corn, coconut, beans, rice, maize and sesame seeds.[9] Agricultural sector is crucial for many Somalis, as it is their main source of income and they also live on these products, however the sector is hardly existing. Usage of the land for agriculture is on the low level. Fundamental cause of this is probably civil war, its impact was felt most profoundly in agriculture sector. Military materials are detrimental to farming and destroy many of the crops. Another reason is insecurity of farmers and blocked roads, which made transporting products impossible. Most experienced farmers have left the country and most of the financial sources dried up. Militias expelled a lot of farmers from their own land and taken their equipment as loot.[9] But not only war has serious impact on the agriculture, severe droughts took its toll too. Sadly for the country, agriculture has great potential because of fertile land, especially along two major rivers – Juba and Shabelle. In the area around the valleys of these two rivers is happening almost 90 percent of irrigated and rainfed crop production. Main crops in the area are rice, maize and sesame. Rainfed agriculture is practised mainly in southern Somalia and also on the sandy soils of coastal hinterland. Main crops in those areas are maize and sorghum. In north of the country, agriculture capacity is rather limited. There are also problems with farming – irrigated farming is susceptible to flooding and it is in need of better management. Rainfed farming is fully dependent on amount of rainfall. There is also

increasing pressure from growing population, which this practise cannot satisfy. Poor management of land is creating many problems, such as soil erosion and decreased levels of soil fertility.[34]

Figure 5: Agriculture, Fishery and Natural Resources in Somalia



Source: www.images.nationmaster.com

4.3.4. Fishery

Fishery sector in Somalia is without doubt the most underdeveloped and has the greatest development potential. Somalia has the longest coastline of all the african

countries - its almost 3 000 kilometres long.[9] Somali maritime zone is made up of one of the most valuable marine ecosystems. The richest biodiversity is in the waters which are in the northern area of Somalia. Although, some of the areas showed signs of extensive coral bleaching, with corals terminally damaged. On the other hand, corals in the Red Seas are healthy, intact and number of different species there is enormous.[34] Mostly caught species, off the Somali coast, are tuna, shark, lobsters, shrimp, snappers, sardine, anchovy.[9]

Table 5: Fish caught in Somali Waters (in metric tons)

Species caught in Somalia's EEZ	Value per ton (average 1997-2006)	Annual landings (average 1997-2006)	Total Annual Value (average 1997-2006)
Yellowfin Tuna	\$ 2,333	2,168	\$ 5,707,851
Bigeye Tuna	\$ 2,913	1,485	\$ 5,044,167
Skipjack Tuna	\$ 1,035	1,417	\$ 1,471,568
Albacore	\$ 2,516	90	\$ 263,354
Tropical Spiny Lobster	\$ 9,959	453	\$ 4,390,080
Swordfish	\$ 2,639	393	\$ 1,245,157
Mixed Group	\$ 1,051	26,413	\$ 27,770,359
Total	\$ 1,416	32,419	\$ 45,892,437

Source: Sea Around Us Project 2011

Only about 2 percent of Somalia’s GDP is ascribed to fishing, that equals total production of 18 000 tons in 2008.[9] However, survey performed in 1970s established that potential catch per year is between 380 000 tonnes and 500 000 tonnes and more moderate estimations claimed that it is between 180 000 tonnes and 200 000 tonnes per year. That shows how untapped this sector’s potential is but prolonged civil war is detrimental to its development.[34] There are many problems with inadequate or non-existent infrastructure, such as cold rooms. Another problem is lack of equipment, such as boats and nets. Other problems, which include inadequate electric site, no comprehensive legislation dedicated to fishery sector and insufficient experience of fishermen, are caused by not effectively working institutions.[9] It is estimated that 30 000 people are dependent on fishing products

and another 60 000 on additional fishing products. This sector is especially important, when droughts cause food shortage and sometimes even famine. When intense drought in 1974 and 1986 hit the country, most of the nomads settled in the coastal areas. Fishery seems to be also less dangerous than agriculture in the time of civil strife.[34]

4.3.5. Industry Sector

Possibly due to lack of fossil fuels and minerals available in the country, industry sector was never well developed in Somalia. The most significant part of industry sector was agricultural processing, but now even this has been limited, due to non-existent central government. Export of meat and processing fish products, such as tuna canning, are two major industrial activities. Another notable ones are oilseed processing, sugar refining and production of textiles. Negligible part of Somali export is made up by minerals, such as gemstones, gypsum and salt. There is probably also quite large informal industrial sector in Somalia.[34]

4.3.6. Infrastructure and transport

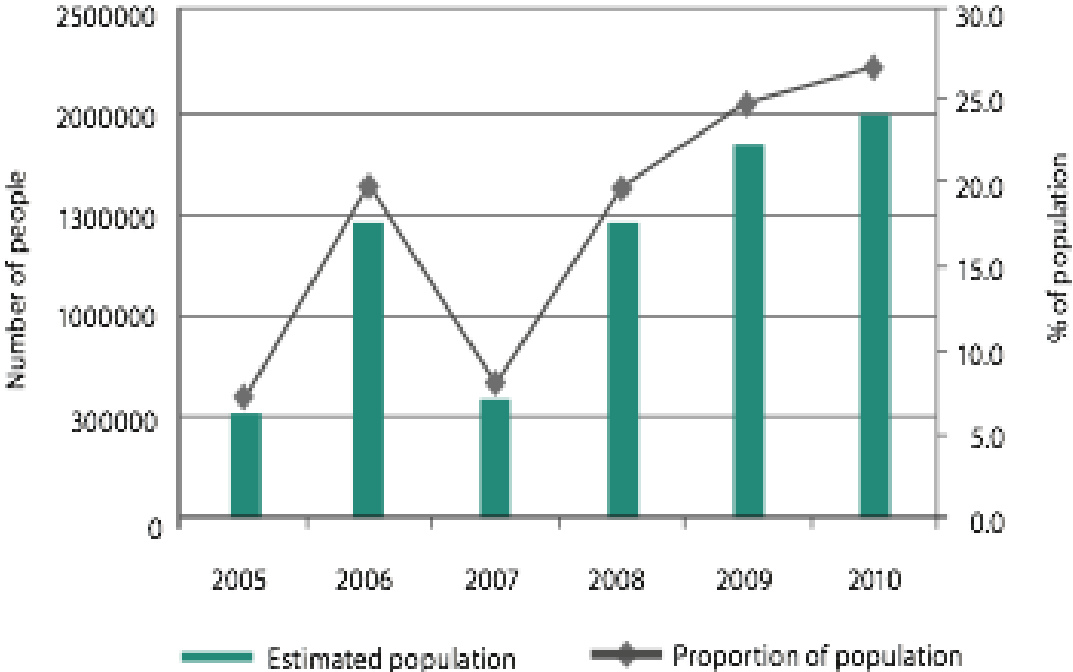
Transportation system in Somalia is not well developed and often in need of serious reconstruction. After the colonialist left Somalia, there was only a couple of paved roads in areas around major cities, mainly in south and north-west. During the rule of Barre, this situation improved mainly because of the ample foreign aid. However, after the fall of Barre's regime further improvements stopped and necessary maintenance was neglected. This situation further deteriorated during two decades of missing central government.[34]

4.4. Humanitarian Situation

The consequences of failed state can also be seen in situation of most inhabitants of Somalia. Humanitarian crisis is long-lasting and its end is no close on the horizon. Health conditions are serious issue in Somalia, as it ranks amid the worst in the

world. Maternal mortality rate was approximately 113 deaths per 1000 live births as of 2007, among the highest in the world. Child and infant mortality are other problems of Somalia health system. Almost 90 percent of births is performed at home, without suitable medical equipment. Diet of Somalis is based on milk and cereals but the supply is not sufficient to fulfil the population’s energy needs.[36] Cholera is an endemic disease in Somalia, altogether with diarrhoea related dehydration, malaria and respiratory infections is the major cause of death children, especially infants. Number of people living with HIV was estimated to be almost 45 000 in 2001. Somalia has also one of the highest incidence of tuberculosis of all the countries. Overcrowded cities, lack of medical care and serious malnutrition makes this disease the most dangerous in Somalia.[47] No wonder that Somalia life expectancy at birth was short of 49 years in 2007. It is slightly better than in 2005, when it was 47 years.[36] Situation may be even worse now, because part of government budget spent on health in 2009 was equal to zero.[17]

Table 6: Estimated number of Somalia inhabitants in food and livelihood crisis



Source: Somalia Human Development Report 2012

Access to water resources in Somalia varies by location. In South, water is easily accessible in the rivers and shallow wells but in the North water resources are scarce

and it is hard to reach them. Human development report suggested, that there is possibility that annual renewable freshwater resources fell from 2 500m³ per person in 1950 to 980m³ per person in 1990. Furthermore, there is prediction that in 2025 there will be only 363m³ of annual renewable freshwater per person. It is has been found that when this value is below 1 000m³ per year, it hinder economic development and health of people and when this number is below 500m³ per year it is threat to human life. There are no recent data available on access to freshwater, but it is estimated that less than 5 percent of the population have an access to water during the year. The sanitation network in the country was not sufficient before the civil war and the situation is certainly no better now. Not even half of the country has an access to improved sanitation.[34]

In Somalia, probably more than 60 percent of people live in urban areas but many of them have no decent shelter. There are even more scarce information about the conditions they live in. But estimation is that about 85 percent of urban population live in slums or destroyed houses. Major cause of this situation is civil war and consequent displacement of inhabitants. As result of this displacement, many of the cities and towns began to be critically overcrowded. On the other hand, some other parts of the country are unpopulated. In urban areas there is danger to human health, as waste disposal sites are near houses and water sources. Leakage from these sites may contaminate surrounding environment. As claimed by the UN Population Fund, only one-fourth of the houses are permanent in Somalia. Other houses in Somalia are built from materials which are susceptible to destruction.[34]

Human Development index level of Somalia was at 0.285 in the 2010 Human Development Report. This value is extremely low and Somalia is at 165 place from 170 countries which were assessed.[5] Many Somalis are dependent on foreign aid to provide them with shelter, food and medical care. Delivering the aid is sometimes dangerous and difficult task for international donors, as there are many groups of organised criminals who want to get hold of these supplies, they can later use as leverage or sell for fortune. Due to this dangerous situation, there was also increase in insurance and vessels carrying aid have to be escorted. Humanitarian organizations are often not able to pay for these additional cost, and therefore this further deteriorates the humanitarian crisis in Somalia.[13]

The report of UN Security Council for years 2012 and 2013, confirmed that situation is still tense in Somalia. Almost 860 000 people continue to be food insecure and another 2 million are endangered. There is also serious malnutrition among children, particularly in the south the situation is critical with more than 50 000 children exposed to death. Due to increasing number of arrests of humanitarian workers, necessary assistance to people cannot be provided in many areas. Nevertheless, the World Food Programme (also WFP) was able to deliver assistance to about 800 000 people each month. [22] Almost 1.3 million inhabitants of Somalia were still displaced in the beginning of 2009, due to long-lasting civil strife in Somalia and it is hard to imagine that this situation has changed significantly over the last few years. Nearly 800 000 of them were displaced since the end of 2006, when Ethiopian troops, backed by the United States of America, entered Somalia in order to support the TFG. [38]

4.5. Institutions

The Transitional Federal Government was not able to establish many of the key institution that are crucial components of governance infrastructure. The effectivity of central government and those existing public institutions in Somalia is very much marred by weaknesses in law-making and in their implementation. Formal distinctions of labour between ministries are non-existent and there is often practically no staff under the level of ministries. [21]

Important bodies which should oversight the government, such as the ombudsman, do not exist. There is an audit office established by law but its power to investigate and punish fraud and corruption is limited because of insufficient resources and capacity of governing institutions.[21] Without policies and laws that are coherent and oriented on public service, and without the financial and human resources to sustain them, there is hardly any chance that the government in Somalia will be effective and accountable. However, in some areas, core institutions somehow exist and there is effort to draft policies and prepare bills. Nevertheless, the frameworks for policy development and planning are definitely not clear and sound. Successful transition

to system where laws, regulations and standards will be abided is therefore not expected soon. What is worst of all, there is no guarantee that policies and laws will actually be implemented.[13]

Somalia is on the bottom of the Worldwide Governance Indicators created by World Bank. It scored below 2,5 (on a scale of 0 to 100) in all six dimensions of governance which were assessed. Particularly it scored 0 in the area of political stability, government effectiveness, rule of law and control of corruption. Sectors most affected by corruption were security, immigration, port, customs, private sector and aid.[21]

Somalia was for six years at the top of the list of the Fragile States Index and as we can see in trend analysis of 2008–2013, on the webpage of the Fund for Peace, there was slight change in the situation of Somalia and it was about 0.3 percent for worse.[45] Only in first three years of existence of the Index Somalia was not at the top, which was during 2005-2007, but it was always in the top ten of most fragile states.[50] In the 2014 ranking, Somalia was slightly better off than the years before and was not even at the top of the list. It was caused by decreasing frequency of piracy attacks, on the other hand, terrorist attacks were even more common than before.[40]

In Somalia there is no general, universal judicial system. Nevertheless, the law is currently usually enforced by a combination of traditional and Islamic law, represented by Shari'a courts. This judicial framework exists, especially in rural areas. Even before the collapse of the state, high number of disputes and crimes was settled by this traditional, customary law called xeer, but in that time it was without blend of Islamic law. This customary law is unwritten and based on precedent case. Settling of disputes was usually in authority of a respected sheikh, otherwise it was settled by negotiation of clan elders who represented both defendant and accused. Police often arrested a suspect but instead of going to formal court they usually took the suspect to clan elders. The formal courts were mostly used for serious felonies, such as murder and political crime. Because of the politicization, corruption, and incompetence of the formal courts, in the era of president Barre, most Somalis retain a bad faith in formal courts.[23] There are also two other judicial systems – militia

initiatives and civil society. When there are four overlapping and sometimes contradictory sources of law it is sure to bring a lot of confusion into jurisdiction and as consequence may arise a quarrelsome situation. There are also other limiting forces which influence quality of judicial processes, for example lack of legal training of judges, public distrust of formal judicial courts and consequent insufficient legal authority. There is also the question of accountability of sharia courts, similarly the Islamic efforts to impose fundamentalist beliefs are not helping to clear the general confusion. Recently, there have been efforts to address some of the issues through proper judicial training.[21]

Somali government was able to establish Ministry of Finance which is responsible for the collection and accounting of TFG's revenues. Central Bank receives deposits from domestic revenues and also international assistance and fulfils the role of the main bookkeeper. There is also Office of the Accountant General, responsible for accounting and keeping record of financial transactions and Office of Auditor General, responsible for control of all TFG expenses and incomes. Nevertheless, these financial institutions exercise little or possibly no control over most of the government revenues. Central Bank does not receive some deposits and freely distributes money to individuals, without explanation. It seems that no-one, not even Accountant General and Auditor general, has concrete picture of government finances ,especially when a lot of transactions take place in cash. UN Monitoring Group report suggested that these institutions have been victims of corrupt Somali elites.[39]

4.5.1. Corruption

As in many other failed and weak states, there is a lot of corruption in Somalia. It is mainly due to lack of effective governmental institutions and organisations. During more than two decades of conflict, since the collapse of the government, generations of Somali leaders have engaged in corrosive political and economic practices.[21] This omnipresent corruption executed by authorities who privatise and criminalize the basic functions of Somali state undermines already fragile authority and legitimacy of the Transitional Federal Government. But on the other hand, this corruption is

aggravated by the strength lacking governmental institutions. Situation has come so far, that now the organized embezzlement of public resources became a system of governance.[39]

In Somalia corruption is present everywhere, it is possible to observe it among the poorest people and also among the highest government officials. Corruption is present in the key sectors of economy, for example ports, airports, tax and customs system, telecommunication and management of aid resources from international community. Recent report from audit, executed by the Prime Minister's Office, showed that there are various practices of corruption. These include gross public financial mismanagement, large scale misappropriation of public and donor funds, unethical and professional negligence, and concealment of actual resource flows. Such scale corruption is hard to confront, especially when the TFG is lacking administration resources.[21]

Report by the World Bank from 2012 found out that \$131 million in TFG revenues were unaccounted for from 2009 to 2010. That is equal to 68 percent of total recorded income for that period. The real scale of corruption is probably even higher, since there are probably another \$40 million of revenue unrecorded or unaccounted for in 2011. Which means that out of every \$10 received by the TFG in 2009-10, only \$3 reached state Treasury. In 2011, almost 25 percent of total TFG expenditure was channelled to the offices of the three top leaders - the President, Prime Minister and Speaker of Parliament. This represented circa half of the TFG's domestic income and it is similar amount to what government spent on security in a time of conflict.[39]

In response to the World Bank's report, the TFG President Sharif Ahmed said that the missing funds, mentioned in the report, never reached Somalia. He added, that he would welcome any assistance in finding the funds. The World Bank's report had indicated that those missing funds were sufficient to pay all civil servants and security forces for two years. This illustrates a fundamental problem with the Transitional Federal Institutions. Their leaders have learned how to use the government's fragility and possible collapse to attract more international assistance.[39]

UN Monitoring Group report found out, that production and issuance of new national passports has been quietly awarded to TFG cronies. There is not any kind of central control of the issuance process, in order to maximize the volume of passport to reach higher profits. Between 2007-2010 there was no revenue to state Treasury from passport sales. Corruption became part of the passport business. Moreover, passports are issued to individuals under false identities and foreigners who were able to obtain Somali passports, due to the intervention of TFG officials. Another way how Somali officials use their power is currency printing. Its a way to generate quick revenues and they have been misusing it for long time. This action often have severe impact on the exchange rate and public savings. [39]

International corruption indicators seem to confirm the vast corruption in Somalia. Somalia has its place on the top of the world's most corrupt countries, in Corruption Perceptions Index assessed by Transparency International. This situation has not changed over the course of 8 years, since the introduction of Somalia into the list, in 2007.[21]

4.5.2. Security

Security situation in Somalia has been wretched for many years. Its main features are haphazard violence encompassing assaults against civilians, arbitrary arrest and detentions of journalists and human rights defenders. TFG's troops and rebel militias are using heavy weaponry in densely inhabited cities, where thousands of civilians are killed or injured by these weapons.[13] Security sector in Somalia is not developed and there is absence of structure and organization. TFG has not been able to establish strong and effective military and police force, and consequently public has very poor opinion of governmental abilities.[19] It is no wonder, that in this insecure environment Somalis consider piracy as relatively safe activity, given how few deaths and injury were suffered by pirates. That is another reason, why so many of Somalis are involved in piracy.[13]

Most problematic in Somalia are human right abuses, indiscriminate violence, arbitrary detentions and arrests. Organized crime thrives because of the inexistent

state institutions and means of law enforcement. There is vast human trafficking network which focuses mainly on young women and children. Women are then sold for prostitution and young men usually as slave workers. Another form of organised crime is piracy which is most dangerous for international community. International interventions were not able to improve this situation, moreover sometimes they created even more chaos and worsened the humanitarian situation in the country. One of these, was Ethiopian intervention after which, more than 22 000 people was killed, approximately 1.1 million people was displaced and another almost half a million people fled to neighbouring countries.[47]

Gender inequality is one of the major problems of the country. According to Gender Inequality Index (GII), inequality in Somalia is at 0.776, which is critically high, as the value for total inequality is 1. It was on fourth position from bottom in GII chart. Somali women are disadvantaged in health, work opportunities and violence against women is common. Female genital mutilation is performed on 98 percent of females. This practice is very dangerous to health, because it is usually practiced with inappropriate instruments. Traditional judiciary system is discriminative to women and offensive violence against women, such as rape and other atrocities, is often overlooked.[5]

Some locations in Somalia are more dangerous than others. Self-governing states, such as Somaliland and Puntland, are more secure than rest of the country. But even in the regions, security depends on the specific location. In Mogadishu there are areas labeled green and red, according to the danger of being victim of criminal activity. Green areas should be relatively safe, whereas red areas should be avoided. These secure and insecure areas can swap their places frequently and quickly. Clans are the most important factors in personal security of Somalis. Because membership in a influential clan is a protective measure, as potential attackers are deterred by possible revenge from powerful clan. Members of less influential clans are less secure than members of more powerful clans. Most susceptible to abuse are internally displaced persons, as they live far from their home and area of their clan's influence. Women in such situation are easy prey for rapist and other criminals.[23]

According to the UN Security Council 2012-2013 report, security situation in capital of Somalia was still unstable. Al-Shabaab attacks, including terrorist and guerilla warfare, were carried out on regular basis in order to undermine strength of TFG. There was also some clan associated violence. Situation in Somaliland was relatively peaceful but Al-Shabaab attacks reoccured in Puntland.[22]

4.5.3. Illicit Trade

With no functional government and freedom to openly smuggle anything in the country, Somalia has become known as the world's largest duty free shop. Failed states have large informal markets with well managed network of unofficial sea ports, truck cargo companies and smuggling tracks through the neighbouring countries' borders. Most valuable smuggling commodities are illegal arms and explosives. These weapons then usually find its owners in Kenya or Ethiopia. They have become most frequent trading commodity in the country and they affect the whole region. These illegal arms are one of the the main reasons for prolonged civil war and instability in Somalia. They also find their way into the hands of Somali pirates.[11] On the other hand, there are many commodities that are valuable for the people in the more developed countries, but not for those living in Somalia.[4]

International community made efforts to stop trade in arms and ammunition in Somalia, in January 1992 it adopted the UN Security Council's resolution 733. This resolution imposed an embargo for all states on delivering weapons and military equipment to Somalia. In spite of this embargo, number of weapons flowing to Somalia is still high. Concrete number cannot be determined because of many illegal weapons in the country.[24] Yemen was the main source of weapons and ammunition for the non-state armed factions in the Somalia, according to the UN 2011 Monitoring Group Report. Contributions by foreign governments to the country's authorities and institutions are the secondary source.[39]

4.5.4. Illegal fishing licenses

The Somali long territorial waters are favourable to all kinds of illegal businesses. To regulate fishing in Somali waters, TNG has declared a ban on unauthorised fishing in its waters. Nevertheless, it decided that licenses will be issues to foreign vessels to access Somali waters and to legally catch fish there. It also proclaimed that it would not accept licenses from self-proclaimed governments, such as Somaliland, and other non-state authorities. But this selling of fishing licenses to foreign vessels had already been adopted before 2001 by number of warlords, who managed to make a huge amount of money from it.[24]

4.5.5. Illegal Fishing

During the period between 1991 and 1995, Somali waters were guarded by the UN naval military forces. When these forces left Somalia in 1995, there was no other state body to adopt this task, as there was no central government in the country. As a result, many foreign vessels took up commercial fishing in Somali unguarded, rich waters. Many foreign trawlers from Asia and Europe changed their flags, in order to evade EU regulations.[27] Reports of High Seas Task Force from 2006, estimated that there was about 800 illegally fishing vessels during one year. Study carried out by University of British Columbia, estimated that in 2002 catches in Somali waters were 60 000 tons and half of this amount was taken illegally. Due to this Illegal, Unreported and Unregulated (also IUU) fishing, the Somali waters began to show signs of overfishing. Heavy trawlers also destroy the sea bed and marine ecosystem because they do not follow rules for sustainable fishing. Among those showing the greatest traces of disproportionate exploitation is the lobster fishery. There is great market for lobsters in developed countries in Middle East, especially in United Arab Emirates. There is no control over the lobster fishery and that is suitable for excessive fishing. Another species showing signs of excessive fishing are rays and sharks.[34]

Illegal fishing in Somali waters started in 1991, when Barre regime collapsed and brought about favourable situation for IUU vessels, since there was no coastguard

because there was no budget available for it.[32] This situation was a nightmare for poor Somali fishermen. Foreign trawlers started competing fiercely with local fishermen, for whom this had tragic consequences. Foreign fishermen destroyed their nets, boats, sometimes even lives of Somali fishermen were at stake. Although Somali fishermen, civil organizations and international institutions tried hard to attract international attention to their worrisome situation, they were not successful. There seems to be no concern from international community about this threat for Somalia from IUU fishing. As consequence, of this lack of attention from international actors, Somalia fishermen had no other option than to take up guarding their coastline on their own and created something similar to “coast guard”. But unlike lawful coast guard, their doings, which consisted of boarding foreign vessels and forcing them to pay them for the catch, were illegal. As we can see from this, piracy evolved from protectionist behaviour of local fishermen.[27]

4.5.6. Dumping of Toxic Waste

Another reason for genesis of piracy in Somalia, was that foreign ships started to freely dump waste, in many cases seriously dangerous for human health, along Somalia shore. First indications that all kinds of waste were being dumped at Somali coast comes from the 1990s. Allegedly, this waste should also contain hazardous radioactive and medical waste. But mainly because of civil war and insecure situation in Somalia no confirmation has been made till today. There should be additional thorough investigations, as to confirm these older and recent allegations.[20] Even though Somalia is member of many relevant international and regional agreements, its insufficient enforcement and administrative capacity indirectly encourages criminal activities, such as waste dumping. Waste importing could very well be one of the major sources of income for Somalia, when we consider its undeveloped industry sector.[24]

In 1992, international media started to mention illegal waste dumping perpetrated by European companies in Somalia. Allegations were made that there was contract between European firms and Somali Minister of Health. According to the contract, these two companies were allowed to build a 10 million storage for hazardous waste. The United Nations Environment Programme (also UNEP) investigation found out,

that the companies were fictitious companies created by large industrial companies, as means to dispose of toxic waste. This pact was supposedly set up by Italian Mafia, which controls about one-third of of waste disposal firms in Italy.[24]

After the tsunami in 2004, came reports that hundreds of leaking barrels were found on shore. Afterwards, there were sings of radiation sickness among people. More than 300 people died from this sickness. Moreover, along the coast were frequently found thousands of dead fish on the shore.[27] In the history there were many other reports of barrels with suspicious content found along the shore. The content was, in some cases, confirmed to be severely detrimental to human health.[24]

4.6. Non-state factors

4.6.1.Tsunami

The tsunami in 2004, was one of the events contributing to the increase in number of piracy incidents along the Somali coast. Area of autonomous state Puntland was affected most by the tsunami, which damaged the coastal areas and its infrastructure and brought about death of approximately 300 people.[26] This catastrophic event was even more devastating because in that time much of the country started to regain its strength, after four years of successive drought and recurrent flooding. Almost everyone living in the coastal area suffered because of damaged or non-existent housing and loss of fishing equipment which caused that people had no income and food. Some of the inhabitants even had to be moved to another area because fresh water sources were invaded by sea salt.[34] Somalis affected by the Tsunami did not receive almost any aid for reconstruction and as result, many of the people living in affected coastal areas took up piracy, as a way to generate income.[26]

4.6.2. Drought

No other natural disaster has been as frequent and as devastating, during the last few decades in Somalia, as drought. These intense droughts, which are often interrupted by acute floods, have grave consequences for people living in affected areas, mainly starvation which may end in death. Starvation threatens not only the inhabitants but their herds as well. According to the UN, there was about half million of Somalis in state of humanitarian emergency in areas influenced by droughts. These drought are further worsened by the country's instability and consequent limited access to resources.[34]

4.6.3. Geography

It is indisputable that piracy is most likely to take place, where pirates have most suitable environment for it, for example long coastline is advantageous for pirates, as they can choose the most suitable place from where they can initiate attacks. Another advantage is that in such environment there will probably be more ports of international importance, therefore more cargo ships which will be sufficient prey for pirates. Bays, straits and estuaries are another places where cargo ships, which have to sail near the land, became easy prey for pirates. That is why, according to Murphy, piracy took place close to the Caribbean, the Mediterranean, the English Channel and other areas where it was easy to seize ships and were found the busiest trade routes.[51] In the case of Somali pirates, they take advantage of one of the crucial international trade routes which goes through Suez Canal. This route is also important because oil from Persian Gulf is transported to Europe via it.[27] Another advantage for pirates is, that it is hard for international forces to patrol Somalia coastline which is about 3000 km long.[9]

5. Discussion and Recommendation

5.1. How strong are the ties between piracy and failed state?

There seems to be a relationship between position of countries on the Fragile (Failed) States Index and occurrence of piracy actions, especially in Africa. We can see that countries which are close to top of the list, therefore close to state failure, and have favourable geographical conditions for piracy, are the most likely to become a piracy paradise.[27]

Wilson states, that piracy generally occurs when poverty is present altogether with a weak or non-existent government.[18] There are also many other reasons given by experts on why the piracy in Somali occurred and why it increased so proportionately in scale. They may differ in some aspects but all of them have common denominator which is no effective governing power in Somalia, responsible for maintaining security which is precondition for other development of the country.

When the United Islamic Courts were most powerful authority in Somalia piracy was prohibited, in accordance with sharia law. UIC issued proclamation that its soldiers will be sent to ports where pirates hide hijacked ships, in order to free all hijacked ships and will help them to leave the country. Piracy ceased to exist for several months during this period of unrest, mainly because pirates had small chance to receive any benefits from piracy actions.[2] This shows, how important the central authority is in curbing the piracy.

Approximate location of pirate mother ships is known, however it is impossible task for TFG to attack these bases and bring pirates to justice. First of all, TFG do not have any warships at their disposal, and another thing is that there is no universal justice system in Somalia. And the most important is that TFG officials are most probably benefiting from piracy and they do not want to lose their income from this profitable business.[11] Poverty is one of the main factors why people are involved in piracy. Somalia, with average income around USD 2 per day, is no exception. Another important factor for growth of piracy is how easily pirates can obtain

weaponry which they need. Most easily these weapons are obtained in current or former war zones, where is surplus of weapons of all kinds.[29]

Although financial resources flowing into the country from piracy attacks have positively influenced economy of Somalia, these positive changes have only short-term effect. Ransoms paid to pirates have contributed mainly to development of secondary business in the coastal regions, as pirates want to build big houses and spend money on other things, not usually needed by citizens of Somalia. Also people living in coastal areas have a chance to become pirates themselves or they can become part of piracy business network and enjoy the advantages which piracy brings. Nevertheless, piracy have overall mainly negative economic impact on their country, which pirates are overlooking or not seeing, as they are convinced that they are helping their country.[32]

5.2. What are the consequences of piracy for Somalia?

Piracy is focused on attacking foreign vessels, however it is mainly national security threat that contributes significantly to failed state situation in Somalia. It is undermining the authority of the TFG which is weak and enables pirates to create powerful piracy network. Piracy is also detrimental to trade in given areas and it causes decrease of revenues from shipping to Somalia.[11] Pirates keep greater part of the revenues from piracy, but some part of the revenues is divided further between important locals, which are involved in the civil war. This way piracy helps to fund the war, which destroys the country. Some of the revenues from piracy can even reach the terrorist groups operating in the region. Solving the piracy issue can alleviate the country's tough situation.[1] Piracy also has negative impact on fishermen in Somalia who could be mistaken for pirates and killed by patrolling forces. There are also losses from tourism for Somalia.[5]

5.3. Recommendation how to eradicate piracy

There are many short-term solutions which are already in practice, mainly the naval operation.[13] As piracy attacks started to present bigger threat for global trade, international community finally started to take notice and face this issue. Many nations have sent their fleets to patrol waters around Somalia. Three military operations were launched in the area. But these operation started rather late, as piracy was already widespread at the time of their start.[42] Already mentioned solutions are considered only short-term, if we want eradicate piracy altogether there has to be strong government in Somalia which will establish order and will help the country to recover from last 25 years which devastated Somalia.

5.3.1. Establish Republic of Somalia

This solutions, although probably the most effective in curbing piracy, is also the most problematic one, as people in Somalia are divided between two groups. One sees future of Somalia in centralized state and the other would be satisfied if Somalia was federation or con-federation. These differences were not ameliorated by declaration of the TFG. These preferences are based on clan-affiliation, smaller clans who are settled in valuable territory are afraid that when Somalia will be united, they will lose their territory and bigger clans, with links to the government, will take it over. Those more powerful clans who are ruling over big territories are convinced that federalism will deprive them of conquered territories.[15]

Central government was never as important for Somalis as it is in other countries, mainly due to many informal practices which Somalis are used to and unwilling to change. Clan division is another reason because it provides the most powerful authority in the country and is able to influence pastoralism which is most important for economy of Somalia. This is the reason why it took so long to establish something similar to central government in Somalia, after the breakdown of Barre regime.[15]

It is hard to say, whether it is good thing to force Somalis to establish government, however, the country is in need of efficient central organ which will divide the

international aid and revenues from country activities and will function as some sort of central power. This could be only temporary solution which will help the country to reestablish its economic strength. Council of representatives of individual clans should be made in order to solve the tense situation which stems from the control of the territories. This council could be also decisive when it comes to division of Somalia's territory if this situation would come true. This is important as there will be fighting over territories as long as this situation remains unresolved.

Given the solid central authority in Somalia, next important step would be to give sufficient international support which would help to reconstruct the country and also its autonomous regions, especially Puntland, according to some sources main base of piracy, and Somaliland. Now as attacks have significantly decreased, almost disappeared, comes the most convenient time to help, especially in Somalia's coastal areas, create new jobs which will be vital in curbing the piracy problem. Important is to build schools and other educational centers to educate people in order to help economy of the country. After healthy economy will be restored, there will be place to establish coast guard, police and military forces which will be able to prevent illegal activities in the country but also in its territorial waters.

6. Conclusion

The aim of this bachelor thesis was to prove, whether the failed state situation was the main factor behind the genesis of piracy in Somalia. Main claim for this, was that consequences of failed state are dramatically influencing ability of states to perform their basic functions and consequently welfare of their citizens. One of these basic functions of the state is to secure their borders and territorial waters, which was not true in case of Somalia and this situation was probable cause for first attacks of Somalia pirates.

As it is obvious from this work, state failure was the main reason for genesis of piracy. Mainly because state failure causes many other problems which were main factors in decision of Somali citizens to take up piracy, such as unemployment, insufficient income and non-effective state institutions, among other things already mentioned earlier. It is not sure, whether the state failure is the only reason, as there was other possible non-state cause such as, natural disasters and favourable geography.

Most effective solution to help eradicate piracy, is not to meet and eliminate pirates at sea, but rather solve the situation on land. However, there had to be undertaken some immediate action against pirates, as international community could not wait so long and continue to overlook this serious threat to global trade. We can only guess, if military operations were effective in countering piracy in Somalia, or if there was some other factor, because we could see that number of attacks have dramatically decreased over the last few years. Nevertheless, now comes the time when all the world should look more to the solution to all Somalia's problems which lies in the creation of effective authority or authorities which would help to reconstruct the country.

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