

## Somalia: Overview of corruption and anti-corruption

### Query

Please provide an overview of corruption and anti-corruption efforts in Somalia.

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### Summary

After the complete collapse of state institutions in 1991, Somalia represents one of the world's most protracted cases of statelessness (Bertelsmann Stiftung 2016). The on-going civil war, tensions between traditional clans and recurring famine ensure that the prospects for political stability remain bleak.

Corruption is both one of the leading causes and consequences of endemic political instability in Somalia, which has been ranked bottom of Transparency International's Corruption Perceptions Index every year since 2006. Corruption occurs at all levels in both the public and private sectors, and is a visible and expected form of behaviour. It affects virtually every aspect of the Somali society: from public officials' misuse of public goods for private gain and the solicitation of bribes in exchange for basic services to the clan-based patronage networks used to obtain employment and political appointments. Businesses have likewise adjusted to the climate

of lawlessness, for instance, by avoiding taxes and selling expired food and drugs (Marqaati 2017a; Legacy Centre for Peace and Transparency 2016).

Despite a comparatively peaceful transition of power to a newly elected president in early 2017, there are as yet few signs of comprehensive anti-corruption reform. The country's institutions continue to be extremely dysfunctional, and there are limited integrity mechanisms in place to curb corruption; among other things, the National Anti-Corruption Commission foreseen in the constitution has yet to be established (GAN Integrity 2016; Marqaati 2017a).

Informal practices and clan and religious affiliations exercise enormous sway over the country's political landscape. The government still fails to provide basic services to citizens, and the security situation remains precarious.

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## 1. Overview of corruption in Somalia

### Background

The Federal Republic of Somalia has struggled to re-establish a functioning state since the collapse of the authoritarian regime in 1991 (Freedom House 2017). To date, direct national elections have **not been held** (Freedom House 2017), and political power in the country is divided between rival groups; the internationally supported Federal Government of Somalia (FGS)<sup>1</sup> with its capital in Mogadishu, the Al-Shabaab militant group,<sup>2</sup> and various breakaway or semi-autonomous regions including Puntland, Somaliland and Khaatumo (Bertelsmann Stiftung 2016; Freedom House 2017; International Crisis Group 2017a). Even within the official FGS apparatus, a “clan-based power-sharing formula” makes politics highly volatile (Soliman 2017).

The resultant political fragility is both a root cause and effect of corruption, which cripples economic development and leaves little room for media and civil society actors (Legacy Centre for Peace and Transparency 2016; Freedom House 2017). Impunity for human rights abuses by both state and non-state actors is common,<sup>3</sup> and traditional or Islamic courts often remain the **prevailing** source of adjudication, particularly in more remote areas of the country (Freedom House 2017). The military court in Mogadishu continues to try cases that are not legally within its jurisdiction and in proceedings falling short of international standards for fair trials.

Despite having suffered military setbacks since 2011 at the hands of the African Union Mission (AMISOM), Al-Shabaab remains resilient (International Crisis Group 2017a). It controls tracts of rural south-central Somalia and supply routes between towns, pursues a steady campaign of car bombings, assassinations and other attacks in Mogadishu and has targeted, and in some cases overrun, isolated AMISOM and Somali army bases (International Crisis Group 2017a). It has also been blamed for the October 2017 truck bombing in Somalia's capital with a

death toll of over 300; the deadliest attack since the insurgency of 2007 (Pike 2017). Fighting, linked both to military operations against Al-Shabaab and clan tensions over resources and political power, has resulted in new civilian displacement and casualties (Human Rights Watch 2017). Over 1 million Somalis remain internally displaced, around 400,000 of whom reside in Mogadishu, facing serious abuses<sup>4</sup> and very limited access to basic services (Human Rights Watch 2017).

The Somali economy remains largely agrarian; agriculture accounts for nearly 60% of GDP and employs at least 65% of the workforce (ReliefWeb 2016; Ahali and Ackah 2015). Unsurprisingly for a failed state, much of the Somali economy is informal (Venugopalan 2017). Economic activity is predominantly based on livestock, remittance/money transfer, and telecommunications (KnowYourCountry 2017). Much of the country's international trade is dominated by a small number of wealthy businesspeople typically linked to major political groups or militias (Bertelsmann Stiftung 2016). While piracy was until recently a notable source of revenue in some areas of the country, the UN Security Council reports that attacks have declined significantly since 2012 (Bertelsmann Stiftung 2016; KnowYourCountry 2017).

In the absence of effective state institutions or regulation, **historical divisions between clans** continue to dominate competition for resources such as water, land and development aid (Legacy Centre for Peace and Transparency 2016). **Economic actors** have long organised themselves according to kinship relations, but religious affiliation is becoming increasingly significant in determining patterns of economic activity, as membership of Islamic organisations often brings with it business contacts across the Arab world (Bertelsmann Stiftung 2016).

**Poverty is widespread** in Somalia, with half of the country's population of about 12 million living below the international poverty line (\$1.90 a day) (The World Bank 2017a). **Inequality is high**, and there is a marked difference in the incidence of poverty in different locations: it is close to 60% in Mogadishu, more than 40% in other urban

<sup>1</sup> For the purpose of this answer, only the Federal Government of Somalia is being considered.

<sup>2</sup> The Harakat Al-Shabaab (“the youth movement”) subscribes to a radical militant view of Islam, and is affiliated to Al Qaeda (Legacy Centre for Peace and Transparency 2016).

<sup>3</sup> Al-Shabaab, government forces, the African Union Mission in the country (AMISOM) and clan militias all reportedly committed grievous human rights abuses, including arbitrary

arrests, extrajudicial killings, and indiscriminate attacks that resulted in civilian casualties (Freedom House 2017).

<sup>4</sup> State actors like the government, allied forces, and Somalia's national intelligence agency (NISA), along with terrorist groups like the Al-Shabaab are major perpetrators of the human rights abuses (Human Rights Watch 2017).

settings, a little over 50% in rural areas, and around 70% in internally displaced persons (IDP) settlements (The World Bank 2017a). The risk of famine also looms large over the country, driven by both drought<sup>5</sup> and clan-based conflict (International Crisis Group 2017b).

Somalia recently emerged from a [long and difficult](#) election process that resulted in the sizeable victory of President Mohammed Abdullahi “Farmajo” (International Crisis Group 2017b). Though the initial proposal backed by Western governments was to have a direct election, officials decided that the challenge of securing polling stations across the country of 12 million people with the on-going civil strife was “[insurmountable](#)” (Burke 2017; International Crisis Group 2017a). Instead, 14,000 elders and prominent regional players selected 275 members of parliament and 54 senators, who in turn selected the president (Burke 2017). While critics have opined that the election – the most extensive and expensive democratic exercise in Somalia for decades – has entrenched divides between the country’s many traditional clans and encouraged graft, others have described it as a “way station” to political stability and full democracy (Burke 2017).

The upcoming withdrawal of the African Union Mission (AMISOM), scheduled for October 2018, raises the stakes for the Somali government to strengthen the state’s enduring fragility and address the underlying causes of conflicts between and within different groups (International Crisis Group 2017b).

## Extent of corruption

Corruption is endemic in the country, which is often judged to be the most corrupt country in the world. Since 2006, Somalia has been consistently ranked last on Transparency International’s Corruption Perceptions Index (CPI), scoring a mere 10 out of a maximum 100 in the [2016 edition](#).<sup>6</sup>

The [Worldwide Governance Indicators](#), assign Somalia the following percentile ranks for the year 2016 (0 being the lowest and 100 being the highest):

<sup>5</sup> The harsh impact of the on-going drought on the agricultural sector has put about 6.2 million people (about half the Somali population) in need of assistance and at risk of food insecurity (IMF 2017).

<sup>6</sup> See the results for [2012](#), [2013](#), [2014](#) and [2015](#).

<sup>7</sup> The Global Integrity scale on the Africa Integrity Indicators website is as follows: 81-100 (Strong), 61-80 (Moderate), 41-60 (Somewhat weak), 21-40 (Weak), 0-20 (Very Weak).

- voice and accountability: 2.96
- political stability and absence of violence/terrorism: 2.86
- government effectiveness: 0.48
- regulatory quality: 0.96
- rule of law: 0.00
- control of corruption: 0.48

The overall category score for Somalia for the [Africa Integrity Indicators](#) increased by three points from 17 in 2015 to 20 in 2016<sup>7</sup>. Of all six sub-categories, accountability was the highest performing with an aggregate score of 44. It was followed by the sub-categories rule of law (22), elections (20) and civil service integrity (17). Access to information & openness and public management were the lowest performing sub-categories with respective aggregate scores of nine and eight in 2016. With the exception of accountability, all sub-categories fell in the “very weak” range of the Global Integrity scale.

[Freedom House](#) in its 2017 report lists Somalia as “not free”, with an aggregate score of 5 out of 100 where 0 is least free and 100 is most free, and states that corruption is [rampant](#) in the country. Moreover, the 2016 Bertelsmann Stiftung’s Transformation Index (BTI), which assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries, awards Somalia a score of 1.38 out of 10 and ranks it last.

Somalia also ranks last out of the 54 countries with a score of 11.6 out of 100 in terms of overall governance as per the [2017 Ibrahim Index of African Governance](#) by the Mo Ibrahim Foundation. However, the five-year trend (2012 to 2016) shows a positive increase of 1.4 in the overall score, indicating slow progress (Mo Ibrahim Foundation 2017).

Out of the 200 countries measured by Trace International for its [Bribery Risk Index](#)<sup>8</sup> for 2017, Somalia comes in at the last place once again, with an overall risk score of 88. The same applies for the World Bank [Doing Business 2018](#) rank for Somalia, it is judged the worst performing of the 190 countries assessed.

<sup>8</sup> The overall country risk score is a combined and weighted score of four domains – business interactions with the government, anti-bribery laws and enforcement, government and civil service transparency and capacity for civil society oversight, including the role of the media (Trace International 2017).

The atrocious scores in these international indices are mirrored by citizens' own experiences. In a [phone survey](#) of 465 people conducted by the Legacy Centre for Peace and Transparency, 61.5% of respondents singled out corruption as the number one issue, when asked specifically about Somalia's key obstacle to peace (Legacy Centre for Peace and Transparency 2016). This number is significantly more than the 24% blaming Al-Shabaab or any other issue (Legacy Centre for Peace and Transparency 2016). Observers note a growing local consensus that corruption, rather than religious extremism, is the primary bane of the country's political life (Ahmad 2016).

### Forms of corruption

As one of world's leading and longest examples of a failed state, Somalia faces many of the major corruption challenges that affect conflict-torn countries, which is further exacerbated by the absence of a strong functional central government, a lack of resources and administrative capacity, weak leadership structures as well as a limited ability to pay public officials (Legacy Centre for Peace and Transparency 2016). Diagnosing the extent of corruption is challenging given the various types of corruption and the illicit nature of the activities. Nevertheless, there are a few forms of corruption that stand out (Legacy Centre for Peace and Transparency 2016).

#### Political corruption

Systemic corruption and the large-scale misappropriation of state funds by governing officials is the norm in Somalia (Bertelsmann Stiftung 2016). During 2013 and 2014, for instance, the Central Bank was severely criticised for the fact that 80% of withdrawals from the state accounts were made by individuals and not used to fund government operations or the provision of public services (Bertelsmann Stiftung 2016). Instead, funds were used for private gain, channelled into slush funds and used to shore up political support through patronage networks (Bertelsmann Stiftung 2016). The then president and some of his associates were also accused of using the central bank to siphon off assets abroad (Bertelsmann Stiftung 2016). The public scandal led to the resignation of the governor of the Central Bank in mid-2013 (Bertelsmann Stiftung 2016).

According to an official document from the Office of the Auditor General of the Federal Republic of Somalia, the total expenditures during the months of March, April, and May of 2015 was US\$31,473,638.85 (Legacy Centre for Peace and Transparency 2016). During this time, no wages for public service employees or the security forces were paid, leaving observers asking where these funds went (Legacy Centre for Peace and Transparency 2016). In fact, local anti-corruption activists note that salaries for civil servants and members of government security forces have not been paid since mid-2016 (Marqaati 2017a).

The recent elections, first parliamentary and then presidential, have been marred with allegations of rampant [corruption](#) (Burke 2017). According to Abdirazak Fartaag, a former Somali government official, the new election system by which 14,000 representatives elected a parliament who in turn selected the president has spawned "corruption inflation", with some parliament seats reputedly going for more than \$1 million (Gettleman 2017). Other Somali investigators have posited that at least [\\$20 million](#) has changed hands during parliamentary elections (Gettleman 2017).

In turn, the presidential election, while hailed by the UN as a 'milestone', has been labelled by analysts and some Western diplomats as a 'landmark in corruption' (Gettleman 2017). Rival presidential candidates accused each other of bribing MPs and senators in exchange for their support: according to some [unconfirmed reports](#), votes were being sold for up to \$30,000 (BBC News 2017). Local anti-corruption campaigners likewise assert that tens of thousands of dollars were handed to individuals to secure support in the vote (Burke 2017), with one Mogadishu-based anti-corruption group, Marqaati, stating that "this is probably the most expensive election, per vote, in history" (BBC News 2017).

Muddying the waters further still, the United Arab Emirates, Qatar, Turkey and Saudi Arabia are suspected by some to have funded the election campaigns of certain candidates in exchange for favourable business deals or other geopolitical interests, thereby indirectly fuelling corruption (Burke 2017). The Election Commission even banned MPs from bringing mobile phones into the venue where the vote was being held<sup>9</sup> for fear that they would take pictures of their ballot papers which they could use to prove to those who had given them money that they had voted as they had been bribed to (Soliman 2017).

<sup>9</sup> For fear of attack by Al Shabaab, the vote was held in Mogadishu's airport.

Somalia's fragmented political landscape means that in many areas local strongmen are inseparable from corrupt politicians whose rent-seeking behaviour misappropriates resources and diverts tax revenues and development aid (Ahmad 2016). The result is that self-enrichment takes precedence over sharing of meagre public resources equitably (Ahmad 2016). Clan-identities dominate politics, and there is an expectation that clan members who secure government positions or ministerial portfolios will act as guardians of clan, rather than public, interest (Diis 2016). As such, ministers invariably appoint kinsmen as advisors, secretaries and general hangers-on. Furthermore, clan structures offer impunity; officials are able to seek clan protection if they stand accused of corruption or illegality (Diis 2016).

A study of the Banadir region found that the government bureaucracy in the area is "unintelligible, non-transparent, unpredictable, cumbersome and full of excessive delays" (Hashi 2016). The same study found that of the 80 Federal Government of Somalia employees interviewed in the region, 61 (76.2%) agreed that access to basic service delivery depended on personal contacts.

### Corruption in business

Since the recapture of Mogadishu from Al-Shabaab in 2011, the construction industry has been booming and businesses such as supermarkets, restaurants, hotels are reopening (Bertelsmann Stiftung 2016). However, this surge in construction has also led to forced evictions of tens of thousands of people by both private and public actors (Bertelsmann Stiftung 2016). The construction boom is thought likely to trigger future land conflicts as title deeds are either unavailable or forged (Bertelsmann Stiftung 2016). In some instances, land belonging to various ministries, local government, schools, and the national oil depot were appropriated "for security reasons" and immediately sold off to high-ranking government officials and their business associates (Marqaati 2017a). Moreover, local anti-corruption activists allege that in the run-up to the recent elections the federal government resorted to selling off public lands to raise funds to secure the loyalties of key political allies (Marqaati 2017a).

**Bribery** is commonplace in all sectors of business, which is generally based on patronage networks, with tightly-controlled monopolies dominating the market (GAN Integrity 2016). To add to this,

businesses also face a high corruption risk when dealing with the courts (GAN Integrity 2016).

A particularly high corruption risk area for business in Somalia is public procurement, with government contracts usually being awarded to relatives, friends and associates of leading political figures (GAN Integrity 2016; Marqaati 2017a). The majority of public tenders are treated as confidential, and "secret contracting", whereby officials close public procurement deals in the complete absence of transparency and oversight, is a common practice (US Department of State 2015). Reportedly, some regional entities have signed contracts with oil companies independently of the government (Bertelsmann Stiftung 2016). A 2016 study by Puntland State University uncovered rampant corruption in the regional tender committee, **particularly in the form of bid-rigging** in favour of companies from certain clans. In response to the allegations, the German International Cooperation launched an investigation to probe suspected tender fraud (Garowe Online 2016).

Al-Shabaab is known to raise funds through multiple sources, including "taxation" and/or **extortion** of local businesses and private citizens, kidnapping for ransom, and exploitation of the illicit charcoal and arms trade, both of which are banned or at least restricted by the UN Security Council (US Department of State 2014; Bertelsmann Stiftung 2016).

In 2014, Al-Shabaab's profits from illegal charcoal exports alone were thought to be worth more than **US\$360 million** on the international market in 2014 (US Department of State 2014). Al-Shabaab moves some of its funds via cash couriers, but a significant portion reportedly passes through "hawaladars" (informal money brokers) and other money or value transfer services (US Department of State 2014). Moreover, the long land borders and extensive coastline of Somalia facilitates the smuggling of currency and goods into and out of the country, a problem compounded by customs and border security officials' lack of capacity to control points of entry (US Department of State 2016). Even where revenue is collected by customs officials at airports and sea ports, there is a complete absence of transparency regarding how this is utilised (Bertelsmann Stiftung 2016).

### Gendered forms of corruption

Although women have historically played key roles in community mobilisation and contributed significantly to peace building, Somali religious and traditional practices lower the status of

women and exclude them from participating equally in public and political processes (Ahmed 2016).

Some studies have argued that corruption and gender inequality have a shared root cause in the form of certain Somali cultural practices and traditions (Ahmed 2016; Legacy Centre for Peace and Transparency 2016). **Structures** of social control and trust within kinship groups or religious associations determine the parameters of economic interaction, rather than legal guarantees and general regulations; and Somalia's clan based stratification results in a "man-centred" society, where men receive first priority socially, politically and economically (Ahmed 2016; Bertelsmann Stiftung 2016).

Such a situation, coupled with the fact that Somali political representation is the function of a "**corruption rife**" electoral model based on the clan system whose custodians are male clan elders, severely impacts female political participation (Ahmed 2016; The Conversation 2017).

Somalia's election model still requires traditional male leaders to select the initial candidates, and since this system works via the deployment of corrupt patronage networks, as prospective MPs lobby for endorsements, females trying to make headway in this system face a **host of challenges** (The Conversation 2017). Firstly, customary law decision-making processes already exclude women, leaving little room for them to assert themselves as potential candidates (The Conversation 2017). Secondly, there exists no policy or legal mechanism to ensure compliance with a 30% quota<sup>10</sup> set by the provisional constitution, beyond appealing to the traditional leaders to implement it (The Conversation 2017).

Thus, the game tends to be rigged against women, and corruption plays a major role in maintaining the status quo. At least one female candidate, Fadumo Dayib, who was supposed to stand for the presidential election allegedly pulled out, saying it was stained by corruption (BBC 2017).

Moreover, it ought to be noted that women in Somalia lack protection and are subject to various forms of gender-based violence (Bertelsmann Stiftung 2016). All armed actors, including AMISOM, have been accused of raping and

<sup>10</sup> The provisional constitution outlines the expectation that women be included in all branches of government and includes a non-discrimination clause that specifically mentions women (Freedom House 2016). However, for the implementation of these provisions traditional leaders are

sexually exploiting women and girls (Bertelsmann Stiftung 2016).

## Main sectors affected by corruption

### Healthcare

With the collapse of state-run social services after 1991, healthcare provision was essentially privatised. In fact, of the US\$246 million government budget in 2016 (Goobjoog News 2015), a mere US\$0.8 million was committed to healthcare spending (World Bank 2017b). This is despite Somalia's dire health outcomes ranging from **extreme maternal mortality rates** to a chronic shortage of operational hospitals or sanitation infrastructure to stop **the spread of preventable diseases like cholera** (UNICEF 2017a; IRIN 2017). At the same time, the offices of the prime minister and president each received nearly \$5 million from the 2016 budget (Reuters 2017).

Only extended families and clans provide social safety nets and, despite remittances from Somalis abroad accounting for a large part of this safety net,<sup>11</sup> this money is seldom enough and is unequally spread across the population (Bertelsmann Stiftung 2016). In addition, the majority of the population survives at a basic subsistence level, and such funds are not able to compensate for the enormous destruction caused by the war (Bertelsmann Stiftung 2016).

Access to healthcare facilities, including public hospitals run by the World Health Organisation or local administrations often requires "facilitation payments"; according to some observers it is not uncommon for pregnant women to be refused assistance until they bribe medical staff (Dirye 2014). Medical equipment provided to public healthcare facilities are reportedly sold off to private hospitals (Dirye 2014).

The sale of **counterfeit, expired and sub-standard medicines** by unlicensed clinics and pharmacies is a particular problem, and is believed to have resulted in thousands of deaths (Mohamed 2015). One way the government has attempted to tackle the problem is to make it compulsory for those importing or selling medicine to register with state authorities, though it is unclear to what extent this requirement is complied with. Government officials also operate an air-conditioned warehouse in Mogadishu to store and inspect

urged to reserve one in three seats for a female candidate in the election process (The Conversation 2017).

<sup>11</sup> According to World Bank estimates, remittances provide up to 40% of household income (Bertelsmann Stiftung 2016).

drugs donated to the government by international organisations and other countries (Mohamed 2015).

Lack of sanitation, safe water facilities and services and poor hygiene are significant contributors to the high rates of disease in Somalia (UNICEF 2017b). Access to water and sanitation in the country is faced with severe challenges, including but not limited to the infrastructural impediments and corruption. The recent **famine** caused by the drought and civil unrest, has left 6.2 million Somalis at risk and exacerbated access to food, water and healthcare (Onyulo 2017; Wadekar and Migiro 2017). The famine has also led to a spike in water prices, creating lucrative opportunities for corrupt players (Wadekar and Migiro 2017). A water tanker truck now costs about US\$250 – an enormous price for impoverished but desperate citizens (Wadekar and Migiro 2017).

### Security forces

Corruption is rife within the security apparatus: the ministries of defence, interior, and internal security are seen by citizens as the most corrupt institutions in the country (GAN Integrity 2016; Marqaati 2017a). This is likely because they employ large numbers of poorly-paid officials who frequently come into contact with citizens on a daily basis. Of the 228 complaints about the Ministry of Defence lodged by citizens with the anti-corruption NGO Marqaati, 97% concerned soldiers robbing people at gunpoint, suggesting that corruption in the security forces is “systematic and organised” (Marqaati 2017a). Impunity is widespread as these ministries lack legal frameworks delineating their mandates and jurisdictions, let alone any oversight bodies able to maintain control over the security forces (US Department of State 2015; Marqaati 2017a).

The Somali National Army, the country's most important security institution, suffers from rampant corruption. Army leaders have systematically inflated troop numbers to obtain greater funding (GAN Integrity 2016). Discipline and loyalty to the federal government are thought to be severely lacking. Observers report that the US\$100-a-month salary is not enough to prevent soldiers selling off their equipment and even weaponry on the black market (Lough and Sheikh 2013). It is also widely reported that government security forces frequently set up illegal roadblocks to extort money or supplies from citizens and aid workers (Diis 2016).

Furthermore, **family and business ties** link officials responsible for provisions and the companies contracted to provide the food rations (worth US\$8 million per year) (UN Security Council 2015). Cases of corruption and misappropriation within the army led President Hassan Sheikh Mohamud to order the replacement of the chief of the armed forces in 2015 (UN Security Council 2015).

In 2017, the International Crisis Group **argued** that reforming and cleaning up the security sector is imperative, stating, “unless the Somali leadership prioritises such efforts, the significant external investment in that sector will fail”.

### Natural resources management

Somalia is known to have untapped reserves of various natural resources, including uranium, iron ore, tin, gypsum, bauxite, copper, salt, gemstones, natural gas, and petroleum which is being developed by the business community, including overseas companies from Australia, Canada and China (Soutter 2012 and CIA 2017). Thus, it has been deemed by some to be predisposed to the “resource curse” (Ahali and Ackah 2015). A humongous task lies ahead of the FGS to ensure that all the clans in the country enjoy proceeds accrued from oil and gas, as scholars note that inequitable distribution of the profits could become a catalyst that will further fuel rifts and political tension at the sub-national level (Ahali and Ackah 2015).

A 2015 United Nations' Somalia and Eritrea Monitoring Group (SEMG) annex report documented that the UK-registered Soma Oil and Gas company paid more than US\$500,000 to senior civil servants in the Somali Ministry of Petroleum and Mineral Resources under the rubric of “**capacity building agreement**” (US Department of State 2015). SEMG opined that this was likely as part of a quid pro quo arrangement between Soma Oil and the federal government allowing Soma to claim commercial advantages (US Department of State 2015; UK Reuters 2016). The report also **detailed** several ministry officials receiving salaries simultaneously from the federal government and Soma Oil and Gas company (US Department of State 2015). Despite finding “reasonable grounds” to indicate corruption, the UK's Serious Fraud Office **closed** the 17-month investigation into alleged bribery and corruption in December 2016, as there was not enough evidence for a realistic prospect of conviction (UK Reuters 2016).

### Development assistance

In 2016, donor funding accounted for one third of Somalia's total revenue (US\$55.3 million), as domestic revenue was insufficient to enable the government to deliver basic services to its citizens (The World Bank 2017a). The administrative and security sectors account for 90% of total public spending, while economic and social services account for about 9% (The World Bank 2017a).

Bertelsmann Stiftung in its 2016 report noted that portions of donor and bilateral funds often simply "disappear". During the last 15 years, Somalia has had four presidents, twelve prime ministers, and frequent cabinet reshuffles. This [political unsteadiness](#) has resulted in a gross lack of accountability for the donations received during this period.

In 2011, Somalia's Public Management Unit reported that over US\$300 million of government funds and another US\$70 million from Arab donors were missing from its treasury (Anoba 2017). Later SEMG [revealed](#) that 70% of funds earmarked for development in Somalia between 2009 and 2010 were misappropriated (Anoba 2017). Corrupt politicians are known to aggravate an already desperate situation by allocating donated goods to insurgent groups. For instance, in 2014, the SEMG [reported](#) that presidential advisor Musa Mohamed Ganjab illicitly diverted frozen government assets to Al-Shabaab (Anoba 2017).

## 2. Legal and institutional anti-corruption framework

### International treaties and conventions

Somalia is one of the dozen countries or so [yet to sign or ratify](#) the United Nations Convention against Corruption (UNCAC), which is the most comprehensive anti-corruption convention, covering a wide-range of corruption offences, including domestic and foreign bribery, embezzlement, trading in influence and money laundering (GAN Integrity 2017; UNODC 2017). The UNCAC provisions also obligate state parties to take a number of public and private anti-corruption measures (GAN Integrity 2017).

The African Union (AU) Convention on Preventing and Combating Corruption, which criminalises domestic and foreign bribery, diversion of property by public officials, trading in influence, illicit enrichment, money laundering and concealment

of property, was signed by Somalia in 2006, but is [yet to be ratified](#) (African Union 2015).

Somalia is not a party in the Arab Convention against Corruption and is not represented in the Arab Anti-Corruption and Integrity Network (Integrity and Anti-Corruption Commission of Jordan 2017).

However, after a peaceful transition of political power in February 2017, the [New Partnership](#) for Somalia was drawn-up (World Bank 2017a). Aligned with the national development plan, it outlines priority areas critical for development, which should aid the strengthening of anti-corruption efforts. These include:

- humanitarian aid
- strengthening national security
- more inclusive stable politics
- accelerating economic recovery

Other conventions and support mechanisms that indirectly address corruption in Somalia include:

- United Nations Assistance Mission in Somalia (UNSAM), whose mandate is to provide support for state- and peace-building in the country and to coordinate donor involvement (Bertelsmann Stiftung 2016).
- Military support by the African Union and by the six African countries that provide troops for AMISOM. AMISOM has military and policing components and is involved in the training of both the Somali National Army and the Somali Police Force. It also provides security in areas of FGS control and humanitarian corridors (Bertelsmann Stiftung 2016).
- OECD New Deal, supported by the Somali Stability Fund, developed in 2013 the so-called Somali Compact, a framework for the cooperation with international donors. (Bertelsmann Stiftung 2016). It outlines peace and state-building goals aimed at helping Somalia become more accountable to the people of Somalia in instituting political, financial, health and security reforms (US Department of State 2015).

### Domestic legal framework

Somalia does not have a National Anti-Corruption Strategy (Integrity and Anti-Corruption Commission of Jordan 2017). The Somali Provisional Constitution criminalises several forms of corruption including abuse of office, bribery of national and foreign officials, embezzlement, and trading in influence (GAN



Integrity 2016). However, the government does not implement anti-corruption laws effectively, and officials engage in corruption with impunity (GAN Integrity 2016). The governing elite are also known to be continuously involved in allegations of embezzlement of public funds from the already meagre Somali coffers, as neither appointed nor elected officials are subject to financial disclosure laws (GAN Integrity 2016).

The provisional constitution calls for the creation of legislation governing the administration of elections and creation of political parties (Freedom House 2016). A special parliamentary sub-committee has drafted legislation to create regulations for a political party system, but according to the latest available report by Freedom House (2016) the draft is still awaiting approval.

No law guarantees [access to information](#), and new regulations provide for fines of up to US\$3,000 for libel offences (Freedom House 2016b). Many cases are resolved outside the formal court system, either according to *xeer* (customary law) or in Sharia (Islamic law) courts (Freedom House 2016b).

A law on anti-money laundering and countering financing of terrorism was approved by the parliament in 2015 (Ministry of Justice 2017). However, Somalia has not yet undertaken a mutual evaluation relating to the implementation of anti-money laundering and counter-terrorist financing standards as required by the Financial Action Task Force (KnowYourCountry 2017).

The significance of this law is highlighted in the context of the Somali financial system being predominantly informal, and operating mostly outside of government oversight, via either the black market or unsupervised money remittance firms (hawaladars), which provides opportunities for [rampant money laundering](#) (US Department of State 2016). An estimated US\$1.3 billion in remittances is sent to Somalia every year, primarily by the Somali diaspora that fled the country during two decades of conflict. That amount is roughly one quarter of Somalia's gross domestic product, eclipsing all international aid to the country (thought to be about US\$1 billion in 2015) and it acts as a lifeline for millions in the country (US Department of State 2016 and Ridgewell 2017). Given the massive amount of money being remitted coupled with a poor understanding of the industry by regulators and

banks, there is ample room for corrupt activities to jeopardise the welfare of millions of people (Ridgewell 2017).

Since Somalia imposes no financial record-keeping requirements, international standards that are applied in Somalia are self-imposed by money transmitters, hawaladars, and other businesses that must abide by those standards to do business elsewhere in the world (US Department of State 2016).

An Anti-Corruption Commission Bill, which would establish the first exclusive anti-corruption body, is currently up for [public consultation](#) before it is to be passed as a law (Ministry of Justice 2017).

### Institutional framework

The country's institutions are dysfunctional, and there are barely any mechanisms in place to curb corruption (GAN Integrity 2016). Nevertheless, the following institutions are supposed to contribute to anti-corruption efforts.

**Financial Governance Committee:** during 2015, the government made public commitments and took limited steps to improve transparency in its public financial management to reduce endemic corruption, and created the Financial Governance Committee (US Department of State 2016). The committee is mandated to review concession and public procurement contracts at or above a value of US\$5 million (US Department of State 2016). The Ministry of Finance has increased its cooperation with the international donor community to implement public financial management reforms (US Department of State 2016). However, receiving meaningful information from government bodies regarding procurement contracts remains a significant challenge (Bertelsmann Stiftung 2016).

**Judiciary:** since the collapse of the state in 1991, Somalis have relied primarily on customary and Sharia legal systems to adjudicate disputes (US Department of State 2016). A legal system with both civilian and military courts nominally operates under the federal government, but existing laws are difficult to enforce, given the weak capacity of judicial and law enforcement institutions and general instability (US Department of State 2016). For instance, there have been zero prosecutions or convictions related to money laundering<sup>12</sup> (US Department of State 2016).

<sup>12</sup> Caveat: information on trials being conducted in Somalia for corruption or fraud could not be found.

**Office of the Auditor General (OAG):** the OAG is supposed to audit and report on accounts of all departments and offices of government, as well as ensure that payments have been made to the proper authority and supported by sufficient proof of payment (Office of the Auditor General 2017). At the end of the audit period, the Auditor General is to **report to** the President and Prime Minister on the government's financial statements and his observations on internal controls and areas where due regard is not given by the entities audited (Office of the Auditor General 2017). However, there is limited information on the performance of this body. In 2016, OAG Somalia **assessed** its operations and has come up with a strategy, which has yet to be disclosed (IDI 2016).

**Anti-Corruption Commission:** a first of its kind, anti-corruption body in Somalia is yet to be created but, as mentioned earlier, the bill is under at the public consultation stage.

## Other stakeholders

### Media

Media outlets act not only as watchdogs but also as a tool for social justice by raising awareness of corruption and fostering anti-corruption strategies (Pinkowski 2012). However, Somalia's contextual reality and circumstances adversely impact the media's ability to contribute to the fight against corruption.

Somalia's 2012 provisional federal constitution provides for freedoms of speech and the press, but persistent violence restricts reporting in practice (Freedom House 2016b). Somalia is also ranked number one in the Global Impunity Index, with more than 30 journalists' murders having gone unprosecuted since 2008 (Freedom House 2016b).

Freedom House deems Somalia's Freedom of the Press status as **not free**, indeed the country is one of the most dangerous countries in the world for journalists (Freedom House 2016b). The **2017 World Press Freedom Index** ranks Somalia at 167th place out of 180 countries (Reporters Without Borders 2017). Violence restricts journalistic access to large swathes of the country, and retaliatory attacks against reporters are common (Freedom House 2016b). The government actively engages in censorship and prosecution of critical voices, while those who commit crimes against journalists enjoy impunity (Freedom House 2016b).

There are numerous reports of federal and regional authorities beating journalists (US

Department of State 2015). The Somali National Intelligence and Security Agency (NISA) agents are known to routinely carry out mass security sweeps, despite having **no legal mandate** to arrest and detain suspects (US Department of State 2015). NISA held detainees for prolonged periods without following due process and has mistreated suspects during interrogations. For example, in 2015, NISA agents arrested journalist Ali Abdi "Yare" for allegedly criticising the government (US Department of State 2015).

The parliament has also passed a controversial new media law which states that all reporters must have a university degree in journalism and pass a state test, journalists are also to disclose sources of information upon official request, and heavy fines for libel have been established (Freedom House 2016b). The law also empowers authorities to block websites as punishment for media offences despite a provision prohibiting censorship (Freedom House 2016b). It also requires all media outlets to obtain a licence from the government and pay an annual fee, formalising an arbitrary registration scheme in place since 2013. Households will be required to pay a television licence fee to receive content (Freedom House 2016b).

### Civil society

According to the Bertelsmann Stiftung (2016) the Western conception of civil society is misleading in the Somali context as there are few distinctions drawn between the public and private spheres. Particularly, since the onset of civil war, social network structures have been reorganised and strengthened as a means of survival (Bertelsmann Stiftung 2016).

In the areas controlled by Al-Shabaab, many non-governmental organisations (NGOs) were forced to close down their operations due to suspicions that they were spying for Western powers; however, they usually restarted their activities when Al-Shabaab was pushed back (Bertelsmann Stiftung 2016). Numerous NGOs have also sprung up since the mid-1990s in the free areas, mostly in direct response to external funding from both Western and Islamic donors (Bertelsmann Stiftung 2016).

There remains **little information** on anti-corruption NGOs and civil society organisations operating in Somalia. **Marqaati** is Somalia's sole anti-corruption NGO, with volunteers operating both in and outside the country. Due to the security situation, they neither publish any names of volunteers or donors, nor do they locate their

working space or location (Marqaati 2017b). They investigate petty and grand corruption, recently launching a digital campaign against corruption in Somalia with 17 audio clip episodes on various corruption topics (Marqaati 2017b). Marqaati also launched the Somalia Accountability Feedback Mechanism, which in 2016 alone received more than 500 verified reports from citizens from all walks of life. Finally, the organisation gathered empirical evidence of corruption in recent elections, including bribery, intimidation, voter list manipulation and outright fraud.

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