

“Makuwanaan badbaadiyeyaal moodnay: Sidee nalooga dhaadhiciyey iney fikriyan iyo xadaariyanba anaga naga sareeyaan”

- Gabar Soomaaliyeed



**Fartaag Research
& Consulting**

BREAKING POINT IN SOMALIA: How state failure was financed and by whom

Abdirazak Fartaag

Abbreviations	ii
Preface	vii
Executive Summary	viii
The Federal Government of Somalia.....	viii
International Community	x
Research Methodology	xi
Introduction	1
Government Support to Local Non-State-Actors	1
The International Community Support to Non-State-Actors	2
The International Community Support to the Foreign Consultants	4
What Was the Setbacks?	6
BUDGET DIVERSION AND OMISSION IRREGULARITIES	7
Understanding Budget Revenue Management Complexities	7
Understanding Federal Government Data	10
Budget Manipulation by the Federal Government of Somalia	13
Current Revenue Control Policy Management Structures at the Federal Government	14
Budget Diversions through Tiers.....	16
1st Tier Omissions - Domestic Revenue Streams	16
Mogadishu Port, Aden Adde International Airport and Civil Aviation.....	16
Tax on Income, Profit & Capital Gains.....	18
Taxes on International Trade & Transactions	18
Other Domestic Indirect Taxes	19
Other Taxes	20
Immigration Taxes	20
Domestic Loan	21
Revenue Diversion Item Analysis	21
2nd Tier – Item Revenue Over-Expenditures Diversion	22
3rd Tier – External Donor Support Budget Under-Scaling Omissions	23
1st Reconciliation - The Declared Government Budget Accounting	27
Government Reconciliation Records	27
Budget Diversion Routes	28
What Were the Diverted Amounts?	28
Where Did It Go?	29
2nd Reconciliation - The Undeclared Government Budget Accounting (Fartaag Index)	37
Budget Diversion Routes	37
What Were the Diverted Amounts?	38
Where Did It Go?.....	39
Budget Summary Review Critics	42
Budget Manipulation by the International Community	43
International Community funding to Non-State-Actors	43
Donor Pledges	48
The Role of Foreign Consultants	49
International Development Law Organization (IDLO)	50
Financial Governance Committee (FGC)	50
Case Study: Sahan Research and Government Security Departments	53
ABYRINT	59

Summary of Government and International Community Budget Diversion Reconciliation	60
Diversion Managers	61
Joint Investigatory Body	62
Joint Investigatory Body Calendar Period	62
DIVERSION NETWORKS.....	63
How SFMIS is Manipulated	63
Financial Spoilers Network (FSN)	66
Local/Diaspora Financial Spoilers	67
WHAT WERE THE DIVERSION/OMISSION LOOPHOLES?	70
H.E. Hassan Sheikh Mohamoud Administration	70
Creation of Functional Constitutional Safeguards	70
Creation of Functional Ministries, Departments and Agencies	72
Creation of Functional Integrity Institutions	74
Central Bank of Somalia (CBS)	74
Cabinet Policy Papers on Improved Public Security	76
Creation of Functional Parastatal Cooperation	77
Parliament Legislation Act	79
Parliamentary Committees	81
THE WAY FORWARD	83

Tables

1. Itemization of recurrent expenditures in 2015, 2014, and 2013
2. Government and International Community Funded Non-State Actors
3. Primary Architects and Beneficiaries - Hawiye Cartel Groups (HCGs)
4. Different budget provision turnovers
5. Lumped up Capital Expenditure Provision
6. Revenue Streams
7. Domestic Revenue Omission
8. Mogadishu Port Revenue Omission
9. Tax on Income, Profit & Capital Gains
10. Taxes on International Trade & Transactions
11. Turnover Tax on Service (presumptive tax) Omission
12. Legal dispensation
13. Immigration Department
14. Domestic loan
15. Direct revenue omissions/under-scaling from the sources
16. Donor support omission
17. Off-Treasury Support
18. On-Treasury Support
19. Item Percentage
20. 1st Reconciliation - Declared Government Budget Accounting
21. 1st Reconciliation - Government Diversion Routes
22. 1st Reconciliation - Government Budget Diversion
23. 1st Reconciliation - Government Budget Diversion Activities
24. 1st Reconciliation - Government Funded Non-State-Actors
25. 1st Reconciliation - Government Programme Budget Diversion Expenditure Activities, 2015-2013
26. 1st Reconciliation - Government Budget itemization Misappropriation
27. 2nd Reconciliation - Undeclared Government Budget Accounting
28. 2nd Reconciliation - Diversion Routes

29. 2nd Reconciliation – Government Budget Diversion
30. 2nd Reconciliation – Fartaag Index Budget Diversion Activities
31. 2nd Reconciliation – Fartaag Index Budget Diversion Expenditure Activities, 2015-2013
32. International Community Funded Non-State-Actors
33. International NGOs Operating in Somalia
34. Government and International Community Budget Diversion Reconciliation
35. Hodan Osman Salary Package
36. Large Scale Budget Diversion in the Security Sector
37. Most Powerful MPs Brokers
38. MPs Support Categorizations

Boxes

1. Definition of Budget Diversions and Omissions
2. Government Non-State-Actors
3. Funding Activities
4. Cheque encashment by Mr. Ahmed Nur Jim'ale
5. Basic – Non-State-Actors Regulatory Framework Omissions
6. Intrigues of Common Humanitarian Fund and Somali Humanitarian Fund
7. Financial Governance Committee (FGC)
8. Contracted Foreign Security Experts
9. Process of Salary Payroll Preparation
10. Process of Checks and Balance
11. How SFMIS Operates
12. Constitutional Formulation
13. Human Rights
14. Monetary Control Structure
15. Central Bank Revenue Sources

Charts

1. Donor Diverted Funds
2. Contributing Countries
3. Local Financial Spoilers

Annex

1. Existing Situation on Recurrent Expenditure

Appendix

1. Revenue Analysis
2. Expenditure Analysis
3. Amb. Awil – Appointment Letter
4. Amb Awil – Letter to Auditor General
5. Image of Matt Bryden
6. PNG Letter – Matt Bryden
7. Dahabshiiil Salary Voucher
8. Dahabshiiil Salary Voucher
9. Dahabshiiil Salary Voucher
10. Funds Transferred to Premdeep Bahra's Account
11. Immigration Investigation
12. Work Permit

Abbreviations

USA	United States of America
EU	European Union
UK	United Kingdom
UNSOM	United Nations Assistance Mission in Somalia
AMISON	African Union Mission in Somalia
FGC	Financial Governance Committee
TNG	Transitional National Government
TFG	Transitional Federal Government
FGS	Federal Government of Somalia
SFG	Somali Federal Government
FSCP	Financial Standing Committee of the Parliament
OAG	Office of the Auditor General
AGO	Accountant General Office
CBS	Central Bank of Somalia
MPs	Member of Parliament
FBOs	Faith Based Organizations
CBOs	Community Based Organizations
NGOs	Non-Governmental Organizations
SSC	Sool Sanaag & Ceyn
IC	International Community
MDA	Ministries/Departments/Agencies
NSAs	Non-State-Actors
HSM	Hassan Sheikh Mohamud
AiA	Appropriation-in-Aid
FI	Fartaag Index
ISWA	Interim South West Administrations
WLC	Western Led Cartels
CRC	Cluster Review Committee
CHF	Common Humanitarian Fund
INGOs	International Non-Governmental Organizations

The capital accommodates various clans, consisting both the majority and minority populations. The clan representation in the capital is from the 7 states (Somaliland, Khatuma, Puntland, Galmudug, HirShabelle, South West, and Jubaland). The president represents one of the major clans – Hawiye – and he controls the capital city in terms of government appointments and business investment opportunities. Although the states are represented in the federal parliament by their respective members of parliament (MPs), their participation in government affairs is at the bare minimum. The federal cartels control all the major arms of the government and any legislation to be formulated has to be in the interest of the president. In view of this, disparity representation brought about by a lack of policy, the president's clan has assumed the entire management of the government at the expense of all other clans. The justification of the clan monopoly premise in the federal government is to be found in the political, economic, and social and security manipulations the country is undergoing owing to the president and his exclusive Hawiye Cartel Groups. The president and his cartels have initiated various undertakings (religious and commercial) whose core objective has been and continues to be, marginalization of the other clans while they sustain their policy interests. The cartels have also extended some relatively higher control relationships with majority of the states. Though the states have their own unique problems in the transformation process, the federal government authorities stand accused of arresting the stability realization. This is in view of the fact that the federal government generates substantial budget revenues as well as external donor support, which could have contributed towards facilitating the transformation process. On the contrary, the budget funds have been misappropriated into private investments as well as funding militias. This investigation deliberately distinguishes the role of the member states and cartels from the transformation process of the federal government. The federal government is the primary driver for the transformation process as opposed to the member states. The states are inadequately funded for initiating and sustaining the transformation process. As a result, question need to be raised as to the existence of a shadow group – Islamist leaders (cartels), domestic/external budget support diversion advisors and foreign consultants - secretly exerting unchecked influence in Somalia aimed at serving their own political programmes.

The Federal Government of Somalia

1. The federal government of Somalia and the international community have up until now failed to transform the Somali state due to several complexities, the most significant being budget revenue management and institutional structures. The budget revenue mismanagement pre-empted the transformation process due to the lack of structured control systems and this is in spite of the relative adequacy it provides. **The systems were to be developed by the federal government and international community but none of them undertook such initiatives.** Indeed, the mismanagement is used for fueling further anarchy. The government has not structured her ministries and civil servants to embrace successful transformation.
2. The deliberate deficiencies of the government in developing functional structures as well as in developing accountable management controls have been conduits for budget diversion. The reconciliation budget for the period of 2013 to 2015 was US \$1,168,379,299 and net expenditure by the government was US \$163,766,637. **The diversions of US \$1,004,612,662 (86 percent of the total federal budget) were utilized in their own programme activities (private insurgencies, private investments, Islamic institutions, regions, and by parliamentarians); this has been fueling further anarchy in the country.** The diversions occurred when the integrity institutions were all in place but President Hassan Sheikh Mohamud compromised them in regards to public disclosure.
3. The budget diversions were facilitated by omissions in accounting structures for the non-state-actors. However, it should be noted that this was a deliberate move by the government as its primary objective in the funds management is misappropriation. **It is not known why the international community did not come on board to formulate budget control systems in view of the fact that the country was still in failed status.** The formulation of the budget revenue control system was not a tall order for the two as it required some basic structures such as; sector based grouping, committees from sub-locations, locations, divisions, and district levels for monitoring and evaluations of their programmes.

4. The federal budget diversions were secretly controlled by the seven Hawiye Cartel Groups (HCG) listed below. Similar cartel groups were also replicated by each of the states¹ but this is isolated from this report discussion.

COMPOSITION OF HAWIYE CARTEL GROUPS

- Religious Groups;
- Social Groups
- Political and Security Groups;
- Business Community Groups;
- National Chamber of Commerce Groups;
- Members of Parliament Groups; and
- Women Mobilization Groups.

5. The diversion transactions are communicated through three tiers of management.

- The **first tier** consists of the president and his advisors on policy formulation for the diversions, which is basically from the domestic revenues. The approval of the policy diversion decision is passed on to the ministry of finance (MoF) for the actual funds disbursement to the line ministries.

- The **second tier** is through item over-expenditure budget payments. This involves the special advisor and the minister for finance. The special advisor to the president is Ms. Hodan Osman. However, the diversion process instructions emanate from her. It should be noted that the diversions are recovered at the ministry of finance but full accountability is passed over to the respective ministries. The minister in charge of the relevant ministries is further instructed by Ms. Osman to ensure that the non-public accountability is sustained under all costs. At the same time, Ms. Osman ensures the integrity institutions are on firm instructions not to expose the budget diversions. After this second tier of disbursements, the respective ministries assume the responsibility of the accountability.

- The **third tier** is through external budget under-scaling and omissions. The president has an advisor for the external Arab/Turkish support. The adviser provides guidance on the support to be recorded on government book, as well the amounts to be under-scaled or omitted. The president passes this information to the minister of finance to ensure full compliance of the budget provisions. The diversions are facilitated by the Arab/Turkish nations as their support is fully in cash payments. The advisor to the president is the disgraced former governor of central bank who is currently serving as the minister of foreign affairs, Abdisalam Omer.

¹ Puntland and Jubaland Chamber of Commerce (aka "Darod Cartel Groups"), also operates in the country but they are far less effective than the Hawiye Cartel Groups.

6. Individuals who have submitted falsified documents carry out the management of funds expenditure. **The chit budget money is diverted through disguised welfare payments by the three offices; office of the president, office of the prime minister and the office of the speaker.** The justification of the latter diversion is due to the fact that the budget item provisions are not specifically spelled out and the recipients never account for the funds received. Above all, a single ministry could have been made the custodian of the chit money cash payment and be held accountable for the disbursement instead of the three cluster offices. The total amount of misappropriated funds is the total sum of itemized budget diversions both from individual and chit cash payments.
7. **The diversions were transacted under the watch of the Financial Governance Committee (FGC) who are largely constituted by world financial institutions (WB and AfDB).** The budget contribution is from both the Arab countries and the government. The funding has been going on for the last 15 odd years and to date, the envisaged transformations are far from being realized.

International Community

8. On the other hand, the international community (Western Nations) has been soliciting development support to the country and these funds have not been factored into the country's budget. The amount of donor pledged support in 2013 was US \$2.4 billion.² The actual pledge received and registered from the amount is only known by the international community. The multilateral support received from the international community and for the country's transformation development is also not public knowledge due to its lacking transparent accountability. Their disbursements are directly funneled to the non-state-actors who lack budget accountability management.
9. The international community budget support they receive is outsourced to their own organizations [Western Led Cartels] and who are 1) Multilaterals, 2) International NGOs, 3) Local Non-State-Actors, Human Rights Watch, Media Outlets,³ and 4) Amateur Foreign Consultants. The Western

²There was a Reconstruction and Development Program (RDP) set in place in 2006, with a budget of USD \$2.2 billion. The coordinating implementers of the project were the UN and the WB. This pledge, never reached the federal government as promised.

³The international media contribution to the failed state transformation is through biased reporting. The biased reporting frustrates adaption of strategic corrective measures. A case in point is one of President Hassan Sheikh Mohamud's supporters Abdurahman Yabarow, head of the Somali service of VOA, a man very close to the president by sub-clan affiliation has all along been impartial to what's happening in Somalia. He continues to support Hassan Sheikh Mohamud despite amassing fortunes that cannot be accounted for. Yabarow's clannish attitude does not in any way or shape help the message that the US wants to send or share with the Somalis. However, this is not a subject for this report.

Led Cartels (WLC) is spread across all the sectors of the country's transformation development programmes (political, economic, social and security). The federal government does not know the contract budget between the international community and their cartels. The WLC directed the respective sector ministers into drawing up roadmaps based on their own agendas, thus compromising them; these roadmaps are hardly ever implemented. As a result of the financial compromises the country's institutions have remained unstructured. **Undeniably, the WLC have held the country's socio-economic and security transformation stimulus at ransom, which by extension appears to be the primary objective of the international community.**

10. This raises serious questions about the relationship between the federal government and the international community. The questions posed in regards to the relationship are due to lack of a harmonized development policy for the country. Each of them appears to be on its own development agenda. **This report sheds light on how the mismanagement of the national budget in Somalia has created a parallel government comprised of the Federal Government and the International Community.**

Research Methodology

11. The Western donor support budget is not included in the provisions as they disbursed their assistance directly to the non-state-actors. The Arab budget support has been investigated in three parameter expositions. The first parameter is through the books held by the government (central bank, office of the auditor general, accountant general office, financial standing committee of the parliament, and various ministries, departments, and agencies). The second parameter involves amounts the government omitted from registering (no records at the central bank). The third parameter is through government under-scaling of the support they receive from the Arab and Turkish governments.
12. The reconciliation of the three parameters increases budget support higher than what the government registered. Further confirmation of the up-scaled reconciliation budget is evidence from the expenditures the government has incurred in funding their own non-state-actors, Islamic organizations and this was done via private investment by the president and his cartels. **This requires a joint investigatory body with proven track record of integrity to account for the diversion.**

13. The methodology research applied in the findings was through desk investigations, and cross interview references. The cross-references involved engagement of the respective line ministries' civil servants, and prominent public leaders who had different budget provisions. The government ministries' records were not in harmonious tally with budget provisions nor were they in tally with the relevant integrity institutions. The first reconciliation [government record] was based on the foregoing inconsistencies but which were able to tally after making all the necessary budget adjustments. The second reconciliation, "Fartaag Index" (FI) was based on additional information, which was not in the government records. This second reconciliation would appear to be more accurate and credible given it has taken into account all omissions and under-scaling.

Government Support to Local Non-State-Actors

1. Today, the diversion of domestic revenue and the mismanagement of donor funding in Somalia have created two parallel governments in the country. The federal government created an alternative government through non-state-actors (NSAs) funding. **Instead of developing functioning government structures, especially government institutions, the federal government authorities preferred investing both donor and domestic funding into non-state-actors¹, in which they have personal vested interests.** It is worth mentioning that the majority of the government funded non-state-actors are of Islamist nature (see table 23, 24, 25, 30, and 31). Government authorities were often affiliated to support of these groups making their relationship unethical and questionable to begin with. This is proven by the itemization of recurrent expenditures where majority of the budget is used for funding Islamic Charitable Organizations, Universities and Insurgencies as shown in table 1. This is despite the creation of Somali Financial Management Information System (SFMIS), which is supposed to track the itemization of expenditures. For instance, in 2015 alone, USD 22,091,672 was allocated to SIMAD University, whose co-founder and honorary member happens to be President Hassan Sheikh Mohamud. These funds should have been used for running operational costs of government institutions.

Table 1. Itemization of recurrent expenditures in 2015, 2014, and 2013

Description	Actual Operational Expenditures			Diverted Amounts from Operational Expenditures – SIMAD UNIVERSITY		
	2015	2014	2013	2015	2014	2013
Wages/Salaries	\$31,484,328	\$30,235,099	\$17,477,185	\$7,729,813	\$5,287,854	\$1,950,000
Utilities	4,300,400	5,476,273	7,305,169	1,975,200	1,796,411	2,500,000
Other Expenditures	37,615,112	37,397,216	34,882,074	12,486,659	5,047,917	1,500,000
Sub-total	\$73,399,840	\$73,108,588	\$59,664,428	\$22,091,672	\$12,132,142	\$5,950,000

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

¹ This report defines non-state-actors as community-based groups, faith-based organizations, non-governmental organizations and armed groups. Their roles, responsibilities and mission however, remain unclear. They are spread into various member states.

2. This method of diverting funds is not only intended to help Somali Islamists leaders capitalize in their vested interests, but it is also a means of maintaining the status quo. In other words, this is a means of avoiding accountability, which is a natural result of having fully-fledged, functioning government institutions.

The International Community Support to Non-State-Actors

3. The status quo is also maintained by the international community’s failure to develop basic government operational structures. The international community [Western embassies] became a parallel government to the federal government by funding local and international non-state-actors.
4. Many of the non-state actors often operate unethically since state-affiliated individuals often lead majority of them. For instance, one person who happens to be a recipient of donor support from the government and the international community manages SSWC, CRD, ASEP, SADO, and NAPAD. The programme activities of the organization carry little to no community impact in spite of double source budget funding. The funds are largely diverted as shown in table 2 below. The table names the organizations; however, it does not state the specific budget amounts the international community contributed because that information is unknown. **For example, Save Somali Women and Children (SSWC) is led by the former Prime Minister Said Farah Garad’s wife, Asha Haji Elmi. She used the humanitarian funds her organization received to fuel public insecurity in the ISWA region (Merca and Janale districts) and to further her clan’s interests.** This was previously documented by the UN Monitoring Group².

Table 2a. Government and International Community Funded Non-State Actors

Organization	Owners	Clan	Remarks
<i>Save Somali Women and Children (SSWC)</i>	Asha Haji Elmi (aka “Asha Ugly”)	Hawiye/Habargedir	Diversion from the PM’s office for personal use under the guise of humanitarian charitable support while fueling public insecurity in the Lower Shebelle Region (ISWA)
<i>Centre for Research & Dialogue (CRD)</i>	Jibril Ibrahim Abdulle (aka “Jibril Fake”)	Hawiye/Abgaal	Diversion of donor support funds for his personal investments and as a result of this, he is now competing for the presidential elections.

Source: Ministry of Interior, National Intelligence and Security Agency, and Police Force

² See UN Doc. S/2014/726, Paragraph 47

- Jibril Ibrahim Abdulle (CRD) was given a theatre rehabilitation donor support about US \$900,000 and whose building restoration has not enabled patronage of the facility. This perhaps could account for the government reluctance in regulating a policy control for the monitoring and evaluation of NGOs.

Table 2b. Government and International Community Funded Non-State Actors

<i>Organization</i>	<i>Owners</i>	<i>Clan</i>	<i>Remarks</i>
<i>Action for Social and Economic Progress (ASEP)</i>	Abdiwahab Sh. Mohamed (aka "Turbac")	Darod/Marehan	Diversion of humanitarian donor support funds for their personal investments, while fuelling public insecurity in the Jubaland administrations.
<i>Social-Life and Agricultural Development Organizations (SADO)</i>	Aden Hassan Barre (aka "Aden Adde")	Darod/Marehan	Diversion of humanitarian donor support funds for their personal investments, while fuelling public insecurity in the Jubaland administrations.
<i>Nomadic Assistance for Peace and Development (NAPAD)</i>	Abdullahi Mohamed Hersi ("Qorah")	Darod/Marehan	Diversion of humanitarian donor support funds for their personal investments, while fuelling public insecurity in the Jubaland administrations.

Source: Ministry of Interior, National Intelligence and Security Agency, and Police Force

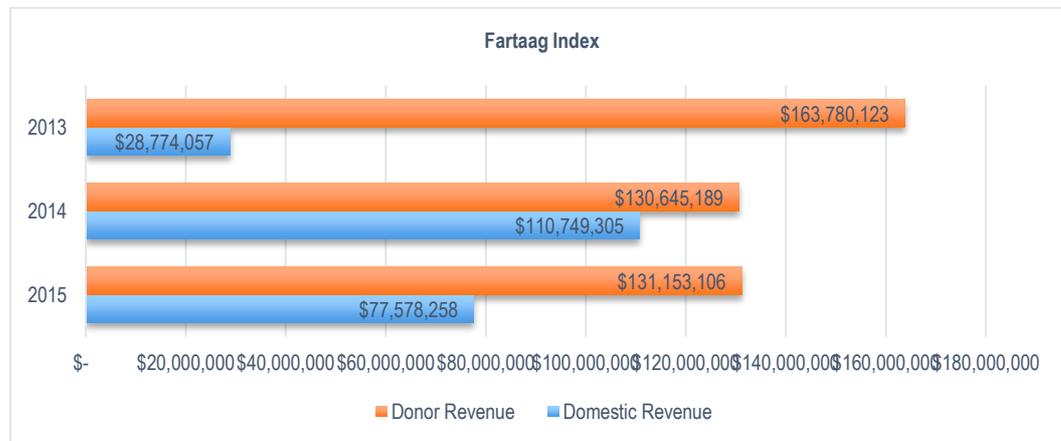
- In the absence of basic operational government structures, the budget funding often ended up fueling further insecurity to the country. For instance, in 2013, ASEP, SADO and NAPAD [Marehan Cartel Groups] received budget support from the President Hassan Sheikh Mohamud and Prime Minister Said Farah Garaad, which was US \$300,000. The money was intended for overthrowing Islamist Governor Ahmed Madobe (Ogaden) of Jubaland whom the President Hassan Sheikh Mohamud and his Hawiye Clan were not in favor of but were instead in favor of warlord Barre Hiiraale (Marehan). This is a clear case of funding further anarchical status in the country. **At the same time, it is evident that such organizations were provided with more political clout in addition to funds for its humanitarian operations.**
- After 25 odd years of donor support, the international community is yet to introduce policy formulation and control systems, which would bring forth a successful government institution. Instead of helping to rebuild government institutions, they allocated much of the budget funding to non-state-actors without holding them accountable (see table 32, and 33). Part of their mandate is to work with the federal government, and hold them accountable, while concurrently being held accountable by the federal government as well. **The international community thus reduced the**

authority of the federal government by directly funding corrupt non-state-actors without the knowledge of the federal government. This evasion is facilitated by the lack of structure in federal government institutions, which has opened the door for the diversion of the federal budget. Both the international community and the federal government have turned a blind eye to this misappropriation of public funds.

The International Community Support to the Foreign Consultants

- Throughout the years, the international community has been in denial in regards to several issues, which if analyzed accurately would prove to be of significant policy redress to the governance transformation. For example, there is evidence that substantial amounts of donor funds have been diverted although this has repeatedly been disputed by many Western embassies. As would be noted substantial amounts of budget money were diverted for personalized interests but the western embassies always ignore this, claiming the amounts are too large and therefore cannot be correct (see the below chart 1).

Chart 1. Donor Diverted funds



Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

- This report summary includes an in depth analysis of the budget management, external and internal revenue collections and the omissions. The Head of the EU delegation in Somalia, Michele Cervone d’Urso (aka “the stutterer envoy”), Head of the UN Assistance Mission in Somalia, Nicholas Kay (aka “spineless”), UK Ambassador to Somalia, Desmond Patrick (Neil) Wigan (aka “softy”) and the World Bank Country Director, Bella Bird (aka “my gullible Bella”), and their junior officials appear to be enabling financial diversion in their refusal to accept this practice in the

Somalia government exists. **They fear their inability to bring change will be brought to the forefront and the general public (both Somalis and Western tax payers) will come to find out that the stagnant state of Somalia is not only because of Somalis.**

10. Both the international community and the federal government are guilty of serving their own interests. They help each other cover their tracks. **A case in point being the relationship between Britain and the Presidency. The president supported British representatives to solely occupy high positions, which ideally should have been shared with other Western countries. For instance, the UNSRSG position, the WB country representative for Somalia and the Head of the Financial Governance Committee all went to British citizens.**
11. The UNSGR's mandate was to strengthen the security sector and overall governance in the country. The head of UNSGR, Nicolas Kay, was fully aware that the president and his government would not actualize the set out one-man/one vote system target, during the 2016 deliberations. He was fully aware that the president was bribing parliamentarians; and he was quoted saying that he was deeply concerned by what he described as votes exchanged for cash in the context of a potential "No Confidence" motion, which is a disservice to Somalia's progress towards accountability and transparency, AllAfrica, November 3, 2014. **However, he did nothing about this and although the reasons why are unknown, it is possible it is because it was helping him serve the interests³ of his native country, and not those of Somalia.**
12. The international community, Britain in particular relies heavily on their contracted foreign consultants (aka "financial network spoilers). However, the reliance is not based on any hard established evidence as the consultants largely rely on reports [verbal] made by the government. Indeed, they have little contact with the actual government operational structures and neither do they carry out physical investigations or verifications from the relevant ministries/department/agencies. The reports they receive from the government officials are factored in favor of the government. The international community also relies on local financial network spoilers (see table 3 primary architects and beneficiaries and #28 budget revenue diversion process) who are strategically spread across all the line ministries. The president for safeguarding the government's public relationships with the international community appoints the

³ It is believed the interest was Soma Oil and Fish guard, which is a British-based company that landed a contract exploiting Somali resources.

financial network spoilers (Abyrint, Sahan, IDLO and FGC). These groups have over the period been receiving close attention from the international community. In this context, the international community has been directly facilitating the budget diversions. **This is in view of the fact that they have not engaged the incumbent government into drawing up a joint Legislation Act, which would prevent the diversions.** As a result, the international community has been working on the assumption that all is well until, that is until the public started raising eye brows over the governments performance.

What Was the Setbacks?

13. The transformation process would have been effectively operational, if the government and the international community addressed the following significant setbacks:

Policy Recommendation

- Developing basic policy guidelines on budget management (economic structures/CBS, Commercial banks);
- Developing basic policy guidelines on constitutional dispensations (Attorney General institutional legal frameworks);
- Developing basic policy guidelines on government restructuring (line ministries/departments/agencies coordination and judiciary);
- Developing basic policy guidelines on national assembly legislations;
- Developing basic policy guidelines on public security management;
- Developing a calendar period transformation blue print for the country;
- Developing a truth and reconciliation committee to facilitate harmony between regions and disputing clans; and
- Developing a joint investigatory body on all levels.

14. The argument that it was not possible to formulate the above policy guidelines due to insecurity is not a logistically convincing argument due to the fact elements of government structures are in force. Consequently, the formulation of the policies would have been instituted in secure regions such as Somaliland and Puntland where the model can be easily replicated to other upcoming federal states. **As a result of the above ineffective control systems, the government and the international community have overseen a total budget diversion omission of US \$3,404,612,662, which was relatively adequate for the transformation of the country for preceding three years.**

Budget Diversion and Omission Irregularities

Understanding Budget Revenue Management Complexities

1. The main primary architects and beneficiaries of the budget diversions are as enumerated in the below table 3. However, they have different sector interests in the budget diversions. Their end result objectives are however uniform, in the sense that it serves the interests of the president. **The President Hassan Sheikh Mohamud's interests are intended to ensure that the transformation process is faced with substantial setbacks allowing for the sustaining of the status quo.** The Hawiye Cartels Groups (HCGs) are also not interested in the transformation as its actualization would deny them clout as well as clan dominance.
2. The budget revenue diversion is articulated through the following process:

Policy Operations

- The President of the Republic receives budgets from each sector;
- The President of the Republic submits the total budget to two Somalilanders - special advisors (Abdisalam Omer (external support diversion) and Hodan Osman (domestic revenue diversion));
- The two special advisors develop the budget diversions strategies with MoF;
- The total budget diverted from all revenue sources is collected by the State Minister of Finance, Abdullahi Ahmed Nur for onward transmission to the president;
- The budget security diversions are collected separately; Abdullahi Ma'alin Nur (Head of Logistics, Ministry of Defense) collects these diversions for onward transmission to the president;
- The president Hassan Sheikh, Farah Abdulkadir and Abdikarim Guled meet with the sector cartel leaders – HCGs - for actual cash disbursement. The three of them have background experience working with NGOs where they acquired knowledge of financial manipulation of budget; and
- The ministry of finance and the CBS who have the government mandate of managing the country's fiscal resources drive the entire financial budget diversions. The Deputy Governor of the CBS, Maryan Abdullahi Yusuf (aka "Maryan Ma'alin Witch") is the appointed budget manipulator. She reports directly to the president as opposed to the Governor and the Minister of Finance.

Table 3. Primary Architects and Beneficiaries - Hawiye Cartel Groups (HCGs)

Group Activities	Persons of Interest	Clan	Status	Remarks
Religious Sector	Sheikh Bashir Salad	Hawiye/Habargedir/Saleiman	Head of Spiritual Leader	Indoctrination
Social Sector - Education	Ali Sheikh Ahmed	Hawiye/Sheikhaal	Head of Educational Leader	Personal advisor for an all-Islamic educational budget diversions
Social Sector – Civil Society Organization (CSOs)	Jibril Ibrahim Abdulle	Hawiye/Abgaal/Wa'aysle	Head of Civil Society Leader	Personal advisor for budget diversion
Political/Security Sector	Awes Haji Yusuf & Abdirahman Sheikh Issa	Hawiye/Saddex Geedi	Head of Technocrats	Personal advisors for budget diversions
Corporate Business Cartels	Ahmed Nur Jim'ale	Hawiye/Duduble	Head of Entrepreneur	Tax diversion and omission for private investments
Somali Chamber of Commerce Sector	Abdikarim Gabeyre	Hawiye/Abgaal/Wa'aysle	Person to go in the Chamber	Personal advisors for budget diversions
Members of Parliament Sector	MP. Asha Haji Elmi	Hawiye/Habargedir/Saleiman	One of the most Powerful Legislator	Bribes for facilitating presidents legislation interests
National Women Organization Sector	Batuulo Sheikh Ahmed Gaballe	Hawiye/Harti-Abgaal	Head of Women Mobiliser	Receives for bribes for mobilizing women support.

Source: Somali Religious Umbrella, Somali Chamber of Commerce and National Women Associations

3. The sector groups that benefit from the budget diversions have no direct relationship with the special advisors (Abdisalam Omer and Hodan Osman) except for the networking. The cartel sector group's relationship to the budget diversions and funding interests are directly with the president.
4. **The primary sources of revenue collection at the federal level are from Benadir Region and external support.** The two sources are classified as tiers 1, and 3. Tier 1 consists of domestic revenue receipts while tier three is external support. However, none of the tiers is adequately utilized to optimize the revenue receipts, neither are they subjected to financial regulatory control frameworks. Under the circumstances, much of the budget revenue funds are deliberately diverted. The current revenue development process as well as its management is as follows:

- **How Is Revenue Developed?** Effective structures for collecting all the revenue and tax in the country have not been developed. In addition to this, the low revenues collected are never fully reflected by the Central Bank (CBS) on the behest of the Ministry of Finance. This is in view of the pre/post-revenue omissions/diversions. The actual amount collected is omitted from the actual receipts. The amount reflected in the books is also equally misappropriated through individual cash payments and chit money. This is done with the full

knowledge and support of the President, and Hawiye cartels, and the MoF coordinates it.

- **Who Develops Revenue?** The revenue development structures and collections are centralized at the Ministry of Finance (MoF) but are not efficiently functional. The ministry has not been optimizing revenue collection from the existing streams. There are several potential revenue streams the ministry has not explored. For example, diaspora remittances and fishery taxation from our long coastal strip has never been carried out. The prevailing structures at the port/airport as well as general taxation systems are weak and therefore diversions, omissions and tax compromises take place. The accounts department and technical departments are not structured and do not have the capacity to carry out internal auditing relationships and as such checks and balances of the daily collections are evidently lacking, so is a lack of transparent accountability. Consequently, the entire sum of the collected revenue is not banked at central bank. For example, the structures are not inclusive enough and are not limited to the following:

- Airport, the customs, security, audit, passenger, cargo, accounts departments, etc., are not in a functional relationship and they do not verify and confirm aircraft departures due to the independent working relationship they have. Some of the departments are not adequately staffed to enable the registration of all the revenue accruable.

- **How Is Revenue Registered?** The revenue registration is carried out through ad hoc management. For example, instead of auditing company's books to establish the tax to be collected, there is already a fixed and agreed upon amount to be collected. A senior officer from the finance ministry instructs his juniors on the tax amount to collect from some companies. The amount is agreed upon with the senior officer who will be compromised to approve the reduced tax amount. The hawala and telecom industry never prepare their books of accounts for tax auditing. In view of this, the Ministry of Finance and the Central Bank lack the following evidence for tax support:

- Companies annual books of accounts;
- Lack of supporting documents for hawala financial turnovers justifying the amount of tax paid;
- Lack of adequate documentation at the port, airport and companies for determining revenue accuracies and tax payable; and
- There is need to clarify whether the port and airport are subjected to payment of annual dividends to the government. At the same time, they should be subjected to the annual volumes of goods and services, which they handle in relation to the amount of taxes accruable from the private investors.

- **How Is Revenue Managed?** The revenue budget management (domestic/external) is at the exclusive management of the President's office, Ministry of Finance and Central Bank. The three offices do not involve other players in the budget revenue management, that is, the integrity institutions as well as parliament. Both the oversight bodies and parliament who are responsible for scrutinizing revenues have to date been ineffective due to being financially compromised. The parliamentarians are compromised through 44 brokers who are under firm instructions from the president (see table 37 and 38). There are no majority/minority leaders in parliament for safeguarding the interests of the country; the office of the speaker is not functionally effective. There is no revenue harmonization and coordination in the ministries/departments/agencies and other revenue generating structures such as the port, and therefore determining the country's budget for upcoming years is not feasible. In view of the foregoing the incumbent government has not developed effective structures for determining and controlling budget revenue management.

5. The federal government, based on examining its budget data, clearly engages in distorting revenue collection. This is intentional budget under-scaling and omission of its provisions. Due to this budget discrepancy, the government and its cartels have been allowed to perpetuate financial diversion from the revenue budget. **The federal government has also been creative in preparing several estimates, all aimed at misleading the public. Having multiple budgets serves fraudulent interests, particularly when presenting them to the donor community.** In reality, many donors give funds to Somalia for projects that have already received international funding under other budgets. This remains the key factor for the government not being prepared to present one single budget for the international community.

Understanding Federal Government Data

6. The conventional standards for preparing government budgets demand one accounting year provisions, which can be adjusted within the same period. **The ultimate objective of the government in preparing two or more budgets for one accounting year is to misappropriate public funds.** Each budget is used in different situations depending on the favorability and the lack of accountability and transparency allows them to operate unexposed. In view of this, the revenue under-scaling and omissions distort the federal government budget statistical data. The country cannot provide accurate economic statistical data for her development programmes.

7. In this regard, the federal government has been accused of preparing different budgets for one accounting year. The different budget should not be misunderstood to be mid-year adjustments (revision) but completely different versions, all for the same accounting year. It is difficult to know the budget is used due to the manipulations and lack of transparency in the budgeting process. It has been difficult to separate the two one-year budgets and the revision adjustments made. *This investigation has extracted different sources of the budget preparations and reconciled them into one harmonized accounting year, which is reflected in column Fartaag Index (FI).*
8. Table below 4, reflects two different government actual expenditure budgets which are for one accounting year (the same accounting period). The 2015 budget reflects two different revenue and expenditure budgets. The two budgets reflect different amounts with different net deficits (\$40,908,353 and \$54,271,619). It is not known, which of the two budgets the government used. The factoring of the two budgets was based on actual government provisions and through this investigation review. This is a clear demonstration of the government's diversion of public funds to serve their respective interests, as no country can have two parallel running budgets for one fiscal year. *The discrepancies and the budget mismanagement were unearthed through reconciliations, which were based on the scanty information prepared by various government institutions (CBS, OAG, AGO, FSCP and other relevant documents from ministries, departments and agencies). However, not all the ministries/departments/agencies had similar statistical data.*

Table 4. Different budget provision turnovers

2015	Government – Actual		Fartaag Index (Fi)
Revenue	\$199,033,838	\$259,966,894	\$468,698,258
Expenditure	239,942,191	314,238,513	468,698,258
Surplus/deficit	(\$40,908,353)	(\$54,271,619)	-

2014	Government – Actual		Fartaag Index (Fi)
Revenue	\$145,275,763	\$148,996,894	\$390,391,388
Expenditure	216,230,043	248,663,436	390,391,388
Surplus/deficit	(\$70,954,280)	(\$99,666,542)	-

2013	Government – Actual		Fartaag Index (Fi)
Revenue	\$117,440,899	\$116,735,474	\$309,289,654
Expenditure	143,923,934	127,130,301	309,289,654
Surplus/deficit	(\$26,483,035)	(\$10,394,827)	-

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

9. The reconciliation for each year was twofold. The first reconciliation (the declared government budget accounting) was factored on the basis of the government records submitted for each year. The second reconciliation (the undeclared government budget accounting) was based on further investigation (FI) and on records that the government had not submitted as material evidence. Budget anomalies were the main reason that led to the revision of the budget (table 4 above). The red figures (FI) show the actual budget amount the Somali government received from the Arab donors and domestic revenues.
10. **It should be noted that the government never separated recurrent budget expenditures from the development programmes; the two were combined into one.** This combination defeats logic of effective auditing as separate audits would provide clarity for detailed vouching. For example, the three-year recurrent budget had a one item lumped into capital expenditure provision of US \$134,488,697, and this entire sum was diverted (see below table 5). The diversions were as follows:

- In 2015, \$86,740,322 was diverted to overseas private investments;
- In 2014, \$39,754,856 was diverted to private investments, while \$20,754,856 and \$19,000,000 were diverted to overseas and domestic private investments; and
- In 2013, \$7,993,519 was diverted to overseas private investments.

Table 5. Lumped up Capital Expenditure Provision

Items	2015	2014	2013	Total
Capital Expenditure	\$86,740,322	\$39,754,856	\$7,993,519	\$134,488,697

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

11. **The international community in particular the world financial institutions – WB, AfDB, IDB and the IMF appear to not be interested in the irregularities, as they have not initiated any audits.** The irregularities for the preceding budget years of 2015, 2014, and 2013 are already reviewed by FI¹ and they call for further investigations by the World Bank and IMF.
12. This is necessary in view of the fact that the CBS does not control and register all domestic and external receipts. The appointment of the Deputy Governor of the Central Bank, Maryan Abdullahi Yusuf was to shield the bank from transparency and accountability of the

¹ FI received its figures from Line Ministry members, members of Constitutional Commissions, Integrity Institutions, Economic and Social Sector Institutions.

funds to the public. She is the chief Custodian and Operational Manager of the CBS, as the Governor Bashir Isse (aka “the out-of-date governor”) cannot control her transactions. She is the final decision maker in regards to all the banks transactions. In view of this, budget management has been grossly abused for the benefit of the incumbent president Hassan Sheikh Mohamud.

Box 1. Definition of budget diversions and omissions

Budget diversion means government spending public money on programmes, which are of private nature. Budget omissions are funds that are not registered on the revenue estimates. It also involves under-scaling of the actual revenues registered.

The impact of the budget diversions is characteristic of corruption, as the country’s development programmes suffer. At the same time, some of the diverted funds are utilized in creating public insecurity in the country.

Source: Fartaag Index

13. The budget mismanagement carried out by both the federal government and international communities are done via revenue and expenditure manipulations. The analysis below attempts to shed more light into how domestic and external revenues are managed (omitted and diverted) by the two.

Budget Manipulation by the Federal Government of Somalia

14. The government budget diversion, which is inclusive of external and domestic revenue, is anchored on management setbacks. The primary setbacks amongst a host of them are:

Operational Challenges

- There are no cabinet formulated policies (president, cabinet chairing) for instituting budget control structures in the government;
- There is no effective legislation supporting government institutional structures of management;
- The budget is micro-managed by the president and his cartels;
- There are no effective budget control structures providing transparent accountability;
- The watchdog’s/integrity institutions are not adequately empowered for budget checks and controls but serve the interests of the president; and
- The international community has not instituted accountability policies for the federal government.

Current Revenue Control Policy Management Structures at the Federal Government

15. The federal government revenue streams are largely from the capital and its environs. Though the country is about to be structured to federal state affiliation,² there are no revenues generated by the states for the federal government. The revenues the respective states generate are expended within the regions, but not all of them maintain budget records. **The president and his prominent Hawiye Corporate Business Cartels (Ahmed Nur Ali Jim'ale, Abukar Umar Adani, Abdulqadir Mohamed Nur (aka "Enow"), MP. Addou Ali Geesow and Abdullahi Ali Addon) capitalize on the structural institutional omissions to decide on the revenue generation and utilization from the domestic (the capital and its environs) streams and the donor external support.**

16. **The president Hassan Sheikh Mohamud has replaced the cabinet's authority to drive financial policy with his cartels, thus making both him and the cartel drivers of how the country spends the donor funds.** The two also manipulate Members of Parliament who represent different clans but do not contribute towards the federal government. Through the benefits of receiving salaries/benefits, the representatives of the states are manipulated to support the federal government without budgetary contributions from their respective regions. This is in the areas of salary non-payments, late salary payments, and parliamentary committee compositions. Majority of the parliamentary committee chairpersons, 75 percent is constituted by the president's choice.

17. The President and his cartels have also assumed the role of budget management, and this is characterized with a lack of public transparent accountability. **For example, two special advisors from Somaliland who are charged with the responsibility of diverting the domestic and external donor support budget indirectly control the Ministry of Finance.** The advisors do not report to the Minister of Finance but directly to the president. In the absence of any effective institutional control structures, the international community has not fulfilled its mandate of initiating some reform management policies. In light of the above omissions, the institutional watchdog organizations have been rendered functionally ineffective. For example, the Office of the Auditor General is not effective in the structural auditing of the line ministries, departments and agencies. This is because the office does

² This report does not cover member states budget irregularities. Member states are Puntland, Galmudug, South West, and Jubaland. The State of Hiran/Middle Shebelle is in the process.

not have auditors stationed at each of the ministries for continuous auditing. The Auditor General relies only on accountants stationed at the ministries, departments and agencies that are also subject for his auditing. He also does carry out elaborate auditing investigations, as he does not interview the ministries to ascertain information presented as well as to iron out arising discrepancies. For example, the office does not have auditing officers at the major government revenue generating stations – port, airport and checkpoints. Their presence would be a fast contact layer for transparent auditing, which the office would rely on while computing the final audit report. The office also lacks hierarchy structures for the institutional auditing, which in effect should consist of the following:

Operational Recommendations

- The Auditor General's team working closely with the internal auditors/accountants and members of staff of the ministries to iron out all discrepancies arising from the report;
- Subjecting the auditing report to the accounting officers for further sieving of the discrepancies; and
- Submitting the final report to the parliamentary accounts committee for further deliberation and remedial action.

18. Although the Auditor-General lacks constitutional authority that would provide safeguards against his removal, he still remains a liability to the government and the international community. The auditing reports he produces to the international community are not detailed and lack actionable strategies; these reports also include adjustments in favor of the government. The Auditor General under instructions from the President does not disclose financial irregularities to the public and the international community, as this would cost him his job. The few documented investigations carried out by the Auditor General's office lack evidence as they are not discussed with various ministry committees to obtain the correct positions. **The evidence of the office not carrying out thorough auditing investigations is supported by the auditor general's failure, as he has not produced a single critical report to the parliamentary accounts committee during his three-year office tenure.** The critical investigative audit report would have at least brought attention and intervention from the public and international community.

19. This report is therefore confined to the revenues generated from the capital as well as those generated from the external donor support. Their streams are as follows:

Table 6. Revenue Streams

<i>Domestic Revenue</i>	<i>External Support</i>
<i>Mogadishu Port/Aden Adde International Airport</i>	Donor Budget Support.
<i>Tax on Income, Profit & Capital Gains</i>	Multilateral Support
<i>Taxes on International Trade & Transactions</i>	
<i>Other Domestic Indirect Taxes (corporate tax)</i>	

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

20. Some of the revenues listed above are not entirely registered by the Central Bank. This is done through some revenue omissions, under-scaling and fictitious expenditure payments. The analysis of the budget manipulation is through three tiers.

- The *first tier* involves domestic revenue omissions and diversions from their respective generating sources (Mogadishu Port, Aden Adde International Airport, Tax on Income, Tax on International Trade and Corporate Tax);
- The *second tier* is through item over-expenditure budget payments; and
- The *third tier* is through external budget under-scaling and omissions.

Budget Diversions through Tiers

21. The budget diversion through the first tier is executed via various forms. This investigation analyzes this and the results are shown below. **The total domestic revenue diversions for the three-year period are \$217,101,620.**

1st Tier Omissions - Domestic Revenue Streams

Table 7. Domestic Revenue Omission

Period	Domestic Revenue Support		
	Actual	Fartaag Index (FI)	Omitted
2015 Domestic Revenue	\$173,320,000	\$250,898,258	\$77,578,258
2014 Domestic Revenue	\$81,642,083	\$192,391,388	\$110,749,305
2013 Domestic Revenue	\$73,561,982	\$102,336,039 ³	\$28,774,057
Total Domestic Revenue Omissions	\$328,524,065	\$545,625,685	\$217,101,620

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

³The total domestic revenue recorded in 2013 was US \$102,336,039 instead of \$156,529,986. The airport revenue was under-scaled by an amount of \$26,945,119 (\$34,993,661 - \$8,048,542), while Companies were also under-scaled by \$27,248,828 (\$63,647,688-\$36,398,860). The total under-scaled amount was therefore \$54,193,947.

Mogadishu Port, Aden Adde International Airport and Civil Aviation

22. The management of the port and the airport were contracted to Al-Bayrak and FAVORI; these companies are both from Turkey. The contract engagement was not carried out through competitive bidding and it was not a transparent process. These foreign companies withhold a percentage of their revenue collections for onward transmission to the President. The remaining amount is split into two payments; one to the government and the other to foreign companies' accruable commissions. The Minister of Finance, Mohamed Adan Ibrahim (aka "Fargetti") who is the president's choice, facilitates all the budget payment irregularities as well as all the purported government expenditures. The companies have exclusive monopoly over the transactions and the revenue officers from the Ministry of Finance have been hampered in their monitoring efforts in regards to the accruable revenues. **Only the President Hassan Sheikh Mohamud, Hawiye Corporate Business Cartels and the Turkish directors know the actual revenue transactions carried out.**

Table 8. Mogadishu Port Revenue Omission

Period	Mogadishu Port/Airport/Civil Aviation		
	Actual	Fartaag Index (FI)	Omitted
2015 Port/Airport/Civil Aviation	\$75,430,000	\$100,348,861	\$24,918,861
2014 Port/Airport/ Civil Aviation	62,750,271	71,800,000	9,049,729
2013 Port/Airport/ Civil Aviation	53,272,747	55,423,784	2,151,037
Total Port/Airport/Civil Aviation Revenue Omissions	\$191,453,018	\$227,572,645	\$36,119,627

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

23. It is not clear whether the administrative charges in respect of non-tax revenue generation consisted of airport and harbor fees or not. The civil aviation sector is still under the patronage of the UN and as such the revenue collected is not made public.

24. Control of the old port was handed over to the Turkish embassy in the country. The Mogadishu port is also under exclusive management of Turkish companies. It is publicly known that the cargo ships at the old port, which operate under the guise of diplomatic immunity, are used to ferry ammunition, which is used for the funding of Islamic insurgency in the country.

25. The airport aircraft landing and off taking is also becoming a serious security threat. **After 5pm several aircrafts landing and off taking are not subjected to security searches and its believed that they transport illegal cargo and counterfeit American dollars.** The Minister for Transport has no authority over ensuring full inspection for all the cargo flights. Only the President Hassan Sheikh Mohamud, Hawiye Corporate Business Cartel groups and the Turkish company are aware of the cargo being freighted. This is the same for the cargo ships docking at the two ports.

Tax on Income, Profit & Capital Gains

26. The government has no structures for collecting the Pay-As-You-Earn (PAYE) taxes from both the civil service and the private sector. The minimal amount registered in the collection is far lower than the existing potential, analysis of which is shown below. The capital gain is yet to be collected by the government; this is in spite of its lucrative potential in the country. Capital gain tax involves buying and selling assets (buildings) and the country is actively involved in this as majority of the people are claiming their investment inventories. Property owners in Mogadishu are already paying US \$1,000 every three months for their investments. Majority of these payments are affected but the government has not registered the receipts.

Table 9. Tax on Income, Profit & Capital Gains

Period	Tax On Income, Profit & Capital Gains		
	Actual	Fartaag Index (FI)	Omitted
2015 Income Tax, Profit & Capital Gains	\$750,000	\$3,160,000	\$2,410,000
2014 Income Tax, Profit & Capital Gains	30,857	2,800,000	2,769,143
2013 Income Tax, Profit & Capital Gains	4,197	1,858,753	1,854,556
Total Tax On Income, Profit & Capital Gains Omissions	\$785,054	\$7,818,753	\$7,033,699

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Taxes on International Trade & Transactions

27. Accruable revenue through taxes that the government stands to make is never realized due to the fact that it is omitted from the budget provisions. The actual amount of money received is not included in the budget regardless of the fact the budget line exists. The president's cartels and the Turks for their private investments interests manipulate the

taxes accruable from the trade transactions. Again, the most prominent individual manipulators of trade tax are Ahmed Nur Jim'ale, Abukar Umar Adani, Abdulqadir Mohamed Nur (aka. Enow), MP. Addou Ali Geesow and Abdullahi Ali Addon. The trade consists of selling goods and services, which attract taxation for importing and exporting to neighboring countries. The country did not register any tax for the years 2013/2014; however, it substantially improved the tax collection in 2015. Though it failed short of registering the estimated target set by the US of \$47,563,486 by small margin of US \$2,993,486, which was impressive. However, it should not be seen as a credit for the incumbent government as much of the revenue was diverted to private investments. The sum of the \$24,642,254 was mostly from the port, airport and corporate businesses in and outside the country. The same amounts were also diverted; this calls for audit investigations are inevitable into these substantial transactions.

Table 10. Taxes on International Trade & Transactions

Period	Taxes on International Trade & Transaction		
	Actual	Fartaag Index (FI)	Omitted
2015 Tax On International Trade & Transactions	\$44,570,000	\$47,563,486	\$2,993,486
2014 Tax On International Trade & Transactions	-	21,648,768	21,648,768
2013 Tax On International Trade & Transactions	-	-	-
Total Tax On International Trade Omissions	\$44,570,000	\$69,212,254	\$24,642,254

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Other Domestic Indirect Taxes

28. The federal government factored excise duty and sales duty in their estimate budget for 2015-2013. The estimates factored were easy to realize, however, they were not included in the main budget. The basis of factoring the estimates must have been research findings, which defeats the logic of not registering the accruable revenues, even at lower scale levels.
29. The turnover tax on services (presumptive tax) paid by the local corporate business communities (aka "HCGs") to the government is also under-stated. Their end-year return books are not audited to ascertain the actual sales turnover, which would in turn determine the correct corporate tax for payment. Majority of the big companies (Telecom, Al-Khayre, Dahabshiil, Amal, Electricity, International Bank of Somalia Salaama Bank and Premier Bank) negotiate the amount of tax they should pay to the government with the president.

This is however facilitated after giving financial handouts to the president through his business cartels.

Table 11. Turnover Tax on Service (presumptive tax) Omission

Period	Turnover Tax on Services		
	Actual	Fartaag Index (FI)	Omitted
2015 Presumptive Tax	\$45,000,000	\$57,592,621	\$12,592,621
2014presumptive Tax	\$11,465,725	\$52,300,000	\$40,834,275
2013presumptive Tax	\$16,647,688	\$36,398,860	\$19,751,172
Total Turnover Tax Omissions	\$73,113,413	\$146,291,481	\$73,178,068

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Other Taxes

30. Other taxes that were accruable to the country were from district revenue collections, court fees and levies, and appropriation in aid from the respective ministries/department/agencies. The total sum of US \$18,337,772 was misappropriated from the potential tax collection of US \$23,733,594. The potential tax collection was unearthed by the FI while the government factored a provision of US \$5,355,822.

Table 12. Legal dispensation

Period	Other taxes – stamp sales & duty		
	Actual	Fartaag Index (FI)	Omitted
2015 Other Tax	2,250,000	9,293,290	7,043,290
2014 Other Tax	1,811,485	8,448,445	6,636,960
2013 Other Tax	1,294,337	5,991,859	4,697,522
Total Other Tax Omissions	\$5,355,822	\$23,733,594	\$18,377,772

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Immigration Taxes

31. The immigration department generated potential revenue of US \$17,956,958 (FI) while the government provision was US \$13,246,758. A sum of US \$4,710,200 was omitted from the revenues.

Table 13. Immigration Department

Period	Immigration Department		
	Actual	Fartaag Index (FI)	Omitted
2015 Immigration	5,320,0000	8,300,000	2,980,000
2014 Immigration	5,583,745	6,994,175	1,410,430
2013 Immigration	2,343,013	2,662,783	319,770
Total Immigration Tax Omissions	\$13,246,758	\$17,956,958	\$4,710,200

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

32. The department is not adequately structured to realize all the potential revenue accruable, which would be substantially high.

Domestic Loan

33. The government did not register any domestic loan and grants for the period under review, while the FI established a sum of US \$53,040,000 was received. The FI also confirmed that there was no provision for the domestic loan for the year 2013. Notwithstanding the lack of registration/non-registration of the amount, it is not clear what the domestic loan and the grants were intended for and who the beneficiaries were.

Table 14. Domestic Loan

Period	Domestic Loan & Grants		
	Actual	Fartaag Index (FI)	Omitted
2015 Domestic Loan & Grants	-	24,640,000	24,640,000
2014 Domestic Loan & Grants	-	28,400,000	28,400,000
2013 Domestic Loan & Grants	-	-	-
Total Domestic Loan & Grants Tax Omissions	-	\$53,040,000	\$53,040,000

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Revenue Diversion Item Analysis

34. The domestic revenue omissions and under-scaling were executed in two fold accounts, that is, direct from the source and through misappropriation. The first account was through direct revenue omissions that were actually received for transmission to the executives; the second was through under-scaling, with a difference having been paid for. In both the omissions and under-scaling, there were no official receipts given to the corporate business community. The omissions/under-scaling of revenues were largely from port, airport and the civil aviation.

35. The direct revenue misappropriations were either through fraudulent accounting of actual amounts received in the revenue generating areas or through omissions of this in the budgets. **Regarding revenue omission compromises, the executives extended tax waivers to majority of the trading companies and other tax payers. Part of the waivers included a payment to the executives while the resultant balances were retained as profits for the companies.** The brackets for the tax waivers included international trading companies as well as the local corporate investors. The breakdown of the direct revenue omissions/under-scaling from the sources and misappropriations are as shown in the below table 15.

Table 15. Direct revenue omissions/under-scaling from the sources

Revenue	2015	2014	2013	Total
Domestic Revenue	\$250,898,258	\$192,391,388	\$102,336,039	\$545,625,685
Less				
Revenue Omissions From Sources				
Mogadishu Port	\$21,297,829	\$17,882,241	(\$8,616,086)	30,563,984
Aden Adde International Airport	7,484,828	11,066,256	5,777,561	24,328,645
Civil Aviation	(1,868,139)	1,750,000	4,989,562	4,871,423
Sub-Total Revenue Misappropriated At Sources	\$26,914,518	\$30,698,497	\$2,151,037	\$59,764,052
Direct Revenue Misappropriations				
<i>Executive Tax Waiver</i>	\$ 13,590,450	\$40,834,275	\$19,751,172	74,175,897
<i>Revenue Misappropriated by Executive</i>				
1. Legal dispensation	\$4,328,000	\$ 3,860,510	3,297,514	11,486,024
2. Immigration	2,980,000	1,410,430	319,770	4,710,200
3. Appropriation – in-aid	2,715,290	2,776,450	1,400,008	6,891,748
4. Pay-as-you-earn	2,410,000	2,769,143	1,854,556	7,033,699
5. Domestic loan	24,640,000	28,400,000	-	53,040,000
Sub-total Revenue Misappropriated by Executive	\$ 37,073,290	\$39,216,533	\$ 6,871,848	\$83,161,671
Total Revenue Misappropriation	77,578,258	110,749,305	28,774,057	217,101,620
Net Total Revenue	\$173,200,000	\$81,642,083	\$73,561,982	\$328,524,065

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

2nd Tier – Item Revenue Over-Expenditures Diversion

36. The first tier revenue diversion is slightly different from the second tier diversions. This is due to the fact that the first tier involved domestic revenue omissions and under-scaling while the second tier is about expenditure revenue payment escalations. The payment escalations were of fraudulent nature, which in effect amount to revenue diversions.
37. The second tier involved item over-payments and budget expenditure diversions. This was revenue generated but erroneously recorded in budget item expenditures. For example, wages, rents, allowance, etc., were inflated (see table 26). The excess was diverted through fake individual and chit payments. This was unearthed through an audit vouching investigation; otherwise, the balancing of the budget provisions without physical verification would tally.

3rd Tier – External Donor Support Budget Under-Scaling Omissions

38. The third tier was through budget under-scaling omissions of external support. This was largely from donor support from the Arab nations.

Table 16. Donor support omission

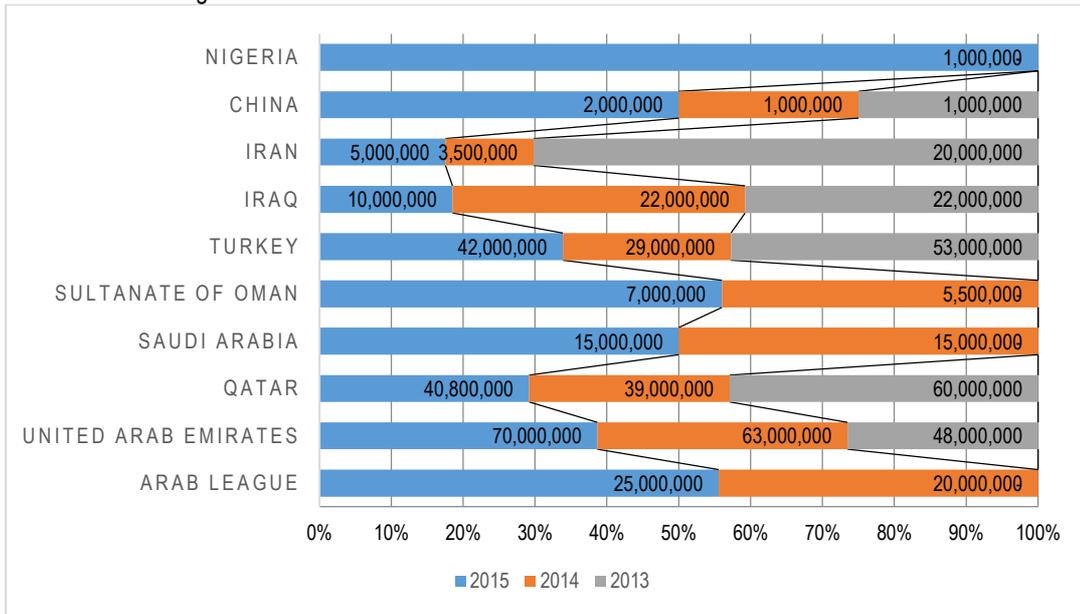
Period	External Support		
	Actual	Fartaag Index (FI)	Omitted
2015 Donor Support	\$86,646,894	\$217,800,000	\$131,153,106
2014 Donor Support	\$67,354,811	\$198,000,000	\$130,645,189
2013 Donor Support	\$43,173,492	\$206,953,615	\$163,780,123
Total Donor Support Omissions	\$197,175,197	\$622,753,615⁴	\$425,578,418

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

39. The donor countries whose support were either omitted or downscaled are shown in the below chart 2 and their total amount is in tally agreement with the FI report.

⁴A sum of US \$2,953,615 from external total support was contributed by Norway, netting off the Non-Western support in to being US \$619,800,000.

Chart 2. Contributing Countries



Source: MoF and CBS

40. The external support was always cash transactions. Finance ministers who received amounts were under instructions from the president and were closely managed by Special Advisor Abdisalam Omer to either under-scale or omit the revenue receipts. The president to formulate strategies for under-scaling or omitting the external budget support from the Arab/Turkish nations tasks the advisor. The strategies applied for omission/down-scaling of the Arab and Turkish support were consensual and arrived at between the president and the respective donors. He would liaise with his counterpart for cash disbursement support through the special external advisor. The Advisor and the President would also prepare a budget for the donor support, which is not made public to the ministries. The support captured by the central bank was the actual amount agreed on by the President and Advisor with the balances being for their private investments.

41. The scaled-down budget supports registered through the Central Bank of Somalia (CBS) and from the same external supporters were further diverted through fake individual and chit money payments. In effect, the individuals who received cash payments as well as chit money were supposed to retire the same amount to the corporate business cartels of the President. The cash chit money payments were not supported by any documentation nor were they subjected to the due process of accounting and internal auditing. The president and the cartels control the integrity institutions - Accountant General, Auditor General, Financial Standing Committee of the parliament, and the Central Bank - they are under

instructions to not expose the transactions to the public and the international community. The integrity institutions also lack office tenure as the president and his cartels can decide to remove and replace them as he sees fit and in relation to his interests. The foregoing analysis attempts to shed light to the budget irregularities, which are carried out through omission and over-payments. The total off-treasury diverted funds were US \$619,800,000.

Table 17. Off-Treasury Support

	2015	2014	2013	Total
Off-Treasury Support Total – Non-Western	\$217,800,000	\$198,000,000	\$204,000,000	\$619,800,000

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

42. The on-treasury budget support was intended for specific development programmes.⁵ This is according to the budget prepared by the government and donor countries. However, through FI investigations, the funds appear to have been diverted into other development programmes. There is no parliamentary budget revision for the deviation from the initial budget engagements.

Table 18. On-Treasury Support

On-Treasury Support Total	\$32,571,346	\$12,867,062	\$2,953,615	\$48,392,023
1. Norway – Special Financing Facility (SFF)	9,876,715	10,980,062	2,953,615	23,810,392
2. World Bank – PFM Reform	7,359,000	1,887,000	-	9,246,000
3. World Bank – Recurrent Cost & Reform Financing (RCRF)	3,620,142	-	-	3,620,142
4. World Bank – Capacity Injection Projects (CIP)	3,139,441	-	-	3,139,441
5. World Bank – ICT Sector Support	5,900,000	-	-	5,900,000
6. African Development Bank – Economic & Financial Governance (EFG)	2,676,048	-	-	2,676,048

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

⁵ According to the World Bank Group (2016), more aid for development was disbursed between 2013-15 (US \$1.81 billion) than in 2005-12 combined (US \$1.78 billion).

43. The total on-treasury budget support was US \$48,392,023. The budget diversions for 2015 was as shown in the above table. Vital examples to note, is that as:

Operational Challenges

- SFF funds which was intended for civil servant support was diverted into capital expenditure;
- PFM funds which were meant for government financial control systems were largely diverted into consultancy, education and capital expenditure;
- RCRF which was meant for recurrent costs and reform financing was largely diverted to consultancy and professional fees as well as bank commission;
- CIP budget support which was intended for capacity injection programme was largely diverted into consultancy/professional fees, capital expenditure and general expenses from its objective capacity injection;
- ICT budget support is largely diverted into capital expenditure, consultancy/professional and allowances; and
- EFG was largely diverted into consultancy/professional, education, general expense and capital expenditure.

44. The assumption is that the budget support was diverted, as the items being funded have no correlation to the main or core budget activities. The government and donors support the percentage allocation stated for the core development programmes as they are held accountable. Also worth noting, is the development programmes have minimum impact to the civil servants in relationship to their office performance.

Table 19. Item Percentages

2015	SFF	PFM	RCRF	CIP	ICT	EFG
Capital Expenditure	92%	15%	-	12%	53%	9%
Other Expenditure	3%	2%	-	-	-	-
Consulting & Professional Fees	3%	39%	86%	74%	21%	57%
Education & Training Expenses	-	37%	3%	2%	1%	17%
General Expenses	1%	6%	3%	11%	8%	10%
Allowances	-	-	-	-	17%	5%
Financing Costs	1%	1%	8%	1%	-	2%

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

45. An analysis of what the government declared to be the actual budget is done below.

1st Reconciliation - The Declared Government Budget Accounting

46. The reconciliations, which are basically two in nature, are not the final authentic results. The first reconciliation was based on government records and was subjected to detailed investigations by the FI. The FI also carried out further budget investigations whose reconciliation results were different from the government records. However, not all the material sources of revenue and expenditure budget were available as evidence. **In view of this, the final reconciliation, which would have comprehensive structures of the revenue expenditure support budget, shall be from the joint investigatory body.**

Government Reconciliation Records

47. The declared government budget was subjected to some further reconciliation, which was based on various documents. The combined sources of documents are what determined the declared amount; otherwise singular records would not amount to the reconciled budget provisions. The reconciliation was found to be wanting, as there were several budget irregularities - diversions. These were diverted through fictitious over-payments (chit money, individualized) and revenue under-scaling/omissions.

Table 20. 1st Reconciliation - Declared Government Budget Accounting

	2015	2014	2013	Total
Government Registered Revenues Expenditures				
Expenditures	\$314,238,513	\$248,663,436	\$127,130,301	\$690,032,250
Estimates	239,942,191	216,230,043	143,923,934	600,096,168
Over/Under Expenditure	74,296,322	32,433,393	(16,793,633)	89,936,082
Actual Revenues	259,966,894	148,996,894	116,735,474	525,699,262
Over/Under Expenditures	(54,271,619)	(99,666,542)	(10,394,827)	(164,332,988)

Individualized Payment of Accountability (MoF)	\$202,948,218	\$159,128,640	\$93,370,223	\$455,447,081
Chit Money Cash Payments	15,540,000	12,254,147	8,076,635	35,870,782
Overseas Travel Scheme Payments	15,000,000	15,000,000	4,947,750	34,947,750
Total Net Diversion	\$233,488,218	\$186,382,787	\$106,394,608	\$526,265,613
Purported Government Payment Expenditures	80,750,295	62,280,649	20,735,693	163,766,637

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Budget Diversion Routes

48. The budget diversion routes are falsified item expenditure payments, which were executed through individual and chit money. The various individual payments were in order to gain the credibility of public accounting. The chit money also borrowed the same structures of payment. For instance, individual payments were in the form of salaries/wages, rent, fuel, travel, etc., while chit money was in form of welfare payments of different activities. The budget diversion routes are as shown in the below table 21. The declared amount is extracted from the government budget records while the diversions are through investigation analysis.

Table 21.1st Reconciliation - Government Diversion Routes

Net Diversions	\$233,488,218	\$186,382,787	\$106,394,608	\$526,265,613
Individualized Payments of Accountability (MoF)	202,948,218	\$159,128,640	\$93,370,223	455,447,081
Chit Money Cash Payments	15,540,000	12,254,147	8,076,635	35,870,782
Overseas Travel Scheme Expenditure	15,000,000	15,000,000	4,947,750	34,947,750

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

49. The president Hassan Sheikh Mohamud travels overseas for an average of about 30 trips per year (2015 and 2014). The average cost for each of trip is about \$500,000. In the year 2013, the president travelled 15 times at a cost of US \$4,947,750. These overseas trip allowances completely disregard the fact whether the president is officially or unofficially invited. Equally noted is that the payments completely disregard the stipulated per diem rates. **There is a need to constitute a joint investigatory body towards investigating these lucrative expenses by the offices, as the country requires these funds for faster development.**

What Were the Diverted Amounts?

50. The total net diverted/omitted budget for the years 2015, 2014, and 2013 was \$526,265,613. The total diversions/omissions for each of the above years, which is based on first the reconciliation is shown in tables 20, 21 and 22. The total diversion from the first reconciliation for the entire period is about 76%. The first reconciliation, which was based on government records, was materially wanting in terms of budget irregularities. It was therefore, isolated from the end budget review reconciliation analysis.

Table 22. 1stReconciliation - Government Budget Diversion

<i>Budget Period</i>	<i>Declared Records</i>	<i>Diversions</i>	<i>Percent</i>	<i>Comments</i>
2015	\$314,238,513	\$233,488,218	74%	The diversions were through domestic revenue diversion/omissions, item over-expenditure diversion, and external donor support under-scaling/ omissions
2014	\$248,663,436	\$186,382,787	75%	The diversions were through domestic revenue diversion/omissions, item over-expenditure diversion, and external donor support under-scaling/ omissions
2013	\$127,130,301	\$106,394,608	84%	The diversions were through domestic revenue diversion/omissions, item over-expenditure diversion, and external donor support under-scaling/ omissions
Total	\$690,032,250	\$526,265,613	76%	

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Where Did It Go?

51. The diverted funds were spread along the below tabled activities, all of which President Hassan Sheikh Mohamud (HSM) and his cartel groups had personal investment interests. The diversions had a negative impact on the government's policy development programmes; as ministries/departments/agencies were unable to sustain their monthly payroll, and staff establishments. For instance, former Ambassador to China Mohamed Ahmed Awil and Senior Foreign Policy Advisor to Deputy Prime Minister Mohamed Omer Arteh Qalib did not receive his salary as from 9/02/2015 to present year. He wrote a letter of complaint for non-payment to the Auditor General, which was ineffective, as he has not received any stipends. He still remains in the payroll but on private engagement in Nairobi. This is how deplorable the country's staff payroll management is and so is the National Civil Service Commission (NCSC) in regards to updating staff records. See details in the appendix 3 and 4. However, the incumbent President, Prime Minister, Deputy Prime Minister, and Speaker received large benefits with prompt expenditure payments. This is in spite of the fact that their offices lack adequate operational material (stationary/equipment).

Table 23.1st Reconciliation - Government Budget Diversion Activities

	2015	2014	2013	Total
Funding Activities	Amount	Amount	Amount	
Regional Expenditure	\$11,502,479	\$10,125,718	\$6,282,417	\$27,910,614
MPs/Militia Expenditures	10,265,000	14,142,485	7,865,000	32,272,485
Islamic Charitable Organizations	2,670,000	5,394,601	2,405,460	10,470,061
Islamic Universities	22,286,672	12,924,120	6,891,726	42,102,518
Islamic Insurgencies (armed group)	8,926,082	8,835,724	39,683,801	57,445,607
Private Investments (Overseas)	52,281,183	65,364,022	21,558,638	139,203,843
Private Investments (Domestic)	33,600,000	16,861,318	6,708,742	57,170,060
Sub-total	\$141,531,416	\$133,647,988	\$91,395,784	\$366,575,188
Other Activities ⁶	\$91,956,803	\$52,734,799	\$14,998,823	\$159,690,425
Total Net Diversion	\$233,488,218	\$186,382,787	\$106,394,608	\$526,265,613
Purported Expenditure	\$80,750,295	\$62,280,649	\$20,735,693	\$163,766,637
Total Budget	\$314,238,513	\$248,663,436	\$127,130,301	\$690,032,250

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

52. The incumbent government deliberately neglected to institute budget control measures for transparent accountability, as this would hamper its diversions. The budget control measures would assist the office of the Accountant and Auditor General to regulate financial control compliances and in turn actualize the country's development programmes. Institutionalization of the controls should have been anchored in the parliamentary legislation act, which would shield the auditors from interference of the president.
53. **The budget diversions for the three years were based on government records and were used illegally to fund the aforementioned activities. The activities were under the guise of various government development programmes, and were later diverted to the above items.** The diversions were carried out through off cashbook payments. The budget omissions and under-scaling were all off cash book registration. The chit money and individual payments were carried out through cashbook manipulation. An in-depth look at the Islamic Charitable Organizations and Islamic University is shown in the below table 24.

⁶ Other activities are a cluster of several item expenditures, principal ones being capital expenditure and other activities of the state. The two principal item budget provisions were diverted entirely. See details in the appendix 2

Table 24. 1st Reconciliation - Government Funded Non-State-Actors

	<i>Ownership</i>	<i>Budget Provision 2015</i>	<i>Budget Provision 2014</i>	<i>Budget Provision 2013</i>
Islamic Charitable & Think Tank Organizations				
1. Zamzam	Damu Jadid	\$1,250,000	\$3,000,000	\$1,050,000
2. Tadaamun	Al-Islah	1,220,000	2,044,601	944,601
3. Heritage	Ala-Sheikh	200,000	350,000	410,859
Sub-total		\$2,670,000	\$5,394,601	\$2,405,460
Islamic Universities				
1. Simad	Damu Jadid	22,091,672	12,132,393	5,950,000
2. Mogadishu University	Al-Islah	145,000	350,000	500,000
3. City University	Ala-Sheikh	50,000	441,727	441,726
Sub-total		\$22,286,672	\$12,924,120	\$6,891,726
Total		\$24,956,672	\$18,318,721	\$9,297,186

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

54. Hassan Sheikh's administration was funding the above-mentioned non-state actors with an objective of sustaining instability in the country. Majority of these non-state-actors are owned by clicks of Islamist leaders, non-state actors are not subjected to any government policies or guidelines and therefore the strategy behind their formation is to acquire public prominence and attention. This undermines the international community's drive for transformation. One of the most prominent individuals in Somalia is Prof. Dr. Ali Sheikh Ahmed, President of Mogadishu University and member of the Muslim Brotherhood. He is affiliated to humanitarian NGOs, Tadaamun and Tawfiiq (food import/export).⁷ Until now, it has been practically impossible to implement an updated and standardized national curriculum because every time there is an attempt to do so by any given Minister of Education, they are sacked. The power of the Minister of Education is undermined by the influence of people like Ali Sheikh Ahmed who uses his relationship with the President to further his vision for an all-Islamic education system.

Box 2. Government's Non-State-Actors

The government non-state-actors are accountable to no one, this includes parent ministries. They have no budget, are not subject to audit, and no financial standing committee is fully aware of their activities and therefore cannot truly supervise their illegal and unethical operations.

Source: financial standing committee of the parliament

⁷ The company is becoming too costly to the government in view of the fact that they do not pay the actual accruable taxes but are also importing food/medicine, which are not subjected to quality inspection control.

55. The non-state-actors share ownership between Islamist and government officials, and they have become alternative powers of authority. The non-state-actors are instructed by the government to mobilize the local communities to resist the transformation process. The government on the other hand and with the full knowledge of what transpires behind the scenes, engages the international community on the transformation process but this is only lip service.
56. **Throughout the period, the international community has not been aware of the behind the scenes strategy and continues to pursue the transformation without knowing the setbacks the government led by Hassan Sheikh Mohamud puts in the process.** Both the government and the international community fund the anti-transformation process. An audit of the total budget funding needs to be carried out to ascertain exactly how much has been incurred thus far. The recruited foreign consultants, Abyrint, Sahan, IDLO and HESPI⁸ have failed to unearth the financial budget malpractices in spite of substantial payments they receive from the donors. **The foreign consultants are part of the donor cartels for budget diversion serving their own interests.** The Financial Standing Committee of the Parliament (FSCP) has also not been able to unearth the financial budget malpractices due to the donors direct funding to the non-state-actors. The non-state-actors do not maintain any records while the donors never disclose their budget disbursement amounts through the parent ministries.

⁸ The international community recruited HESPI to initiate budget development formulation to the federal government but their performance has been wanting, this is in view of the prevailing discrepancies in preparation and implementation. The company receives direct funding from the international community under the guise of preparing an improved harmonized federal state budget. The company utilises the diaspora/locals for the budget formulation and they not equipped with adequate technical capacities of the budget preparation and federalization. HESPI's recruitment and its direct funding is facilitated by president. The organization is best known for paying per diem allowances but not for quality professional input. HESPI owner Ali Isse has been dubbed as a "per diem promoter".

Box 3. Funding activities

- Regional expenditure for personal political influence in the presidents' constituents. The states not funded are Puntland and Jubaland due to clan rivalries;
- MPs are financial compromised to enact legislations in favor of the president and his clique. Militia expenditure was for providing private security to the MPs who were the brokers;
- Islamic charities/Islamic universities were the president's outlets for political and ideological mobilization;
- The Gorgor/Unkad/Rohan militia (government death squad) is fully funded by the government and it eliminates any opposition challenging the authorities or calling for some legislative changes; the government militia is undermining Gaashaan and Waran. The Americans under the auspices of NISA for gathering intelligence and security information data formed Gaashaan and Waran;
- Local and overseas investments, private business ventures for the president and his cartels; and
- Other activities consist of several provisions but the main one is capital expenditure, which is hardly realized as majority of the funds, are diverted into private investments, locally and overseas. The diverted capital expenditure and for the period was us \$134,488,697.

Source: MoF, CBS, OAG, AGO and other different ministries/departments/agencies

57. **The budget diversions were expended on item programmes, which were not factored in the estimates.** It appears that the items, which were actually factored in, were secretly transformed and disguised under the diversion programmes. Information below table 25 shows that there was no budget provision for regional activities, non-state-actors and insurgencies or private investments. **The purported provisions for MPs were not initially factored in but misallocated from other items of the expenditures for offering bribes.**

Table 25. 1 st Reconciliation – Government Programme Budget Diversion Expenditure Activities, 2015-2013 US \$ Millions				
	2015	2014	2013	Total
Regional Programme Activities				
Benadir Region	5,075,000	7,507,895	2,709,030	15,291,925
Galmudug Region	5,936,519	10,520,319	5,847,196	22,304,034
South West Region	3,000,000	3,000,000	3,000,000	9,000,000
Hiran/Shebelle Region	2,707,441	2,077,447	1,731,495	6,516,383
Sub-Total	\$16,718,960	\$23,105,661	\$13,287,721	\$53,112,342
Members of Parliament Programme Activities				
Bribes for MPs	8,945,000	12,822,485	6,545,000	28,312,485
MPS Personal Militia	1,320,000	1,320,000	1,320,000	3,960,000
Sub-Total	\$10,265,000	\$14,142,485	\$7,865,000	\$32,272,485
Islamic Charitable & Think Tank Programme Activities				
Zamzam Organization	1,250,000	3,000,000	1,050,000	5,300,000
Tadaamun Organization	1,220,000	2,044,601	944,601	4,209,202
Heritage Organization	200,000	350,000	410,859	960,859
Sub-Total	\$2,670,000	\$5,394,601	\$2,405,460	\$10,470,061
Islamic Universities Programme Activities				
Simad University	22,091,672	12,132,393	5,950,000	40,174,065
Mogadishu University	145,000	350,000	500,000	995,000
City University	50,000	441,727	441,727	933,453
Sub-Total	\$22,286,672	\$12,924,120	\$6,891,726	\$42,102,518
Islamic Insurgency Programme				
Gorgor	3,845,000	2,512,505	24,980,863	31,338,368
Unkad	2,048,800	2,300,000	13,622,938	17,971,738
Rohan Militia	3,032,282	4,023,219	1,080,000	8,135,501
Sub-Total	\$8,926,082	\$8,835,724	\$39,683,801	\$57,445,607
Private Investment Programmes				
Domestic Investments	33,600,000	35,861,318	6,708,742	76,170,060
Overseas Investments	139,021,505	86,118,878	29,552,157	254,692,540
Sub-Total	\$172,621,505	\$121,980,196	\$36,260,899	\$330,862,600
Grand Total Budget Diversions	\$233,488,219	\$186,382,787	\$106,394,607	\$526,265,613

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Table 26. 1st Reconciliation - Government Budget itemization Misappropriation

ITEMS	2015			2014			2013		
	Gov't Registered	Purported Gov't Exp	Over/Under	Gov't Registered	Purported Gov't Exp	Over/Under	Gov't Registered	Purported Gov't Exp	Over/Under
Wages & Salaries	\$31,484,328	\$15,430,000	\$16,054,328	\$30,235,099	\$12,000,000	\$18,235,099	\$17,477,185	\$6,732,000	\$10,745,185
Allowances	74,576,072	28,155,529	46,420,543	62,066,617	31,033,309	31,033,309	32,913,032	2,000,000	30,913,032
Utility	4,300,400	2,890,000	1,410,400	5,476,273	1,242,260	4,234,013	7,305,169	870,000	6,435,169
Rent	488,000	343,000	145,000	792,000	358,000	434,000	537,000	350,000	187,000
Fuel Lubricant	4,897,744	2,778,643	2,119,101	4,021,594	538,000	3,483,594	2,583,242	250,000	2,333,242
Repair & Maintenance	1,642,544	250,000	1,392,544	1,657,611	390,000	1,267,611	306,972	150,000	156,972
Office Material & Other Consumables	2,964,340	678,900	2,285,440	2,764,188	349,080	2,415,108	1,280,208	230,000	1,050,208
Travel Expenses	6,204,000	4,500,000	1,704,000	5,065,795	5,000,000	65,795	3,137,751	5,250,000	(2,112,249)
Other Specialized Material & Services	4,115,565	890,000	3,225,565	6,052,636	670,000	5,382,636	935,770	334,693	601,077
Other Expenditures	183,565,520	24,834,223	158,731,297	130,531,623	10,700,000	119,831,623	60,653,972	4,569,000	56,084,972
Total Budget	\$314,238,513	\$80,750,295	\$233,488,218	\$248,663,436	\$62,280,649	\$186,382,788	\$127,130,301	\$20,735,693	\$106,394,608

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Total Actual Government Registered	\$690,032,250
Total Reconciliation (purported Gov't Exp)	\$163,766,637
Over/Under (individualized/Chit)	\$526,265,614

Note: The government budget expenditure for the three-year period is US \$690,032,250. However, reconciliation of the same budget records held by the government reflects an expenditure of US \$163,766,637. The net difference of the two is US \$526,265,614, this budget diversion was carried out through individuals and chits.

58. The reconciliation analyses were based on the following investigation justifications.

Annex 1. Existing Situation on Recurrent Expenditure

Items	Institutions	Comments on Progress
1. Wages & Salaries	Line Ministries	<ul style="list-style-type: none"> - At some points the payroll was not available; - The payroll did not originate from the human resource office and therefore its accuracy is questionable; - The payroll was not subjected to the due process of voucher accounting and auditing; - The payroll was not counter-signed by all the salaried officers; neither do they often fix their identifications; - There is no stated policy on salary cash/cheque payments to the respective officers; - The payroll is incomplete and inaccurate in the monthly salary payment as the officers are not paid at the close of each pay date, as majorities are in arrears.
2. Allowances	Line Ministries	<p>The allowance payments were not broken down as to being either, overseas or local travels. They were not also specific as to being either staff over time payment, hospitalization, seminars/conferences, etc. There was also no expenditure support for either of the following:</p> <ul style="list-style-type: none"> - Allowance payment authorization by the respective departmental heads; - Voucher accounting and auditing process; - Work plans/journey itineraries; - Motor vehicle work tickets, etc.
3. Utilities	Line Ministries	<p>The expenditure is not broken down to the precise nature of utility payment and also lacks documentary evidence support of the following:</p> <ul style="list-style-type: none"> - No government rent lease with the landlords specifying what utilities were accountable to the tenant (government); - No supporting receipts for the utilities paid for and for what period; - No voucher accounting and auditing process.
4. Rent	Line Ministries	<p>The diversion was confirmed by the government payroll staff and was not supported by any documentary evidence. For instance, there were no:</p> <ul style="list-style-type: none"> - No tenant/landlord lease agreement; - No voucher accounting/auditing process; - No inventory lease agreements with the ministry of public works; - No prior survey assessment by the ministry of public works; and - No supporting receipt for the payment.
5. Fuel & Lubricant		<p>The diversions were unearthed via omissions of the supporting documents of their expenditures. The documents omitted for the diversion are:</p> <ul style="list-style-type: none"> - No accurate asset inventory of the vehicles as to year of purchase/public disposal. - No work tickets to ascertain the model vehicles, mileage covered and fuel/lubricant consumption; - No criteria policy for the vehicles allocation to ministry/departments; - No accounting/auditing vouching process; and - No supporting receipts, etc.
6. Repair & Maintenance	Line Ministries	<p>The item provision of repairs and maintenance was not broken down as to:</p> <ul style="list-style-type: none"> - Number of government motor vehicles; - Number of government buildings (owned and lease). <p>The item provisions were also not backed by the following documentary evidence:</p> <ul style="list-style-type: none"> - Government approval creation of the region; - Receipts expenditure support for the amount; and - Voucher accounting/auditing process
7. Office Material & Other Consumable	Line Ministries	<p>The diversions were not supported by either of the following:</p> <ul style="list-style-type: none"> - Voucher accounting auditing process; and - Expenditure receipts. <p>The diversion expenditure is not even within the scope of the budget, head of office material and other consumables.</p>
8. Travel Expenses	Line Ministries	<p>The payments made to the company were not backed up by either of the following:</p> <ul style="list-style-type: none"> - Government contract agreement in the company; - Competitive tendering the evaluation by the ministry of transport as to the suitability/none suitability of the company's efficiencies; - Voucher accounting auditing process of payment to the company; - Approval authorizations by the respective departmental ministry heads for the staff travel.
9. Other specialized Material & Services	Line Ministries	<p>The diversion was not backed up by any of the following:</p> <ul style="list-style-type: none"> - Voucher auditing process; - Expenditure receipts.
10. Other Expenditures	Line Ministries	<p>The diversion constitutes 97% of the expenditure. The diverted amount was not confirmed by either of the following:</p> <ul style="list-style-type: none"> - Documentary receipts; - Voucher accounting auditing process; and - Approval authority for the investment in overseas.
11. Others	Line Ministries	<p>The four items (others) were not supported by any documentary evidence of either the following:</p> <ul style="list-style-type: none"> - Revolving loans; - Payroll arrears; - Supplier arrears; and - Contingency <ul style="list-style-type: none"> - Documentary evidence (revolving loan instruments of borrowing). In view of the fact the CBS not in competitive operation as to raising Treasury bill; - Signed staff payroll (payroll arrears). Staff members in arrears; - Creditors list showing supplies provisions (supplier arrears); and - No documentary evidence as well as itemization spread of the contingency payments. - No documentary evidence as well as itemization spread of the contingency payments.

Source: National Civil Service Commission

2nd Reconciliation - The Undeclared Government Budget Accounting (Fartaag Index)

59. The FI independent auditing investigation covers both the external (Arab revenue support) and domestic revenue expenditure supports. The audit investigations were subjected to various forums and were able to shed some light on the government budget management. Public opinion leaders as well as some knowledgeable civil servants were interviewed on the same subject matter. As would be noted from the below table, the external support was not conditioned on public parameters of accountability. The reconciled budget versus the actual purported receipts registered by the government is as shown below.

Table 27. 2nd Reconciliation - Undeclared Government Budget Accounting

	2015	2014	2013	Total
FI - Registered Revenues Expenditures				
Expenditures	\$468,698,258	\$390,391,388	\$309,289,653	\$1,168,379,299
Estimates	239,942,191	216,230,043	143,923,934	600,096,168
Over/Under Expenditure	228,756,067	174,161,345	165,365,719	568,283,131
Actual Revenues	468,698,258	390,391,388	309,289,653	1,168,379,299
Over/Under Expenditures	-	-	-	-
Individualized Payment of Accountability (MoF)	\$223,487,000	\$210,317,344	\$174,135,946	\$607,940,290
Chit Money Cash Payments	141,960,963	95,293,395	91,918,014	329,172,372
Overseas Travel Scheme Payments	22,500,000	22,500,000	22,500,000	67,500,000
Total Net Diversion	\$387,947,963	\$328,110,739	\$288,553,960	\$1,004,612,662
Purported Government Payment Expenditures	80,750,295	62,280,649	20,735,693	163,766,637

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Budget Diversion Routes

60. The budget diversions are from three tiers and consist of domestic revenue, over-expenditure and external donor support. The domestic and external revenues were diverted through budget under-scaling and omissions. In all of the tiers the diversions are transacted through individuals and chit money. **However, the first tier diversion is centralized at the ministry of finance (MoF) from where the funds are recovered up-front.** The coordinator for the up-front diversion is carried out the special advisor Ms. Hodan Osman with the help of some designated officers at the MoF. The amounts recovered are relatively larger than what is diverted by the respective ministries. **The second tier of diversion is through the respective ministries and is also transacted through individual and chit money cash payments.** The line ministries through especial advisor instructions; are forced through designated officers within the respective line ministries to account for the up-front diversion. The line ministries account for the two tier budget diversions.

Table 28. 2nd Reconciliation - Diversion Routes

	2015	2014	2013	Total
Net Diversions	\$387,947,963	\$328,110,739	\$288,553,960	\$1,004,612,662
Individualized Payments of Accountability (MoF)	223,487,000	\$210,317,344	\$174,135,946	607,940,290
Chit Money Cash Payments	141,960,963	95,293,395	91,918,014	329,172,372
Overseas Travel Scheme Expenditure	22,500,000	22,500,000	22,500,000	67,500,000

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

61. According to the reconciliation, the purported government expenditures are in close tally with the FI investigations and as such remain the same in each of the accounting periods. The recorded government revenues, (external/domestic) are not in tally with the FI reconciliation, hence, their fluctuations different in each of the accounting year period. The FI reconciliation has further uncovered that majority of the budget funds were diverted. The FI has established an investigation account that totals the misappropriations.
62. The budget diversions were carried out through disguised payments to some government officials as shown in table 28. **The government structures supporting the budget diversions consisted of top ranking officials and a lower category that transacted the diversion process.** The top ranking officials were ministers and directors while the lower cadre consisted of head of departments. The top officials would receive the cash payments for onward transmission to the State Minister of Finance. The cash budget diversions were not only done on regular basis, but were also on large-scale capacities. **The funds diverted are used for private investments instead of public institutional development programmes. They are also used to fund private militias and safeguard the political interests of the president (see table 30).** The budget diversions are not supported by any documentary evidence but by singular approvals, which completely goes against the accounting process.

What Were the Diverted Amounts?

63. The total net diverted/omitted budget for years 2015, 2014, and 2013 was \$1,004,612,662. The total diversions/omissions for each of the years, which is based on the FI (2nd reconciliations) are as shown below in table 29. The FI reconciliation is the most up-dated record as it's based on broader research findings whose sources are from the government records as well as donor countries. **The total diversion from the FI reconciliation for the entire period is about 86%.** The first reconciliation, which was based government records, was materially wanting in terms of budget irregularities. It was therefore, isolated from the end budget review reconciliation analysis.

Table 29. 2nd Reconciliation – Fartaag Index Budget Diversion

Budget Period	Fartaag Index		Percent	Comments
	Undeclared Records	Total Diversions		
2015	\$468,698,258	\$387,947,963	83%	The diversions were through domestic revenue diversion/omissions, item over-expenditure diversion, and external donor support under-scaling/ omissions
2014	390,391,388	328,110,739	84%	The diversions were through domestic revenue diversion/omissions, item over-expenditure diversion, and external donor support under-scaling/ omissions
2013	309,289,653	288,553,960	93%	The diversions were through domestic revenue diversion/omissions, item over-expenditure diversion, and external donor support under-scaling/ omissions
Total Budget	\$1,168,379,299	\$1,004,612,662	86%	

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

64. The diverted amounts that are factored into the budget are misappropriated through individual and chit cash payments. The revenue funds are sometimes not factored into the budget, they mainly from the domestic revenue collections and the Arab/Turkish donor support. **The government budget mismanagement was directed at several target groups, which do not constitute public development programmes and therefore do not improve the citizen’s quality of life.**

Where Did It Go?

Table 30. 2nd Reconciliation - Fartaag Index Budget Diversion Activities

Funding Activities	2015	2014	2013	Total	%
	Amount	Amount	Amount		
Regional Expenditure	\$35,890,000	\$29,750,000	13,168,921	\$78,808,921	7%
MPs/Militia Expenditures	29,604,970	23,850,000	12,505,000	65,959,970	6%
Islamic Charitable Organizations	15,000,000	11,987,442	10,059,698	37,047,140	3%
Islamic Universities	41,700,000	21,100,000	11,270,000	74,070,000	6%
Islamic Insurgencies (armed group)	14,500,000	10,600,000	140,556,455	165,656,455	14%
Private Investments (Domestic)	50,000,000	45,000,000	9,000,000	104,000,000	9%
Private Investments (Overseas)	201,252,993	185,823,297	86,222,807	473,299,097	41%
Cheque Encashment	-	-	5,771,079	5,771,079	0%
Total Net Diversions	\$387,947,963	\$328,110,739	\$288,553,960	\$1,004,612,662	86%

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

65. **It is estimated that 86% of the total federal budget was diverted into private as well as illegal government programmes, which are not constitutionally provided in public funding.** The diversion analysis is as shown in the table, however, with an under-scaled provision on Islamic insurgencies. The initial provision in 2013, for the item was US \$173,132,376, which included regional and MPs militia expenditure. The budget isolation from the two down-scales Islamic

Insurgencies into being US \$140,556,455. The net difference is US \$32,575,921, which has been adjusted into the following activities.

- Regional expenditure US \$13,168,921;
- MPs/Militia expenditure US \$12,505,000; and
- Islamic Universities US \$6,902,000.

Box 4. Cheque Encashment by Mr. Ahmed Nur Ali Jim'ale

The cheque encashment amount of US \$5,771,070, were commissions payments to Salama Bank, which is owned by Jim'ale. Majority of the Arab donor support is channelled through the bank with enhanced financial benefits to the President, as Mr. Jim'ale is able to manipulate the banking systems. The bank is also not monitored by the CBS and therefore, Mr. Jim'ale is at liberty to transact any financial manipulations that would give the bank a larger margin of profits. Mr. Jim'ale has become the largest bank investor in the country and the government is under his ransom in regards to banking the Arab donor support.

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

66. Table 31 below summarizes the FI investigative analysis. It should be distinguished from the previous Government's reconciliation report, which was on budget itemization. The FI analysis has factored in the total budget per head item analysis. However, new auditing has unearthed itemizations not previously recorded. However, the overall figures remain the same. The revenue confirmed for the period was US \$1,168,379,299 while the diversion was US \$1,004,612,662. For more analysis, see the table below for terms of the budget per head diversions.

Table 31. 2 nd t Reconciliation – Fartaag Index Programme Budget Diversion Expenditure Activities, 2015-2013				
US \$ Millions				
	2015	2014	2013	Total
Regional Programme Activities				
Benadir Region	\$12,890,000	\$9,750,000	\$3,400,000	\$26,040,000
Galmudug Region	14,300,000	12,800,000	6,768,921	33,868,921
South West Region	4,200,000	3,500,000	3,000,000	10,700,000
Hiran/Shebelle Region	4,500,000	3,700,000	-	8,200,000
Sub-Total	\$35,890,000	\$29,750,000	\$13,168,921	\$78,808,921
Members of Parliament Programme Activities				
Bribes for MPs	\$25,644,970	\$19,890,000	\$8,545,000	\$54,079,970
MPS Personal Militia	3,960,000	3,960,000	3,960,000	11,880,000
Sub-Total	\$29,604,970	\$23,850,000	\$12,505,000	\$65,959,970
Islamic Charitable & Think Tank Programme Activities				
Zamzam Organization	\$7,210,000	\$5,900,000	\$5,320,000	\$18,430,000
Tadaamun Organization	6,500,000	5,100,000	4,200,000	15,800,000
Heritage Organization	1,290,000	987,442	539,698	2,817,140
Sub-Total	\$15,000,000	\$11,987,442	\$10,059,698	\$37,047,140
Islamic Universities Programme Activities				
Simad University	\$38,000,000	\$19,000,000	\$9,750,000	\$66,750,000
Mogadishu University	2,500,000	1,200,000	850,000	4,550,000
City University	1,200,000	900,000	670,000	2,770,000
Sub-Total	\$41,700,000	\$21,100,000	\$11,270,000	\$74,070,000
Islamic Insurgency Programme				
Gorgor	\$5,500,000	\$3,900,000	\$58,000,000	\$67,400,000
Unkad	4,000,000	3,200,000	35,000,000	42,200,000
Rohan Militia	5,000,000	3,500,000	47,556,455	56,056,455
Sub-Total	\$14,500,000	\$10,600,000	\$140,556,455	\$165,656,455
Private Investment Programmes				
Domestic Investments	\$50,000,000	\$45,000,000	\$9,000,000	\$104,000,000
Overseas Investments	201,252,993	185,823,297	86,222,807	473,299,097
Sub-Total	\$251,252,993	\$230,823,297	\$95,222,807	\$577,299,097
Cheque Encashment	-	-	\$5,771,079	\$5,771,079
Grand Total Budget Diversions	\$387,947,963	\$328,110,739	\$288,553,960	\$1,004,612,662

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies

Budget Summary Review Critics

- What was the relationship between the government and the international community in the budget mismanagement?
- Were they each aware of how the budget omissions and diversions are carried out?
- Was the international community aware of the Arab donor budget support?
- Were the Arab nations aware of the Western community support?
- Were the Arab nations aware that their budget support was diverted?
- Why did some of the Arab nations give the country cash support, which was not registered by the CBS?
- Were all the donors involved in the budget harmonization support?
- Did the government disclose to the international community their budget support to the non-state-actors?
- Is the international community aware of the existing statistical budgetary evidence that the government supported their non-state-actors (Islamic charitable/universities/insurgencies) with budgetary provisions of US \$276,773,595, which is 28% of the total diversions? The money was diverted from domestic revenue and Arab Donor support.

67. The above budget review critic requires explanation from all the players, as the total sum of domestic budget diversion is almost twice the amount factored. The factored amount for the period is US \$328,524,065 while the FI is US \$545,625,685 (see table 7). **The registration actualization of the FI provision is not a tall order as efficient restructuring of the port/airport, international trade and transactions and the coastal strip could easily overshoot the reconciled revenues.**

68. To date, the government budget omissions/under-scaling of goods/services transacted by the Turkish companies and the president could surpass the FI budget reconciliation. However, due to mismanagement, direct manipulations, loopholes and controls by the president, Hawiye cartels and the Turkish companies, the amount is not achievable for the country. **The revenue sources (port/airport/international trade transactions) are known to be part of illegal arms shipments trade, which further fuel insurgency.** These revenue sources also provide a hub for the transacting of substandard goods which are public health concerns and whose consumption by the general public is dangerous. This is in spite of the shipments paying the accruable revenues to the Turkish companies and without registering the receipts. **The country is also transacting substantial counterfeit US Dollars (from Turkey and China), which are exchanged with the genuine amounts held at the CBS. This is intended to legalize the illegal counterfeit money**

for credible business investment opportunities. In view of these budget reconciliation irregularities, it would be imperative for a joint investigatory body to be instituted.

Budget Manipulation by the International Community

69. The international community also contributed to the budget diversions and omissions. Their contributions were indirect as they funded third party transmitters who effectively diverted the funds, which would have benefited the intended community development programmes. Their direct funding pledges were largely to non-state-actors. The non-state-actors either omitted or diverted the budget funding they were receiving from the international community. The international community never publicly accounted for the direct funding and pledges the country was receiving. In this context, the government does not know how much support the country has received from the international community and the engagement terms of whether the receipts were loans or pure donor grants. Full public disclosure of the support would assist to develop effective transparent management from the two partners.

International Community funding to Non-State-Actors

70. Though competitive non-state-actors are necessary for complimentary development programmes in any country, their oversight and monitoring control systems are essential for ensuring the realization of their end objectives and that the benefits reach the communities. The international community continued to fund the non-state-actors in Somalia without any oversight and monitoring systems. It was the primary responsibility of the international community and the federal government to create a policy of checks and balances, which would ensure that all the external support receipts, are utilized in the most transparent manner. This would as a result facilitate the transformation of the country. As a result of not instituting the oversight monitoring features, the non-state-actors diverted the donor support to their own activities. The diversion was capitalized on the following:

Box 5. Basic Non-State-Actors regulatory frameworks omissions

- Lack of a documented partnership policy and strategy between the international community and the non-state-actors;
- Lack of systems and procedures for measuring and monitoring contributions by the international community and non-state-actors;
- Lack of legal instruments between the international community and the non-state-actors;
- Lack of competitive pre-appraisal project donor support between the international community and non-state-actors;
- Lack of the competitive appraisal committee for the project funding between the international community and non-state-actors;
- Lack of accountability of the project funds between the international community and non-state-actors; and
- Lack of monitoring and evaluation strategies between the international community and non-state-actors.

Source: Ministry of Interior, Ministry of National Security and Police Force

71. It is no secret that the local and international non-state-actors have had little if any impact on the country. Indeed, it is common knowledge that the funding to the non-state-actors was used to finance several insurgency groups (Al-Shabab, ASWJ, Al-Islah, Ala-Sheikh, Damu Jadid, Al-Itihad, etc.) Whose objective was to ensure the country's status quo remains. **It's widely believed that the funds for supporting the insurgencies were outsourced from the pool account budget of common humanitarian fund (CHF).** The CHF did not have stringent controls for budget support evaluation as well as the activity programmes. In the absence of this some local non-state-actors were able to acquire the budget support, which was diverted to the insurgencies.

Box 6. Intrigues of Common Humanitarian Fund (CHF) and Somali Humanitarian Fund (SHF)

At the start of the CHF process, organizations are asked to provide proposals for consideration under their consolidated appeal process (CAP) to determine eligibility, which is a pointless and tedious exercise as its only useful to those who have been "selected" through the CHF eligibility criteria.

Selection Criteria for CHF/SHF

1st Step. Some of this selection was done remotely through Skype and some of the people interviewed, such as the organizations staff were actually English speakers hired for a day. There was no assessment on the ground because most of the areas at the time were inaccessible. The entire CHF/SHF funding is restricted to organizations selected under these circumstances.

2nd Step. Cluster Review Committee (CRC) composed of UN, local partners and the international NGOs. These organizations know each other in the sense that they are among the limited group in the eligibility criteria. They defend each other in the CRC to ensure they have full support of the other even when the proposal is being discussed in their absence as their CRC criteria requires.

Source: Ministry of Interior, Ministry of National Security and Police Force

72. More examples of the local non-state-actors who benefited from the international community budget funding are shown below⁹. The status of the organizations is largely informal, as the government does not have their particulars. The criterion for the selection of the international community budget support funding is not available and is only known by the two parties.

Table 32. International Community Funded None-State-Actors

Name of Organizations	Budget Funding	Comments on strategic control measures
IIDA	Unknown	A sum of over \$800,000 disappeared in IIDA, which was funded through the common humanitarian funding (CHF) and managed by UNOCHA. Despite this and without establishing a proper system in place, IIDA continues to be the darling of EU. They funded them in the consortium on constitutional review. They also fund them other gender projects.
WRRS/WOCA/WASDA/WARDI	Unknown	In2016 they got a common humanitarian fund currently known as Somali Humanitarian Fund for health but they do not have a health facility in Kismayo. They got funds for digging of shallow wells. They dug the wells in some locations under CHF funding. They purport to be experts in every field, health, education, to food distribution to protection but are notorious in water sanitation.
NRC/KISIMA	Unknown	NRC provides gender based violence (GBV) services including medical support for survivors through KISIMA. Yet they don't have a health center and KISIMA take the survivors to chemists to buy pain killers and antibiotics instead of referring them to the available services or buying PEP KITS (medicine for critical management of rape) with the funding they got, such as
SEDHURO	Unknown	They are partners of UNICEF and CISP. They were given PEP KITS by UNICEF and don't have a health facility. The protocol is that PEP KITS are only provided to organizations with health facilities and trained clinical management of rape specialists.
SAACID	Unknown	Despite all the known corruption allegations, Saacid remains the biggest indigenous NGO group in Somalia. The owners are still viewed with suspicion by Somalis.

Source: Ministry of Interior, Ministry of National Security and Police Force

Table 33. International NGOs Operating in Somalia

International NGOs	Budget Funding	Comments on strategic control measures
FCA	Unknown	Below are the activities that pose a challenge to the organizations development programmes: <ul style="list-style-type: none"> • Funding of projects that are not within the government policy prioritization. • Funding projects that are not known by the government line ministries. • Funding local None-State-Actors, who are not registered with the line ministries • The organizations do not undertake monitoring and evaluation of the projects they are funding thereby ensuring the intended objectives are realized for the local beneficiaries.
NCA	Unknown	
World Vision	Unknown	
NRC	Unknown	
CISP	Unknown	
CONCERN Worldwide Somalia	Unknown	
Conflict Dynamics International	Unknown	
COOPI	Unknown	
COSPE/IIDA	Unknown	
COSV	Unknown	
IRC	Unknown	
INTERSOS	Unknown	
MERCY CORPS SOMALIA	Unknown	
NDI	Unknown	

Source: Ministry of Interior, Ministry of National Security and Police Force

⁹ The total list is in the Somalia NGOs Consortium ("www.somaliangoconsortium.org").

73. It's also public knowledge that the above organizations were repeatedly funded with substantial amounts for the preceding years. **However, the physical project performances on the ground are not in direct correlation to the substantial funding received, as some of the projects are at their lowest implementation status (or haven't begun implemented at all).** The status and the structures of coordination appear to not be available. There are no regulatory services of monitoring and evaluation under any parent ministry. The two should formulate the following policies and guidelines:

Operational Recommendation

- The international community in conjunction with the government should formulate sector based policy guidelines for non-state-actors funding. For example, health, education, youth and empowerment, etc.
- The government formulation of accounting structures for the local non-state-actors. For example, committee structures from sub-location, location, division and district level.
- The government formation of a centralized non-state-actors board for registration as well as for monitoring and evaluation coordination.

74. The arising questions from the procedure to the international community are:

Operational Challenges

- Why did the government not implement the policy paper for coordination with respective parent ministries?
- Why did the International community in conjunction with the government not develop contract donor engagement structures between the international non-state-actors and their local partners?
- Why did the international community fail to initiate a policy paper in conjunction with the government to coordinate the non-state-actors?
- Why did the international community not initiate in conjunction with the government, a centralized monitoring board?
- Why is it that up to date the approvals are being singularly endorsed without any committee deliberations as well as the deliberations between local community elders?

75. Non-state-actors do not account for the funds disbursed and it is known that the support extended never reaches the beneficiaries. Therefore, donor support to the non-state-actors was to some

extent used in forming parallel informal internal authorities. The international community did not adequately engage with the non-state-actors, and below are the gaps identified:

Operational Challenges

- The international community did not develop competitive criteria for appraising the local implementing partners. It appears the only criterion applied was issuance of a registration certificate but with no recourse to track record of working experience;
- The international community appears not to have checked their local implementing partners; their management capacities as well as their public vetting status;
- The international community appears not to have advertised for the donor support exhaustively, no competitive bidding took place. This is in view of the fact that the local partners who received the funds had informal access to the funding agent;
- The international community appears not to have checked local partners to ensure they have competitive human resource management capacity;
- The international community appears to not have adequately trained the local partners in donor project management, as there are no progressive report statuses;
- The international community appears not to have introduced elementary financial training to the development partners; and
- The international community appears not to have demanded accountability for the disbursed donor project funds from the local partners.

76. In a nutshell, it's evident that the government has her own non-state-actors whom they're funding with an available record of budgetary support. The primary source of funding for the government non-state-actors is through budget diversions. The international community also her own non-state-actors whom they're funding but with unknown budgetary support. The international donor support for the local non-state-actors is also from the diverted Arab and Western support. A joint investigatory body should be instituted to unearth the budget support given by the government and the international communities to the non-state-actors. Equally important for the body are the programme activities of the non-state-actors.

Donor Pledges

77. The international community has been soliciting budget support on behalf of the country from the world arena. The recipient country and the international community normally prepare the budget pledge support. However, that was not the case with the support pledged on behalf of the country. The international community single handedly prepared the pledged budget and passed it on to the government for its approval adaption. There was a Reconstruction and Development Program (RDP) set in place in 2006, with a budget pledge of USD \$2.2 billion. The coordinating implementers of the project were the UN and the WB. In 2013, the New Deal, budget pledge support of US \$2.4 billion was a marshal development plan for five years. The implemented agencies were the government, the UN and the WB. The total budget pledge support amounted to US \$4.6 billion.
78. However, the mode of budget disbursements has been characterized by some irregularities, which by extension affected the national government development programmes. Indeed, these substantial budget pledges do not relate to the nominal physical development programmes in the country. **The country does not know the actual pledges registered by the international community and neither does it know how the funds were disbursed.** The breakdowns from the major donor pledges were not disclosed to the governments. The major donors being bilateral support, multilateral support, world bank support, etc.
79. **The international community never informed the respective government on the pledges received and as such they were not factored into the national budget.** The international community disbursed whatever pledges they received directly to the third party organizations. The third party organizations consisted of institutions - AMISOM, local Non-State-Actors, international NGOs, private consultants, etc. A distinction could not be made between them based on their activities on the ground, thus being coined as “cartels”.
80. The international community’s lack of engaging with the government in contracting third parties brought about the irregularities in budget pledge disbursements. As only they know the contract budget amounts. As a result of the irregular direct budget disbursement to the third parties, the country has registered little to no transformational development activities. **To date the incumbent government does not know the amount of funds directly disbursed to AMISOM in spite of its significant presence in the security transformation process.** Other significant sectors affected by the direct disbursements are as follows:

The Role of Foreign Consultants

81. The trend in Somalia has been for the international community to outsource numerous projects and activities to foreign consultants, particularly in the areas of justice, national security and public financial management (PFM) as part of the country's transformation process. However, their performance is materially wanting due to the fact that there is no functioning or effective sector to transform. **Majority of the foreign consultants are unable to deal with the complexity of a failed government, which lacks the required institutional memory.**
82. As a result of the above and in most cases, some of the foreign consultancy companies not only abuse the powers granted to them by the international community but also at times, mismanage donor funds. Some of these companies include the following below:

International Development Law Organization (IDLO)

83. IDLO was awarded a contract to transform Somalia's justice sector. So far under IDLO's Country Director, Shirwa Jama,¹⁰ the justice sector is yet to be transformed. One possible reason for this has been Shirwa Jama's limited knowledge on justice reform issues and his inexperience in the following areas required for transforming the justice sector:

- Specialized legal training in criminal and civil law;
- Mentoring members of key institutions within the Somali justice system;
- Supporting the Somali bar association; and
- Assisting the civil society to monitor and advocate for action against critical human rights violations, including gender-based violence.

84. Other problems with Shirwa Jama's inability to deliver reforms have been his persistent refusal to be based in Somalia. Shirwa Jama is mostly based in Nairobi Kenya, therefore making overseeing and implementing reforms in Somalia problematical.
85. Although on IDLO's website it claims to be working on the above reforms, the situation on the ground is different and the relevant institutions that still need justice reform. To date, the justice reform project by IDLO remains ineffective, thus hampering any real efforts to restructure Somalia's justice sector.

¹⁰ Mr. Shirwa Jama was reportedly fired from the UN in 2012.

Financial Governance Committee (FGC)

86. Foreign consultants contracted to improve Somalia's budget and oversight management have failed to report on the actual problems faced in regards to implementing the revenue and expenditure provisions. In this context, the international community appointed the Financial Governance Committee. However, it appears that this body has also failed to report on the budget irregularities it has come across.
87. **The Financial Governance Committee works in close collaboration with a number of financial spoilers' networks, whose reporting system currently overlooks budget irregularities in the government. Diversions and budget omissions are enabled and supported by President, his cartels and the special advisors.** All along, the international community has assumed that a financial control system was in place in regards to the creation of the FGC and SFMIS. However, this is not the case, and it would appear that the international community has been directly involved in the budget management irregularities. Investigations into the budget irregularities, which should have initially been a mission for the international community, reveal the ineffectiveness of the FGC below:

Ineffectiveness of the Financial Governance Committee

88. The Finance Governance Committee (FGC) is created by the Somalia Federal Government and international donors and is overseen by the World Bank Country Director, Bella Bird. However, its committee composition is biased in favor of the Somali Federal Government (SFG). Representatives from the World Bank (WB) and the Office of the President (OP) wield too much leverage over the control of the management of the committee.
89. **The committee's capacity in terms of its composition is also wanting in respect to its huge task and work it is expected to undertake. The complexity of its work also demands that it need various capable professionals and experts, which the committee currently lacks.**
90. The delegate, Nigel Roberts from the World Bank has to date failed to physically account for the number of institutions and ministries required for restructuring and confirm their current status. **This failure of a basic requirement by a World Bank representative raises questions over his reported daily allowance suggested to be at US\$2000 per day.**

91. The FGC, led by Nigel Roberts, is yet to restructure the Central Bank of Somalia (CBS). As a result, all donor funds and receipts are yet to be received by the Central Bank. The FCG has to date not restructured a single institution or commercial bank in the country. This has meant little or no capacity for these institutions to be operational.
92. Diverted domestic and external donor grant omissions are currently banked with commercial banks. These banks due to lack of restructuring have no effective monitoring and evaluation controls needed which should be provided by the Central Bank of Somalia. Public accountability for goods and services procurement is also another issue. This is also linked to the trend of the SFG outsourcing its natural resources to third parties without any competitive bidding.
93. Similarly, the SFG's practice of outsourcing its natural resources are neither backed by cabinet policy or parliamentary legislation. In fact, Parliament continues to be dominated and overly influenced by president.

Box 7. Financial Governance Committee (FGC)

Indeed, there is gross public misappropriation of resources under the watch of the FGC. They failed to engage in the following critical issues:

- Outsourcing of the natural resources in singular preferences (Airport/Port);
- The capturing of the Electronic Virtual Cash (EVC) in the parliamentary financial act for public transactions.
- The office of the Attorney General, Ministry of Finance and other stakeholders should have perfected the above to provide the legal and financial frameworks of controls and the same should have been applied in regards to acquiring parliamentary legislation act.
- Was the omission of subjecting the EVC system from the above a deliberate move by the incumbent government? What could have been the motivation behind the non-registration systems control by the government?
- Was the IC aware of the system installation by the government and if so what was their professional and security proof compliance advise?
- Answers to the above questions would either confirm or refute the complex engagement between the government/IC, which this investigation report has been criticizing.
- Has the FGC evaluated the financial monetary policy of the country to ensure its fully operational (registration of commercial banks (Salaama Bank and International Bank of Somalia), micro-finance providers, etc.);
- Ensuring that the president and his cronies do not dispose of the government's assets and inventories. Disposal has been on course and is still carried out;
- Coordinating domestic/external support revenues with the actual expenditure programmes;
- Ensuring all donor support remittances are accounted through the CBS;
- Ensuring all non-tax revenues are rightfully remitted by the port and the airport;
- Ensuring all tax revenues are rightfully remitted by the private sector;
- Ensuring checks and balances are instituted in all the government institutions;
- Ensuring restructuring of ministries/institutions as to delivery of goods and services;
- Ensuring restructuring of government/institutions as to acquiring competitive procurement control systems;
- Ensuring ministries/institutions have systems in place for monthly payroll staff establishment as well as deployment; and
- Ensuring non-state-actors - CSOs, NGOs, CBOs and FBOs are subjected to full public accountability.

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies.

94. In the absence of parliamentary legislation of the EVC, the country remains exposed to further anarchical status in view of the following:

Operational Challenges

- The government has not provided national ID cards to all its citizens and as such their transactions through EVC are not subjected to legal frameworks of engagements. People could be funding insurgencies through the system without any recourse of tracing their identities for prosecution;
- The System could also be funneling external donor support from interested sources for further insurgency budget funding without any recourse of tracing the perpetrators for prosecution;
- The System is also exposed to local and international money laundering effects of which are known to be detrimental to development programmes as well as to the country's national security; and
- The system could also be used for insurgency logistics of attacking.

Case Study: Sahan Research and Government Security Departments

95. The international community has failed to build institutional security structures and capacities in Somalia. Instead of strengthening the security institutions, the international community has empowered selected and unqualified individuals to undertake the restructuring of Somalia. These individuals are mainly comprised of foreigners and diaspora members, who act as reporters, gatherers of intelligence and security information at the behest of the international community. These security and intelligence reports are however, inaccurate. **They are in fact tailor-made to suit the interest of the international community and the government, while not focusing on the real needs of the local citizens.**

96. The international community has not adequately assisted the federal government to re-structure the defense sector. Example, the National Intelligence Security Agency (NISA) is yet to assume its proper functions of intelligence gathering and investigations it currently seems to rely on foreigners for this critical function. **Intelligence reports and investigations are the domain of foreign consultants, funded by the international community, with the willing approval of the Somalia Federal Government.** This in turn allows for abuse of power and mismanagement.

97. **Sahan Research is a clear example of foreign consultants’ abusive power, mismanagement and lack of transparency in Somalia.** The box below indicates that Sahan Research was not even officially approved by the various security departments in the country and by the parliament.

Box 8. Contracted foreign security experts

Name	Parliamentary approval/non approval	Presidential approval/none-approval	Remarks
Sahan	Non approval	Approval	Irregular approvals

Though Somalia requires security experts from the international community due the current instability, it is essential that all foreign consultants engaged in security issues be subjected parliamentary oversight and approval. The consultancy company, Sahan Research has proven itself to be biased in regards to public reporting on security issues. Given that the security of Somalia is of utmost importance, all necessary safeguards should be in place. In this context, companies like Sahan Research should be subjected to the parliamentary security committee for further investigations into its presence and activities in Somalia.

Source: Security Sector and Parliament

98. Sahan Research, which also operates as Sahan Africa Ltd and Sahan Foundation, has been active in Somalia and in East Africa since 2012. It was initially set up for Matt Bryden who at the time was still working for the UN SEMG by the British expatriate, David Hopkins (see appendix 5 for image of Matt Bryden).¹¹ Matt Bryden had previously been declared persona non grata (PNG) by the former president of Somalia, Sheikh Sharif Ahmed (See appendix 6 for Matt Bryden PNG letter).

99. A year later in 2013, Matt Bryden recruited his long-time associate, Emmanuel Deisser to assist with the managing of Sahan Research and Sahan Africa, which was also aimed at forcing out David Hopkins from Sahan.¹² Currently, in addition to Matt Bryden (British-Canadian) and Emmanuel Deisser (Belgium), Sahan Research directors now include Raghe Abdirahman (Somalilander-Canadian), Jayne Kabue Wachira (Kenyan) and Ramniklal Deuchand Shah (Indian - British).¹³ At present, Sahan employs both formally and informally over 200 employees across Kenya, Somalia, and the United Kingdom.

¹¹ United Nations officials in New York have claimed Matt Bryden never declared Sahan Research and Sahan Africa as a potential conflict of interest while he was still serving on the UN SEMG in 2012.

¹² Many sources claim Sahan Research recently paid off David Hopkins due to fears of a pending lawsuit against Emmanuel Deisser and Matt Bryden.

¹³ Raghe Abdirahman (Policy Director), Jayne Kabue Wachira (Director of Finance/Human Resources), and Ramniklal Deuchand Shah (Company Secretary).

100. Sahan Research claims its main activity is Third Party Monitoring for the donor community in Somalia. Its clients include United Nations agencies, such as UNICEF,¹⁴ international NGOs, including the International Committee of the Red Cross (ICRC), and various European governments.¹⁵
101. Its more obscure and less publicized activities currently include political support to the Somalia Federal Government, in particular to President Hassan Sheikh Mohamud. This also includes a controversial contract to keep President Hassan Sheikh Mohamud in power beyond 2016. **According to diplomatic sources in Nairobi, Matt Bryden was responsible for drafting a concept note to keep the current Somali president in power, funded by the United Arab Emirates (UAE).**¹⁶
102. Sahan has also expanded its activities to include intelligence collection and counter-terrorism in Somalia and in East Africa.¹⁷ Its reported activities include “projects” with the National Intelligence Security Agency (NISA) and at least two Federal States in Somalia.¹⁸ **Sahan’s other intelligence activities in Somalia include an opaque counter-terrorism contract, which has seen Sahan become a de facto intelligence actor in Somalia and East Africa.**
103. While Sahan’s activities in Somalia and in East Africa clearly lack transparency, and demonstrate a conflict of interest in many aspects, Sahan and Matt Bryden face much more serious allegations. These include allegations of concealing donor funds and fraudulent financial practices, and possible human rights abuses.
104. **A key allegation directed at Sahan Research has been that the company has been ‘hiding and redirecting’ donor funds between its multiple bank accounts. Investigations reveal that Sahan has at least four known bank accounts.** Two of these include the current accounts: A/C 2027465946 and A/C 2027465911. Both accounts are held with Barclays Bank in Nairobi, Kenya.

¹⁴ Sahan Research staff in Mogadishu claim their work for UNICEF is intelligence collection.

¹⁵ Sources claim UNSOM is preparing to award Sahan Research a mapping contract.

¹⁶ Looking at deposits into Sahan bank accounts there is no evidence Sahan has received funds from the UAE for this contract in spite of the claims UAE had deposited funds into Sahan’s Dahabshiil accounts.

¹⁷ Sahan’s contract with UNICEF in Somalia has been described as “intelligence collection” on behalf of the UN agency.

¹⁸ Sources claim Matt Bryden through Abdirahman Raghe uses former head of immigration and current Director General of NISA, Abdullahi Gaafow Mohamud for securing security projects contracts with NISA.

105. In the United Kingdom, investigations reveal Sahan Research operates a Barclays Bank account, and in Somalia it banks with Dahabshiil, one account held in Mogadishu and Hargeisa. Discussions with a Sahan finance employee put forth that funds for specific projects and contracts are purposely “moved around” between the above accounts with the aim of concealing funds. **In one instance funds from a European donor government were irregularly “moved around” by Sahan finance team in 2015.**
106. Another example of the above financial practice is, Sahan’s counter-terrorism contract of which of Somalia is a key beneficiary.¹⁹ E-mails from Sahan directors claim funds for the counter-terrorism contract were deposited into Sahan Research’s Dahabshiil account in Somalia. But according to other Sahan employees,²⁰ the contract was awarded to Sahan Africa, and not Sahan Research registered in the United Kingdom.²¹
107. Discussions with a Sahan finance employee claim that for auditing and transparency purposes, the above donor funds should have been transferred to Sahan Africa’s Barclays Bank accounts in Kenya. This would have either been its USD account (2027465946) or Kenyan Shilling account (2027465911).
108. Investigations into this practice reveal that Sahan’s Dahabshiil accounts in Somalia are part of a deliberate tax evasion scheme in Somalia and Kenya. Under the scheme, authorized by Sahan Africa’s director of finance, Jayne Kabue Wachira and other directors, a number of Sahan Africa employees working in its Nairobi office receive their salaries in cash via a third party.²²
109. Sahan employees claim that, using a third party to pay employee salaries in cash allows Sahan Africa to avoid paying taxes in Somalia and in Kenya. Documentation received from Dahabshiil confirms several instances where salaries have been paid in cash using a third party. **In most cases Sahan Africa employees received their salaries in cash via a third party under payment code of “family support” and “personal use”.**
110. Dahabshiil in Somalia claim they have sent thousands of dollars from Sahan Research accounts in Hargeisa and Mogadishu to Nairobi for staff salaries in cash. Some of these include on

¹⁹ Sources inside the Somalia Federal Government claim there was no proper tender and no parliamentary approval for this contract.

²⁰ Sources inside Sahan Africa finance team.

²¹ Sahan employees claim Sahan Africa is registered in Kenya.

²² Five Sahan employees in Nairobi have attempted to raise their problems about this financial practice.

2 April 2016 a salary payment of US \$495 under “personal use” (TTNO: MUQ9647053) and on 18 June 2016 a salary payment of US \$5098.48 under “personal use” (TTNO: HRG0769664). Both transactions show from Dahabshiil records the funds were picked up in Nairobi. (See appendix for other Dahabshiil 7/8/9/ salary vouchers plus table).²³

111. Investigations reveal that Matt Bryden, the Chairman of Sahan Africa, Sahan Research and Sahan Foundation is aware of the “Dahabshiil scheme” being used to conceal funds and evade tax. According to an email sent to Sahan’s finance team in 2016, Sahan directors openly admit to being aware that taxes are not being paid in Kenya on its counter-terrorism contract.²⁴

112. Other uses of Sahan’s Dahabshiil account in Somalia have allowed it to employ staff in Kenya without proper immigration documentation. According to Sahan employees, most recipients of the Dahabshiil cash-in-hand scheme have been illegally working for Sahan in Kenya at one point or another.

113. A clear example of the above is, a Sahan Africa and Sahan Research employee named Premdeep Bahra. Premdeep Bahra received at least two salary payments in cash via Dahabshiil under the payment code: “personal use” and “family support” in 2016.

114. Sahan Africa and Sahan Research email records and bank transfers confirm that Premdeep Bahra has been working for Sahan Research and Sahan Africa since August 2013. Discussions with Sahan employees confirm she had been allowed to work without a work permit and without paying taxes in Kenya. Banking records also show that Sahan Research’s bank in the United Kingdom had from August 2013 repeatedly transferred payments to Premdeep Bahra’s Gulf bank account (0120543902) Barclays account in Kenya (See appendix 10 for funds transferred to Premdeep Bahra’s account).²⁵

115. The investigation has been informed that Sahan Africa also uses its Sahan Research Barclays Bank account in the United Kingdom to evade tax payments in Somalia and Kenya. Sahan employees have claimed in instances where an employee is a foreigner working in Kenya or Somalia for Sahan Africa, efforts are made to pay the employee from Sahan Research’s Barclays Bank in the United Kingdom to the employee’s home country bank account. This means efforts are

²³ Source: Dahabshiil in Somalia and verified by Sahan Finance Team records.

²⁴ The 2016 email has been confirmed to be sent by a Sahan Africa director to its finance team.

²⁵ Source: Sahan Africa Finance Team.

made to avoid using its Sahan Africa Barclays Bank account in Nairobi, in order to not leave financial traces in Kenya.

116. Information revealed by Matt Bryden himself during a Sahan Africa team meeting on 23 September 2016 confirms that the Sahan was under investigation for immigration fraud (see appendix 11 for immigration investigation). Discussions with those present at the above team meeting claim Matt Bryden confirmed that Sahan had been “cleared and was clean.”
117. Despite Matt Bryden’s claim, questions still remain unanswered about the abrupt issuance of a “special work pass” to Premdeep Bahra in August 2016, in spite of overwhelming evidence that she had worked for Sahan Africa and Sahan Research in Kenya since August 2013 (see appendix 12 for work permit issued in August 2016).
118. As a result of the opaqueness of Sahan’s intelligence and counter-terrorism work, allegations that Matt Bryden and his counter-terrorism (CT) team have committed human rights abuses have been difficult to substantiate. Despite this difficulty, several Sahan employees believe that Matt Bryden and his CT team, including Premdeep Bahra and Erica Marsh have been involved in human rights abuses against Somalis. According to discussions with Sahan employees, Matt Bryden and his CT team have been linked to the disappearance of a Somali in September 2016.
119. On 23 September 2016, during a team meeting Matt Bryden publicly acknowledged that a Somali had disappeared. He also denied any personal involvement in the disappearance or that of his counter-terrorism team.
120. However, Matt Bryden’s public denial on 23 September 2016 contradicts testimonies from members of his own CT team. Their testimonies confirm Matt Bryden was not only involved in the disappearance, but had orchestrated the disappearance in an email to Premdeep Bahra, Erica Marsh and others.²⁶

²⁶ This investigation has a copy of the email sent by Matt Bryden regarding the planning of a disappearance of a Somali.

ABYRINT

121. Another example is Abyrint's role in the civil servants' monthly payroll. According to an article on their website entitled: "Six Weeks to Build a Payroll System for Civil Service in Somalia", Mr. Ivar Strand and Ian Hawley claim that there are 5000 civil servants on regular government pay. However, many dispute this fact, and also question the overall payroll system. These questions include the following below:

Operational Challenges

- The number is not in reconciliation tally with the records held by the respective ministries;
- The number is not in reconciliation tally with National Civil Service Commission (NCSC) and in respect to the all ministries;
- Each newly appointed minister/permanent secretary employs his or her own employees without recourse to the NCSC (lack of reconciliation statistics);
- Majority of the ministries do not have a human resource department that would maintain correct status of staff employments and preparation of annual salary budgets. In this context, it is not known who prepares payroll salaries for ministries without the department. See box-9;
- The purported personnel do not all have personal file numbers and relevant requirements for employment qualifications. For example, file CV photocopies, interview grades, grades awarded (salaries promotions), letters of appointment, due dates for reporting and where, etc.; and
- Based on the physical ministries structures of employment occupation, majority of them fluctuate based on arrival of new ministers.

Box 9. Process of salary payroll preparation

The human resource department prepares the payroll for each Ministry. The other Ministry's internal departments also prepare their budgets. The budgets are subsequently submitted to the department of planning for consolidation. Each departmental head defends their budget input to the approved committee for planning. After the budget deliberations with all the necessary adjustments are submitted to the Director General/Permanent Secretary of the Ministry. The Director General/Permanent Secretary deliberates the budget with his Minister for any necessary adjustments. After this, the Director General/Permanent Secretary forwards the same with his adjustment inputs to the ministry of finance. The Ministry of Finance allocates each ministry a period for their budget deliberations. The respective ministry appoints their respective committees for the deliberations (MoF).

Source: MoF Staff

122. **To date, the above procedure has not been formulated nor implemented, and this questions the unsubstantiated assertions of Ivar Strand and Ian Hawley of the 5000 civil servants, as there is a lack of supporting evidence. And therefore, a joint investigatory body should be set up to look into this.**

123. Other questions surrounding Ivar Strand and Ian Hawley's interests have been raised, especially in regards to their contractual engagement terms, and the role of Ms. Hodan Osman (Envoy Advisor) in this relationship. **According to reports, Abyrint may have made illegal payments to Ms. Hodan Osman, and this warrants an investigation by the World Bank, African Development Bank and the International Monetary Fund.**

[Summary of Government and International Community Budget Diversion Reconciliation](#)

124. The incumbent government has not been informed on the amount of budget support the Western nations have incurred in the country. Although appropriation in aid is a direct budget support that donors spent on behalf of their recipient countries, they are expected to provide the actual costs to the host country for purposes of their national budget as well legislation of Parliamentary Acts. In this particular case, the only provision made in the below table budgets are the donor pledges of 2013 whose actual amounts received and disbursed are not known by the incumbent government. **In the absence of the budget support provision, the Fartaag Index reconciliation has treated the non-provision as a diversion by the international community.** The diversions were through appropriation in aid and the precise amounts are not known and therefore not registered in the total budget received for the period, save for the Arab support. The bilateral support, multilateral support, AMISOM support and non-state-actors support are not provided in the table. These omissions of budget support sources are from the Western nations who have not made their contributions public.

125. Fartaag Index reconciled the international community diversions in spite of their public non-disclosure into being US \$2.4 billion. This was pledged in 2013. **The two sources of diversion (federal government and International Community) up-scales to US \$3,404,612,662.** This amount is in addition the budget support the international community extended to their non-state-actors and local partners. The onus of proof for the diversions lies with the federal government and the international community. **This is a further call for instituting joint investigatory body that would bring about acceptable budget reconciliations.**

Table 34. Government and International Community Budget Diversion Reconciliation

<i>Period</i>	<i>Fartaag Index (FI)</i>	<i>Actual Purported Government Payment Expenditure</i>	<i>Net Diversions/Omissions</i>
<i>2015 Budget</i>	\$468,698,258	\$80,750,295	\$387,947,963
<i>2014 Budget</i>	\$390,391,388	\$62,280,649	\$328,110,739
<i>2013 Budget</i>	309,289,653	20,735,693	288,553,960
<i>Sub-total</i>	\$1,168,379,299	\$163,766,637	\$1,004,612,662
Add			

<i>2013 Donor Pledges – Appropriation-in-Aid</i>	\$2,400,000,000	-	\$2,400,000,000
<i>Bilateral Support – Appropriation-in-Aid</i>	-	-	-
<i>Multilateral Organizations - Appropriation-in-Aid</i>	-	-	-
<i>AMISOM Expenditure- Appropriation -in-Aid</i>	-	-	-
<i>None-State-Actors- Appropriation-in -Aid</i>	-	-	-
<i>Total</i>	\$3,568,379,299	\$163,766,637	\$3,404,612,662

Source: MoF, CBS, OAG, AGO and Other Different Ministries/Departments/Agencies.

Diversion Managers

126. The federal government for the period was under Hassan Sheikh Mohamud (HSM) while the international community representatives were Nikolas Kay, Neil Wigan, Bella Bird, and Michele Cervone d'Urso. **The mentioned representatives appeared uncommitted to instituting legislative control measures, failing to ensure the funds were utilized for their intended development programmes. In spite of their failures the officers acquired promotional status in their respective countries (specially Neil Wigan and Nikolas Kay).** This should not have been the case as they performed abysmally and carried out their local duties in an agonistic manner, as such their promotional is unprincipled. Their failures in Somalia could be easily proven by a transparency and management governance audit. A joint investigatory body would provide all the material evidence of their failures. **In other words, the failure should have been shared equally between the federal government and the representatives of the International Community.**

Joint Investigatory Body

127. In view of the substantial diversions, whose sources of receipts were from the donor's taxpayers, it would be prudent to constitute one public enquiry body for all the sectors of the country's development programmes. The body should be based at the African Union Headquarters in Addis Ababa, as this would provide security and safeguard the investigation reports.
128. The body institutional formation should be driven by the US, as a result of their global public integrity status. This would be the ultimate confirmation of the government budget and Fartaag Index reconciliation. The body would unearth the budget diversion perpetrators (both local/international community) and hold them accountable. **It would be a crime to deny the country's citizens the transformation they have desired at the expense of diverting sums of US \$3,404,612,662.** It would also be a lesson learned for the international community in future management of the country's transformation process. The body budget grant funding should be outsourced from the US, UK, Italy, EC, Turkey, United Arab Emirates, Qatar and the WB.
129. The aforementioned persons would constitute the commission and would formulate policy for investigations as well coordinate the implementing structures. The Ministry of Finance and integrity institutions would provide the available evidence/materials for investigations and open up the revenues/expenditure streams for further deliberation. The INGOs and scholars would also provide their research findings on the budget management irregularities, enhancing the investigations scope of work.

Joint Investigatory Body Calendar Period

130. In order for the country and the international community to not lose institutional memory in regards to the substantial budget diversions, it would be necessary for the body to be adequately funded with both the human and financial resources for completing the investigation in one calendar year. This would also be a strategic deterrence of future budget diversions.
131. The body would investigate various sectors: security, economic, social as well as non-state-actors, and any foreign consultants working alongside the federal government. Experienced experts already involved in accountability should lead the body.

1. The cash disbursements from external support were not entirely captured by the Central Bank as much of it was through cash payments. The cash payments were deliberately factored with prior approval from the president for his own interest benefits. The support was either under-scaled or totally omitted from the actual cash disbursed to the president's cartels. As a result, the cash disbursements were subsequently omitted from the planning of budget revenue, as only the donors and the recipients knew the actual amount. This was common with the Arabian support. **Regarding the Western support, their recurrent expenditure as well as development budget is marginally explained in the factoring provisions.** Indeed, no government would know of the amount spent by the multilaterals (UN, WB), AMISON, non-state actors and foreign consultants operating in the country. The domestic revenue was also not fully accounted for as much of it was omitted from the budget factoring. For example, what is collected from the port and the airport is never completely budgeted for, and the omissions of under collection are meant to serve individual interest. In effect, the Western and the Arab nations never gave provisions of their budget support utilization. Indeed, the government and donors should have taken time to implement SFMIS programme ensuring it is a good system as the diversions continue to be manipulated through the software system.

How SFMIS is Manipulated

2. The SFMIS is computer software that is supposed to control the government budget, improving its transparent public accountability. So far the government has installed one for the budget management at the Ministry of Finance. However, the Ministry of Finance has not extended its software to all other government revenue-generating sources, which are the port, airport and all other checkpoints.¹ **Besides the lack of software installation at the port and airport, the Ministry of Finance does not have any effective control mechanism for determining what the Turkish companies collect at the two sources.** The Ministry of Finance does not have mechanisms for close supervision of the private sector investments (mainly from telecom, hawala, chamber of commerce and business community in Dubai) and is as such unable to determine the respective accruable revenue taxes from them. The private sector and the Turkish companies deal directly with the president Hassan Sheikh Mohamud without any recourse to the Ministry of

¹Ex-control, Maslah, Galgalato and Jazeera.

Finance. Public accountability is compromised and revenue diversion/omissions are carried out to the benefit of the two parties. It should be noted that the software could be manipulated to fit in with the interest of the investors. **In this particular case, it is on public record that the Ministry of Finance tampers with the software towards in favor of the president in the budget diversions.** There are designated public civil servants who specialize in the systems budget diversions at the Ministry of Finance.

3. The diversion processes for both donor and domestic budget revenues are through various processes, which are craftily designed to ensure that the SFMIS system in force does not capture their respective irregularities. The budget diversion manipulation is a scheme between the President and former Ministers of Finance, Hussein Abdi Halane and the incumbent Minister of Finance, Ahmed Ibrahim Aden "Fargetti". The president appointed special envoy (Hodan Osman) advises line ministries to up-scale budget provisions while the actual receipt of it would be there hitherto budget funding. The difference is collected by the State Minister of Finance, Abdullahi Ahmed Nur for onward transmission to the president, Farah Abdulkadir and Abdikarim Guled [leaders of financial spoilers].
4. The net budget amount transferred to the various ministries/department/agencies is further misappropriated through individual and chit cash payments. No documentary evidence supports the diversion, nor is it subjected to the due accounting process of checks and balances. The process of filling the financial statistics for payment by the SFMIS is not crosschecked with the physical evidence. For example, the 5000 civil servants on payroll are bio-metrically captured but their particular details (file numbers, CV, identification cards, appointments letters, etc.) are largely un-documented. According to information sources from the National Civil Service Commission (NCSC), the same details are not available to the respective ministries, departments and agencies as there are no functional human resource departments. Transparent accountability would be ensured if the following systems were adhered to.

Box 10. Process of Check and Balance

- Payroll preparation by the human resource department with all the supporting documents (payroll number, date of appointment, rank, etc.)
- Accountants voucher examination preparation, which is based on the above information.
- Accountants voucher verification and confirmation of the status.
- Accountants' authorization of the vouchers.
- Final internal audit voucher confirmation for cashier cheque drawing.
- Three different signatories to the cashier drawing cheque.

Source: MoF, CBS and Government Staff

5. The SFMIS is an input and output data processing system and it is adjusted by the financial spoilers to effect payments. The payments are properly aligned with the system processing in such a manner that the software does not capture any irregularities. A case in point, is the inflated item expenditures whose excess amounts, which is cash from the central bank is re-routed back to the president cartels.
6. Regarding the donor funds, the cash collection received by the Minister of Finance is either downscaled or totally omitted (not captured) by the central bank. Abdisalam Omer manipulated the omission or downscaling of the budget support. He was appointed by the president to manipulate the entire external Arab/Turkish donor support budget. **The external advisor and the domestic advisor both being from Somaliland work very closely with one another for the primary interest of the president.**
7. The SFMIS also registers the budget provisions, which are input by the financial spoilers. In this instance, the SFMIS would not capture the down scaling and omissions. An in-depth audit investigation is required into the sources of donor funding, confirmation and relation to what the government provides in the budget.

Box 11. How SFMIS Operates

The financial spoilers manipulate the budget diversions in various forums, significant examples are:

- A hypothetical example, of how the system operates is as follows; the advisor would advise the ministries to up-scale their budget by about US \$1,000,000 but the agreed amount for the disbursement is only US \$500,000. The Ministry of Finance (Permanent Secretary) takes the US \$500,000 in advance but the budget books would reflect US \$1,000,000. According to the transactions, the disbursements from the finance ministry, central bank are in tally but factored budget remains overstated by US \$500,000. The US \$500,000 posted to the ministries accounts is further misappropriated through chit money as well as individual payments. This happens at the respective ministries. Further diversion of funds and both from the external and domestic revenues is through under-factoring. Arab and Turkish donations are substantially abused through lower postings by the central bank. The domestic omissions are mainly from the port, airport and general taxes.
- The central bank has however, changed its norm of using individuals (officers) to withdraw funds and are instead using the ministry names to conceal the nature of withdrawals. These have some of the cleverly devised conduits of diverting the funds, which the international community should make an immediate investigation of unearthing.

Source: MoF, CBS and Government Staff

Financial Spoilers Network (FSN)

8. The financial spoilers are in the form of local/diaspora and foreign consultants. The financial spoilers work under the supervision of the special advisor, Hodan Osman. **Ms. Osman together with foreign consultants are always prepared to put to bed any argument made in relation to all the irregularities unearthed from the budget.** This is in view of the exorbitant salaries/allowances paid to them by the international community. The advisor also enjoys substantial salary/allowances estimated at being US \$15,000 - 18,000 per month from the international community (requires verification and validation).

Table 35. Hodan Osman Salary Package

Average Monthly Salary for the Military Personnel	\$200
Average Monthly Compensation for the Military Personnel	30
HODAN OSMAN'S MONTHLY SALARY	\$15,000 - \$18,000

Source: MoF and CBS

9. In addition to the budget diversion through the advisor, the international community appears to motivate her further through the high salaries and allowances. The international community promptly pays her salary on a monthly basis. **The international community on the other hand appears not to be maintaining this standard when it comes to local personnel especially the military in regards to prompt monthly salary payments and high salaries.** Indeed, they receive a bare-minimum package, which at times is delayed to an extent of six months. The international community's contribution to the military personnel per month is US \$100. The government supplements the salary in an equivalent amount. The government also delays the payment for up to a period of six months. The delay is also due to the salary diversion towards the president's cartels and insurgency funding. Perhaps this could explain the long delays the military personnel have taken in wiping out all the insurgencies. **The poor package salary has demoralized majority of them who end up impulsively resigning in favor of insurgency recruitment (Al-Shabab, Ala-Sheikh, Ahlu Sunna Wajama, Al-Itihad, Al-Islah and Damu Jadid).** In view of this, there is a need to constitute a joint investigatory body for unearthing the security effects affecting the military organs.

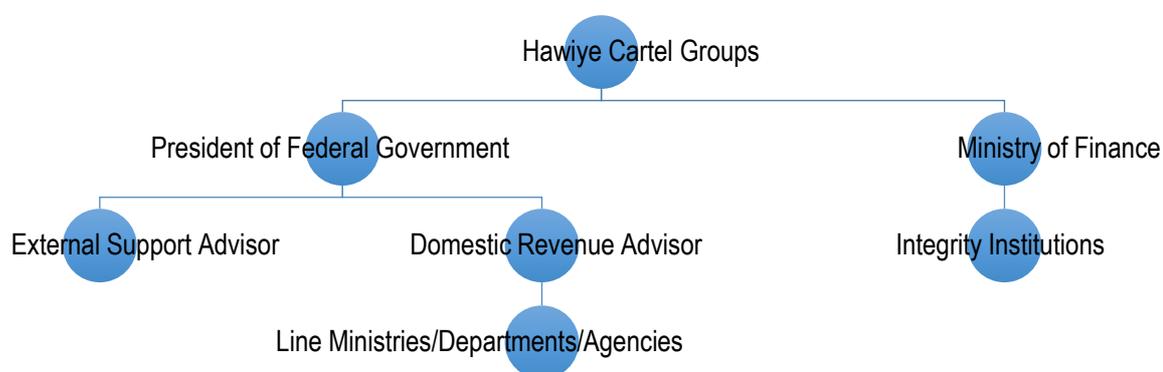
Local/Diaspora Financial Spoilers

10. Chief accountant, Ahmed Yusuf Mumin (Siraji) who is a direct appointee of the president (which is irregular and is in spite of his professional training background) ensures all accounting malpractices in all the ministries are covered for the interests of the appointing authority. The processes of payments irrespective of their incomplete verification of inaccuracies are transacted through the SFMIS. The Accountant General instructs the accountants in the various ministries/departments/agencies on what payments to process. The payments are subsequently manipulated through SFMIS (IT personnel) for final settlement transactions and without expending the verification process. He verbally instructs the officers to make the payments even when there are no supporting documents for validating it. The accountant general works in close collaboration with the Financial Spoilers Network and as such no ministry or external auditor would query payments. In view of the above, financial regulatory diversion, the SFMIS continues to post the wrong accounting provisions and as such majority of the donors assume the authenticity of the process result. However, the actual picture of the diversions is as follows:

- Through domestic revenue diversion omission.
- Through item over-expenditure diversion.
- Through donor support under-scaling omissions

11. The chief coordinators for the budget funds diversion are the special advisor, Hodan Osman, the Permanent Secretary of the Ministry of Finance, (Amina Scek), other Permanent Secretaries and through the PFM project manager, Farhan Mohamud. The office coordinates the diversion by instructing the other directors on the amount of money they should provide in the budget. Their influence is final as there is nobody who could challenge the appointing authority. In this context, all the ministries payments are not subjected to the due process (voucher preparation, examination, authorization, etc.) of financial management but are booked in their raw data to the SFMIS system, which only generates input and output. The process of verifying raw data prior to its being input into the SFMIS is not adhered to and as such the system would generate incorrect statistics. The operationalization of the budget diversion is as shown in the below chart. The organizational budget diversion is as shown in below chart 3.

Chart 3. Local Financial Spoilers



Source: MoF, CBS, AGO, and OAG

12. The diversions are however, centralized at the Ministry of Finance. The special advisory envoy, Hodan Osman goes to each of the ministries to instruct them to provide some up-scaled budget provisions. The up-scaled budget provisions are however, not banked into the CBS account. The diversion transactions cut across all the ministries but with diversified rates of amounts. The estimate provisions outlined are not the actual amounts received by the ministries/departments/agencies and are done with the knowledge of the president through the domestic revenue advisor (Hodan Osman). Classic examples are Ministry of Defense (MoD). Other security organs - Ministry of Interior (Mol), Ministry of National Security (MNS), the National

Intelligence and Security Agency (NISA) and Custodian Corps - end up receiving their actual budget provisions but with an uphill task of accounting for the withdrawn scaled up budget amount. The provisions are budgeting gimmicks as the Ministry of Finance for onward transmission to the president diverts the funds at source. The table below shows ministries, which are under instructions for budget up scaling by the envoy with direct instructions from the presidents. **As shown in the table, the accounting officers are the conduits for the budget diversion and they take the budget diversion to the president.** The accounting officers are clan members of the president who are his confidants.

Table 36. Large-scale budget diversion in the security sector

Instructor/President	Special Advisor	Contacts/Accounting Officers Names		Clan	Ministries	Remarks
Hassan Sheikh Mohamud	Hodan Osman	Abdullahi Nur	Ahmed	Abgaal/ Agoon Yare	State Minister of Finance	Large budget up scaling
Hassan Sheikh Mohamud	Hodan Osman	Abdullahi Nur	Ma'alin	Abgaal/ Wa'aaysle	Head of Logistics Ministry of Defense	Large budget up scaling

Source: MoF, MoD, Mol, NISA, and Other Government Staffs

- The special advisor, Hodan Osman after diverting funds assumes the public relations role of accounting for the funds to the international community as well as to the public. She is therefore not in charge of the accounting officers but for publics' absorption of their activities.

What Were the Diversion/Omission Loopholes?

H.E. Hassan Sheikh Mohamoud Administration

1. **Since the election of Hassan Sheikh Mohamud to the Presidency, there was public hope that the country would initiate all the necessary budget control systems, curbing financial malpractices. However, that was not the case as the president and the international community gave nominal attention to developing budget control systems.** In view of this, the government continued diverting the budget funds to illegal investment activities. The diversion loopholes occurred due to the lack of fully operational control mechanisms of the following institutions:

Policy Challenges

- Creation of Functional Constitutional Safeguards (Attorney General, etc.)¹
- Creation of Functional Ministries and Departments;
- Creation of Functional Integrity Institutions;
- Cabinet Policy Papers on Improved Public Security;
- Creation of Functional Parastatal Cooperation;
- Parliamentary Legislation Act;
- Partnership Development;
- Government Civil Society Funding; and
- Government Budget Itemization Misappropriation.

Creation of Functional Constitutional Safeguards

2. Soon after the formation of the transitional national government in the year 2000, the country had an option of either readapting the 60's constitution or the country could have drafted a simple one for guidance. In the absence of a guideline from the two options, the country continued to function with no constitutional guidance/framework up to 2006. In view of this, there were little achievements, which perhaps could have been disguised as benefits to the leadership. To date,

¹ The office of the Attorney General did not provide Legislation amendment acts for safeguarding all the operations. For example, legal provisions to the Ministry of Finance, Foreign Affairs and all the others with legal Legislation Acts. Above all, the government has been borrowing domestically from business community with the President, Prime Minister, and Minister of Finance without using legislation from parliament and without professional legal advisory from the Attorney General. The domestic borrowing is however, repaid through tax evasions but not through the Central Bank. The FGC also operates without any parliamentary and Legislation acts of approval or the Attorney Generals approval. Few of the legislation acts passed by parliament were with the Attorney General legal input, hence, its flawed implementation.

there has been very little progress in drawing up the constitution/dispensation, which is due to both the successive governments and the international community.

Box 12. Constitutional Formulation

The first administration (2000-2004) never embraced the secular constitution in view of the fact that the President Abdiqasim Salad was in favor of Sharia law. The second administration (2004-2008) was however, in favor of the former secular constitution (60's) but the international community disregarded it as being out of current provisions. The subsequent government and the incumbent are however, in favor of Sharia law.

According to Independent Federal Constitutional Commission (IFCC), the UN and the government contracted Mr. Paul Simkin for the constitutional formulation/dispensation. During his tenure, an estimated US \$50 million has been incurred but the constitution is yet to be finalized. According to the IFCC, Mr. Simkin did not carry out consultations with country stakeholders and as such his preliminary work has not contributed to the country's transformation. **In view of this, a joint investigatory body for the US \$50 million expenditure would be necessary to recover the public funds and to re-draw a local driven constitution.**

Source: Ministry of Constitution & Reconciliation and Independent federal Constitutional Commission (IFCC)

3. The fact remains that the constitution is seen as foreign driven and with little input from the citizens of the country. **This is in view of the fact that the incumbent government and the constitutional oversight committee never provided mechanisms for public referendum debate of the provisional constitution.** In relatively safer areas, such as Puntland, the public should have been engaged in the provisional constitutional drafting. Indeed, the structure of the public referendum deliberations should have had the scope of sub-locational, locational, divisional and district. Stakeholders' involvement was also important to ensure all views are captured and therefore accommodating the country's interests. The incumbent government in view of their inward security of non-transformation status quo did not institute a simple constitutional guidance. The public has begun to question the constitutional oversight committees' integrity due to view of the following:

Operational Challenges

- Since inception of the committees, their budget provisions have not been made public in regards to how much the country was spending on it;
- The international community has not disclosed the budget support expenditure;
- The vetting of the committee members was not competitively done, as there were no advertisements for the recruitment; and
- The parliamentary legislation Act (if there was one) was not comprehensive enough in regards to constituting the committees' responsibility scope. For example, the committee tenure, memberships composition, qualification, budget as well as the public referendum deliberation.

4. The provisional constitution is scheduled for its implementation in early 2016; however, in view of the current leaderships policy, its registration is long overdue. Lack of constitutional safeguards have strained the country's development programmes in the following aspects:

Policy Challenges

- Government misappropriation of public funds;
- Private sector evasion of tax payments;
- None-State-Actors misuse of donor assistance support;
- Donors' misuse of their citizens' tax support on behalf of the country; and
- Diversion of funds for promoting insurgency.

Creation of Functional Ministries, Departments and Agencies

5. Majority of the ministers for the period under-review (2015, 2014, and 2013), were unable to formulate effective cabinet policy papers for legislation by the parliamentarians. The three-year period for formulating policy legislations is relatively reasonable, however, none of the ministers capitalized on the opportunity. The revenue collection as well as donor budget support was substantially under scaled in respect of omission provisions. The motive was deliberate due to the following:

Policy Challenges

- Functional structures would facilitate the federal governments transformation, however this is not in the interest of the Hawiye Cartels and the president Hassan Sheikh Mohamud. In other words, functional structures would dilute their Authoritative powers;
- Functional structures would promote transparent accountability in the management of public resources; and
- Functional structures would prevent large-scale misappropriation of public funds.

6. In view of this, there has been a minimally functional structure in each of the administration periods. Indeed, some ministries are ineffective in executing their mandates. The social sector ministries (health, education, labor, youth & sport and women's affairs) have abdicated their responsibilities to the non-state-actors, who are mostly Islamic in nature. Examples are as follows:

Policy Challenges

- Ministry of Health (MoH) does not regulate nor license NGOs that are involved in the sectors well being;
- Ministry of Education (MoE) does not regulate nor license the education sector of the country. The regulatory framework of the sector is determined by NGOs that own majority of the schools, and universities;
- Ministry of Labor (MoL) does not regulate the sector in regards to creation of employment guidelines, etc. This has been left to the private sector (Hawiye Cartels) to determine what would be useful for the sector. The private sector is largely owned and controlled by the Islamists;
- Ministry of Youth & Sport (MoY&S) does not facilitate youth mobilization towards gainful occupation thus abdicating recruitment by the insurgency groups; and
- Ministry of Women and Human Rights (MoW&HR) does not provide policy guidelines for women empowerment and health well being. The sector has been left to the non-state-actors to manage activities related to human rights abuses. And these non-state-actors are largely Islamists.

7. Overall, the lack of policy and formulation guidelines, has allowed the entire social sector to be controlled by non-state-actors, which are Islamic in nature. This is in spite of having Cabinet Ministers, Deputy Ministers and Directors in the management hierarchy. The internal management structures in each of the ministries have no specific duties and responsibilities in regards to accountability. Furthermore, the ministries do not have relationships amongst themselves and in addition to this, these ministries do not have departments working in close collaboration with the non-state actors. For example:

Operational Challenges

- The ministries do not have a common development blue print, or policy integration that would continuously engage them towards improving the country's economic status;
- The ministries are not tasked to achieve target specific goals of their development programmes;
- No administration formulated a functional procurement policy, which would guide the acquisition of goods and services; and
- The Ministry of Finance has over the period not developed an effective financial policy on revenue and expenditure management.

Box 13. Human Rights (HRW)

Laetitia Bader has worked as the Horn researcher at Human Rights Watch but her advocacy about the prevailing intolerable status lands on deaf ears. The Horn researcher keeps on submitting reports to the international communities, which are not acted on. **One question that lingers in the minds of Somalis is [why] Dahir Awes was added to the US government's list of terrorists in 2001, if the US will not act on him?** The Americans never took any counteractive action towards Awes as he remains under house arrest in the capital. In this context, why should the international community continue funding HRW and other organizations for investigating human rights abuses, yet it does not act on their reports.

Source: Ministry of Women and Human Rights

Creation of Functional Integrity Institutions

8. The first administration created some integrity institutions; office of the Auditor General (OAG), Accountant General (AGO) and the Central Bank of Somalia (CBS) in 2000. The institutions however, did not have legislation act safeguards in executing their duties and responsibilities. **They lack a constitutional framework for structures as well as their own office appointment tenures.** As a result, they fall prey to the interests of the appointing authority who is the president. To date, none of the integrity institution offices function effectively, they have not created an impact, and their responsibilities to the general public have been neglected. For example, large-scale misappropriation of public funds by the governments/departments/agencies is still transpiring without any accounting and audit queries from OAG and AGO. Indeed, the office of the accountant general should have been the forerunner in the governments' revenue and expenditure auditing. The office of the Auditor General should have complimented the Accountant General in regards to the issues raised for an in depth investigation, and finally on reporting the findings to the parliament. As a result, parliament would determine the fate of issues raised.

Central Bank of Somalia (CBS)

9. The first policy gaps by the local administrators and the international community were not to have formulated some monetary guidelines and constitutional framework for accounting for the donor support budget as well as domestic revenue expenditures. The non-formulation of the guidelines was largely due to the interests of the government. The implementation of the formulated structure policies would hinder them because it would expose the misappropriation of funds. For example,

the structures omitted would have improved the operational efficiencies of the central bank thus making it the government custodian of all the funds.

10. The central bank has also not restructured the [so-called] commercial/Hawala banking sector² and thus not regulated the financial inflows/outflows of the country. The Hawala are the institutions through which money is transferred and received in the country. **The yearly remittance to the country by the diaspora estimated at US \$1.5-2 billion³, is not registered through central bank transactions, but by the Hawala.** However, the Hawala do not remit commensurate tax payment to the government. This is due to the ineffective monetary control structures.

Box 14. Monetary Control Structure

- The amount the Hawala and commercial banks deposited with the central bank as collateral fallback for the customers is not publicly known;
- The parliament has not legislated a monetary policy for the amounts to be deposited with the central bank;
- The central bank is not in a position to account for all foreign remittances as the Hawala directly holds them with no retrospective accountability;
- The little amount posted with the central bank from the Arab and Turkey support is its minimum as the bulk of it is deposited with the commercial banks; and
- Parliament is yet to legislate an Act for all the commercial banks to quarterly and annually public disclose their performance to the public.

Source: MoF, CBS and Financial Standing Committee of the Parliament

11. **Adequate parliamentary acts spelling out the mandate of the bank, its relations with the government and the monetary investors within/outside the country do not exist.** The day-to-day monitoring of the commercial banks in all their spheres of transactions is also not adequate and as such the citizens expose their savings to the institutions liquidity status. Some basic financial control systems should have been in place for transparent accountability. Equally

² Commercial bank (Salama Bank, International Bank of Somalia, Prime Bank, Dahabshil Bank) Hawala (Dahabshil, Amal, etc.)

³ Assuming the diaspora remittances were factored in with a minimum bank interest by the CBS and of about 1 percent, the government would have received revenue of US \$15 million. This translates into US \$45 million for the period under review. The amount was also not factored in the government budget diversions. If it were to be captured, the total diversions by the government would be US \$1,213,379,299. Consequently, the total budget diversions by the government and international community are US \$3,404,612,662.

significant, is the constitutional framework for developing and safeguarding the country's economic interest.

12. To date, the country remains dollarized with American currency and as such it would be difficult to determine its economic worth or overall Gross Domestic Product. The country should have reverted back to its former currency as was originally approved by the International Monetary Fund. This is exclusive of the gold reserve it had placed with the World Bank.

Cabinet Policy Papers on Improved Public Security

13. None of the administrations has ever formulated a comprehensive security policy for parliamentary legislation, which would be a road map for the country's stabilization. The cabinet as well as parliament did not exhaustively discuss the AMISOM presence in the country, nor was it subject to African Union approval. The detailed dynamics of engagement by the African Union and the United Nations were also not within clear knowledge of the local leadership. This is in view of the fact that the local security personnel, regardless of their current status who were former employees were not recruited to work in close conjunction with the AMISOM. The recruitment of the local security personnel would have accelerated the fight against the unlawful insurgency. To date there is still some bad blood between the locals and AMISOM. This could be accounted for by the recent parliamentary resolution act to approve Kenyan Security Personnel withdrawal from the country.
14. It appears that the incumbent President and his Cabinet have not re-examined the terms of the security programme contract terms and as such the instability is bound to continue. AMISOM trains the local security forces in their respective countries and but on return they lack coordination in regards to applying joint strategies for pacification. AMISOM does not have one strategic command center. There is also no road map for the country's pacifications. For example, the captured areas should be left to the locals to safeguard as AMISOM advances to other regions. It appears as though there is no strategic plan of exit for AMISOM troops,⁴ and this should have been established, this would allow local trained personnel to take charge. AMISOM troops are benefitting from their stay in Somalia given they receive a much greater salary there (roughly USD\$1,200) than they would ever receive in their home country. While Somali troops today, earn a mere USD\$100 per month.

⁴A plan was just recently put forward to send AMISOM troops home by the end of 2017. However, it is too early to tell whether that will materialize.

15. Once the local trained soldiers' return to the country they are not deployed into the AMISOM camps, they are instead released to the government. However, they do not stay long with the employer due to salary payment delays and at times no salary payment at all. In view of this some of them leave the government offices to form militia groups. Their training affords them the technical capacities of security management. It is public knowledge that the incumbent president and his predecessors have full knowledge of this reality and at times use these militia groups (Rohan, Unkad and Gorgor) to suppress those who are critical of the poor government development programmes. They are also used to undermine the American funded groups such as Gaashaan and Waran. **The budget diversion funding for the period was 16% (US \$165,656,455), which was second in ranking to the private investments. In light of this intensified parallel security funding, a joint investigatory body is of utmost necessity by the American government.**

Creation of Functional Parastatal Cooperation

16. Moreover, the defective and ineffective ministries/departments/agencies, and administration have deemed it necessary to create state parastatals. The state parastatals are intended to compliment the government development programmes on sector registration efficiency. Each of the ministries should have several corporations for fast tracking some of the development programmes. However, the respective ministries have no control over the parastatals, which should remain accountable to them in regards to any activities carried out. An important example is the creation of central bank under the Ministry of Finance. While the central bank is independent in the daily operations it remains accountable to the Ministry of Finance as far as policy and legislation issues are concerned. Other general examples are as stated below.

Policy Recommendations

- Creating a specialized Tax Revenue Collecting Authority (with formation of semi-autonomous authority for specialized tax collection but under parent ministry, e.g., ministry of finance);
- Road Construction Authority (with formation of specialized semi autonomous authority for road constructions/infrastructure but under the parent ministry, e.g. ministry of public works);
- Housing Construction Authority (with formation of specialized semi-autonomous housing development authority under the parent ministry of public works); and
- Medical Authority (with formation of a semi autonomous held authority for specialized medical regulatory services but under the parent ministry of health).

17. Their source of initial funding would be from the government and the international community. For example, the government would fund the initial funding and structuring of the central bank but the subsequent year's expenditures and revenues would be generated from the first budget. Indeed, after successful operationalization it would be submitting annual profit dividends to the governments. The primary revenue sources for the bank are in the box-15.

Box 15. Central Bank Revenue Sources

- Leger charges from the government transactions, as it is the only custodian of funds;
- Leger charges from international transactions, as it is the only custodian between countries;
- Registration fees of commercial banks;
- Commission charges on commercial banks deposits (regulatory ratios); and
- Fines on commercial banks abuse of the regulatory systems.

The central bank is currently not characterized by the aforementioned; few primary revenues void of staggered receipts from the port, airport and local taxes instead characterize it. The central bank has not paid an annual dividend to the government since the civil war in 1991.

The government would also create the initial funding for a centralized revenue collection authority. The authority specialization would only be tax collection ensuring high standards of efficiencies. The authority would remain under the Ministry of Finance but as delegated authorities. The authority would not require subsequent government budget support, as it would agree on a chargeable revenue commission rate with the government.

Source: MoF and CBS Staff

18. Other forms of state parastatals are those that are annually funded by the government for specific sector developments. For example, Parastatals Authority and the Ministry of Water would be charged with the responsibility of developing the resources in the rural areas. The Ministry would only undertake major development of the resource as well as providing regulatory services. The parastatals would remain accountable to the ministry; but, with same autonomous operations. Some parastatals also acquire financial self-sufficiency and therefore won't require further funding from the government. However, their budget approvals remain accountable to the parent ministry. None of the few stated structures are operational in the country. The electricity (power) distribution in the country is in an appalling state with explosions making it dangerous and a threat to recipients. Moreover, electricity is completely privatized and so it isn't under the regulation and supervision of its parent ministry (Ministry of Energy). **The face behind electricity in Somalia is**

Ahmed Nur Ali Jim'ale, the owner of Hormud Telecom, Electronic Virtual Cash and Salaama Bank.

19. A quality legislated cabinet policy paper could attract donor funding to initiate a budget for parastatals, which is vital for strengthening the sector. Subsequent funding would be from their respective return on investment. This policy formulation failed to garner attention from the administrators (presidents) in spite of its beneficial role.

Parliament Legislation Act

20. In view of the above large scale omissions by the Cabinet, that is, not initiating policy papers, the same was replicated to the National Assembly. The most significant holdup to stabilization was the incompetency by parliamentarians to formulate policy guidelines. Majority of the current parliamentarians were selected through the influence of the former President and Prime Minister, Sharif Sheikh Ahmed and Dr. Abdiweli Gas and these Parliamentarians were not selected based on competency and qualifications. Their selection was intended to sustain the status quo, as majority of them would not challenge the direction of power maneuvers. The MPs who were selected for constituency representation were not subjected to competitive voting. The clan elder's nominated them with total disregard to experience and integrity, this trend was dominant. However, a few principled members with public integrity and experience were also elected (principled). The MPs were subsequently appointed to some Cabinet positions by the incumbent president. Those who are appointed to the Cabinet are largely the presidents' brokers who ensure his interests are fully safeguarded by the Assembly. They put undue influence to the majority of the parliamentarians thus ensuring legislations of interest to the president are passed. The total brokers are about 44 MPs with ascending power delegations. From the 44, there are 6 powerful brokers (compromised with an estimated sum of US\$500 thousand), whose names are shown below. Their main objective is to ensure the President's decisions remain unchallenged. **The only female MP in the list is Asha Haji Elmi, whose husband (Said Farah Garad) was fired by the President. Yet, she continues to support Hassan Sheikh because of their shared tribal lineage, Hiraab.**

Table 37. Most Powerful Brokers

<i>Period</i>	<i>Name</i>	<i>Male/Female</i>	<i>Status</i>	<i>Clan</i>
2012-2016	Abdulkadir Osoble Ali	Male	MP	Hawiye (Abgaal)
2012-2016	Asha Haji Elmi	Female	MP	Hawiye (Habargedir)
2012-2016	Abdi Ahmed Dhuhulow (Dhagdheer)	Male	MP	Hawiye (Murursade)
2012-2016	Yusuf Gelle Ugas (Dhegeey)	Male	MP	Hawiye (Duduble)
2012-2016	Hassan Ma'allin Mohamed	Male	MP	Hawiye (Murursade)
2012-2016	Mohamed Hassan Ibrahim (Qoone)	Male	MP	Hawiye (Hawadle)

Source: Parliament

21. The few principled MPs who refuse to be compromised are never appointed to the cabinet and do not receive the bribes. The monthly average salary/allowances as well as kickbacks for the MPs are as shown below. **Given the generous kickbacks these power brokers receive; the 6 brokers own lavish properties in the neighboring country Kenya. This has become an everyday reminder for Somalis that their wealth is abused and exploited.**

22. MPs did not adequately table private parliamentary motions from either their constituencies or those of national concern. They also did not effectively challenge the cabinet policy parliamentary motions for the interest of the country. The executives always compromised their veto authority. The MPs categorization of compromise support is as shown below.

Table 38. MPs Support Categorization

Period	Principled MPs		Brokers		Bribed MPs (recipients)	
2012-2016	275	32% 88	16% 44	52% 143	Remarks	
		Independent from undue influence	Compromised with an estimated sum of US \$100,000/each	Compromised with an estimated sum of US \$5,000-\$15,000/each		

Source: Federal Parliament and Various Parliamentary Committees

23. The number of MPs who received bribes and the recipients of the said bribes are 44 and 143 respectively. Their number outweighs the principled members by 187 thereby gaining marshal support. Their monetary rewards are also substantive and are related to their background election vote winning. The bribes are mostly disbursed when the President has to fire the Prime Minister. Assuming this happens twice and within one term the total amount would be US 13,090,000. The MPs have been unable to voice a desire to obtain individual offices to conduct work or even a proper assembly hall to discuss legislative matters as a whole. They are only concerned with kickbacks and immediate, personal gain.

Parliamentary Committees

24. The different parliamentary committees that were supposed to challenge the executives were all functionally ineffective. This is due to the following:

Operational Challenges

- Individuals with weak academic backgrounds;
- Individuals with little work experience;
- Little exposure to other competitive parliamentary legislations;
- Lack of competitive election (selected) and
- Financial compromises by the executives.

25. The committees, among others were: 1) Judicial Committee, 2) Foreign Affairs Committee, 3) Committee for Information, Culture, Public Awareness and Heritage, and 4) Financial Standing Committee.⁵ The committee performance has been dismal and as a result they did not initiate the following priority legislations.

Operational Challenges

- The Judicial Committee has never formulated Legislative Act procedures for interviewing the office of the Attorney General and Chief Justice as well as other related integrity institutions to ensure recourse in event of malpractices;
- The Foreign Affairs Committee has also not developed legislative procedures for monitoring and evaluating the country's international protocol engagements;
- The Committee for Information, Culture, Public Awareness and Heritage has not developed legislative procedures for the country's dissemination of information and cultural heritage promotion; and
- The Financial Standing Committee is supposed to be a serious watchdog for the public in regards to government financial management. It is supposed to coordinate with all the government integrity institutions to ensure transparent accountability of public funds but this has not been the case for the period under review.

26. The legislature's poor performance for the period under-review continued to grow, which was in part contributed to by the local leadership and the international community. In view of the country's unstable status, the international community should have initiated adequate overseas and local

⁵Its also used interchangeably "Budget and Finance Committee"

training for the committees. This would have exposed them to competitive formulation and legislation of the country's acts of parliament.

27. The crisis in the country continues to escalate as the president bribes elders to nominate his favored candidates for parliamentary representation. This affects quality leadership, as the process is not subjected to a larger more competitive candidate nomination. *The strategy of the president is to avoid nominating quality MPs who could be a potential threat to his office's tenure.* However, that is not always the case as those the president could not compromise differ with MPs when it comes to office tenure extension. For example, the MPs are not supporting the incumbent president's office extension while they are seeking theirs through the speaker and from the international community. The limitation on legislation leadership could have been eliminated by the international community through of the following:

Policy Recommendations

- Creation of an independent election and monitoring;
- Drawing elaborate election control procedures (stringent enforcement);
- Acquiring MPs offices with research assistance;
- Equipping parliamentary library; and
- Enhancing the capacity building of MPs as well as enhanced stipends for leadership motivation.

1. The most effective method of improving the transformation process is through appointing a *joint investigatory body*, which would pinpoint the set backs faced in the past 25 years. The body would address the three spheres of government structures, which are political, economic, and social. The dispensation structures proposed for fast tracking the process would include but not be limited to the following:
 - The international community's approach in trying to rebuild Somalia has been askew for the past 25 years. They completely neglected institutional building, and reconciliation, which should have been their main focus. In order for Somalia to move away from its status of a failed state, they need to call on the expertise of qualified and experienced professionals who have the capacity to push for change in transforming the Somali society. It is important to make use of the expertise of former African leaders who have helped rebuild former failed states. A few of the suggested candidates who would be of great use due to their achievements in African development include (a list of them are mentioned in my previous report): **former President of Mozambique, Botswana and Cape Verde, together with retired Western leaders and organizations experienced in state building like the Marti Ahtisaari Centre, Bill Gates Foundation, Clinton Foundation and the Carter Foundation.** Input from these individuals and organizations would be much more effective than the amateur professionals who remain ineffective¹
 - These key individuals will have to address reconciliation in Somalia given Somalis are still battling clan hegemony. Reconciliation and institutional building must be the main and key focus for these foreign and local experts. This will be the starting point to move the country away from its failed state status. So far, Somalis have been unable to look past clan differences and this is evident in the way regional leaders have failed to become honest representatives for their respective regions. **For instance, resources are individualized, and trickle down never reaches the region's population.** As a matter of fact, regional leaders (from Somaliland, Khatuma, Puntland, Galmudug, HirShabelle, South West and

¹ The UN, World Bank and EU representatives although mentioned in my last report as part of the solution in rebuilding the country, they have proven ineffective, with no results to show for their tenure thus far. These representatives are: Nikolas Kay (UNSRG), Bella Bird (WB's Country Director for Somalia, Sudan and South Sudan), Nigel Roberts (WB's designated representative [FGC]), and Michele Cervone d'Urso (EU Special Envoy and Ambassador to Somalia). Refer to report "Their Own Worst Enemy: How successive Governments Plundered Somalia's Public Resource and Why the World Looked on"

Jubaland) all monopolize resources, donor/domestic funds and power, completely neglecting the needs of their respective constituents. It is the responsibility of the regional leaders to reconcile local factions, while bridging the gap among their constituents. However, it is impossible to expect reconciliation efforts from regional leaders who are at odds with the federal authorities. This is because conflict exists at every layer of the government (within regions, amongst regions, between regions and federal government and within the federal government itself). It is evident therefore, that Western intervention [in particular United States] is necessary to address and transform the Somali government.

- In order to develop institutional structures and improve reconciliation efforts, the international community must appoint at the federal level, state level and in every government institution, a representative whose main task will be training. Starting from the President's Office all the way to the regional leaders. For instance, at the President's Office, the international community needs to appoint a representative. This representative's task will be to train office members on daily operational routines, their roles and responsibilities, and they will assist in ensuring accountability. This will slowly empower the civil servants and will set in stone/mechanize the office functions. This same model needs to be replicated in Prime Minister's office, Speaker's Office, Line Ministries and Regional Offices, each working alongside a donor representative to help guide them.
- This process must be adopted immediately, with the new government set to take over in November 2016. It must continue for at least the next ten years, in order to familiarize Somalis with the complexity of the federal state and state operations. Eventually, this will enable them to gain the sovereignty they have been so eager to achieve.

Appendix-1

REVENUE ANALYISS

	Government Record		Fartaag Index
	Estimates	Actual	
Revenue	\$ 84,386,755	\$ 116,735,474	\$ 309,289,654
Domestic Revenue	53,907,755	73,561,982	102,336,039
Tax Revenue	51,363,755	17,946,222	44,249,472
Tax on Income, Profit & Capital Gains	3,535,573	4,197	1,858,753
Taxes on International Trade & Transactions	33,364,308	-	-
Other Domestic Indirect Taxes	9,133,727	16,647,688	36,398,860
Other Taxes	5,330,147	1,294,337	5,991,859
Non-Tax Revenue	2,544,000	55,615,760	58,086,567
Donor Funded	30,479,000	43,173,492	206,953,615
Bilateral Aid	23,875,400	\$ 43,173,492	\$ 206,953,615
Multilateral Support	6,603,600	\$ -	\$ -

	Government Record		Fartaag Index
	Estimates	Actual	
	\$ 188,486,485	\$ 148,996,894	\$ 390,391,388
	115,299,485	81,642,083	192,391,388
	108,023,272	13,308,067	85,197,213
	5,067,000	30,857	2,800,000
	69,000,000	-	21,648,768
	29,836,272	11,465,725	52,300,000
	4,120,000	1,811,485	8,448,445
	7,276,213	68,334,016	107,194,175
	73,187,000	67,354,811	198,000,000
	\$ 64,000,000	\$ 67,354,811	\$ 198,000,000
	\$ 9,187,000	\$ -	\$ -

	Government Record		Fartaag Index
	Estimates	Actual	
	\$ 239,942,191	\$ 259,966,894	\$ 468,698,258
	123,402,760	173,320,000	250,898,258
	103,116,788	92,570,000	117,609,397
	4,567,000	750,000	3,160,000
	72,724,000	44,570,000	47,563,486
	22,581,000	45,000,000	57,592,621
	3,244,788	2,250,000	9,293,290
	20,285,972	80,750,000	133,288,861
	116,539,431	86,646,894	217,800,000
	\$ 39,876,715	\$ 86,646,894	\$ 217,800,000
	\$ 76,662,716	\$ -	\$ -

	Government Record		Fartaag Index
	Estimates	Actual	
Tax Revenue	\$ 51,363,755	\$ 17,946,222	\$ 44,249,472
Tax on Income, Profit & Capital Gains	3,535,573	4,197	1,858,753
Taxes on International Trade & Transaction	33,364,308	-	-
Other Domestic Indirect Taxes	9,133,727	16,647,688	36,398,860
Excise Tax	250,950	-	-
Sales Tax	3,685,593	-	-
Turnover Tax on Services (PresumptiveTax)	5,197,184	16,647,688	36,398,860
Other Taxes	5,330,147	1,294,337	5,991,859
Stamp Sales & Duty	5,330,147	1,294,337	5,991,859
Non-Tax Revenue	\$ 2,544,000	\$ 55,615,760	\$ 58,086,567
Administrative Charges	360,000	-	-
Airport & Harbour Fees	540,000	53,272,747	55,423,784
Visa Charges & Passports	1,644,000	2,343,013	2,662,783
Domestic Loan and Grants	-	-	-
Donor Fund	30,479,000	43,173,492	206,953,615
Bilateral Aid	\$ 23,875,400	\$ 43,173,492	\$ 206,953,615
Multilateral Support	\$ 6,603,600	\$ -	\$ -

	Government Record		Fartaag Index
	Estimates	Actual	
	\$ 108,023,272	\$ 13,308,067	\$ 85,197,213
	5,067,000	30,857	2,800,000
	69,000,000	-	21,648,768
	29,836,272	11,465,725	52,300,000
	1,000,000	-	500,000
	3,836,272	-	2,800,000
	25,000,000	11,465,725	49,000,000
	4,120,000	1,811,485	8,448,445
	4,120,000	1,811,485	8,448,445
	7,276,213	68,334,016	107,194,175
	700,000	-	1,800,000
	3,248,413	62,750,271	70,000,000
	3,327,800	5,583,745	6,994,175
	-	-	28,400,000
	73,187,000	67,354,811	198,000,000
	\$ 64,000,000	\$ 67,354,811	\$ 198,000,000
	\$ 9,187,000	\$ -	\$ -

	Government Record		Fartaag Index
	Estimates	Actual	
	\$ 103,116,788	\$ 92,570,000	\$ 117,609,397
	4,567,000	750,000	3,160,000
	72,724,000	44,570,000	47,563,486
	22,581,000	45,000,000	57,592,621
	1,000,000	-	550,000
	481,000	-	3,000,000
	21,100,000	45,000,000	54,042,621
	3,244,788	2,250,000	9,293,290
	3,244,788	2,250,000	9,293,290
	\$ 20,285,972	\$ 80,750,000	\$ 133,288,861
	1,000,000	-	2,300,000
	13,285,972	75,430,000	98,048,861
	6,000,000	5,320,000	8,300,000
	-	-	24,640,000
	116,539,431	86,646,894	217,800,000
	\$ 39,876,715	\$ 86,646,894	\$ 217,800,000
	\$ 76,662,716	\$ -	\$ -

	2013				Fartaag Index	2014				Fartaag Index	2015				Fartaag Index
	GOVERNMENT			ESTIMATE		GOVERNMENT			ESTIMATE		GOVERNMENT			ESTIMATE	
	ESTIMATE	ACTUAL	ACTUAL			ACTUAL	ACTUAL	ACTUAL							
TOTAL REVENUE	\$ 84,386,755	\$ 117,440,899	\$ 116,735,474	\$ 309,289,654	\$ 188,486,485	\$ 145,275,763	\$ 148,996,894	\$ 390,391,388	\$ 239,942,191	\$ 199,033,838	\$ 259,966,894	\$ 468,698,258			
Tax Revenue	\$ 51,363,755	\$ 65,051,204	\$ 17,946,222	\$ 44,249,472	\$ 108,023,272	\$ 73,818,454	\$ 13,308,067	\$ 85,197,213	\$ 103,116,788	\$ 85,741,755	\$ 92,570,000	\$ 117,609,397			
Income and corporate taxes	3,535,573	688,887	4,197	1,858,753	5,067,000	1,075,056	30,857	2,800,000	4,567,000	4,748,463	750,000	3,160,000			
Taxes on international trade	33,364,308	58,728,410	-	-	69,000,000	64,269,057	-	21,648,768	72,724,000	70,269,600	44,570,000	47,563,486			
Other domestic indirect taxes	9,133,727	1,627,000	16,647,688	36,398,860	29,836,272	4,832,938	11,465,725	52,300,000	22,581,000	6,400,000	45,000,000	57,592,621			
Other taxes	5,330,147	4,006,907	1,294,337	5,991,859	4,120,000	3,641,403	1,811,485	8,448,445	3,244,788	4,323,692	2,250,000	9,293,290			
Non-Tax Revenue	\$ 2,544,000	\$ 10,718,203	\$ 55,615,760	\$ 58,086,567	\$ 7,276,213	\$ 10,495,024	\$ 68,334,016	\$ 107,194,175	\$ 20,285,972	\$ 28,136,200	\$ 80,750,000	\$ 133,288,861			
Administrative Charges	360,000	325,653	-	-	700,000	795,467	-	1,800,000	1,000,000	1,275,800	-	2,300,000			
Airport and Harbour Fees	540,000	1,021,335	53,272,747	55,423,784	3,248,413	5,516,349	62,750,271	70,000,000	13,285,972	21,500,000	75,430,000	98,048,861			
Visa Charges and Passports	1,644,000	2,761,215	2,343,013	2,662,783	3,327,800	4,183,208	5,583,745	6,994,175	6,000,000	5,360,400	5,320,000	8,300,000			
Domestic Loan and Grants	-	6,610,000	-	-	-	-	-	28,400,000	-	-	-	24,640,000			
TOTAL DOMESTIC REVENUE	\$ 53,907,755	\$ 82,379,407	\$ 73,561,982	\$ 102,336,039	\$ 115,299,485	\$ 84,313,478	\$ 81,642,083	\$ 192,391,388	\$ 123,402,760	\$ 113,877,955	\$ 173,320,000	\$ 250,898,258			
TOTAL BILATERAL SUPPORT	23,875,400	41,671,492	43,173,492	206,953,615	64,000,000	59,035,031	67,354,811	198,000,000	39,876,715	35,393,915	86,646,894	217,800,000			
TOTAL MULTILATERAL SUPPORT	6,603,600	-	-	-	9,187,000	1,927,254	-	-	76,662,716	49,761,968	-	-			

Appendix - 2

	2013			2014			2015		
	Government Record			Government Record			Government Record		
	Estimated	Actual	Fartaag Index	Estimated	Actual	Fartaag Index	Estimated	Actual	Fartaag Index
Administration and General Service Cluster									
Office of the President	3,683,724	3,844,387	\$ 15,450,000	4,299,088	\$ 4,305,163	\$ 16,995,000	\$ 4,955,688	\$ 8,765,788	\$ 18,694,500
Office of the Speaker	2,118,404	2,871,803	\$ 5,987,000	3,254,516	\$ 3,621,516	\$ 6,585,700	\$ 3,689,516	\$ 4,362,808	\$ 7,244,270
Members of Parliament	13,035,972	12,498,910	\$ 24,997,820	11,732,800	\$ 13,323,910	\$ 27,497,602	\$ 12,115,200	\$ 14,590,200	\$ 30,247,362
Office of the Prime Minister	3,180,000	3,248,481	\$ 7,800,000	3,735,920	\$ 3,847,830	\$ 8,580,000	\$ 4,207,920	\$ 4,509,270	\$ 9,438,000
Ministry of Foreign Affairs	1,134,940	2,356,823	\$ 4,589,000	1,703,696	\$ 3,004,396	\$ 5,047,900	\$ 3,393,668	\$ 3,393,668	\$ 5,552,690
Embassies	4,340,680	4,364,420	\$ 5,793,560	5,904,000	\$ 5,904,000	\$ 6,372,916	\$ 6,978,000	\$ 6,978,000	\$ 7,010,208
Ministry of Finance and Treasury	4,571,778	8,076,635	\$ 16,505,000	4,697,527	\$ 12,254,147	\$ 18,155,500	\$ 5,175,588	\$ 15,540,000	\$ 19,971,050
Ministry of Planning and International Co-operation	-	-	\$ 540,000	754,508	\$ 833,693	\$ 594,000	\$ 907,056	\$ 1,235,000	\$ 2,500,000
Sub-Total	\$ 32,065,498	\$ 37,261,459	\$ 81,662,380	\$ 36,082,055	\$ 47,094,655	\$ 89,828,618	\$ 41,422,636	\$ 59,374,734	\$ 100,658,080
Security Services Cluster									
Ministry of Defence	2,957,276	2,934,333	\$ 5,802,999	861,392	3,850,000	\$ 6,093,149	\$ 978,500	\$ 3,786,000	\$ 6,702,464
Armed Forces	41,255,700	28,048,220	\$ 35,000,000	49,742,868	52,900,000	\$ 55,478,000	\$ 58,821,768	\$ 63,873,200	\$ 72,800,000
Military Court	405,200	361,050	\$ 1,083,150	452,400	572,400	\$ 1,137,308	\$ 1,008,000	\$ 1,232,000	\$ 1,450,000
Ministry of Interior	14,287,504	9,992,506	\$ 20,983,422	4,497,740	9,800,000	\$ 22,032,593	\$ 1,619,840	\$ 14,200,000	\$ 24,235,852
Police Force	16,095,600	8,236,783	\$ 22,710,349	13,947,764	13,947,764	\$ 23,845,866	\$ 14,362,000	\$ 15,650,000	\$ 26,230,453
Custodian Corps	2,440,000	2,446,936	\$ 4,893,872	4,343,592	4,343,592	\$ 5,138,566	\$ 4,331,592	\$ 4,689,000	\$ 5,652,422
Ministry of National Security	-	-	\$ -	2,692,704	2,692,704	\$ 3,870,000	\$ 2,526,256	\$ 3,519,000	\$ 4,257,000
National Security Force	6,330,000	5,095,000	\$ 20,380,000	9,200,976	10,420,176	\$ 21,399,000	\$ 10,055,600	\$ 13,650,000	\$ 23,538,900
Immigration Department	1,076,886	795,247	\$ 3,976,235	1,734,000	1,734,000	\$ 4,175,047	\$ 1,722,000	\$ 4,200,000	\$ 4,592,551
Sub-Total	84,848,166	57,910,075	\$ 114,830,027	87,473,436	100,260,636	\$ 143,169,528	\$ 95,425,556	\$ 124,799,200	\$ 169,459,643
Justice Services Cluster									
Ministry of Justice, Endowment & Religious Affairs	1,593,448	1,451,064	\$ 3,652,128	2,413,376	\$ 2,602,846	\$ 7,371,689	\$ 1,652,076	\$ 2,800,000	\$ 8,108,858
Judiciary Service Committee	198,012	162,358	\$ 649,432	206,052	\$ 206,052	\$ 681,904	\$ 172,992	\$ 600,000	\$ 750,094
Attorney General	408,888	202,370	\$ 809,480	434,664	\$ 434,664	\$ 849,954	\$ 1,045,728	\$ 1,320,000	\$ 2,620,000
Solicitor General	284,520	348,751	\$ 697,502	386,652	\$ 386,652	\$ 732,377	\$ 404,184	\$ 580,000	\$ 805,615
Constitutional Court	-	-	\$ -	234,000	\$ 234,000	\$ 245,700	\$ 222,000	\$ 340,000	\$ 780,000
Districts Court	-	-	\$ 800,000	-	\$ -	\$ 840,000	\$ -	\$ -	\$ 924,000
Benadir Court	1,176,900	1,088,855	\$ 1,177,710	963,396	\$ 1,256,196	\$ 1,236,596	\$ 1,231,212	\$ 1,300,000	\$ 1,360,255
Appeal Court	248,604	152,207	\$ 456,621	234,204	\$ 248,604	\$ 479,452	\$ 212,340	\$ 300,000	\$ 527,397
High Court	442,440	404,370	\$ 1,213,110	395,256	\$ 450,492	\$ 1,273,766	\$ 438,492	\$ 690,000	\$ 1,401,142
Sub-Total	4,352,812	3,809,975	\$ 9,455,983	5,267,600	\$ 5,819,506	\$ 13,711,437	\$ 5,379,024	\$ 7,930,000	\$ 17,277,361
Constitutional Commissions & Bodies									
Ministry of Constitution & Reconciliation	-	-	\$ 14,350,000	-	\$ -	\$ 15,067,500	\$ -	\$ 326,812	\$ 16,574,250
Constitutional Review & Implementation Commission	458,736	397,637	\$ 795,274	461,832	\$ 465,792	\$ 835,038	\$ 423,792	\$ 523,792	\$ 918,541
National Independent Electoral Commission	-	-	\$ -	-	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 532,000
National Reconciliation Commission	527,652	371,533	\$ 743,066	468,708	\$ 468,708	\$ 780,219	\$ 426,708	\$ 560,000	\$ 858,241
State Boundary Demarcation Commission	-	-	\$ 250,000	279,000	\$ 279,000	\$ 262,500	\$ 252,000	\$ 420,000	\$ 800,000
Sub-Total	986,388	769,170	16,138,340	1,209,540	1,213,500	16,945,257	1,352,500	2,080,604	19,683,033

Integrity Institutions											
Accountant General	733,604	693,941	\$ 1,387,882	685,720	\$ 782,485	\$ 1,457,276	\$ 697,620	\$ 850,000	\$ 1,603,004		
Auditor General	665,228	637,529	\$ 2,262,551	636,684	\$ 724,389	\$ 2,375,679	\$ 957,000	\$ 1,600,000	\$ 2,613,246		
Central Bank	-	5,300,172	\$ 3,500,000	3,800,000	\$ 2,986,700	\$ 3,675,000	\$ 3,500,000	\$ 4,121,800	\$ 8,000,000		
Anti-Corruption Committee	-	-	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -		
Sub-Total	1,398,832	6,631,642	\$ 7,150,433	5,122,404	4,493,574	\$ 7,507,955	\$ 5,154,620	\$ 6,571,800	\$ 12,216,250		
Economic Service Cluster											
Ministry of Water, Mineral, Energy & Petroleum	2,045,520	1,827,554	\$ 2,482,662	1,386,600	\$ 2,200,000	\$ 2,606,795	\$ 1,278,084	\$ 2,500,000	\$ 2,867,475		
Ministry of Posts & Information	2,847,612	2,812,135	\$ 3,500,000	3,932,760	\$ 3,932,760	\$ 4,200,000	\$ 4,516,128	\$ 5,400,000	\$ 4,620,000		
Ministry of Agriculture & Livestock	-	-	\$ 800,000	1,467,504	\$ 1,470,009	\$ 1,700,000	\$ 1,685,824	\$ 1,685,824	\$ 3,200,000		
Ministry of Air, Land, Ports & Marine Transport	-	46,026	\$ 140,000	1,777,100	\$ 1,805,835	\$ 2,500,000	\$ 2,133,168	\$ 2,133,168	\$ 2,900,000		
Civil Aviation Authority	-	-	\$ 567,000	697,704	\$ 697,704	\$ 800,000	\$ 680,556	\$ 890,000	\$ 4,987,000		
Mogadishu Port	-	-	\$ 1,432,000	422,933	\$ 911,041	\$ 2,757,900	\$ 1,009,320	\$ 2,407,600	\$ 5,000,000		
Shipping Agency	-	-	\$ 1,500,000	-	\$ 1,260,500	\$ 1,575,000	\$ -	\$ 1,500,000	\$ 1,732,500		
Ministry of Public Work & Reconstruction	1,120,776	995,524	\$ 15,000,000	706,880	\$ 880,000	\$ 15,750,000	\$ 632,760	\$ 980,000	\$ 17,325,000		
Ministry of Fishery & Environment	-	-	\$ 600,000	1,041,524	\$ 925,939	\$ 630,000	\$ 813,000	\$ 1,765,000	\$ 2,760,000		
Ministry of Industry & Commerce	689,584	624,244	\$ 700,000	727,100	\$ 923,535	\$ 1,120,000	\$ 1,022,520	\$ 1,022,520	\$ 1,232,000		
Sub-Total	6,703,492	6,305,483	\$ 26,721,662	12,160,105	15,007,323	\$ 33,639,695	\$ 13,771,360	\$ 20,284,112	\$ 46,623,975		
Social Services Cluster											
Ministry of Education & Higher Education	-	1,605,299	\$ 5,421,196	5,101,264	\$ 2,900,000	\$ 8,500,000	\$ 3,460,396	\$ 3,460,396	\$ 9,350,000		
Ministry of Health & Public Care	9,577,222	-	\$ 4,330,000	881,332	\$ 881,332	\$ 7,606,129	\$ 793,032	\$ 1,900,000	\$ 8,366,742		
Ministry of Labour & Social Affairs	-	-	\$ 1,200,000	818,872	\$ 540,000	\$ 1,260,000	\$ 760,116	\$ 760,116	\$ 1,386,000		
National Civil Service Commission	391,524	358,991	\$ 717,982	427,920	\$ 427,920	\$ 753,881	\$ 421,416	\$ 421,416	\$ 829,269		
Ministry of Youth & Sport	-	-	\$ 1,350,000	606,313	\$ 606,313	\$ 1,417,500	\$ 572,220	\$ 572,220	\$ 1,559,250		
Ministry of Women & Human Rights Development	-	-	\$ 1,432,000	670,448	\$ 678,143	\$ 1,503,600	\$ 653,844	\$ 653,844	\$ 1,653,960		
Sub-Total	9,968,746	1,964,290	14,451,178	8,506,149	6,033,708	21,041,110	6,661,024	7,767,992	23,145,221		
Other Expenditure Cluster											
Other Activities of the State	-	7,487,367	\$ 10,872,101	11,500,000	\$ 13,663,098	\$ 15,800,000	\$ 14,800,000	\$ 14,800,000	\$ 17,500,000		
Development Bank	-	1,224,694	\$ 3,112,352	-	\$ 1,250,000	\$ 3,267,970	\$ -	\$ 1,500,000	\$ 3,594,767		
Chamber of Commerce	-	215,399	\$ 646,197	-	\$ 300,000	\$ 678,507	\$ -	\$ 500,000	\$ 746,358		
Somali Disaster Management Agency	-	-	\$ 1,479,000	282,600	\$ 237,660	\$ 1,552,950	\$ 252,000	\$ 400,000	\$ 1,708,245		
Al-Jazeera	-	15,112	\$ 2,590,000	-	\$ 3,500,000	\$ 4,000,000	\$ -	\$ 4,800,000	\$ 5,000,000		
Ali Buubaal	-	15,000	\$ 210,000	-	\$ 870,000	\$ 1,000,000	\$ -	\$ 700,000	\$ 1,500,000		
Environmental Directorate	-	-	\$ -	-	\$ -	\$ -	\$ 457,164	\$ 457,164	\$ 502,880		
Capacity Injection Project	-	-	\$ -	-	\$ -	\$ -	\$ 3,139,441	\$ 3,139,441	\$ -		
Somali Special Financing Facility (SFF)	-	-	\$ -	10,980,062	\$ 11,630,062	\$ -	\$ 9,876,715	\$ 9,876,715	\$ -		
Public Financial Management (PFM)	-	-	\$ -	1,887,000	\$ 1,737,000	\$ -	\$ 7,359,000	\$ 7,359,000	\$ -		
Recurrent Costs & Reform Financing Project (RCRF)	-	-	\$ -	-	\$ -	\$ -	\$ 3,620,142	\$ 3,620,142	\$ -		
Economic & Financial Governance (EFGP)	-	-	\$ -	-	\$ -	\$ -	\$ 2,676,048	\$ 2,676,048	\$ -		
ICT Sector Support	-	-	\$ -	-	\$ -	\$ -	\$ 5,900,000	\$ 5,900,000	\$ -		
Somali Refugees & IDPs	-	-	\$ 850,000	529,800	\$ 529,800	\$ 1,000,000	\$ 472,800	\$ 1,650,000	\$ 2,300,000		
Human Rights Commission	-	-	\$ 250,000	253,200	\$ 253,200	\$ 265,860	\$ 241,200	\$ 241,200	\$ 292,446		

Somali Marine Research	-	-	\$ 250,000	260,200	\$ 260,200	\$ 273,210	\$ 312,000	\$ 312,000	\$ 450,000
Somali National University	-	-	\$ 350,000	360,516	\$ 581,250	\$ 378,542	\$ 1,044,969	\$ 1,044,969	\$ 1,400,000
Somali Academy of Science & Arts	-	-	\$ 300,000	315,000	\$ 315,000	\$ 330,750	\$ 253,392	\$ 253,392	\$ 3,900,000
Intergovernmental Academy of Somali Language	-	-	\$ -	-	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 1,500,000
Revolving Loans	-	-	\$ 4,500,000	6,000,000	6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,600,000
Payroll Arrears	-	-	\$ 5,970,000	21,440,376	17,813,264	\$ 18,500,000	\$ 2,500,000	\$ 2,500,000	\$ 20,350,000
Suppliers Arrears	-	-	\$ 2,500,000	3,000,000	3,000,000	\$ 3,900,000	\$ 8,500,000	\$ 8,500,000	\$ 4,290,000
Sub-Total	-	8,957,572	\$ 33,879,650	56,808,754	61,940,534	\$ 56,947,788	\$ 67,604,871	\$ 76,430,071	\$ 71,634,695
Contingencies	3,600,000	3,520,635	\$ 5,000,000	3,600,000	\$ 6,800,000	\$ 7,600,000	\$ 3,170,600	\$ 9,000,000	\$ 8,000,000
Grand Total	\$ 143,923,934	\$ 127,130,301	\$ 309,289,653	\$ 216,230,043	\$ 248,663,436	\$ 390,391,388	\$ 239,942,191	\$ 314,238,513	\$ 468,698,258



Re: Appointment of Status (Senior Political Advisor for the OPM)

The Prime Minister of the Federal Republic of Somalia

Having seen: Articles 99 and 100 of the Provisional Federal Constitution, FRS

Having seen: The CV, knowledge and experience of H.E. Ambassador Mohammed Ahmed Awil

Having Considered: The need to strengthen political advisory standards of the OPM

Promulgates:

Article 1
Appointment of Status

H.E. Ambassador Mohammed Ahmed Awil, is hereby appointed as Senior Political Advisor for the Office Prime Minister, the Government of Federal Republic of Somalia.

Article 2
Effectiveness of Appointment

This relevant appointment of status Senior Political Advisor is effective as from today's date (17th September, 2015) and shall be published on the Official Bulletin of the Government.

Article 3
Legal Rights

The above-referred Senior Political Advisor is eligible for all legal rights admissible under the existing laws.



H.E. Mohamed Omar Arif
Deputy Prime Minister
The Government of Federal Republic of Somalia

7th September, 2016

- Ku: Mudane Nuur Jimcaale Faarax
Hantidhowrka Guud XFS**
- Og: Mudane Maxamed Cumar Carteh
Ra'iisul Wasaare Kuxigeenka XFS
Somalia**
- Og: Mudane Xassan Sheekh Maxamuud
Mdaxweynaha XFS
Somalia**
- Og: Mudane Cumar Cabdirashid Cali Sharmaarke
Ra'iisul Wasaaraha XFS**

Ujeedo Xuquuq Raadin

Mudane,

Waxaan warqadan kugu soo gudbinayaa Xaquuqda iga maqan oo ay ku maqantahay R/W kuxigeenka Mudane Maxamed Cumar Carteh. Mudane Waxaan Dalka ku soolaabtay 16/1/2015 waxaana Nairobi, Kenya iga soo kaxeeyay R/W Kuxigeenka markii loo magacaabay Mudane Maxamed Cumar Carteh. Waxaana ahaa lataliyihiisa dhinaca siyaasadda. Kadib markii la ansaxiyay Xukumada uu katirsanaa waxaa nagu dhacay nasiibdaro qarax Hotelkaanu Deganayn oo la yiraahdo Central Hotel. Markaas kadibna waxaa halkaas ku dhaawacmay Mudane Maxamed Cumar Carteh. Waxaan u kaxeeyay dhaawacii Ra'iisul Wasaare kuxigeenka Dalka Turkey halkaas oo aan la joogay Isbitaalka Mudo 2bilood iyo bar ah.

Mudane waxaanu ku soo noqonay Dalka bishii April ayadoon wax habayaratee musshahar ama xaquuq la ii qoray aysan jirin intaana waxaan ka codsanahayay inuu mushar ii qoro, maadaama aan shaqaalo ka tirsan xafiiskiisa ahaa, wax rasmi ah oo mushahar ah kama aan helin mudadaas. Waxaan bishii 17/9/2015 uu ii qoray warqada uu igu magacaabay oo rasmiga ahayd ayadoon aysan la socon wax xaquuq ah.

Mudane, Nabigeena suubaanaa SCW wuxuu yiri qofka shaqaalaha intuusan dhididkiisa qalalin sii xaquuqiisa, garanmayo sababta kaliftay ayadoo Xafiiska R/W kuxigeenku uu qaadanayay miisaniyada Xafiiska oo ay ku jirto shaqaalaha la shaqeyo mushaharkooda inuusan xaqayga iga siin.

Mudane sidaa aan kor ku soo xusay waxaan doonahayaa in R/W kuxigeenka layga siiyo xaquuqda aan kuleeyahay lagabilaabo malinta Xukumada uu katirsanaa la ansixiyay oo ahayd 9/2/2015 ilaa iyo maantay oo ay tahay taariikhdu 7/09/2016 waxaana ilaa iyo hada aan katirsanahay Xafiiska R/W kuxigeenka wax warqad ah oo laygu ruqseeyay ama laygu badalay kama hayo ilaa iyo hada xaquuqdaan kulahaana kama hayo.

Mudane, waxaan si xushmad leh kaaga codsanayaa in arintaa sida sharcigeena Islaamka iyo kan Xukumadeena waafaqsan aad wax uga qabatid xaquuqda igamaqana aad igu soo celisid.

Wabillahi Towfiiq

Mahammed

Danjire Maxamed Axmed Cawil



Republic of Somalia
Office of the President

JS/XM/0183/8/2011

August 14, 2011

To: UN Security Council
Cc: UN Monitoring Group on Somalia
Cc: Somalia Mission to the United Nations

The Transitional Federal Government (TFG) of Somalia would like to thank the Security Council and the Monitoring Group on Somalia and Eritrea (MGSE) for their August 2011 report of perceived violations within Somali geographic space. The TFG continues to be grateful for the unwavering support that the Security Council has extended to the Somali government and the people of Somalia. The UN has been instrumental in contributing to the progress made by the TFG to date in confronting the many security and humanitarian challenges that we face, particularly the emerging famine in the south and central Somalia.

This said, the Transitional Federal Government of Somalia continues to have very significant issues with the quality and scope of the MGSE for a second year in a row.

Referring to the March 2010 report, most of the allegations remained unsubstantiated; forcing a number of retractions in the 2011 report. WFP's Inspector general and its External Auditors have found no evidence to the MGSE allegations. Yet, in relation to the TFG, the UN did not follow-up with an external investigation of the allegations; and this caused significant damage to the credibility and legitimacy of the TFG locally and internationally.

An empirical effect of the 2010 report has been that the food security network in south and central Somalia was significantly undermined; with UN agencies and donor countries withdrawing critical funding. The result has been that a very bad drought in the Horn of Africa has turned into a famine in south and central Somalia.

The TFG is not accusing the MGSE of intentionally undermining the food security network of south and central Somalia, but it is abundantly clear that the 2010 report had the unintended consequence of imperilling the lives of more than 3 million Somalis. It is imperative that the Security Council acknowledge these consequences, and stop the needless attacks against the TFG, unless there is real proof - and that any accusations made should not be left of the shelf to fester and metastasise.

In the 2011 report, there were again a number of accusations made against the TFG - further undermining the legitimacy of the TFG within the international community. The TFG again takes issue with these allegations; and again requests the Security Council to act on the allegations, and begin an independent investigation to ascertain the truthfulness or otherwise of the allegations made.



Republic of Somalia
Office of the President

In this respect, the TFG takes note that it has lost all confidence of the coordinator of the MGSE, Mr. Matthew Bryden. Mr. Bryden has been the driving force behind the past two reports, both of which the TFG believes have been seriously flawed pieces of research and analysis.

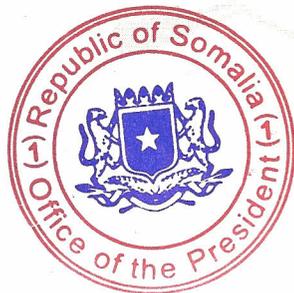
To date, it has been the custom within the MGSE to not serve more than 2 years. For reasons yet to be explained, the United Nations has deemed that Mr. Bryden should serve a 3rd term as the head of the MGSE and request the Security Council to involve the Transitional Federal Government in their vetting process for the next team.

The Transitional Federal Government wishes to advise the Security Council that Mr. Bryden will not be welcomed with the Somali Republic; and thus, this letter serves notice that Mr. Bryden is *persona non grata* within Somalia. We would also like the Security Council to review the mandate of the MGSE in order to prevent any unintended consequence of the report that can undermine the political process and the stabilisation of the country.

This decision has not been taken lightly. The TFG fully understands the gravity of this decision. The decision has been made because the TFG, representing all Somalis, does not believe that Somalia can endure a 3rd year of innuendo and allegation, without any concrete process for testing those allegations.

The current Somali famine is a catastrophe for all Somalis. The main cause of the famine has been Al-Shabab, who has denied the Somali people the stability necessary to be self-sufficient in terms of food security. However, the famine has, in part, been directly caused by the reports of the MGSE over the past two years - undermining the international legitimacy of the TFG, UN agencies operating in Somalia, NGOs and the Somali business sector. The haemorrhage from the unintended consequences of MGSE reporting has to stop if Somalia is to ever stabilise and recover as a full member of the International Community.

The TFG avails itself of this opportunity to renew to the Security Council, and the Monitoring Group on Somalia and Eritrea (MGSE) the assurances of its highest consideration.



H. E. Sharif Sheikh Ahmed
President of the Somali Republic

9/1/2016

Smart Remit



PAYMENT PROCESSING VOUCHER (OFFICE COPY)

KENYA
NBI.TOWN
Phone: FAX:

SO0002945532

VoucherNo:	78745547	TTNO:	HRG0790746
ReceiverName:	[REDACTED]	Dest.Branch:	NBI.TOWN
SenderName:	SAHAN RESEARCH LTD	Org.Branch:	KENYA
Address:	NBI	Entry Date:	01/09/2016 06:16:00
Type Of ID:	[REDACTED]	Issue/Expiry Date:	[REDACTED]
Teller	[REDACTED]	Purpose	PERSONL USE
Phone :	[REDACTED]	Paid Date:	01/09/2016 13:11:00
Amount USD:	2790.00		

TYPE	INFORMATION	AMOUNT
CASH		2790.00 (1

Remarks :

[REDACTED]

.....

[REDACTED]

.....

Teller Sign [REDACTED] Cashier Signature [REDACTED] Guarantor Signature [REDACTED] Customer Signatu [REDACTED]



PAYMENT PROCESSING VOUCHER (CUSTOMER COPY)

8/25/2016

Smart Remit



PAYMENT PROCESSING VOUCHER (OFFICE COPY)

KENYA
NBI.TOWN
Phone: FAX:

SO0002885146

VoucherNo:	26233277	TTNO:	HRG0787133
ReceiverName:	[REDACTED]	Dest.Branch:	NBI.TOWN
SenderName:	SAHAN RESEARCH LTD HRG	Org.Branch:	KENYA
Address:	NBI	Entry Date:	25/08/2016 09:20:00
Type Of ID:	[REDACTED]	Issue/Expiry Date:	[REDACTED]
Teller	[REDACTED]	Purpose	PERSONL USE
Phone :	[REDACTED]	Paid Date:	25/08/2016 10:18:00
Amount USD:	500.00		

TYPE	INFORMATION	AMOUNT
CASH		500.00 (USD)

Remarks :

Teller Signature

Cashier Signature

Guarantor Signature

Customer Signature



PAYMENT PROCESSING VOUCHER (CUSTOMER COPY)

KENYA

9/21/2016

Smart Remit



PAYMENT PROCESSING VOUCHER (OFFICE COPY)

KENYA
NBI.TOWN
Phone: FAX:

SO0003129706

VoucherNo:	45362138	TTNO:	MUQ9679515
ReceiverName:	[REDACTED]	Dest.Branch:	NBI.TOWN
SenderName:	SAHAN RESEARCH LTD	Org.Branch:	KENYA
Address:	NBI	Entry Date:	21/09/2016 00:00:01
Type Of ID:	[REDACTED]	Issue/Expiry Date:	[REDACTED]
Teller:	[REDACTED]	Purpose:	FAMILY SUPPORT
Phone :	[REDACTED]	Paid Date:	21/09/2016 11:55:00
Amount USD:	600.00		

TYPE	INFORMATION	AMOUNT
CASH		600.00 (USD)

Remarks :

[REDACTED]

.....

Teller Signature Cashier Signature Guarantor Signature Customer Signature



PAYMENT PROCESSING VOUCHER (CUSTOMER COPY)

KENYA

SO0003129706

To: SAHAN RESEARCH

Name: Premdeep Bahra
Address: P.O. Box 42694-00100,
Nairobi, Kenya

Invoice number: 22

Date: 30 June 2014

Assignment Name: Data Analyst

Contract No.

Details	Amount USD
Payment per day	2,000
Consultancy days for Data Entry for the month of June 2014	
Total	2,000.00

Name: Premdeep Bahra
Account Name: Premdeep Kaur Bahra
Account Number: 0120543902
Bank: GULF AFRICAN BANK
Branch: Westlands
Address of Branch: 9 West Building, P.O. Box 43683 – 00100 Nairobi
Swift Code: GAFRKENA
Bank Code: 72
Branch Code: 13



Signed,
Premdeep Bahra



REPUBLIC OF KENYA
MINISTRY OF INTERIOR AND CO-ORDINATION OF
NATIONAL GOVERNMENT
DEPARTMENT OF IMMIGRATION SERVICES

Website: www.mirp.go.ke
 E-mail: dis@immigration.go.ke
 TEL: + 254-020-222022
 FAX: + 254-020-220731

Nyayo House, 9th Floor
 P.O. Box 30191-00100
 NAIROBI, KENYA

① EMMANUEL DEISSER
 ② DAVID MATTHEW BRYDEN
 ③ PREMDEEP KAUR
 ④ ERICA JEAN

When replying please quote:

Ref:

Date: 16/9/2016

NAME OF COMPANY... SAHAN AFRICA LTD
 STREET..... BUILDING/PLOT NO.....
 P.O.BOX..... TEL.....

Dear Sir/Madam,

RE: SUMMONS TO REPORT TO IMMIGRATION OFFICE UNDER SECTION 49(8) OF THE KENYA CITIZENSHIP AND IMMIGRATION ACT 2011

You are required to report to Immigration Office at Nyayo House 7th Floor Room 24
 on 14/9/2016 at 9:30 AM and ask to see any of the following officers:

- 1. [REDACTED] 4
- 2. 5
- 3. 6

Please bring the following documents:

- 1. Your Passport(s)
- 2. Original Work Permit(s)
- 3. Alien Registration Certificate(s)
- 4. Articles and Memorandum of Association of your Company
- 5. Registration Certificate of your Company
- 6. All original Receipts from the Immigration Certificate
- 7. Birth Certificate(s)
- 8. Special Pass(es)
- 9. Bank Book
- 10. Driving License(s)
- 11. Any Other Relevant Document(s)

We acknowledge receipt of the following documents:

- 1) 3)
- 2) 4)

NOTE:

- 1) Failure to report to Immigration Office in response to summons is an offence contrary to Section 53(1) (i) of the Kenya Citizenship and Immigration Act 2011.
- 2) All non-Kenyans are required to register as Aliens within ninety (90) days from the date of their first entry into Kenya.

RECEIVED BY:

Name: ... [REDACTED]

Yours Sign: ... [REDACTED] Date: 16.09.2016

[REDACTED]
FOR: DIRECTOR OF IMMIGRATION SERVICES

Endorsed

ORIGINAL

FORM 35 REPUBLIC OF KENYA

SERIAL NO. 048487

THE KENYA CITIZENSHIP AND IMMIGRATION ACT, 2011

SPECIAL PASS

File No. K 6800CS

Mr./Mrs/Miss/Ms. PREMDEEP KOUR RAJRA

of (Nationality) BRITISH and holder of this pass-

port number S3692326 is permitted to enter Kenya for THREE MONTHS from the date of issue of this pass and to remain in Kenya for the purpose of:

ALLOWED TO WORK WITH SAHARA AFRICA LIMITED

This pass may be cancelled at any time and is issued subject to the following conditions:

PERMITTED TO WORK AS RESEARCH ANALYST

Date of issue 23.08.2016

Fee paid KES 5000

Receipt No. 10477

Stamp: 0114-0114-0114-0114-0114 (0114) KENYA (0114) IMMIGRATION OFFICER 24.8.2016 NAIROBI HQS

Signature of Immigration Officer



Fartaag Research
& Consulting