



Opaque Operations: The Transparency Gap in Humanitarian Work in Somalia

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Executive Summary

In a previous report,¹ CEP argued that aid diversion by the Houthis in Yemen is a rampant problem which has been downplayed rather than addressed by the United Nations (UN) and international non-government organisations (INGOs). But challenges relating to humanitarian aid diversion are neither new nor unique to Yemen. Decades of humanitarian crisis in Somalia, for example, have led to an equally entrenched system of diverting humanitarian aid to malign actors. In the early 1990s, USAID reported that significant amounts of aid fraud and diversion so decimated the humanitarian effort in Somalia that aid workers speculated it had itself become a major driver of the conflict.

This report focuses on a number of ways in which UN/INGOs have failed to act transparently, responsibly, and effectively in Somalia. These include: the failure to conduct consistent and timely reports accurately reflecting organizational challenges; apparent efforts to limit public access to full audits on organizational activities; insistence on scaling up aid programs with known fundamental problems; glossing over the major impact of fundamental problems on aid programs; and promoting aid modalities without compelling evidence of their efficacy. In order to identify these patterns among UN/INGOs, this report closely analyzes documents produced by the organizations themselves, including audits, annual reports, and other publications, as well as external sources and informant testimonies.

Our findings reinforce the need for increased transparency and accountability among humanitarian organizations. In addition, it offers several additional policy recommendations based on challenges that are especially pertinent to Somalia. These recommendations include:

1. Mandatory annual audits for all UN and UN-partner organizations operating in Somalia with budgets of \$5 million or above.
2. All audits of UN and UN-partner organizations should be fully available to the public.
3. Major aid programs like Cash-Based Transfer (CBT) or vouchers, to which hundreds of millions of dollars are allocated each year, must be monitored more rigorously by professionals outside the humanitarian community to ensure an objective evaluation of their functionality and the associated risks.
4. Like any other organizations, UN/INGOs face the risk of “insider threats:” actors who seek personal gain at the expense of organizational goals. Greater resources should be allocated to uncovering these risks and enforcing severe consequences for those deemed to be exploiting their UN/INGO positions
5. UN/INGOs should declare detailed policies regarding known challenges, including the details of their cooperation with “gatekeepers,” so that aid workers in the field will have clearer direction and donors can make more informed decisions regarding how their funding will be used.

¹ Ari Heistein and Nathaniel Rabkin, “Houthi Diversion of Humanitarian Assistance in Yemen,” June 2024, Counter Extremism Project, <https://www.counterextremism.com/content/houthi-diversion-humanitarian-assistance-yemen>.

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1. Background on Humanitarian Aid in Somalia

Somalia has been plagued by instability for decades, the result of tribalism among the country's major clans, government dysfunction, and Islamic extremism and terrorism. The conflicts that have resulted from these factors have caused large-scale death and displacement, as well as a humanitarian crisis which has left almost 40% of all Somalis in need of some form of humanitarian assistance. Political, economic, and security challenges have been further exacerbated by extreme weather, such as major droughts followed by large-scale floods, which have contributed to loss of livelihood and displacement. Consequently, Somalia has been a major focus of humanitarian organizations seeking to alleviate suffering.

The amount of humanitarian funding invested by the international community in Somalia for over a decade (2011-2023) amounts to a total of \$14.4 billion at an average of \$1.1 billion per year.² This is an extremely significant economic input for a country with a GDP that only passed the \$10 billion mark in 2022 and now stands at just below \$13 billion.³ The U.S. is the primary donor, often providing more than half of the funding for the total humanitarian response plan (HRP) for Somalia.⁴ Other NATO countries, including Germany and the UK, have also provided sizeable donations to fund the HRP.

Based on a March 2024 report by the Swedish International Development Cooperation Agency (Sida), Somalia has nearly 7 million people in need (PiN) and about 5 million of them are slated to be targeted for aid by the HRP. The most resource-intensive of the humanitarian efforts slated for Somalia in 2024 are:

- i. Food Security and Livelihoods: \$560.4 million
- ii. Protection: \$173.3 million
- iii. Nutrition: \$164.8 million
- iv. Water Sanitation and Hygiene: \$146.4 million

As is evident from the above budget allocation, the lion's share of funding is allotted to providing the essentials of food and water. To achieve the goals outlined for 2024, about \$1.6 billion is requested, and slightly less than half of that amount has already been collected.⁵

Somalia is a particularly difficult environment in which to operate, both for commercial enterprises as well as humanitarian organizations, given the lack of a unified and effective government. Transparency International ranked Somalia at the very bottom of its 2023 Corruption Perception Index, 180th out of 180 countries.⁶ Similarly, the World Bank ranked Somalia 190th out of 190 countries in its 2020 Ease of Doing Business Index.

² Benjamin Kushner, "Partnerships and data sharing enhance delivery of Somalia drought relief," World Bank Blogs, 5 June 2024, <https://blogs.worldbank.org/en/african/partnerships-and-data-sharing-enhance-delivery-of-somalia-drought-relief-afe-0624#:~:text=Between%202011%2C%20the%20last%20time,of%20%241.1%20billion%20per%20year>.

³ "GDP, current prices," International Monetary Fund (IMF), accessed 14 August 2024, <https://www.imf.org/external/datamapper/NGDPD@WE0/SOM?zoom=SOM&highlight=SOM>.

⁴ "Somalia 2023 Humanitarian Funding Overview (As of 31 July 2023)," UNOCHA, 1 August 2023, <https://www.unocha.org/publications/report/somalia/somalia-2023-humanitarian-funding-overview-31-july-2023>; "Somalia Humanitarian Funding Overview (as of 31 December 2022)," UNOCHA, 31 December 2022, <https://www.unocha.org/publications/report/somalia/somalia-humanitarian-funding-overview-31-december-2022>.

⁵ "Humanitarian Crisis Analysis 2024: Somalia," Sida, 31 March 2024, <https://cdn.sida.se/app/uploads/2024/04/22142827/Somalia-HCA-2024.pdf>.

⁶ "Corruption Perceptions Index: Somalia," Transparency International, accessed 14 August 2024, <https://www.transparency.org/en/cpi/2023/index/som>.

Somalia's entrenched corruption and dysfunction not only negatively impact the local economy but also raise significant concerns regarding the targeting and delivery of aid to those who need it most.

Recent reports from a variety of humanitarian organizations operating in Somalia indicate that aid diversion is prevalent and evident. There are numerous documented instances of nutritional items being sold in local markets rather than being consumed by their intended recipients.⁷ Sida reported that the increase in aid flowing to Somalia in 2022 intensified the existing aid diversion problems⁸ and was accompanied by the introduction of the UN's "no regrets" policy.⁹ To provide some context, "No-regrets" is a policy which has been used by UN/INGOs in reference to Somalia numerous times (2017,¹⁰ 2019,¹¹ 2022¹²) and seeks to begin funding preventative measures before the statistics indicate that a disaster is imminent. Through this approach humanitarian organizations aim to avoid waiting until mass starvation or other catastrophes are underway in order to formulate a response.¹³ Aid organizations present this as a pro-active approach which enables them to provide support well before "conventional" humanitarian actors might.¹⁴

Problems of aid diversion are not new, nor are they unique to Somalia. In a 1996 report by USAID, the authors noted, "In Somalia during 1991-92, major diversion was part of every agency's cost of getting access. But the diversion became so extreme that agency fears grew that it was the major focus, even cause, of conflict."¹⁵ Some of the methods for Somali warlords diverting valuable food supplies included "registering nonexistent villages; forming false committees to represent, and sell food meant for, real villages; and coercing signatures for food deliveries that were in fact diverted."¹⁶ A 2016 report by Transparency International also documented instances in which third-parties took significant percentages (up to 50%) of the cash-based transfers to aid recipients, and in some cases this was even done by staff of the local or international NGOs tasked with implementation or oversight of aid delivery.¹⁷ Similarly, a 2023 report by Humanitarian Outcomes recorded aid diversion rates in Somalia of between 5% and 50%.¹⁸

7 Nutrition Cluster, UN Children's Fund, World Food Programme, "Actions to Prevent, Curb, and Mitigate the Diversion of Nutrition Humanitarian Supplies in Somalia," Relief Web, 12 September 2023, <https://reliefweb.int/report/somalia/actions-prevent-curb-and-mitigate-diversion-nutrition-humanitarian-supplies-somalia>.

8 "Humanitarian Crisis Analysis 2024: Somalia," Sida, 31 March 2024, <https://cdn.sida.se/app/uploads/2024/04/22142827/Somalia-HCA-2024.pdf>

9 "Sustained "no regrets" humanitarian efforts urgently needed in response to drought in the Horn of Africa," Relief Web, 16 February 2023, <https://reliefweb.int/report/somalia/sustained-no-regrets-humanitarian-efforts-urgently-needed-response-drought-horn-africa>.

10 Mercy Corps, "A look at the drought crisis in Somalia and Kenya," 1 August 2022, <https://netherlands.mercycorps.org/blog/drought-crisis-somalia-kenya#:~:text=%E2%80%9CIn%202017%20however%2C%20the%20Somali,programming%20can%20effectively%20avert%20famine>.

11 Oxfam, "Lives on the edge as drought bites in Somalia," 18 June 2019, <https://heca.oxfam.org/latest/press-release/lives-edge-drought-bites-somalia>.

12 UNICEF, "Humanitarian Action for Children," September 2022, <https://www.unicef.org/media/128686/file/2022-HAC-Somalia-revised-September.pdf>.

13 Laurin-Whitney Gottbrath, "'Famine is at the door' in Somalia, UN aid chief warns," *Axios*, 5 September 2022, <https://www.axios.com/2022/09/05/famine-somalia-drought-humanitarian-crisis-hunger>.

14 Concern Worldwide, "Tackling food crisis in Somalia," 22 May 2017, <https://www.concern.net/knowledge-hub/tackling-food-crisis-somalia>.

15 John Prendergast and Colin Scott, "Aid With Integrity Avoiding The Potential Of Humanitarian Aid To Sustain Conflict: A Strategy For USAID/ BHR/OFDA In Complex Emergencies," March 1996, https://pdf.usaid.gov/pdf_docs/pnaca724.pdf.

16 John Prendergast and Colin Scott, "Aid With Integrity Avoiding The Potential Of Humanitarian Aid To Sustain Conflict: A Strategy For USAID/ BHR/OFDA In Complex Emergencies," March 1996, https://pdf.usaid.gov/pdf_docs/pnaca724.pdf.

17 UNICEF, "Humanitarian Action for Children," September 2022, <https://www.unicef.org/media/128686/file/2022-HAC-Somalia-revised-September.pdf>.

18 Humanitarian Outcomes, "Somali capacities to respond to crisis are changing; how are humanitarian actors responding?," October 2023, https://humanitarianoutcomes.org/sites/default/files/publications/ho_ukhjh_somalia_1023_2.pdf.

2. The Weaknesses and Failures of UN/INGO Oversight

Humanitarian organizations tasked with delivering aid to Somalia are operating in a very complex and challenging environment. Some leakage or diversion of aid is inevitable in an economy wracked by corruption and inefficiency. However, the reports produced by humanitarian organizations, particularly those affiliated with the UN, lack sufficient transparency to gauge the extent of this problem objectively. These reports also strongly indicate a failure to address known problems over extended periods. The following provides an overview of major aid organizations' activities in Somalia.

A. Food and Agriculture Organization (FAO)

Some of the most established and well-funded organizations, such as the Food and Agriculture Organization (FAO) of the United Nations, are running humanitarian operations in Somalia which suffer from severe shortcomings. FAO's May 2024 audit¹⁹ concluded that "Existing structures, policies and procedures are seriously flawed in design or operation and do not mitigate the key risks." The issues identified included a failure by the country office (CO) to relay reports of fraud and other forms of misconduct in Somalia to the UN's Office of the Inspector General (OIG) Investigation Unit, but instead of relaying reports to the OIG the CO conducted its own investigations and unilaterally closed the vast majority of the cases it investigated. In addition, the audit revealed that the FAO's monitoring system failed to actually connect third party monitors (TPMs) with random aid recipients for survey, instead feeding TPMs only recipient contact details provided by the same distribution partner that was being monitored.

But what is perhaps most unsettling about the report is that it took three years to publish its findings: The process spanned 2021-2024. That is three years in which the "seriously flawed" policies and procedures continued, unbeknownst to the donors and taxpayers funding these efforts, as FAO continued to receive hundreds of millions of dollars each year for its work in Somalia.²⁰ Even now, only the executive summary of the audit has been made available to the public, while Permanent Representatives of governments accredited to FAO and institutional resource partners of the FAO can submit written requests to the Inspector General for access to the full report. It is worth asking whether anything will change regarding the allocation of funds to FAO following the publication of the findings in 2024, why only the executive summary was released to the public, and how many years will pass until a follow-up report is produced to examine efforts to address the concerns raised.

B. World Food Program (WFP)

The World Food Program (WFP), an organization closely tied to FAO, produced a series of audits over the past decade indicating serious and continuous oversight and transparency issues that remain unaddressed.

¹⁹ Office of the Inspector General of the Food and Agriculture Organization (FAO) of the United Nations, "Audit of the FAO Representation in Somalia," 21 May 2024, <https://www.fao.org/aud/51274-0e9cef4cbd17d9fa7151e4acd3fd2d799.pdf>.

²⁰ FAO, "Somalia: lives and livelihoods of millions still at risk, FAO calls for an urgent scale-up in emergency humanitarian aid alongside resilience," 3 June 2023, <https://www.fao.org/newsroom/detail/somalia-lives-and-livelihoods-of-millions-still-at-risk-fao-calls-for-an-urgent-scale-up-in-emergency-humanitarian-aid-alongside-resilience/en>.

In 2017, WFP activity in Somalia was ranked “*major improvement needed*” by the Office of the Inspector General, because “governance arrangements, risk management and controls were generally established and functioning, but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.”²¹ The report noted that the problems identified presented a risk that the WFP would mislead the public and its donors by “demonstrating impact without adequate evidence.” This casts some doubt on WFP’s evaluation of its own activities during the 2012-2017 period, which include claims that “planned output targets for general food assistance were generally exceeded” and the organization’s “assistance effectively responded to the life-saving and recovery needs of 3.5 million beneficiaries.”²²

In 2021, the internal audit published that year slightly upgraded WFP activity in Somalia to “*some improvement needed*,” but the problems remained severe.²³ A few examples include: the WFP had been exclusively hiring the same TPM which had been delivering poor results since 2011, the organization’s “spot checks” on NGO partners were known in advance, which undermined their intended purpose, those conducting spot checks may not have had the expertise required to do so, and the Cash-Based Transfer (CBT) Working Group intended to “provide assurance on cross-functional oversight of risks” met only twice over 16 months despite ongoing diversion problems while disbursing nearly \$200 million dollars via CBT.²⁴ Despite the organization’s well-documented structural problems, the WFP’s activities were scaled up to over \$750 million in the two years that followed.

In 2023, WFP’s audit lowered the organization’s ranking back down to “*major improvement needed*.”²⁵ The deficiencies cited in the most recent review of WFP’s operations include:

- “The country office expanded [mobile money as a cash-based transfer mechanism] from 40 percent in 2021 to 60 percent [of its aid budget] without adequately assessing the associated fraud risks, especially relating to identity control.”
- “The country office has not verified the identity of its mobile money beneficiaries [...] in the past three years.”
- “The use of third parties, including retailers and cooperating partners, for last-mile delivery of food assistance led to malpractice. This was due to weak preventive and detective controls.”
- “Persistent allegations of fraud and aid diversion due to factors including community power structures, private ownership of camps and the involvement of gatekeepers.”

With that in mind, it seems entirely reasonable that – as noted in the 2023 audit – WFP donors were concerned about transparency regarding fraud and corruption. However, none of these severe concerns are even

21 Office of the Inspector General – World Food Program, “Internal Audit of Monitoring in WFP Office of the Inspector General Internal Audit Report AR/18/11,” October 2018, https://docs.wfp.org/api/documents/WFP-0000100892/download/?_ga=2.141356592.320654076.1723543378-155695656.1723104056.

22 WFP, “Somalia: An evaluation of WFP’s Portfolio (2012-2017),” 1 November 2018, https://docs.wfp.org/api/documents/WFP-0000099966/download/?_ga=2.237889154.320654076.1723543378-155695656.1723104056.

23 Office of the Inspector General – World Food Program, “Internal Audit of WFP Operations in Somalia - November 2021,” 17 December 2021, <https://www.wfp.org/audit-reports/internal-audit-wfp-operations-somalia-november-2021>.

24 Office of the Inspector General – World Food Program, “Internal Audit of WFP Operations in Somalia - November 2021,” 17 December 2021, <https://www.wfp.org/audit-reports/internal-audit-wfp-operations-somalia-november-2021>.

25 Office of the Inspector General – World Food Program, “Internal Audit of WFP Operations in Somalia Office of the Inspector General Internal Audit Report AR/23/22,” December 2023, https://docs.wfp.org/api/documents/WFP-0000156012/download/?_ga=2.242335682.119976240.1723371079-155695656.1723104056.

acknowledged in the WFP’s Somalia Annual Country Report for 2023. Instead, the annual report reads more like an advertising brochure than a reliable assessment of WFP’s operations in Somalia, touting the claim that in 2023 the organization reached “10.6 million people (52 percent women) through USD 453.7 million of cash-based transfers (CBT), 76,966 mt of in-kind food assistance and capacity strengthening initiatives.”²⁶

C. United Nations Population Fund (UNFPA)

The 2017 report monitoring the activities of United Nations Population Fund (UNFPA) warned that the organization underestimated the risks of fraud. The investigation explained that “the [UNFPA’s] assessment appears neither reflective of the risks related to the challenging context in which programme delivery and operational activities take place, nor aligned with the results of the control self-assessment conducted in 2016, where the Office identified several control points in need of attention.”²⁷ It may have been the failure to account for the major the risks of fraud and diversion that enabled these problems to fester, as documented in the UNFPA’s 2023 audit. The 2023 audit of UNFPA operations in Somalia notes that the Office of the Auditor General of Somalia (OAGS) “highlighted an elaborate fraud scheme involving collusion amongst key IP [implementation partner] officials and those of two other government agencies (not UNFPA IPs).”²⁸ It is noteworthy that 43% of the funds allocated to the tested sample of 17 IPs were unaccounted for as well as the fact that this indication of widespread fraud was uncovered by the OAGS rather than UNFPA’s own evaluation and monitoring mechanisms.

D. UN Office for the Coordination of Humanitarian Affairs (UNOCHA)

No less severe than concerns regarding major diversion, oversight, and transparency problems in UN agencies are the major gaps in reporting. The June 2020 Internal Audit of United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)²⁹ is a case in point. The audit identified several issues with OCHA’s operations in Somalia, which included a failure to clearly delineate expected outputs of the country’s suboffices and major flaws in the monitoring mechanisms. As for the former issue, the report noted “the 2019 work plan stated that the field sub-offices were responsible for supporting the functioning of clusters at the cluster level without articulating specific outputs, which limited objective monitoring and measurement of the performance of sub-office.” As for the latter, in reference to remote call monitoring mechanisms, the report concluded:

The results were generic and did not address specific risks inherent in similar types of projects, such as failure to achieve project objectives, diversion of project funds and resources... In addition, there was no overall conclusion and there were no recommendations to address anomalies identified.³⁰

These assessments are legitimate causes for concern in their own right, but it is even more worrying that more

26 WFP, “WFP Somalia: 2023 Annual Country Report overview,” <https://docs.wfp.org/api/documents/WFP-0000160072/download/?ga=2.186199209.1409952120.1725107545-155695656.1723104056>.

27 UNFPA, “Audit Of The UNFPA Country Office in Somalia Phase II Governance and Programme Management Activities: Final Report No. IA/2017-08,” 6 June 2017, https://www.unfpa.org/sites/default/files/audit-reports/2017-06-06_UNFPA_Somalia_CO_II_-_Final_Report_-_clean.pdf

28 UNFPA, “Audit Of The UNFPA Country Office in Somalia: Final Report No. IA/2023-17,” 11 October 2023, https://www.unfpa.org/sites/default/files/audit-reports/2023-10-11_Somalia_Country_Office_Audit_-_FINAL%20%281%29.pdf.

29 Office of Internal Oversight Services, “Audit of the operations of the Office for the Coordination of Humanitarian Affairs in Somalia,” 24 June 2020, <https://oios.un.org/zh/file/8548/download?token=4cfxlkU9>.

30 Office of Internal Oversight Services, “Audit of the operations of the Office for the Coordination of Humanitarian Affairs in Somalia,” 24 June 2020, <https://oios.un.org/zh/file/8548/download?token=4cfxlkU9>.

than four years after the 2020 report’s publication, OCHA has since failed to publish any follow-up audits for Somalia indicating whether or not the issues identified have been addressed.



OCHA Somalia Head of Office Crispin Rukasha (second from left) meeting with senior Houthi officials in 2020 when Rukasha was OCHA Yemen Deputy Head of Office.³¹

If OCHA’s footprint in Somalia and annual budget for its activities were limited, it might be more understandable that they did not have the capacity or pressing need to publish an audit or follow-up report over the past four years. However, based on information provided by UNOCHA’s Financial Tracking service, that does not appear to be the case. As of 2024, UNOCHA continues to manage an annual budget of over \$80 million in Somalia, despite their failure to provide any indication of whether or how the problems from 2019 (outlined in the abovementioned audit) have been addressed or resolved.³² As recently as August 2024, the OCHA Somalia Head of Office Crispin Rukasha implied that diversion problems persist when he asked a regional Somali government official to “strengthen mitigation measures against aid diversion.”³³ Rukasha’s request of Somali officials comports with what a 2023 report by Humanitarian Outcomes describes as a tendency among international humanitarian organizations to look for scapegoats, especially local actors, when instances of organizational corruption are exposed.³⁴

E. Cash-Based Transfers (CBTs)

Finally, it is worth examining an oft-repeated claim regarding CBTs, a modality of aid delivery which constitutes a significant portion if not the majority of humanitarian aid allocated to Somalia. According to Australia’s Department of Foreign Affairs and Trade, “there is no evidence that cash transfers are more prone to corruption or diversion than other forms of assistance”.³⁵ Numerous other UN/INGOs operating in complex

³¹ <https://www.saba.ye/ar/news3120951.htm>

³² OCHA Services: Financial Tracking Service, accessed 14 August 2024, <https://fts.unocha.org/home/2024/donors/view>.

³³ UNOCHA, “Somalia Situation Report, 13 Aug 2024,” 13 August 2024, <https://www.unocha.org/publications/report/somalia/somalia-situation-report-13-aug-2024>.

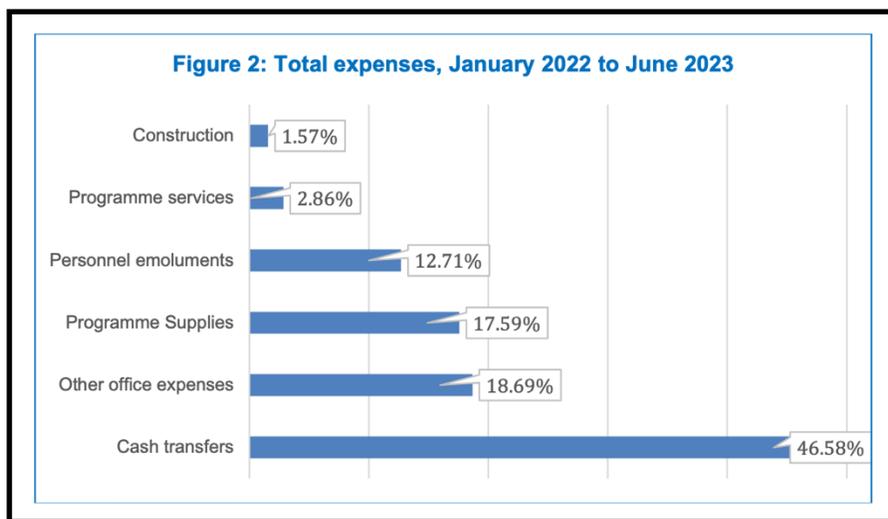
³⁴ Humanitarian Outcomes, “Somali capacities to respond to crisis are changing; how are humanitarian actors responding?,” October 2023, https://humanitarianoutcomes.org/sites/default/files/publications/ho_ukhih_somalia_1023_2.pdf.

³⁵ Australian Department of Foreign Affairs and Trade, “DFAT Humanitarian Strategy Guidance Note Cash Transfers,” December 2017, <https://www.dfat.gov.au/sites/default/files/cash-transfers-dfat-humanitarian-strategy-guidance-note.pdf>.

environments argue similarly.³⁶ The central argument is that all aid can ultimately be diverted in one way or another, and at least with CBTs the recipients can receive the aid more directly and conveniently rather than through a complex and potentially vulnerable logistical pipeline. However, there are reasons for skepticism:

- First, the fact that there is “no evidence” indicating greater diversion of corruption problems with CBTs could simply be a symptom of a broader problem of failure to ensure adequate oversight over aid delivery more generally and for CBTs in particular.
- Second, what makes CBTs easier to deliver could also make it easier to divert undetected – no need to hoard, covertly store, and then sell massive amounts of supplies, as all that is required is a simple bank transfer via cellphone.
- Third, it appears that the mitigation measures necessary to optimize CBT targeting have not been implemented by major humanitarian organizations operating in Somalia. The severe deficiencies regarding CBT oversight are explicitly highlighted in the WFP audit, published in 2023 and cited above.

Further evidence of major problems plaguing CBTs in Somalia can be found in the audit of the United Nations International Children’s Emergency Fund (UNICEF) of its operations in Somalia for 2022-2023.³⁷ The report cites the disbursement of \$167 million, or nearly half of the organization’s total operating budget in Somalia, in cash. It then goes on to describe that the “limited and poor partner capacity and ineffective key controls over cash transfers create an increased risk of inefficiencies, fraud, and misuse of UNICEF funds.” Yet, oddly, the report concludes that the major oversight problem identified for a program to which it allocates nearly half of its total budget is not ultimately that significant: “The weaknesses or deficiencies identified [in the audit] were unlikely to have a materially negative impact on the performance of the audited entity, area, activity or process.”



A chart provided in the 2023 UNICEF Somalia audit which highlights the centrality of cash transfers to the organization’s activities in Somalia.³⁸

What makes the prevalent narrative about CBTs more concerning is that the humanitarian responses in Somalia and Yemen, both of which involve significant amounts of CBTs and are plagued by systemic corruption and

³⁶ Cash Consortium of Sudan, “From Feasible to Life-Saving: The Urgent Case of Cash at Scale in Sudan,” April 2024, <https://data.unhcr.org/en/documents/download/108169>.

³⁷ Office of Internal Audit and Investigations, “Report on the Internal Audit of the Somalia Country Office,” December 2023, <https://www.unicef.org/auditandinvestigation/media/1921/file/2023%20OIAI%20Audit%20Report%20Somalia%20Country%20Office.pdf>

³⁸ Office of Internal Audit and Investigations, “Report on the Internal Audit of the Somalia Country Office,” December 2023, <https://www.unicef.org/auditandinvestigation/media/1921/file/2023%20OIAI%20Audit%20Report%20Somalia%20Country%20Office.pdf>

dysfunction, are now being highlighted by UN/INGOs as evidence of the efficacy of CBTs. These “success stories” are then cited by humanitarian organizations advocating for the expansion of CBTs into additional arenas, such as Sudan.³⁹

3. Gatekeepers, Corrupt Officials, and Terrorists

While this report has so far focused on the failings of humanitarian organizations to transparently and accurately represent the challenges of delivering aid in Somalia, there are of course key actors in Somalia who are responsible for disrupting aid delivery and ultimately also diverting aid. Some of the actors involved in skimming aid are local figures—“gatekeepers” who use their positions to serve as an implementation partner (IP) and then divert aid before it can be delivered or extract a portion of the aid after delivery. In other instances, the terrorist group Harakat Shabaab al-Mujahidin, more commonly known as “al-Shabab,” prevents the delivery of aid and uses a variety of methods to directly and indirectly extract funds from aid organizations operating in Somalia. Finally, internal corruption and the collusion of some staff members of humanitarian organizations in Somalia both impact major aid programs—a phenomenon that is extremely difficult to detect.

A. Gatekeepers

Gatekeepers, officially known as “informal settlement managers,” often mediate between encampments housing the 2.6 million internally displaced persons (IDPs) in Somalia and the humanitarian organizations seeking to help them. They exert leverage derived from their control over the territories housing IDP settlements in order to administer and divert humanitarian assistance. This is not a new phenomenon, and the challenge it poses to the effective delivery of aid is described in great detail in a 2012 report by The Enough Project.⁴⁰ More recently, an article published in 2023 by journalist Colum Lynch described the activities of gatekeepers as follows:

A network of Somali landowners, clan leaders, police, and other local authorities have systematically enforced a coercive system of taxes on U.S.-funded aid recipients displaced by drought and conflict, threatening to arrest, beat, or deny life-saving assistance to those who refuse to pay up.⁴¹

In some instances, gatekeepers have even been known to collect people from hard-hit regions in order to gather more aid recipients into camps under their control so that they can ensure that more resources are allocated to serving that area. According to a January 2023 report from UNHCR’s Camp Coordination and Camp Management (CCCM), the informal arrangements between IDPs and the gatekeepers who manage the distribution of UN/INGO aid “have limited accountability and little adherence to minimum standards.”⁴²

The gatekeeper phenomenon is not an anomaly in the distribution of aid in Somalia, as there are several thousand “informal settlements” currently operating in this manner.⁴³ A report published by CCCM in 2017

39 Cash Consortium of Sudan, “From Feasible to Life-Saving: The Urgent Case of Cash at Scale in Sudan,” April 2024, <https://data.unhcr.org/en/documents/download/108169>.

40 Laura Heaton, “Somalia Famine Relief: A View from Mogadishu,” The Enough Project, April 2012, <https://enoughproject.org/files/somalia-famine-relief-view-mogadishu.pdf>.

41 Colum Lynch, “Exclusive: UN probes pay-for-aid scam in Somalia,” *devex*, 18 September 2023, <https://www.devex.com/news/exclusive-un-probes-pay-for-aid-scam-in-somalia-106163>.

42 UNHCR – CCCM, “CCCM Cluster Somalia Strategy,” January 2023, <https://reliefweb.int/attachments/cea8fcca-9914-46b8-9fb1-ef491b-5b29ac/CCCM%20Cluster%20Somalia%20Strategy%202023.pdf>.

43 UNHCR – CCCM, “CCCM Cluster Somalia Strategy,” January 2023, <https://reliefweb.int/attachments/cea8fcca-9914-46b8-9fb1-ef491b->

acknowledged that aid diversion by gatekeepers was a problem that the UN were unable to quantify, noting “Aid diversion has been allegedly high in informal settlements, but the extent of it remains unclear.”⁴⁴ In light of the fact that UN staff are only allowed to remain in such informal settlements for a maximum of 30 minutes,⁴⁵ it is unsurprising that the organization was unable to determine the scope of the diversion problem. Yet, since there are thousands of such informal encampments throughout Somalia, the inability to gauge the extent of the problem is in and of itself a major problem.

The gatekeeper issue has become a major dilemma for aid organizations who recognize that the massive population displacement and major government dysfunction has created a vacuum. The gatekeepers allow IDPs to live on land they control and may offer some basic services. This arrangement has become prevalent because the Federal Government of Somalia (FGS) is not able to exert control over its sovereign territory or to provide its citizens with basic services, but the bargain it entails requires humanitarian organizations to subsidize the gatekeepers’ enterprise through the provision of aid without any oversight.

Justin Brady, who served as OCHA’s Head of Office in Somalia until 2020, offered his view on gatekeepers when he said “My opinion is that [gatekeepers] are a reality and we need to work with them.”⁴⁶ Erik Bryld, who has undertaken studies, research, and consultancies in Somalia, wrote in 2023 that the main issue is “the lack of formal acknowledgement of this political economy – either by the aid community or donors.”⁴⁷ While aid organizations appear willing to deal with gatekeepers as a means to deliver aid to the residents living in areas under their control, this *modus operandi* does raise questions regarding their transparency in doing so and whether enabling such outfits to profit off of Somalis’ misery in the short-term serves to perpetuate the country’s “IDP economy” over the long-term.⁴⁸

B. Al-Shabaab

Al-Shabaab (AS) is an Islamist terrorist organization that emerged from southern Somalia in 2006 and remains active in central and southern Somalia today. AS was designated a Foreign Terrorist Organization (FTO) by the U.S. Department of State in 2008, developed a formal affiliation with Al Qaeda in 2012,⁴⁹ is currently sanctioned by the United Nations Security Council,⁵⁰ and has faced an extended international counterinsurgency campaign. Nevertheless, AS maintains a force of 7,000-10,000 troops, retains the ability to carry out mass casualty attacks within Somalia and abroad,⁵¹ and is still considered to be one of the best funded terrorist organizations in the world with an annual revenue estimated at \$100-\$150 million.⁵²

[5b29ac/CCCM%20Cluster%20Somalia%20Strategy%202023.pdf](https://www.unhcr.org/refugees/files/5b29ac/CCCM%20Cluster%20Somalia%20Strategy%202023.pdf).

44 UNHCR – CCCM, “CCCM Cluster Somalia Strategy,” July 2017, <https://data2.unhcr.org/en/documents/download/60059>

45 Abdalle Ahmed Mumin, “Somalia’s displacement camp ‘gatekeepers’ – ‘parasites’ or aid partners?,” *The New Humanitarian*, 18 July 2019, <https://www.thenewhumanitarian.org/news-feature/2019/07/18/Somalia-internally-displaced-people-private-camps>.

46 Abdalle Ahmed Mumin, “Somalia’s displacement camp ‘gatekeepers’ – ‘parasites’ or aid partners?,” *The New Humanitarian*, 18 July 2019, <https://www.thenewhumanitarian.org/news-feature/2019/07/18/Somalia-internally-displaced-people-private-camps>.

47 Erik Bryld, “Aid theft in Somalia is not what you think,” *The New Humanitarian*, 28 September 2023, <https://www.thenewhumanitarian.org/opinion/2023/09/28/aid-theft-somalia-extortion-not-what-you-think>

48 Claire Thomas and Nisar Majid “Powerful networks impose taxes on aid in Somalia. It’s time for this to end,” *The New Humanitarian*, 26 October 2023, <https://www.thenewhumanitarian.org/opinion/2023/10/26/powerful-networks-impose-taxes-aid-somalia-its-time-end>.

49 Council on Foreign Relations, “Al-Shabaab in East Africa: 2004-2022,” <https://www.cfr.org/timeline/al-shabaab-east-africa>.

50 Security Council Committee pursuant to resolution 2713 (2023) concerning Al-Shabaab, <https://main.un.org/securitycouncil/en/sanctions/2713>

51 Office of the Director of National Intelligence, “Al-Shabaab,” December 2021, https://www.dni.gov/nctc/ftos/al_shabaab_fto.html.

52 “Treasury Designates Transnational al-Shabaab Money Laundering Network,” U.S. Department of the Treasury, 11 March 2024, <https://home.treasury.gov/news/press-releases/jy2168>.



Insignia of the al-Shabaab terrorist organization.

Given the challenging state of the Somali economy and the significant influx of cash and other goods that international humanitarian efforts provide, it is no surprise that AS seeks to extort these aid flows in a variety of different ways. One of the frequent methods through which AS extorts humanitarian organizations and their employees is by kidnapping/arresting them and then demanding ransoms/fines for their safe return. A 2020 report by the UN Panel of Experts on Somalia outlined this phenomenon as follows:

Al-Shabaab abducts humanitarian staff to exert its control over outreach programmes and extort money from humanitarian organizations. In 2020, the Panel investigated four kidnappings perpetrated by Al-Shabaab [...] In each instance, the abductees were brought before an Al-Shabaab court where they were required to provide personal details and information regarding their organization's activities. Thereafter, Al-Shabaab demanded ransom payments, ranging from \$500 to \$14,000 per person, to secure the individuals' release. Negotiations were usually carried out between Al-Shabaab and representatives of the community of the kidnapped individuals.⁵³

These are not isolated incidents, but are part of a consistent modus operandi of abducting humanitarian workers⁵⁴ to generate revenue. More recently, in January 2024, 6 third-party contractors for the WFP, including foreign nationals, were captured after their helicopter crash-landed in an area controlled by AS while conducting a medical evacuation mission.⁵⁵ Their fate today remains unknown.

Kidnapping is far from the only extortion that humanitarian organizations and their implementation partners are subjected to at the hands of AS. A 2022 UN monitoring report noted that the terrorist group imposed checkpoints on the country's key traffic arteries and charged \$800-\$900 per vehicle, and "as a result, humanitarian convoys [...] are compromised."⁵⁶ A 2018 article published by CNN identified the "tolls" imposed on aid organizations as a major source of income for the group, quoting intelligence officials and former members of AS as saying "the terror group is extorting thousands of dollars per day through road blocks and taxes on merchants attempting to transport food and supplies to sell to internally displaced people in towns

⁵³ UN Panel of Experts on Somalia, "Report of the Panel of Experts on Somalia," 28 September 2020, <https://documents.un.org/doc/undoc/gen/n20/229/23/pdf/n2022923.pdf>.

⁵⁴ "Furthermore, nine humanitarian workers were abducted in three separate incidents: two in Southwest State on 23 June and the third in Hirshabelle State on 5 June. These abductions were reportedly carried out by Al-Shabab, but the reasons remain unknown. In response to these incidents, local elders took the initiative to negotiate to secure the safe release of the abducted workers. So far, five have been released under undisclosed terms and circumstances."

UNOCHA, "Somalia: Humanitarian Access Snapshot (April to June 2023) - As of 30 June 2023," 25 July 2023, <https://www.unocha.org/publications/report/somalia/somalia-humanitarian-access-snapshot-april-june-2023-30-june-2023>

⁵⁵ "How did a UN helicopter fall into al-Shabab's hands in Somalia?," *Aljazeera*, 11 January 2024, <https://www.aljazeera.com/news/2024/1/11/how-did-a-un-helicopter-fall-into-al-shababs-hands-in-somalia-2>

⁵⁶ UN Panel of Experts on Somalia, "Report of the Panel of Experts on Somalia," 10 September 2022, <https://documents.un.org/doc/undoc/gen/n22/638/44/pdf/n2263844.pdf>

where they are concentrated.”⁵⁷ The impact that this practice has is not only fundraising for an international terror group and affiliate of Al Qaeda, but it also raises the prices of goods, thereby reducing the buying power of aid recipients, the vast majority of whom receive cash transfers or vouchers.⁵⁸

In addition, Somali telecoms provider Hormuud, one of the key financial service providers (FSPs) for the hundreds of millions of dollars of aid distributed as cash transfers each year via mobile phones,⁵⁹ has been subject to extortion by AS.⁶⁰ According to an article entitled “Food and Power in Somalia,” Hormuud has paid “taxes” to AS in the past and may continue to do so.⁶¹ In 2024, Hormuud was targeted in a spate of bombings around Mogadishu which killed several employees and damaged company infrastructure. This was attributed to AS as part of the terror group’s efforts to extract additional “taxes”⁶² or to compel Hormuud to cease compliance with terror-finance regulations which disrupt AS’s economic activities.⁶³

AS’s policies of extortion via kidnapping and other attacks have made it virtually impossible for aid groups to operate in the areas under their control. In addition to fearing for their safety, aid organizations are concerned that if they were to pay taxes levied by the group then they might be implicated in terror-financing.⁶⁴ Yet, it is noteworthy that the lack of humanitarian activity in areas under their control has not deterred AS from using force to extract rents from humanitarian organizations as well as their service providers.

C. Other Forms of UN/INGO Collusion and Local Corruption

In addition to the abovementioned external actors exploiting humanitarian organizations for financial gain, there are also numerous documented instances which combine UN/INGO collusion with local corruption. The decentralization of aid brought about by the massive adoption of CBTs and vouchers redeemable for essentials at local retailers, as opposed to delivery of massive quantities of food, has brought with it new forms of fraud. Voucher programs, much like CBTs, are not outliers but modalities through which hundreds of millions of dollars are channeled into Somalia each year. In 2023, the WFP alone expended over \$197 million on vouchers.⁶⁵

57 Sam Kiley, “Funding al-Shabaab: How aid money ends up in terror group’s hands,” CNN, 12 February 2018, <https://edition.cnn.com/2018/02/12/africa/somalia-al-shabaab-foreign-aid-intl/index.html>.

58 UN Monitoring Group on Somalia and Eritrea, “Report on Somalia of the Monitoring Group on Somalia and Eritrea,” 2 November 2017, https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2017_924.pdf.

59 Susanne Jaspars, Guhad M. Adan and Nisar Majid, “Food and Power in Somalia: Business as Usual?,” The London School of Economics and Political Science, 21 January 2020, https://eprints.lse.ac.uk/103138/7/Food_and_Power_in_Somalia_business_as_usual_v5.pdf.

60 Gianluca Iazzolino and Ahmed M. Musa, “The political economy of connectivity in the Somali Horn of Africa,” *International Affairs*, Volume 100, Issue 4, July 2024, <https://academic.oup.com/ia/article/100/4/1511/7710458>.

61 Susanne Jaspars, Guhad M. Adan and Nisar Majid, “Food and Power in Somalia: Business as Usual?,” The London School of Economics and Political Science, 21 January 2020, https://eprints.lse.ac.uk/103138/7/Food_and_Power_in_Somalia_business_as_usual_v5.pdf.

62 Nick Kochan, “Somalia: Battle for Al-Shabaab’s \$150m,” *The Africa Report*, <https://www.theafricareport.com/333417/somalia-battle-for-al-shabaabs-150m/>.

63 Africa Defense Forum, “Dismantling al-Shabaab Finances a Tough Task For Somalia,” 6 February 2024, <https://adf-magazine.com/2024/02/dismantling-al-shabaab-finances-a-tough-task-for-somalia/>.

64 Vanda Felbab-Brown, “Somalia’s challenges in 2023,” The Brookings Institution, 27 January 2023, <https://www.brookings.edu/articles/somalia-challenges-in-2023/>.

65 WFP, “Annual Country Report 2023 Somalia,” accessed 18 August 2024, https://www.wfp.org/operations/annual-country-report?operation_id=SO02&year=2023#/27256



A registered retailer shows a beneficiary her remaining balance on her phone after purchasing goods.⁶⁶

The voucher system enables aid beneficiaries to redeem the coupons provided by aid groups in exchange for basic goods at authorized local retailers. The aim of this format for aid delivery is to lighten the logistical footprint of aid organizations which was viewed as vulnerable to extortion, diversion, and manipulation. However, according to “Food and Power in Somalia,”⁶⁷ aid diversion and manipulation has not stopped but instead it has evolved to exploit the new voucher system. The following problems of corruption and fraud are documented on the basis of informant testimony:

- First, there are credible allegations that the selection process for contracts to become a local retailer for organizations like the WFP are marred by corruption and nepotism.
- Second, there are allegations that local staff employed by WFP own some of the “retailers” that their organization contracts out to, creating a clear conflict of interest. According to testimony recorded, some local WFP staff use their position to go to IDP camps and villages to “order people to go to their shops.” Apparently, there is also no recourse for this matter because the people/organization charged with resolving such issues are the very same ones that are engaged in these problematic practices.
- Third, retailers are known to inflate prices beyond what is agreed upon with the UN/INGO in order to maximize their profits. Often this is done in tandem with other nearby authorized retailers in order to create a “cartel” which leaves beneficiaries with no choice other than to pay the premium demanded.

While it is difficult to know the scope of these issues given the diffuse nature of this form of aid as well as the more general failure of aid organizations to effectively assess and publish clear statistics regarding the challenges they face, it seems highly unlikely, given the overall prevalence of corruption in Somalia, that these localized manipulations of humanitarian assistance are rare exceptions. After failing to adequately monitor and address fraud and diversion problems of centralized aid delivery programs for decades, aid organizations have now adopted localized methods of aid delivery like vouchers that may be even more difficult to monitor and

⁶⁶ <https://www.icrc.org/en/document/rhl-twyl-lm-swml-y-fy-mwjl-lsb>

⁶⁷ Susanne Jaspars, Guhad M. Adan and Nisar Majid, “Food and Power in Somalia: Business as Usual?,” The London School of Economics and Political Science, 21 January 2020, https://eprints.lse.ac.uk/103138/7/Food_and_Power_in_Somalia_business_as_usual_v5.pdf

more prone to manipulation. However, it would be impossible to provide an external professional assessment regarding the diversion problem vis-à-vis vouchers prior to UN/INGO adoption of greater transparency regarding the metrics they are monitoring, the data from those metrics, and what assessments they have drawn from the data collected.

4. Conclusions and Recommendations

The overall picture outlined by this report depicts a significant amount of funding being infused into a Somali economy that is marred by systemic corruption without enforcing adequate and effective oversight measures. There are undoubtedly tough questions that must be asked in delivering aid to challenging environments, including: at what point does the harm caused by aid diversion to problematic actors outweigh the good done by aid delivered to recipients in need? While there is no simple answer to such questions, the failure of UN/INGOs operating in Somalia to adequately reflect the risks prevents donors (governments, taxpayers, and private donors) from making informed decisions.

There are several different aspects in which major UN/INGOs have failed to act responsibly and transparently in Somalia:

- First, there is a failure to report. What this means in practice is that organizations like UNOCHA Somalia have gaps of several years (2020- present) in which they have not published evaluations of their operations in the country or followed up on any of the alarming problems noted in a report assessing organizational activity in 2019.
- Second, there is pattern of UN/INGO behavior which apparently seeks to minimize the exposure of major organizational problems. This is evident from FAO's refusal to make its full 2024 audit available to the public, only releasing the executive summary after the completion of the audit took 3 years.
- Third, there is a tendency to argue that there is a minimal risk of diversion, which can lead to the failure to take adequate precautions. This appears to be the case based on an audit of UNFPA's activities in Somalia.
- Fourth, programs with known fundamental problems, including fraud and weak control and detection measures, have nevertheless been massively scaled up. WFP's insistence on expanding its CBT program without first identifying and addressing risks of diversion is tantamount to building an enormous structure on an unsound foundation.
- Fifth, many organizations delivering aid in Somalia cite a misleading claim that there is "no evidence" of a greater risk of aid diversion when using modalities of CBTs/vouchers. It certainly appears, based on non-UN/INGO sources (and to some degree organizational audits) that there is in fact a major risk of aid diversion and corruption when using CBTs/vouchers, and the claim of the absence of evidence is likely the result of evaluation and monitoring failures for all forms of aid.

- Sixth, UN/INGOs tend to minimize failings to an extent that should cause a crisis of confidence among donors and supporters. One cannot credibly claim, as UNICEF’s audit did, that there are “ineffective key controls” over major aid programs while also stating that this issue is “unlikely to have a materially negative impact on [UNICEF’s] performance.” It seems highly likely that there is a prevalent phenomenon among UN/INGOs, as a 2017 WFP audit warned against, of “demonstrating impact without adequate evidence.”

This report’s focus on the shortcomings of aid organizations in monitoring aid delivery and transparently reporting aid diversion problems is not intended to exonerate malign local actors who exploit Somalia’s misery for illicit gains. These local individuals, groups and criminal organizations should be identified, prevented from benefitting from humanitarian assistance, and punished to the extent that the law allows. However, it is the UN/INGOs who have committed to delivering aid in complex environments and are entrusted with billions of dollars in donations, and so it is their obligation to ensure that donor funds are used appropriately and that the donors are provided with a clear and honest assessment of the impact of their funds.

Unfortunately, the problems plaguing UN/INGOs operating in Somalia are not unique to the Somali context. Instead, as is evident from the CEP report on humanitarian assistance to Yemen,⁶⁸ they are part of a broader pattern in which aid organizations fail to account for the funds they expend and seek to downplay challenges. In the case of Yemen, these deficiencies ensure a steady flow of much-needed revenue for the brutal and extremist Houthi regime, and in the case of Somalia this perpetuates many of the problems that will make Somalis miserable well into the future by entrenching the “IDP economy” and serves as a steady funding stream to al-Shabaab, the Al Qaeda affiliate in the region.

There is certainly significant need and room for improving humanitarian activity in Somalia. The CEP report focused on foreign aid in Yemen proposed a number of policies to counter aid diversion problems, some of which are applicable to Somalia as well. These include the following:

- In their published reports, aid organizations should be required to more accurately represent challenges in proportion to their impact on aid efforts. This means reporting on aid programs in a manner that places greater emphasis on the metrics of aid targeting, delivery, and diversion rather than focusing almost exclusively on the quantity of aid delivered to a country.
- Until now, those diverting aid have shown a clear advantage in outmaneuvering a slow and hulking humanitarian bureaucracy. Aid organizations should develop more robust counter-fraud efforts and internal monitoring and reporting systems. This should include assistance from major donors in developing these dynamic and up-to-date measures.
- A consortium of major donors to aid projects could work together to create an independent ombudsperson structure, paid by and accountable to these donors. The power of cooperation between major donors, the independence of these institutions from the chain of command of humanitarian organizations, the leverage derived from donors’ backing to ensure access for investigations, and

68 <https://www.counterextremism.com/content/houthi-diversion-humanitarian-assistance-yemen>

the setting of universal standards would pose a formidable challenge to systemic efforts to exploit humanitarian aid.

- Major international donors, such as the United States, the European Union, or the United Kingdom, should coordinate efforts to target those involved in the systematic diversion of aid with sanctions. This would not only highlight the issue of aid diversion but also ensure that none of the diverted funds can leave the country through the international financial system.
- UN/INGOs should consider establishing a centralized and detailed online database of the proposals solicited and contracts awarded, similar to large procurement databases like USASPENDING.GOV. The lack of centralized and detailed information about aid groups' contracting practices makes them more vulnerable to interference as well as scandals.

In addition to the recommendations from the report on Yemen, this report proposes five additional policy recommendations based on the problems of diversion and transparency specific to Somalia:

1. **Frequency:** Annual audits should be mandatory for all UN and UN-partner organizations operating in Somalia on a budget above \$5 million. The idea that organizations like UNOCHA Somalia can allow for gaps of several years in reporting means that donors often lack adequate and detailed information on what exactly they are funding and whether major problems identified have been addressed.
2. **Access:** All audits of UN and UN-partner organizations should be fully available to the public. The public consists of taxpayers in countries like the U.S., Germany, and the UK, who are indirectly funding much of the UN/INGO activity in Somalia – they have a right to know how their taxes are being used. For example, the FAO's public release of only the executive summary of its 2024 audit for Somalia raises serious questions about what information the organization may be attempting to shield from public scrutiny.
3. **Impartiality:** Major aid programs like CBTs/vouchers must be investigated more rigorously by professionals who do not belong to the UN/INGO community. Current claims that there is “no evidence” that CBTs/vouchers are more prone to diversion than other forms of aid is not adequate and may simply point to a lack of evidence regarding diversion rates of different forms of aid. The burden of proof regarding the efficacy of CBTs/vouchers should be placed on aid organizations that are advocating for the annual allocation of hundreds of millions of dollars in taxpayer funds to such programs.
4. **Insider Threats:** Like any organization, UN/INGOs face the risk of insider threats who seek personal gain at the expense of organizational goals. Reports of local WFP employees directing voucher beneficiaries to registered retail shops which they own must be investigated. WFP and other UN/INGOs should demand that their employees disclose any such conflicts of interest, and if such instances are disclosed then the organization should take steps to mitigate the issue by, for example, reassigning the employee to a different position where he/she cannot exert influence on the voucher program. If such conflicts of interest are not disclosed, but are discovered based on internal investigations, both

employment and registration in the voucher program should be terminated.

- 5. Making Policy Public:** At present, UN/INGO policies towards gatekeepers appear ambiguous and are not reported in a transparent manner. Some former UN officials have advocated recognizing the gatekeeper system to formalize relations in a way that holds them to basic standards. Others have argued that cooperating with gatekeepers is feeding resources to a dangerous segment of the economy which is incentivized to perpetuate Somalia's misery. As it stands, UN/INGOs do not have any official organizational position on the matter, and for that they are enjoying the worst of both worlds: continued flow of resources to these questionable individuals without any regulation or transparency. In light of the fact gatekeepers are ubiquitous in Somalia, UN/INGOs should be pressed to declare detailed policies regarding acceptable contours of relations with such individuals so that aid workers in the field will have clearer direction and so donors will be better informed regarding how their funding is used.

These proposed policies do not represent a “silver bullet” for resolving the challenges facing donors and the UN/INGOs they fund in Somalia. However, if implemented, they would introduce additional clarity regarding the impact of UN/INGO work. This would allow a much more detailed assessment of the risks and the amount of aid diverted, as well as the full range of diversion tactics deployed by malign actors. In turn, this would enable the design and development of more effective counter-measures to minimize such diversion.

The ultimate aim of reforming humanitarian assistance efforts in Somalia should be to promote the more effective use of donor funds. Transparency is a means to achieve that goal in an extremely challenging environment. It may be difficult for aid organizations to provide the level of clarity and transparency required by these policies, but given the very complex operating environment in Somalia and the large amounts of humanitarian aid needed to alleviate the needs of those most at-risk, UN/INGOs must meet this challenge.



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