



NATIONAL ECONOMIC COUNCIL (NEC)

Assessing the State of Corruption and National Anti-Corruption Strategy in Somalia

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FOREWORD

One of the principal tasks of the National Economic Council is to commission the preparation of objective and fact-based studies that are presented at the Consultative Policy Forums so as to avail relevant stakeholders the opportunities to discuss and debate policies that promote sustainable economic growth, high employment and poverty reduction. The policy papers are then subjected to rigorous peer reviews and are the basis of policy briefs that are submitted to the National Council members for consideration and national policy uptake.

The NEC of Somalia is indebted to many national, regional and international partners in undertaking the primary studies, those that have participated in the consultative policy forums, the researchers that conduct the peer reviews, and the agencies that provided financial support for the studies and the Policy dialogue processes.

On behalf of the NEC, I wish to extend my thanks to all the contributors to these studies. We commend the contributions of officials of the Office of the President, the Prime Minister, and the Ministry of Planning, Investment and Economic Development and other Economic Ministries for their participation in the policy forums with diverse stakeholders. The NEC studies were enriched by the contributions of the academics, and civil society and private sector participants at these forums.

In particular I thank the organizations and individuals that supported this study on “Assessing the State of Corruption and National Anti-corruption Strategy in Somalia” A most sincere appreciation goes to the research team comprising members of the NEC, and the staff of the Economic Policy Analysis Unit for the invaluable assistance and support.

The facilitation and financial assistance of “UNDP Somalia mission” in the process of implementation of the policy forums is much appreciated. They have been a reliable partner to the research teams from inception to the completion of the studies.



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Abbreviations and Acronyms

AfDB	African Development Bank
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
BTI	Bertelsman Stiftung Sustainable Governance Indicators
CBS	Central Bank of Somalia
CPI	Corruption Perception Index
CPIA	Country Policy and Institutional Assessment
FGS	Federal Government of Somalia
FMS	Federal Members States
FGC	Financial Governance Committee
GI	Global Insights Business Conditions and Risk Indicators
HIPC	Highly Indebted Poor Country
IFI	International Financial Institutions
IIAG	Mo Ibrahim Index for African Governance
IMF	International Monetary Fund
NACS	National Anti-Corruption Strategy
PFM	Public Financial Management
PRS	International Country Risk Guide
PRSP	Poverty Reduction Strategy
TI	Transparency International
VDEM	Varieties of Democracy
UN	United Nations
WB	World Bank

Executive Summary

This report presents the findings of the assessment of the state of corruption in Somalia and the proposed Draft National Anticorruption Strategy to fight and prevent corruption. The goal of the study was to produce an evidence base concerning corruption risks and prevention and mitigation measures to the introduction of anti-corruption measures to fight corruption.

The study uses secondary data (qualitative and quantitative) and measures generated by various sources including the TI, Mo Ibrahim Foundations, World Bank, AfDB and several independent institutions involved in the fight against corruption, mismanagement and related issues, such as governance, transparency and accountability. All the surveyed studies and evidence reviewed suggest that Somalia is at the bottom and scoring lowest in the perception index. If one agrees with these results, then it is correct to classify Somalia as the most corrupt country. Most important, it is to interrogate whether the various indicators consider all factors affecting corruption and fully reflect the reality on the ground, including the country historical perspective.

Looking from a historical and current perspective could help understand what may be unique about Somalia's classification as the most corrupt country. The problem of corruption in Somalia should be materially seen as different from that of other countries, in that it is characterized more by lack of public institutions, rather than the abuse of public institutions by private rent-seekers. More so, the frailty of public institutions in Somalia is rooted in the pre-conflict legacy of fragile statehood, as well as more than three decades of civil conflict. This created a political economy that privileged and preserved informal power-holders through clans and other tribal mechanisms (tribal democracy) who have been able to resist attempts to formalize and legalize the exercise of power by practising the unwritten law of power-sharing formula.

Decades of civil conflicts have fundamentally transformed the Somali society, weakening the traditional and cultural norms that once prevented the sorts of accumulation of wealth and abuse of power that Somalia has witnessed since the new political dispensations established in 2004 in Mbagathi,

Kenya. This, coupled with an international effort that has treated state-building in Somalia and generally anti-corruption in a haphazard way, created the seemingly intractable problem Somalia faced today.

The world has considered Somalia to be a failed state, suggesting that nothing works in the country and that there is no security or development but corruption and terrorism. This is an unfortunate image and perception of the world of Somalia.

This study analyzes in detail the Corruption Perception Indexes produced by major international agencies, reviewed the methods they used to compile the indexes in both qualitative and quantitative approaches. Further analysis was conducted on the sources of information used to calculate the corruption perception index. The most important sources of data used TI to compile the CPI index for Somalia are generated from six significant sources out of 13 full sources used for all countries. The following institutions generate vital data sources:

- African Development Bank provides assessment fiscal and financial information and institutional capacity for governance.
- Sustainable Governance Indicators of Bertelsmann Stiftung (BTI); focus on governance and democratization processes.
- Global Insight Business Conditions and Risk Indicators (GI); assesses a broad range of corruption, from petty bribery-paying to high-level political corruption.
- The International Country Risk Guide (ICRG); assessment of corruption, bribes and related measures of transparency and accountability.
- Varieties of Democracy (V-Dem), measures various types of corruption that cover both different areas and levels of the political sphere, distinguishing between executive, legislative and judicial corruption.
- World Bank, CPIA, the assessment focus on four clusters: (a) economic management; (b) structural policies; (c) policies for social inclusion and equity; and (d) public sector management and institutions. The criteria are on balancing the capture of those factors critical to fostering growth and poverty reduction against avoiding undue burden on the assessment process

These are the sources and information that determine the direction and trends of the corruption perception index for Somalia.

Key Findings

The results of the study revealed that corruption is prevalent in Somalia and is widely practised in all levels. It reflects historical and well-established patronage networks which involve a redistribution of resources. The authorities admit that corruption is rampant in the country but are not convinced that Somalia is the most corrupt country in the world, as suggested by the perception indices. The question on the sources of information used to calculate the index and more specifically the ones provided by the AfDB and the World Bank, which score Somalia at the bottom of their indexes. On the other side, both the WB and the AfDB believed that Somalia has performed and is performing well in fiscal and financial reforms policy. They decided to provide Somalia with financial and technical support through budget support, that's using the country system. In this regard, the authorities believe that the indexes (CPIAs) compiled by both institutions need to be revised and adjusted to reflect the reality on the ground.

Other factors influencing the extent of corruption in Somalia include limited reach and effectiveness of the state in terms of governance and security, as well as lack of legal and legislative mechanisms to prevent and mitigate corruption. To address the legal and regulatory vacuum, the government is in the process of finalizing the establishment of an Independent National Anti-Corruption Commission to address the fight against corruption. In the meantime, a draft Anticorruption Strategy has been developed through an inclusive and consultative process involving a wide range of stakeholders. To complete the strategy a team composed of experts from the Ministry of Justice, the National Economic Council, and the Office of the Prime Minister are reviewing the Draft Anti-corruption Strategy with technical advice provided the Transparency International.

The study identified a wide range of challenges and prescribing quick-fix recommendations is not an easy task. However, attempts have been made to highlight key fundamental initiatives focusing on establishing, consolidating or scaling-up governance institutions, including some in the areas of fiscal and financial management as well as the enactment of

several legal and institutional frameworks.

Recommendations include top priority given to review and finalize the Anticorruption strategy and to make sure that the strategy and its proposed measures are designed in such a way that they reflect the reality on the ground. Additionally, it must recognize the existing integrity institutions and their ability to design and implement policy and strategy on the ground.

Finally, Somalia must sign and ratify all conventions on corruption, including United Nations Conventions on Anticorruption, African Union Convention on Preventing and Combating Corruption, Arab-Convention-Against-Corruption, among others.

1. Introduction and Background

The Preamble to the UN Convention against Corruption states that “corruption represents a major threat and that the States Parties to this Convention are concerned about the seriousness of problems and threats posed by corruption to the stability and security of society. it undermines the institutions and values of democracy, ethical values and justice and jeopardizing sustainable development and the rule of law.”

The first Article of the convention states that the purposes of this Convention are:

- To promote and strengthen measures to prevent and combat corruption more efficiently and effectively;
- To promote, facilitate and support international cooperation and technical assistance in the prevention of and fight against corruption, including in asset recovery;
- To promote integrity, accountability and proper management of public affairs and public property

The definition of corruption is not an easy task, and there is no universally agreed formula on its many features and its impact on the economic, financial, social, political governance and the delivery of justice at any one country. Accordingly, the following are samples of such variously nuanced definitions: The UN Defines corruption as:

“an abuse of public power for private gain that hampers the public interest.... Corruption entails a confusion of the private with the public sphere or an illicit exchange between the two spheres. Corrupt practices involve public officials acting in the best interest of private concern and against the public interest”

The definition by Transparency International (TI) provides that.

“Behavior ... by politicians or civil servants, in which they improperly or unlawfully enrich themselves, or those close to them by abuse of public power entrusted to them. This would include embezzlement of funds, theft of corporate or public property, as well as bribery, extortion, or influence peddling.”

And the World Bank’s definition states that:

“Corruption involves behaviour on the part of officials in public and private sectors in which they improperly and unlawfully enrich themselves and or those close to them, or induce others to do so, by misusing the position in which they are placed.”

Corruption is a global problem that poses serious threats to the development of a country, and many states are victims of this problem. Corruption affects entire societies, both public and private sectors alike. It undermines the legitimacy and credibility of national institutions and the respect for the rule of law and human rights and weakens governance practices. Diversion of funds causes reduced investment intended for development and essential services including security, and thus affects the government’s ability to provide basic services to its citizens. Moreover, corruption has the most significant impact on the most vulnerable and most deprived part of a country’s population.

As causes of corruption differ from one country to another, and preventive, enforcement and prosecutorial measures that work in some countries may not work in others. The United Nations, an organization with universal membership and a global mandate, negotiated a comprehensive United Nations Convention against Corruption, which was finalized and adopted in 2003 and came into effect on 14 December 2005.

The United Nations Convention against corruption is an important anti-corruption instrument with a global scope of application. The UN Member States are to undertake certain obligations and common standards, which need to be implemented or incorporated into their respective domestic legal systems. Most of the obligations require State Parties to enact new laws and incorporate or amend existing laws. Establishing a legal framework to combat corruption at the national and international levels is not an easy task. While many States have already embarked upon a national strategy to deal with corruption and criminalized it when committed domestically, there is no uniformity in the approach taken by these countries.

The prevalence of corruption is associated with state fragility and has a more lasting impact on countries that have difficulties and weaknesses of institutional capacity. In the case of countries in post-conflict or

transitional phases from socio-economic and political governance instability, corruption is likely to prevail and become difficult to address quickly.

As noted below, Somalia had suffered prolonged instability and marked institutional weaknesses that had led the country to be characterized as a failed state for many years before the current transitioning to membership in the community of nations was attained.

The purpose of this paper is to make an objective assessment of the current state of corruption in Somalia and the national efforts and strategy to mitigate it. In particular, the national efforts to reform the legal framework, establish integrity institutions, and propose a practical and implementable framework for the restoration of integrity, accountability and transparency of public resource management within the Government of Somalia, at all levels, to attain effective a comprehensive governance systems in Somalia and strengthen the credibility and legitimacy of the state.

The state of corruption in Somalia and elsewhere is a complex process in which the economic, social, cultural and political dimensions all matter. In the case of Somalia, corruption² has been one of the leading causes and consequences of fragility and endemic political instability. It has been occurring at all levels in both the public and private sectors and is a visible and normalized form of behaviour in many parts of society at large. Public officials' misuse of public funds for private gain, solicitation of bribes in exchange for essential services, patronage networks used to obtain employment and political appointments, and private business transactions to gain public contract and procurement have all become standard and acceptable in recent years.

Somalia has been a fragile and unstable state for over three decades. All public institutions and related infrastructure have been destroyed by civil conflict. Somali society has been affected by corruption, which has weakened state-building efforts, undermined democracy, human rights, and the rule of law. Somalia, as one of the most extended cases of state fragility and consequently, has faced many corruption challenges. Corruption has run-down the legitimacy of the Government at every level and all public institutions.

Corruption manifests itself through different forms, such as mismanagement, misappropriation of public resources, unethical and non-professional negligence, unequal

delivery of justice and avoidance of the rule of law.

International rating place Somalia consistently ate the bottom of the list:

- i Corruption in Somalia is pervasive, and Somalia is assessed as the most corrupt country in the world. Transparency International's Corruption Perception Index has been ranking Somalia as the most corrupt country in the world for the past 10 years;
- ii Mo Ibrahim Index for African Governance ranks Somalia last out of 54 African countries;
- iii Freedom House in its last report lists Somalia as not free and finds that corruption is rampant;
- iv Bertelsmann Stiftung's Transformation Index ranks Somalia last in the list of 129 countries;
- v Trace International for Bribery Risk Index rank Somalia last in the list of countries it assessed; and
- vi The World Bank doing Business ranks Somalia as the worst-performing country among 190 countries considered.

Given these unambiguous assessments by the relevant international and regional agencies, the nation must ask: "Why Somalia has been consistently rated as the most corrupt country in the World"? And what the nation should do to change this unacceptable perception.

Against this background, the report undertakes research and analysis based on the information gathered from Transparency International, Mo Ibrahim Foundation and several other officials and public sources of information, domestic and international. More specifically we examine inputs provided to these institutions and by other agencies, including the African Development Bank, Bertelsmann Stiftung Transformation Index, Global Insight Business Conditions and Risk Indicators, the Group International Country Risk Guide; Varieties of Democracy and World Bank and African Development Bank, Country Policy and Institutional Assessment (CPIAs).

The report is outlined as follow: section 2 provides an assessment and detailed review of the Corruption Perception Index (CPI) in the global and national contexts, and the methodology employed in compiling the CPI, and related indices, its scope, role and the key assumptions

2 Kaunin Ronan 2017: Somalia: Overview of corruption and anticorruption

underlying these perception indices. Section 3 deals with the analysis of the Somalia Corruption Perception Index, the ranking of Somalia among the 180 countries in the World and data sources used by Transparency International to compile the index. Section 4. analyzes the institutional approaches of estimating the index and deals with the measures to be undertaken by the authorities to improve the Somalia CPI rating and how to remove the stigma of Somalia being the most corrupt country in the World. Section 5 focuses on the proposed draft of the Anticorruption Strategy developed by the Ministry of Justice and examines the relationships between the levels of anti-corruption programming and changes in the perception of corruption in the context of Somalia. Section 6 summarizes the findings and policy implications and recommendations.

2. State of Corruption in Somalia

According to the Corruption Perception Indexes compiled by several international agencies (TI, Mo Ibrahim Index African Governance, Freedom House, Bertelsmann, etc. Somalia is ranked as the most corrupt country. Key factors contributing to the ranking include insecurity and instability that undermine state-building and democratization process; weak or nonexistent integrity institutions, and insufficiencies or lack of legal and regulatory frameworks. These contributed to the practice of government officials tolerating proscribed activities in return for bribes and perpetuated corruption. Political leadership is embroiled in allegations of embezzlement of public funds, bribery is common at all public agencies, and procurement contracts are awarded in a non-transparent manner and against existing laws. According to the Financial Governance Report 2019³ There are several

challenges, including shortcoming in the legislative framework, lack of technical capacity to implement the due process in procurement among most stakeholders, and the political influence of the business community in Somalia.

The Somali President Speaking⁴ At the opening of the third session of the Federal Parliament in March 2018, stated that “It is undeniable that there are serious corruption allegations in the government perpetuated by some of us. It’s obvious that there is a lack of trust.” The Government has since undertaken measures to curb the damage corruption is causing to the country as it embarks upon recovery, but more efforts to mitigate corruption are required:

The basis of the ratings of the international agencies are as follows: Transparency International⁵ A prominent Anti-corruption institution has been consistently ranking Somalia since 2006 with a score of around 10 as the most corrupt country in the World. The Mo Ibrahim Index⁶ Of African Governance ranks Somalia last out of the 54 African countries with a score of 13.6 out of 100 points in terms of overall governance as per 2018. The five-year trend (2012 to 2016) of the Mo Ibrahim Index shows a positive increase of 1.4 points in the overall score, indicating slow progress towards improvement in governance and indirectly a trend in declining corruption from 2017.

The estimates may not capture the individual frustration of the reality on the ground. However, they do capture informed views of analysts, business people and experts in and out of Somalia.

The fight against corruption must be based on a strong foundation of a legal framework locally owned where the government can disentangle it from the deep social crisis of eroded principles,

3 MoF 2019: Financial Governance Report, <http://www.mof.gov.so/fgc>

4 Middle East Monitor (2018) Somali President: Undeniable there’s corruption in this government. Available at: <https://www.middleeastmonitor.com/20180312-somali-president-undeniable-theres-corruption-in-this-government/> [Accessed on 3 Aug 2018].

5 https://www.transparency.org/news/feature/corruption_perceptions_index_2017

6 s.mo.ibrahim.foundation/u/2017/11/21165610/2017-IIAG-Report.pdf?_ga=2.132825998.1087748630.1511455454-546442040.1511455454#page=15

values and morals. The recently approved National Anti-corruption Commission Bill by the Parliament and signed into Act⁷ by the President in September 2019 is a big step in the right direction. Furthermore, the Draft Anti-corruption Strategy developed through a consultative and inclusive process by the Ministry of Justice, which incorporates strategies and principles to combat corruption in everyday life and to eradicate the culture of corruption is moving in the right direction.

The TI Corruption Perception Index

The 2018 Transparency International CPI for Somalia increased by one point compared to 2017 to achieve a score of 10 with a standard error of 3.08. The standard error (which is larger than in any of the previous estimates of the CPI) demonstrates that there is no more disagreement among the underlying sources of information which contribute to Somalia's score.

Table 1: Somalia's Estimated CPI for 2018

Rank	Country	Score	Standard Error	Lower CI	Upper CI	Number of Sources
180	Somalia	10	3.08	5	13	6

In the 2018 CPI, Somalia was rated by 6 out of the 13 (institutions) data sources which are used to compile the index. This is an increase by one additional source from the 5 sources used to rate Somalia CPI in 2016 and 2017.

Out of the six sources used in 2018, two were based on the 2017 data which were kept at the same levels as in 2017. As such, the sources of data provided by AfDB and the Bertelsmann Foundation for Transformation Index remained at the same level as they were valid for two years according to the method used.

Two of the four remaining sources Global Insights (GI) and VDEM showed an improvement in Somalia's scorings in 2018. The Global Insights shows a large increase from 10 to 22 points using TI rescaling calculations; and V-Dem from 12 to 14 points. The GI, experts assess the risk that individuals/companies face bribery or other corrupt practices to carry out business, from securing major contracts to being allowed to import/export a small product or obtain everyday paperwork. This threatens a company's ability to operate in a country or opens it up to legal or regulatory penalties and reputational damage. The V-Dem Index is arrived at by taking the average of (a) public sector corruption index (b) executive corruption index (c) the indicator for legislative corruption, and (d) the indicator for judicial corruption, the index shows a slow improvement in

2018, compared to previous years.

The International Country Risk Guide (PRS), assesses the extent of risk businesses face corruption in the form of demands for special payments and bribes connected with import and export licenses, exchange controls, tax assessments, police protection, and access to loans. The measure is most concerned with actual or potential corruption in the form of excessive patronage, nepotism, job reservations, exchange of favours, secret party funding and suspiciously close ties between politics and business. The score declined from 12 to six points. The World Bank Country Policy and Institutional Assessment (CPIA) is the new source of information added for the year (2018) in the compilation of the CPI, the score from this source is 10 points, which is the lowest score the WB assigned to any country.

Table 2: Data by Sources by Institutions

AfDB	Bertelsmann Transformation index	GI	PRS	VDEM	WB
2017					
0	9	10	12	12	
2018					
0	9	22	6	14	10

According to the above estimates, the CPI index ranks 180 countries and territories by their perceived levels of public sector corruption based on experts and businesspeople perception. It uses a scale of zero (highly corrupt) to 100 (very clean). In 2018 more than two-thirds of countries scored below 50 points, with an average score of about 43. The index suggests that despite some progress perceived, most countries are failing to make serious inroads against corruption.

The top countries are Denmark, which ranked highest with a score of 88, followed by New Zealand with a score of 87. The bottom countries are Somalia, Syria and South Sudan with scores of 10, 13 and 13, respectively. No country has earned a perfect score on the CPI, according to the results, countries that tend to do better are those that protect democratic rights, and values and countries that score high are fragile or post-conflict countries with a precarious security situation.

At the regional level, the best performing region is Western Europe with an average score of 66. The worst performing regions are Sub-Saharan Africa (average score of 32), Eastern Europe and Central Asia (average score 34), for details see Annex 1.

Somalia has been at the bottom of the ranking since 2006, and this reflects the collapse of public institutions destroyed during the civil war starting in 1991, which left the country without governance institutions. The trend is shown in table 3, indicates that Somalia has been at the bottom of the rankings throughout period 2012 – 18. Since 2012, with the establishment of the federal government, a series of reforms and measures were introduced to fight corruption and build integrity institutions. However, most of the reforms introduced were ad hoc and didn't reflect the reality on the ground⁸. As a result, corruption continued to rise due to the weak administrative capacity, and leadership quality and most importantly, the limited comprehensive legal and institutional framework to fight corruption. This implies that corruption continued to manifest at all levels, including large scale misappropriation of public resources, and unethical and non-professional negligence.

Table 3: Trend of Somalia Corruption Perception Index 2012-2018

Country	CPI 2018	CPI 2017	CPI 2016	CPI 2015	CPI 2014	CPI 2013	CPI 2012
Somalia	10	9	10	8	8	8	8

The poor performance in 2018 and the years before for Somalia can be attributed to the widespread prevalence of corruption ingredients in public offices. Corruption occurrences worth mentioning by being in the public knowledge include: (a) mismanagement of public resources⁹ observed in several occasions, including external assistance from the EU, Saudi Arabia and UNPOS that have not been accounted according to the Public Finance Management rules; (b) non-transparent procurement in awarding contracts and licensing's contracts, contributing to losses of millions of dollars. Corruption in Somalia happens both in small, and grant scales and many of the corruption practices take place through bogus contracts, inflated prices during procurements processing, political patronage hiring clan-men and other forms of abuse.

⁸ There were no institutions on the ground to fight corruption and the measures introduced where more than just simple executive orders, no corruption cases were reported, investigated

⁹ Office of the Auditor General 2018: Audit of Financial Statements of the Federal Government of Somalia for the Financial Year 2018

¹⁰ http://s.mo.ibrahim.foundation/u/2017/11/21165610/2017-IIAG-Report.pdf?_ga=2.253668937.1942901850.1517602704-502629705.1517602704

Mo Ibrahim Foundation Index

The Mo Ibrahim Foundation¹⁰ Defines governance as the provision of the political, social and economic public goods and services that every citizen has the right to expect from their state, and that a state has the responsibility to deliver to its citizens. In the Mo Ibrahim Index of African Governance (IIAG), country performance in delivering governance is measured across four key components that effectively provide indicators of a country's overall governance performance. The key components that form the four categories of the IIAG are a) Safety & Rule of Law, b) Participation & Human Rights, c) Sustainable Economic Opportunity and d) Human Development. Each of these categories contains subcategories under which various indicators are organized that provide quantifiable measures of the overarching dimensions of governance.

The Mo Ibrahim Foundation Index also use most of the data sources used by TI, including that of the African Development Bank, Bertelsmann Stiftung, Global Integrity, V-Dem and the World Bank. So, it is of no surprise that the Mo Ibrahim Index comes to a similar conclusion as TI and ranks Somalia consistently at the bottom among the 54 African countries (from 2012 to 2018).

The Corruption Perception Index of TI and Mo Ibrahim governance index suggest that corruption has been persistent in Somalia and that there has been limited or no progress made in the fight against corruption.

3. Diagnostic Analysis and Sources of Information

The CPI of the Transparency International for Somalia is compiled using data and information generated from six major sources. The following key institutions generate the six data sources:

- African Development Bank, Country Policy and Institutional Assessment (CPIA);
- Sustainable Governance Indicators of Bertelsmann Stiftung (BTI);

- Global Insight Business Conditions and Risk Indicators (GI);
- The International Country Risk Guide (PRS);
- Varieties of Democracy (VDEM), and
- World Bank, Country Policy and Institutional Assessment (CPIA).

The Mo Ibrahim Foundation Index uses data generated by 35 data providers in addition to the six used by Transparency International. These include a mix of qualitative and quantitative assessments combining data calculated by various subcategory scores, plus some additional sources combined into composed governance score. Overall Governance score, categories, sub-categories and some composite indicators, which all different measure aspects of governance. Details of each source are described in detail in the following sections.

3.1 Institutional Estimation Methods

Each of the six institutions providing data sources to compile the TI composite index (the CPI) uses its method of compilation and focuses on specific areas of investigation as described below.

i. The African Development Bank the CPIA¹¹

The Country Policy and Institutional Assessment (CPIA) of the African Development Bank (AfDB) is a rating system designed to assess the performance of countries' policy and institutional frameworks in terms of their capacity to ensure the efficiency of utilization of resources for achieving sustainable and inclusive growth. It covers different aspects of development, such as economic and public sector management; structural policies; social inclusion and equity, among others.

The AfDB index assesses transparency, accountability and corruption in the public sector. Bank assesses the extent to which government can be held accountable for its use of funds and the results of its actions by the electorate and by the legislature and judiciary. The extent to which public employees within the executive are required to account for the use of resources,

administrative decisions, and results obtained. Both levels of accountability are enhanced by transparent decision-making, public audit institutions, access to relevant and timely information, and the public and media scrutiny. Each of the three dimensions is rated separately: The accountability of the executive to oversight institutions and public employees for their performance; access of civil society to information on public affairs; and state capacity by narrow vested interests.

Using the described approach, the AfDB concludes that Somalia does not have an effective system of accountability, and the government is not able to control the institutions or public employees. Access to information on public operations by the public is non-existent. The AfDB finds that there are no governing institutions in place to make decisions according to the rule of law and assigns an aggregate score of 1.6 to Somalia that's his lowest score by any standard. The Somali Authorities need to act firmly and find out why the AfDB continues to give this low score to Somalia and take appropriate action to correct this misinformation.

According to the AfDB index, the results indicate that Somalia's executive arm of government does not effectively account for the use of funds and the consequences of its actions by the electorate, the legislature and judiciary. Lack of accountability is attributable to non-transparent decision-making, no credible external public audits, inadequate access to relevant and timely information, and no public and media scrutiny.

ii. Bertelsmann Stiftung Sustainable Governance Indicators

The Bertelsmann Stiftung Transformation Index (BTI) measures the level of corruption based on both qualitative and quantitative measures. This involves assessing: To what extent public officers who abuse their positions prosecuted or penalized are? (a) Officeholders who break the law and engage in corruption can do so without fear of legal consequences or adverse publicity. On the other hand, officeholders who break the law and engage in corruption are prosecuted rigorously under established laws and always attract adverse publicity. And to what extent does the government

¹¹ <https://cpia.afdb.org/documents/public/cpia2016>

successfully contain corruption? The government fails to contain corruption, and there are no integrity mechanisms in place, or (b) the government is successful in containing corruption, and all integrity mechanisms are in place and effective.

The Sustainable Governance Indicator (BTI) for Somalia provided a score of 9 in 2018 out of 100 points. This is a low score, which indicates that the government is not containing corruption and that individuals or officeholders who break the law and engage in corruption are not prosecuted.

What can Somalia do to improve this rating? The nation can improve the current rating by strengthening and establishing Anti-corruption institutions and make them able to enforce the rule of law and to prosecute offenders who break the law. The country should also communicate and inform the public and the world in general on how the offenders are caught, prosecuted and punished. Thus, the government can demonstrate that it is serious about fighting and containing corruption by putting in place needed integrity institutions and mechanisms and making them effective and fully operational. Also, to impress the rating agencies, anti-corruption institutions in the country should have a strong communication strategy that explains to the untold success stories that could make a difference and respond to all criticism of Somalia. Which, are affecting the perception and performance of the index assessment negatively.

iii. Global Insights Business Conditions and Risk Indicators (GI)

The GI risk indicator assesses a broad range of corrupt practices, from petty bribery-paying to high-level political corruption. The score assigned to each country is based on a qualitative assessment of corruption for that specific country. The Somali data for CPI 2018 from the Global Insight was accessed through the World Bank, under the World Governance Indicators portal¹².

The GI indicator specifically assesses the risk that individuals/companies will face bribery or other corrupt practices to carry out business, from securing major contracts to being allowed to import/export small products or obtain everyday paperwork. This

threatens a company's ability to operate in a country or opens it up to legal or regulatory penalties and reputational damage. The score for 2018 for Somalia was estimated to be 22 that is an increase of 12 points compared to 2017. This indicates that Somalia is making progress in reducing the risk of corruption in this specific area.

What does Somalia need to do to improve the rating further? Despite improved anti-corruption efforts in Somalia, the situation continues to be precarious, and Somalia continues to be one of the lowest-scoring countries on this index, this is due to state fragility and poor institutional capacity. Reducing corruption in this category in these situations of fragile states presents a real challenge to making meaningful changes.

The key ingredient for Somalia to perform better is to put in place robust anti-corruption laws and capable institutions, staffed with qualified and competent personnel. Also, the political leadership must consistently be committed to anti-corruption strategies and ensure implementation. Tackling corruption also requires structural change - building and funding independent justice institutions, appointing well trained and competent staff in the civil service.

iv. The International Country Risk Guide (PRS)

According to the PRS¹³, the index measures actual or potential corruption in the form of excessive patronage, nepotism, job reservations, exchange of favours, secret party funding and suspiciously close ties between politics and business. The most common form of corruption met directly by the business is financial corruption in the form of demands for special payment and bribers connected with licenses, tax assessments and police protection.

Somalia's score in this index was 6 out of 100 in 2018, this a reduction of 50 per cent compared to a score of 12 in 2017. The latest rating shows that government efforts to fight corruption in this area have been ineffective. Accordingly, the authorities need to build strong institutions, empower and insulate them from political influence. Increase institutional collaboration

¹² <http://info.worldbank.org/governance/wgi/index.aspx#doc-sources>

¹³ <https://www.prsgroup.com/explore-our-products/international-country-risk-guide/>

between and among law enforcement and anti-corruption agencies.

What needs to be done to improve the rating? Tackling corruption in Somalia remains a colossal task. It requires building strong national institutions, empowering and insulating them from political influence. Also, enhancing institutional collaboration among the judiciary, law enforcement and Anti-corruption agencies is required to fight corruption effectively.

Varieties of Democracy (VDEM) Index

The Index of Varieties of Democracy (VDEM)¹⁴ measures six distinct types of corruptions that cover different areas and levels of the political sphere, distinguishing between executive, legislative and judicial corruption. Within the executive realm, the index distinguishes between corruption about bribery and that due to embezzlement. It also differentiates between corruption in the highest echelons of the executive (the level of rulers/cabinet) and the public sector at large. The index also assesses several distinguishable types of corruption: petty and grand; bribery and theft; and corruptions aimed at influencing lawmaking and targeting implementation.

The estimated VDEM index for 2018 was 14 out of 100 points, and this is a slight increase from 2017, which was 12. The score is still too low and indicates that all the three arms of government perpetuate corruption, and little is done to address the misdeeds and prosecute all those who violate the laws.

What can Somalia do to improve its capacity to fight this form of corruption? It is crucial to building synergy among the three arms of government, namely the Executive, Legislative and Judiciary to entrench good governance, transparency and accountability. Jointly uproot corruption and related misdeed. However, reversing corruption is not solely done by the government alone, but the government is the one with the largest role and power to create enabling environments for all others.

This requires a strong and competent team on communication, to inform the public on what the government is doing to address the fight against corruption and to counteract unfounded negative information and misinformation to the public.

World Bank Country Policy and Institutional Assessment

The World Bank's Country Policy and Institutional Assessment (CPIA¹⁵) rates all IDA-eligible countries against a set of 16 criteria grouped in four clusters: (a) economic management; (b) structural policies; (c) policies for social inclusion and equity; and (d) public sector management and institutions. These criteria are focused on balancing the capture of those factors critical to fostering growth and poverty reduction, against avoiding undue burden on the assessment process. The score for Somalia was 10 points out of 100 in 2018, and this indicates that the executive cannot be held accountable for the proper use of public resources. In other words, the governance system and public sector management are not fully operational even though the government has been implementing reforms in integrity institutions, budgeting and financial management for some time. According to the Bank's assessment, public sector management is weak, and there is an absence of effective integrity institutions to hold the executive branch accountable.

What need the authorities do to improve the situation? The focus of reforms should be in building and strengthening integrity institutions that are capable of holding the executive to account for spending national resources, economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. The criteria are focused on factors critical to fostering growth and poverty reduction. Unfortunately, even though the government made several efforts with the development partners support to implement reforms, there is limited progress that can be shown or any substantial achievements. As of now the Public Financial Management Bill, the Auditor General, Procurement and others have been approved by the parliament and awaiting presidential signature into Acts.

The analysis or diagnostic suggests behind the estimates, and there is the daily reality for people living in the country. Nevertheless, the estimate cannot capture the individual frustration of this reality, but it does capture informed views of analysts, business people and experts in and around the country.

The results of the diagnosis are corroborated by the World Bank CPIA and Mo Ibrahim Africa Governance, which trace Somalia's unsatisfactory progress in controlling corruption. In several years Somalia received lower scores by both agencies indicating that corruption has not been brought under control. The enduring presence of corruption is borne out by other indicators. The International Risk Guide gave Somalia an overall score of 6 out of 100, which qualified it as fragile. There are several areas of concern. Public access to information, Government Accountability, Executive and Judiciary accountability are all rated as very weak. At the same time, budget processes are very weak as judged by the AfDB CPIA and the World Bank both give a very low score to Somalia. Other aspects considered weak include Oversight and regulations, in terms of Anti-corruption and Rule of law were also found to be very low. Furthermore, on most accounts, ' corruption remains pervasive in Somalia.

4 Prevention and Mitigations Measures to Counter Corruption

Somalia has limited legal and regulatory frameworks that can be used to prevent and mitigate corruption. Recently the federal government placed rebuilding public institutions and fighting corruption among its core policy priorities. This clear commitment presents an important opportunity for strengthening integrity in the public sector. The government has embarked on various reforms, demonstrating strong political inclination alongside government commitment. These reforms include public financial management reforms, enactment of Parliament and approval of the Auditor General's Act, and approval of an Anti-corruption Act and establishment of Anti-corruption commission, among others. Consequently, this assessment on Anti-corruption recognizes the strengthening of legal framework and formation of relevant institutions to implement such reforms; and identifies remaining challenges and gaps in regulations and practical implementation of integrity and accountability of Somalia's Anti-corruption framework.

Corruption in public administration and the capture of political decisions are risks to the economic

and political stability of any country. The Somali government has been introducing ad hoc reform measures to affect its commitment to fight corruption. However, addressing underlying structural weaknesses could promote a culture of integrity and accountability to mitigate and ultimately eradicate corruption and promote sustainable and inclusive development.

Based on the uniformity of low rankings by international agencies, Somalia is characterized as being challenged by endemic corruption, low institutional capacity, the weak rule of law, and a high level of insecurity. The combination of weak institutions and poor governance structures provide high opportunities for corruption, and misuse of public resources, with relatively low risks of being sanctioned and punished. Nevertheless, recent assessments, including this one, suggests that Somalia is making slow progress in addressing corruption. There is improvement evidenced by minor increases of the CPI (9 to 10), WGI and the Mo Ibrahim Governance Index (11 to 13) in recent years. This suggests that Somalia has been performing slightly well in some indices. Other measures show positive signs, such as the decision of the World Bank, the African Development Bank and the European Union to use the country financial system. It means they (the three institutions) currently assess the financial and administrative system of the country to be more trustworthy and reliable. Furthermore, negotiations with the IMF on debt relief are expected to reach a decision point by 2020, which would also attest to the credibility of the policy reforms implemented recently.

However, while there is a positive free option from the progress that Somalis is making, some assessments by the World Bank and the African Development Bank point to continued lack of any progress made in mitigating corruption. Somalia scored 10 out of 100 points by the World Bank CPIA in 2018, and for the AfDB a score of 1.6 out 6 points; both scores are the lowest given to any country. This does not seem to be fully coherent.

4.1 Specific Anti-corruption Measures

Somalia introduced measures to limit the spread and occurrence of corruption, but these were often ad hoc and by Executive Orders without a comprehensive legal framework. Recently, the Federal Government has established state institutions and passed legislation and is in the process of introducing

Box 1: Key Messages to the Authorities

To improve the Corruption Perceptions Index rating and remove the stigma of Somalia being branded as the most corrupt country in the world, the authorities should consider undertaking the following:

- Leadership must be united in their commitment and action to end to corruption impunity;
- Putting in place effective and locally owned Anti-corruption strategy that consists of Anti-corruption laws and autonomous and effective institutions. The Anti-corruption legislation must be comprehensive and to be periodically reviewed to introduce relevant amendments as needed;
- Sign international conventions on Anti-corruption including the UN, African, Arab conventions;
- Mapping out the landscape of corruption and taking all necessary actions to correct the misdeeds;
- Establish state institutions and pass legislation, introduce training programs and codes of conduct, and develop rationalization.
- Develop a clear communication strategic (public awareness creation) dedicated to informing and spread Anti-corruption measures to inform the public on the ongoing Anti-corruption reforms and strategy. Respond to any critic and misinformation coming from anywhere.

Key Message on Communication

A competent and solid communication team must be in place to promote, create awareness, and publicize government anti-corruption strategies and counteract all negative and misguided statements and comments coming from any side. Take, for example, the Remarks made by Mr Keating, the UN Special Representative of the Secretary-General for Somalia on 13th of September 2018 on the current socio-economic situation in Somalia. After he made a long and positive speech on the progress the government made to build its capacity and establish institutions, he added the quote “that corruption is systemic, used to gain and retain power. It penalizes the poor, the majority. Untraceable money changing hands continues to be a defining feature of Somali politics”.

Such strong negative statements damaged all positive efforts Somalia has made on fighting corruption, and the world takes note of what the UN representative says that affects the assessment of Somalia CPI adversely.

Specific Issues/Measures On How To Remove The Stigma

- The Somali authorities must develop effective channels of communication to address the misinformation of rating agencies, to deal with those institutions that are rating Somalia unfairly and spreading misinformation.
- Authorities will have to take all necessary actions related to the introduction of anti-corruption laws, instruments to curb corruption, and provide adequate funding to integrity institutions so they can operate independently and without interference;
- Establish strong institutions, empower them and insulate from political influence; Increase institutional collaboration between and among law enforcement and justice and anti-corruption; and Build synergy effects between the three arms of government to entrench good governance, transparency and accountability to fight corruption through a comprehensive legal framework of Anti-corruption.

training and codes of conduct. More importantly, the Government established several institutions to fight corruption. Among the key ones is the Office of Auditor General, which is required by the Provisional Constitution of the Federal Republic Article 114 to prepare a report on the annual state of the federal government budget. In it is the first annual report in many years, the Office of the Auditor-General has reported several government bodies to the President and the Parliament for failing to account adequately for their finances for the year 2018.

The 2018 Report raised questions on external financial assistance to the Federal Government of Somalia, as not being fully accounted for or not being immediately transferred to the Treasury Single Account to be reported by the Accountant General's Office. Although the executive branch denied any wrongdoing and the matter is unresolved, the government missed the opportunity to build a transparent system of accountability in public finance management system.

The new measures also include the establishment of the independent Anti-corruption commission, which could change the situation very shortly. Stemming from international fears over inadequate economic governance and management, the government adopted a shadow semi Anti-corruption institution. The Financial Governance Committee¹⁶ established in 2014 by mutual agreement between the FGS, donors and IFIs with the responsibility of providing advice on macro-critical financial governance, public procurement and concessions, public asset recovery, public financial management reforms, domestic revenue mobilization, resource sharing and fiscal federalism. The responsibility was assigned to the FGC was to review and advise the government on any mismanagement.

In 2018, the government passed the Anti-corruption Commission Act that initiated the process of establishing the Somalia Independent Anti-Corruption Commission in September 2019. The President with the support of the Ministry of Justice is in the process of appointing 9 members of the commission as per the Anti-corruption Act¹⁷ and that are to be confirmed

by Parliament. The Commission is to oversee and implement anti-corruption measures. It has investigative and prosecutorial powers, including the right to have suspected persons arrested, and their assets are frozen or confiscated (in collaboration with the Ministry of Justice). It also has the mandate to educate the public about the detrimental effects of corruption. This represents a robust and realist reform agenda within the set priorities.

4.2 Contested Perceptions Versus Reality

It is not easy to get a firm grasp on the reality of corruption in Somalia. The perception indices compiled by TI, Mo Ibrahim governance index and others ought to provide something resembling accurate perception of incidence of corruption. However, according to many in Somalia, these perception indices (assessments) do not provide adequate and realistic evidence that reflects the situation in the country. In 2018, the aggregate TI perceptions rankings pointed to Somalia as the most corrupt country in the world without reflecting the modest progress made in the country. Major international donors, such as the WB, the AfDB and the EC were convinced that Somalia made substantial progress in strengthening public financial management and in fighting corruption and decided to provide substantial financial and technical support through budget support by using the country system. Which they believed is relatively reliable and trustworthy. However, this does not seem to find its way in improved scoring in the indexes.

The Government has completed three Staff Monitored Programs (SMPs) satisfactorily and agreed with the IMF to proceed with a fourth high conditionality program (IMF 2019)¹⁸. This lays the basis for Somalia to fulfil the track record of reform that is required for the Decision Point under the Enhanced Highly-Indebted Poor Countries (HIPC) Initiative. The Government is also proceeding with meeting the conditionality standards associated with programs supported by arrangements in the upper credit tranches. All these and other institutional reforms indicate the government's commitment to mitigate corruption is making progress.

16 Federal Government of Somalia 2019: Financial Governance Committee Report 2019. <https://mof.gov.so/fgc>

17 Federal Government of Somalia, Ministry of Justice 2019: The Law Establishing the Independent Anticorruption Commissions at the two levels

18 IMF 2019: Article IV Consultation, Second Review under Monitoring Program

Somali authorities on several occasions have contested the results of perception indices, and they argued (Office of the Prime Minister) that the TI CPI for the past few years and 2018 did not adequately show the Government's commitments to counter all instances of corruption. The Government also denied accusations levelled by past and current UN reports concerning corruption allegations against government officials during the past few years. In any event, there are credible actions, which suggest the government is taking practical actions, such as introducing legislation and building integrity institutions to fight corruption that has not been reflected in CPI indices.

On the other hand, there are many practices by the executive, including obstruction of parliamentary probes into corruption and reports of misappropriation of funds that are not adequately addressed, and other information, which points to financial mismanagement and related financial inadequacy. Corruption in Somalia is also a component of established societal structures consolidated by inherent clan practices. Above all, a political will to equip and resource the anti-corruption institutions to fight all forms of corrupt behaviour and practices is essential for perceptions and reality being at one in assessing the prevalence of good governance. This is a long-term goal that must be part and parcel of a comprehensive and systematic approach to address and eradicate corruption.

5. Draft National Anti-corruption Strategy (NACS)¹⁹

It is common wisdom that effective, good governance is key to long-term development. To promote sustainable and inclusive economic growth, contribute to poverty reduction and prevent the resurgence of conflict, the FGS's commitment is necessary to achieve good governance through prevention and deterrence of corruption. In this context, the government initiated a National Anti-Corruption Strategy and reform agenda designed to build a public sector that is defined by services delivery and not by private gain. It focuses on people, systems, and institutions and on building a culture where integrity is cherished, and corruption rejected.

According to the Draft NACS, the strategy is the culmination of a consultative process spanning several ministries, public agencies, private sector

businesses and civil society organizations. In general, it aims at a 'National Integrity System' encompassing institutions in both the public and private sectors including the executive, legislature, judiciary, law enforcement, civil society, business and media.

The Ministry of Justice, in cooperation with the National Economic Council, the Office of the Prime Minister with the support of Transparency International, are working together to complete the process of finalizing the National Anti-corruption Strategy. A series of consultations are ongoing to consult and collect opinion from key domestic and international stakeholders. As of now, consultations, following a series of stakeholder meetings undertaken by the Ministry of Justice with the following groups:

- Federal and regional governments institutions ("Core Group")
- Representatives from civil society, the business community, academic and research institutions
- One-to-one consultations with Core Group government institutions, and regional counterparts and experts
- Consultations with international institutions and agencies experts, and

A final review is to be undertaken by the National Economic Council team and by the Transparency International experts, which is expected to lead to the finalization process of the strategy through a validation workshop in Mogadishu. These identified consultations are aimed at developing a series of priority measures to enrich the final strategy documents. For the time being the National Anti-corruption Strategy is aiming at achieving several main goals, these include, among others, the following:

- The enforcement of Anti-corruption legislation, and prevention of corruption;
- Increase in public awareness by way of promoting integrity and accountability and interest in countering corruption;
- Developing and nurturing exemplary and accountable leadership;

¹⁹ Based on the Draft National Anticorruption Strategy 2019-2021

- Establishing external scrutiny institutions including Office of the Ombudsman; and
- Strengthening legislative framework; and protecting Parliamentary Oversight;

It has been clear from most of the meetings that were held, that corruption in Somalia endures within the FGS, FMS, business sector and security and law enforcement. The strategy is to focus on initially mitigating and eventually eradicating corruption through a comprehensive and systematic manner, including strengthening institutions. It recognizes the urgency of speeding up the process on institutional building, legislation, strengthening public institutions and training/capacity building. All these are to be accomplished through a consultative and inclusive process with all stakeholders: domestic and international, NGOs, and public and private sectors.

The Proposed Draft National Anticorruption Strategy reflects the aspiration of the government actors and other key stakeholders for an effective and efficient repose to corruption. The NACS is intended to:

- a) preliminarily gauge the current status of corruption in Somalia by assessing corruption drivers and primary risk areas, and by reviewing existing anti-corruption measures;
- b) intervene at the legal, technical and institutional levels to generate far-reaching changes in attitudes, policies, institutional structures and frameworks for fighting corruption, and;
- c) provide a means for coordination and harmonization of the government's anti-corruption efforts
- d) NACS's long-term vision is to encourage and create an environment in Somalia that is adverse to corruption.

To achieve these objectives, the Ministry of Justice with several stakeholders, developed a draft strategy composed of five point-plan, which consists of:

- **Leadership** – Harnessing Political will and engagement, this is meant that the leadership is not only to encourage the fight against corruption but must demonstrate by example. That means that leaders do not display ethically questionable behaviour and that they are held

to account regardless of their rank. To enhance the trust of citizens in public administration, the Government will develop an asset declaration regime to which heads of state and government ministers, and upper and lower house legislators are subject, and which includes clear verification and sanction procedures. Leaders are expected to support inclusive political process; strengthening and protecting parliamentary oversight; establishing integrity and accountability institutions and strengthening legislative framework, and address the management of revenue sharing adequately.

- **Accountability** - Strengthening the Integrity, Independence and Capacity of Key Institutions, including the supreme audit institution, the police, and the courts, plays a critical role in deterring corruption by holding corruptors accountable. However, these institutions themselves are corruptible and subject to interference. Therefore, the ability to successfully detect, investigate and adjudicate corruption in Somalia hinges on the integrity, independence and effectiveness of these institutions. This requires, among others, strengthening the auditor general office to conduct and detect and combat corruption.
- **The Somalia Police institutions** or law enforcement has poor credibility and soliciting and accepting bribes both during and outside the course of police investigations seems a regular practice. This requires urgent development and implementation of a Code of Conduct and Discipline outlining professional policing practices as well as disciplinary procedures and oversight mechanisms to build policy credibility and discipline. More attention is to be given to the police capacity to investigate financial and economic crimes, such as corruption. In addition, establishing or expanding the role and responsibility of criminal Investigation must be prioritized and linked with a financial intelligence unit, which monitors and investigates suspicious financial activities. Judiciary - Competence and diligence are fundamental prerequisites to the outstanding performance of the judicial office. Therefore, priority must be given to build and strengthen the human and institutional capacity of the courts, enabling the judiciary to address serious offences related to corruption and to

investigate and prosecute identified cases. Above all, there is a need to educate the public on the important role that the judiciary plays and the importance of the bench displaying the highest standards of integrity. A credible public complaints system that explains how and to whom to direct complaints needs to be urgently established so that integrity breaches in courts can be better detected and addressed.

The separation of powers represents a fundamental guarantee of the independence of the judiciary. Somalia's courts must be protected from political pressure or control. The Government shall work with the judiciary and relevant stakeholders to establish an independent Judicial Service Commission that will be responsible for matters such as appointment to the judiciary and disciplinary action. Finally, adequate and independent budgetary resources need to be allocated to the judiciary to enhance justice delivery and protect judicial independence.

- **Systems²⁰** - „Following the Money“ and Protecting the Public Purse under this section the National Anticorruption Strategy prescribed a series of measures to reduce corruption risks. These include revenue collection; digitalization of services; simplification of procedures; accessibility to information; the professionalism of tax and customs officials; improving procurement compliance and capacity; expenditure control; budget transparency and Recovering and Managing Government Assets.
- **Bureaucracy** - Building a Merit-Based, Professional and Inclusive Civil Service, basically the NACS focus on the competitive and merit-based selection process, with greater synchronization between the educational background, skills of workers and their positions. With the greatest possible transparency, jobs must be publicly advertised, and candidates must be systematically assessed in written and oral examinations. These are to be addressed by the National Civil Service Commission, which is expected to play a centralized but transparent role in carrying out the above-stated activities.

- **Culture** - Creating a Culture that Rejects Corruption through awareness creation of the impact of corruption. Rent-seeking, disregard for the supremacy of the law, and an allegiance to the clan over the State have combined to erode common values in Somalia steadily. At present, it seems that many corrupt practices continue to be treated as acceptable behaviour. It is expected that decision-making favours specific groups, that public servants are open for bribes, and that the civil service is nepotistic. Corruption cannot be tackled systemically unless these kinds of expectations are subverted, and corruption is redefined as unacceptable, criminal behaviour.

5.1 Evaluation of the Draft National Anticorruption Plan

The Ministry of Justice prepared the Draft National Anticorruption Strategy through an inclusive and consultative process, which included stakeholders from the public and private sectors, civil society with wide participation of youth and women. Based on the information collected, collated and consolidate through the consultation process, a team of experts from the Ministry of Justice made the first draft of the NACS in 20019. To be fair, the draft did manage to capture the key elements of the strategy to address the fight against corruption in Somalia.

However, the proposed elements of the strategy focused on implementing the strategies through institutions that either not yet in place or to be established in the future. This is unfortunate as Somalia is a fragile state, meaning the Government lacks effectiveness, capacity and legitimacy; all these undermine the ability and willingness to govern. Somalia as a post-conflict country is characterized by endemic corruption, low state legitimacy, weak state capacity, the inadequate rule of law, uncertain levels of political will and higher levels of insecurity. At this initial stage, the strategy should have focused more on institutional (governance) building as the central objective rather than just introducing reform measures without institutions in place. Therefore, It is important that the strategy considers or makes a distinction between focusing on short term immediate objectives versus longer-term governance and institution building objectives.

²⁰ More details and explanations are given in Draft NACS 2019 - 2021

This requires focusing on the following main areas:

- Strengthening the capacity of the state to fulfil its core functions, such as ensuring security, justice and service provision; and
- Supporting the legitimacy, accountability and transparency of the state by addressing issues of good governance, human right and peacebuilding;
- Promote non-discrimination as a basis for inclusive and stable societies; Align with local priorities in different ways in different contexts; and
- Agree on practical coordination mechanisms between FGS and FMS and all institutions.

More specifically, NACS should have the body/bodies in charge of implementation and coordination with other relevant institutions (authorities) identified with a series of specific and measurable objectives and detailed steps required to achieve them are specified.

Whole-hearted participation of multiple sets of stakeholders must be considered for any comprehensive and systematic national anticorruption strategy.

Last but not least, the NACS must set overall goals that can be translated into actionable plans.

6. Conclusions and Recommendations

6.1 Conclusions

Among the conclusions that can be drawn from the assessment of corruption in Somalia is that the government continued commitment to implementing anticorruption measures steadily. These efforts are mainly driven by the executive, and this must change to include the other arms of Government, civil society and other stakeholders. The development of new legislation on the Anti-corruption Act 2018 approved by the Parliament, the establishment of the Anticorruption Commission, the adoption of the Draft National Anticorruption Strategy, and reforms in public financial management including public procurement and budgeting processes, auditor general office, provide a solid foundation for implementing reform

strategies. If the Government can ensure these reforms are realized in all sectors and at the national and FMS level alike, Somalia's pervasive level of corruption could be significantly decreased. However, not all institutions proved able to implement reforms at the expected pace. Restoring integrity in the public service through advancing civil service reforms and ensuring strict adherence to obligations such as asset declarations continue to be challenging.

Controlling and eliminating the attitude of Officials tolerating illegal activities in return for bribes, dysfunctional institutions facilitating an environment of lawlessness, and the absence of an efficient regulatory framework hindered prospects of economic competitiveness, democratic and inclusive governance. Among the key lessons learned is that weak integrity institutions, such as Anti-corruption institutions (commissions, auditors, and alike) have been harmful and contrary to social and economic progress. The prevalence of corruption practice, in the public offices, the private sector and in all the segment of the society for private gains have had a significant negative impact on development.

The systemic nature of corruption in both public and private sectors is a primary concern in Somalia. To varying degrees, most sources and indices indicate the improving state of governance in relative terms but at a slow pace. While corruption remains a significant reality within the country, Somalia seems to be improving its control in recent years. Somalia has been progressing with the fight against corruption through a series of measures, including legislation, institution-building, training programs, and rationalization measures. It is evident, nonetheless, that all these devices have not yet been entirely successful in significantly impacting corruption. Many of the reforms are recent, and it takes time before they impact behaviour and produce measurable change. The reforms must continue to be adhered to in the future. Otherwise, the present gains might be reversed.

Foremost the political elites must commit to and demonstrate a will to eradicate corruption. As the practice of corruption is most blatant amongst the highest echelons of government, much depends on the will of key leaders showing zero tolerance. Establishing institutions and passing legislation only provide the framework for meaningful reforms. It is appropriate to enact legislation and establish

institutions within a framework designed to serve public and private integrity, but to translate this into action effectively, there must be a desire to both implement the legal provisions and to resource the institutions to fulfil their mandate effectively. The real challenge is implementation, and this requires the acceptance and collaborative support of the Executive, the Legislature and the Judiciary. The absolute necessity of will to champion an anti-corruption agenda, which can then pervade all public and private sectors of the polity, is clearly and crucially represented by the judiciary. A thoroughgoing anti-corruption policy, agreed by the executive and legislature, must be enforced by the judiciary. Yet, this relies upon adequate resourcing and endorsement by non-partisan political actors.

Finally, the key findings of this study indicate that poor governance, weak financial management has been detrimental to progress in democracy, state-building and economic and social development in Somalia. Enough evidence is presented, analyzed to assign corruption as a key factor in the disintegration of the state and the prolonged crisis faced by Somali during the past three decades²¹. In this context, there are multiple factors at play in the pursuit of fighting and removing corruption in Somalia. Somalia is still a fragile state, emerging from the long and devastating collapse of central state authority and, therefore, faced with distinct challenges that affect post-conflict countries.

6.2 Recommendations

The study identified a wide range of challenges and prescribing quick-fix recommendations is not an easy task. However, an attempt is made to develop recommendations. To highlight key fundamental initiatives focusing on establishing, consolidating or scaling-up governance institutions, including some in the areas of fiscal and financial management as well as the enactment of several legal and institutional frameworks.

The following represents the main assessment recommendations regarding enhancing Anti-corruption institutions and building the institutional capacity for integrity institutions and reconstruction and development. The proposed measures include:

- Assigning public leadership that recognizes the

sacrosanctity of the trust conveyed when given the responsibility to manage public resources for the common good - not for individual or group benefit. The leadership must be committed to clean and good governance, enforce sanctions, and penalties on the misuse of public funds, and enforce the application of the rule of law.

- Federal and FMS Governments should develop and implement a practical and implementable Anti-corruption strategy, which includes measures to ensure institutions are in place and able to effect compliance and oversight of the strategy.
- Leaderships of relevant institutions should be supportive of addressing corruption risks and practices within agencies at all levels and encourage the integrity of staff (whistleblowing) through adequate incentives.
- Anti-corruption institutions should prioritize “cleaning up their own house”. This will require the recruitment of staff to be done according to merit and not any other considerations, to reduce and eliminate collusion and conflict of interest.
- Review and finalize the Anti-corruption Act and other supportive legislation, make them compliant with the international conventions.
- Complete the process of establishing the Anti-corruption Commission, which has been approved by Parliament.
- Finalize the Draft Anti-corruption Strategy through a consultative process, make sure that the strategy is comprehensive, and is locally owned under the framework of Anti-corruption commission; and
- Identify and support individuals or groups within the public sectors or specific institutions and sectors (including the private sector and civil society) who can champion Anti-corruption and accountability reforms.

Finally, to ensure the objective of fighting and to eliminate corruption is achieved a strong and independent Anti-corruption Commission would be needed and enabled to operate efficiently and

21 Ali Issa Abdi, 2011. Crisis in economic and financial management. The root cause of the state collapse and the principal to national recovery in Somalia.

accorded appropriate prosecution power. The government will need to cultivate a culture of integrity that ensures that those holding public office should/would refrain from abusing their positions to plunder public resources for personal gains. This would involve: (a) Encourage positive incentives (example: merit-based recruitment) (b) Creating transparency by applying checks and balances to reduce opportunities for corruption (c) Increase expected costs by strengthening law enforcement against corruption (accountability) and (d) Take advantage of existing political will by involving government, business, and civil society/citizens in the processes.

This practically means implementing the Draft National Anticorruption Strategy²² and making the Independent Anticorruption Commission fully operational and independent with adequate resources and staffing. This will require the following:

The government to conclude the on-going consultations and adopt the draft Anti-corruption Strategy, and implemented it forcefully and faithfully, with an unwavering commitment to at achieving the set objectives. The strategy should have inbuilt targets and timelines to achieve them that are pragmatic and monitorable.

The government should collaborate with international Anti-corruption agencies, such as the Transparency International on the implementation of the national anti-corruption strategy. In discussions with NEC advisors and the Ministry of Justice officials over the past year, IT has shown willingness and readiness to collaborate with the Somali authorities in the design and implementation of an effective anti-corruption strategy.

The efforts to tackle deep-rooted and prevalent abuse of public trust and resources misuse demand unified national actions that encamps relevant state organs, the private sector and the civil society. In this context, the civil society should engage counterpart civil entities and international institutions who collectively in addressing the menace of corruption at the national, regional and global levels. We accordingly recommend the formation of a Somali chapter of Transparency International to assist in addressing this problem in a concerted fashion.

Finally, Somalia must sign and ratify all conventions on corruption, including United Nations Conventions on Anticorruption, African Union Convention on Preventing and Combating Corruption, Arab-Convention-Against-Corruption, among others.

Annex 1: Transparency International Corruption Perceptions (CPI) Index Scores 2018

Country	ISO3	Region	CPI Score 2017	Rank	Standard error	Lower CI	Upper CI	number of sources
Top 10								
Denmark	DNK	WE/EU	88	1	2.63	8	92	84
New Zealand	NZL	AP	87	2	2.44	8	91	83
Finland	FIN	WE/EU	85	3	2.74	8	89	81
Singapore	SGP	AP	85	3	1.98	9	88	82
Sweden	SWE	WE/EU	85	3	2.02	8	88	82
Switzerland	CHE	WE/EU	85	3	1.57	7	88	82
Norway	NOR	WE/EU	84	7	2.14	8	88	80
Netherlands	NLD	WE/EU	82	8	2.3	8	86	78
Canada	CAN	AME	81	9	2.16	8	85	77
Luxembourg	LUX	WE/EU	81	9	2.32	7	85	77
Germany	DEU	WE/EU	80	11	2.49	8	84	76

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IGAD Member countries

Ethiopia	ETH	SSA	34	114	1.52	8	36	32
Djibouti	DJI	SSA	31	124	5.38	4	40	22
Kenya	KEN	SSA	27	144	1.82	9	30	24
Uganda	UGA	SSA	26	149	2.13	9	29	23
Eritrea	ERI	SSA	24	157	8.24	5	38	10
Sudan	SDN	SSA	16	172	2.51	7	20	12
South Sudan	SSD	SSA	13	178	1.86	5	16	10
Somalia	SOM	SSA	10	180	3.08	6	15	5

Last 10

Libya	LBY	MENA	17	170	2.57	5	21	13
Afghanistan	AFG	AP	16	172	1.41	5	18	14
Equatorial Guinea	GNQ	SSA	16	172	2.82	3	21	11
Guinea Bissau	GNB	SSA	16	172	1.97	5	19	13
Sudan	SDN	SSA	16	172	2.51	7	20	12
Korea, North	PRK	AP	14	176	1.39	4	16	12
Yemen	YEM	MENA	14	176	1.45	7	16	12
South Sudan	SSD	SSA	13	178	1.86	5	16	10
Syria	SYR	MENA	13	178	1.92	5	16	10
Somalia	SOM	SSA	10	180	3.08	6	15	5
Global Average	43/100							
Average Sub Saharan Africa	32/100							

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