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de las  
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para la  
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y la  
Alimentación

## FINANCE COMMITTEE

**Hundred and Thirty-fourth Session**

**Rome, 21 – 22 October 2010**

**Second Update on WFP Management Actions In Somalia**

Queries on the substantive content of this document may be addressed to:

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**Chief of Staff and Director, Office of the Executive Director**

**World Food Programme**

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### **EXECUTIVE SUMMARY**

- At the Board's 2010 Annual Session the Secretariat was requested to provide at its Second Regular Session of 2010 an update and time-line on how it has dealt with issues raised by the Monitoring Group on Somalia and the Inspector General, and on the preparations for the External Auditor's review of the Somalia operation.
- This second management update covers management actions and the Inspector General's work taken since the first information note presented at the 2010 Annual Session. The work falls into three areas: i) enhancing management oversight, controls and systems; ii) strengthening programming and risk-management tools; and iii) improving coordination and dialogue with the United Nations country team and partners. Most of the recommendations have been implemented, resulting in improved mechanisms, enhanced controls and procedures and adoption of alternative programming tools. The remaining items are close to completion or under development, such as an alternative framework for operations in high-risk environments.
- WFP has kept the Security Council Sanctions Committee abreast of its progress regarding work in Somalia and has liaised with the reconstituted Monitoring Group on Somalia to discuss sharing of information. The Inspector General has also shared his recent review of the Monitoring Group on Somalia's allegations with the coordinator of the Monitoring Group on Somalia.
- Senior management welcomed the arrival in Rome of the new External Auditor in mid-August, providing documents and direct access to officers and managers to facilitate a prompt mission to examine WFP's work in Somalia.

### **GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE**

- The Finance Committee is requested to note WFP's second update on WFP management actions in Somalia and to endorse it for information for the Executive Board.

#### **Draft Advice**

- In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee takes note of the "Second Update on WFP Management Actions in Somalia".

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**Executive Board  
Second Regular Session**

**Rome, 8–11 November 2010**

# RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

*For information\**

# E

Distribution: GENERAL  
**WFP/EB.2/2010/5-D/1**  
12 October 2010  
ORIGINAL: ENGLISH

## SECOND UPDATE ON WFP MANAGEMENT ACTIONS IN SOMALIA

\* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it, well in advance of the meeting, and the Chair accepts the request on the grounds that it is a proper use of the Board's time.

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## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for information**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

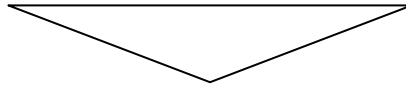
Chief of Staff and Director, EDD\*: Ms L. Landis tel.: 066513-2002

Programme Coordinator, EDD: Ms E. Chung tel.: 066513-3412

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

\* Office of the Executive Director

## DRAFT DECISION\*



The Board takes note of “Second Update on WFP Management Actions in Somalia” (WFP/EB.2/2010/5-D/1).

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\* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

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## INTRODUCTION

1. This second update on WFP management actions in Somalia responds to the Board's request at the 2010 Annual Session that the Secretariat provide a time-line for dealing with the issues raised by the Monitoring Group on Somalia (MGS) and the Inspector General and on the preparations for the External Auditor's review of the Somalia operation. A time-line covering June 2009 to September 2010 is contained in Annex I.
2. The update also covers management action under the auspices of the Somalia Steering Committee since the last information note, which was presented at the 2010 Annual Session. The Somalia Steering Committee is an internal senior staff committee that includes representatives from the Regional Bureau for Southern, Eastern and Central Africa and the Somalia country office. It was convened by the Executive Director to improve the control environment of WFP work in Somalia and ensure implementation of the recommendations from the Inspector General's December 2009 report.

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## CONTEXT

3. While improving the way its humanitarian deliveries are done and preparing for the External Auditor's mission this autumn, WFP continues to provide critical support in Somalia. Although operations remain suspended in southern and parts of central Somalia because of the unacceptable conditions imposed by Al-Shabaab and its threats and attacks, WFP maintains operations in northern and parts of central Somalia and in Mogadishu. Efforts to regain access to the south are continuing, directly and through partners, but the current environment leaves much uncertainty as to when WFP will be able to resume operations in these areas.
4. As noted in the August 2010 report by the Food Security and Nutrition Analysis Unit led by the Food and Agriculture Organization of the United Nations, the number of people in need of humanitarian assistance has decreased. The food security situation has improved because good rainfall has increased agricultural and livestock production, but the bumper harvest covers only half of the country's cereal needs; 400,000–500,000 mt of grains will have to be procured from international sources. The harvest is localized and does not benefit the country evenly: improved food availability will not necessarily translate into improved access, especially for the urban population and pastoralists in central regions. Nearly 2 million people – 27 percent of the population – remain food-insecure and in need of assistance. If the next rainy season is poor, the numbers of people in crisis will rise again and additional population movements may be expected. To ensure an adequate response, WFP is revising its operational priorities to reflect the current situation.

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## UPDATE OVERVIEW

5. Over the past months the Somalia Steering Committee has been addressing the 23 recommendations made by the Inspector General in his December 2009 report on management issues, control weaknesses and public relations. Most have been implemented, resulting in improved reporting and tracking mechanisms, stricter control of contracting and assessment procedures, and adoption of alternative programming tools aligned with the Somali context. The remaining items are close to completion, with the exception of the development of an alternative framework for operations in high-risk environments.

6. To assist the country office with implementation of the recommendations, WFP deployed senior-level missions in June and July on logistics, human resources, monitoring and evaluation, and reporting. Recommendations issued by these missions have been implemented by the country office in coordination with the Somalia Steering Committee.
7. The management actions and the Inspector General's work fall into the following categories:
  - i) enhancing management oversight, controls and systems;
  - ii) strengthening programming and risk-management tools; and
  - iii) improving coordination and dialogue with the United Nations country team (UNCT) and partners.
8. The following sections describe the work done under each category.

### **Enhancing Management Oversight, Controls and Systems**

9. The Somalia country office has addressed the Inspector General's recommendations by enhancing or reinforcing existing systems or developing new ones, as described below.
  - **Improved food-tracking and monitoring systems.** Reinforcement of the country office's document classification system has significantly improved the tracking of food deliveries by providing a more accurate real-time view of movements. Modifying the systems for compiling vessel discharge data for Somali ports, for example, has helped to avoid backlogs in data entry into WFP's Commodity Movement Processing and Analysis System (COMPAS) and enabled more prompt data reconciliation.
  - **Broader selections of contractors.** Throughout 2010, the country office has been improving the system for finding companies interested in providing transport services. Following radio and newspaper announcements in Kenya and Somalia, WFP has received 180 expressions of interest and the country office is analysing the capacity and experience of the companies concerned. In consultation with Headquarters, the country office has developed criteria for assessing potential transport contractors in line with WFP requirements, taking into account security and access restrictions. Existing appraisal systems have been augmented with COMPAS data on performance indicators such as losses during the previous year.
  - **Enhanced cooperating partner appraisals.** WFP has improved its system for assessing cooperating partners: appraisals are now based on random checks, feedback from United Nations partners and beneficiaries, and stricter reporting requirements. If implementation is unsatisfactory, WFP applies corrective measures such as warning letters, suspension of deliveries to distribution points, recovery of food losses from contractors and termination of agreements. Corrective actions are recorded to inform the allocation of future contracts and are fed into the UNCT partnership risk-management database.
  - **Enhanced guidance on procurement of transport services.** The Somalia country office and the Headquarters Logistics Division have revised transport contracting procedures and allocation of cargo to reinforce controls and transparency. Additional criteria have been added to ensure consistent implementation, taking into consideration the operational context. The Somalia case has also contributed to enhancing the WFP corporate Transport Manual, which has been updated accordingly.

- **Improved reporting tools.** Information tools and processes have been streamlined by clarifying the roles, responsibilities and information needs of the country office, Headquarters and external partners. The number of information products such as daily situation reports has been reduced, leaving staff with more time to focus on analysis.
- **Enhanced management structures.** To enhance country office management, WFP has appointed Mr Stefano Porretti – one of WFP’s most experienced operational leader with experience in Iraq and Afghanistan – as the new WFP country director. Since his arrival, the country office has been restructured to reflect current operational needs and to improve internal controls, for example by upgrading the heads of sub-offices to area coordinators reporting directly to the deputy country director.

As mentioned in the last information note, a second deputy country director position has been established and should be filled shortly; this officer will focus on optimizing and overseeing operational support services. A senior compliance officer has been assigned to focus on consistent monitoring and assessment of risk, proper operation of the control environment, compliance with WFP rules and regulations and support for the UNCT risk-management unit; this officer will also help the country office support the mission of the External Auditor.

### Strengthening Programming and Risk-Management Tools

10. The Inspector General also made recommendations related to programming, including the development of an alternative framework for operations in high-risk environments. This framework would include a definition of risk tolerance and a cost/benefit analysis, which would inform programming and decision-making. The Somalia Steering Committee and the country office are examining enhanced programming and risk-management tools, taking into account the relevance of risk-tolerance issues affecting WFP operations beyond Somalia.

- **Improved monitoring.** The country office is launching a pilot project using private-sector companies to monitor delivery and distribution points and to conduct post-distribution monitoring in areas where international workers have limited access; the tender has closed, and candidates have been evaluated. WFP is also developing a process for cross-border and market monitoring, working with stakeholders to improve the understanding of food aid flows. Cross-border monitoring has already taken place along the borders with Ethiopia and Kenya; analysis of preliminary data shows that there are no large flows of food aid crossing either border.
- **New partnerships.** WFP is exploring new partnerships, for example with the Organization of the Islamic Conference and its affiliated non-governmental organizations, whose networks may provide better access and insight in areas inaccessible to other humanitarian organizations. A pilot partnership is being explored for the Afgoye corridor, where there are many internally displaced persons and where WFP has very limited access.
- **Risk management.** Because the development of appropriate programming tools for volatile environments is inherently related to understanding the acceptable levels of risk, the country office has developed a risk register. Under the WFP corporate risk-management initiative, Headquarters will lead a mission in October 2010 to support risk-management processes in the country office, improve the monitoring and reporting of risk management and facilitate the identification of risk-tolerance levels.



- **Programming in volatile environments – Somalia and beyond.** In response to the Inspector General’s recommendation for an alternative framework for operations, WFP has initiated a process to review standard operating procedures and to gather knowledge from managers and emergency coordinators with experience in high-risk and difficult operational environments. WFP recognizes the need to understand how it deals with different situations, how it balances operational risks and risk-mitigation costs and how it determines whether it should continue operations when confronted with risks beyond its control. This will take time, but it will help the country office with programming and will provide a platform for dealing with similar issues in other volatile environments.

### **Improving Coordination and Dialogue with the UNCT and Partners**

11. Because WFP’s success in Somalia is linked to the work of other organizations, the Inspector General recommended that WFP enhance its communications and relationships with the UNCT and external partners. One of the most important areas of collaboration is in risk management.
  - **Inter-agency risk management.** The country office is participating in the risk-management process led by the Resident Coordinator and the Office for the Coordination of Humanitarian Affairs. A risk review of all United Nations operations in Somalia and a risk-management process have been developed in cooperation with the Somalia-based United Nations agencies.
  - **Consultations on humanitarian assistance and risks in Somalia.** WFP plans to host three consultations involving humanitarian leaders, country leaders and donors in Nairobi in November and December 2010 with a view to: i) identifying ways of dealing with humanitarian controls in Somalia; and ii) building consensus among stakeholders regarding the main risks and joint action for mitigating them. The first two consultations will include major stakeholders such as donors and the UNCT to look at technical issues, with a focus on risk definitions and operating procedures for different operational contexts. The third and concluding event will be a high-level conference for donor representatives, United Nations agencies, the United Nations Political Office for Somalia, the International Committee of the Red Cross and non-governmental organization partners.

### **Other Actions by the Somalia Steering Committee and the Inspector General**

12. WFP has provided the Sanctions Committee – established pursuant to Security Council Resolutions 751 (1992) and 1907 (2009) concerning Somalia and Eritrea – and the MGS with written updates on its work in Somalia; it has also briefed the Sanctions Committee. Following the July publication of the report of the United Nations Humanitarian Coordinator for Somalia, in response to Security Council Resolution 1916 (2010), the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, Sir John Holmes, was invited to brief the Sanctions Committee in New York on 12 August 2010; WFP and the United Nations Children’s Fund were invited to attend. WFP representative Ms L. Landis, Chief of Staff and Director of the Executive Director’s Office, briefed the meeting on WFP’s work to improve controls and investigate the allegations and on the pending review by the External Auditor. The following day, Ms Landis met informally with the MGS coordinator to discuss future cooperation and sharing of information.

13. As requested by the Executive Director, the Inspector General has reviewed the MGS allegations. His report summarizes the issues highlighted by MGS and the work done by his office. Of the 13 MGS allegations, the Inspector General had already reviewed 8 in previous investigations, audits or inspections and had made recommendations for corrective action. For the remaining five, which may require further investigation, the Inspector General is unable to proceed until evidence is forthcoming from MGS, particularly because most of these allegations refer to illegitimate collusion among staff members and partners or transporters, and between partners and armed groups. WFP has sent letters emphasizing the critical need for access to any evidence or information held by MGS; on 16 March and 21 May, WFP asked the Chair of the Sanctions Committee for such access. The MGS was formally reconstituted in July, after which the Inspector General also sent a letter to the MGS coordinator requesting the evidence. The Inspector General's office remains in contact with MGS and the United Nations Department of Political Affairs in New York. The Inspector General's report of 16 July is provided in Annex II.
14. WFP has provided the External Auditor with supporting documents and has organized consultations with logistics and programme officers and the Somalia Steering Committee. The Director of External Audit, Ms R. Mathai, has been briefed by executive staff on the current environment and challenges in Somalia. WFP welcomes the work of the External Auditor and appreciates the priority it has given to the investigation.

## ANNEX I

Date	Event or action
<b>2009</b>	
15 June	Channel 4 News report alleges food diversion in Somalia.
16 June	WFP Somalia country office initiates an inquiry through external parties. This is passed to the WFP Office of Inspections and Investigations in August 2009.
28 September–20 October	WFP Office of Inspections and Investigations undertakes a mission to WFP country office in Somalia.
1 December	WFP Inspector General's report in response to Channel 4 News allegations is submitted to the Executive Director.
4 December	An informal briefing is held for WFP membership on findings of the Inspector General's investigation.
14 December	A letter is sent to Board members and observers from the Deputy Executive Director and Chief Operating Officer, Mr A. Abdulla, detailing the Inspector General's findings and recommendations.
<b>2010</b>	
5 January	WFP suspends operations in many parts of southern Somalia following imposition of unacceptable conditions by Al-Shabaab.
12 January	An informal briefing on Somalia is held for WFP membership.
13 January, 15 and 22 January, 1 and 16 February	Weekly WFP Somalia situation reports are sent to WFP membership.
9 March	The <i>New York Times</i> publishes a story on the report by the Monitoring Group on Somalia (MGS).
10 March	The MGS report is officially submitted to the Sanctions Committee established pursuant to Security Council Resolutions 751 (1992) and 1907 (2009) concerning Somalia and Eritrea.
11 March	WFP receives a copy of the MGS report from the Sanctions Committee.
11 March	The MGS report and a letter from the Chair of the Sanctions Committee are sent to WFP membership.
11 March	The Executive Director sends a letter to WFP membership welcoming an independent investigation of WFP's Somalia operations and offering access to the Inspector General's December report.
12 March	An informal briefing is held for WFP membership by Deputy Executive Directors Mr A. Abdulla and Mr R. Lopes da Silva.
12 and 17 March	The Executive Board Bureau requests a review of WFP's Somalia operations by the External Auditor and the Inspector General, and a management response to the MGS report.
16 March	A procedural note on the Inspector General's December report is sent to the WFP membership.
16 March	The MGS report is submitted to the United Nations Security Council.



Date	Event or action
16 March	A letter from Deputy Executive Director Mr R. Lopes da Silva to the Chair of the Sanctions Committee is sent to WFP membership.
<b>2010 (continued)</b>	
19 March	The Security Council extends the mandate of MGS for a further 12 months, extending it to Eritrea.
23 March	The United Nations Resident and Humanitarian Coordinator for Somalia sends a letter to the Chair of the Sanctions Committee expressing concern about the basis of the MGS report's allegations of food diversion.
24 March	Deputy Executive Director Mr R. Lopes da Silva briefs the Sanctions Committee in New York.
31 March	The Board approves by correspondence the Bureau's recommendations for investigations by the External Auditor and the Inspector General.
22 April	The Chair of the Sanctions Committee sends a letter to the Executive Director noting the committee's recommendation that WFP and the Board review the findings of the MGS report.
1 May	The Executive Director appoints Mr T. Myat as Special Envoy to Somalia.
1–10 May	Mr Myat conducts mission to WFP Somalia country office.
18 May	The Executive Director convenes an international expert panel to advise on supply chain risk management in complex emergencies.
19 May	The Executive Director convenes the first internal Somalia Steering Committee meeting.
21 May	The Executive Director sends a letter to the Chair of the Sanctions Committee, including reiteration of the earlier request that the committee share any evidence corroborating the MGS report's allegations.
21–23 May	The Executive Director attends the Istanbul Conference on Somalia, where delegates stress the importance of WFP's work in the country.
4 June	The Deputy Executive Director and Chief Operating Officer Mr A. Abdulla visits the WFP Somalia country office. He also meets senior United Nations officials, donors and representatives of the Organization of the Islamic Conference.
9 June	The Secretary-General appoints Mr A.P. Mahiga of the United Republic of Tanzania as Special Representative for Somalia, replacing Mr Ould-Abdallah of Mauritania, who had held the position for the previous three years.
7–11 June	At the Board's Annual Session, the terms of reference for an independent assessment of the MGS allegations are approved. A decision is taken to invite the incoming External Auditor to conduct a detailed review at its earliest convenience. An information note on management actions is shared with WFP membership.
15 June	Mr S. Porretti, a WFP manager with experience in challenging humanitarian operations, assumes his duties as WFP representative and country director for Somalia.
22 June	The Executive Director writes to the new External Auditor following the Board's request at the Annual Session that the External Auditor conduct a review of WFP's Somalia operations in accordance with the approved terms of reference, and that it issue a report with recommendations for enhancing the framework of controls in Somalia as soon as possible, for approval by the Board.
20–26 June	Senior logistics and monitoring and evaluation officers from Rome conduct a mission to the country office and recommend measures to improve

Date	Event or action
	managerial oversight.
28 June–1 July	The Director of Human Resources Ms D. Serrano travels to the Somalia country office to assist with staff issues.
<b>2010 (continued)</b>	
6 July	The MGS is formally reconstituted by the Secretary-General following Security Council Resolution 1916 (2010) of 19 March.
16 July	The Inspector General provides the Executive Director with his report on the allegations regarding WFP operations in Somalia contained in the MGS report.
26 –30 July	Senior analysis and reports officers from Rome travel to the Somalia country office to propose measures to improve reporting mechanisms.
30 July	The Executive Director visits the Somalia country office and meets the Special Representative of the Secretary-General and donor representatives.
11 August	The Executive Director sends a letter to the Board updating the membership on recent management actions for WFP operations in Somalia, along with copies of the 16 July Inspector General report on the MGS allegations and the 22 June letter to the new External Auditor.
11 August	The External Auditor arrives at WFP Headquarters.
12 August	Under-Secretary-General and Emergency Relief Coordinator Sir John Holmes briefs the Sanctions Committee in New York. Representatives of WFP and the United Nations Children’s Fund are present. Chief of Staff and Director of the Executive Director’s Office Ms L. Landis addresses the Sanctions Committee on behalf of WFP.
13 August	The MGS coordinator and the WFP Chief of Staff meet informally to discuss future cooperation and sharing of information.
13 August	The President of the Board sends a letter to the External Auditor requesting an immediate review of WFP operations in Somalia with a view to reporting to the Board at its 2010 Second Regular Session.
23 August	A senior WFP compliance officer visits the Somalia country office to improve control mechanisms.
25 August	The External Auditor sends a letter to the Board President indicating that it will start its review in October and complete it in mid-November, with a report for the 2011 First Regular Session.
30 August	The Inspector General sends a letter to MGS requesting the evidence needed to continue investigations of MGS allegations.
14 September	The Bureau discusses the External Auditor’s mission to Somalia. The External Auditor indicates that it intends to visit the Somalia country office in mid-October. If the audit is completed in time, a preliminary report could be available in December.
16 September	The External Auditor sends a letter requesting additional fees for the audit review of operations in Somalia.
21 September	An informal briefing on Somalia is held for WFP membership.
23 September	The Secretary of the Executive Board sends a letter to the membership detailing the additional external audit fees for vote by correspondence.
8 October	The Board approves by correspondence the additional fees for the External Auditor for its work on Somalia.



## ANNEX II



## Memorandum

OSI/36/10

To: Ms. Josette Sheeran  
Executive Director, EDD

Date: 16 July 2010

From: Suresh R. Sharma  
Inspector General & Director, OS

Subject: Review of Allegations Regarding WFP Operations in Somalia  
contained in the Report of the Monitoring Group on Somalia dated 10 March  
2010

### Background

1. The report of the Monitoring Group on Somalia (MGS) of March 2010<sup>1</sup> included 13 allegations involving WFP operations in Somalia. The Oversight Office (OS) during an investigation in 2009, internal audits in 2008 and 2009 and an inspection in 2007 examined many of the allegations contained in the MGS report. However some of the allegations are new and OS has not had the opportunity to investigate these.
2. As the MGS report is not an investigation report, the report does not contain detailed evidence in support of the allegations. Accordingly, the Deputy Executive Director, in his letter dated 15 March 2010 to the Chairman of the Security Council (Sanction) Committee, wrote "... In order to investigate, and if necessary to correct, the allegations stated in the Report, WFP requests that the evidence be produced in a complete fashion..." Furthermore, the Executive Director, in her letter dated 21 May 2010 addressed to the Chairman of the Security Council (Sanction) Committee wrote "... we request that all supporting documents that underpin the allegation are shared with the WFP Inspector General". However, so far we have not received any additional information.

<sup>1</sup> "Report of the Monitoring Group on Somalia pursuant to Security Council resolution 1853"

cc:Abdulla, Casar, LopesdaSilva, Landis, Migone



3. Allegations 1 – 8 (inclusive) below are those where OS had already investigated many of the MGS allegations. OS did not find any wrongdoing on the part of WFP staff, but had made recommendations when it discovered allegations of wrongdoing by a Cooperating Partner (CP) in 2007 and when it identified system weaknesses in 2009. WFP management is following up those recommendations. Thus, the work done on these allegations is considered sufficient at this stage but if new evidence becomes available, OS will determine whether there is sufficient evidence to enable OS to investigate further.
4. Allegations 9 – 13 (inclusive) below are allegations which need to be investigated further; OS will examine these issues when additional evidence as requested by the Executive Director on 21 May to the Security Council (Sanction) Committee becomes available. Until additional information is available from the MGS, OS is unable to proceed with further investigation of allegations 9-13 inclusive.
5. Investigations conducted by OS are administrative in nature and are intended to guide the Executive Director in deciding on jurisdictional or disciplinary action to be taken and/or recommendations for improvement of controls/systems. OS's conclusions set out below are based on a review of documents and records in the WFP Somalia Country Office and in Headquarters as well as interviews of WFP staff. OS does not have access to the records of transporters contracted by WFP or other external service providers.

**Allegations considered to have been already addressed.**

**Allegation 1:** *“The transportation budget for WFP in 2009 was approximately US\$200 million” and “three transporters receive 80 per cent of this business”. “Preliminary investigations by the Monitoring Group indicate the existence of a de facto cartel characterized by irregular procedures in the awarding of contracts [...], discriminatory practices and preferential treatment”. These “create an environment conducive to large scale diversion of food aid”.<sup>2</sup> (paragraphs 234 and 238)*

6. The statement, “The transportation budget for WFP in 2009 was approximately US\$200 million”, is incorrect as the actual payments to transport contractors in 2009 was about \$62 million. The allegations concerning “irregular procedures” have been examined previously. OS has made recommendations to address control weaknesses, which management is implementing.

<sup>2</sup> The MGS report makes reference to reports by Channel 4 news concerning diversions in the Afgoye Corridor of food supplied by WFP.





**Allegation 2:** Some implementing partners have warehouses near markets and *“instruct transporters to deliver to those warehouses rather than to specific distribution points”*. (Paragraph 236 of the MGS report)

7. During the 2009 investigation, OS observed that four CPs (Muslim Aid, Hanno, Mercy and Winsome) stored WFP supplied food for social support activities in their warehouses located at the Bakara market.<sup>3</sup> No irregularities or improper deliveries were identified. It is a normal practise for WFP food to be delivered to CP warehouses before it is delivered to final delivery points. No further WFP action is required on this allegation.

**Allegation 3:** Families of combatants are *“routinely registered as internally displaced persons [...] inflating the numbers of those in need”*. (paragraph 237)

8. This allegation could be considered as an allegation of fictitious IDPs and food diversion, which is covered under Allegation 10 below. The work performed by OS to date is considered sufficient to address this allegation.

**Allegation 4:** *“The provision of food aid has thus become a militarized business.”* WFP’s three largest transporters are in effect *“gatekeepers of WFP food aid to Somalia”*. (paragraphs 240 and 241)

9. The work performed by OS to date is considered sufficient for addressing the requirement that the country office has a competitive pool of transporters. Some aspects of this allegation are also covered under Allegations 9, 10 and 11 below.

**Allegation 5:** There is a conflict of interest between a transporter – Deeqa Construction whose Chief Executive Officer (CEO) is referred to as “Enow”<sup>4</sup> – and the WFP cooperating partner SAACID whose President is Enow’s wife. (paragraphs 242 and 243)

10. The 2009 investigation identified this conflict of interest and OS made recommendations for remedying it. WFP management took necessary action in November 2009 to address this issue.

<sup>3</sup> The social support activity is a small portion of WFP operations in Somalia.

<sup>4</sup> Abdulqadir Mohamed Nur is also commonly known as “Eno” or “Enow”; he is the Chairman and CEO of Deeqa Construction. OSI will follow MGS in using “Enow”.





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**Allegation 6:** The looting of 1,229 MT of food from a Deeqa convoy at Suuqa Xoolaha on 25 September 2008 was “staged”. (paragraph 245)

11. No further WFP action is required on this allegation (Deeqa repaid the food which was lost).

**Allegation 7:** There are conflicts of interest between WFP contracting firms bidding for the same tenders, such as Swift Traders (operated by Abukar Omar Adaani and family) and Banadir General Services and Banadir Gate East Africa General Trading Company. These extend to the Banadir group (including the Lower Shabelle Business Committee, Banadir Maritime and Port Operation, and Banadir Maritime Import Operations) in which Adaani and Enow both held various management titles. (paragraphs 254 and 255)

12. Previously OS has identified conflicts of interest between WFP contracting firms and made recommendations to remedy them. Other than normal due diligence, no further action is required on this allegation.

**Allegation 8:** Adaani reopened the Eel Ma’aan port as an alternative to the Mogadishu port. According to the MGS, he was assisted in this by WFP “ostensibly as a contingency plan”. Adaani also received a WFP contract to build a road from Eel Ma’aan to Isilay airstrip, which according to port officials “does not correspond with any known humanitarian delivery route and was intended to provide armed opposition groups access to the airstrip”. (paragraphs 255 to 261)

13. The investigation did point out that country office management could have been more engaged with the United Nations country team (UNCT) in Somalia regarding the initiative to build a road and set up Wikhalls™ as a contingency plan. No further action is required on this allegation.

**Allegations requiring further examination (upon receipt of additional information)**

**Allegation 9:** WFP national staff owns or controls WFP implementing partners.<sup>5</sup> (paragraph 235 and footnote 118)

<sup>5</sup> The MGS report makes reference to the Channel 4 news programme in relation to this allegation although Channel 4 did not address the issue; it refers to WFP staff allegedly organizing propaganda to counteract the Channel 4 news programme allegation.





14. OS can pursue efforts began in the course of the 2009 investigation if names of WFP staff that have an alleged relationship with CPs are known.

**Allegation 10:** Diversion and misappropriation of 50 percent of the food supplied by WFP, i.e. 30 percent for implementing partners and local WFP personnel, 10 percent for ground transporters, and 5 to 10 percent for the armed group in control of the area. (paragraph 235)

15. OS will examine evidence related to the food diversions and misappropriations, when the requested information is provided to it, and develop further investigative steps.

**Allegation 11:** *“Access to some camps is effectively controlled by armed groups, who oversee food distribution in order to take credit for aiding the people...”* (paragraph 237)

16. WFP will scrutinize any evidence, when received, related to the allegation that armed groups control or benefit from distributions to determine whether there is sufficient evidence to enable OS to investigate further.

**Allegation 12** Allegation of *“large-scale”* food diversion in the Karaan district by Enow: US\$600,000 worth of food signed as received by SAACID in August 2009 (potentially diverted) and the *“remaining food”* from the original US\$5 million contained in Enow’s warehouse was *“handed over”* to militias or delivered to the Bakara market.<sup>6</sup> (paragraphs 246 to 252)

17. OS will evaluate any new evidence, when received, to determine whether there is sufficient evidence to enable OS to investigate further.

**Allegation 13:** Businessman *“Luway”*, a contractor for WFP (and UNICEF) for vehicles in the Baidoa area, finances the Al-Shabaab and was connected to the kidnapping of *Action contre la Faim* workers in July 2009. During the same month he was also involved in the Al-Shabaab looting of the United Nations compound in Baidoa. (paragraph 263)

18. The allegation concerning *“Luway”* is a new allegation and OS has not performed work on it. OS will undertake an investigation to examine how due diligence was performed in selecting this contractor.

<sup>6</sup> The MGS report makes reference to Channel 4 reports of diversions of WFP supplied food in the Afgoye Corridor.