

Breaking the Cycle: Policy Recommendations for Somalia's Anti-Corruption Reform

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KEY MESSAGES

- **Corruption is deeply entrenched in Somalia**, affecting governance, economic sectors, and public service delivery, ranking 11/100 on the 2023 Corruption Perceptions Index.
- **Weak institutions, lack of political commitment, and centralized financial control** have increased corruption risks and weakened intergovernmental collaboration.
- **Bribery, nepotism, embezzlement, and aid diversion** are the most prevalent corrupt practices, undermining public trust and economic stability.
- **Legal reforms, independent oversight, and transparency measures** are essential to improving governance and reducing corruption.
- **Adopting proven anti-corruption models, including decentralization, regulatory frameworks, and multi-stakeholder engagement**, can help strengthen accountability and institutional integrity.

→ Introduction

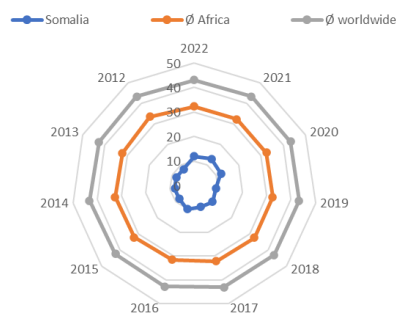
Corruption remains a major obstacle to Somalia's development, deepening poverty and eroding public trust in institutions. This briefing paper examines the country's corruption challenges, analyzes recent cabinet directives, and explores effective anti-corruption strategies based on global models. The policy brief recommends fostering a cultural shift and mitigating corruption risks through systemic reforms.

→ Methodology

This policy paper critically examines corruption in Somalia by reviewing both published and unpublished literature, including international corruption indices, government reports, and expert analyses. Utilizing a structured methodology, the paper explores corruption's root causes, its socio-economic and political impact, and potential strategies for mitigation. Key anti-corruption models are assessed for their applicability to Somalia's governance landscape, with recommendations for institutional reform, policy adjustments, and stakeholder engagement.

→ Current State of Corruption in Somalia

Somalia compared with average Africa/Global



Somalia faces severe socio-economic challenges, with nearly half of its population reliant on external aid, one in seven internally displaced, and more than 60% illiterate (BTI Somalia Country Report, 2022), at the same time, the country consistently

ranks among the most corrupt in the world. (Hassan, Literacy in Somalia: A struggle to rebuild the system broken by war 2020). According to Transparency International, the abuse of entrusted

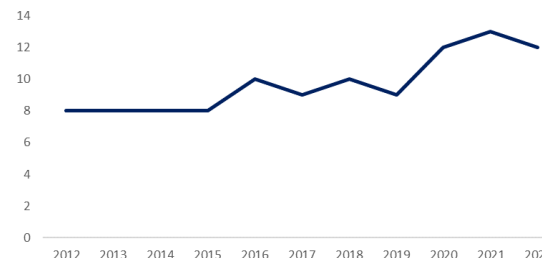
power for private gain constitutes corruption. Corruption manifests in various forms, including bribery, nepotism, cronyism, and embezzlement.

Somalia ranks among the most corrupt countries globally, scoring 11/100 on the 2023 Corruption Perceptions Index. Corruption is deeply embedded in government institutions and key economic sectors, particularly ports, airports, tax collection, and telecommunications. The most prevalent corrupt practices include bribery, nepotism, cronyism, embezzlement, and aid diversion, all of which undermine governance and economic stability. According to the international crises group report, both petty and grand conditions of Corruption prevail in Somalia. (WorldData 2022). Corruption fuels political instability, discourages foreign investment, and erodes public trust in institutions, further deepening poverty and inequality.

The Ministry of Justice's 2022 report quoted, "corruption undermines reform efforts, exacerbates poverty and economic disparities, diverts aid, discourages foreign direct investment, and erodes the confidence and trust of Somalis in their leaders and institutions.

→ Recent Anti-Corruption Measures and the Path Forward

Somalia's corruption Trends over 10 years



Over the past decade, slight improvements have been made, supported by moderate government and financial sector reforms in collaboration with international partners such as the World Bank, IMF, and EU. However, concerns arise

that these gains may be reversed by the recent centralization of resource flow functions by the Federal Government of Somalia (FGS), particularly for grant-funded development projects and budget support from institutions like the World Bank, EU, and African Development Bank.

This shift has concentrated financial management of IDA projects in the

hands of a few individuals in Mogadishu, particularly within Project Implementation Units (PIUs) and federal ministries, inadvertently creating accountability gaps, increasing corruption risks, and weakening intergovernmental collaboration.

While regulatory frameworks for public financial management, procurement, concessions, and supreme audit exist, weak institutional capacity and lack of political commitment hinder effective implementation. Public procurement processes are increasingly viewed as compromised, with favoritism and personal interests overriding transparency and efficiency. Legal frameworks remain incomplete, and the credibility and independence of oversight institutions and the judiciary are often questioned. Irregularities like concealed resource flows, nepotism, poor record-keeping, unethical practices, impunity for powerful corrupt figures, underpaid public servants, and a lack of accountability, combined with transparency issues in tax administration, resource utilization, aid project implementation, limited citizen engagement, and restricted press freedom, foster an environment that exacerbates corruption challenges (Shah and Huther, 2020).

➡ **2023 Cabinet executive order**

The recent cabinet executive order is a crucial step but requires clear action for effective implementation. While focusing on procurement, wealth declarations, and merit-based selections is positive, concerns remain due to the lack of key implementation institutions and practical measures. Legal frameworks for reporting corruption and protecting whistle-blowers, media independence, transparency, and citizen participation are vital.

As (Matthew Jenkins 2022) argues, the real fight is not solely against individuals engaging in corruption but rather against the systemic conditions that enable and perpetuate it. A successful anti-corruption strategy must focus on reducing both the incentives and opportunities for corruption, strengthening institutional integrity, and fostering a culture of accountability.

The unregulated economic market, particularly in sectors like real estate, remittance, and telecommunications, coupled with an underdeveloped financial sector, has fueled corruption. Establishing a national accounting system to regulate resource flow and improve transparency is vital in addressing this issue. Additionally, a shift in attitudes and an ethical revolution are crucial to changing both public perception and private behaviors that sustain corruption.

➡ **Recommended Anti-corruption Models**

1. Robert Kilgard model:

Robert Kilgard’s Corruption Control Model identifies systemic conditions that enable corruption, primarily when officials hold excessive power, exercise unchecked discretion, and operate with minimal accountability. The model proposes a structured approach to mitigate corruption through three key interventions. Reducing monopoly of power is achieved by decentralizing authority, privatizing services, and delegating power to impartial administrators, limiting the ability of a few individuals to control decision-making. Limiting discretionary power involves establishing clear regulatory frameworks, standardized procedures, and objective performance indicators to ensure that decisions are based on predefined criteria rather than personal judgment. Enhancing accountability and transparency requires strengthening independent oversight, increasing citizen participation, ensuring press freedom, and enforcing transparency mechanisms to enhance institutional credibility and reduce corruption risks.

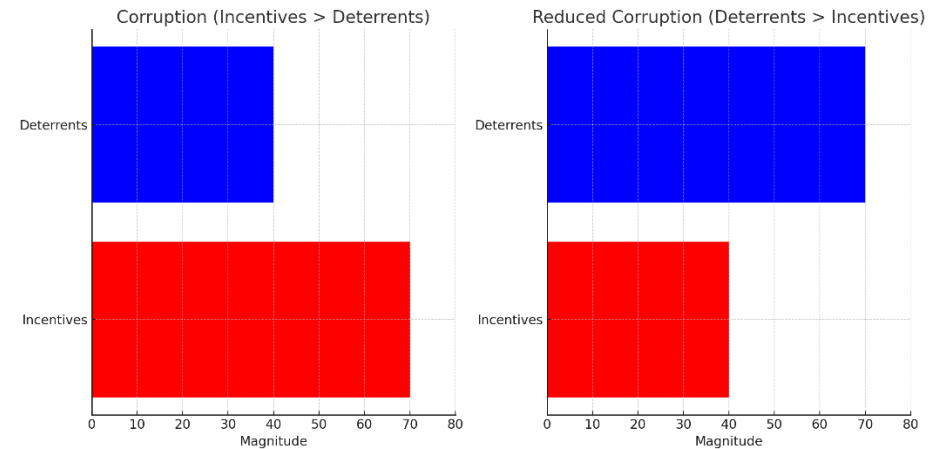
2. Cost-Benefit Analysis Model:

Robert Kilgard’s Corruption Control Model			
Key Factors	What to Do	How to Do It	Results
Monopoly of Power	Reduce Monopoly	Decentralization & Privatization	Less Concentration of Power
Discretion of decision	Limit Discretion	Regulatory Frameworks & Clear Guidelines	Standardized Decision-Making
Lack of Accountability	Increase Accountability	Independent Oversight & Transparency	Reduced Corruption & Better Governance

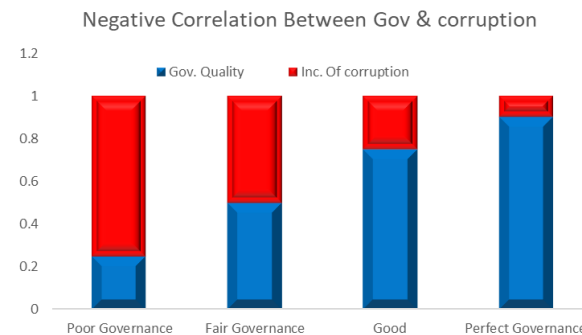
$$\text{Corruption} = \frac{\text{Incentives}}{\text{Deterrent Factors}}$$

This model views corruption as a consequence of governance failure. It assumes that officials act rationally, engaging in corrupt practices when they perceive that the benefits outweigh the anticipated costs.

The Cost-Benefit Analysis Model suggests that corruption happens when the perceived benefits, such as power, monopoly, and personal gains, outweigh the costs or deterrents, like penalties and transparency measures. To reduce corruption, the model recommends lowering incentives through decentralization and privatization, while strengthening deterrents by enhancing penalties, whistleblower protection, and standardizing services to limit discretion. It argues that corruption can be minimized when the costs of corrupt behaviour, such as detectability and punishment, exceed the benefits. The model further advocates for effective oversight institutions, strong checks and balances, citizen and media engagement, and an independent judicial system to ensure proper consequences for corrupt actions, ultimately reducing the incentives for corruption.



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Additionally, the model argues corruption is negatively correlated with governance. good the governance is, the chance of corruption and vase-verse, as the diagram exemplifies, where red color represents corruption while blue is good governance.

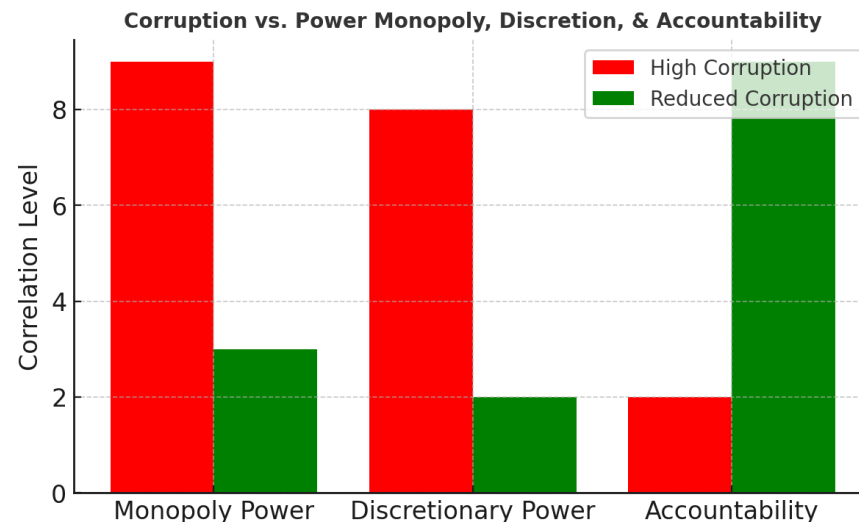
Conclusions and Recommendations

Recommendations

To combat corruption, Somalia must strengthen anti-corruption institutions, enforce accountability, promote transparency, and engage civil society in oversight efforts. Without significant institutional reforms, corruption will continue to obstruct Somalia's governance, economic progress, and development.

The following corruption control models offer practical approaches that can be adapted to Somalia's context:

1. Reducing monopoly power, limiting discretionary decision-making, and increasing accountability through decentralization, regulatory frameworks, and independent oversight mechanisms. (*Robert Kilgard's Corruption Control Model*)
2. Strengthening legal frameworks, ensuring judicial independence, promoting free media, empowering civil society, and fostering ethical public administration to enhance transparency and prevent corruption. (*National Integrity System (NIS) Model*)
3. Addressing the power imbalance between public officials (agents) and citizens or institutions (principals) by enhancing monitoring mechanisms, enforcing whistleblower protections, and implementing performance-based accountability. (*Principal-Agent Theory*)
4. Encouraging collaboration between government, private sector, civil society, and international partners to collectively push for anti-corruption reforms, enforce compliance, and foster integrity. (*Collective Action Approach*)



Enhanced Corruption Formula Representation

High Corruption
 $C = +M + D - A$

Reduced Corruption
 $C = -M - D + A$

C = Corruption, **M** = Monopoly of Power, **D** = Discretionary Power, **A** = Accountability

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