



OUTGOING E-MAIL

REFERENCE: S/AC.29/2015/SEMG/OC.31

DATE: 3 August 2015

TO: His Excellency Mr. Rafael Darío Ramírez Carreño Chair Security Council Committee pursuant to resolutions 751 (1992) and 1907 (2009) concerning Somalia and Eritrea	FROM: Snježana Gillingham Secretary <i>SG</i> Security Council Committee pursuant to resolutions 751 (1992) and 1907 (2009) concerning Somalia and Eritrea
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CC: H.E. Mr. Elmi Ahmed Duale, Permanent Representative of the Somali Republic to the United Nations, New York (somalia@un.int, elmiduale@yahoo.com, akullane@mofa.gov.so, awelekullane@gmail.com) Mr. Abdirahman Sheikh Issa, National Security Adviser to the Somali President, Federal Government of Somalia (cabdicissa@gmail.com) H.E. Mohamed Aden Ibrahim, Minister of Finance, Federal Government of Somalia, and Chairman of the Financial Governance Committee (farkeeti@gmail.com) Mr. Nigel Roberts, representative of the World Bank with the Financial Governance Committee (nceroberts@gmail.com)	TEL.: Snježana Gillingham EMAIL: 1-917-367-4150 gillingham@un.org M. Carmela Javier-Bobby 1-212-963-0640 javier@un.org SC Subsidiary Organs Branch General: 1-212-963-4574

Please find attached a letter from the Coordinator of the Somalia and Eritrea Monitoring Group mandated pursuant to paragraph 46 of Security Council resolution 2182 (2014) addressed to the His Excellency, Mr. Rafael Darío Ramírez Carreño, Chair of the Security Council Committee pursuant to resolutions 751 (1992) and 1907 (2009) concerning Somalia and Eritrea (S/AC.29/2015/SEMG/OC.31).

Best regards.

**Somalia and Eritrea Monitoring Group****REFERENCE: S/AC.29/2015/SEMG/OC.31****28 July 2015**

Excellency,

I have the honour to address you in my capacity as Coordinator of the Somalia and Eritrea Monitoring Group (the Monitoring Group) mandated pursuant to paragraph 46 of Security Council resolution 2182 (2014).

I am writing to brief you on the initial findings of the Monitoring Group's investigation into the operations of Soma Oil & Gas Holdings Limited (Soma), an extractives exploration company that secured a lucrative contract in August 2013 with the Federal Government of Somalia (FGS) to conduct seismic surveying off the country's southern and central coast.¹ The contract awarded Soma the subsequent right to exploit 12 offshore oil and gas blocks (totalling 60,000 km²) of its own choosing.

/...

His Excellency

Mr. Rafael Darío Ramírez Carreño

Chair

Security Council Committee pursuant to resolutions 751 (1992) and 1907 (2009)
concerning Somalia and Eritrea

CC: H.E. Mr. Elmi Ahmed Duale, Permanent Representative of the Somali Republic to the United Nations, New York

Mr. Abdirahman Sheikh Issa, National Security Adviser to the Somali President, Federal Government of Somalia

H.E. Mohamed Aden Ibrahim, Minister of Finance, Federal Government of Somalia, and Chairman of the Financial Governance Committee

Mr. Nigel Roberts, representative of the World Bank with the Financial Governance Committee

¹ Soma Oil & Gas Holdings Limited is a UK-registered company incorporated on 26 April 2013, and chaired by Lord Michael Howard, former leader of the UK Conservative Party.

The Group has obtained evidence² demonstrating that Soma has been making regular payments since June 2014 to civil servants in the Ministry of Petroleum and Mineral Resources (the Ministry), some of whom were instrumental in both securing the company's initial contract, and negotiating subsequent agreements. A "Capacity Building Agreement" was signed by Soma and the Ministry mainly to channel these payments. The evidence collected by the Monitoring Group demonstrates that this Capacity Building Agreement created a serious conflict of interest, in a number of cases appearing to fund systematic payoffs to senior ministerial officials. Pursuant to paragraph 2 of resolution 2002 (2011) and paragraph 2 (c) of resolution 2060 (2012)³, the Monitoring Group will describe acts that undermine Somali public institutions through corruption and will demonstrate how:

- The Capacity Building Agreement was likely part of a *quid pro quo* arrangement, whereby the Ministry would protect Soma's contract from the potential negative consequences of a forthcoming review by the Financial Governance Committee (FGC), a body chaired by the FGS Minister of Finance and tasked with reviewing Government contracts;
- as a possible further *quid pro quo*, Ministry officials arranged to extend the offshore area in which Soma is permitted to conduct seismic surveying ("Evaluation Area") and later, at Soma's behest, began to renegotiate the Production Sharing Agreement (PSA) for the company's future blocks – all while on Soma's payroll;
- senior civil servants awarded themselves 'salaries' pursuant to spuriously drafted contracts for positions they already held;
- at least six officials on Soma's 'capacity building' payroll simultaneously drew FGS civil servant salaries;
- Soma transferred the first instalment of 'capacity building' funds to the Ministry before performing internal due diligence on the individuals who were to receive salary payments. The company continued to transfer funds even once their identities became known to the company and;

² The Monitoring Group has obtained access to numerous original documents detailing agreements between Soma and the FGS Ministry of Petroleum and Mineral Resources. The Group has also viewed extensive electronic correspondence involving Soma and the Ministry, and has further corroborated its investigations through numerous testimonies from present and former Ministry and other FGS officials, oil and gas experts, legal experts, members of development agencies, members of the diplomatic community, journalists, and others. Confidential electronic correspondence is cited below in italics.

³ In paragraph 2 of resolution 2002 (2011), the Security Council expanded the scope of prohibited acts that threaten the peace, security or stability of Somalia to include the misappropriation of public financial resources. This is reiterated in paragraph 2 (c) of resolution 2060 (2012).

- Soma paid close to half a million dollars to an ostensibly independent legal advisor to the Ministry, J. Jay Park.

The Monitoring Group further describes how the misuse of ‘capacity building’ in the Soma context fits within a broader pattern of misconduct and misappropriation at the Ministry. The Monitoring Group has obtained evidence, for example, of the Ministry’s attempts to persuade at least one other oil and gas company to pay ‘salaries’ to its staff. Ministry staff also diverted payments from another company into a privately held ministerial bank account in contravention of FGS regulations – and indeed attempted to have Soma direct its funding into this account.

The Monitoring Group’s findings reinforce the rationale for its previous calls for the implementation of clear legal and policy frameworks governing the engagement of the extractives industry in Somalia.⁴ In particular the FGS should be encouraged to apply its existing legislation, especially the 2008 Petroleum Law, in the management of both current and future oil and gas contracts. As required by this legislation, it is critical to establish an independent Somali Petroleum Authority to serve as regulator for the industry. The Federal Parliament should also approve current, future contracts and authorisations – including the draft Soma PSA currently under consideration by the Ministry.

The Monitoring Group recognises the considerable potential of oil and gas discoveries in Somalia and in Somali waters, but also of the threat to peace, security and stability posed by an unregulated extractives industry. The Group has previously highlighted both the risks of corruption in the sector, and the “shortcomings” in transparency and capacity of Somalia’s petroleum institutions (S/2013/413 and S/2014/726). The Group will, therefore, again recommend a moratorium on all PSAs until the necessary arrangements and institutions are in place to manage the industry for the good of the Somali people.

Background to the Capacity Building Agreement⁵

⁴ For a background to the oil and gas sector in Somalia, see Annex 1.

⁵ The inclusion of capacity building programmes in agreements between extractives companies and Governments of developing countries is relatively common. Each oil major that has signed a deal in Somalia (Royal Dutch Shell, Total S.A., Eni S.p.A., Chevron Corp., ConocoPhillips Co., and BP plc) offers local training and scholarship programmes in the developing countries in which it operates. However, having consulted with several independent experts, the SEMG has been unable to identify other cases where the regular payment of senior civil servants responsible for managing deals with oil and gas firms has been labelled “capacity building.” Analogous payment practices, however, have been the subject of criticism: Royal Dutch Shell, Elf Aquitaine, Norsk Hydro and, most recently, Soco International, for example, have all been accused of impropriety with respect to the making of regular hidden payments to local security and/or Government officials in order to protect company interests. See The Guardian, “Shell spending millions of dollars on security in Nigeria, leaked data shows,” 19 August 2012 (available at <http://www.theguardian.com/business/2012/aug/19/shell-spending-security-nigeria-leak>); Global Witness, “Elf

The circumstances and chronology of events surrounding the Capacity Building Agreement are integral to an understanding of how an ostensibly positive arrangement for Somalia was in fact a scheme concocted by the Ministry, with Soma's acceptance, in the expectation of reciprocal benefits.

In a May 2013 interview, the former Minister for National Resources,⁶ Abdirizak Omar Mohamed, asserted that the FGS "should wait until we have the right laws in place" before entering into agreements with oil and gas firms.⁷ Three months later, on 6 August 2013, the FGS signed a Seismic Option Agreement (SOA) with Soma, in which the latter agreed to conduct a seismic survey within an area to be confirmed in a later "Reconnaissance Authorisation" agreement. On 9 January 2014, with the "Evaluation Area" agreed, the FGS formally entered into a Reconnaissance Authorisation agreement with Soma.⁸

On 21 January 2014 Daud Mohamed Omar was appointed as FGS Minister of Petroleum and Mineral Resources. Fewer than two weeks later, on 2 March 2014, the original SOA with Soma was sent to the newly established Financial Governance Committee (FGC) for review.

On 5 March 2014 Soma made arrangements for Minister Omar, Farah Abdi Hassan, the Director General of the Ministry, and Dr. Abdullahi Haider Mohamed and J. Jay Park, advisors to the Ministry, to stay at Nairobi's Fairmont Hotel from 9-13 March 2014 in order to hold meetings with the company.⁹

On 10 March 2014, Minister Omar signed a "First Amendment Agreement" to the 6 August 2013 SOA, which was subsequently transmitted to Soma on 22 March to be countersigned.¹⁰ The Agreement included a request for "capacity assistance in connection with the supporting work of the Government in relation to the seismic survey..." In a letter dated 15 March 2014 and also sent to Soma on 22 March, Minister Omar formally requested "that Soma provide financial support to the Government..."

trial throws spotlight on oil and corruption," 17 March 2003 (available at <https://www.globalwitness.org/archive/elf-trial-throws-spotlight-oil-and-corruption/>); Global Witness, "Statoil Hydro's Libyan "corruption" scandal shows need for oil industry disclosure laws," 20 November 2008 (available at https://www.globalwitness.org/documents/14446/libya_oil_scandal_points_to_need_for_new_laws.pdf); Global Witness, "Virunga: UK company bankrolled soldiers accused of bribery and violence in quest for oil in Africa's oldest national park," 20 June 2015 (available at <https://www.globalwitness.org/campaigns/democratic-republic-congo/soco-in-virunga/>).

⁶ The Ministry of National Resources was subsequently split into four successor ministries in January 2014, including the Ministry of Petroleum and Mineral Resources.

⁷ The Financial Times, "Somalia: Oil thrown on the fire," 13 May 2013. Available at <http://www.ft.com/cms/s/0/538e9550-b3e1-11e2-ace9-00144feabdc0.html#axzz3fm1LvjAB>.

⁸ See Annex 2 for a map of Soma's offshore Evaluation Area and Reconnaissance Authorisation Area.

⁹ A photograph of the Fairmont Hotel meeting is available in Annex 3.

¹⁰ See Annex 4 for a copy of the First Amendment Agreement.

Specifically, Minister Omar requested support with:

- a. rehabilitation of the Ministry's offices in Mogadishu;
- b. furnishing and equipping the Ministry's office, including establishment of a data room;
- c. the hiring and contracting of qualified technical staff and expert consultants and advisors, inside and outside of Somalia, including covering the costs of:
 - i. salary or consulting fees;
 - ii. benefits;
 - iii. accommodation allowance; and,
 - iv. business related travel;
- d. training programs for Ministry staff;
- e. Petroleum regime development programs focused on the following objectives:
 - i. harmonization of Somalia's constitutional provisions governing petroleum and minerals issues;
 - ii. development of petroleum policy, petroleum law, petroleum regulations, and model host government contracts; and
 - iii. conferring and developing consensus with governments of regional member states; and
- f. Other areas as may be agreed in writing by Government and Soma.¹¹

On 27 March 2014, the Director General of the Ministry, Farah Abdi Hassan, expressed annoyance over delays in Soma's response to the Ministry's request for capacity assistance, declaring in an email addressed to the Ministry's legal advisor, Jay Park, that the Ministry would not stand for Soma "questioning" or "delaying" the programme. He also warned that Soma's contractual agreements with the FGS, both past and prospective, would be subject to review if "assistance" were not provided: *"If the SOMA questions the assistance [to] the Ministry then so many things goes [sic] to review, while the parliament is asking to ratify the SOA agreement."*

On 17 April 2014, Director General Hassan wrote to two of Soma's directors, CEO Robert Sheppard and Hassan Khaire, informing them that the Natural Resources Subcommittee of the FGS Parliament had requested a copy of the 6 August 2013 SOA for review. In the correspondence, Hassan again suggested a link between the provision of 'capacity building' and the protection of the Soma SOA from official review: *"[w]hy don't you sign the [First Amendment Agreement] and return, because, I am sure it will protect the [SOA] agreement."* The very same day, Sheppard sent a formal letter to Minister Omar confirming Soma's desire to move ahead with the agreement:

¹¹ This letter is attached in Annex 5.

“Soma Oil & Gas understands your request for support in regards to capacity building at the Ministry. In the next few days, I will be writing a separate letter to you outlining how Soma Oil & Gas proposes to support the Ministry in this regard.”

Three days later, on 20 April 2014, Soma followed through on its pledge, and a draft text of the Capacity Building Agreement was sent to Director General Hassan for his review.

Three days after receipt of this draft agreement, the FGC “Confidential Assessment” of the Soma SOA arrived at the Ministry. While specific improvements to the SOA were recommended – alongside more general concerns raised regarding “contracting in the oil and gas sector as a whole” – the FGC did not make recommendations that threatened the validity of the Soma deal.¹²

The Capacity Building Agreement (“the Agreement”) was signed by the Minister on 27 April 2014 and by Robert Sheppard on 15 May 2014.¹³ In the Agreement Soma pledged to cover the salary costs, up to USD 5,000 per month each, for a maximum of six “qualified technical staff, consultants and advisors, inside and outside of Somalia” over a 12-month period (totalling USD 360,000). Soma also committed to “pay the cost of office equipment, transportation, and other working tools which shall not exceed lump sum of [USD 40,000].” The Agreement therefore capped the total capacity support to be provided by Soma, including salary payments, at USD 400,000. The Agreement did not include, however, any provision for funding of training or petroleum regime development programmes, as had also been requested in the Ministry’s letter of 15 March 2014.

Among the conditions of the Agreement was a requirement for the Ministry to submit monthly written reports to Soma, providing the names, terms of reference, and employment contracts for each proposed staff member. Critically, the Agreement prohibited the Ministry from contracting any “connected person” within the framework of the programme. “Connected person” was defined as “any person, company, other organisation or legal entity directly or indirectly controlled by any member of the Government or who is otherwise directly or indirectly related to or connected to any member of the Government.”

On 27 April 2015, Soma signed an extension of the Agreement with the Ministry, prolonging the duration of the programme for an additional six months, from April to September

¹² Of the eight contracts and concessions the FGC had reviewed by January 2015, Soma’s was the only contract on which “no action” was taken. Others were “overtaken by events” (Simatech International), “withdrawn as duplicative” (TGS-NOPEC Geophysical Company ASA), “restructured and allegedly signed” (CGG/Robertson GeoSpec International), “considered for cancellation” (Somalia-FishGuard Ltd.), “under investigation” (AMO Shipping Company Ltd.), or “under discussion” (Albayrak Turizm İnşaat Ticaret A.Ş and Favori LLC). Quoted from the “FGC Reviews of Public Sector Contracts and Concessions” report, 31 December 2014.

¹³ See Annex 6 for a copy of the Capacity Building Agreement.

2015.¹⁴ Under the extension, Soma agreed to provide further “capacity support payments” of USD 30,000 per month, equalling a total over six months of USD 180,000.

Payments

On 22 May 2014 Soma’s CFO, Philip Wolfe, sent the Director General a template invoice for the Ministry to submit. The next day, a USD 70,000 invoice for the first instalment of the ‘capacity building’ funds, signed by Director General Hassan and Deputy Director General Jabril Mohamoud Geeddi – who both later received salaries themselves under the Agreement – was returned to Soma.¹⁵

Following receipt of the first instalment of the Soma funds in the Ministry’s Central Bank of Somalia (CBS) account, Director General Hassan attempted to persuade Soma to circumvent the CBS when making future transfers. Such an arrangement would be in flagrant violation of FGS Ministry of Finance directives, which require that all FGS revenue be channelled through the Treasury Single Account at the CBS. On 29 June 2014, Hassan emailed Soma CEO Robert Sheppard and CFO Philip Wolfe explaining,

“I am thinking to change the route or have an account from another bank. We realized how things gets [sic] late if we didn’t get alternative way, there are number of private companies which are easier to use and more efficient than the central bank.”

Wolfe refused the Director General’s suggestion, informing him that Soma would continue to route ‘capacity building’ monies to the CBS for purposes of transparency.

Soma transferred a total of USD 400,000 for the Capacity Building Agreement in three instalments to the Ministry’s CBS account. The company also transferred an additional USD 90,000 instalment in May 2015, the first payment pursuant to the extension of the Agreement on 27 April 2015:

1. USD 70,000: receipt confirmed by the Ministry on 30 June 2014;
2. USD 150,000: receipt confirmed by the Ministry on 17 August 2014;
3. USD 180,000: receipt confirmed by the Ministry on 13 November 2014;
4. USD 90,000: receipt confirmed by the Ministry on 28 May 2015.¹⁶

¹⁴ Letter dated 24 July 2015 from Soma to the Monitoring Group, in response to the Group’s email queries of 16 July 2015.

¹⁵ See Annex 7 for the first ‘capacity building’ invoice submitted by the Ministry.

¹⁶ Letter from Soma to the Monitoring Group, 24 July 2015.

The Monitoring Group has obtained a ‘salary chart’ sent to the Ministry by Soma in March 2015. This chart details the ‘capacity building’ payments Soma made (totalling USD 295,800) to 14 ministerial employees from March 2014 to the end of February 2015, with projections of future payments continuing up to June 2015.¹⁷ The 14 employees listed on the salary chart, and the amounts they are listed as having received, are:

Name	Title(s)	Received from Soma as of February 2015
Farah Abdi Hassan	Director General	USD 36,000
Jabril Mohamoud Geeddi	Deputy Director General Director of Administration & Finance Department Senior Management Advisor	USD 36,000
Mohamed Ali-nur Hagi	Permanent Secretary to the Prime Minister Director of Planning & Development Department Senior Resource Economist	USD 33,000
Dr. Abdulkadir Abiikar Hussein	Director of Exploration Department Senior Petroleum Geologist	USD 30,000
Hussein Ali Ahmed	Managing Director of the Somalia Petroleum Corporation Director of Oil Management Department Senior Economic Advisor	USD 16,000
Yusuf Hassan Isack	Head of Public Relations Media Expert	USD 24,000

¹⁷ Soma’s ‘salary chart’ is provided in Annex 8. While the salary chart lists payments dating back to March 2014, the first instalment of Soma’s ‘capacity building’ funds did not arrive at the Ministry until June 2014. Thus all chart payments prior to June 2014 represent backdated amounts paid as ‘arrears’ to Ministry officials.

Abdinor Mohamed Ahmed	Media Coverage Reporter Public Relations	USD 16,000
Abdullahi Mohamed Warfaa	International Relations	USD 16,000
Mohamed Yousuf Ali	Director of Legal Affairs Department Senior Legal Expert	USD 32,000 ¹⁸
Dr. Abdi Mohamed Siad	Senior Advisor Mineralogist	USD 32,000 ¹⁹
Leila Ali Ahmed	Administration Assistant	USD 4,200
Dr. Abdullahi Haider Mohamed	Senior expert & Team Leader FGS Advisor on Oil & Gas Diplomat	USD 15,000
Abdirzak Hassan Awed	Personal Assistant	USD 4,000
Farah Ahmed Isma'il	Personal Assistant	USD 1,600

Double Dipping

The Monitoring Group has been able to confirm, through information provided by the FGS Ministry of Finance and the Ministry of Petroleum and Mineral Resources itself that at least six Ministry officials paid by Soma under the Capacity Building Agreement concurrently drew civil servant salaries from the FGS:

1. Farah Abdi Hassan
2. Jabril Mohamoud Geeddi
3. Mohamed Ali-nur Hagi
4. Abdulkadir Abiikar Hussein
5. Hussein Ali Ahmed
6. Leila Ali Ahmed²⁰

¹⁸ Mohamed Yousuf Ali claimed in correspondence with the SEMG that he only received a total of USD 4,000 of the USD 32,000 earmarked for him.

¹⁹ Abdi Mohamed Siad similarly claimed in correspondence with the SEMG that he only received a total of USD 4,000 of the USD 32,000 earmarked for him.

The Monitoring Group has been unable to find evidence that the Capacity Building Agreement was reflected in the 2014 FGS national budget. When contacted by the Monitoring Group, the Minister of Finance, H.E. Mohamed Aden, stated that he was unaware of a privately funded capacity building programme in any FGS ministry, informing the SEMG that “[a]s far as I am aware there is no private capacity injection programs. All capacity injection programs are through multitrust and/or bilateral donors.”²¹ Soma did not directly respond to a question from the Monitoring Group as to whether the company had notified the Ministry for Finance about the Capacity Building Agreement, stating only that “Soma signed the Capacity Building Agreements with the Ministry of Petroleum & Mineral Resources.”²²

Profiles of officials who received payments from Soma

The Monitoring Group has compiled profiles, below, of the officials who received payments under Soma’s Capacity Building Agreement. A number of these officials – including the Director General of the Ministry, the Deputy Director General, and the Permanent Secretary to the FGS Prime Minister – occupy positions in which they routinely take decisions directly bearing on the company’s financial interests in Somalia. As such, their receiving payments from Soma represented a clear conflict of interest.

In addition, three individuals listed on Soma’s salary chart have told the Monitoring Group that they only received a fraction of the amount allocated to them on paper. One alleged recipient of USD 28,000 in ‘missing’ payments has asserted that he does not recognise the signature on the payslip receipt provided to him for inspection by the Monitoring Group. It is not yet clear to the Group who signed for or received these monies.

Farah Abdi Hassan

Director General of the Ministry of Petroleum and Mineral Resources

Farah Abdi Hassan was appointed Director General of the then-Ministry of National Resources in July 2013, and has retained this position since its successor ministry, the Ministry of Petroleum and Mineral Resources, was created in January 2014. As Director General, Hassan served as the Ministry’s primary point of contact for Soma and other oil and gas firms, affording him a great deal of influence. An April 2014 memo from Minister Omar, seen by the Monitoring

²⁰ The Monitoring Group notes with appreciation the cooperation of the FGS Minister of Finance, H.E. Mohamed Aden, in supplying this information.

²¹ Email to the SEMG from Minister Aden, 21 May 2015.

²² S/AC.29/2015/NOTE.25/Add.4, 1 July 2015.

Group, stipulated that Hassan was to be “the lead contact and the focal point of the Ministry in all aspects of communications.”²³

Hassan was present for negotiations over the First Amendment Agreement in Nairobi in March 2014. In May 2014 Hassan co-signed, with Jabril Mahamoud Geeddi, the first invoice for the programme. He then proceeded to sign a new contract for his existing position – formulated by Mohamed Ali-nur Hagi (see below) and countersigned by Minister Omar – backdated to March 2014.²⁴

Hassan was paid USD 3,000 per month under the Capacity Building Agreement, and by February 2015 had received a total of USD 36,000. According to the FGS Ministry of Finance, Hassan also draws a civil servant monthly salary of USD 1,235. Over the course of one year, therefore, Soma made monthly payments to the most senior civil servant in the Ministry equivalent to almost triple his Government salary.

Dr. Abdullahi Haider Mohamed

Senior expert & Team Leader
FGS Advisor on Oil and Gas

Between October 2014 and February 2015, Dr. Abdullahi Haider Mohamed held the position of “Senior expert & Team Leader” at the Ministry, and was paid a total of USD 15,000 through Soma’s Capacity Building Agreement.

The SEMG’s 2014 final report (S/2014/726) identified Haider as a special advisor to FGS President Hassan Sheikh Mohamud and one of two “key architects” of the Soma deal.²⁵ The SEMG’s current investigation into Haider’s role corroborates this assessment. According to a former advisor to the Ministry, negotiations over the Soma deal were conducted by Haider, Ministry legal advisor Jay Park, and then-FGS petroleum minister Abdirizak Omar Mohamed during the Somalia conference in London in May 2013.²⁶ In a 1 July 2015 letter to the SEMG,

²³ This memo was attached in a 13 April 2014 email from Mohamed Ali-nur Hagi to Farah Abdi Hassan.

²⁴ See Annex 9 for a copy of Farah Abdi Hassan’s Capacity Building Agreement contract.

²⁵ See S/2014/726, annex 5.1. The 2014 report also links Dr. Abdullahi Haider Mohamed to Musa Haji Mohamed ‘Ganjab,’ a former advisor to FGS President Hassan Sheikh Mohamud accused by the SEMG of ties to Al-Shabaab and of the diversion of recovered overseas FGS assets. Haider served as Director General of Ganjab’s joint Turkish-Somali company, “Turksom,” which was involved in a project to build and operate a fuel distribution business in Mogadishu, as well as secure Turkish investments in Somalia.

²⁶ 23 September 2013 email from Patrick Molliere to an oil executive, provided to the SEMG by Molliere. Molliere served as Special Advisor to the Government for Petroleum Affairs from October 2015 to August 2013, and was instrumental in drafting the federal Petroleum Law of 2008.

Soma acknowledged that Haider “represented the Federal Government...in the negotiations around the Seismic Option Agreement that was signed in August 2013.”²⁷

Haider’s influence in the Ministry extended beyond the Soma portfolio: on 9 August 2013, three days after the Soma SOA was signed, Patrick Molliere, a former oil executive and at the time an advisor to the Ministry, received an email from the Ministry’s interlocutor at Royal Dutch Shell plc, William Sevier: “*Hope all is well. We have been advised to deal with Dr Haider wit [sic] cc to Minister.*”²⁸

Since 2010, Haider has been referred to interchangeably as a presidential, ministerial, or governmental advisor on oil and gas. A regional news service stated that Haider “has become *de facto* the privileged interlocutor for international oil organisations.”²⁹ Haider’s LinkedIn profile currently identifies him as a “Senior Adviser at Commission for Petroleum & Mineral Resources” and previously as a “Senior Adviser, Oil and Gas” from 2010-2014.³⁰ Indicative of his status within the FGS, Haider carries a diplomatic passport, which lists his occupation as “Diplomat.”³¹

As recently as April 2015, during an oil and gas conference – after his tenure as “Senior expert & Team Leader” at the Ministry had come to an end – Haider was again being presented as a ‘senior advisor’ to the FGS.³² At the conference, which took place in London from 27-28 April 2015, Haider conducted side meetings with industry executives, at which the Minister was not present.³³

Prior to, during, and after the period when he received payments via the Soma Capacity Building Agreement, Haider was in a position to exert significant influence on Government decisions directly bearing on Soma’s business prospects in Somalia. In this context, his signing of a contract with the Ministry to serve as “Senior expert & Team Leader” was merely a temporary re-hatting of his already existing role, in order to facilitate his receiving payments from Soma.

²⁷ S/AC.29/2015/NOTE.25/Add.4, 1 July 2015.

²⁸ Email provided to the SEMG by Patrick Molliere.

²⁹ African Intelligence, No. 1381, 6 June 2014.

³⁰ Available at <https://www.linkedin.com/pub/abdullahi-haider/87/711/723>. Accessed 24 July 2015.

³¹ See Annex 10 for a copy of Dr. Abdullahi Haider Mohamed’s FGS diplomatic passport.

³² The Guardian, “Where there is oil and gas there is Schlumberger,” 18 May 2015. Available at <http://www.theguardian.com/environment/2015/may/18/where-there-is-oil-and-gas-there-is-schlumberger>.

³³ Monitoring Group’s interviews with three journalists and an oil and gas analyst who were present at the April conference, June 2015.

Mohamed Ali-nur Hagi

Permanent Secretary to the Prime Minister

Director of Planning & Development Dept / Senior Resource Economist

Prior to joining the Ministry in April 2014, Mohamed Ali-nur Hagi served as Minister of Planning for Galmudug regional authority. From April 2014 to February 2015, Hagi received a total of USD 33,000 from Soma's Capacity Building Agreement. According to the salary chart Hagi was also due an additional USD 3,000 for the month of March 2015.

Internal ministerial correspondence shows that Hagi drafted his own employment contract, which subsequently became the template for each subsequent contract signed by payees of the Capacity Building Agreement. Hagi also drafted the terms of reference for his own position, "Director of Planning and Development Department & Senior Resource Economist," as well as that of Dr. Abdullahi Haider Mohamed ("Senior expert & Team Leader").

Since at least 9 February 2015, Hagi has served as the Permanent Secretary to the FGS Prime Minister, Omar Abdirashid Shermarke. However, Soma continued to pay Hagi once he had become the prime minister's top staffer. Hagi confirmed to the SEMG in July 2015 that he had received 'capacity building' salary payments up to the end of February 2015,³⁴ Soma's salary chart shows that he was due to be paid up to the end of March.

Hagi has provided the Monitoring Group with a copy of a decree marking his appointment as Permanent Secretary, dated 9 February 2015 and signed by Prime Minister Shermarke.³⁵ However, an 11 January 2015 email from Director General Hassan to seven other senior members of the Ministry makes reference to "*A-Mohamed Hagi, the PS of office of the Prime minister.*" This reference suggests that Hagi may have been serving unofficially as Prime Minister Shermarke's Permanent Secretary as early as the beginning of January, and was apparently regarded as such by other Ministry officials.

Jabril Mohamoud Geeddi

Deputy Director General of the Ministry of Petroleum and Mineral Resources

Director of Administration & Finance Department / Senior Management advisor

Jabril Mohamoud Geeddi has been employed at the Ministry since January 2013, originally under the title of "Coordinator." Geeddi's employment contract, signed for the purposes of receiving a Soma 'capacity building' salary, lists his position as "Director of Administration & Finance Department & Senior Management advisor." However, his curriculum

³⁴ Email from Mohamed Ali-nur Hagi to the SEMG, 3 July 2015.

³⁵ Email attachment from Hagi to the SEMG, 7 July 2015.

vitae, as well as extensive internal correspondence from the Ministry on file with the Monitoring Group, identifies him as the Deputy Director General of the Ministry.

In an email dated 30 July 2014, Geeddi provided a description, in the third person, of his function at the Ministry: “*Mr. Geddi is responsible for the administration and finance sector, of the Ministry, and he’s full time employee who earns a standard salary of grade A from the government plus bonus... [emphasis added].*” In an interview with the Monitoring Group on 11 June 2014, Director General Hassan confirmed that Geeddi was the primary official responsible for the financial administration of the Ministry, including the management of the Capacity Building Agreement. As such, Geeddi was responsible for withdrawing ‘capacity building’ funds from the Ministry’s CBS account.³⁶

Geeddi is a close associate of Dr. Abdullahi Haider Mohamed. At the 2013 CWC Group-sponsored Somalia Oil and Gas Summit in London, held on 7 October 2013, Haider and Geeddi were observed to be “leading the minister around.”³⁷ Following the summit, a dinner took place at principal Soma shareholder Basil Shiblaq’s London restaurant, Maroush, which both Geeddi and Haider attended. Also present were Lord Michael Howard, the Chairman of Soma, Abdullahi Mohamed Ali ‘Sanbololshe,’ the FGS ambassador to the UK, petroleum minister Abdirizak Omar Mohamed, Soma CEO Robert Sheppard, CFO Philip Wolfe, Basil Shiblaq, Jay Park, as well as other individuals intimately involved in the Soma deal.³⁸

From March 2014 to February 2015, Geeddi received salary payments totalling USD 36,000, or USD 3,000 per month, from Soma’s Capacity Building Agreement. Over the same period, he also received an FGS civil servant salary of USD 1,135 per month.

Hussein Ali Ahmed

Managing Director of the Somalia Petroleum Corporation

Director of Oil Management Department / Senior Economic Advisor

Between July 2014 and February 2015, Hussein Ali Ahmed occupied the position of “Director of Oil Management Department & Senior Economic Advisor” in the Ministry. Both prior to and during his time on Soma’s payroll, Ahmed served as Managing Director of the Somalia Petroleum Corporation (SPC),³⁹ the national oil company that he was instrumental in establishing in 2007.

³⁶ For a sample of withdrawal slips with Geeddi’s signature, see Annex 11.

³⁷ Monitoring Group’s interview with a source who was present at the October summit, 4 June 2015.

³⁸ Monitoring Group’s interview with a source that was present at the dinner, 4 June 2015. The source provided the SEMG with a photograph alleged to have been taken during the dinner.

³⁹ For a more detailed discussion of the Somalia Petroleum Corporation, see Annex 1.

Ahmed held a series of prominent positions prior to heading up the SPC; from 2004-2007, he served as special advisor on oil and gas to former Somali Prime Minister Ali Mohamed Gedi, and as mayor of Mogadishu from 2001-2004. In 2007, Ahmed also headed the Somalia Petroleum Law Team, which was responsible for drafting the 2008 Petroleum Law, legislation that still remains in force.

Similar to other officials on Soma's payroll, therefore, Ahmed has a lengthy history of oil and gas postings in the Somali Government. While being paid by Soma as "Director of Oil Management Department & Senior Economic Advisor" to the Ministry, he concurrently held the title of SPC Managing Director, a position of influence with direct impact on Soma's interests in Somalia.

Between July 2014 and February 2015, Ahmed received a total of USD 16,000 from Soma's Capacity Building Agreement. According to the salary chart obtained by the Monitoring Group, as well as his employment contract with the Ministry, Ahmed was to receive an additional USD 8,000 up to June 2015. According to the FGS Ministry of Finance, Ahmed receives a civil servant salary of USD 1,135 per month.

Dr. Abdulkadir Abiikar Hussein

Director of Exploration Department / Senior Petroleum Geologist

Dr. Abdulkadir Abiikar Hussein joined the Ministry in May 2014. Hussein possesses a Master's of Science degree in Engineering Geology and Geotechnics, and his employment contract with the Ministry lists his position as "Director of Exploration Department and Senior Petroleum Geologist."

Hussein received USD 30,000 from Soma's Capacity Building Agreement between May 2014 and February 2015. According to the salary chart obtained by the Monitoring Group, he was due to be paid an additional USD 6,000 up to April 2015.

In an interview with the Monitoring Group held on 11 June 2015, Director General Hassan confirmed that Hussein is a key member of a "negotiation team," responsible for reaching an agreement on production sharing with Soma (see discussion of the "Draft Production Sharing Agreement (PSA)" below), a function he exercised whilst receiving payments from Soma.

An email dated 27 April 2015 from Hussein to various members of the Ministry provided an outline of the agenda for the "Exploration Department," of which he is the director. One of the agenda items he listed, to be completed by September 2015, was "[e]valuating PSAs submitted by farm-out partners of Soma Oil and Gas and signing them."

Abdullahi Mohamed Warfaa

Personal Assistant to the Minister
'International Relations'

While Abdullahi Mohamed Warfaa's employment contract defines his role at the Ministry as relating to "International Relations," in correspondences dated October and December 2014 he is referred to as the "personal assistant" to the Minister.

Between July 2014 and February 2015, Warfaa received a total of USD 16,000 through Soma's Capacity Building Agreement. According to the salary chart obtained by the Monitoring Group, as well as his employment contract with the Ministry, Warfaa was due an additional USD 8,000 up to June 2015.

Leila Ali Ahmed

Administration Assistant

Leila Ali Ahmed was employed as an "Administration Assistant" under the Capacity Building Agreement from July 2014 to February 2015, receiving a total of USD 4,200 according to the salary chart. However, from 8 August 2014 onwards Ahmed concurrently drew an FGS civil servant salary of USD 735 per month.

Possible Ghost Workers

The Monitoring Group has identified four officials on Soma's salary chart as possible ghost workers. Three of these individuals claim to only have worked at the Ministry for a fraction of the time indicated in the salary chart; the Group has been unable to confirm the very existence of a fourth.

Mohamed Yousuf Ali

Director of Legal Affairs Department / Senior Expert

Mohamed Yousuf Ali holds a Masters of Law degree, and his 'capacity building' employment contract designates his position within the Ministry as "Director of legal affairs Department & Senior expert." From July 2014 to February 2015, according to the salary chart, Ali collected USD 32,000 from Soma's Capacity Building Agreement.

On 13 October 2014 Director General Hassan suspended Ali's contract with the Ministry, citing the latter's inability to be present in Mogadishu due to personal reasons. Nonetheless,

according to Soma's salary chart, Ali's salary payments continued until February 2015, despite the fact that he had not been physically present in Mogadishu since late August 2014.⁴⁰

Ali informed the SEMG that he had only received one salary payment of USD 4,000 before the suspension of his contract, and that the Ministry never paid him an additional two months' salary owing.⁴¹ If true, after July 2014 Ali became effectively a ghost worker at the Ministry, with the remaining USD 28,000 owing in his contract collected by an unknown third party. The SEMG has yet to determine who countersigned for Ali on his payslips, or where the funds subsequently ended up.

Abdi Mohamed Siad

Senior Advisor for the Ministry and Mineralogist

Dr. Abdi Mohamed Siad is a senior lecturer at the University of the Western Cape in the Republic of South Africa. He holds a PhD in Applied Geochemistry, making him the only technical expert whose employment under the Capacity Building Agreement does not represent a conflict of interest.

From July 2014 to February 2015, according to the salary chart, Siad collected USD 32,000 while serving in the position of "Senior Advisor for the Ministry and Mineralogist." However, Siad informed the Monitoring Group that he returned from Mogadishu to South Africa in August 2014, and subsequently gave notice of his resignation to Minister Omar and Director General Hassan on 14 October 2014.⁴² According to Siad, he was sent one month's salary from Hassan in the amount of USD 4,000, but received no subsequent payment.

The Monitoring Group sent Siad a 'capacity building' payslip dated 30 November 2014, allegedly displaying his signature; Siad confirmed that the signature was not his. The SEMG has yet to determine who forged Siad's signature on his payslips, or who collected the USD 28,000 remaining on his contract.⁴³

Abdirizak Hassan Awed

Personal Assistant for the Ministry

From November 2014 to February 2015, Abdirizak Hassan Awed was employed under the Capacity Building Agreement in the position of "Personal Assistant for the Ministry,"

⁴⁰ Email from Mohamed Yousuf Ali to the SEMG, 29 June 2015.

⁴¹ Email from Ali to the SEMG, 29 June 2015.

⁴² Email from Dr. Abdi Mohamed Siad to the SEMG, 9 July 2015. Siad also forwarded his 14 October 2014 resignation email to the Group.

⁴³ See Annex 12 for a copy of this forged payslip.

collecting USD 4,000. According to the salary chart, he was also slated to receive an additional USD 2,000 from March to April 2015.

In an email in the Somali language, Awed informed the Monitoring Group that he had been employed by the Ministry from November 2014-April 2015, but that the final two months of his salary payments had been “embezzled.”⁴⁴

Farah Ahmed Isma'il

Personal Assistant for the Director General's Office

According, to the salary chart, Farah Ahmed Isma'il received USD 1,600 from November 2014 to February 2015 under the Capacity Building Agreement, and was due another USD 800 from March-April 2015. As of 5 March 2015, the Ministry had not submitted Isma'il's curriculum vitae, employment contract, or passport copy to Soma, as required by Soma's internal due diligence mechanism (see “Due Diligence,” below). The Monitoring Group has found no communications from or to Isma'il within the Ministry correspondence it has viewed. As a result, the Group has so far been unable to substantiate Isma'il's existence.

Abdinor Mohamed Ahmed and Yusuf Hassan Isack

The Monitoring Group continues to investigate the involvement of the two remaining officials on Soma's salary chart, Abdinor Mohamed Ahmed and Yusuf Hassan Isack.

Due Diligence

In order to perform internal due diligence on the individuals being paid under the Capacity Building Agreement, Soma required the Ministry to provide a set of documents for each payee: curriculum vitae, employment contracts, passport copies, and signed payslips. Soma began transferring the ‘capacity building’ funds in June 2014, however, before it had received any of this documentation.⁴⁵ The Ministry began submitting the required documents in early August 2014, definitively revealing to Soma the identities of senior officials being paid, if the company had not already been aware.⁴⁶

⁴⁴ Email from Abdirizak Hassan Awed to the SEMG, 13 July 2015.

⁴⁵ Correspondence between Soma and the Ministry dated June 2014 and seen by the Monitoring Group.

⁴⁶ Farah Abdi Hassan and Jabril Mohamoud Geeddi, respectively the Director General and Deputy Director General of the Ministry, were first to receive salaries from Capacity Building Agreement. According to Hassan, Soma was aware that both individuals would be on the company's payroll before the transfer of funds commenced. SEMG interview with Hassan, 11 June 2015.

As of late as March 2015 – 11 months after the date of the Capacity Building Agreement – Soma’s representative in Nairobi was still requesting the Ministry to deliver the remaining documents the company had demanded.

The Monitoring Group has found no evidence demonstrating that Soma questioned the Ministry’s choice of payees, despite the fact that the Capacity Building Agreement explicitly prohibited the contracting of “connected persons” defined in the Agreement as “any person, company, other organisation or legal entity directly or indirectly controlled by any member of the Government or who is otherwise directly or indirectly related to or connected to any member of the Government.” Instead, Soma proceeded to transfer the remaining ‘capacity building’ funds to the Ministry in two further instalments, accepting the Ministry’s continued and absolute discretion in selecting the payees without prior notification. In response to the Monitoring Group’s inquiries, Soma claimed that “no connected persons ever received payment pursuant to Soma’s Capacity Building Agreement,” despite being aware that both the Director General and Deputy Director General of the Ministry were on the company’s payroll.⁴⁷

Soma failed to provide the Monitoring Group with the names, positions, and other requested details of the individuals who received salary payments from its Capacity Building Agreement. In its response to the Monitoring Group’s direct request, Soma provided the following:

“Soma Oil & Gas has put in place a robust Anti Bribery & Corruption Policy and Procedures. On this basis we have reviewed the passports, curriculum vitae and contracts of all the individuals who receive salary payments from the Ministry of Petroleum & Mineral Resources under the Capacity Building Programme, as well as reviewing the monthly payroll information.”⁴⁸

Soma’s Statements Relating to the Capacity Building Agreement

Soma has acknowledged the existence of its Capacity Building Agreement on multiple occasions. In a press release dated 24 September 2014, Soma announced that the programme “will see the Company cover the salaries of a small number of experts, including geologists and geoscientists for a one-year period.”⁴⁹ Soma’s public relations firm, FTI Consulting Inc., further acknowledged the existence of the programme and payments on 22 October 2014:

⁴⁷ Letter dated 24 July 2015 from Soma to the Monitoring Group, in response to the Group’s email queries of 16 July 2015.

⁴⁸ S/AC.29/2015/mern5/NOTE.25/Add.4, 1 July 2015.

⁴⁹ Available at <http://somaoilandgas.com/news/12>.

“The \$400,000 commitment from Soma will enable the Ministry to employ 12 qualified geologists, geoscientists and other professionals for a one year period – these are individuals who will be trained at internationally recognised institutions and are committed to making a contribution to their own country’s development through the opening up of the hydrocarbons industry.”⁵⁰

Only three⁵¹ of the 14 ministerial officials paid by Soma possess advanced degrees in the fields of geology or geoscience. Two of these three were already on the FGS civil servant payroll during the period they received ‘salaries’ from Soma; the third, Dr. Abdi Mohamed Siad, held a position at the Ministry for barely a month before returning home (see “Abdi Mohamed Siad,” above).

In an email response dated 23 September 2014 to an inquiry about capacity building from The Wall Street Journal, Director General Hassan wrote the following: *“In April 2014, H.E. Minister Daud Mohamed Omar signed a capacity building paper with Soma (see picture on Ministry website)⁵² - they will help us with some office equipment and some salaries of expert staff at the Ministry for one year.”* The text of Hassan’s response had been drafted by Soma CFO Philip Wolfe, following a 22 September 2014 email in which the former requested Wolfe’s assistance: *“Pls consult what to answer? I knew that they [The Wall Street Journal] have already some hints...”*

In summary, Soma’s official representations of its Capacity Building Agreement to journalists and the public are in stark contrast to the events described by and documentary evidence obtained by the Monitoring Group. Instead of being an assistance package to facilitate hiring a limited number of technical experts, Soma’s Capacity Building Agreement amounted in many cases to extra ‘salaries’ paid to top ministerial officials who had already been on the FGS payroll prior to the programme’s launch.

Agreement Amendments Following the Capacity Building Agreement

Shortly after the signing of the Capacity Building Agreement, the FGS and Soma began negotiating a further territorial allowance for Soma’s seismic exploration, as well as a draft agreement that would grant Soma a larger share of profits from potential production (“Evaluation Area Extension” and “Draft Production Sharing Agreement (PSA)”). The Monitoring Group has

⁵⁰ Written response to a journalist’s query.

⁵¹ Dr. Abdi Mohamed Siad, Dr. Abdulkadir Abiikar Hussein, and Dr. Abdullahi Haider Mohamed.

⁵² The Monitoring Group has been unable to locate this photo – or indeed any reference to Soma’s Capacity Building Agreement – on the Ministry’s website (<http://mopetmr.so/>), accessed 24 July 2015.

identified these concessions to Soma as potential *quid pro quos* related to the Capacity Building Agreement.

Evaluation Area Extension

On 8 May 2014, the Minister signed a letter extending the offshore area available to Soma to survey (Evaluation Area Extension).⁵³ “In light of [Soma’s] progress, it is the desire of the Ministry that the Evaluation Area...as agreed between the Ministry and Soma be expanded to include a larger area. The Ministry hereby requests that Soma include within its exploration Program (as defined in the SOA) a 2D seismic survey that extends to the JORA block as outlined in the attached map.”⁵⁴ The letter ends: “Also, the JORA Block will become part of the area in respect of which Soma may serve a Notice of Application for a Production Sharing Agreement pursuant to Article 2.2. of the SOA.”⁵⁵

The timing of the signing of the Evaluation Area Extension suggests that it may have represented a *quid pro quo* between the Ministry and Soma. The Minister signed the Evaluation Area Extension on 8 May 2014, fewer than two weeks after agreeing the terms of the Soma Capacity Building Agreement. A week later, on 15 May 2014, Soma countersigned the Capacity Building Agreement.

Draft Production Sharing Agreement (PSA)

On 28 November 2014, Soma CEO Robert Sheppard addressed a letter⁵⁶ to the Minister, stating Soma’s case for revising the production sharing terms.⁵⁷ The rationale presented by Soma for renegotiating the PSA included the fact that “much of the basin is in deep or ultra deep water,” the unproven nature of the reserves, and the collapsing global price of oil. The letter also set forth Soma’s wish to also include explicit fiscal terms for gas in the revised PSA.⁵⁸

Subsequently in December 2014 a draft PSA agreement was sent to the Ministry for approval. The terms of this draft PSA have since been criticised for being highly unfavourable to the FGS, particularly following the publication of a Bloomberg article that first revealed the

⁵³ See Annex 13 for a copy of this letter.

⁵⁴ Ownership of the Jora block is currently subject to a maritime border dispute between the governments of Kenya and Somalia.

⁵⁵ The Ministry later offered production sharing rights for the Jora block to another company in exchange for a similar ‘capacity building’ arrangement to Soma’s, Allied Petroleum (SO) Corp. (see “Pattern of Corruption,” below).

⁵⁶ See Annex 14 for a copy of this letter.

⁵⁷ The original PSA was set forth in an annex of the 6 August 2013 SOA.

⁵⁸ The primary impetus for the revised PSA may have been that Soma’s seismic survey had revealed larger gas deposits than previously expected. Interview with a Western embassy official based in Nairobi, 24 March 2015.

parameters of the proposed deal.⁵⁹ In a copy of the draft PSA seen by the Monitoring Group, Soma's share of revenue is stipulated to be as high as 90% in some cases. Furthermore, the draft PSA grants the company a four-year royalty holiday for oil and gas found fewer than 1,000 metres below the sea's surface, as well as a decade-long moratorium on paying taxes to the FGS.

Following publication of the Bloomberg article, the Ministry issued a statement in which it denied having received any draft PSA from Soma, further announcing that "Somalia is not accepting PSA deals at the moment."⁶⁰ However, in a meeting with the Monitoring Group on 11 June 2015, Director General Hassan acknowledged that the Ministry had received the draft PSA from Soma, though he denied having personally seen it. Hassan further claimed that negotiations on the PSA had not yet begun, although he made reference to a "negotiation team," to which Dr. Abdulkadir Abiikar Hussein belongs. Contrary to Hassan's statements, internal Ministry correspondence seen by the Monitoring Group shows that Hussein sent a copy of the draft PSA to Hassan on 29 January 2015. Both Hassan and Hussein, as previously noted, have been paid 'salaries' by Soma.

Correspondence seen by the Monitoring Group shows that negotiations over the draft PSA with Soma have been taking place since at least late April 2015. In an email dated 30 April 2015, Peter Roberts, a lawyer representing the Ministry from the Houston-based firm Andrews Kurth LLP, wrote to another Ministry representative:

"Soma - we had a cordial meeting and we promised to send to their lawyers next week a table of key issues and concerns regarding the PSA draft, with a view to discussing it with their lawyers week commencing 11 May. Going well so far."

The current FGS Minister of Petroleum and Mineral Resources, H.E. Mohamed Mukhtar, told the Monitoring Group in June 2015 that the Ministry would not sign any PSA before a resource-sharing framework had been established with Somalia's regional authorities. He also told the Monitoring Group that The African Legal Support Facility, a public international institution hosted by the African Development Bank, was in the process of assigning a legal consultant to assist the Ministry in developing a model PSA for Somalia.⁶¹

⁵⁹ Bloomberg, "Somalia May Pay 90% Oil Revenue to Explorer Under Draft Deal," 29 May 2015. Available at <http://www.bloomberg.com/news/articles/2015-05-28/somalia-may-pay-90-of-oil-revenue-to-explorer-under-draft-deal>.

⁶⁰ AMISOM Daily Media Monitoring, 31 May 2015. Available at <http://somaliamediamonitoring.org/june-1-2015-morning-headlines/>.

⁶¹ SEMG interview with H.E. Mohamed Mukhtar, 29 June 2015.

Data Room

Negotiations with Soma have taken place in a context of fundamental disparity, in which only one side, Soma, has access to the seismic survey data.⁶²

Under the terms of the 6 August 2013 SOA, Soma was required to turn over the data obtained from its offshore seismic survey to the FGS “within a reasonable time.” Although the survey was completed by June 2014, the company has yet to fulfil this obligation. Soma has justified the delay by referencing the lack of a data room at the Ministry, where the data may be stored properly.

In a letter dated 17 October 2014, signed by Director General Hassan, Soma agreed to pay the costs of “rebuilding and refurbishment of that part of the Ministry Building that will house the data room in Mogadishu” up to a total of USD 100,000. The Ministry confirmed receipt of these funds into its CBS account on 18 December 2014. In February 2015, Soma requested an update from the Ministry on how the company’s funds had been disbursed. A 3 March 2015 letter to Soma, signed by Jabril Mohamoud Geeddi, reported that “the funds are still in the above mentioned account as we have not yet began working on the project as the site for construction is currently occupied by Internally Displaced Persons (IDPs).”⁶³

When interviewed by the Monitoring Group on 11 June 2015, Director General Hassan acknowledged that no further progress had been made towards establishing a data room on the Ministry’s premises. Hassan further stated that he lacked “a concept of what kind of room we need for data.” Hassan could not account for the USD 100,000 transferred by Soma and referred the SEMG to Jabril Mohamoud Geeddi. Geeddi has not responded to the Group’s request for an interview.

Pattern of Corruption

The Monitoring Group has obtained evidence suggesting that requests for ‘capacity building’ may form part of a pattern of corruption within the Ministry.

The Group has in its possession a Memorandum of Understanding (MOU),⁶⁴ dated 24 November 2014, between the Ministry and Allied Petroleum (SO) Corp., a Dubai-based petroleum exploration company “supported by Middle Eastern Sovereign Wealth Funds and

⁶² A London-based oil and gas analyst interviewed by the Monitoring Group on 3 June 2015 referred to this state of affairs as “unconscionable.”

⁶³ A copy of this letter is provided in Annex 15.

⁶⁴ The Allied Petroleum MOU is attached in Annex 16.

major US Banks.”⁶⁵ Former Minister Daud Mohamed Omar met with Allied Petroleum CEO Justin Dibb and COO Andrew Robinson in Abu Dhabi on 5 May 2014. At that meeting, the company expressed its interest in signing PSAs for four blocks in the Jora region, proximate to the Kenya-Somalia border. Before agreeing to any PSA terms, Director General Hassan insisted that Allied Petroleum provide ‘capacity building’ support to the Ministry.

Subsequent to that meeting, Hassan sent the text of a proposed MOU to Allied Petroleum. The Allied Petroleum MOU bore many similarities to the Soma MOU, with a number of same clauses. For instance, the MOU stipulated that Allied Petroleum would pay the salaries of eight “consultants, advisors, or employees engaged by the Ministry,” to a maximum of USD 5,000 each per month over a 24-month period. It also stipulated that Allied Petroleum was to pay for “the establishment of a data room,” a project towards which Soma had already committed USD 100,000. The MOU also identified an International Bank of Somalia (IBS) account to receive the ‘capacity building’ funds, thereby bypassing the Central Bank.⁶⁶

The terms of the MOU make it clear that the proposed Capacity Building Agreement was intended to be a *quid pro quo* for the Ministry’s granting of offshore PSA rights to Allied Petroleum; paragraph 11 states: “*The Commencement Date of the MoU shall be the date, being 90 days following signature of PSA’s covering Offshore Jor[a] A, B, C, D.*” Per the terms of the Evaluation Area Extension agreement with Soma, however, the Ministry had already granted exploration rights of the entire Jora region to Soma on 8 May 2014.

Although Director General Hassan and CEO Justin Dibb signed the MOU with Allied Petroleum on 24 November 2014, it appears that it was never implemented.

The Ministry also approached Royal Dutch Shell plc with demands for ‘capacity building.’ In multiple emails dating back to May 2014, Director General Hassan repeatedly reminded Shell of its capacity building obligations – including granting scholarships to Somali students – as stipulated in the pre-civil war Somali Government’s 1988 Concession Agreement with Pecten Somalia Co. (a subsidiary of Shell). In a 20 November 2014 email to Menno DeRuig, an Exploration Manager for Shell covering Sub-Saharan Africa, Hassan wrote:

“We repeatedly ask you issue [sic] a letter for sponsoring of university students, I don’t [know] what is [sic] the difficulties you have and you didn’t come back to us... The attached is [sic] the eligibility letters for some of the students so please you either directly communicate to the university and ask to proceed convincing [sic] that you are sponsoring or simply issue letter to sponsor to [sic] deal with them.”

⁶⁵ Quoted from Allied Petroleum’s company profile.

⁶⁶ See Annex 17 for details of the Ministry’s IBS account.

Attached to the email were admission letters from USCI University in Kuala Lumpur for four Somali students: Abdirahman Farah Abdi, Asho Osman Abdi, Rakia Farah Abdi, and Salman Osman Abdi. All four are children of Director General Hassan. Examination of email correspondence by the SEMG has revealed that each student's admission to USCI University had been arranged through the intercession of Polaris Energy Sdn Bhd, a Malaysian oil company with which Hassan and other members of the Ministry had held meetings in Kuala Lumpur in September 2014.

On 24 November 2014 DeRuig responded to Hassan with an extensive list of documentation requirements, and also informed him that Shell would be unable to fund training programmes longer than one year in duration. The Monitoring Group is unaware of any subsequent attempts by Hassan to arrange for Shell to fund his children's education.

Soma's Payments to an FGS Legal Advisor

The Monitoring Group has confirmed that Soma made payments to a long-standing FGS legal advisor, the Canadian lawyer J. Jay Park, QC, between 3 June 2013 and 6 August 2013.

The FGS' relationship with Park long pre-dated the existence of the Capacity Building Agreement and the signature of the Soma SOA on 6 August 2013. Between 2007 and August 2012, Park served as an oil and gas advisor for the Somali Transitional Federal Government (TFG), during which time he was a member of the Petroleum Law Team responsible for drafting the 2008 legislation. In early 2013, Park was implicated in a petroleum bribery scandal in Chad two years earlier, where he had allegedly facilitated the transfer of USD 2 million to the wife of a diplomat.⁶⁷ In April 2013, Park announced his retirement from his firm, Norton Rose Canada LLP. In June 2013 he founded his own entity, Petroleum Regimes Advisory Ltd. (PRA), and continued as an official advisor to the FGS, a role he exercised during the SOA negotiations with Soma. In its 2014 report (S/2014/726), the Monitoring Group identified Jay Park, along with Dr. Abdullahi Haider Mohamed, as a "key architect" of the Soma deal on the FGS' side.⁶⁸ In 2013, one of Soma's own representatives told an international consulting firm that Park had a role "to protect all interests" – both those of the FGS and Soma – during the SOA negotiations.⁶⁹

⁶⁷ The Globe and Mail, "Bay Street law firms advised Griffiths on Chad deal," 26 January 2013. Available at <http://www.theglobeandmail.com/report-on-business/industry-news/the-law-page/bay-street-law-firms-advised-griffiths-on-chad-deal/article7890162/>.

⁶⁸ See S/2014/726, annex 5.1.

⁶⁹ 2013 interview with Adam Smith International for the first draft of its report titled "Needs Assessment for the Extractives Industry in Somalia." A more detailed discussion of this report is presented in Annex 1.

In a letter to the SEMG dated 1 July 2015, Soma acknowledged that it had paid Park's fees during the SOA negotiation process, despite the apparent conflict of interest doing so entailed:

“It was of the utmost importance for Soma Oil & Gas and the Federal Government, that both parties had independent legal advice during the negotiations. As the Federal Government was unable to pay for this advice which transpired late in the negotiations, the Federal Government asked if Soma would cover its legal expenses. The Company's board took extensive independent legal advice before proceeding to do so.”⁷⁰

Park acknowledged that his firm PRA had received USD 494,564.85 from Soma, through the then-Ministry of National Resources, for legal services rendered from 3 June 2013 to 6 August 2013.⁷¹ Park informed the SEMG that on 6 August 2013 – the same day the SOA was signed – then-Minister Abdirizak Omar Mohamed “issued a written direction to Soma to pay the fees associated with our work for the FGS in relation to Soma.”⁷²

Soma failed to provide a response to the Monitoring Group's inquiry regarding the size of the payment the company had made to Park.⁷³ However, both Soma and Park confirmed that the company had issued payment to PRA on 18 December 2014.⁷⁴ Between 6 August 2013 and 18 December 2014 Park continued to legally advise the Ministry on numerous matters, including the Capacity Building Agreement. PRA remains on retainer with the Ministry to the present day, though Park told the Monitoring Group that the last legal request he had received from the Ministry was in March 2015.⁷⁵

Engagement with Soma and FGS officials

The Monitoring Group contacted each of the Ministry officials profiled above, informing them of its investigations and that their names will appear in this communication to the Committee. As of 24 July 2015, Farah Abdi Hassan, Mohamed Ali-nur Hagi, Dr. Abdi Mohamed Siad, Abdirizak Hassan Awed, Jay Park, and Mohamoud Yousuf Ali had been interviewed by the Group.

⁷⁰ S/AC.29/2015/NOTE.25/Add.4, 1 July 2015.

⁷¹ Letter from Jay Park to the SEMG, 19 July 2015.

⁷² Letter from Jay Park to the SEMG, 19 July 2015. Park's account was confirmed by Soma in the company's 24 July 2015 letter to the Group.

⁷³ Letter from Soma to the SEMG, 24 July 2015.

⁷⁴ Letter from Jay Park to the SEMG, 19 July 2015; letter from Soma to the SEMG, 24 July 2015.

⁷⁵ Letter from Jay Park to the SEMG, 19 July 2015.

In a June 2015 interview with the Monitoring Group, H.E. Mohamed Mukhtar, FGS Minister of Petroleum and Mineral Resources, categorised Soma's Capacity Building Agreement as furnishing "basic support salaries for these individuals that we need at the Ministry, but cannot afford to employ." He also assured the Group that Soma had received no benefit, and would receive none in future, as a result of payments the company had made to the Ministry. Minister Mukhtar further stated that he would entertain "no discussion...that those who were paid had, or will have, any influence on oil deals."⁷⁶

On 18 June 2015, the Monitoring Group sent a letter to Soma CEO Robert Sheppard, requesting that the company provide information on a number of the matters discussed above.⁷⁷ Soma sent a reply to the Monitoring Group on 1 July 2015 and another on 24 July in response to the Group's follow-up questions, much of the content of which has been cited in the preceding discussion.

Findings and Recommendations

The Monitoring Group considers that the circumstances described above constitute both misappropriation, and facilitation of misappropriation of public resources by officials of the FGS and by Soma in violation of paragraph 2 of resolution 2002 (2011) and paragraph 2 (c) of resolution 2060 (2012). The Monitoring Group has had indications that the Ministry intends to sign a revised PSA with Soma as early as August 2015, which influenced the Group's decision to submit the following recommendations to the Committee prior to the submission of its final report in October. The Monitoring Group therefore recommends that the Chair address a letter, on behalf of the Committee to the FGS:

- (i) Urging the FGS to investigate and undertake prosecutions, where appropriate, of individuals and entities found to have been engaged in misappropriation of public resources in violation of the sanctions regime, where this conduct also constitutes violation of applicable national laws;
- (ii) Urging the FGS to take steps to ensure that the requirements of Somali national law are fulfilled with respect to the Soma agreements described above, including as regards their publication, review and presentation for discussion and assent by the Federal Parliament;
- (iii) Encouraging Soma and the FGS to work together to ensure that the data collected in Soma's offshore seismic survey, which rightfully belongs to the people of Somalia, is

⁷⁶ SEMG interview with H.E. Mohamed Mukhtar, 29 June 2015.

⁷⁷ S/AC.29/2015/SEMG/OC.23, 18 June 2015.

transferred as soon as possible into the possession of the FGS, including through the construction of the appropriate data room.

More broadly, the findings of this investigation reinforce the Group's previous calls for the implementation of clear legal and policy frameworks governing the engagement of the extractives industry in Somalia. In particular the FGS should be encouraged to apply its existing legislation, particularly the 2008 Petroleum Law, in the management of both current and future oil and gas contracts. As required by this legislation, it is critical to establish an independent Somali Petroleum Authority to serve as regulator for the industry.

Finally, in light of the material presented above, and against the background of the Security Council's call to the FGS "to mitigate properly against the petroleum sector in Somalia becoming a source of increased tension in Somalia,"⁷⁸ the Monitoring Group recommends that the Committee consider the Group's longstanding recommendation of a moratorium on oil and gas agreements in Somalia until a federal resource-sharing framework is in place, and viable federal and regional institutions are established to govern the extractives sector effectively.

The Monitoring Group is continuing its investigation into Soma Oil & Gas Holdings Limited, to be presented in its final report on Somalia. In the meantime, the Group remains available to the Committee to provide additional details as may be required or to answer any questions the Committee may have.

Please accept, Excellency, the assurances of my highest consideration.



Christophe Trajber
Coordinator
Somalia and Eritrea Monitoring Group
Security Council resolution 2182 (2014)

⁷⁸ Preamble, United Nations Security Council Resolution 2182 (2014).