**U.N. Ignores Its Own Freeze on Deals With Alleged Somali Food Distribution 'Cartel'**

Even after the World Food Program promised it would not engage in any new work with a "de facto cartel" running food delivery in Somalia, the relief agency signed off on deals to pay more than $75,000 to at least one of the embargoed firms, Fox News has learned.

By George Russell

July 23, 2010

FoxNews.com

*http://www.foxnews.com/world/2010/07/23/un-ignores-freeze-somali-food-distribution/?test=latestnews*

At the time, it looked like a bold attempt to contain a hemorrhaging humanitarian scandal.

On March 10, 2010 — the same day it was slammed in a report to the United Nations for "irregular" procedures in supplying food to war-ravaged Somalia — the embattled World Food Program promised it "would not engage in any new work" with three Somali food distributors alleged in the report to operate a "de facto cartel" dominating the relief agency's food delivery business.

Yet two months later, on May 11, 2010, according to WFP documents examined by Fox News, the U.N. relief agency signed off on deals to pay more than $75,000 to at least one of the embargoed firms, for "transportation/logistical services," even though WFP Executive Director Josette Sheeran's announced freeze on business with the company was still in force.

According to a WFP spokesman, a detailed review of WFP's Somalia operations is "expected to start this month," under the auspices of the Auditor General of India, who has just begun serving a term as the relief organization's external, i.e., independent, auditor.

The spokesman added that "it will be left to WFP's executive board to decide whether the results of the external audit are made public." (The board is made up of 35 nations, including the U.S.; it supervises and authorizes WFP's activities at twice-yearly meetings.)

WFP was not alone in sending cash to the sanctioned firm, according to records discovered by Fox News on the United Nations Procurement Division website.

Another procurement branch of the U.N. had awarded two deals worth some $286,000 to the U.S. subsidiary of the same enterprise, on March 31 and April 28, long after Sheeran's freeze announcement had been given worldwide publicity.

Click here to see the procurement awards: Set 1 | Set 2

When Fox News asked earlier this month whether that freeze was still in place, a WFP spokesman was emphatic that the organization still "has not awarded new contracts to the three contractors named in the report."

Whether the WFP payments were "new contracts" may amount to hairsplitting by the food agency. The payments examined by Fox News represented fresh cash transfers to the embargoed firm for specific deliveries that were entered into WFP's accounting system on May 11 under WFP Purchase Order 4700237846.

The goods involved in the deals were described in the document Fox News inspected as "non-food items."

The transportation company named in the WFP purchase order is Deeqa Construction and Water Well Drilling Co. Ltd., a long-time Somalia vendor to the U.N. relief agency. It is one of the three firms named in a report by a special unit of the U.N. Security Council known as the Monitoring Group on Somalia, or MGS, as having allegedly "dominated" the delivery of WFP food aid in that war-torn country for more than a decade, and in some cases as allegedly having ties with armed Islamic groups.

The report was sent on March 10 — the same day Sheeran made her freeze decision — to the U.N. Security Council's committee that monitors a longstanding arms embargo in Somalia and Eritrea, as well as anti-terrorist financial sanctions.

In the report, the MGS cited "multiple, independent" — but unnamed — witnesses who said that a 2008 raid on Deeqa food trucks by armed Somali militia, which led to the theft and resale of most of 1,220 tons of WFP food aid, was staged.

The report also charged that a radical Islamic militia called Hizbul Islam, a sometimes rival and sometimes ally of the terrorist group Al Shabaab, protected a Deeqa warehouse during a 2009 firefight between the radicals and the U.N.-backed Transitional Federal Government of Somalia. The food was subsequently removed safely and then, the MGS charged, later diverted for resale to a Somali food market.

In addition, the MGS report delivered a scathing review of WFP's overall performance in food distribution, declaring that contracts are awarded competitively only "in theory."

The group said, its "preliminary investigations" showed "the existence of a de facto cartel, characterized by irregular procedures in the awarding of contracts by the WFP Somalia country office, discriminatory practices and preferential treatment."

Regarding the heads of the three named distribution firms, the report declared, "In both a literal and figurative sense, these three individuals have long been 'gatekeepers' of WFP food aid to Somalia."

Deeqa was one of the alleged cartel members, and its chief executive officer, Abdulqakir Nur, was also named personally by the Monitoring Group, as being among Somalia's wealthiest and most influential men.

Click here for the monitoring group report.

Nur has strenuously denied all charges leveled by the Monitoring Group, and condemned its report as "factually wrong, highly politicized, and damaging to the well-being of the Somali people and U.N. peace efforts in the region."

He has declared that he cooperated fully with MGS investigators, and provided proof of his company's and his own innocence, but that proof was disregarded.

Click here for Nur's statement.

Deeqa's major line of business with WFP in Somalia may have been transportation and logistics, but its U.S. subsidiary, Deeqa Enterprise, LLC, lists the nature of its business on a U.N. procurement site known as the U.N. Global Marketplace as "trader." Deeqa lists itself as capable of providing a wide variety of foodstuffs, not to mention architecture and engineering services, transport policy and planning, and air, sea and land transportation services.

In the case of its two deals with the U.N. Procurement Division, Deeqa Enterprise was operating as a vendor of building materials for U.N. engineers in Somalia and concrete barriers to be used for crowd control purposes by peacekeepers in the capital of Mogadishu.

Queried about the Deeqa Enterprise deals, a U.N. Procurement Division spokesman in New York declared that the U.N. headquarters procurement unit was "not involved in this acquisition." He also said that the Procurement Division "is dependent on each U.N. organization to share information and has not received any notification from WFP on this vendor."

The spokesman added that Deeqa had been chosen in each case by the U.N.'s local procurement branch after competitive bidding.

The U.N. spokesman's remarks may have been true — but they were also misleading.

The U.N. procurement arm that struck the $286,000 worth of deals is known as UNSOA (shorthand for United Nations Support Office for AMISOM, the African Union peacekeeping force in Somalia). U.N. documentation shows UNSOA is a participating member of the U.N.'s Kenya-based Somalia Country Team, a collective assembly of 18 U.N. agencies funds and programs in the beleaguered nation.

The branch of WFP responsible for the food agency's long term business relationship with the alleged cartel members, known as the WFP Country Office in Somalia — is also a member of the U.N. country team.

According to well-established U.N. procedures around the world, all of those country team members meet regularly to discuss their common issues and problems, in Somalia's case under the auspices of the U.N.'s Somalia Resident Coordinator, a British native named Mark Bowden. Bowden is also designated as Somalia's local Humanitarian Coordinator, meaning that he is also charged with orchestrating relief efforts.

The U.N. country team in Somalia was undoubtedly very aware of the Monitoring Group and its concerns about Deeqa and other suppliers, since the leakage of money, weapons and food aid to Islamic militias was a fundamental focus of the Monitoring Group's work on its visit.

Whether the country team — and WFP's local representatives in particular — was happy with the Monitoring Group's investigations and conclusions is another issue.

In their report, the investigators say they "experienced obstructionist non-cooperation by the WFP country office" in investigating the country's major aid contractors, and were also denied access to U.N. Humanitarian Air Service flights to visit far-flung reaches of Somalia. (WFP's Sheeran has said, in a letter to the head of the U.N. sanctions committee on Somalia, that the denial was caused by the fact that such flights are legally limited to "humanitarian purposes," and alternative flights were available.)

In fact, many of the charges leveled by the Monitoring Group against WFP in Somalia are very similar to criticisms made of the WFP Somalia operation a year ago by WFP's own Inspector General.

In a report submitted to WFP's executive board in June, 2009, he noted that the agency had a "continuing issue of inadequate monitoring" of the agency's partners in Somalia, and there was a "lack of monitoring and evaluation tools to reliably report on food distribution for project activities." He also noted numerous "procurement weaknesses and irregularities" in contracting transport and logistics services and food commodities" — without specifying details.

Click here for the inspector general's report.

Lack of coordination — or sometimes, inaction — toward U.N. vendors suspected or convicted of serious rules violations is an old story at the U.N., even though the world organization has been claiming for years that it was about to change.

In January 2008, a Fox News investigation revealed that the United Nations chief anti-poverty arm, the United Nations Development Program (UNDP), had deliberately decided to ignore the suspension by the U.N. Secretariat of an Italian firm named Corimec S.p.A after it was found guilty of bribing U.N. procurement officers in exchange for contracts.

In the wake of the UNDP decision regarding Corimec, however, the U.N. supposedly was going to do something about the problem. It set up an inter-agency procurement group — now known as the Procurement Network of the High-Level Committee on Management — which was supposed to work on harmonizing such things as dealing with sanctioned vendors.

But progress has apparently been glacial. It was only in February 2010, that another high-level unit set aside $3.2 million for six "priority projects." One of them was called a "vendor eligibility project: development of a common framework on vendor sanctions for the United Nations system."

The "vendor eligibility project" was targeted for completion in June, 2010. U.N. officials were unable to tell Fox News if the project was up and running before this story was published.

Meantime, on July 12, yet another important player entered the fray against the Monitoring Group report: the U.N.'s Humanitarian Coordinator in Somalia, Mark Bowden.

In a special report to the Security Council, he reminded members that providing humanitarian aid to Somalia, a country where 3.2 million people, or about 43 percent of the population, are refugees, was a high-risk business. During March and April 2010, he said, 13 militia attacks were launched against U.N. relief agencies or their local partners, and several warehouses or relief agencies looted.

He also defended the small number of contractors used by his relief organizations as due to "the difficult operating environment in Somalia, coupled with a very limited group of contractors." At the same time, he argued "mitigation measures to address politicization, misuse and misappropriation of humanitarian assistance are in place" — and a new tracking system for contractors "is in the testing of functionality phase."

The concern that outweighed all others, in Bowden's report, was a dramatic drop in humanitarian funding for Somalia — the fuel for his operation. So far this year, the U.N.'s Office for the Coordination of Humanitarian Affairs (OCHA) has tracked only $160 million in new funding for Somalian relief, with the U.S. providing about $28 million, or 17.5 percent, of that. That is about a 40 percent drop from the previous year.

Along with unspent money from last year, OCHA has about $375 million on hand for humanitarian assistance in Somalia this year, but it estimates that it needs $596 million.

One of the major reasons for the dry-up of money, Bowden made clear, was growing international concern over the activities of Al Shabaab — one of the things that led to the latest Monitoring Group visit in the first place.

Whether his assurances — and those offered by WFP — would cause donor nations to overlook the concerns raised by the MSG, and open their collective wallets further, was not known.

For its part USAID, the agency that is the biggest funder of WFP activities, told Fox News it "takes seriously" the allegations raised by the Monitoring Group, and will "continue to work with WFP and our partners in the international community to address the issues raised in the report."

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