



OFFICE OF INSPECTOR GENERAL

SUMMARY: AUDIT OF USAID'S COMPLIANCE WITH EXECUTIVE ORDER 13536 PROHIBITING SUPPORT TO AL-SHABAAB IN SOMALIA

AUDIT REPORT NO. 4-649-13-011-P
SEPTEMBER 17, 2013

PRETORIA, SOUTH AFRICA

This is a summary of our report on the “Audit of USAID’s Compliance With Executive Order 13536 Prohibiting Support to Al-Shabaab in Somalia”.

Persistent food insecurity and widespread violence have plagued the East African nation of Somalia since 1991. In 2011, a number of factors—including a drought—culminated in a severe food security crisis, which led the United Nations to declare famine in southern areas of the country. Some 4 million of 10 million inhabitants were in crisis, with 750,000 of those at risk of death.

Although the famine was declared over in February 2012, general insecurity and limited access for humanitarian groups persists. Clashes also continue with al-Shabaab, a militant group linked to al-Qaeda and designated as a foreign terrorist organization pursuant to 8 U.S. Code (U.S.C.) 1189 (a). While al-Shabaab has been expelled from many parts of the country, it is still active in southern and central Somalia. The security situation remains fluid.

The persistent violence in Somalia, combined with piracy offshore and violations of a UN embargo prompted President Barack Obama to sign Executive Order (EO) 13536 in 2010. The order blocks the property and related interests of specified people and entities, as well as others that the Department of the Treasury’s Office of Foreign Assets Control (OFAC) believes should be included. Al-Shabaab was the only terrorist organization specified in the order.

Anyone violating the order or its regulations¹ faces an array of criminal and civil penalties. Because of these penalties and other applicable statutes and sanctions,² areas of the country under al-Shabaab’s control became largely inaccessible to USAID and the international humanitarian community. However, in the face of the 2011 drought and famine, the U.S. Government determined that humanitarian assistance for Somalia was necessary. To enable USAID’s humanitarian response, OFAC granted a license authorizing certain transactions in Somalia.³ It authorized the Department of State and USAID, as well as their employees, agents, contractors, and grantees, to provide humanitarian assistance to Somalia through the provision of funds to:

- (a) the United Nations and its specialized agencies or programs;
- (b) humanitarian organizations having observer status with the [United Nations] General Assembly that provide humanitarian assistance;
- (c) their implementing partners; or
- (d) other humanitarian organizations participating in the current United Nations Consolidated Appeal for Somalia.

Despite recent gains, humanitarian needs persist, and the OFAC license remains in effect.

¹ OFAC issued the Somalia Sanctions Regulations (31 Code of Federal Regulations [CFR], Part 551) as a set of guidelines to implement EO 13536.

² The “Material Support” statute (18 U.S. Code [U.S.C.] 2339A) makes it a crime to give material support to terrorists. The Global Terrorism Sanctions Regulations (31 CFR, Part 594) implement EO 13224, which declared a more general emergency with respect to “grave acts of terrorism and threats of terrorism committed by foreign terrorists.” The Foreign Terrorist Organizations Sanctions Regulations (31 CFR, Part 597) implement provisions of the Antiterrorism and Effective Death Penalty Act of 1996.

³ OFAC has the authority to grant exemptions to prohibitions either by publishing a general license for certain categories of transactions or by specific licenses issued on a case-by-case basis.

The Regional Inspector General/Pretoria conducted this audit to determine whether USAID had adequate controls to ensure compliance with EO 13536 and any other laws and regulations prohibiting support for al-Shabaab in Somalia, as well as ensure compliance with the conditions of the OFAC license. The audit concluded that the Agency's controls were reasonable to comply with the applicable laws and regulations. USAID recognized the importance of preventing resources from going to al-Shabaab and implemented controls in an effort to ensure compliance. However, the audit identified several weaknesses for which we made three recommendations. Management decisions were acknowledged on all three recommendations and final action was taken on one.

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