



## CENTRAL BANK OF SOMALIA

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### **The Somali National Asset Recovery and Management Strategy**

August 1, 2015

Pursuant to the Central Bank of Somalia Act, 2011 (Law No. 130, promulgated April 22, 2012), the Central Bank of Somalia is responsible for managing the Federal Republic of Somalia's international reserves (wherever they may be located) and is mandated to act on behalf of the Federal Republic of Somalia in all matters relating to the recovery of national assets.

The Federal Government of Somalia (FGS) requested the Financial Governance Committee (FGC) to monitor and oversee the recovery of Somalia's frozen assets. The FGS' official response to the Monitoring Group's report on asset recovery on July 15, 2014 states that *"The FGC, cooperating with the UNODC/World Bank Stolen Assets Recovery (StAR) Initiative, will henceforth oversee and monitor the national asset recovery program, and will issue periodic reports to Presidency, Council of Ministers, Somali Parliament and Somalia Development and Reconstruction Facility Steering Committee on its activities and findings."*

Provided below are the strategy and certain principles for the recovery of Somali national assets.

#### **Use of Recovered Assets**

The two principles underlying the use of all recovered assets are:

- The use of recovered assets is a sovereign decision of the FGS; and
- The management of recovered assets demonstrates the FGS commitment to the role of transparency and accountability in good governance to the Somali people. A record of transparent and accountable asset recovery will support the resolution of difficult or complex future asset recovery efforts, as well as other forms of international cooperation.

In furtherance of these principles, all recovered assets will be used in accordance with the following purposes:

- i. FGS assets will support the national budget and development and reconstruction efforts of the country. All expenditures of these funds will follow FGS's budget policy and payment procedures, and will be recorded as part of the Ministry of Finance's expenditure reporting.
- ii. CBS assets belonging will be used to strengthen the capital or reserves of the CBS in accordance with the decision of the CBS Board of Directors.
- iii. Any assets formerly belonging to the Commercial and Savings Bank of Somalia will be considered CBS assets, and will be used in accordance with (ii) above.

### **National Asset Recovery Team**

The CBS has established a National Asset Recovery Team (NART), which comprises the CBS Governor, the Minister of Finance and CBS civil-servant(s). As appropriate, the Governor and Minister of Finance may delegate their responsibilities.

The NAR team will work with the new Financial Intelligence Unit of the CBS as it gains capacity for the investigation, reporting, analysis, and potential dissemination of the information.

As necessary, the NART team may also seek assistance from the African Legal Support Facility and/or reputable law firms for matters involving litigation or other complex legal matters. The FGC will review the terms of engagement for any proposed assistance by service providers to ensure the terms are consistent with international good practices. It is against the core values of the FGS for any payments related to, or arising from, asset recovery efforts to be made to any elected member of the FGS or any person employed, contracted or otherwise engaged by the FGS in any capacity.

After consultation with FGC, the NAR team will be disbanded upon completion of the asset recovery contemplated under this strategy.

### **Role of the National Asset Recovery Team**

1. Identify as soon as possible all assets available for recovery by the NART on behalf of the FGS.
2. Make policy recommendations to the FGS through the Governor of the CBS on the appropriate steps to be taken in respect of each asset or classes of assets.
3. Act in accordance with the policy decisions reached by the FGS and communicated to it by the Governor of the CBS.

4. Represent the FGS, the CBS, and the former Commercial and Savings Bank of Somalia in correspondence with foreign institutions regarding asset recovery matters.
5. The NART will provide regular progress reports on asset recovery

### **Establishing International Cooperation**

International cooperation is often critical for comprehensive and timely asset recovery. Accordingly, the NART may seek the good offices of Somali diplomatic partners or CBS foreign counterparts such as other central banks and/or financial supervisors for asset recovery assistance.

The World Bank – UNODC Stolen Asset Recovery Initiative (StAR) has agreed to advise the CBS in its asset recovery efforts and will work closely with the NART through regular teleconferences and meetings. In addition to capacity building and advice to the NART, StAR will seek to facilitate and coordinate other avenues for international cooperation between the NART and Somali diplomatic partners, foreign financial institutions, and international organizations. Semi-annually, StAR will review the progress made with the NART and the FGC to determine whether there is a basis for continued StAR assistance to the asset recovery efforts of the FGS.

### **Allocation and Management of Recovered Assets**

All recovered assets shall be returned in a transparent and accountable manner to a Designated Asset Recovery Account held in the name of the CBS in the Central Bank of Somalia or similar CBS managed correspondent account. After prior consultation with the FGC, the CBS may determine to continue to hold recovered assets in their original foreign accounts, provided however, any such assets will be used in accordance with this strategy and included in all asset recovery progress reports.

The allocation and management of recovered assets will be based on the Foreign Assets Recovery and Management Policy Statement issued by the CBS on June 2, 2015. Disbursement of all recovered assets will be conducted with existing FGS systems and procedures.

### **Reporting on Asset Recovery**

The CBS shall report on a quarterly basis the form and value of any recovered assets. The report shall include written advice in respect of the recommended use, allocation, or disbursement of that assets or class of assets. Quarterly reports on asset recovery efforts will be made publicly available on CBS and Ministry of Finance websites.

## **Audit of Recovered Funds**

Any audit of the CBS shall specifically address and examine the handling, custody and eventual allocation and disbursement of recovered assets to ensure that all recovered assets are managed and controlled in accordance with this strategy.