

Financial Governance Committee: Summary of Meeting Discussions

34th Meeting – Mogadishu, 7th November 2018

Asset Recovery: The FGS continues its efforts in engaging with Foreign Banks who hold Somali financial assets. Most asset holders have been responsive and some processes for acquiring funds have been initiated, but no new significant developments to report on.

Currency Reform: The CBS and the MoF continuing to reach out to donors to raise the needed fund of \$41 million. Thus far, the CBS only has one solid pledge from the EU for 6 million Euro, other discussions are ongoing.

Public Financial Management, SNA: Somali National Army registration for Banadir region is complete. The Ministry of Finance and SNA plan to complete the registration of the Somali Police Force in Banadir this week. The team then plan to go to the regions this month. In light of the current sensitive situation on security level expenditure it was suggested that a more comprehensive update for the FGC may help the FGC move matters forward.

Public Financial Management, Revenue Authority: The FGC continued to deliberate on whether a Revenue Authority is needed at this time, the FGC noted some participants arguing for its establishment and other arguing against. Most of the FGC members agreed that at this time, Somalia's culture for paying taxes, or lack thereof, means that it is not conducive for a Revenue Authority per se but that clarity is needed on what enabling conditions are required.

Public Financial Management, ICAO: The FGC continued to discuss transferring the revenue from Somalia's over flight fees into the treasury and remained committed to following progress. The FGC also noted that the FGS has not yet received a copy of the 2013 MoU that governs ICAO's relations with FGS. The FGC also briefly discussed the possibility of an audit of the ICAO trust fund and associated projects for which funds have been committed to.

PFM and Audit Bills- The representative of the Budget and Finance Committee reported that both Bills will soon be submitted for their third readings in Parliament.

Fiscal Federalism, Fisheries: The World Bank delegate welcomed the Ministry of Fisheries decision to cancel the registration of vessels flying the Somali flag and start the registration process afresh – this is expected to help prevent internationally blacklisted vessels from being part of the Somali fleet. The FGC also positively noted the Ministry of Fisheries successful selling of 32 fishing licenses to the Chinese Overseas Fisheries Association (COFA), and the payment of associated license fees into a CBS designated account.

Fiscal Federalism, SMP: The MoF Revenue Director and SMP Coordinator briefed the FGC about the progress of SMP. Most of the indicative targets and structural benchmarks set for September have been met. The MoF submitted the September SMP report to the IMF team which is expected to be discussed during the December review mission under the SMP.

National Development Plan: The FGC noted that the updated National Development Plan (NDP) would require updated inputs from the Ministry of Finance on the fiscal and macroeconomic frameworks. The MoF needs to make sure that they are fully engaged in the process.

Contracts and Concessions: An update was given on 14 different contracts and/or concessions which are at various stages of review by the FGS.

The FGC was made aware of a new contract introduced by the Min of Education, on the development and printing of curriculum books for grades 1 to grades 12, which gives the contractor exclusive rights for eight years. The FGC discussed the evident significant amount of funding from donors and international organization which goes into the education sector. The implication is that the government could be paying the contractor for something which donors are already covering. FGC agreed to investigate this contract further and arrangements made between the MofEd and various donors.