

Financial Governance Committee: Summary of Meeting Discussions

41st Meeting – Mogadishu, 19th November 2019

Public Financial Management (PFM), Policies and Legislation: The Revenue Act was passed by both houses of Parliament and has been signed by the President. Five Bills (PFM, Audit, Company Law, Customs Act Amendments, Procurement Act Amendments) have been passed by the House of the People and are now being reviewed by the Upper House.

Public Financial Management, Security Sector: The Ministry of Finance (MoF) reported that the second round of security sector registration of the Somali National Army (SNA) and the Police has started. FGS intends to prepare a report looking at lessons learned and challenges on the security sector registration exercises.

Public Financial Management, Overflight Fees: The Central Bank of Somalia stated that IATA is ready to transfer the overflight revenues from August and September 2019.

Fiscal Federalism, Tuna licensing: Two licenses were issued in August 2019, however the rest of the 2019 licensing process is still ongoing. The current licenses (issued in 2018) are due to expire in November 2019.

Fiscal Federalism, Fiscal Chapter of the Constitution: A two-day Cabinet workshop is being planned for December, with a session on fiscal issues including the fiscal chapter of the Constitution.

Oil and Gas: The Ministry of Petroleum reported that the amended 2008 Petroleum Law is currently before the Upper House. The amended law aims to incorporate the main elements of the 2018 Baidoa Resource Sharing Agreement on Petroleum into the legal framework.

Contracts and Concessions: MoF provided updates on the rations contracts of the Somali National Army, Police, and the National Intelligence and Security Agency, which have been signed and now require registration with the Auditor General. Also, MoF updated the meeting on the status of and follow-up on 3 other contracts and concessions.

Central Bank: The CBS informed the meeting that a Swiss bank has accepted the World Bank's attestation that CBS is duly authorized to recover the assets of the former Somali State and the CBS has now commenced the process of establishing contact with said bank. The Governor also noted that the next phase of system reform and integration will be to streamline the payment process on the FGS side, so that MDAs process their expenditures directly into the SFMIS, without requiring a parallel paper-based process. This phase will be led by the Ministry of Finance.