

Financial Governance Committee: Summary of Meeting Discussions

51st Meeting – Remote meeting, 30th March 2021

Fiscal Update: The Chair informed the meeting that despite the impact of COVID-19 on domestic revenue, the Government is very close to reaching its revenue collection target for the first quarter of this fiscal year while avoiding new arrears. However, in the absence of donor budget support, fiscal pressures remain acute.

Fiscal Policy: The meeting discussed the FGC Advisory Note on strengthening telecoms sector revenue collection. MoF welcomed the FGC's guidance and shared the Government's commitment to investing the necessary infrastructure and capacity to collect and increase the level of revenue in the sector. The FGC also discussed a tender for the collection of overflight revenue arrears.

Oil and Gas Licensing: The meeting discussed the findings of an external independent legal opinion on the applicability of the Procurement Act to petroleum contracting, which were summarized in an FGC Advisory Note. The legal opinion found that the Procurement Act and Petroleum Act are both applicable to the award of Oil and Gas Production Sharing Agreements (PSAs) without conflict with one another. The Chair welcomed the legal advice and reiterated that there will be no oil and gas negotiations or award of PSAs until the fiscal terms are finalized in line with the Extractives Industries Income Tax Bill and all legal requirements, including approval by the Inter-Ministerial Concessions Committee (IMCC), are fulfilled.

Central Bank and Financial Sector Issues

The Central Bank Governor updated the meeting on the status of asset recovery efforts, with progress being made towards the recovery of legacy assets held in Italy with the support of the World Bank. The CBS continues to meet milestones on issuing licenses to mobile money operators. One license has already been issued and CBS is currently in the process of considering the applications of two new companies to be licensed. Also, the CBS is working on milestones including the national payment and settlement system and Somali currency exchange project to strengthen the financial systems of the country.

Concessions and Contracts: The meeting discussed the acquisition of technical expertise to support to the passports tender process. FGC congratulated MoF on concluding a competitive tender for the rations of SNA, Police, and Prisons.