Financial Governance Committee (FGC) Meeting Summary

66th Meeting – 25th November 2024, Mogadishu, Somalia

Overview

The Financial Governance Committee (FGC) convened for its 66th meeting on 25th November 2024 in Mogadishu. The meeting facilitated discussions on key financial governance priorities, including revenue mobilization, resource management, and institutional reforms. Several critical updates and action points were outlined to enhance governance and accountability.

Revenue Mobilization and Fiscal Coordination: FGC members had discussions on advancing domestic revenue collection efforts through sales tax implementation and customs harmonization. During the meeting, the regularization of port fee deductions was discussed, alongside a review of key policies on fiscal federalism and revenue assignment. These initiatives aim to establish a more sustainable and equitable framework for public finance management.

Resource Governance (Fisheries and Petroleum): The Financial Governance Committee received updates on fisheries and petroleum licensing. The Minister of Fisheries outlined plans for 2025 tuna licensing and shared progress on discussions with key partners. Regarding petroleum, the Minister of Finance provided feedback on FGS's undertakings on petroleum in the context of the ongoing IMF programme. These undertakings reflect FGS's commitment to due process and transparency in petroleum contracting. The meeting received an update on the status of existing Production Sharing Agreements. Several action points were agreed for further action.

Concessions and Contract Oversight: The FGC members discussed the status of various concessions and major procurement processes. . Emphasis was placed on ensuring that tenders adhere to the procurement law and ensuring transparency in contract management.

Financial sector reforms: FGC members received an update on recent developments in the financial sector, including plans for the launch of the Somalia Instant Payment System. They were also briefed on the Central Bank of Somalia's (CBS) new five year strategy and its ongoing institutional development reforms, including staff performance management. The CBS Governor noted that currency reform is the first pillar of the new strategy.

Constitutional Drafting on Fiscal & 2024 Financial Governance Report: FGC members were updated on plans to engage the constitutional review committee and Ministry of Justice on the fiscal chapter of the constitution ahead of parliamentary discussions. The committee also reviewed the draft outline for the 2024 Financial Governance Report followed by discussions of key themes with a commitment to build on a first draft at the next FGC meeting.

Conclusion: The chair, H.E. Iman Bihi, the Minister of Finance, underlined the importance of sustained reforms and transparent practices in financial governance. The FGC meeting concluded successfully and the committee reiterated their commitment towards addressing key financial governance pillars and enhancing Somalia’s economic stability.