FEDERAL GOVERNMENT OF SOMALIA
MINISTRY OF FINANCE

THE WORLD BANK
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NEWS LETTER
SCALED-UP

Somalia Capacity Advancement, Livelihoods and Entrepreneurship, Through Digital Uplift Project

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DECEMBER
2023

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LIST OF ABBREVIATIONS/ACRONYMS

ACRONYM	DESCRIPTION
AF	Additional Financing
AML	Anti-Money Laundering
CBS	Central Bank of Somalia
BDS	Business Development Services
CFT	Combating the Financing of Terrorism
CIP	Capital Injection Plan
CVS	Customer Verification System
DFS	Digital Financial Services
FAF	Final Assessment Form
FGS	Federal Government of Somalia
FIS	Financial Institutions
FMS	Federal Member States
FRC	Financial Reporting Center
IAF	Initial Assessment Form
ICT	Information and Communication Technology
ID	Identification
MDAs	Ministries, Departments and Agencies
MOCI	Ministry of Commerce and Industry
MoCT	Ministry of Communications and Technology
MoF	Ministry of Finance
MSMEs	Micro, Small and Medium Enterprises
NCA	National Communications Authority
NIRA	National Identification and Registration Authority
OAG	Office of the Accountant General
OSS	One-Stop Shop
PBCs	Performance Based Conditions
PDO	Project Development Objective
PFIs	Participating Financial Institutions
PFM	Public Financial Management
PIU	Project Implementation Unit
SBRS	Somali Business Registration System
SCALED-UP	Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project
SMEs	Small and Medium Enterprises
USD	United States Dollar
WB	World Bank

SALEIMAN S UMAR
Director General

FORWARD

Welcome to the most recent issue of the SCALED-UP Newsletter, your source for information on the game-changing Somalia Capacity Advancement, Livelihoods, and Entrepreneurship in Digital Uplift Project. We are delighted to share information about this cutting-edge US$101 million effort that has transformed the face of Somalia's digital environment.

Somalia has faced decades of turmoil, instability, and a lack of effective governance. This backdrop made it imperative for the country to rebuild its financial institutions and restore faith in its economic future. SCALED-UP stands out as a flagship developmental initiative funded by the World Bank in Somalia. We are excited to bring you up to speed about the insights into this groundbreaking US$101 million initiative that is reshaping Somalia's economic sector.

To underpin the effectiveness and the realization of the SCALED-UP Project, the Ministry of Finance has established a dedicated project implementation unit, poised to function as the central nerve center responsible for orchestrating, supervising, and harmonizing the various facets of this groundbreaking initiative.

In addition, SCALED-UP represents a monumental stride towards the socioeconomic betterment of Somalia, with a specific focus on strengthening financial and digital infrastructure. As one of the World Bank's most substantial investments in the nation, the project epitomizes a commitment to catalyzing progress, fostering innovation, and elevating Somalia's standing in the global arena of financial and digital development.

PROJECT PROFILE

The Project Development Objective (PDO) of the Somalia Capacity Advancement, Livelihoods, and Entrepreneurship through Digital Uplift Project (SCALED-UP) is to support progress towards increased access to basic digital financial and government services, targeting entrepreneurship and employment, particularly for women. The project started on March 2019, and the end date is 31 December 2025. The project has three main components.

Component 1: Strengthening Institutions

Component 1 focuses on supporting core government functions and services that play a key role in enabling economic opportunities for individuals and businesses, through strengthening governance, institutional effectiveness, efficiency, and sustainability. This component has primarily provided support to the:

(a) Central Bank of Somalia (CBS) on improving regulations and supervising Financial Institutions (FIs); promoting efficient financial intermediation and strengthening policies and strategies for Digital Financial Services (DFS), and expanding financial access;

(b) Financial Reporting Center (FRC) on enhancing its understanding of Somalia's anti-money laundering/combating the financing of terrorism (AML/CFT) risks, analyzing financial intelligence, and disseminating reports to law enforcement agencies as appropriate;

(c) Ministry of Communications and Technology (MoCT)/National Communications Authority (NCA) to strengthen policy development and effective regulation of the Information and Communication Technology (ICT) sector; and

(d) FGS to create the legislative and institutional enabling environment for the new foundational digital ID system, including the set-up and operationalization of a new independent ID Authority.

Component 2: Enabling Financial And Digital Services

Component 2 focuses on increasing individuals' and businesses' access to services that expand economic opportunities and help restore resilience in a gender-sensitive manner. Under this component, the project supports sustainable and digitally enabled mechanisms for service delivery, including: (a) the establishment and management of a micro, small, and medium enterprises (MSME) financing facility (Gargaara) as a dedicated apex institution providing financing to bank and non-bank FIs to reach MSMEs and large firms; (b) enrolment of at least one million registrants in a new foundational digital ID system, including dedicated support for outreach to poor and marginalized groups, and the use of the digital ID for increased financial access; (c) support for government digital payments, including the construction of interoperable retail payment services, and integrated digital government services; and (d) e-business registration services for Small and Medium Enterprises (SMEs) through the operationalization of a One-Stop Shop (OSS).

Component 3: Project Management And Coordination

Component 3 focuses on funding project management by a single Project Implementation Unit (PIU) anchored in the Ministry of Finance (MoF) that coordinates closely with all relevant Ministries, Departments and Agencies (MDAs) across the FGS and Federal Member States (FMS).

Key beneficiaries

(i) New Business Registration Applicants
(ii) Women entrepreneurs
(iii) Federal Member States (FMS) and Federal Government of Somalia (FGS)
(iv) The Somali population.

Achievement 1: Gargaara Finance Company Project Milestone

The Ministry of Finance has made SCALED-UP initial funding available to Gargaara. The initial USD 15 million earmarked for Gargaara includes USD 13 million for lending to PFIs and ultimately to beneficiaries and USD 2 million to form part of the start-up capital of Gargaara. Under the SCALED-UP AF, an additional USD 25 million was made available to Gargaara, of which USD 13 million is allocated for lending and the remainder for investments in demand generation and support for Gargaara operations. In June 2021, the World Bank approved USD 70 million in Additional Financing (AF) for the project, bringing the total budget to USD 101 million to support the economy of the private sector following the COVID-19 pandemic. Gargaara was established as a corporate entity and is governed by its own corporate charter. Its Board of Directors (the "Board") is appointed by the FGS through the MoF together with other participating contributors. The Board supervises Gargaara and has appointed its management team.

The underlying goal of Gargaara is to create jobs by providing access to finance to MSMEs in productive economic and renewable energy sectors. The beneficiaries of Gargaara's program are Somali individuals, especially women and other groups of businesses. Gargaara will make financing available in addition to providing benefits to PFIs in terms of capacity building in financial service delivery and demand generation.

GARGAARA
COMPANY LIMITED
Leading Access to Finance

The creation of Gargaara is the fruit of successful cross-agency efforts within the FGS as well as public-private sector collaboration. It is limited to Somalia and is critical for the achievement of development goals. Gargaara endeavors to unleash the potential of micro, small, and medium enterprises (MSMEs) in Somalia by providing them with inclusive guidance and support. This financial institution has promoted economic empowerment and created opportunities for the under-resourced MSME productive sectors since its inception in 2019. Its beneficiaries include participating financial intermediaries (PFIs) and micro, small, and medium enterprises (MSMEs) in Somalia. Gargaara offered valuable technical assistance and experience in lending and collaborating with local financial institutions, as well as providing access to finance for the purpose of expanding their businesses.

Gargaara has entered a financing agreement and effectively forged partnerships with seven financial institutions (FIs): Premier Bank, IBS, Amal Bank, Amana Bank, Daryeel Bank, Sombank, and MyBank. These include some newly established participating financial institutions (PFIs) and existing banks that had previously entered into collaboration agreements with Gargaara. The current count of PFIs accessing financial support from Gargaara stands at seven, out of a total of thirteen banks registered with the Central Bank of Somalia. The selection of these PFIs followed a comprehensive evaluation process wherein their capacity, experience, quality, and competency were rigorously assessed. Subsequently, it was determined that these selected PFIs exceeded the stipulated criteria for financing, thereby earning their inclusion in Gargaara's partnership network. Through promotion and investment in the production sector, with a focus on agriculture, fishing, and livestock, the World Bank-funded agreement seeks to promote economic development in the nation. The agreement signifies the seventh accord that has been executed with the financial institutions of the country. Gargaara is presently engaged in the procedure of enlisting additional banks and microfinance institutions. The primary objective of the investment initiative is to specifically target women and youth who have been historically excluded from investment opportunities. This is particularly crucial in Somalia, where a significant portion of the population, approximately 80%, relies on livestock, agriculture, and fishing.

PFIS ACHIEVEMENT

A) Achievement Against The Key Indicators

Gargaara has made significant efforts to enhance and expedite the disbursement process during the last few quarters, implementing a range of activities that have contributed to the successful outcome. Since inception, Gargaara disbursed a cumulative sum of USD 11.8 million to 276 MSME beneficiaries, of whom 34 were female-owned and 242 were male-led MSMEs.

Although the disbursement to men exceeds that to women in numerical terms, the presence of 34 female-owned businesses represents a significant milestone. This achievement aligns with the project's primary objective of fostering opportunities for women and youth. Furthermore, an increasing number of young individuals have been beneficiaries of Gargaara loans. Notably, there is a concerted effort by Gargaara to enhance its outreach, particularly among women. This proactive approach is yielding results, as more women are becoming aware of Gargaara's financial services tailored to their needs.

DISBURSEMENT PER SECTOR

Agriculture is leading with a total of USD 6.67 million to 137 (25 females and 112 male-led) enterprises. Livestock loaned cumulatively USD 1.92 million to 79 (8 females and 71 male-led) enterprises, making the second largest disbursement. Energy loaned a cumulative total of USD 1.72 million disbursed to 27 Male enterprises. Fishery took the second position lending USD 1.5 million to 33 (1F and 32M) enterprises.

DISBURSEMENT PER BANK

Amal Bank is leading in terms of cumulative disbursement, having loaned USD 3.07 million to 133 (14F and 119M) enterprises, followed by IBS, which cumulatively loaned USD 2.85 million to 47 (11F and 36M) enterprises. Premier Bank loaned cumulatively USD 1.24 million to 43 (7F and 36M) enterprises. Amana Bank loaned cumulative USD 2.67 million to 41 (1F and 40M) enterprises. Sombank disbursed 0.98 million to 8 (1F and 7 male-owned) enterprises, while MyBank and Daryeel, each disbursed USD 0.5 million to 2 Male enterprises.

DISBURSEMENT PER GENDER

Female enterprise was loaned cumulatively, USD 0.37 million, or 3%, of the total loaned funds, representing 12% of the total number of enterprises that accessed the loans. Male-owned enterprises accessed USD 3.10 million (98%) of the loans disbursed to 25 male-owned enterprises, representing (89%) of the total number of enterprises that accessed the loans.

Gargaara Finance Loan Fund Success Stories

Meet Fartuun Mahamud, a remarkably inspirational entrepreneur benefiting from GARGAARA Finance's loans program. Fartuun has achieved significant success by establishing a small-scale fishery supply store located in the Abdiaziz district of Mogadishu. Her business, which currently employs five individuals, four men and one woman, focuses on supplying seafood to large restaurants throughout the city.

Fartuun's ambition extends beyond her current achievements; she aspires to expand her business. Her vision includes increasing the scale of her product offerings and to someday cater to the international fish markets. In doing so, she not only aims to sustain her own livelihood, but also strives to make a meaningful contribution to our nation's economic growth.

“I am deeply grateful for the incredible opportunity provided by the GARGAARA Finance Fund. It has had a profound impact on my life, reigniting a longstanding dream of starting a business in the prosperous fishing sector. I am very happy being one of the fortunate individuals who have received financial loan support from Gargaara. This opportunity is monumental, not only for me, but also for all aspiring entrepreneurs, especially the strong and the resilient women who are the foundation of our society. The fishing sector is poised for growth, and I am optimistic that my venture will one day thrive and succeed, contributing to the overall prosperity of our community and beyond." -Fartuun Mahamud, business owner.

ACHIEVEMENT 2: National Communication Authority “The Triumph of Communications Licensing in Somalia:”

From Chaos to Clarity: The Evolution of Telecom Licensing

Five years ago, Somalia's telecommunications landscape was akin to the wild west - numerous companies, each declaring its rightful permit to operate, with no clear guidelines in sight.

The establishment of the National Communications Authority (NCA) in May 2018, following the introduction of communication laws in 2017, brought order to this chaos. A robust licensing framework was born, addressing the entire spectrum of communication licensing. This framework has helped address these challenges by providing operators a clear set of rules and regulations. The rigorous licensing blueprint, enveloping the entire communications sector, promised and delivered clarity, fairness, and transparency.

Licensing the Powerhouses

The priority was to regulate the giants of Somalia's telecom world. License branded as Communications Infrastructure and Service Providers (CISP) was granted to the major players – Hormuud, Somtel, Telesom, Golis, AmTel, and SomLink. These key players, serving a cumulative total of over seven million subscribers, became symbols of Somalia's modernized telecom era, offering voice and data solutions

Broadening the Horizon

With the principal entities in check, NCA shifted its gaze to other industries like Internet Service Providers (ISPs), Mobile Virtual Network Operators (MVNO), and aeronautics. A notable benchmark was set by SOMNET, which secured the inaugural MVNO license. This allowed it to operate without establishing its independent communication apparatus, instead optimizing existing assets like spectrum and numbering. This innovative licensing approach, endorsed by NCA, exemplifies the sector's cooperation and infrastructure sharing spirit.
Highlighting the significance, Eng. Liban Abdulkadir, Director of Licensing Department commented, "Our tailored licenses guarantee every potential investor to find the right fit for their services. This initiative aligns with our vision to stimulate investment in the telecom domain and empower Somalis with diverse telecommunication options.".

Reaping the Dividends of Licensing: An Unprecedented Revenue Surge

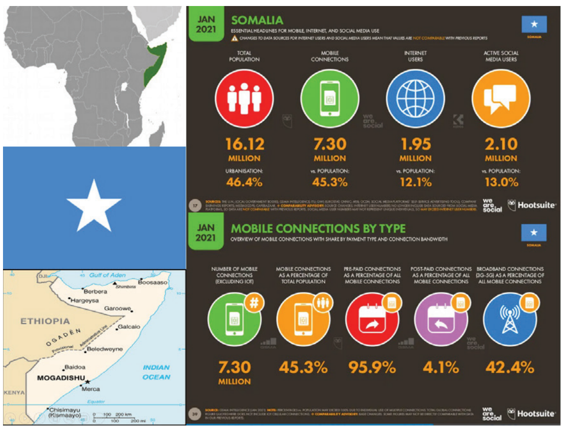
The Ministry of Finance's 2022 budget performance report heralded an astonishing revelation: the telecom sector had generated a mammoth $4.10 million in revenue. This exceeded projections of $1.73 million exponentially. This prodigious surge, registering an increment of 236.3% beyond predictions and 255.7% in year-on-year growth, is a testament to the effective licensing efforts marshaled by the NCA.
This unparalleled revenue growth mirrors NCA's unwavering commitment to enforcing licensing standards across telecom entities.

Scaled-Up Project: NCA's Pillar of Strength

The SCALED-UP project's role in this transformative journey is undeniable. Their invaluable technical support in shaping regulations and assisting through expert advisors has solidified NCA's position in the telecom regulatory arena.
Endorsing the project's pivotal role, the NCA General Manager shared, "The Scaled-Up project has been indispensable. Beyond just licensing, it has bolstered our holistic strategic and functional prowess. Today, the NCA is recognized as a vanguard amongst communication regulators in Eastern Africa.".
With such a formidable past and the promise of a radiant future, Somalia's telecommunication sector stands poised for more milestones, thanks to Scaled-Up's facilitation.

No More Multiple Phones: A Landmark Interconnection Milestone Reached in Somalia

March, SOMALIA - A groundbreaking advancement has been marked in the telecommunications landscape of Somalia as six of the country's licensed telecom operators have successfully interconnected. This monumental step aims to revolutionize the industry by enhancing connectivity, presenting users with abundant choices, and fostering a competitive pricing environment.
The interconnection was inaugurated in the presence of an esteemed guest list that included the Prime Minister, cabinet members, regulatory authority figures, licensed operators, and various other dignitaries. The essence of the ceremony was to underscore the role of interconnection in fueling competition, bolstering connectivity, and stimulating innovation in the sector.



Service Launch Insights

With the present interconnection, a seamless exchange of voice traffic amongst the six operators has become feasible, ensuring superior service quality and expanded network reach. This is expected to pave the way for invigorated competition, resulting in advantageous pricing and enhanced consumer service packages.

Mustafa Yasin, the National Communications Authority (NCA) general manager, expressed his gratification over the accomplishment, emphasizing its significance in reshaping the country's telecom environment. He praised the operator's zeal and dedication and expressed optimism about the future, crediting the newfound regulatory measures for ensuring the success of the current interconnection initiative.

Hon. Jama Khalif, the Minister of Communications and Technology, and the Prime Minister, H.E. Hamza Barre, echoed sentiments of appreciation and encouragement, emphasizing the role of telecom in the nation's economic growth.

Regulatory Challenges and Triumphs

For NCA, interconnection posed intricate challenges since NCA's inception in 2018. This stemmed from the complex nuances associated with the issue. In its quest to ensure the endurance of this initiative, NCA undertook comprehensive measures that included devising interconnection regulations and introducing a dispute resolution mechanism. The body even played a mediator in finalizing settlement agreements.

"From February to June 2023, telecom titans Hormuud and Somtel exchanged an impressive average of one million minutes a month, underscoring the burgeoning communication volume in Somalia" disclosed Na'ima Dhimbil, the Director of Interconnection. “We, as the overseer of these agreements, have been instrumental in providing operators a venue to address concerns, a strategy lauded by all operators because this was not possible without the regulator.

A Landmark Interconnection Milestone Reached in Somalia (Success Stories)

In its earlier stages, the Somali telecom realm bore the brunt of fragmentation and limited cooperation among stakeholders. This was further compounded by an absence of a robust legal and regulatory backbone. Historical records show that efforts to interconnect were initiated twice – once in 2000 involving four operators and later in 2014 with five operators. Regrettably, both initiatives were transient due to unresolved settlement disagreements, forcing many subscribers to juggle multiple phones to maintain communication.

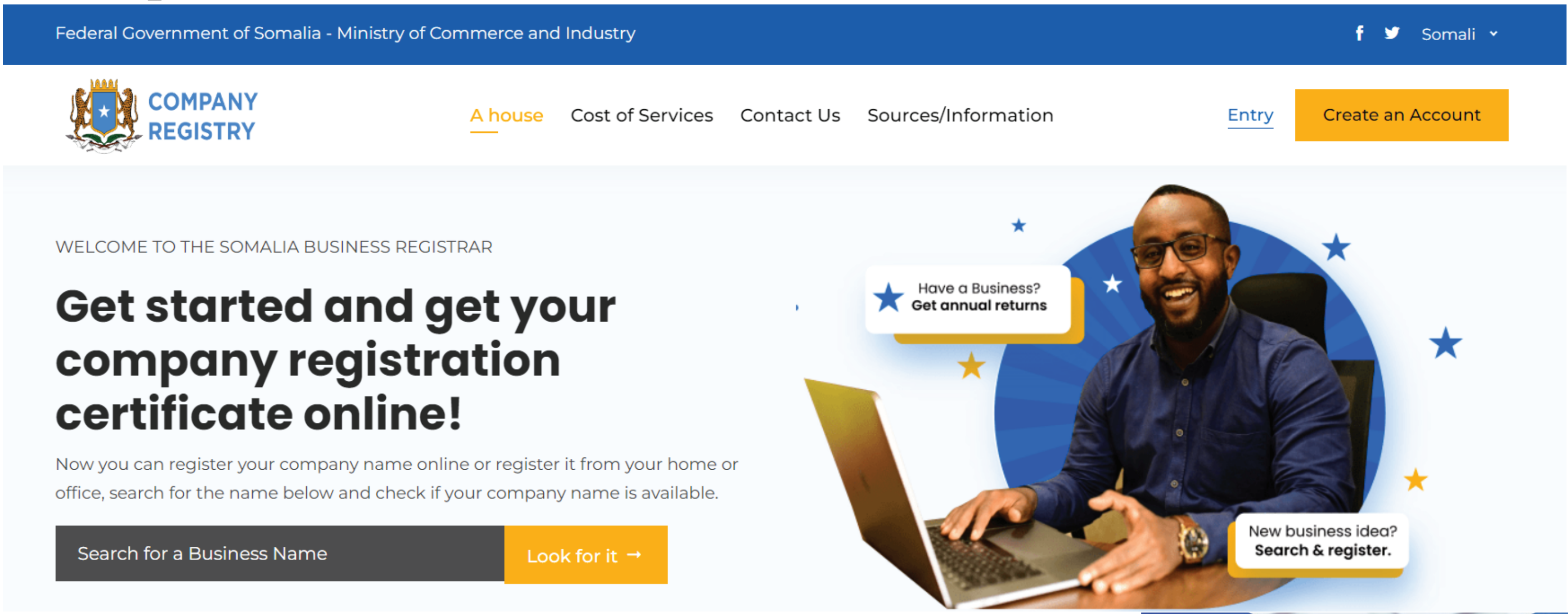
This is Mohamed Khalif, an astute business owner who once found himself managing multiple phones to facilitate communication with both his valued customers and his family. Mohamed keenly underscores the significance of telecom interconnection, elucidating how it simplifies communication by consolidating it into a single device.

"I am truly impressed by the efficacy of telecom interconnections. Previously, it posed considerable challenges to communicate with customers using different providers. However, since the introduction of telecom interconnection, both my business and personal life have experienced a remarkable ease in connectivity. While challenges remain, I can now seamlessly reach individuals utilizing various telecommunication services. This initiative stands as a testament to its success, and I am appreciative of the government's prioritization of telecom interconnection as a critical foundation for accessing essential communication channels. Telecom interconnection has had a profound impact on our lives, significantly simplifying and enhancing the way we communicate." -Mohamed khalif.

The Instrumental Role of the Scaled-Up Project

"The SCALED-UP project has been instrumental in bringing the dream of interconnection to life. Their consistent expertise, both technically and in orchestrating events, has been invaluable," remarked Mustafa Yasin, the General Manager of NCA. “This has been a difficult process. My predecessors started and did the foundation work. However, we made everything possible to bring these processes into fruition,” added Mr. Yasin.

This latest achievement, welcomed by millions of Somali consumers, is a testament to the relentless endeavors of the NCA and all associated entities in fostering innovation and competition in the telecom space.



Achievement 3: Ministry of Commerce and Industry (MoCI) Somali Business Registration System (SBRS).

In the pursuit of fostering a conducive environment for business growth and economic development, the Ministry of Commerce and Industry (MoCI) proudly presents the achievements and strides made through the Somali Business Registration System (SBRS), a cornerstone initiative under the Scaled-Up project. Through collaborative efforts and unwavering commitment, the MoCI, in partnership with the World Bank Group and the support of the Project Implementation Unit of the Ministry of Finance, has harnessed the innovation to streamline business registration processes, enable digital transformation, and enhance transparency within Somalia's business landscape.

The SBRS platform, launched in March 2022, stands as evidence to our commitment to introducing business incorporation as well as simplifying business registration and licensing procedures. This innovative solution eliminates bureaucratic hurdles, reduces paperwork, and empowers entrepreneurs across the country to formalize their businesses seamlessly. The business registration and licensing waiting period is now down from…. to….. As a result, we have witnessed a remarkable cumulative registration of 2,678 companies, with 4.6 percent of women-owned firms proudly contributing to the diversification of our business community while notably year on year increase in the registration numbers.

Our dedication to transparency and accountability has driven the implementation of standardized and regulated business registration processes. Every registered business is held to the same rigorous standards and is subject to impartial evaluations, ensuring a level playing field for all entrepreneurs. The SBRS platform has not only eliminated manual processes but also explored the integration of payment aggregators, revolutionizing payment processes and enhancing user experiences.

"The Somalia Business Registration System marks a pivotal moment in our quest for economic advancement. It exemplifies our dedication and innovation, demonstrating that technology can pave the way for prosperity. We appreciate the partnership with the World Bank Group, whose support has been instrumental in realizing this remarkable milestone." Mohamed Saney Dalmar – Director General of Ministry of Commerce & Industry.

The SBRS initiative reflects the dedication of the MoCI, the World Bank Group, and all stakeholders in shaping a prosperous and dynamic business environment in Somalia. As we move forward, we remain committed to continuous improvement, ensuring that the SBRS platform evolves to meet the ever-changing needs of our entrepreneurs.

These are the latest developments and achievements from the Scaled-Up project, specifically focusing on the significant progress made within SBRS. These accomplishments demonstrate our unwavering dedication to improving business registration processes in Somalia and fostering a conducive environment for economic growth. Let's delve into the remarkable achievements of the SBRS.

DELIVERABLES

Launch of SBRS Platform (March 2022)

The crowning achievement of our collective efforts was the successful launch of the Somalia Business Registration System (SBRS) platform in March 2022. This landmark event marked the beginning of a transformative journey for entrepreneurs, offering a streamlined and user-friendly platform for business registration. individuals have been beneficiaries of Gargaara loans. Notably, there is a concerted effort by Gargaara to enhance its outreach, particularly among women. This proactive approach is yielding results, as more women are becoming aware of Gargaara's financial services tailored to their needs.

Public Sector Awareness Through Greet & Meet:

In our pursuit of inclusivity, we organized meet and greet sessions to enhance awareness among government officials and stakeholders about the SBRS platform's potential. These interactions facilitated insightful discussions, further underscoring the importance of this initiative.

Training Completion:

Ensuring the capacity of our governmental workforce is paramount. We are proud to have successfully completed comprehensive training for government officials and staff members working with the SBRS, equipping them with the skills necessary to navigate and provide registration services with the SBRS platform proficiently.

Common Agreement between Federal Member States:

Collaborative efforts among Federal Member States are essential for the project's success. The achievement of a common agreement towards the roll out of SBRS among the FMS is an attestation to our commitment to harmonizing business registration processes and standards throughout the country.

Establishment of Business Names Harmonization Committee:

Acknowledging the diverse administrative regions of Somalia, the establishment of the Business Names Harmonization Committee is a significant stride. Comprising representatives from Banadir Regional Administration, Jubaland, Galmudug, Southwest, and Hirshabelle, this committee aims to streamline business names across regions, fostering clarity and consistency in the registration process.

PROJECT OUTCOMES

Streamlining Business Registration:

The central goal of the SBRS project is to simplify the process of business registration. By eliminating bureaucratic obstacles and reducing paperwork, the platform has significantly eased the path for entrepreneurs to formalize their businesses.

Enabling Digital Transformation: Access for All:

One of our proudest achievements is the digital accessibility we've introduced through SBRS. Geographical barriers have been dismantled, enabling entrepreneurs across the nation, including remote areas, to conveniently register their businesses online.

Promoting Transparency and Accountability: Leveling the Playing Field:

We've championed transparency and accountability through the implementation of a standardized and regulated business registration process. Every registered business is held to the same principles and subject to impartial appraisals, fostering equal opportunity for all.

Elimination of Manual Processes:

A monumental stride in our journey has been the eradication of manual paperwork. The SBRS platform automates processes, effectively reducing time-consuming administrative tasks for both entrepreneurs and government officials

Exploration of Payment Aggregators:

Our commitment to efficiency is evidenced by our exploration of payment aggregators. By integrating these services into the SBRS system, MoCI aims to streamline payment processes, enhancing the overall experience for entrepreneurs.

PROJECT IMPACT

Cumulative Registrations:

Since the inception of the project, the SBRS platform has facilitated the registration of an impressive cumulative total of 2,678 companies. This substantial number underscores the growing interest and engagement in formalizing businesses.

Outcomes Contributed To the Project:

One Stop Shop (OSS) Concept Framework:

We are thrilled to share that the project contributed to the development of a comprehensive conceptual framework for the One Stop Shop (OSS). Through rigorous research and analysis, we've highlighted the objectives, components, and economic benefits of this integral initiative.

Impact Survey To Be Undertaken:

Our commitment to data-driven decision-making is showcased through our drafting of a concept note for the Impact Survey. The survey ensures that our efforts are guided by empirical insights and the needs of the business community

Enhancing Security:

Security remains a paramount concern in today's digital landscape. We've taken proactive measures by implementing a comprehensive security assessment of the SBRS. Our priority is to provide a robust and secure digital environment for all users.

As we navigate forward, our dedication to continuous improvement remains steadfast. We extend our gratitude to all stakeholders, government institutions, partners, and contributors who have played a vital role in our journey thus far. Together, we are shaping the future of Somalia's business landscape, fostering growth, and creating opportunities for all.

Success Stories of Business Registration System (SBRS)

Hassan Abdullahi Ahmed is the manager of Duuliye Travel Agency. His experience with the Somali Business Registration System (SBRS) showcases the transformative potential of streamlined business registration procedures. In his pursuit of a contract from the Ministry of Endowments and Religious Affairs of the Federal Government of Somalia, Mr. Ahmed witnessed, firsthand, the efficacy of the SBRS, which enabled him to quickly renew his company's license and gain access to new business opportunities.

With the SBRS in place, Mr. Ahmed was able to navigate the process of license renewal with simplicity. By utilizing the user-friendly online platform, he was able to submit the required documentation and payment without the need for a time-consuming commute and manual paperwork. Mr. Ahmed was impressed by the system's efficacy, as his license renewal was approved within a day, allowing him to confidently submit his tender application.

"I am truly impressed by the efficiency and effectiveness of the E-Business platform (Somali Business Registration System - SBRS). Through this streamlined platform, I was able to renew my company's license swiftly and seize valuable business opportunities. E-business has revolutionized the way we navigate the registration process, saving us time and eliminating bureaucratic hurdles. It has truly empowered people like me to unlock our full potential and contribute to Somalia's thriving business landscape." - Hassan Abdullahi Ahmed, Manager of Duuliye Travel Agency.

Achievement 4: MOTC: Development and Establishment of Data Protection Laws and Authority:

Outlined below are the key contributions of the SCALED-UP project to the Ministry of Technology and Communication. These contributions have played a pivotal role in advancing the ministry's objectives, namely, the preservation and fortification of our nation's sensitive information, thereby reaffirming our commitment to privacy and security.

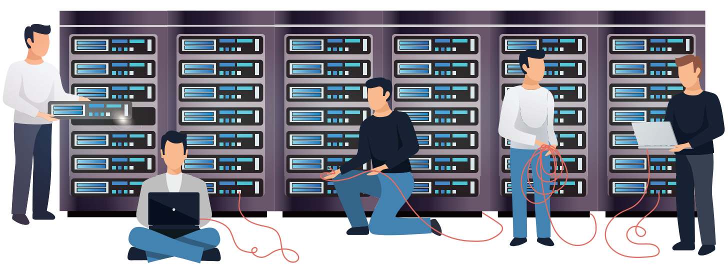
Highlights on the Achievements:

Development and Establishment of Data Protection Laws and Authority: One of the most significant milestones for MoCI within the Scaled-Up project has been the development and enactment of comprehensive data protection laws and the establishment of a dedicated Data Protection Authority. These legislative measures have been instrumental in safeguarding the privacy and security of sensitive information in our country. With these regulations in place, not only has MoCI created a robust framework for data protection but has also enhanced public trust in digital services and data handling.

National Data Center Support:

Another project that is currently being established within the SCALED-UP initiative is the formation of a National Data Center. This center will serve as a secure and centralized repository for all sensitive and critical government data. By providing a reliable and highly secure infrastructure, the National Data Center will ensure the availability and integrity of critical information, thereby enhancing the efficiency and effectiveness of government operations.

We believe that these accomplishments underscore the project's commitment to supporting progress toward increased access to basic digital financial and government services targeting entrepreneurship and employment, particularly for women.



Achievement 5: Financial Report Center (FRC)

Somalia's Remarkable Journey in Combating Money Laundering and Terrorist Financing

Achievements The National Risk Assessment Report: NRA Report 2020.

The journey of a nation towards mitigating risks associated with its financial transactions, particularly Money Laundering (ML) and Terrorist Financing (TF), often hinges upon the commitment and precision of its risk assessment endeavors. The Federal Government of Somalia's (FGS) initiation of its first National Risk Assessment (NRA) journey in 2019 was, and indeed remains, an inspiring testament to the nation's dedication to achieving this goal.

on realizing the importance of a comprehensive and effective AML/CFT regime, Somalia, post the enactment of the AML/CFT Act 2016, took significant strides. Institutions such as NAMLC and FRC (the Financial Intelligence Unit) were established to enforce and strengthen this regime.

Acknowledging the importance of a reliable framework, Somali authorities reached out to the World Bank for technical assistance. SCALED-UP in turn, equipped Somalia with the necessary tools, offering guidance through experts while ensuring that the final judgments and findings were crafted by Somali working groups, ensuring authenticity. ownership, and relevance.

The rigorous NRA exercise brought forth various vulnerabilities, notably the challenges faced in customer identification, the law enforcement agencies' limited capacities, and the lack of convictions in ML cases. Yet, it also provided a comprehensive analysis of the threats from ML and TF. This rigorous endeavor led to the foundation upon which Somalia could build its National Strategic AML/CFT Action Plan. An action plan designed not only to mitigate risks but also to guide “Accountable Institutions” towards compliance.

The SCALED-UP Project has played a pivotal role in assisting FRC, significantly contributing to the attainment of remarkable milestones in policy and strategy development, as well as providing valuable support to technical advisors. Additionally, it has been instrumental in the establishment of robust frameworks for addressing terrorist finance (TF) and conducting national risk assessments. The progress achieved by this institution would not have been possible without the invaluable contributions of the SCALED-UP Project.

National AML/CFT Strategy and Action Plan

Recognizing the vulnerabilities and challenges, Somalia wasn't just content with diagnosing the issues. It moved towards devising a robust National AML/CFT Strategy and Action Plan, which stretches from 2022-2025. This strategy focuses on effectively addressing and mitigating the risks associated with ML, TF, and Proliferation Financing (PF).

The strategy, anchored in four main pillars, has a comprehensive approach:

1. Enhancing compliance standards among reporting entities.
2. Bolstering the country's economic formalization and financial integrity.
3. Augmenting the capabilities of law enforcement and the judiciary system to combat ML/TF risks.
4. Detailed and well-structured countermeasures against terrorism and terrorist financing.

Each pillar is underpinned by specific actions aimed at fortifying the country's defense against financial crimes. From refining ML crime definitions and improving asset forfeiture laws to ensuring an empowered judiciary system and law enforcement agencies, the strategy's precision and comprehensiveness are commendable.

With the ultimate goal of ensuring the FRC's operational independence and autonomy, the action plan is poised to transform Somalia's approach to combatting financial crime.

Consequently, the journey from identifying the need for an NRA to crafting a National AML/CFT Strategy and Action Plan within a short span exemplifies Somalia's unwavering commitment to safeguarding its financial ecosystem. The partnership with Scaled-Up /World Bank serving as a guide, showcases the perfect blend of international cooperation and national ownership.

Somalia's endeavor serves as an inspiration. It sends a clear message to the world: with the right tools, determination, and collaborative efforts, even the most daunting challenges can be overcome. As Somalia gears up for the upcoming MENA-FATF Mutual Evaluation in 2024, the nation stands fortified and armed with an AML/CFT strategy and action plan.

Achievement 6: Supporting the Central Bank of Somalia: The Impact of the SCALE-UP Project

In the challenging landscape of a recovering nation, the Central Bank of Somalia has emerged as a symbol of resilience and progress, thanks in no small part to the transformative effects of the SCALE-UP project which contributes a big part of the Central Bank of Somalia's core restructuring priorities such as human capital development, infrastructure upgrade, and the development of policies and procedures.

Somalia has faced decades of turmoil, instability, and a lack of effective governance. This backdrop made it imperative for the country to rebuild its financial institutions and restore faith in its economic future. The Central Bank of Somalia (CBS), as the guardian and overseer of Somalia's monetary system, needed significant support to assume its responsibilities effectively. The World Bank and the Somali government collaborated on the SCALE-UP initiative to provide CBS with the resources and expertise required to rebuild and flourish. Here are several significant ways the initiative has benefited CBS:

1. Capacity building: The SCALE-UP project understood that an essential initial phase involved enhancing the expertise of the CBS's workforce, therefore, supported CBS to hire experts to provide support during the reform phase. Furthermore, funding tailored training initiatives and professional certification, employees of the bank were equipped with contemporary banking knowledge, enabling them to fulfill their responsibilities proficiently. This endeavor not only bolstered the institution's internal competencies but also established a standard of professionalism that has become a benchmark for the financial sector within the country.

2. Infrastructure improvement and upgrades: The project invested in improving and upgrading the CBS's technological infrastructure, providing the necessary tools for efficient and secure financial transactions. This modernization boosted the bank's ability to regulate the financial sector and manage monetary policy.

3. Policy development: SCALE-UP facilitated the development of sound regulatory frameworks. By working closely with the bank's leadership, the project helped design policies that promoted stability, transparency, and accountability within the financial sector.

4. Strengthened Governance: The project played a pivotal role in enhancing the CBS's governance structure. The project emphasized the importance of establishing robust governance and internal control systems within the central bank. This enhanced transparency, accountability, and overall integrity, allowing the institution to carry out its duties in an efficient and ethical manner. Through the establishment of robust governance mechanisms, the bank became more resilient to external pressures and internal challenges, ensuring its long-term stability.

The World Bank's SCALE-UP project has been transformative for the Central Bank of Somalia (CBS) as the country works to rebuild its institutions after decades of instability. A key component of the bank's core restructuring priorities, SCALE-UP focused on strengthening human capital, upgrading infrastructure, developing policies and procedures, and improving governance. Through tailored training initiatives and funding for expert consultants, CBS staff gained the knowledge needed to fulfill their roles effectively, setting new standards for the sector. Technological upgrades also boosted the bank's capacity to regulate finance and manage monetary policies. The project further aided the development of sound regulatory frameworks and robust internal controls. With SCALE-UP's support, CBS now exhibits strong governance and professionalism, enabling it to contribute to Somalia's economic stability.

By investing in CBS's workforce, systems, and policies, the World Bank has helped transform the institution into a pillar of progress in Somalia's recovering financial landscape. The bank has emerged as a model of resilience that gives citizens greater confidence in the country's economic future. SCALE-UP's emphasis on building institutional capacity and stability from the inside out has been integral to CBS's rehabilitation and its renewed ability to carry out its duties as guardian of the monetary system. The project demonstrated targeted multilateral support can successfully empower national institutions to drive growth and development.

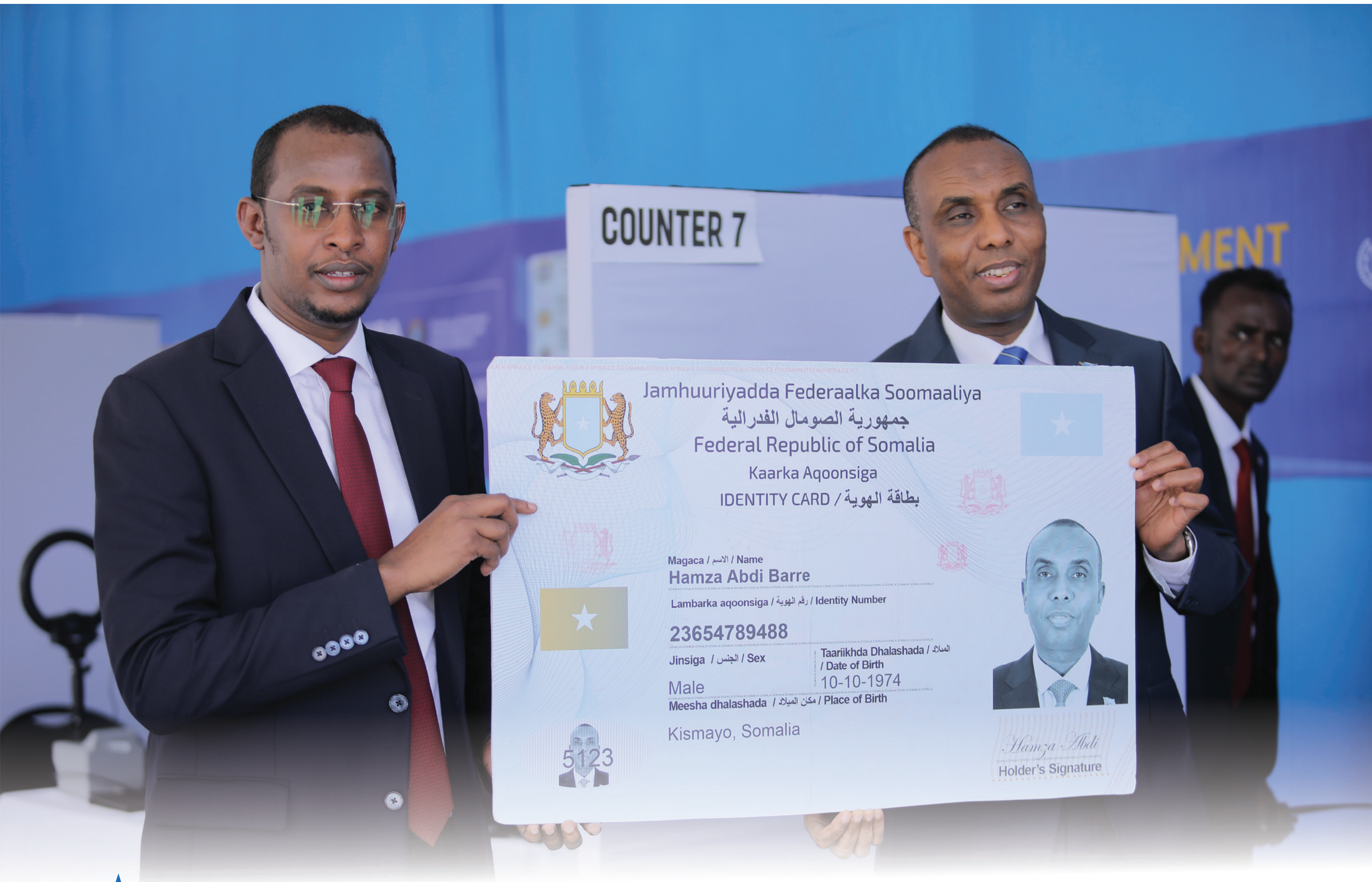
WHO ARE THE PARTICIPATING BANKS THAT CAN CARRY OUT TRANSACTIONS WITHIN THE NATIONAL PAYMENT SYSTEM?

Success Stories: National Payment System

The Central Bank of Somalia (CBS) launched the National Payment System (NPS) in August 2021 in a major leap towards reforming the financial sector and making it more effective and attractive to local and foreign investors. This is the first time in the country's history it was possible for banks to transact with each other through the clearing and settlement system of the central bank.

NPS connects all banks across the nation, facilitating seamless transactions between them. So far, 12 out of the 13 banks licensed by the Central Bank have successfully integrated with the NPS. This transformative system is reshaping Somalia's financial landscape, enhancing the safety and efficiency of payment processes, clearing, settlement, and record-keeping systems, while also contributing to financial stability and promoting inclusivity within the country's financial sector.

“I am so thrilled to share my experience, the National Payment System has been a tremendous success, and as a business owner, I've reaped its benefits firsthand. In the past, transferring funds to various banks used to be a time-consuming process that could take several days, as it required physically visiting each bank. However, with the introduction of this system, there's no need to go anywhere; I can effortlessly transfer funds to any bank, making business transactions smoother and more efficient" -Abdifatah Mohamed, manager of Sagal Company.



NIRA
NATIONAL IDENTIFICATION & REGISTRATION AUTHORITY
HAY'ADDA AQOONSIGA IYO DIIWAANGELINTA QARANKA

FUTURE PROJECTS/ INTERVENTIONS

National Identification and Registration Authority (NIRA) Achievement

Operationalization of NIRA stands as a notable accomplishment within the project. A crucial aspect of this achievement was the successful establishment of NIRA's headquarters, with the rental cost covered under the SCALED-UP project. This endeavor encompassed the setup of essential infrastructure, systems, and processes.

Another achievement was NIRA, which held the first national ID conference on September 16-17- 2023. This event served as a pivotal platform for various stakeholders, including FMS leaders, international partners, funders, and experts, to convene and engage in discussions pertaining to the significance and benefits of the national ID system. The conference provided an opportunity to gather valuable input, share best practices from other countries, and foster collaboration through keynote speeches, panel discussions, and workshops. The conference was covered under the auspices of the SCALED-UP project.

Finally, another major milestone will be the successful commencement of the National ID issuance. This involves the registrations process of unique identification numbers to eligible individuals. The process requires meticulous coordination with diverse government agencies, enrollment centers, and distribution networks to ensure a seamless and efficient rollout of the National ID system.

ABUKAR MOHAMED OSMAN
Project Coordinator

CONCLUSION

In summary, the SCALE-UP project's initiative, and its components demonstrated the World Bank's contribution to the revitalization and transformation of Somalia's financial institutions, without which Somalia would not be where it is today. With improved institutional capacities, incorporation of modern technologies, strong governance, and internal controls, the SCALE-UP initiative has been instrumental in assisting institutions to overcome its obstacles and contribute to the nation's economic development, emerging as a key contributor to Somalia's pursuit of economic stability and prosperity.

The SCALED-UP project is a transformative force in Somalia, propelling the nation into a new era of digital advancement, financial inclusion, and economic growth. Within this newsletter, we are dedicated to illuminating the remarkable milestones and accomplishments of this project, all the while underscoring its profound and far-reaching influence as well as its boundless potential to foster enduring prosperity for the future of Somalia.

PROJECT COORDINATOR NOTE

SCALED-UP has played a pivotal role in modernizing the digital and financial service sector in Somalia. As a result of the project access to digital and financial services has increased substantially.

The leadership of the Ministry of Finance and strong commitment from all the key agencies namely, Central Bank of Somalia, Gargaara Finance, Ministry of Commerce & Industry, Ministry of Communication & Technology, National Communication Authority, Data Protection Authority, National ID & Registration Authority and Office of the Accountant General all contributed tremendously. The World Bank support as the financier of the project and technical assistance extended must receive special mention.

The successes of the project must be maintained and built on. The next challenge will be to broaden and deepen access to financial services and for the government to strengthen its role as the enabler for development of these sectors.

NEWS LETTER

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MINISTRY OF FINANCE
SCALED-UP PROJECT

THE WORLD BANK
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