THE WORLD BANK

Capacity Building to Support Macro-economic Working Group of MOF/FGS/FMS

Workshop Report

MACRO-ECONOMIC WORKING GROUP

Held at: Horyaal Hotel, Baidoa, SouthWest State of Somalia

Dates: 16 – 21 May 2024

Baidoa, Somalia

22 May 2024

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I. Background and Rationale for the Workshop

a) Background

The International Development Association (IDA) has provided the Federal Government of Somalia (FGS) with a grant, through the Somalia National Bureau of Statistics (SNBS), to implement the Somali Integrated Statistics and Economic Capacity Building (SIECB) Project. The project aims to improve the programming and analytical capacity of the FGS macroeconomic and fiscal programming agencies to enable them to regularly assess, analyze, and improve public policies, Programme performance, and results.

More specifically, the Project aims at (I) strengthening the national statistical system (ii) strengthening the capacity of monitoring and evaluation systems and (iii) building capacity in economic policy analysis and economic planning and budgeting. The Project is being funded by the World Bank (IDA) and other development partners.

Over the past two years, several capacity-building workshops for the FGS Macroeconomic Working Group (MWG) were funded under the Project. The MWG brings together key FGS economic agencies, namely the Ministry of Finance; the Ministry of Planning, Investment and Economic Development; the Central Bank of Somalia, and the Somali National Statistics Bureau.

b) Rationale for the workshop

At a MWG Capacity Building Workshop held in Kismayo in March 2023, it was agreed that the project should fund workshops, consultancies, and activities to enhance the capacity of the five Federal Member States (FMS). This capacity-building effort focused more on policy formulation, medium-term economic policy, planning, and budgeting, as well as annual and medium-term macroeconomic, fiscal, and expenditure frameworks. The objective is to align NDP-9 and subsequent policies and planning processes with the national economic, social, and developmental planning, including costing.

The workshop built on a previous workshop held in Dusmareeb in October 2023, the rationale of the workshop is to progress the Macroeconomic Working Group (MWG) through the SIECB project to support the Ministries of Finance of FGS, GSS, HSS, JSS, and SWSS Macroeconomic department in areas of Somalia outlook, POST HIPC strategy pillars and key risk reform strategy, macro and fiscal data, development of budget review and outlook paper and Budget strategy paper and National development/transformational plan and strategies.

The workshop was facilitated by local experts and delivered well the capacity building of the FMS Ministry of Finance officials under the supervision of the Director of Economic Policy and Planning Directorate to undertake:

(i) **What will the Completion point really mean for Somalia?** The significant reduction in debt ratios should pave the way for sustainable debt in the medium to long term and provide Somalia with some fiscal space to deliver on its development strategy = Somalia can build a sustainable, accountable, and inclusive state.

(ii) **Reviewing together the 6 Pillars of Post–HIPC reform strategy:** The strategy will further strengthen key economic institutions and promote macroeconomic stability and growth.

(iii) **Understanding the Key risks to Post-HIPC reform:** With the fragility of the fiscal situation and climate shocks, the PFM system could struggle in a tightening fiscal space, and in the longer term, weak growth prospects and productivity mean managing debt will be a challenge.

(iv) **Macroeconomic Forecasting and Fiscal Data Analysis:** Practical group works on budget analysis, credibility, and good estimates. FMSs presented fiscal data and addressed the recent economic development in Somalia through the post-HIPC reform, NDP-9 costing, and Transformational plan.

(v) **Macroeconomic papers:** Training and capacity building were provided for the Budget review outlook paper (BROP)and budget strategy paper (BSP) while reviewing the similarity with the FMS Budget Framework Paper (BFP) and;

(vi) **Coordination and Communication:** liaise with FGS MWG to align the capacity building and training activities at the federal and member state levels and create the requisite synergies between the two.

The Somalia Integrated Statistics and Economic Capacity Building (SIECB) Project has a key role to play in “maintaining macroeconomic stability to ensure continued access to external financing”.

The capacity-building workshop concluded as scheduled from the 16th to the 21st of May 2024, at the Horyaal Hotel in Baidoa, SouthWest State, Somalia, and received positive feedback from all participants.

c) Key Objectives of the Workshop

The workshop aims to progress activities build upon previous successes by delivering targeted training and capacity building that supports the Macroeconomic Technical Working Group (MTWG).

Objectives were:

(i) To understand what the completion point means for Somalia, paving the way for sustainable debt in the medium to long term and providing Somalia with some fiscal space to deliver on its development strategy.
(ii) Strengthen understanding and execution of the six pillars of the post-HIPC reform strategy to enhance economic institutions and promote macroeconomic stability.
(iii) Equipt participants to understand and mitigate key risks to post-HIPC reforms,
(iv) Provide practical training in budget analysis, credibility, and estimation, with an emphasis on the latest economic developments and post-HIPC reform impacts.
(v) Build capacity to create and review critical documents such as the Budget Review Outlook Paper (BROP), Budget Strategy Paper (BSP), and Budget Framework Paper (BFP) to ensure fiscal responsibility and strategic planning.
(vi) Promote effective coordination between the Federal Government of Somalia (FGS) and FMS, ensuring alignment in capacity-building efforts and training activities to maximize synergies.
(vii) Collect and incorporate feedback from workshop participants to refine and improve future capacity-building initiatives and ensure they meet the needs of FMS officials.

The Workshop Programme included presentations by the resource persons, Q&A plenary sessions, breakout sessions, and group exercises, as well as group presentations. Participants were provided with training and workshop materials.

II. Opening Remarks

A. Opening Session: The program began with a Quran recitation followed by opening remarks from the organizers, Mr. Mohamed Ismail (PIU). Ismail Abdi, one of the facilitators, gave an overview of the program's agenda, duration, and main topics. These included interactive sessions on recent economic developments and their implications for fiscal targets and the overall Public Financial Management (PFM) system, integrated with national and state-level reforms. He briefly updated on the key focus areas of the agenda, including post-HIPC developments and Somalia’s changing fiscal landscape.

B. Updates on Macroeconomic Policies: The Director of Economic Policy and Planning introduced the background of the Macroeconomic Working Group (MWG), including its milestones, previous workshops in Kismayo and Dusmareb, and overall objectives. He emphasized the importance of coordination between various departments such as budget planning and macro-fiscal units, advocating for reliance on evidence-based macroeconomic planning. He also discussed the pillars of NDP-9, the transition to the National Transformation Plan (NTP), and its key pillars.

C. Experiences and Insights from Leadership: Minister Prof. Abdullahi Sheikh shared insights from his tenure as the former Minister of Finance and Planning, focusing on Somalia's economic rebuilding and debt relief journey. He highlighted the importance of the workshop about the evolving need for macroeconomic management knowledge.
The DG Ali from the Ministry of Finance of SWSS elaborated on the workshop's agenda, stressing the need to enhance the staff's understanding of macroeconomic challenges and debt relief implications.

D. Participant Expectations

A session followed where participants shared their expectations:

I. Understanding the post-HIPC completion points, what lies ahead, and enhancements in macroeconomic data across various economic sectors.
II. Learning from past workshops to build upon their successes.
III. Knowledge sharing between federal and state levels to ensure accurate and comprehensive economic data is available.
IV. Insights into debt relief processes and fostering a culture of financial self-reliance(Increase domestic resource mobilization) and improved governance.

E. Coordination and Strategy

Significant emphasis was placed on improving coordination between different macro-fiscal agencies through Technical Working Groups (TWGs) and quarterly fiscal report preparations. Discussions also covered aligning development challenges and solutions at the state level to decentralize macroeconomic plans effectively.

III. Workshop presenters

Presented/facilitated by –

- **Prof. Abdullahi Sheikh,**
- **Ismail Abdi Ali,**
- **Khalid Mohamed Mohamud,**

IV. Workshop Resources

The following resources were used or created during the workshop –

- PowerPoint Presentation – **Appendix A**
- Fiscal data from FMSs
- IMF 6 strategic Post-HIPC pillars
- FGS Budget strategy paper and FMS Budget framework paper
- Group discussions – Flip charts

Copies of materials produced for the workshop are attached to this report in **Appendix A.**

V. Workshop Participants

A total of twenty (29) participants attended the workshop, including 1 representative from the Ministry of Finance FGS, 2 from PIU, and 17 participants from the SouthWest State of Somalia, with two (2) from Galmudug, 2 from Hirshabelle, 2 from Jubbaland and No participants from Puntland.

These attendees represented various departments, including Budget Departments and Macro-fiscal Departments. The Economic Policy and Planning Department of the FGS led the workshop.

While the workshop was extended as an invitation to all Federal Member States, only participants from four FMSs attended (SWSS, GSS, HSS, and JSS). Puntland, for political reasons, declined to participate.

The list of participants is attached in **Appendix B**.

VI. Location of the Workshop

The workshop was held at the Horyaal Hotel in Baidoa, SouthWest State of Somalia

VII. Workshop Agenda and Methodology

Both the workshop agenda and concept note were shared with the participants before the workshop.

The workshop agenda is attached in **Appendix C.**

VIII. Workshop Outcomes, Recommendations, and Next Steps

The planned and observed workshop outcomes included the achievement of the following key results by participants upon workshop completion.

- **Budget Credibility and Transparency:**
  - Participants gained training and capacity-building in policy, planning, and budgeting, with a specific focus on medium-term perspectives, including Medium Macro-economic, Fiscal, and Expenditure Frameworks.
- **Capacity Development:**
  - Areas of focus for future capacity development, with joint development of macroeconomic topics
- **Improving Alignment of Policymaking, Planning, and Budgeting:**
  - The workshop provided a platform for participants to engage in discussions and formulate recommendations to align the policymaking, planning, and budgeting processes between the Federal Member States (FMS) and the Federal Government of Somalia (FGS).
- **Post-HIPC Completion Point Strategies and Fiscal Outlook Management:**
  - During the workshop, participants learned about the post-HIPC Completion Point(Heavily Indebted Poor Countries) strategies and their Risks to macroeconomic stability. They also discussed the financing options available and how they would impact Somalia's development. The workshop focused on important fiscal management aspects to guarantee the long-term success of economic and debt management reforms after the Completion Point.

- **Skills for Budget Strategy Paper and Budget Review Outlook Paper Preparation:**
  - Participants have acquired the necessary skills to prepare a Budget Strategy Paper and Budget Review Outlook Paper, fiscal, and expenditure frameworks. This knowledge will help in preparation for future budgeting in alignment with the key objectives of NDP-9/ NTP and sectoral plans.

The participants greatly appreciated the support and expertise of the facilitators in advancing the capacity building of the Macroeconomic working group. The workshop effectively provided participants with the knowledge and skills required to address intricate economic and fiscal challenges, improving the coordination of policymaking, planning, and budgeting at different government levels in Somalia.

IX. Recommendations And Next Steps

Recommendations:

- **Strengthen Ongoing Capacity Building:** Given the importance of complementing previous and ongoing capacity building, it is recommended that future workshops and capacity-building efforts continue to build upon existing programs and knowledge. This will ensure a cohesive approach and maximize the impact of capacity-building efforts.

- It is **Crucial to recognize that the Somali Integrated Statistics and Economic Capacity Building (SIECB) Project** supporting the Macroeconomic Working Group is the only program for maintaining macroeconomic stability within all levels of Government. Its continuity is essential to maintain macroeconomic stability.

- **Continue Institutional Strengthening:** It is crucial to strengthen relevant institutions responsible for managing different phases of the macroeconomic framework. This includes enhancing their capacity in policy formulation, execution, and expenditure management. This can be achieved through targeted training and development programs for staff at these institutions.

- **Enhanced Policy Framework:** To facilitate effective macro-economic fiscal framework and policy dialogue, it is recommended to establish regular communication channels and platforms for discussions between the federal government and federal member state representatives. This will enable the exchange of ideas, best practices, and alignment of policies at different levels of government.

- **Data Sharing, Coordination, and Collaboration:** The workshop emphasized the importance of coordination and communication between the federal government and Federal Member States' macro-economic and budgetary departments. To ensure this, it is recommended to establish mechanisms for sharing economic and fiscal data. This collaboration will contribute to the availability of official, reliable country statistics and data on macroeconomic and fiscal matters.

- **Harmonisation of Macroeconomic Papers:** In response to the recently completed workshop, participants mentioned that the content was comprehensive. They suggested conducting the Harmonisation of Budget Strategy Paper and Budget Framework Paper developed by FMS (GSS, HSS, JSS, and SWSS) further in-depth workshops, specifically focusing on medium-term macroeconomic Fiscal Frameworks. Additionally, they recommended the next workshop to discuss the outcome of BSP and BROP

Way Forward:

A. Recognised the value of cross-ministry capacity development to improve the Macroeconomic Working Group. **Conduct periodic capacity development** and the needs of relevant institutions to tailor capacity-building programs accordingly. This ensures that training and support are aligned with the evolving requirements of these institutions by Implementing capacity-building initiatives and policy alignment efforts. Regularly review the impact of workshops and programs to make necessary adjustments and improvements.

B. **Regular Fiscal Framework Policy Dialogues:** Establish a platform for regular Fiscal Policy Framework dialogues between the federal government and Federal Member States. These dialogues should be structured to promote collaboration, knowledge sharing, and the alignment of policies and planning at both levels of governance.

C. **Knowledge and Data Sharing Framework:** Develop a formal data-sharing framework that ensures the timely and accurate exchange of economic and fiscal data between the federal government and the Federal Member States. This framework should also include mechanisms for data quality assurance and verification.

Resource Mobilization for Macroeconomic Stability Sustainability: Secure resources and support from international partners and donors to sustain and expand these capacity-building efforts. Collaboration with development partners can help ensure the long-term success of the project.

X. Workshop Communications Support

The Communication teams from the Finance Ministry team of Southwest and Somali National Television provided TV and social media messaging support to the Ministry of Finance web and Facebook pages of Southwest State and the SNTV during the opening and closing of the event. The screenshot from the social media messaging and photos can be seen below: The photos from the workshop event can be access. (2) Video | Facebook

(2) Video | Facebook

Appendix A: Workshop Resources

Day 1 Presentation Post HIPC[1].pptx

Day 2 and 3 Presentation States Fi

Ideal and Current Practice of the Policy (

Introduction to Macro and Fiscal Data

JEOPARDY GAME Questions and answe

BSP Presentation - Baidoa May-2024.ppt

Appendix B: Workshop Participants

Attendence Form - List of Participants .pc

Appendix C: Workshop Agenda and Concept Note.

Concept%20Note%20-%20MWG%20Work

Macro%20Fiscal%20FGS%20and%20FMS_W

Appendix D: Workshop Feedback

Document	Link to Summary Analysis	Embed
Workshop Feedback	MINISTRY OF FINANCE FEDERALMEMBER STATES CAPACITY BUILDING WORKSHOP FOR MWG OF FMSs & FGS (office.com)	MINISTRY OF FINANCEFEDERALMEN