

V. ANNEXES

i. Surge Support Policy Benchmarks 2017

Initial Problem	August Tranche Release	October Tranche Release	Monitoring and Verification
<p>1. Revenue:</p> <p>Inland revenues very low, especially from private sector (telecoms, hotels, water, electricity, financial services). Poorly developed revenue administration systems and capabilities.</p> <p>Weak implementation of existing laws (e.g. Law no. 2 of 1984) and need for adoption and implementation of updated legal framework (e.g. ICT Bill)</p> <p>Customs revenue collections are well below full potential and associated systems, capabilities and policy and legal framework need strengthening.</p>	<p>1.1 Ministry of Finance to take over responsibility for collection of revenues at Immigration and Commerce through SFMIS collection system</p> <p>1.2 Start discussion on payment of License Fees with Telecoms companies along with a wider public awareness campaign on taxation.</p>	<p>1.3 Taxpayer Identification Numbers (TINs) issued to registered vendors</p> <p>1.4 Review customs valuation function at Mogadishu Port</p>	<p>- SFMIS verified change of collecting MDA.</p> <p>- Telecoms meeting minutes and public awareness campaign brochure shared with World Bank by Ministry of Finance</p> <p>- Copy of Ministry of Finance communication to vendors, including SFMIS generated list of issued TINs</p> <p>- Customs Valuation Function Review undertaken and shared with Ministers of Finance and Ports</p>
<p>2. Fiscal Federalism:</p> <p>Lack of coordination to overcome collective action problems. No clear revenue & expenditure</p>		<p>2.1 FGS Ministry of Finance signs up to Finance Ministers Forum (FMFF) agreement on common tax on Khat, Tobacco and Departure.</p>	<p>- Finance Ministers' Fiscal Forum (FMFF) Agreement signed by FGS Minister of Finance, August</p>

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assignments. No common legal framework for revenue and PFM. Emerging inequity in revenue bases.		2.2 Finance Ministers Forum to direct the Technical Committee on Intergovernmental Fiscal Relations to develop potential options on Revenue Assignment and Revenue Sharing within specific time frame.	- Written directive to the committee from the FMFF.

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3. Expenditure: Public sector wage bill subject to weak fiscal controls, expanding year-on-year without strategic direction. Cash payments made off-payroll to some civil servants.		3.1 Suspend all practice of off-payroll cash payments at the Ministry of Finance, allowance payments to be made directly into individual bank accounts. 3.2 Ministry of Finance to provide list of employees showing number of sequenced absentees addressed to the Civil Service Commission. 3.3 Launch of Government-wide civil service Headcount Exercise	- SFMIS report showing payments that go directly to bank accounts versus total payments for July (baseline) and August. - List of employees submitted to NCSC. - Firm contract signed and press release issued announcing launch of government-wide exercise
5. PFM: Lack of formal controls around payment process. Weak cash management.	5.1 Ministry of Finance internet and electricity bills paid 100% by electronic funds transfer direct to vendors	5.3 Installation of SFMIS at strategic revenue points (Ministry of Commerce, Mogadishu Port, Mogadishu Airport). 5.4 Ministries of Interior, Labour, Social Affairs, and Finance to pay internet and electricity bills 100% by electronic funds transfer direct to	-Written confirmation from DG Revenue, Ministry of Finance. - SFMIS reports specifying payment modality for August and September.

vendors.

5.2 Monthly reports on FGS
payments of non-salary recurrent
costs disaggregated by advances
and direct payments

- Reports shared with World Bank
for January to June, and then on
monthly basis.
