

Financial Governance Committee: Summary of Meeting Discussions

60th Meeting – 04 June 2023 – Ministry of Finance

Oil and Gas: The FGC members and the Minister of Petroleum and Mineral Resources discussed issues identified in the FGC Advisory Note on Renegotiation Priorities for Coastline PSAs. Parties exchanged views on their understanding and interpretation of the issues highlighted in the Advisory Note. Key inconsistency of Coastline PSAs with the existing Somali legal framework including the 2020 Petroleum Law, 2019 Public Financial Management (PFM) Law, and Extractives Industries Income Tax (EIIT) Law as well as the Model PSA were identified and discussed.

Fiscal Reforms and Budget: FGC welcomed the recently issued Prime Minister’s Decree on strengthening financial governance and stressed the positive impact it can have on the government contracting procedure and due process. The meeting also took a note on the proposed issuance of supporting circulars. In addition, members discussed the need for establishing the central contracts committee for high value procurements in line with the application of the Procurement Law. FGC accepted the request of the Federal Government to provide strategic and expert advice on competitive procurement for bulk supply of utilities and fuel across government.

Central Bank governance and financial sector reforms: The FGC Advisory Note on Central Bank and Financial Sector Reform was presented in the meeting. The Note highlights the progress made in Central Bank governance and financial sector reform over the past decade and key reform priorities for the coming years, to build on the gains that have been made to date. The meeting took a note of the recovery of almost USD 7 million from the Intesa Sanpaolo Bank as part of Central Bank and FGC efforts to recover national assets held abroad.

Public Procurement and Concessions: The FGC discussed the status of a number of contracts and tenders including the local and export product conformity assessment and third-party debt

collection of unpaid air navigation charges tenders. The meeting stressed the need that all tenders to follow the procedures stipulated in the concessions section of the Procurement Law.