Puntland:

Proposed Public Financial Management and State Capacity Building Program Grant

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Outline

- Background
- Proposed Program components
- Proposed Institutional and implementation arrangements
- Key Performance Indicators
“Fast Track Four Priorities”

- A comprehensive public sector expenditure management reform program to ensure public resources are spent prudently, in accordance with priorities, and properly accounted for.
- Customs reforms to mobilize urgently needed domestic revenues.
“Fast Track Four Priorities”
continued

- Central banking reforms and financial sector development to promote macroeconomic stability and private sector savings and investment
- Civil service reform and institution building to overhaul the existing civil service structures in Puntland and rebuild the federal civil service.
Approach Requires

- Recognizing the low current policy and operational capacity of the Somali State
- A substantial donor commitment to provide financial resources to fund the system and build the necessary domestic capacity.
- A comprehensive and coordinated 5 year program to respond to the needs of the TFG, Somaliland and Puntland
Program Design


- Public Financial Management Steering Committee the Arab League, the World Bank, DfID, EC, UNDP, USAID, AfDB has been established-- and is open to other interested donors.
Project Components

- PFM Reform
- Customs Modernization and Reform
- Strengthening the Financial System
- Support for State Capacity Building
- Development Learning Centers
- Institute of Professional Accountants
- Fiduciary Agent Services
Public Financial Management

Strengthen and functionalize the offices of

• Accountant General
• Auditor General
• MoF Internal Audit Unit
• Public Procurement and Disposal Authority
Public Financial Management
Continued

Establish

- Ministry of Finance Budgeting and Macroeconomic Policy Units
- Parliamentary PFM Oversight Committees
- A decentralized financial management system
Customs Modernization

- Improve the Legal and Regulatory Framework
- Outsource Pre-Shipmenst Inspection (PSI)
- Restructure and reorganize customs administration
- Simplify and Automate Customs Procedures
Customs Modernization and Reform Continued

- Upgrading and Rehabilitation of Customs Facilities
- Developing Customs Intelligence and Enforcement Capacity
- Monitoring & Evaluation
Strengthening the Financial System

- Policy Advice and Capacity building
- Improve the Financial Legal and Regulatory Framework.
- Computerizing Central Bank Treasury and Related Functions
- Establishing a National Payments System
- Introduction of a New Currency
Support for State Capacity Building

- Strategic policy decisions in the office of the President, Prime Minister and Cabinet.

- Federal Civil Service Commission Recruitment and Change Management Payroll Cleansing and Auditing
Development Learning Centers

- Establishment of the DLC network as an independent legal entity
- Constructing, equipping and staffing the DLC network
- Development and Delivery of DLC Curricula and Related Partnership Arrangements with Regional Training Centers.
Development Learning Centers
Continued

- Support the operation of the DLC network
- Monitoring and Evaluation
Independent Institute of Professional Accountants

- Establishment of the IPA as an independent legal entity
- Constructing, equipping and staffing the IPA
- Twinning arrangements
- Support the operation of the IPA
- Monitoring and Evaluation
Fiduciary Agent’s Services

- Program coordination and management of development partner funding;
- Financial management;
- Compliance with the development partners' procurement guidelines;
- Monitoring and Evaluation.
Implementation Arrangements

- The Program will be initially executed through a fiduciary agent overseen by the donor group financing the program.

- Oversight of the fiduciary agent based on a memorandum of understanding to be developed during appraisal.
Implementation Arrangements

- In time significant administrative responsibility for the Program could be transferred to Somali government structures.
- The beneficiaries of the program subcomponents will also participate fully in every stage of the quality assurance process.
Key Performance Indicators

- Public Finance Management (PFM) capacity developed/strengthened
- Efficient accounting and transparent reporting procedures
- Local procurement capacity
- Budget preparation process strengthened
Key Performance Indicators
(continued)

- Federal, state, and local government domestic revenue base established
- Macroeconomic stability
- Capacity for bank supervision and monetary policy
- New local currency in circulation
- Commercial banks re-established
Key Performance Indicators
(continued)

- Efficient, professional and performance-based federal civil service
- Puntland civil services professionalized and right sized
- Development Learning Centers meeting cost recovery targets
- Internationally recognized independent professional association of accountants