



SOMALIA INTEGRATED CAPACITY-BUILDING ON ECONOMIC PLANNING CAPACITY-BUILDING PROJECT

Ministry of Finance Macroeconomic Working Group of Federal Member States capacity building Workshop



Training Workshop for Members of the Federal Members State of Somalia Macroeconomic Working Group held at *Agan Hotel*,Kismayu from 19th to 23rd March 2023

Report on the Training Workshop for Members of the Federal Members State of Somalia Macroeconomic Working Group held at *Agan Hotel*,Kismayu from 19th to 23rd March 2023

Introduction.

The World Bank through its agency the International Development Association (IDA) has provided the Federal Government of Somalia (FGS) with a grant to the Somali National Bureau of Statistics to implement the Somali integrated statistics and Economic Capacity building (SIECB) project.

Under this funding, several capacity building workshops were held for the FGS Macroeconomic Working Group with the representatives of the group drawn from

Ministry of Finance, the Ministry of Planning, Investment and Economic Development, Central Bank of Somalia, and the Somalia National Bureau of Statistics.

Further to the Nairobi workshop, it was agreed to extend the training to the FMS finance and planning officials (budget and Macro-fiscal units) to build the capacity of the five (5) federal member states in policy formulation, analysis, economic planning and Annual and Medium-Term Budgeting.

Objectives of the Capacity Building Workshop

The Workshop's main objective was:

- a) To train and build capacity of the participants on policy, planning and budgeting issues
- b) To expose participants to other countries' best practices and institutional arrangements relating to planning and budgeting
- c) To provide a forum for participants to discuss and make recommendations on aligning FMS and FGS policy making, planning, and budgeting process

Date and Venue of Training

The training took place at Agan Hotel, Kismayo from 19th to 23rd March 2023.

Training Team

The members of the training team comprised of Mr. Jamshed Ali, Consultant and Lead Facilitator, Mr. Abdullahi Sheikh, former Vice Minister of Finance Federal Government of Somalia and Mr. Abdullahi Shafat an independent consultant on public policy and governance.

The meeting opened with a word of prayer by Mr. Abdikhani Khalif, a Revenue Officer with the Ministry of Finance, Jubbaland.

This was followed by an introduction session where participants took turns to introduce themselves. It is worthy to note that the two participants nominated from Puntland did not attend the workshop.

Mr. Mohamed Abdinur, Head of PIU outlined the objectives of the capacity building workshop and its importance to the key staff selected to attend the training. He pointed out that the training will expose participants to data collections and analysis, revenue and expenditure forecasts, as well budget making process.

Mr. Abdinasir War same, Director of Policy and Planning, Ministry of Finance, FGS, decried the lack of accurate macro-economic data which forms the basis of sound economic decisions. He noted that a key objective of the workshop was to boost the skills of the participants and help the FGS in planning for national development. He challenged the hosting Federal Member State Ministry of Finance of Jubbaland to nominate more of its staff to the workshop due to the close proximity of their offices to the training venue.

Mr. Abdullahi sheikh, a former vice minister for finance and a member of the training team lamented the lack of technical analysis skills amongst staff at the FMS and challenged them to work closely and benefit from the technocrats based at the FGS headquarters.

The lead consultant, Mr. Jamshed Ali and his co-facilitator Mr. Abdullahi Shafat were also introduced to the participants.

The Minister of Finance, Federal Member State of Jubbaland, Mr. Ahmed Handal, officially opened the training workshop. He thanked the sponsors and organizers of the workshop and noted that the workshop addresses critical training gap amongst staff at the MOF. He challenged the trainees to work hard over the next few days and benefit from the training as such opportunities are rare and hard to come by. Additionally, he urged the team to train their fellow staff and juniors on the skills acquired upon return to their workstations. The minister

said he will be available to provide assistance that may be required from his office to make the workshop a success.

With workshop officially opened, the Lead Consultant, Mr. Jamshed provided an overview of the training workshop as well as “rules of the house”. Overall, the workshop programme covered the following topics:

- Key macroeconomic concepts
- Macroeconomic policies
- Budgeting process
- Taxation system
- Tax Administration & Reforms
- Budget Revenue and expenditure forecasting

He emphasized on the need for interactive sessions where trainees are free to ask questions and contribute to the discussions and group assignments. Trainees were divided into groups for the purposes of group assignments and asked to choose a group leader who will coordinate and make presentations on their behalf at the beginning of each training day.



The Minister of Finance, Jubbaland State, Mr. Ahmed Handal during the official opening of the workshop on 19th March 2023.

The training commenced with an introduction on key economic concepts and definitions in macroeconomics. Participants were also taken through National Income Accounting, GDP and its components, consumption, government spending, investment, and exports as well as the interaction and fiscal deficit, investment savings gap and the balance of payments. Other topics discussed include economic policies and main economic policy instruments tools used by the government to stabilize the economy viz; fiscal and monetary policies, trade and exchange rate policies etc.

There was a breakout session where trainees retreated into groups and worked on their assignments for presentations in the first session of day 2.

There were presentations followed by Q & A on the matters arising from the group assignment of Day 1.

Participants were exposed to budgeting concepts and budget preparation process as well as experiences of other countries (Kenya and South Africa). The session also included budget preparation in Somalia. Participants were given the task of making presentation on the FMS

Group presentations were made on the previous day's work followed by Q & A sessions. This was followed by a training session on the principles of a good tax systems as well as tax administration and reforms with experiences of other countries for comparison purpose. The breakout session saw participants work on group assignments.

Group presentations and Q&A session was followed by a training session on expenditure and revenue forecasting. Further details were covered on the forecasting topic under recurrent and development budgets. At the end of the day participants were provided with evaluation forms to complete (the results of the evaluation are presented below)

The last day of the workshop mostly consisted of a plenary session where participants gave their recommendations on the future training needs and how to improve the coordination and alignment between the FMS and FGS institutions. Prof Abdullahi Sheikh gave the close remarks and urged participants to ensure that they implement the knowledge gained in improving the budgeting and planning process in the FMS.



Outcomes of the Workshop

The following are among the key workshop outcomes:

- Participants were able to analyze a set of given data and compute nominal and real GDP using statistical data from Somalia National Bureau of Statistics
- Learnt about the stages in the budget making process of other federal member states from their presentations and workshop discussions
- Learnt from the experience of different federal member states on the various types of taxes and non-tax revenue sources based on their presentations and workshop discussions.
- Perform revenue and expenditure forecast analysis for a medium-term expenditure framework using a spreadsheet.

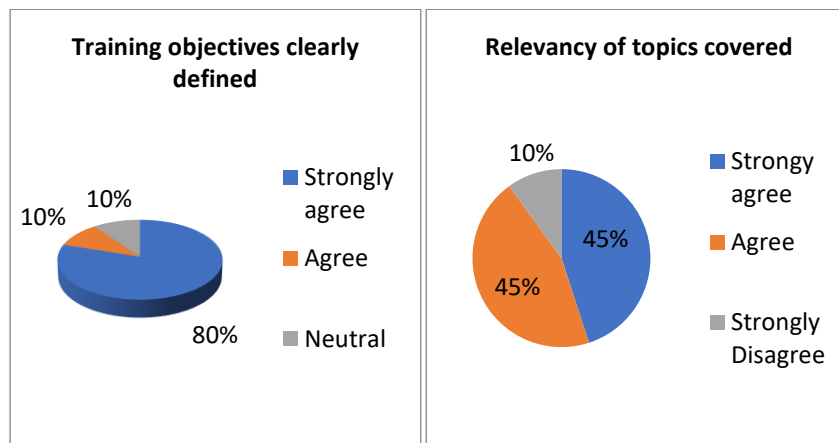
Workshop Recommendations

The following are among the main recommendations of the workshop:

- The workshop generated a lot of interest from the participants especially on core areas touching on their job functions viz budgeting and revenue. They requested further training and capacity workshops to build on the knowledge acquired therefrom.
- Participants also requested for joint training with the macro-economic working group at the FGS as this is key in developing a seamless relationship between FMS and FGS institutions
- Alignments of the Federal Member States (FMS) and FGS macroeconomic working group. There is need to develop direct work channels between the two levels of government.
- Data sharing Mechanisms to be established between the two levels of government (FMS and FGS) to ensure that the two complement one another on data needs.
- The Somali National Bureau of Statistics to involve the respective ministries of finance at the federal member state level in macro-economic data and other socio-economic data gathering exercises.

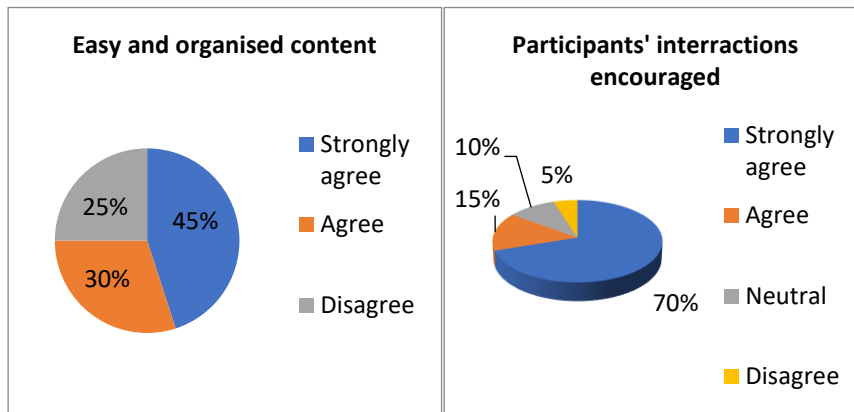
- The need to widen the tax base and increase the number of taxpayers especially on employees from the private sector who do not pay taxes
- Increase tax compliance rate to maximize tax revenue collected
- Given the expected decline in revenue from bilateral donor grants after Somalia meets its IMF ECF HIPC completion point it was recommended that FMS consider ways of increasing domestic resource mobilization and identify other avenues of revenue raising and expanding the tax base.
- It was recommended that FMS provide incentives to investors to set up businesses that will generate revenue and create employment including the use of PPP arrangements in financing projects.

Participants Feedback

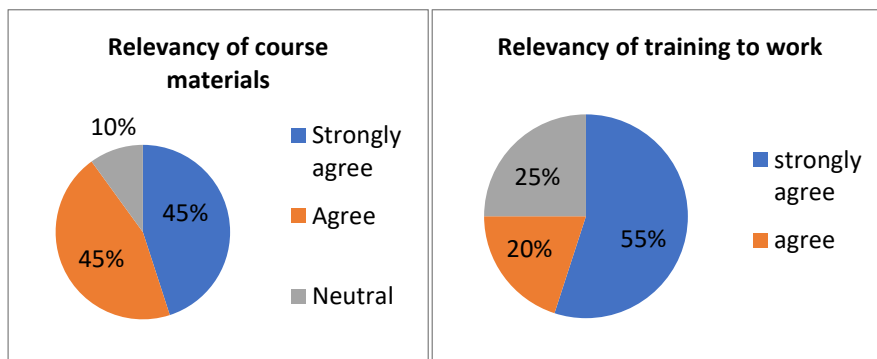


- 90% of participants agree that training objectives were clearly defined.

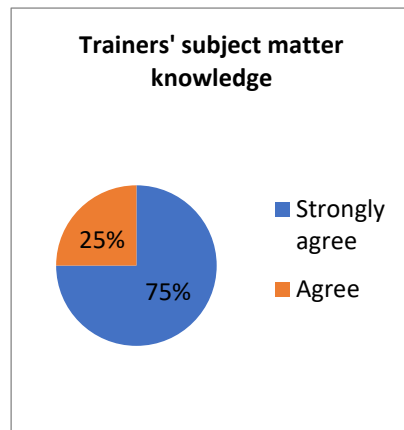
- Only 10% of the participants strongly disagreed on the relevancy of the topics covered while the rest agreed that the relevancy of the topics.



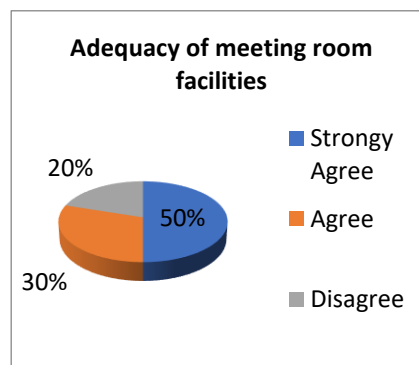
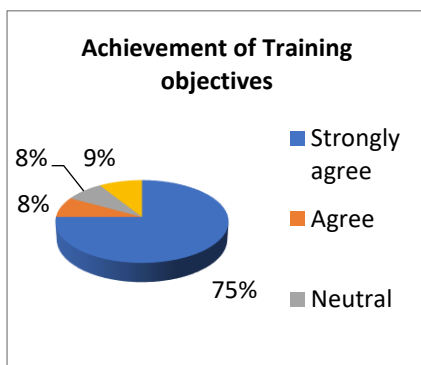
- 75% of the participants averred that the course was easy and organized while 25% were in disagreement over the same.
- 85% of the participants confirmed that participants' interactions were encouraged. While 5% and 10% of the participants held a neutral or disagreement opinion respectively over the degree to which participants could freely interact.



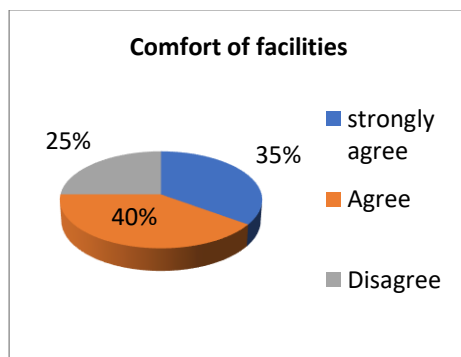
- 90% of the participants agree that the course materials provided was relevant while 10% held a neutral opinion.
- 75% of the participants were of the opinion that the training was relevant to their work while a quarter of them were of neutral view.



- 100% of the participants agree with the trainers' knowledge on the subject matter as well as their level of preparedness for the training.



- 83% agree that the training has achieved its objectives while 80% concur that meeting room facilities was adequate.
- 75% agree on the comfort of the facilities in the conference room while a quarter of them indicated neutral view.





Federal Government
of Somalia
Ministry of Finance

**MINISTRY OF FINANCE
MACROECONOMIC
WORKING GROUP
OF FEDERAL MEMBER
STATES CAPACITY
BUILDING WORKSHOP**



WORLD BANK GROUP

SISEPCBP



LOCATION
AGAN HOTEL KISMAYO,
JUBALAND, SOMALIA



DATE
19th TO 23rd
MARCH 2023