



Somalia PFM Reform Programme

ICGFM

December 2015 Washington Conference

**PFM's role in meeting Sustainable Development Goals:
"Somalia PFM Education and Training Program"**



Somalia PFM Reform Programme

Overview of presentation

- Context of Somalia
- PFM reform plan
- PFM Education and Training Programme
- Somalia Financial Management Information System (SFMIS)



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Somalia - Context

- Emerged from Civil War in 2011
- New government 2012
- Federal structure
- Continuing security problems
- Institutions of government are being established





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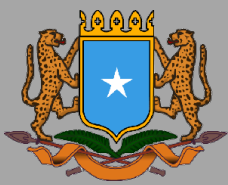
Somalia PFM Reform Plan



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PFM Reform Plan: Evaluation

- PFM self-assessment early 2013
 - Led by Senior Advisors of the Ministry of Finance.
- Interviews key government officials
- Strategy and comprehensive action plan for the years 2013-16
 - Supported by Donor Partners.



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Key PFM Weaknesses

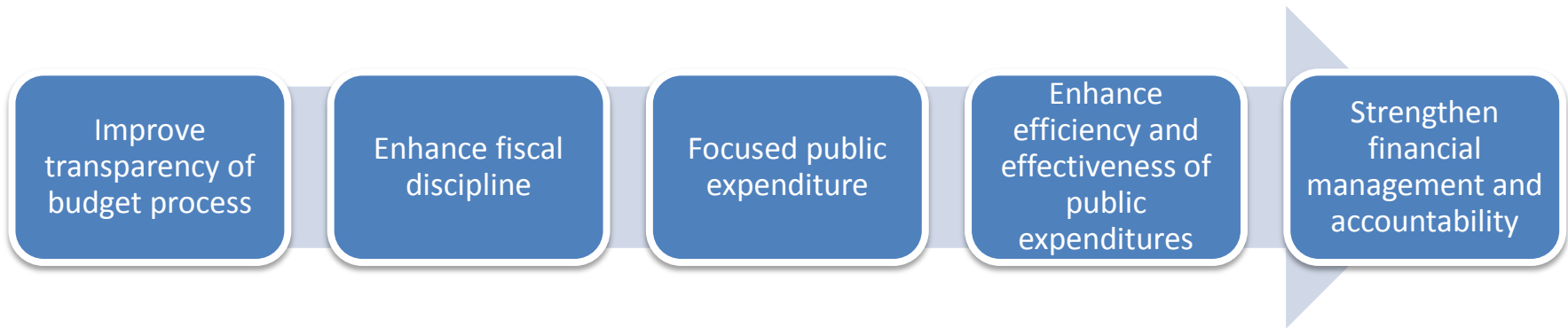
- Inadequate **controls for revenue** management
- Absence of **long term planning and policy analysis**
- **Budget execution and procurement processes** lack adequate transparency and efficiency
- Inadequate **banking supervision mechanisms** by the Central Bank
- Lack of comprehensive reporting on the use of state resources
- Weak **Parliamentary oversight** over PFM functions
- Absence of a truly **independent Auditor General**
- Inadequate **PFM legal framework** and requires modernization
- **Human resource and logistics challenges**



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Objective of PFM Reform

*To improve the efficiency and effectiveness of public financial management processes and systems in order to provide timely, transparent and accurate financial information across the public sector to underpin policy formulation and inform Government decision making **in support of service delivery.***





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State and Peace-Building Fund (SPF) US\$4.5m Phase I (2014-2016):
The Project Development Objective (PDO) is “***to establish systems for more transparent and accountable management and use of public funds in Somalia***”.

PFM Reform Oversight

PFM Reform Coordinating Unit

PFM Education & Training Program

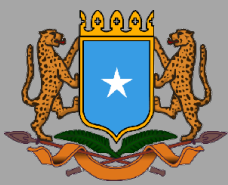
Somalia Financial Management Information System (SFMIS)

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Expenditure Control, Procurement, Accounting and Reporting (ECPAR)

Strengthening expenditure controls, procurement systems and practices

Accounting & financial reporting



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Multi Partner Fund (MPF) US\$20m Phase II (2015-2018): The Project Development Objective is ***“to establish and strengthen institutional capacity for the management of public funds in central finance agencies and targeted sectors”***

Component 1: Revenue mobilization, planning and budget preparation

Component 2: Treasury management, budget execution, procurement, accounting and financial reporting

Component 3: Strengthening the integrity pillars

Component 4: Public financial management professionalization

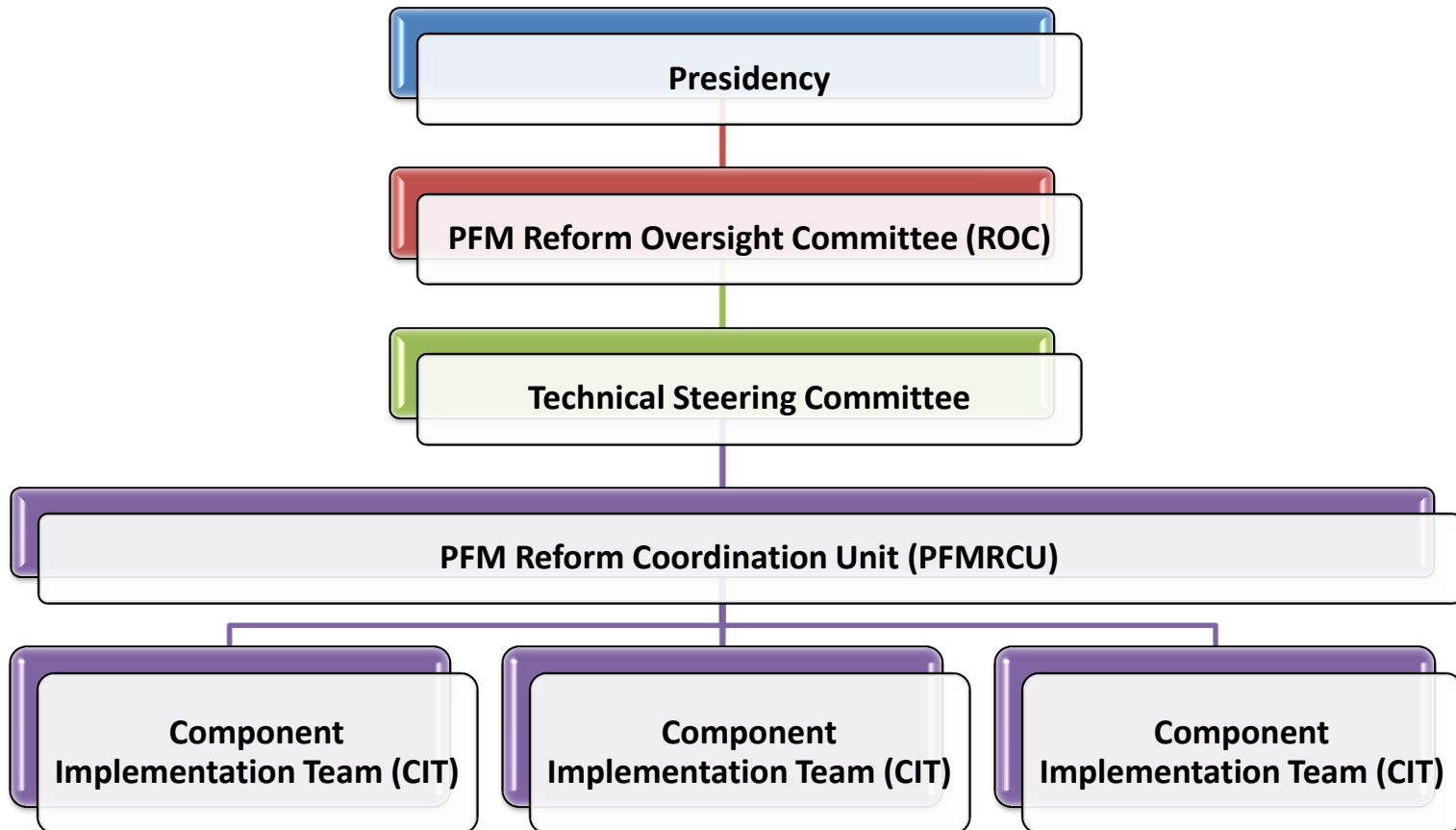
Component 5: Public financial management reform oversight, coordination and management

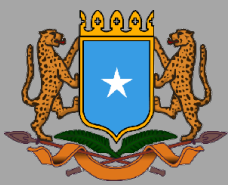
Component 6: Demand-driven just-in-time support (JIT) (Bank Executed)



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Governance and implementation structure

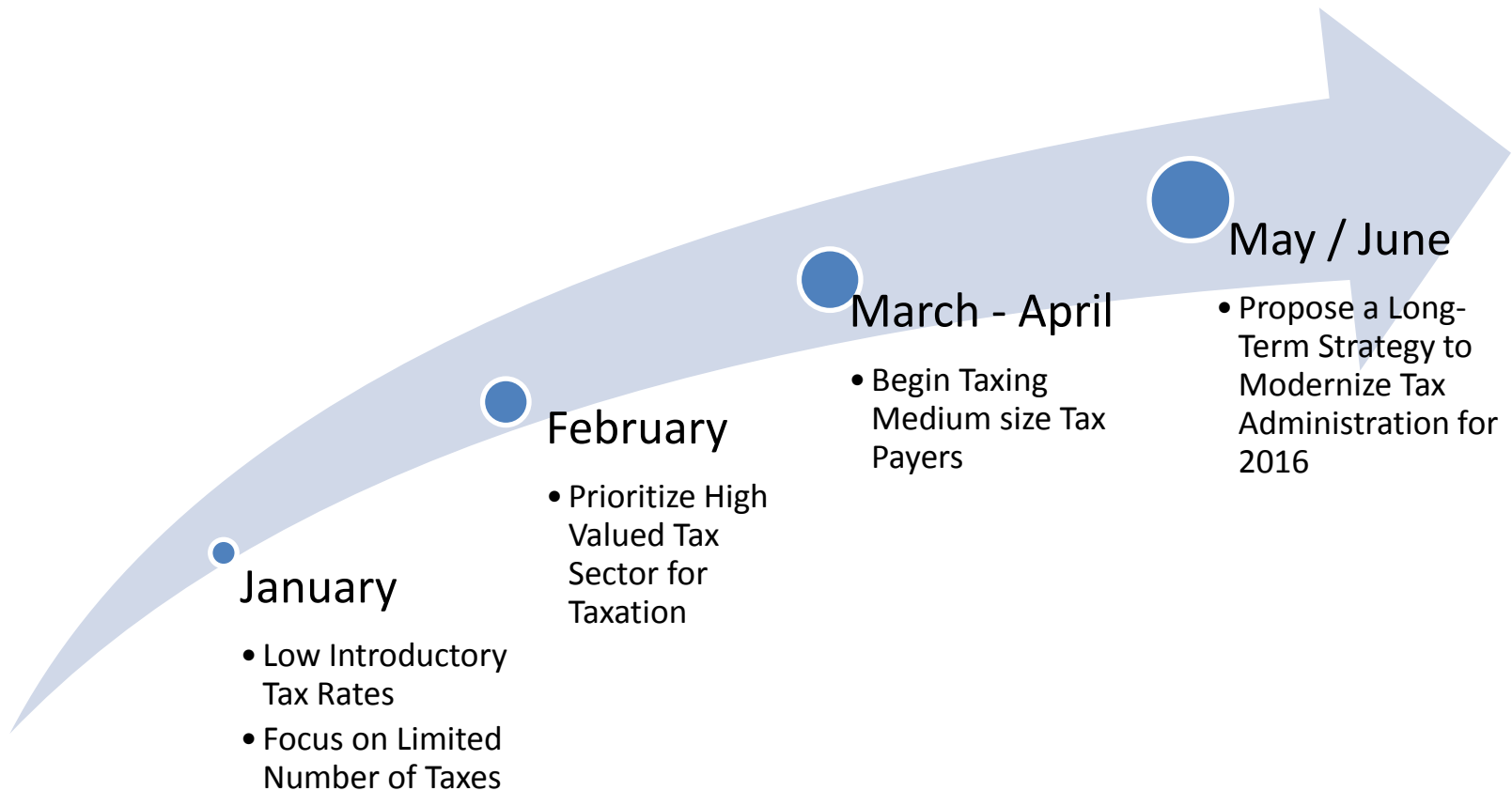




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Scaled-Up Approach

Short-Term Strategy to Increase Domestic Revenue





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Key achievements so far

- PFM strategy and action plan agreed with the Development Partners.
- Audit and Procurement bills endorsed by the cabinet, submitted to the Parliament for approval.
- Treasury Single Account (TSA) and comprehensive Chart of Accounts (CoA) established and operationalized in SFMIS.
- Finance related information posted regularly on the MoF website.
- Procurement, Concessions and National Assets Department is slowly thrusting into action.
- Governor, Deputy and Board of directors of the Central Bank of Somalia were openly advertised and appointed in April.
- Financial Governance Committee FGC have been established.
- PFM reform initiatives are now evident in all Regional States to replicate the successes of the FGS.



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PFM Education and Training Programme



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The need for PFM training

PFM Self-Assessment Report, April 2013:

- Low staff capacity across institutions
- Lack of training opportunities
- Lack of definition of roles and responsibilities
- Logistical constraints: offices, transportation, equipment



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Challenges of PFM Training

- Lack of initial PFM skills within government or universities
 - Training must be externally supported
- Need for credible certification process
 - Provide credibility
 - Ensure international standards
 - Motivate students
- Security situation
 - Restricted access to Somalia for international trainers
 - Web based support
- Requirement to build sustainability
 - Universities established training institutions
 - Need to create PFM training skills



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PFM Education and Training Programme Concept

- To create a core group of trained and internationally qualified PFM professionals within government
- Use of universities as existing training institutions to enable sustainability
- Extensive use of web-based approaches to overcome security issues



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Design of Training and Education Programme

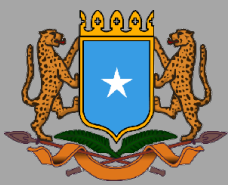
- Target group – existing government staff (Federal, State, Local)
- Delivery through universities – PFM Academies, Training of Trainers
- External course design and certification – Chartered Institute of Public Finance and Accountancy (CIPFA), International Labour Organisation - International Training Centre (ITC-ILO)
- Web based delivery of materials and support:
 - Administration
 - Course manuals, teaching materials, practice material and tests
 - Online query and discussion forum
 - Webinars
- Additional non-exam learning programme “PFM for Managers”
 - Entirely web based



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Programme Management

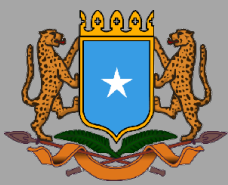
- Management structure brings together government, development partners and universities
- Consortium delivering training: WYG (lead firm), Michael Parry Consulting LLP, CIPFA, ITC-ILO (separate contract with government)
- Collaborative approach: face-to-face consortium meetings, frequent and open communications
- Web-based student management system
- Objective of transferring student management to Somalia officials



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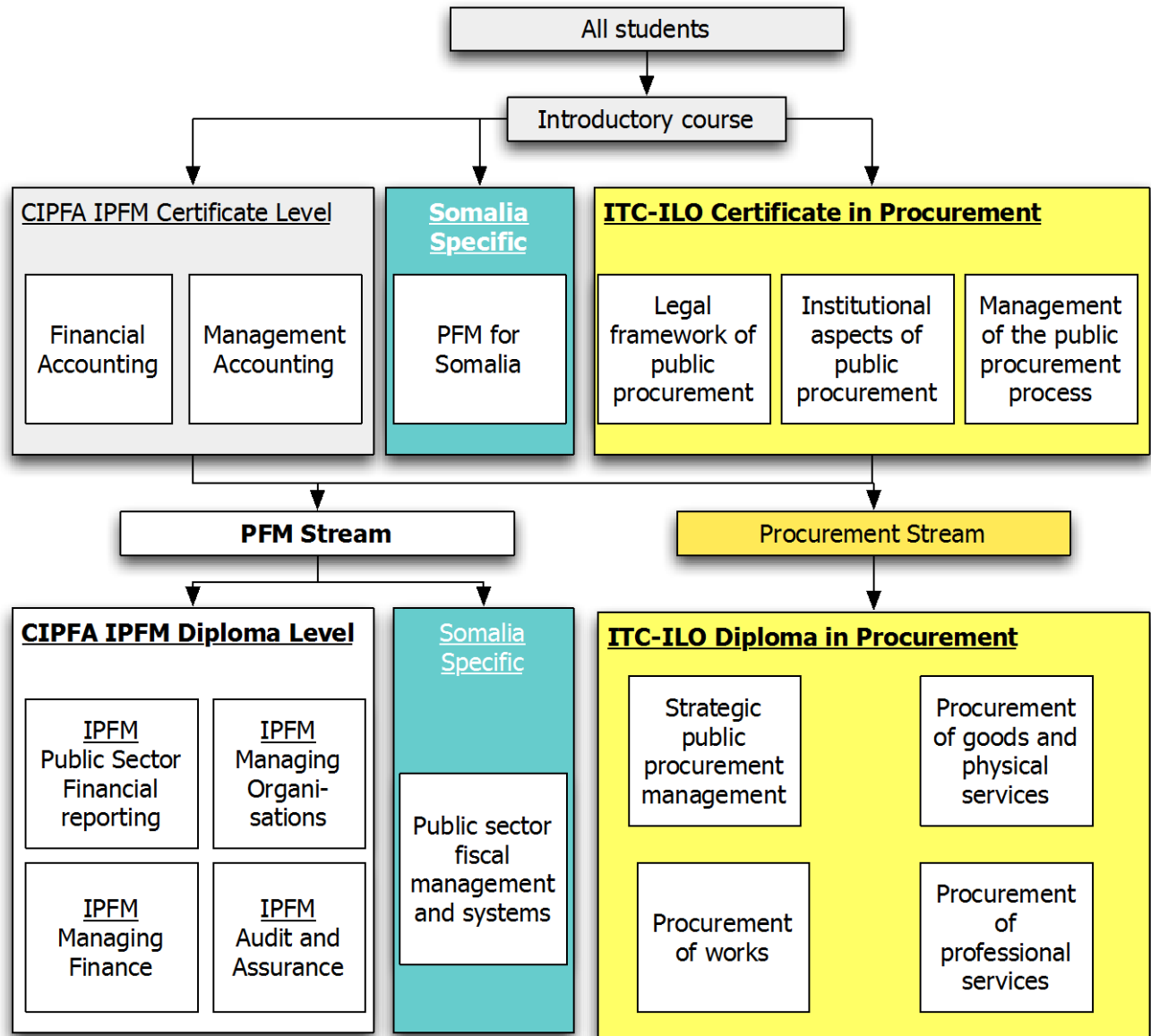
Course structure

- Introductory course
 - Basics of PFM to prepare students for CIPFA
- PFM course – present phase certificate level
 - CIPFA International Public Financial Management (IPFM)
 - PFM for Somalia
 - Additional module
 - PFM areas not within CIPFA syllabus relevant to Somalia
- Procurement training
 - Developed by ITC-ILO for Somalia
 - Delivery using same web platform as PFM training



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Structure





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How the programme works

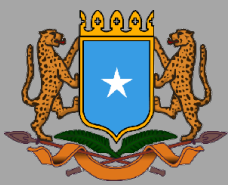
1. Government proposes candidates
2. Universities make selection
3. Selected candidates registered as students on website and with CIPFA and ITC-ILO
4. University tutors trained by international trainers outside Somalia
5. Course material delivered via website: workbooks, presentations, practice material and mock exams
6. Students study supported by university tutors, with webinars delivered by international experts
7. Exams set and marked by external body (CIPFA, ITC-ILO or Consortium)
8. Limited re-sits allowed



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Experience from first set of exams

- Disappointing - low pass rates
- Identified issues
 - University tutors themselves PFM students
 - Students had inadequate knowledge to start course
 - Limited English language skills
 - Lack of examination experience
 - Security – students unable to attend lectures and/or exams
 - Selection processes lacked rigour
 - Poor internet connectivity



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Addressing the issues

- More rigorous selection of students
- Introductory course
 - Pass compulsory before starting Certificate programme
- Improved tutor capacity
 - Extended training of trainers
 - Support by tutor mentors (qualified accountants resident in Somalia)
- Increased support to tutors and students
 - Webinars
- English language training by universities
- Improved internet connections



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Impact of changes to programme

- Improvement in pass rate from 5% to 44% between November 2014 and June 2015
- Several universities achieving 70% or higher pass rates
- 28 students have achieved CIPFA IPFM certificate – more than 40 could pass in November 2015



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Additional programme - PFM for Managers

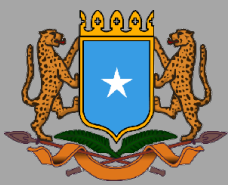
- Non-exam course for public sector managers who do not require a formal qualification but do need enhanced PFM knowledge
- Entirely web based
 - Online registration
 - Computer generated study programme for guidance
 - Self certification for each module
 - Online testing for each subject
 - Certificates issued and e-mailed to successful students by the system
- Statistics: 298 registered students; 98 recording progress through system; 17 passed Introductory course; 9 passes at Certificate level
- Conclusions
 - A valuable additional programme
 - Low cost learning



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Additional programme - budget workshops

- Objective
 - To improve budget processes and outcomes
 - Task related training
- Delivered by international experts
 - Locations outside Somalia
- Practical approach
 - Working with real data
- Focus
 - Fiscal forecasting and fiscal strategy papers
 - Budget preparation
 - Budget execution and monitoring



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Achieving sustainability

- PFM Academies being established in each University
 - Based on tutors trained by programme
 - Developing direct links with CIPFA and ITC-ILO
 - Will provide ongoing training
- Programme administration
 - In process of transfer to Somalia government officials
- Website
 - Being developed as multi year system for ongoing use by universities and government
 - Will be handed over to government as basis for continuing training
- PFM cadre of service
 - Plan developed for recognising PFM qualifications within government scheme of service



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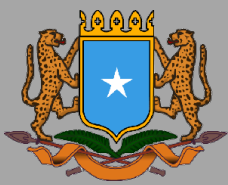
Next steps

- Certificate programme completed by June 2016
 - ITC-ILO procurement certificate last part of PFM Certificate programme
- Diploma level training
 - Planned to commence July 2016
 - Separate streams for PFM (CIPFA) and procurement (ITC-ILO)
- Website developed as multi year system
 - Government and university officials to be trained in use of website



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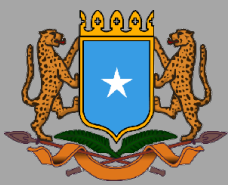
Somalia Financial Management Information System (SFMIS)



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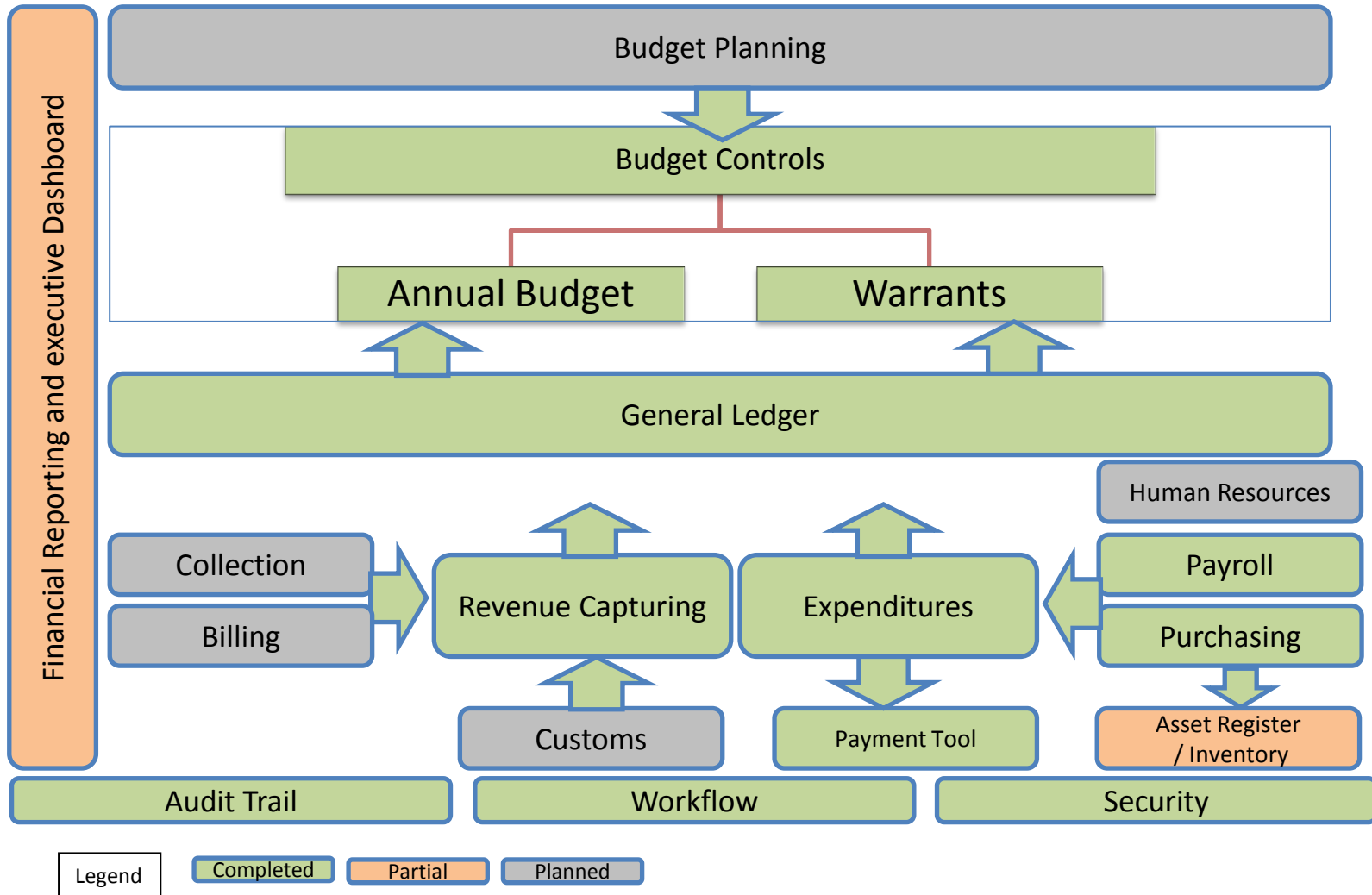
Somalia Financial Management Information System (SFMIS)

- Identified requirement to replace manual systems
- SFMIS bespoke system:
 - Fit with current processes and environment
 - Aligned with international standards, “*Fit for Purpose*”.
- Developed and implemented within only one year
 - Minimum cost
 - Key challenges such as security, logistics and human capabilities.
- SFMIS considered one of the successful FMIS implementations in the region



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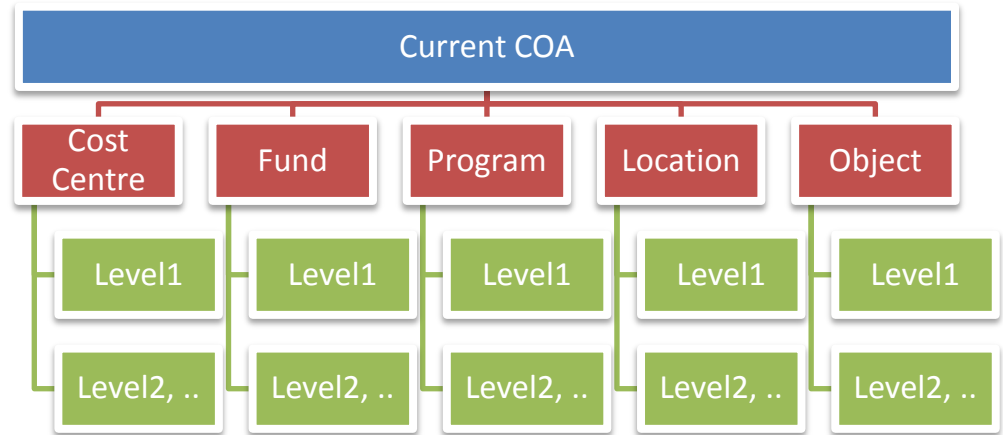
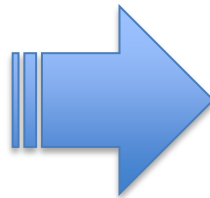
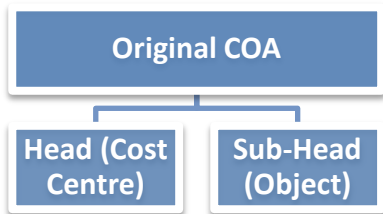
SFMIS Architecture





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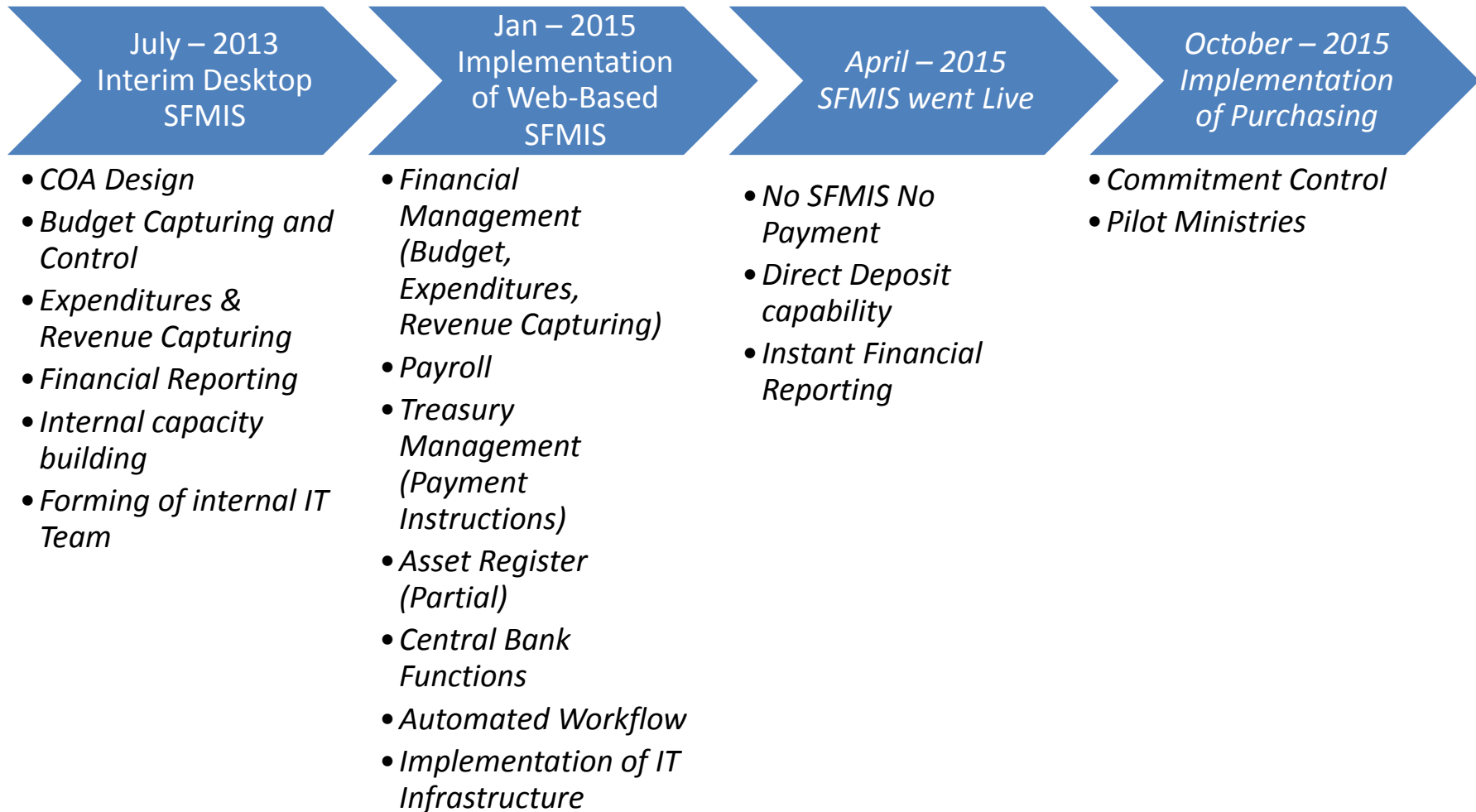
Development of Multi-Segment, Multi-Level Chart of Accounts





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SFMIS Evolution





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Main Features

Technology

- Web-Based (ASP.NET)
- MS SQL Database
- Intranet
- User Friendly
- Drill Down capability
- Seamless Integration
- Use of Barcode
- Hand-Held Collectors (Future)

Security

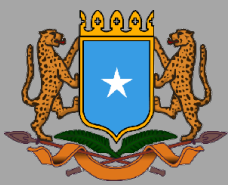
- Secured Login (Single Sign on)
- Hardware Firewall
- Use of SSL

Workflow

- Completely user configured workflow
- Horizontal and Vertical approval levels
- Document attachments
Task List
Delegation of responsibilities (Future)
- Email notification (Future)

Functionality

- Budget and Allocation Control
- Auto-application of Double Entry accounting
- Auto-generation of Payments
- Revenue Capturing
- Auto-calculation of Payroll
- Audit Trail
- Instant Financial Reporting
- Treasury Single Account (TSA)



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Key Achievements & Results so far

Improved PFM processes and controls

- From two segments to multi-dimensional CoA
- 100% Budget Control
- Instant Financial Reporting with drill-down by various CoA segment
- *Use of country systems* for Donor-funded projects
- Improved payment process, “No SFMIS no Payment” with bar-coded Payment Instructions integration with Central Bank
- Direct Deposit function and bank transfers being piloted
- Automated and controlled monthly payroll processing for all civil servants
- Primary and Disaster Recovery IT infrastructure
- Functional and technical *human capacity building* - certifications



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Thank You

Q&A