



# STRATEGIC PLAN 2018/19 – 2023/24



**Ministry of Finance**  
S O M A L I L A N D

# **“A successful modern economic development strategy focused and in tune with the global trend”**

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## List of Acronyms

AG	Accountant General
GDP	Gross Domestic Product
GoS	Government of Somaliland
GST	Goods and Services Tax
ICT	Information and Communication Technology
KPI's	Key Performance Indicators
MDG	Millennium Development Goals
MoFD	Ministry of Finance Development
NDP II	Second National Development Plan
PDMS	Public Debt Management Strategy
PESTEL	Political, Economic, Social, Technological, Environment, Legal
PFM	Public Finance Management
SDG	Sustainable Development Goals
SLFMIS	Somaliland Financial Management Information System
SP	Strategic Plan
SWOC	Strengths, Weaknesses, Opportunities and Challenges

## FOREWARD

This Strategic Plan covers the period of 2018/19 – 2023/24, it maps out the vision, mission, mandate and core values of the Ministry of Finance Development in detail. The plan provides a strategic roadmap that encompasses all the current legislation, policies, and values of the Ministry within the spirit of the Somaliland National Vision 2030 and the National Development Plan II. The plan will provide a definite shift in the business culture of the Ministry. It was initially promulgated by the former Finance Minister Mr Yusuf Mohamed Abdi.

The plan is set to usher a ministry-wide transformational change to be enacted over a period of five years. It combines the transactional mandate and functions of the key ministerial responsibilities for economic development, fiscal policy and macroeconomic policy. This is to enhance sustainable economic growth and financial stability for the welfare of Somaliland people through the promotion of prudent economic and financial management models, tax administration, customs enforcement, adequate allocation of funds, optimisation of revenue mobilisation, and provision of accurate and reliable data of all activities.

The aim is to enhance the operational performance of the Ministry, ensure the prudent management of the state revenues safeguard public assets, deliver ultimate regulatory oversight and manage the liabilities of the government diligently. This will allow us to fulfil the government's commitment to lift Somaliland out of pervasive vulnerability and poverty within the framework of Somaliland National Vision 2030 of 'a stable, democratic and prosperous country where people enjoy a high quality of life'.

The formulation of the 2018/19 – 2023/24 Strategic Plan is done at the time when the Ministry of Finance Development adopted a new dynamic performance management system in order to improve service delivery and accountability to the public. The groundwork of this plan followed a comprehensive process in which all the key stakeholders were consulted. The purpose was to nurture a common understanding of the Strategic Plan to enrich the commitment and ownership of stakeholders towards the successful implementation of the plan.

I am therefore pleased to introduce the five-year (2019 -2023) Strategic Plan of the Ministry of Finance Development to all partners and stakeholders including government ministries, international financial institutions and other regional organisations. In developing the plan, consideration has been given to the strategic aims of the National Development Plan (NDPII). The plan seeks to provide the right fiscal and macroeconomic framework which will enable the government to deliver on the aspirations of the Somaliland people. I take this opportunity to reiterate my commitment to providing all the necessary support to the full and successful implementation of the plan.

  
**Dr. Saad Ali Shire**  
**Minister of Finance Development**



## **Executive Summary**

The Ministry of Finance Development (MoFD) derives its mandate from the Constitution of the Republic Somaliland and other associated subordinate laws, which provide the government's financial resources for proper budgetary and expenditure management. This includes the Public Financial Management Act, and other Somaliland Revenue and Expenditure Acts and Regulations. The Ministry of Finance Development plays an essential role in the management economy of the country as well as the supervision, control and executive over the short, medium and long term. The ministry is the heart of Somaliland economic and fiscal policy development. It is the executive body that implements and formulates the practical policies of public finance to ensure the country's economic growth and macroeconomic stability.

The Ministry of Finance Development of the Republic of Somaliland for the first time developed this five-year Strategic Plan, which covers the period of 2018/19 – 2023/24. To accomplish the ministry's mandate and achieve its strategic objectives, the five-year plan represents the strategic direction in which the ministry will achieve for the next five years. This is to advance economic growth and development of Somaliland. It is to accelerate socioeconomic development and to provide medium-term policy. The Strategic Plan intends to implement the existing, the newly written and the approved policies and other regulatory frameworks.

The main aims and objectives of the plan are to deliver a useful framework that brings positive economic transformation that creates jobs and improve the wellbeing status of the Somaliland people. To achieve the necessary economic development, the ministry will address the first pillar of the Somaliland National Vision 2030, which is the economic development pillar that entails to 'pursue macroeconomic policies that promote accelerated growth, employment creation and poverty reduction'. The Strategy Plan will also accelerate the realisation of the Second National Development (NDPII) and all other Presidential directives in line with the country's economic growth and social wellbeing.

This Strategic Plan redefines the core functions, policy priorities and the resource requirements based on the MoFD's mandate. For example, the macroeconomic policy coordination, fiscal policy framework, preparation and managing the annual budget process, internal and external intergovernmental relations, funding allocation through public policy approval, departmental budget implementation and monitoring. The purpose of this Strategy Plan is a supporting system in place for the commitment of the above-mentioned responsibilities. Therefore, the plan will enable the ministry to advance public service delivery through suitable economic strategies and policies that improve the process of performing our implementation in terms of delivering healthier services unceasingly on a sustainable basis.

The Strategic Plan has been organised in eight chapters. The first chapter covers the introductory and the background issues of the plan; it also includes the legal and policy context, the overall mandate of the MoFD and the role of the Ministry of Finance Development in the national vision and NDPII agenda. Chapter two outlines the specific mandate of the ministry alongside the vision, mission and the core values. Chapter three explains the internal and external factors, including the internal-strengths, internal-weaknesses, external opportunities and external challenges that are affecting the mandate of the Ministry of Finance Development. It also identifies the various elements of economic development, for instance, the economic stability of the country and the macroeconomic policy development. Chapter four discusses the

strategic outcomes of the plan and the key strategic areas, goals, objectives and strategies. Chapter five focuses on the implementation model, the roles and break-down of the different departments of the ministry, the autonomous agencies as well as the critical analysis of the success factors. Chapter six highlights how key performance indicators to be measured and also outlines the matrix of the Strategic Plan. Chapter seven describes the risk analysis of the ministry to plan the internal and external vulnerability factors, and then take steps to mitigate the identified risks over the next five years. Chapter eight illustrates annexures on ministry's challenges and stakeholder expectations. It also highlights the monitoring and evaluation process for the implementation of the Strategic Plan. A process in which each department monitor and evaluate activities based on their jurisdiction and responsibility.

## **CHAPTER ONE**

### **1.0 Introduction**

This five-year Strategic Plan covers the period of 2018/19 – 2023/24. It represents the strategic direction that the Ministry of Finance Development will take for the next five years, in order to accomplish optimal performance in fulfilling its mandate. The Strategic Plan is anchored on ten (10) outcomes. The strategic themes were identified during an assessment of environmental scanning in line with the ministry's mandate. The MoFD earmarks to further uphold the mandate of being the guardian of the State financial resources, while at the same time establishing, for the first time, fiscal policies that encourage positive economic growth and development, and to systematically safeguard the resources of the state; therefore, it will readily be accounted. The plan also developed an implementation strategy to outline the specific frameworks of task inputs, processing and outputs to reach the planned targets and to state good outcomes.

The plan is set to be a transformational change designed to be ministry-wide and is enacted over a period of five years. For example, it is to combine the leadership, knowledge, experience and the transactional mandate and the function of the key ministerial responsibilities for economic development, fiscal policy and macroeconomic policy. This is to enhance sustainable economic growth and financial stability for the welfare of Somaliland through the promotion of appropriate economic and financial management methods, tax administration, customs enforcement, ensure adequate allocation of funds, optimise revenue mobilisation, provision of accurate and quality of all activities. Over the period of the strategic plan, the ministry dedicates itself to further uphold the constitutional mandate of being the guardian of the State financial resources, while inventing macroeconomic policy strategy and improving fiscal policies that are helpful for economic growth and development, and to safeguard that resources of the State are accounted in a systematic manner. The core functions of the Ministry of Finance can be summarised into ten main areas namely:

- Prepare the Annual National Budget and medium-term expenditure allocation.
- Planning, drafting and consolidation of the budget system, settlement of accounts system.
- Determination of the format for presenting the annual estimates of revenue and expenditure.
- Monitoring of economic performance.
- Preparation of economic forecasts and analytical reports.
- Enforcing Tax laws and Customs Laws.
- Pay government bills.

- Consolidate financial information of the government institutions.
- Setting accounting policies, practices and procedures for all financial management.
- Implementing the economic policies of the government and public finance.

The Strategic Plan of 2018/19 - 2023/24 of the Ministry of Finance Development outlines new strategic objectives to set priorities by focusing on energy and resources in order to enhance fiscal stability and macroeconomic policy for equitable socioeconomic development. The following objectives have informed the formulation of this strategic plan:

- Domestic revenue increase and budget credibility.
- Economic development and stability through fiscal sustainability and solvency of surplus budget.
- Managing Public Debt.
- Public financial management reform and budget transparency.
- Resource mobilisation and management.
- Broadening the tax base and migrating reliance on Customs to Inland Revenue.
- Development cooperation and regional integration.
- Public investment management; i.e. to strengthen and reinforce the new and existing legal, regulatory and/or policy frameworks.
- Fiscal policy development.
- Macroeconomic policy development.
- Private sector development.
- Financial sector development.
- Institutional capacity development.
- Broadening public assets.

## **1.1 Background**

The Ministry of Finance Development has introduced many reforms aimed at growing improving the performance of the ministry, and this includes the Public Financial Management Reform. The objective of the PFM as indicated by its reform strategy which is “to have in place a holistic, country-led PFM reform strategy”. This will provide a broad strategic framework, establish priorities and sequencing of tasks and provide an actionable plan for short, medium and long-term phases. The ultimate goal is to: “ensure efficient, effective and accountable use of public resources as a basis for economic development and poverty eradication through improved service delivery”. On the top of that, PFM reform is needed to improve the government’s capability and systems to utilise the public financial resources towards the NDPII targets and the broader vision of 2030 goals. By promoting transparency and enhancing governance, a more effective PFM system reduces fiscal waste, and improves value for money and makes all stakeholders more assured that public expenditure is used for its intended purposes.

In tandem with the consistent changes of a modern economy, Ministry of Finance Development has unceasingly delivered and revised Somaliland’s economic policy framework directing Government’s growth programme and generating an enabling environment for sustained economic growth and development. The ministry has constantly commenced and implemented several fundamental reforms aimed at growing the economy. These reform initiatives have occurred against the backdrop of persistent economic growth and a massive reduction in poverty levels. According to the Millennium Development Goals, the poverty levels declined from 37.5% to 30% in the seven years between 2003 and 2010 for the urban population



(community census 2007/08). The situation further improved and the proportion living below one dollar fell to 29% in the year 2012.

In contrast, the situation of the poverty level was not encouraging and stood 38% in the same year (World Bank House Hold and Enterprise Survey 2013). Somaliland poverty level is similar to poverty in urban areas in Ethiopia but is worse than Ethiopia in rural areas. Regarding the proportion of people living below the minimum level of dietary energy consumption, there was a noticeable disparity between Urban & Rural populations. In the year 2012, 42% of Urban & 57% of rural populations lived below minimum dietary consumption (World bank survey 2012). The employment-to-population ratio in Somaliland is 38.5% for urban and 59.3% for rural (NDP 2011). In contrast, according to the labour survey conducted by ILO in 2012 in three cities, (Buraq, Hargeisa and Borama), the ratio of employment-to-population is lower than the top mentioned one. The survey revealed a ratio of 23% in these three cities. There is a wide gap between males and females. As for the urban & rural population, the difference was negligible, and the ratio was just over 22%.

As Somaliland transits from the Millennium Development Goals (MDGs) to Sustainable Development Goals (SDGs), more emphasis is needed in addressing the underlying constraints that impede achievements of improved service delivery. Realising and attaining the 17 Sustainable Development Goals, including ending poverty, fighting inequality and injustice, and tackling climate change by 2030, require a significant rethink of how public services are delivered. The Ministry of Finance Development has developed this 5-year strategic plan (2018/19 – 2023/4) to specify strategic policy direction and repositioning, which will contribute to the achievement of the SDGs to visualise faster and sustainable economic growth. The plan provides a medium-term policy, legal, institutional and regulatory reforms framework for accelerating growth in a dynamic socio-economic environment.

As mandated by the Constitution of Somaliland, the Ministry of Finance Development is responsible for general financial management and economic policy of Somaliland. Consequently, it plays an important role to ensure the mobilisation of public resources for the whole Government. The ministry is concerned with matters of achieving the fastest rate of economic transformation alongside emerging economies. Therefore, the strategic plan will show ways to formulate and target sound economic policies that lead to sustainable economic growth and development. This is more to do with the responsibility of the ministry, which is to ensure that systems are in place for the efficient monitoring and reporting of all Government's transactions. It concerns itself with taxation, financial legislation, generating revenue, oversees expenditure, mastermind economic policy, fiscal policy, administers effective coordination of government financial operations.

The strategic objective is to maintain a strong fiscal policy and a stable, simple tax system to provide maximum support for macroeconomic stability, efficient macroeconomic policy system, potential economic growth to increase employability and to restore the competitiveness and reliability of the financial environment. The plan inspires active participation in economic development in compliance with the regulation. The goal of the strategic plan is to set an example in the development of public administration by combining the best financial management system. The Ministry of Finance Development guards the national treasury and works towards ensuring that Somaliland is financially healthy and prosperous, and this is to oversee effective spending of government resources, make the rules to provide a stable financial system and directs the better governance of the quality of the financial institution.

The plan is also designed to work on equitable and robust tax legislation. The strategy aims to pursue the implementation of the work programmes and to develop economic policy.

This Strategic Plan (SP) change the way the ministry's high-level statements, this is to redefine the institution's vision, mission and core functions as well as strategic objectives, policy priorities, and resource requirements based on its mandate and the prevailing socio-economic environment. The strategy also defines its policies to ensure that the ministry's priorities are achieved. It is, therefore, expected that this Strategic Plan would facilitate the ministry to establish and systematise itself to improve its performance of services continually.

The primary goal of this Strategic Plan is to contribute meaningfully to the highlighted objectives of the NDPII by developing economic mechanisms and policies to fast-track the momentum of economic growth and the success of national development. This is to be accomplished through the application of institutional and structural reforms, augmented throughout, enabling and stimulating more public and private investments, and forging an integrated, self-sustaining economy. To raise productivity rates in the various sectors of the economy, the plan offers substantial chances to influence regional and global knowledge, opportunities and technology advances.

## **1.2 Legal and Policy Context**

The highlighted policy, legal and regulatory frameworks below are the existing ruling principles of the Ministry of Finance Development:

- i. The 2001 Constitution of the Republic of Somaliland.
- ii. The Act of Delineation of Trade Bill – Law No. 26/2004.
- iii. Foreign Investment Law No 29/2008.
- iv. Somaliland National Budget Law No 44/2010.
- v. Central Bank Law No 54/2012.
- vi. Islamic Bank Law No. 55/2012.
- vii. Law on the Delineation of the Organisation of the Government and the Independent Public Bodies – Law No. 71/2015.
- viii. Revenue Act – Law No. 72/2016.
- ix. Customs Act – Law No. 73/2016.
- x. National Audit Act X/L 74 /2016.
- xi. Public Financial Management & Accountability Act 75/2016.
- xii. Somaliland Auditor General Law No. 76/2016.vi.
- xiii. The Code of Conduct Bill 01/2018.
- xiv. Somaliland Company Law No. 80/2018.
- xv. The Public Procurement Law – Law No. 82/2018.
- xvi. Registration Tax, Law No. 83/96.
- xvii. Stamp Duty Act, Law No. 85/96.

## **1.3 Overall Mandate.**

The overall mandate of the Ministry of Finance Development is;

- To formulate sound economic and fiscal policies that mobilise internal and external financial resources for public expenditure.
- To enhance national economic stability, by focusing on socioeconomic development as a tool of poverty reduction.

- Regulate financial management, oversee national planning, ensure effectiveness and efficiency on revenue and expenditure and set the directions of the strategic development initiatives for economic growth.
- The mandate further seeks to manage budget planning, state revenue fund, formulation of the macroeconomic policy, state assets, liabilities, revenue fund and debt management.

#### **1.4 Link Between the Somaliland National Vision, the NDP II and the Strategic Plan.**

As stated by the Somaliland National Development Plan II, Somaliland has been consolidating peace and development through locally tailored reconciliation within its borders. Despite enduring several internal conflicts, Somaliland continued to unite as a young nation. Through the period of 1997-2006 Somaliland moved from conflict to humanitarian and recovery status, where international aid organisations directly implemented programmes and projects based upon primarily broad humanitarian and recovery needs. After one decade of relative stability, the Government of Somaliland and its international partners agreed to move Somaliland from a humanitarian and recovery status towards reconstruction and development. This culminated into a joint Government World Bank and United Nations “Joint Needs Assessment” (JNA) in 2006, Somaliland’s first needs assessment focusing purely on future development.

In January 2007, a consultative workshop was held in Hargeisa to bring together the executive and the legislative branches of the government, as well as non-state actors to discuss and draw recommendations from the JNA findings. Based on these findings and recommendations, the Somaliland Reconstruction and Development Program (RDP), 2007-2011 was produced which was Somaliland’s first five-year development plan. Somaliland RDP with a primary vision of "deepening peace and reducing poverty" was designed to further the achievements of restoring law and order, re-establishing public institutions for good governance and social services delivery, and reviving the private sector. It built on the unique experiences of Somaliland in reconciliation, peace-building, recovery, reconstruction, and renewed development. According to Somaliland RDP document, future development efforts were focused on the following pillars.

**A. Investing in people through improved social services** (especially education, health, water and sanitation) to save lives and to raise human skills, and actions to address the needs of specific vulnerable groups such as women, children and the disabled.

**B. Establishing an enabling environment for poverty reduction and sustained growth** by expanding opportunities for employment and improving food security through better infrastructure, policies and actions to overcome constraints facing productive sectors, and ensuring the protection of the environment and sustainable use of natural resources.

**C. Deepening peace, improving security, and establishing good governance** through the strengthening of core public and private sector institutions and conflict preventing and resolving mechanisms.

According to the Somaliland National Vision 2030, Somaliland should be a nation whose citizens enjoy sustained economic growth and reduced poverty levels. The Somaliland National Vision 2030 identifies six priority areas of its economic agenda:

- Agriculture, livestock and fisheries

- Trade and financial services
- Tourism – Manufacturing
- Mining and extractives
- Private sector and investment
- Diaspora

These areas are critical for unlocking the potential economic growth of the country. As for the first cycle of development in Somaliland, the NDP focused on creating a better environment for businesses. During the NDP (2012-2016) cycle, the Government of Somaliland produced in partnership with other organisations, several studies focused on the private sector, SMEs, informal economy, among others. These studies helped the government institutions working more directly with economic development to have a better understanding of how to improve the conditions for business to thrive. Based on these studies the government targeted critical areas of legal reforms as well as other more interventionist activities. Although, the sector has been relatively successful in pushing forward some fundamental regulatory reforms, its efforts in promoting industrialisation in the country were very timid. Most of the interventions proposed in the NDP related to industrialisation – such as policies, industrial zones and incubators – were never fully supported. However, such performance also raises questions about whether a strong industrial policy is something that the country should envisage, or a somewhat more service-based economy would be a better fit for Somaliland.

More recently, the economy has been suffering from high inflation rates. This shows that the Central Bank of the Republic of Somaliland together with the Ministry of Finance Development are still learning how to adequately use their monetary and fiscal instruments to promote macroeconomic stability, an essential characteristic of a healthy economy. The main aims and objectives of the plan are to deliver a useful framework that brings positive economic transformation that creates jobs and improves the wellbeing status of the Somaliland people. To achieve the necessary economic development, the ministry will address the first pillar of the Somaliland National Vision 2030, which is the economic development pillar that entails to “pursue macroeconomic policies that promote accelerated growth, employment creation and poverty reduction”. The Strategy Plan will also accelerate the realisation of the Second National Development (NDPII) and all other Presidential directives in line with economic growth and social wellbeing.

#### **1.4.1 The Role of the Ministry of Finance Development in NDPII.**

Ministry of Finance Development is the key player for accountability. The ministry administers public financial assets, coordinate the supervision of the main economic and development activities as empowered by law. It proposes financial and economic policy sectors of Somaliland. Thus, it plays a significant role in the Accountability Sector plays in implementing programmes aimed at achieving the targets for inclusive economic growth. The critical roles of the MoFD in the implementation of the National Development Plan include the following:

- i. Formulation and implementation of Sound Macroeconomic Policy for Economic Stability and Growth.
- ii. Domestic financing and revenue mobilisation, including tax and non-tax revenue to increase the low base of GDP growth over the medium term.
- iii. External finance mobilisation to service the public debt, public, private partnership, and future concessional and non-concessional loans to support Somaliland economic development sector.
- iv. Public Investment Management as a catalyst for economic growth.

- v. Enhancing the implementation model of the Ministry of Finance Development.

### **1.5 Strategic Plan Purpose and Objectives.**

The purpose and objectives of the Strategic Plan are to shape the roadmap of strategic actions required to be undertaken by the ministry towards achieving a common goal. This is to underpin the main objectives of the Somaliland National Vision 2030 and the NDPII. Therefore, the Strategy Plan sets;

- The five-year strategic direction to achieve the targets high-level statements of the ministry's mandate, vision, mission and core values.
- Prepare the annual fiscal policy together with the adequate regulations for its implementation.
- Participate in the negotiation of international and regional trade and financial agreements.
- Deliver a method for monitoring improvement towards the attainment of the set of purposes and objectives.

### **1.6 The Guiding Principles of the Plan.**

This strategic plan will embrace the following guiding principles;

- i. Sound, consistent and credible policy formation and implementation.
- ii. Legal and regulatory reform for financial accountability and management to advocate PFM laws.
- iii. Acceleration the pace of development in the areas of resources and equitable development.
- iv. Technological advancement to boost productivity.
- v. Promote sustainable development that upholds environmental protection while maintaining resource utilisation.
- vi. Strong institutional building and human resource development to sustain growth.

# CHAPTER TWO

## 2.0 HIGH-LEVEL STATEMENTS.

### 2.1 Mandate

- To formulate sound economic and fiscal policies that mobilise internal and external financial resources for public expenditure.
- To enhance national economic stability, by focusing on socio-economic development as a tool of poverty reduction.
- Regulate financial management, oversee national planning, ensure effectiveness and efficiency on revenue and expenditure and set the directions of the strategic development initiatives for economic growth.
- The mandate further seeks to manage budget planning, state revenue fund, formulation of the macroeconomic policy, state assets, liabilities, revenue fund and debt management.

### 2.2 Vision

- A catalyst institution that promotes sustainable economic development.

### 2.3 Mission

- Revenue mobilisation improvement to set the country's economic direction of macroeconomic and fiscal policy management, formulate effective policies for public resource accountability, transparency and long term sustainable development.

### 2.4 Core Values

The core values of the Ministry of Finance Development will identify principles of behaviour standards to fulfil the constitutional mandate, pursue the vision and accomplish the mission of the ministry. Hence, the following guiding principles will dictate the behaviour of all members and external stakeholders to determine the right path in the course of performing individual and collective duties and responsibilities.

**Standard:** Clear level of quality of services within the private and the public sector.

**Professionalism:** A high level of competency and strict adherence to courtesy, honesty and responsibility when dealing with government institutions, internal members as well as external stakeholders.

**Integrity:** High character, respect, fairness, open communication and foster collaboration.

**Accessibility:** Accommodation of service users.

**Accountability:** Obligation of the ministry to accept its responsibility, transparently disclosing the results.

**Transparency:** The ministry is obliged to conduct activities honestly and ethically. All individual members of different levels conduct business with honesty, fairness, respect and high character.

**Efficiency and Effectiveness:** To continuously seek competence in which the ministry of Finance Development practice its ability to implement its plans using the smallest possible expenditure of resources. While at the same time, able to accomplish its aims and objectives effectively to remain a fiscally responsible entity.

**Teamwork:** We create successful operational relationships with team members by treating others justly, upholding and preserving an amicable atmosphere, sustaining and nourishing honest and open two-way communication, and connecting others in decision-making processes when the time is right.

## CHAPTER THREE

### 3.0 Situational Analysis

This chapter highlights the current internal strengths and weaknesses as well as the external opportunities and challenges facing the Ministry of Finance Development. Some trained and professional internal and external members of the MoFD carried out an assessment of SWOC analysis (Strengths, Weaknesses, Opportunities and Challenges) and PESTEL analysis (Political, Economic, Social, Technological, Environmental and Legal). The undertaken environmental scan allows the identification of the issues that will either accelerate or obstruct the process of implementing this strategic plan. While at the same time, focuses on subjects that impact and influence on the acknowledged key result areas, or themes of the ministry.

### 3.1 SWOC Analysis

The undertaken SWOC Analysis during the formulation of the Strategic Plan delivered an insight that enabled to realise the existing internal strengths and weaknesses as well as the current external opportunities and challenges. Therefore, the plan can put forward ways to mitigate the internal weaknesses and external challenges build on internal strengths and utilise the external opportunities for the benefit of economic development and the wellbeing of the greater number of people. On the other hand, the SWOC analysis indicates the factors that influence the duties and functions of the ministry to realise its strategies and objectives from internal and external perspectives. The centre of interest of the analysis is on the technical capacity, management, communication, financial and human resources and the pertinent factors of the ministry. The SWOC analysis is discussed below: -

Strengths	Weaknesses
<ol style="list-style-type: none"> <li>1. Strong support for reforms and improving financial management systems.</li> <li>2. Positive trends in tax collection.</li> <li>3. Debt information management.</li> <li>4. Strong Tax Policy.</li> <li>5. Public Procurement oversight.</li> <li>6. Policy and Legal framework availability.</li> <li>7. International technical expertise.</li> <li>8. Financing annual national budget.</li> <li>9. Reform arising from PFM Act.</li> <li>10. Tax Laws Reform</li> <li>11. Financial Management Reporting.</li> </ol>	<ol style="list-style-type: none"> <li>12. Lack of capacity building.</li> <li>13. Unskilled staff.</li> <li>14. Poor technology and ICT scarcity.</li> <li>15. Poor transportation.</li> <li>16. Insufficient space.</li> <li>17. Lack of information sharing.</li> <li>18. Lack of cooperation.</li> <li>19. Tax tribunal.</li> <li>20. Lack of awareness.</li> <li>21. Poor implementation.</li> <li>22. Low salary.</li> <li>23. Good leadership and commitment.</li> </ol>

Opportunities	Challenges
<ol style="list-style-type: none"> <li>1. Governments commitment to economic growth and poverty reduction.</li> <li>2. Discovery of natural resource.</li> <li>3. Regional trade and economic cooperation.</li> <li>4. Structural reform and good implementation strategy.</li> <li>5. Fiscal Policy Formulation.</li> <li>6. Increase of production.</li> <li>7. Political stability of the region.</li> <li>8. Training and capacity building.</li> </ol>	<ol style="list-style-type: none"> <li>1. Higher Unemployment.</li> <li>2. Lack of recognition.</li> <li>3. Least foreign aid.</li> <li>4. Low domestic revenue.</li> <li>5. Low export.</li> <li>6. Strong foreign currency.</li> <li>7. Depreciation of local currency.</li> <li>8. Climate change.</li> <li>9. Poor remuneration</li> <li>10. Lack of public awareness.</li> </ol>

### 3.4 PESTEL Analysis

During the formulation of the Strategic Plan, a broad Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis was undertaken. This PESTEL Analysis allowed the ministry to candidly portray and depict the environment in which it operates, and therefore be able to understand the dynamics that will either upkeep or hinder the implementing process of the strategic plan. The table below shows the PESTEL Analysis.

PESTEL ANALYSIS	
<b>POLITICAL FACTORS</b>	<b>IMPLICATIONS</b>
Relative Peace and Stability	Positive local investment and optimum revenue collection.
<b>ECONOMIC FACTORS</b>	<b>IMPLICATIONS</b>
<ul style="list-style-type: none"> <li>- Regional Integration</li> <li>- Global and Regional Economic Growth</li> </ul>	<ul style="list-style-type: none"> <li>- Poverty rates reduction, lower food prices and real income rises.</li> <li>- Positive or negative fiscal outcomes (depends)</li> </ul>
<b>SOCIAL FACTORS</b>	<b>IMPLICATIONS</b>
Negative perception of government expenditure.	Decline of domestic revenue mobilisation
<b>TECHNOLOGICAL FACTORS</b>	<b>IMPLICATIONS</b>
Poor Information System	Lack of Integration of public ICT Systems.
<b>ENVIRONMENTAL FACTORS</b>	<b>IMPLICATIONS</b>
Natural Disasters, Climate Change, Frequent droughts/Famine and Flooding	Decrease of tax collection and negative impact to the wellbeing of the economy
<b>LEGAL FACTORS</b>	<b>IMPLICATIONS</b>
Legal procedures and PFM Legal Frameworks	Enforcement constraints and lack of implementation strategy

### 3.5 Lessons Learnt

As a key part of The Ministry of Finance Development documenting lessons learned helps the ministry's performance team discover both strengths and weaknesses internally as well as identifying opportunities and challenges externally. It provides an opportunity for team members and/or partners to discuss successes during decision-making, policy development, administrative project plan, unintended outcomes, and recommendations for others involved in similar future projects. It also allows the ministry at high-level statements to discuss things that might have been done differently, the root causes of problems that occurred, and ways to avoid those problems in later implementation stages. Use of lessons learned is a principal component of an organisational culture committed to continuous improvement and adaptive management. Lessons learned mechanisms communicate acquired knowledge more effectively and ensure that beneficial information is factored into planning, work processes, and activities.



Therefore, the forthcoming lessons, which the ministry will learn from the implementation of its mandate in the coming five years, will improve the implementation of the next Strategic Plans and policies: -

- Effective implementation of the ministry's mandate requires a commitment to management at all levels.
- Empowered financial and human resources enable better achievements, and it is critical for the successful implementation of the ministry's mandate.
- Use of technology improves efficiency and effectiveness in service delivery.
- Compliance to PFM reforms increases accountability and management of public resources.
- Availability of data is crucial for monitoring progress in the implementation of the plan. To achieve set targets in this strategic plan, there is a need for regular monitoring and evaluation, preferably at pre-set intervals.

## **CHAPTER FOUR**

### **4.0 Strategic Issues**

Some of the identified challenges and the key strategic issues that impact comprehensively on the successful implementation of the ministry's programmes and address in this strategic plan include the following: -

- Lack of capacity building
- Poor technology and ICT scarcity
- Poor transportation
- Insufficient space
- Lack of information sharing
- Lack of cooperation
- Tax tribunal
- Lack of awareness
- Poor implementation
- Low salary

### **4.1 Strategic Directions**

A strategic direction is one of the most important forces that the ministry requires to implement. The strategic direction will establish the structure for internal responsibilities that each department of the Ministry of Finance Development and its staff takes on. A clear vision allows each department to know the ministry's purpose and objectives. Strategies and tactics will enable each department to understand the role it plays in contributing to the achievement of the vision, mission, core values and objectives by fulfilling the overall mandate. Through comprehensive examination and analysis of the ministry's mandate, vision, mission, the environmental scan, PESTEL analysis and the country's National Vision and Development Agenda, the MoFD has identified five essential outcomes;

1. The prospective yearly GDP growth of 4% to 6% per annum.
2. Revenue Mobilisation on domestic level (inland revenue) by 7% per annum.
3. Poverty reduction to 10%
4. Macroeconomic stability.
5. Curbing the rising inflation and maintaining in a single digit of 4% in the coming five years.

6. Maintain sufficient foreign exchange reserve cover.
7. Global competitiveness ranking to 184 out of 192 countries.

To attain the above institutional key outcomes, the ministry will bring into line and focus its efforts towards eight strategic core areas to be implemented over the plan period. These include;

1. Economic development and macroeconomic stability.
2. Improvement of Public financial management system.
3. Effective management and resource mobilization.
4. Strategic development and national planning.
5. Regional integration and trade cooperation development.
6. International investment and private sector development.
7. Financial sector development.
8. Strengthen institutional capacity.

Strategic planning has goals and objectives manage the activities that are used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the direction of the Ministry of Finance Development in response to a changing environment. This five-year strategic plan is a disciplined effort that produces fundamental decisions and actions that shape and guide what the ministry stands for, who it serves, what it does, and why, with a focus on the future. Effective strategic planning articulates not only where the ministry is going and the actions needed to make progress, but also how it will acknowledge success.

This Strategic Planning is the comprehensive collection and includes everything necessary for the ongoing activities and processes that Ministry of Finance Development use to systematically coordinate and align resources and actions with mission, vision and strategy throughout different departments of the MoFD. The purpose of this Strategic Plan is to administer ministry's management activities to transform the static plan into a system that provides strategic performance feedback to decision making and enables the plan to evolve and grow as requirements and other circumstances change.

Hence, constructing on the eight strategic areas of the Ministry of Finance Development, a number of goals have been identified. For each goal, a set of SMART objectives has been proposed along with their strategies. This is to priorities, strengthen operations, focus energy and resources, ensure that employees and other stakeholders to working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the ministry's strategic direction in response to a changing environment. Ministry of Finance Development plans to practice a number of measures and indicators to improve each strategic objective that supports these eight areas.

# Strategic Directions, Goals and Objectives

## First Strategic Direction: Economic Development and Macroeconomic Stability.

### Strategic Goal: Expanding Opportunity for Employment, Avoiding Economic and Financial Crisis.

#### Broad Objective: Low Inflation and Fiscal Stability.

To sustain low inflation, the Ministry of Finance Development should use proper methods to control inflation, whilst at the same time creating employment and poverty reduction to lift people out of poverty.

#### Specific Objectives

- Reducing unnecessary money supply within the economy.
- Ensuring implementing measures aimed at public investment activities through healthy taxes.
- Wage control to avoid key factors of wage growth that determine inflation.
- Supply-side policies and increasing long-term market competitiveness.
- Monetary policy that controls the money supply and reduces the budget deficit.
- Exchange Rate Policy that refers to the Ministry of Finance Development incorporation with the Central Bank to manage local currency with respect to foreign currencies. In formulating exchange rate policy, a balance should be found between local and foreign currencies.
- Tight Fiscal Policy, which is to increase the tax rate when possible and cut government spending to maintain inflation.

## Second Strategic Direction: Improvement of Public Financial Management System.

**Strategic Goal:** Ensure efficient, effective and accountable use of public resources as a basis for economic development and poverty eradication through improved service delivery.

#### Broad Objective

The principal objective is to have in place a holistic, country-led PFM reform strategy.

#### Specific Objectives

- To provide a broad strategic framework, establish priorities and sequencing of tasks and provide an actionable plan for short, medium and long-term phases.
- The Ministry of Finance Development and other stakeholders to actively participate and fully empowered to shape the strategy and with such ownership ensured concrete actions to transform the Somaliland PFM Reform architecture.

### **Third Strategic Direction: Effective Management and Resource Mobilisation**

**Strategic Goal:** Improving Budget Credibility and Revenue Increase Efforts

#### **Broad Objective**

To enhance the ability of the government, the Ministry of Finance Development should meet its expenditure and revenue targets.

#### **Specific Objectives**

- The government should uphold its budgeting commitment.
- To implement budget as planned to avoid spending priorities to shift.
- To prevent the government deficit from exceeding.
- To avoid erosion of public trust.

### **Fourth Strategic Direction: Strategic Development and National Planning**

**Strategic Goal:** empowering the relationships between planning, policy formulation and budgeting at all levels.

#### **Broad Objective**

Strengthening the link between policy formation and implementation, national planning and budgeting.

#### **Specific Objectives**

- Review, evaluate, analyse and initiate formulation of policies of cross-cutting budgetary issues.
- Allocate resources in line with national development priorities.
- Coordinate the analysis, monitoring and evaluation of budget performance.
- Analyse and advise on annual budget policy options.

### **Fifth Strategic Direction: Regional integration and trade cooperation development**

**Strategic Goal:** Harmonize regional economic policies, regulations and procedures in the preferential trading areas

#### **Broad Objective**

- ♣ Economic coordination with external partners.
- ♣ Establishment of free duty zones.

## **Sixth Strategic Direction: International Investment and Private Sector Development**

**Strategic Goal:** Introducing business and investment attraction

### **Broad Objective**

Encouraging expansion of the existing local businesses as well as attracting foreign investors.

### **Specific Objectives**

- Expansion of the local capability and skills.
- Increase export opportunities.
- Increase investment opportunities.
- To obtain stronger and resilient national economy.

## **Seventh Strategic Direction: Financial Sector Development**

**Strategic Goal:** Financial sector that supports the overall economic growth and social development

### **Broad Objective**

Establish financial policies, improve regulation and supervision of the financial sector

### **Specific Objectives**

- Approval of Somaliland Banking Law.
- Develop policies and frameworks to enforce compliance with international standards.

## **Eight Strategic Direction: Strengthen Institutional Capacity**

**Strategic Goal:** Effective and efficient ministry that achieves required results

### **Broad Objective**

Develop human resource policies, conduct training and capacity building to develop training and skills plan for the ministry.

### **Specific Objectives**

- Formal rules and procedures that dictate how certain matters should be addressed in the workplace.
- Employee rights and duties, including an increase of remuneration.
- Building the ability of the ministry staff and its units to perform functions effectively, efficiently and sustainably.
- Improving the working environment by building new offices.

# CHAPTER FIVE

## 5.0 The Implementation Strategy

Strategic implementation is aimed to apply a process that puts plans and strategies into action to reach desired goals. Strategic implementation is critical to the ministry's success, addressing the who, where, when, and how of achieving the desired goals and objectives. It focuses on the entire Ministry of Finance Development and other related stakeholders.

The ministry will continue to address structural problems that delay progress identified in the environmental scan, SWOC and PESTEL analysis to improve the quality and strength of the staff capacity in the delivery of the ministry mandate. The ministry will also make broad stakeholder consultations to encourage and promote innovation, creativity and professionalism towards the realisation of the strategic plan. Implementation involves assigning individuals to tasks and timelines that will help the Ministry of Finance Development reach their goals.

A successful implementation plan will have a prominent leader. The minister communicates the vision, enthusiasm and performances, which are essential for the achievement of MoFD. Everyone in the ministry should be engaged in the plan. Implementation strategy and performance measurement tools are useful to stipulate motivation and allow for continuation. Implementation often includes a strategic map, which identifies and maps the key ingredients that will direct performance. Such components include finances, market, work environment, operations, people and partners.

The minister will launch the Strategic Plan and will later be uploaded to the ministry's website. Therefore, the public and other stakeholders will easily access. And to implement SP successfully, the different departments of the ministry will operationalise the objectives of the Strategic Plan to achieve the main strategic goals by putting everything into action on annual plans. Hence, each department shall cascade the strategic plan to their annual plans by identifying strategic objectives for which they have a direct or indirect influence. The annual plan is a one-year schedule of the activities or tactical operations which are linked to the departments' budgetary and other resources.

## 5.1 Implementation Model

Implementation of the ministry's Strategic Plan will be established in the prevailing/existing structures of the Ministry of Finance Development while enlarging the range of reporting responsibilities at the policy, administrative and technical level. In order to accomplish the strategic objectives, the ministry has adopted the following implementation model to guide the coordination and implementation of the Strategic Plan;

- Departmental operations and work plans shall be considered to constitute the ministry's short, medium and long-term plans.
- Departmental work plans shall develop all the details of the five-year results matrix, in order to formulate a yearly based internal monitoring and evaluation, which is the act of judging the value, quality and importance of the plan to ensure the progress towards producing the outputs listed in the strategic plan.

- Trimestral and yearly reports at administrative and Procedural levels will confirm the periodic assessment, learning and corrective actions for amendment.
- A framework for Monitoring and evaluation has been settled for the ministry and its directorates to learn from what they are doing and how they are doing it and taking action to adjust their strategy accordingly. Regular monitoring and evaluation will help the ministry to assess how well it is doing against the objectives and impact it has set, and ensure how time and resources used effectively.

## **5.2 Ministry Departments and Roles**

The institutional setup of the Ministry of Finance Development can generally be categorised into two levels: Policy and Technical levels.

1. At the Policy level, the minister heads the ministry, and responsible for a range of state entities that aim to advance the economic growth and development of Somaliland. The Minister of Finance Development is accountable for ensuring that his responsibilities are fulfilled both within the ministry and with respect to the authorities assigned through legislation and in line with government policies.

2. At the technical level, the Director-General, who is the chief executive and operating officer of the Administrative and Technical Secretariat. The Director-General implements the policies established by the minister and reports to him. He/she also makes recommendations on policy issues for their consideration and assists the technical consultants in reaching agreements.

The ministry is comprised of thirteen Departments (13), The Pensions Fund and the Tax Tribunal will be established within five years commencing the year 2019. The thirteen departments of the ministry include;

- I. Accountant General's Office.
- II. Administrative Services and Finance Department.
- III. Budgeting and Planning Department.
- IV. Customs Department.
- V. Human Resource Development Department.
- VI. Inland Revenue Department.
- VII. Internal Audit Services Department.
- VIII. IT Systems Department.
- IX. Legal Services Department.
- X. Macroeconomic Affairs and Statistics Department.
- XI. PFM Department.
- XII. Private Sector and Financial Services Department.
- XIII. Public Relations and Information Department.

## **5.3 Breakdown of Departments and their Roles**

### **I. Accountant General's Office**

The Accountant General's Office consists of thirteen sections; checking section, JPLG section, consolidation and reporting section, counterfoil and stores section, internal control and inspection section, cash management section, administration section, human resource section, local government section, multilateral section, bilateral section, fixed asset management section and public enterprises section. The Accountant General's Office is responsible for:

- Compilation and Management of the accounts of the government.
- Custody and safety of public money.
- Resources of the Government.
- Assisting public entities in making effective decisions.
- Enhancing public entities' accountability and transparency.
- Developing qualified, skilled and motivated accounting officers.
- Accounting for government expenditure, revenue and assets as well as managing all government accounts.
- Achieving appropriate financial controls by maintaining value for money.

### **II. Administrative Services and Finance Department**

This department consists of four sections; finance service section, procurement and logistics service section, central archives section and administrative service section. The department is responsible:

- Provide explicit administrative support to all departments.
- Implement all financial regulations and policy guidance to support the goals and objectives of the ministry.
- Develop and manage the departmental budget.
- Promote efficient use of departmental resources.
- Assist the internal controls and provide all documents needed with the consultation of the Minister and the Director-General.
- Promote a culture of openness, trust, diversity, and equality within the Department.
- Improve communication and collaboration with customers and build a supportive relationship.
- Provide employees with a work environment where teamwork is paramount, ideas are rewarded, creativity and risk-taking are encouraged, and successes are celebrated.

### **III. Budgeting and Planning Department.**

This department consists of seven sections; treasury section, budget preparation section, a planning section, external aid section, fiscal decentralisation section, revenue section and budget reporting and publication section. The department is responsible:

- Improving efficiency in the preparation of the budget and effectiveness in its execution.
- Ensuring appropriate allocation and utilisation of budget.
- Providing efficient management and accountability of government funds.
- Ensuring that the system of accounting and classification is appropriate and aligned with best practices.
- Ensuring timely release of funds to all Government MDAs.



- Ensuring a comprehensive and sound Budget that complies with the law & regulatory instruments.

#### **IV. Customs Department**

This department consists of seven sections; statistics section, exemption section, CRMX section, revenue section, compliance section, revenue enhancement section and checking section. The department is responsible:

- Development of effective, efficient and uniform revenue collection systems and procedures.
- Improvement of staff professionalism through clear understanding and application of the law.
- Implementation of full declaration requirement by traders.
- Work in partnership with the business community and other stakeholders through education and awareness programmes.

#### **V. Human Resource Development Department**

This department consists of six sections; record keeping section, training and development section, recruitment and selection section, supervision section, payroll section and health and safety section. The department is responsible:

##### **I. Driving productivity**

- Human resource development department strives to realise competence and encourage efficiency in the ministry's work. Therefore, its chief objective remains to accomplish institutional goals, by outlining clearly defined aims and achieving them.
- Building Coordination between institutional Departments
- The Human Resources Development Department is responsible for the coordination and harmonious functionality within and between different departments, to ensure resources are organised to achieve the ministry and its departmental objectives.

#### **VI. Inland Revenue Department**

This department consists of twelve sections; revenue reporting, performance and forecasting section, statistics section, returns processing section, GST section, debt management section, taxpayer registration section, taxpayer education, awareness and communication section, large taxpayer section, regional/district taxpayer section, tax audit section, ministries agency and tax appeal section. The department is responsible:

- Expanding the tax base.
- Achieving revenue targets by ensuring on-time filing and on-time payment of the correct amount by taxpayers.
- Fostering taxpayers culture through tax awareness and education programs.
- Improving the quality of service to taxpayers.
- Restructuring IRD to better achieve its mission.

#### **VII. Internal Audit Services Department**

This department consists of five sections; revenue and expenditure section, procurement and fixed asset section, budget and budgetary monitoring section, risk assessment section, monitoring and evaluation section. The department is responsible:

- Assessing and safeguarding of assets;
- Assessing risk.
- Evaluating governance processes.
- Performing quality reviews.
- Investigating fraud.
- Evaluating internal controls.
- Reviewing and assessing operating processes.
- Reviewing accounting and financial information.
- Ensuring compliance with laws.
- Regulations and contracts, and assessing the efficient use of resources.

### **VIII. IT Systems Department**

This department consists of six sections; help desk and call centre section, ICT section, training and academic section, super users and TOT section, system security section and asset registration and support section. The department is responsible:

- Implementing a modern up-to-date and integrated financial system that facilitates efficient transaction processing, reporting and oversight.
- Providing a platform for budgeting and strengthening accountability in the public sector, and integration of all PFM stakeholder information needs in treasury, revenue, expenditure, debt, aid and asset management.
- Providing a foundation for the use of applications and technology for PFM across government.
- Providing a framework for capacity building and knowledge management of the IFMIS for core staff and end users across government.
- Providing a framework for continuous support and maintenance of applications and technologies deployed for IFMIS usage.
- Ensuring the sustainability of the IFMIS on an on-going basis.

### **IX. Legal Services Department**

This department consists of four sections; legal development section, legal enforcement section, records and publication section and tax appeals tribunal section. The department is responsible:

- To strengthen the regulatory framework through amendments, reviews, and interpretation of the existing laws as well as the formulation of new legislation to ensure useful regulatory framework and compliance for Ministerial level.

## **X. Macroeconomic Affairs and Statistics Department**

This department consists of four sections; fiscal policy section, statistics sections, macroeconomic section and external aid section. The department is responsible:

- Collecting primary and secondary macroeconomic data for policy formulation
- Formulating sound economic and fiscal policies that mobilise internal and external financial resources for public expenditure.
- Enhancing national economic stability, by focusing on socio-economic development as a tool of poverty reduction.
- The budget being the most compelling instrument of the government for carrying out its policies, the department will provide the basis for realistic revenue forecasts.

## **XI. PFM Department**

This department Coordinate and harmonies the public financial management reforms to strengthen public finance management systems to enhance effectiveness, efficiency and improve transparency and accountability in the use and management of public funds.

## **XII. Private Sector and Financial Services Department**

This department consists of four sections; financial service section, private sector section, private, public enterprise section and eastern regions development fund section. The department is responsible:

- Fostering close partnership between the private sector and the public sector.
- Facilitating the development of legal, regulatory and operational framework conducive to the growth of the private sector and financial institutions.
- Providing technical support for the development of the financial sector.
- Promoting investment in the financial sector.
- Developing a framework for public, private partnership (PPP) initiatives.
- Overseeing the nationalisation process of public entities.

## **XIV. Public Relations and Information Department**

This department consists of four sections; event management and coordination section, promotion section (awareness and news), production section and customer and service section. The department is responsible:

- Informing the citizens, the activities of the MoFD.
- Increasing the citizen's trust in MoFD and build a positive image.
- Educating taxpayers/traders in compliance with Inland Revenue and Customs laws and make awareness campaigns.
- Increasing the accountability and transparency of MoFD to build trust and partnership.
- Establishing good relations with the public.

## 5.4 Critical Success Factors

To achieve the goals, objectives and strategic directions of this five-year Strategic Plan a set of critical success factors is established to ensure each departments' outputs. This is to provide the common points of reference to help direct and measure progress and ensure the competitive performance of the ministry. It is essential that the Ministry of Finance Development carefully manage the following factors to achieve success in the implementation of projects:

<b>Critical Success Factors</b>	<b>Description</b>
Leadership	Having a vision and sharing it with others. This means; having the leadership, motivation and guidance that provides inspiration to the ministry staff to implement the Strategic Plan successfully.
Good Communication	The implementation of the Strategic Plan requires the ability to communicate effectively; therefore each department and its staff understand what is expected and how they can assist to the successful execution of the ministerial Strategic Plan.
Operationalising Strategy	Utilising available human resource institutional capacity to fulfil the strategy magnificently. Accelerate the promotion of the high-level ministerial statements, including vision, mission and core values.
Monitoring and Evaluation	Periodical review, performance oversight, measurement and reporting.
Integrity	Strong moral of Strategic Plan implementation and sustaining higher standards of better performance and the determination not to lower these high standards of honesty and high quality.
Ownership	Safeguard the fact and state of ownership and understanding the importance of Strategic Plan implementation.
Accountability	Ensuring a sense of responsibility and able to give a satisfactory reason when implementing the strategic plan, and maintaining good communication to all stakeholders.

## CHAPTER SIX

### 6.0 Matrix of the Strategic Plan

This chapter considers the identified strategic matters in which the ministry requires to adopt so as to commendably accomplish its mission, while at the same time, delivering the headship necessary to make the strategy implementation happen sooner. This is the realisation of the Second National Development Plan and the Somaliland National Vision 2030 aspirations. The strategic objectives and initiatives to be pursued in addressing the issues are also presented. A matrix for the strategic plan was developed to make sure that there is a clear direction and successful implementation of the strategies identified. To enhance economic sustainability and growth, the following strategic objectives were prioritised to target the period of the Strategic Plan.

### Strategic Plan Matrix

NDPII	Strategies	Objective	Indicator	Time-Frame in Years					Responsibilities
				Y1	Y2	Y3	Y4	Y5	
NDP II Economic Pillar	<b>Economic development &amp; macroeconomic stability.</b>	To sustain low inflation, the Ministry of Finance Development should use good methods to control inflation.	<p>Measuring and evaluating the effectiveness of the existing policies and their approaches and consequently adopting the current policies, or designing new ones.</p> <p>Measuring the leadership and managerial guidance to staff.</p> <p>Current policies include; Revenue Policy, Electronically Stored Information Policy, Records Management Governance Policy, Records Retention and Destruction Policy and Cash Management Policy.</p>	X	X	X	X	X	<p>Office of the Minister.</p> <p>Office of the Director General.</p> <p>Macroeconomic Affairs &amp; Statistics Department</p>
	<b>Improvement of Public financial management system.</b>	The principle objective is to have in place a holistic, country-led PFM reform strategy.	<p>Measuring the established country-led PFM reform Acts.</p> <p>Measuring the new Reform Acts of Revenue, Expenditure, Auditing, Procurement and Customs Acts to strengthen Public Financial Management System of Somaliland.</p> <p>It also includes other laws, regulations and amended Acts.</p>						<p>Office of the Minister.</p> <p>Customs, Inland Revenue, Internal Audit Services, Accountant General's Office &amp; Legal Services departments.</p>

<p><b>Effective management and resource mobilization.</b></p>	<p>In order to enhance the ability of the government, the Ministry of Finance Development should meet its expenditure and revenue targets.</p>	<p>Measuring, monitoring and evaluating existing laws and regulations, including Public Finance Law, FDI Law and Customs Law.</p>						<p>Customs, IR, Accountant General's Office, Legal Service &amp; Administrative Services and Finance Departments.</p>	
<p><b>Strategic development and national planning.</b></p>	<p>Strengthening the link between policy formation and implementation, national planning &amp; budgeting.</p>	<p>Review, evaluate, analyse and initiate formulation of policies of cross cutting budgetary issues</p>						<p>Office of the Minister.  Budgeting and Planning Department.</p>	
<p><b>Regional integration and trade cooperation development.</b></p>	<p>Economic coordination with external partners &amp; establishment of free duty zones.</p>	<p>Harmonize regional economic policies, regulations and procedures in the preferential trading areas</p>						<p>MoFD, MoI &amp; Ministry Commerce Industry &amp; Tourism</p>	
<p><b>International investment and private sector development.</b></p>	<p>Encouraging expansion of the existing local businesses as well as attracting foreign investors.</p>	<p>Measuring and implementing investment and company policies.</p>						<p>MoFD, MoI &amp; Ministry Commerce Industry &amp; Tourism.</p>	
<p><b>Financial sector development.</b></p>	<p>Establish financial policies, improve regulation and supervision of the financial sector.</p>	<p>Requirement measuring on Treasury Management and Budget Execution.  Requirement measuring on Accounting and Financial Reporting.</p>						<p>MoFD &amp; Central Bank.</p>	
<p><b>Strengthen institutional capacity.</b></p>	<p>Develop human resource policies, conduct training and capacity building to develop training and skills plan for the ministry.</p>	<p>KPI's measure the degree by which the ministry achieve consistency.</p>						<p>Administrative Service &amp; Finance Department.</p>	

# CHAPTER SEVEN

## 7.0 Risk Analysis

To identify where the Ministry of Finance Development and its Departments might be vulnerable, risk analysis and mitigation strategy are outlined below. Firstly, this will enable the ministry to understand the possible risks ahead. Therefore, they will be minimised. And secondly, the ministry ensures to plan mitigation measures to reduce the severity and seriousness of the assessed risks driven by internal and external factors. Of course, the MoFD may not be able to cope with all the risks. However, some of the potential risk and their contributing factors can be minimised after identifying their causations.

Potential Risks	Operational Risks	Financial Risks	Technological Risks	Mitigation Strategy
<p><b>Lacking commitment of the Departments to ensure implementation of the Strategic Plan.</b></p> <p><b>Failure to implement the Strategic Plan due to inability of Management.</b></p>	<p>High possibility of the proposed activities may confront administrative obstacles.</p> <p>The reality of inadequately skilled staff in key departments is likely to affect delivery of services in Technical and IT function.</p> <p>Shortage of space, office tools and equipment.</p> <p>Inadequate budgeting and lack of implementation may make difficult to implement the planned activities.</p> <p>Inappropriate attitude and culture in the governance and operations.</p>	<p>Incompetence to increase revenue to finance planned operations.</p> <p>A national economic crisis may disturb the implementation of the planned activities.</p>	<p>Ministry of Finance Development may not keep pace with rapid ICT developments.</p> <p>Staff may find it difficult to adapt to new technological changes.</p> <p>Inadequacy of the current software to match the required operations.</p>	<p>To mitigate the effects of the above risks on this plan, The Department of Planning and Statistics implements the following measures: -</p> <p>Enhancing M&amp;E for early detection of all potential risks;</p> <p>Carrying out suitable discussion with stakeholders;</p> <p>Enhancing MoFD management capacities;</p> <p>Fostering optimal utilization of available resources;</p>

# CHAPTER EIGHT

## 8.0 Annexures 1

### 8.1 Challenges

The key challenges of the Ministry of Finance Development were identified as:

- Ministry’s tax reform is one of the top priorities for the finance ministry. The challenge for the ministry is to ensure that medium and large business to accept and collaborate tax regulations passed by the Parliament.
- In support of improved accountability and modernisation, the current budget classification system will require revision to move beyond the current functional structure that does not support further expansion nor adhere to international conventions as stated by PFM Strategic Plan.
- Employing staff without the requisite experience to manage a process as complex and risk-prone as PFM programme.
- Inappropriate organisational culture.
- Limitation of capacity to implement all programmes and processes.
- The economy of Somaliland has faced a number of macroeconomic challenges, particularly exchange rate depreciation, high inflation and a widening trade balance.

### 8.2 Stakeholder Analysis

The ministry engaged internal stakeholders as well as external stakeholders to express their expectations from the Ministry of Finance Development in terms of service delivery. The ministry made several visits to large, medium and small enterprises on 08 – 17 October 2018 prior to the finalisation of the Strategic Plan. Below are some of the expectations raised during the consultations.

Stakeholder	Stakeholder Needs and Expectations	Ministry Expectations	Impacts
N/A	<p>Better service delivery.</p> <p>Review the inappropriate policies, acts and regulations.</p> <p>Transparency and accountability in public finances management.</p> <p>Capacity building, training and awareness of staff.</p> <p>Timely financial reporting.</p> <p>Timely government payment on procurement payment terms.</p> <p>Low levels of tax.</p>	<p>Compliance with laws, policies deadlines and procedures.</p> <p>Access to financial statements.</p> <p>Cooperation and effective communication.</p> <p>Integrity</p> <p>Transparency and accountability</p> <p>Speedy bilateral Agreement</p>	<p>Effectiveness and efficiency of service delivery</p> <p>Improve efficiency and effectiveness</p>



## 8.4 Monitoring and Evaluation

The Ministry of Finance Development will make monitoring and evaluation an integral part through the process of the execution of the strategic plan. The aim and purpose of measuring and assessing Strategic Plan performance are to illustrate lessons from the implementation experience. The results of the monitoring and evaluation framework will notify the decision-making processes. The system will mostly use the strategic objectives and indicators that have been incorporated into the strategic plan detailed implementation matrix.

Each Department of the ministry will conduct series input and output analysis. The departments will also organise and perform first assessments, which will include cost analysis as well as the monitoring, which is the first part of the process, will be based on the following guidelines:

- All Departments will monitor all accomplishments and activities based on their jurisdiction and responsibility.
- Directors will be in charge of their department's monitoring and evaluation processes falling under their responsibility. This will include; accounting for output and inputs, activities.
- Directors of each Departments will be responsible for preparing Annual Work Plans (AWPs) for each year of implementation, and all individuals prepare Individual Operational Plans (IOPs). This is based on the Departmental implementation plans.
- Departments and their directorates will monitor; areas of performance, ways of utilisation of resources, and institutional capacity. The monitoring process will involve regular progress of the strategic plan implementation.



Evaluation will be done to examine and investigate the medium and long-term effects of trends in specific objectives of the Strategic Plan. The evaluation activities will timely be arranged in three different terms: -

- a. Mid-term Evaluation: This is to examine the implementation progress of all departments. The mid-term evaluation will ensure all strategic goals and objectives are to be achieved within the planned time set by the Strategic Plan.
- b. End Term Evaluation: at the end of the Strategic Plan, a final evaluation will be conducted by the ministry to measure achievements and re-design the next Strategic Plan.
- c. Ad hoc Evaluation: In order to inform the implementation strategy and whether goals and objectives are to be achieved the ministry will conduct an ad hoc evaluation based on need.

