



## CENTRAL BANK OF SOMALIA

### Terms of reference to develop IFRS capacity in Central Bank of Somalia

#### 1. Background

The Central Bank of Somalia was established in 1968 as the country's financial regulatory institution. After years of insecurity, fragility, and economic decline due to the collapse of the state in 1991, The Central Bank was revived and strengthened with the CBS Act of 2011. The Act laid a new foundation to regulate and boost the country's finance sector and facilitate economic growth.

The Central Bank of Somalia is undertaking a transformative journey to meet its core functions and be a policy-oriented institution. This has led to drafting a strategic plan for the bank that charts the progress to be achieved between 2020-2024. There is also a transitional plan that provides the roadmap to restructure the bank and reform the financial sector of Somalia. The strategic goals include the establishment of monetary policies and regulatory frameworks that support financial sector reform and stability

Adoption of IFRS by the Central Bank of Somalia brings with it transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.

To ensure that the Central Bank of Somalia leads in the adoption of IFRS, the Bank shall develop internal skills and resources to ensure that it can develop financial statements that are in compliance to IFRS.

#### 2. Objective of the assignment

The training aims at providing Central Bank of Somali technical staff with advanced skills related to International Financial Reporting Standards customized to the banking industry so that they can use the acquired skills in guiding and supervising the banking and financial services sector in Somalia.

- Provide information on the regulatory and operational frameworks adopted by comparator countries (central banks and/or prudential supervisors) for the application of IFRS, which are pertinent to the Somalia case and whose experience can be drawn upon.
- Review and evaluate the implementation of IFRS by the Central Bank of Somalia by reviewing the adequacy of policies, procedures, risk management framework, governance and internal control system with regard to the application of IFRS and related guidance from international standard setting bodies (e.g., the Bank of International Settlement, IMF, World Bank, etc.).
- Undertake an impact assessment of the implementation of IFRS 9, including determining the methodology, data and information required and analysis of the impact of the application of IFRS 9 on the Central Bank situation.
- Support the CBS in the development of a model set of International Financial Reporting Standards (IFRS)-compliant financial statements and related explanatory/guidance notations to be used as

a handbook by CBS in developing or improving their external reporting. Draft guidelines on Application of IFRSs and paying emphasis on IFRS 9, IAS 12 and IAS 19 to Banks.

- Provide tailored capacity building to CBS staff through transfer of knowledge and skills (identify the gaps in knowledge and skills of the staff involved in the various departments that deal with both internal and external preparation/review of financial statements; deliver a tailored training program to meet the relevant staff's training needs, covering the technical aspects related to the implementation of IFRS within CBS).
- Draft guidelines on Application of IFRSs and paying emphasis on IFRS 9, IFRS 15, IAS 12 and IAS 19 to Banks.

### 3. Key IFRSs areas that need to be covered by the assignment

The firm build capacity on (but not limited) on the following key International Accounting Standards and International Financial Reporting Standards and how International Financial Reporting Standards (IFRSs) can be applied in the CBS i.e., IFRS 32, IFRS 39, IFRS 15, IFRS 9, IFRS 7) IAS 12, IAS 16 and other IFRSs related to Consolidation of Financial Statements (IAS 24, IAS 27, IAS 28, IFRS 3, IFRS 10).

The successful firm should, however, use his/her experience to touch on other aspects of IFRSs that he/she judges relevant to the organisation such as aspects that can enhance the financial analysis and performance of the Central Bank of Somalia.

### 4. Deliverables

- Submit an inception report 3 weeks after the commencement of the assignment, including a work plan with timeline of deliverables as well as periodic check-in with CBS senior management to discuss progress and identify any issues needing their attention/guidance.
- Submit an impact assessment report on information on the regulatory and operational frameworks on the application of IFRS adopted by the Central Bank of Somalia compared to comparative countries.
- Submit an assessment report and recommendation for strengthening the adequacy of the Central Bank of Somalia's policies, procedures, risk management framework, governance, and internal control system with regard to the application and implementation of IFRS by the Central Bank of Somalia.
- Submit a report (assessment and recommendations) on the adequacy of the impact assessment of the implementation of IFRS 9, including determining the methodology, data and information required and analysis by Central Bank of Somalia.
- Develop model set of International Financial Reporting Standards (IFRS)-compliant financial statements and related guidance notations to be used as a handbook by CBS.
- Deliver a tailored training program for CBS staff covering the technical aspects related to the implementation of IFRS within CBS. Develop and submit Training materials on all highlighted IFRSs/IASs and other aspects judged relevant by the trainer and agreed with the Central Bank Senior Management team (Power piyyut and training Notes)
- Submit training reports to the CBS General Manager of Finance and Administration.
- Provide training certificates of training to the participants.
- Develop quarterly progress report to be approved by the CBS General Manager of Finance and

Administration.

- Submit final report at end of the project.

## 5. Profile of Firm

- Firm must have over 10 years' experience in auditing and reporting of banking industry and financial services sector.
- Firm must have over 10 years' experience in providing training in financial services and IFRS related accreditation
- The firm must have international affiliation and demonstrate ability to leverage work and experience from foreign jurisdictions

## 6. Key Consultants personnel.

- The Firm must submit the list of consultants and their qualifications such as ACCA, CPA, CA with at least 7 years of accounting experience noting who will deliver different phases of the project.
- These consultants are expected to spend substantial time onsite Mogadishu:
  - Team Leader:
    - Team leader must have minimum academic qualifications of a Masters Degree and Professional qualifications of ACCA, CPA, CA or equivalent qualification with demonstrated previous relevant experience
    - The lead consultant must demonstrate previous experience working in Somalia and/or with firms in Somalia
    - The consultant must be a member of a professional organization in good standing
    - Experience in leading multi-disciplinary teams is highly desirable.
    - A minimum of 10 years overall experience 5 of which in leading a team
  - A minimum of 2 other members in the team to support the Team Leader each with the following qualification and experience.
    - Masters Degree and Professional qualifications of ACCA, CPA, CA or equivalent qualification with demonstrated previous relevant experience
    - A minimum of 7 years overall experience 3 of which working in similar projects.
    - Member of a professional organization and work experience in Somalia will be an advantage