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Southwest State Fiscal Outrun Analysis Quarter 1 Report 2022

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Abbreviations

AMISOM	African Union Mission in Somalia
BFP	Budget Framework Paper
EPHS	Essential Package of Health Services
FGS	Federal Government of Somalia
FMIS	Financial Management Information System
GDP	Gross Domestic Product
IMF	International Monetary Fund
MDA	Ministries, Departments and Agencies
MoF	Ministry of Finance
MoPIC	Ministry of Planning and International Cooperation
NDP	National Development Plan
PFM	Public Financial Management
RHMT	Regional Health Management Teams
RMS	Revenue Management System

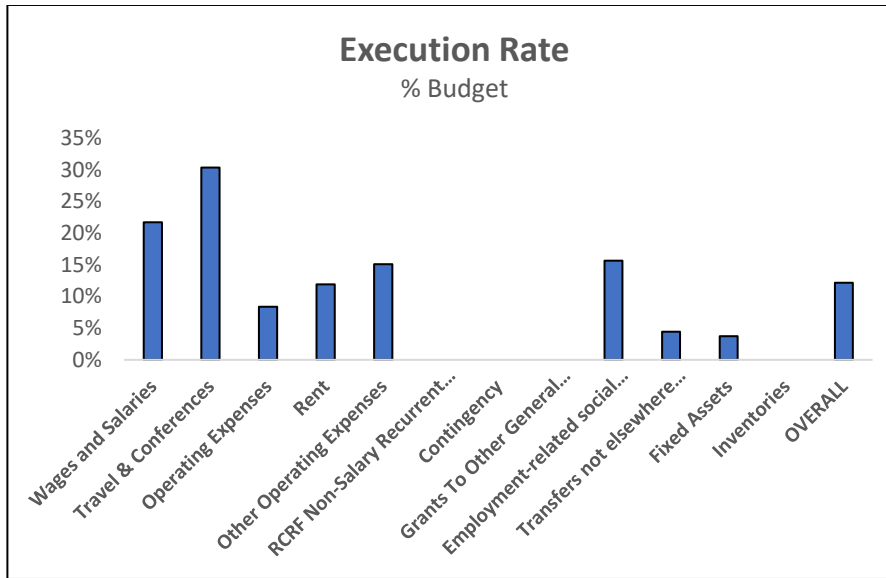
Executive Summary

Performance this year's Quarter one was weakened by poor grant outturn from the Federal Government; however, the Government was able to maintain core expenditure thanks to tax and non-tax performance. Taxes on Payroll and workforce saw a substantial improvement (79%) on last Quarter 1, 2021; and Non-tax revenue saw growth of 1797% (an over 120 thousand dollar increase) driven by strong collection of Property revenues. As a result of this strong performance, all expenditure lines have increased on last year and we have managed to ensure good execution of internal security spending particularly.

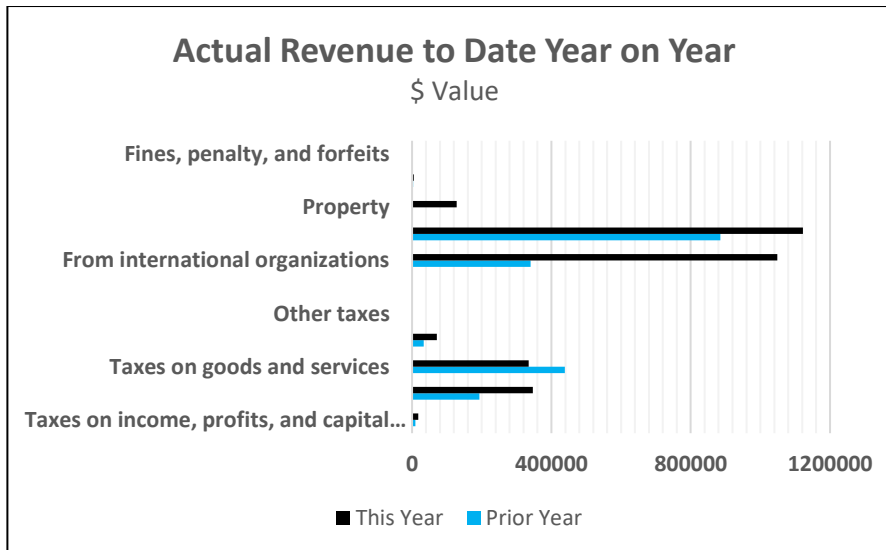
Table 1. Summary Revenue and Expenditure

	Q1 2021	Original Budget at Q1	Current Budget 2022	Share	Transfers	Q1 2022	Share	Change Y-O-Y	Budget Execution
REVENUES	1,906,746	23,806,077	23,806,077	100%	0	3,074,196	100%	61%	13%
Taxes	674,412	3,655,897	3,655,897	15%	0	770,510	25%	14%	21%
Taxes on income, profits, and capital gains	9,408	71,220	71,220	0%	0	17,973	1%	91%	25%
Taxes on payroll and workforce	193,470	1,067,152	1,067,152	4%	0	346,493	11%	79%	32%
Taxes on goods and services	438,205	2,342,540	2,342,540	10%	0	335,114	11%	-24%	14%
Taxes on international trade and transactions	33,329	150,984	150,984	1%	0	70,929	2%	113%	47%
Other taxes		24,000	24,000	0%	0	-	0%		0%
Grants	1,225,313	19,917,808	19,917,808	84%	0	2,170,496	71%	77%	11%
From Foreign Governments		-	-	0%	0	-	0%		
From international organizations	340,516	2,494,581	2,494,581	10%	0	1,048,458	34%	208%	42%
From other general government units	884,797	17,423,227	17,423,227	73%	0	1,122,038	36%	27%	6%
Other Revenue	7,021	232,373	232,373	1%	0	133,190	4%	1797%	57%
Property	2,547	24,151	24,151	0%	0	127,732	4%	4916%	529%
Sale of goods and services	3,066	185,986	185,986	1%	0	4,518	0%	47%	2%
Fines, penalty, and forfeits	1,408	22,236	22,236	0%	0	940	0%	-33%	4%
EXPENDITURES	2,112,321	23,814,087	23,814,087	100%	0	2,898,672	100%	37%	12%
Compensation of Employees	1,636,729	8,995,911	8,995,911	38%	0	1,951,101	67%	19%	22%
Wages and Salaries	1,636,729	8,995,911	8,995,911	38%	0	1,951,101	67%	19%	22%
Use of Goods and Services	342,690	6,724,252	6,724,252	28%	0	648,636	22%	89%	10%
Travel & Conferences	60,107	605,401	605,401	3%	0	183,788	6%	206%	30%
Operating Expenses	112,560	1,595,674	1,595,674	7%	0	133,833	5%	19%	8%
Rent	5,710	94,041	94,041	0%	0	11,200	0%	96%	12%
Other Operating Expenses	164,314	2,115,984	2,115,984	9%	0	319,815	11%	95%	15%
Conflict Resolution Expenses	-	-	-	0%		-	0%		
RCRF Non-Salary Recurrent Cost	-	2,001,666	2,001,666	8%	0	-	0%		0%
Contingency	-	311,487	311,487	1%	0	-	0%		0%
Subsidies	-	42,000	42,000	0%	0	-	0%		0%
Subsidies to other sectors	-	42,000	42,000	0%	0	-	0%		0%
Grants	13,000	-	-	0%	0	-	0%	-100%	
Grants To Other General Government Units	13,000	-	-	0%	0	-	0%	-100%	
Social Benefits	-	11,500	11,500	0%	0	1,800	0%		16%
Employment-related social benefits	-	11,500	11,500	0%	0	1,800	0%		16%
Other Expenses	-	5,232	5,232	0%	0	232	0%		4%
Transfers not elsewhere classified	-	5,232	5,232	0%	0	232	0%		4%
Acquisition of Nonfinancial Assets	119,902	8,035,192	8,035,192	34%	0	296,903	10%	148%	4%
Fixed Assets	39,358	7,915,414	7,915,414	33%	0	296,903	10%	654%	4%
Inventories	80,544	119,778	119,778	1%	0	-	0%		
BALANCE	(205,576)	(8,010)	(8,010)			175,524		-185%	-2191%

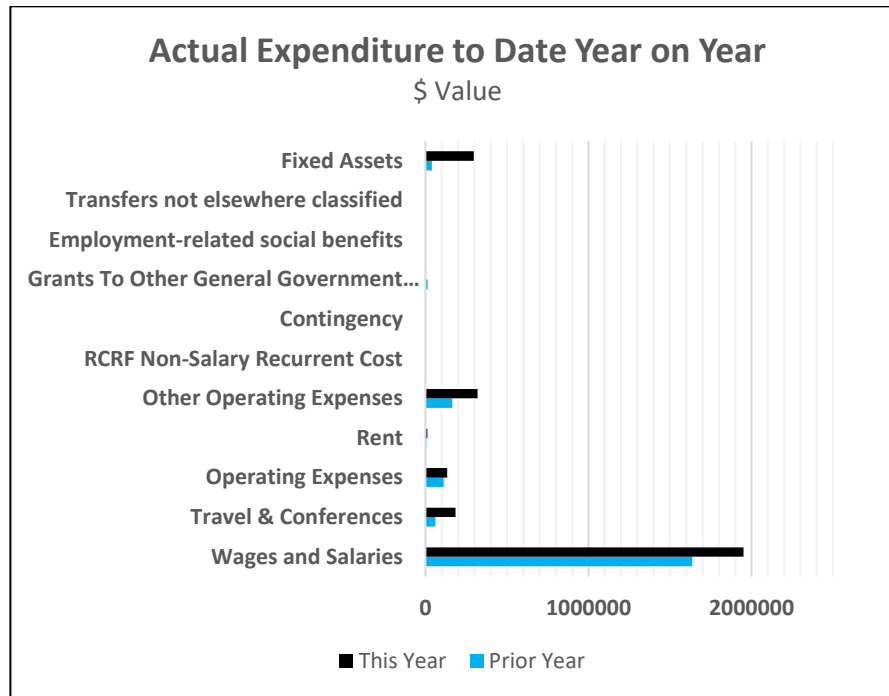
Key Charts



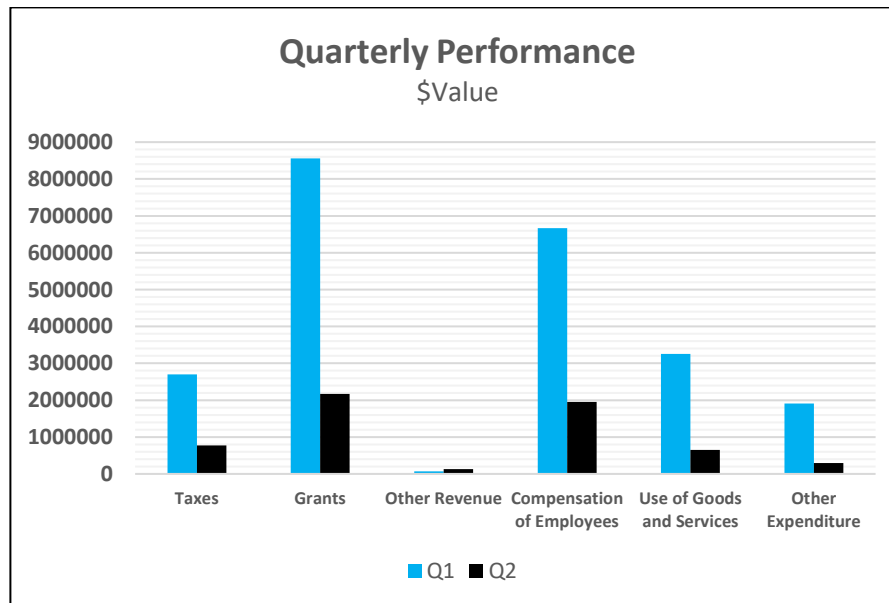
Budget Execution Rate had seen a better turn in 2022 quarter 1, compared to the Q1 2022; most Ministries of Southwest State had more of their share of the Budget FY2022, as the government accelerated exploring more resources to raise the revenue of the state.



Diversification of Revenue Sources had grown well in Q1 2022, for the past 3 years the state used to rely on Grants from International organizations, to reduce the dependency, Taxes on income, profit and capital gain had grown noticeably, this step is a step towards becoming pro-poor which states pay as you earn. And this year property Tax has been introduced and doing well



Expenditure on state Building had started well in 2022, and the Governments expenditure on wages and salaries had increase noticeably which is an increase of around 16% of the total expenditure in 2021, and expenditure on Fixed asset had increased which a sign to promote state Building by diverting the state funds towards Social sectors like Health and Education.



Domestic Revenue collection is booming again and it is almost the highest of all time, and it is a sign to emphasis on Domestic revenue so that budget deficit can be reduce and dependency of Grants from international organization.

Table 2. Expenditure by MDA

	Budget	Actual	Share Budget	Share Actual	% Executed
Civil Service Commission	89,476	10,728	0.4%	0.4%	12.0%
Ministry of Finance	948,009	159,777	4.0%	5.5%	16.9%
Ministry of Health	3,024,138	589,195	12.7%	20.3%	19.5%
Ministry of Planning and International Cooperation	927,255	91,420	3.9%	3.2%	9.9%
Ministry of Justice & Judiciary	89,716	10,179	0.4%	0.4%	11.3%
Ministry of Interior & Local Governments	6,922,350	277,574	29.1%	9.6%	4.0%
Ministry of Internal Security	2,363,816	761,735	9.9%	26.3%	32.2%
Ministry of Education	2,985,394	312,891	12.5%	10.8%	10.5%
Ministry of Industry & Commerce	44,444	5,361	0.2%	0.2%	12.1%
Ministry of Labour & Employment	149,552	10,764	0.6%	0.4%	7.2%
Ministry of Transportation & Airports	54,300	7,770	0.2%	0.3%	14.3%
Ministry of Water & Energy	2,039,154	90,372	8.6%	3.1%	4.4%
Ministry of Aid & Disaster Management	159,745	50,670	0.7%	1.7%	31.7%
State Ministry of President	540,956	167,494	2.3%	5.8%	31.0%
Ministry of Agriculture & Irrigation	335,616	57,708	1.4%	2.0%	17.2%
Ministry of Petroleum and Mineral Resource	27,820	3,855	0.1%	0.1%	13.9%
Ministry of Seaports & Sea Transportation	37,859	3,855	0.2%	0.1%	10.2%
Ministry of Information	183,331	46,774	0.8%	1.6%	25.5%
Ministry of Posts & Communications	40,220	3,855	0.2%	0.1%	9.6%
Ministry of Youth & Sports	105,180	8,670	0.4%	0.3%	8.2%
Ministry of Reconciliation & Constitutional Affairs	48,395	6,264	0.2%	0.2%	12.9%
Ministry of Environment & Wildlife	245,930	58,989	1.0%	2.0%	24.0%
Ministry of Islamic Affairs & Endowments	35,100	3,855	0.1%	0.1%	11.0%
Ministry of Women & Human Rights	276,660	55,370	1.2%	1.9%	20.0%
Ministry of Livestock & Veterinary	274,078	29,669	1.2%	1.0%	10.8%
Ministry of Fisheries & Sea Minerals	44,279	3,855	0.2%	0.1%	8.7%
Ministry of Public Works & Reconstruction	287,446	20,874	1.2%	0.7%	7.3%
Parliament	1,267,320	6,224	5.3%	0.2%	0.5%
Office for Auditor General	52,244	5,625	0.2%	0.2%	10.8%
Accountant General Office	11,505		0.0%	0.0%	0.0%
High Court	202,800	37,300	0.9%	1.3%	18.4%
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Grand Total	23,814,087	2,898,672	100.0%	100.0%	12.2%

Expenditure of government is accumulated on Ministry of internal Security, Aid and Disaster and Presidential ministry, Ministry of Information Ministry of Environment& Wild life and Ministry of Women & Human Rights Respectively.

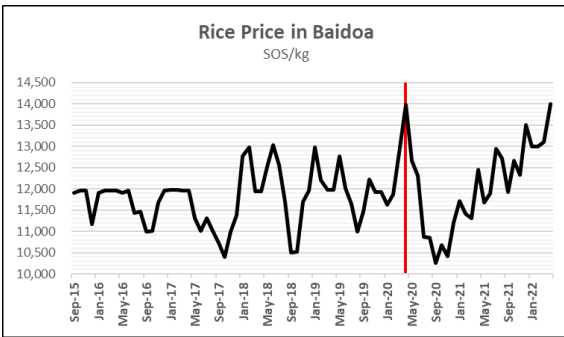
Table 3. Performance Matrix

	Performance	Execution Rate
REVENUES		51.7%
Taxes		84.3%
Taxes on income, profits, and capital gains		100.9%
Taxes on payroll and workforce		129.9%
Taxes on goods and services		57.2%
Taxes on international trade and transactions		187.9%
Other taxes		0.0%
Grants		43.6%
From Foreign Governments		-
From international organizations		168.1%
From other general government units		25.8%
Other Revenue		229.3%
Property		2115.6%
Sale of goods and services		9.7%
Fines, penalty, and forfeits		16.9%
EXPENDITURES		48.7%
Compensation of Employees		86.8%
Wages and Salaries		86.8%
Use of Goods and Services		38.6%
Travel & Conferences		121.4%
Operating Expenses		33.5%
Rent		47.6%
Other Operating Expenses		60.5%
Conflict Resolution Expenses		-
RCRF Non-Salary Recurrent Cost		0.0%
Contingency		0.0%
Subsidies		0.0%
Subsidies to other sectors		0.0%
Grants		-
Grants To Other General Government Units		-
Social Benefits		62.6%
Employment-related social benefits		62.6%
Other Expenses		17.7%
Transfers not elsewhere classified		17.7%
Acquisition of Nonfinancial Assets		14.8%
Fixed Assets		15.0%
Inventories		0.0%

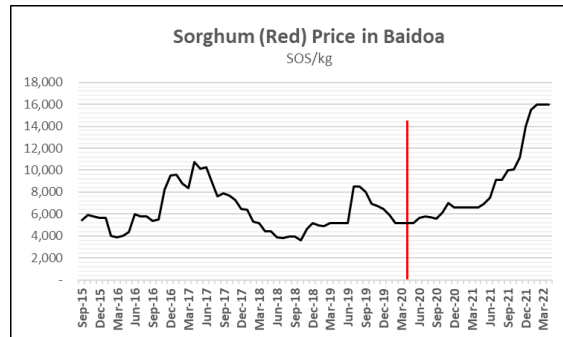
Revenue Performance was lower than the expected level, the government shall improve in meeting the Revenue forecast by making a reliable forecast in the first place, with the help of Macro-fiscal Department looking at historic trends and patterns and the advice it provides to the Budget Department this gap can be reduced to a reasonable level.

With all these unmet revenue forecasts, the government's expenditure on social benefits was a main priority in 2022, Shortage in revenue always costs the government to limit its activities and prioritize its activities to the imminent needs like Expenditure on Salaries, Rent and other operations.

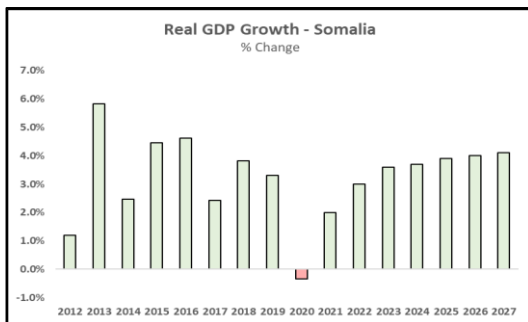
Macro-economic Situation



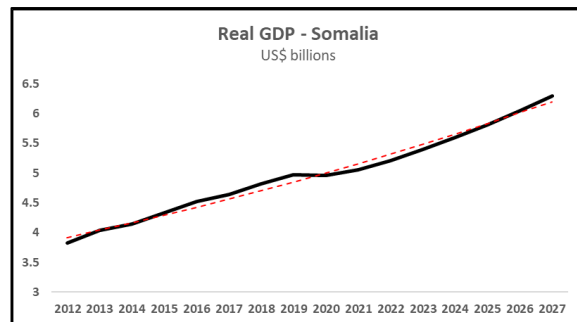
Rice prices have increased recently following the price rises of Sorghum as people switch to rice.



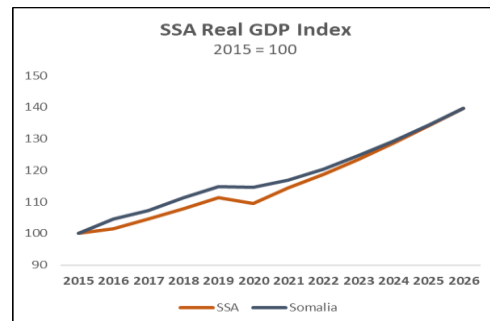
Sorghum prices have risen due to bad weather and a weak harvest



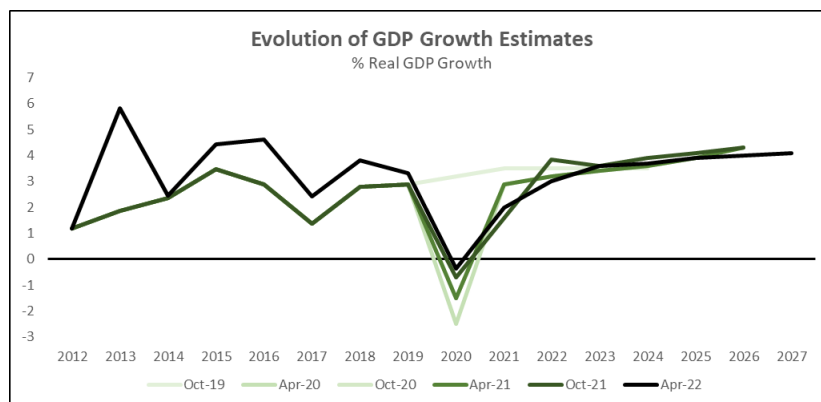
Real GDP growth fell in 2020 due to COVID, and started to recover in 2021 but only to a limited amount.



GDP is expected to have a recovery from COVID and actually grow above the previous trend.



Somalia saw historically higher growth, but is expected to recover more slowly



Historic numbers have been significantly adjusted by the IMF

Annex Table A. Revenue and Expenditure by Donor

	Budget	Actual	Balance	Share Budget	% Executed
Expense	15,778,895	2,601,769	13,177,126	66.10	16.5%
ADRA	53,325	1,625	51,700	0.22	3.0%
Federal Government of Somalia	9,625,178	1,014,721	8,610,458	40.43	10.5%
Treasury Single Account - Regular Budget	3,894,946	892,545	3,002,402	16.21	22.9%
UNICEF	1,485,410	607,771	877,639	6.21	40.9%
Danish Refugee Council	102,492	4,635	97,857	0.44	4.5%
#N/A	10,775	10,710	65	0.04	99.4%
Save the Children International In Somalia	65,229	7,840	57,389	0.27	12.0%
World Vision International	132,937	24,019	108,918	0.55	18.1%
I O M	11,000	11,000	-	0.05	100.0%
FAO	20,228		20,228	0.07	0.0%
UNDP	24,300		24,300	0.10	0.0%
UN HABITAT	4,630	1,904	2,727	0.01	41.1%
WFP	54,028		54,028	0.24	0.0%
Care International	2,800	2,800	-	0.01	100.0%
International Labour Organization	291,616	22,200	269,416	1.25	7.6%
Net worth and its changes	8,035,192	296,903	7,738,289	33.73	3.7%
ADRA	129,000		129,000	0.54	0.0%
Federal Government of Somalia	7,837,749	273,352	7,564,397	32.91	3.5%
Treasury Single Account - Regular Budget	300	300	-		100.0%
UNICEF	39,831	13,558	26,273	0.16	34.0%
Danish Refugee Council	1,759		1,759	0.01	0.0%
WFP	2,000		2,000	0.01	0.0%
UNCDF	9,693	9,693	-	0.04	100.0%
Kube Energy	14,860		14,860	0.06	0.0%
Revenue	23,812,754	3,080,873	20,731,881	100.00	12.9%
ADRA	1,625	1,625	-	0.01	100.0%
Federal Government of Somalia	17,643,628	1,122,038	16,521,589	74.07	6.4%
Treasury Single Account - Regular Budget	3,895,246	910,377	2,984,869	16.37	23.4%
UNICEF	1,525,241	932,452	592,789	6.41	61.1%
Danish Refugee Council	104,251	3,000	101,251	0.44	2.9%
#N/A	10,775	10,710	65	0.04	99.4%
Save the Children International In Somalia	63,896	14,233	49,663	0.26	22.3%
World Vision International	132,937	12,565	120,372	0.56	9.5%
I O M	11,000	11,000	-	0.05	100.0%
FAO	20,228	39,180	(18,952)	0.09	193.7%
UNDP	24,300		24,300	0.10	0.0%
UN HABITAT	4,630		4,630	0.02	0.0%
WFP	56,028		56,028	0.24	0.0%
UNCDF	9,693	9,693	0	0.04	100.0%
Kube Energy	14,860		14,860	0.06	0.0%
Care International	2,800	2,800	-	0.01	100.0%
International Labour Organization	291,616	11,200	280,416	1.23	3.8%

Annex Table B. Expenditure by Donor/Government and Project

	Budget	Actual	Share Budget	Share Actual	% Executed
ADRA	182,325	1,625	0.8%	0.1%	0.9%
SOWASDIP	182,325	1,625	0.8%	0.1%	0.9%
Federal Government of Somalia	17,462,928	1,288,073	73.3%	44.4%	7.4%
Act 2.1.2 System Strengthening	55,488	1,451	0.2%	0.1%	2.6%
Act 2.1.3 Non Salary Recurrent Costs	35,478		0.1%	0.0%	0.0%
Act 2.2 FMS Level Gov & Service Delivery	1,940,000		8.1%	0.0%	0.0%
Act 2.3 EAFS Remuneration	65,160		0.3%	0.0%	0.0%
Act 3.1.1: Financing core government func. in FMS	1,393,080	322,469	5.8%	11.1%	23.1%
Act 3.2.1 Teacher Assessment & Salary	714,000	142,350	3.0%	4.9%	19.9%
Act 3.2.2: School supervision	86,663		0.4%	0.0%	0.0%
Act 3.2.3: Education sector recurrent costs	24,000		0.1%	0.0%	0.0%
Act 3.3.1: Developing female health worker cadre	628,400	38,702	2.6%	1.3%	6.2%
Act 4.1.1-Project Management and Coordination	190,000	53,515	0.8%	1.8%	28.2%
Act3.3.2: StrengthGovCapabi4cntrct mngrt,moni&coord	46,000		0.2%	0.0%	0.0%
BUDGET SUPPORT	1,236,000		5.2%	0.0%	0.0%
Comp. 4: PM, M&E, Knowledge Management & Learning	508,660	72,521	2.1%	2.5%	14.3%
Comp. 5:Livestock Support	276,696	47,038	1.2%	1.6%	17.0%
Comp.1 : Support dev of multiple use water sources	1,508,814	50,732	6.3%	1.8%	3.4%
Comp.2:Institutional and Capacity Development	211,800	55,134	0.9%	1.9%	26.0%
Comp.3:Supporting Sustainable Land MGT and Liveli	221,566	24,308	0.9%	0.8%	11.0%
Education Sector Program Implementation Grants	453,401		1.9%	0.0%	0.0%
FGS-Budget Support	564,000	150,000	2.4%	5.2%	26.6%
GPE-Maximum Country Allocation	337,976	123,920	1.4%	4.3%	36.7%
Humanitarian Response	45,000	35,000	0.2%	1.2%	77.8%
Somalia Urban resilience project 2 (SURP2)	6,506,400	170,932	27.3%	5.9%	2.6%
SOWASDIP	40,000		0.2%	0.0%	0.0%
#N/A	374,346		1.6%	0.0%	0.0%
Treasury Single Account - Regular Budget	3,895,246	892,844	16.4%	30.8%	22.9%
Humanitarian Response	6,677	6,260	0.0%	0.2%	93.8%
Rehabilitation of Baidoa District municipality	300	300	0.0%	0.0%	100.0%
Unassigned	3,888,269	886,285	16.3%	30.6%	22.8%
UNICEF	1,525,241	621,329	6.4%	21.4%	40.7%
Baidoa-world water Day	6,540	6,540	0.0%	0.2%	100.0%
Cholera Emergency Health Response Support	208,880	15,140	0.9%	0.5%	7.2%
COVID-19 Related Hygiene and Sanitation	69,766	69,766	0.3%	2.4%	100.0%

Effective and Efficient Program Implementation.	222,891	20,699	0.9%	0.7%	9.3%
Enabling Environment for Women and Children in SWS	224,200	46,600	0.9%	1.6%	20.8%
Global alliance for vaccines & immunization	195,840		0.8%	0.0%	0.0%
Joint Programme on Local Governance (JPLG) SOM/18/	133,910	51,470	0.6%	1.8%	38.4%
Rolling Work Plan	37,700		0.2%	0.0%	0.0%
Rolling Work Plan	425,514	411,114	1.8%	14.2%	96.6%
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Danish Refugee Council	104,251	4,635	0.4%	0.2%	4.4%
Leading Stakeholders Engagement & Monitoring	1,635	1,635	0.0%	0.1%	100.0%
Social Transfer to Vulnerable Somali People	102,616	3,000	0.4%	0.1%	2.9%
#N/A	10,775	10,710	0.0%	0.4%	99.4%
#N/A	10,775	10,710	0.0%	0.4%	99.4%
Save the Children International In Somalia	65,229	7,840	0.3%	0.3%	12.0%
Child Sensitive Social Protection	1,500	1,500	0.0%	0.1%	100.0%
Global alliance for vaccines & immunization	1,000	1,000	0.0%	0.0%	100.0%
Global Fund	1,333		0.0%	0.0%	0.0%
Humanitarian Response	1,640	1,640	0.0%	0.1%	100.0%
SOM BHA-21-22 Integrated Response	750	750	0.0%	0.0%	100.0%
SOMREP Project	3,260	2,200	0.0%	0.1%	67.5%
SOWASDIP	750	750	0.0%	0.0%	100.0%
#N/A	54,996		0.2%	0.0%	0.0%
World Vision International	132,937	24,019	0.6%	0.8%	18.1%
COVID-19 Related Hygiene and Sanitation	3,200	3,200	0.0%	0.1%	100.0%
Global Affairs Canada	3,650		0.0%	0.0%	0.0%
Global Fund	23,399	2,339	0.1%	0.1%	10.0%
Qansaxdere Nutrition Response	73,820	17,280	0.3%	0.6%	23.4%
#N/A	28,868	1,200	0.1%	0.0%	4.2%
I O M	11,000	11,000	0.0%	0.4%	100.0%
SWSS Strategic Development Plan	11,000	11,000	0.0%	0.4%	100.0%
FAO	20,228		0.1%	0.0%	0.0%
Supervision of CCPP v of CCPP vaccination in SWSS	3,900		0.0%	0.0%	0.0%
#N/A	16,328		0.1%	0.0%	0.0%
UNDP	24,300		0.1%	0.0%	0.0%
RULE OF LAW	24,300		0.1%	0.0%	0.0%
UN HABITAT	4,630	1,904	0.0%	0.1%	41.1%
Joint Program on Local Government	4,630	1,904	0.0%	0.1%	41.1%

WFP	56,028		0.2%	0.0%	0.0%
Humanitarian Response	56,028		0.2%	0.0%	0.0%
UNCDF	9,693	9,693	0.0%	0.3%	100.0%
Rehabilitation of Baidoa District municipality	9,693	9,693	0.0%	0.3%	100.0%
Kube Energy	14,860		0.1%	0.0%	0.0%
Solar Energy	14,860		0.1%	0.0%	0.0%
Care International	2,800	2,800	0.0%	0.1%	100.0%
Dissemination of COVID-19 Related information	2,800	2,800	0.0%	0.1%	100.0%
International Labour Organization	291,616	22,200	1.2%	0.8%	7.6%
Creating Decent Work Opportunities for Somali IDPs	139,420	6,200	0.6%	0.2%	4.4%
Joint Program on Local Government	93,056	5,000	0.4%	0.2%	5.4%
Joint Programme on Local Governance (JPLG) SOM/18/	59,140	11,000	0.2%	0.4%	18.6%
Grand Total	23,814,087	2,898,672	100.0%	100.0%	12.2%