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Tax collection Y-O-Y had increased by **43%** - and there was less collection in Q1 2024 Revenue compared to Q1 2023. But revenue collection has significantly improved in Q2 2024 for Tax collection which has improved the revenue numbers.

However, the Performance for this year's Quarter two was driven by grant outturn from the FGS.

there has been an increase of **142%** in grants



Southwest State Fiscal Outturn Analysis Quarter 2 Report 2024

Mohamed Sheikh

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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

The total current revenue budget for SWSS is 40.9 million and in Q2 2024 only **20%** of it has been executed. For the same expenditure budget, which is short of the Midyear target of **50%**.

Tax collection Y-O-Y had increased by **43%** - and there was less collection in Q1 2024 Revenue compared to Q1 2023. But revenue collection has significantly improved in Q2 2024 for Tax collection which has improved the revenue numbers.

However, the Performance for this year's Quarter two was driven by grant outturn from the FGS. there has been an increase of **142%** in grants received on Q-O-Q.

As a result of this slow performance of revenue outturn, all expenditure lines had decreased on last year and the state had struggled to manage and ensure good execution of the Budget, overall Revenue of Q2 2024 had increased (**35%**) compared to the Q2 2023.

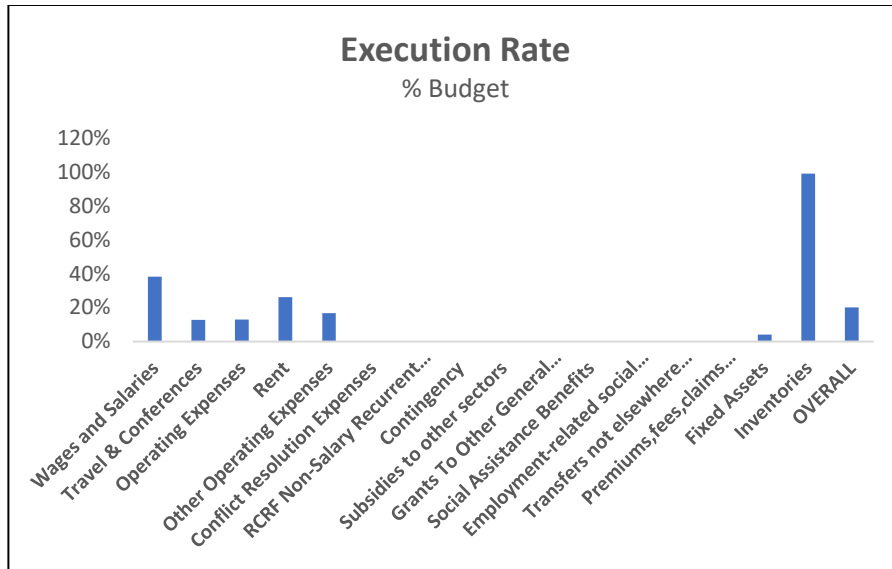
Most of the Govt. expenditure were on compensation of employees **38%**, and other all major subheads were **17%** or under. Inventories budget which increased **4488%** Y-O-Y has already been executed nearly 100%.

Table 1. Summary Revenue and Expenditure

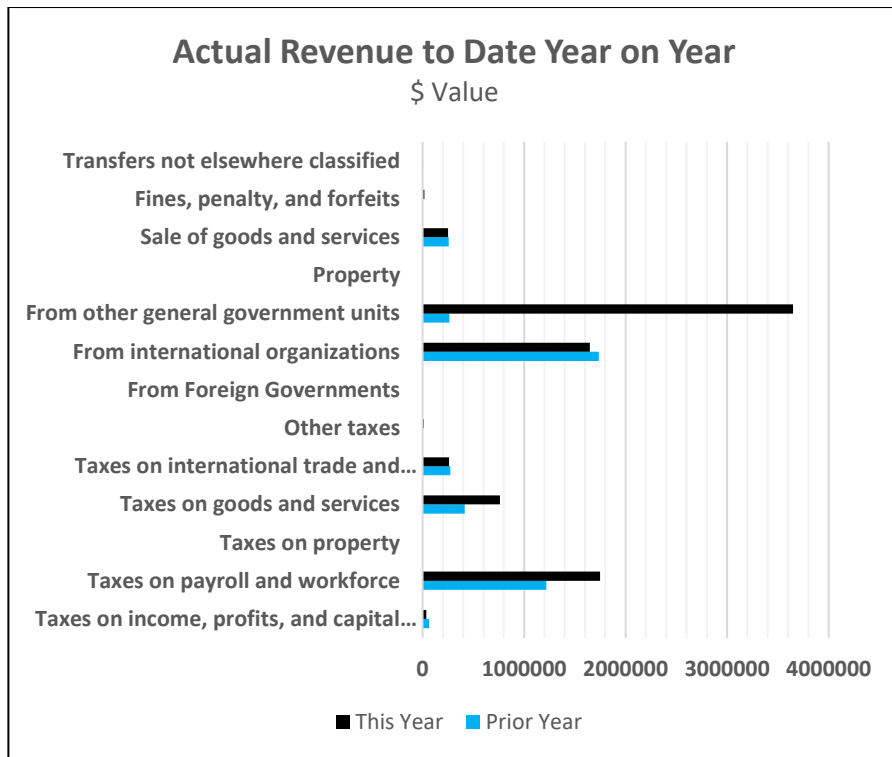
	Q2 2023	Original Budget at Q1	Current Budget 2024	Share	Transfers	Q1 2024	Q2 2024	Share	Change Y-O-Y	Change Q-O-Q	Budget Execution
REVENUES	6,206,912	39,792,431	40,910,362	100%	1117931	3,341,719	8,384,301	100%	35%	151%	20%
Taxes	1,978,312	5,299,737	5,299,737	13%	0	1,060,947	2,819,208	34%	43%	166%	53%
Taxes on income, profits, and capital gains	66,338	135,988	135,988	0%	0	12,407	36,441	0%	-45%	194%	27%
Taxes on payroll and workforce	1,220,171	3,084,975	3,084,975	8%	0	670,672	1,748,848	21%	43%	161%	57%
Taxes on property	-	220,134	220,134	1%	0	-	200	0%			0%
Taxes on goods and services	415,520	1,239,611	1,239,611	3%	0	254,120	761,446	9%	83%	200%	61%
Taxes on international trade and transactions	274,022	584,572	584,572	1%	0	113,971	260,228	3%	-5%	128%	45%
Other taxes	2,261	34,457	34,457	0%	0	9,777	12,045	0%	433%	23%	35%
Grants	3,966,067	33,891,438	35,009,369	86%	1117931	2,188,906	5,297,795	63%	34%	142%	15%
From Foreign Governments	-	-	-	0%	0	-	-	0%			
From international organizations	1,735,181	9,621,944	7,625,106	19%	-1996839	758,692	1,649,032	20%	-5%	117%	22%
From other general government units	2,230,886	24,269,493	27,384,263	67%	3114770	1,430,214	3,648,763	44%	1290%	155%	13%
Other Revenue	262,533	601,256	601,256	1%	0	91,866	267,298	3%	2%	191%	44%
Property	-	-	-	0%	0	-	-	0%			

Sale of goods and services	257,533	601,256	601,256	1%	0	75,866	250,298	3%	-3%	230%	42%
Fines, penalty, and forfeits	-	-	-	0%	0	16,000	17,000	0%		6%	
Transfers not elsewhere classified	5,000	-	-			-	-	0%	-100%		
EXPENDITURES	6,526,239	39,792,431	40,910,362	100%	1117931	3,440,466	8,245,330	100%	26%	140%	20%
Compensation of Employees	4,087,395	13,447,701	13,525,416	33%	77715	2,021,436	5,186,117	63%	27%	157%	38%
Wages and Salaries	4,087,395	13,447,701	13,525,416	33%	77715	2,021,436	5,186,117	63%	27%	157%	38%
Use of Goods and Services	1,981,560	20,487,761	21,129,961	52%	642200	1,266,928	2,762,080	33%	39%	118%	13%
Travel & Conferences	313,214	3,399,715	3,548,615	9%	148900	190,829	454,284	6%	45%	138%	13%
Operating Expenses	865,820	5,527,249	5,656,599	14%	129350	378,716	729,735	9%	-16%	93%	13%
Rent	223,408	1,060,595	1,097,838	3%	37243	153,921	286,864	3%	28%	86%	26%
Other Operating Expenses	579,118	7,407,297	7,722,003	19%	314707	543,462	1,291,196	16%	123%	138%	17%
Conflict Resolution Expenses	-	-	-	0%		-	-	0%			
RCRF Non-Salary Recurrent Cost	-	2,769,255	2,781,255	7%	12000	-	-	0%			0%
Contingency	-	323,650	323,650	1%	0	-	-	0%			0%
Subsidies	-	-	-	0%	0	-	-	0%			
Subsidies to other sectors	-	-	-	0%	0	-	-	0%			
Grants	-	-	-	0%	0	-	-	0%			
Grants To Other General Government Units	-	-	-	0%	0	-	-	0%			
Social Benefits	-	12,000	12,000	0%	0	-	-	0%			0%
Social Assistance Benefits	-	12,000	12,000			-	-				0%
Employment-related social benefits	-	-	-	0%	0	-	-	0%			
Other Expenses	-	5,500	5,500	0%	0	-	-	0%			0%
Transfers not elsewhere classified	-	-	-	0%	0	-	-	0%			
Premiums, fees, claims related to non-life insurance	-	5,500	5,500			-	-				0%
Acquisition of Nonfinancial Assets	457,283	5,839,469	6,237,485	15%	398016	152,102	297,132	4%	-35%	95%	5%
Fixed Assets	456,283	5,796,119	6,191,135	15%	395016	109,102	251,257	3%	-45%	130%	4%
Inventories	1,000	43,350	46,350	0%	3000	43,000	45,875	1%	4488%	7%	99%
BALANCE	(319,326)	-	-			3,382,676	138,971		-144%	-96%	

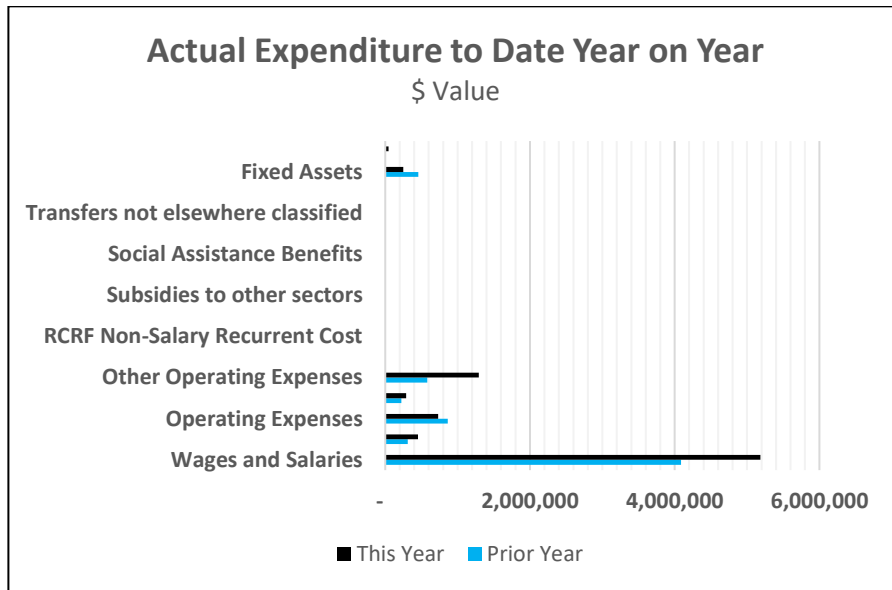
Key Charts



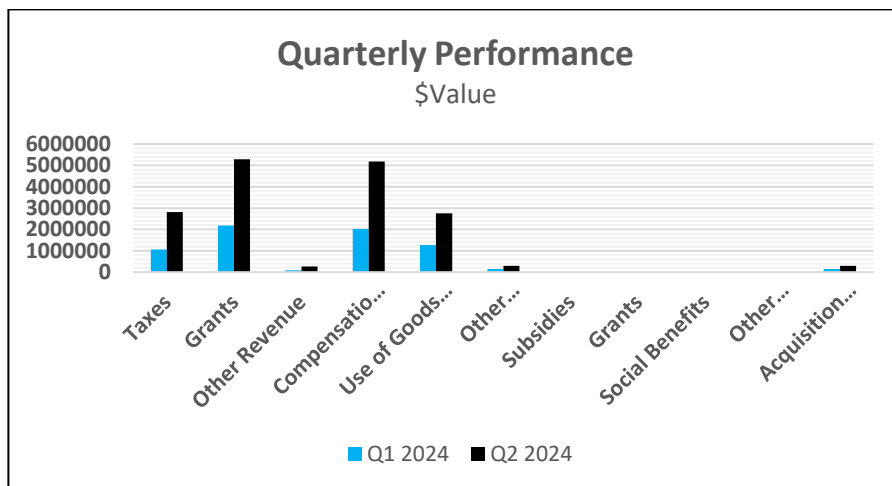
Budget Execution on expenditure is low in Q2 2024 at 20%.



Diversification of Revenue Sources had seen an up-word Trend in Q2 2024, compared to Q2 2023. Taxes on payroll and workforce had increased 43% on Y-O-Y, while Taxes on goods and services, and other Taxes had significantly increase 83% , and 433% respectively on Y-O-Y.



Governments expenditure on wages and salaries had increased noticeably of the total expenditure in Q2 2023, and expenditure on Fixed asset and operating expenses. this will compromise the state Building by funds towards and social sectors development like Health and Education.



Domestic Revenue collection had increased Q2 2024 by **151%**, and it is a sign to do more on revenue collection, and emphasis on Domestic revenue collection so that budget deficit and dependency of Grants from international organization can be reduced.

Table 2. Expenditure by MDA

	Budgeted	Actual	%Execution
Ministry of Agriculture & Irrigation	3,527,236	108,263	3.1%
Ministry of Fisheries & Sea Minerals	240,263	153,909	64.1%
Ministry of Industry & Commerce	40,744	10,722	26.3%
Ministry of Information	167,856	32,179	19.2%
Ministry of Labour & Employment	376,672	82,414	21.9%
Ministry of Livestock & Veterinary	3,537,720	261,075	7.4%

Ministry of Petroleum and Mineral Resource	32,820	7,710	23.5%
Ministry of Posts & Communications	34,620	7,710	22.3%
Ministry of Seaports & Sea Transportation	32,820	11,260	34.3%
Ministry of Transportation & Airports	50,280	15,540	30.9%
Ministry of Water & Energy	5,939,489	429,064	7.2%
Ministry of Education	6,051,492	772,556	12.8%
Ministry of Environment & Wildlife	623,647	174,486	28.0%
Accountant General Office	8,900		0.0%
Civil Service Commission	390,170	25,043	6.4%
Ministry of Finance	1,510,804	371,585	24.6%
Ministry of Interior & Local Governments	1,743,699	489,629	28.1%
Ministry of Justice & Judiciary	58,116	20,358	35.0%
Ministry of Planning and International Cooperation	1,125,905	403,164	35.8%
Ministry of Reconciliation & Constitutional Affairs	44,256	12,528	28.3%
Office for Auditor General	61,584	19,359	31.4%
Parliament	761,320	101,660	13.4%
State Ministry of President	2,361,920	1,772,310	75.0%
Ministry of Health	7,683,176	1,376,747	17.9%
Ministry of Public Works & Reconstruction	499,280	21,400	4.3%
High Court	204,000		0.0%
Ministry of Internal Security	2,976,264	1,161,642	39.0%
Ministry of Islamic Affairs & Endowments	34,620	7,710	22.3%
Ministry of Aid & Disaster Management	355,680	184,515	51.9%
Ministry of Women & Human Rights	357,745	168,265	47.0%
Ministry of Youth & Sports	77,265	42,525	55.0%
	40,910,362	8,245,330	20.2%

Expenditure of government is accumulated on State Ministry of President, Ministry of Fisheries & Sea Minerals, Ministry of internal Security, Ministry of Finance, and Ministry of Youth & Sports, Ministry of Aid & Disaster Management which indicates the state focus on social protection, and that SWS will need to give more priority to finance on social benefits of Health and Education, and improve the livelihood of the people.

Table 3. Expenditure by Projects

	Budgeted	Actual	%Execution
Care International	6,000	6000	100%
Education in Emergency	6,000	6000	100%
Danish Refugee Council	104,036	6000	6%
Implementation of the Pump & Water Quality Testing	1,420		0%
Social Transfer to Vulnerable Somali People	102,616	6000	6%
Diakonia	45,300	29790	66%
Somali Democracy and Human Right program	45,300	29790	66%
FAO	437,403	277368	63%
ILED/RAAISE	81,620	33237	41%
RAAISE	105,010	57597	55%
TSMPI/Cash Plus fisheries	45,470	36051	79%
Weakly Monitoring of Selected Strategic water sources in SWSS	84,914	59144	70%
El Mino Flood Early Warning and Evaluation Planning	24,000	19500	81%
Technical monitoring of the fodder value-chain	16,050	16000	100%
Somali Crisis Recovery Project	1,000	1000	100%
SCRP	49,539	49539	100%
SCRP C6P	29,800	5300	18%
Federal Government of Somalia	27,223,263	3141684.1	12%
Act 2.1.3 Non Salary Recurrent Costs	35,772	8890.5	25%
Act 2.2 FMS Level Gov & Service Delivery	950,000	240000	25%
Act 2.3 EAFS Remuneration	89,160	40860	46%
Act 3.1.1: Financing core government func. in FMS	1,251,288	603382.72	48%
Act 3.2.1 Teacher Assessment & Salary	672,960	325808.56	48%
Act 3.2.2: School supervision	14,800		0%
Act 3.2.3: Education sector recurrent costs	64,000	7093.2	11%
Act 3.2.4: Education system strengthening	60,240	30120	50%
Act 3.3.1: Developing female health worker cadre	375,040	158640	42%
Act 4.1.1-Project Management and Coordination	200,000	73677.6	37%
Act3.3.2: StrengthGovCapabi4cntrct mngt,moni&coord	187,360	35649.4	19%
Budget Support	2,000,000		0%
Budget support ministry of education	2,000,000		0%
Comp.1.1 : Construction of new water points	1,462,953	28600	2%

Comp.1.2 : Rehabilitation of water points	550,000		0%
Comp.1.3 : Institutional and capacity development	782,284	394167	50%
Comp.2.1 : Increased sustainable agricultural production and deve	249,900	7	0%
Comp.2.2 : Increased sustainable livestock production and develop	163,017	102100	63%
Comp.3.1 : Environmental restoration	299,103		0%
Comp.4.1 :Project management	340,680	123545	36%
Comp.4.2 :Community Driven Development Planning	186,100	47400	25%
Comp.4.3 :M&E, Knowledge Management, and Learning	277,569	139774	50%
Education in Emergency	33,835		0%
FGS-Budget Support	1,777,497		0%
GPE-Maximum Country Allocation	156,115		0%
Horn of Africa ground water resilience	498,475	96858.42	19%
Improving Healthcare Services in Somalia Project (Damal Caafimad)	672,160	88164.46	13%
Somali Education for Human Capital development project	2,282,960	275486.78	12%
Somali Electricity recovery project	2,000,000		0%
Somalia Urban resilience project 2 (SURP2)	782,881	236852.43	30%
Comp. 1: Rebuilding Resilient Agricultural Production Capacity	1,275,000		0%
Comp. 2: Supporting the sustainable development of natural resour	1,147,000		0%
Comp 3: Getting to markets	1,019,000		0%
Comp. 4: Promoting a greater focus on food systems resilience in	255,000		0%
Comp. 5: Project Coordination and Management	2,428,115	68200	3%
Sub-component 3.1 Strengthening the capacity of central and line	486,800		0%
Sub-component 2.1 Improve tax policy capacity	25,000		0%
Sub-component 2.2 Improve and harmonize inland revenue and select	76,600		0%
Sub-component 5.1 Project management	94,600	16407	17%
GIZ	226,455	86571.51	38%
Empowering & capacitating government Staff	102,825	40988.51	40%
Strengthening Resilience of IDPs (SHIR)	100,000	21953	22%
Climate Resilience Water Resources Management	23,630	23630	100%
International Labour Organization	368,000		0%
Creating Decent Work Opportunities for Somali IDPs	164,000		0%
Joint Program on Local Government	128,000		0%
Joint Programme on Local Governance (JPLG) SOM/18/	76,000		0%
Population Service International	12,000	5000	42%
Female Health Workers	12,000	5000	42%

Save the Children International In Somalia	98,140	6750	7%
Beirut Humanitarian Agency	45,000	4750	11%
Coordination of Drought Response	35,800		0%
NGO Coordination Meeting	12,300		0%
SOWASDIP	3,040		0%
Capacity Building of Ministry of Environment and Climate Change	2,000	2000	100%
Treasury Single Account - Regular Budget	5,900,993	3222981	55%
Unassigned	5,900,993	3222981	55%
UN HABITAT	218,985	32845	15%
Joint Program on Local Government	82,000		0%
Saameynta Scaling-Up Solutions to Displacement in Somalia.	75,000	5860	8%
Strengthening capacity of local government leaders	35,000		0%
Youth and Urban Regeneration Somalia Project	26,985	26985	100%
UNCDF	427,766	147280.25	34%
Construction Dinsor District offices	50,000		0%
Construction of Berdalle District council offices	50,000		0%
Joint Programme on Local Governance (JPLG) SOM/18/	177,766	147280.25	83%
Rehabilitation of Baidoa District municipality	100,000		0%
Rehabilitation of Hudur District Office	50,000		0%
UNICEF	5,386,060	1075136.1	20%
Child Sensitive Social Protection Programme	44,300	41933	95%
Cholera Emergency Health Response Support	166,000		0%
COVID-19 Related Hygiene and Sanitation	107,000		0%
Effective and Efficient Program Implementation.	1,069,759	89721	8%
Emergency Preparedness.	76,600	47200	62%
Enabling Environment for Women and Children in SWS	191,965	79115	41%
Global alliance for vaccines & immunization	100,000		0%
Joint Programme on Local Governance (JPLG) SOM/18/	154,600	8630	6%
Rolling Work Plan	103,650	35916.75	35%
Rolling Work Plan	3,372,186	772620.32	23%
UNSON	82,500	40710	49%
international women's Day	2,500		0%
Somalia Joint Programme on Human Rights-Phase 4	80,000	40710	51%
WFP	283,996	119798.83	42%
Education in Emergency	114,996	16238.83	14%
Humanitarian Response	169,000	103560	61%
World Vision International	56,165	14115	25%
Baidoa-world water Day	3,070		0%

Beirut Humanitarian Agency	13,000	4800	37%
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Table 4: Expenditure by Donor

Care International	6,000	6,000	100%
Danish Refugee Council	104,036	6,000	6%
Diakonia	45,300	29,790	66%
FAO	437,403	277,368	63%
Federal Government of Somalia	27,223,263	3,141,684	12%
GIZ	226,455	86,572	38%
International Labour Organization	368,000		0%
Population Service International	12,000	5,000	42%
Save the Children International In Som	98,140	6,750	7%
asury Single Account - Regular Bud	5,900,993	3,222,981	55%
UN HABITAT	218,985	32,845	15%
UNCDF	427,766	147,280	34%
UNICEF	5,386,060	1,075,136	20%
UNSOM	82,500	40,710	49%
WFP	283,996	119,799	42%
World Vision International	56,165	14,115	25%
GREDO	400	400	100%
ited Natation Population Fund UNF	25,000	25000	100%
Albany Associates	4,500	4,500	100%
Isha Human Rights ORG	3,400	3400	100%
Grand Total	40,910,362	8,245,330	20%

Table 5. Performance Matrix

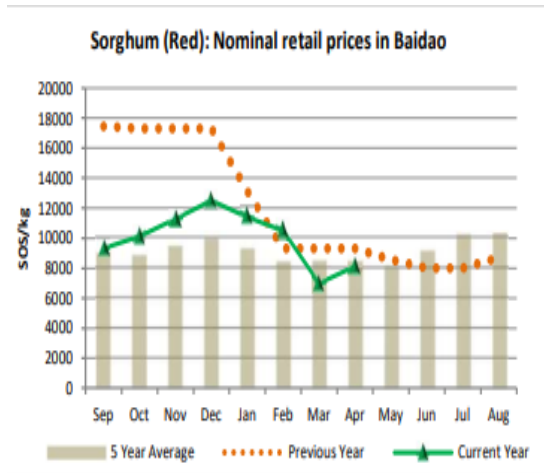
	Performance	Execution Rate
REVENUES		41.0%
Taxes		106.4%
Taxes on income, profits, and capital gains		53.6%
Taxes on payroll and workforce		113.4%
Taxes on property		0.2%
Taxes on goods and services		122.9%
Taxes on international trade and transactions		89.0%
Other taxes		69.9%
Grants		30.3%
From Foreign Governments		-
From international organizations		43.3%
From other general government units		26.6%
Other Revenue		88.9%
Property		-
Sale of goods and services		83.3%
Fines, penalty, and forfeits		-
EXPENDITURES		40.3%
Compensation of Employees		76.7%
Wages and Salaries		76.7%
Use of Goods and Services		26.1%
Travel & Conferences		25.6%
Operating Expenses		25.8%
Rent		52.3%
Other Operating Expenses		33.4%
Conflict Resolution Expenses		-
RCRF Non-Salary Recurrent Cost		0.0%
Contingency		0.0%
Subsidies		-
Subsidies to other sectors		-
Grants		-
Grants To Other General Government Units		-
Social Benefits		0.0%
Social Assistance Benefits		0.0%
Employment-related social benefits		-
Other Expenses		0.0%
Transfers not elsewhere classified		-

Revenue Performance was lower than the expected level, the government shall improve in meeting the Revenue forecast by making a reliable forecast on grants, however the revenue is driven by Taxes on income, profits, and capital gains, Taxes on payroll and workforce and Taxes on international trade and transactions.

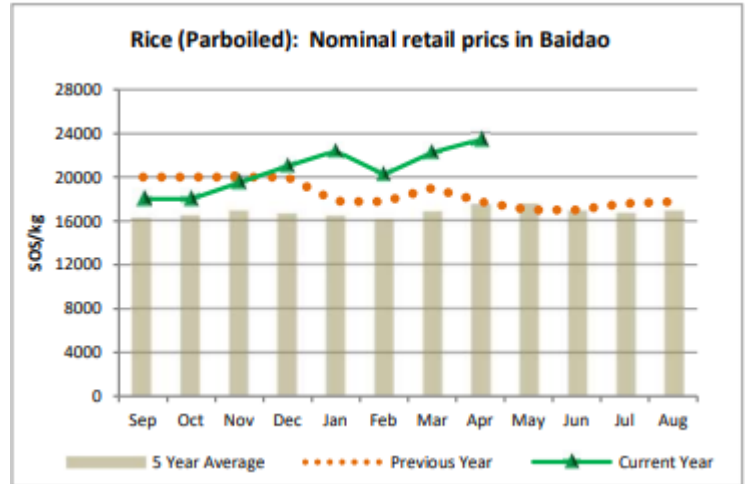
With all these unmet revenue forecasts, the government's expenditure on social benefits will be impossible, as Shortage in revenue always costs the government to limit its activities and prioritize its activities to the imminent needs like Expenditure on Salaries, Rent and other operations.

Premiums,fees,claims related to non-life insurance		0.0%
Acquisition of Nonfinancial Assets		9.5%
Fixed Assets		8.1%
Inventories		198.0%

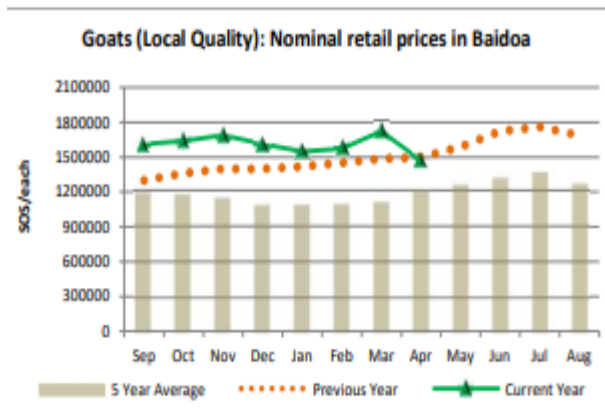
Macro-economic Situation



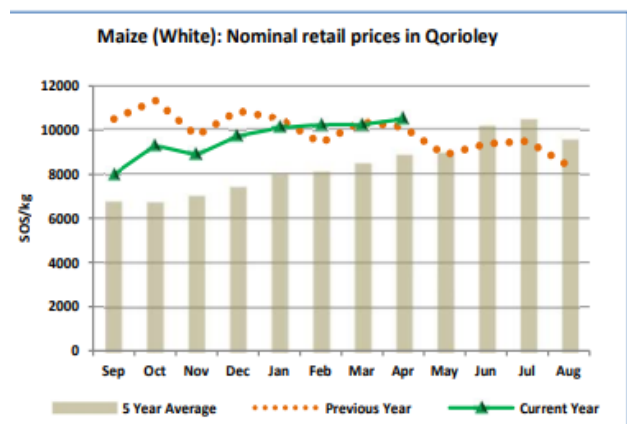
The price of Sorghum has Decreased sharply from December 2023 to March 2024 this year, and started to rise again in April due to cultivation period and failed GU raining seasons.



SWS imported rice price is exposed to global crises and prices remain high since last year Q4 2023 through the beginning of 2024, but there was a slight decrease in February 2024, and again started to rise again in march and April 2024 and it's expected to remain stable through the end of the Q3 2024.

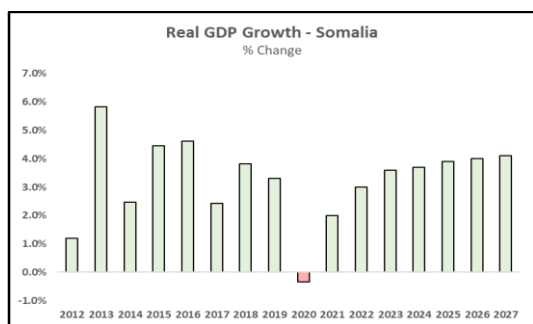


Prices of goats remained stable in the beginning of the year 2024, and price had spiked in march due to high demand from Mogadishu market and started to fall again April, where its expected raise again May and June due to Eid-Adha animal sacrifices..

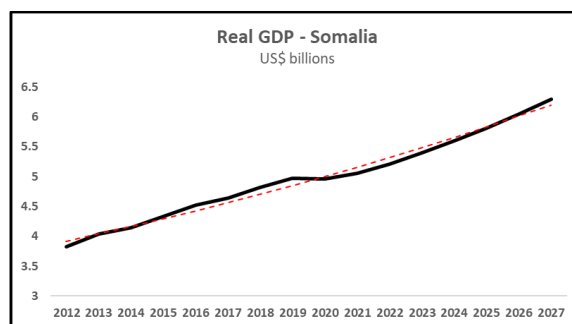


The price of maize had remained stable through Dec 2023 to April 2024. Local demand remained stable. Due to flooding, the maize has not been exported from Qorioley.

Source: These charts are draw from FEWSNet Selected Somalia Price Reports



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.

Revenue Actual and Forecasts 2024 – 2025

	2023 Actuals	FINAL PROJECTIONS 2024	Increase 2023/24	FINAL PROJECTIONS 2025	Increase 2024/25
Tax revenue	4,536,549	5,245,972	16%	6,391,861	22%
Non Tax Revenue	426,366	284,303	-33%	292,832	3%
Total	4,962,915	5,530,275	11%	6,684,693	

The SWS Revenue had increased gradually and had seen a yearly development, the trend of the revenue for the last three years can be seen in this table.

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

Annex Table A. Revenue and Expenditure by Donor

	Budget	Actual	%Execution
Care International	6,000	6,000	100%
Danish Refugee Council	104,036	6,000	6%
Diakonia	21,000		0%
FAO	326,853	111,952	34%
Federal Government of Somalia	26,388,453	1,211,428	5%
GIZ	202,825	38,170	19%
International Labour Organization	368,000		0%
Population Service International	12,000	2,000	17%
Save the Children International In Somalia	98,140	6,750	7%
Treasury Single Account - Regular Budget	5,900,993	1,232,755	21%
UN HABITAT	218,985	23,610	11%
UNCDF	379,289	89,389	24%
UNICEF	5,338,295	556,926	10%
UNSOM	82,500	35,910	44%

WFP	283,996	103,560	36%
World Vision International	56,165	11,115	20%
GREDO	400	400	100%
Albany Associates	4,500	4,500	100%
Grand Total	39,792,431	3,440,466	9%