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Southwest State Fiscal Outrun Analysis Quarter 3 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

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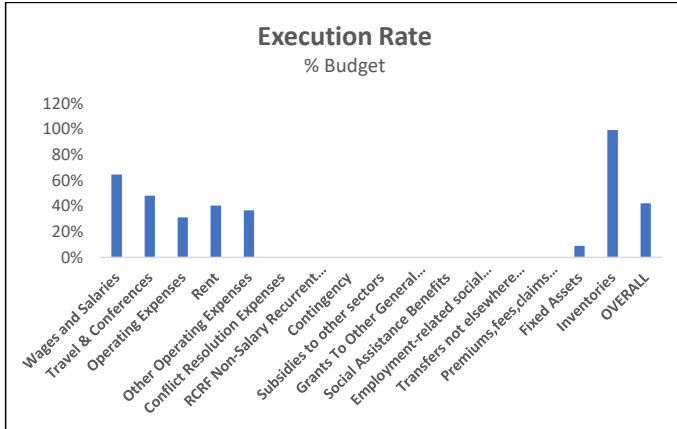
Most of the Govt. expenditure were on compensation of employees **64%**, and other all major subheads were **48%** or under. Inventories budget which increased **5507%** Y-O-Y has already been executed nearly **99%**.

Table 1. Summary Revenue and Expenditure

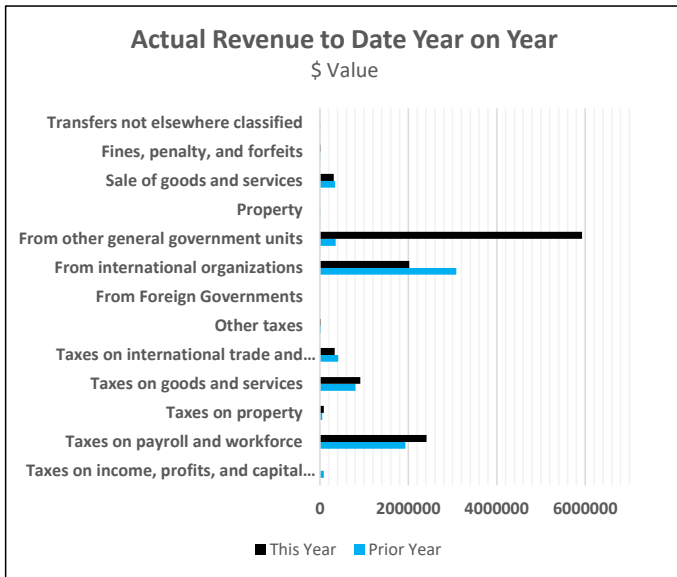
	Q3 2023	Original Budget at Q1	Current Budget 2024	Share	Transfers	Q2 2024	Q3 2024	Share	Change Y-O-Y	Change Q-O-Q	Budget Execution
REVENUES	14,913,019	39,792,431	28,340,000	100%	-11452430	8,384,301	12,050,734	100%	-19%	44%	43%
Taxes	3,315,952	5,299,737	5,937,350	21%	637613	2,819,208	3,771,628	31%	14%	34%	64%
Taxes on income, profits, and capital gains	86,210	135,988	-	0%	-135988	36,441	-	0%	-100%	-100%	
Taxes on payroll and workforce	1,935,679	3,084,975	3,523,779	12%	438804	1,748,848	2,411,458	20%	25%	38%	68%
Taxes on property	49,150	220,134	220,134	1%	0	200	90,200	1%	84%	45000%	41%
Taxes on goods and services	806,554	1,239,611	1,560,411	6%	320800	761,446	911,156	8%	13%	20%	58%
Taxes on international trade and transactions	413,941	584,572	598,568	2%	13996	260,228	336,755	3%	-19%	29%	56%
Other taxes	24,418	34,457	34,457	0%	0	12,045	22,058	0%	-10%	83%	64%
Grants	11,244,641	33,891,438	21,740,415	77%	-12151022	5,297,795	7,948,894	66%	-29%	50%	37%
From Foreign Governments	-	-	-	0%	0	-	-	0%			
From international organizations	3,083,217	9,621,944	6,493,523	23%	-3128421	1,649,032	2,018,153	17%	-35%	22%	31%
From other general government units	8,161,424	24,269,493	15,246,892	54%	-9022601	3,648,763	5,930,741	49%	-27%	63%	39%
Other Revenue	352,427	601,256	662,235	2%	60979	267,298	330,212	3%	-6%	24%	50%
Property	75	-	-	0%	0	-	-	0%	-100%		

Sale of goods and services	341,352	601,256	645,235	2%	43979	250,298	313,212	3%	-8%	25%	49%
Fines, penalty, and forfeits	6,000	-	17,000	0%	17000	17,000	17,000	0%	183%	0%	100%
Transfers not elsewhere classified	5,000	-	-			-	-	0%	-100%		
EXPENDITURES	11,530,343	39,792,431	28,475,988	100%	-11316442	8,245,330	12,025,840	100%	4%	46%	42%
Compensation of Employees	6,965,794	13,447,701	11,025,981	39%	-2421721	5,186,117	7,110,476	59%	2%	37%	64%
Wages and Salaries	6,965,794	13,447,701	11,025,981	39%	-2421721	5,186,117	7,110,476	59%	2%	37%	64%
Use of Goods and Services	3,992,379	20,487,761	13,583,902	48%	-6903859	2,762,080	4,515,873	38%	13%	63%	33%
Travel & Conferences	733,141	3,399,715	1,884,083	7%	-1515632	454,284	907,158	8%	24%	100%	48%
Operating Expenses	1,903,276	5,527,249	4,433,726	16%	-1093523	729,735	1,381,274	11%	-27%	89%	31%
Rent	402,744	1,060,595	962,994	3%	-97601	286,864	389,614	3%	-3%	36%	40%
Other Operating Expenses	953,218	7,407,297	5,015,593	18%	-2391704	1,291,196	1,837,828	15%	93%	42%	37%
Conflict Resolution Expenses	-	-	-	0%		-	-	0%			
RCRF Non-Salary Recurrent Cost	-	2,769,255	963,855	3%	-1805400	-	-	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	572,170	5,839,469	3,848,606	14%	-1990863	297,132	399,491	3%	-30%	34%	10%
Fixed Assets	571,120	5,796,119	3,789,256	13%	-2006863	251,257	340,616	3%	-40%	36%	9%
Inventories	1,050	43,350	59,350	0%	16000	45,875	58,875	0%	5507%	28%	99%
BALANCE	3,382,676	-	(135,988)			138,971	24,893		-99%	-82%	-18%

Key Charts

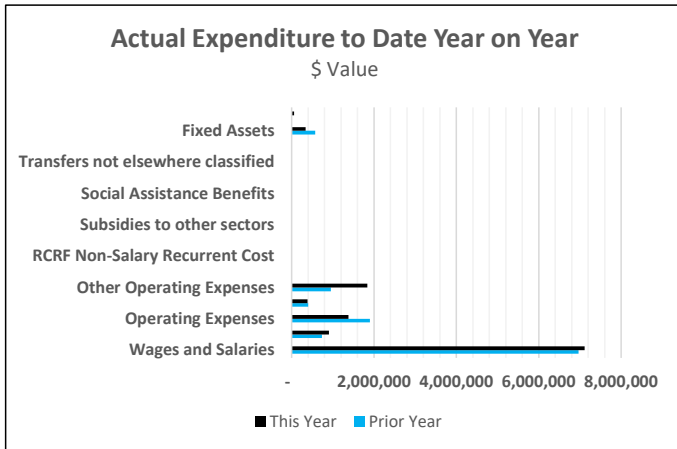


As the Budget Execution was only 42% for the Q3 2024, the SWS Government was forced to focus on the expenses of the most important lines like wages and salaries, operation expenses, Rent and inventories which had reached 99% of its execution rate.



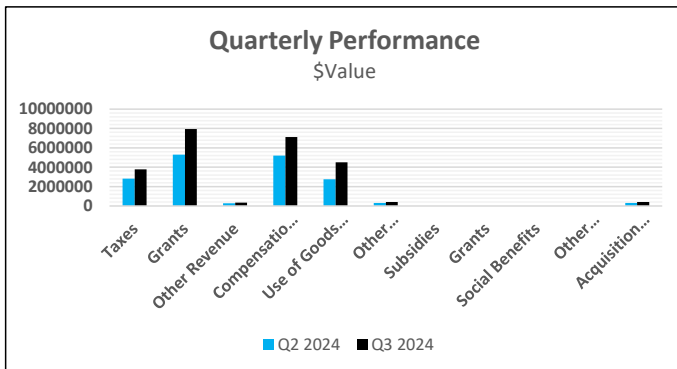
Diversification of Revenue Sources had seen an up-word Trend in FY 2024, compared to Q3 2023. Taxes.

Taxes on payroll and workforce had increased **25%** on Y-O-Y, while Taxes on payroll and workforce, and Taxes on property had significantly increase **13%**, and **84%** respectively on Y-O-Y.



Governments expenditure on wages and salaries had increased noticeably of the total expenditure in Q3 2024, and expenditure on other operating expenses. this will compromise the state Building by funds towards and social sectors development like Health and Education.

Commented [AJ1]: Operating expenses seemed to have decreased



Domestic Revenue collection had increased Q3 2024 by 34% on Q-O-Q, 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

COFOG	MDA Name	Budget	Actual	%Execution
Economic Affairs	Ministry of Agriculture & Irrigation	1,643,836	233,409	14.2%
Economic Affairs	Ministry of Fisheries & Sea			
Economic Affairs	Minerals	270,002	207,809	77.0%
Economic Affairs	Ministry of Industry & Commerce	21,444	16,083	75.0%
Economic Affairs	Ministry of Information	109,056	45,443	41.7%
Economic Affairs	Ministry of Labour & Employment	269,356	93,678	34.8%
Economic Affairs	Ministry of Livestock & Veterinary	1,755,500	388,098	22.1%
Economic Affairs	Ministry of Petroleum and Mineral Resource	15,420	7,710	50.0%

Economic Affairs	Ministry of Posts & Communications	15,420	8,186	53.1%
Economic Affairs	Ministry of Seaports & Sea Transportation	32,820	15,115	46.1%
Economic Affairs	Ministry of Transportation & Airports	31,080	23,310	75.0%
Economic Affairs	Ministry of Water & Energy	3,728,669	825,967	22.2%
Education	Ministry of Education	2,652,929	1,184,136	44.6%
Environmental Protection	Ministry of Environment & Wildlife	530,962	188,781	35.6%
General Public Services	Civil Service Commission	371,870	35,848	9.6%
General Public Services	Ministry of Finance	1,569,344	724,372	46.2%
General Public Services	Ministry of Interior & Local Governments	1,470,499	660,800	44.9%
General Public Services	Ministry of Justice & Judiciary	40,716	30,537	75.0%
General Public Services	Ministry of Planning and International Cooperation	1,142,736	551,484	48.3%
General Public Services	Ministry of Reconciliation & Constitutional Affairs	25,056	18,792	75.0%
General Public Services	Office for Auditor General	63,084	27,233	43.2%
General Public Services	Parliament	117,320	109,490	93.3%
General Public Services	State Ministry of President	2,751,920	2,309,268	83.9%
Health	Ministry of Health	5,525,306	1,866,731	33.8%
Housing and community amenities	Ministry of Public Works & Reconstruction	142,380	44,766	31.4%
Public Order and Safety	Ministry of Internal Security	3,374,447	1,895,858	56.2%
Public Order and Safety	Ministry of Islamic Affairs & Endowments	15,420	11,565	75.0%
Social Protection	Ministry of Aid & Disaster Management	380,830	262,985	69.1%
Social Protection	Ministry of Women & Human Rights	350,502	188,091	53.7%
Social Protection	Ministry of Youth & Sports	58,065	50,295	86.6%
Grand Total		28,475,988	12,025,840	42.2%

Expenditure of government is accumulated on State Ministry of President, Ministry of Health, Ministry of Education, Ministry of internal Security, Ministry of Finance, Ministry of Fisheries & Sea Minerals, and Ministry of Youth & Sports, Ministry of Aid & Disaster Management which indicates the state focus on social protection, and Economic Development, and that SWS will need to improve the execution rate of the budgeted expenditures for Ministry of Agriculture, Ministry of Water & Energy, and Civil service commission, and give more priority to finance on social benefits of Health and Education, and improve the livelihood of the people.

Commented [AJ2]: Mention min of ag, civil service comm and water have low execution

Table 3. Expenditure by Projects

	Budgeted	Sum of Paid	Execution (%)
Care International	6,000	6000	100%
Education in Emergency	6,000	6000	100%
Danish Refugee Council	6,000	6000	100%
Social Transfer to Vulnerable Somali People	6,000	6000	100%
Diakonia	45,300	29790	66%
Somali Democracy and Human Right program	45,300	29790	66%
FAO	512,922	362037	71%
ILED/RAAISE	92,400	46967	51%
RAAISE	105,010	57597	55%
TSMPI/Cash Plus fisheries	45,470	36051	79%
Weakly Monitoring of Selected Strategic water sources in SWSS	84,914	61844	73%
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	17,200	17200	100%
SCRIP	98,078	98078	100%
SCRIP C6P	29,800	8800	30%
Federal Government of Somalia	15,289,892	5632120.2	37%
Act 2.1.3 Non Salary Recurrent Costs	35,772	8890.5	25%
Act 2.2 FMS Level Gov & Service Delivery	950,000	385678	41%
Act 2.3 EAFS Remuneration	89,160	46860	53%
Act 3.1.1: Financing core government func. in FMS	1,251,288	910935.58	73%
Act 3.2.1 Teacher Assessment & Salary	672,960	443798.56	66%
Act 3.2.2: School supervision	14,800		0%
Act 3.2.3: Education sector recurrent costs	64,000	22776	36%
Act 3.2.4: Education system strengthening	60,240	45180	75%
Act 3.3.1: Developing female health worker cadre	375,040	205280	55%
Act 4.1.1-Project Management and Coordination	200,000	117324.8	59%
Act3.3.2: StrengthGovCapabi4cntrct mngt,moni&coord	187,360	54029.4	29%
Budget Support	325,640	325640.02	100%
Comp.1.1 : Construction of new water points	1,482,953	108068.64	7%
Comp.1.2 : Rehabilitation of water points	550,000	177616.41	32%
Comp.1.3 : Institutional and capacity development	804,299	501498	62%
Comp.2.1 : Increased sustainable agricultural production and deve	241,900	24550	10%

Comp.2.2 : Increased sustainable livestock production and develop	203,017	155633	77%
Comp.3.1 : Environmental restoration	211,603		0%
Comp.4.1 :Project management	340,680	162335	48%
Comp.4.2 :Community Driven Development Planning	186,100	106934	57%
Comp.4.3 :M&E, Knowledge Management, and Learning	260,800	150805	58%
Education in Emergency	33,835		0%
FGS-Budget Support	325,640	325640.02	100%
GPE-Maximum Country Allocation	156,115	95765	61%
Horn of Africa ground water resilience	498,475	136242.42	27%
Improving Healthcare Services in Somalia Project (Damal Caafimad)	672,160	155034.46	23%
Somali Education for Human Capital development project	945,260	367086.48	39%
Somali Electricity recovery project	200,000		0%
Somalia Urban resilience project 2 (SURP2)	786,181	382265.63	49%
Comp. 5: Project Coordination and Management	2,428,115	132931.67	5%
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	37321.62	39%
GPE Girls Education Accelerator	53,500	46000	86%
GIZ	315,955	137671.51	44%
Empowering & capacitating government Staff	102,825	40988.51	40%
Strengthening Resilience of IDPs (SHIR)	100,000	21953	22%
Climate Resilience Water Resources Management	60,330	60330	100%
Strengthening Resilience of Internally Displaced People	52,800	14400	27%
International Labour Organization	33,300	8900	27%
Creating Decent Work Opportunities for Somali IDPs	33,300	8900	27%
Population Service International	12,000	8000	67%
Female Health Workers	12,000	8000	67%
Save the Children International In Somalia	74,397	18806.4	25%
Beirut Humantarian Agency	45,000	4750	11%
NGO Coordination Meeting	12,300		0%
SOWASDIP	3,040		0%
Capacity Building of Ministry of Environment and Climate Change	2,000	2000	100%
Support to the government to develop child protection policy in s	12,057	12056.4	100%
Treasury Single Account - Regular Budget	6,735,573	4232208.2	63%

Unassigned	6,735,573	4232208.2	63%
UN HABITAT	104,985	41635	40%
Saameynta Scaling-Up Solutions to Displacement in Somalia.	78,000	14650	19%
Youth and Urban Regeneration Somalia Project	26,985	26985	100%
UNCDF	427,766	148450.25	35%
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	148450.25	84%
Rehabilitation of Baidoa District municipality	100,000		0%
Rehabilitation of Hudur District Office	50,000		0%
UNICEF	4,497,200	1129998.1	25%
Child Sensitive Social Protection Programme	52,800	46933	89%
Cholera Emergency Health Response Support	166,000		0%
Effective and Efficient Program Implementation.	622,859	107388	17%
Emergency Preparedness.	100,450	61600	61%
Enabling Environment for Women and Children in SWS	191,965	79115	41%
Joint Programme on Local Governance (JPLG) SOM/18/	47,000	8630	18%
Rolling Work Plan	103,650	52711.75	51%
Rolling Work Plan	3,212,476	773620.32	24%
UNSONM	82,500	40710	49%
international women's Day	2,500		0%
Somalia Joint Programme on Human Rights-Phase 4	80,000	40710	51%
WFP	242,733	176098.83	73%
Education in Emergency	17,433	16238.83	93%
Humanitarian Response	169,000	103560	61%
Strengthening and linking federal and state early warning systems	56,300	56300	100%
World Vision International	56,165	14115	25%
Baidoa-world water Day	3,070		0%
Beirut Humanitarian Agency	13,000	4800	37%
Global Affairs Canada	3,600	1800	50%
Global Fund	35,000	7515	21%
Global Hand washing Day	1,495		0%
GREDO	400	400	100%
Baidoa-world water Day	400	400	100%
United Natation Population Fund UNFPA	25,000	25000	100%
Anti-FGM Legislation in SWSS	25,000	25000	100%
Albany Associates	4,500	4500	100%
conducting Awareness and advocacy Activities	4,500	4500	100%

Isha Human Rights ORG	3,400	3400	100%
Inter Ministerial Dialogue for Women	3,400	3400	100%
Grand Total	28,475,988	12,025,840	42%

Table 4: Expenditure by Donor

Donor Name	Budget	Actual	% Execution
Care International	6,000	6,000	100%
Danish Refugee Council	6,000	6,000	100%
Diakonia	45,300	29,790	66%
FAO	512,922	362,037	71%
Federal Government of Somalia	15,289,892	5,632,120	37%
GIZ	315,955	137,672	44%
International Labour Organization	33,300	8,900	27%
Population Service International	12,000	8,000	67%
Save the Children International In Somalia	74,397	18,806	25%
Treasury Single Account - Regular Budget	6,735,573	4,232,208	63%
UN HABITAT	104,985	41,635	40%
UNCDF	427,766	148,450	35%
UNICEF	4,497,200	1,129,998	25%
UNSOM	82,500	40,710	49%
WFP	242,733	176,099	73%
World Vision International	56,165	14,115	25%
GREDO	400	400	100%
United Natation Population Fund UNFPA	25,000	25000	100%
Albany Associates	4,500	4,500	100%
Isha Human Rights ORG	3,400	3400	100%
Grand Total	28,475,988	12,025,840	42%

Table 5. Performance Matrix

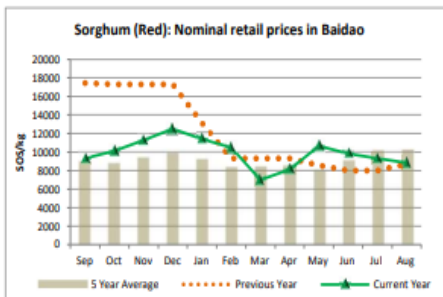
	Performance	Execution Rate
REVENUES		56.7%
Taxes		84.7%
Taxes on income, profits, and capital gains		-
Taxes on payroll and workforce		91.2%
Taxes on property		54.6%
Taxes on goods and services		77.9%
Taxes on international trade and transactions		75.0%
Other taxes		85.4%
Grants		48.8%
From Foreign Governments		-
From international organizations		41.4%
From other general government units		51.9%
Other Revenue		66.5%
Property		-
Sale of goods and services		64.7%
Fines, penalty, and forfeits		133.3%
EXPENDITURES		56.3%
Compensation of Employees		86.0%
Wages and Salaries		86.0%
Use of Goods and Services		44.3%
Travel & Conferences		64.2%
Operating Expenses		41.5%
Rent		53.9%
Other Operating Expenses		48.9%
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.

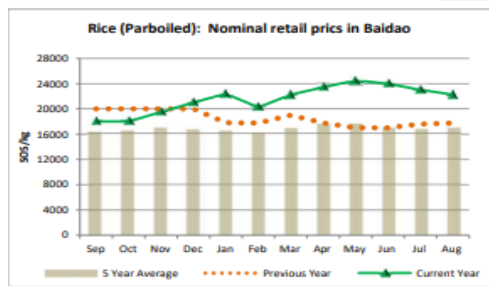
Diversification of Revenue is highly recommended, and With all these unmet revenue forecasts, the government's expenditure on social benefits will be impossible, as Shortage in revenue always costs the government to limit its activities and prioritize its activities to the imminent needs like Expenditure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

Premiums,fees,claims related to non-life insurance		0.0%
Acquisition of Nonfinancial Assets		13.8%
Fixed Assets		12.0%
Inventories		132.3%

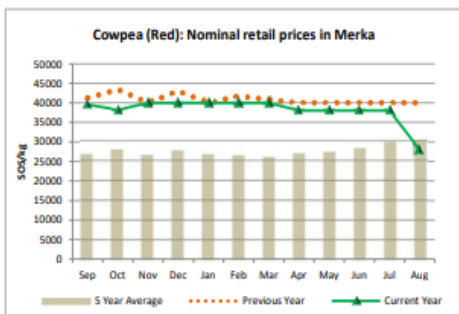
Macro-economic Situation



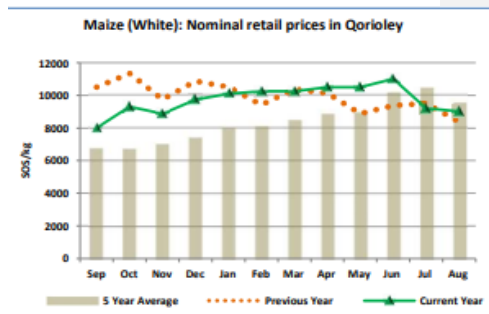
The price of Sorghum has Decreased steadily from May 2024 to Aug 2024 this year, and due to harvesting season of GU and expected to raise again for the cultivation period of Deyr 2024.



SWS imported rice price is exposed to global crises and prices remain high since last year Q4 2023, and remained high in 1, and q2 2024, and the price had fallen noticeably on Q3 2024, and expected to remain stable through the end of the year 2024.

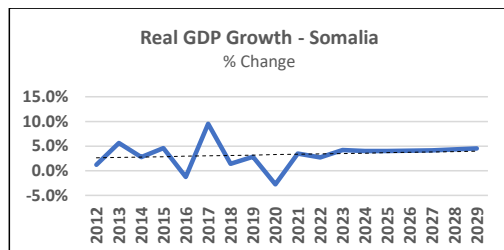


Prices of cowpea remained stable through the last year, and remained the same in 2024, and the price had started to fall in July 2024 due to the good harvesting season of GU 2024.

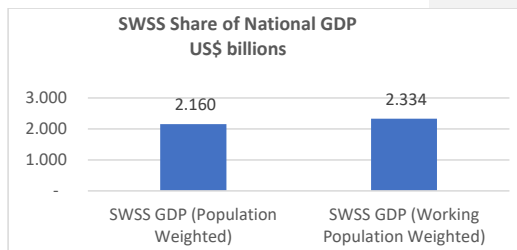


The price of maize had remained stable through Jan 2024 to May 2024, and had fallen sharply in June 2024 due to the harvesting season in GU 2024, and it's expected to remain stable due to low local demand.

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 and its expected grow steadily. .



The share of SWS on Somali GDP is high based on working population and with the increase of working population the SWS contribution is expected to see an upward 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%

