

# 1<sup>st</sup> QUARTER 2016

## Financial Statement for the Federal Government of Somalia



**FEDERAL GOVERNMENT OF SOMALIA**  
MINISTRY OF FINANCE



## The Federal Republic of Somali

## Ministry of Finance

1<sup>ST</sup> QUARTER 2016

FINANCIAL STATEMENT FOR FEDERAL GOVERNMENT OF SOMALIA

This report presents revenues and expenditures of the Federal Government of Somalia (FGS) for the 1<sup>st</sup> Quarter of 2016.

Data is drawn from the Somali Financial Management Information System (SFMIS) as at 31 March, 2016.<sup>1</sup>

## SUMMARY TABLE AND KEY POINTS



## Federal Government of Somalia

Summary of Government Revenue and Expenditure as of March, 2016 (SMP Report 5a)

Description	Budget / Estimate	For the Month of March, 2016	YTD Actuals	Performance %
<b>Total Domestic Revenue</b>	<b>139,221,120</b>	<b>11,934,951</b>	<b>26,202,981</b>	<b>19%</b>
Tax revenue	107,771,120	8,789,381	21,725,170	20%
Non-tax revenue	31,450,000	3,145,570	4,477,810	14%
<b>Total External Grants</b>	<b>101,186,828</b>	<b>5,461,018</b>	<b>25,742,768</b>	<b>25%</b>
Current (Bi-lateral)	30,043,387	4,999,985	21,260,098	71%
Current (Multi-lateral)	71,143,441	461,033	4,482,670	6%
Capital (Multi-lateral)				NaN
<b>Total Revenue and Grants</b>	<b>240,407,948</b>	<b>17,395,969</b>	<b>51,945,749</b>	<b>22%</b>
<b>Total Recurrent Expenditure</b>	<b>221,726,948</b>	<b>20,155,615</b>	<b>50,803,189</b>	<b>23%</b>
Compensation of employees	119,164,817	12,394,250	28,120,845	24%
Use of goods and services	80,145,327	5,865,697	17,768,682	22%
Grants	16,200,000	807,598	2,075,995	13%
Other expenses	2,116,804	208,000	558,000	26%
Net lending & repayment	4,100,000	880,070	2,279,667	56%
<b>Total Capital Expenditure</b>	<b>24,581,000</b>	<b>549,412</b>	<b>1,030,911</b>	<b>4%</b>
Consumption of fixed capital	24,581,000	549,412	1,030,911	4%
<b>Total Expenditure</b>	<b>246,307,948</b>	<b>20,705,027</b>	<b>51,834,100</b>	<b>21%</b>
<b>Financing Gap / Surplus (-) or (+)</b>	<b>-5,900,000</b>	<b>-3,309,058</b>	<b>111,648</b>	

The table shows a summary of the latest estimate, the totals for the month of March and the 1<sup>st</sup> Quarter (YTD Actual), and a performance percentage that compares the YTD with the latest budget

<sup>1</sup>Questions and enquiries on this report should be directed in the first instance to the Office of the Minister.

estimate. On a strictly proportionate (pro-rata) basis we would expect 25% of the estimates to be collected and spent by the end of the March quarter.

The domestic revenues performance was below expectations, with the main shortcomings identified in sales taxes, turnover taxes and taxes from the port. The combination of delays in the introduction of revenue measures targeting companies operating in the telecommunication, energy and water business; and the bad weather which negatively impacted revenues collection from the port can explain the underperformance.

The Kingdom of Saudi Arabia disbursed a \$20 million grant for arrears payments that was not in the original budget.

Since the 2016 budget was approved there have been some changes made to the revenue assumptions, including confirmation of a pledged grant from Turkey to be \$14 million, and revised disbursements from other donors. The Ministry of Finance is in the process of conducting a 2016 Revised Budget for revenues and expenditures and the results of that review, once approved, will be reflected in future reports.

#### REVENUE IN DETAIL FOR Q1, 2016

Revenues for the first quarter of 2016 are shown in the table below and amounted to \$51.9 million, which represents approximately 21 percent of the annual budget. The overall trend masks remarkably different developments in the revenue categories. In general, domestic revenues collection underperformed, while the picture is mixed for grants.

Revenues from personal income tax underperformed, reflecting the fact that wages and allowances in most MDAs were paid for only two months during the first quarter. Instead, corporate profit taxes and taxes on rental income are in line with budgeted amounts, with the latter over-performing thanks to progress made in the registration of companies.

Tax arrangements with telecommunication companies, and companies operating in the energy and water industries did not materialize, leading to an underperformance of the turnover tax. However, the department of Inland Revenue Services is actively engaged in discussions with the business community to make sure that commitments taken under these arrangements will be met in the future. The collection of sales taxes from hotels also has not started yet.

Trade taxes amounted to \$18.4 million, as bad weather impacted operations at Mogadishu Port, with high winds making it difficult for smaller vessels to dock safely especially during the month of January.

Revenues from fees at the airport and harbor were especially low during the first two months of the quarter (below \$0.5 million in total), but have since then recovered as flights by Turkish Airlines resumed.



**Federal Government of Somalia**  
**Revenue Performance Report as of March, 2016**

	Description	Budget / Estimate	For the Month of March, 2016	YTD Actuals	Performance %
1111	<b>Payable by individuals</b>	4,260,120	179,173	509,463	12%
111101	<b>Wages and salaries (Public Sector Payees)</b>	2,843,435	141,169	391,469	14%
111102	<b>Wages and salaries (Private Sector Employees)</b>	1,416,685	38,004	117,994	8%
1112	<b>Payable by corporations</b>	870,000	93,187	230,119	26%
111201	<b>Corporate profit tax</b>	800,000	73,812	182,356	23%
111204	<b>Rental income</b>	70,000	19,375	47,763	68%
1141	<b>Excise taxes (domestic)</b>	120,000			0%
114101	<b>Mineral Water</b>	120,000			0%
1142	<b>Sales tax</b>	675,000			0%
114202	<b>Hotels and tiket taxes</b>	675,000			0%
1143	<b>Turnover tax on services (presumptive tax)</b>	11,776,000	400,000	800,000	7%
114301	<b>Telecommunications</b>	7,280,000	400,000	800,000	11%
114302	<b>Money transfer companies</b>	800,000			0%
114303	<b>Consumer light industries</b>	3,600,000			0%
114304	<b>Consumer water industries</b>	96,000			0%
1144	<b>Stamp Sales and Duty</b>	4,070,000	855,424	1,739,829	43%
114404	<b>Road tax</b>	3,200,000	195,315	686,168	21%
114405	<b>Other stamp duty</b>	870,000	660,110	1,053,661	121%
1151	<b>Customs and other import duty</b>	86,000,000	7,261,597	18,445,760	21%
115000	<b>Customs from the Port (Summary)</b>	74,000,000			0%
115101	<b>Custom taxes on petroleum</b>		677,030	1,559,984	
115102	<b>Custom taxes on export goods</b>		62,672	173,761	
115103	<b>Road vehicles (salon cars)</b>		701,084	1,588,461	
115104	<b>Import tax on sugar</b>		929,253	1,784,173	
115106	<b>Import tax on tobacco and matches</b>		29,988	127,767	
115107	<b>Import tax on khat</b>	12,000,000	1,229,280	3,524,658	29%
115108	<b>Flour</b>		245,344	565,448	
115109	<b>Construction of electronic materials</b>		25,856	269,420	
115110	<b>Cereal products, spaghetti etc</b>				
115111	<b>Vegitable oils</b>		296,599	989,523	
115112	<b>Soap and cleaning products</b>		158,386	388,228	
115113	<b>Apparel, clothing, textile yarn</b>		182,522	572,854	
115114	<b>Footwear</b>		79,254	189,942	
115115	<b>Tea</b>		19,394	37,978	
115116	<b>Vegitables and fruits</b>		251,063	629,415	
115117	<b>Plastic materials</b>		6,549	15,807	



## Federal Government of Somalia

### Revenue Performance Report as of March, 2016

Description	Budget / Estimate	For the Month of March, 2016	YTD Actuals	Performance %	
115118	Rubber tyers	30,640	52,494		
115119	Poultry and edible offals	5,572	15,292		
115120	Building materials	207,707	453,943		
115121	Electronic materials	241,995	683,170		
115122	Food items /rice, spaghetti. etc	472,811	1,047,530		
115123	Household materials	183,153	382,927		
115124	Cosmetics & perfume	27,595	88,248		
115125	Others	1,197,850	3,304,737		
1321	<b>Current (Bi-lateral)</b>	30,043,387	4,999,985	21,260,098	71%
132101	Current (Norway)			1,260,113	
132105	Current (Turkey)	30,043,387			0%
132110	Current (Saudi Arabia)		4,999,985	19,999,985	
1331	<b>Current (Multi-lateral)</b>	71,143,441	461,033	4,482,670	6%
132402	WB - Multi-partner Trust Fund	3,705,000			0%
132403	WB - Capacity Injection Project	3,139,441	2,081	2,081	0%
132404	WB - Public Financial Management	5,499,000	33,909	33,909	1%
132405	WB - Recurrent Costs and Reform Financing Project				
132406	UN Window (PBF)	14,500,000			0%
132407	WB - ICT Sector Support	5,900,000	315,022	315,022	5%
132408	AfDB - Economic and Financial Governance	3,000,000	110,000	110,000	4%
132409	European Union	5,400,000			0%
132410	RCRF - Salary	12,000,000		1,470,241	12%
132411	RCRF - CIP	4,000,000			0%
132412	RCRF - non Salary	2,000,000			0%
132413	RCRF - Health and Education	3,800,000			0%
132414	RCRF - sub-National	6,200,000		227,620	4%
132415	RCRF - Project expenses	2,000,000	22	2,323,798	116%
1332	<b>Capital (Multi-lateral)</b>				
133201	Capital (World Bank)				
1421	<b>Administrative fees and charges</b>	31,450,000	3,145,570	4,477,810	14%
142101	Administrative charges	450,000	5,943	37,267	8%
142103	Airport and Harbour Fees	25,000,000	3,139,627	3,638,043	15%
142105	Visa Charges and Passports	6,000,000		802,500	13%
	<b>Grand Total</b>	<b>240,407,948</b>	<b>17,395,969</b>	<b>51,945,749</b>	<b>22%</b>

Expenditures are displayed in the table on the following page.

Expenditures for the first quarter of 2016 amounted to \$51.9 million, which was 84.1 percent of target, 21 percent of annual budget, and 99.8 percent of the revenue receipts during the quarter. Expenditures were 53 percent higher than the quarterly average for 2015.



## Federal Government of Somalia

Expenditures Report as of March, 2016 (SMP Report 5c)

	Description	Budget / Estimate	For the Month of March, 2016	YTD Actuals	Variance
21	<b>Compensation of employees</b>	119,164,817	12,394,250	28,120,845	24%
2111	Wages and salaries in cash	34,957,785	2,717,375	3,212,402	9%
2112	Allowances	59,795,352	2,427,195	4,630,172	8%
2131	Other employee costs	240,000			0%
2151	Arrears on Salaries and Allowances	24,171,680	7,249,680	20,278,271	84%
22	<b>Use of goods and services</b>	80,145,327	5,865,697	17,768,682	22%
2211	Utilities	4,815,240	276,679	816,938	17%
2212	Rent	458,300	31,500	72,350	16%
2213	Fuel and lubricants	4,413,452	295,057	691,567	16%
2214	Repairs and maintenance	1,723,756	108,879	241,297	14%
2215	Office materials and other consumables	2,990,199	214,052	453,125	15%
2216	Travel expenses	5,285,500	300,998	923,466	17%
2221	Education expenses	1,340,570	57,304	90,418	7%
2222	Training expenses	1,111,425		97,827	9%
2231	Consulting and professional fees	11,829,073	272,942	401,378	3%
2232	Audit fees	430,000			0%
2241	Bank commissions	2,292,455	335,172	918,572	40%
2251	Health and hygiene	960,000	35,000	160,000	17%
2253	Military materials, supplies and services	1,632,000	136,000	408,000	25%
2255	Other specialized materials and services	1,128,515	488,550	543,550	48%
2256	Special operational services	2,148,000	120,000	358,000	17%
2261	Other General Expenses	34,415,135	2,783,188	8,715,522	25%
2271	Arrears - Use of Goods & Services	3,171,707	410,375	2,876,672	91%
23	<b>Consumption of fixed capital</b>	24,581,000	549,412	1,030,911	4%
2313	Information and Communication Technology (ICT)	800,000			0%
2314	Other fixed assets	23,781,000	549,412	1,030,911	4%
26	<b>Grants</b>	16,200,000	807,598	2,075,995	13%
2621	Current	150,000	25,000	25,000	17%
2640	To sub-national government				
2662	Puntland	4,500,000		111,822	2%
2663	Interim Juba Administration	2,500,000	2,356	52,305	2%
2664	Interim South-West Adminsitration	1,500,000			0%
2665	Interim Galmudug Administration	1,500,000			0%
2666	To Mogadishu local government	6,050,000	780,242	1,886,868	31%
28	<b>Other expenses</b>	2,116,804	208,000	558,000	26%
2821	Contingency Items - Operating & Capital Expenses	2,116,804	208,000	558,000	26%





**Federal Government of Somalia**  
Expenditures Report as of March, 2016 (SMP Report 5c)

	Description	Budget / Estimate	For the Month of March, 2016	YTD Actuals	Variance
29	Net lending & repayment	4,100,000	880,070	2,279,667	56%
2991	Revolving loans	4,100,000	880,070	2,279,667	56%
<b>Grand Total</b>		<b>246,307,948</b>	<b>20,705,027</b>	<b>51,834,100</b>	<b>21%</b>

Compensation of employees accounted for 34.3 percent of total expenditures over the quarter, illustrating the significant proportion of salary expenses in the total budget. This is partly explained by a 7 percent increase in the number of civil servants in 2016 compared to the previous year. The increase in staff occurred for the most part in the non-security sectors, and is aimed at strengthening the capacity of MDAs.

The stock of existing arrears was reduced by \$25.4 million, or slightly more than 80 percent of the budget amount for 2016, reflecting the intent of the FGSto clear arrears by the end of the financial year. Of the \$25.4 million arrears payments made in the first quarter, \$20.3 million was made in salary and allowance payments covering mainly 4 months of payments for civil servants and the security sector. The remaining \$2.9 million was made on goods and services payment and part-repayment of revolving loans taken in 2013.

Only 4.2% of the capital budget was expended in the first quarter, due to delays in the disbursement of grants bythe donors.

Inter-governmental transfers to sub-national states performed below target, at 12.8% of budgeted estimates.

Mohamed Adan Ibrahim (Farketi)  
Ministry of Finance  
The Federal Republic of Somalia  
June, 2016

Attached reports:

- Table of Expenditures for Ministries, Departments and Agencies





**Federal Government of Somalia**  
**Expenditures Report as of March, 2016 (SMP Report 5c)**

	Description	Budget / Estimate	For the Month of March, 2016	YTD Actuals	Variance
1	<b>Administration &amp; General</b>	152,053,847	15,517,875	41,056,909	27%
10101	Office of the Presidency	4,573,520	293,650	548,100	12%
10201	Office of the Parliament	4,299,909	282,096	480,007	11%
10202	Members of Parliament (Allowance)	11,853,712	1,003,400	1,990,000	17%
10301	Office of the Prime Minister	5,006,523	347,579	844,979	17%
10302	Environmental Directorate	448,380	32,247	32,247	7%
10303	Capacity Injection Project	3,139,441	49,805	69,179	2%
10401	Ministry of Foreign Affairs	1,962,370	116,768	158,768	8%
10402	Embassies	4,929,600	326,133	444,165	9%
10501	Ministry of Finance	7,068,132	935,756	1,537,139	22%
10502	Accountant General	901,440	58,432	167,345	19%
10503	General Activities for the Government	52,458,191	9,955,659	28,991,554	55%
10504	Special Financing Facility (SFF)	16,933,750			0%
10505	Public Finance Management (PFM)	5,499,000	154,455	226,553	4%
10506	Economic and Financial Governance (EFGP)	3,000,000	139,369	205,207	7%
10507	Recurrent Costs & Reform Financing Project (RCRF)	5,900,000	38,311	258,817	4%
10601	Ministry of Planning	1,128,938	94,587	117,087	10%
10701	Ministry of Interior and Federal Affairs	6,867,440	547,286	3,296,618	48%
10702	Somali Refugee and IDPs Commission	472,800	34,758	34,758	7%
10703	Somali Disaster Management Agency	252,000	5,000	6,000	2%
10801	Ministry of Religious Affairs	701,315	47,305	58,305	8%
10901	Ministry of Justice and Endowment	553,332	32,746	50,246	9%
10902	Custodian Corps	4,836,000	391,027	793,993	16%
10903	Banadir Court	1,251,357	79,836	79,836	6%
10904	Appeal Court	203,739	9,937	16,772	8%
10905	Judiciary Service Committee	172,992	12,901	12,901	7%
10906	Constitutional Court	222,000			0%
11001	Supreme Court	434,640	36,607	36,607	8%
11101	Attorney General	1,028,340	76,064	78,064	8%
11201	Solicitor General	490,584	37,647	55,647	11%
11301	Auditor General	1,333,366	108,933	170,433	13%
11501	Ministry of Constitution	481,632	22,551	22,551	5%
11601	Boundaries and Federation Commission	636,000	31,000	47,000	7%
11602	National Reconciliation Commission	492,552	40,346	43,346	9%
11603	National Independent Electoral Commission	764,965	58,500	62,500	8%
11604	Human Rights Commission	396,000			0%
11605	Indep. Constitution Review and Imp. Commission	601,271	49,966	49,966	8%
11606	National Civil Service Commission	758,616	67,218	70,218	9%

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FINANCIAL STATEMENT FOR MINISTRIES; DEPARTMENTS; AND AGENCIES



**Federal Government of Somalia**  
Expenditures Report as of March, 2016 (SMP Report 5c)

	Description	Budget / Estimate	For the Month of March, 2016	YTD Actuals	Variance
2	<b>Security Services</b>	66,414,091	3,005,650	8,172,474	12%
20101	Ministry of Defence	1,064,100	73,601	90,601	9%
20102	Armed Forces	35,469,640	1,379,029	3,796,060	11%
20103	Military Court	1,476,000	202,000	366,000	25%
20104	Disabled and Orphans Organization	120,000		5,000	4%
20201	Ministry of National Security	2,558,711	53,907	320,907	13%
20202	Police Force	13,947,560	471,680	1,658,040	12%
20203	National Security Force	10,056,080	825,433	1,650,866	16%
20204	Immigration Department	1,722,000		285,000	17%
3	<b>Economic Services</b>	21,229,744	1,695,309	2,017,659	10%
30101	Ministry of Water and Energy	684,084	53,446	55,446	8%
30201	Ministry of Mineral	1,070,718	463,789	463,789	43%
30301	Ministry of Agriculture	758,424	57,702	62,252	8%
30401	Ministry of Livestock and Forestry	751,836	59,282	63,282	8%
30501	Ministry of Fishery and Marine Resource	909,180	59,435	66,435	7%
30502	Somali Marine Research	413,268	29,339	29,339	7%
30503	Offshore and Fisheries Development Project	104,340	8,691	17,382	17%
30601	Ministry of Information	3,535,332	284,848	447,848	13%
30701	Ministry of Post and Telecommunication	1,190,196	97,284	108,284	9%
30702	ICT Sector Support	5,900,000	32,893	143,002	2%
30801	Ministry of Public Work & Reconstruction	768,880	50,372	60,372	8%
30901	Ministry of Transport and Aviation	932,196	70,968	70,968	8%
30902	Civil Aviation and Meteo-Authority	674,556	47,533	47,533	7%
31001	Ministry of Transport and Ports	1,053,204	87,537	89,537	9%
31002	Hamar Port	1,009,320	168,220	168,220	17%
31101	Ministry of Industry & Commerce	1,474,210	123,970	123,970	8%
4	<b>Social Services</b>	6,610,266	486,192	587,058	9%
40101	Ministry of Health	1,090,917	73,251	73,251	7%
40201	Ministry of Education and Higher Education	1,371,562	95,853	103,853	8%
40202	Somali National University	1,418,913	103,044	157,648	11%
40203	Somali Academy of Sciences and Arts	254,412	13,056	13,056	5%
40204	Intergovernmental Ackademy of Somali Language	194,000			0%
40301	Ministry of Labor and Social Affairs	970,323	96,636	128,898	13%
40401	Ministry of Youth and Sport	569,115	42,624	46,624	8%
40501	Ministry of Women and Human Rights Dev.	741,024	61,729	63,729	9%
<b>Grand Total</b>		<b>246,307,948</b>	<b>20,705,027</b>	<b>51,834,100</b>	<b>21%</b>

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MINISTRY OF FINANCE