

FEDERAL GOVERNMENT OF SOMALIA



2021 MIDYEAR BUDGET REVIEW

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Contents

1) Midyear performance review highlights and recommendations	3
1.1. Key performance highlights.....	3
1.2. Summary recommendations	4
2) Midyear performance against macroeconomic and fiscal forecasts	4
2.1. Key macroeconomic trends and forecasts (2016 - 2021).....	4
2.2. Brief explanation of observed midyear performance and policy developments since presentation of budget.....	4
3) Actual revenues collected under different categories	5
3.1. Summary of revenues collected	5
3.2. Brief explanation of observed midyear performance in budget collecting.....	5
4) Performance against expenditure measures	7
5) Midyear budget spending performance by object/MDA/NDP9 programs	9
5.1. Budget spending by Object.....	9
Brief explanation of observed midyear performance in budget spending (object items)	9
5.1. Budget spending by MDAs.....	11
Brief explanation of observed midyear performance in budget spending.....	12
5.2. Budget spending (donor funded projects)	13
Brief explanation of observed midyear performance in budget spending	13
5.3. Budget spending by programs that received NDP funding.	14
6) Tracking of performance indicators for NDP9 programs that received allocations in 2021 budget.	16

1) Midyear performance review highlights and recommendations

1.1. Key performance highlights

Revenue:

- i) Revenue collection is struggling. Only 27.0% (instead of 50% prorata) of the annual target was received at end of June 2021, which was -36.3% lower than the collection in the same period last year. Domestic revenue performed at 37.1% (tax revenue 39.8%, Non-Tax Revenue 31.6%), while grants are 20.3% of the estimate. Effects of the covid pandemic and election-related political crisis contributed to the weak performance in revenue collection.

Expenditure:

- ii) Half year expenditure was \$216.5 million, which is 32.5% of the annual budget, and 1.4% higher than the expenditure in the same period last year. This expenditure was financed by current revenue (84.8%), surplus revenue carried forward from 2020 (12.5%) and through short-term domestic bank borrowing (2.7%).
- iii) Compensation of Employees performed at 45.5% (weighed down by delay in payment of salaries for project staff and consultants; otherwise, it would have performed at 50%).
- iv) Use of Goods and Services performed at 19.9% (Government had no sufficient funds for running costs for all the MDAs except for the critical essential MDAs).
- v) Capital expenditure performed at 8.4%, largely due to shortage of funds for FGS-funded projects, and coordination challenges for donor funded projects.
- vi) Interest payments performed at 274.5% but dropped by -2.7% year-on-year. The budget for interest was underestimated. The -2.7% drop is explained by the decrease in Somalia's outstanding debt stock from \$4.53 billion in 2020 to \$4.51 billion in 2021.
- vii) Subsidies performed at 8.9%, largely due to under execution of the three projects that coordinate the subsidies (SCALED-UP, Somali Electricity Project, and Domestic Revenue Mobilization Project).
- viii) Grants performed at 25%, and -47% lower than in the same period last year. Shortfalls in domestic revenue, suspension of donor inflows and inability of some FMSs to meet the agreed intergovernmental fiscal transfer rules, contributed to the observed poor performance (25%) in the transfer of grants.
- ix) Social transfers performed at 51.6% and was the only expenditure category that surpassed the 50% prorata expectation mark. The social transfers were funded by the World Bank, largely to support communities to recover from the COVID pandemic.
- x) The planned expenditure measures for 2021 are yet to be implemented, and unlikely to be implemented in the remaining half of the year.
- xi) Projects performed at an average of 24.1% (instead of at least 50%), with only two projects performing above 50% (RCRF, and Somalia Emergency and Locust Response Project), and the rest (24) only managed to absorb an average of 13.0% of their annual budgets, the lowest being 0% and maximum 36.1%.
- xii) NDP expenditures performed poorly at 9.9%, mainly due to shortage of revenues.

1.2. Summary recommendations

- i) The implementation of revenue measures agreed for 2021 needs to be strengthened otherwise the revenue targets may need to be revised downwards.
- ii) Annual targets for use of goods and services, capital expenditure, subsidies and grants are candidates for downward adjustment, whereas the target for interest payments needs to be adjusted upwards.
- iii) The implementation of the agreed expenditure measures for 2021 needs to be prioritized.
- iv) Significant policy measures are needed to improve coordination effectiveness of donor funded projects given their importance in the rebuilding of Somalia's economy. Improved coordination of projects is also expected to contribute to increased revenue collection in form of income tax payable by individuals (through filling of vacant positions in projects) and sales tax expected to be levied on goods and services purchased by the projects.

2) Midyear performance against macroeconomic and fiscal forecasts

2.1. Key macroeconomic trends and forecasts (2016 - 2021)

Indicator	2016	2017	2018	2019	2020 est	2021 est	2021 projected
Real GDP (% change)	2.9	1.4	2.8	3.3	-0.3	2.9	2.9
GDP per capita in US \$	316	311	311	311	298	299	299
Inflation rate (CPI)	1.2	6.1	4.3	4.7	3.0	4.1	3.2
Foreign Direct Investment (% GDP)	7.9	8.2	8.6	9.1	9.4	9.2	9.2
Total revenue (% GDP)	4.1	6.0	5.7	6.8	12.6	10.0	5.8
- Tax and non-tax revenue (% GDP)	2.7	3.2	3.9	4.6	3.9	4.8	4.0
- Grants (%GDP)	1.4	2.8	1.8	2.2	8.6	5.2	1.8
Total expenditures (% GDP)	3.3	5.3	5.7	6.4	12.8	9.6	5.8
- primary expenditures	3.1	5.1	5.5	6.1	11.9	9.0	5.6
- interest payments	0.0	0.0	0.0	0.0	0.0	0.0	0.2
- capital expenditures	0.1	0.1	0.2	0.3	0.9	0.6	0.3
- social transfers (if relevant)	0.0	0.0	0.0	0.0	1.9	0.7	1.1
Net lending/borrowing (% GDP)	0.8	0.7	0.1	0.5	-	-	-
Gross debt (% GDP)	122.9	116.6	112.8	108.8	40.7	37.9	37.9
Exports (% of GDP)	15	11	23.7	22.7	21.8	22.1	22.1
Current account balance (% GDP)	-9.4%	-9.8%	-7.5%	-10.5%	-12.9%	-14.9%	-14.9
Private (net) current transfers, including Remittances (% GDP)	32	31	31.4	31.9	31.4	31.0	31.0

2.2. Brief explanation of observed midyear performance and policy developments since presentation of budget

While GDP growth is estimated to rebound to 2.9% in 2021 from -0.3% in 2020, this is not expected to immediately benefit the revenues since the tax buoyancy in Somalia is suspected to be less than unity. Remittances are gradually rebounding but consumption remains low for the typical items commonly used by households although the consumption for pharmaceuticals is on the rise (but these are sales tax exempted).

3) Actual revenues collected under different categories

3.1. Summary of revenues collected

	Revenue type	Actual 2019	Actual 2020	Budget 2021	Actual Receiving end Jun 2021	Half year actual Receiving as % of annual budget	Year to Year performance %
1	Total Revenue	341.8	521.0	680.5	183.6	27.0%	-36.3%
	Domestic Revenue	229.7	219.1	269.7	100.2	37.1%	-11.0%
11	Tax Revenue	154.7	146.5	182.9	72.7	39.8%	-1.7%
111	Taxes on income, profits, and capital gains	11.2	15.6	13.2	6.3	47.4%	-3.3%
1111	Income tax (individuals)	9.7	12.4	11.7	6.1	51.8%	13.1%
1112	Income tax (corporations)	1.5	3.2	1.5	0.2	12.7%	-82.8%
113	Taxes on property	0.5	0.6	0.6	0.3	45.8%	1.1%
1131	Taxes on immovable property	0.5	0.6	0.6	0.3	45.8%	1.1%
114	Taxes on goods and services	25.0	22.5	30.0	11.5	38.4%	4.0%
1141	Excise taxes (domestic)	25.0	22.5	30.0	11.5	38.4%	4.0%
115	Taxes on international trade and transactions	107.0	96.5	128.0	48.2	37.6%	-5.4%
1151	Customs and other import duty	90.5	90.7	91.0	45.0	49.5%	-1.9%
1156	Import taxes on Khat	16.6	5.7	37.0	3.2	8.6%	-36.9%
116	Other taxes (road tax, stamp sales, other stamp duty)	11.1	11.3	11.0	6.4	58.5%	24.6%
1161	Other taxes payable solely by business	11.1	11.3	11.0	6.4	58.5%	24.6%
14	Non Tax Revenue	74.9	72.6	86.8	27.5	31.6%	-28.9%
142	Sales of public goods and services	74.9	72.6	86.8	27.5	31.6%	-28.9%
1421	Administrative fees and charges	70.5	67.8	81.8	25.2	30.8%	-30.4%
1425	Harbour Fees	4.4	4.8	5.0	2.2	44.3%	-6.6%
	Grants	112.1	301.9	410.8	83.4	20.3%	-52.5%
131	Grants from foreign governments (bi-lateral)	36.4	15.0	30.0	0.0	0.0%	-100.0%
132	Grants from international organizations	72.2	277.0	380.8	83.4	21.9%	-47.2%

Source: Budget Directorate, figures downloaded from SFMIS on 9 August 2021.

3.2. Brief explanation of observed midyear performance for revenue

Total revenue

Only 27.0% of the annual target was received at end of June. The collection was 36.3% lower than the collection in the same period last year. Both domestic revenue and grants performed poorly, but grants were the worst performer. Domestic revenue performed at 37.1% (of annual target) while grants 20.3%. The poor performance in grants is attributed to the suspension of grants by donors due to election-related political crisis that prevailed in the first half of the year. The weak performance in domestic revenue was largely due to weak performance in non-tax revenue (31.6%) although the 39.8% performance by tax revenues performed also did not reach the expected 50% half-year prorata mark. Below are the specific reasons for the observed performance for the key revenue sources.

- **Income tax (individuals)** – Half year collection is \$6.06m, 51.8% of annual target. Improved compliance and tax enforcement contributed to the good observed performance.
- **Corporate profit tax** – Only 12.7% of the annual target of \$1.46m was realised in first half of the year. The collection was 82.8% lower than the collection during the first half

of 2020. With enhanced enforcement, the performance is expected to improve in the second half since most compliant companies pay their corporate tax in the last half of the year.

- **Taxes on property** - The only source of revenue for this category is rental tax. Performed at 45.8% and 1.1% higher than the collection for the same period last year. Despite the automation of rental collection systems, improved enforcement is needed to be able to achieve the annual target.
- **Taxes on Goods and Services** – Half year performance was 38.4% and 3.8% higher than the collection in same period last year. The weak performance is attributed to the delayed implementation of the three agreed revenue measures in this area i.e., sales tax on cable TVs and on electricity companies, and turnover taxes on goods and services. The target may need to be adjusted downwards if the measures cannot be implemented.
- **Customs Revenue (non-khat)**- The performance was 49.5%, and year-on-year growth - 1.9%. A look at the details shows some items performed well while others declined. Among the well performers there is importation of salon cars, sugar, footwear, tobacco, chicken, beverages, household materials, and building materials.
- **Customs revenue (khat)**. Performance was a miserable 8.6%, in addition to registering a -36.9% decrease in year-on-year growth. This miserable performance was caused by diplomatic snags between Kenya and Somalia, which resulted in the ban on importation of khat from Kenya. Traders later switched to the Ethiopian khat market where the observed revenue (8.6%) was obtained.
- **Non-tax revenues** – These performed rather poorly at 31.6% besides registering a large year-on-year decline of -28.9%. Administrative charges (which account for 94% of NTRs) poorly performed at 29.1% and harbor fees (which account for 6% of NTRs) performed at 44.3%. The biggest letdown came from poor performance of telecom spectrum fees which performed at 3%, the delay in the implementation of the collection passport fees—which is one of the new revenue measures introduced in 2021, and the postponement of elections (which is estimated to bring in \$9.6m from registration fees to be paid by MP candidates).
- **Grants (Budget Support)** - Government anticipated to receive grants worth \$178.5 million in 2021, representing 26.2% of total revenue and grants. At the end of June 2021, a total of 26.3 million was received, which was 20.3% of the annual target and - 52.5% lower than the grants received in the same period last year. The observed performance is attributed to the donors' suspension of budget support which was triggered by the postponement of general elections.
- **Grants (project support)** – Project disbursements amounted to \$57.1 million in the first half of the year, representing 24.6% of the annual budget and 35.1% higher than the disbursements received in the same period last year. Project support accounts for 34.1% of the total annual budget for revenue and grants. Delayed implementation of project activities due to covid interruptions has been fronted as the explanation for the observed low performance.

4) Performance against expenditure measures

Table 1 – Implementation status of the 2021 expenditure measures

Expenditure Measure	Assumptions	Planned impact on annual expenditure estimates	Status as at end June 2021
Internet – Adopt a whole-of-Government Indefinite Delivery, Indefinite Quantity (IDIQ) procurement approach for internet services to MDAs to only pay for what is actually utilized based on a monthly billing for actual utilization	Internet costs account for 75% of the current ICT budget and thus accounts for 1.6% of total expenditure. Savings amount to 25% of total current spending	-0.4%	Yet to be implemented.
Vehicle repairs and servicing – Require vehicle repair and servicing workshops to compete for contracts from each MDA through the use of a centralized pre-qualification mechanism with distribution limited to existing repair suppliers who will then each be placed on a whole-of-government IDIQ framework contract	Vehicle repairs and servicing account for 75% of the current repairs and maintenance budget and thus accounts for 0.4% of total expenditure. Savings amount to 25% of total current spending.	-0.1%	Yet to be implemented.
Utilities (Water) – Implement a pre-qualification exercise for facilities maintenance at the whole-of-government level with qualified suppliers contracted through an IDIQ contract. Require MDA internal audit units to provide monthly reports on real utilization and potential wastage of resources in MDAs. MDAs to provide statistics on water usage as part of the mandatory documentation attached to expenditure warrants/payment vouchers for utilities	Water accounts for 25% of the utilities budget and thus accounts for 0.4% of total expenditure. Savings amount to 20% of total current spending	-0.1%	Yet to be implemented.
Utilities (Electricity) – Conduct a cost-benefit analysis on adoption of solar solutions for electricity provision and where the benefit outweighs the cost, pilot hybrid use (solar & grid) in MDAs	Electricity accounts for 7% of the utilities budget and thus accounts for 1.3% of total expenditure. Savings amount to 15% of total current spending. Costs for operationalizing solar solutions represent 1% of total current spending	-0.2% 1%	Yet to be implemented.
Fuel – Utilize a whole-of-government IDIQ for purchase of fuel to benefit from the locking-in of fuel prices and thus ensure that the required quantity of fuel needed to enable government operations is purchased for the year and is not as sensitive to changes in the price of oil during the FY	Fuel consumption accounts for 1.4% of total expenditure. Savings amount to 25% of total current spending	-0.4%	Yet to be implemented.
Travel – Use a pre-qualification exercise to identify travel agencies authorized for Government use, and for in-land travel, consider eliminating	Travel accounts for 2.2% of total expenditure. Savings amount to 25% of total current spending	-0.8%	Yet to be implemented.

Expenditure Measure	Assumptions	Planned impact on annual expenditure estimates	Status as at end June 2021
<p>the use of travel agents and instead procure tickets directly from registered airlines through a framework contract arrangement. Develop and promulgate a travel expense policy that articulates eligible travel expenses and define a timeline for payments of air tickets following ticket issuance</p>			
<p>Bank charges – renegotiate the bank charge rate with the Central Bank of Somalia from 1.5% to a lower rate</p>	<p>Bank charges account for 0.4% of total expenditure. The rate is renegotiated from 1.5% to 1.0% resulting in savings of 33%</p>	<p>-0.1%</p>	<p>Yet to be implemented.</p>
<p>Other General Expenses – allocate expenses to the correct expenditure object code in order to properly account for spending and identify further saving opportunities</p>	<p>N/A</p>	<p>No impact on expenditure as costs are reallocated to appropriate budget lines</p>	<p>Yet to be implemented.</p>
<p>Purchase of furniture and equipment – Implement an Annual Service and Maintenance Agreement for IT equipment using the IDIQ procurement approach at whole-of-government level to leverage economies of scale and pre-empt premature asset replacement through regular servicing. Blacklist suppliers that may supply furniture/equipment that lasts for less than a year. Ensure supply contracts include a payment retention covering a defects and liabilities period of six months. Require all MDAs to maintain asset registers which include details on current asset quality and identify the current assigned user and ensure these registers are updated. Develop and promulgate an asset disposition policy that curtails the purchase of new assets to replace functional assets</p>	<p>Purchase of furniture and equipment accounts for 90% of the machinery, furniture and equipment budget and thus accounts for 0.2% of total expenditure. Savings amount to 30% of total current spending</p>	<p>-0.1%</p>	<p>Yet to be implemented.</p>

5) Midyear budget spending performance by object/MDA/NDP9 programs

5.1. Budget spending by Object.

Expenditure type	Actual 2019	Actual 2020	Budget 2021	Actual spending end Jun 2021	Half year actual spending as % of annual budget	Year to Year performance %
1) Compensation of Employees	162.86	227.00	255.26	116.25	45.5%	9.1%
2) Use of Goods and Services	92.39	79.37	182.37	36.22	19.9%	20.8%
3) Consumption of Fixed Capital	14.79	18.55	81.91	6.87	8.4%	6.2%
4) Interest	0.00	14.44	2.50	6.86	274.5%	-2.7%
5) Subsidies	0.00	2.16	11.90	1.06	8.9%	449.7%
6) Grants	45.01	90.11	70.43	17.95	25.5%	-58.1%
▶ o/w Somaliland	0.20	0.40	0.40	0.00	0.0%	-100.0%
▶ o/w Puntland	6.81	17.83	12.40	2.86	23.1%	-93.3%
▶ o/w Jubaland	4.42	8.02	11.30	2.26	20.0%	-94.7%
▶ o/w Hirshabelle	5.20	9.56	5.86	1.31	22.4%	-96.9%
▶ o/w Southwest State	6.42	10.61	16.29	1.87	11.5%	-95.6%
▶ o/w Galmudug	4.51	12.34	7.83	1.45	18.5%	-96.6%
▶ o/w BRA	16.01	20.09	13.65	7.34	53.8%	-82.9%
▶ o/w Chamber of Commerce	0.00	0.38	0.46	0.24	53.8%	-99.4%
▶ o/w Somali Development Bank	0.00	0.38	0.46	0.24	53.8%	-99.4%
▶ o/w other grants	1.44	10.49	1.80	0.36	19.9%	-99.2%
7) Social Transfers	0.00	62.14	60.72	31.30	51.6%	53.8%
8) Other Expenses/Contingency	0.41	0.00	1.81	0.00	0.0%	-100.0%
Total Budget	315.47	493.78	666.88	216.50	32.5%	1.4%

Key: if half year spending as % of annual budget is **below 40%—RED**; **40% to 60%—GREEN**; **above 60%—Yellow**. [o/w refers to 'of which'].

Brief explanation of observed midyear performance in budget spending (object items)

- **Compensation of Employee** Government planned to spend \$255.26 million on salaries and wages for government employees in 2021. Halfway through the year, \$116.25 million had been spent, which is 45.5% of the annual budget and 9.1% higher than the expenditure on salaries and wages in the same period last year (2020). The performance should have been 50% since it is a condition for all civil servants' salaries to be paid on time. There are two reasons for the lower-than-expected performance in this area—over estimation of the budget for civil servants (by about 3.5%), and delay in payment of salaries and fees for project staff and consultants.
- **Use of Goods and Services** – Performance was 19.9% at end of June, but 20.8% higher than the spending on use of goods and services in the same period last year. The extremely lower than expected spending was due to shortfalls in government revenue, i.e., Government had no sufficient funds for running costs for all the MDAs except for the critical essential MDAs. In regards to the rather high 21% year to year growth, it is because in 2020 the MDAs were under COVID lockdown which significantly reduced Government's running costs.
- **Consumption of Fixed Capital** - The table below presents the performance regarding capital spending as at June 2021. For the FGS funded projects, shortfalls in revenue are the reason for the under execution of the capital budget. In the case of donor funded projects, coordination related challenges will need to be addressed to improve the performance.

In \$million	Budget 2021	Actual Jan-Jun	Actual/Budget%	Share to total budget
Government funded projects	31.57	0.74	2.3%	38.5%
Donor funded projects	50.34	6.13	12.2%	61.5%
Total	81.91	6.87	8.4%	100%

- **Interest** – The budget for interest was grossly underestimated. By June 2021, a total of \$6.86 million was paid which exceeded the annual budget by almost three-fold (274.5%). Regarding year-to-year growth, there was a -2.7% drop compared to interest payments in the same period last year. The drop is explained by the decrease in Somalia’s outstanding debt stock from \$4.53 billion in 2020 to \$4.51 billion in 2021.
- **Subsidies** – Only \$1.1 million of the \$11.9 million annual budget was absorbed as at end June 2021, which is a performance of just 8.9%. This expenditure category relates to subsidies administered by three World Bank funded projects. That is, Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Program (SCALED-UP) with a budget of \$11 million for 2021, Somali Electricity Access Project (\$0.65 million), and Domestic Revenue Mobilization and PFM capacity Strengthening Project (\$0.25 million). Significant policy measures are needed to improve coordination effectiveness of these projects given their importance in the rebuilding of Somalia’s economy most especially the provision of start capital for the small and medium enterprises.
- **Grants** - A total of \$17.95 million was transferred as at end June 2021, representing 25% of the annual budget, though -47% lower than the transfers made in the same period last financial year. Shortfalls in domestic revenue, suspension of donor inflows and inability of some FMSs to meet the agreed intergovernmental fiscal transfer rules, contributed to the observed poor performance (25%) in the transfer of grants to FMSs. The -47% drop is because in 2020, FMSs received once off payments in respect to fisheries license revenues, and for the prevention of COVID-19 pandemic.
- **Social Transfers** - Starting fiscal year 2021, Government budgeted to spend \$60.72 million on social benefits aimed at protecting the vulnerable communities. The funds were provided by the World Bank. As at end of June 2021, a total of \$31.30 million had so far been disbursed and distributed to the targeted communities, which is 51.6% of the annual target. All this money was spent in Q2.

5.1. Budget spending by MDAs.

Sector/MDA		Actual 2019	Actual 2020	Budget 2021 (in million USD)	Actual spending end Jun 2021 (million USD)	Half year actual spending as % of annual budget	Year to year growth%
1.	Administration and General Services	147.35	225.14	314.78	76.02	24.1%	-16.6%
10101	Office of the Presidency	6.74	8.34	9.02	3.58	39.6%	24.4%
10201	Office of the Parliament	5.90	5.53	5.87	2.21	37.7%	5.9%
10202	Members of Parliament (Allowance)	15.48	15.07	14.64	5.74	39.2%	-29.1%
10203	Members of Parliament (Allowance) Senate	3.99	3.78	4.25	1.54	36.3%	-12.0%
10204	Office of the High Commissioner	0.00	0.00	0.00	0.00	0.0%	0.0%
10301	Office of the Prime Minister	7.19	11.26	22.58	5.23	23.1%	37.5%
10302	Environmental Directorate	0.00	0.00	0.00	0.00	0.0%	0.0%
10401	Ministry of Foreign Affairs	3.12	2.65	3.47	1.19	34.1%	-2.8%
10402	Embassies	4.90	5.71	7.40	1.93	26.1%	-14.8%
10501	Ministry of Finance	9.51	35.84	111.33	12.53	11.3%	35.7%
10502	Accountant General	1.73	1.93	1.93	0.91	47.2%	1.8%
10503	General Activities for the Government	55.43	96.58	47.54	22.19	46.7%	-47.9%
10504	Directorate of Financial Reporting Center	0.64	0.61	0.97	0.30	31.3%	1.7%
10505	Public Procurement Authority	0.00	0.00	0.50	0.00	0.0%	0.0%
10601	Ministry of Planning	2.05	4.34	14.38	3.39	23.6%	65.7%
10602	National Statistics Department	0.00	0.11	12.38	0.39	3.2%	0.0%
10701	Ministry of Interior and Federal Affairs	8.64	9.04	20.74	2.44	11.8%	-33.2%
10702	Somali Refugee and IDPs Commission	0.57	0.55	0.71	0.30	42.3%	17.7%
10703	National ID Authority DADSOM	0.00	0.00	0.70	0.05	7.0%	0.0%
10801	Ministry of Religious Affairs	1.61	1.01	1.12	0.57	50.7%	15.5%
10901	Ministry of Justice and Endowment	0.62	0.63	1.76	0.33	18.5%	23.7%
10902	Custodian Corps	6.68	9.22	10.05	4.58	45.6%	18.1%
10906	Constitutional Court	0.00	0.00	0.00	0.00	0.0%	0.0%
11001	Supreme Court	0.90	0.88	4.43	0.78	17.6%	126.0%
11002	Banadir Court	1.41	1.30	1.84	0.76	41.3%	17.2%
11003	Appeal Court	0.29	0.36	1.04	0.29	28.2%	98.6%
11005	Judiciary Service Committee	0.10	0.13	0.58	0.07	11.3%	42.2%
11101	Attorney General	1.05	1.16	1.45	0.55	38.0%	8.4%
11201	Solicitor General	0.49	0.47	0.61	0.20	32.6%	-8.8%
11301	Auditor General	1.73	1.79	2.49	1.03	41.4%	31.5%
11401	Ministry of Humanitarian Affairs and Disaster	1.07	1.04	1.33	0.55	41.1%	17.5%
11402	Somali Disaster Management Agency	0.00	0.00	0.00	0.00	0.0%	0.0%
11501	Ministry of Constitution	0.79	0.75	2.17	0.31	14.1%	80.8%
11601	Boundaries and Federation Commission	0.59	0.57	0.65	0.23	36.0%	-4.2%
11602	National Reconciliation Commission	0.46	0.45	0.50	0.19	37.5%	-4.5%
11603	National Independent Electoral Commission	1.72	2.16	3.56	0.75	21.2%	-9.3%
11604	Human Rights Commission	0.00	0.00	0.10	0.00	0.0%	0.0%
11605	Indep. Constitution Review and Imp. Commission	0.66	0.64	0.70	0.26	37.4%	-4.7%
11606	National Civil Service Commission	1.30	1.22	1.54	0.52	33.6%	-2.7%
11607	The Independent Commission for Combating Corruption	0.00	0.00	0.42	0.14	31.8%	0.0%
2.	Security	107.29	145.27	164.14	74.66	45.5%	9.7%
20101	Ministry of Defence	1.15	1.04	1.25	0.42	33.1%	5.4%
20102	Armed Forces	56.28	81.15	92.90	43.09	46.4%	12.3%
20103	Military Court	1.44	1.45	1.46	0.60	41.4%	-5.6%
20104	Disabled and Orphans Organization	0.10	0.07	0.12	0.03	21.7%	0.0%
20201	Ministry of National Security	1.88	1.13	1.88	0.44	23.6%	-20.6%
20202	Police Force	29.09	41.38	44.12	20.74	47.0%	4.3%
20203	National Security Force	12.75	14.45	17.81	7.55	42.4%	25.7%
20204	Immigration Department	4.60	4.61	4.60	1.79	39.1%	-18.1%

Sector/MDA		Actual 2019	Actual 2020	Budget 2021 (in million USD)	Actual spending end Jun 2021 (million USD)	Half year actual spending as % of annual budget	Year to year growth%
3.	Economic Services	24.09	31.87	79.13	16.01	20.2%	14.2%
30101	Ministry of Water and Energy	1.11	1.83	8.02	1.51	18.8%	116.8%
30201	Ministry of Mineral	0.92	1.18	1.70	0.56	32.8%	27.7%
30301	Ministry of Agriculture	1.13	1.21	1.74	0.64	36.6%	18.2%
30401	Ministry of Livestock and Forestry	0.93	0.82	1.60	0.40	24.7%	1.0%
30402	Environmental Directorate	0.00	0.00	0.00	0.00	0.0%	0.0%
30501	Ministry of Fishery and Marine Resource	1.51	1.64	1.91	0.58	30.1%	-4.3%
30502	Somali Marine Research	0.49	0.47	0.51	0.23	45.5%	8.6%
30503	Offshore and Fisheries Development Project	0.08	0.07	0.11	0.02	20.0%	-27.9%
30601	Ministry of Information	4.85	4.92	6.68	2.24	33.6%	8.8%
30701	Ministry of Post and Telecommunication	1.66	2.08	1.72	0.64	37.4%	-46.2%
30702	National Communication Agency	1.02	0.85	1.17	0.22	18.9%	-53.8%
30801	Ministry of Public Work & Reconstruction	1.10	1.38	30.86	2.82	9.1%	450.6%
30901	Ministry of Transport and Aviation	1.94	1.81	2.34	0.88	37.6%	5.5%
30902	Civil Aviation and Meteo-Authority	2.98	9.35	15.07	3.16	20.9%	-22.2%
31001	Ministry of Transport and Ports	1.18	1.12	1.58	0.56	35.6%	5.0%
31002	Hamar Port	1.01	0.95	1.02	0.38	37.4%	-19.0%
31101	Ministry of Industry & Commerce	2.16	2.19	2.59	1.05	40.4%	8.8%
31102	Somali Quality Assurance Agency	0.00	0.00	0.50	0.13	25.2%	0.0%
4.	Social Services	19.37	81.61	108.84	49.82	45.8%	23.8%
40101	Ministry of Health	2.68	6.24	33.63	10.49	31.2%	327.2%
40201	Ministry of Education and Higher Education	8.66	8.73	18.25	3.28	18.0%	7.3%
40202	Somali National University	3.87	4.83	8.36	2.51	30.0%	44.2%
40203	Somali Academy of Sciences and Arts	0.85	0.59	1.06	0.34	31.8%	48.1%
40204	Intergovernmental Academy of Somali Language	0.24	0.25	1.36	0.10	7.5%	16.8%
40301	Ministry of Labor and Social Affairs	1.52	59.61	44.59	32.56	73.0%	46.9%
40401	Ministry of Youth and Sport	0.67	0.60	0.65	0.23	35.7%	-15.1%
40501	Ministry of Women and Human Rights Dev.	0.89	0.78	0.84	0.29	34.6%	-24.4%
40502	Somali Disable Agency	0.00	0.00	0.10	0.02	18.6%	0.0%
	Projects (Only for 2019 & 2020)	17.37	9.87	0.00	0.00		
	Total	315.47	493.78	666.88	216.50	32.5%	22.5%

Key: if half year spending as % of annual budget is below 40%—RED; 40% to 60%—GREEN; above 60%—DARK RED.

Brief explanation of observed midyear performance in budget spending

Because of the shortfalls in domestic revenue and the suspension of budget support by donors, majority of the MDAs did not receive all the funds they would have needed in the first half of the year. Only 16 MDAs received/spent at least 40% of their annual budget in the first six months, with the rest of MDAs (59) receiving an average of 28.7%.

5.2. Budget spending (donor funded projects)

Code	Special Projects	Actual 2019	Actual 2020	Budget 2021	Actual spending end Jun 2021	Half year actual spending as % of annual budget
212021	Domestic Revenue Mobilization and PFM Capacity Strengthening Project- IDA	1,934,820	2,941,845	10,365,062	1,616,278	15.6%
212022	Somalia Recurrent Cost and Reform Financing Project - IDA	20,193,532	23,110,307	1,692,472	1,639,225	96.9%
212023	Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift - IDA	305,494	3,236,663	15,778,650	1,191,981	7.6%
212024	Shock Responsive Safety Net for Human Capital (BAXNAANO) Project - IDA	-	50,334,030	11,380,000	574,306	5.0%
212025	Water for Agro-pastoral Productivity and Resilience,the "BIYOOLE" Project - IDA	-	2,538,518	11,780,079	2,547,768	21.6%
212026	Somalia Crisis Recovery Project - IDA	-	9,748,235	70,162,123	9,272,057	13.2%
212027	Somali Integrated Statistics and Economic Planning Capacity Building - IDA	-	49,358	10,517,720	277,979	2.6%
212028	Somalia Emergency Locust Response Project - IDA	-	7,700,127	31,489,057	31,299,873	99.4%
212029	Somalia Recurrent Cost and Reform Financing Project -Phase III - IDA	-	-	27,432,290	4,834,739	17.6%
212033	Public Sector Capacity Injection - IDA	1,822,430	1,117,198	4,127,080	661,011	16.0%
212034	ICT Sector Support in Somalia Phase II - IDA	1,537,539	535,517	56,886	-	0.0%
212035	Urban Investment Planning Project IDA	-	-	-	-	0.0%
212038	Somali Core Economic Institutions and Opp. Prg - IDA	1,663,746	3,887,045	-	-	0.0%
212041	Domestic Revenue Mobilization and PFM Capacity Strengthening Project- MPF	644,859	-	-	-	0.0%
212042	Somalia Recurrent Cost and Reform Financing Project - MPF	528,768	-	6,926,486	2,497,956	36.1%
212043	Somalia Urban Resilience Project - IDA	2,674,849	2,480,336	1,830,000	268,329	14.7%
212044	Special Financing Facility - WB	1,304,396	93,507	-	-	0.0%
212045	Somali Electricity Access Project - WB	196,256	676,851	2,809,285	983,670	35.0%
212046	Somali Urban Investment Planning - WB	373,895	663,907	-	-	0.0%
212047	Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift - MPF	60,699	1,094,464	9,008,550	2,017,870	22.4%
212048	Somalia Urban Resilience Project II - WB	-	433,892	29,493,483	2,128,317	7.2%
212081	Somali Petroleum Technical Assistance Project - WB	263,577	220,820	132,000	-	0.0%
212091	World Bank - Budget Support - DPO	-	1,505,808	-	-	0.0%
214051/52	Support to Stabilization Project (S2S) - UN	1,086,506	945,927	1,930,500	425,114	22.0%
214053/61	Special Financing Facility - UN	217,575	782,413	3,164,655	534,771	16.9%
215012	Economic and Financial Gov. Institutional Project PH II - AfDB	1,846,931	1,950,220	2,806,912	742,732	26.5%
215013	Strengthening Inst. for Economic Policy Management and Infrastructure Development Project (SIEPMID) - AfDB	42,114	299,077	3,321,165	303,980	9.2%
215014/31	Road Infrastructure Programme (RIP) - AfDB	-	73,325	4,123,247	188,212	4.6%
215015	Regulatory Authority for Energy Sector Project - AfDB	-	-	981,204	-	0.0%
215032/41	Crisis Response Programme For National And Regional Mitigation Of Covid-19 Impact - AfDB	-	386,300	-	-	0.0%
216011	Education Sector Program Implementation Grant (ESPIG)	778,542	1,003,013	2,555,506	134,132	5.2%
216021	Maximum County Allocation Project (MCA)	-	77,002	3,291,720	324,260	9.9%
	TOTAL	37,476,528	117,885,705	267,156,132	64,464,561	24.1%

Key: if half year spending as % of annual budget is **below 40%—RED**; **40% to 60%—GREEN**; **above 60%—DARK RED**.

Brief explanation of observed midyear performance in budget spending

Overall, projects absorbed only 24.1% (instead of at least 50%) of their annual budget as at end June 2021. The project portfolio has a total of 26 active projects. Of these, only two projects absorbed at least 50% of their budgets in the first six months (i.e., RCRF, and Somalia Emergency and Locust Response Project). The rest of the 24 projects on average absorbed 13.0% of their annual budgets (instead of 50%), the lowest being 0% and maximum 36.1%. Delayed implementation of project activities due to covid interruptions has been fronted as the explanation for the observed low performance. Nonetheless, significant efforts are needed to improve project coordination in the MDAs where low absorption rates are observed.

5.3. Budget spending by programs that received NDP funding.

Code	NDP9 programs that received allocations in 2021 budget	Budget 2021 (in \$million)	Actual spending end Jun 2021 (\$million)	Half year actual spending as % of annual budget	Implementation status as at end Jun 2021
1	Inclusive Politics				
10601	Ministry of Planning, Investment and Economic Development				
	Strengthen M&E capacity for NDP implementation, and develop a comprehensive management information system	499,998	Nil	0%	Some work being done using donor project funds.
10602	National Statistics Department				
	Strengthen statistical capacity and information management	1,000,000	Nil	0%	Some work being done using donor project funds.
10701	Ministry of Interior and Federal Affairs				
	Rehabilitation of the MOIFAR building and provision of ICT to enhance civic participation in state formation	959,794	12,575	1.3%	Due to shortage of funds, the only activity was on civic engagement on good governance.
10901	Ministry of Justice and Endowment				
	Construction of three prisons in three states	1,014,550	66,648	6.6%	Due to shortage of funds, only activity done so far relates to policy and legal drafting.
110xx	Judicial Authorities				
	Construct court buildings (Supreme, Banaadir, and Appeal Courts) and strengthen the electronic case management system	2,733,900	Nil	0%	No funds available due to revenue shortfalls.
11101	Attorney General				
	Institutional capacity building	55,400	Nil	0%	No funds available due to revenue shortfalls.
11501	Ministry of Constitution				
	Facilitation of constitutional review process including provision of ICT equipment for constitutional outreach programmes	1,707,775	160,565	9.4%	Due to shortage of funds, only activity done so far relates to public consultation on amended chapters of the constitution.
2	Security and the Rule of Law				
20201	Ministry of National Security				

Code	NDP9 programs that received allocations in 2021 budget	Budget 2021 (in \$million)	Actual spending end Jun 2021 (\$million)	Half year actual spending as % of annual budget	Implementation status as at end Jun 2021
	Strengthen internal security infrastructure	795,950	Nil	0%	No funds available due to revenue shortfalls.
20202	Police Force				
	Completion of on-going biometric registrations for all SPF	124,900	Nil	0%	Phase 1 was completed using project funds.
20102	Armed Forces				
	Completion of on-going biometric registrations	156,100	Nil	0%	Phase 1 was completed using project funds.
3	Economic Development				
30101	Ministry of Water and Energy				
	Rehabilitate the pre-war irrigation and flood control infrastructure in southern Somalia	4,000,000	Nil	0%	No funds available due to revenue shortfalls.
30401	Ministry of Livestock and Forestry				
	Rehabilitation of livestock laboratory and capacity building for lab management	620,000	Nil	0%	No funds available due to revenue shortfalls.
30801	Ministry of Public Work & Reconstruction				
	Rehabilitate main arterial roads and key feeder road networks across the country	5,000,000	Nil	0%	No funds available due to revenue shortfalls.
4	Social Development				
40101	Ministry of Health				
	Establish a National Institute of Health; Relocate national cold chain center from Nairobi to Mogadishu; Upgrade infrastructure for Banadir, Forlanin and Martini hospitals; Refurbish malaria vector control room; strengthen the Health Information Management System	9,174,119	1,441,465	15.7%	Work so far done relate to Covid prevention and strengthening maternal and reproductive health.
40201	Ministry of Education and Higher Education				
	Rehabilitate 100 primary and secondary schools; reconstruct Hawa Tako Secondary School; operationalize the national museum; capacitate the female teachers' training college; construction of National Examination & Certification	9,616,806	2,201,906	22.9%	Work so far done relate to set up of the committee for higher education and strengthening teacher management and examinations.

Code	NDP9 programs that received allocations in 2021 budget	Budget 2021 (in \$million)	Actual spending end Jun 2021 (\$million)	Half year actual spending as % of annual budget	Implementation status as at end Jun 2021
	Extension Office and National Curriculum Office				
40202	National University				
	Building new classrooms; and strengthening the research capability	1,647,149	Nil	0%	No funds available due to revenue shortfalls.
	TOTAL	39,106,441	3,883,159	9.9%	

Explanation of observed performance

The extremely lower than expected prorata performance of just 9.9% in the first six months of the year, was largely due to shortfall in government revenue which meant the FGS did not have funds with which to implement the planned NDP activities as desired.

6) Tracking of performance indicators for NDP9 programs that received allocations in 2021 budget.

Indicator	Baseline (2020)	Target 2021	Status as at end Jun 2021	Comment
1. Ministry of Finance				
1.1. Revenue/GDP ratio	10.59%	10%	3.42%	If current trend continues, ratio will be 6.84% by Dec. Thus target unlikely to be met.
1.2. % of funds utilized against budget	86%	90%	32.5%	Target unlikely to be met if current trend continues.
2. Ministry of Planning				
2.1. No. of M&E reports produced	0	4	dna	
2.2. No. of quarterly NDP performance reports produced	0	4	dna	
3. National Statistics Bureau				
3.1. No. of statistics reports produced	4	12	7	6 reports on CPI and one on GDP.
3.2. No. of key statistics indicators covered	8	16	2	GDP, CPI
4. Ministry of Interior and Federal Affairs				
4.1. No. of intergovernmental meetings conducted	4	4	dna	Meetings are going on but data was not available at time of writing the report.
4.2. No. of rural community development projects implemented	dna	tbd	dna	

Indicator	Baseline (2020)	Target 2021	Status as at end Jun 2021	Comment
5. Ministry of Justice and Endowment				
5.1. No. of laws drafted	dna	tbd	dna	Various laws have been drafted e.g., pension law for civil servants, however data is not available on total number of laws drafted.
5.2. % of prisoners enrolled and attending rehabilitation programs	0%	5%	dna	
6. Judiciary Services				
6.1. No. of court cases filed: Banaadir Court	dna	tbd	dna	
6.2. No. of court cases filed: Appeals Court	dna	tbd	dna	
6.3. No. of court cases filed: Supreme Court	dna	tbd	dna	
6.4. Disposal rate of cases filed at Banaadir Court (%)	dna	tbd	dna	
7. Ministry of Constitution				
7.1. No. of constitutional awareness events conducted	dna	tbd	dna	
7.2. No. of constitution related proposals registered	dna	tbd	dna	
8. Ministry of National Security				
8.1. No. of intelligence reports generated	dna	tbd	dna	
8.2. No. of criminal cases recorded	dna	tbd	dna	
9. Ministry of Water and Energy				
9.1. No. of operational boreholes country wide	dna	tbd	dna	
9.2. Kw of electricity supplied	dna	tbd	dna	
10. Ministry of Livestock and Forestry				
10.1. Value of livestock exports	\$205,363,010	tbd	dna	Baseline is for 2019. Source: SNBS
10.2. No. of livestock treated/vaccinated	dna	tbd	dna	
11. Ministry of Public Works and Reconstruction				
11.1. Km of paved roads	dna	tbd	dna	
11.2. Proportion of arterial and feeder road network in good condition	dna	tbd	dna	
12. SCAA				
12.1. Collection achievement rate of over flight fees	148%	100%	40%	Target not likely to be met if current trend continues.
12.2. No. of passengers handled	210,664	tbd	dna	Baseline number is for 2019. Source: SNBS

Indicator	Baseline (2020)	Target 2021	Status as at end Jun 2021	Comment
13. Ministry of Health				
13.1. Number of in-patients attended to in public health centres	dna	tbd	dna	
13.2. No. of health workers trained	dna	tbd	dna	
14. Ministry of Education				
14.1. No. of students attended Grade 12 national examination	86,373 (government funded 7,705)	tbd	dna	Baseline number is for 2018/19. Source: SNBS
14.2. No. of teachers on payroll	1,147	1,147	1,147	There has been no new recruitment of teachers.
15. SNU				
15.1. No. of academic programmes taught	dna	tbd	dna	
15.2. No. of students graduating	dna	tbd	dna	

tbd – to be determined; dna – data not available