

# Budget Citizen Guide 2023

Republic Of Somaliland  
Ministry of finance Development



## 1. A word from the minister

The world economy has been turbulent in the past two years, and this had created challenges to the Somaliland economy. However, the Public Financial Management reforms that we have implemented over the past decade has meant that we now enter 2023 in a resilient position, as demonstrated by our new budget.



The war in Ukraine has created a global impact, particularly affecting the remittances and imports that are vital to our economy. And these issues were exacerbated by the tragic Waheen Market fire in March 2023, which devastated the livelihoods of many merchants in Hargeisa. Furthermore, these challenges occurred just as the economy was rebuilding from the damage of Covid-19.

The Somaliland government quickly responded to these challenges by launching a supplementary budget in 2023 to aid those individuals who were the worst affected. And despite this adversity, revenue collection continued to increase in 2022. This has demonstrated the continued determination of both the people of Somaliland and our government to persevere in difficult circumstances.

With the additional revenue that has been raised, I am pleased to say that in the 2023 budget, expenditure has increased by 1.3% compared to last year. This has allowed the government to increase expenditure on areas critical to the development of the Somaliland economy and the welfare of society. Key projects include expanding access to clean water in the country, and environmental work to boost our economy and to tackle the threat of climate change.

The government of Somaliland continues to strive to operate in a transparent manner, and for the wider benefit of society. As such, I am proud to present this Somaliland Citizen's Budget document for 2023 which outlines all of these important details covering the functions of our economy.

Dr. Saad Ali Shire

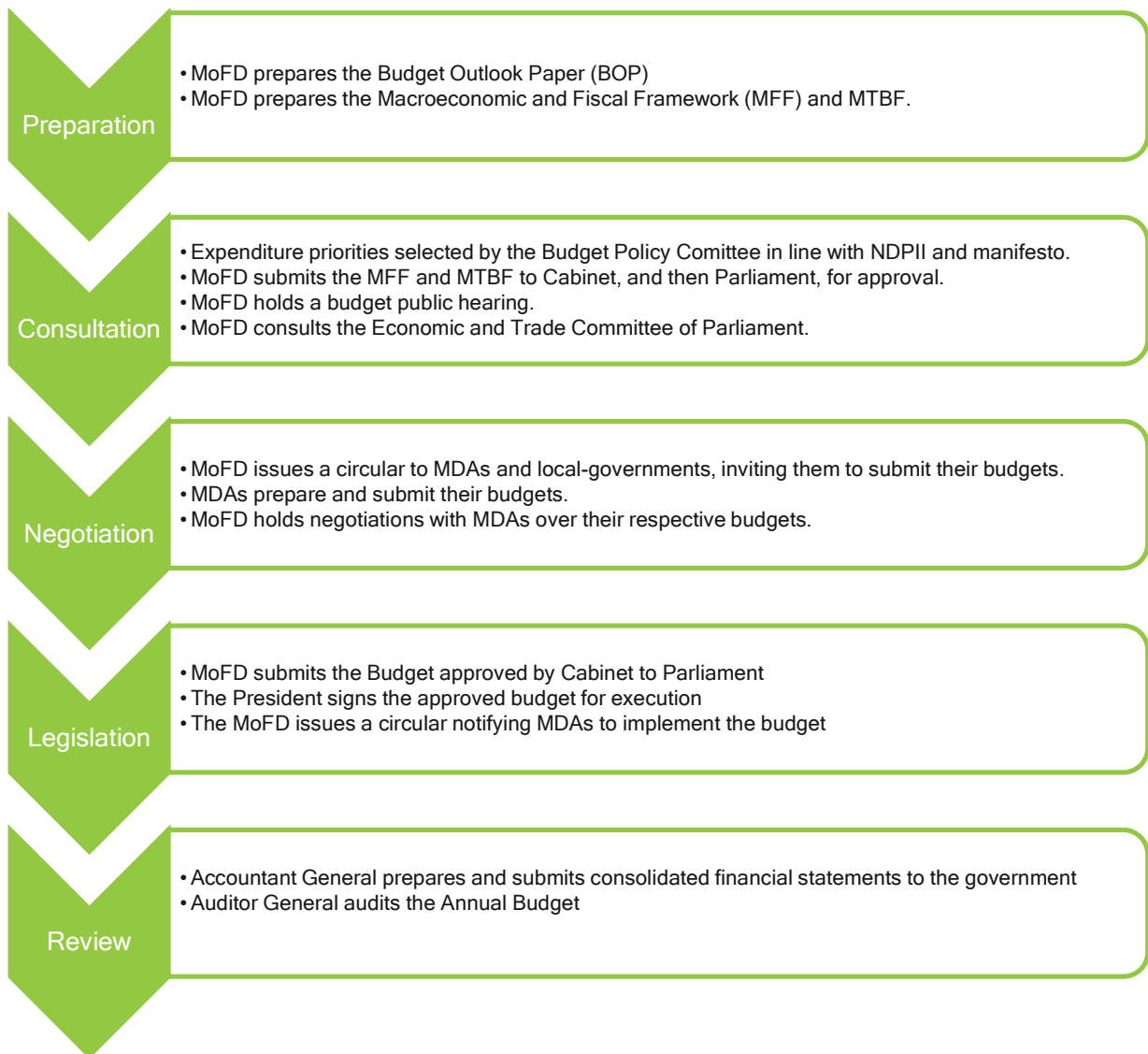
Minister of Finance of Republic of Somaliland

## 2. What do we mean by a “budget”?

The Budget is the Government’s annual financial plan for the nation. It shows how revenue will be raised, and how these funds will be used to address specific needs of Somaliland’s citizens and economy. The budget summarizes and puts into practice the commitments of the government: it is also a tool for citizens to hold their government to account.

The budget helps the Government to prioritize the different needs of the country- whether it is strengthening the economy, maintaining security, or improving livelihoods - and make sure the responsible Ministries, departments, agencies, or programmes get access to the resources they need.

## 3. How is the budget prepared?



## 4. What is the budget for 2023?

The Government aims to spend **2.530 trillion SLSh** in 2023 (excluding donor grants and Local governments), an increase of 32 billion SLSh or 1.31% from the 2022 original budget. 2022 was an exceptional year, with the war in Ukraine, the Waheen market fire, and the recovery from Covid-19. All of these issues required additional spending.

The 2023 budget is still an expansion on spending but is also a return to expenditure on the government's medium and long-term goals as specified in the National development Plan and Vision 2030.

## 5. How is the government funded And How Does It compare to last year?

### Revenue Comparison

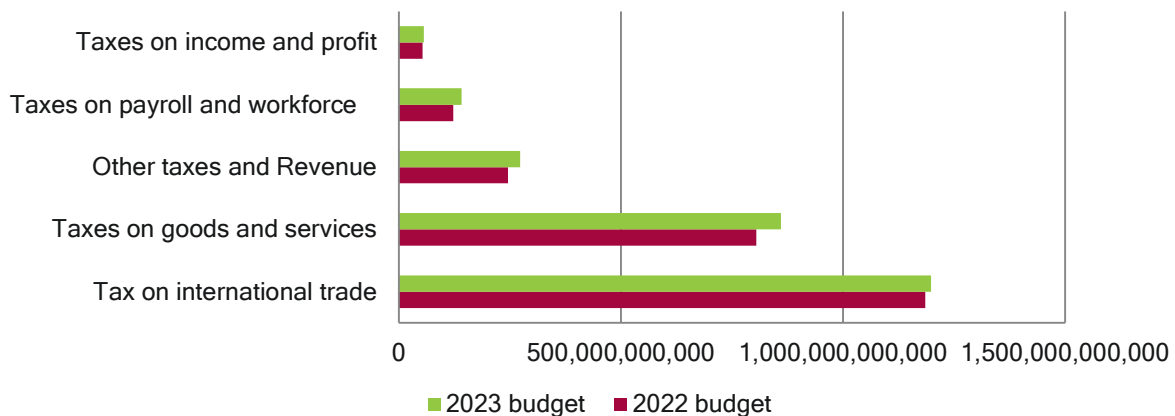
The resources to deliver the 2023 budget come from a range of taxes and revenue. The comparison of this funding between 2022 and 2023 is shown in Table 1 and Figure 1 below.

Table 1: Comparison of revenue sources between the 2022 and 2023 budgets.

Sources of revenue	2022 Budget	2023 Budget	Difference	% Difference	% Of total
Tax on international trade	1,185,087,774,357	1,198,800,112,172	13,712,337,815	1%	47%
Taxes on goods and services	804,664,152,211	860,693,920,407	56,029,768,196	7%	34%
Other taxes and Revenue	245,550,716,487	273,433,646,237	27,882,929,750	11%	11%
Taxes on payroll and workforce	122,276,223,424	141,473,936,961	19,197,713,537	16%	6%
Taxes on income and profit	52,874,027,856	55,934,856,085	3,060,828,229	6%	2%
Fiscal balance	87,159,700,185				
<b>Grand total</b>	<b>2,497,612,594,520</b>	<b>2,530,336,471,862</b>	<b>32,723,877,342</b>	<b>1.31%</b>	<b>100%</b>

Figure 1: Comparison of revenue sources between the 2022 and 2023 budgets.

### 2023 Budget Sources of Revenue (Somaliland Shillings)





## New revenue sources

To help expand the budget for 2023, the MoFD worked on developing additional sources of revenue for the government. Some of these key measures included:

- Increasing the Goods and Services Tax (GST) base;
- Accelerating the collection of GST from telecommunications businesses and production factories;
- Increasing the number of customs stations across the country; and
- Increasing the tax rate on goods with health risks, such as khat, cigarettes, and tobacco.



**Taxes on income and profit** +6%  
52bn SLSh



**Taxes on payroll and workforce** +16%  
122bn SLSh



**Tax on international trade** +1%  
1,185bn SLSh



**Taxes on goods and services** +7%  
805bn SLSh



**Other taxes and revenue** +11%  
246bn SLSh

## 6. How is the government allocating it's Resources by sector?

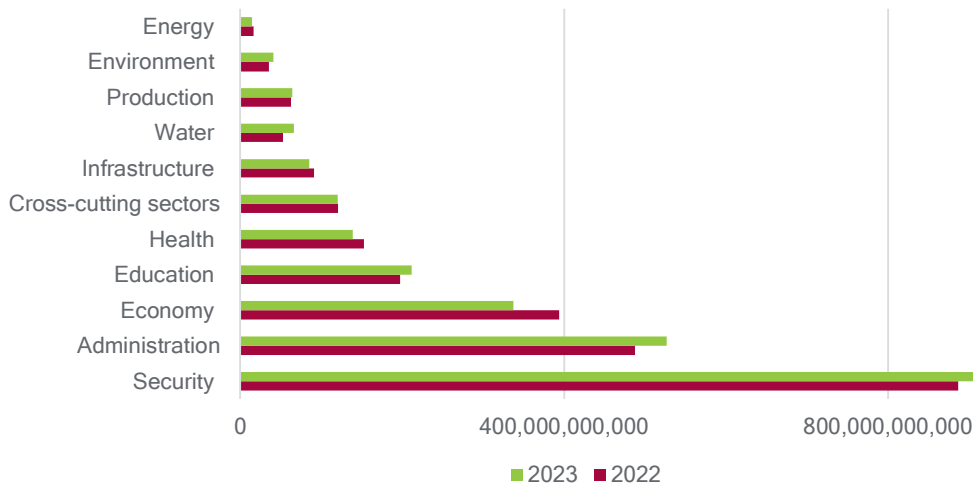
The 2023 budget is allocated to specific priority sectors, as outlined in the National Development Plan. This breakdown is shown in Table 2 and Figure 2, with a comparison to the allocation in 2022.

Table 2: Comparison of budget expenditure by sector, between 2022 and 2023.

Sector	2022 (SLSh)	2023 (SLSh)	Difference	% Difference	% Share of total budget
Security	886,522,862,738	924,523,872,556	38,001,009,818	4.29%	36.54%
Administration	487,862,974,366	526,579,564,488	38,716,590,122	7.94%	20.81%
Economy	393,868,243,068	337,270,147,502	-56,598,095,566	-14.37%	13.33%
Education	197,455,161,987	211,611,904,342	14,156,742,355	7.17%	8.36%
Health	152,620,312,618	138,995,302,187	-13,625,010,432	-8.93%	5.49%
Cross-cutting sectors	120,692,049,506	120,318,195,876	-373,853,630	-0.31%	4.76%
Infrastructure	91,518,276,380	85,277,120,457	-6,241,155,923	-6.82%	3.37%
Water	52,761,150,455	66,400,705,682	13,639,555,227	25.85%	2.62%
Production	62,694,086,870	64,184,974,777	1,490,887,907	2.38%	2.54%
Environment	35,324,238,347	40,840,250,042	5,516,011,694	15.62%	1.61%
Energy	16,293,238,885	14,334,433,954	-1,958,804,931	-12.02%	0.57%
<b>Grand total</b>	<b>2,497,612,595,220</b>	<b>2,530,336,471,861</b>	<b>32,723,876,641</b>	<b>1.31%</b>	<b>100%</b>

Figure 2: Comparison of budget expenditure by sector, between 2022 and 2023

## 2023 Budget Allocation by Sector (Somaliland Shillings)



The increases in the budget year-on-year for specific sectors reflect some important funding projects:



### Water

Additional ponds and wells; reducing water scarcity

**+26%**



### Administration

Funding for government decentralisation and international recognition campaign

**+8%**



### Security

Additional budget for nationalising and strengthening of forces

**+4%**



### Education

Further university funding and vocational schools

**+7%**



### Production

Increases in funding especially for fisheries and agriculture

**+2%**



### Environment

Prioritising care for the environment, including seasonal pastures to reduce drought impact

**+16%**



### Contingency Fund

Funding is ready for unexpected disasters like droughts and acute diseases



### Elections

Continuing the Somaliland democratic tradition, funding has been allocated for the next election

**+\$15m**

## 7. How is the government spending its budget?

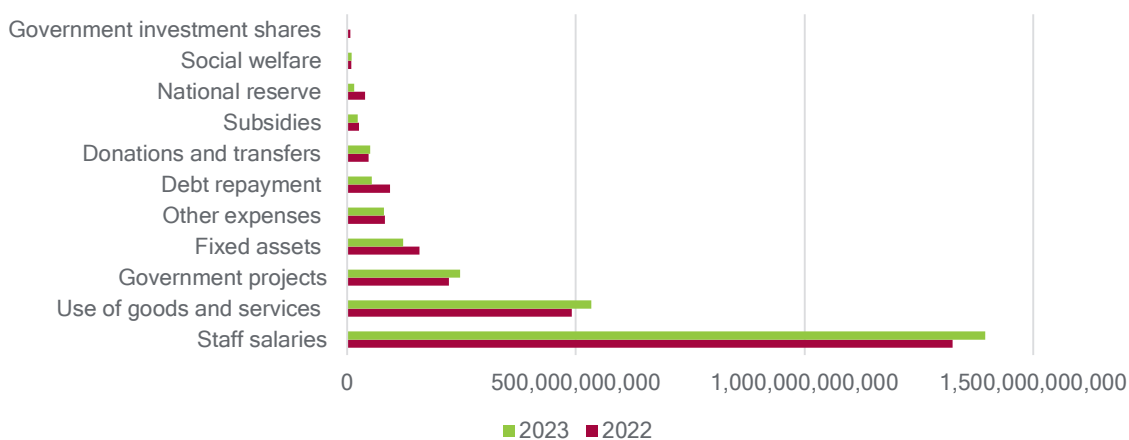
The 2023 budget is expended across a range of spending commitments, such as the main ones are public sector salaries, investment projects, use of goods and services and reserve funds for emergencies. The allocation is shown in Table 3 and Figure 3 below.

Table 3: Comparison of budget expenditure by spending commitment type, between 2022 and 2023.

Expenditure	2022	2023	Difference	% Difference	% Of total budget
Staff salaries	1,323,973,109,523	1,395,272,299,701	71,287,299,190,178	5.39%	55.14%
Use of goods and services	491,247,139,546	533,633,346,855	42,386,207,309	8.63%	21.09%
Government projects	222,121,736,598	247,044,432,728	24,922,696,130	11.22%	9.76%
Fixed assets	157,791,881,605	121,891,701,121	-35,900,180,484	-22.75%	4.82%
Other expenses	82,179,616,210	80,071,657,461	-2,107,958,749	-2.57%	3.16%
Debt repayment	93,404,960,317	53,515,992,300	-39,888,968,017	-42.71%	2.11%
Donations and transfers	46,321,939,814	50,446,939,814	4,125,000,000	8.91%	1.99%
Subsidies	25,419,393,703	22,734,101,881	-2,685,291,822	-10.56%	0.90%
National reserve	39,401,817,905	15,000,000,000	-24,401,817,905	-61.93%	0.59%
Social welfare	8,751,000,000	9,451,000,000	700,000,000	8.00%	0.37%
Government investment shares	7,000,000,000	1,275,000,000	-5,725,000,000	-81.79%	0.05%
<b>Grand total</b>	<b>2,497,612,595,220</b>	<b>2,530,336,471,861</b>	<b>32,723,876,641</b>	<b>1.31%</b>	<b>100%</b>

Figure 3: Comparison of budget expenditure by spending commitment type, between 2022 and 2023.

### 2023 Budget Expenditure by Spending Category (SLSh)



## 8. What are the spending priorities for 2023?



### Security

- Improving the quality and quantity of the safety and security staff
- Increased capacity for specialised equipment and vehicles
- Funding for opening of a new fire station site



### Healthcare

- Increasing support for existing MCHs
- Healthcare projects for Ceerigaabo and Laas-aanood
- increase financial support for the mental hospital
- continue fiscal decentralization to MCHs for the JPLG project
- Purchase of additional health equipment



### Education

- construction and furnishing of schools and libraries.
- increase support for the existing vocational schools.
- Establishing more primary, intermediate, and secondary schools
- Increase of subsidies to schools.
- Strengthening and building new vocational schools.
- extension building universities, including, Sheikh, Berbera Marine, and Al Najax Univer





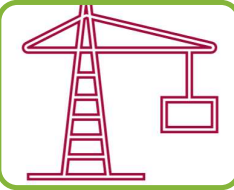
### Water, Sanitation, and Health

- Four new water expansion projects across Berbera, Burco, Gabiley and Hargeisa
- Continuation of five previous water expansion projects
- The construction of six dams, and six new bore-holes {wells}



### Environment

- Development of six seasonal reserves projects
- Funding for wildlife maintenance projects
- Funds for emergency responses to natural disasters
- Development of a new building for the Ministry of the Environment
- Funding for prevention of deforestation



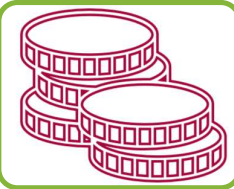
### Infrastructure

- Additional road development
- Implementing postal service delivery.
- Improving ICT skills across government and private sector businesses
- Formalised town planning
- Additional funding for airport development
- public works office building



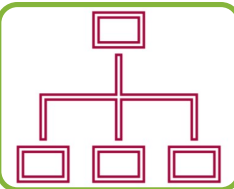
### Production

- Livestock breeding and testing
- Livestock vaccination
- Fisheries development
- Agricultural and seed expansion projects
- Farming safety
- Funding for research in to agriculture skills
- Provincial projects for Qool-caday, Aroori, Beer, Wajaale and Oodwayne



### Economy

- Increase in the national reserves for emergency use
- Expanding revenue collection to boost expenditure on development
- Further reforms to public financial management (PFM)
- Policies to encourage investment in private enterprises
- Continuation of the National Service program, currently employing 500 youth



### Administration

- Funding for holding elections
- Acceleration of the Somaliland international recognition campaign
- Government administrative decentralization



### Cross-cutting projects

- Completing and supporting the existing ones and construction of additional stadiums.
- Implementation of a fund for youth development
- Further development of sports, including holding regional leagues
- Maintaining funds to help those most vulnerable in Somaliland society.

## 9. Making taxes easier to pay

Making it easier for citizens and taxpayers to file and pay their taxes remains a firm commitment of the Ministry of Finance Development. Taxpayers who are fully registered with a Taxpayer Identification Number (TIN) receive better service. Businesses will need a TIN to receive tax clearance; to tender for Government contracts and get paid for providing goods and services to Government; to renew their licenses and registrations; and to import and export goods to and from Somaliland.

The Ministry's online system allows taxpayers to register and receive a TIN at <http://www.somaliland-ird.com/taxpayer>. This system also allows taxpayers to file their taxes online and contains a set of useful resources to guide and support taxpayers. Systems for paying taxes via mobile money or e-payment have also been put in place. As a result of this, citizens and businesses can now pay their taxes online and through their mobile phones.

The Ministry has also introduced improvements for traders with TINs. By using risk management in customs, traders that comply with customs rules and procedures will benefit from quicker customs clearance. We have also made it easier for traders to get a transit permit, by reducing the number of steps in the application process.

For any questions or support on how to comply, taxpayers can call the new tax hotline at 3535 or visit the customer helpdesks in the tax and customs head offices. Advice on how to comply can also be found on the Ministry of Finance Development website ([www.slmof.org](http://www.slmof.org)).

## Annex 1: Glossary

<b>BOP</b>	Budget Outlook Paper. Prepared by the MoFD at the start of the annual budget process.
<b>Budget</b>	The annual finances of the government, concerning total income (revenue), and what this is being spent on (expenditure).
<b>Expenditure</b>	Annual spending by the government as part of the budget.
<b>GST</b>	Goods and Services Tax.
<b>JPLG</b>	Joint Programme for Local Government.
<b>NDP</b>	National Development Plan. The most recent NDP is NDPII, and NDPIII is under development. The NDP outlines the key priorities for the government in the medium term.
<b>MCH</b>	Mother and Child Healthcare.
<b>MDA</b>	Ministries, Departments and Agencies. The separate institutions of government.
<b>MFF</b>	Macroeconomic Fiscal Framework. This is prepared by the MoFD as part of the budget process, and contains economic analysis such as revenues, expenditures, inflation, and foreign exchange.
<b>MOFD</b>	Ministry of Finance Development.
<b>MTBF</b>	Medium Term Budget Framework. The strategic planning by the Government of Somaliland for budgeting across multiple years.
<b>PFM</b>	Public Financial Management.
<b>Revenue</b>	The total income received by the government, from taxes and other sources. Other sources may include borrowing and foreign aid.
<b>Tax</b>	A revenue source for the government, paid by the individuals and enterprises of Somaliland, to pay for public goods and services.
<b>Fiscal balance</b>	The difference between a government's revenues and its expenditures.

## Annex 2: Budget allocation by MDA

MDA	2023 Budget (SLSh)
National Defence	422,786,439,718
Ministry of Finance Development	277,606,236,457
Ministry of Education and Science	199,545,597,293
The Police Force	189,726,775,526
Presidential Palace	142,217,802,447
Ministry of Health Development	116,063,551,721
The Prison Force	82,264,104,774
National Electoral Commission	78,826,234,933
Ministry of Water Resources	66,400,705,682
The Council of Representatives	60,148,309,937
Ministry of Transport and Road Development	51,309,921,499
Ministry of Interior	48,808,706,435
Ministry of Defence	48,186,810,851
The Lower Courts	47,086,191,008
Ministry of Information and National Guidance	46,672,705,099
Ministry of Foreign Affairs and International Cooperation	45,860,471,643
Council for Elders	41,314,230,944
Ministry of Livestock and Fishery Development	38,688,689,360
Presidential Palace Guard	34,835,315,083
National Intelligence Agency	32,336,827,320
Coastal Guard Force	28,998,508,258
Ministry of Environment and Climate Change	24,936,731,130
Ministry of Youth and Sports	23,117,359,581
Ministry of Agriculture Development	22,738,662,006
Ministry of Trade and Tourism	21,009,972,569
Ministry of Employment, Social Affairs and Family	20,549,305,317
Immigration Force	19,846,784,178
Firefighting Force	19,016,306,848
Ministry of Endowment and Islamic Affairs	19,003,510,495
Ministry of Public Works, Transportation and Housing	18,301,720,580
Ministry of Communication & Technology	15,665,478,378
Office of the Auditor General	15,429,632,838
Civil Service Commission	14,254,208,081
Ministry of Planning and Development	14,182,416,453
Ministry of Justice	14,023,289,331
Ministry of Investment Promotion	12,705,486,704
National Commission of Higher Education	12,066,307,049
Somaliland Quality Control Commission	11,755,676,947
National Disaster Preparedness and Food Reserve Authority	11,740,944,186
Ministry of Constitution and Parliamentary Relations	11,692,566,387
Ministry of Energy and Minerals	11,457,659,306
Office of the Public Prosecutor	11,076,438,510
The High Court	10,905,747,166
National Displacement and Refugee Agency	8,539,773,331
National Commission for HIV/AIDS Control	8,115,597,492

Civil Service Institute	7,560,049,146
Good Governance and Anti-Corruption Commission	6,133,329,691
Solicitor General's Office	6,038,606,783
National Tender Board Commission	5,920,797,875
National Human Rights Commission	5,443,740,218
Ministry of Rural Development	4,162,574,726
National Party Registration Committee	3,965,807,878
National Insurance Agency	3,615,584,816
National Health Provision Commission	3,060,476,027
Energy Commission	2,876,774,648
Agriculture Research Centre	2,757,623,410
War Veterans Association	2,435,542,052
Law Reform Commission	2,320,201,112
Somaliland Special Economic Zone Authority	2,229,652,628
<b>Grand Total</b>	<b>2,530,336,471,858</b>



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