



Economic Performance Bulletin

First Quarter 2023

Ministry of Finance Development

And

Bank of Somaliland

Republic of Somaliland

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Executive Summary

In first quarter of 2023, the average headline inflation was to 10.53%, compared to 6.46% in the same period of last year (2022-Q1). The average monthly headline inflation in the first quarter of 2023 increased 0.49% compared to the record same quarter of last year (2022-Q1).

In the first quarter of 2023, the average exchange rate of the Somaliland Shillings (SLSH) in the foreign exchange market was 8,563/USD. That shows a 0.75% annual depreciation compared to the same period in the previous year.

Inward remittances in Somaliland were lower 30% in the first quarter of 2023 whereas outward remittances were higher 0.6% compared to the same record in first quarter of 2022. Also, compared to the fourth quarter of 2022, inward remittances decreased 20% whereas the outward remittances increased 11% in the first quarter of 2023.

The total Bank financing of the first quarter of 2023 decreased around 9% compared to same quarter in the previous year.

Livestock which is the main export of Somaliland declined significantly by about 58% in the first quarter of 2023 compared to Q4 of 2022. The number of exported livestock heads declined from 410,077 to 174,246 heads in that period.

The nominal value of Somaliland's imports in the Q1 of 2023 was approximately 2.23¹ trillion SLSh, representing a 3% decrease compared to the first quarter of 2022 and 5% decrease in Q4 of 2022. On a monthly basis, there was a decrease in import value for Q1 2023.

In the Q1 of 2023, Somaliland registered 21,485 passengers' arrivals by air compared to the 21,494 recorded in the Q1 of 2022. On the other hand, there were 23,340 departures in Q1 2023, down from 27,875 (-16%) passengers departing in Q1 of 2022.

In the Q1 of 2023, there was registered 456 businesses, representing 87 more compared to the Q1 registrations in 2022. Generally, there was a 24% increase in the Q1 of 2023 business registrations, compared to the record in the Q1 of 2022.

In Q1 of 2023, there were 325 new and 236 renewed business licenses issued by the Ministry of trade, representing a decrease of 0.4% new licenses and an increased 223% renewed licenses compared to the record of Q1 in 2022. The information shows a positive trend in the Q1 2023 of the renewed business licences being issued.

¹ This value is based on an invoice value submitted by the importers.

The total capital spend on domestic investment was 14.77 million USD. With regards to capital investment by sector, the factory recycling sector accounted for the largest share with 47%, followed by the mineral and mining sector representing 34%. All remaining sectors were representing only 9%. On the other hand, the total capital spending of foreign investment across sectors was 6 million USD. Construction is the highest foreign investment made in the first quarter of the year 2023, which is 50% of the total foreign investments.

In Q1 of 2023, the Somaliland government collected 541 billion SLSh in domestic revenue—representing a 4% decrease from the 562 billion SLSh collected in the same period in 2022. Collections from non-taxes increased by 29% (+19.6.8 billion SLSh) while tax collection decreased by 8% (-40.2 billion SLSh).

In Q1 of 2023, the government of Somaliland spent SLSh 456.8 billion from the general government fund, which represents 18.05% of the annual budget of SLSh 2.53 trillion. However, the expenditure was 19.24% below the allocated amount for the quarter, or SLSh 108.8 billion. Expenditures were well below target across all major spending categories, except for subsidies and compensation of employees.

The government announced a supplementary budget of SLSh 48.75 billion in the first quarter of 2023. This includes SLSh 40.3 billion allocated for fully funding three World Bank (WB) projects and supplementing two others, and SLSh 8.5 billion to supplement the Joint Program for Local Government (JPLG) project with unused funds from the previous fiscal year. The fiscal balance from the general government fund in the first half of the year was 84 billion SLSh.

Key Economic Metrics at a Glance, Q1 2022 – 2023

Metric	Q1 - 2022	Q1 - 2023	Change (%)
Annual inflation	6.46%	10.53%	4.1%
Average SLSh / USD exchange rate	8,499	8,563	0.75%
Heads of livestock exported	410,077	174,246	-58%
Imports Value (SLSh bn)	2,288	2,227	-3%
Import Duty (SLSh bn)	434.0	370.2	-14.7%
Arrivals	21,494	24,233	12.7%
Departures	27,875	26,254	-6%
Business registrations	369	456	24%
New	279	325	16.5%
Renewed	73	236	223%
Fiscal metrics			
Domestic revenue collection (SLSh bn)	632.6	541.5	-14.4%
Actual spending (SLSh bn)	565.7	456.8	-19.2%
Fiscal balance (SLSh bn)	213	17.8	-92%

1. Financial Sector

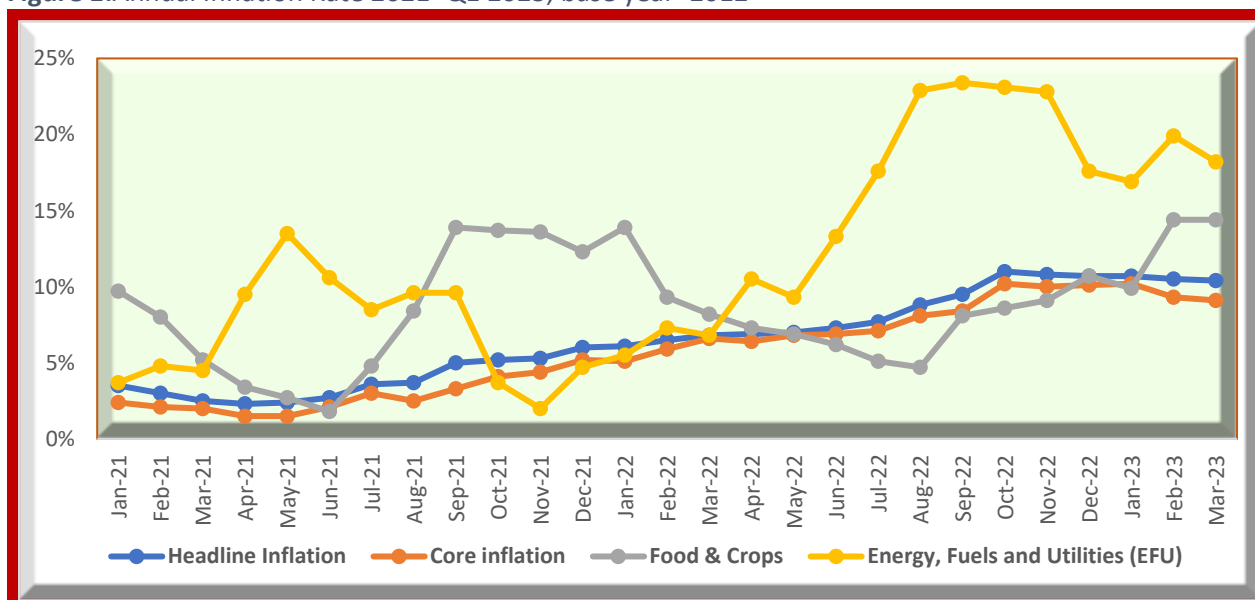
1.1. Inflation

In first quarter of 2023, the average headline inflation was to 10.53%, compared to 6.46% in the same period of last year (Q1-2022). As table 1 below shows, the average monthly headline inflation in the first quarter of year 2023 increased 0.49% in 2023 compared to the record same quarter of last year (2022-Q1). The most significant quarterly price increases were observed in food and non-alcoholic beverages. In first three months of the year there were two price-related incidents; one of the periods of global inflation, that caused some commodities to rise and the second was the burning of the main market in Hargeisa (Waheen Market) severely affected the prices of some commodities.

Table 1: YoY and MoM Inflation Rate in the first quarter of 2022 and 2023 By Major Category, Base Year, 2012

Years	Monthly	Headline Index		Core		Food Crops & Related		EFU	
		YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
2023	January	10.7%	0.4%	10.2%	0.5%	9.9%	0.2%	16.9%	0.5%
	February	10.5%	0.5%	9.3%	0.2%	14.4%	0.4%	19.9%	3.0%
	March	10.4%	0.6%	9.1%	0.4%	14.4%	1.1%	18.2%	2.0%
	AVERAGE	10.53%	0.49%	9.52%	0.34%	12.71%	0.44%	18.29%	1.44%
2022	January	6.1%	0.5%	5.1%	0.3%	13.9%	0.8%	5.5%	1.0%
	February	6.5%	0.6%	5.9%	1.0%	9.3%	-3.6%	7.3%	3.0%
	March	6.8%	0.7%	6.6%	0.6%	8.2%	1.1%	6.8%	0.8%
	AVERAGE	6.46%	0.59%	5.83%	0.56%	10.20%	-0.57%	6.49%	1.34%

Figure 1: Annual Inflation Rate 2021- Q1 2023, base year=2012



Source: Ministry of Planning and National Development

1.2. Exchange Rate

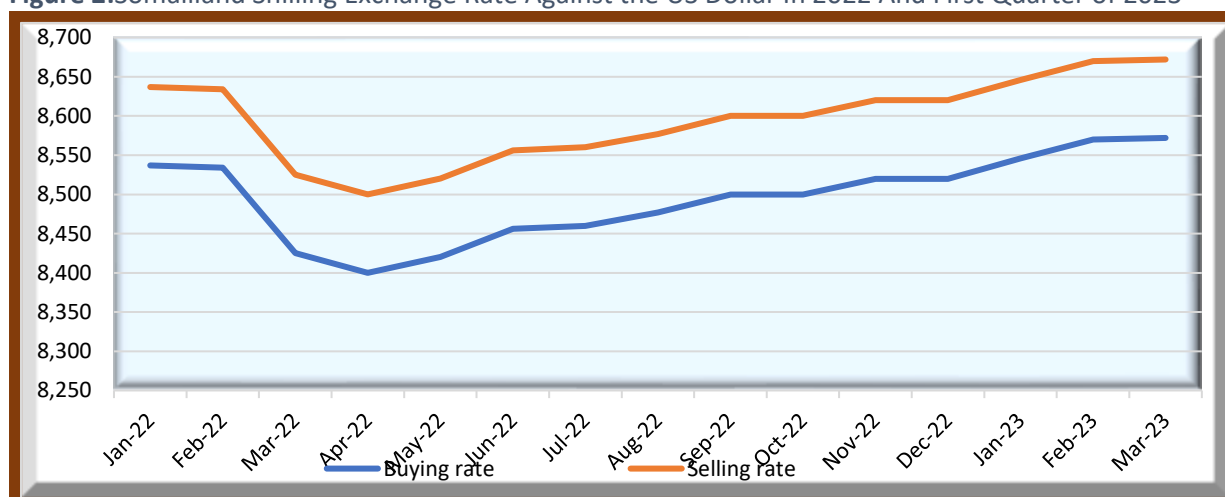
In the first quarter of 2023, the average exchange rate of the Somaliland Shillings (SLSH) in the foreign exchange market was 8,563/USD in the fiscal year of 2023, showing a 0.75% annual depreciation. The Somaliland Shilling weakened by 0.75% in the first quarter of 2023 compared with 8,499 in a similar quarter in 2022. The instability of the exchange rate in Wajale and the Las'anod crisis caused the Somaliland government to expend more than the allocated budget for the first quarter of 2023, and this contributed to an oversupply of Somaliland shillings compared to US Dollars (Bank of Somaliland, 2023). The Somaliland shillings depreciated against the US dollar by 0.1%, 0.42%, and 1.74% in January, February, and March respectively in 2023 compared to the record in 2022. The Bank of Somaliland has forecasted that the SLSH will appreciate in the second quarter in 2023 due to livestock exports in the Hajj period.

Table 2: Average exchange rate of SLSH against the USD per quarter in 2021,2022 and Q1 of 2023

Period	Average Buying Rate	% Change
Q1-2023	8,563	0.75%
2022	8,479	-0.190%
Q1	8,499	-0.25%
Q2	8,425	-0.87%
Q3	8,479	0.64%
Q4	8,513	0.40%

Source: Somaliland Central Bank

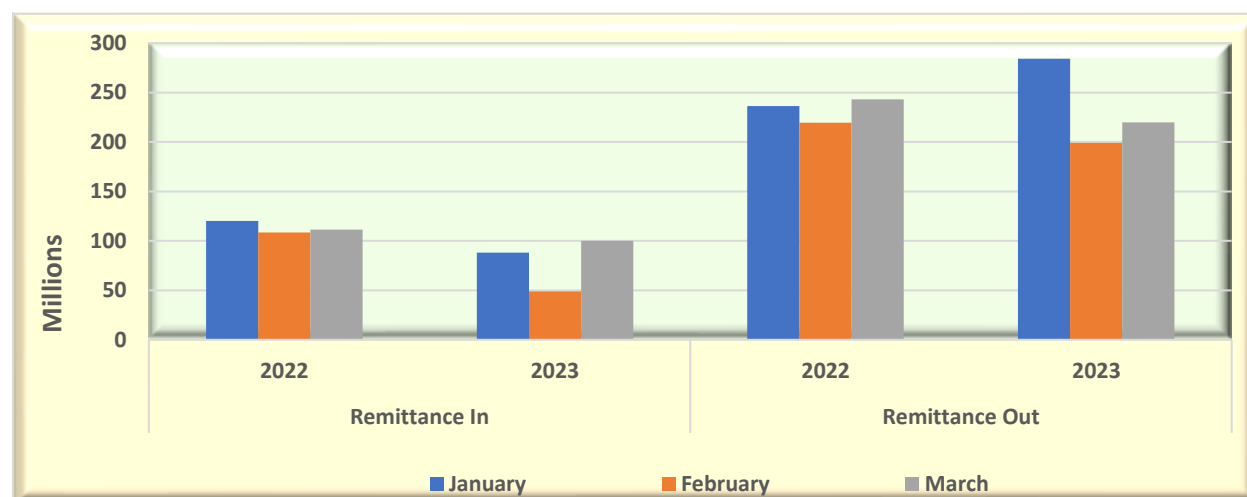
Figure 2: Somaliland Shilling Exchange Rate Against the US Dollar In 2022 And First Quarter of 2023



Source: Somaliland Bank of Somaliland

1.3. Remittances

Inward remittances in Somaliland were 30% lower in the first quarter of 2023 whereas outward remittances were 0.6% higher compared to the same record in first quarter of 2022. Also, compared to the fourth quarter of 2022, inward remittances decreased 20% whereas the outward remittances increased 11% in the first quarter of 2023. The MoFD expects both inward and outward remittances to be higher in 2023 compared to 2022. More inward remittances are expected from diaspora coming back in the summer months.

Figure 3: Inflow and Outflow of Remittances in Somaliland Q1 2022- 2023, US\$ Millions

Source: Somaliland Central Bank

1.4. Banking and Financial System

The Somaliland Financial sector comprises 5 Islamic Commercial Banks, 6 Microfinance institutions, 7 insurance firms, 18 remittances, 4 mobile money providers, and 1578 money exchange dealers.

1.4.1. Bank Deposits and Financing

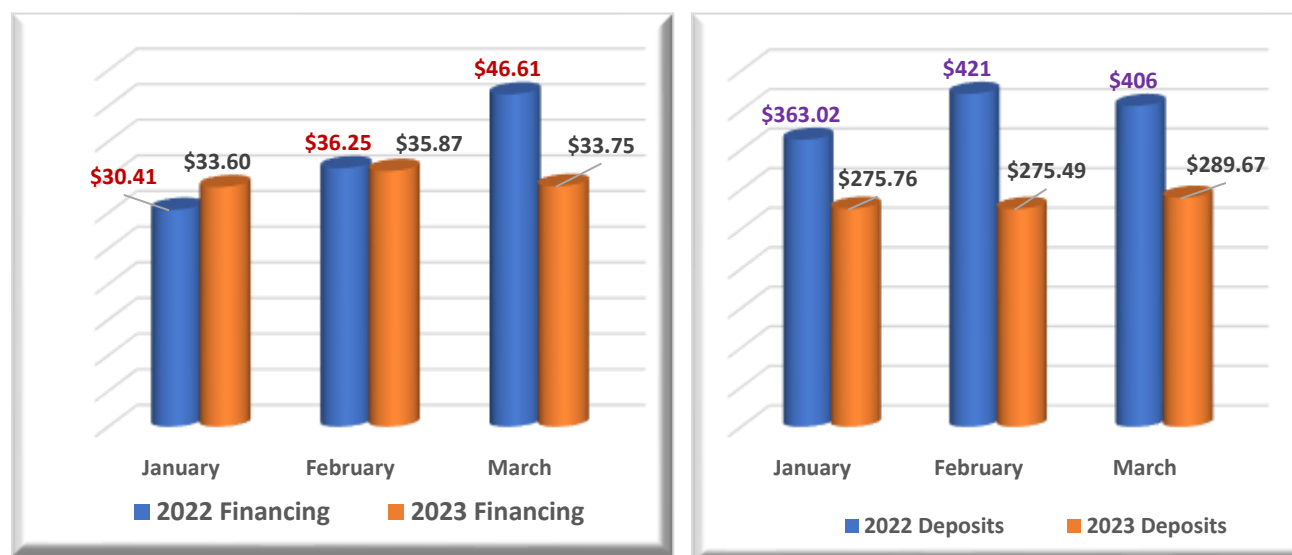
The total Bank financing of the first quarter of 2023 was USD 103.2 million whereas the total Bank financing of the same quarter in the previous year was USD 113.27 million, a 9% decline.

The loan-to-deposit ratio is a simple measure used to assess a bank's liquidity by comparing its total loans with its total deposits for the same period. In conventional banks, loans are an asset for a bank since banks earn interest income from lending. Deposits, on the other hand, are liabilities because banks must pay an interest rate on those deposits, so the ideal loan-to-deposit ratio is less than 90%.

In Somaliland commercial banks do not pay interest rates and deposits are zero cost, but banks earn profits from financing. The financing-to-deposit ratio in March 2023 was 11.65% which is very low, and it shows banks are not utilizing the resources they have efficiently, as financing is very low compared to deposits.

Table 3: Total Financing and Deposits

Month	Deposits		YOY	Financing		YOY
	2022	2023		2022	2023	
January	\$ 363,017,404.37	\$275,761,747.02	-24%	\$30,414,198.34	\$33,601,568.18	10.5%
February	\$ 420,952,561	\$275,493,244.17	-34.6%	\$36,251,587.08	\$35,865,273.58	-1.0%
March	\$ 405,762,732	\$289,674,521.60	-28.6%	\$46,612,840.05	\$33,750,364.43	-27.6%
Total				\$113,278,625.47	\$103,217,206.19	-9%

Figure 4: Total Financing and Deposits in US Dollar (millions) in the First Quarters of 2022 and 2023

Source: Bank of Somaliland

2. Fiscal Performance

2.1. Annual Fiscal Summary

In the first quarter of 2023, the Government of Somaliland collected 541 billion Somaliland Shillings in domestic revenue, representing a 4% decrease from the 562 billion Shillings collected during the same period in 2022. While this continues the year-on-year increase of the past few years, collections this year have been noticeably well below target. Domestic revenue collections were 91 billion SLSh (or -14%) below forecast for the period. A number of fiscal policies were introduced in the first quarter (e.g., tax exemptions were lifted in order to increase revenue collection efficiency).

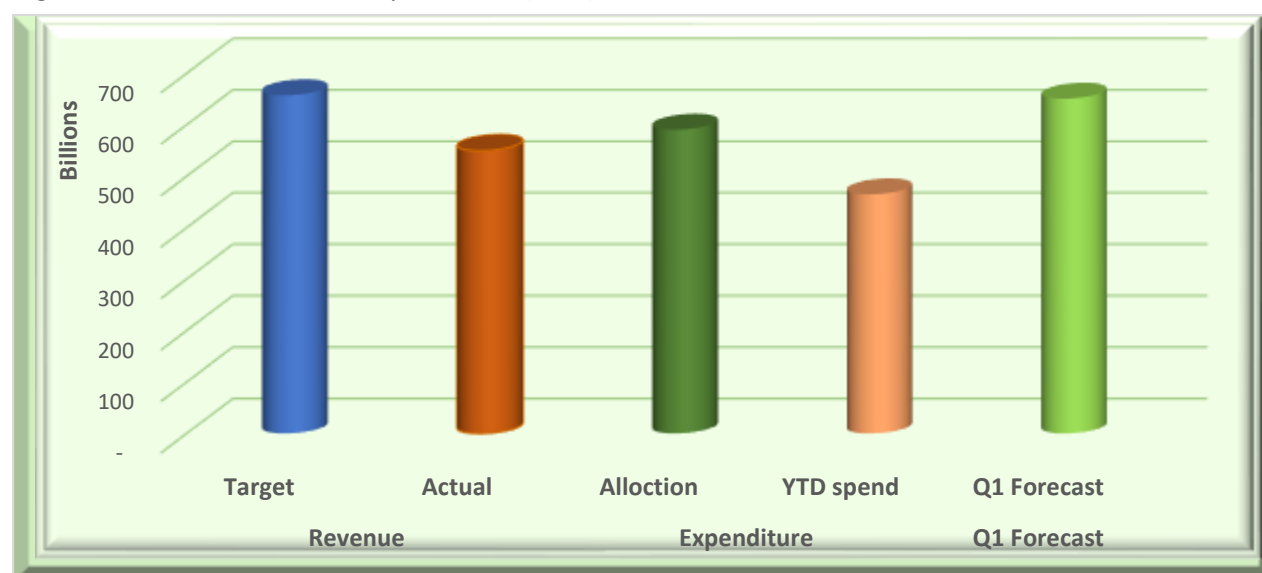
On the expenditure side, In the first quarter of 2023, the government of Somaliland spent SLSh 456.8 billion from the general government fund, which represents 18.05% of the annual budget of SLSh 2.53 trillion. However, the expenditure was 19.24% below the allocated amount for the quarter, or SLSh 108.8 billion— representing a significant 4% increase from the 439.3 billion SLSh spent during the same period last year. However, there was a decrease in spending on assets during the first quarter of 2023 compared to the same period last year, while subsidies, grants, and the national reserve saw a significant increase.

Expenditures were well below target across all major spending categories, except for subsidies and compensation of employees. The government announced a supplementary budget of SLSh 48.75 billion in the first quarter of 2023. This includes SLSh 40.3 billion allocated for fully funding three World Bank (WB) projects and supplementing two others, and SLSh 8.5 billion to supplement the Joint Program for Local Government (JPLG) project with unused funds from the previous fiscal year. The fiscal balance from the general government fund in the first half of the year was 84 billion SLSh.

Table 4: Fiscal Summary, SLSh, Jan – March 2023

	Budget	Target	YTD Actual	Difference	Diff. %
Total Revenue	2,530,336,471,861	632,584,117,965	541,536,662,308	-91,047,455,657	-14.39%
Domestic	2,530,336,471,861	632,584,117,965	541,536,662,308	-91,047,455,657	-14.39%
Total Expenditure	2,530,336,471,858	565,675,923,883	456,831,580,476	-108,844,343,407	-19.24%
General Gvt Fund Spend	2,530,336,471,858	565,675,923,883	456,831,580,476	-108,844,343,407	-19.24%
Fiscal Balance			17,796,887,750		
Domestic			17,796,887,750		

Source: MoFD's Budget & Planning and IFMIS Departments

Figure 5: Annual Fiscal Summary, Q1 2023 (SLSh)

Source: MoFD's Budget & Planning and IFMIS Departments

2.2. Domestic Revenue

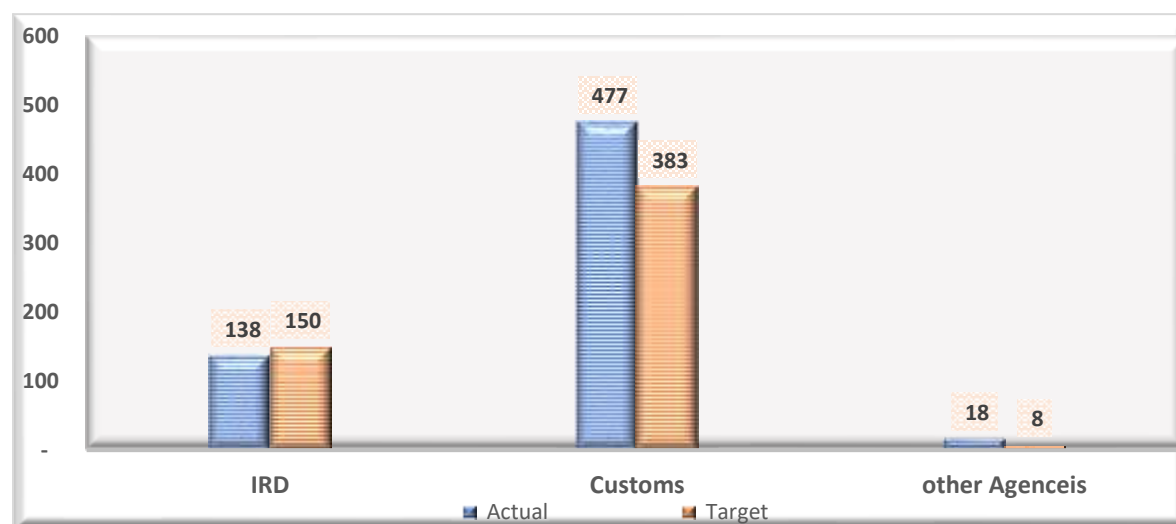
The first quarter of 2023, the Government of Somaliland collected 541 billion SLSh in domestic revenue—representing a 4% decrease from the 562 billion SLSh collected in the same period in 2022 as shown in table 5 below. Collections from non-taxes increased by 29% (+19.6.8 billion SLSh) while tax collection decreased by 8% (-40.2 billion SLSh). While collections decreased across most revenue categories, a couple of them saw increase compared to the same period in 2022. A number of fiscal policies were introduced in the first quarter (e.g., tax exemptions were lifted in order to increase revenue collection efficiency). On the other hand, the 13.8 billion SLSh that the government of Somaliland expects to receive this year has been impacted by the Las-Anod war. Although this percentage represents less than 1% of the government's projected revenue in 2023.

Table 5: Actual Collection between Jan – March of 2023 and 2022, SLSh

Description	2021 Collection	2022 Collection	Difference (SLSH)	%
Taxes on imports	453,019,021,293	493,314,631,007	-40,295,609,714	-8%
Tax on goods and services (GST)	114,565,671,779	126,304,097,149	-11,738,425,370	-9%
International Trade	238,891,325,032	268,114,980,945	-29,223,655,913	-11%
Other Taxes	50,068,873,594	54,607,221,492	-4,538,347,898	-8%
Other Revenue	88,517,641,015	68,826,431,277	19,691,209,738	29%
TOTAL	541,536,662,308	562,141,062,284	-20,604,399,976	-4%

2.2.1. Collections by Agency

The two major revenue collecting authorities in Somaliland are the Ministry of Finance Development's Customs and Inland Revenue (IRD) departments. About 99% of the actual revenue collected between January and March came from the Customs and IRD (excl. grants for the World Bank funded projects). The IRD is above target by 12.1 billion SLSh or 9%. The Customs Department—which accounts for 71% of total revenue to date, was 20% below target (or -93.7 billion SLSh).

Figure 6: Total revenue collection by responsible agency (bn SLShs), Jan – March 2023

Source: MoFD's Budget & Planning and IFMIS Departments

2.3. Expenditure from the General Government Fund

In the first quarter of 2023, the government of Somaliland spent SLSh 456.8 billion from the general government fund, which represents 18.05% of the annual budget of SLSh 2.53 trillion. However, the expenditure was 19.24% below the allocated amount for the quarter, or SLSh 108.8 billion, as shown in figure 1 below. Expenditures were well below target across all major spending categories, except for subsidies and compensation of employees. According to Figure 2, there was a decrease in spending on assets during the first quarter of 2023 compared to the same period last year, while subsidies, grants, and the national reserve saw a significant increase. Despite this, overall spending in the first quarter of 2023 was higher than that of the previous year, with a 4% increase as shown

in Figure 7. Furthermore, the government introduced a new chart of accounts in 2023 which included the addition of Contingencies as a new category. This proactive move indicates the government's efforts to effectively manage their budget by creating a safety net for any unforeseen expenses that may occur throughout the fiscal year. Figure 8 shows the performance at the sector level. Spending performance from the Economic sector was low compared to target, with a 33.4% underspend, or -27.9 billion SLSh. 38.08% of that was allocated to pay off loans to private banks, enterprises, and individuals (-10.64 billion SLSh), 5.37% was allocated for issuing of vehicle plate numbers (-1.5 billion SLSh), and 6.86% was from the funds allocated for the National Service project for the first quarter (-1.92 billion SLSh). Overall, compared to the requested and accepted expenditures for the period, the underspend for the first quarter of 2023 by the six sectors mentioned above was SLSh -99 billion, which represents 91.04% of the total underspend of SLSh 108.8 billion by all eleven sectors.

Table 6: Expenditure Performance (excl. WB grants) by Chapter between Jan-March 2023, SLSh Billions

Description	Revised Budget	Allocation	Actual Spending	Underspend*
Compensation of Employees	1,398,546,253,557	340,374,104,570	323,905,842,232	-16,468,262,338
Use of Goods & Services	504,592,125,691	131,064,291,319	76,064,125,525	-55,000,165,794
Government Projects	246,719,006,744	30,750,682,332	21,852,167,445	-8,898,514,887
Assets	123,326,701,121	6,229,345,625	636,014,666	-5,593,330,959
Contingencies	80,071,657,461	20,017,779,364	15,090,926,160	-4,926,853,204
Grants	60,397,939,814	14,805,359,953	8,227,178,800	-6,578,181,153
Loan Repayment	53,515,992,300	13,106,250,000	2,352,284,469	-10,753,965,531
Subsidy	23,515,574,009	5,578,110,721	5,067,616,719	-510,494,002
National Reserve	39,651,221,161	3,750,000,000	3,635,424,460	-114,575,540
Grand Total	2,530,336,471,858	565,675,923,883	456,831,580,476	-108,844,343,408

Source: MoFD's Budget & Planning and IFMIS Departments

Figure 7: Expenditure performance (excl. WB grants) by Chapter between Jan-March 2023, SLSh Billions

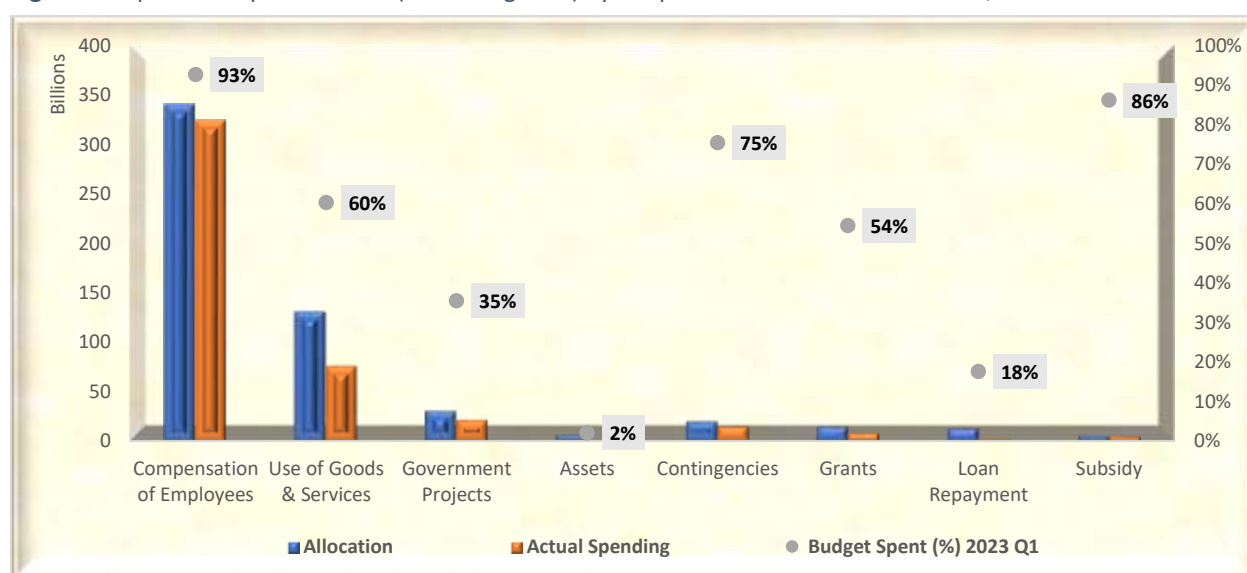
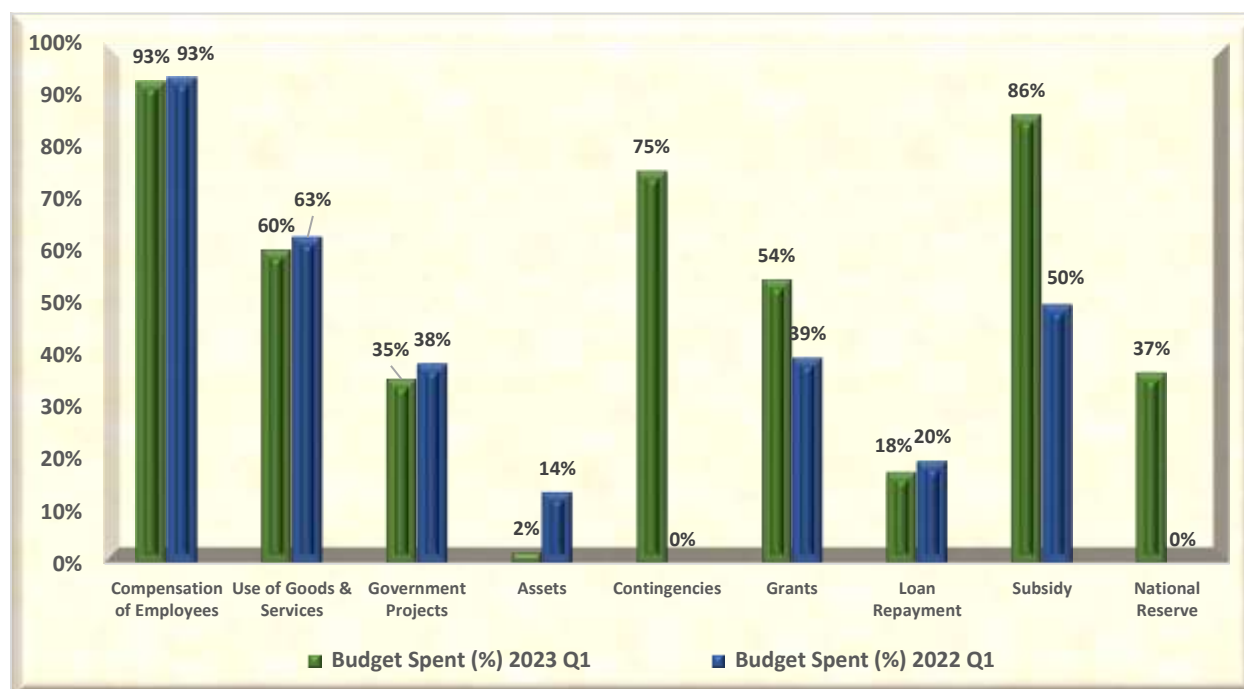


Figure 8: Spending by Chapter in the First Quarter of 2022 and 2023

Source: MoFD's Budget & Planning and IFMIS Departments

3. Trade and Travel

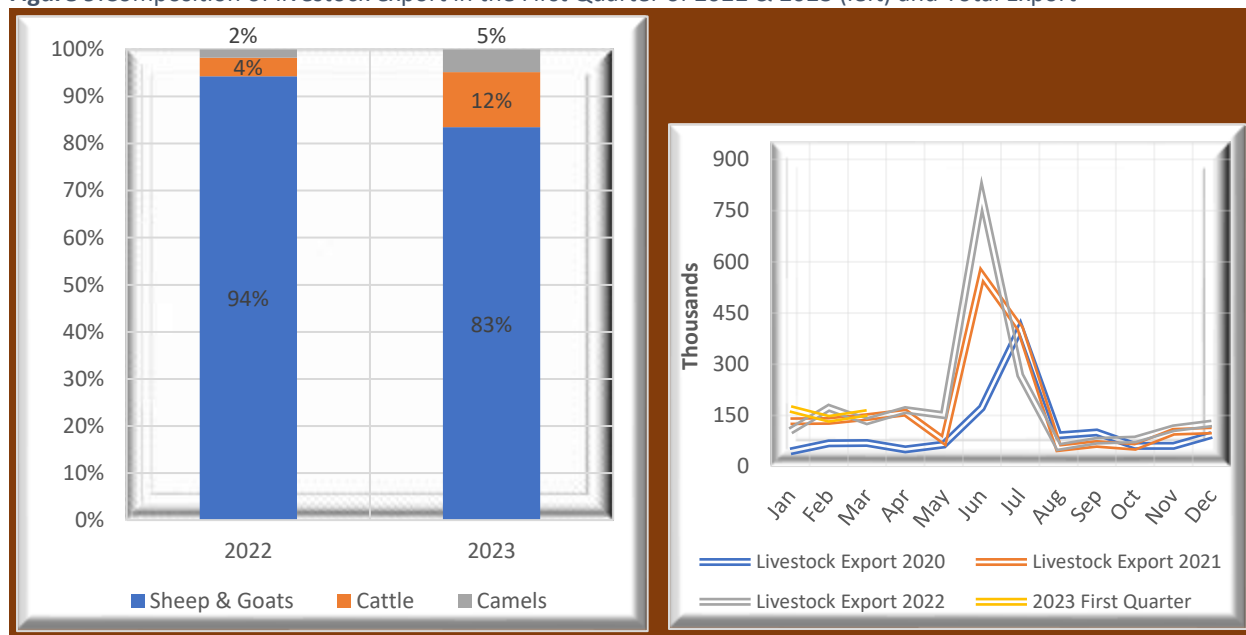
3.1. Livestock Exports

Livestock Exports: Somaliland's economy is heavily dependent on livestock exports. Therefore, in the first quarter of 2023, the total livestock exported was 174,246 heads of livestock, representing a significant decrease of 58% compared to the previous quarter (i.e., Q4 of 2022) which recorded 410,077 livestock exports. On the other hand, total camels exported for the first three months in 2023 were 22,442 heads, an increase of 36% compared to the same period in 2022. Camels and Sheep/Goats exports were 29% and 64% lower compared to the first quarter in 2022. This reflects that there was a less livestock exports in the first quarter of 2023, but the MoFD expects in this second quarter of this year will be significantly higher due to the yearly export demand from Saudi Arabia during in the 2023 Hajj.

Table 7: Livestock export in the first quarter of 2021, 2022 and 2023

	Units	2021	2022	2023	Difference	YoY Change (%)
Camels	Heads	12,309	16,486	22,442	5,956	36%
Cattle	Heads	33,808	25,575	18,111	-7,464	-29%
Sheep & Goats	Heads	365,413	368,016	133,693	-234,323	-64%
Livestock	Heads	411,530	410,077	174,246	-235,831	-58%

Source: MOFD/ Customs Department

Figure 9: Composition of livestock export in the First Quarter of 2022 & 2023 (left) and Total Export

Source: MOFD/ Customs Department

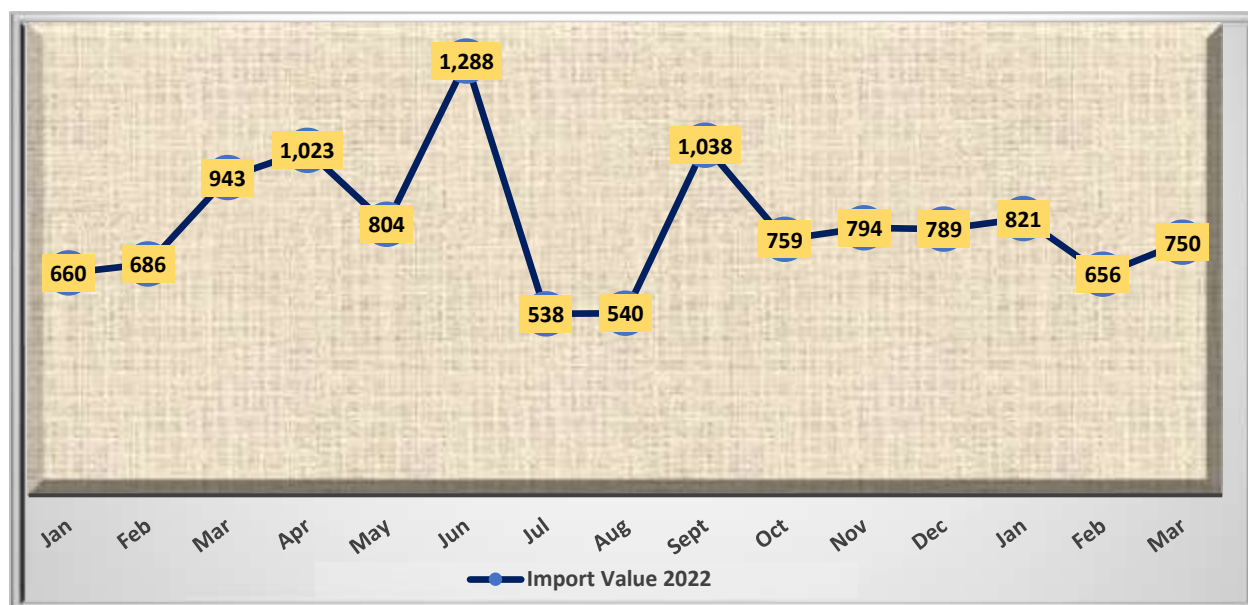
3.2. Imports

The nominal value of Somaliland's imports in the first quarter of 2023 was approximately 2.232 trillion SLSh, representing a 3% decrease compared to the first quarter of 2022 and 5% decrease from Q4 of 2022. On a monthly basis as shown in figure 10 below, a decrease in import value occurred in Q1 2023. Additionally, the amount of Duty collected on these imports was 370 billion SLSh, representing a significant 15% decrease compared to the collected duties during the same period in 2022. Table 8 below shows quarterly imports by value and duty in 2023, the MoFD is currently forecasting imports to grow by 1.6%. The lower value of Somaliland's total imports in the first three months of the year compared to the same period of 2022 can be explained the higher merchandise price in the world market which has been caused by the world supply chain disruption due to the Ukraine war.

Table 8: Import Values and Duty per Quarter 2022-2023 (SLSh)

	Quarter	Value	(%) Change	Duty	(%) Change
2022	Q1	2,288,120,155,965	-	434,009,491,384	-
	Q2	3,115,392,692,388	36%	375,011,610,466	-14%
	Q3	2,116,125,344,009	-32%	355,231,897,255	-5%
	Q4	2,341,735,164,877	11%	414,956,500,287	17%
2023	Q1	2,226,633,239,379	-5%	370,231,846,196	-11%

² This value is based on an invoice value submitted by the importers.

Figure 10: Import value and Duty per month, Jan 2022- Mar 2023 (Billions SLSh)

Source: MOFD/ Customs Department

3.3. Number of Containers and Ships Arriving at the Berbera Port

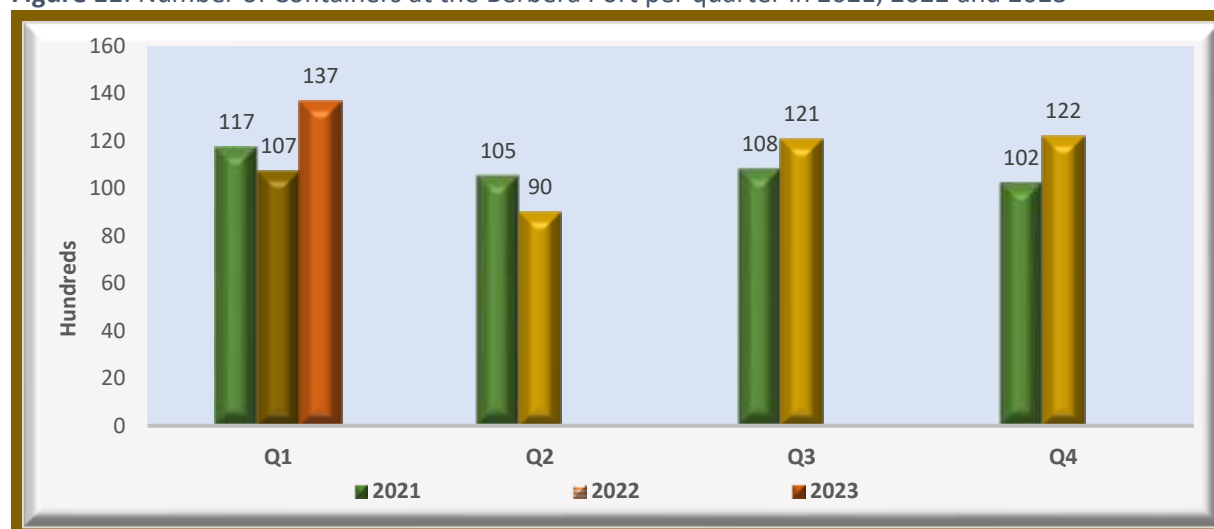
In the first quarter of 2023, there were 202 ships/vessels that arrived at the port of Berbera, 30 more than the 172 registered during the same period in 2022—representing a significant 17% increase. Table 9 below shows the type of ships that were registered. As the table indicates, significantly less Bulk cargo (-19), Bulk food (-12) but an increase (+3) of Fuel vessels were registered this year. On the other hand, the total containers registered from the year of 2023 were 13,658, which shows a significant increase of 930 containers recorded in the first quarter at the Berbera port compared to the same period record in 2022—a 27% increase. The significantly higher number of ships and containers that were registered in the first quarter of 2023 compared to the same period in 2022 are in line with the increase in imports mentioned above. In line with expectations on imports and exports, the Ministry of Finance Development expects the number of ships and containers to be slightly higher in 2023 compared to 2022.

Table 9: Type and number of Ships/Vessels at the Berbera Port in the First Quarter of 2022 and 2023

Vessel type	Jan-Mar 2022	Jan-Mar 2023	Difference	YOY Change
Bulk Cargo	32	13	-19	-59%
Bulk Food	33	21	-12	-36%
Containers	39	48	9	23%
Doon	46	105	59	128%
Fuel	4	7	3	75%
Others	17	6	-11	-65%
WFP	1	2	1	100%
TOTAL	172	202	30	17%

Table 10: Number of Containers at the Berbera Port in the First Quarter of 2022 and 2023

Months	2022	2023	Difference	Percentage (%)
JAN	4,197	4,599	402	9.6%
FEB	2,983	4,612	1,629	54.6%
MARCH	3548	4,447	899	25.3%
TOTAL	10,728	13,658	2,930	27%

Figure 11: Number of Containers at the Berbera Port per quarter in 2021, 2022 and 2023

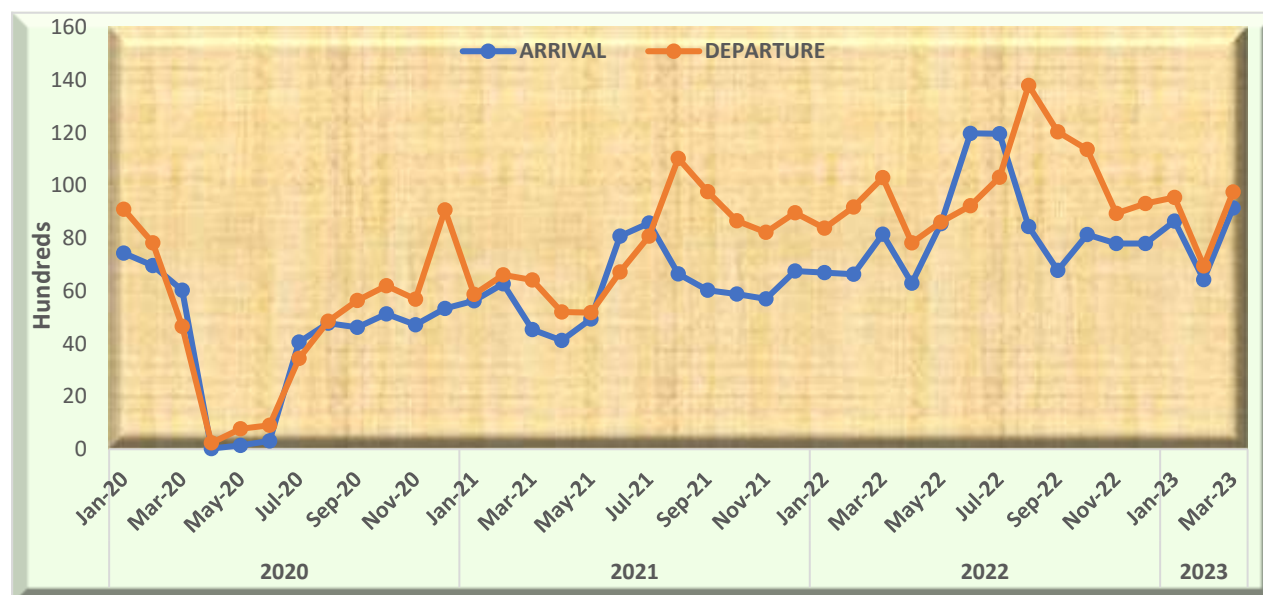
3.4. Number of Passengers Arriving and Departing by Air

In the first quarter of 2023, Somaliland registered 24,233 passengers' arrivals by air compared to the 21,494 recorded in the same period of 2022. On the other hand, there were 26,254 passengers that departed in the first quarter. Arrivals were higher around 13% whereas the departures were lower 6% in the first quarter compared to the same period in 2022 as shown in table 11 and figure 26 below. The MoFD expects further uptick in travel numbers in 2022 as a result of the significant easing of covid-19 mitigating measures around the world.

Table 11: Number of Passengers Arrived and Departed by Air in the First Quarter of 2022 And 2023

Month	Arrivals				Departures			
	2022	2023	Difference	YoY (%)	2022	2023	Difference	YoY (%)
Jan	6,693	8,649	1,956	29.2%	8,383	9,548	1,165	14%
Feb	6,640	6,428	-212	-3.2%	9,187	6,951	-2,236	-24%
Mar	8,161	9,156	995	12.2%	10,305	9,755	-550	-5%
Total	21,494	24,233	2,739	12.7%	27,875	26,254	-1,621	-6%

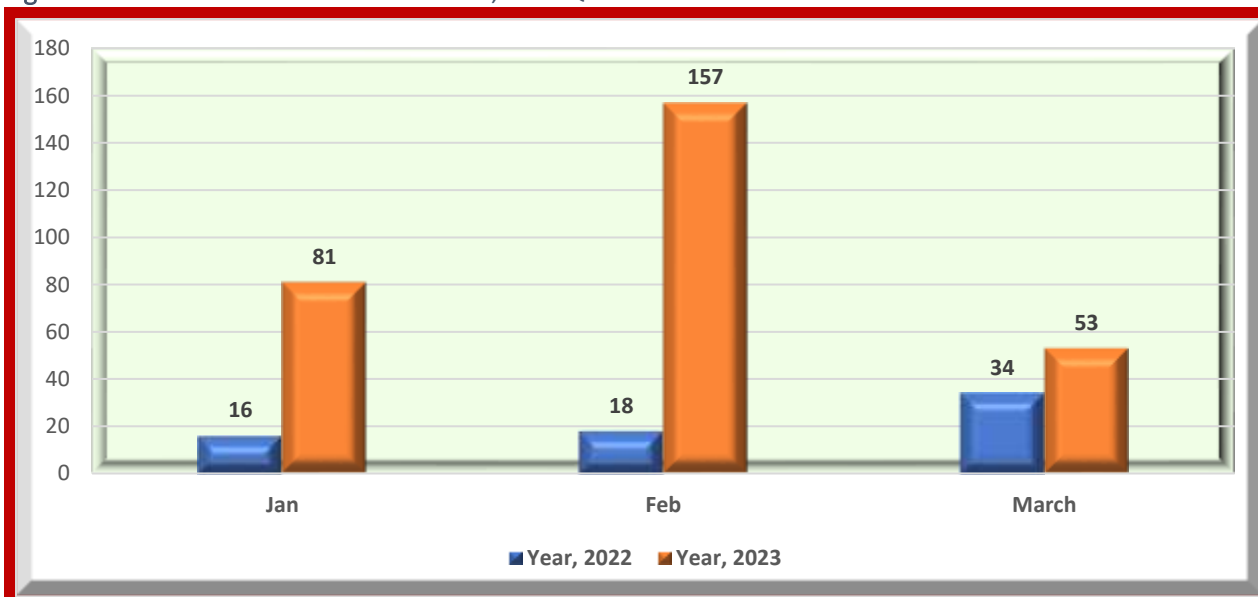
Source: Somaliland Immigration Agency

Figure 12: Number of Passengers that Arrived and Departed by Air per month, Jan 2020 - Mar 2023

Source: Somaliland Immigration Agency

3.4.1. Tourism

In the first quarter of 2023, the Ministry of Trade & Tourism (MOTT) registered 291 tourists, representing 223 more compared to the Q1 registrations in 2022. Over 76% of the visitors are foreigners, whereas only 24% were native Somalilanders. The tourists come from a range of countries such as America, Russian, Germany, UK, Netherlands and Kenya. The majority of the visitors were headed to Laas-Geel.

Figure 13: Number of Tourists Per Month, First Quarter 2022 and 2023

Source: Ministry of Trade and Tourism

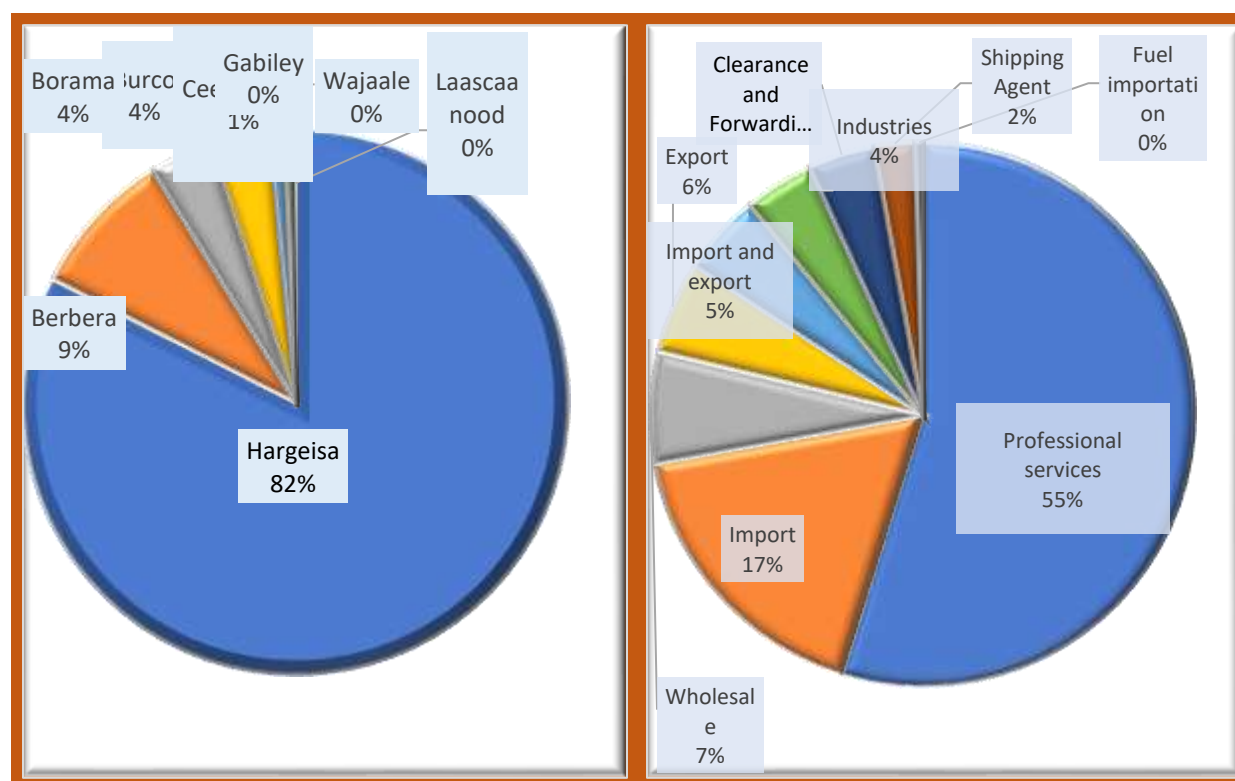
4. Investment and Construction

The number of business registrations and business licenses issued are used to gauge investment in Somaliland. On their own, these are far from perfect proxies. The Macroeconomic Affairs & Statistics department of the MoFD is working closely with other public and private institutions to collect—and in some cases start tracking—additional variables that, collectively, will provide a better picture of investment in Somaliland.

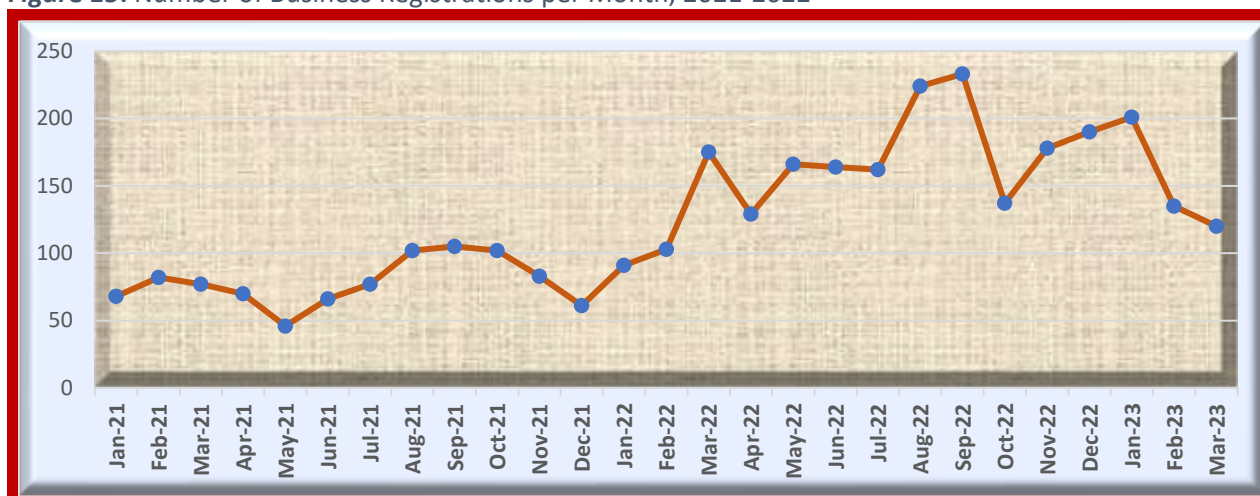
4.1. Number of Business Registrations

In the first quarter of 2023, the Ministry of Trade & Tourism (MOTT) registered 456 businesses, representing 87 more compared to the Q1 registrations in 2022. On the other hand, there were 229 more registrations compared to the Q1 in 2021. Generally, there is 24% increase in the Q1 of 2023 business registrations, compared to the record in the Q1 of 2022. As the figure below shows, the business registration mainly occurs in the capital city of Hargeisa (82%), whereas the professional services (55%) are the most businesses registered in Q1, 2023.

Figure 14: Business Registrations by Location (Left) and by Objective (Right) in the First Quarter of 2023



Source: Ministry of Trade and Tourism

Figure 15: Number of Business Registrations per Month, 2021-2022

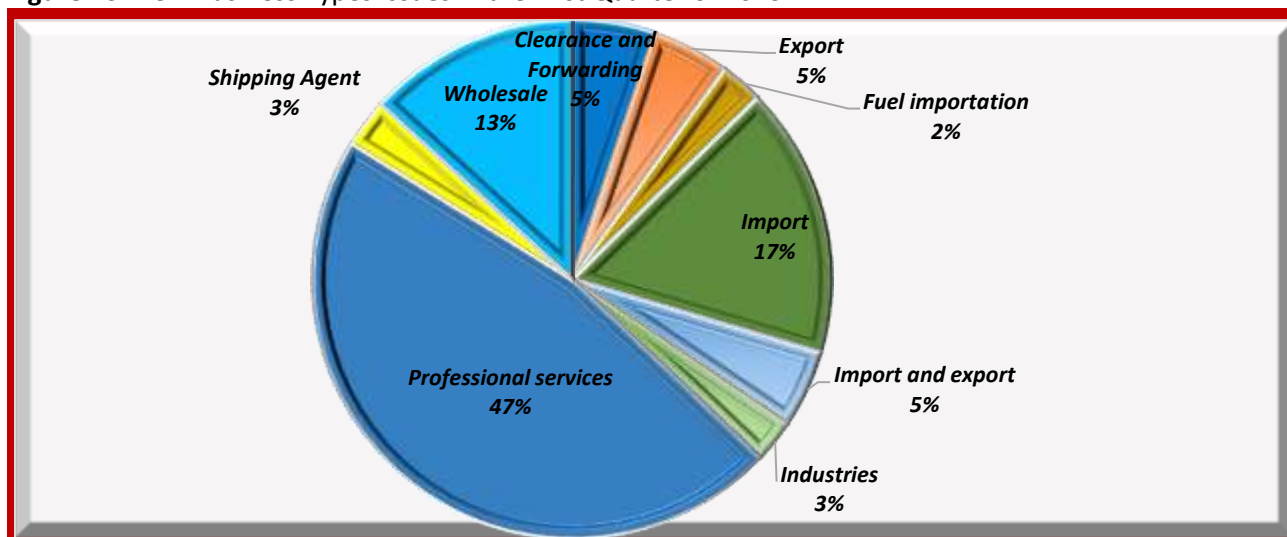
Source: Ministry of Trade and Tourism

4.2. Number of Business Licenses Issued

In the first quarter of 2023, there were 325 new and 236 renewed business licenses issued by the MOTT, representing an increase of 46 (0.4%) new licenses and a significantly increase 163 (223%) renewed licenses compared to the record of first quarter in 2022. The information shows a good and positive trend in the Q1 2023 of the business licences issuances and renewing activates.

Table 12: Number of New and Renewed Licenses in the First Three Quarters in 2022 and 2023

	New			Renewed		
Months	2022	2023	% Change	2022	2023	%Change
January	97	134	1.4%	22	89	305%
February	80	90	1.4%	18	72	300%
March	102	101	1.0%	33	75	127%
TOTAL	279	325	0.4%	73	236	223%

Figure 16: New Business Types Issues in the First Quarter of 2023

Source: Ministry of Trade and Tourism

4.3. Domestic and Foreign Capital Investments

Table 13 below shows the total capital spend on domestic investment across sectors was 14.77 million USD, and with regards to capital investment by individual sector, factory recycling accounted for the largest share with 47%. This is followed by the mineral and mining sector representing 34%. All remaining sectors represent 9%. On the other hand, as can be seen in table 14, the total capital spends of foreign investment across sectors were 6 million USD. Construction is the highest foreign investment made in the first quarter of the year 2023, which is 50% of the total foreign investments. This is followed by agriculture, recreational sports, and industry represent 33%, 12% and 5% respectively.

Table 13: Total capital Spend of Domestic investments by sector in first quarter in 2023, USD

Type of Business	Sector	Investment Value	%
Foreign Solo Proprietorship	Investment And Fund Management	200,025	1%
Foreign Solo Proprietorship	Factory Recycling	7,000,000	47%
Foreign Partnership	Mineral and Mining	5,000,000	34%
Foreign Solo Proprietorship	Construction	270,000	2%
Foreign Partnership	Oil And Gas	1,000,000	7%
Foreign Partnership	Industry	200,000	1%
Foreign Partnership	Real Estate	100,000	1%
Foreign Solo Proprietorship	Health Services	1,000,000	7%
Total		14,770,025	100%

Table 14: Total Capital Spend of Foreign Investments by Sector in First Quarter of 2023, USD

Type Of Business	Sector	Investment Value	Percent
Local Solo Proprietorship	Agriculture	1,987,500	33%
Local Partnership	Industry	300,000	5%
Local Partnership	Recreational Sports	710,000	12%
Local Solo Proprietorship	Construction	3,000,000	50%
Total		5,997,500	100%

Source: Ministry of Investment & Industrial Development

4.4. Cement Import

As shows in Table 15 below the number of cement bags imported in Somaliland in 2023 and 2022. In the first quarter of 2023, there were 2,215,831 cement bags were imported; this was 1% higher than the first quarter of 2022.

Table 15: Number of Cement Bags imported in the First Quarter of 2022 And 2023

Months	2022	2023	Difference	YOY % Change
Jan	1,227,885	1,515,760	287,875	23%
Feb	234,537	169,085	-65,452	-28%
March	721,165	528,963	-192,202	-27%
1st Quarter	2,185,609	2,215,831	30,222	1%

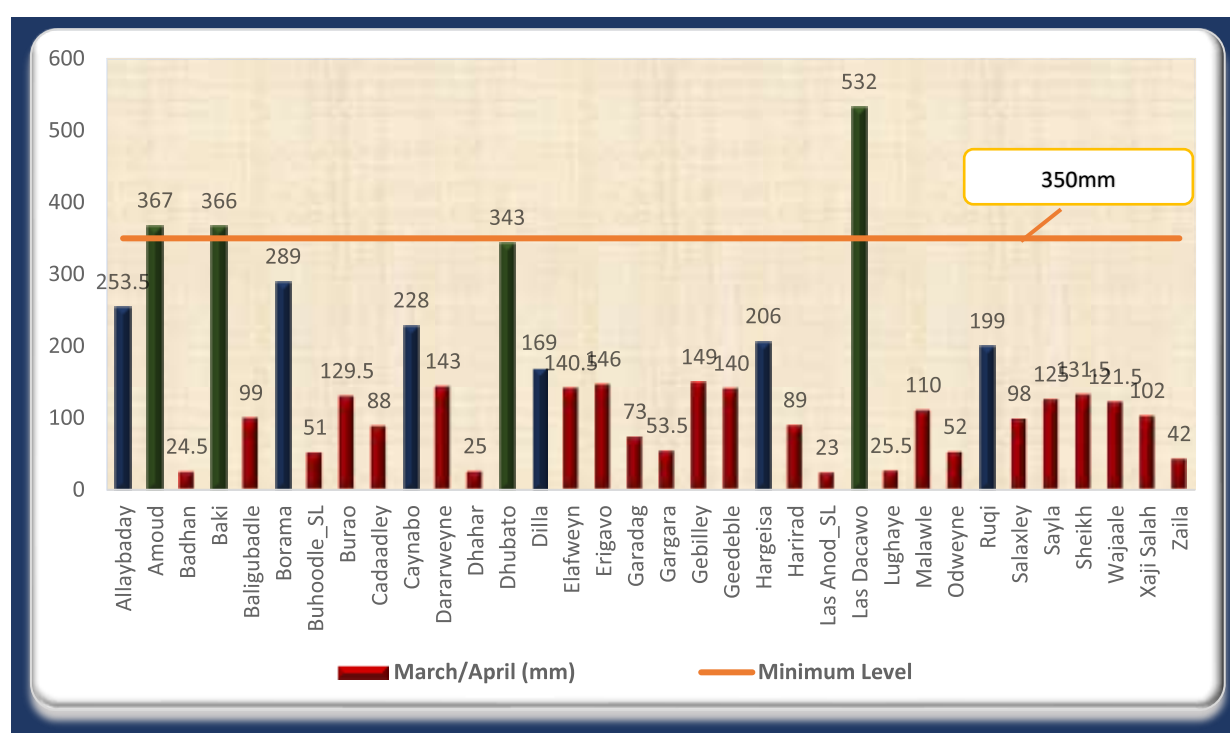
Source: MOFD/ Customs Department

5. The Environment—Precipitation

5.1. Rainfall Registered in Somaliland by Location

According to the Ministry of Agriculture, Somaliland needs 350mm of rainfall per year to avoid a drought. As shown in figure 17, Somaliland recorded in first quarter for this year 2023 less than the minimum 350mm rainfall level required to avoid a drought—with most of the 49 locations displayed registering less than 350mm per year. Laso-Dacawo registered the highest rainfall with just over 532mm, followed by Amoud with 367mm while Badhan recorded the lowest level with 24.5mm. Among the 35 locations shown in figure 17, only 5 locations registered rainfall levels greater than 350mm in the first quarter of 2023. Rainfall started in this season earlier than expected, and spring rains usually begin at the end of March, so the amount of rainfall expectations of this year is much higher than the previous year.

Figure 17: Amount of Rainfall Registered in Somaliland By Location, March/April (mm)



Source: Somaliland Ministry of Agriculture

6. Appendices

Appendix 1: YoY and MoM headline, Core, Food Crops & Related Items, EFU inflation, Base year=2012

Month	Headline Inflation		Core inflation		Food & Crops		Energy, Fuels and Utilities (EFU)	
	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
Feb-21	3.0%	0.3%	2.1%	0.2%	8.0%	0.0%	4.8%	1.2%
Mar-21	2.5%	0.4%	2.0%	0.0%	5.2%	2.7%	4.5%	1.3%
Apr-21	2.3%	0.9%	1.5%	1.0%	3.4%	1.5%	9.5%	-0.5%
May-21	2.4%	0.9%	1.5%	0.7%	2.7%	0.7%	13.5%	2.9%
Jun-21	2.7%	1.0%	2.1%	1.0%	1.8%	1.4%	10.6%	0.0%
Jul-21	3.6%	1.0%	3.0%	0.7%	4.8%	3.7%	8.5%	0.0%
Aug-21	3.7%	0.5%	2.5%	0.4%	8.4%	1.8%	9.6%	0.0%
Sep-21	5.0%	0.5%	3.3%	0.5%	13.9%	0.2%	9.6%	0.0%
Oct-21	5.2%	-0.6%	4.1%	-0.8%	13.7%	1.6%	3.7%	-2.1%
Nov-21	5.3%	0.4%	4.4%	0.5%	13.6%	0.0%	2.0%	-0.1%
Dec-21	6.0%	-0.4%	5.2%	-0.5%	12.3%	-1.2%	4.7%	2.6%
Jan-22	6.1%	0.5%	5.1%	0.3%	13.9%	0.8%	5.5%	1.0%
Feb-22	6.5%	0.6%	5.9%	1.0%	9.3%	-3.6%	7.3%	3.0%
Mar-22	6.8%	0.7%	6.6%	0.6%	8.2%	1.1%	6.8%	0.8%
Apr-22	6.9%	0.9%	6.4%	0.9%	7.3%	0.7%	10.5%	1.9%
May-22	7.0%	1.1%	6.8%	1.1%	6.9%	0.3%	9.3%	1.9%
Jun-22	7.3%	1.2%	6.9%	1.0%	6.2%	0.8%	13.3%	3.6%
Jul-22	7.7%	1.4%	7.1%	0.9%	5.1%	2.6%	17.6%	3.8%
Aug-22	8.8%	1.6%	8.1%	1.3%	4.7%	1.4%	22.9%	4.6%
Sep-22	9.5%	1.1%	8.4%	0.8%	8.1%	3.4%	23.4%	0.4%
Oct-22	11.0%	0.7%	10.2%	0.9%	8.6%	2.1%	23.1%	-2.4%
Nov-22	10.8%	0.3%	10.0%	0.3%	9.1%	0.5%	22.8%	-0.2%
Dec-22	10.7%	0.3%	10.1%	0.5%	10.7%	0.2%	17.6%	-1.8%
Jan-23	3.0%	0.3%	2.1%	0.2%	8.0%	0.0%	4.8%	1.2%
Feb-23	2.5%	0.4%	2.0%	0.0%	5.2%	2.7%	4.5%	1.3%
Mar-23	2.3%	0.9%	1.5%	1.0%	3.4%	1.5%	9.5%	-0.5%

Appendix 2: Actual revenue vs Budget Forecast in SLSHs, Jan-march 2023

Tax and non-tax revenue accounted for 84% and 16% of the total amount. Compared to performance against target, collections in the first months were 14% below target (-91 billion SLSh). As can be seen in the table below, almost all of the deficits came from the underperformance of taxes (-96.8 bn SLSh)—in particular from lower-than-expected collections from imports (-50 billion SLSh deficit), other taxes on G&S (-14 billion SLSh) and GST (-13.5 billion SLSh). While non-tax revenue registered a small surplus of 7% (5.8 bn SLShs) particularly property income, sale of goods and services and income from local government supplement underperformed against their respective targets by -15 million SLSh and -5 billion SLSh respectively. Revenue collection in the first quarter has historically performed lower compared to the previous year, however, the first quarter saw the implementation of fiscal policies, such as the lifting of tax exemptions. This was done to improve revenue collection effectiveness for the remainder of the year.

DESCRIPTION	Budget Forecast (annual)	Budget Forecast (to date)	Actual revenue (to date)	Difference	%
Taxes	2,199,508,654,687	549,877,163,672	453,019,021,293	-96,858,142,379	-18%
Income and profits	55,934,856,085	13,983,714,021	17,594,594,110	3,610,880,089	26%
Payroll and workforce	145,364,887,815	36,341,221,954	31,898,556,778	-4,442,665,176	-12%
Goods and Services	543,546,358,464	135,886,589,616	114,565,671,779	-21,320,917,837	-16%
Sales tax	330,415,368,230	82,603,842,058	69,017,390,595	-13,586,451,463	-16%
Excise tax	25,690,461,651	6,422,615,413	5,368,384,795	-1,054,230,618	-16%
Administration tax	123,911,006,505	30,977,751,626	25,266,618,001	-5,711,133,625	-18%
Other taxes on G&S	63,529,522,079	15,882,380,520	14,913,278,388	-969,102,132	-6%
International Trade	1,196,690,997,655	299,172,749,414	238,891,325,032	-60,281,424,382	-20%
Taxes on imports	997,873,843,572	249,468,460,893	199,765,891,711	-49,702,569,182	-20%
Taxes on exports	92,466,332,390	23,116,583,098	18,628,350,840	-4,488,232,258	-19%
Port taxes	106,350,821,692	26,587,705,423	20,497,082,481	-6,090,622,942	-23%
Other Taxes	257,971,554,667	64,492,888,667	50,068,873,594	-14,424,015,073	-22%
2% tax in Eastern Regions	105,871,161,593	26,467,790,398	21,059,668,455	-5,408,121,943	-20%
Other	152,100,393,074	38,025,098,269	29,009,205,139	-9,015,893,130	-24%
Other Revenue	330,827,817,975	82,706,954,494	88,517,641,015	5,810,686,521	7%
Property Income	119,564,454,524	29,891,113,631	58,643,096,215	28,751,982,584	96%
Sales of Goods and Services	165,867,306,683	41,466,826,671	26,296,685,887	-15,170,140,784	-37%
Fines and Voluntary Transfers	15,396,056,768	3,849,014,192	3,577,858,913	-271,155,279	-7%
Transfers not classified elsewhere	30,000,000,000	7,500,000,000	0	-7,500,000,000	-100%
TOTAL	2,530,336,471,861	632,584,118,165	541,536,662,308	-91,047,455,858	-14%

Appendix 3: Customs' Revenue Performance by Location in SLShs, Jan – March 2023

The Tables below shows the Customs Departments' regional performance against forecast. Therefore, the Customs Department underperformed target by 20%, while a few stations performed above forecast. Most notable were collections from Xariirad which were 7 billion SLSh or 650% above target, while collections from Hargeisa Airport were 1.6 billion SLSh or 10% above target. As international travel resumed, collections at Hargeisa Airport were very strong. On the other hand, collection from Berbera (-75.6 billion SLSh), Kalabaydh (-8.6 billion SLSh) and Baligubadle (-7.6 billion SLSh) accounted for most of the underperformance from the customs department.

Stations	Budget Forecast (annual)	Budget Forecast (to date)	Actual revenue collection (to date)	Difference	%
Berbera	1,285,862,332,061	321,465,583,015	245,826,257,762	-75,639,325,253	-24%
Kalabaydh	313,832,983,780	78,458,245,945	69,845,162,833	-8,613,083,112	-11%
B/Gubadle	34,386,096,950	8,596,524,238	927,876,459	-7,668,647,779	-89%
Seylac	116,575,060,522	29,143,765,131	24,465,154,929	-4,678,610,202	-16%
Borama	29,317,976,636	7,329,494,159	4,615,612,288	-2,713,881,871	-37%
Las-Canod	9,204,617,068	2,301,154,267	611,514,730	-1,689,639,537	-73%
Wajaale	26,379,815,888	6,594,953,972	5,001,775,083	-1,593,178,889	-24%
C/Cado	4,476,492,978	1,119,123,245	349,458,411	-769,664,834	-69%
F/Weyne.	3,464,979,684	866,244,921	845,820,651	-20,424,270	-2%
Abaarso	511,743,179	127,935,795	117,218,968	-10,716,827	-8%
Dilla	74,144,498	18,536,125	19,332,064	795,940	4%
L/Haya	27,427,631	6,856,908	23,075,644	16,218,736	237%
Beer	294,452,842	73,613,211	96,439,153	22,825,943	31%
Hargeysa	1,597,108,492	399,277,123	556,397,681	157,120,558	39%
C/Gaabo	2,082,726,379	520,681,595	901,208,578	380,526,983	73%
Burco	3,212,815,161	803,203,790	1,202,236,296	399,032,506	50%
A/Baday	2,635,643,202	658,910,801	1,062,875,676	403,964,876	61%
Caynabo	2,444,914,321	611,228,580	1,077,439,944	466,211,364	76%
Hargeysa Airport	67,529,013,228	16,882,253,307	18,528,254,632	1,646,001,325	10%
Xariirad.	3,801,988,679	950,497,170	7,130,060,954	6,179,563,784	650%
Total	1,907,712,333,179	476,928,083,295	383,203,172,736	-93,724,910,559	-20%

Appendix 4: IRD Revenue Performance by Location in SLSHs, in 2023

The table below shows the first quarter in 2023 performance by each IRD Office in terms of revenue collection compared to target. For IRD, two of the ten regional offices overperformed against their target. the overperformance from Hargeisa (+19 billion SLSH) was enough to offset the deficit from those nine offices. Hargeisa collected 78.8% of IRD revenues, whereas Berbera contributed 11.1%. The other eight IRD offices contributed the remaining 10.1% of total IRD revenues.

Stations	Budget Forecast (Annual)	Budget Forecast (To Date)	Actual Revenue Collection (To Date)	Difference	%
Berbera	87,591,967,354	21,897,991,839	16,899,672,841	-4,998,318,998	-23%
Las-Canod	4,633,754,716	1,158,438,679	68,440,771	-1,089,997,908	-94%
Gabiley	12,588,243,005	3,147,060,751	2,285,902,855	-861,157,896	-27%
C/Gaabo	5,783,609,876	1,445,902,469	1,010,946,907	-434,955,562	-30%
Burco	21,177,562,830	5,294,390,708	5,052,419,218	-241,971,490	-5%
Caynabo	1,262,171,506	315,542,877	254,869,874	-60,673,003	-19%
Seylac	1,383,907,261	345,976,815	329,031,158	-16,945,657	-5%
Oodwayne	653,304,754	163,326,189	154,838,031	-8,488,158	-5%
Borama	22,244,542,620	5,561,135,655	6,309,410,858	748,275,203	13%
Hargeysa	395,172,338,552	98,793,084,638	117,913,641,321	19,120,556,683	19%
Total	552,491,402,474	138,122,850,619	150,279,173,834	12,156,323,216	9%

Appendix 5: Monthly and quarterly Imports Values in 2022 and 2023

Months	Value	MoM %	Duty	MoM %
22-Jan	659,763,119,026		140,652,182,837	
22-Feb	685,771,822,150	3.90%	137,717,450,814	-2.09%
22-Mar	942,585,214,788	37.40%	155,639,857,733	13.01%
22-Apr	1,023,321,683,479	8.60%	128,911,044,525	-17.17%
22-May	804,289,339,817	-21.40%	133,740,306,344	3.75%
22-Jun	1,287,781,669,091	60.10%	112,360,259,597	-15.99%
22-Jul	538,391,460,562	-58.20%	115,080,934,466	2.42%
22-Aug	539,826,961,264	0.30%	85,024,082,047	-26.12%
22-Sep	1,037,906,922,182	92.30%	155,126,880,742	82.45%
22-Oct	758,959,205,359	-26.90%	135,329,894,289	-12.76%
22-Nov	793,539,514,830	4.60%	146,823,900,990	8.49%
22-Dec	789,236,444,688	-0.50%	132,802,705,008	-9.55%
23-Jan	820,637,455,523	4.0%	123,340,656,495	-7.1%
23-Feb	655,621,453,738	-20.1%	121,645,192,083	-1.4%
23-Mar	750,374,330,118	14.5%	125,245,997,619	3.0%
Quarterly	Value	% change	Duty	% Change
1st Quarter, 2022	2,288,120,155,964		434,009,491,384	
2nd Quarter, 2022	3,115,392,692,387	36.2%	375,011,610,466	-13.6%
3rd Quarter, 2022	2,116,125,344,008	-32.1%	355,231,897,255	-5.3%
4th Quarter, 2022	2,341,735,164,877	10.7%	414,956,500,287	16.8%
1st Quarter, 2023	2,226,633,239,379	-4.9%	370,231,846,196	-10.8%