



Economic Performance Bulletin
Second Quarter 2023

Ministry of Finance Development
And
Bank of Somaliland

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Summary

Overall inflation declined to 10.3% in the second quarter of 2023 from 10.8 % and 10.5% in the fourth quarter of 2022 and the first quarter of 2023 respectively, driven by easing utility prices. Housing water, electricity, gas, and other fuels inflation declined to 10.6% from 11.2% in the previous quarter, supported by the decline of international fuel prices and easing of international supply chains.

In the second quarter of 2023, the Somaliland shilling value in foreign exchange markets continue to depreciate for the fourth quarter in a row. The Somaliland shilling value depreciated from 8,425/USD to 8,600/USD, showing a depreciation of 2.08% in Q2 2022 to Q2 2023.

In Jan- June of 2023, the inflow of remittances decreased by 18% and outflows decreased by 10%, compared to the same period of the last year (2022). Inward remittances in the second quarter of 2023 decreased by 4.3% and also outward decreased by 19% compared to the same period in 2022.

In the second quarter of 2023 bank deposits dropped significantly compared to the same quarter in the previous year, the average monthly deposit was about \$350 million USD in the second quarter of 2022 and dropped to \$300 million USD in the second quarter of 2023. The average monthly deposit in the first semi-annual of 2023 was about \$288 million where for the same period in the preceding year it was about \$375 million.

in Jan-June of 2023, the total livestock exported was 2,317,592 heads of livestock. This shows a 53% increase compared to the same period of the last year 2022. The total camels exported in Jan-June of 2023 were 43,970 heads, an increase of 62% compared to the same period (Jan to June) in 2022. Cattle and Sheep/Goats exports were 58% and 52% higher compared to Jan-June in 2022 respectively.

The nominal value of Somaliland's imports in Jan-June of 2023 was approximately 4.177 trillion SLSh, representing a 22.7% decrease compared to the same period of 2022. On a monthly basis there was a decrease in the import value in Q2 2023.

In Jan-June of 2023, there were 418 ships/vessels that arrived at the port of Berbera, which is 113 more than the 305 vessels registered during the same period (Jan – June) in 2022—representing a 37% increase.

The total containers registered in Jan-June of 2023 were 25,700, which shows a significant increase of 6,574 (34%) compared to the containers recorded in the same period of Jan-June of 2022 at the Berbera port.

The number of passenger arrivals and departures in Somaliland significantly decreased in the first half of 2023 compared to the same period in 2022. The total number of arrivals were 47,314 in first half of 2023, which is 6% lower the record of arrivals in first six months of 2022. On the other hand, the total number of departures were 53,713 in first half of 2023, which is 3% lower the record of departures in first six months of 2022.

The registered expected total capital spending on foreign investment across sectors was \$130.6 million USD in the first half of 2023 and it shows too higher increase (1978%) compared to the Q1 record of 2023. Regarding the capital investment by individual sector, Oil and Gas accounted for the largest share with 48.2%. This is followed by the mining sector representing 24.7%. All remaining sectors represent 27%.

The registered expected total capital spending on domestic investment across sectors were \$28.1 million USD in the first half of 2023 and it shows a decrease of 10% compared to the Q1 record of 2023. Manufacturing is the highest domestic investment made in the second quarter of the year 2023, which is 75% of the total domestic investments.

In the first half of 2023, the Government of Somaliland collected 1,107.3 trillion SLSh in domestic revenue—representing a 2% decrease from the 1,130.7 trillion SLSh collected in 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 157billion SLSh (or -12%) below forecast for the period. However, during the Hajj season, livestock exports has significantly increased this year (23.4 billion, or 54%) compared to 2022. Fiscal policies were introduced in the first half of the year (e.g., tax exemptions were lifted to improve the performance of revenue collection).

On the expenditure side, the government of Somaliland allocated and spent a total of SLSh 1.02 trillion from the general government fund, which accounted for 40.27% of the annual budget of SLSh 2.53 trillion. However, the actual expenditure fell short of the allocated amount for the quarter, with a variance of 14.74% or SLSh 176.13 billion. The majority of spending categories experienced a decrease, primarily due to spending restrictions implemented in the second quarter in response to the crisis in the eastern regions. Nonetheless, certain categories, such as

subsidies, contingencies, and compensation of employees, displayed more favorable spending performance.

In the first quarter of 2023, the government of Somaliland introduced a supplementary budget of SLSh 48.75 billion, which included SLSh 40.3 billion allocated to fully fund three World Bank (WB) projects and provide additional support to two others. Additionally, SLSh 8.5 billion was assigned to supplement the Joint Program for Local Government (JPLG) project using unused funds from the previous fiscal year. However, spending on the WB-funded projects fell short of their targets during the first half of 2023. The government disbursed SLSh 20.56 billion for these projects, representing a variance of 44.94% or SLSh 16.76 billion from the allocated amount of SLSh 37.3 billion for the first half of the year.

Summary of Key Economic Metrics at a Glance, Q2 2022 – 2023

Metric	Q2 - 2022	Q2 - 2023	Change (%)
Annual inflation	7.1%	10.3%	3.2%
Average SLSh / USD Exchange Rate	8,425	8,600	2.1%
Heads of Livestock Exported (Q1+Q2)	1,517,038	2,317,592	53%
Imports Value (SLSh bn)	3,115	1,950	-59.7%
Import Duty (SLSh bn)	375	364	-3%
Arrivals	26,830	29,187	9%
Departures	25,678	29,034	13%
Business Registrations	459	248	-46%
Business Licences Granted	463	388	-16%
Bank Deposits (\$ mn)	350	300	-14%
Bank Financing (\$ mn)	95	108	14%
Fiscal Metrics			
Domestic Revenue Collection (SLSh bn), (Q1+Q2)	1,130	1,107	-2%
Actual Spending (SLSh bn)	617	562	-8.9%

I. Financial Sector

I.1. Inflation

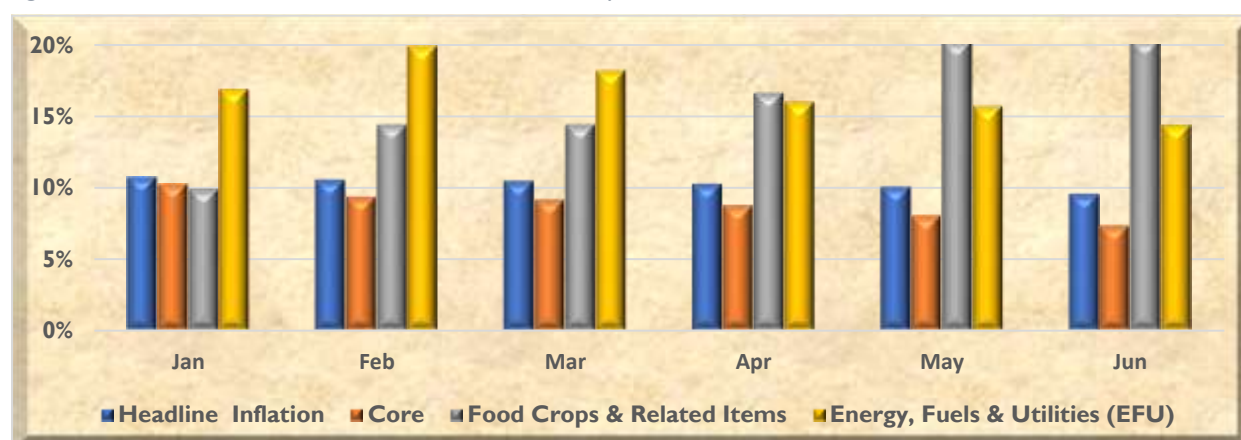
Overall inflation declined to 10.3% in the second quarter of 2023 from 10.8 % and 10.5% in the fourth quarter of 2022 and the first quarter of 2023 respectively, driven by easing utility prices. Housing water, electricity, gas, and other fuels inflation declined to 10.6% from 11.2% in the previous quarter, supported by the decline of international fuel prices and easing of international supply chains. On the other hand, Food inflation increased to 13.9% from 12.7% in the previous quarter, Under the food items fruits 21.2%, vegetables 19.6%, sugar, honey, jam, chocolate, and confessionalary 33.3 percent recorded the highest annual inflation in the year between Jan to June of 2022 and 2023.

Table 1: Average Annual Inflation Rate Per Quarter In 2022 And 2023

	2022				2023				
	Q1	Q2	Q3	Q4	Q1	Q2	April	May	June
Overall Inflation	6.5%	7.1%	8.6%	10.8%	10.5%	10.3%	10.2%	10.0%	9.5%
Core Inflation	5.8%	6.7%	7.8%	10.1%	9.52%	8.0%	8.7%	8.0%	7.3%
Food Inflation	7.3%	8.3%	10.8%	12.2%	12.7%	13.9%	14.4%	13.9%	13.3%
Housing Water, Electricity, Gas, and Other Fuels Inflation	6.2%	8.5%	10.0%	13.9%	11.2%	10.6%	10.4%	10.6%	10.7%

Source: Ministry of planning and National Development (MP&ND)

The price increases in food were due to Ramadan (The last week of March and the first three weeks of April), the demand for food increases during Ramadan, and people paying an immense portion of their income for purchasing food items for family consumption and donating to less fortunate people. However, the headline inflation declined in the second quarter of 2023 due to global inflationary decline and the wetness (prosperity) in the country as it received excess rains in quarter 2 of 2023. Core inflation remained single digit (8%) in the second quarter of 2023 and decreased from 9.5% in the previous quarter. Inflation of all other goods was one digit in the year between Jan to June in 2022 and 2023 except food and utility.

Figure 1: Annual Inflation Rate Jan-Jun,2023, base year=2012

Source: MP&ND

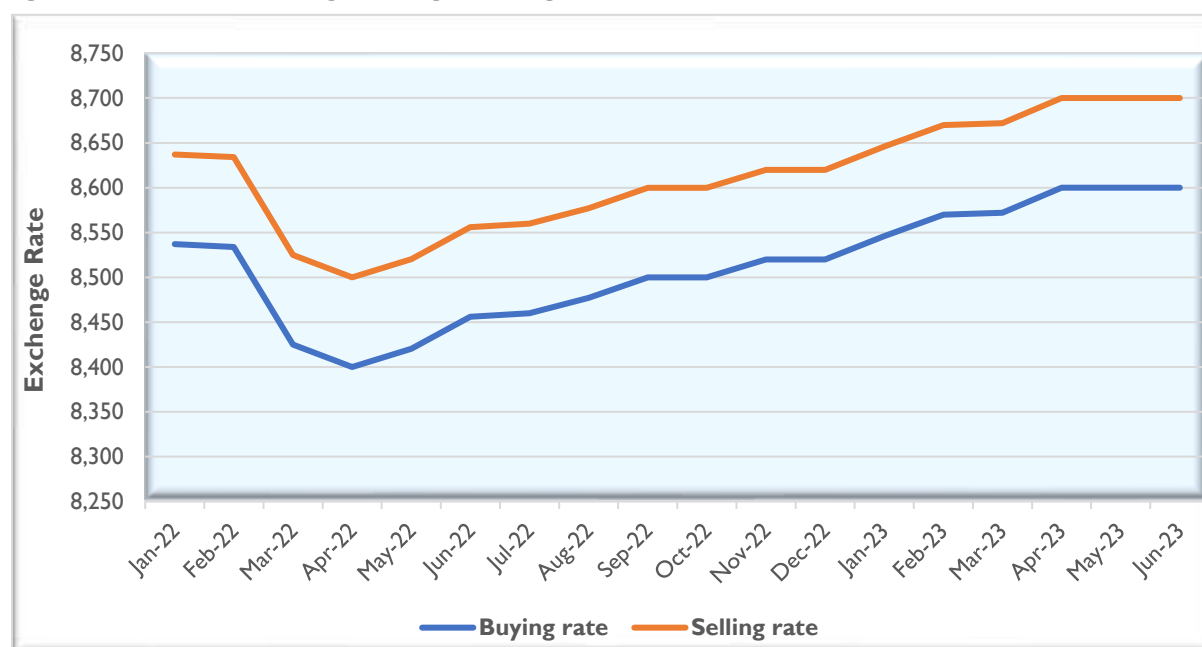
1.2.Exchange Rate

In the second quarter of 2023, the Somaliland shilling value in foreign exchange markets continued to depreciate for the fourth quarter in a row: the Somaliland shilling value depreciated from Q2 2022 to Q2 2023, in that period Somaliland shilling value depreciated from 8,425/USD to 8,600/USD, showing a depreciation of 2.08%. The Bank of Somaliland regulates the foreign exchange markets daily and maintain the value of Somaliland shilling as the depreciation of the value of Somaliland Shilling (SLSH) affects the livelihood of people in the country. In the first semi-annual of 2023, the value of SLSH depreciated by about 1.4% compared to the same period in the previous year.

Table 2: Somaliland Shilling Exchange Rate Against the US Dollar in Q1 and Q2 of 2022 and 2023

Quarter	2022		2023		YoY (%)
	Exch (Slsh)	% Change	Exch (Slsh)	% Change	
Q1	8,499	-0.25%	8,563	0.59%	0.75%
Q2	8,425	-0.87%	8,600	0.43%	2.08%
Average	8,462		8,581		1.4%

The devaluation of SLSH in foreign exchange markets was due to COVID-19 economic impacts that are still ongoing, the effects of the Russia and Ukraine war on the economy of the country, instability of exchange rate in Wajaale, Las'anod instability and illegal foreign exchange dealers who started the black market for foreign exchange rates. The Bank of Somaliland implemented several restrictions to restore the value of Somaliland shillings like processing large government transactions in USD to control the supply of SLSH, but as the above problems are still ongoing, it is forecasted the SLSH value depreciation will continue in 2023.

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

Source: Somaliland Central Bank

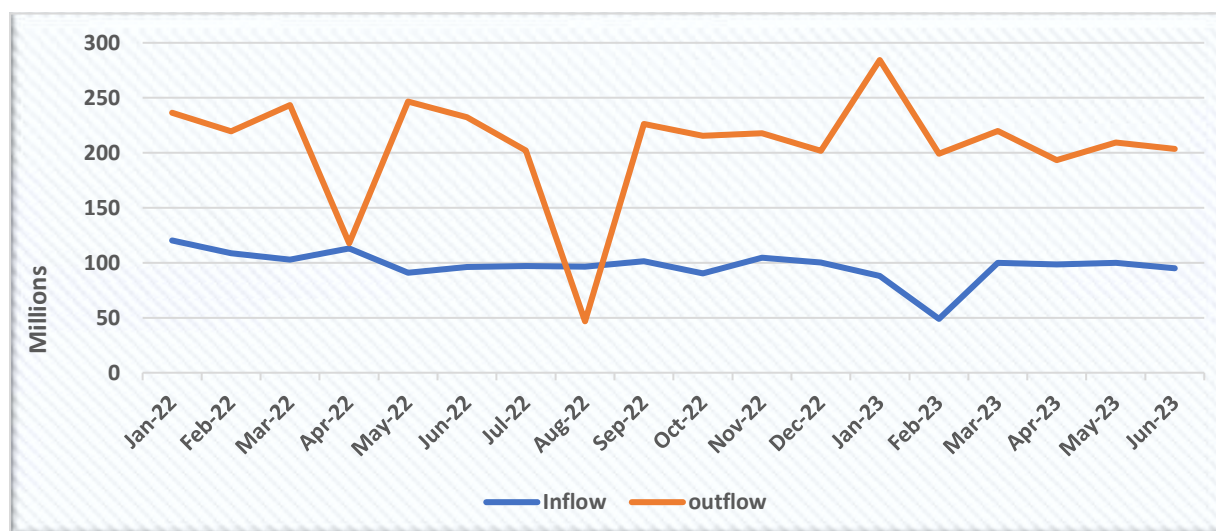
1.3. Remittances

According to the data from the main banks and other remittance companies in Somaliland, in the first six months of 2023, the inflow of remittances decreased by 18% and outflows decreased by 10%, compared to the same period of the last year (2022). Inward remittances in the second quarter of 2023 decreased by 4.3% and also outward decreased by 19% compared to the same period in 2022.

The Bank of Somaliland expects both inward and outward remittances to be higher in 2023 compared to 2022. More inward remittances are expected from livestock exports for the Hajj 2023 and diaspora coming back in the summer months.

Table 2: Inward and Outward Remittances in The First Half Of 2022 And 2023 Per Month and Quarter in USD

Months	Remittances Inflow			Remittances Outflow		
	2022	2023	% change	2022	2023	% change
Jan	\$120,271,704	\$88,002,957	-27%	\$236,256,083	\$284,329,712	20%
Feb	108,545,475	48,974,114	-55%	219,621,647	199,030,155	-9%
Mar	111,541,598	99,979,840	-10%	243,103,309	219,901,441	-10%
Q1	\$340,358,777	\$236,956,911	-30%	\$698,981,039	\$703,261,308	1%
April	113,080,855	98,433,712	-13%	263,859,831	193,413,174	-27%
Jun	91,005,731	99,930,397	10%	246,723,031	209,346,189	-15%
July	102,597,513	95,098,572	-7%	241,950,817	203,577,854	-16%
Q2	306,684,099	293,462,681	-4.3%	752,533,679	606,337,217	-19%
Total	\$647,042,876	\$530,419,592	-18%	\$1,451,514,718	\$1,309,598,525	-10%

Figure 3: Inflow and Outflow of Remittances in Somaliland (Jan - June 2022- 2023), US\$ Millions

Source: Somaliland Central Bank

1.4. Banking and Financial System

An efficient financial system provides better financial services, which in turn promotes economic growth. The Bank of Somaliland is the peak of the financial system in Somaliland which regulates and supervises the financial sector of the country to ensure the stability and growth of the sector. In the second quarter of 2023, the financial sector of Somaliland was composed of a total of 6 Islamic commercial banks (only five are operational), 6 microfinance institutions, 7 insurance firms, 18 Money Transfer Businesses (MTBs), and 4 Mobile Money Operators (MMOs). All the financial institutions are licensed under the Bank of Somaliland except insurance firms that operate under the National Insurance Authority of Somaliland.

1.4.1. Bank Deposits and Financing

Although financial inclusion is very low in Somaliland and people use traditional methods for saving money, the Banking sector in Somaliland made tremendous growth in the last decade as the total asset of banks grew from \$290 million in 2020 to \$463 million in 2022.

In the second quarter of 2023 bank deposits dropped significantly compared to the same quarter in the previous year, the average monthly deposit was about \$350 million in the second quarter of 2022 and dropped to \$300 million in the second quarter of 2023. The average monthly deposit in the first semi-annual of 2023 was about \$288 million where for the same period in the preceding year 2022 was about 375 million. The monthly individual and business deposits of April, May, and June 2023 declined 12.5%, 18%, and 14.2% respectively compared to the same

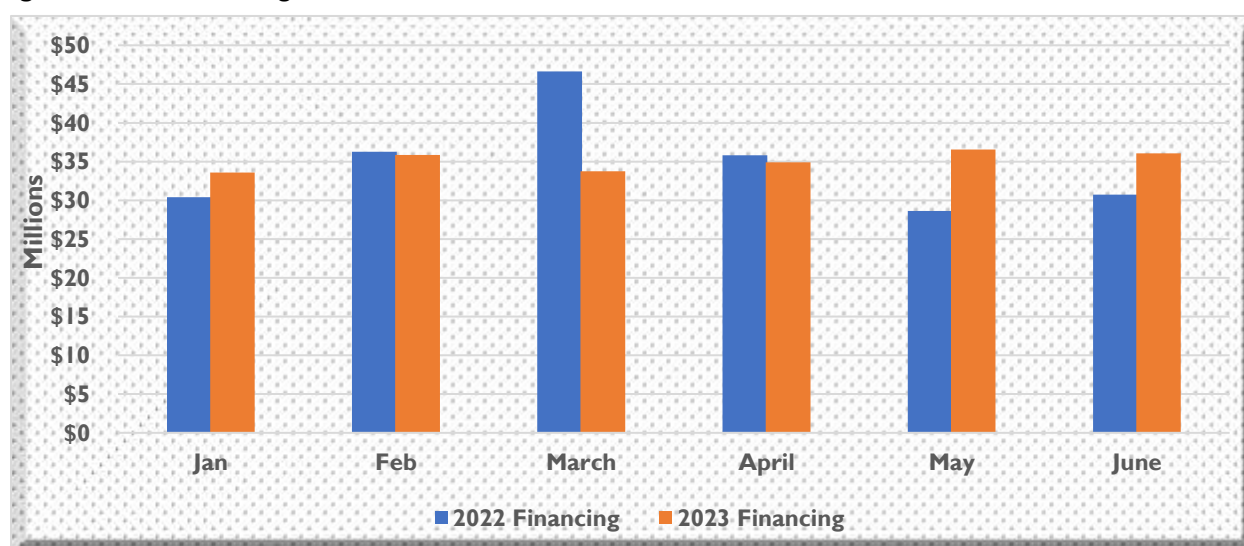
months in the previous year. This is mainly caused by the recent political instability that exists in the country.

In the second quarter of 2023, the total financing by banks increased by 4% compared to the previous quarter and increased by about 13% compared to the same quarter preceding year. The total financing in the second quarter was \$107.5 million, and the total financing in the first quarter and the same quarter in the previous year were \$103 million and \$95 million respectively. The finance-to-deposit ratio remained very low as it was the previous year, the ratio was 11.7%, 12.5%, and 12% in April, May, and June respectively.

Table 3: Total Financing and Deposits in US Dollar in The First Half Of 2022 Per Month

Months	Deposits		YoY	Financing			YoY
	2022	2023			2022	2023	
Jan	\$363,017,404	\$275,761,747	-24%	Jan	\$30,414,198.34	\$33,601,568.18	-10.5%
Feb	\$420,952,561	\$275,493,244	-34.6%	Feb	\$36,251,587.08	\$35,865,273.58	-1%
March	\$420,952,561	\$289,674,522	-28.6%	March	\$46,612,840.05	\$33,750,364.43	-27.6%
Q1 Average	\$ 401,640,842	\$280,309,838	-30%	Q1 Total	\$113,278,625.47	\$103,217,206.19	-9%
April	\$339,476,368	\$296,881,225	-12.5%	April	\$35,804,682.47	\$34,913,206.66	-2.5%
May	\$357,045,590	\$292,578,553	-18%	May	\$28,631,945.49	\$36,542,651.89	27.6%
June	\$351,178,840	\$301,194,091	-14.2%	June	\$30,751,152.93	\$36,068,530.65	17.3%
Q2 Average	\$349,233,599	\$296,884,623	-15%	Q2 Total	95,187,781	107,524,389	13%
Total Average	\$375,437,221	\$288,597,230	23.3%	Total	\$208,466,406	\$210,741,595	1%

Figure 4: Total Financing in The First Half of Year 2023 Per Month



Source: Somaliland Central Bank

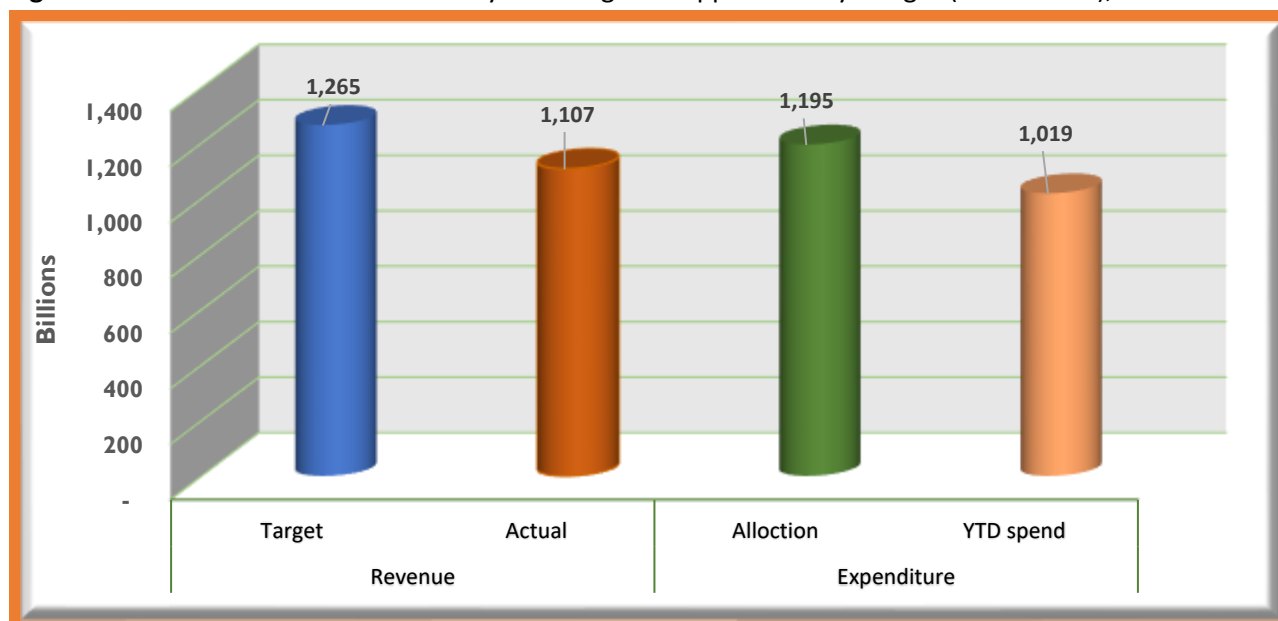
2. Fiscal Performance

In the first half of 2023, the Government of Somaliland collected 1,107.3 trillion SLSh in domestic revenue—representing a 2% decrease from the 1,130.7 trillion SLSh collected in 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 157 billion SLSh (or -12%) below forecast for the period. However, during the Hajj season, livestock exports has significantly increased this year (23.4 billion, or 54%) compared to 2022. Fiscal policies were introduced in the first half of the year (e.g., tax exemptions were lifted to improve the performance of revenue collection). On the other hand, the \$13.8 billion 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.

On the expenditure side, the government of Somaliland allocated and spent a total of SLSh 1.02 trillion from the general government fund, which accounted for 40.27% of the annual budget of SLSh 2.53 trillion. However, the actual expenditure fell short of the allocated amount for the quarter, with a variance of 14.74% or SLSh 176.13 billion. The majority of spending categories experienced a decrease, primarily due to spending restrictions implemented in the second quarter in response to the crisis in the eastern regions. Nonetheless, certain categories, such as subsidies, contingencies, and compensation of employees, displayed more favorable spending performance. The Economic sector's expenditure fell short of the target, reflecting a 23.3% underspend of SLSh 42.6 billion. Within this underspend, 42% was allocated for loan repayments to private banks, enterprises, and individuals, amounting to SLSh 17.94 billion. Furthermore, 29.76% was assigned for the Ministry of Finance Development's Use of Goods & Services, totaling SLSh 12.68 billion.

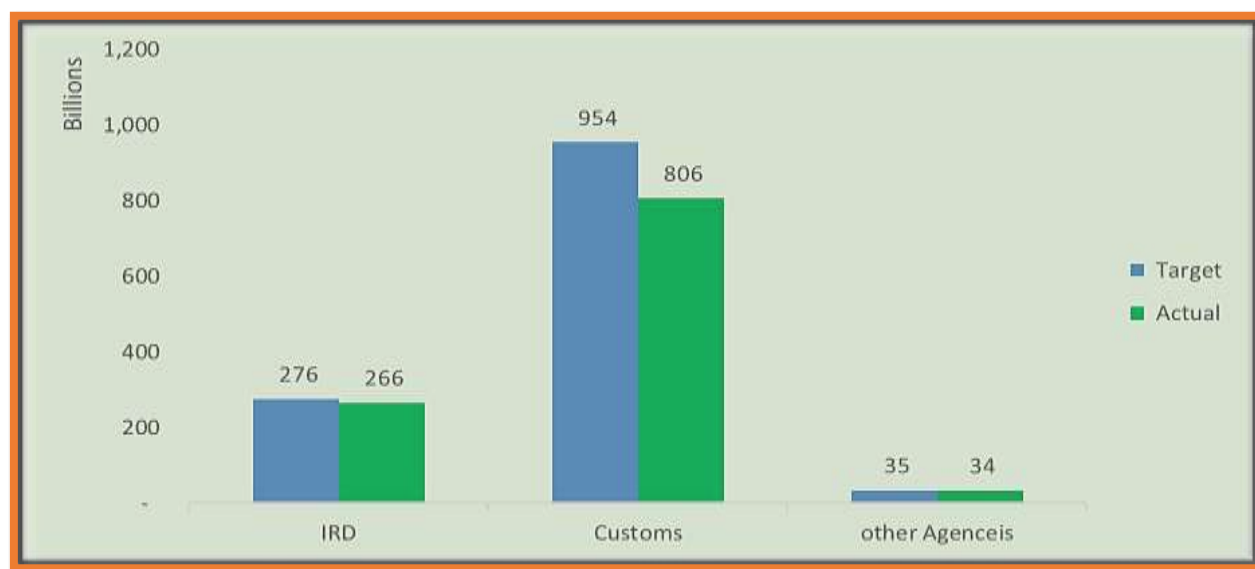
Table 4: January-June 2023 Fiscal Summary, SLSh

Category	Budget	Target	YTD Actual	Surplus	Budget
				/Deficit %	Realised %
Revenue	2,602,032,464,201	1,320,544,476,541	1,121,081,108,999	-15.1%	43%
Domestic	2,530,336,471,861	1,265,168,236,331	1,107,302,086,119	-12%	44%
WB grants	71,695,992,340	37,306,332,340	7,884,755,550	-78.9%	11%
JPLG Project	26,560,170,870	18,069,907,870	5,894,267,330	-67.4%	22%
Expenditure	2,556,896,642,731	1,250,441,551,007	1,032,715,256,743	-9%	40%
General Gv't Fund Spend*	2,530,336,471,861	1,195,065,310,797	1,018,936,233,863	-14.7%	40%
WP project	71,695,992,340	37,306,332,340	7,884,755,550	-78.9%	11%
JPLG Project	26,560,170,870	18,069,907,870	5,894,267,330	-67.4%	22%
Fiscal Balance			88,365,852,256		
Domestic			88,365,852,256		
Grants			0		

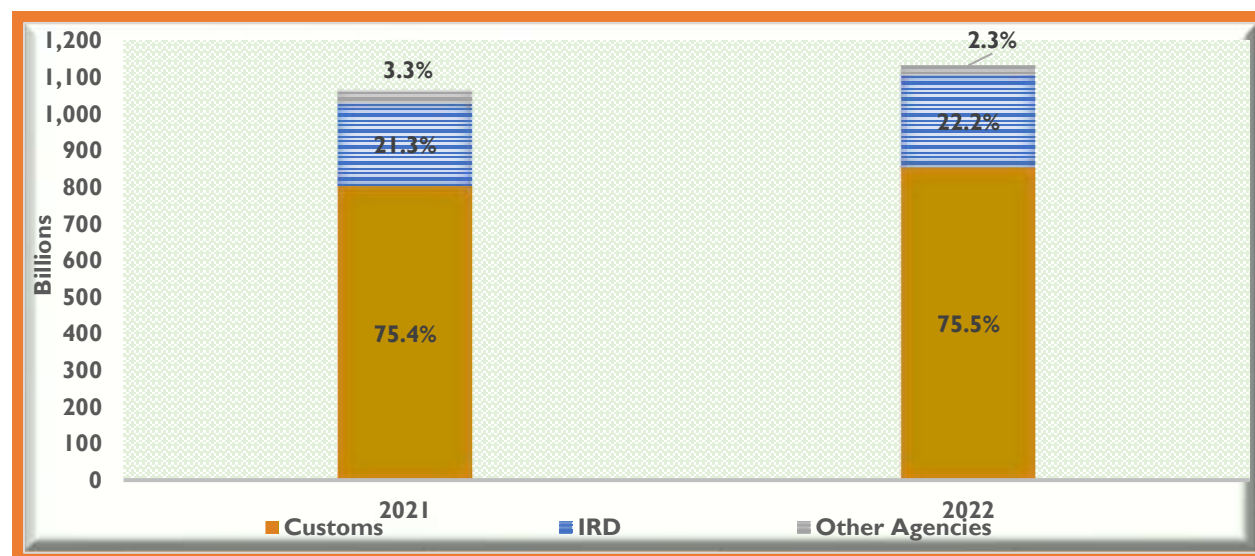
Figure 5: Jan – June 2023 Fiscal Summary Including the Supplementary Budget (Excl. Grants), SLSh

2.1. Domestic Revenue

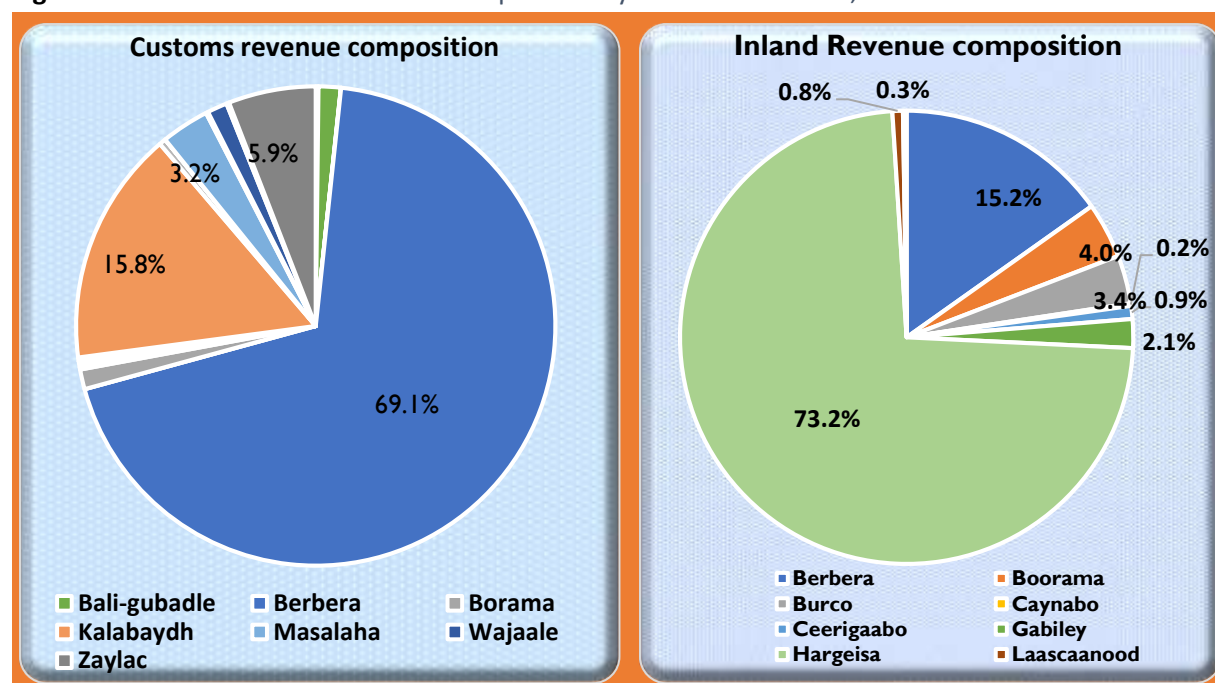
Figure 6 below show total revenue collection by responsible agencies. About 97% of the actual revenue collected between January and June came from the Customs and IRD (excl. grants for the World Bank funded projects). The IRD is below target by 10 billion SLSh or 4%. The Customs Department—which accounts for 73% of total revenue to date, was 15% below target (or -147.4 billion SLSh). Regarding the other fifteen responsible revenue collecting agencies, only collections from five met and/or exceeded target: Ministry of mining and energy (+74%), Ministry of Planning (+4%), while Income from local government supplement (-100%) and income from benefits of money exchange (-100%). All the other remaining agencies performed below their target in the first six months of 2023.

Figure 6: Total Revenue Collection by Responsible Agency (Bn SLShs), Jan – June 2023

Source: MoFD/ Budget & Planning and IFMIS Departments

Figure 7: Revenue Collected by Agency (Excluding WB Grants) In Slsh (Billion) and % Contribution to the Total Between Jan-June Of 2022 & 2023

Source: MoFD/ Budget & Planning and IFMIS Departments

Figure 8: Customs and IRD Revenue Composition by Station and Office, Jan—June 2023

Source: MoFD/ Budget & Planning and IFMIS Departments

2.2. Expenditure from the General Government Fund

During the first half of 2023, the government of Somaliland allocated and spent a total of SLSh 1.02 trillion from the general government fund, which accounted for 40.27% of the annual budget of SLSh 2.53 trillion. However, the actual expenditure fell short of the allocated amount for the quarter, with a variance of 14.74% or SLSh 176.13 billion, as indicated in Figure 9 below. The majority of spending categories experienced a decrease, primarily due to spending restrictions implemented in the second quarter in response to the crisis in the eastern regions. Nonetheless, certain categories, such as subsidies, contingencies, and compensation of employees, displayed more favorable spending performance.

Figure 10 illustrates a decline in spending across most chapters during the first half of 2023 compared to the same period in the previous year, except for subsidies and the national reserve. Despite this decline, overall spending in the first quarter of 2023 surpassed the previous year's figure, exhibiting a 4.66% increase, as demonstrated in Figure 11. This increase was largely attributed to the newly introduced Contingencies chapter, accounting for SLSh 35.1 billion or 3.45% of total spending.

Figure 12 provides a sector-level breakdown of the spending performance. The Economic sector's expenditure fell short of the target, reflecting a 23.3% underspend of SLSh 42.6 billion. Within this underspend, 42% was allocated for loan repayments to private banks, enterprises, and

individuals, amounting to SLSh 17.94 billion. Furthermore, 29.76% was assigned for the Ministry of Finance Development's Use of Goods & Services, totaling SLSh 12.68 billion.

Figure 9: Expenditure Performance (Excl. WB grants) by Chapter between Jan-June 2023, SLSh Billions

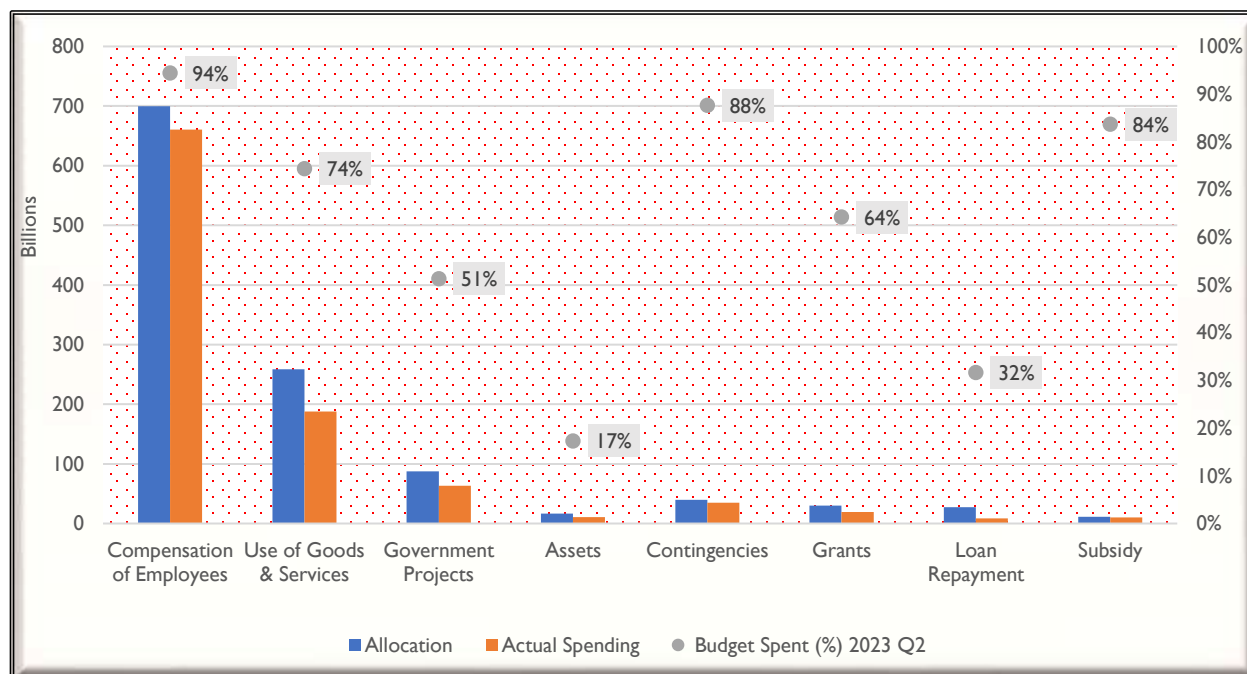
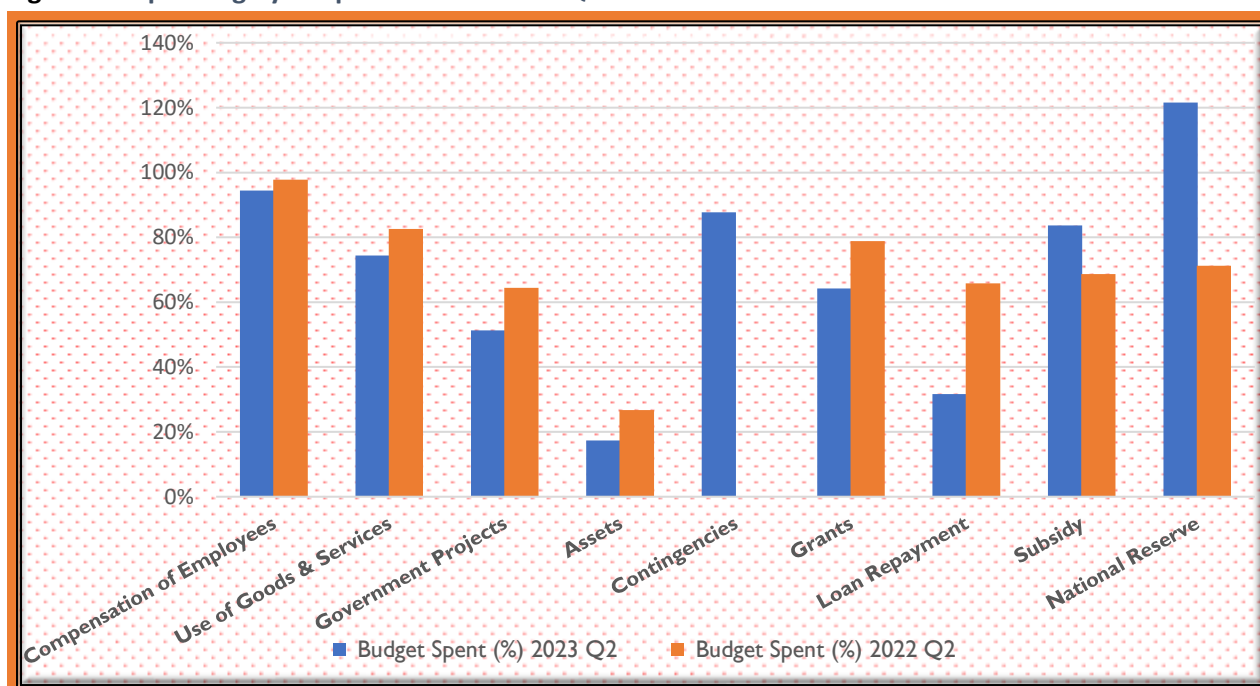
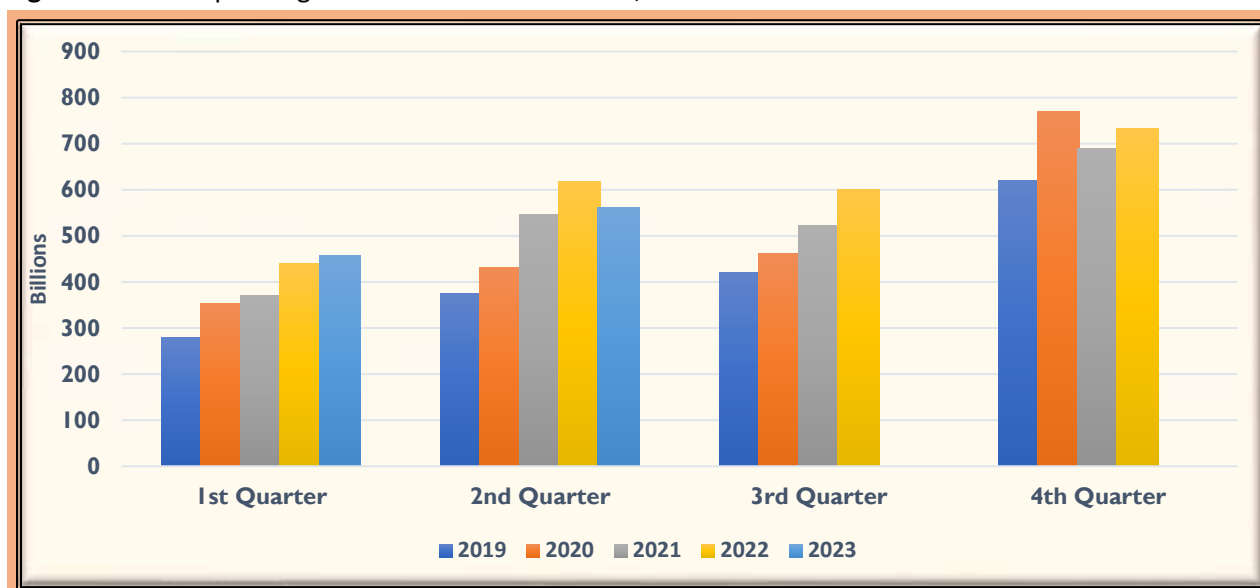
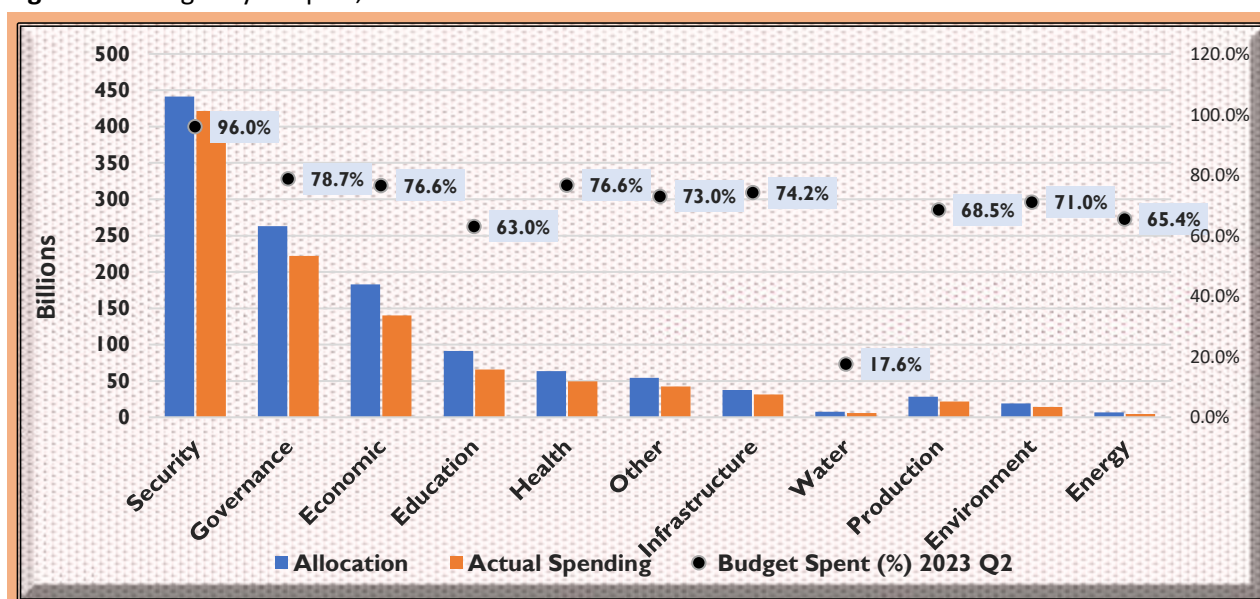


Figure 10: Spending by Chapter in the Second Quarter of 2022 and 2023



Source: MoFD/ Budget & Planning and IFMIS Departments

Figure 11: Total Spending Per Quarter in 2019 - 2023, SLSh Billion**Figure 12:** Budget by Chapter, Jan – June of 2022 and 2023

Source: MoFD/ Budget & Planning and IFMIS Departments

2.3. World Bank Funded Projects

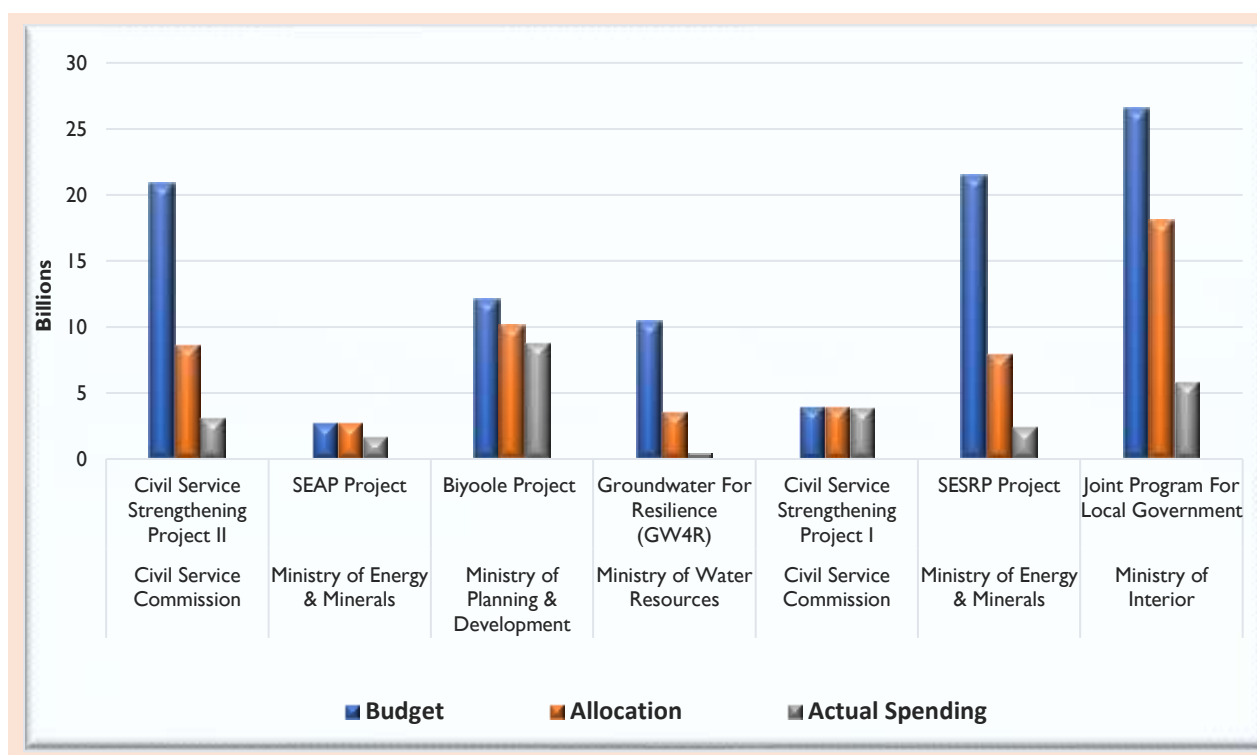
In the first quarter of 2023, the government of Somaliland introduced a supplementary budget of SLSh 48.75 billion, which included SLSh 40.3 billion allocated to fully fund three World Bank (WB) projects and provide additional support to two others. Additionally, SLSh 8.5 billion was assigned to supplement the Joint Program for Local Government (JPLG) project using unused funds from the previous fiscal year. However, spending on the WB-funded projects fell short of

their targets during the first half of 2023. The government disbursed SLSh 20.56 billion for these projects, representing a variance of 44.94% or SLSh 16.76 billion from the allocated amount of SLSh 37.3 billion for the first half of the year. This expenditure accounted for 28.67% of the revised budget of SLSh 71.7 billion, which includes the supplementary budget. Delays in the procurement process contributed to the underspending on the WB projects.

Similarly, the JPLG project's performance also fell below target for the fiscal year, with expenditures amounting to SLSh 5.9 billion, indicating an underspend of more than 67%. It is imperative for the government to enhance spending in order to ensure that these projects fulfil their objectives and deliver benefits to the people of Somaliland.

In conclusion, the government of Somaliland must take appropriate measures to enhance spending on these projects and ensure their effective implementation. This will entail streamlining procurement processes, ensuring timely disbursement of funds, and implementing robust monitoring and evaluation mechanisms. By doing so, Somaliland can make substantial progress towards achieving its development goals and enhancing the well-being of its citizens.

Figure 13: Expenditure on the WB & JPLG projects between Jan-June 2023, SLSh Billions



Source: MoFD/ Budget & Planning and IFMIS Departments

3. Trade and Travel

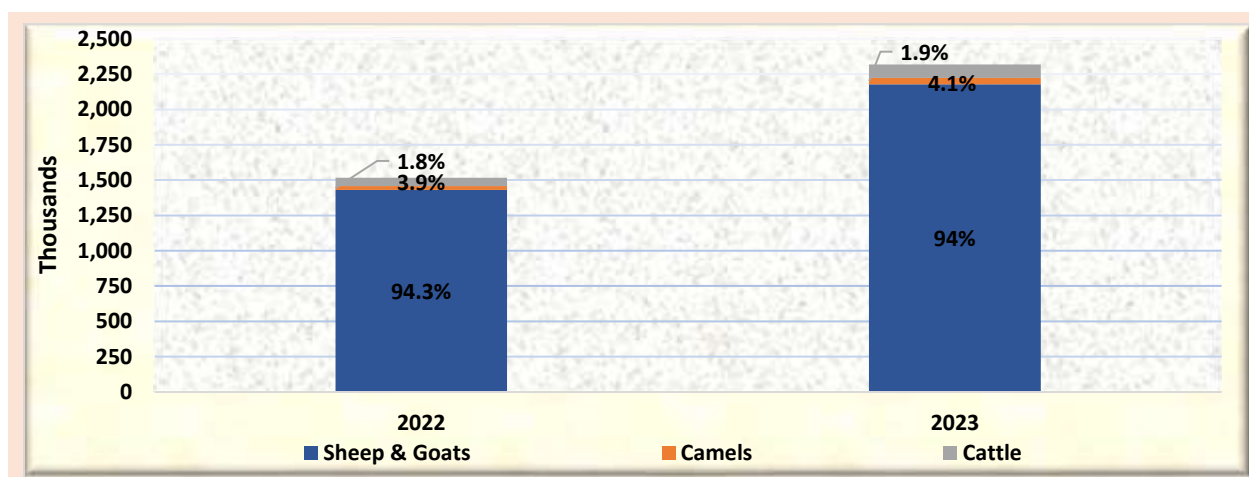
3.1. Livestock Exports

Somaliland's economy is heavily dependent on livestock exports. In Jan-June of 2023, the total livestock exported was 2,317,592 heads of livestock. This shows a 53% increase compared to the same period of the last year, 2022. The total camels exported in Jan-June of 2023 were 43,970 heads, an increase of 62% compared to the same period (Jan to June) in 2022. Cattle and Sheep/Goats exports were 58% and 52% higher compared to the record of Jan-June in 2022. This reflects that there were more livestock exports in the second quarter of 2023, but the MoFD expects in the third quarter of this year will be significantly lower due to the yearly export demand from Saudi Arabia since the hajj period for 2023 has ended.

Table 5: Total Livestock Export in First Half of 2022 and 2023 Per Quarter

	Quartiles	2022	2023	Diff	% Change
Camel Export	Q1	16,486	22,442	5,956	36%
	Q2	10,639	21,528	10,889	102%
	Total Jan-Jun	27,125	43,970	16,845	62%
Cattle Export	Q1	25,575	18,111	-7,464	-29%
	Q2	34,104	76,426	42,322	124%
	Total Jan-Jun	59,679	94,537	34,858	58%
Sheep & Goat Export	Q1	368,016	133,693	-234,323	-64%
	Q2	1,062,218	2,045,392	983,174	93%
	Total Jan-Jun	1,430,234	2,179,085	748,851	52%
Total Livestock Export	Q1	410,077	174,246	-235,831	-58%
	Q2	1,106,961	2,143,346	1,036,385	94%
	Total Jan-Jun	1,517,038	2,317,592	800,554	53%

Figure 14: Composition of Livestock Export in the Semi-annual of 2022 & 2023



Source: MOFD/ Customs Department

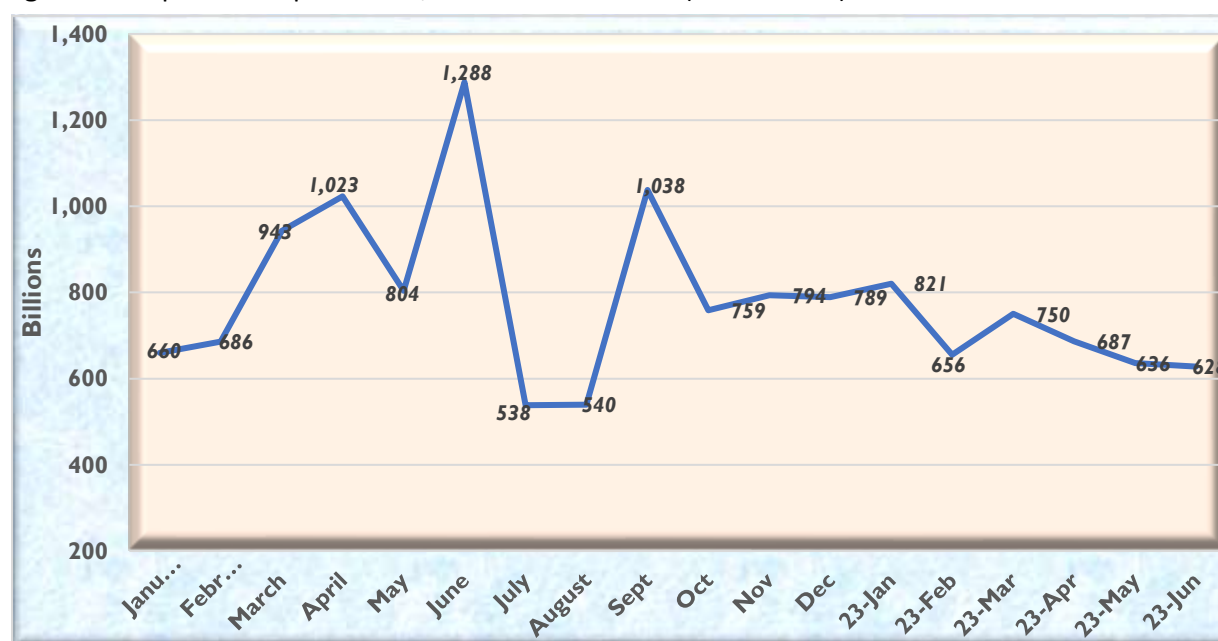
3.2. Imports

As the table 6 below shows the nominal value of Somaliland's imports in Jan-June of 2023 was approximately 4.177 trillion SLSh, representing a 22.7% decrease compared to the same period of 2022. On a monthly basis as shown in figure 15 below, there is decrease in the import value occurred in Q2 of 2023. The MoFD is currently forecasting that imports will decrease to 7.3% in 2023 for the second half of the year 2023. It 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 6: Import Values per Quarter 2023 (SLSh)

	Quartiles	Import Values	% Change
2022	Q1	2,288,120,155,965	-
	Q2	3,115,392,692,388	36%
	Total	5,403,512,848,353	
2023	Q1	2,226,633,239,379	-5%
	Q2	1,950,514,526,125	-12%
	Total	4,177,147,765,504	-22.7%

Figure 15: Import Value per Month, Jan 2022- June 2023 (Billions SLSh)



Source: MOFD/ Customs Department

3.3. Cement Import

Table 7 below shows the number of cement bags imported in Somaliland in 2023 and 2022. In the first half of 2023, there were 2,748,837 cement bags were imported; this was 71% decrease compared to the first half of 2022. There were less imports in the second quarter of the year 2023 compared to the cement imports recorded in the same period of 2022. This was caused by the decline in building constructions for the whole country.

Table 7: 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%
April	1,128,806	186,194	-942,611	-84%
May	422,097	172,689	-249,408	-59%
June	360,132	174,123	-186,009	-52%
2nd Quarter	1,911,035	533,006	-1,378,029	-72%
Total	4,096,644	2,748,837	-1,347,807	-71%

Source: MOFD/ Customs Department

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

In Jan-June of 2023, there were 418 ships/vessels that arrived at the port of Berbera, which is 113 more than the 305 vessels registered during the same period (Jan – June) in 2022—representing a 37% increase. Table 8 below shows the types of ships that were registered. As the table indicates, significantly there is an increase in livestock vessels (146/139%), Fuel (+2/20%) but less Bulk food (-39/-55%), Bulk cargo (-20/-42%) vessels were registered this year. On the other hand, the total containers registered in the Jan-June of 2023 were 25,700, which shows a significant increase of 6,574 (34%) containers recorded in the same period of Jan-June of 2022 at the Berbera port. The significantly higher number of ships and containers that were registered in the Jan-June of 2023 compared to the same period in 2022 can be explained that it caused by the lowered freight cost of containers compared to the higher containers rental cost in 2021-2022. Whereas the livestock vessels increased this year compared to the same period (Jan-June) of 2022 due to the increased exported livestock in the 2023.

Table 8: Type and number of Ships/Vessels at the Berbera Port in Jan-June of 2022 and 2023

Vessel type	Jan-June 2022	Jan-June 2023	Difference	% Change
Bulk food	71	32	-39	-55%
Livestock	105	251	146	139%
General Cargo	48	28	-20	-42%
Fuel	10	12	2	20%
WFP	5	4	-1	-20%
Containers	66	91	25	38%
Total	305	418	113	37%

Table 9: Number of Containers at the Berbera Port in Jan-June of 2022 and 2023

Months	2022	2023	Difference	Percentage (%)
Jan	3,737	4,599	862	23%
Feb	2,983	4,612	1,629	55%
March	3,421	4,447	1,026	30%
Q1	10,141	13,658	3,517	35%
April	3,164	4,384	1,220	39%
May	3,109	4,040	931	30%
June	2,712	3,618	906	33%
Q2	8,985	12,042	3,057	34%
TOTAL	19,126	25,700	6,574	34%

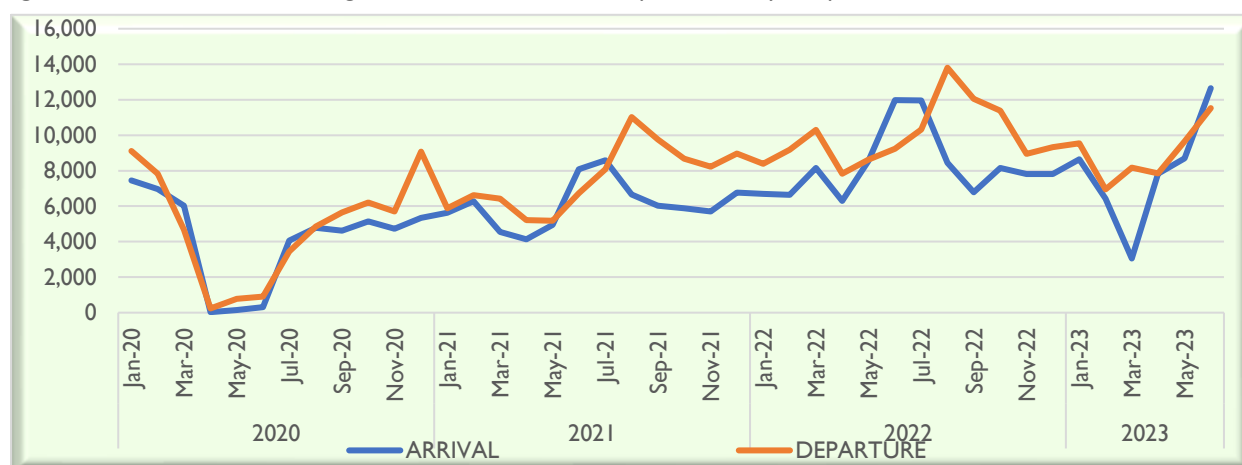
Source: MOFD/ Customs Department

3.5. Number of Passengers Arriving and Departing by Air

The number of passenger arrivals and departures in Somaliland significantly decreased in the first half of 2023 compared to the same period in 2022. The total number of arrivals were 47,314 in first half of 2023, which is 6% lower than the record of arrivals in first six months of 2022. On the other hand, the total number of departures were 53,713 in first half of 2023, which is 3% lower than the record of departures in the first six months of 2022. In the second quarter of 2023, Somaliland registered (+2,357), 9% more Air passenger arrivals and (+3,356), 13% more departures compared to the same period in 2023.

Table 10: Number of Passengers Arrived and Departured by Air in Q1 and Q2 of 2022 and 2023

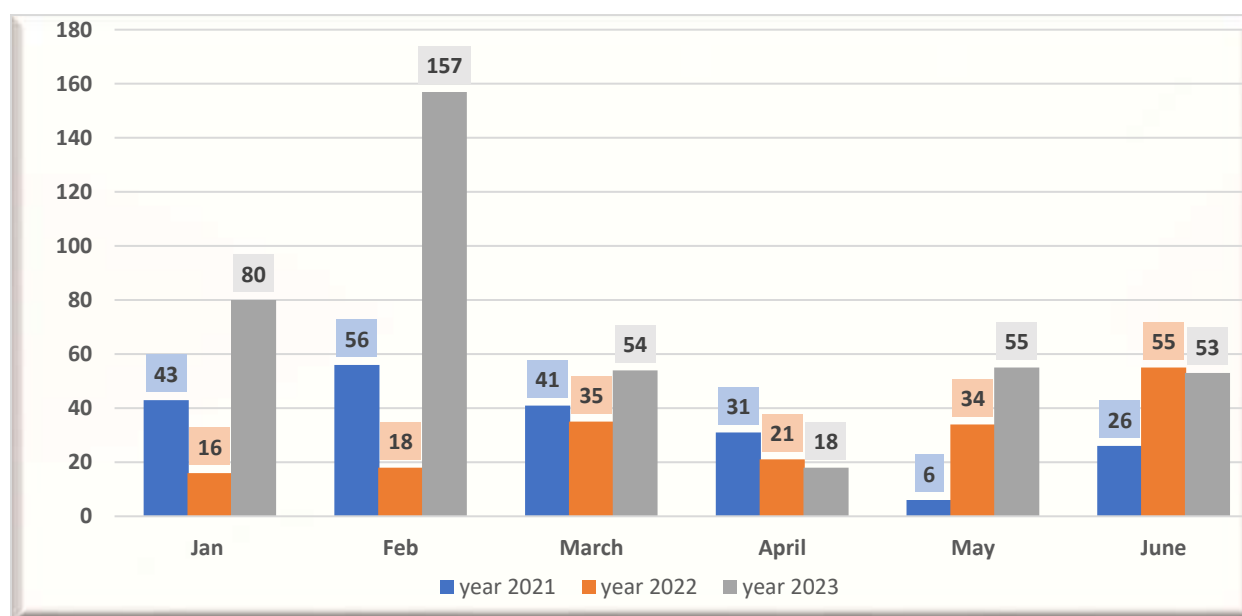
Quarterly	Arrivals				Departures			
	2022	2023	Diff	YoY (%)	2022	2023	Diff	YoY (%)
Q1	23,516	18,127	-5,389	-23%	29,897	24,679	-5,218	-17%
Q2	26,830	29,187	2,357	9%	25,678	29,034	3,356	13%
Total	50,346	47,314	-3,032	-6%	55,575	53,713	-1,862	-3%

Figure 16: Number of Passengers That Arrived and Departured by Air per Month, Jan 2020 - Jun 2023

Source: Somaliland Immigration Agency

3.6. Tourism

The total number of tourists in the first half of the year was 417 which is (238) 133% more than the record in the same period of 2022. Laas-Geel is the main site of attraction with more than 95% of the tourists visited in the first half of 2022 and 2023. The year-on-year increase in the number of tourists is in line with the resumption of travel around the world and further increases should be expected in the remainder of the year.

Figure 17: Number of Tourists per month, Jan – June 2021, 2022 and 2023

Source: Ministry of Trade, Industry 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 Ministry of Finance Development is working closely with other public and private institutions to collect (in some cases start tracking) additional variables that, collectively, will provide a better picture of investment in Somaliland. These efforts have resulted in the collection of some capital investment figures for the second quarter of 2023.

4.1. Number of Business Registrations

In the second quarter of 2023, the Ministry of Trade and Tourism registered 248 businesses, which is 209 less registrations compared to the first quarter of the year. The first half of 2023 saw significantly lower registrations (-211) compared to the same period of last year. The breakdown of the 705 registrations between January and June 2023 by type is as follows: Figure 18 below shows the breakdown of these registrations by business objective and location. As can be seen, 50.3% of the registrations were for Service operations, 26.7% were imports while the remaining were wholesalers, logistics, and exports represent 7.5%, 6.1% and 4.2% respectively. As for the location of these businesses, Hargeisa, Berbera and Borama accounted for 82.1% 7.7% and 4.4% respectively of the total registrations in the first half of 2023.

Figure 18: Business Registrations by Location (Left) and by Objective (Right) in the First Half of 2023

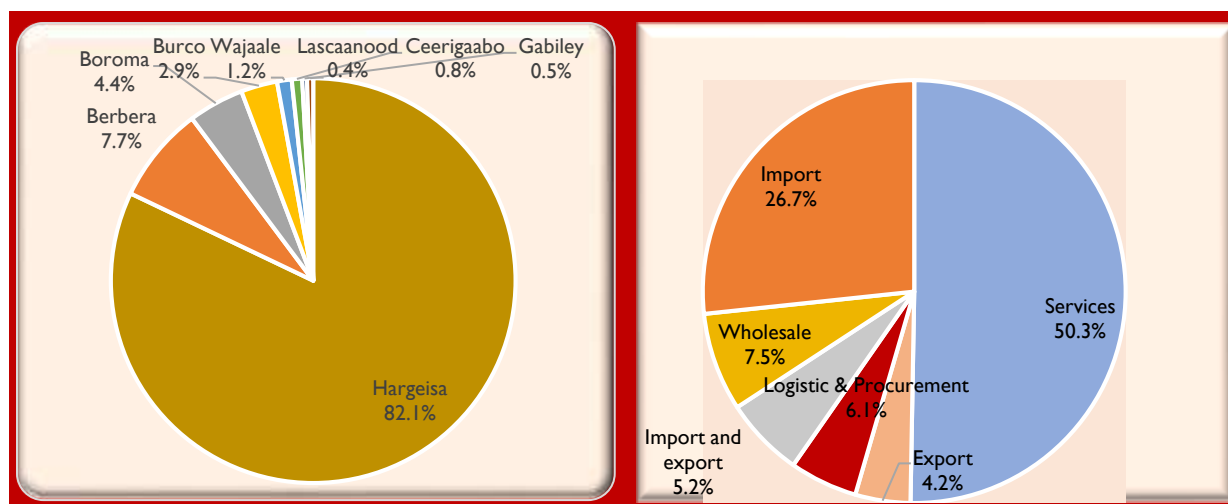


Figure 19: Number of Business Registrations per month, Jan 2021 - Jun 2023

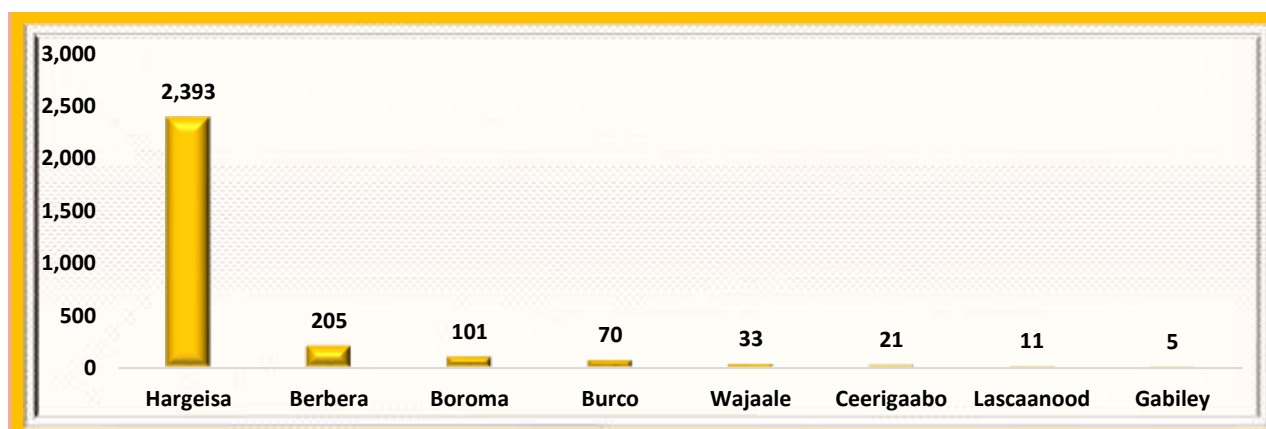
Source: Ministry of Trade, Industry and Tourism

4.2. Number of Business Licenses Issued

In Jan-June of 2023, there were 917 new licenses issued. This is 25 less than the 942 new licenses issued registered during the same period (Jan – June) in 2022—representing a 2.7% decrease. In the second quarter of 2023, there were 388 new licenses issued, representing 141 fewer licenses compared to the first quarter of the year and also 75 less than the number recorded in the same period in 2022. On the other hand, most of the licenses were issued to businesses in Hargeisa—accounting for 84.3% of the total new licenses. As mentioned earlier, business licenses and business registrations on their own, do not say much about the state of investment in Somaliland. However, an inference on the spatial dispersion of businesses in the formal sector and their distribution by objective can safely be made. Hargeisa—not surprisingly—houses most of the businesses while the general trading and service sectors accounts for most of those ventures.

Table 11: Number of New Business Licenses in the First Half of 2022 and 2023

New Business Licenses				
Months	2022	2023	Difference	% Change
January	140	198	58	41%
February	178	155	-23	-13%
March	161	176	15	9%
Q1	479	529	50	10%
April	175	149	-26	-15%
May	144	154	10	7%
June	144	85	-59	-41%
Q2	463	388	-75	-16%
Total	942	917	-25	-3%

Figure 20: Number of New and Renewed Business Licenses Issued by Region in the First Half of 2022

Source: Ministry of Trade and Tourism

4.3. Domestic and Foreign Capital Investments

The table below shows that the registered expected total capital spending on foreign investment across sectors was \$130.6 million USD in the first half of 2023. When the expected foreign capital investment of Q1 is compared to the Q2, you can see that later one is too higher (1978%). Regarding the capital investment by individual sector in Q2, Oil and Gas accounted for the largest share with 48.2%. This is followed by the mining sector representing 24.7%. All remaining sectors represent 27%. On the other hand, as can be seen in table 13, the registered expected total capital spending on domestic investment across sectors were \$28.1 million USD in the first half of 2023. When the expected domestic capital investment of Q1 is compared to the Q2, you can see that later one is lower (-10%). Manufacturing is the highest domestic investment made in the second quarter of the year 2023, which is 75% of the total domestic investments. This is followed by Infrastructure development & real estate, health service, drilling, and Agriculture, and technology represents 9%, 5.2%, 4.5%, and 2.3% respectively.

Table 12: Total Capital Spends of Foreign Investments by Sector Q1 &Q2 in 2023, USD

Sector	Investment value	% Share
Q1 Total Foreign Investments	\$ 5,997,500	-
Oil and Gas	\$60,000,000	48.2%
Construction and Real Estate	5,600,00	0.4%
Agriculture and Fishing	100,000	0.1%
Energy	1,000,000	0.8%
Mining and Minerals	30,750,000	24.7%
Industry	22,000,000	17.7%
Livestock	100,000	0.1%
Fishing	10,100,000	8.1%
Q2 Total Foreign Investments	\$ 124,610,000	100%
Total	\$130,607,500	1978%

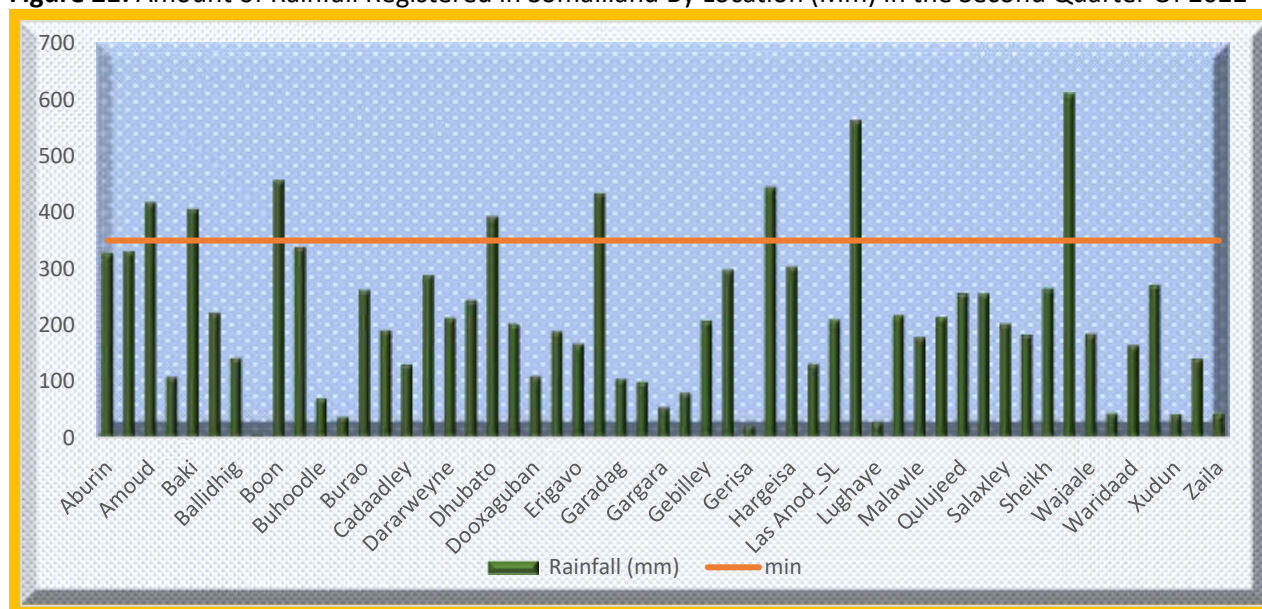
Table 13:Total Capital Spend of Domestic Investments by Sector by Q1 &Q2 in 2023, USD

Sector	Investment Value	% Change
Q1 Total Domestic Investments	\$14,770,025	XXXX
Health Services	700,000	5.3%
Infrastructure Development & Real State	1,200,000	9.0%
Manufacturing	10,000,000	75.2%
Local Partnership	500,000	3.8%
Drilling and Agriculture	595,000	4.5%
Technology	300,000	2.3%
Q2 Total Domestic Investments	\$13,295,000	100.0%
Total	\$28,065,025	-10%

Source: Ministry of Investment & Industrial Development

5. The Environment—Precipitation

According to the Ministry of Agriculture, on average, Somaliland needs 350mm of rainfall per year to avoid a drought. As shown in figure 21 by location, there is about 27 locations registered their rainfall and around 8 locations are above the minimum 350mm rainfall level required to avoid a drought in the second quarter for this year 2023. Wajaale registered the highest rainfall in the second quarter of 2023 followed by Lug-haya while Gerisa registered the lowest rainfall. The information shows that the rainfall situation of Somaliland was good in the second quarter of 2023.

Figure 21: Amount of Rainfall Registered in Somaliland By Location (Mm) In the Second Quarter Of 2022

Source: Somaliland Ministry of Agriculture

I. Appendices

Appendix I: 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%
23-April	686,544,422,353	-9%	121,471,759,919	-3%
23- May	635,999,726,532	-7%	124,762,583,865	3%
23-June	627,970,377,240	-1%	117,723,319,660	-6%
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%
2nd Quarter,2023	1,950,514,526,125	-12%	363,957,663,443	-2%

2. Appendices

Appendix 2: 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	10.7%	0.4%	10.2%	0.4%	9.2%	0.2%	16.9%	0.5%
Feb-23	10.5%	0.5%	9.3%	0.2%	14.4%	0.4%	16.9%	3.0%
Mar-23	10.4%	0.6%	9.1%	0.4%	14.4%	0.1%	18.2%	2.0%
Apr-23	10.2%	0.7%	8.7%	0.5%	16.6%	2.5%	16.0%	0.0%
May-23	10.0%	0.9%	8.0%	0.4%	20.2%	3.4%	15.7%	1.6%
Jun-23	9.5%	0.7%	7.3%	0.4%	20.3%	0.9%	14.4%	2.5%

Appendix 3: Actual revenue vs Budget Forecast in SLShs, Jan-June 2023

Tax and non-tax revenue accounted for 85% and 15% of the total amount. Compared to performance against target, collections in the first months were 12% below target (-157.8 billion SLSh). As can be seen in the table below, almost all of the deficit came from the underperformance of taxes (-155 bn SLSh)—in particular from lower-than-expected collections from imports (-97.3 billion SLSh deficit), other taxes on G&S (-8.4 billion SLSh) and GST (-30.6 billion SLSh). While non-tax revenue registered a small surplus of 2% (2.7 bn SLShs) particularly sale of goods and services and income from local government supplement underperformed against their respective targets by -29 billion SLSh and -15 billion SLSh respectively. Revenue collection in the semi-annual has historically performed lower collection comparing to previous year, however, livestock has dramatically increased this year (23.4 billion, or 54%), compared to 2022, particularly during Hajj time. Also, revenue from the sale of real estate reduces the deficit. This was done to improve revenue collection effectiveness for the remainder of the year.

DESCRIPTION	Budget Forecast (annual)	Budget Forecast (to date)	Actual revenue collection (to date)	Difference	%
Taxes	2,199,508,654,686.78	1,099,754,327,343.39	944,599,277,863.00	-155,155,049,480.39	-14%
Income and profits	55,934,856,085.44	27,967,428,042.72	36,219,176,880.00	8,251,748,837.28	30%
Payroll and workforce	145,364,887,815.02	72,682,443,907.51	67,186,910,009.00	-5,495,533,898.51	-8%
Goods and Services	543,546,358,464.33	271,773,179,232.16	223,574,251,253.00	-48,198,927,979.16	-18%
Sales tax	330,415,368,230.00	165,207,684,115.00	134,586,906,815.00	-30,620,777,300.00	-19%
Excise tax	25,690,461,650.91	12,845,230,825.46	12,019,250,938.00	-825,979,887.46	-6%
Administration tax	123,911,006,504.57	61,955,503,252.29	53,669,603,008.00	-8,285,900,244.29	-13%
Other taxes on G&S	63,529,522,078.84	31,764,761,039.42	23,298,490,492.00	-8,466,270,547.42	-27%
International Trade	1,196,690,997,654.58	598,345,498,827.29	513,510,762,234.00	-84,834,736,593.29	-14%
Taxes on imports	997,873,843,572.24	498,936,921,786.12	401,571,220,945.00	-97,365,700,841.12	-20%
Taxes on exports	92,466,332,390.01	46,233,166,195.00	73,628,749,037.00	27,395,582,842.00	59%
Port taxes	106,350,821,692.33	53,175,410,846.17	38,310,792,252.00	-14,864,618,594.17	-28%
Other Taxes	257,971,554,667.41	128,985,777,333.71	104,108,177,487.00	-24,877,599,846.71	-19%
2% tax in Eastern Regions	105,871,161,593.39	52,935,580,796.70	40,115,165,246.00	-12,820,415,550.70	-24%
Other	152,100,393,074.02	76,050,196,537.01	63,993,012,241.00	-12,057,184,296.01	-16%
Other Revenue	330,827,817,974.71	165,413,908,987.36	162,702,808,255.86	-2,711,100,731.49	-2%
Property Income	119,564,454,523.71	59,782,227,261.85	101,382,115,649.00	41,599,888,387.15	70%
Sales of Goods and Services	165,867,306,682.69	82,933,653,341.35	53,625,467,583.00	-29,308,185,758.35	-35%
Fines and Voluntary Transfers	15,396,056,768.31	7,698,028,384.16	7,695,225,023.86	-2,803,360.30	0%
Transfers not classified elsewhere	30,000,000,000.00	15,000,000,000.00	0.00	-15,000,000,000.00	-100%
TOTAL	2,530,336,472,661.49	1,265,168,236,330.75	1,107,302,086,118.86	-157,866,150,211.89	-12%

Appendix 4: Customs' Revenue Performance by Location in SLSHs, Jan – June 2023

Stations	Budget Forecast (annual)	Budget Forecast (to date)	Actual revenue collection (to date)	Difference	%
Berbera	1,285,862,332,061	642,931,166,031	513,139,779,759	-129,791,386,272	-20%
Kalabaydh	313,832,983,780	156,916,491,890	139,062,002,338	-17,854,489,552	-11%
B/Gubadle	34,386,096,950	17,193,048,475	8,325,930,230	-8,867,118,245	-52%
Seylac	116,575,060,522	58,287,530,261	49,545,503,331	-8,742,026,930	-15%
Las-Canod	9,204,617,068	4,602,308,534	611,514,730	-3,990,793,804	-87%
Wajaale	26,379,815,888	13,189,907,944	10,416,325,168	-2,773,582,776	-21%
C/Cado	4,476,492,978	2,238,246,489	1,022,650,943	-1,215,595,546	-54%
F/Weyne.	3,464,979,684	1,732,489,842	1,599,734,943	-132,754,899	-8%
Dilla	74,144,498	37,072,249	46,782,807	9,710,558	26%
L/Haya	27,427,631	13,713,816	28,421,479	14,707,664	107%
Abaarso	511,743,179	255,871,590	311,037,378	55,165,789	22%
Beer	294,452,842	147,226,421	209,050,475	61,824,054	42%
A/Baday	2,635,643,202	1,317,821,601	1,790,698,858	472,877,257	36%
Hargeysa	1,597,108,492	798,554,246	1,359,899,768	561,345,522	70%
C/Gaabo	2,082,726,379	1,041,363,190	2,193,319,167	1,151,955,978	111%
Burco	3,212,815,161	1,606,407,581	3,160,343,481	1,553,935,901	97%
Caynabo	2,444,914,321	1,222,457,161	2,848,155,329	1,625,698,169	133%
Hargeysa Airport	67,529,013,228	33,764,506,614	38,826,373,700	5,061,867,086	15%
Borama	29,317,976,636	14,658,988,318	20,141,901,413	5,482,913,095	37%
Xariirad	3,801,988,679	1,900,994,340	11,725,778,251	9,824,783,912	517%
Total	1,907,712,333,179	953,856,166,590	806,365,203,548	-147,490,963,042	-15%

Appendix 5: IRD Revenue Performance by Location in SLSHs, in 2023

Stations	Budget Forecast (annual)	Budget Forecast (to date)	Actual revenue collection (to date)	Difference	%
Berbera	87,591,967,354	43,795,983,677	33,820,531,823	-9,975,451,854	-23%
Las-Canod	4,633,754,716	2,316,877,358	68,440,771	-2,248,436,587	-97%
Gabiley	12,588,243,005	6,294,121,503	4,606,353,272	-1,687,768,231	-27%
Burco	21,177,562,830	10,588,781,415	9,760,566,164	-828,215,251	-8%
C/Gaabo	5,783,609,876	2,891,804,938	2,383,903,419	-507,901,519	-18%
Caynabo	1,262,171,506	631,085,753	500,303,342	-130,782,411	-21%
Seylac	1,383,907,261	691,953,631	578,805,703	-113,147,928	-16%
Oodwayne	653,304,754	326,652,377	290,548,067	-36,104,310	-11%
Borama	22,244,542,620	11,122,271,310	11,281,622,715	159,351,405	1%
Hargeysa	395,172,338,552	197,586,169,276	203,184,840,066	5,598,670,790	3%
Total	552,491,402,474	276,245,701,237	266,475,915,342	-9,769,785,895	-4%