



Republic of Somaliland

Ministry of Finance Development

Budget Citizen Guide

2022





1. A WORD FROM THE MINISTER

Through the prudent and sound management of our finances, the government was able to finance the fair and transparent elections that are being lauded today as a shining example of what democracy in the region should look like. This owes a great deal to the public financial management reforms of the past few years which allowed us to afford them. Resource mobilization and disbursements continue to grow year-on-year, averaging 6% since 2014. .



In fiscal year 2022, the ministry of finance will continue to safeguard the financial health of the government while catalyzing Somaliland's quick recovery from the impact of the covid-19 pandemic and locust. We expect livestock exports to continue recovering in 2022, as the Hajj will hopefully resume following continued inoculation and the lifting of travel restrictions around the world. The resumption of travel and livestock exports will support local businesses and provide the government with additional resources to support the recovery. Most importantly however, a strong and inclusive recovery will require the public and private sector to work in tandem.

The 2022 budget provides further resources in support of the priorities of our citizens: maintaining our security, improving the delivery of education and health services, strengthening key productive sectors and developing our infrastructure. The government will continue to simplify taxes and make customs more secure and efficient, to better facilitate trade to and from Somaliland.

It is my pleasure to introduce the Somaliland Citizen's Budget 2022 to you.

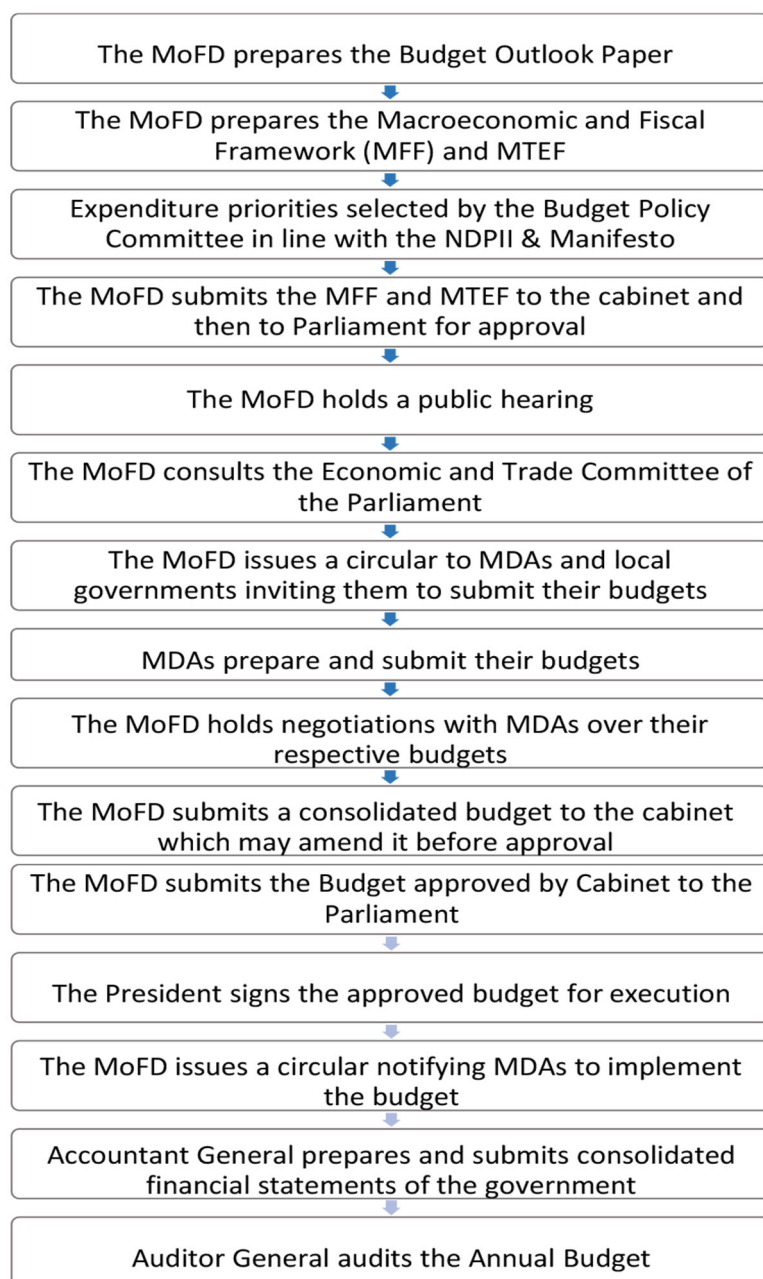


2. WHAT DO WE MEAN BY BUDGET?

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

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

3. HOW IS THE BUDGET PREPARED?





4. WHAT IS THE BUDGET FOR 2022?

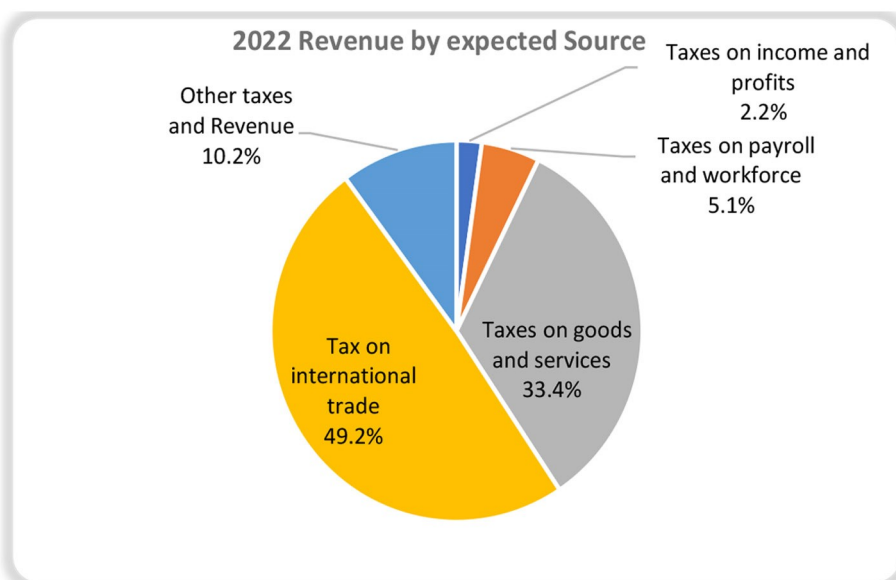
The Government aims to spend 2.410 trillion SLSh in 2022 (excluding donor grants and Local governments), an increase of 310 billion SLSh or 14.7% from the 2021 original budget. The allocation of these funds reflects short-term priorities such as catalyzing a strong recovery from the COVID-19 pandemic and the government's medium and long-term goals as specified in the National development Plan and Vision 2030.

5. HOW IS THE GOVERNMENT FUNDED COMPARED TO LAST YEAR?

Resources to deliver the Government's plans for 2022 come from taxes and sources of revenue:

Sources of revenue	2021* (SLSh)	2022 (SLSh)	% Difference	% of 2021 total
Taxes on income and profits	38,597,928,345	52,874,027,856	37.0%	2.2%
Taxes on payroll and workforce	104,627,873,889	122,276,223,424	16.9%	5.1%
Taxes on goods and services	682,653,695,275	804,664,152,211	17.9%	33.4%
Tax on international trade	1,060,064,260,762	1,185,087,774,357	11.8%	49.2%
Other taxes and Revenue	215,556,241,730	245,550,716,487	13.9%	10.2%
Total national Gov't revenues	2,101,500,000,000	2,410,452,894,335	14.7%	100.0%

*The government's Domestic revenue collection in fiscal year 2021 exceeded the 2.101 trillion SLSh target by 3%.



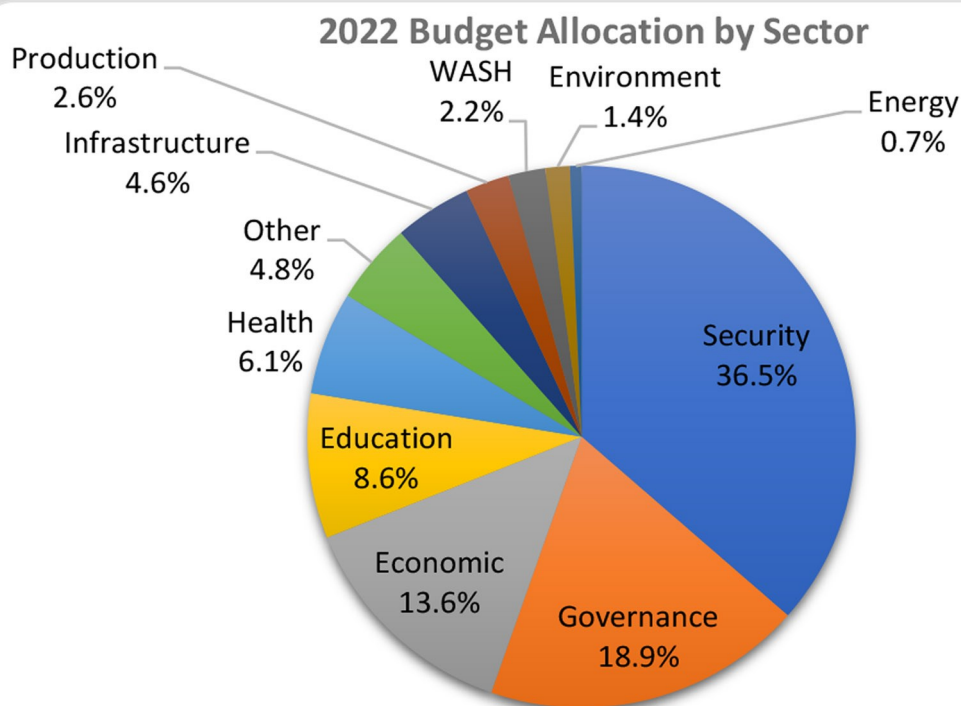


6. HOW IS THE GOVERNMENT ALLOCATING ITS RESOURCES BY SECTOR?

The 2022 budget is allocated to the priority sectors in the National Development Plan:

Sector	SLSh in 2021	SLSh in 2022	% Difference	Share of total spending
Security	742,909,921,817	878,788,036,702	18.3%	36.5%
Governance	405,907,600,126	455,329,949,430	12.2%	18.9%
Economic	327,389,850,065	327,436,960,872	0.0%	13.6%
Education	194,115,414,259	208,332,601,651	7.3%	8.6%
Health	109,924,940,912	148,080,068,154	34.7%	6.1%
Other	99,645,294,195	116,384,533,595	16.8%	4.8%
Infrastructure	98,808,675,871	109,950,219,046	11.3%	4.6%
Production	55,740,201,441	62,305,448,134	11.8%	2.6%
WASH	24,055,825,232	52,638,277,503	118.8%	2.2%
Environment	29,327,559,871	34,882,128,195	18.9%	1.4%
Energy	13,674,716,211	16,324,671,053	19.4%	0.7%
Total	2,101,500,000,000	2,410,452,894,335	14.7%	100.0%

Original Budget Excluded Supplementary Budget



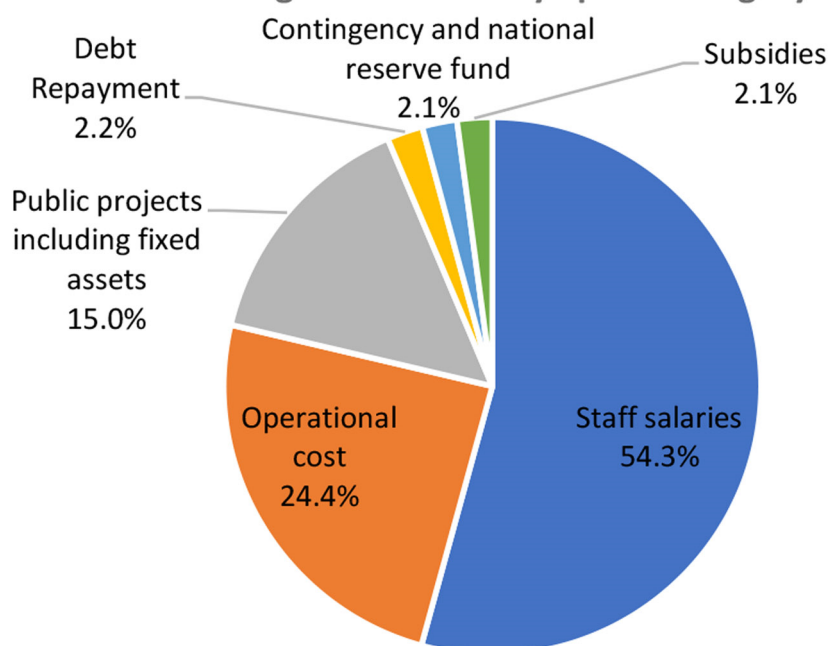


7. HOW IS THE GOVERNMENT SPENDING ITS BUDGET?

The government will use its resources in the following ways in 2022:

Expenditure	2021 (SLSH)	2022 (SLSH)	% Difference	% of budget
Staff salaries	1,085,772,241,357	1,307,919,613,101	20.5%	54.26%
Goods & Service	552,461,330,471	588,326,440,842	6.5%	24.41%
Public projects including fixed assets	272,739,037,372	360,598,200,578	32.2%	14.96%
Debt Repayment	75,000,000,000	52,150,000,000	-30.5%	2.16%
Contingency and national reserve fund	66,245,000,000	50,526,000,000	-23.7%	2.1%
Subsidies & Social Benifit	49,282,390,800	50,932,639,814	3.3%	2.11%
Total	2,101,500,000,000	2,410,452,894,335	14.7%	100.0%

2022 Budget Allocation by Spend category





8. WHAT ARE THE SPENDING PRIORITIES FOR 2022?

SECURITY

The Security sector's budget is designed to improve the wellbeing of our security forces and armament. In 2022, the government intends to:

- ◆ Increase army salaries by 30%
- ◆ Increase the size and quality of the army
- ◆ Purchase new army equipment
- ◆ Improve service delivery from the security sector
- ◆ Purchase of New firefighting vehicles





HEALTH

Continuing to strengthen the healthcare system is a big priority for the government in 2022. Important initiatives include:

- ✔ Construction of 7 new MCHs (in Marodi jeh, Togdheer, Sanag and sool regions) and a TB hospital in Boroma
- ✔ 21.5 billion SLSH for additional funding to improve preparedness against epidemics and health development in general
- ✔ 300 current temporary health workers and doctors to be recruited as permanent staff
- ✔ 12 billion SLSH for the Mental support project
- ✔ Increase in funding for health service delivery at Lasa'nod and Arigabo Hospitals
- ✔ Purchase of new ambulances and other healthcare equipment
- ✔ Operationalization of the new food and medicine testing laboratories





EDUCATION

The 2022 budget prioritises the provision of more and better education services for our citizens. This includes:

- ➔ The recruitment of 300 additional teachers
- ➔ Construction of 33 new schools and 7 libraries across the country
- ➔ Increase subsidies to schools
- ➔ Purchase of new vehicles to support education delivery in remote areas



WATER, SANITATION AND HEALTH

Access to clean drinking water is essential for the health, sanitation and hygiene of our citizens. Important initiatives in 2022 include:

- ◆ 22.9 billion SLSh to construct 4 wells and 7 hafeer Dams across the country
- ◆ Increase funding for the Hargeisa water expansion project, Erigavo and Burao.
- ◆ 2.5 billion SLSh to purchase Bulldozers, wheel loader, dump trucks and water tanks.





ENVIRONMENT

Protecting Somaliland's environment and wildlife is important for the benefit of the current and future generation. The government will therefore maintain funding on long-term projects such as wildlife protection and preventing deforestation. Provisions have also been made to:

- Increase funding for emergency responses to natural disasters, etc.
- Construct a new building for the Ministry of Environment
- Increase funding for the maintenance of new and existing grasslands





INFRASTRUCTURE

Better infrastructure (e.g. roads, communication technology, etc.) connects Somaliland's citizens and supports economic activity. Pursuant of this goal, the government will finance the following infrastructure initiatives in 2022:

- ✦ Purchase of fiber optic cables
- ✦ Register all national assets
- ✦ Renovate the Burao and Erigavo Airports
- ✦ Invest in the renovation and construction of roads
- ✦ Assign postal addresses/codes in Hargeisa





PRODUCTION

The government continues to prioritize the strengthening of key productive sectors, notably agriculture, livestock and fisheries. This includes maintaining funding of long-term projects such as livestock vaccination and fattening projects, etc. Moreover, the government will:

- ◆ Strengthen fishing production
- ◆ Allocate funding for the completion of the Port of Maydh
- ◆ Assist the vulnerable farmers
- ◆ Support local agricultural production by providing tax exemptions on the import of agricultural equipment, fishing, etc.





9. YOUTH DEVELOPMENT AND JOB CREATION

Offering young Somalilanders opportunities to contribute to building the economy is a priority for the Government. Pursuant of this, the government will contribute 2 billion SLSh to the Youth Development fund and start utilizing the accumulated amount to fund innovative ideas. Additional projects in 2022 include holding regional and national sport tournaments.





RECOGNITION

Somaliland strives to be recognized as an independent and internationally recognized nation. Pursuant of this goal, the government has allocated 20.5 billion SLSh to increase and accelerate recognition campaigns.





10. MAKING TAXES EASIER TO PAY

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

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

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

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



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