

**Dowlad Goboleedka
Hirshabelle
ee Somalia
Wasaaradda Maaliyadda**



**Hirshabelle State
of Somalia
Ministry of Finance**

**Year: 2025
Budget: 2025**

**Quarter 1(First quarter Report)
Fiscal Report – 2025**

Table of Contents

Executive Summary	2
Table 1. Summary Revenue and Expenditure.....	3
Key Charts	4
Table 2. Expenditure by MDAs.	7
Table 3. Performance Matrix	8
Domestic Revenue	9
Annex Table A. Revenue and Expenditure by Donor.....	11

Abbreviations

AMISOM	African Union Mission in Somalia
BFP	Budget Framework Paper
EPHS	Essential Package of Health Services
FGS	Federal Government of Somalia
FMIS	Financial Management Information System
GDP	Gross Domestic Product
IMF	International Monetary Fund
MDA	Ministries, Departments and Agencies
MoF	Ministry of Finance
MoPIC	Ministry of Planning and International Cooperation
NDP	National Development Plan
PFM	Public Financial Management
RHMT	Regional Health Management Teams
RMS	Revenue Management System

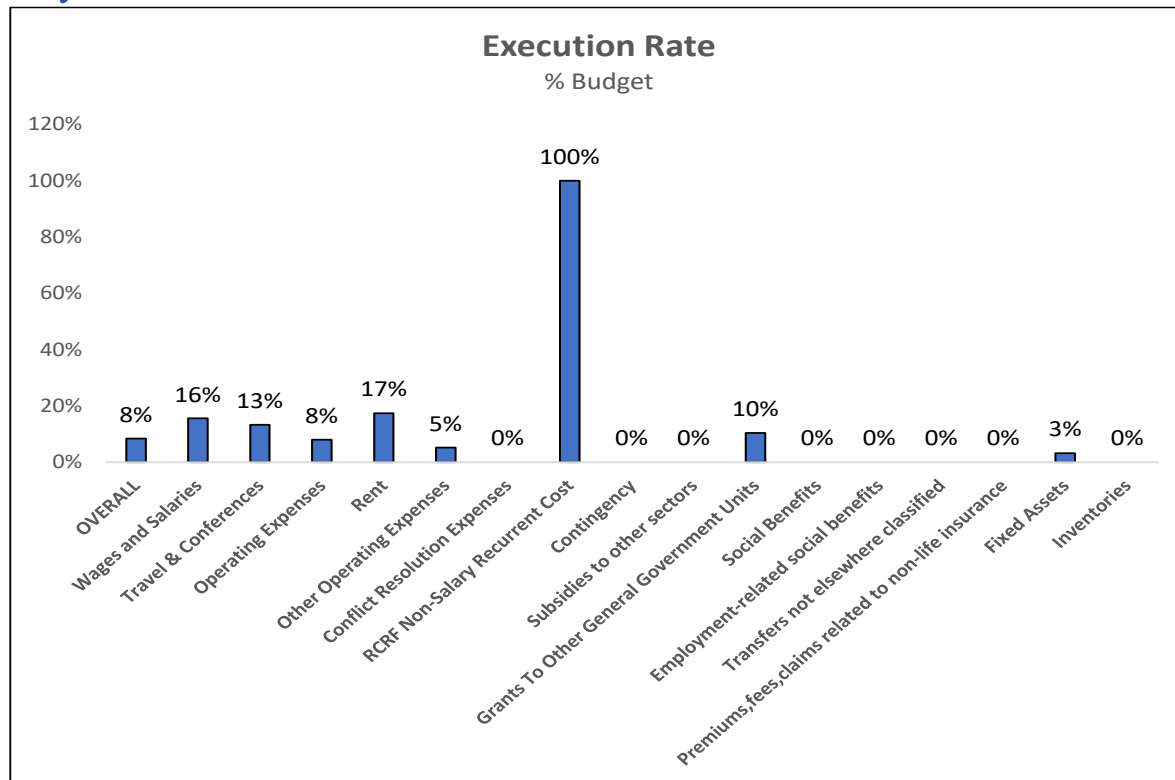
Executive Summary

- The current revenue budget for HSS 40.9 million out of which only 8% has been executed in Q1 2025.
- Tax revenue has been executed on 23% in Q1. 2025 and Y-O-Y tax revenue collection has increased by 20% for the same period.
- Tax on payroll and workforce met expectations, accounting for 25% of the revenue collection target in Q1.
- Grants To Other General Government Units is at 10% execution, which is low performance under expenditure category.
- The expenditure execution was under performed such compensation of employee (16%), use of goods and services (7%).
- The original revenue budget was 40.15 million, however we only managed to collect 3.4 million, out of which own source revenue was 1.8 million and grants were 1.6 million.

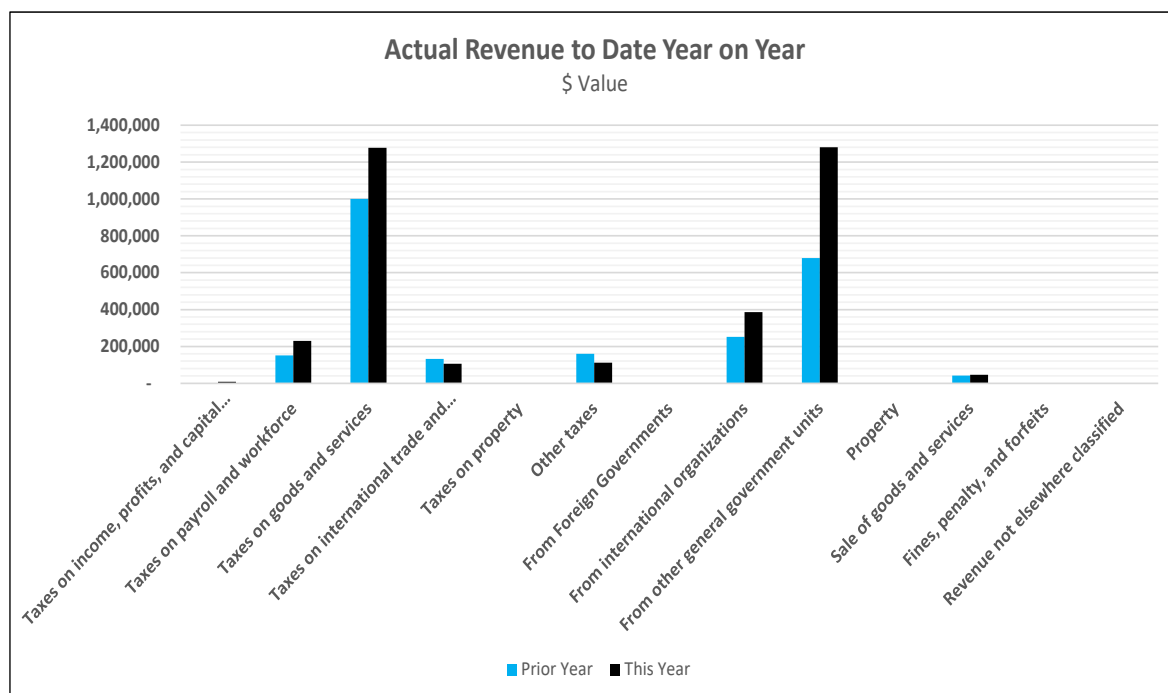
Table 1. Summary Revenue and Expenditure

Quarter	1												
Year	2025												
	Actuals					Actuals previous quarter	Actuals current quarter						
	Q1 2024	Original Budget at Q1	Current Budget 2025	Share	Transfers	Q4 2024	Q1 2025	Share	Change Y-Q-Y	Change Q-Q	Budget Execution		
REVENUES	2,416,742.67	40,146,593.04	40,934,836.17	1.00	788,243.13	19,475,939.01	3,447,907.15	100%	43%	-82%	8%		
Taxes	1,444,552.52	7,473,504.12	7,473,504.12	0.18	-	6,210,632.01	1,734,946.45	50%	20%	-72%	23%		
111 Taxes on income, profits, and capital	1,090.68	-	-	-	-	(1,260.00)	7,972.80	0%	631%	-733%			
112 Taxes on payroll and workforce	151,438.49	906,549.50	906,549.50	0.02	-	971,916.36	230,604.95	7%	52%	-76%	25%		
114 Taxes on goods and services	999,700.45	4,762,383.71	4,762,383.71	0.12	-	4,090,750.41	1,278,137.60	37%	28%	-69%	27%		
115 Taxes on international trade and trans	132,800.00	442,246.25	442,246.25	0.01	-	630,875.00	106,542.00	3%	-20%	-83%	24%		
113 Taxes on property	-	14,000.00	14,000.00	0.00	-	-	-	0%			0%		
116 Other taxes	159,522.90	1,348,324.66	1,348,324.66	0.03	-	518,350.24	111,689.10	3%	-30%	-78%	8%		
Grants	930,212.15	32,120,568.92	32,908,812.05	0.80	788,243.13	12,943,177.87	1,666,621.70	48%	79%	-87%	5%		
131 From Foreign Governments	-	-	7,000.00	0.00	7,000.00	-	-	0%			0%		
132 From international organizations	251,305.27	-	551,243.13	0.01	551,243.13	1,977,903.77	386,142.48	11%	54%	-80%	70%		
133 From other general government units	678,906.88	32,120,568.92	32,350,568.92	0.79	230,000.00	10,965,274.10	1,280,479.22	37%	89%	-88%	4%		
Other Revenue	41,978.00	-	552,520.00	0.01	552,520.00	-	46,339.00	1%	10%		8%		
141 Property	-	552,520.00	-	-	(552,520.00)	322,129.13	-	0%		-100%			
142 Sale of goods and services	41,978.00	-	552,520.00	0.01	552,520.00	-	46,339.00	1%	10%		8%		
143 Fines, penalty, and forfeits	-	552,520.00	-	-	(552,520.00)	322,129.13	-	0%		-100%			
144 Revenue not elsewhere classified	-	-	-	-	-	-	-	0%					
EXPENDITURES	3,005,140.67	40,146,593.04	40,781,648.17	1.00	635,055.13	19,321,188.08	3,442,753.80	100%	15%		8%		
Compensation of Employees	1,444,868.00	12,139,932.52	12,271,926.52	0.30	131,994.00	6,877,278.31	1,911,349.06	56%	32%		16%		
211 Wages and Salaries	1,444,868.00	12,139,932.52	12,271,926.52	0.30	131,994.00	6,877,278.31	1,911,349.06	56%	32%	-90%	16%		
Use of Goods and Services	970,427.67	14,768,824.68	14,917,933.68	0.37	149,109.00	9,725,601.16	1,052,552.02	31%	8%	-85%	7%		
221 Travel & Conferences	470,700.07	2,001,675.80	2,191,217.80	0.05	189,542.00	2,376,866.48	290,754.94	8%	-38%	-96%	13%		
222 Operating Expenses	241,554.60	4,079,973.50	4,203,478.50	0.10	123,505.00	3,547,794.09	336,807.88	10%	39%	-97%	8%		
223 Rent	108,774.00	288,480.00	340,680.00	0.01	52,200.00	693,872.10	59,270.00	2%	-46%	-98%	17%		
224 Other Operating Expenses	149,399.00	7,201,409.71	6,984,791.71	0.17	(216,618.00)	2,275,068.49	365,239.20	11%	144%	-90%	5%		
225 Conflict Resolution Expenses	-	1,167,285.67	1,167,285.67	0.03	-	832,000.00	-	0%		-100%	0%		
226 RCRF Non-Salary Recurrent Cost	-	-	480.00	0.00	480.00	-	480.00	0%		-100%	100%		
229 Contingency	-	30,000.00	30,000.00	0.00	-	-	-	0%		-100%	0%		
Subsidies	-	-	-	-	-	-	-	0%					
253 Subsidies to other sectors	-	-	-	-	-	-	-	0%					
Grants	589,845.00	1,100,040.00	1,150,040.00	0.03	50,000.00	2,440,000.00	119,807.00	3%	-80%		10%		
263 Grants To Other General Government	589,845.00	1,100,040.00	1,150,040.00	0.03	50,000.00	2,440,000.00	119,807.00	3%	-80%		10%		
Social Benefits	-	180,000.00	-	-	(180,000.00)	-	-	0%		-100%			
273 Employment-related social benefits	-	180,000.00	-	-	(180,000.00)	-	-	0%		-100%			
Other Expenses	-	-	800,375.00	0.02	800,375.00	-	-	0%			0%		
282 Transfers not elsewhere classified	-	1,011,325.00	796,875.00	0.02	(214,450.00)	-	-	0%			0%		
283 Premiums, fees, claims related to non-	-	1,007,825.00	3,500.00	0.00	(1,004,325.00)	-	-	0%			0%		
Acquisition of Nonfinancial Assets	-	-	11,641,372.97	0.29	11,637,872.97	278,308.61	359,045.72	10%			3%		
311 Fixed Assets	-	10,946,470.84	11,316,572.97	0.28	370,102.13	278,308.61	359,045.72	10%			3%		
312 Inventories	-	10,621,670.84	324,800.00	0.01	(10,296,870.84)	-	-	0%			0%		
	-	324,800.00	-	-	(324,800.00)	-	-	0%		-100%			
BALANCE	-	-	153,188.00	-	153,188.00	-	5,153.35	0%					
	(588,398.00)	-	-	-	153,188.00	154750.93	-						

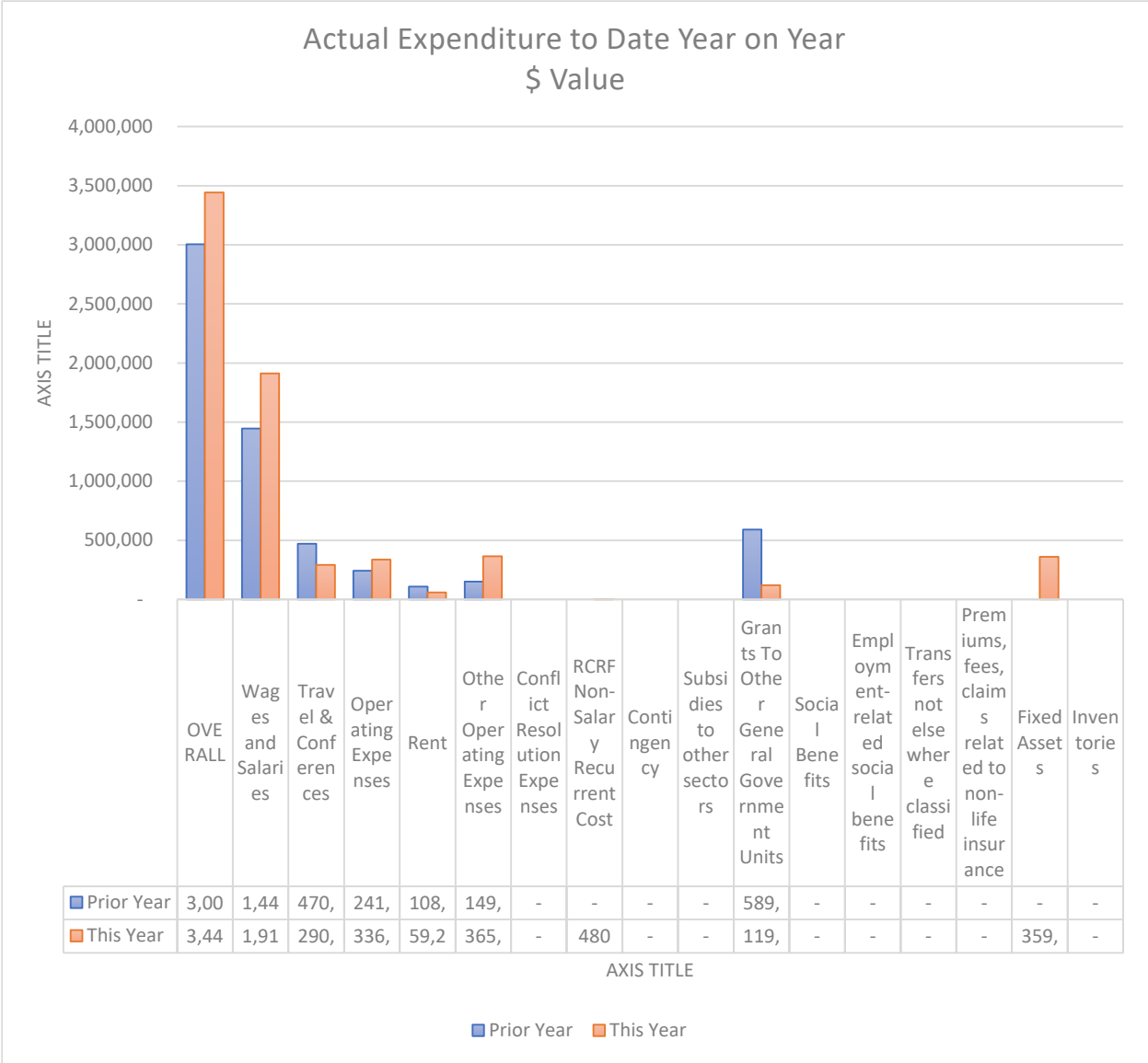
Key Charts



- Execution of the overall expenditure budget to Q1 is 8%, below the expected performance.
- Compensation of Employees (16%), Grants to Other General Government Units (10%), and Use of Goods and Services (7%) registered relatively higher execution compared to other expenditure items; however, their performance still falls within the low execution range.”
- Use of Goods and Services: Within this category, rent (17%), travel and conferences (13%), and operating expenses (8%) recorded the highest levels of budget execution, indicating moderate activity in administrative expenditures.



- Taxes on Payroll and Workforce increased by 52% year-on-year, reflecting improved collection.
- Taxes on Goods and Services grew by 28%, maintaining their role as the leading domestic revenue source.
- Taxes on International Trade and Transactions declined by 20%, showing underperformance in trade-related revenues.
- Other Taxes fell by 30%, pointing to weaker performance in minor tax categories.
- Grants from International Organizations rose by 54%, strengthening external budget support.
- Grants from Other General Government Units grew by 89%, marking the largest year-on-year increase among all revenue sources.
- Sale of Goods and Services recorded a modest increase of 10%, remaining a relatively minor contributor.



- Y-O-Y expenditure on wages and salaries has increased as does operating expensed. While Travel & Conferences expenses declined by 38%.
- In Q1 2025, rent expenditure has declined significantly compared to Q1 2024.
- Travel and conferences have also decreased expenditure by 38% in the same period.

Table 2. Expenditure by MDAs.

	Budget	Share Budget	Sum of Paid	% Executed
Civil Service Commission	610,064	1.5%	34736	5.7%
Ministry of Commerce & Industry	34,620	0.1%		0.0%
(blank)		0.0%		#DIV/0!
Ministry of Justice & Judicial Affairs	418,620	1.0%	37440	8.9%
Ministry of Education and Tertiary	4,504,893	11.0%	325774.98	7.2%
Ministry of Fishery & Marine Resources	266,352	0.7%	2409	0.9%
Ministry of Interior and Local Government	7,883,951	19.2%	195984.6	2.5%
Ministry of Transport, Air and Land	34,620	0.1%		0.0%
Ministry of Labor and Employment	41,620	0.1%	0	0.0%
Ministry of Finance and Economic Development	2,687,775	6.6%	166133.36	6.2%
Ministry of Livestock, Forestry and Vegetation	3,520,486	8.6%	135490	3.8%
Ministry of Agriculture and Irrigation	3,700,150	9.0%	247739.32	6.7%
Ministry of Health and Social Care	2,493,144	6.1%	297153.8	11.9%
Ministry of Planning, Investment and International Cooperation	399,210	1.0%	10400	2.6%
Ministry of Water, Energy and Minerals	1,571,707	3.8%	192454.84	12.2%
Ministry of Women & Human Rights	41,820	0.1%	6000	14.3%
Ministry of Youth and Sports	47,500	0.1%	11935	25.1%
Ministry of Humanitarian and Disaster Management	139,074	0.3%	103598.9	74.5%
Ministry of Ports and Maritime Transport	34,620	0.1%		0.0%
Ministry of Postal, Communication and Modern Technology	34,620	0.1%		0.0%
Ministry of Environmental and Sea Protection	354,520	0.9%		0.0%
Ministry of Public Works and Reconstruction	34,620	0.1%		0.0%
Ministry of Information and Culture	180,696	0.4%	15410	8.5%
Ministry of Security and Rehabilitation	6,079,220	14.8%	1263540	20.8%
Ministry of Constitution & Federal Affairs	34,620	0.1%		0.0%
Hirshabelle Parliament	1,935,000	4.7%	114000	5.9%
Ministry of State Presidency	2,370,824	5.8%	270320	11.4%
Auditor General's Office	86,916	0.2%	12234	14.1%
Ministry of Rehabilitation and Disarmament	34,620	0.1%		0.0%
Ministry of Religious and Endowments	34,620	0.1%		0.0%
Ministry of Petroleum and mining	34,620	0.1%		0.0%
Ministry of Reconciliation and Resettlement	1,281,906	3.1%		0.0%
Ministry of Rural Development	34,620	0.1%		0.0%
Grand Total	40,961,648	100.0%	3442753.8	8.4%

- Budget execution in Q1 2025 was primarily driven by education, health, agriculture, livestock, finance, and rehabilitation sectors, while most other ministries showed limited implementation.
- Execution remains uneven, highlighting areas that require stronger follow-up in subsequent quarters.

Table 3. Performance Matrix

	Performance	Execution Rate
REVENUES		8.0%
Taxes		23.0%
Taxes on income, profits, and capital gains		-
Taxes on payroll and workforce		25.0%
Taxes on goods and services		27.0%
Taxes on international trade and transactions		24.0%
Other taxes		8.0%
Grants		5.0%
From Foreign Governments		0.0%
From international organizations		70.0%
From other general government units		4.0%
Other Revenue		8.0%
Property		0.0%
Sale of goods and services		8.0%
Fines, penalty, and forfeits		0.0%
Revenue not elsewhere classified		0.0%
EXPENDITURES		8.4%
Compensation of Employees		16.0%
Wages and Salaries		16.0%
Use of Goods and Services		
Travel & Conferences		13.0%
Operating Expenses		8.0%
Rent		17.0%
Other Operating Expenses		5.0%
Conflict Resolution Expenses		0.0%
RCRF Non-Salary Recurrent Cost		100.0%
Contingency		0.0%
Subsidies		-
Subsidies to other sectors		-
Grants		10.0%
Grants To Other General Government Units		10.0%
Social Benefits		-
Employment-related social benefits		-
Other Expenses		0.0%
Transfers not elsewhere classified		0.0%
Acquisition of Nonfinancial Assets		3.0%
Fixed Assets		3.0%
Inventories		0.0%

MACROECONOMY AND REVENUE

Domestic Revenue

On domestic revenue, the focus in the medium-term is to ensure the expanded coverage of the Public Financial Management (PFM) system and improve collections through tax administration compliance. Revenue mobilization in FY 2024 and the medium-term will be largely dependent on revenue.

The following table and figure below show that Hirshabelle, like other FMSs, remains highly dependent on grants as a primary source of revenue. Total domestic revenue collection experienced a sharp jump in 2021 following the introduction of tax harmonization policies, which strengthened both customs and non-tax revenue. Since then, domestic revenues have continued to grow, with collections rising steadily through 2022, 2023, and 2024, reflecting improvements in tax administration and compliance. By 2025, domestic revenue has reached a higher and more stable level, though it still represents a smaller share compared to external grants. While grants remain the dominant component of total revenue, their fluctuations—particularly the dip observed in 2021—highlight Hirshabelle’s vulnerability to external financing. Overall, the trend from 2021 to 2025 demonstrates gradual progress in self-generated revenues, but continued reliance on grants underscores the need for stronger domestic resource mobilization.

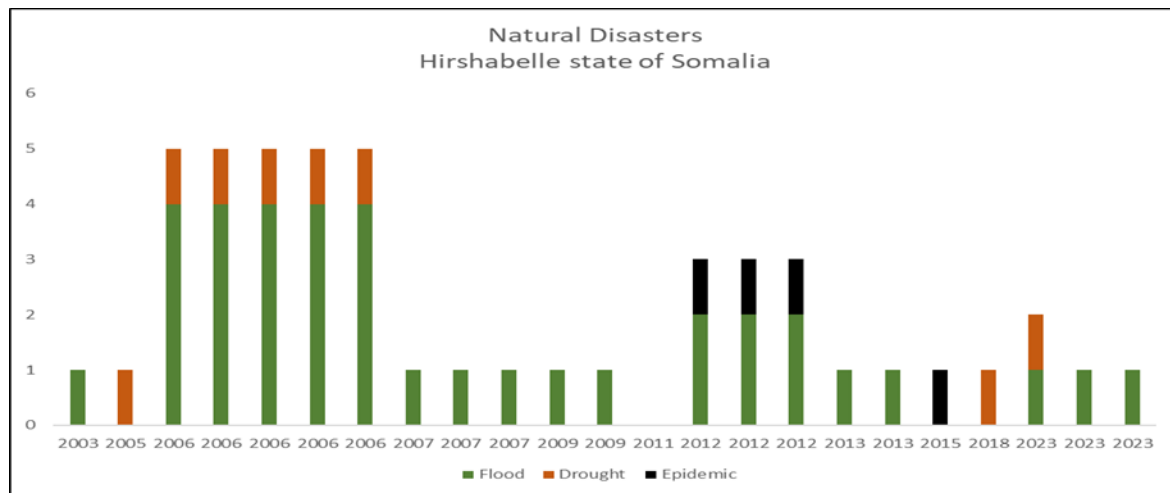
Revenue Performance

R.no	(Mastersheet_mon)	Aggregate Revenue	2018	2019	2020	2021	2022	2023	2024	2025
2	COA code\U_COA	Tax Revenue	669,061	797,607	-	1,410,981	2,160,268	3,893,782	6,202,005	2,188,037
3	X112101 112101	Payroll Tax - Government	-	-	-	-	68,611	114,596	233,812	77,146
4	X112102 112102	Payroll Tax - Non-Government	-	273	-	18,790	223,396	349,954	737,732	178,602
5	X113101 #REF!	Property Tax	-	-	-	-	24,364	-	-	16,260
6	X114131 114131	Turnover Tax	-	-	-	740,205	99,808	952,069	902,960	436,706
7	X114529 114525	Local Passenger Fees	-	-	-	-	1,260	770	6,133	480
8	X114530 114527	Road User Tax	533,269	797,333	-	651,986	1,459,207	1,753,343	3,187,791	1,201,421
9	X115104 115106	Customs duties - KHAT	135,792	-	-	-	190,000	399,175	630,875	143,542
10	X116201 116211	Revenue Collections from Local Government	-	-	-	-	93,621	323,875	501,612	128,292
11	111101	Personal income tax on Public employee	-	-	-	-	-	-	1,091	5,588
12		Grants	2,615,476	5,183,746	10,074,411	3,392,187	8,842,759	11,349,140	12,943,178	1,755,374
13	X132101 132101	Current Grants From International Organ	258,476	653,946	385,814	203,281	127,636	2,369,831	1,880,680	501,296
14	X133101 133101	Grants from Federal Government of Som	2,357,000	4,529,800	9,688,597	3,185,906	8,715,123	8,979,310	11,062,498	1,254,077
15	X133102 0	Grants from Local Government - Hirshabe	-	-	-	3,000	-	-	-	-
16		Other Sources of Revenue	4,502	3,472	-	370,000	1,129,586	133,264	177,209	69,725
17	X114535 142212	Local NGO's Registraton	-	-	-	-	11,400	12,600	3,800	-
18	X142240 142240	Education services fees	-	-	-	-	31,186	47,018	108,572	-
19	X114521 142207	Business and Profession Licenses	-	400	-	-	120,000	50,000	-	-
20	X114526 142227	Fishing Fees	-	-	-	30,000	27,000	-	-	-
21	X114528 142210	Landing Fees	-	-	-	90,000	20,000	-	-	38,880
22	X114541 142215	Livestock Fees	4,502	3,072	-	250,000	130,000	-	-	-
23	X114542 142217	Agricultural Fees	-	-	-	-	15,000	-	-	-
24	X142245 142250	Election Registration Fee	-	-	-	-	775,000	7,000	-	-
25	0 142201	Visa fees	-	-	-	-	-	1,645	-	-
26	0 142203	Work permit taxes	-	-	-	-	-	10,600	-	-
27	0 142257	Court filing fees	-	-	-	-	-	4,401	64,837	30,845
28		Total	3,289,040	5,984,825	10,074,411	5,173,168	12,132,613	15,376,186	19,322,392	4,013,135

There was no tax revenue in 2020 because of political instability. However, from 2021 through 2023, tax revenue showed steady growth, driven mainly by payroll taxes, property tax, and customs duties.

In 2022, other sources of revenue also increased significantly, largely due to election registration fees. Since these fees were not collected in 2023 and 2024, other source revenue dropped in those years. Meanwhile, grant funding has remained a major contributor to overall revenue, peaking in 2023 before moderating in 2024 and 2025.

Disaster events in Hirshabelle



Ministry of Finance and Economic Development, of Hirshabelle State of Somalia has been actively playing a key role in improving and strengthening equitable access of revenue enhancement and reforms of regional economic progress through strengthening financial system capacity building for finance staff within the district.

Major challenge was access to the revenue is hindered by a combination of factors such as floods and the inability of administration to get access complete revenue collections, limited control of Hiran region revenue collection for political reason and insecurity within the region. Upon the occurrence of the flood, insecurity within the region increased and impacted revenue collection.

LOCAL MACROECONOMY

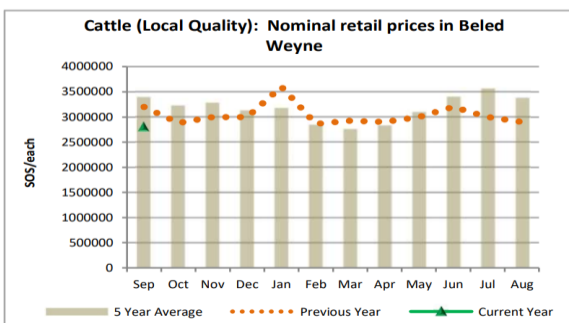
Hirshabelle contains areas of growth for horticulture, oil crops, coarse grains, and sesame; as well as coastal areas for fisheries with some limited sheep and other livestock (e.g., camel) production.

The state is the largest producer of sesame in the country with estimated 150,000 ha under production. The major value chains besides sesame include maize, beans, rice, and horticulture.

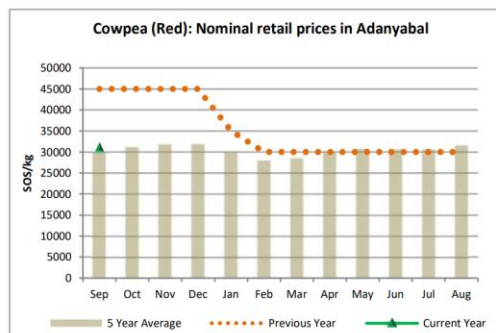
The state includes about 600 km of the river Shabelle. It offers the potential for significant commercial production of coarse grains cotton. Sunflower and soya beans. sizeable areas of agricultural land in the middle Shabelle region are available and affordable. There is one port El macan.

LOCAL PRICES

The below graphs show the changes in key livestock and crop prices in Hirshabelle state.



The cattle price chart for Beledweyne shows a trend in 2024 which is similar to previous years with an uptick in prices in Jan 2024. Across the five year period, cattle prices increase a bit in June and July.



In Adan Yabal, the nominal retail prices of red cowpeas have remained consistently high between Sep 2023-Dec 2023 and then dipped in Jan 2024 and stabilised at prices from the previous years.

Annex Table A. Revenue and Expenditure by Donor

	Budget	Sum of Paid	Sum of Executed
Federal Government of Somalia	29,736,973	1,315,053	4.4%
SAVE THE CHILDREN	7,200	6,000	83.3%
Treasury Single Account - Regular Budget	10,748,120	1,780,779	16.6%
(blank)			#DIV/0!
nan Agency for International Cooperation (	80,318	41,332	51.5%
Food Agriculture Organization	35,180	28,834	82.0%
ed Nations International Children's Emerg	138,006	118,332	85.7%
World Food Program	134,949	133,494	98.9%
PREMIS	80,902	18,930	23.4%
Grand Total	40,961,648	3,442,754	8.4%