



2025

SOMALILAND



Budget Analysis: How Decentralized is it?

Ahmedi Yusuf | March 2025

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Ahmedi Yusuf

SOMALILAND 2025 BUDGET ANALYSES: HOW DECENTRALIZED IS IT?

March 2025

Introduction

The 2025 Somaliland National Budget was recently released, totaling **\$556.3 million**, which represents an 11.3% increase from the **\$499.8 million** budget in 2024. This growth reflects the government's ongoing efforts to expand fiscal capacity, improve public services, and invest in infrastructure. However, it also highlights shifts in spending priorities and an increasing reliance on external funding sources. To provide a comprehensive assessment of this budget, ISIR Think Tank has conducted a detailed analysis, structured across five key areas. The first level examines macroeconomic indicators, including GDP growth, inflation, exchange rates, and trade performance, offering insights into Somaliland's broader economic stability. The second level provides a national budget overview, highlighting allocation trends and financial

priorities. The third level focuses on the central government's budget analysis, assessing both revenue generation and expenditure patterns, including a breakdown of sectoral allocations. The fourth level explores the local government's budget, analyzing fiscal decentralization and regional resource distribution. Finally, the fifth level examines Public Enterprise funding and Foreign Aid, evaluating the role of state-owned enterprises and donor contributions in Somaliland's fiscal framework. The exchange rate used in this analysis is based on the official rate set by the Somaliland Government, which is **1 USD = 7,000** Somaliland Shillings (SL SH). This analysis aims to provide a clear understanding of the government's financial strategy, identifying key trends, findings, and policy recommendations.

Overview

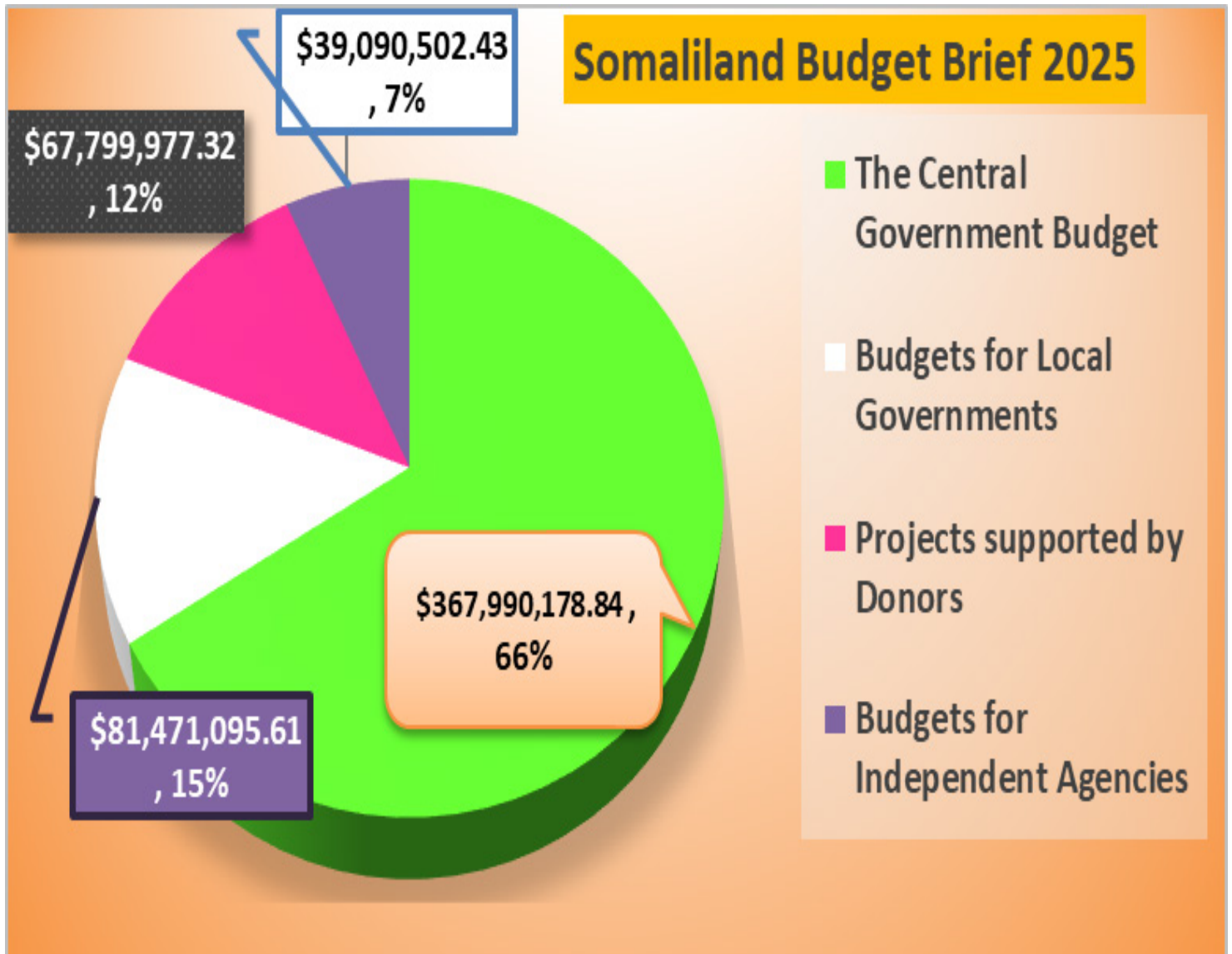


Figure 1: Source Somaliland National Budget 2025 Volume 1.

The Somaliland 2025 national budget, amounting to **\$556.3 million**, represents an 11.3% increase from the previous year's **\$499.8 million**. This enhancement is supported by increased donor contributions and

improved domestic revenue collection. This budget analysis offers an in-depth understanding of the national budget implications for regional development and governance in Somaliland.

1. Macroeconomic Outlook

1.1. Somaliland Gross Domestic Product (GDP)

Somaliland's real GDP has risen from **US \$1.9 billion** in 2012 to **US \$2.4 billion** in 2023, marking a 26% growth and indicating a positive economic trend. Similarly, GDP per capita has increased from **US \$544** to **US \$804** during the same period. This growth indicates significant potential for further development. However, the

economy still faces vulnerabilities, particularly from external shocks, which have hindered the full realization of its growth potential. Despite these challenges, the upward trajectory in both GDP and GDP per capita signals the possibility of continued economic improvement if these vulnerabilities can be managed effectively.

Table 1: Somaliland GDP 2019 - 2023

Year	Real GDP (\$ Millions)	Real GDP Per Capita	GDP Growth
2019	2,347	\$574	6.3
2020	2,272	541	-3.2
2021	2,459	569	8.2
2022	2,419	545	-1.6
2023	2,497	547	3.2

Source: *Macroeconomic outlook paper 2024: This data is not yet available to the public.*

The Real GDP showed an overall upward trend over the five-year period, increasing from **\$2,347 million** in 2019 to **\$2,497 million** in 2023. Despite some contractions in 2020 and 2022, the economy managed to recover in subsequent years, indicating resilience. The GDP growth rate fluctuated significantly, starting with a strong 6.3% growth in 2019, followed by a sharp decline of -3.2% in 2020, largely reflecting the economic impacts of the COVID-19 pandemic. Growth rebounded strongly in 2021 with an

impressive 8.2%, showing a post-pandemic recovery phase, before experiencing a minor contraction of -1.6% in 2022.

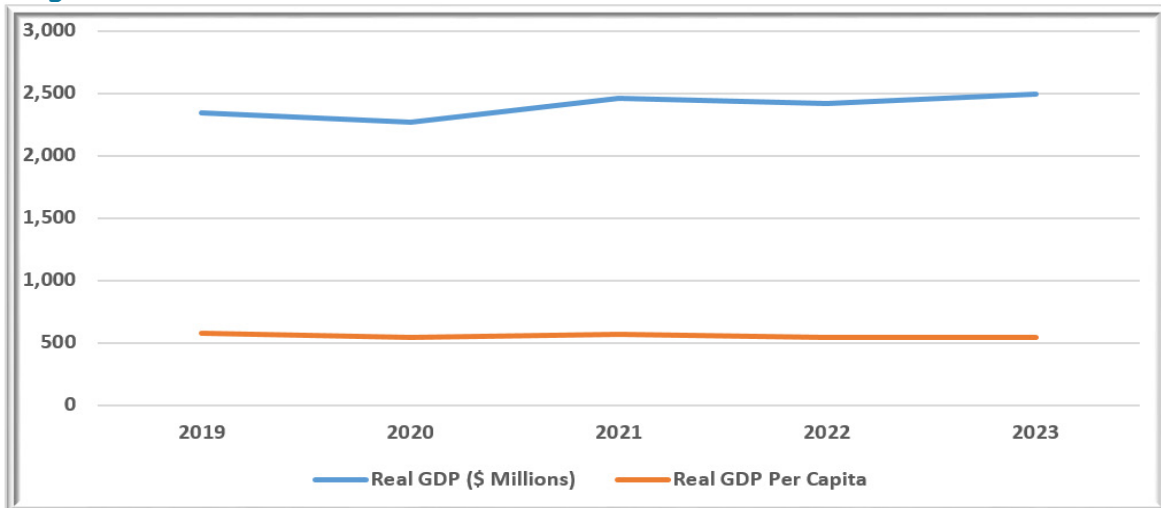
The economy then regained moderate momentum in 2023, recording 3.2% growth. Despite the overall GDP growth, Real GDP per capita exhibited limited progress, moving from **\$574** in 2019 to **\$547** in 2023. This decline is partly attributed to population growth outpacing economic growth, especially during 2020 and 2022, when the economy contracted.

2 Somaliland 2025 Budget Analysis: How Decentralized is it?

Even in recovery years (2021 and 2023), per capita gains remained modest, suggesting that the benefits of economic

growth were not evenly distributed across the population.

Figure 2: Somaliland Real GDP 2019 - 2023



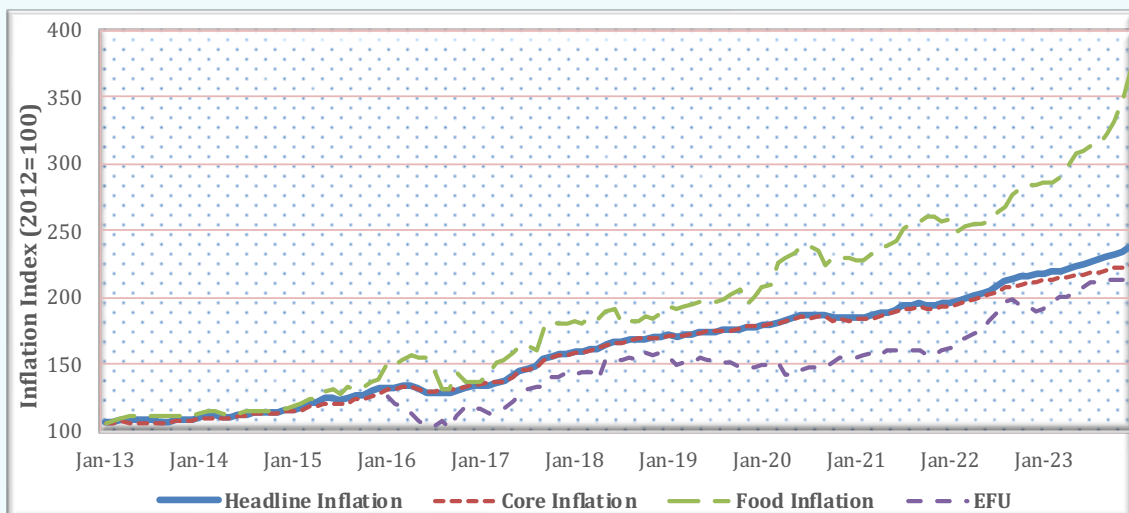
Source: Macroeconomic outlook paper 2024 : This data is not yet available to the public.

1.2. Inflation

In 2024, Somaliland's average annual inflation rose to 9.73%, driven mainly by rising food prices. High food prices have had a significant impact on inflation due to the country's reliance on imports for staple goods, as well as global economic conditions, exchange rate volatility, and supply chain disruptions, which affect the prices of food and energy. These

price increases have raised the cost of living, straining household budgets. The government and Central Bank are closely monitoring inflation and implementing measures to stabilize prices and ensure economic stability, although managing the underlying factors, such as reliance on imports and global price fluctuations, remains a challenge.

Figure 3: Changes in Inflation Components in Somaliland from 2013-2023



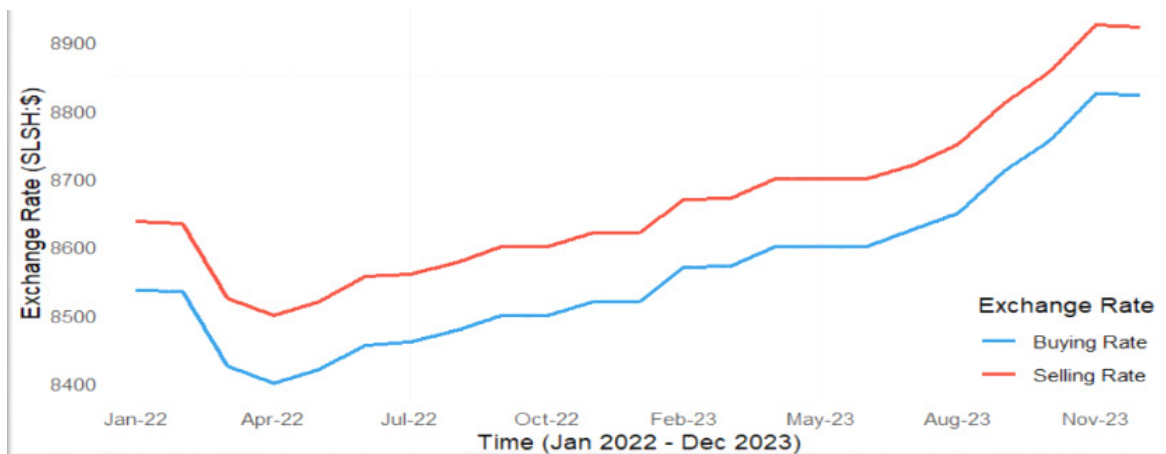
Source: Macroeconomic outlook paper 2024 : This data is not yet available to the public.

1.3. Exchange Rate

The average exchange rate was 9,000 Somaliland Shillings (SLS) per US dollar (USD) in 2024, while in 2023, the annual average exchange rate was 8,660 SLS/USD, reflecting a 2.13% depreciation compared to 2024. The foreign exchange market remains liquid, primarily due to income from exports and Official Development Assistance (ODA). However, it faces pressure, as net remittance flows were negative in 2021. To manage inflation, the Central Bank of Somaliland uses

the exchange rate corridor as its main policy tool. The bank conducts open market operations, such as auctions, to stabilize the currency. When the shilling appreciates and becomes overvalued, the bank injects more shillings into the market; conversely, if the shilling depreciates and threatens price stability, the bank withdraws shillings and increases US dollar supply, leading to a slight depreciation of the shilling.

Figure 4: Somaliland Shilling Exchange Rate against the US Dollar in 2022 – 2023



Source: Macroeconomic outlook paper 2024 : This data is not yet available to the public.

1.4. Remittances

Somaliland's economy is heavily reliant on remittances, which play a crucial role due to the country's limited domestic production and dependence on imports. This reliance has led to a skewed balance of payments, with remittances enabling households to afford imported goods, such as food and manufactured items. The substantial flow of remittances is driven by a large Somali diaspora sending money back to families in Somaliland. These remittances

constitute a significant portion of many households' income, making them a key factor in the country's economy. Somaliland receives approximately \$1.2 billion in remittances annually, while outflows amount to around \$3 billion each year. In the first quarter of 2024, the inward remittances increased by 24% compared to the same period in 2023. At the same time, the outflows decreased by 16%, as shown in the table below.

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Table 3: Inward and Outward Remittances in the Jan – Sept, 2023 - 2024 (millions)

Months	Remittances Inflow			Remittances Outflow		
	2023	2024	% YoY change	2023	2024	% YoY change
Q1	\$237.00	\$293.60	23.9%	\$703.30	\$591.30	-15.9%
Q2	293.50	299.40	2%	752.53	560.70	-25.5%
Q3	266.00	284.20	6.8%	664.60	602.70	-9.3%
Total	\$796.50	\$877.20	10.1%	\$2,120.4	\$1,754.7	-17.3%

Source: Macroeconomic outlook paper 2024 : This data is not yet available to the public.

2. Trade and Travel

2.1. Livestock Exports

The livestock export data for 2024 reveals significant seasonal variations, with peak export volumes occurring during the Hajj season in May and June, where total exports reached **723,349** and **998,766** head of livestock respectively. This spike is largely driven by the exceptionally high exports of sheep and goats, which accounted for over 85% of the total exports during these months.

Sheep and goats dominate the livestock export sector, making up nearly 91% of the total annual exports (**3.46 million** out of **3.80 million** head). Cattle exports remained relatively stable throughout the year, peaking at **25,091** in January and gradually declining

towards mid-year, before recovering slightly in October. Camel exports, while the smallest category, showed sporadic fluctuations, with notable peaks in March (**16,673**) and August (**18,589**), likely linked to specific demand periods in Gulf markets. Overall, the data highlights the continued importance of small ruminants (sheep/goats) in the export economy, reflecting strong regional demand for these animals, particularly during religious festivals. Meanwhile, cattle and camel exports appear more sensitive to domestic supply conditions and international demand fluctuations.

Table 4 Total Livestock Exports in 2024

Months	Sheep/Goat	Cattle	Camel	Total
January	152,302	25,091	14,134	191,527
February	244,826	21,803	14,699	281,328
March	290,884	20,297	16,673	327,854
April	145,077	16,389	6,609	168,075
May	694,012	19,355	9,982	723,349
June	972,260	14,647	11,859	998,766
July	120,048	6,237	15,433	141,718
August	110,510	14,115	18,589	143,214
Sept	141,608	13,534	11,389	166,531
Oct	171,065	19,631	4,685	195,381
Nov	203,861	16,382	7,176	227,419
Dec	209,389	14,850	13,502	237,741
Total	3,455,842	202,331	144,730	3,802,903

Source: Macroeconomic outlook paper 2024 : This data is not yet available to the public.

2.2. Imports

The financial performance comparison between 2023 and 2024 demonstrates an overall positive trend, with total value increasing by **USD 46.36 million**, representing a 4% year-on-year growth. However, performance fluctuated significantly across individual months, highlighting both periods of strong growth and notable declines. January 2024 showed a 23% decrease compared to January 2023, with a variance of **-USD 26.45 million**, indicating a weak start to the year. February, however, rebounded with a 14% increase (**USD 12.77 million**), and this upward momentum continued in March, April, and May, with growth rates of 9%, 18%, and 16% respectively. This strong performance during the first half of the year contributed significantly to the overall annual improvement.

June recorded only modest growth of 3%, indicating some slowing momentum. July followed with a stronger 13% increase, but this was offset by a 7% decline in August. September also experienced a slight contraction of -2%, while October returned to positive growth, rising 10% compared to the previous year. The final two months of the year displayed mixed results, with November declining by 10% (**USD -10.44 million**), followed by a 12% increase in December, contributing **USD 11.83 million** in additional value.

Despite fluctuations at the monthly level, the cumulative annual performance shows a net increase of 4%, reflecting overall resilience and growth in 2024 compared to 2023.

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Table 5: Import Values per Quarter 2023-2024 (USD)

Months	Value 2023 (USD)	Value 2024 (USD)	Variance	%
January	117,233,922	90,787,680	-26,446,242	-23%
February	93,660,208	106,434,816	12,774,609	14%
March	107,196,333	117,192,744	9,996,411	9%
April	98,077,775	115,607,917	17,530,143	18%
May	90,857,104	105,495,367	14,638,263	16%
June	89,710,054	92,584,525	2,874,471	3%
July	94,123,034	106,459,370	12,336,336	13%
August	109,876,202	102,470,853	-7,405,349	-7%
Sept	113,307,378	111,239,638	-2,067,739	-2%
Oct	102,997,662	113,731,957	10,734,295	10%
Nov	101,037,407	90,601,879	-10,435,527	-10%
Dec	95,495,897	107,328,815	11,832,919	12%
Total	1,213,572,974	1,259,935,563	46,362,589	4%

Source: Macroeconomic outlook paper 2024 : This data is not yet available to the public.

2.3. Fiscal Performance

In the first nine months of 2024, the government's domestic revenue collection totaled **\$245,877,228.33** (excluding grants), falling 9.3% (or **(\$25,230,222.18)** below the target set for January to September 2024. On the expenditure side, the government spent **226,288,575.60** USD or 82.6% of the **\$ 271,107,450.51** budget allocated for the same period.

Additionally, the government received **\$6,549,070.12** funding from the World

Bank, which was **-\$4,253,365.38** or (a 39% shortfall) less than the amount projected in the approved budget for January to September 2024. One of the main challenges in executing these World Bank projects continues to be the procurement of time-intensive and high-value goods and services. The government is prioritizing this issue to enhance budget performance and ensure more effective project implementation.

Table 6: Fiscal Summary in Jan – Sept, 2024 (USD1)

	Annual Budget	YTD² Target	YTD Actual	Surplus/ Deficit	% Change
Revenue	375,879,848	281,909,886	253,525,254	(28,384,632)	-10%
Domestic	361,476,601	271,107,451	245,877,228	(25,230,222)	-9%
W/B grants*	14,403,247	10,802,435	7,648,025	(3,154,410)	-29%
Expenditure	375,879,886	281,909,886	232,837,646	(49,072,240)	-17%
General Gov't Fund Spend	361,476,639	271,107,451	226,288,576	(44,818,875)	-17%
W/B Projects	14,403,247	10,802,435	6,549,070	(4,253,365)	-39%
Fiscal Balance	-	-	20,687,608	-	#DIV/0!
Domestic	-	-	19,588,653	-	#DIV/0!
Grants	-	-	1,098,955	-	#DIV/0!

Source: Macroeconomic outlook paper 2024 : This data is not yet available to the public.

1 Somaliland Shillings

2 Year to Date

3. Financing of the budget 2025

Table 6: Somaliland National Budget

Somaliland National Budget							
Source of National Budget	2024		2025		Change (2025 - 2024)	% Change	% by Ratio
	SL SHL	USD	SL SHL	USD			
The Central Government Budget	2,530,336,471,858	361,476,639	2,575,931,251,888	367,990,179	6,513,540	1.8%	66%
Budgets for Local Governments	589,899,197,085	84,271,314	570,297,669,257	81,471,096	-2,800,218	-3.3%	15%
Budgets for Independent Agencies	277,792,895,534	39,684,699	273,633,516,978	39,090,502	-594,197	-1.5%	7%
Projects supported by Donors	100,816,451,400	14,402,350	474,599,841,240	67,799,977	53,397,627	370.8%	12%
Grand total	3,498,845,015,877	499,835,002	3,894,462,279,363	556,351,754	56,516,752	11.3%	100%

The Somaliland national budget for 2025 has increased by 11.3%, rising from **\$499.8 million** in 2024 to **\$556.3 million** this year. This **\$56.5 million** growth highlights an expansion in fiscal capacity, largely driven by increased donor support. Despite this growth, different components of the budget have experienced varying levels of increases and reductions, signaling shifting government priorities.

The Central Government Budget, which remains the largest source of funding, increased by 1.8%, reaching **\$368.0 million**. This rise indicates stable revenue collection and a continued

emphasis on government operations. However, this growth is relatively slow compared to the overall budget expansion, suggesting a reliance on external sources for significant financial increases.

The 2025 National Budget is primarily funded by the Central Government, which contributes **\$367,990,178.84**, making up 66.1% of the total budget. This highlights the government's dominant role in financial allocation and national expenditure.

On the other hand, Local Governments contributed **\$81,471,095.61**, accounting for 14.6% of the total central govern-

ment budget. This allocation suggests a moderate level of fiscal decentralization, allowing local administrations to manage regional development and governance.

Additionally, projects supported by donors make up 7.0% of the total budget, amounting to **\$67,799,977.32**. This represents international and external contributions, which are likely directed toward specific projects such as infrastructure, healthcare, and development programs.

Meanwhile, Independent Agencies contributed **\$39,090,502.43**, representing 12.2% of the total budget. These funds are directed to autonomous organizations that oversee governance, regulatory functions, and specialized services.

In total, the National Budget for 2025 stands at **\$556,351,754.19**, reflecting a distribution where the central government remains the primary financier, with additional contributions from local governments, donors, and independent agencies.

4. Revenue Analysis for Central Government

1. Financing of the central government budget

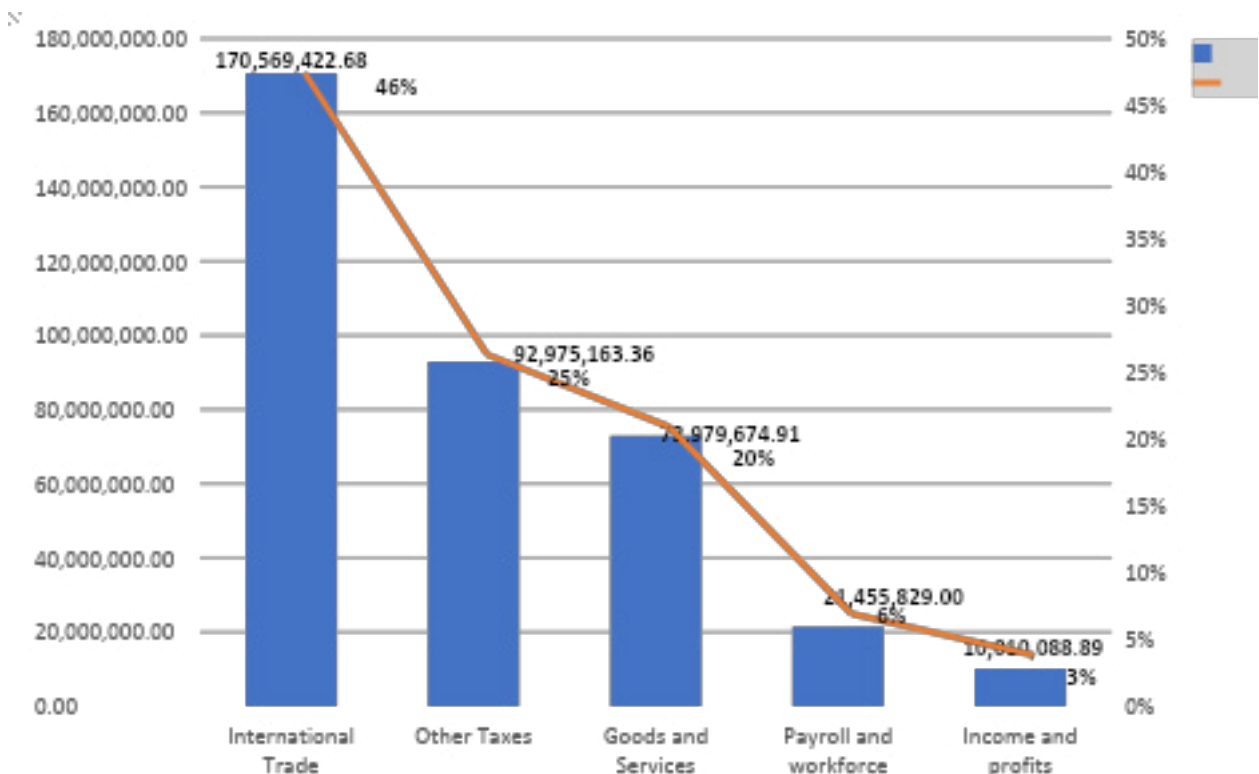


Figure 5 Source Somaliland National Budget 2025

This chart represents the main sources of revenue for Somaliland's 2025 Central Government Budget, totaling approximately **\$367.99 million**. The largest portion (46%) comes from international trade, amounting to **\$170.57 million**, highlighting Somaliland's strong reliance on customs duties, import/export taxes, and port fees, particularly from major hubs like Berbera Port. The second largest source (25%) is other taxes, contributing around **\$92.98 million**, which reflects domestic taxation, including sales taxes, property taxes, and other internal levies. Revenue from goods and services, such as government fees and service charges, makes up 20% of the total at approximately \$72.98 million. Payroll and workforce taxes contribute 6%, or **\$21.46 million**, generated from taxes on employees' salaries. Finally, income and profits taxes, accounting for just 3% (about **\$10.01 million**), come from business profits and personal income taxes. This revenue structure demonstrates Somaliland's heavy dependence on international trade, while domestic revenue sources, especially income and profit taxes, remain underdeveloped.

Somaliland Customs Income Analysis

The total projected customs income for Somaliland in 2025 stands at **USD 279.86 million**, reflecting a modest

overall increase of **USD 6.13 million** compared to the 2024 budget—a growth rate of approximately 2.2%. Berbera Port continues to be the dominant revenue source, contributing over **USD 176 million** in 2025, which accounts for 63% of the total customs income. This represents a slight increase of 1.4% from 2024. However, some inland and border posts show varying performance, with Borama registering a significant decline of **USD 11.19 million** (-2.3%), possibly due to reduced trade flows or changes in customs enforcement.

On the other hand, Zaylac and Caasha-cado show notable increases in expected revenue, growing by USD 6.37 million and USD 7.56 million, respectively. This indicates possible shifts in trade routes or increased import/export activity at these locations. Several smaller customs stations, such as Lughaya and Bali-gubadle, also show considerable percentage growth, albeit from a low baseline, while Hargeisa Airport emerges as a new revenue source with an initial projection of USD 1.4 million for 2025. This may suggest new enforcement or revenue collection mechanisms being introduced at the airport.

Conversely, a few stations experienced sharp declines, including Ina Guuxa (**-USD 2.46 million**), Masalaha

(-USD 533,000), and Allaybaday (-USD 922,000), indicating either reduced trade activity, diversion of trade routes, or administrative changes affecting revenue collection.

The addition of Laanta Hubinta Dabagorayaale and Laascaanood to the revenue stream signals an effort to expand customs coverage to more locations, supporting revenue diversification.

Table 7: Customs income Comparison from 2024- to 2025

		2024 Budget	Budget 2025	Variance	%
	Places for customs	USD	USD	Change (y2-y1)	
1	Berbera	172,662,856	176,471,957	3,809,101	1.4%
2	Borama	44,104,327	32,909,948	(11,194,379)	2.3%
3	Zaylac	10,035,983	16,411,303	6,375,320	-0.4%
4	Caasha-cado	14,276,453	21,835,309	7,558,856	0.0%
5	Xariirad	16,296,022	15,232,705	(1,063,317)	-0.9%
6	Lawya Cado	3,614,216	3,525,139	(89,078)	0.3%
7	Kastamka Dila	3,449,440	2,967,572	(481,868)	0.0%
8	Kastamka Lughaya	853,360	2,699,111	1,845,750	0.0%
9	Hargeisa Airport	-	1,403,754	1,403,754	2.7%
10	Bali-gubadle	502,177	1,278,033	775,856	-0.2%
11	Farawayne	1,670,055	1,227,374	(442,681)	0.1%
12	Ina Guuxa	3,299,682	841,423	(2,458,259)	0.2%
13	Hargeisa	-	770,927	770,927	-0.2%
14	Kastamka Abaarso	585,826	726,389	140,564	0.0%
15	Wajaale	-	463,197	463,197	0.0%
16	Kalabaydh	338,217	440,147	101,929	-4.0%
17	Kastamka Masalaha	608,936	75,942	(532,994)	0.1%
18	Allaybaday	1,063,746	141,635	(922,111)	0.3%
19	Burao	126,425	134,975	8,550	-0.2%
20	Laanta Hubinta Dabagorayaale	-	40,740	40,740	0.0%
21	Daba gorayaale	65,321	32,412	(32,908)	0.5%
22	Kastamka Beer	14,186	23,619	9,433	0.0%
23	Ceerigaabo	7,360	12,026	4,667	0.7%
24	Caynabo	153,766	-	(153,766)	-0.3%
25	Laascaanood	-	192,915	192,915	-0.1%
	Total	273,728,354	279,858,552	6,130,198	2.2%

Source: Somaliland National Budget 2025

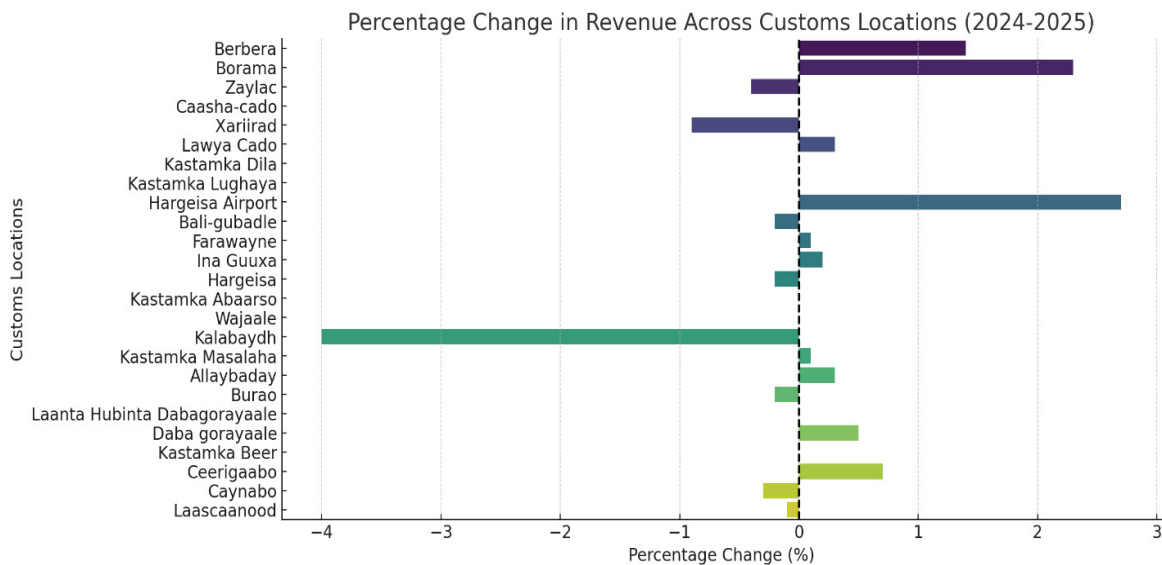


Figure 4 *Volume Book 1 National Budget 2025*

This bar chart presents a comprehensive overview of customs revenue across various stations in Somaliland from 2024 to 2025, revealing an overall growth of 2.2% or **\$6,130,198**. The analysis highlights several critical insights into the dynamics of revenue generation and the economic implications for the region:

Berbera Customs remains the predominant revenue contributor, increasing its intake from **\$172,662,856** in 2024 to **\$176,471,957** in 2025, a growth of **\$3,809,101** (2.2%). This growth underscores Berbera's continued role as a vital trade hub within the region. Hargeisa Airport presented the most substantial growth in percentage terms among the major stations, with revenue surging from **\$14,276,453** to **\$21,835,309** in 2024 and 2025 respectively, an im-

pressive increase of **\$7,558,856** (53%). This surge is likely driven by increased air traffic and cargo volumes, reflecting expanded air transport activities. Borama also demonstrated strong performance, with its customs revenue rising from **\$10,035,983** to **\$16,411,303**, an increase of **\$6,375,320** (63.5%). This boost may be indicative of heightened trade activities or enhanced customs enforcement efficiency. In contrast, Kalabaydh faced a notable revenue decline, decreasing by **\$11,194,379** (25.4%), from **\$44,104,327** to **\$32,909,948**, possibly due to diminished trade activities or local economic challenges. Ceerigaabo and Allaybaday experienced significant revenue increases, with Ceerigaabo more than tripling its revenue from **\$853,360** to **\$2,699,111**, and Allaybaday observing a rise of **\$775,856**. These increases like-

ly resulted from localized trade growth or improved customs efficiency. New customs stations like Daba Gorayaale, Lawya Cado, and Ina Guuxa contributed positively with **\$1,403,754**, **\$770,927**, and **\$463,197** respectively, marking successful operations in their inaugural year.

Some areas such as Laascaanood reported a complete halt in revenue generation, which could signal significant operational disruptions or political challenges affecting customs activities.

Other smaller stations like Kastamka Dila, Kastamka Lughaya, and Kastamka Masalaha reported modest yet positive revenue increases, suggesting incremental improvements in trade activities.

Inland Revenue Forecast 2024-2025

The analysis underscores a dynamic customs revenue landscape in Somaliland, with varied performance across

different stations. While key locations like Berbera and Hargeisa Airport bolster the overall revenue figures, newly established stations show promise for future growth. This landscape reflects a mixed but generally positive economic outlook, highlighting the ongoing economic activities and diverse success of customs enforcement across the region.

Inland revenue, though smaller in scale compared to customs revenue, shows a 0.32% increase, growing from **\$82.2 million** to **\$82.5 million**. This growth is largely driven by strong performance in cities such as Gebilay (+12.89%), Caynabo (+20.91%), and Oodwayne (+14.77%), demonstrating enhanced economic activity and tax collection efficiency in these areas. However, some cities, like Berbera, see a minor decline of **\$53,209** (-0.32%), suggesting a potential need for improved local revenue mechanisms

District A	2024 Budget		2025 Budget		Variance 2024-2025	Change (2025 - 2024)
	SL SH	USD	SL SH	USD	USD	%
Hargeisa	395,293,681,033	56,470,525.86	395,422,000,001	56,488,857.14	18,331	0.03%
Berbera	116,372,588,960	16,624,655.57	116,000,123,538	16,571,446.22	(53,209)	-0.32%
Borama	22,166,922,235	3,166,703.18	22,298,922,235	3,185,560.32	18,857	0.60%
Burao	22,547,968,502	3,221,138.36	22,699,968,502	3,242,852.64	21,714	0.67%
Gabiley	10,178,041,437	1,454,005.92	11,489,745,350	1,641,392.19	187,386	12.89%
Ceerigaabo	5,686,378,035	812,339.72	5,734,369,043	819,195.58	6,856	0.84%
Zaylac	1,465,418,721	209,345.53	1,561,099,750	223,014.25	13,669	6.53%
Caynabo	1,284,722,530	183,531.79	1,553,351,355	221,907.34	38,376	20.91%
Oodwayne	677,665,434	96,809.35	777,774,425	111,110.63	14,301	14.77%
Total	575,673,386,887	82,239,055.27	577,537,354,199	82,505,336.31	266,281	0.32%

Table 8: Comparison Budget for Grade A districts 2024-2025

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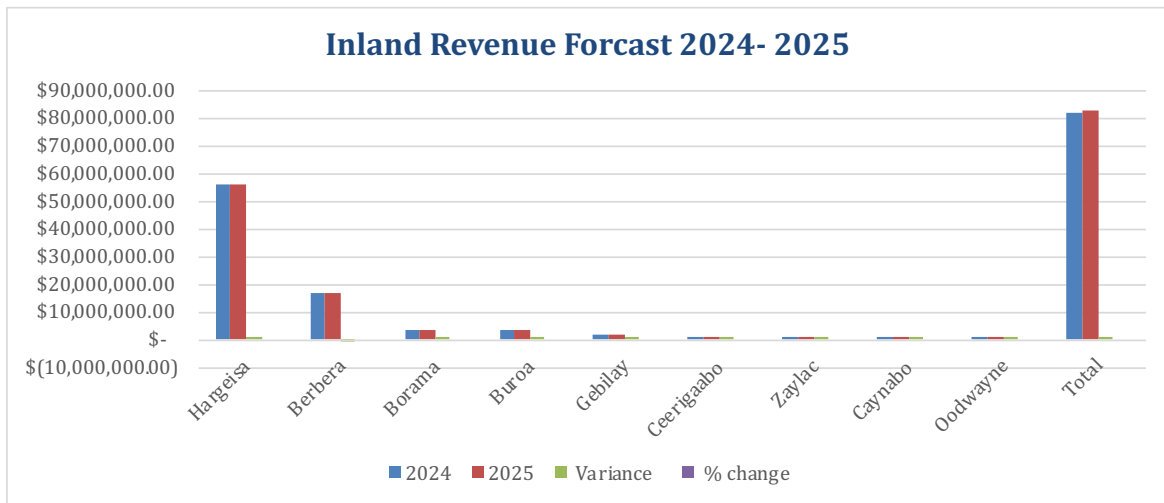


Figure 6 National Budget 2025 Book 1

The overall revenue trends indicate a need for strategic focus on both customs and inland revenue generation. The reliance on Berbera and a few key customs points underscores the importance of diversifying revenue sources to ensure economic resilience. Expanding trade activity at Hargeisa Airport

and Ceerigaabo, while addressing declines in Kalabaydh and Laascaanood, could enhance overall revenue stability. Additionally, strengthening inland revenue collection efforts, particularly in high-growth cities, will be crucial for long-term fiscal sustainability.

Customs and Inland Revenue Central Government Budget 2025 Comparison

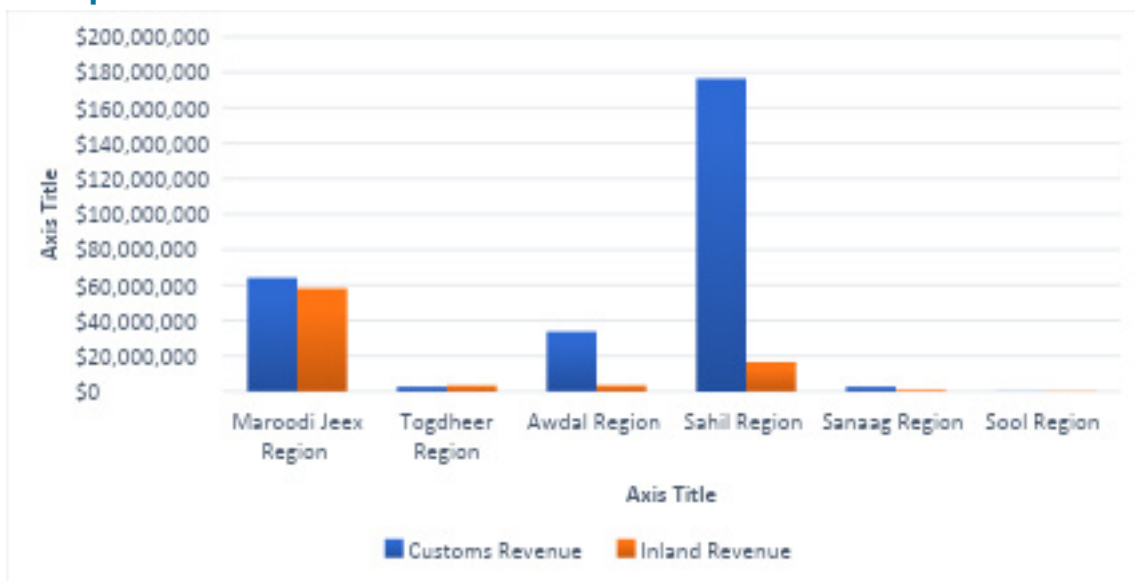


Figure 7 National Budget 2025 Book 1

5. Regional Revenue Budget Analysis (Customs & Inland Revenue 2025)

The Sahil region emerges as the dominant revenue generator, contributing **\$176.5 million** from Customs and **\$16.5 million** from Inland Revenue, totaling **\$193 million** or 53.3% of the overall revenue. Following closely, the Maroodi Jeex region contributes **\$64.1 million** from Customs and **\$58.1 million** from Inland Revenue, amounting to a total of **\$122.2 million**, which represents 33.7% of the total central government’s revenue. The Awdal region also holds a significant share with **\$33.7 million** from Customs and **\$3.4 million** from Inland Revenue, adding up to **\$37.1 million** or 10.2% of the overall national revenue. In contrast, the Togdheer, Sanaag, and Sool regions contribute considerably lower amounts, with Togdheer record-

ing **\$6 million** (comprising **\$2.7 million** from Customs and **\$3.3 million** from Inland Revenue), Sanaag totaling **\$3.5 million** (with **\$2.7 million** from Customs and **\$819K** from Inland Revenue), and Sool contributing **\$363K** (with **\$141K** from Customs and **\$221K** from Inland Revenue). In summary, the Sahil and Maroodi Jeex regions, together accounting for over 85% of total revenue, stand as the economic powerhouses of Somaliland’s revenue collection. While the Awdal region contributes significantly, it still trails behind the top two regions, and there is a need for strategic improvements in revenue collection in Togdheer and Sanaag, with Sool’s lower revenue primarily impacted by conflict-related challenges.

Budget Expenditure Comparison for Central Government Budget (2024-2025)

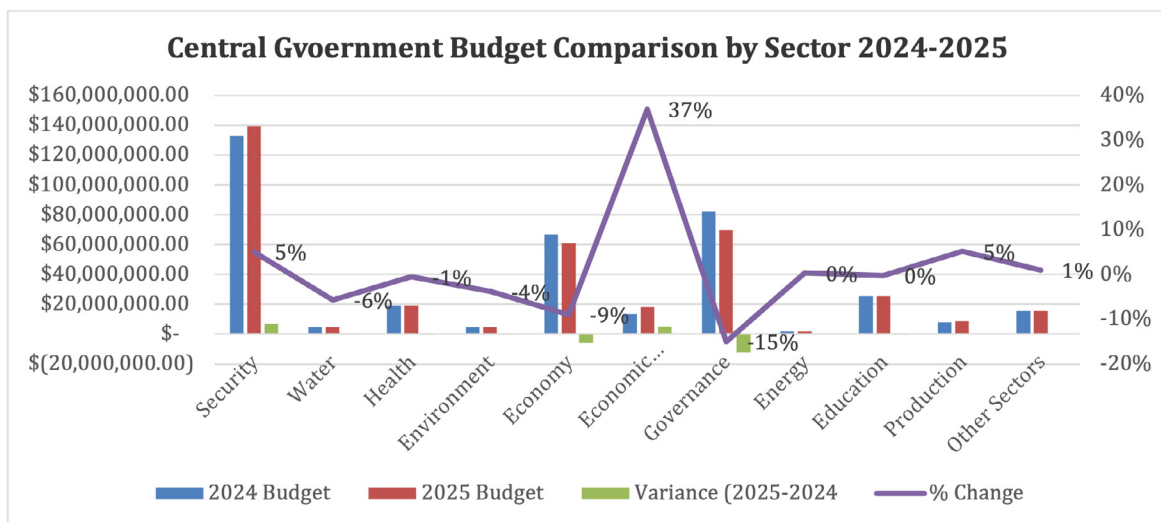


Figure 8 Somaliland National Budget Volume 1 2025

This bar chart illustrates the changes in the 2025 budget allocations for various sectors of the Central Government of Somaliland. Here's a detailed analysis of each sector's budget changes, including the calculated differences and their implications:

Security: The budget has increased by **\$6,759,840**, from **\$132,743,250** in 2024 to **\$139,508,090** in 2025. This increase of approximately 5.1% underscores the government's ongoing commitment to enhancing national security, reflecting its priority in maintaining stability and safeguarding the nation's interests.

Water: The water sector's allocation was reduced by **\$273,164**, from **\$4,787,386** in 2024 to **\$4,514,222** in 2025. This reduction of about 5.7% could impact initiatives aimed at improving water infrastructure, which is vital for addressing challenges of water scarcity and ensuring public health and hygiene.

Health: Funding for health slightly reduced by **\$106,272**, moving from **\$19,326,080** in 2024 to **\$19,219,808** in 2025. The minor cut of approximately 0.5% suggests an effort to maintain essential health services despite tighter fiscal conditions, reflecting a balanced approach to sustaining healthcare accessibility while managing budgetary constraints.

Environment: There was a budget cut of **\$180,742** in the environment sector, decreasing from **\$4,707,719** to **\$4,526,977**. This reduction of about 3.8% might limit the government's ability to fund climate resilience and environmental conservation projects effectively, potentially impacting sustainable development goals.

Economy: The economic sector's allocation reduced by **\$5,971,924**, from **\$66,777,117** in 2024 to **\$60,805,193** in 2025, a cut of about 8.9%, indicating a significant shift, likely aimed at reallocating resources to more critical areas or in response to changing economic conditions, which may affect economic development initiatives.

Economic Infrastructure: This sector's allocation increased by **\$4,926,211**, rising from **\$13,357,098** in 2024 to **\$18,283,309** in 2025. The increase of about 36.9% highlights a strategic focus on strengthening infrastructure such as roads and transportation, crucial for supporting economic activities and enhancing national connectivity.

Governance: Governance experiences a significant decrease of **\$12,264,763**, from **\$81,892,645** in 2024 to **\$69,627,882** in 2025. This reduction of about 15% may reflect efforts to streamline government operations, improve efficiency, and reduce administrative costs.

Energy: The energy sector sees a slight increase of **\$5,002**, from **\$1,851,027** in 2024 to **\$1,856,029** in 2025. Although a modest rise of about 0.3%, it indicates steady support for maintaining and modestly expanding energy projects, which could include a shift towards more sustainable energy sources.

Education: There is a decrease in the education budget by **\$69,746**, from **\$25,536,102** in 2024 to **\$25,466,356** in 2025. This reduction of about 0.3% suggests the government aims to preserve funding stability for educational services, essential for fostering human capital development and reducing

youth unemployment.

Production: The production sector's budget increases by **\$414,676**, from **\$8,098,960** in 2024 to **\$8,513,636** in 2025. This increase of about 5.1% will enhance key areas such as agriculture and manufacturing, critical for food security and economic self-sufficiency.

Other Sectors: There is a rise of **\$144,797** in the budget for other sectors, from **\$15,523,880** in 2024 to **\$15,668,677** in 2025. This increase of about 0.9% provides the government with the flexibility to address a variety of emerging needs and priorities throughout the fiscal year.

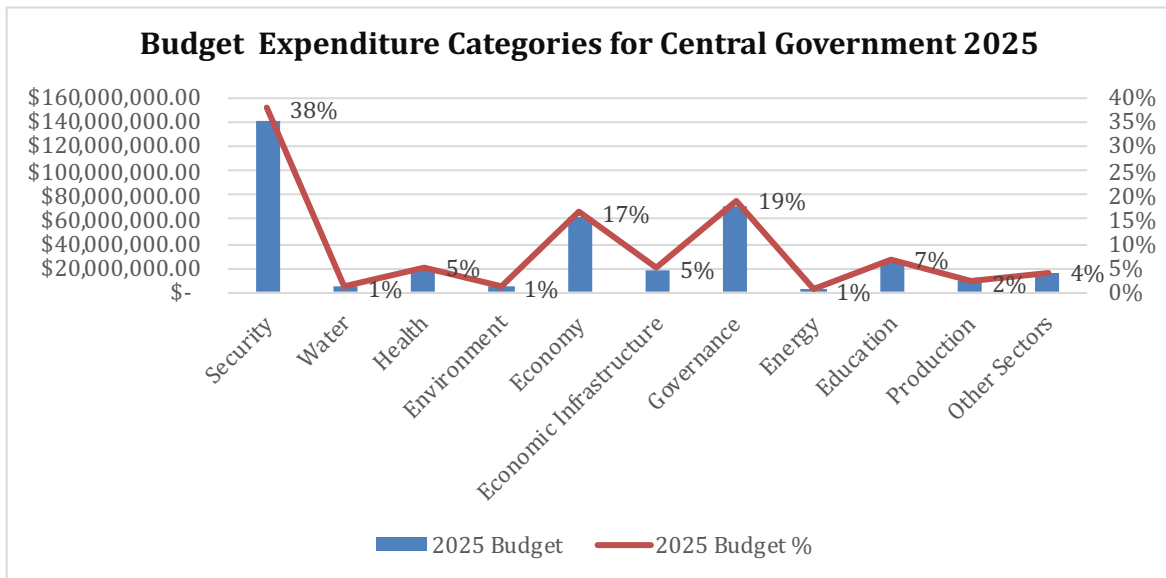


Figure 9 National Budget 2025 Book 1

This bar chart illustrates the 2025 budget allocations for various sectors of the Central Government of Somaliland. Here's a detailed analysis of each sector's budget including the calculated percentage:

The 2025 national budget clearly prioritizes Security, which receives the largest allocation of **\$139,508,090.07**, making up 38% of the total budget. This highlights the government's continued focus on ensuring national sta-

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bility and public safety.

The second largest expenditure is on Governance, with a budget of **\$69,627,882.46**, representing 19% of total spending. This reflects ongoing investments in public administration, governance reforms, and institutional strengthening.

In third place, the Economy is allocated **\$60,805,193.11**, capturing 17% of the budget. This substantial allocation supports economic development, job creation, and business sector growth.

Education follows, with **\$25,466,355.90**, accounting for 7% of the budget. This demonstrates the government's recognition of education's vital role in long-term development and human capital investment.

The health sector is allocated **\$19,219,807.73**, representing 5% of the total budget, reinforcing commitments to improving healthcare services, facilities, and public health initiatives. Close behind, Economic Infrastructure receives **\$18,283,308.75**, also making up 5%, to support transport, communication, and essential infrastructure development. Other Sectors collectively receive **\$15,668,676.67**, representing 4% of the budget. This category covers various smaller programs and cross-sectoral initiatives.

Production is allocated **\$8,513,636.44**, or 2%, supporting agriculture, live-stock, and industrial productivity to boost domestic production and food security.

At the lower end of allocations, Environment receives **\$4,526,976.53**, and Water is allocated **\$4,514,221.88** — both representing just 1% each of the total budget. These low allocations indicate limited government spending in critical areas such as environmental protection, climate resilience, and water resource management.

Finally, Energy receives the smallest share of **\$1,856,029.32**, equivalent to 1%, signaling that energy sector development remains a relatively low priority in the 2025 financial plan.

This ranking from largest to smallest underscores that Security, Governance, and Economic Development receive the lion's share of the budget, while sectors like Environment, Water, and Energy receive minimal funding — potentially leaving key areas of sustainability and climate resilience under-resourced.

6. Analysis by Expenditure Categories

Analysis of Somaliland's Central Government Budget 2025 and Regional Disparities

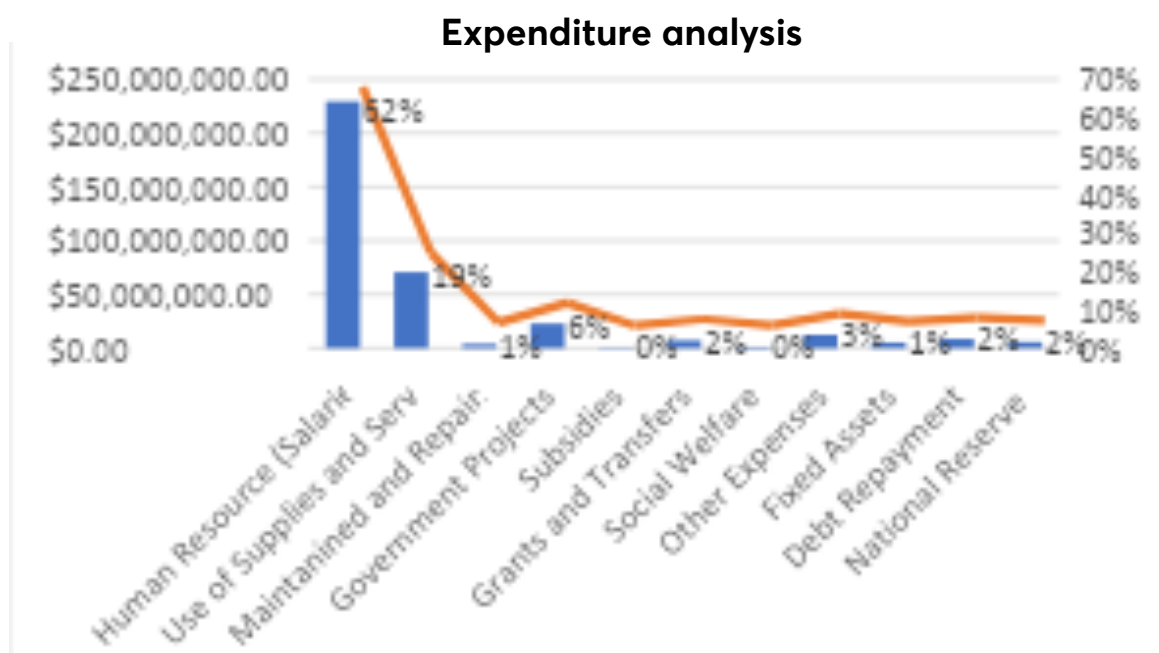


Figure 10 National Budget 2025 Book 1

The Somaliland Central Government budget for 2025 presents a highly centralized structure, with the majority of government expenditure allocated to salaries and compensation. The budget demonstrates a strong reliance on human resource costs, amounting to **\$229.46 million** (62% of the total budget), highlighting the dominance of government employment in Somaliland's economy. However, there is a significant imbalance in civil service distribution, as 60% of the 28,000 civil servants originate from Maroodi Jeex,

reflecting a concentration of public sector employment in this region.

Beyond human resources, the allocation for infrastructure and development remains low. Only 6% of the budget is directed toward government projects, while fixed asset investment is minimal at 1%, indicating limited long-term capital development. Additionally, grants and transfers account for just 2%, suggesting that local governments lack sufficient funding to drive independent development. These figures imply a lack of fiscal decentralization,

with financial resources concentrated at the central government level.

Furthermore, subsidies and social welfare allocations remain critically low, with subsidies at **\$777,000** (0%) and social welfare at **\$1.33 million** (0%). These figures suggest a lack of support mechanisms for vulnerable populations, exacerbating regional econom-

ic disparities. Debt repayment, at 2% (**\$8.64 million**), indicates an effort to meet financial obligations but remains relatively small in comparison to other expenditures. Meanwhile, the national reserve stands at just **\$5.71 million** (2%), raising concerns about Somaliland's ability to respond to economic shocks and emergencies.

7. Local Government Budget Analysis

Local Government Budget

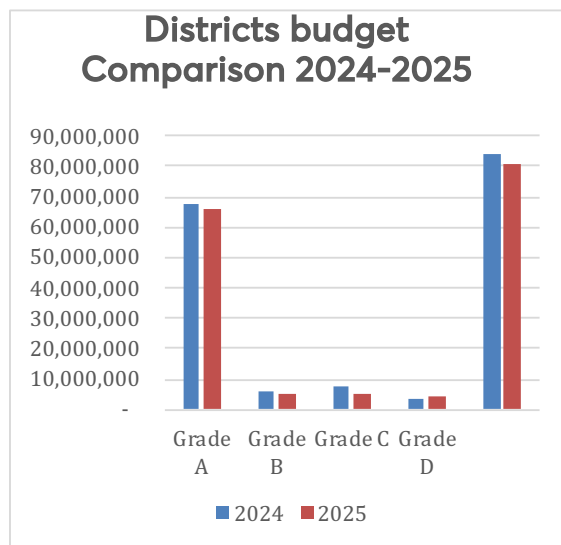


Figure 11 National Budget 2025 Book 1

The budget for Local Governments stands at **\$81,471,095.61** for 2025, accounting for 15% of the national budget, a slight decrease from **\$84,271,313.87** in 2024. Local governments in Somaliland are categorized into four grades based on their administrative and fiscal capacities: Grade A includes 7 districts, Grade B includes 5 districts, Grade C includes 7 districts, and Grade D, the

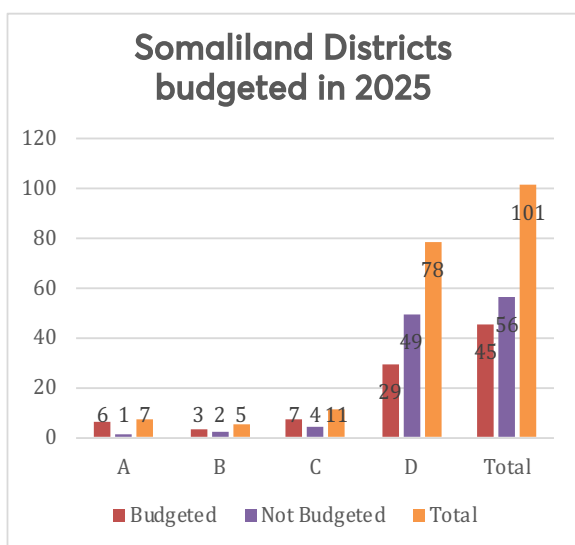


Figure 12 National Budget 2025 Book 1

largest group, includes 78 districts. The 2025 budget analysis covers 45 districts across Grades A6, B3, C7, and 29 from Grade D. Local government budgets are primarily spent on community services, local infrastructure, and education and health services, reflecting their critical role in direct public service delivery.

Fiscal Transfer from Central Government (12.5%) (USD)

Table: 9

Grade	Fiscal	%	2024	2025	Variance	% change
District A	6	0.48	5,929,687.17	5,269,371.48	(660,315.69)	-11%
District B	2	0.16	1,976,562.39	1,756,457.16	(220,105.23)	-11%
District C	3	0.24	2,964,843.59	2,634,685.74	(330,157.84)	-11%
District D	1.5	0.12	1,482,421.79	1,317,342.87	(165,078.92)	-11%
	12.5		12,353,514.94	10,977,857.26	(1,375,657.68)	-11%

The financial projections for the fiscal years 2024 and 2025 indicate an 11% reduction in funding across all districts, leading to a decrease in total budget allocation from **\$12,353,514.94**

in 2024 to **\$10,977,857.26** in 2025. This decline reflects a total variance of **(\$1,375,657.68)**, necessitating careful consideration of its impact on district operations and resource distribution.

Fiscal Transfer 2025

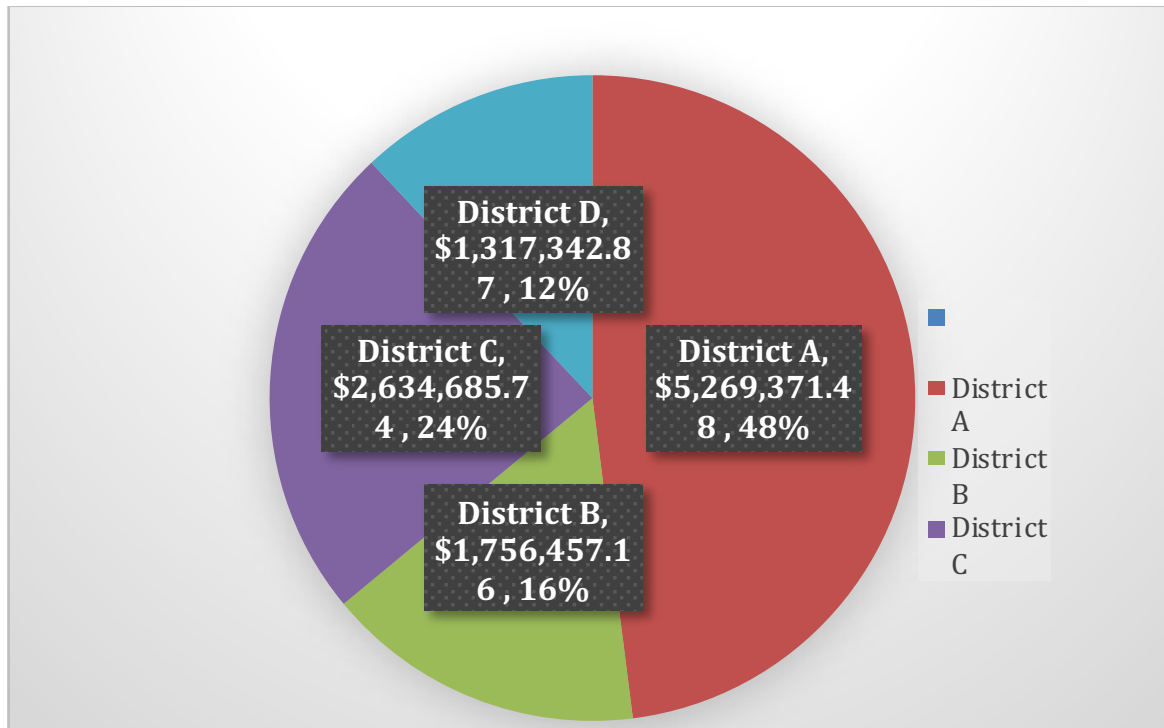


Figure 13 National Budget 2025 Book 2

The fiscal transfer allocation for 2025 highlights significant variations in budget distribution among the districts. Districts in grade A receive the highest share of the budget, amounting to **\$5,269,371.48**, which accounts for 48% of the total allocation. Districts in grade C follow with an allocation

of **\$2,634,685.74**, representing 24% of the total. Districts in grade B receive **\$1,756,457.16**, making up 16% of the total transfer, while Districts in grade D have the smallest allocation of **\$1,317,342.87**, representing 12% of the total budget.

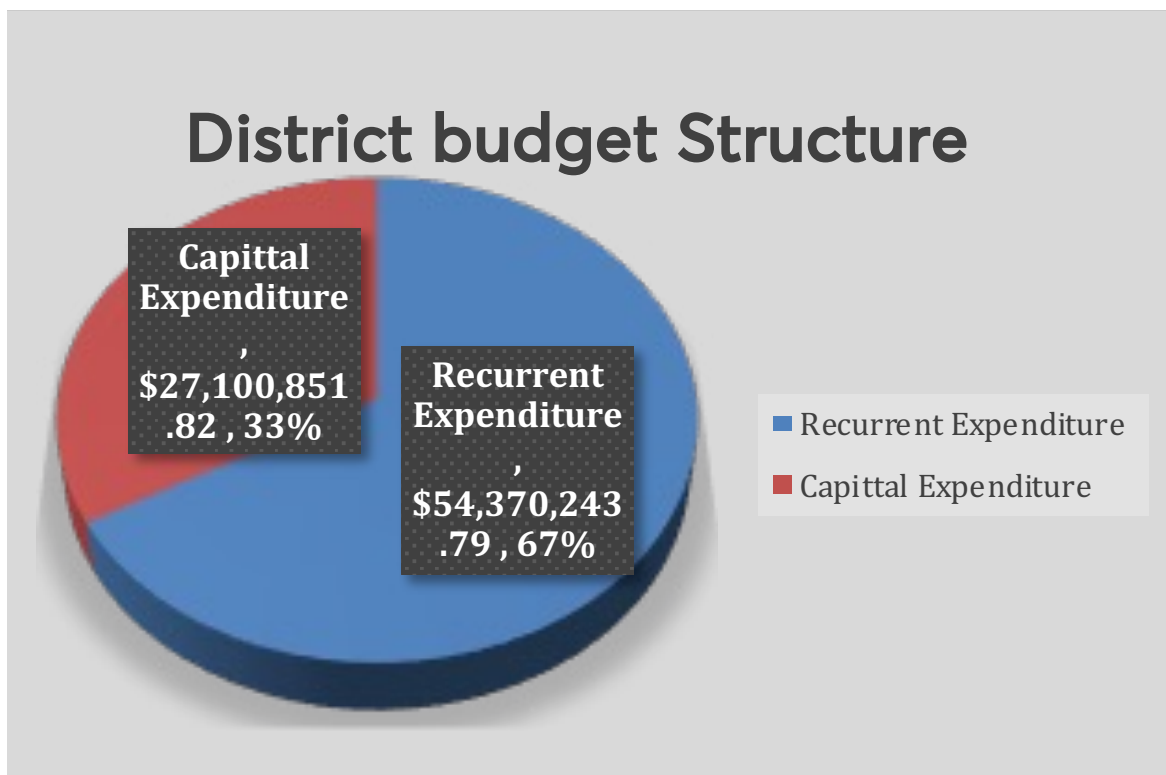


Figure 14 National Budget 2025 Book 2

This pie chart illustrates the 2025 districts' budgets allocation, where **\$54,370,243.79** (67%) is devoted to recurrent expenditures to maintain ongoing operations and services, and **\$27,100,851.82** (33%) is allocated to capital expenditures aimed at funding

new projects and infrastructure developments. The total budget stands at **\$81,471,095.61**, highlighting a strategic balance between sustaining current operations and investing in future growth.

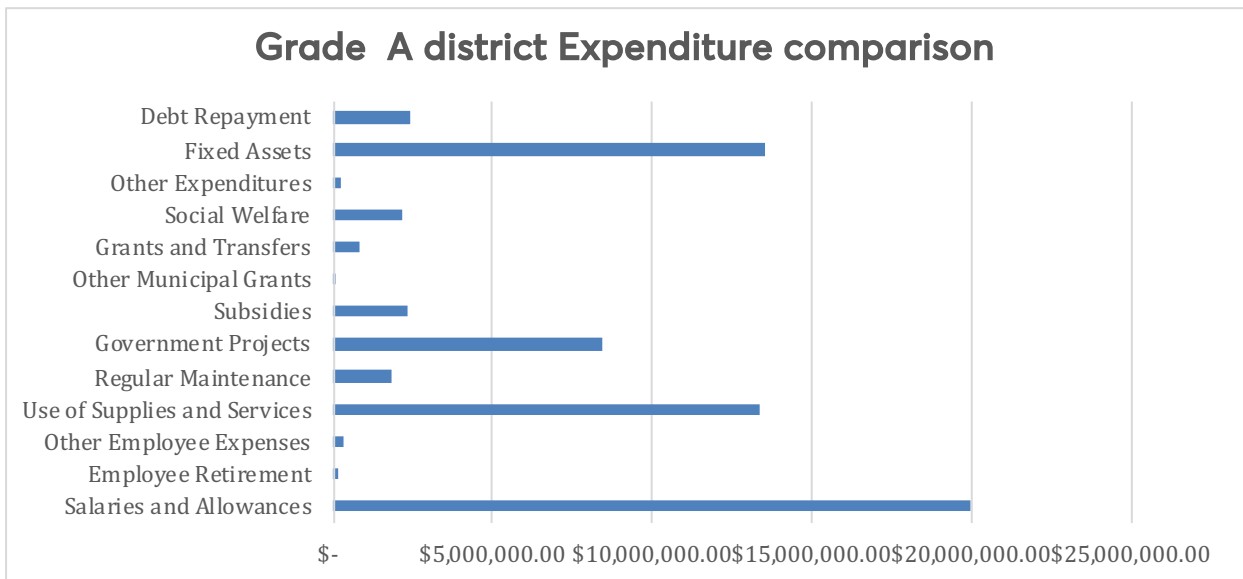


Figure 15 National Budget 2025 Book 2

This bar chart delineates the budget allocation for a Grade A district, highlighting a diverse range of expenditures aimed at maintaining and enhancing district operations and services. The largest allocation, Salaries and Allowances, stands at **\$20,017,818.42**, reflecting the significant investment in human resources essential for district administration. Use of Supplies and Services and Fixed Assets also receive substantial funding, amounting to **\$13,339,809.82** and **\$13,583,618.76** respectively, underlining the district's commitment to operational excellence and infrastructure development. The Government Projects category is another major expenditure at **\$8,447,404.23**, indicating proactive involvement in developmental initiatives. Lesser but significant expen-

ditures include Debt Repayment at **\$2,399,401.62** and Social Welfare at **\$2,132,617.08**, showcasing the district's efforts in managing financial liabilities and supporting community welfare programs. Other expenditures, such as Employee Retirement and Grants and Transfers, reflect ongoing support for employee benefits and external collaboration through funding transfers. The detailed allocation across various categories highlights the district's comprehensive approach to budgeting, ensuring both the operational necessities and strategic initiatives are well-funded to promote sustainable growth and community well-being.

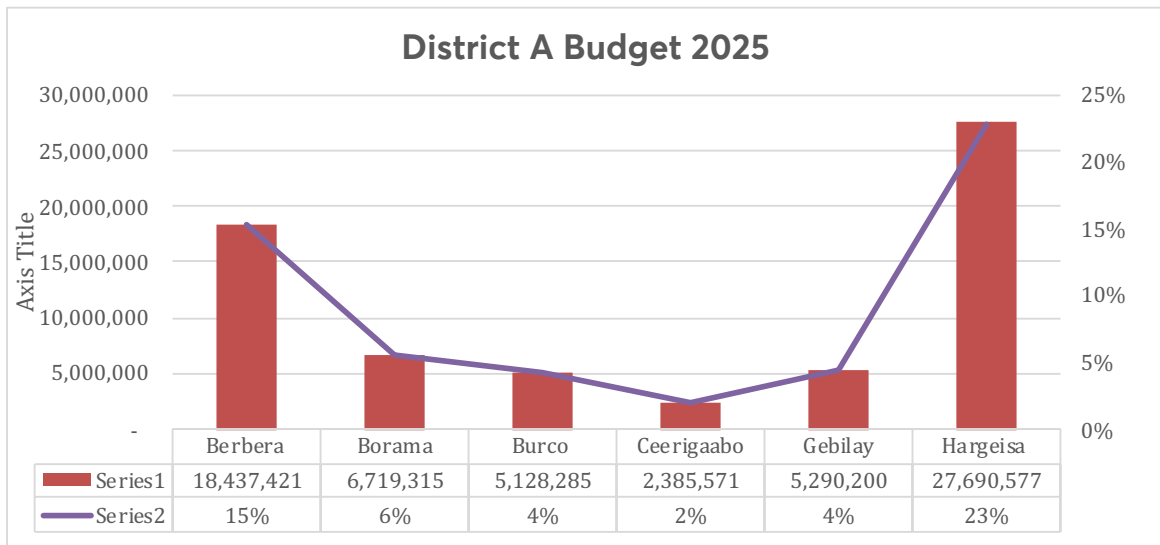


Figure 16 National Budget 2025 Book 2

This bar chart depicts the 2025 budget allocations for District A cities within Somaliland, highlighting varied financial priorities based on each city's unique economic and administrative roles. Hargeisa, the capital, receives the largest portion at **\$27,690,577**, underscoring its pivotal role in governance and commerce. Berbera follows with **\$18,437,421**, reflecting its critical function in maritime trade and logistics. Borama and Gabiley, important agricultural centers, are allocated **\$6,719,315**

and **\$5,290,200** respectively, supporting their contributions to food security and rural development. Burco's budget of **\$5,128,285** emphasizes its significance in the livestock market, while Ceerigaabo's allocation of **\$2,385,571** indicates focused support for its smaller-scale economic activities. This visualization clearly illustrates the strategic distribution of financial resources across District A, aiming to bolster regional development and economic diversification in Somaliland.

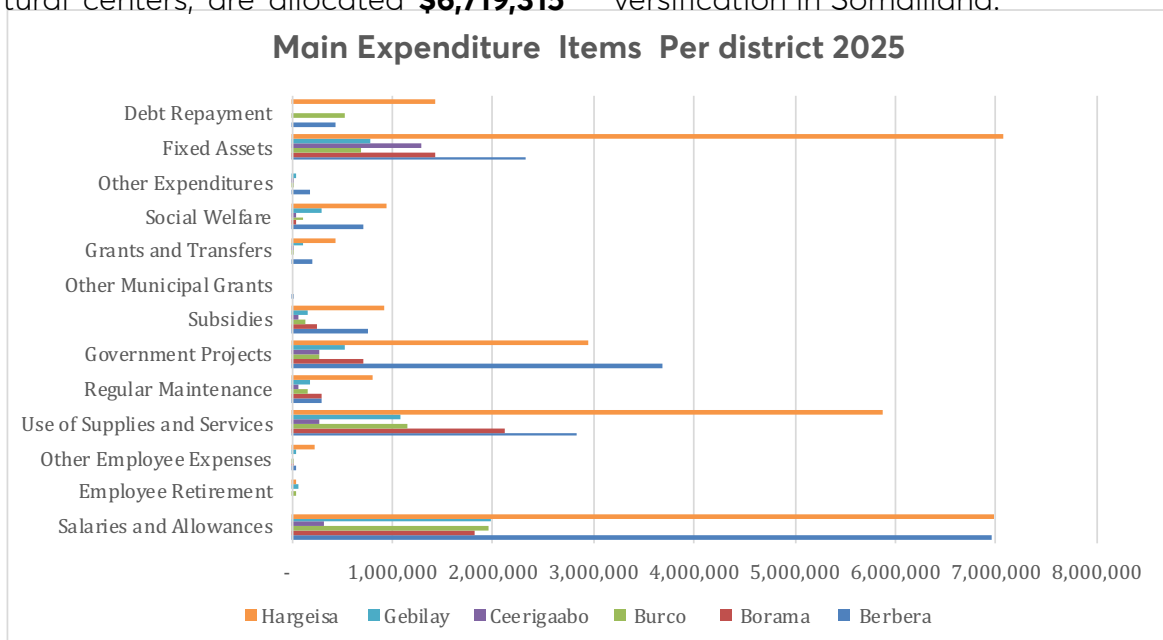


Figure 17 National Budget 2025 Book 2

This bar chart showcases the diverse allocation of expenditure across several cities in Somaliland, each with distinct budgetary priorities tailored to their unique needs and developmental goals. In Berbera, a substantial 37.76% of the budget is dedicated to Salaries and Allowances, emphasizing the importance of human resources, while 20% is allocated to Government Projects, reflecting a strong commitment to infrastructure and developmental initiatives. Borama focuses heavily on operational efficiency, with 31.43% of its budget directed towards Use of Supplies and Services, ensuring smooth administrative operations.

Burco allocates 38.29% of its budget to Salaries and Allowances, highlighting its focus on workforce compensation. Financial management is also a priority, with 10.24% dedicated to Debt Repayment. Ceerigaabo invests a significant 54.18% of its budget in Fixed

Assets, the highest proportion among the cities, underlining its aggressive drive towards enhancing infrastructure.

Gebilay strategically invests in Fixed Assets and Social Welfare, with 14.76% and 5.46% of its budget respectively, demonstrating a commitment to both infrastructure development and community support. Hargeisa, with the largest budget, balances between administrative needs and infrastructure development, allocating 25.21% to Salaries and Allowances and 25.52% to Fixed Assets.

Overall, the visualization clearly illustrates how each city employs its financial resources to support various economic activities, administrative responsibilities, and strategic development objectives, providing insights into the fiscal strategies employed across Somaliland to enhance regional stability and growth.

8. Independent Agencies Budget Analysis

Table: 10 Independent Agencies budget

Institutions	Budget 2024	Budget 2025	Change (y2-y1)	% change	ratio
Public Enterprise Budget Comparison per institution	USD	USD			
Hargeisa Water Agency	7,064,055.08	9,934,345.29	2,870,290	7%	25%
Central Bank	7,388,247.30	7,648,960.80	260,713	1%	20%

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Berbera Port	5,937,208.71	5,495,111.51	(442,097)	-1%	14%
Fuel Depot Reserves	6,882,207.14	4,952,665.86	(1,929,541)	-5%	13%
National Printing Agency	3,165,952.77	4,396,518.49	1,230,566	3%	11%
Burao Water Agency	3,965,491.41	3,868,967.63	(96,524)	0%	10%
Berbera Water Agency	1,579,042.14	1,605,261.43	26,219	0%	4%
Gabiley Water Agency	612,866.23	707,142.86	94,277	0%	2%
Wajale Water Agency	-	288,671.43	288,671	1%	1%
Arabsi Water Agency	-	192,857.14	192,857	0%	0%
Aviation Agency	3,089,628.57	-	(3,089,629)	-8%	0%
Grand Total	39,684,699	39,090,502	(594,197)	-1%	100%

The total budget for Somaliland's independent institutions in 2025 stands at **\$39,090,502**, reflecting a 1% decrease (**-\$594,197**) compared to 2024. The Hargeisa Water Agency experienced the largest budget increase of **\$2,870,290** (+7%), making it the highest-funded institution and accounting for 25% of the total budget. The Central Bank also saw a 1% increase (**\$260,713**), securing 20% of the overall allocations, ensuring financial stability. Meanwhile, the National Printing Agency received a notable budget boost of **\$1,230,566** (+3%), increasing its share to 11% of total allocations.

In the water sector, Berbera Water Agency and Gabiley Water Agency experienced minor increases of **\$26,219**

and **\$94,277**, respectively, maintaining their financial positions. Additionally, two new water agencies—Wajale Water Agency (**\$288,671**) and Arabsi Water Agency (**\$192,857**)—were introduced, reflecting an expansion in water service infrastructure.

Conversely, the Berbera Port budget declined by **\$442,097** (-1%), though it still holds a significant 14% share of the total budget. A more substantial reduction was observed in the Fuel Depot Reserves, which faced a **\$1,929,541** (-5%) budget cut, potentially impacting Somaliland's energy security and fuel supply. The Aviation Agency was completely defunded, losing **\$3,089,629** (-8%), signaling a possible shift in transportation and aviation

sector priorities.

The overall 1% budget decline is primarily driven by the removal of the Aviation Agency's funding and cuts to infrastructure and energy sectors.

However, the increased investment in water infrastructure and financial institutions suggests a government shift toward essential services and economic resilience.

Donor funds analysis

Table 11: Somaliland Donor funding Budget 2025

1	Somaliland Development Project (SDF)	Ministry of Planning and National Development	\$ 7,924,534.0	11.69%
2.	Institutional Support for Economic Government (ISEGP) - (World Bank funded)	Ministry of finance	\$ 1,990,081.8	2.94%
3.	Education for human Capital Development (E4HCD)- (World Bank funded)	Ministry of education	\$ 1,670,600.0	2.46%
4.	Somali Empowering Women Through Education and Skill Project (Rajo Kaaba) (World Bank funded)	Ministry of education	\$ 2,500,000.0	3.69%
5.	Ground Water for Resilience Project (GW4R) -(World Bank funded)	Ministry of Water and Resource	\$ 1,709,294.0	2.52%
6.	Somaliland Electricity Sector Recovery Project- (World Bank funded)	Ministry of Mineral and Resource	\$ 32,669,654.9	48.19%
7.	Somaliland enhancing public resource project- (World Bank funded)	Ministry of Water and Resource	\$ 5,887,000.0	8.68%
8.	Food System Resilience Project- (World Bank funded)	Ministry of Agriculture Development	\$ 5,200,192.0	7.67%
9.	Barwaaqo Project - (World Bank funded)	Ministry of Planning and National Development	\$ 4,250,000.0	6.27%
10.	Damal Caafimaad- (World Bank funded)	Ministry of Health	\$ 3,998,620.6	5.90%
Grand Total			\$ 67,799,977.3	100.00%

The total donor funding for Somaliland in 2025 is **\$67,799,977.3**, with the Somaliland Electricity Sector Recovery Project receiving the highest allocation of **\$32,669,654.9**, representing 48.19% of the total budget. This indicates a major focus on energy infrastructure and development.

The Somaliland Development Project (SDF) is the second most significant recipient, receiving **\$7,924,534** (11.69%), followed by the Somaliland Enhancing Public Resource Project, which secured **\$5,887,000** (8.68%), and the Food System Resilience Project, allocated **\$5,200,192** (7.67%). These projects reflect a strong emphasis on public resource management, food security, and economic planning.

Education-related programs also received notable funding, with **\$2,500,000** (3.69%) allocated to the Somali Empowering Women Through Education and Skill Project (Rajo Kaa-ba) and **\$1,670,600** (2.46%) for the Ed-

ucation for Human Capital Development (E4HCD) Project, both under the Ministry of Education.

Additionally, the Barwaaqo Project, administered by the Ministry of Planning and National Development, allocated **\$4,250,000** (6.27%), while the Damal Caafimaad Project under the Ministry of Health was allocated **\$3,998,620.6** (5.90%), reflecting investments in infrastructure planning and healthcare services.

The Institutional Support for Economic Government (ISEGP) was allocated **\$1,990,081.8** (2.94%), and the Ground Water for Resilience Project (GW4R), aimed at improving water resources, secured **\$1,709,294** (2.52%).

Overall, the funding distribution suggests a strategic focus on energy development, economic growth, water security, food resilience, and education, with the electricity sector taking the largest share of investments.

9. Inaccuracy of national figures

The 2025 Somaliland National Budget contains several arithmetical errors and miscalculations in both Central and Local Government budgets, as well as Independent Agencies. These

discrepancies, if not corrected, may lead to financial mismanagement, misallocation of funds, and inefficiencies in budget execution.

Key Errors Identified:

1. Central Government Budget Errors:
 - Customs Budget (Hargeisa Airport): Incorrect variance calculations between 2024 and 2025 figures.
 - Economic Section (Page 23): Miscalculated total variance affecting financial projections.
 - Presidential Ministry Budget (Page 24): Incorrect allocation figures impacting sectoral distribution.
 - Additional errors across multiple pages affecting overall fiscal projections.
2. Local Government & Independent Agencies Budget Errors:
 - Incorrect total budget calculation for local governments (stated as 570,297,669,258 SL SH, while the correct figure is 567,207,669,257 SL SH), leading to a discrepancy of 3,090,000,692 SL SH.
 - Contradictory figures between pages 8 and 9, creating inconsistencies in district-wise budget allocations.

Contradictory Figures Between Budget Sections: Inconsistencies in budget allocations between different pages, particularly in local government settlements and district-wise distributions.

10. Key Findings from the Somaliland Budget 2025 Analysis

1. Budgeting Approach is Inefficient: The current line-item budgeting system lacks performance-based evaluation, leading to inefficient resource allocation and poor service delivery.
2. Weak Fiscal Transparency & Accountability: Limited public budget disclosure, independent auditing, and financial oversight hinder transparency in government spending and increase corruption risks.
3. Inaccuracy in Budget Figures: Several arithmetic errors and miscalculations were identified in both central and local government budgets, leading to inconsistencies in revenue and expenditure estimates.

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4. **Low Domestic Revenue Mobilization:** The narrow tax base, high tax evasion, and over-reliance on customs revenue weaken fiscal sustainability and economic resilience.
5. **Unequal Regional Budget Distribution:** Fiscal transfers are heavily centralized, with underfunded regions (Sool, Sanaag, Togdheer) lacking sufficient resources for local development.
6. **Limited Local Government Fiscal Autonomy:** Low financial independence and weak local budget transparency hinder effective service delivery and governance at the local level.
7. **Public Wage Bill Growth is Unsustainable:** A large portion of the budget is allocated to salaries rather than capital development, limiting investment in key sectors like infrastructure and social services.
8. **Insufficient Investment in Infrastructure & Development:** Capital investment in roads, water, energy, and public services remains inadequate, slowing economic growth and service delivery expansion.
9. **Underfunded Health & Education Sectors:** Limited healthcare access and insufficient vocational and technical education programs contribute to poor service delivery, unemployment, and slow human capital development.
10. **Weak Public Procurement Systems:** Lack of competitive bidding, procurement oversight, and transparency leads to inefficiencies, corruption risks, and wasteful government contracts.
11. **Poor Donor Fund Coordination & Transparency:** Donor-funded projects are fragmented, and there is limited public disclosure on aid utilization, leading to inefficient use of foreign assistance.
12. **Lack of Contingency Planning:** The absence of an Emergency Fiscal Reserve Fund weakens Somaliland's ability to respond to economic shocks, natural disasters, and revenue shortfalls.
13. **Short-Term Budgeting Limits Long-Term Planning:** The absence of a Medium-Term Budget Framework (MTBF) results in fiscal unpredictability, inefficient long-term investment planning, and resource misallocation.

11. Policy Recommendations for Somaliland Budget 2025

1. Adopt Performance-Based Budgeting (PBB): Transition from a line-item budgeting system to a performance-based approach to improve resource allocation, efficiency, and service delivery impact.
2. Strengthen Fiscal Transparency & Accountability: Enhance public budget disclosure, conduct independent audits, and establish stronger financial oversight mechanisms to reduce corruption risks and mismanagement.
3. Correct Budget Inaccuracies & Improve Financial Data Accuracy: Address arithmetic errors and miscalculations in revenue and expenditure estimates to ensure accurate financial planning and budget execution.
4. Enhance Domestic Revenue Mobilization: Expand the tax base, reduce tax evasion, and diversify revenue sources beyond customs to strengthen fiscal sustainability and economic resilience.
5. Ensure Fair & Equitable Regional Budget Distribution: Decentralize fiscal transfers and implement need-based regional allocations to support underfunded regions (Sool, Sanaag, Togdheer) and ensure balanced development.
6. Increase Local Government Fiscal Autonomy: Grant greater financial independence to local governments by increasing their share of national revenue, enhancing budget transparency, and enabling direct resource allocation for service delivery.
7. Manage Public Wage Bill Growth Efficiently: Control excessive wage bill growth by linking salaries to performance evaluations while ensuring adequate funds are allocated to capital development rather than recurrent costs.
8. Increase Investment in Infrastructure & Development: Allocate more funds to infrastructure projects, including roads, water, energy, and public service facilities, to support economic growth and service delivery expansion.
9. Improve Health & Education Sector Funding: Increase investment in healthcare infrastructure, vocational training, and technical education to enhance human capital development and reduce unemployment.
10. Reform Public Procurement & Strengthen Oversight: Establish competitive bidding systems, independent procurement oversight, and digital tracking mechanisms to reduce corruption and ensure efficient government contracting.
11. Improve Donor Fund Coordination & Transparency: Align donor-funded projects with national priorities, ensure public disclosure of donor funds, and create a unified donor

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coordination mechanism to maximize aid effectiveness.

12. Establish an Emergency Fiscal Reserve Fund: Create a contingency fund to respond to economic shocks, natural disasters, and revenue shortfalls, ensuring financial stability during crises.
13. Implement a Medium-Term Budget Framework (MTBF): Shift to a multi-year budgeting model to enhance long-term financial planning, fiscal predictability, and efficient investment allocation.

By adopting these policy reforms, Somaliland can improve fiscal management, strengthen economic resilience, enhance service delivery, and ensure sustainable, equitable development across all regions.

SOMALILAND 2025

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