



District Participatory Planning and Budgeting Process

Resource Forecast and Budget Assessment

GAROWE DISTRICT

December 2009

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1. INTRODUCTION

Garowe District is located in Nugal region of Puntland, Somalia. Inside the district lies the Capital City of Puntland State of Somalia, Garowe Town. Garowe is the most important town of the district and it is a seat for the government institutions such as the executive, parliament and judiciary.

While there are uncountable number of satellite villages, locations and sub-locations within the borders of the district, 31 administrative villages come under the direct control of the Municipality of Garowe. The district population is estimated at 380,000 according to the Municipality of Garowe.

To improve the development of Garowe District, the Ministry of Interior, Local Government and Rural Development (MoILG&RG) with support from UN-JPLG Programme developed guidelines for District Participatory Planning and Budgeting Process. As part of this process the district resources forecast and budget assessment for the coming five years was carried out.

The purpose is to get an overview of the actual funds available for development and service delivery in the district so as to ensure that the district annual Work-plan contains the top priority projects and interventions to be implemented.

In addition to that, resource forecasting and budget assessment is very important to obtain adequate information on all financial resources available for the district in the coming years, including fiscal transfers, external funding, and community contributions.

2. RESOURCE FORECAST

2.1 GAROWE REVENUE FORECASTING

Revenue Sources		Years					Rate of Increment			
Head	Revenue	2009 Actual	2010 Budgeted	2011 Forecast	2012 Forecast	2013 Forecast	2010	2011	2012	2013
LOCAL REVENUE										
1.2.0	Business Taxes	(S.Sh)	(S.Sh)	(S.Sh)	(S.Sh)	(S.Sh)				
1.2.1	Livestock Sales Tax	178,000,000	360,000,000	377,000,000	394,000,000	400,000,000	102%	5%	5%	2%
1.2.2	Business License Tax	350,000,000	500,000,000	510,000,000	520,000,000	550,000,000	43%	2%	2%	6%
1.2.3	Entertainment (Concert) Tax	2,000,000	2,000,000	2,600,000	3,200,000	4,000,000	0%	30%	23%	25%
1.2.4	Electricity Tax	158,527,000	300,000,000	312,000,000	324,000,000	338,000,000	89%	4%	4%	4%
1.2.5	Indirect Tax	158,000,000	158,000,000	154,840,000	155,400,000	156,300,000	0%	-2%	0%	1%
2.2.0	Property Tax									
2.2.1	Property Tax – Building	200,000,000	300,000,000	400,000,000	451,000,000	500,000,000	50%	33%	13%	11%
2.2.2	Property Tax – Land Value	524,000,000	966,640,000	983,340,000	1,110,000,000	1,210,000,000	84%	2%	13%	9%
2.2.3	Other Indirect Tax	0	100,000,000	100,000,000	100,000,000	100,000,000	-	0%	0%	0%
3.2.0	Transfers									
3.2.1	Fine Tax	70,000,000	100,000,000	141,000,000	182,000,000	194,000,000	43%	41%	29%	7%
3.2.2	Ownership Transfer Tax	0	0	-	-	-	-	-	-	-
3.2.3	Central Transfer Tax	0	0	-	-	-	-	-	-	-
3.2.4	External Transfer Tax	0	0	-	-	-	-	-	-	-
4.2.0	Other Taxes									
4.2.1	Land Permission Tax	120,000,000	250,000,000	275,000,000	290,000,000	300,000,000	108%	10%	5%	3%
4.2.2	Home Rent Income	36,000,000	36,000,000	38,100,000	40,500,000	44,700,000	0%	6%	6%	10%

4.2.3	Water Price Tax	20,000,000	20,000,000	27,500,000	34,000,000	38,000,000	0%	38%	24%	12%
5.2.0	Rents									
5.2.1	Market Tax	450,000,000	751,840,000	786,220,000	790,230,000	810,200,000	67%	5%	1%	3%
5.2.2	Slaughter House Tax	120,000,000	150,000,000	180,000,000	220,000,000	250,000,000	25%	20%	22%	14%
5.2.3	Electricity Grid Tax	85,000,000	100,000,000	115,600,000	120,700,000	124,500,000	18%	16%	4%	3%
5.2.4	Public Transport Tax	50,800,000	70,200,000	82,400,000	92,500,000	100,000,000	38%	17%	12%	8%
5.2.5	Waste Disposal Tax	20,000,000	40,000,000	65,500,000	70,000,000	76,100,000	100%	64%	7%	9%
5.2.6	Facilitation Activities Tax	0	-	15,000,000	20,900,000	22,300,000	0	0	39%	7%
5.2.7	Harbours and Airports Tax	20,000,000	30,000,000	45,000,000	200,000,000	58,900,000	50%	50%	344%	-71%
5.2.8	Farm and Livestock Tax	0	10,000,000	10,000,000	10,000,000	10,000,000	-	0%	0%	0%
5.2.9	Health Service Tax	2,000,000	2,000,000	4,400,000	6,800,000	7,400,000	0%	120%	55%	9%
5.2.10	Meat Freezing Tax	0	-	-	-	-	-	-	-	-
5.2.11	Census Tax	24,200,000	30,000,000	59,690,000	69,690,000	80,000,000	24%	99%	17%	15%
5.2.12	Balance from Last Year	-	490,246,000	946,246,000	486,752,000	231,672,000	-	93%	-49%	-52%
TOTAL LOCAL TRANSFER		2,588,527,000	4,766,926,000	5,631,436,000	5,691,672,000	5,606,072,000		84%	18%	1%
CENTRAL TRANSFER										
Recurrent Transfer										
6.2.1	Commodity Tax	3,461,100,000	7,440,000,000	7,440,000,000	7,440,000,000	8,184,000,000	115%	0%	0%	10%
Development Transfer										
6.2.2	Fiscal transfer	0	-	-	-	-	0	-	-	-
TOTAL CENTRAL TRANSFER		3,461,100,000	7,440,000,000	7,440,000,000	7,440,000,000	8,184,000,000	115%	0%	0%	10%
EXTERNAL FUNDS										
7.2.1	Donor projects	0	-							
7.2.2	Solid Waste Management Project	0	-							
7.2.3	Urban Hygiene & Sanitation	0	-							

7.2.4	Tree Plantation								
7.2.5	JPLG	3,200,000,000	3,200,000,000	3,200,000,000	3,200,000,000	3,200,000,000	0%	0%	0%
TOTAL EXTERNAL FUNDS		3,200,000,000	3,200,000,000	3,200,000,000	3,200,000,000	3,200,000,000			
OTHER FUNDS									
8.2.1	Other Revenue								
8.2.2	Public support	0	100,000,000	220,000,000	300,000,000	380,000,000	-	120%	36%
8.2.3	Diaspora support	0	1,152,000,000	1,600,000,000	1,600,000,000	1,600,000,000	-	39%	0%
8.2.4	unforeseen income	0	-	-	-	-	0	-	-
8.2.5	Decentralization	0	-	-	-	-	0	-	-
TOTAL OTHER FUNDS			1,252,000,000	1,820,000,000	1,900,000,000	1,980,000,000	-	45%	4%
INCOME FROM ASSETS									
9.2.1	Rent from Municipality Buildings	0	-	-	-	-	-	-	-
9.2.2	Disposed property Sales	0	-	-	-	-	-	-	-
TOTAL INCOME FROM ASSETS									
GRAND TOTAL		9,249,627,000	16,658,926,000	18,091,436,000	18,231,672,000	18,970,072,000	80%	9%	1%

2.2 GAROWE EXPENDITURE FORECASTING

Expenditure Sources		Years				
Head	Expenditure	2009	2010	2011	2012	2013
		Actual	Budgeted	Forecast	Forecast	Forecast
Recurrent Expenditure						
1.1.0	Staff Salary & Allowances					
1.1.1	Permanent Staff Salaries	373,827,000	1,645,680,000	2,074,816,000	2,000,000,000	2,000,000,000
1.1.2	Temporary Staff Salary	0	0	64,568,000	40,000,000	40,000,000
1.1.3	Staff Allowance/ responsibility Allowance	47,400,000	94,800,000	110,000,000	100,000,000	100,000,000
1.2.0	Administrative Expenditure					
1.2.1(B)	Stationary & Printing	120,000,000	162,000,000	200,500,000	170,000,000	160,000,000
1.2.1(T)	Staff Uniform	12,000,000	24,000,000	50,000,000	50,000,000	45,000,000
1.2.1(J)	Fuel	460,000,000	480,000,000	760,000,000	780,000,000	800,000,000
1.2.1(X)	Staff Medical Allowance	55,000,000	60,000,000	100,000,000	100,000,000	100,000,000
1.2.1(Kh)	Seed & Land Nutrition	14,000,000	24,000,000	45,000,000	50,000,000	60,000,000
1.2.1(D)	Other Office Compensations	70,000,000	84,000,000	100,000,000	90,000,000	70,000,000
1.2.1(R)	Staff Milk	12,000,000	18,000,000	30,000,000	30,000,000	30,000,000
1.2.4(B)	Media & Advertisement	30,000,000	72,000,000	90,000,000	90,000,000	80,000,000
1.2.4(T)	Official Notices	3,000,000	6,000,000	12,000,000	12,000,000	12,000,000
1.2.5(B)	Vehicle Rents	59,000,000	240,000,000	280,000,000	230,000,000	220,000,000
1.2.5(T)	House & Office Rents	20,000,000	24,000,000	30,000,000	30,000,000	30,000,000
1.2.6(B)	Local Travels	12,000,000	24,000,000	30,000,000	25,000,000	20,000,000
1.2.6(T)	Transfer Expenses	0	6,000,000	6,000,000	5,000,000	6,000,000
1.2.7(B)	Post & Telephones	20,000,000	33,000,000	44,000,000	44,000,000	40,000,000

Rate of Increment			
2010	2011	2012	2013
340%	26%	-4%	0%
0	0	-38%	0%
100%	16%	-9%	0%
35%	24%	-15%	-6%
100%	108%	0%	-10%
4%	58%	3%	3%
9%	67%	0%	0%
71%	88%	11%	20%
20%	19%	-10%	-22%
50%	67%	0%	0%
140%	25%	0%	-11%
100%	100%	0%	0%
307%	17%	-18%	-4%
20%	25%	0%	0%
100%	25%	-17%	-20%
-	0%	-17%	20%
65%	33%	0%	-9%

1.2.7(T)	Water & Lights	29,100,000	39,000,000	50,000,000	51,000,000	55,000,000	34%	28%	2%	8%
1.2.8(B)	Invitation & Hosting	40,000,000	60,000,000	70,000,000	65,000,000	50,000,000	50%	17%	-7%	-23%
1.2.8(T)	Celebrations	14,000,000	72,000,000	100,000,000	90,000,000	85,000,000	414%	39%	-10%	-6%
1.2.8(J)	Staff Training	25,000,000	49,200,000	93,000,000	100,000,000	110,000,000	97%	89%	8%	10%
1.2.8(X)	Sports Expenses	20,000,000	144,000,000	156,000,000	160,000,000	150,000,000	620%	8%	3%	-6%
1.2.8(Kh)	Porter Expenses	4,000,000	12,000,000	20,000,000	20,000,000	15,000,000	200%	67%	0%	-25%
1.2.8(D)	Fines Allowance	11,000,000	33,000,000	40,000,000	40,000,000	40,000,000	200%	21%	0%	0%
1.2.8(R)	Meeting Expenses	40,000,000	60,000,000	90,000,000	84,000,000	86,000,000	50%	50%	-7%	2%
1.2.8(S)	Security Expenses	40,000,000	0	0	0	0	-100%	0	0	0
1.2.8(Sh)	Bank Commission (2%)	90,505,080	36,000,000	70,000,000	70,000,000	70,000,000	-60%	94%	0%	0%
1.2.8(Dh)	Publication of Books	72,000,000	100,800,000	110,000,000	100,000,000	112,000,000	40%	9%	-9%	12%
1.2.8(C)	Protection against Fertile Soil Erosion	10,048,920	72,000,000	72,000,000	82,000,000	88,000,000	616%	0%	14%	7%
1.2.8(G)	Subsidy for Staff Salary	312,000,000	400,000,000	430,000,000	342,000,000	330,000,000	28%	8%	-20%	-4%
1.2.8(F)	Miscellaneous Expenses	200,000,000	300,000,000	350,000,000	300,000,000	250,000,000	50%	17%	-14%	-17%
1.4.0	Grants & Donations									
1.4.1(B)	Grant for Handicaps	70,400,000	75,000,000	90,000,000	120,000,000	140,000,000	7%	20%	33%	17%
1.4.1(T)	Grant for Mosques	10,000,000	120,000,000	140,000,000	130,000,000	140,000,000	1100%	17%	-7%	8%
1.4.1(J)	Grant for Qur'anic Schools	9,500,000	60,000,000	75,000,000	75,000,000	80,000,000	532%	25%	0%	7%
1.4.1(X)	District Co-ordinator Expenses	12,000,000	12,000,000	20,000,000	20,000,000	20,000,000	0%	67%	0%	0%
1.4.1(Kh)	Bonus incentive for the Staff	90,000,000	420,000,000	450,000,000	400,000,000	400,000,000	367%	7%	-11%	0%
1.4.1(D)	Mayor's Office Expenses	90,000,000	120,000,000	130,000,000	130,000,000	130,000,000	33%	8%	0%	0%
1.4.1(R)	Secretary's Office Expenses	45,000,000	60,000,000	70,000,000	70,000,000	70,000,000	33%	17%	0%	0%
1.4.1(S)	Accountant's Office Expenses	21,000,000	36,000,000	45,000,000	45,000,000	45,000,000	71%	25%	0%	0%
1.4.1(Sh)	Budget Preparation Expenses	16,000,000	15,000,000	25,000,000	25,000,000	30,000,000	-6%	67%	0%	20%
1.2.9	Development Grants									
1.2.9(B)	Grant for the Ministry of Interior (MOI)	0	0	0	0	0	0%	0%	0%	0%

1.2.9(T)	Grant for Regional Office	72,000,000	180,000,000	200,000,000	200,000,000	200,000,000	150%	11%	0%	0%
1.2.10	District Police Allowances									
1.2.10(B)	Allowance for the District Police	189,000,000	225,000,000	230,000,000	220,000,000	230,000,000	19%	2%	-4%	5%
1.2.10(T)	Fuel & Stationery for District Police	94,500,000	113,000,000	125,000,000	130,000,000	150,000,000	20%	11%	4%	15%
1.2.10(J)	Repairs for District Police Vehicles	94,500,000	112,000,000	117,800,000	100,000,000	100,000,000	19%	5%	-15%	0%
1.2.11	Development Projects Administrative Fund									
1.2.11(B)	JPLG Administrative Fund	320,000,000	320,000,000	320,000,000	320,000,000	320,000,000	0%	0%	0%	0%
1.2.12	Unforeseen Expenditure									
1.2.12(B)	Deaths & Burial Expenses	10,000,000	20,000,000	30,000,000	30,000,000	30,000,000	100%	50%	0%	0%
1.2.12(T)	Fire Fighting Expenses	30,600,000	200,000,000	200,000,000	200,000,000	230,000,000	554%	0%	0%	15%
1.2.12(J)	Grant for Government Agencies	200,000,000	300,000,000	320,000,000	300,000,000	300,000,000	50%	7%	-6%	0%
2.2.1	General Hygiene and Sanitation									
2.1.1(B)	General Hygiene & Sanitation	240,000,000	336,000,000	372,000,000	370,000,000	370,000,000	40%	11%	-1%	0%
3.2.1	Payables									
3.2.1(B)	Local Payables	32,500,000	0	0	0	0	-100%	0%	0%	0%
Sub total Recurrent Expenditure		3,862,881,000	7,099,480,000	8,637,684,000	8,235,000,000	8,239,000,000	84%	22%	-5%	0%
Capital Expenditure										
1.2.2	Property Expenditures									
1.2.2(B)	Office Furniture	25,000,000	30,000,000	60,000,000	50,000,000	40,000,000	20%	100%	-17%	-20%
1.2.2(T)	Office Beautification Materials	7,500,000	12,000,000	17,000,000	10,000,000	14,000,000	60%	42%	-41%	40%
1.2.2(J)	Vehicle Purchase	0	0	0	0	0	0	0	0	0
1.2.2(X)	Generators & Their Accessories	18,000,000	24,000,000	30,000,000	25,000,000	30,000,000	33%	25%	-17%	20%
1.2.2(Kh)	Tools for Wells	0	0	10,000,000	10,000,000	20,000,000	0	0	0%	100%
1.2.2(D)	Tools for City Hygiene	25,000,000	33,000,000	40,000,000	30,000,000	40,000,000	32%	21%	-25%	33%

1.2.3	Maintenance									
1.2.3(B)	Vehicle Repairs	62,000,000	120,000,000	180,000,000	170,000,000	150,000,000	94%	50%	-6%	-12%
1.2.3(T)	Roads & Gardens	42,000,000	120,000,000	200,000,000	200,000,000	200,000,000	186%	67%	0%	0%
1.2.3(J)	Office Rehabilitation	12,000,000	24,000,000	35,000,000	40,000,000	40,000,000	100%	46%	14%	0%
1.2.3(X)	Slaughterhouse & Markets	45,000,000	45,000,000	60,000,000	70,000,000	100,000,000	0%	33%	17%	43%
1.2.3(Kh)	Schools Rehab.	20,000,000	60,000,000	120,000,000	140,000,000	180,000,000	200%	100%	17%	29%
1.2.3(D)	Home Income Schools	0	12,000,000	15,000,000	20,000,000	15,000,000	-	25%	33%	-25%
1.2.3(R)	Development Spending/Projects	1,440,000,000	3,900,000,000	4,000,000,000	5,000,000,000	5,902,000,000	171%	3%	25%	18%
1.3.0	Security									
1.3.1	Security Expenses	0	1,033,200,000	1,000,000,000	800,000,000	800,000,000	-	-3%	-20%	0%
1.4.0	Development Projects									
1.4.1	JPLG	3,200,000,000	3,200,000,000	3,200,000,000	3,200,000,000	3,200,000,000	0	0	0	0
Sub Total Capital Expenditure		4,896,500,000	8,613,200,000	8,967,000,000	9,765,000,000	10,731,000,000	76%	4%	9%	10%
Grand Total		8,759,381,000	15,712,680,000	17,604,684,000	18,000,000,000	18,970,000,000	79%	12%	2%	5%
Surplus / Deficit		+ 490,246,000	+ 946,246,000	+ 486,752,000	+ 231,672,000	+ 72,000	93%	-49%	-52%	-100%

3. ASSUMPTIONS

- The tax sources of revenue will increase over the next years for the reason that more income is expected to come from a number of unexploited tax sources such as tax from houses, district own properties, electricity distribution and water prices.
- Revenue from livestock sales and business licences across the district is expected to grow nearly by 5% in the coming years.
- Property taxation is expected to increase the revenue base as revenue generation activities such as GIS and property registration processes are under way and will start operating this year.
- Taxes from fines, slaughterhouses, public transport system, market places, waste disposal and land permission as well as indirect taxes were not exploited well in the past. These revenue sources are assumed to increase by 3 to 5% for the coming years.
- The Government of Puntland State, though committed to the development of the district, was not doing well in that perspective in the past. This year the government is expected to support the district financially (fiscal transfer) and a substantial amount of S.Sh 7,440 million is projected in the budget for the coming years.
- The local community and Diaspora were not doing well last year to support the development of the district. This year and the subsequent years a total of S.Sh 4,352 million is projected in the budget.
- As has been the case in the past, the international and local organizations through donor funding are expected to provide more external funding (in-kind/cash) to do better in this and following years towards the realizations of the District plans, Puntland Five Year Plan and Millennium Development Goals (MDGs).
- There is a high potential of carrying down higher balances from previous years to the coming years.
- The types of expenditure that are required in the district will increase over the next two years since development activities will be enlarged and extended across the district by improving social services, infrastructure and economic activities.
- Unlike last year the district will encourage more its staff to carry out their duties in the best possible manner by providing bonus incentives, allowances, salary subsidies and promotions. Recruitment of new staff is also planned and thus the salary expense will increase.

4. RISKS

- Unexpected change of economic situation in the district.
- Unanticipated slowing of government revenues
- Fear of livestock ban re-introduced and/ or restrictions on livestock export
- Severe prolonged drought and livestock diseases
- Lack of political will to allocate fiscal transfer
- Late introduction of the revenue generation mechanisms such as GIS, property taxation and Land registration.
- Lack of double-entry accounting in public finance systems will foster poor transparency, accountability and auditing practices.
- Underpaid municipal staff
- Limited skills of municipal staff
- Widespread corruption
- Possible challenges towards new revenue generation mechanisms
- Global factors which may affect the economy of the country.