Federal Government of Somalia
Ministry of Finance

Somalia Enhancing Public Resource Management Project (SERP)

Capacity-Building Workshop to Enhance Budgetary Technical Knowledge and Operational Efficiency for FGS and FMSs

MAA Hotel, Nairobi, Kenya

26 July – 6 August 2025

Training Report

Table of Contents

1. Background ... 3
2. Objectives of the Training ... 3
3. Training Method ... 4
4. Annexes ... 5

Annex 1: List of Participants ... 5

Annex 2: Training Workshop Schedule ... 6

Annex 3: Training slides which guided the theoretical discussions ... 8

Annex 4: Links to templates for the budget strategy, budget framework paper, citizens budget, in-year budget performance report, mid-year report, and end-year budget performance report 25

Annex 5: Links to midyear reports and citizen budgets produced by each FMS group ... 26

1. Background

The Federal Republic of Somalia received a grant from the World bank towards the implementation of the Somalia Enhancing Public Resource Management Project (SERP) to strengthen accountability, transparency, and institutional capacity in public resource management in public entities at the federal and FMS levels. One of the reform activities of the project included building capacity of the Budget Directorates in FMSs in preparation and dissemination of key budget documentation in such a way that enhances public participation in the budget process at both FGS and FMS levels, thereby enabling informed decision-making by both government and external stakeholders. Towards this end, the SERP project organized a two-weeks training to train FMSs and FGS staff in the preparation of core budget documentation including budget strategies, budget policy framework paper, citizens budget bulletins, and in-year/midyear/end year budget performance reports. The training was attended by 29 participants from FMSs and FGS Budget Directorates, Inter-Governmental Fiscal Affairs Secretariat, and key project staff that support FMSs in their technical work. **Annex 1** presents the list of participants and their respective MDAs.

2. Objectives of the Training

The objective of the training was to build the technical capacity of staff from both the FGS and the FMS Budget Directorates with practical skills in the preparation, presentation, and dissemination of key budget documents. Specific objectives included training FMS staff in the following:

i) Designing and populating Citizens Budgets, with attention to content structure, plain-language writing, use of infographics, and website publication to ensure accessibility and clarity for the general public.
ii) Preparing Budget Strategy Papers (BSPs) and Budget Policy Framework Papers (BPFPs) that align with sector ceilings, macro-fiscal forecasts, and national budgeting timelines.
iii) Compiling Mid-Year Review and Year-End Budget Analysis Reports, including skills in variance analysis, visual presentation of budget performance data, and drafting concise narrative reports that explain deviations and highlight policy implications.
iv) Establishing internal workflows and quality-assurance mechanisms to ensure that all budget publications are prepared in a timely, accurate, and consistent manner across FGS and FMS institutions.

3. Training Method

To ensure that participants get grounded in the preparation and dissemination of key budget documents, the training consisted of theoretical and hands-on sessions. The theoretical components comprised lectures, discussions and reference materials and templates for each of the core budget documents. The hands-on sessions required the participants to apply the theoretical concepts that were discussed in the theoretical sessions. Each FMS formed a group and started going through the templates to understand them more. Given the limited time of the training, each group was required to use the templates and produce two documents, as a must—that is, midyear budget review report for the fiscal year 2025, and a citizens' budget bulletin for the budget being formulated for fiscal year 2026. At the last day of the training each group presented to the plenary the two documents that were prepared following the templates taught to them during the theoretical sessions.

In total, the participants sat through about thirty hours of lectures and discussions in the morning sessions, during which all the theoretical materials were presented and discussed. In the afternoon, participants worked in their groups on practical exercises to internalize and understand more on the concepts and templates introduced to them, and to produce their midyear review for 2025 and citizens budgets for 2026. **Annex 2** presents the timetable followed during the training. **Annex 3** presents the materials in power point presentation which guided the theoretical discussions. **Annex 4** presents the templates for the budget strategy, budget framework paper, citizens budget, in-year budget performance report, mid-year report, and end-year budget performance report. **Annex 5** contains the links to the outputs (midyear reports and citizen budgets for each FMS) produced by each group. The training was facilitated by the AfDB-funded Budget TA for the FGS Ministry of Finance, assisted by several staff of the FGS Budget Directorate.

4. Annexes

Annex 1: List of Participants

The Federal Republic of Somalia

Ministry of Finance

OFFICE OF THE BUDGET DIRECTOR

S/N	Name of the Participants	Title	FMS name
1	Abdiwahid Ahmed Guled	Head of Intergovernmental	FGS
2	Mohamed Abdirisak Abdullahi	Head of Budget Preparation & Execution	FGS
3	Ismail Hassan Noor	Senior Officer of Budget Capital Expenditure & PIM	FGS
4	Abdinasir Ali Omar	Senior Finance Officer for Budget M&E	FGS
5	Hassan Mahbub Mursal	Senior Officer of Intergovermental FF	FGS
6	Abbas Abdi Mohamed	Officer of Intergovermental FF	FGS
7	Abdullahi Jama Awil	Finance Officer for Budget M&E	FGS
8	Warfa Liban Mohamed	Finance Officer for Micro Fiscal	FGS
9	Mahad Dahir Afrah	Budget Director	BRA
10	Hussein Mohamud Ali	Budget Staff	BRA
11	Liban Abdi Ahmed	Budget Staff	BRA
12	Prof. Daniel Mambule Mwanje	The Trainer (Budget Directorate Advisor)	FGS
13	Ayan Mohamed Hassan	Acting Budget Director	JSS
14	Mohamed Abdirisak Nor	Budget officer	JSS
15	Mohamed Ahmed Fayruus	Budget officer	JSS
16	Khalid Hassan Mohamed	Budget officer	HSS
17	Abdikarim Abdullahi Mire	Budget Operation Officer	HSS
18	Hassan Mohamed Ali	Micro-economic Officer	HSS
19	Abdiaziz Moallim Hussein	Budget Director	SWS
20	Abdirahman Mohamed Nor	Head of Budget Preparation	SWS
21	Iftin Adan Abdi	Macro Fiscal Officer	SWS
22	Mohamud Ibrahim Adan	Budget Director	GSS
23	Ahmed Abdi Farah	Budget Officer	GSS
24	Ali Hussein Siyaad	Budget Staff	GSS
25	Ahmed Abshir Ali	Budget Director	SSC-KS
26	Najah Omar Ahmed	Admin & Finance Director	SSC-KS

Annex 2: Training Workshop Schedule

Federal Government of Somalia
Ministry of Finance
Somalia Enhancing Public Resource Management Project (SERP)

Capacity-Building Workshop to Enhance Budgetary Technical Knowledge and Operational Efficiency for FGS and FMSs with a Focus on Preparation of Key Budget Documentation
MAA Hotel Nairobi, 26 July – 6 August 2025

Workshop Schedule

Week 1

Time	Day 1 Saturday 26 July	Day 2 Sunday 27 July	Day 3 Monday 28 July	Day 4 Tuesday 29 July	Day 5 Wednesday 30 July
09:00 – 11:00	Opening Remarks and Introductions Types of budget documents expected to be produced—an overview	Budget framework paper template walk-thru and identification of data sources	Citizens budget template walk-thru and identification of data sources	Hands-on re preparation of mid-year review (each FMS forms a distinct group to prepare FMS MYR)	Hands-on re preparation of mid-year review (continued)
11:00 – 11:20	Health Break	Health Break	Health Break	Health Break	Health Break
11:20 – 12:40	Types of budget documents expected to be produced—an overview	Budget framework paper template walk-thru and identification of data sources (continued)	In-year report, midyear review and end-year report templates walk-thru	Hands-on re preparation of mid-year review (continued)	Hands-on re preparation of mid-year review (continued)
12:40 – 13:00	Prayer	Prayer	Prayer	Prayer	Prayer
13:00 – 14:00	Lunch	Lunch	Lunch	Lunch	Lunch
14:00 – 16:00	Budget strategy template walk-thru and identification of data sources	Budget framework paper template walk-thru and identification of data sources (continued)	In-year report, midyear review and end-year report templates walk-thru	Hands-on re preparation of mid-year review (continued)	Hands-on re preparation of mid-year review (continued)

Workshop Schedule
Week 2

Time	Day 6 Saturday 2 August	Day 7 Sunday 3 August	Day 8 Monday 4 August	Day 9 Tuesday 5 August	Day 10 Wednesday 6 August
09:00 – 11:00	Hands-on re preparation of mid-year review (continued)	Hands-on re preparation of FMS citizens budgets (each FMS to prepare own CB)	Hands-on re preparation of FMS citizens budgets (continued)	Hands-on re preparation of FMS citizens budgets (continued)	Group presentations and discussions
11:00 – 11:20	Health Break	Health Break	Health Break	Health Break	Health Break
11:20 – 12:40	Hands-on re preparation of mid-year review (continued)	Hands-on re preparation of FMS citizens budgets (continued)	Hands-on re preparation of FMS citizens budgets (continued)	Hands-on re preparation of FMS citizens budgets (continued)	Group presentations and discussions
12:40 – 13:00	Prayer	Prayer	Prayer	Prayer	Prayer
13:00 – 14:00	Lunch	Lunch	Lunch	Lunch	Lunch
14:00 – 16:00	Hands-on re preparation of mid-year review (continued)	Hands-on re preparation of FMS citizens budgets (continued)	Hands-on re preparation of FMS citizens budgets (continued)	Exchanging the two Group outputs for scrutiny	Remarks by SERP WB/TTL **CLOSING**

Annex 3: Training slides which guided the theoretical discussions

KEY GOVERNMENT BUDGET DOCUMENTS: AN OVERVIEW

26 Jul to 6 Aug 2025 Budget documentation training for FMS 2025 1

Documents recommended by the International Budget Partnership

- Executive's Budget Proposal (budget strategy)
- Pre-Budget Statement (budget policy framework/background to the budget)
- Enacted Budget (appropriation act)
- Citizens Budget
- In-Year Reports
- Mid-Year Review
- Year-End Report
- Audit Report

26 Jul to 6 Aug 2025 Budget documentation training for FMS 2025 2

Budget Strategy

Overview

- Often called:
  - ➢Pre-Budget Statement
  - ➢Fiscal Strategy Paper
  - ➢Budgetary Framework Paper
- Sets out Government's budget strategies for the next fiscal year, and for the two subsequent fiscal years.
- Indicates Government's perspective:
  - how fiscal policy will relate to the broader economy, to stimulate growth
  - how budget priorities will be shaped in the coming years.
- Reflects Government's initial thinking about the budget for the next fiscal year, taking into consideration that….
  - the final budget will be different, taking into account the developments that will emerge during consultations with Cabinet and other stakeholders

Budget strategy has 5 key components (1)

1) Macroeconomic forecast over the medium term
2) Government's fiscal objectives over the medium term
3) Broad sectoral allocations
4) Expectations for broad categories of taxes and revenues
5) Description and cost of new policy measures

Macroeconomic forecast over the medium term

- GDP growth
- Composition of GDP growth (if data is available, e.g., contribution of agriculture, industry, services…to GDP)
- Employment (if data is available)
- Inflation
- Current account
    - How much money is flowing into and out of the country, which is more?
    - Flowing in—exports, remittances, FDI, ODA, etc.
    - Flowing out—payments for imports, expatriate services, current and capital transfers, debt payments, etc.
- Interest rates (if applicable)

Government's fiscal objectives over the medium term

- **Long-term economic and fiscal policy objectives** for the next budget and, at least, the following two fiscal years e.g.,
  - *increase revenue by 0.3 percentage points of GDP each year*
  - *allocate 15% of domestic revenue to capital expenditure*
  - *operating expenditure to be covered by domestic revenue by 2027, etc.*
- Highlight total level of revenue, expenditure, fiscal balance, and debt, and the **role fiscal policy is expected to play in macroeconomic policy** .
  - *Analyze fiscal performance (developments year-to-date in budget year)*
  - *Build a fiscal framework (expectations of aggregate revenues & expenditure)*
  - *Describe how spending and taxation policies will affect aggregate demand, investment, and overall economic performance*
- If data is available, indicate sensitivity of budget aggregates to macroeconomic conditions
  - *e.g., if growth target does not materialize, what happens to revenue, spending?*
- Estimates of net borrowing requirement (if borrowing is allowed).

Broad sectoral allocations (ceilings)

- Highlight the broad policy strategy envisaged for different sectors (budget priorities), and how these are expected to contribute to growth or service delivery improvements.
- Indicate budget estimates (ceilings) by MDA
  - Operating expenditure (wage)
  - Operating expenditure (non-wage)
  - Capital expenditure
  - Other expenditure (e.g., social benefits, subsidies)

Illustration of a budget ceilings table

MDA	Wage	Non-wage	Capital	Other exp	Total	%share
President's Office						
Parliament						
Ministry of Finance						
Ministry of Agriculture						
Etc…						
Etc…						
Etc…						
Total						

Description and cost of new policy measures

- Describe and estimate the costs of any important new policy measures (both revenue and expenditure) that will be undertaken in the next fiscal year.
- Highlight how such measures will affect the budget over the medium term and possibly the long term, e.g.,
  - *Increase of sales tax rate from 5% to 6% will generate at least $2m per year*
  - *Provide new equipment to the navy to fight illegal fishing, expected to generate at least $5m per year in fishing licences*
  - *Introduce internal audit function at every MDA, expected to reduce wasteful expenditure or generate expenditure savings worth $0.5m per year*

Budget Policy Framework

Overview

- Often called the Executive’s Budget Proposal
- Most important economic policy instrument and expression of executive’s priorities
- Determines tax burden on citizens
- Determines distribution of resources among different segments of the population
- Determines costs/debt to be borne by future generations
- Key opportunity for stakeholders (e.g., civil society, MPs) to influence policy

Key content

- Macroeconomic forecast
- Assessment of sustainability of current policies
- Forecast and explanation of revenues
- Estimates and classification of expenditures
- Financing of deficit
- Composition of debt
- Other fiscal activities (e.g. off budget activities)

Key content in detail

- Description of recent economic developments in domestic and international economies
  - *Summary of forecasts of macroeconomic variables that influence the government's finances—GDP, inflation, etc.*
- Discussion of Government's medium-term budget/fiscal strategy and forecasts, and an assessment of the sustainability of current policies.
- **Detailed** explanations of Government's revenue forecasts, by main revenue type. Include:
  - description of any new revenue measures being introduced
  - impact of the new measures on economy
  - estimated impact of each new measure
  - information on tax exemptions.

Key content of BFP contd.

- Detailed explanations of Government expenditures,
  - by MDA
  - by objects (economic classification)
  - by programs (if applicable)
- Description of new expenditure measures being introduced.
- List of capital projects
  - Project name
  - MDA
  - Total approved project cost
  - Total expenditure to date (in case of ongoing project)
  - Source/type of financing e.g., FGS, WB, AfDB, EU, etc
- Section on key performance indicators (financial and nonfinancial KPIs).

Key content of BFP contd.

- Discussion of priority spending programs — especially on those focusing on poverty alleviation, growth, improving service delivery.
- An explanation of how the proposed budget will be financed, with details of domestic and external financing of the deficit.
- Detailed information on the level and composition of public debt, debt servicing, and how the debt is being managed.
- Supporting documents that provide details of fiscal activities that do not require annual appropriations (off budget funds, state owned enterprises).

Key content of BFP contd.

- Fiscal risks
  - likely variations in macroeconomic assumptions
  - risks in public debt management
  - risks from contingent liabilities (guarantees in e.g., PPPs, legal action against government)
  - risks from local governments or state-owned corporations
  - risks associated with resource revenues (volatile prices of crude oil)
- Details of transfers to local governments
- Resource revenue receipts and operation of any natural resource funds
- Information by donor on assistance received, both financial and in-kind assistance, and by project and program.

CITIZENS BUDGET

What is a citizens' budget?

- **Is a document developed by Government exclusively for the public**
- It enables citizens to understand how government is raising and spending budget resources.
  - ***Provides citizens with an insight into government's policy priorities and budget allocations.***
- **It represents important precondition for ensuring fiscal transparency and enabling public participation in budgeting processes**.
- It should be simple, less technical version of a government's budget. It uses non-technical language
- It should be produced timely.
- It should incorporate information that is relevant for the general public.

What is a Citizens Budget…continued

- Can be presented in a number of ways, ranging from a simple brochure to a comprehensive report.
- It should be widely and easily accessible by different users.
- It must:
  - be produced by Government
  - be produced in consultation with citizens
  - enable public understanding and ownership of the budget
  - serve as a door to more information about the budget
  - **be published at or around the same time as the budget itself**
  - include significant information about the budget
  - **be produced in at least the official language(s) of the country**
  - be disseminated widely, preferably in multiple formats.

Content of a Citizens Budget

- Content should try to provide answers to questions such as:
  - Why should I care about the budget? Why should I try to learn more about it? How does it impact my life?
  - Who makes decisions about the budget?
  - Where does Government's money come from?
  - Where is the money going?
  - Where can I find more information about the budget?
  - How can I influence the budget?

Typical content

- Economic assumptions underlying the budget
- The budget process: who proposes, approves, implements and evaluates the budget?
- Macroeconomic data underlying the budget, with an explanation of how that is related to the budget
- Revenue by source
- Allocations presented by sectors (e.g., health, education, roads) and/or trends in allocations over years
- Subnational allocations: how much is going from the national to subnational governments and for what purposes?
- Evidence on impact of expenditures in specific sectors/programs

Typical content contd.

- Significant new measures for revenue and expenditure
- Sector-specific information and information about targeted programs (e.g. school feeding, support to the elderly, upgrading roads, etc.)
- Donor funds (sources, what it is being spent on)
- Debt repayment as a share of the budget, and how debt is being managed
- Budget terminology
- Contact information for follow up by citizens

IN-YEAR REPORTS
MID-YEAR REPORT
END-YEAR REPORT

IN-YEAR REPORTS

- In-Year Reports provide a snapshot of the budget's implementation during the fiscal year.
- They need to be relatively brief, periodic (usually monthly and quarterly) assessing the major components of the budget.
- **Objective of In-Year Reports is to provide a periodic measure of the trends in revenues and expenditure totals to date, with some explanation of any significant deviations from expectations**
- In-Year Reports provide an important contribution to budget transparency.
- In-Year Reports can support the information in the Mid-Year Review to help determine whether the initial strategy in the budget is in need of any adjustment or needs fine-tuning.

Key content of in-year reports

1) **Snapshot of budget implementation** (i.e. progress in implementing budget)
2) **Actual revenues collected and expenditures incurred in each month and year-to-date and comparison with plans**
3) **Initial identification of deviations from budget;** (if a significant divergence between actual and forecast amounts occurs, an explanation should be made).
4) Expenditures by object and by MDAs
5) Government's borrowing activities

Mid-Year Review

- **The Mid-Year Review is an analysis of the budget's effects provided about halfway through the fiscal year.**
- Represents an opportunity to comprehensively assess a government's fiscal performance against the budget strategy.
- Assesses whether the budget is adequately coping with current macroeconomic developments (e.g. changes in prices, state of implementation of different elements of the budget, changes in revenue collections).
- **Helps to assess what is on track or off track in terms of programs underspending or overspending relative to the appropriated budget**.

Mid-Year Review contd.

- Mid-Year Review **can help to indicate whether the budget needs adjustments or corrective measures** in the allocation of resources between MDAs or in the level of overall spending.
- **Often primarily serves to judge whether a supplementary budget is needed to cover items that require additional spending authorization**.
- **It helps take stock of the progress in realizing specific output targets in public programs**.

MYR key content

1) Revisions in economic assumptions and their impact on budget estimates
2) Comprehensive identification and explanation of deviations in budget spending and revenues and estimates
3) Exploration of policy adjustments
4) Details on policy decisions taken and policy developments since presentation of budget

Year-End Report

- **A Year-End Report presents Government's discussion of the performance of the budget as executed relative to its original budget and any supplementary budget**.
- It covers what was actually spent and collected relative to budget.
- Discusses how Government performed in terms of the physical output targets set in the original budget.
- Provides an important opportunity for Government to **take stock of its previous year's performance, both in macroeconomic terms and for specific sectoral programs**.
- **Assesses whether Government and individual MDAs succeeded in terms of realizing the Government's policy objectives**.
- **Helps to identify policies and programs that need to be strengthened and to begin to provide ideas for future policy directions.**

Key content for end-year report

1) Aggregate spending and revenues, the overall budget balance, and its financing.
2) Level of public debt
3) Expenditures by functional and economic classification
4) Actual revenues collected under different categories
5) A summary presentation of government spending by MDA and programs in comparison to the appropriated budget.
6) Deviations and explanation of deviations between macroeconomic forecast and actual results
7) Summary of year-end reports of different MDAs, highlighting strengths and weaknesses in performance of the MDAs.
8) Nonfinancial information on government's performance in realizing its targets and performance indicators
9) Lessons learnt from the past fiscal year and how this can inform the formulation of future policy.

GROUP EXERCISES

Hands-on exercises

- **Each FMS is required to develop:**
  1. **Mid-year review report**
  2. **Citizens budget**
- **These documents are required to be produced by the funders of the training (SERP/WB)**

26 Jul to 6 Aug 2025 Budget documentation training for FMS 2025 33

Annex 4: Links to templates for the budget strategy, budget framework paper, citizens budget, in-year budget performance report, mid-year report, and end-year budget performance report

Template for…..	Link to template
Budget strategy	Budget strategy template.docx
Budget framework paper	Budget policy framework template.c
Citizens budget	Citizens budget template.docx
In-year budget performance report	In-year report template.docx
Mid-year report	Mid-year review report template.docx
End-year budget performance report	End-year report template.docx

Annex 5: Links to midyear reports and citizen budgets produced by each FMS group

FMS	Midyear review report link	Citizens budget link
Jubbaland	Mid-year review report for jubbaland F	Jubbaland Citizens budget.docx
Galmudug	2025 GSS Mid-year review report 2025 Bu	2026 GSS Citizens budget draft.docx
Hirshabelle	HSS MID-YEAR REVIEW.2025.pdf	HSS CITIZENS BUDGET .pdf
South West	MID-YEAR REVIEW REPORT SWSS 2025!.	BUDGET CITIZENS-SSWSS 202
BRA	2025 BRA Mid-year Review Report.docx	Budget Citizen BRA 2026.docx
North East	Mid-year review report for Northeast.d	Citizens budget Draft.docx Citizen's Budget Presentation.pptx