

Somali Regional State Budget Brief: 2007/08 – 2015/16

Key Messages

- **Vulnerability to climate change:** In Somali region the pastoralist livelihoods system is becoming increasingly susceptible to climate change, and irregularity in rainfall patterns affect agricultural production. This has led to extensive food insecurity and malnutrition in the region.
- **Poverty:** About 22.4 per cent of the population in Somali region were below the nationally defined poverty line in 2016.
- **Regional resource envelope:** The Somali region managed to finance only 14 per cent of its budget from its own regional sources (of which tax revenue accounted more than 74 per cent). Regional revenue collected from non-tax sources, mainly generated from government services fees and charges, contribute less than 5 per cent to the regional budget. The structure of tax revenue in the region is dominated by direct tax, and its contribution to the total tax revenue collected ranges from 97 per cent in 2007/08 to 60 per cent in 2015/16. Most of the regional revenue from direct tax is generated from payroll tax and taxes on rental income and profits of enterprises and individuals.
- **Regional expenditure:** Regional spending has increased eight fold from ETB 1 billion in 2007/08 to about ETB 8.5 billion in 2015/16. In per capita terms, spending has increased from ETB 231 in 2007/08 to ETB 1609 in 2013/14. In terms of allocation of expenditure across the broad categories, the largest share of the regional expenditure is allocated to finance economic services (37.7 per cent), followed by general services (36.7 per cent) and finally social services (25.6 per cent) in 2015/16. Contrary to other regions, almost half of the Somali regional budget is being spent on financing recurrent expenses.
- **Expenditure aligned to pro-poor sectors:** The regional government has leveraged huge resources to boost spending in pro-poor sectors. In the past nine years, Somali region has spent nearly 54 per cent of its budgetary resources on pro-poor sectors, which is however lower than the national average of 66.4 per cent.
- **Access to education service:** Pastoral/nomadic lifestyle of the Somali people, limited infrastructure development and investment in education, and socio-cultural barriers to participation-especially for girls had lead the region to have one of the lowest primary and secondary school enrolment rates in Ethiopia. Recently, however, the regional spending on education has increased eleven fold from ETB 0.1 billion in 2007/08 to about ETB 1.4 billion in 2015/16, and approximately 14 per cent of the total regional expenditure was headed to finance education expenditure for the last nine years.
- **Access to health service:** Somali has poor public health status and the major health problem in the region is malaria and causes many deaths. Despite the implementation of a package of interventions, the progress in the reduction of infant and child mortality is limited, and there are also social barriers to fully accept family planning services in region. Only 10 per cent of the total regional expenditure was headed to finance health care spending between 2007/08 and 2015/16.
- **Access to safe water and improved sanitation remain key challenges in Somali region:** According to the 2014 EMDHS, about 76.3 per cent and 90.6 per cent of households in Somali region did not have access to safe drinking water and improved sanitation facilities, respectively. Moreover, the region also faces a challenge regarding the rate of households using open defecation (57.4 per cent in 2014). About 13 per cent of the total regional expenditure was headed to finance water and sanitation services spending between 2007/08 and 2015/16.

The purpose of this regional budget briefing note is to analyze the budget and expenditures that are recorded on-budget for the Somali Regional State so that it is easily understood by stakeholders, and to put forth key messages to inform policy and financial decision-making processes. The detailed analysis of the level and composition of public expenditure of selected social service sectors (education, health and nutrition, and water supply) are also presented. Audited financial accounts are presented for the years up to 2013/2014 while preliminary financial accounts have been made available for the 2014/2015 and 2015/2016 fiscal years.

1. Introduction

Socioeconomic Profile

Somali regional state is located in the eastern and southeast part of Ethiopia and is one of the least developed region in the country. The region has an estimated population of about 5.6 million people, which makes up only 5.9 per cent of the Ethiopian population (table 1). Apart from a small percentage of the population engaged in commerce or civil service in urban areas, the majority of the region's population is classified as pastoralists or agro-pastoralists that are dependent on animal husbandry and riverine farming for their livelihood. The main sources of income for households include livestock and livestock product sales, crop sales, firewood and charcoal sales, petty trade and remittance from their fellow migrant families living in the western part of the world.

Table 1: Socioeconomic profile of Somali region

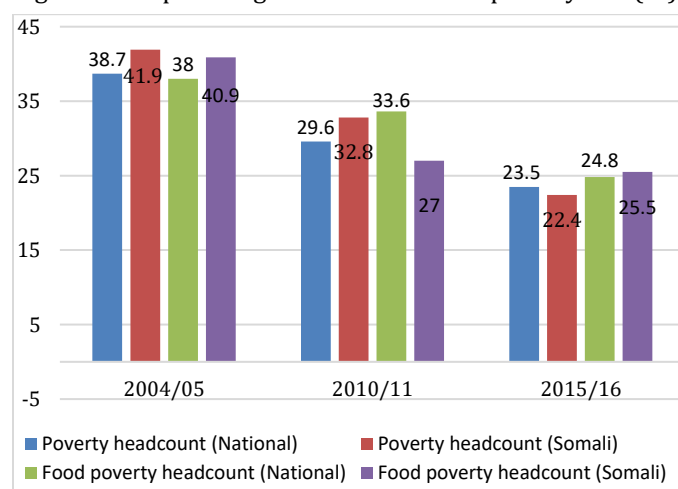
Indicators	National	Somali
Total population, in million (CSA, 2017 projection)	94.4	5.6
Total population under-5 years, in million (CSA, 2017 projection)	13.3	0.91
Population growth rate (Census, 2007), %	2.6	2.6
Total fertility rate (EDHS, 2016), %	4.6	7.2
Coverage of PSNP, rural household (EDMHS, 2014), %	10.8	12

The implementation of pro-poor economic and social development policies and strategies contributed to the reduction of poverty and food insecurity in the region. Nonetheless, the pastoralist livelihoods system is becoming increasingly vulnerable to natural hazards and climate change. Irregularity in rainfall patterns in the region has affected livestock production, and many Somali people do not benefit from the huge number of livestock. This has led to extensive food insecurity and malnutrition in the region and the population are still dependent on food handouts provided by humanitarian organizations.

There has been also a high frequency of droughts in Somali region, and the drought often aggravates the vulnerability of household livelihood through the destruction of livestock resources which is the major source of living. As a result, there is extensive need for emergency relief. According to the 2014 Ethiopia Mini Demographic and Health Survey (EMDHS), nearly 12 per cent of the households were chronically food deficient, and they were reached by PSNP intervention in 2014.

Poverty is widely prevalent in Somali region. Based on the 2016 Household Income and Consumption Expenditure Survey (HICES), about 22.4 per cent of the population in the region were below the nationally defined poverty line (figure 1)¹. In 2011, Somali region had a child poverty rate of 36 per cent². Poverty in the urban areas is more prevalent (22.9 per cent) than in the rural areas (22.3 per cent). However, the level of poverty in the region has significantly declined from 32.8 per cent in 2010/11 to 22.4 per cent in 2015/16. The food poverty situation in the region is also critical (25.5 per cent in 2015/16). According to this survey the proportion of people living below the food poverty line is higher than the national average.

Figure 1: People living below the national poverty line (%)



Source: National Planning Commission. September 2017. Ethiopia's Progress towards Eradicating Poverty: an Interim Report on 2015/16 Poverty Analysis Study.

¹National Planning Commission. September 2017. Ethiopia's Progress towards Eradicating Poverty: an Interim Report on 2015/16 Poverty Analysis Study.

² CSA, UNICEF and OPM. 2015. Child Well-Being in Ethiopia: Analysis of Child Poverty using the HICES and WMS 2011 Datasets.

Institutional Context and Budgetary Process

Somali region has 11 administrative zones made up of 93 woredas, six administrative towns and 1224 kebeles. There are three tiers of governments: regional, woreda (district) and kebele (community level administration with an average of 500 households) each with their respective legislative, executive and judiciary organs. The region also has zonal administration serving as a bridge between the region and woreda. The region receives non-earmarked block grants from the federal government as a major source of its revenue and is coupled with the revenue generated within the region. The region then allocates block grants to regional sector bureaus, woredas and town administration offices through an evaluation of their budget demand requests by using the grant formula.

Table 2: Timeline for Somali region annual budget and finance process

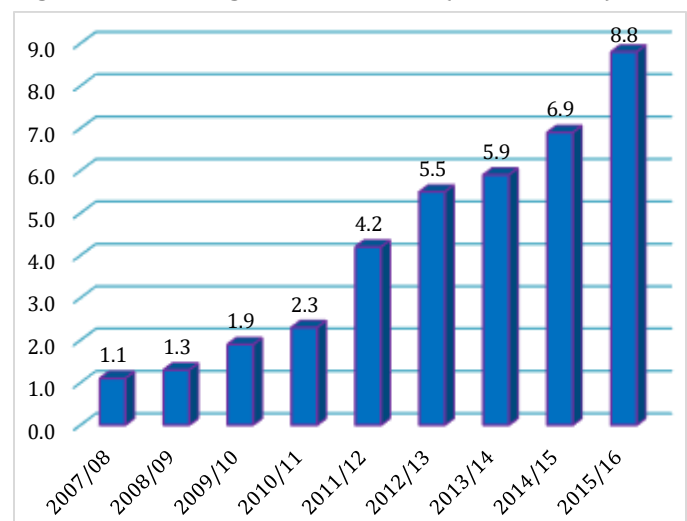
Time-frame	Major activities
Oct - Mar	Annual budget preparation by regional government sector bureaus.
Dec - Jan	Preparation/revision of woreda budget subsidies distribution formula by Bureau of Finance and Economic Development (BoFED).
Jan	The regional cabinet approves the annual woreda budget subsidies distribution formula.
Jan - Feb	BoFED makes a call to regional government sector bureaus to submit their annual budget requirement.
Feb	BoFED announces the estimated amount of subsidies that will be distributed to woredas.
Feb - Mar	Regional government sector bureaus submit their annual budget requirement and requests to BoFED.
Apr - Jun	Preliminary annual budget preparation.
Jun	Preliminary annual budget approval.
Jun - Jul	The regional parliament approves the draft budget proclamation and approves the annual budget for implementation.
Jul	BoFED announces the approved annual budget.
Jul - Aug	BoFED distributes the approved annual budget to regional executive organs.
Starting Aug.	Monitoring and auditing of regional sector bureaus and <i>woreda</i> administration offices.

The fiscal planning process in Somali region starts at the sectoral level in consultation with woreda and other stakeholders. The draft report is consolidated by regional bureau of finance and economic development (BoFED) and submitted to the regional cabinet. The regional cabinet after discussing the budget with the various stakeholders submits it to the regional council for approval. The same process is undertaken at the woreda level.

2. Regional Resource Envelop

The Somali region aggregate resource envelop is comprised of federal block grant, regional own revenue, foreign loans and grants, food security and PSNP transfers from federal government, federal ministries support directly to the respective sectors in the region, off-budget resources from local and international NGOs, and community contributions. The region's proclaimed budget is, however, not comprehensive and do not include resource coming in the form of special purpose grants and other transfers. Hence, this budget brief is limited to analyzing on-budget finances, and leaves out highly significant financial resources channeled to the region through off-budget resources and community contributions. Regarding on-budget financing, the aggregate resource envelop for the region increased from ETB 1.1 billion in 2007/08 to ETB 8.8 billion in 2015/16 (figure 2).

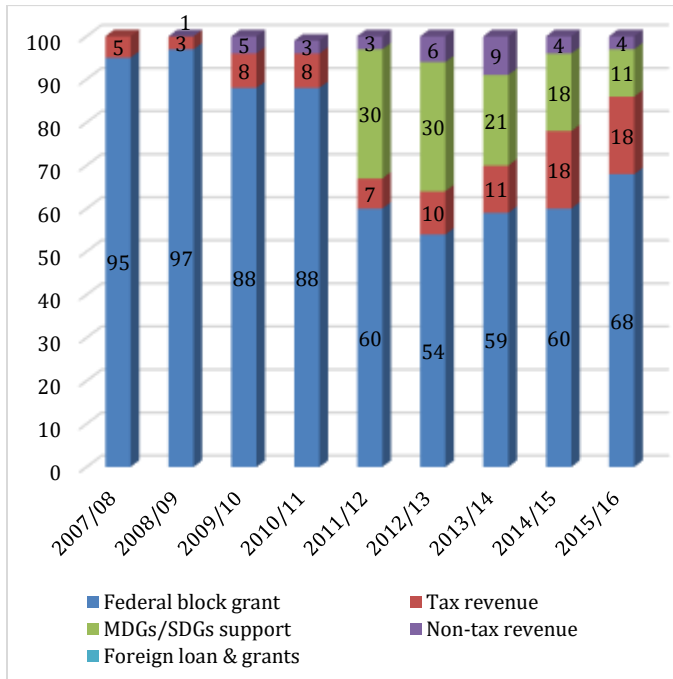
Figure 2: Somali region total revenue (in billion ETB)



Source: Data from MoFEC.

The regional own revenue in Somali has grown from ETB 0.1 billion in 2007/08 to ETB 1.9 billion in 2015/16. However, the region managed to finance only 14 per cent of its budget from its own regional sources (of which tax revenue accounted nearly 74 per cent). On the other hand, regional revenue collected from non-tax sources, mainly generated from government services fees and charges, contribute less than 5 per cent to the regional budget (figure 3). There is also a significant decline in the share of federal transfer to Millennium Development Goals (MDGs) or Sustainable Development Goals (SDGs) implementation support to the region (from 30 per cent in 2011/12 to 11 per cent in 2015/16).

Figure 3: Sources of Somali region budget (per cent of total regional revenue)

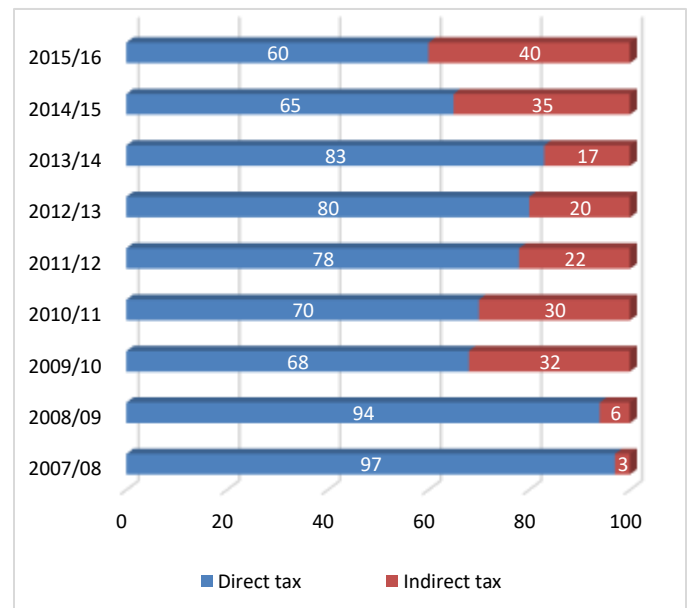


Source: Data from MoFEC.

The structure of tax revenue in Somali region is dominated by direct tax. Its contribution to the total tax revenue collected ranges from 97 per cent in 2007/08 to 60 per cent in 2015/16 (figure 4). Most of the revenue from direct tax is generated from payroll tax and taxes on rental income and profits of enterprises and individuals. Indirect tax has also becoming an important source of revenue to the Somali regional government, and the share on average

has been significantly increasing over time. The revenue from indirect tax is mainly collected from value added tax (VAT), and excise tax on locally produced goods and services. While the majority of the regional population depend on agricultural economic activities, the agriculture sector provides less than 1 per cent of tax revenue in the region in 2015/16.

Figure 4: Somali region direct and indirect taxes (per cent of total regional tax revenue)



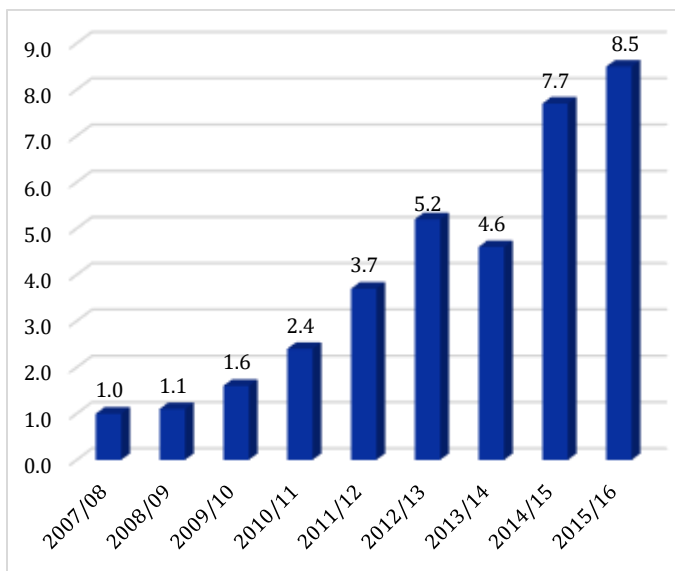
Source: Data from MoFEC.

3. Regional Spending

In nominal terms, Somali's aggregate regional spending has increased eight-fold from ETB 1 billion in 2007/08 to about ETB 8.5 billion in 2015/16, showing an annual average growth rate of 33.3 per cent (figure 5). In per capita terms, spending has increased from ETB 231 in 2007/08 to ETB 1609 in 2013/14. In terms of allocation of expenditure across the broad categories, the largest share of the regional expenditure is allocated to finance economic services (37.7 per cent), followed by general services (36.7 per cent) and finally social services (25.6 per cent) in 2015/16³.

³According to the regional budget proclamation, economic services/development include agriculture & rural development, natural resources, mining & energy, industry, trade & tourism, transport & communication, and construction; social services/development include education, health & nutrition, social affairs, sport & culture, and disaster

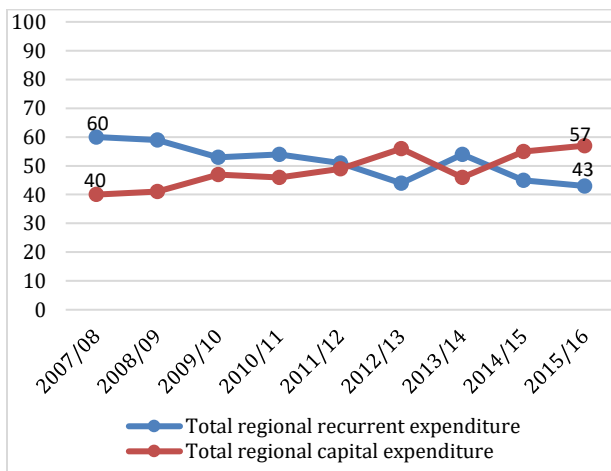
Figure 5: Somali region total spending (in billion ETB)



Source: Data from MoFEC.

Contrary to other regions, almost half of the Somali regional budget is being spent on financing recurrent expenses, primarily wages and salaries. Salaries and wages consume nearly 32 per cent of the regional total expenditure for the last nine years. However, operating expenditure is very much constrained below 19 per cent at the regional level. Regional capital expenditure on the other hand is much larger than recurrent expenditure in recent years (figure 6).

Figure 6: Somali region capital & recurrent expenditure (per cent of total regional expenditure)

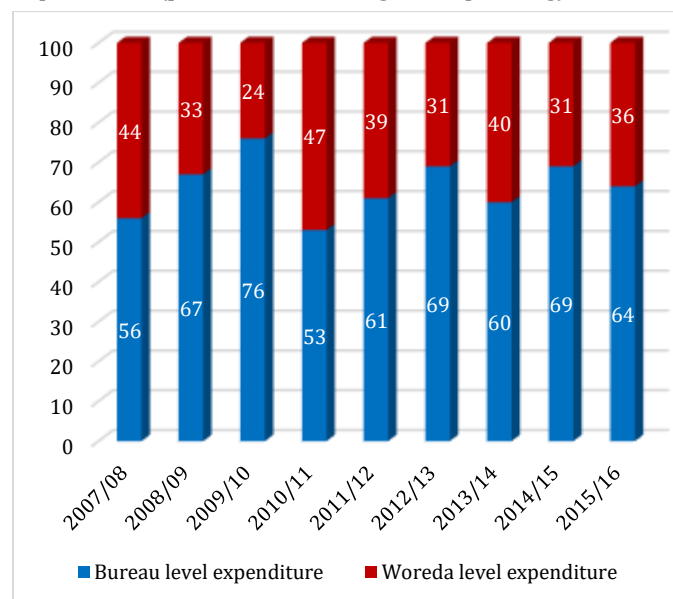


Source: Data from MoFEC.

prevention & preparedness; while administration and general services/development comprise organ of state (regional state council, public order & justice) and general services (civil services, information, investment office, revenue bureau, and finance and economic development bureau).

In Somali region, most of the budgetary resources (close to 64 per cent) was being managed by the regional bureau administration between 2007/08 and 2015/16 (figure 7). Devolution of expenditure assignment to woredas has continued to deepen in the region, albeit at a modest pace. However, the share of woreda expenditure out of total regional spending has decreased from 47 per cent in 2010/11 to 31 per cent 2014/15. This decrease has come from the modest contraction in recurrent expenditure share in the region.

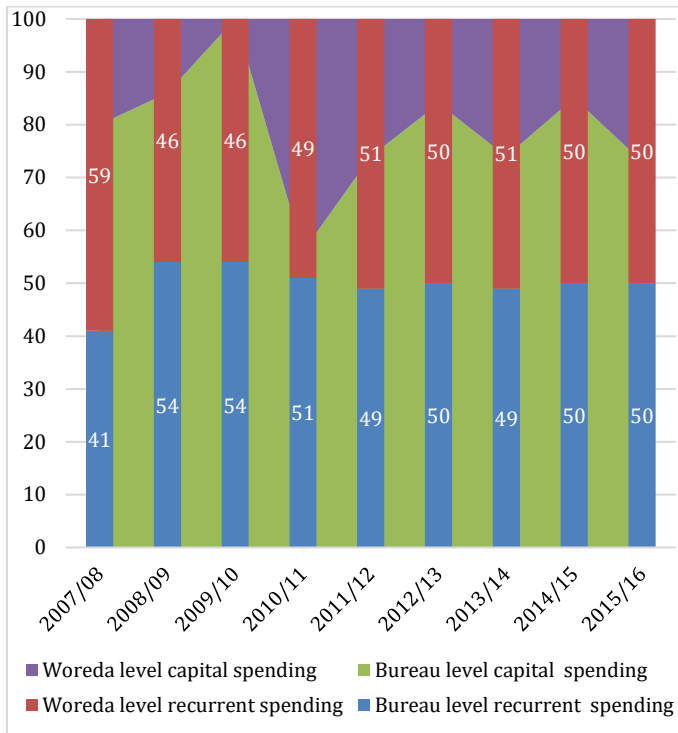
Figure 7: Somali region woreda & regional bureau expenditure (per cent of total regional spending)



Source: Data from MoFEC.

Compared to the woreda administration, the regional bureau was spending a large portion of its budgetary resource (close to 79 per cent) on capital expenditure in an effort to address the infrastructure gap throughout the region (figure 8). The woreda share in total regional capital spending has fluctuated over time and reached a low of zero in 2009/10. Contrary to other regions, half of the regional recurrent expenditure was allocated to finance woredal level recurrent spending for the last nine years.

Figure 8: Somali region woreda & regional bureau capital & recurrent spending (per cent of total regional capital and recurrent spending)



Source: Data from MoFEC.

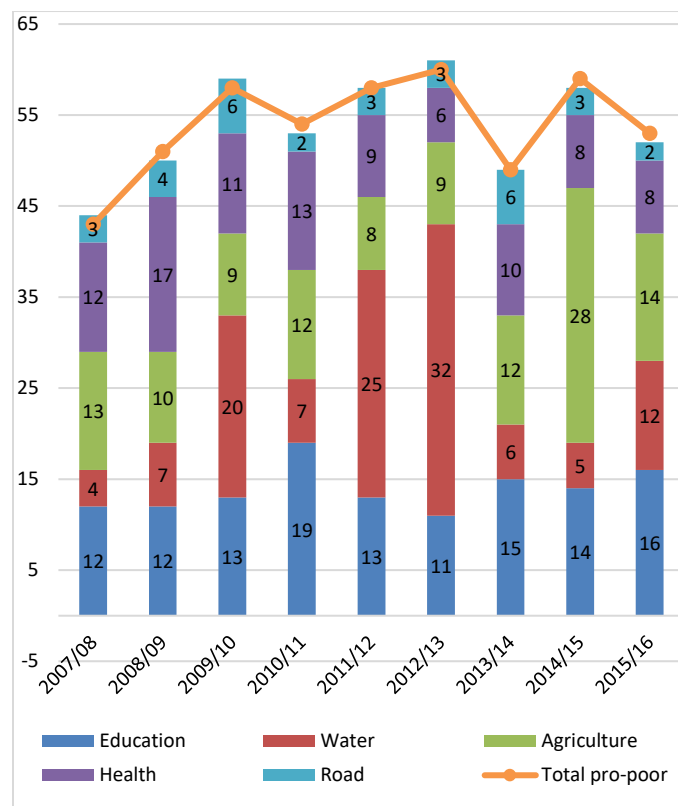
4. Pro-poor Regional Spending

Public expenditure has been essentially aligned to poverty reduction priorities in Somali region. In this regard, the regional government has leveraged huge resources to boost spending in what it refers to as the main pro-poor sectors, namely education, agriculture and rural development, water, health, and road construction. In the past nine years, Somali region has spent nearly 54 per cent of its budgetary resources on pro-poor sectors, which is however lower than the national average of 66.4 per cent. Regional expenditure heading to these pro-poor sectors was 60 per cent in 2012/13. However, since then the share has steadily declined and reached to 53 per cent in 2015/16 (figure 9).

The education sector stands out as the number one priority with a share of 14 per cent in the total regional spending over the period 2007/08 to 2015/16. The second area of priority were agriculture and rural development and water supply and sanitation services receive equal

amount of resources with 13 per cent share while health and nutrition sector received 10 per cent in the regional spending over the same period. The share of road construction in the total regional spending remains insignificant at less than 5 per cent. This unproportional allocation of the budgetary resources to the road sector in the Somali region might negatively affect the interaction and economic linkages that are essential for generating long-term growth; and children's enrolment in school and access to food and basic services.

Figure 9: Somali region pro-poor expenditure (per cent of total regional expenditure)



Source: Data from MoFEC.

4.1 Education Sector Financing in Somali

Overview of the Education Sector in Somali

Pastoral areas including Somali region have suffered a long period of neglect previously, and there was inadequate infrastructure and little provision of basic social services like education. According to the 2009/10 Education Statistics Annual Abstract, 342,812 students were enrolled in primary and secondary schools in 2006/07 in

Somali region. A combination of factors including the primarily pastoral/nomadic lifestyle of the Somali people, limited infrastructure development and investment in education, and socio-cultural barriers to participation-especially for girls had lead the region to have one of the lowest primary and secondary school enrolment rates in Ethiopia.

Cognizant to this, the government of Ethiopia gave special attention to the development of education in pastoral areas including the Somali region and in the third Education Sector Development Plan –ESDP III (2005/06-2010/11) mainstreamed pastoral education as a priority in all sub-sectors of the educational system. Since 2008 the Somali Regional Education Bureau implemented the Alternative Basic Education (ABE) program, designed to accelerate primary school enrolment by making it more accessible and conducive to the special needs and constraints of the pastoralist way of life. It provides flexible school hours and school-year calendar, allowing pastoral children to fulfil their household responsibilities while still finding time for school.

As a result, nearly one million students were enrolled in primary and secondary schools in 2015/16 in Somali region (General Education Statistics Annual Abstract, 2015/16). Enrolment rates have been rising and have shown improvements in each level of education over time. However, the Net Attendance Ratio (NAR) in Somali primary and secondary schools appeared to be the lowest in the country (table 3). Besides, the completion rate for grades 5 is the lowest in the country (39.2 per cent in Somali while 76.2 in the entire country in 2012/13). In addition, the student-teacher and student-section ratios are the highest compared to other regions and the national average. Though an improvement of Gender Parity Index (GPI) over the years is noticeable at primary schools it is getting wider in secondary education.

Furthermore, despite noted achievements in addressing quality in education through increasing the availability of inputs, it has been

remaining a challenging issue in the region. According to the 2013 National Learning Assessment Report, 59 per cent of Somali students in grade 4 do not meet the basic reading level and 35 per cent of them perform below basic level in English⁴. Moreover, equity of access, retention and completion for children with disabilities and progress in region needs attention. Apart from this, decentralizing the management of education should be reinforced so that the community would be directly involved in decision making and other related affairs within their jurisdiction.

Table 3: Selected education outcome indicators

Key indicators	2011	2016
NAR (Primary, G1-8), %		
National	64.5	71.3
Somali region	57.3	59.2
Male	63.3	62.1
Female	50.2	56.2
NAR (Secondary, G9-12), %		
National	13.7	18.1
Somali region	7.9	18
Male	11.4	26.3
Female	4.8	10.1
GPI (Primary, G1-8), %		
National	1.02	1.01
Somali region	0.79	0.90
GPI (Secondary, G9-12), %		
National	0.95	1.05
Somali region	0.42	0.39
<i>Source: EDHS 2011 and 2016</i>		
Key indicators	2009/10	2015/16
Student-Teacher Ratio (G1-8)		
National	51	46
Somali region	74	75
Student-Section Ratio (G1-8)		
National	57	55
Somali region	40	116

Source: Ethiopia Federal Ministry of Education; Education Statistics Annual Abstract, 2009/10, and General Education Statistics Annual Abstract, 2015/16.

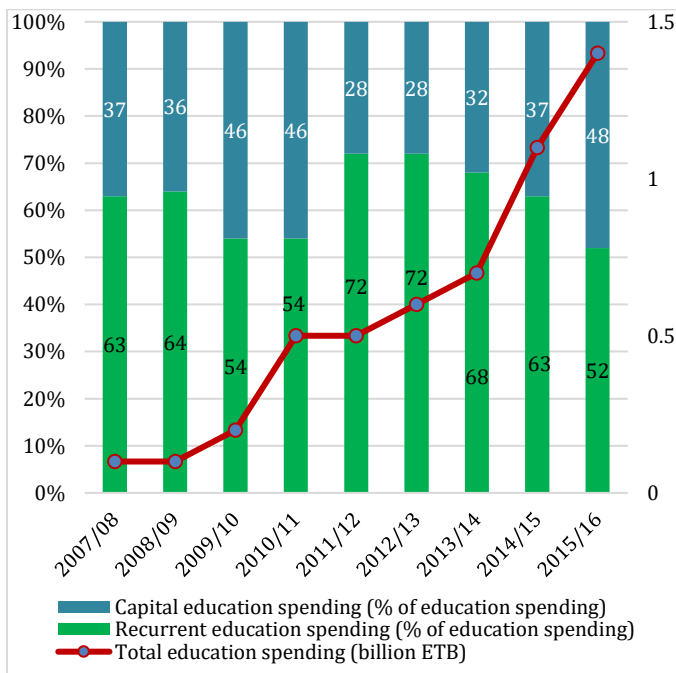
Education Sector Spending in Somali

Somali's aggregate regional spending on education has increased eleven-fold from ETB 0.1 billion in 2007/08 to about ETB 1.4 billion in

⁴Ministry of Education (MoE), Ethiopian 4th National Learning Assessment of Grades 4 and 8 Pupils. Data Analytic Report, 2013, p. 68.

2015/16, showing an annual average growth rate of 46.4 per cent (figure 10). Approximately 14 per cent of the total regional expenditure was headed to finance education expenditure for the last nine years. In terms of types of expenditure, spending in the education sector remained predominantly recurrent (close to 62 per cent between 2007/08 to 2015/16). This implies that the salaries of educational staff and other operating expenses have absorbed most of the Somali region's education expenditure. Capital expenditure directed to finance schooling infrastructure on the other hand accounts only 38 per cent of total education expenditure over the same period.

Figure 10: Education expenditure in Somali region

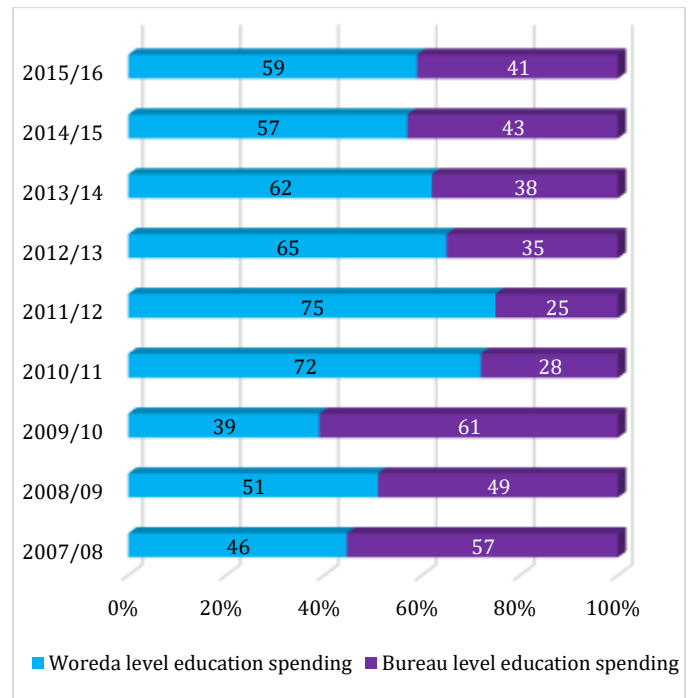


Source: Data from MoFEC.

Over the last nine years, more than 58 per cent of the Somali regional education spending was administered by woreda (local) governments (figure 11). This reveals the Somali regional government's effort in promoting universal access to primary education at the grass root level, and the implementation of targeted interventions to close the existing, gender and urban-rural enrollment differentials to achieve universal primary education across the board through launching ABC schools to reach

disadvantaged groups and children living in remote rural areas in the region.

Figure 11: Somali region woreda & regional bureau education expenditure (per cent of total regional education spending)



Source: Data from MoFEC.

4.2 Health and Nutrition Sector Financing in Somali

Overview of the Health and Nutrition Sector in Somali

Somali has poor public health status and the major health problem in the region is malaria and causes many deaths. Child mortality is also a serious concern in the region. Despite the implementation of a package of interventions at community level, the progress in the reduction of infant mortality is limited; and nearly 67 out of 1000 babies born in Somali region did not survive to celebrate their first birthday in 2016 (table 4). Under-five mortality is also the highest in the country: 94 out of 1000 children died before reaching their fifth birthday in the same year. However, all childhood mortality indicators continue to decline since 2011 in region.

Though prevention in the form of vaccines has transformed child survival chances, only 22 per

cent of Somali children between 12 and 23 months of age had received all of the required vaccinations in 2016 (table 4). Regarding nutrition status of children in the region, every child in Somali region has a risk of 2 folds higher than in any other part of country to suffer from Acute Malnutrition (23 per cent in 2016). Somali region also has the highest percentage of children suffering from anemia (83 per cent in 2016). While the performance on reducing acute malnutrition remains worrisome, indicators on stunting and underweight show declining trend compared to national figures.

Table 4: Selected health outcome indicators

Key indicators		2005	2011	2016
Neonatal mortality rate (per 1000)	National	39	37	29
	Somali	27	34	41
Infant mortality (per 1000)	National	77	59	48
	Somali	57	71	67
Under-5 mortality (per 1000)	National	123	88	67
	Somali	93	122	94
Antenatal care coverage (%)	National	28	34	62
	Somali	7	21	44
Use of modern contraceptive (%)	National	14	27	35
	Somali	2.7	3.8	1.4
Skilled birth attendance (%)	National	6	10	28
	Somali	5.2	8.4	20
Birth occurred in health facility (%)	National	5	10	26
	Somali	-	-	18
Full immunization (12-23 months, %)	National	20	24	39
	Somali	3	17	22
Prevalence of anemia in children (%)	National	54	44	57
	Somali	86	69	83
Stunting prevalence (children <5 years, %)	National	47	44	38
	Somali	45	33	27
Wasting prevalence (children <5 years, %)	National	11	10	10
	Somali	24	22	23
Underweight prevalence (children <5 years, %)	National	38	29	24
	Somali	51	34	29

Source: Central Statistical Agency (CSA); Demographic and Health Survey (DHS)-2005, 2011 and 2016.

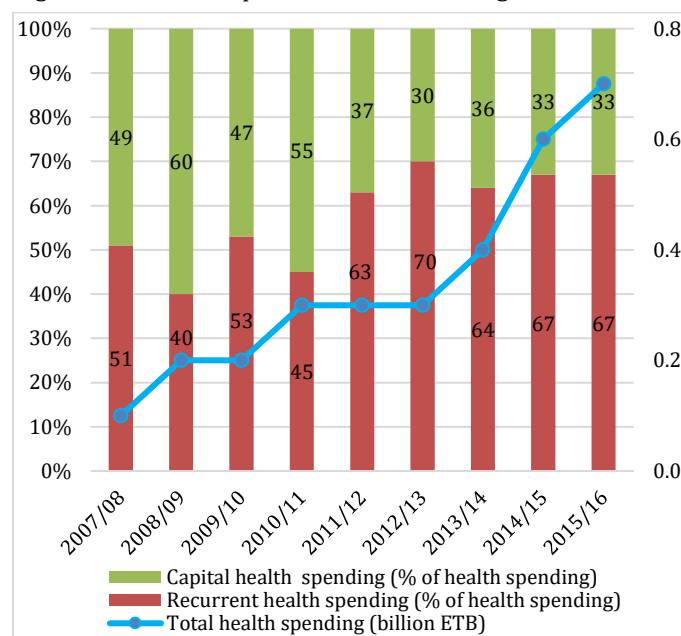
As it is indicated in table 4 above, Somali region faces a challenge as regards maternal health. Only 44 per cent and 18 per cent of Somali women had received antenatal care from a

professional care provider and delivered at a professional health care facility respectively in 2016. Moreover, there are social barriers to fully accept family planning services in Somali region. This is, for example, reflected in the very low proportion of married Somali women (age 15-49) who use modern contraceptive methods, which is 1.4 per cent.

Health and Nutrition Sector Spending in Somali

Somali's regional spending on health care services has increased seven fold from ETB 0.1 billion in 2007/08 to about ETB 0.7 billion in 2015/16, showing an annual average growth rate of 31.3 per cent (figure 12). Approximately 10 per cent of the total regional expenditure was headed to finance health care services expenditure for the last nine years. In terms of types of expenditure, spending in the health sector remained predominantly recurrent (close to 58 per cent between 2007/08 to 2015/16). This implies that the salaries of health staff and other operating expenses have absorbed most of the region's health spending. Capital expenditure directed to finance the construction of health infrastructure facilities on the other hand accounts only 42 per cent of total health care expenditure in the region over the same period.

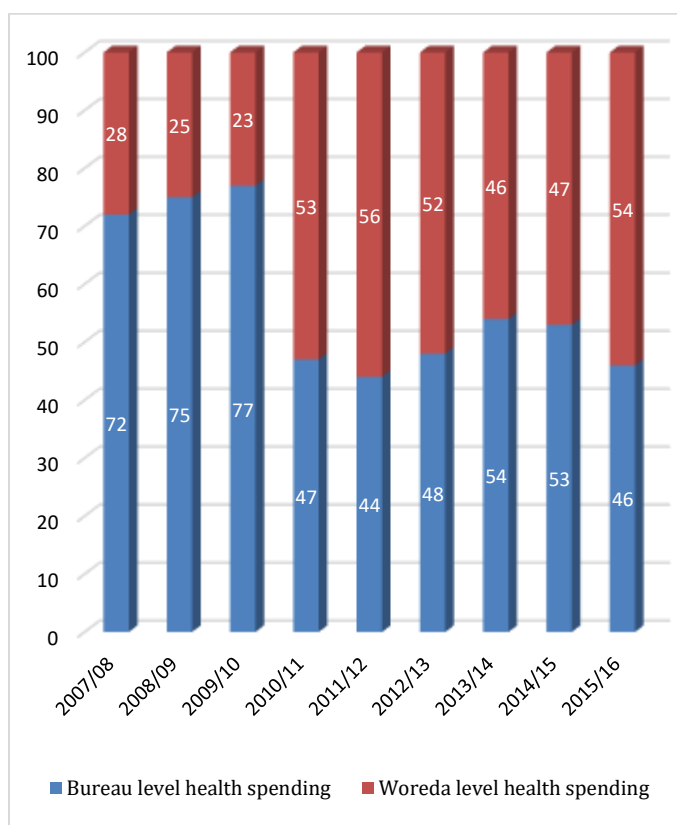
Figure 12: Health expenditure in Somali region



Source: Data from MoFEC.

Unlike other regions, more than 57 per cent of the Somali regional health expenditure was administered by bureau level governments over the last nine years (figure 13). This might hinder the Somali regional government's effort in promoting health care services at local administration level and addressing curative health care services and prevention of communicable diseases including prevention efforts related to maternal and child health at the grassroots level.

Figure 13: Somali region woreda & regional bureau health expenditure (per cent of total regional health spending)



Source: Data from MoFEC.

4.3 Water Sector Financing in Somali

Overview of Water & Sanitation Sector in Somali Region

The Somali regional government has taken steps to improve the sustainability of water supply infrastructure improvements in the region.

Despite the remarkable progress made, the quantity and distribution of surface and ground water supply schemes that are developed in the region are not sufficient to meet the demands of the population. The percentage of households using improved drinking water sources is the lowest in Ethiopia. According to the 2014 EMDHS, about 76.3 per cent of households in Somali region do not have access to safe drinking water (table 5).

Moreover, the sanitation and hygiene service has not sufficiently reached the majority of Somali population. The percentage of households with access to improved sanitation facilities is very low, 9.4 per cent in 2014 (table 5). Somali region also faces a challenge regarding the rate of households using open defecation (57.4 per cent in 2014). Due to undergoing severe drought, and shortage of safe drinking water, and seasonal overflow of some rivers resulting from heavy rainfall from the Harare highlands, some lowland areas of the region has repeatedly been affected by outbreaks of Acute Watery Diarrhea (AWD) that have led to many deaths.

Table 5: Selected water and sanitation outcome indicators

Key indicators		2005	2011	2016
Population using improved drinking water sources (%)	National	60	50.8	52.7
	Somali	29.6	46.2	23.7
Population using an improved not shared toilet facility (%)	National	7.4	8.8	4.5
	Somali	5	12.1	9.4
Households practicing open defecation (%)	National	62.2	38.2	34.3
	Somali	85.5	57.6	57.4

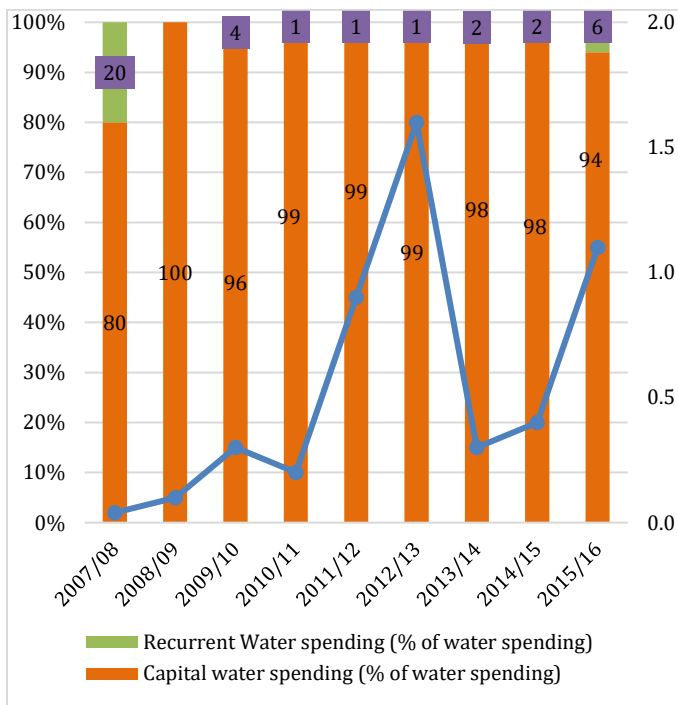
Source: Central Statistical Agency (CSA); Demographic and Health Survey (DHS)-2005, 2011 and EMDHS, 2014.

Water Sector Spending in Somali Region

Somali's aggregate regional spending on water and sanitation services highly fluctuates across the years. In terms of types of expenditure, unlike other sectors, spending in the water and sanitation sector remained predominantly

capital in nature. Over the last nine years, on average 96 per cent was allocated to finance capital water expenditure (figure 14). The higher share of water expenditure directed to finance capital spending reflects the existence of increasing investment in longer-term investments including the construction of small scale irrigation schemes, treatment structures, pumps, and pipes lines. The remaining 4 per cent was absorbed by recurrent water expenditure directed to finance staff salary, operational and maintenance costs.

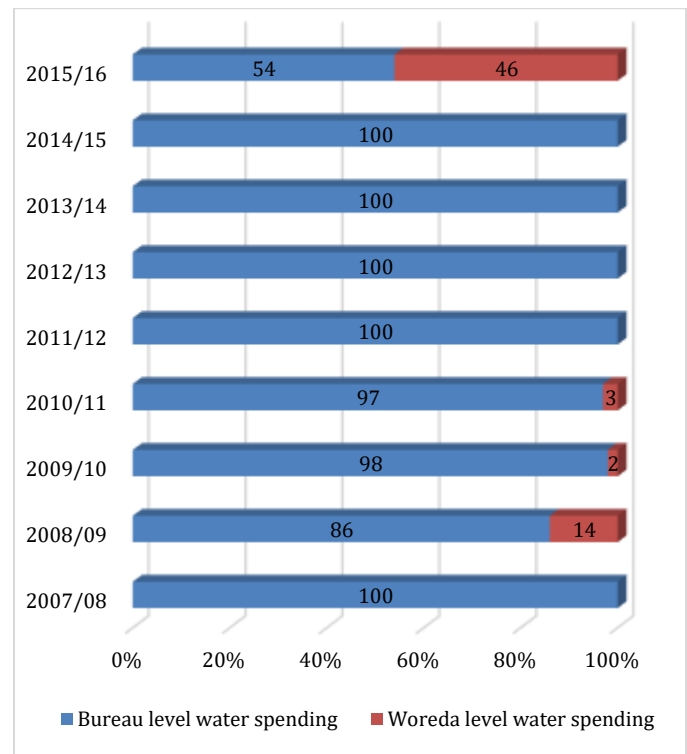
Figure 14: Water expenditure in Somali region



Source: Data from MoFEC.

Unlike other sectors, between 2007/08 and 2015/16, nearly 93 per cent of the Somali regional water expenditure was administered by regional water resources development bureau, which plays an important role in planning investments and in capacity building at the regional level (figure 15). The regional water resources development bureau is spending a large portion of its budgetary resource in an effort to address the infrastructure gap that exist in providing safe drinking water and in promoting basic sanitation and hygiene services throughout the region.

Figure 15: Somali region woreda & regional bureau water spending (per cent of total regional water spending)



Source: Data from MoFEC.

5. Key Focus Areas

Access and quality of education: Despite noted achievements in addressing access to education for all, attendance ratios in primary and secondary schools and the completion rate for grades 5 is the lowest in the country. Though an improvement of Gender Parity Index over the years is noticeable at primary schools it is getting wider in secondary education. In addition, the student-teacher and student-section ratios are the highest compared to other regions and the national average. Therefore, special attention should be given to the quality of ABE centers and the continuation of flexible education delivery to accommodate the large number of pastoralist and semi-pastoralist children in the region; and continue to raise community awareness about the importance of education, especially for girls.

Continued attention should be given to child and maternal health in Somali region: Despite the implementation of a package of interventions at community level, the progress in the reduction

of infant and child mortality is limited. Considering the high ratios of infant and child mortality and the slow progress in reduction thereof, the regional government should take strong action to reduce child and infant mortality by focusing on maternal, neonatal and child health service delivery. Moreover, particular importance should be given to reduce the high rate of wasted children under the age of five, which forms a critical and emerging situation in the region.

Water and Sanitation: Considering the problem of scarcity of water and the vulnerability of Somali people to droughts and floods, which are likely to increase due to climate change pressure, additional focus should be given to enhancing the accessibility of safe drinking water and sanitation facilities, and water scheme rehabilitation and maintenance.

Annex: Somali regional state on-budget records - 2007/08 - 2015/16 (source, MoFEC)

Gregorian Calendar Ethiopian Fiscal Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Ethiopian Calendar Ethiopian Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Regional population (in million) (BoFED, CSA)	4.5						5.3		
Regional Revenue (in million Birr)									
Total regional revenue	1057.1	1250.7	1847.7	2298.4	4153.4	5447.6	5930.1	6929.2	8790.3
Tax revenue	51.6	31.7	143.3	191.3	277.2	535.5	676.2	1239.8	1540.3
Direct tax	50.2	29.9	98.0	133.7	215.6	428.7	558.8	801.8	930.8
Indirect tax	1.4	1.8	45.3	57.6	61.6	106.8	117.4	438.0	609.5
Non-tax revenue	1.3	8.0	83.4	76.1	116.0	323.6	517.0	284.6	316.5
Federal Block grant	1004.2	1211.0	1621.0	2031.0	2495.7	2960.5	3501.2	4186.9	5959.0
MDGs/SDGs support	0.0	0.0	0.0	0.0	1264.5	1628.0	1221.0	1218.0	974.4
Foreign loan & grants	0.0	0.0	0.0	0.0	0.0	0.0	14.7	0.0	0.0
Regional Expenditure (in million Birr)									
Total regional expenditure	1026.4	1046.0	1584.9	2350.8	3694.9	5164.9	4624.7	7705.6	8527.1
Total regional recurrent expenditure	617.4	616.4	838.0	1273.3	1899.3	2266.9	2513.9	3504.1	3637.3
Bureau level recurrent expenditure	250.2	334.4	453.3	646.4	927.0	1143.9	1230.1	1755.1	1830.4
Salary expenditure	119.7	141.6	191.4	310.1	460.2	497.1	585.8	913.9	973.4
Operations expenditure	130.5	192.8	261.9	336.3	466.8	646.8	644.3	841.2	857.0
Woreda level recurrent expenditure	367.2	282.0	384.7	626.9	972.4	1123.0	1283.8	1749.0	1806.9
Salary expenditure	271.9	239.2	340.0	463.5	692.1	821.3	957.5	1433.0	1459.3
Operations expenditure	95.3	42.8	44.7	163.4	280.3	301.7	326.3	316.0	347.6
Total regional capital expenditure	409.0	429.7	746.9	1077.5	1795.6	2898.0	2110.8	4201.5	4889.8
Bureau level capital expenditure	326.2	370.2	746.9	602.3	1336.4	2445.3	1552.8	3574.5	3589.4
Woreda level capital expenditure	82.8	59.5	0.0	475.2	459.2	452.7	558.0	627.0	1300.4
Regional Expenditure on Pro-poor Sectors (in million Birr)									
Total regional pro-poor expenditure	441.3	531.9	922.6	1272.1	2147.1	3114.4	2244.0	4537.2	4503.6
Total regional agriculture expenditure	129.9	107.5	137.2	291	306.4	452.2	538.3	2153.7	1204.8
Total regional road expenditure	28.8	39.2	94.2	54	96.3	129.3	299.2	266.1	167.4
Total regional education expenditure	120.7	129.0	203.9	453.1	496.1	570.2	686.0	1085.0	1388.2
Total regional recurrent education expenditure	76.3	82.8	109.7	243.8	355.6	408.3	464.2	679.2	715.0
Bureau level recurrent education expenditure	20.5	24.0	29.4	36.4	65.7	75.5	89.1	138.2	155.1
Salary expenditure	6.3	7.7	9.8	12.6	20.6	25.9	33.1	53.7	54.2
Operations expenditure	14.2	16.3	19.6	23.8	45.1	49.6	56.0	84.5	100.9
Woreda level recurrent education expenditure	55.8	58.8	80.3	207.4	289.9	332.8	375.1	541.0	559.9
Salary expenditure	41.5	49.9	71.0	186.7	257.1	293.8	337.6	507.8	511.5
Operations expenditure	14.3	8.9	9.3	20.7	32.8	39.0	37.5	33.2	48.4
Total regional capital education expenditure	44.4	46.2	94.2	209.3	140.5	161.9	221.8	405.8	673.2
Bureau level capital education expenditure	44.4	39.8	94.2	89.1	59.0	124.9	172.0	329.3	420.3

Woreda level capital education expenditure	0.0	6.4	0.0	120.2	81.5	37.0	49.8	76.5	252.9
Total regional health expenditure	124.5	179.6	175.5	303.4	331.2	330.1	442.9	612.5	698.5
Total regional recurrent health expenditure	63.9	72.2	92.3	137.4	207.3	230.9	281.3	412.0	471.1
Bureau level recurrent health expenditure	29.6	42.1	51.1	60.1	85.6	99.9	126.2	193.2	219.3
Salary expenditure	18.3	23.2	28.4	35.5	48.9	58.3	72.0	119.4	134.2
Operations expenditure	11.3	18.9	22.7	24.6	36.7	41.6	54.2	73.8	85.1
Woreda level recurrent health expenditure	34.3	30.1	41.2	77.3	121.7	130.9	155.1	218.8	251.8
Salary expenditure	25.2	25.6	36.5	62.4	91.2	98.6	120.4	187.5	192.9
Operations expenditure	9.1	4.5	4.7	14.9	30.5	32.3	34.7	31.3	58.9
Total regional capital health expenditure	60.6	107.4	83.2	166.0	123.9	99.2	161.6	200.5	227.4
Bureau level capital health expenditure	60.6	92.4	83.2	82.0	58.9	58.8	112.4	133.4	104.1
Woreda level capital health expenditure	0.0	15.0	0.0	84.0	65.0	40.4	49.2	67.1	123.3
Total regional water expenditure	37.4	76.6	311.7	170.6	917.1	1632.7	277.6	420.0	1044.7
Total regional recurrent water expenditure	7.4	0.0	11.5	7.4	8.3	7.5	6.9	8.4	66.3
Bureau level recurrent water expenditure	7.4	0.0	6.7	6.0	7.8	7.5	6.6	8.1	11.2
Salary expenditure	4.0	0.0	3.5	3.7	4.9	5.0	4.5	5.2	5.3
Operations expenditure	3.4	0.0	3.2	2.3	2.9	2.5	2.1	2.9	5.9
Woreda level recurrent water expenditure	0.0	0.0	4.8	1.4	0.5	0.0	0.3	0.3	55.1
Salary expenditure	0.0	0.0	4.2	0.6	0.4	0.0	0.2	0.2	26.1
Operations expenditure	0.0	0.0	0.6	0.8	0.1	0.0	0.1	0.1	29.0
Total regional capital water expenditure	30.0	76.6	300.3	163.2	908.8	1625.2	270.7	411.6	978.5
Bureau level capital water expenditure	30.0	65.9	300.3	160.2	908.8	1625.2	270.7	411.6	549.8
Woreda level capital water expenditure	0.0	10.7	0.0	3.0	0.0	0.0	0.0	0.0	428.7

