

Somaliland Budget Analysis (FY 2003)
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In light of the recent outcry of corruption embedded on the budget (FY 2004) sounded off by Mujahid Mohamed Hashi, I thought it is an opportune time to reflect on the analysis I made exactly a year ago on the prior budget (FY 2003), while we are all anxiously awaiting the details of the current budget passed by the cabinet. Here is the analysis

- The budget of Somaliland for the fiscal year 2003 is (101,687,066,649 S/Shilling) and that is equivalent to US\$16,140,804 according to the official exchange rate (US\$ 1 = 6,300 Somaliland ah), which the ministry applied at the time.

- The President of Somaliland is the highest paid elected head of State in the hemisphere, north and south, according to the FY 2003 budget. If that sounds outrageous, unbelievable, and unconscionable, read on. The budget document doesn't specify the salary of the President per se but the expenditure earmarked for the (Qasriga Madaxtooyada), which roughly translates to residence of the Presidency is \$515,956. To avoid any confusion, the budget of the residence of the Presidency is different from that of the Ministry of the Presidency.

- The President doesn't pay rent or utilities (power and water). Moreover, the staff of the President is paid from the budget of the Ministry of the Presidency (political fund/expense account), which has a budget of \$998,000.

- The Ministry of the Presidency (political fund/expense account) has the third highest budget and the salary budgeted for the staff of the Presidency "Madaxtooyada" is \$67, 682. This salary alone is more than the combined salaries of the following seven Ministries, which totals to a mere \$63,937: foreign affairs (\$17,192), contracts agency (3,610) removal of mines agency (8,690), the two houses of the parliament (\$23,392), the Supreme Court (8,800), and parliament coordinating ministry (\$2,253). Is it sensible to conclude that the staff of the Presidency is more and paid higher than the staff of these seven ministries combined?

- Furthermore, the salary of the bodyguard of the President could come either from the Ministry of defense or from the Ministry of the Presidency or from the National Army but which one I am not sure. The chance that the salary of the bodyguard of the President is paid from the residence of the Presidency "qasriga Madaxtooyada" is slim.

- This clearly demonstrates that the expenditure of the residence of the Presidency "qasriga Madaxtooyadu" is a misnomer. It is euphemistically labeled and there is no other reasonable conclusion but to label it (\$515,956) correctly as the salary of the President. Furthermore, the budget document labeled it only as the expenditure of the Presidency in lump sum. No detail provided. Contrast that with the salary of President George W. Bush, which is mere \$400,000 not monthly, but yearly. As a matter of fact, the salary of the President of the United States was only \$200,000 when Clinton left office. It was Clinton who passed the legislation to double the salary of the President effective his successor. In addition President Bush has an expense account of \$50,000 and not \$998,000 like the President of Somaliland does. Contrast also with that of the President of South Africa \$120,000 and that of the President of Eritrea \$36,000.

- This bestows the President of the poorest country in the world to earn the distinction of being the highest paid elected President in the whole world. By salary scale the President of Somaliland is richer \$119,956 than President Bush, the President of the wealthiest country in the world. Unconscionable.

- Similarly, the Vice-President isn't doing poorly either. He is pulling down \$188,700. Just this year the salary of the Vice-President was increased from \$158,730 to \$188,700. Contrast that with \$186,200 the salary of the Vice-President of the United States, Dick Cheney. Can Somaliland afford this?

- The Vice-President's salary of \$188,700 closely matches that of the budget of the Ministry of public works \$192,899, and that of the Ministry of Aviation \$197,032. The salary of the President, that of the Vice-President and the political fund amount to \$ 1,700,804, which is 10% of the total budget. And in total that is more than the total salary of Somaliland Police force, which happens to be \$1,504,653. Ridiculous

- Common sense dictates that scarce resources allocated according to need in order to grow and develop economically. But how the government abdicated this fundamental responsibility and squandered by misappropriating funds is illustrated by the salary of the President, which is more than the combined budget (\$499,956) of the following ten (10) ministries: Ministry of Family affairs (\$29,693), Ministry of Youth (\$37,914) Ministry of re-settlement (\$42,011) religious affairs (\$42,797), planning (\$35,810), Minerals & water (\$60,292), Commerce (\$54,874), Industry (\$60,152), Tourism (\$65,424) and agriculture (\$70,328).

- It is saddening to share with you how other departments and ministries are denied the resources needed to serve the nation. For example, the Salary of the Vice-President of Somaliland is more than the combined budget (\$188,224) of the following five (5) Ministries: Ministry of Family affairs (\$29,693), Ministry of Youth (\$37,914) Ministry of re-settlement (\$42,011) religious affairs (\$42,797), and planning (\$35,810).

- How do education, health and justice fare in the budget? Poorly. The salary of the President closely matches that of the budget of National Election Commission \$539,233 and that of the Ministry of health \$545,233. Wastefully, the budget of the Ministry of the Presidency (political fund/expense account) is bigger than the budget of the Ministry of education \$982,510, bigger than that of the Parliament (\$796,786) and much more bigger than that of the Ministry of health \$545,233. Unjustifiably, the budget of the Ministry of tourism is \$65,424 and that is almost twice as big as that of the Ministry of Justice (\$42,387). Is that justice?

- And there is some more heartbreak. The budget of the Military is \$4,629,341; that of the prison Guard is \$881,768 and that of the police is \$2,287,862. In addition to that there is \$31,746 in the budget of the Ministry of interior earmarked for security. That is a total of \$7,830,717, which is 49% of the Somaliland Budget (\$16,140,804). If you add that to the salaries of the President, the Vice-President and the political fund, which in total is 10% of the budget, only about 40% remains for education, health, agriculture, justice and other social services.

- In order to find out roughly the number of Somaliland security forces, one has to consult with the budget. And according to the salary subhead, the military salary is \$3,214,367; that

of the prison guard is \$421,226 and that of the police is \$1,504,653. This totals to \$5,140,227. Therefore, on the basis of the yearly salary of \$216 of a soldier, the number of Somaliland security forces is roughly 20,895. But according to the budget, the total government personnel are 22,533. This would make the government employed civilians only 1,638. That is hard to believe.

- Relatively, Somalilanders are as incarcerated as African Americans in the United States when one considers the funds allocated to the prison guard, “ciidanka Asluubta”. It has a budget of (\$881,768), which is more than the combined budget (\$864,351) of the following (15) ministries: justice (\$42,387), agriculture (\$70,328), development of the nomad (\$57,434), livestock development (\$107,833), minerals and water (\$60,292), religious affairs (\$42,797), industry (\$60,011), fishery (\$57,151), telecommunication (\$55,977), tourism (\$65,424), re-settlement (\$42,011), sports & youth (\$37,914), coordination of two houses Ministry (\$9,998), Attorney General (\$64,111), commerce (\$54,874) and Planning (\$35,810).

- Here is another mislabeled one. The budget of the emergencies and unexpected tragedies “gurmada & hawlaha lama filaanka ah” is \$523,809 and it is part of the budget of the Ministry of the Presidency. The funny thing is, it is used for unallowable expenditure. Thanks to the cooperation of Nature and the peaceful Somalilanders, nothing that qualifies under that classification has occurred recently. Yet, rather than saving it for future mishaps, it is expended as an operational budget.

- The budget of the Ministry of information is \$152,901, which is bigger than the combined budget of the Ministry of justice \$42,387, the Auditor General \$62,268 and the civil service agency \$46,159. The Ministry of information has only one radio station, which hardly reaches the outskirts of the Capital let alone the rest of the country. Regrettably, it is also two times bigger than that of Ministry of agriculture and much bigger than that of the livestock development (\$107,833). Why blame Saudi Arabia for banning livestock export for health reasons?

- And some more waste. Interestingly, there is a Ministry that coordinates the Parliament (Guurti and Wakiilada) with a budget of \$9,998 and I might add that the “Guurti” and the “Wakiiladu” are located in the same compound. What for?

- Then, there are: the lawyer of the National Army \$8,412.70; no other ministry has its own lawyer, and the subhead of compensations “Magaha Hawlgalka Dawladda” under the Ministry of Interior, which is a whopping \$63,492. Does the government compensate for its misdeeds and tort? Highly unlikely. And as much as \$34,177 is wasted under the subheading of miscellaneous; add that to \$34,017 for entertainment, which nearly every ministry and agency indulges.

- How about this one: the preparation of the budget “xisaab-xidhka & samaynta miisaaniyadda”, which is \$37,032. This is neither for technical experts nor for overtime.

- The inequity, on the other end of the spectrum, is glaring and reprehensible. The yearly salaries of certain classifications are: \$246 for a policeman/woman; and \$480 for a government senior officer; \$3,000 for a minister. Of course the ministers have perks such as a house and a car. Alarmingly, higher Education, (Hargeysa, Amoud Universities and the teachers training center) is barely surviving on \$47,659.

In economics 101, one learns that resources are scarce and the competing and conflicting demands made on the scarce resources need to be prioritized in order to optimize utility. A nation that commits 60% of its meager resources to guns rather than butter, a nation that commits more on disseminating propaganda than judiciary, a nation that spends 10% of its budget on the salary of two employees of the State – President and the Vice-President, a nation that doesn't save for a rainy day, a nation that ignores its infrastructure, a nation that spends least on education, health and justice is a nation that is predestined to failure, hopelessness and hunger. It is more so when already that nation is the poorest nation in the world. A nation's resources are entrusted with its leaders and stewardship and if the budget (FY 2003) is any indication, the meager resources are grossly misappropriated and that is fiscally irresponsible.

Sub-Saharan Africa is the most impoverished region in the world and no one disputes that. Some of the reasons the pundits normally ascribe to the region's poverty are as follows: civil and ethnic wars, environmental degradation and deforestation, foreign debt, corruption, lack of foreign investment, low prices of Africa agricultural exports, too many and too small sovereign States, HIV/AIDS, trade barriers, poor infrastructure. Most of these are man made causes that can be managed, controlled, negotiated or eliminated totally. But there is one more that is overlooked: fiscal irresponsibility. The practice of misappropriating public funds (taxpayers funds) is pervasive, reprehensive and would continue to bleed the region to more poverty. To mitigate the effect or eliminate these growth and development inhibiting practices requires strong political will and that isn't forthcoming.

This seems bleak but it shouldn't be. As a reminder, this culture of out-right misappropriation and corruption has been inherited from the prior administrations but this one has taken it to a shamefully higher level. It must be noted that the legislature has approved these misappropriations; hence they share the blame. There are several ways to stem this blatant waste of meager resources and here are some that spring to mind readily but one wonders if there is a will? The legislature ought to establish a) watch dog of its own, which is accountable to the house of parliament and, b) independent controller that reviews and approves government disbursements. Listing the functions of the proposed watchdog is out of the scope of this analysis, but the message should be clear; those who misappropriate and those who loot government coffers would be caught and punished severely without fail.

I wonder how different the outcome would have been, if priorities re-arranged, with the same amount of resources; and I wonder whether these funds, no matter how misappropriated, were expended for the intended use. I am bringing this to your attention, not out of malice, but out of a desire to see Somaliland develop, grow and become fiscally responsible

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