

# JUBBALAND STATE OF SOMALIA



## APPROPRIATION ACT 1 FOR THE 2022 BUDGET

*"Building Local resilience and create service delivery Culture"*

# Appropriation Act for 2022

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# Appropriation Act for 2022

## BUDGET APPROPRIATION ACT NO. 1 (2022)

### Budget Proclamation of the Jubbaland State of Somalia

WHEREAS, the Constitution of Jubbaland State of Somalia Article 35.1.1 provides that the Jubbaland State Assembly shall approve and adopt the annual budget;

WHEREAS, it has become necessary to approve and disburse a budgetary appropriation for undertakings by the Jubbaland State of Somalia during the 2022 Fiscal Year;

NOW, THEREFORE, in accordance with Article 35.1.1 (9) of the Provisional Jubbaland State of Somalia, it is hereby proclaimed as follows.

### Part One

#### General

#### Short Title

This Act is entitled "Appropriation Act No 1, 2022" shall come into effect on the date of signature.

#### 1.1 Definitions

In this Act, unless the context otherwise requires, the following words and expressions shall carry the meaning assigned to them:

1. "Consolidated Fund" means the fund that consolidates all the government revenues of the Jubbaland State of Somalia, and is used for making disbursements, as defined in Section 4 of PFM Act;
2. "Approval" means the endorsement by the Minister, the budget allocation prepared by item of expenditure based on the budget appropriated by Parliament;
3. "Commitment" means an undertaking to make an expenditure following the conclusion of a binding agreement that will result in public outlays/payments;
4. "Parliament" means the legislative, elected body of government that is charged with representing the electorate, making laws and overseeing the functioning of government through hearings and inquiries. Parliament is as defined in Article 28 of the Jubbaland Constitution.
5. "Minister or Ministry" means the Minister of Finance of the Jubbaland State of Somalia or the Ministry of Finance of the Jubbaland State of Somalia respectively;
6. "Supplementary" means any Act, the purpose of which is to supplement appropriations already granted by a Budget Appropriation Act;
7. "Treasury Single Account (TSA)" means a unified structure of government bank accounts that gives a consolidated view of government cash resources. Based on the principle of unity of cash and the unity of treasury, a TSA is a bank account or a set of linked accounts through which the government transacts all its receipts and payments.



## 1.2 Appropriation from the Consolidated Fund

1. Expenditures are authorized for the Financial Year from 1 January 2022 to 31 December 2022 from the Consolidated Fund as required for the purposes indicated and the amounts shown in Schedule 1 attached to the present Act. The total budget appropriated for Own source expenditure and project expenditure is the following:

A)	For Own source expenditure	US\$	25,012,179.67
B)	For project expenditure	US\$	<u>15,289,817.38</u>
			40,301,997.05

## Part Two

### Budget Administration

#### 2.1 Powers of Jubbaland State Organs

- 1- The Minister of Finance is hereby authorized and directed, upon the request of the heads of concerned budgetary institutions, to disburse out of the Jubbaland State revenues and other funds the amounts appropriated herein for undertakings of their respective budgetary institutions and agencies.
- 2- Ministers of individual spending Ministries, and other heads of budgetary institutions and agencies which are separately identified in the Annual Appropriations Acts, are responsible for the proper and efficient execution of their budget in accordance with this Act.

#### 2.2 Expenditures Limited to Revenues

- 1- The Treasurer shall only release funds or make payments to the extent revenue or other financing resources are available in the Jubbaland State Treasury Single Account – Regular Budget to make the expenditure

#### 2.3 Adjustment to Amounts Authorized

1. The Treasurer may transfer authorized amounts between appropriations for any individual budget line within each Ministry or Agency in Schedule 1 to this Act, provided that the reallocation does not exceed, in total, 10% of the category being reduced. Transfers between Ministries are not authorized without amendment to Schedule 1 through Supplementary Appropriation measures.
- 2- An exception to the above rules applies to donor funded projects that are included in Schedule 1 to this Act, where donor funding is not allocated to any Ministry or appropriation code and is subject to donor approval for reimbursement or during the course of the fiscal year the donor has advised of an amendment to the original budget allocation. Therefore, with the prior approval of the donor and Treasurer, reallocation between lines and Ministries may occur at the agreed amounts/percentages, not subject to the restrictions indicated above

#### 2.4 Limits to Expenditure

1. Pursuant to Section 22 of the Public Financial Management Act [year], other than temporary treasury liquidity management operations, and subject to general rules, no payment shall be made from the Consolidated Fund except under an item identified in the 2022 budget estimates at Schedule 1, amended from time to time through budgetary transfers. Notwithstanding this restriction, unanticipated donor grants or Federal Government of Somalia (FGS) transfers deposited to the Consolidated Fund for specified purposes may be allocated and spent for those purposes. If the specified purpose is not already contained in Schedule 1 to the present Act an amount equivalent to the deposited donor grant is deemed to be appropriated and a budget line created to permit expenditure to take place.



2. Donor grant agreement entered into or Federal Government transfers received after the 1 November and unspent as at the end of this fiscal year will be considered as unanticipated donor grants and deemed to be appropriated as at 1 January of the subsequent fiscal year and a budget line item created to permit expenditure to take place

## **2.5 Contingency Expenditure**

- 1 - Pursuant to Section 14 of the Public Financial Management Act 2017, the Contingency appropriation may cover urgent and unforeseen expenditures arising from emergency situations for which payments cannot be postponed until the passage of a supplementary budget or the next annual Consolidated Budget without seriously affecting the public interest.

## **2.6 Supplementary Budget**

1. An additional Supplementary Budget appropriation may be authorized by the Jubbaland State Assembly on the recommendation of the Council of Ministers.

## **2.7 Arrears**

2. Repayment of arrears and delayed payments generated in the course of a fiscal year that remain at the end of that fiscal year shall be added to the stock of arrears and scheduled for repayment in a subsequent fiscal year. The Minister is authorized to investigate all arrears claims and determine their legitimacy prior to settlement.

# **Part Three**

## **Disbursement**

### **3.1 Sequestration**

1. In the event that cash balances are inadequate to meet expenditure commitments, the descending order of priority for fulfilling budget commitments is:
  - a) Non-civilian compensation of employees and associated rations
  - b) Finance Costs (Bank Commissions)
  - c) Civilian compensation of employees
  - d) Allowances for political appointees
  - e) Non-discretionary goods, services and grants for regions
  - f) Discretionary expenditure, arrears and advances
2. The Consolidated Budget shall show any proposed budget surplus or deficit, being the difference between the total revenues excluding new borrowings and total expenditures. The consolidated Budget should stipulate the purpose to which the budget surplus will be applied, and, in the case of budget deficit the means of financing it, and shall be subject to legislative approval.

### **3.2 Deposit of revenue**

- 1- The revenue of the Jubbaland State must be deposited to the Treasury Single Account (TSA) at the Commercial banks within 24 hours working day of collection.

### **3.3 Disbursement out of Treasury Single Account**

- 1- No disbursements shall be made out of the TSA without the prior authorization of the Parliament.
- 2- No expenditure or commitment of expenditure can be incurred from the budget approved before a budget allotment is allocated and approved by the Ministry.
- 3- All payments are to be made directly from the TSA in the Commercial Bank, either directly from the



main account or from one of the sub-TSA expenditure accounts established by the Minister.

4- All revenue and payment transactions should be processed through the Financial Management Information System (FMIS) and reconciled with the bank statement from the Commercial Bank daily or at a minimum weekly.

5- All payments to suppliers must be processed through the FMIS prior to payment, and payments made from the appropriate TSA account at the Commercial Bank direct to the suppliers in accordance with directions issued by the Minister.

### **3.4 Disbursement Limit**

- 1- No disbursements to budgetary institutions and agencies shall be made in a fiscal year which exceeds the amounts appropriated under this Act for the fiscal year.

### **3.5 Commitments**

- 1- No commitment shall be made against an appropriation except by requisition of the head of the budgetary institutions and agencies or by a person authorized by him in writing.
- 2- Notwithstanding the provisions of sub-article 1 of this Section, in the case of concluding a long- term contract relating to a project lasting for more than one fiscal year, the ascertainment of budget appropriation for the first fiscal year of the project shall be sufficient.
- 3- The Ministry shall establish the procedures to be followed and the manner in which records for the control of financial commitments chargeable to each budgetary item will be registered.
- 4- The head of the budgetary institutions and agencies shall maintain the records for the control of financial commitments chargeable to each budgetary item in a manner prescribed by the Minister.

### **3.6 Payments for Goods and Services**

- 1- No payment shall be made unless, in addition to any other voucher or certificate required, the head of the budgetary institutions and agencies or other person authorized by him certifies:
  - a) In the case of a payment for the performance of work, the supply of goods or the rendering of services:
    - i. That the work has been performed, the goods supplied or the services rendered, and that the price charged is according to the contract, or if not specified by the contract, is reasonable;
    - ii. That a payment is to be made, under the terms of the contract, before the completion of the work, delivery of the goods or rendering of the service, that the payment is according to the contract; or
    - iii. That, in accordance with the procedures prescribed by the Ministry, payment is to be made in advance of verification, that the claim for payment is reasonable; or
  - b) In the case of any other payment, that the payee is eligible for or entitled to the payment.
- 2- The Ministry may prescribe the procedures to be followed to give effect to the certification and verification required by this Section.

### 3.7 Repayment of Obligations

1. The Minister is authorized to make repayments of obligations in line with borrowing agreements.

### 3.8 Unspent Funds

- 1- Subject to directives issued by the Ministry, the unspent balance of an appropriation granted for a fiscal year shall lapse.

### 3.9 Reporting

- 1- Monthly and quarterly budget performance reports are to be published on the Ministry website within deadlines to be specified in PFM Act and associated Regulations

## Part Four

### Budget Appropriation

### 3.10 Effective Date

1. This Act shall enter into force as of the 20 day of Oct 2021.

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Name of the Speaker:

Abdi Mohamed Abdirahman

Speaker of the Parliament

Jubbaland State of Somalia



## 5 Part Five

### Annex 1: Previous Year Annual Budget and Actual Outturn Report [Unaudited JSS] as at 31 December 2020