Institute of Public Finance - Somalia

ASSESSMENT REPORT

WARSHEIKH DISTRICT REVENUE MOBILIZATION & SERVICE DELIVERY

19–27 April 2025

Introduction:

The Institute of Public Finance (IPF) – Somalia, in partnership with SOYDEN CSO and funded by SFF-III, conducted a field outreach in **Warsheikh District (Middle Shabelle, Hirshabelle State)** from **19–27 April 2025**. The mission's goal was to map local resources and revenue streams and assess service delivery needs across 18 villages. Warsheikh has significant natural and economic potential (livestock, agriculture, fisheries, etc.), but until now lacked comprehensive data on how these resources could be mobilized into local revenue. This assessment was designed to identify those key resources, examine existing tax/fee mechanisms, pinpoint gaps and challenges, and generate recommendations for sustainable local development

Figure 1: *Outreach at the Warsheikh meeting (April 2025) emphasizing **"Mapping available resources and identifying revenue gaps and opportunities".** The banner highlights the mission's focus on inclusive, community-based data collection. The activity aligns with IPF Implemented and funded through SFFIII's SOYDEN's HORUMAR project, aiming to support local governance and planning by gathering on-the-ground evidence.*

Methodology

A mixed qualitative methodology was used, following the approved ToR. Data collection combined desk review with extensive fieldwork (FGDs, interviews, observations). In each of the 18 villages, focus group discussions (FGDs) were held with different stakeholder groups (farmers, herders, fishers, traders, youth and women's groups) to solicit first-hand information on livelihoods, services and taxation. Key informant interviews were conducted with district officials, village elders and business owners to understand institutional perspectives and revenue mechanisms. Team members also observed markets, farms, and community infrastructure directly. In sum, the approach included:

- **Focus Group Discussions (FGDs):** with farmers, pastoralists, fishers, merchants, and citizens in each village to gather qualitative insights (livelihoods, service gaps, and willingness to pay tax)
- **Key Informant Interviews (KIIs):** with the District Council, Revenue Office, clerks, and community leaders to document formal revenue sources, challenges, and plans
- **Field Surveys and Observations:** walking transects in villages to count businesses and public facilities, and to verify reported resources (e.g. grazing land, farms, irrigation) and service infrastructure (schools, clinics, wells).

This participatory design ensured that multiple viewpoints were captured and cross-checked. All discussions were conducted in Somali, and notes were recorded in English for analysis.

Economic Activities and Resources

Warsheikh's economy is overwhelmingly agrarian and pastoralist, reflecting national patterns where livestock and crop production dominate. Field teams observed that nearly all households engage in some livestock rearing (camels, cattle, goats, sheep), while farming (sorghum, maize, vegetables, some fruits) occurs where water is available (near seasonal streams or river boreholes). Smaller numbers of residents earn income from fishing (in coastal villages) and trade/commerce (small shops, kiosks, ferrying goods, or remittances handling in larger villages). In a rough breakdown of livelihoods (approximate % of households):

Economic Activity	Approx. % of Households Engaged
Livestock rearing	60%
Crop farming	40%
Fishing	15%
Trade/commerce (shops)	25%
Handicrafts/others	10%

These figures illustrate overlapping activities: for example, many livestock-keepers also farm seasonally, and traders often handle remittances in parallel. This local profile is consistent with Somalia's 2024 economy, where improved rains boosted agricultural output and livestock/crop exports rebounded. However, despite this economic base, income levels are low, and markets are thin – most production is for subsistence or local sale

Local natural resources of note include grazing lands and water points for animals, small irrigable plots near rivers, and fish stocks along the coast. No commercially valuable minerals or forests were identified in this district. Throughout the outreach, participants emphasized that livestock (goats, camels) remain the most liquid asset, and that crops are mainly rain-fed subsistence grains. Petty trade (tea shops, small kiosks) was noted in larger villages, but formal enterprises (manufacturing, factories) were non-existent.

Local Revenue Mobilization

Very limited formal revenue is currently raised at the local level. District authorities (with support from Hirshabelle Ministry of Finance) do levy nominal fees and taxes – for example, grazing permits, market stall fees, livestock sales taxes, and business licenses. In practice, however, collection is minimal. Most FGDs and interviews revealed that only a small fraction of eligible traders and herders actually pay these charges, often well below official targets. For instance, one agriculture official estimated that "fewer than 20% of livestock traders buy the required license". As a comparison, studies in Puntland found that only about 15% of registered properties paid local taxes in 2015, highlighting the difficulty of enforcement in Somali contexts. In Warsheikh, reasons given for this gap included:

Lack of trust/accountability: Many villagers said they do not believe tax money will be used transparently. A common refrain was, "We pay nothing because we never see services in return." This sentiment aligns with broader findings that Somalis often find traditional/religious collectives (like clan contributions or zakat) to be more efficient and accountable than government taxes.

Informality: A large share of the economy is informal (e.g. charcoal trade, barter, casual labour). People without formal licenses simply operate outside any system.

Awareness and clarity: Several traders reported not knowing the exact rates or deadlines and said that officials rarely visit the villages to enforce rules. (In one KII, a shopkeeper said he only pays fees when approached by the clerk during occasional inspections.)

As a result, actual local revenue collections were very low. The outreach team observed that the district revenue office is small and under-resourced. Data from IPF's field survey (Table I below) illustrate key findings on taxpayer attitudes and existing practices. They indicate general reluctance to pay unless clear benefits or enforcement exist.

Table I: key findings on taxpayer attitudes and existing practices:

Reasons for Low Tax Compliance	Frequency (% of FGDs citing)
Lack of visible public services	78%
Distrust of officials / corruption concerns	65%
High poverty / low ability to pay	60%
Confusion / unawareness of tax rules	65%
Strong reliance on informal / clan dues	60%

(Source: IPF 2025 field assessment FGDs and interviews)

In summary, despite identified resources, local revenue mobilization is hampered by institutional and perception gaps. The district government currently captures only a small share of potential taxes or fees. For example, tribal and religious leaders continue collecting informal "contributions" (often seen as more direct charity or community dues), which likely substitute for official taxes. In effect, Warsheikh's local revenue system today is underdeveloped.

Public Service Delivery

Field observations confirmed widespread service gaps in core public goods. The most critical needs identified by communities were access to clean water, basic healthcare, and education:

Water:

Over 75% of villages lack reliable clean water. Most communities rely on shallow wells (often undrinkable) or infrequent trucking from distant sources. Some villages reported awaiting NGO wells, but these are few.

Healthcare:

Only 1 or 2 villages have a simple health post; all others have no clinic or pharmacy. Residents must travel long distances (10–30 km) to reach a hospital or qualified health worker. Many treat illnesses with traditional remedies by default.

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Infrastructure

No villages reported paved roads. Dirt tracks connecting sub-villages become impassable during rains, cutting off markets and emergency transport. Electricity is generally absent (some public buildings use small solar panels, but homes and farms are unpowered). Sanitation and waste management are non-existent in village markets.

The table II: below summarizes major service gaps noted across the assessment sites:

Service/Infrastructure	Condition in Villages
Drinking Water	Insufficient/protected sources; heavy reliance on rainwater and trucks.
Healthcare	80% of villages have **no clinic**; nearest health Center often >20 km away.
Education	Few permanent schools; high student-to-teacher ratios; many villages with no school building.
Roads/Transport	All roads unpaved; seasonal flooding isolates communities.
Electricity/Lighting	Limited and small-scale grid power; only solar lamps in some homes.

These gaps are consistent with Somalia's recent challenges. Improved rains in 2024 aided agricultural growth, but rural districts like Warsheikh have yet to see public investments keep pace. Communities repeatedly noted that no amount of revenue mobilization can succeed unless basic services improve. In multiple FGDs villagers linked willingness to pay tax directly to delivery of these services, underscoring that fiscal capacity is tightly bound to visible public goods.

Community Voices

Local perspectives were captured in many direct quotes during fieldwork. Participants expressed both needs and concerns in their own words. For example:

> ***If we pay taxes, we expect a school or a well for our children. But we see nothing new***

Village Elder In Warsheikh Town.

A livestock trader in Warsheikh.

> ***I trade goats in the central market, but I only pay fees when someone reminds me. The council never follows up***

> ***Girls in our village have no school. Maybe if we paid land tax, we'd get a teacher here***

A Mother In Galangalow.

These voices illustrate a common theme: accountability and benefit-sharing. Taxpayers repeatedly stated they would be more willing to comply if they saw direct returns (improved water points, roads, clinics, etc.). This finding aligns with documented cases elsewhere in Somalia: for instance, Garowe City found that providing public improvements (street lighting, road paving, security) and active taxpayer education dramatically increased voluntary compliance. Conversely, persistent inaction breeds skepticism.

Furthermore, community members emphasized the importance of inclusion and transparency. Several FGD groups recommended that women and youth be involved in planning local budgets, so that investment priorities reflect actual needs. These grass-roots suggestions mirror academic findings that citizen engagement in revenue-use planning can strengthen trust in government

Key Gaps and Challenges

Our observations identified several recurring bottlenecks in Warsheikh's local finance and services:

Institutional/Governance Gaps: Local tax laws and ordinances are outdated or non-existent. Village councils lack clear by-laws defining who should pay what; many decisions are made ad hoc. Crucially, official records of taxable entities (businesses, land parcels) are incomplete or missing. (Some officials confessed to relying on informal lists maintained by elders.) This contrasts with the systematic reforms in more advanced districts, where property rolls, and digital systems aid collection.

Capacity Constraints: The district revenue office operates with minimal staff and budget. No computerized system is in place (unlike Garowe's IFMIS model). Collectors lack vehicles or fuel, so tax enforcement requires sending messages home on foot. Training for staff in outreach and accounting is limited, leading to inefficiencies.

Economic Structure: The heavy informal sector (charcoal, barter-trade) leaves much local income outside the tax net. Many residents said they live **"hand to mouth"** from day labor or remittances. This narrow tax base restricts revenue potential even if enforcement were perfect. It also means formal rate-setting must consider ability to pay – most families struggle to cover basic needs.

Perception and Trust: As noted, a major challenge is the **"accountability gap"**. Decades of fragility have eroded trust in government. Many participants mentioned hearing about corrupt practices in other districts, and they fear similar misuse here. They prefer relying on customary **"zakat"** (religious alms) or clan contributions, which are seen as more transparent. This phenomenon is well-documented: in Somalia, traditional authorities often collect community funds **"with more efficiency and accountability"** than state institutions. Overcoming this perception is critical for any tax reform.

Collectively, these gaps mean that Warsheikh's local revenue mobilization remains at a starting point, and public services are unable to keep up with community needs.

Recommendations

Based on the above findings, the following evidence-based actions are recommended for local authorities, donors (SFF-III), and civil society partners:

Link Revenue to Visible Services: Prioritize quick-impact public works in participating villages before or during revenue drives. For example, ensure that a portion of any fees collected is immediately reinvested in projects prioritized by the community (wells, classrooms, roads). Experience from Somalia shows that "providing better services like street lighting, road tarmacking, and security" significantly boosts taxpayers' willingness to contribute. In practice, this means committing (and publicizing) that local revenues will fund, say, a water well or clinic improvement.

Tax Policy Reform and Transparency: Convene inclusive stakeholder meetings (as IPF is doing) to revise local tax ordinances. Simplify fee structures and set clear, affordable rates. Develop and publish an annual budget showing how revenue will be used. Make tax collection rules and expenditures transparent (e.g. through public noticeboards or radio announcements). This accountability will address distrust. The Garowe case suggests that even friendly reminders (via SMS or megaphone) about obligations, coupled with visible projects, can increase voluntary compliance

Capacity Building and Systems: Provide targeted training and modest resources to the district revenue office. Introducing simple record-keeping (even Excel-based) and cashbooks will improve tracking. Over time, consider adopting basic digital tools (e.g. mobile money receipts, GIS mapping of properties) like more developed cities have done. At a minimum, establish a door-to-door registration drive to ensure all businesses and landowners are documented, simi lar to Garowe's property registration efforts.

Community Engagement & Matching Grants: Leverage civil society and donors to support a matched funding mechanism. Under this model, every shilling raised locally is matched by external funds for community projects. Such programs have succeeded elsewhere in Somalia – one NGO-led program matched informal revenues, allowing communities to finance schools, roads and even an airport terminal. By tying local contributions to additional funding, residents see direct benefits and civic pride (as observed in Gedo region, where community financing actually strengthened perceptions of government legitimacy). Encourage SOYDEN and partners to facilitate these schemes in Warsheikh's villages

Inclusive Participation: Ensure women, youth, and minority clans are included in planning. Host regular town-hall forums where citizens can voice needs and review budgets. This builds ownership of both revenue mobilization and service projects. For example, during outreach meetings (as shown in photos above), inviting ordinary citizens to speak and ask questions was positively received. Empower local CSOs (like SOYDEN's network) to continue mobilizing

Monitoring & Accountability: Set up a simple community oversight group or consultative council in each village. This body can report on how tax funds are spent. Even low-tech solutions – publishing a leaflet of collected revenues and projects – will signal openness. civic dialogue.

Implementing these measures in tandem can create a virtuous cycle: as basic services improve, more people will pay tax, which yields more revenue for further investments. Close coordination with Hirshabelle's Ministry of Finance and other donors is advised to align these local efforts with state-wide fiscal decentralization plans.

Conclusion

The April 2025 field outreach in Warsheikh has revealed both promise and hurdles. The district possesses the natural and human resources typical of rural Somalia – livestock herds, fertile plots, a hardworking populace – and communities are eager to develop them. Yet decades of fragility mean that public services are sparse and formal taxation is nascent. To transform this landscape, action is needed on two fronts: (a) deliver tangible improvements in water, health, education and roads; and (b) reform and enforce a fair local revenue system in partnership with local citizens. As one elder put it,

“If you fill our wells and light our streets, we will happily fill the coffers.”

By following the evidence-based steps above, Warsheikh District – with support from SFF-III and partners – can begin to mobilize its own resources more sustainably. This will not only strengthen the district’s budget but also reinforce community trust and resilience. The investments made now in governance, services and engagement will lay the foundation for a self-reliant and prosperous local society.

Sources:

This report builds on IPF’s field data and national context. Key references include Somalia’s 2024 World Bank economic overview, the project’s ToR, and related studies on Somali local taxation and service delivery. These sources underline that integrated community engagement, service improvements and transparent fiscal policies are critical for effective revenue mobilization in Somalia.

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