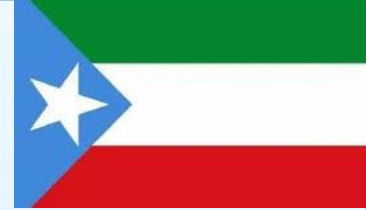




**SOMALI REGIONAL STATE
BUREAU OF FINANCE & ECONOMIC
DEVELOPMENT**



1st Draft Report On

**Estimation of Regional Gross Domestic Product (RGDP) of
Somali Regional State**

2008EFY-2010EFY

Estimates of the 2003EFY Base Year Series

**August 2019
Jig-jiga**

Outline

- **Introduction**
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- **ESRS RGDP Compilation Aggregates**
- **Methodology and Approaches**
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Introduction

- ✓ The main economic variable usually used as indicator of the performance of the regional economy is the Regional Gross Domestic Product (RGDP),
- ✓ For managing the regional economy, a regional state has to have time series data indicating the region's economic performance,
- ✓ The new federal structure has given to the regions an authority to direct and monitor their own social and economic development endeavor, hence it is quite important to perform the Regional Income Accounting work at regional level,
- ✓ One of the prime mandates of the Somali Region Bureau of Finance and Economic Development is the collection, compilation, organization, analysis and interpretation of socio-economic development indicators,
- ✓ Recognizing the importance of compiling the RGDP and following the footsteps of the federal as well as other regional governments of the country, the BoFED of Somali Regional State has been planning and exercising an effort to compile the regional GDP of the region since 2003EFY,
- ✓ The base year for this regional gross domestic product estimation exercise for Somali region is the 2003 EFY while the report cover the GTP-II period 2008-2010EFY while 2007EFY is baseline.

Introduction....

- ✓ The final report document of the Regional GDP will be prepared by incorporating all valuable comments and suggestions from stakeholders and partners and submit for approval by the regional cabinet members so as to publish and disseminate.

Major Objectives of Regional GDP Statistics

- ✓ To know the effectiveness or efficiency of economic policies and programs in sector development and to redesign policies,
- ✓ To know the role that state or private is playing for the economic progress of the region
- ✓ To investigate the economic sectors, which have great contribution to the regional economy and to verify and decide their relative rank in economic importance.
- ✓ To know the economic structure of the region and contribution of each sector
- ✓ To serve as a tool of economic analysis and thereby as a means of formulating regional development plan and sectoral plans
- ✓ To facilitate the task of formulation of regional development strategies, investment directions and helps to know the development potential of the region
- ✓ To monitoring the behavior of the economy
- ✓ To conduct economic analysis and research
- ✓ To make Inter-regional comparisons

ESRS RGDP Compilation Aggregates

1. RGDP by kind of economic activity
 - Both at current & constant Prices
 - As per International standard of industrial classification (ISIC) 16 major sectors
2. The base year for the estimation exercise for Somali region is the 2003 EFY.

ESRS RGDP Compilation Aggregates.....

ECONOMIC ACTIVITIES COVERED IN ESRS RGDP

- 1) *Agriculture and Allied Activities*
- 2) *Mining and Quarrying*
- 3) *Manufacturing*
- 4) *Electricity and Water*
- 5) *Construction*
- 6) *Whole Sale and Retail Trade*
- 7) *Hotels and Restaurants*
- 8) *Transport and communications*
- 9) *Financial intermediation*
- 10) *Real Estate, Renting and Business Activities*
- 11) *Public Administration and Defense*
- 12) *Education*
- 13) *Health and Social Work*
- 14) *Other Community , Social & Personal Services*
- 15) *Private Households with Employed Persons*
- 16) *Except Fishing*

Note: The Somali Regional State economy mainly depend on agriculture particularly livestock production and remittance however the RGDP estimates does not include remittance because it is not our production

ESRS RGDP Compilation Aggregates.....

Main Data Sources Used for ESRS RGDP Estimation

(For data on Output, Intermediate Consumption, Prices and other aggregates)

- CSA surveys and census reports
- Audited financial statements of public/private enterprises
- Official reports of regional Sectoral bureaus and respective Ministries
- Federal and Regional level Sectoral statistical abstracts
- Regional and Federal government audited expenditure reports
- Regional surveys and Case Studies
- Different proxies, coefficients, indices, assumptions, etc. at regional and national level

Methodology and Approaches

- Among the three major GDP estimation approaches , production approach, expenditure approach and income approach , the production approach has been used to compile the SRS RGDP except for some economic activity
- Collecting Regional GDP data required from all identified sources government sector bureaus, NGOs and federal government institutions operating in the region, private organizations and target weredas and city administrations in the region as well as conduct sample survey for some economic activities,
- Applying internationally acceptable methods of estimation within the conceptual framework of regional income accounts, compiling Region's GDP by major economic sectors and sub sectors
- Data analysis, interpreting and preparing the first draft consolidated report document on RGDP
- Due to unavailability and inconsistency of desired data on some economic activities, subjective assumptions and Coefficients has been used

The Three RGDP Estimation Approaches

Production approach

- + Sum of values added of All producers at basic prices
- + Taxes on products

Expenditure approach

- + Final consumption expend.
- + Gross fixed capital formation
- + Changes in inventories

Income approach

- + Compensation of employees
- + Taxes on production
- + Operating surplus

= Gross Domestic Product at market prices

Results of SRS GDP Estimates During EFY '08-EFY'10

Annual Regional Gross Domestic Product of Somali Regional State by Major Industrial Classification (In Billions Birr) (2003 EFY Base Year Series)

At Constant Basic Prices				
Economic Activity	2007	2008	2009	2010
	(2014/15) Baseline	(2015/16)	(2016/17)	(2017/18)
AGRICULTURE	23.1	26.6	25.4	27.1
INDUSTRY	1.5	1.7	2.0	2.1
SERVICES	9.9	9.0	12.0	13.1
Total GVA	34.6	37.4	39.3	42.3
Less : FISIM	0.0	0.0	0.0	0.0
GVA at Constant Basic Prices	34.5	37.3	39.3	42.3
At Current Basic Prices				
Economic Activity	2007	2008	2009	2010
	(2014/15) Baseline	(2015/16)	(2016/17)	(2017/18)
AGRICULTURE	40.0	45.5	42.8	50.3
INDUSTRY	3.3	3.7	3.9	4.0
SERVICES	14.3	16.2	17.3	20.7
Total GVA	57.7	65.4	64.0	75.0
Less : FISIM	0.1	0.1	0.1	0.1
GVA at Current Basic Prices	57.6	65.4	63.9	74.9

Regional Gross Domestic Product of Somali Regional State at Constant Basic Prices (In Thousand Birr) (2003 EFY Base Year Series)

Economic Activity	2007 (2014/15) Baseline	2008 (2015/16)	2009 (2016/17)	2010 (2017/18)
A. AGRICULTURE	23,123,170.4	26,608,120.4	25,355,923.2	27,055,093.6
Crop Production	1,103,440.0	1,114,268.8	1,154,788.5	1,169,711.0
Livestock Production	21,903,989.6	25,368,439.7	24,073,560.7	25,754,327.0
Forestry	115,740.8	125,412.0	127,574.0	131,055.6
Fishing	0.0	0.0	0.0	0.0
B. INDUSTRY	1,539,940.3	1,724,464.1	2,028,982.1	2,148,041.4
Mining & Quarrying	446,596.5	503,751.4	501,948.8	497,611.6
Manufacturing	114,059.9	122,467.9	132,721.3	144,671.1
Large & Medium Scale Manufacturing	49,786.8	57,026.1	65,318.1	74,815.8
Small Scale Manufacturing	27,192.7	27,500.7	28,549.6	29,732.8
Cottage & Handicrafts	37,080.4	37,941.1	38,853.6	40,122.5
Electricity & Water	69,345.3	73,932.2	75,899.3	76,974.9
Construction	909,938.5	1,024,312.8	1,318,412.8	1,428,783.8
C. SERVICES	9,906,652.8	9,028,452.8	11,957,242.1	13,104,153.9
I. DISTRIBUTIVE SERVICES	7,350,290.4	6,891,670.1	8,845,075.7	9,360,601.0
Whole Sale and Retail Trade	3,414,360.3	2,776,409.9	4,720,032.02	4,985,814.98
Hotels and Restaurants	275,735.0	326,551.0	343,368.8	367,368.8
Transport and Communications	2,024,577.3	2,120,992.1	2,138,767.2	2,216,188.1
Financial Intermediation	616,931.4	602,959.7	593,283.6	689,164.8
Real Estate, Renting and Business Activities	407,913.7	485,924.6	497,936.5	499,517.1
Education	311,035.4	304,328.0	303,057.6	308,483.5
Health and Social Work	299,737.4	274,504.9	248,630.0	294,063.7

Regional Gross Domestic Product of Somali Regional State at Constant Basic Prices (In Thousand Birr) (2003 EFY Base Year Series)

Economic Activity	2007 (2014/15) Baseline	2008 (2015/16)	2009 (2016/17)	2010 (2017/18)
C. SERVICES	9,906,652.8	9,028,452.8	11,957,242.1	13,104,153.9
II. OTHER SERVICES	2,556,362.4	2,136,782.7	3,112,166.4	3,743,553.0
Public Administration and Defense	2,375,534.9	1,947,901.3	2,857,918.6	3,485,862.1
Other Community , Social & Personal Services	151,270.6	158,319.3	221,027.89	223,112.65
Private Households with Employed Persons	29,557.0	30,562.1	33,219.9	34,578.3
Total	34,569,763.5	37,361,037.4	39,342,147.5	42,307,289.0
Less : FISIM	35,147.6	37,562.6	38,976.6	39,456.6
GVA at Constant Basic Prices	34,534,615.9	37,323,474.8	39,303,170.9	42,267,832.4
Taxes on Products (Net)	108,716.2	127,514.3	146,312.4	165,110.5
GDP at Constant Market Prices	34,643,332.1	37,450,989.1	39,449,483.3	42,432,942.9
Population (000)	5,452.3	5,599.3	5,748.5	5,899.3
RGDP Per Capita (Birr)	6,353.9	6,688.5	6,862.6	7,192.9
Average Exchange Rate (Birr/USD)	20.1	21.01	23.1	26.8
Real RGDP Per Capita (USD)	316.1	318.3	297.5	268.7
Real RGDP Growth Rate (%)	11.8	8.1	5.3	7.5
Implicit GDP deflator (IPD)	1.7	1.8	1.6	1.8
Percentage Change in Regional GDP Deflator	11.4	5.0	(7.2)	9.0

Regional Gross Domestic Product of Somali Regional State at Current Basic Prices (In Thousand Birr) (2003 EFY Base Year Series)

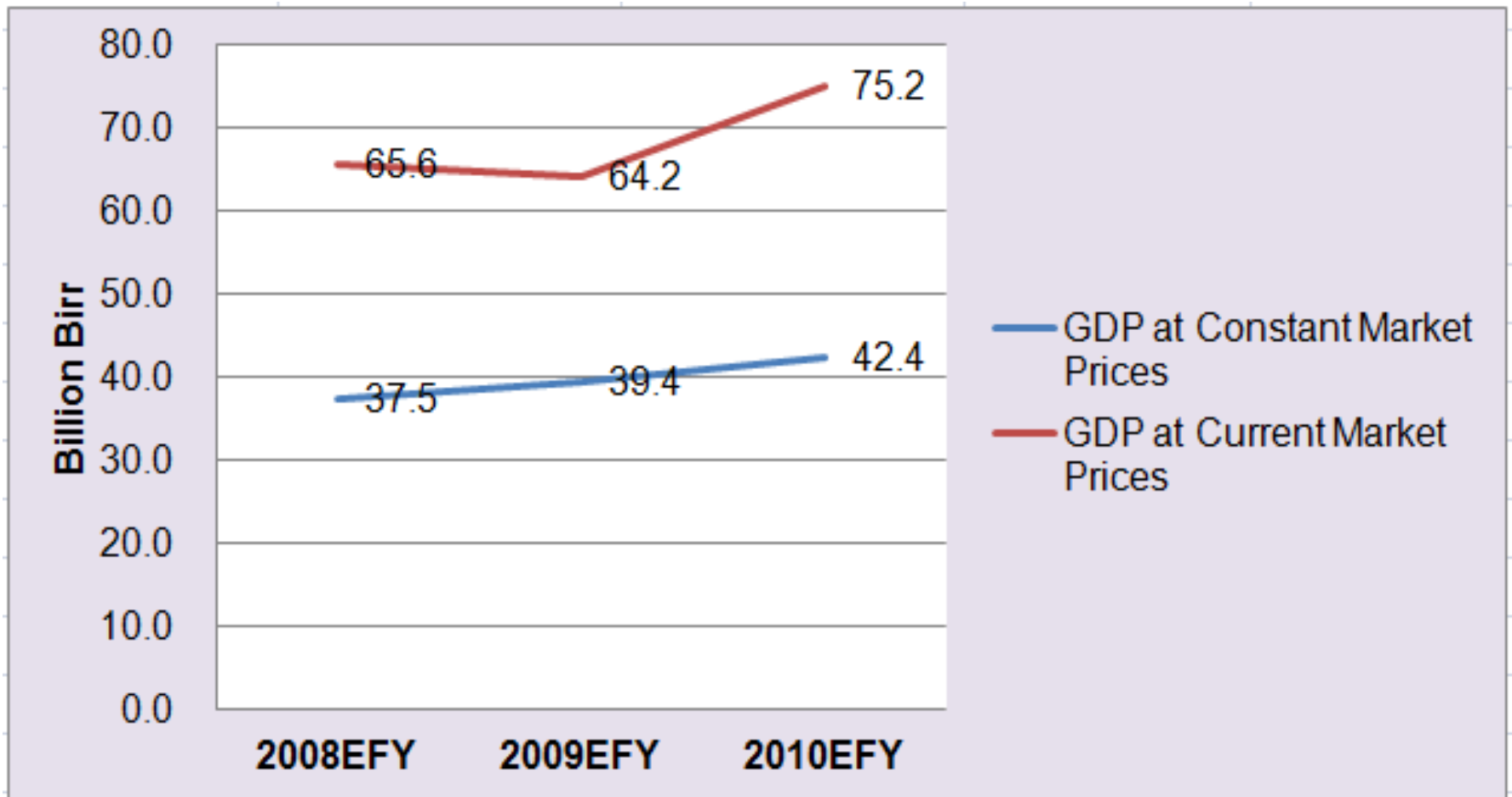
Economic Activity	2007 (2014/15) Baseline	2008 (2015/16)	2009 (2016/17)	2010 (2017/18)
A. AGRICULTURE	40,045,051.2	45,502,092.5	42,837,661.2	50,309,655.9
Crop Production	2,633,335.4	2,770,262.4	2,875,982.6	2,953,517.9
Livestock Production	37,270,529.3	42,582,542.1	39,807,694.5	47,180,383.3
Forestry	141,186.4	149,288.0	153,984.2	175,754.7
Fishing	0.0	0.0	0.0	0.0
B. INDUSTRY	3,297,827.5	3,746,344.6	3,856,729.6	3,952,435.5
Mining & Quarrying	850,175.8	923,470.8	894,016.5	868,054.9
Manufacturing	165,461.3	244,088.4	259,636.0	293,996.0
Large & Medium Scale Manufacturing	71,854.0	80,149.3	73,708.0	82,861.7
Small Scale Manufacturing	39,620.2	44,063.9	50,312.2	57,630.8
Cottage & Handicrafts	53,987.1	119,875.1	135,615.7	153,503.4
Electricity & Water	86,871.9	98,448.8	105,095.0	107,647.7
Construction	2,195,318.5	2,480,336.6	2,597,982.1	2,682,736.9
C. SERVICES	14,345,983.1	16,195,812.7	17,282,754.2	20,719,443.0
I. DISTRIBUTIVE SERVICES	11,535,756.1	13,233,108.1	13,101,345.4	15,584,894.8
Whole Sale and Retail Trade	4,908,836.1	5,708,849.0	6,503,511.2	7,632,471.5
Hotels and Restaurants	349,917.1	371,568.7	388,244.5	413,342.1
Transport and Communications	3,438,487.6	4,024,553.1	2,910,269.1	3,739,424.4
Financial Intermediation	882,499.8	863,469.0	876,074.6	1,035,390.2
Real Estate, Renting and Business Activities	705,103.6	899,888.7	965,825.6	985,173.6
Education	917,805.4	982,942.2	1,027,903.3	1,275,823.5
Health and Social Work	333,106.5	381,837.4	429,517.0	503,269.4

Regional Gross Domestic Product of Somali Regional State at Current Basic Prices (In Thousand Birr) (2003 EFY Base Year Series)

Economic Activity	2007 (2014/15) Baseline	2008 (2015/16)	2009 (2016/17)	2010 (2017/18)
C. SERVICES	14,345,983.1	16,195,812.7	17,282,754.2	20,719,443.0
II. OTHER SERVICES	2,810,226.9	2,962,704.6	4,181,408.8	5,134,548.2
Public Administration and Defense	2,569,586.2	2,699,405.4	3,781,819.4	4,666,078.7
Other Community , Social & Personal Services	192,908.7	209,678.3	327,055.02	392,536.31
Private Households with Employed Persons	47,732.1	53,620.9	72,534.5	75,933.2
Total	57,688,861.8	65,444,249.7	63,977,145.0	74,981,534.4
Less : FISIM	72,159.7	73,514.2	70,034.6	72,895.7
GVA at Current Basic Prices	57,616,702.1	65,370,735.5	63,907,110.4	74,908,638.7
Taxes on Products (Net)	208,048.0	258,367.0	297,321.4	302,773.1
GDP at Current Market Prices	57,824,750.1	65,629,102.5	64,204,431.8	75,211,411.8
Population (000)	5,452.3	5,599.3	5,748.5	5,899.3
RGDP Per Capita (Birr)	10,605.7	11,720.8	11,169.0	12,749.2
Average Exchange Rate (Birr/USD)	20.1	21.01	23.1	26.8
Nominal RGDP Per Capita (USD)	527.6	557.9	484.3	476.2
Nominal RGDP Growth Rate (%)	24.6	13.5	(2.2)	17.2

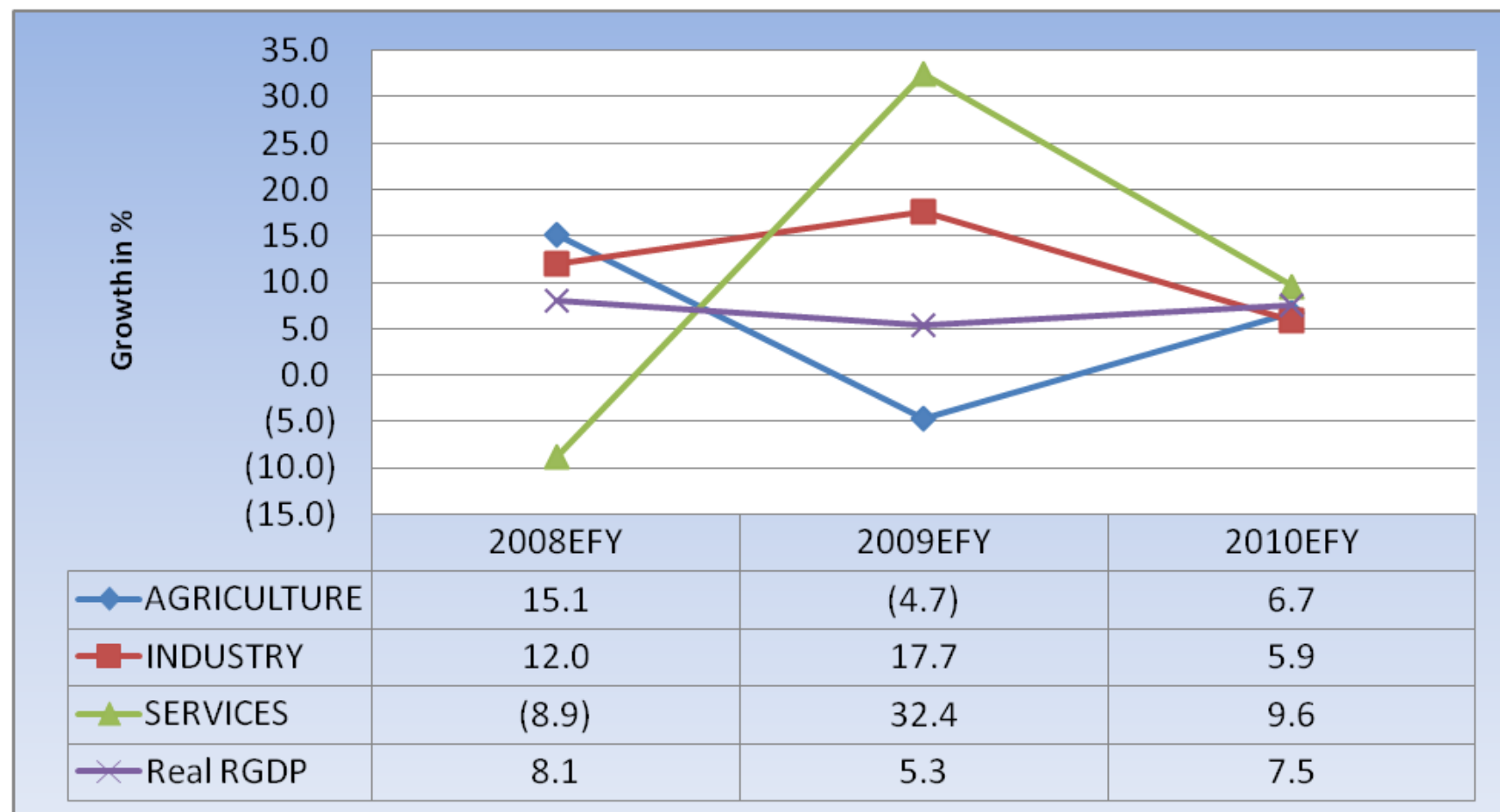
Results of SRS GDP Estimates

GDP of SRS at Current and Constant Market Prices (In Billion Birr)



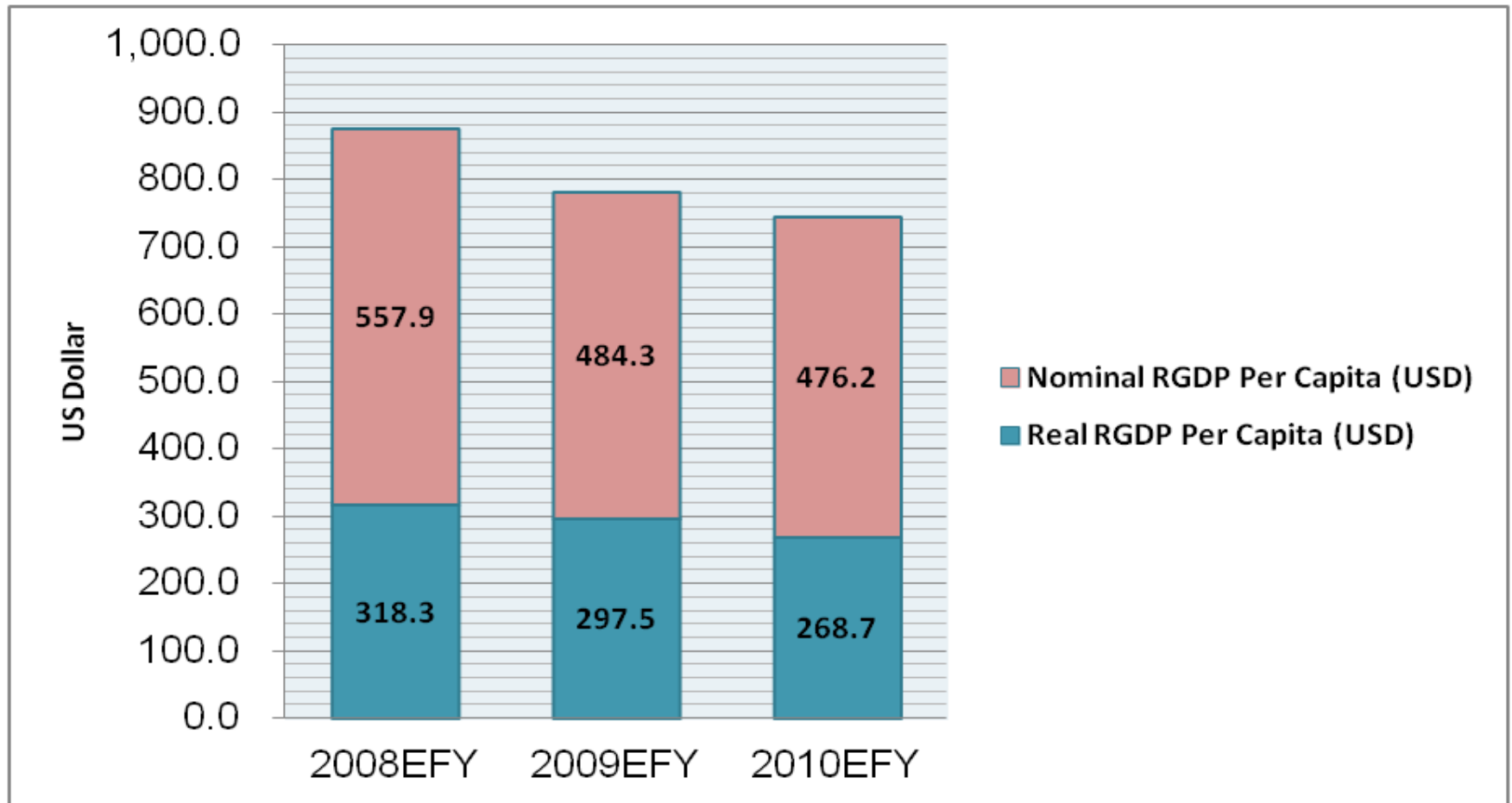
Results of SRS GDP Estimates

Growth rate in SRS Real GDP at EFY 2003 Constant Prices



Results of SRS GDP Estimates

Trends in SRS Nominal and Real RGDP Per Capita (USD)



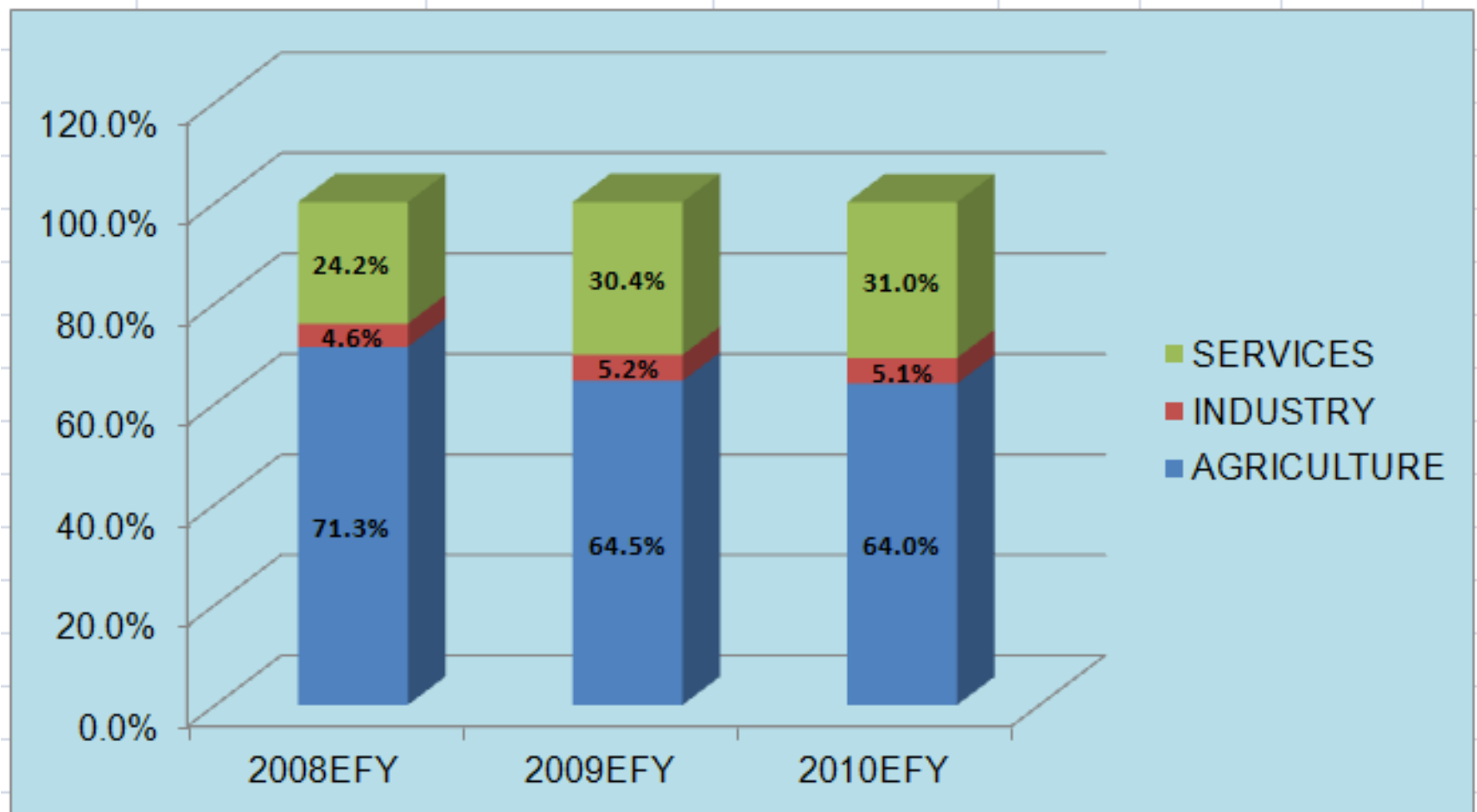
Results of SRS GDP Estimates

Composition of RGDP of SRS by Main Economic Sectors

Sector	2008EFY	2009EFY	2010EFY	Average
Nominal GDP				
AGRICULTURE	69.6%	67.0%	67.2%	67.9%
INDUSTRY	5.7%	6.0%	5.3%	5.7%
SERVICES	24.8%	27.0%	27.7%	26.5%
Real GDP				
AGRICULTURE	71.3%	64.5%	64.0%	66.6%
INDUSTRY	4.6%	5.2%	5.1%	5.0%
SERVICES	24.2%	30.4%	31.0%	28.5%

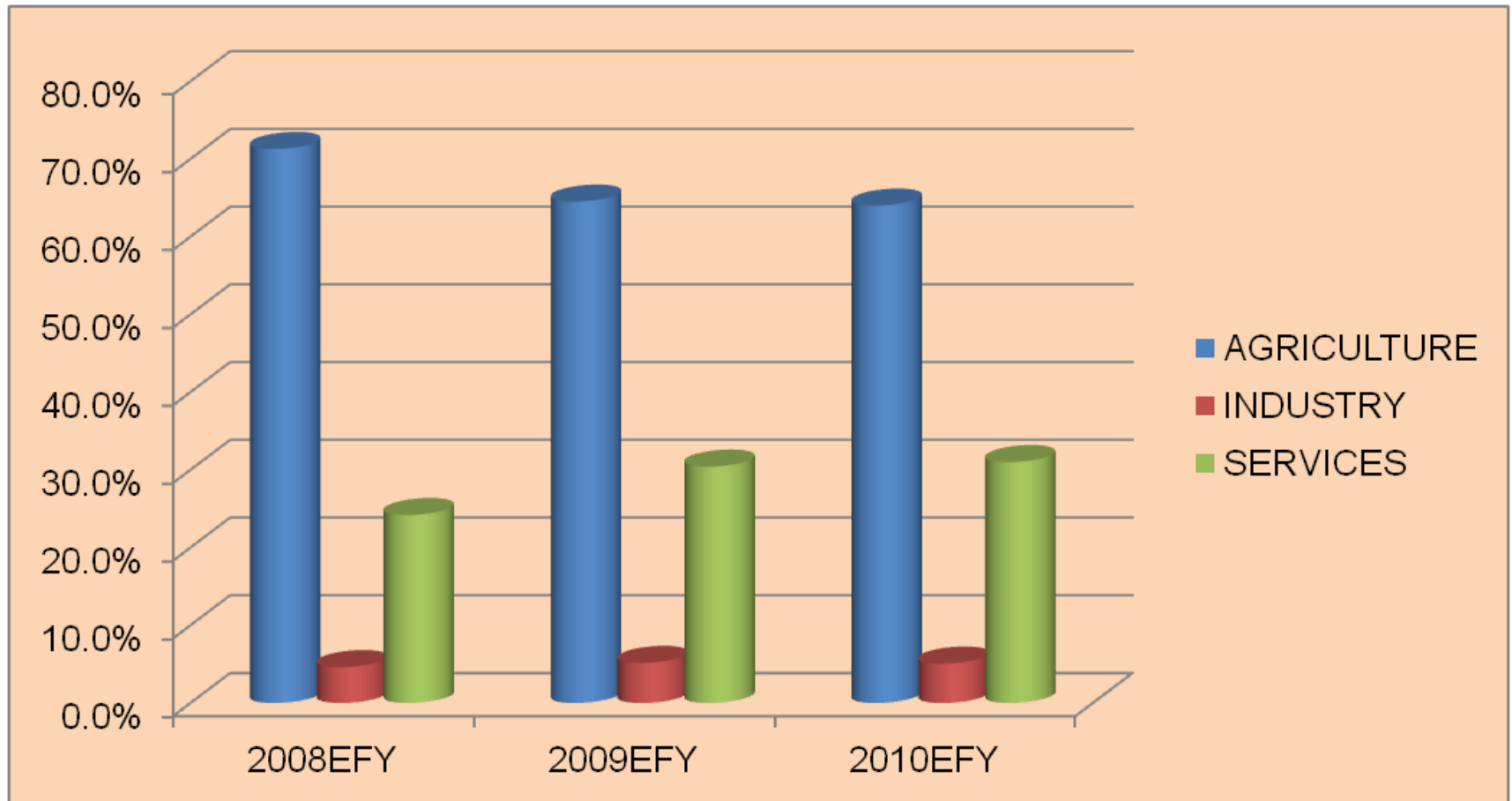
Results of SRS GDP Estimates

Percentage Contribution to Real GDP of Somali Regional State by Major Industry at Constant Basic Prices Aggregates (2008-2010 EFY)



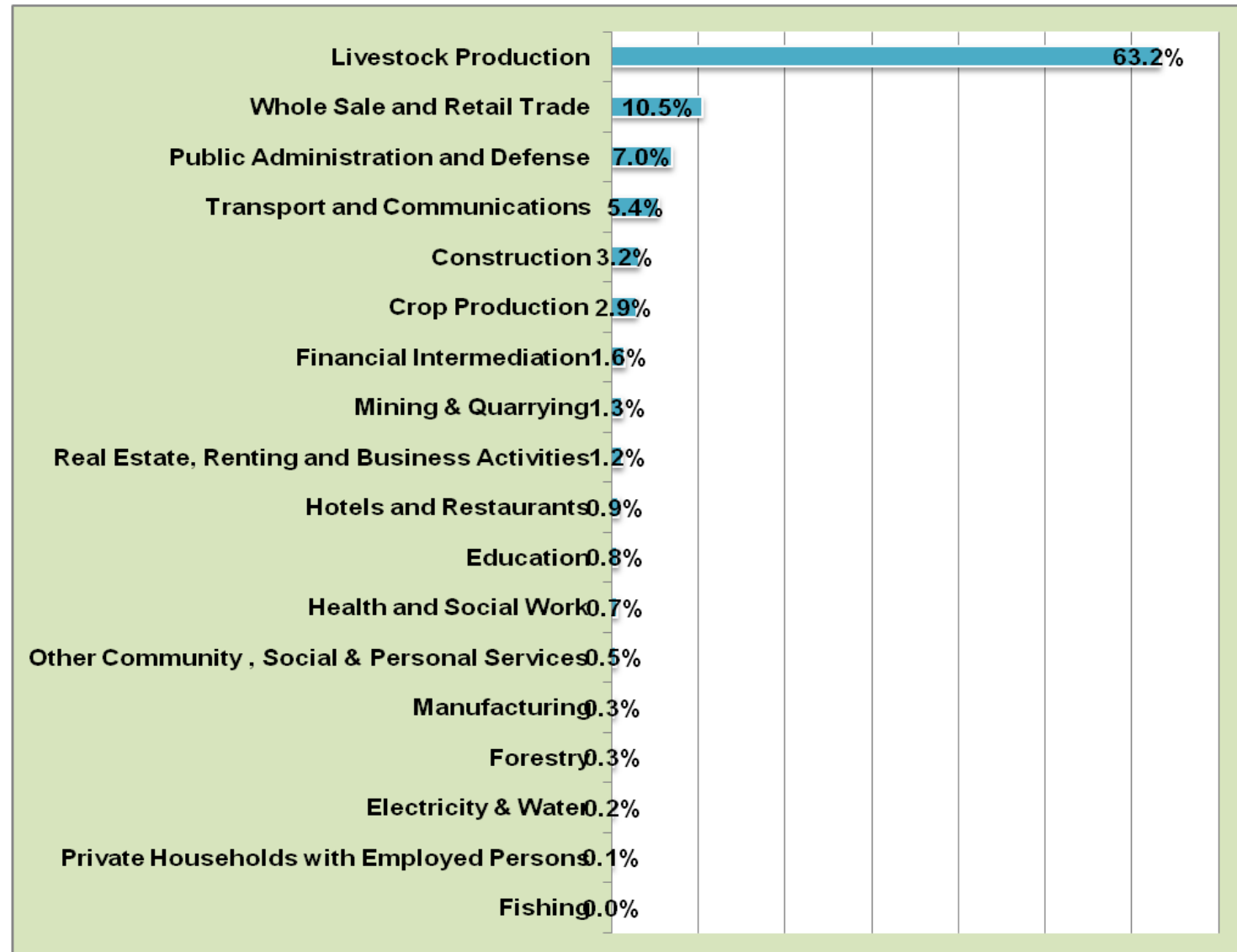
Results of SRS GDP Estimates

Percentage Distribution of SRS Real GDP By Main Economic Aggregates (2008-2010 EFY)



Results of SRS GDP Estimates

Average Percentage Distribution of SRS Real RGDP (2008EFY-2010EFY)

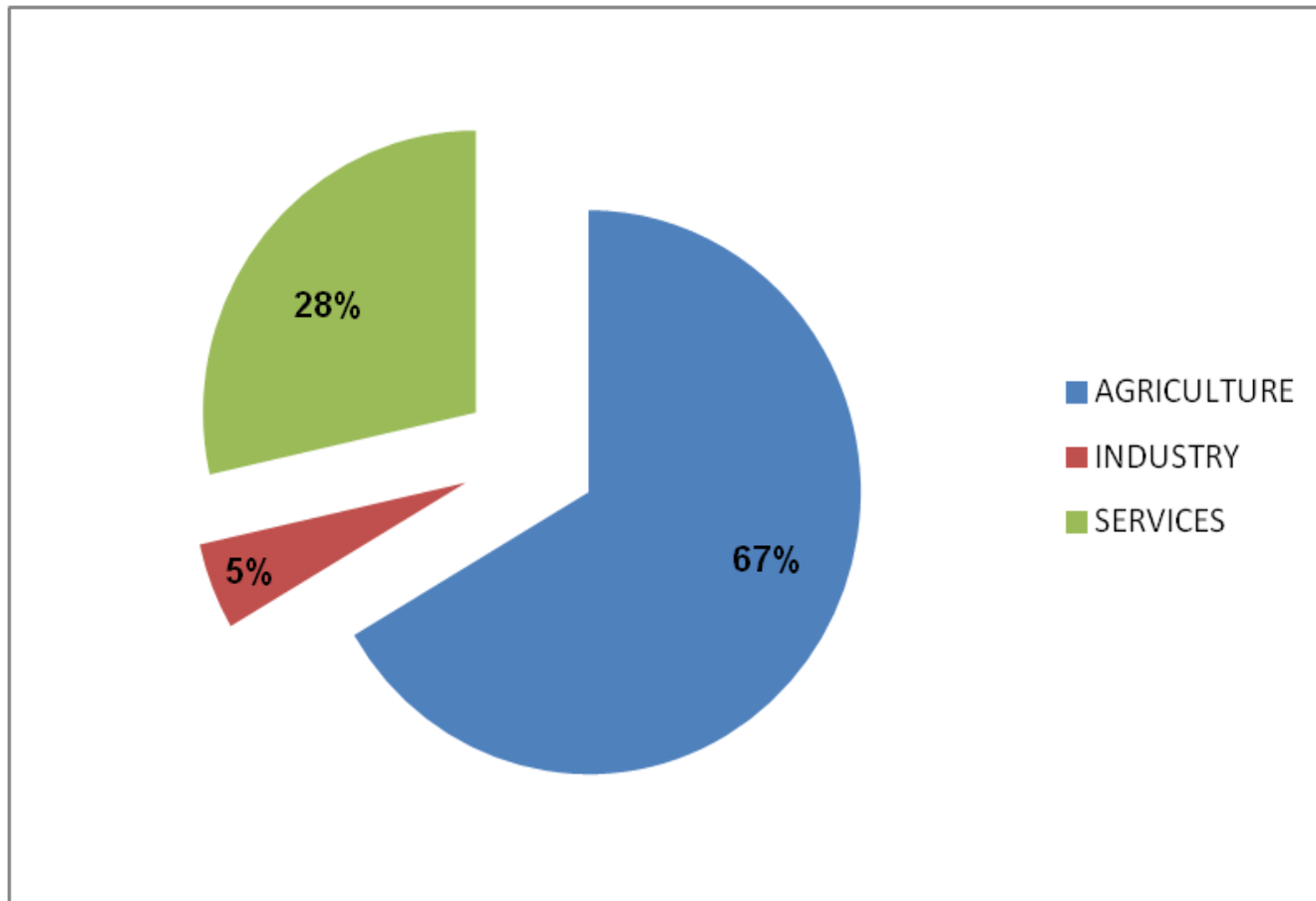


Results of SRS GDP Estimates

As per the recent RGDP estimates for the period 2008EFY-2010EFY, the average annual economic growth of Somali Region, as measured by Gross Domestic Product (GDP) at constant basic price grew by **7.0%**. As per this estimates the annual average growth rates of major sectors i.e. Agriculture, Industry and Services were **5.7** percent, **11.8** percent and **11.1** percent respectively and their shares out of the total annual average GDP were about **66.6** percent, **5.0** percent and **28.5** percent respectively. Hence this estimates revealed that the economy of the region is primarily depend on Agriculture particularly the livestock production sub-sector.

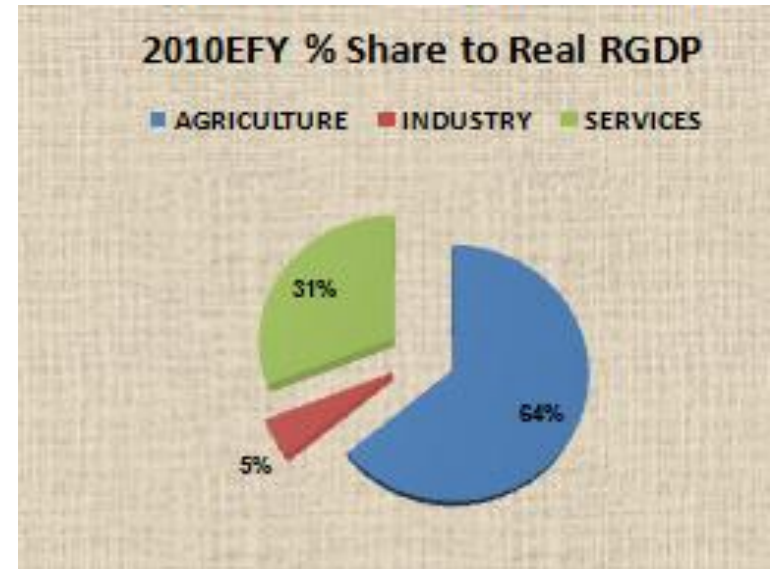
Results of SRS GDP Estimates

Average Percentage Distribution of Real GDP of SRS By Main Economic Aggregates (Average :2008-2010EFY)



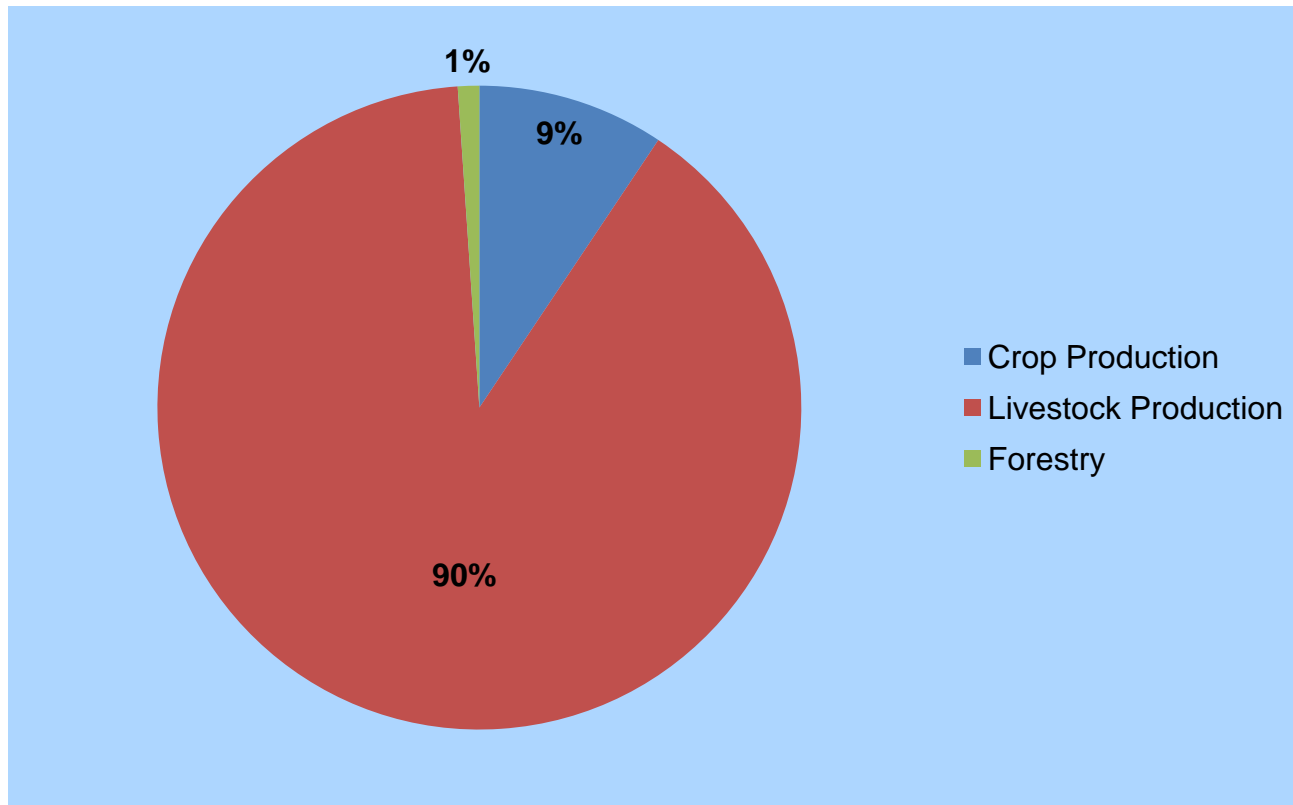
Results of SRS GDP Estimates

Sectoral Distribution of RGDP of SRS in 2008EFY Compared to 2010EFY)



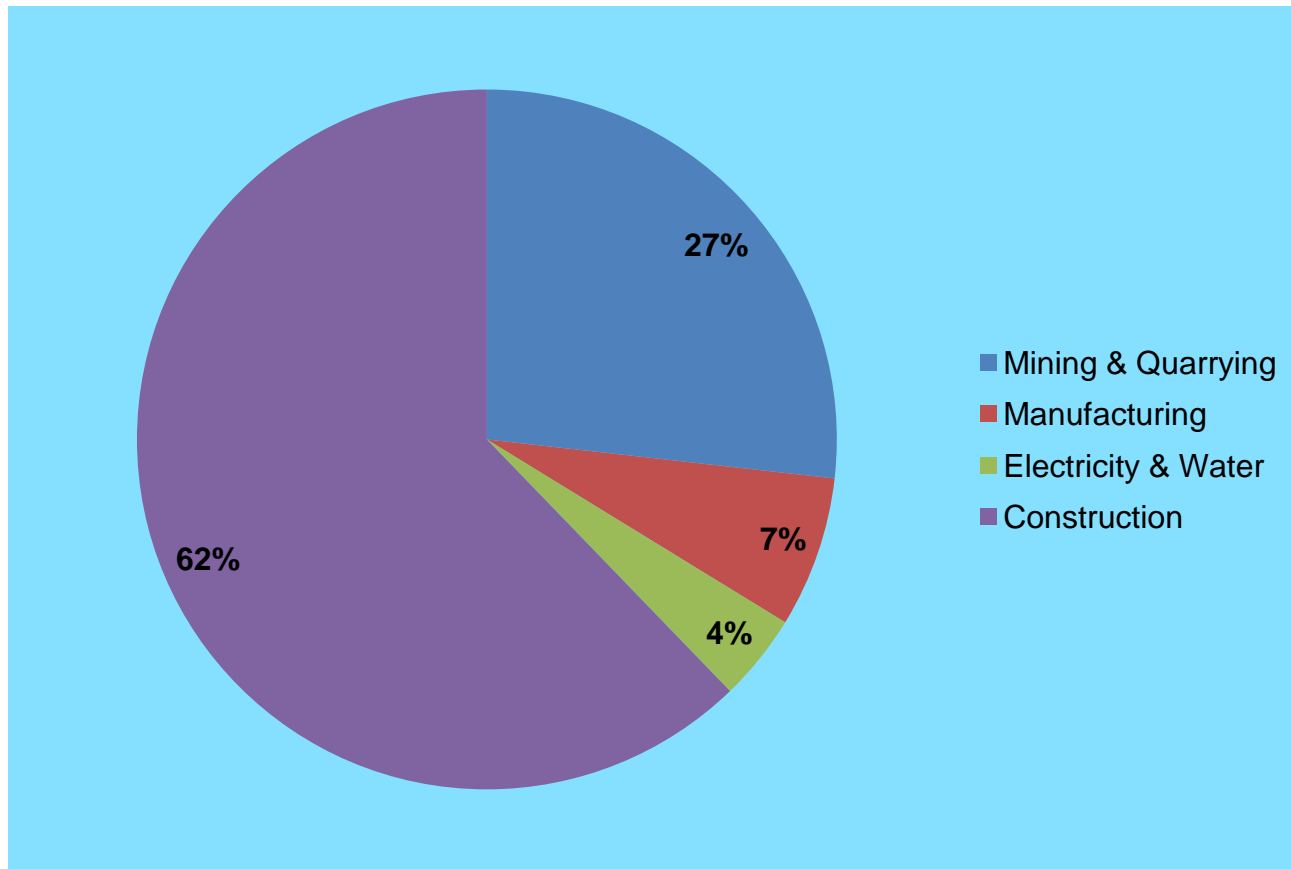
Results of SRS GDP Estimates

Average Percentage Contribution of Sub-Sectors to Total RGDP of Agriculture at Constant Basic Prices During 2008EFY-2010EFY



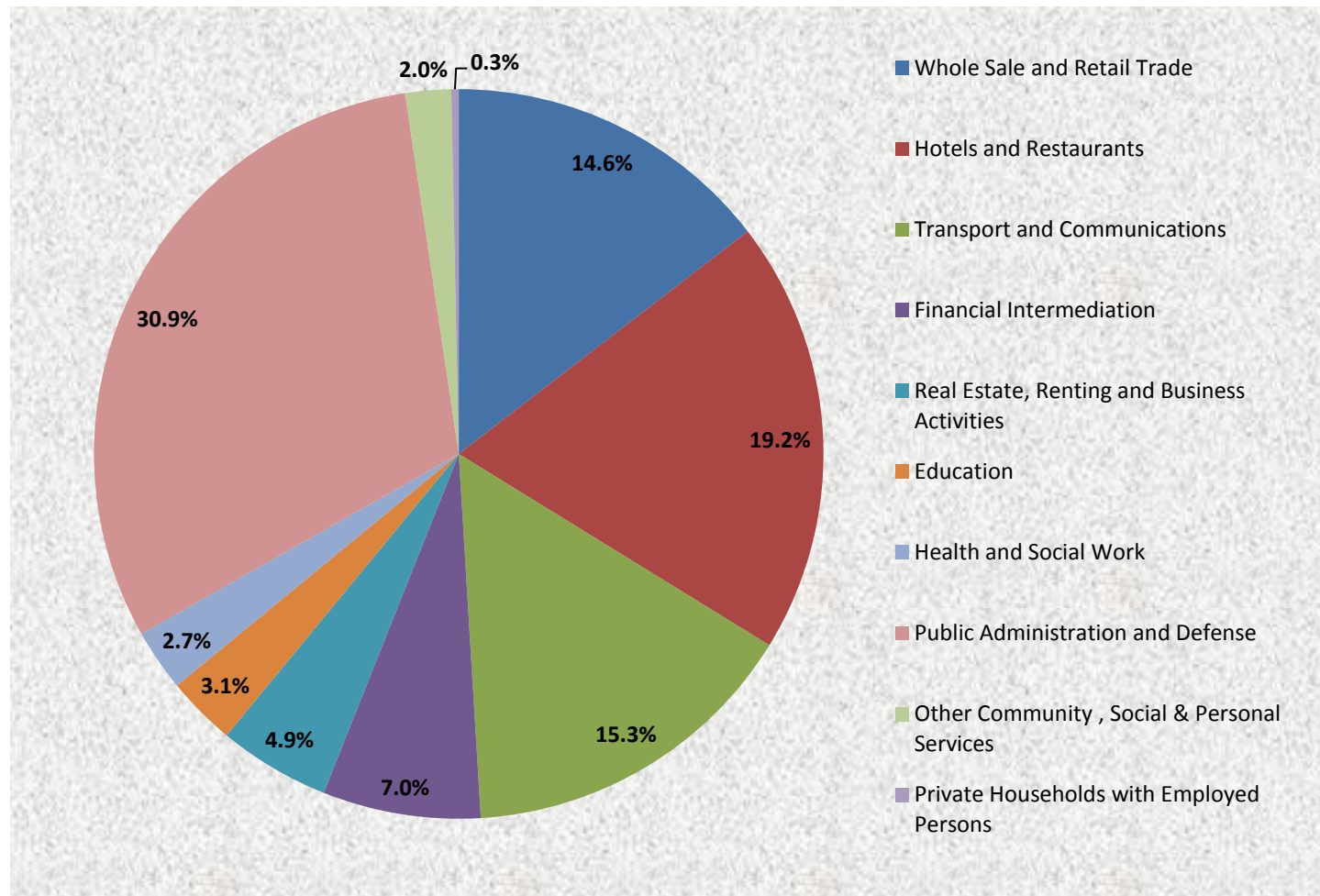
Results of SRS GDP Estimates

Average Percentage Contribution of Sub-Sectors to Total RGDP of Industry at Constant Basic Prices During 2008EFY-2010EFY

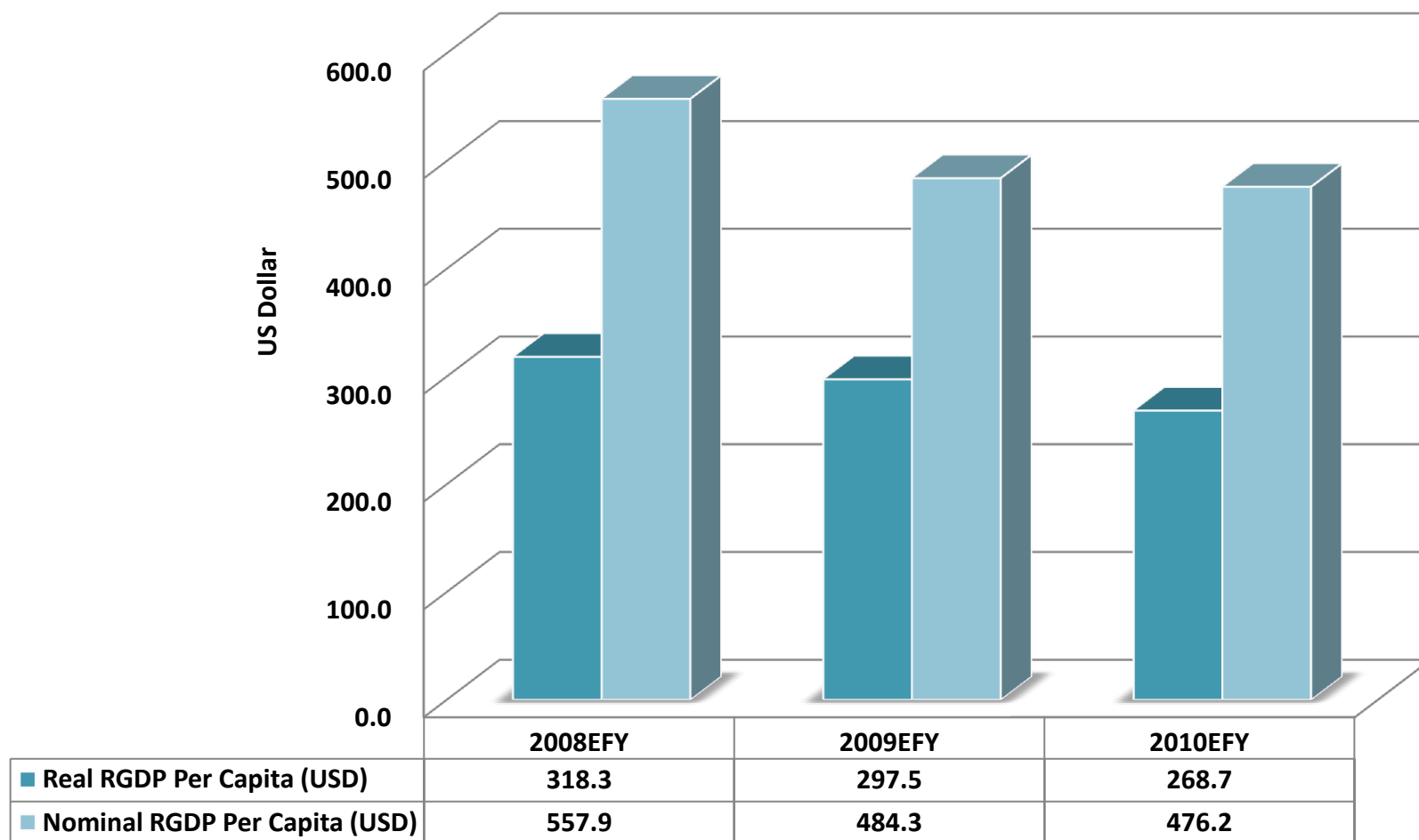


Results of SRS GDP Estimates

Average Percentage Contribution of Sub-Sectors to Total RGDP of Services at Constant Basic Prices During 2008EFY-2010EFY



SRS Annual Real and Nominal RGDP per Capita (USD) (2008-2010 EFY)



Constraints Encountered & Measures Taken

-Methodological challenges to estimate Trans-regional Economic Transactions

• Data related problems:

- Absence of Complete Regional Sample Survey and Census Results from CSA
- Some CSA surveys do not have regional dimensions
- Some federal level administrative data do not have regional dimensions
- Lack of regional and national surveys on some economic activities
- There is no region specific data about some technical coefficients;
- Delay of data submission from some stakeholders at federal and regional sector bureaus
- There is no comprehensive survey on trade that covers both the rural and urban areas of the region except 3 zones
- The per person value added of service activities of CSA survey do not reveal the real situation in the region
- Lack of reliable and timely data on private health and education institutions.
- Absence of consistent data from some regional sector bureaus,
- Lack of commitment from some regional sector bureaus in providing necessary raw data pertaining to their particular bureaus

Constraints Encountered

- **Other problems:**

- High turnover of staff in charge of RGDP compilation at BoFED due to high burden of work and absence of compensation (incentive) unlike other regions of the country
- High turnover of regional sector bureaus staff in charge of providing data pertaining to RGDP that resulted in absence of consistent yearly data,

Way forward Issues

- ❖ All Federal and Regional government bodies , non-governmental organizations and private institution should cooperate in providing all the necessary data for the successful compilation of RGDP estimates,
- ❖ The Regional Government should enforce Regional Sectoral Bureaus and other concerned bodies for the support of the regional income accountants,
- ❖ There must be consistent and timely data from all stakeholders
- ❖ There must be up to date training on RGDP compilation methodology and techniques for the technical team
- ❖ The RGDP compilation is crucial for managing the regional economy as well as measuring the performance of the GTP-II socio-economic development endeavor the region. Hence there must be strong commitment and attention of Somali Regional Government in estimating the regional RGDP on annual bases
- ❖ Government should create a favorable environment whereby all private organizations have accurate financial statements that will be used as a source of information and data required for Regional GDP Compilation

Way forward Issues....

- ❖ Logistics is a crucial to for technical team. Therefore, at least one regular vehicle should be assigned for the Technical Team to perform the GDP tasks well.
- ❖ The Central Statistical Agency (CSA) (the statistical arm of the Government of the Federal Democratic Republic of Ethiopia) that is the main source data for RGDP compilation however most CSA survey will not cover all zones of the region. Hence the regional government should discuss the issue with CSA to solve the problem
- ❖ There must be an incentive for regional GDP technical team members as of other regions GDP technical staff
- ❖ There must be a workable organizational structure with all the staff, budget and logistics that responsible for reliable RGDP estimates on sustainable base
- ❖ This is the first draft statistical report of SRS RGDP estimates for the years 2008EFY-2010EFY that will be open for further research, stakeholders and partners suggestions and comments

MAHADSANIDIN! Thank you for Your Attention !

