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Report No. 2244-SO

Somalia Country Economic Memorandum

January 18, 1979

Country Programs Department II
East Africa Region

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CURRENCY EQUIVALENTS

| | | |
|---------------|---|---------------------------------------|
| Currency Unit | = | Somali Shilling (So. Sh.) = 100 cents |
| US\$0.159 | = | So. Sh. 1.00 |
| US\$1.00 | = | So. Sh. 6.295 |

ABBREVIATIONS

| | | |
|-----------|---|---|
| ADC | - | Agricultural Development Corporation |
| ENB | - | National Banana Board |
| ENC | - | National Trading Corporation |
| FYDP | - | Five Year Development Plan (1974-78) |
| ILO-JASPA | - | Jobs and Skills Programs for Africa (ILO) |
| INCAS | - | Cardboard Box and Vinyl Bag Factory |
| ITOP | - | Tomato Paste and Fruit Canning Factory |
| MOE | - | Ministry of Education |
| PSS | - | Postal Savings System |
| RDC | - | Rural Development Campaign |
| SDB | - | Somali Development Bank |
| SIDAM | - | Somali Institute of Development, Administration and Management |

GOVERNMENT OF SOMALIA

FISCAL YEAR

January 1 - December 31

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This Report is based mainly on the findings of an economic mission which visited Somalia during the summer of 1978. The mission proper consisted of Mr. M. Del Buono (Mission Chief), Mrs. Hadjitarkhani and Messrs. Hicks and Kitamura (IMF). In addition, this Report benefited from contributions by Mrs. Asher and Mr. Kundu.

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SUMMARY AND CONCLUSIONS

i. Since the early 1970s, Somalia's development efforts have aimed at improving the living conditions of its population and strengthening national control over its resources. Against a background of austerity and self-reliance, this two-pronged strategy was predicated on the mobilization of the people and the formation of cooperatives. It also implied ubiquitous Government involvement in productive activities and social reforms.

ii. These endeavours have been analyzed in previous economic reports and a number of constraints were identified: (a) the shortage of qualified manpower; (b) the insufficient emphasis on agriculture and livestock; (c) the low productivity of parastatal enterprises and (d) the inadequacy of foreign exchange availabilities. ^{1/} These issues are still live and will be further investigated in 1979 through an IDA-financed study of Somalia's supply of skilled and managerial personnel, and an in-depth review of the agricultural sector.

iii. This juncture may provide a good opportunity to reassess the feasibility of Somalia's economic strategy in the light of some recent new developments. Within the strategy, this Memorandum has singled out two main features: (a) the dominant role played by the public sector and the Government's will to control the economy, and (b) the engagement in policies aimed at meeting a number of basic needs of the population. These efforts are being stifled by the growing importance of labor migration abroad. At the same time, financial constraints, both domestic and external, may become more binding in part as a result of rather slow economic growth.

A Development Strategy

iv. The Government has steadily increased its role in the economy although, officially, the private sector was never discriminated against. Public ownership and management has expanded through nationalization, creation and growth of enterprises. The parastatal sector now includes more than 50 autonomous agencies that have eliminated private enterprise in wholesale trade and banking while taking a major share in manufacturing. The Five-Year Development Plan 1974-78 (FYDP) was essentially a public investment program that allowed for a few small private ventures. Despite the Government's initial intentions, industry and mining, and infrastructure, have received more public investment than agriculture. Overall Plan implementation accounts for about 60% of the initial allocation, but this figure must be considered indicative, rather than precise. Although it provided a needed impetus to investment in the economy, the Plan does not seem to have played a major role in the allocative process. At the same time, public enterprises have expanded without firm Government control, owing to a large extent to the inadequacies of monitoring instruments.

^{1/} Somalia - Country Economic Memorandum, Report No. 1421a-50, April 7, 1977.

v. Somalia has made considerable progress in meeting some basic needs. A program of literacy and primary education has had noticeable results, and an effective system of food supply has been established. In other areas, however, the record is less impressive, particularly in water supply, sanitation and health where services frequently benefit mainly the urban population. In addition to the long-term nature of some costs and benefits, the scarcity of economic data renders too difficult an appropriate assessment of this strategy. What is clear, however, is that the alleviation of poverty in the long run will require a more rapid growth of output and personal incomes.

The Challenges to this Strategy

vi. About 100,000 Somalis are said to have migrated to work in the oil-exporting states and, if so, their total earnings would equal about ten times the total domestic value-added in Somalia's modern sector. Labor migration has been a phenomenon that the Government neither organizes nor controls, and its magnitude is such that the drain of skills and the inflow of private funds may affect the smooth functioning of a publicly-controlled economy. Imports financed by these private funds probably boost consumption and speculative operations, particularly when there are few incentives and opportunities for private capital to engage in productive investments.

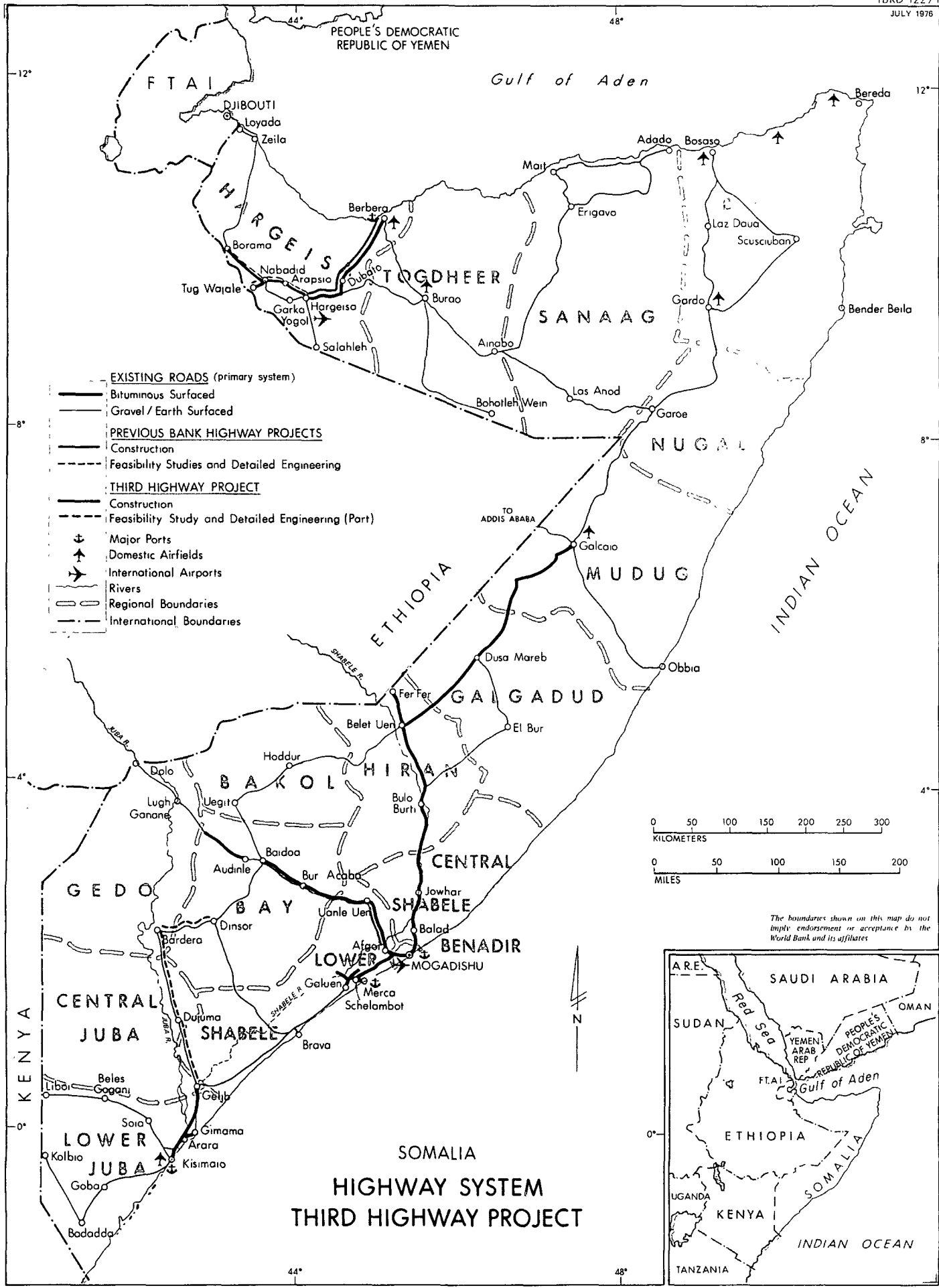
vii. Financial constraints, too, are challenging the Government's strategy. Budgetary policies have generally been conservative and efforts have been made to mobilize resources through taxation. Although the drought and the border problems have adversely affected the Government budget, the external grants they attracted have considerably eased their financial impact. The problems should rather be seen in the recurrent cost implication of basic needs policies, particularly education, in the need to retain qualified manpower in Somalia, and in the unreliability of large external grants as a source of public revenue. In view of these growing priority claims against budgetary resources, inessential recurrent expenditures should be minimized and the productivity of the public sector should be improved. At the same time, the austerity of the government has probably not been matched by good management in public enterprises, some of which have become drains on the budget.

viii. The external financial constraint is mainly the result of slow progress in economic activity. Over the last five years, Somalia's merchandise exports have fallen in real terms with quasi-stagnation in livestock and declines in banana and fish exports. Imports have remained relatively stable over the last three years. The net inflow of official grants, mostly of an emergency nature, amounted to about US\$318 million in the 1973-77 period, while net disbursements of external loans were only US\$213 million. These past developments suggest that it may be opportune to readjust policies and to direct resources increasingly towards productive investments and economic growth.

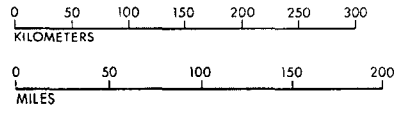
Policies and Prospects

ix. The challenges that Somalia faces are due fundamentally to its poverty. The slow development of agriculture in a mostly nomadic society, the shortage of qualified manpower, the difficulties of organizing and managing an efficient public sector, and the limitation of financial resources can all be imputed to the country's limited endowment and to its human and natural constraints. The government has attempted and partially succeeded in alleviating some of these constraints. It has met some of the basic needs. It has also laid a national basis for growth in manufacturing together with an initial system of economic and physical infrastructure, though growth in income, exports, and imports has been rather slow.

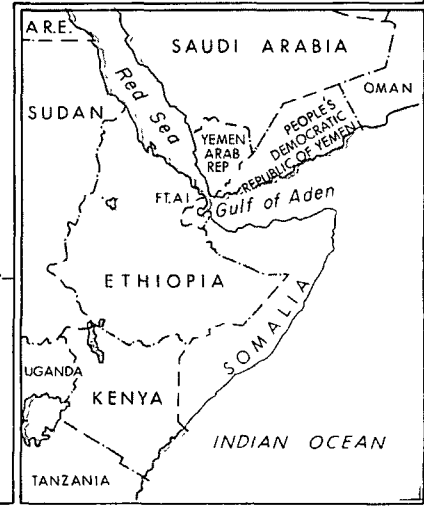
x. Somalia's economic prospects will depend to a significant extent on the Government's willingness to adapt its development strategy to a rapidly changing environment. For example, large-scale migration to the Middle East is both a challenge to the present policy frame and an opportunity which can be seized by appropriate modifications in development strategy. Greater emphasis should be given to economic growth by directing more investment towards productive activities, particularly agriculture and small-scale industry. Resources mobilization for this purpose should be sought through better management of public enterprises, a more useful role for the private sector and a broadened capacity to absorb external capital. This report outlines in a broad way what needs to be done. However, specific policy reform measures would require additional work and would best be dealt with in the context of project or sector discussions.



- EXISTING ROADS (primary system)
 - Bituminous Surfaced
 - Gravel / Earth Surfaced
- PREVIOUS BANK HIGHWAY PROJECTS
 - - - Construction
 - - - Feasibility Studies and Detailed Engineering
- THIRD HIGHWAY PROJECT
 - - - Construction
 - - - Feasibility Study and Detailed Engineering (Part)
- ⚓ Major Ports
- ↑ Domestic Airfields
- ✈ International Airports
- ~ Rivers
- - - Regional Boundaries
- - - International Boundaries



The boundaries shown on this map do not imply endorsement or acceptance by the World Bank and its affiliates



**HIGHWAY SYSTEM
THIRD HIGHWAY PROJECT**

SOMALIA

ECONOMIC INDICATORS

GNP PER CAPITA: US\$110 (Approx. 1977) ^{1/}

CENTRAL GOVERNMENT FINANCE

| | <u>1975</u> | <u>1976</u> | <u>Prel.</u> | <u>Budget</u> |
|-----------------------------|-------------|----------------|--------------|---------------|
| | | (million US\$) | <u>1977</u> | <u>1978</u> |
| Current Revenue | 99.1 | 106.0 | 121.2 | 231.1 |
| Current Expenditure | 90.1 | 103.1 | 121.5 | 216.5 |
| Current Surplus | 9.0 | 2.9 | -0.3 | 14.6 |
| Development Expenditure | 56.4 | 99.1 | 150.1 | 184.7 |
| Extra Budgetary Expenditure | 91.8 | 48.8 | 15.1 | .. |
| Overall Deficit | 139.2 | 145.0 | 165.5 | 170.1 |

BALANCE OF PAYMENTS

| | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> |
|---|-------------|----------------|-------------|-------------|
| | | (million US\$) | | |
| Merchandise Exports (f.o.b.) | 64.0 | 88.6 | 81.0 | 71.3 |
| Merchandise Imports (f.o.b.) | -133.7 | -141.1 | -153.1 | -175.1 |
| Trade Balance | -69.7 | -52.5 | -72.1 | -103.8 |
| Services, Net | -33.6 | -49.7 | -38.0 | -36.9 |
| Transfers, Net | 51.8 | 102.2 | 40.8 | 108.0 |
| Current Account Balance | -51.5 | 0 | -69.3 | -32.7 |
| Long-Term Capital | 61.0 | 52.8 | 69.6 | 64.2 |
| Short-Term Capital and Errors and Omissions | -1.9 | -26.2 | 13.3 | 5.3 |
| Reserves and Related Items | -7.3 | -26.6 | -13.7 | -36.9 |
| International Reserves (end year) | 42.4 | 68.5 | 85.0 | 120.5 |
| Petroleum Imports | 11.0 | 19.1 | 18.5 | 38.7 |

RATE OF EXCHANGE US\$1.00 = So. Sh. 6.295 (Since 1973)

MONEY, CREDIT AND PRICES

| | <u>Dec.</u> | <u>Dec.</u> | <u>Dec.</u> | <u>June</u> |
|--|-------------------|-------------|-------------|-------------|
| | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> |
| | (million So. Sh.) | | | |
| Bank Claims on Government (net) | -238.2 | 124.4 | -97.8 | -161.8 |
| Bank Claims on Private Sector and Public Enterprises | 1041.7 | 986.4 | 1280.7 | 1392.5 |
| Money Supply | 825.8 | 994.9 | 1325.1 | 1482.8 |

(Percentage or Index Numbers)

| | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> |
|--|-------------|-------------|-------------|-------------|
| General Price Index (1966=100) | 163.0 | 190.1 | 210.9 | - |
| Annual Percentage Changes in: | | | | |
| General Price Index | 7.9 | 16.6 | 10.9 | - |
| Bank Claims on Private Sector and Public Enterprises | 7.8 | -5.3 | 29.8 | 8.7 |
| Money Supply | 31.4 | 20.5 | 33.2 | 11.9 |

MERCHANDISE EXPORTS (AVERAGE 1974-76)

| | <u>US\$ Mln.</u> | <u>%</u> |
|------------------------|------------------|----------|
| Livestock | 46.9 | 60.3 |
| Bananas | 13.2 | 16.9 |
| Meat and Meat Products | 6.5 | 8.4 |
| Hides and Skins | 4.8 | 6.2 |
| Fish and Fish Products | 2.2 | 2.9 |
| Others | 4.2 | 5.3 |
| Total | 77.8 | 100.0 |

EXTERNAL DEBT, DECEMBER 31, 1977

| | <u>US \$ Mln.</u> |
|--------------------|-------------------|
| Public Debt | 872.8 |
| of which Disbursed | (398.9) |

DEBT SERVICE RATIO FOR 1977

| | <u>%</u> |
|-------------|----------|
| Public Debt | 5.5 |

IDA LENDING, (NOVEMBER 30, 1978) (Million US\$):

| | <u>IDA</u> |
|-------------------------------|------------|
| Outstanding and Disbursed | 55.55 |
| Undisbursed | 41.64 |
| Outstanding incl. Undisbursed | 97.19 |

^{1/} No National Accounts available

.. Not available

. Not applicable

I. INTRODUCTION

1. This memorandum reviews the current economic development strategy of Somalia at a time when a number of constraints are emerging and challenging it. Among various aspects of the Government's strategy, the memorandum singles out the importance given to the public sector and to the satisfaction of basic needs (Chapter II). It also focusses on some economic issues that are currently of particular relevance for the implementation of the strategy (Chapter III). These issues are similar to those raised in the previous World Bank economic report: 1/ (a) the strategy required to ease the qualified manpower constraint; (b) the insufficient emphasis on agriculture and livestock; and (c) the balance of payments constraints. These issues are, however, viewed here in a somewhat different light, especially because of the recent growing importance of labor migration abroad and of its consequences. Because of this challenge, which may defeat the very objectives of Somalia's strategy, the Government may want to adjust its current policies and improve its management instruments (Chapter IV).

2. Somalia is located on the Horn of Africa, with three thousand kilometers of coastline on the Gulf of Aden on the north and the Indian Ocean on the east. The topography varies from a hot and arid coastal plain which gives way to sparsely wooded savannah, to rugged mountains, agricultural plateaus, and lowlands of varying fertility and rainfall. Much of the country is arid, water supplies are scattered and often unreliable, and periodic droughts bring hardship to both the people and their livestock. Only a small proportion of the land, approximately 13% (including the two irrigable river valleys) is arable. While the existence of several minerals has been confirmed, exploration is still in the early stages and commercial viability remains to be proved. Somalia's prospects, therefore, center on agricultural and livestock development in which progress will depend upon careful management of scarce land and water resources. Of the total population of approximately 3.5 million, about two-thirds are nomads and semi-nomads, who depend on livestock for their livelihood and about 20-25% are farmers cultivating land along the Juba and Shebelli rivers and in the higher-rainfall, Bay and North-West regions. The small monetary sector of the economy provides only limited opportunities for employment. Apart from the traditional export of livestock, commercial agriculture is mainly centered on the production and export of bananas, in which foreign concession holders are still important, and the production of sugar for the domestic market. The expansion of manufacturing and other service sectors of the economy is limited by the small size of the domestic market, poor infrastructure, and the shortage of capital and entrepreneurial experience. Social services are still inadequate; the school enrollment ratio was, until recently, among the lowest in the world, but increased considerably in the past two years. There is little economic data but, with a GNP per capita estimated at \$110 in 1977, it is clear that Somalia is one of the world's least-developed countries.

1/ Somalia: Country Economic Memorandum, Report No. 1421a-S0, April 7, 1977.

II. A DEVELOPMENT STRATEGY

3. Since 1970, the Government has adhered to a program of "scientific socialism" emphasizing egalitarianism and social justice. Development efforts have been characterized by austerity and self-reliance. The mobilization of the people has led to the formation of cooperatives and the undertaking of self-help activities. At the same time, the Government has engaged in a massive education campaign and aimed at satisfying a number of the population's basic needs. In view of the perceived inability or unwillingness of the private sector to play an important role, this economic strategy has resulted in an increasing reliance on the public sector. Though official policy maintained that "there is room for private initiative in scientific socialism", private economic activity was not dynamic. It is, thus, important to review (a) to what extent the expansion of Government intervention and public investments has succeeded in laying the base for Somalia's economic development; and (b) to what extent the declared policy of social justice has led to satisfying the basic needs of the population.

A. A Public Sector Economy

4. The Government's development strategy was to give "control of the commanding heights of the economy" to the public sector and to make up for a sluggish private sector. Public ownership and management has expanded through nationalization, creation, and growth of enterprises. A great deal of effort has gone into organizing the parastatal sector, which now includes over 50 autonomous agencies, and designing policies for public enterprises. Furthermore, parastatal enterprises in all sectors were to enable the Government to directly control production, to regulate private economic activities, and to provide a source of public revenue from taxes and profits. These developments have eliminated the private sector in banking, insurance and wholesale trade, and have substantially reduced its relative size in business services, tourism, export trade, and manufacturing. Manufacturing continues to be a particularly important sector for parastatal activity, though several small-scale privately-financed projects have been implemented. The Five-Year Development Plan 1974-78 (FYDP) is essentially a public investment program that allowed for a few private ventures to be carried out.

5. Current private investment is largely in speculative or short-term assets, for example, trade inventories, real estate, and housing. The importance of the migration of Somali workers abroad is such that it constitutes a source of private income which is not yet mobilized by the public sector, and precludes strict control of the economy by the Government (see paras. 51-53 below). However, the extent and the role of private savings and investments cannot be assessed at this stage as very little quantitative information is available in Somalia.

6. The current FYDP was designed to give greater emphasis to those sectors that concerned the majority of the population, i.e., agriculture for livelihood and social sectors for basic needs. Self-sufficiency in basic foods was to be achieved by 1980, while industrialization was to be slowed down and limited to the processing of locally available raw materials. Despite Government intentions, Plan revisions have increased the investment

share of industry, and decreased that of agriculture. Actual expenditures for the social sectors increased in importance, owing mainly to the large program for mass education. Investments in infrastructure remained, as planned, the most important sector. The overall pattern of expenditure under FYDP departed from that obtained under the previous Three-Year Plan, 1971-73, by a higher share of social expenditure and a reduced emphasis on infrastructure.

Table 1: Sector Allocations of the FYDP 1974-78
(Percent)

| | <u>Original Plan</u> | <u>Revised Plan</u> | <u>Actual Expenditure /1</u> |
|----------------|----------------------|---------------------|------------------------------|
| Agriculture /2 | 30 | 26 | 24 |
| Industry | 24 | 32 | 29 |
| Infrastructure | 33 | 31 | 33 |
| Social Sectors | <u>12</u> | <u>11</u> | <u>14</u> |
| | 100 | 100 | 100 |

/1 Up to 1977.

/2 Excludes the Juba Sugar Complex and Balad Irrigation which are shown under Industry. These projects being agroindustrial, they should be split between the two sectors. If they were, the original Plan allocations would show about 34% for Agriculture and 21% for industry but the revisions would still result in a decrease in the share of Agriculture and an increase in that of Industry (Land and the same holds true for actual expenditures).

7. During implementation, the FYDP was revised several times, and at this stage, a detailed review of the FYDP is not possible. The original Plan contained projects which were little more than ideas and whose costs changed dramatically during implementation; it provided for investments amounting to So. Sh. 3.8 billion in 1973 prices. Actual expenditures in current prices would amount to about So. Sh. 3.4 billion, if expenditures authorized for 1978 actually occur. In fact, projects have been added and the FYDP 1974-78, as successively revised, amounts to about So. Sh. 7.1 billion. After allowing for price increases, implementation would account for about 60% of the initial allocations. So, a large number of unfinished projects from the revised Plan will have to be carried over to the period 1979-81. 1/

1/ The Government currently estimates that new high priority projects for the coming Plan period will represent about So. Sh. 2.0 billion, bringing to about So. Sh. 5.7 billion the planned investments in the public sector in the three-year period 1979-81.

Table 2: FYDP Investment Expenditure
(So. Sh. Million)

| | <u>Original Plan</u> | | <u>Revised Plan /2</u> | <u>Actual Expenditure /3</u> |
|-------|----------------------|--------------------------|------------------------|------------------------------|
| | <u>1973 prices</u> | <u>Current Prices /1</u> | | |
| 1974 | 854.8 | 1,040 | 823.5 | 350.8 |
| 1975 | 915.6 | 1,300 | 1,138.7 | 354.6 |
| 1976 | 839.1 | 1,290 | 1,564.7 | 624.4 |
| 1977 | 704.1 | 1,190 | 1,825.9 | 945.1 |
| 1978 | 549.7 | 1,010 | 1,768.5 | 1,163.3 |
| Total | 3,863.4 | 5,830 | 7,121.2 | 3,438.2 |

/1 Plan allocations inflated by a price index combining Somalia's consumer price index and the World Bank index of international inflation.

/2 Revisions were made in current prices since they consisted in adjustments for the year concerned (all except 1974).

/3 In current prices, including expenditures on projects not in the original Plan.

8. The process of investment allocation on an annual basis is a complex one. The various steps for 1977 were as follows: (a) the revised Plan provided for an expenditure of So. Sh. 1,825.9 million; (b) the Annual Plan for 1977 set the target at So. Sh. 1,609.7 million, after adjusting for inflation, changes in project concept/scope and addition of new projects; and (c) the Planning Commission authorized (or in Somali terminology "budgeted") a total expenditure of So. Sh. 1,300.6 million. Out of the last amount, the Ministry of Finance appropriated (or budgeted) So. Sh. 231.7 million for Central Government expenditure. General Government, including local governments, was to spend So. Sh. 359.7 million. Actual expenditures estimated by the Government would have amounted to So. Sh. 945.1 million compared to the "budgeted" provision of So. Sh. 1,300.6 million. Approximately So. Sh. 490 million (for 52%, which seems rather low) of the total expenditures were financed from external sources. 1/

9. Because of the shortcomings of this allocation process and insufficient governmental supervision of the parastatal sector, the Government's intentions failed, in part, to be carried out in actuality. As noticed for the overall Plan's sectoral allocations, actual investment in 1977 continues to reveal the impetus of the industrial sector. Although the Plan was allocating 33% to the agriculture sector in 1977, actual expenditure accounted for 24% only, whereas the share of industry and mining went up from 25% to 30%. The need for better monitoring of public investment will be discussed in Chapter IV of this report.

1/ The import content of public investment, reported as 60%, also seems rather low. All this suggests that the investment figure is probably overestimated.

Table 3: Public Investment in 1977
(So. Sh. Million)

| | <u>Authorized</u> | <u>Actual</u> |
|----------------------------|-------------------|---------------|
| Livestock | 48.4 | 36.4 |
| Agriculture | 275.7 | 155.5 |
| Forestry & Range | 46.6 | 14.9 |
| Fisheries | 55.8 | 19.1 |
| Subtotal | <u>426.4</u> | <u>226.0</u> |
| Mining and Quarrying | 47.4 | 18.8 |
| Manufacturing | 272.4 | 261.8 |
| Subtotal | <u>319.8</u> | <u>280.2</u> |
| Electricity & Power | 81.9 | 76.6 |
| Water | 26.5 | 17.4 |
| Transport & Communications | 254.3 | 199.8 |
| Subtotal | <u>362.8</u> | <u>293.9</u> |
| Education | 62.1 | 49.9 |
| Health | 32.4 | 6.0 |
| Cultural Services | 4.4 | 1.9 |
| Social Services | 33.9 | 32.8 |
| Subtotal | <u>132.9</u> | <u>90.5</u> |
| Trade | 2.5 | 2.1 |
| Tourism | 6.5 | 3.1 |
| General Administration | 15.3 | 14.8 |
| Local Authorities | 34.4 | 34.4 |
| Subtotal | <u>58.7</u> | <u>54.4</u> |
| | <u>1,300.6</u> | <u>945.1</u> |

Source: Annex Table 2.2.

B. Meeting Basic Needs

10. Since the late 1960's, Somalia has made considerable progress in meeting some basic needs. A program of literacy and primary education has had noticeable results, and an effective system of food supply has been established emphasizing self-help and participation. In other areas, however, its records are somewhat disappointing, particularly in water supply, sanitation, and health where services have been designed to benefit mainly the urban population.

11. Improvements in alleviating poverty can be traced in the few social indicators, some of which are IDA staff estimates, available in Somalia. Whereas only 7% of the primary school age children were enrolled in 1970, there were 28% in 1977. Literate adults accounted for 5% of the population in 1970, but now -- as a result of a massive literacy campaign -- the Government estimates that adult literacy may be as high as 50%. The number of

people per doctor declined from 21,000 to 15,000 in the 1970-1977 period, while the availability of clean water increased from 15% to 30% of the population. Life expectancy rose from 38.5 years to 41.0 years in the same period.

12. Despite this progress, the country and its population remain extremely poor. The social indicators quoted below point to this poverty. Life expectancy, at 41 years, is one of the lowest in the world; 15-20% of the children born in Somalia will die before they reach one year of age; and probably another 15% will die before the age of five. Almost three-quarters of both rural and nomadic families have incomes below the poverty line. Thus, the task ahead is considerable.

13. A major reorientation in development strategy occurred in 1969 with a change in government. Although the present Government has not explicitly adopted a "basic needs" strategy as such, it is concerned with questions of poverty and basic needs satisfaction. Its overall philosophy of "scientific socialism" is a pragmatic adaptation to local conditions of Marxist principles, blending socialist theories with Moslem beliefs. The Five-Year Development Plan lists six main objectives: (a) maximum efficiency in resource utilization to insure continued growth; (b) greater equity in the distribution of income; (c) decentralization of decision-making; (d) public ownership and popular participation in decision-making; (e) self-reliance and self-help, in order to reduce dependence on foreign resources; and (f) creation of cooperatives in agriculture, livestock and other productive services. The rest of this Chapter discusses to what extent these objectives have been met with respect to Basic Needs while the more general economic goals are discussed below in paragraphs 59-67.

Food Supply and Nutrition

14. Using current food prices, consumption patterns and the nutrition content of food consumed, it has been estimated ^{1/} that a minimum diet of 2,200 calories per man/equivalent would cost a family of five So. Sh. 3,240 per year. A recent pilot household survey indicated that 70% of both rural and nomadic families had annual incomes below this level. At the same time, 42% of the urban families did not reach this minimum. There is thus substantial evidence of inadequate food intake in much of the population.

15. An up-to-date assessment of nutritional deficiencies is not possible since detailed surveys date back to 1964 and diets may have been upgraded since then. At that time, it was found that urban dwellers suffered from caloric deficiencies varying from 0 to 20%, protein deficiencies of 20%, serious deficiencies in iron and vitamins A and C, and some lack of calcium. The diet of the settled rural population showed the same shortfalls while the nomadic population had a higher level of protein-calorie malnutrition, greater deficiencies in iron and vitamins, but less calcium deficiencies because of their

^{1/} ILO/JASPA; Economic Transformation in a Socialist Framework, Addis-Ababa, 1977.

greater consumption of milk. Even in public institutions, where food is generally better than in the average Somali household, serious deficiencies have been noted. For instance, while the diet of the army contains 3,535 calories per day, it was found to be deficient in calcium, Vitamin A, Riboflavin and Vitamin C. Even hospital diets were found to be insufficient in Vitamins A and C.

16. Within families, deficiencies are not spread evenly. Because the men of the family have first claim on available food, malnutrition in women and children is often greater. An analysis of weight-age data from maternal child health clinics in Mogadishu and Hargeisa showed that 60% of the pre-school age children suffer from some form of malnutrition. While one-third of the children less than six months old suffered from some form of malnutrition, the ratio rose to about three-fourth for the children three to four years old. 1/ Since poverty is greater in rural areas than in these two cities, it can be assumed that the degree of malnutrition would be even greater in a national sample.

17. Since 1969, the Government has intervened in the food distribution system in an attempt to promote greater equity in distribution of food supplies and to control retail prices, as well as to prevent excessive fluctuations in prices. Furthermore, the government's main goal in agriculture is to reach self-sufficiency in basic foods by 1980. Domestic outputs of sorghum, maize and rice are purchased by the Agricultural Development Corporation (ADC) at controlled prices and resold to local government units, which, in turn, sell to retailers in the private sector. 2/ Moderate, but reasonable markups are set by the government to cover transportation and processing costs. Food imports can only be undertaken by ENC (Ente Nazionale Commercio), a Government corporation, which imports all food for which local production is inadequate or nonexistent, mostly tea, sugar, rice, wheat, and edible oil. It then sells at Government-fixed prices in the same manner as the ADC. Since world food prices fluctuate while domestic prices, fixed by the Government, remain fairly stable, ENC often operates at a loss on certain commodities. Essentially, the system represents direct public control of the wholesale, but not retail, distribution of food.

18. While the government sets retail prices for the private sector, there is no formal system of rationing or public sector retail outlets for food. When commodities are in short supply, buyers are limited as to the quantities they may purchase at any one time, but there is no limit on the number of purchases. When food is abundant, sales tend to largely take place at the control price. In times of scarcity, however, black market operations and sales above control prices tend to result, as one would expect. Dealers violating the price control regulations are subject to fines and imprisonment, which has had some effect on controlling abuses.

1/ A. S. Abbas; "Protein-Calorie Malnutrition in the Somali Democratic Republic," Journal of the Egyptian Public Health Association, Vol. 1, No. 384, 1975.

2/ Producer prices are roughly in line with world prices (though they were frequently lower in the past) except for rice which has a much higher price designed to encourage domestic production, and cotton which has a much lower price, ostensibly to keep cloth cheap.

19. In general, the public control of the wholesale food distribution system works fairly well and appears to offer some benefits to the population. At the least, it buffers the domestic economy from wide swings in prices in the world market, which can be destabilizing to local producers in the short-run. In times of scarcity, available supplies tend to be more evenly distributed since the public monopolies have clearer ideas of local deficiencies. ^{1/} Lastly, it tends to reduce one level of monopoly profits - those at the wholesale level - but may increase those at the retail level, although this is difficult to prove. Unlike systems in other countries, the Somali approach makes very good use of the private transportation and retail networks. Transfers between distribution points tend to be largely handled by private truckers under contract. Thus the vast administration and organization problems of state controlled transport and retail trade have been avoided.

20. One might argue that the system is insufficiently focused on poverty target groups, and what benefits there are go equally to rich and poor alike. On the other hand, with such a low per capita income, one could also argue that since so many people live below the nutritionally defined poverty line, the present approach avoids the cost entailed in targetting the distribution system to reach only the poor. As mentioned earlier (para. 14), it is possible that at least 65% of the population live below the poverty line. Thus, a more restrictive targetting approach, such as through ration cards and/or ration shops, is probably not worth the effort required in administration and enforcement.

21. One aspect of nutrition that has not been explored is the possibility of using the state controlled food distribution and processing system to introduce food fortification programs. Considering that much of the nutrition problem relates not only to protein-calorie deficiencies but also to the deficiencies of iron and essential vitamins, it would seem possible that supplementary iron and vitamins could be introduced at the processing stage, for instance, in wheat milling or sugar refining. The fact that the state controls most of the larger food processing industries, and all of the wholesale distribution network, makes adoption of a food fortification program that much easier. In fact, a preliminary proposal for iron fortification of sugar is presently under consideration by the government.

Basic Education

22. Progress in eradicating illiteracy and increasing primary school enrollments are two of the major accomplishments of the present Government. The first breakthrough came in 1972 with the official adoption of a modified Latin alphabet for writing the Somali language. This permitted the rapid expansion of basic education and greatly reduced the elitist nature of the system which had been limited to those who had mastered a foreign language. The expansion in education has, however, engendered two formidable problems: rising recurrent costs for the Government budget, and increased demand for secondary education facilities. In addition, there remains the difficulty of providing education services for the nomadic population.

^{1/} ADC and ENC together maintain stocks of basic foodgrains and oilseeds at 25 locations throughout the country. See Appendix Table 7.6 for details. Prices at these locations are identical except for small amounts of freight absorption.

23. The National Literacy Campaign was started in 1973 with a one-year literacy campaign in urban areas. This succeeded in making 400,000 literate. It is estimated that 12,000 school teachers, students, civil servants, and army and police officers participated as literacy teachers in the afternoons after their regular work. The use of public servants and student "volunteers" enabled the Government to meet its objectives at very low cost. The campaign was extended to the rural population in August 1974 under a broader rural development program which, besides literacy, included personal and animal health examinations, vaccinations and treatment, and a census of people and livestock. Literacy materials prepared for the campaign were designed to teach basic hygiene and animal health. Instructors included school teachers, civil servants and students, although the majority were intermediate and secondary school students. The entire school system was closed for one year in order to permit student participation, which was compulsory. 1/ Over 1.2 million rural people (out of approximately 1.5 million) were registered, and 774,000 passed the final test.

24. The Government thus estimates that 1.2 million people became literate in less than two years, raising the literacy rate from 5% to 50%. The rural campaign would have been even more effective if it had not coincided with one of Somalia's worst droughts (1974-75). Because of this, many student volunteers found themselves not teaching literacy, but helping in the feeding and resettlement of the nomadic population. In many areas, the literacy campaign also suffered from a severe shortage of teaching and reading materials. In spite of the large self-help and voluntary work component, the literacy campaign cost the Government about So. Sh. 100 million (US\$17 million).

25. As successful as the crash program was, doubts have been raised over its long-term impact. There is some question whether literacy will be retained among the rural population for which newspapers and other reading materials are not available. A random survey conducted by the Ministry of Education in 1977 revealed that 50% of those who had passed the literacy test in 1975 were no longer literate. The ratio fluctuated from 30% in some towns to as high as 80% among the nomads. Furthermore, the survey concluded that little change had taken place in attitudes regarding health and other practices. 2/

26. In light of these problems, rural literacy classes are still being conducted on a reduced scale for those who failed to complete the course during the crash campaign. In addition, a more permanent, functional adult

1/ Some secondary school students, including students in technical and vocational secondary schools were exempted.

2/ UNESCO; Mass Education: Issues and Proposals, November, 1977, p. 82. It should be pointed out that this was a limited survey with a sample which is not statistically significant.

literacy campaign has been organized through the National Adult Education Center (NAEC), which is responsible for developing curricula and reading materials, training of personnel, and research and evaluation. The adult education program consists of a three-year course with classes meeting three hours per day in the evening, taught by teachers and students on a voluntary basis, and permanent literacy instructors paid by the Ministry of Education. In 1976-77, these classes were attended by 66,000. However, of the 10,000 students enrolled in grade 3 of adult education, only 6,100 took the final examination, and of those, only 37% passed. 1/ The program is new, however, and curriculum modifications are being introduced to make it more functional. The Government plans to expand the three-year course to a six-year one, which would have four years of general education, followed by two years of manual skill training.

27. Beginning in 1975, the government has also reorganized its education program for women. Previously, it offered a four-year program in home economics, largely in the urban areas, which reached few women. In 1976-77, however, 4,100 women were enrolled in a short course on family life at 54 locations throughout the country. These courses stress functional knowledge and cover such topics as nutrition, child care, food storage and preparation, basic health and hygiene, including family planning. The teachers are mainly women who have completed eight years of schooling and a six month training course at the National Women's Center at Mogadishu. It is interesting to note that this is the only Government program that appears to touch on family planning. Expansion plans for the program envision having one women's education center in each of Somalia's districts by 1980.

28. Primary education has made commendable progress with primary school enrollments jumping from about 60,000 in 1971-72 to 229,000 in 1976-77. It is estimated that the percentage of the 6-14 age group who were enrolled in primary school increased from 7% in 1969-70 to 28% in 1976-77. 2/ Female enrollments have grown even faster, and now amount to 35% of the total, compared to only 20% in 1969-70. The number of classrooms was similarly increased by over 4,000 with 1,180 being added in 1975 alone.

1/ Ministry of Education; Statistics of Education, 1976-77, Mogadishu, November, 1977.

2/ Enrollment ratios are particularly difficult to estimate in Somalia because of the large number of overage students. Somalia currently employs a six-year primary cycle for ages 7-12. In 1976-77, however, 37% of primary students were over age 12. Of the population aged 7-12, it is estimated that only 25% are enrolled in school.

29. Self-help and participation at the village level have largely contributed to primary school construction. The central Government provides materials and funds for skilled labor and imported materials, and unskilled labor and local materials are provided by local councils. Similar self-help schemes have been used for construction of latrines, health centers and other community facilities. In the case of schools, community desire has sometimes been so strong that entire schools have been constructed by the community without any assistance from the Government. The central Government provides plans and supervision of unskilled labor, and also teachers and expenses once the school becomes operational. Despite the announced objective of decentralization, however, local schools are not under local control. Teachers receive their salaries from the central government budget, and teaching materials and tests are centrally controlled and administered.

30. Although primary school enrollment has expanded rapidly, some problems have arisen. In 1976-77, for instance, 35% of those enrolled in first grade in the previous year did not report for second grade. It is not clear what has caused this high dropout rate, but one can surmise that a fairly high opportunity cost is attached to schooling even in young children who can be of service as herdsmen and farm helpers. The highest dropout figures are recorded in the settled agricultural regions, which suggests higher opportunity costs among farmers than among nomads. As a result, enrollment figures increased only 4.3% in 1976-77, compared with an average annual increase of 24% in the past seven years. Another problem is related to the future demand for secondary schooling. Current Government policies could produce about 15,000-20,000 secondary school graduates (of which 25% only would have technical or vocational training) by 1983-84 when the demand would only be 5,000 to 7,000. Total costs for education would have increased from 5% of GNP at present to as much as 14%, which is not feasible.

31. The rapid expansion in primary enrollments has tended to reduce the urban bias found in the primary school system: Mogadishu, which has about 11% of the country's population, had 50% of the primary school enrollment in 1970, but this figure has been reduced to about 25% in 1975-76, and will probably continue to fall. Despite past progress, however, there remains a substantial amount of inequality in the spread of education facilities as reflected in enrollment rates. On a regional basis, primary school enrollments vary from 100% (Mogadishu) to as low as 10% in some of the very rural Northern regions. These regional disparity ratios can be misleading, however, since it is common practice for people from rural areas, including nomads, to send their children to towns and cities to live with relatives and to attend school. ^{1/} For a widely scattered nomadic and agricultural population, this is a very practical solution, as it is often not feasible to provide conventional schools in areas without a certain minimum concentration of students. Substantial urban bias in education will undoubtedly continue until an effective means can be found for providing education to the nomadic population.

^{1/} Furthermore, patterns of population concentration are changing rapidly, making it difficult to measure regional access to education precisely.

32. The Government, increasingly concerned with providing nomadic education, has considered several approaches. One approach could be to establish boarding schools at locations convenient to the travels of the nomads. This would, however, be very costly and tend to disassociate the students from their nomadic way of life. As an alternative, the Government is establishing six Nomadic Education Centers, which would offer a 6-9 month course to children of post-primary age who have not attended primary school. The emphasis would be on basic literacy plus skills important in a nomadic way of life, such as animal husbandry, range management, soil conservation and agriculture. The students would board at the school during their education and the centers would also be used for adult education. Other possible approaches include the use of mobile schools to travel with the nomads, upgrading the traditional Koranic teachers, and the greater use of radio. Mobile schools do not appear to be an effective answer, however, because nomadic families rarely move in a sufficiently large or cohesive group to provide an adequate number of students. In more urban areas, some progress has been made with upgrading Koranic teachers to the level necessary to teach at the pre-primary and elementary levels. In rural areas, however, the Koranic teacher is an integral part of the family unit, and the job of retraining would be more difficult. The Government already has made extensive use of radio, and plans to extend these facilities. The present radio program is integrated with the adult education classes, so that students and teachers listen to the radio as part of their normal classroom activity, with the broadcasts following the agreed upon curriculum. While more extensive use of radio will be helpful, it cannot provide the entire answer to nomadic education.

Health Status

33. Health deficiencies in Somalia, as in many other countries, are related to the combined effects of improper diets, poor sanitation, unclean water and lack of education. Water borne diseases are very common, including gastroenteritis, schistosomiasis, dysentery and typhoid. Also common are respiratory diseases such as tuberculosis and pneumonia. Malaria is widespread. Iron deficiency anemia is common, a result of both inadequate diet and the debilitating effects of dysentery and diarrhea. A study of pre-school children admitted to Mogadishu General Hospital indicated that gastroenteritis, bronchopneumonia, anemia and kwashiorkor (protein deficiency) are the leading causes of death. ^{1/} In nomadic areas where meat and milk form the main diet, kwashiorkor is less common. Water borne diseases are more common in the irrigated areas of the Juba and Schebelle Rivers. It is estimated that 80% - 90% of workers on irrigated banana plantations have schistosomiasis.

34. Many newborn infants die from tetanus infections contracted by the use of non-sterile implements in severing the umbilical cord. Besides a very

^{1/} A. S. Abbas; "Common Diseases of the Pre-School Child in Mogadishu General Hospital", East African Medical Journal, March, 1975.

high infant mortality rate, 1/ the death rate of children in general is also extremely high, and perhaps as many as 40-50% of children born die before the age of five. Much of this is nutrition-related, and the most critical period appears to be between weaning and the attainment of age where the child can take food for itself from the family pot. The feeding of unboiled water and milk leads to dysentery, diarrhea, and a resulting weak condition which makes the child susceptible to other diseases in a cumulative downward cycle. 2/

35. Health expenditures have generally not been oriented toward improving health services for the rural and urban poor. Most of the Five-Year Development Plan expenditures have gone for the construction of large urban hospitals. The Plan allocated only 2% of its funds for health, and of this 65% was for two hospitals in the capital city. A National Health Plan for a three-tier structure of regional and district hospitals, plus rural health units has never been implemented at the rural level. Local dispensaries in many cases have been closed because of lack of staff and supplies instead of being upgraded into rural health units as called for in the Health Plan. The emphasis on hospital construction is particularly surprising when most regional and district hospitals are underutilized. A random sample of these hospitals reveals capacity utilization of 30-50% in terms of bed occupancy. Out-patient facilities, however, are heavily utilized. The district hospital in BurAkaba, for instance, reported 1515 out-patient visits during March 1978, but only 42 admissions. Since the average patient stays only 3-4 days, this 35 bed hospital rarely has more than 10-15 patients at any one time.

36. The increasing number of out-patient visits in recent years is an outgrowth of the rural development campaign of 1974-75. In addition to literacy teachers, large numbers of health personnel were mobilized to acquaint the rural/nomadic population with modern medical practices. People were examined, given simple treatments, vaccinated, and given instructions on simple preventive measures, such as the boiling of drinking water. In many cases, this was the first contact people had with proper medical care, and has engendered increased demand for simple items such as aspirin and vitamins, as well as drugs for anemia, dysentery and malaria treatment.

1/ The U.S. Census Bureau estimates infant mortality at 177 per 1,000 births, but it is not clear how this estimate was derived. See Paul Ahmed and Robert Steinglass; Syncrisis: The Dynamics of Health - Somalia U.S. Department of Health, Education and Welfare, unpublished draft, n.d. (early 1978) p. 59.

2/ C. van Shelven; Survey of Feeding and Weaning Practices, UNICEF, Mogadishu, March 1978. This survey indicates an age structure of the population which can only be explained by a high child mortality rate. van Shelven's survey confirms Abbas' finding that malnutrition is worse for children between the ages 1-4 than for infants.

37. Imports of drugs are controlled by a state monopoly, ASPIMA, which attempts to insure an even distribution and adequate supply. Although drugs are freely available in Mogadishu, there are often shortages in rural areas. District hospitals are also frequently under supplied and have to resort to giving prescriptions, rather than free drugs, for purchase of drugs from the private sector. Since private chemists also suffer from shortages, medical treatment in rural areas often becomes impossible. On the other hand, when drugs are available, even powerful antibiotics such as penicillin, can be obtained without prescription. All private doctors have been nationalized and must work for the Government, but the pharmacies remain under private control. Consequently, the local pharmacist often serves as a medical practitioner, dispensing all kinds of drugs without prescriptions, and giving injections. There is also a variety of local healers specializing mostly in herbal medicines of varying effectiveness. The Government is making some attempt to license these healers, and analyze the effectiveness of their techniques.

38. The urban bias of the Government's health expenditures has not been entirely the result of domestic policies. Since 90% of Plan expenditures in Health were financed by foreign aid, priorities were often determined by the preferences of foreign donors. In the recent past, moreover, these preferences have been toward large projects having maximum publicity value.

39. The nationalization of private medical practices was aimed at providing free medical service for all, but this has not yet been accomplished. Better medical service continues to be provided to the urban minority, particularly those living in Mogadishu. The recent implementation of the medical service program for the rural poor, if carried out on a nationwide basis, could redress this imbalance.

40. While all vital statistics in Somalia are rough estimates, the U.S. Bureau of Census has estimated in 1974 a birth rate of between 47 and 49 per 1,000 and a death rate of between 21 and 24 per 1,000. This suggests a rate of natural increases of between 2.3 and 2.7%. ^{1/} Somalia exhibits all the characteristics of a country with both high birth and death rates. Better health facilities and hygienic practices could produce a rapid drop in the level of child and infant mortality, and a consequent rapid increase in the rate of growth of population.

41. There is no organized family planning program in Somalia, nor is one planned. In general, the Government has rejected family planning because it is contrary to Islamic law. An additional factor is the feeling that the low population density of the country provides adequate space for more people. However, this would mean even greater numbers living in poverty and would make the provision of basic needs self-defeating. Experience in

^{1/} As quoted in Ahmed and Steinglass; op. cit. p. 58. The official government estimate is a population growth rate of 2.6%.

other countries suggests a lag of many years between the reduction in infant mortality and the willingness of people to take steps which reduce the birth rate. It might be appropriate to begin thinking about what can be done now before a serious population growth problem develops.

42. The Government has begun to establish, in conjunction with one of the major donors, a system of rural health services. The new system will be implemented on a trial basis and then gradually extended to the whole country. The basic structure consists of five rural health centers in each of Somalia's rural districts; each center would supervise up to four health shelters for towns of 2000 to 3000 inhabitants. Each center would combine curative and preventive health work, and be staffed by two nurses, one midwife, a public health sanitarian, and laboratory technician. Each shelter would have two community health workers taken from the local community and trained at the rural health center. One of the workers would be an upgraded midwife, or TBA (traditional birth attendant) with training in nutrition, maternal child health, sanitation and other preventive health measures. Health shelters would also be located near watering places so as to be available to the nomadic population.

Water Supply and Sanitation

43. In an arid country like Somalia, water is crucial to the very existence of the population and could be considered the most fundamental of basic needs. Safe drinking water eliminates or lessens the prevalence of water-borne diseases, although complementary (hygienic) measures are usually required to achieve this.

44. It is estimated that approximately 33% of the population has access to safe water. Urban coverage has increased from 17% in 1970 to 58% at present (of which Mogadishu 87%), while water supplies in rural areas have increased from 14% to only 20%.^{1/} Most of these improvements took place in the 1971-73 period when the first Development Plan allocated 12% of total investment expenditure to the expansion of water supplies.

45. Mogadishu will continue to receive priority in the next few years. Two projects for the expansion of water supply were approved in 1977 to cover anticipated population growth in the capital city. These projects doubled the relatively small provision of the second Development Plan (1974-78) for both water and sewerage in the whole country. As the implementation rate of Mogadishu projects is low (18% of the revised program, 40% of the original one), these projects will constitute the bulk of the water resource investment of the 1979-81 development program. At the same time, they will develop storm water drainage facilities in Mogadishu and expand the only public sewerage available in the country which is now limited to a small area of the city.

^{1/} WHO/IBRD; Water and Sewer Sector Study, 1977, f.g.

46. In the other urban areas, there are piped water supply systems, with a combination of house connections (accounting for 15% of urban water supplies) and public standpipes, in only 6 of 38 urban communities, serving an estimated 690,000 people. The remaining communities, with a few exceptions, obtain their water for domestic and livestock use from dug and drilled wells and public standpipes usually at well sites. In many towns wells reach only shallow aquifers producing low yields and water of marginal or unsatisfactory quality. Sanitary conditions surrounding the well sites are usually poor due to the large number of people and livestock using the wells. In rural areas and small towns, water is obtained from shallow dug wells or a variety of surface water sources, most of which tend to be contaminated and unhealthy. Providing clean water to the 220,000 people in towns of 5,000 or more would cost only about one-fourth of the Mogadishu projects.

47. The scattered nature of the rural population makes total coverage almost impossible if supplies are to be provided within walking distance of residences. In these areas, public health education to teach people how to make effective use of contaminated water supplies by treatment (principally by boiling) would probably be a more cost effective approach. There is some indication, moreover, that providing clean water without public education may be ineffective. Mortality and morbidity rates in nomadic settlement camps, for instance, which have clean water supplies, appear to be no different from the national averages. Unless people can be induced to change methods of food preparation and sanitation in the home, provision of clean water alone will have little effect.

48. In the settlement camps, latrines are provided for excreta disposal but are not widely used. In urban areas and small towns, the cost of sanitary sewers would probably exceed any possible estimate of social benefits. Lower cost options include providing latrines and better solid waste disposal systems. The cost of these can vary depending on the technology employed. For instance, solid waste collection can be accomplished using domestically available donkey carts or expensive imported trucks. Costs can also be reduced by greater reliance on self-help projects using unemployed and under-employed labor.

III. CURRENT ECONOMIC ISSUES

49. Somalia's development strategy of growth and satisfaction of the population's basic needs through increased public sector action is threatened by the emergence of a number of constraints. Labor migration abroad has been a spontaneous development that the Government neither organizes nor controls; its magnitude is such that the drain of skills and the inflow of private funds may affect the smooth functioning of a publicly-controlled economy. At the same time, the continuation of economic programs aimed at alleviating poverty has to be supported by growth policies and increased mobilization of domestic and financial resources.

A. Migration and Its Economic Consequences

50. The Somalis are a mobile nation, both by nature and nurture. They often move to pursue opportunities, whether it be a lush pasture for their livestock or a well-paying job. The number of gleaming opportunities has increased vastly with the growing oil revenues accruing to Somalia's neighbors in the Arabian Peninsula and the Persian Gulf. The Somalis are also well accepted there as they are Moslems and frequently speak Arabic. As a result, about 100,000 Somalis have migrated to work in the oil-exporting states and the local saying that every Somali family has a member in Jeddah may only be a slight exaggeration. Unskilled laborers, craftsmen, and technicians make up the bulk of the migrants, together with smaller numbers of professionals and traders. It is the exodus of craftsmen, technicians, and professionals which is most strongly felt in Somalia. These developments have to be reviewed with respect to their impact on (a) the stock of qualified manpower in Somalia; and (b) the role of the public sector in the economy.

Effect of Migration on Absorptive Capacity

51. Trained manpower was always short in Somalia; whatever the technicians or craftsmen available, they often lacked experience (for being just out of school) or had a low level of skill, because of insufficient training. Although Somalia has trained thousands of students abroad (as early as 1966-67, there were 3,000 Somalis enrolled in post-secondary institutions abroad) and has greatly expanded the output of the University, the shortage of qualified manpower persists and worsens, to the extent that foreigners are sometimes hired as counterparts to the experts supplied through external technical assistance. As a result, Somalia is unable to profit adequately from expensive foreign experts and project implementation capacity has deteriorated. Less visible, but just as important is the weakening of institutions caused by these manpower losses. Shortages of qualified manpower are accelerating staff turnover as personnel is shifted in response to shifting priority needs. The drain of qualified manpower caused by the recent acceleration of labor migration may hamper the implementation of the Government's development strategy. This strategy calls for predominantly public investment at a time when the public sector is being depleted of its scarce talents.

52. The Government's development thrust is based on the stated assumption that Somalia lacks entrepreneurial talent, a hypothesis that bears closer examination, as Somali entrepreneurs appear to be engaged in many endeavours in the oil-rich countries. The Government should further examine whether policies can be designed to harness returning migrants' managerial skills for the development of the country.

53. Whether impeded or favoured, emigration of Somalis is here to stay and the Government should enact policies to minimize its possible adverse effects and take advantage of whatever benefits can be drawn. Planning for the supply of qualified manpower should take into account the emigration losses which are likely to occur. The rather positive assessment of the supply situation of craftsmen and technicians done in the recent UNESCO/IBRD Education Sector Survey ^{1/} of Somalia needs to be reviewed. Whatever policy the Government may adopt, a part of the output of Somalia's educational institutions will end up in Arabia; the Government's only possibility is to influence the size of that proportion. However, a policy which includes no measure to discourage emigration is tantamount to producing qualified manpower for export - and the share of emigration will be determined entirely by external factors (demand, salaries, living conditions). On the other hand, a policy which would attempt to discourage emigration would have human and financial costs which would need to be compared with savings realized by a reduction in the numbers that need to be trained.

54. The measures available to discourage emigration are essentially two: administrative measures and incentives. Persons studying abroad under Government auspices could be required to serve in public administration for a minimum period of time, say, four or five years. Bonds may be placed on professional staff to increase the cost of emigration (a policy practiced at various times in Latin America). This policy is difficult to administer and would not be applicable to large numbers of skilled workers. It may also need to be supplemented by incentives in the form of higher incomes, amenities or perquisites. The wage level needed to substantially reduce emigration is not easy to pinpoint but given the rather difficult living conditions of low-level foreign skilled workers in Arabia, this wage may be within Somalia's ability to pay. The Government is testing this approach through a recently enacted increase (of 50% or more) in the wages of craftsmen and technicians. Taxation of foreign-earned income should also be considered, both as a disincentive to migration and a source of public revenues in foreign exchange. These policies would not restrict the emigration of unskilled labor, something which, say, a direct prohibition might do.

^{1/} UNESCO/IBRD C.P.; Somalia: Mass Education Issues and Proposals, Paris 1977.

55. The Government feels convinced that skilled or professional Somalis could be persuaded to remain at home with wage levels substantially lower than those prevailing in the oil rich countries. Unfortunately, given the low levels of remuneration in Somalia (and the country's poverty), a large salary increase would be necessary to reach the threshold level described above. The Government needs to seriously study whether it is more appropriate to raise wages, with the foreseeable consequences on the budget (and on the distribution of income), or to become more dependent on foreign skilled and professional manpower.

Migrants' Remittances and their Effects

56. If the number of Somalis working abroad were as high as 100,000 (estimates vary from 50,000 to 120,000), it would be larger than total modern sector employment (public and private) in Somalia. In terms of income, this may mean that the migrants' salaries would equal about ten times the total domestic value added in Somalia's modern sector. ^{1/} The potential for remittances can hardly be overestimated and it is the first time that such large resources are found in private hands. These funds eventually reach Somalia by a circuitous route which involves their use (as foreign exchange) to finance imports which are then sold domestically for Shillings (system known as "Franco Valuta"). The Government is now supervising these imports by issuing licenses to traders who wish to make purchases abroad with foreign exchange which they will obtain abroad. The value of remittances reported here has been estimated from customs declarations, though it is known that Franco Valuta imports are frequently undervalued.

57. Whereas workers' remittances in the form of private transfers were estimated at about US\$2 million in 1977, imports financed directly by incomes earned abroad may have amounted to about US\$50 million under the Franco Valuta system. ^{2/} If so, this would equal one fourth of merchandise imports f.o.b., or the value of livestock exports in 1977 (about 75% of total value of exports). In the main, imports consisted of food, textiles and apparel. These large imports improved domestic supplies and helped moderate inflation in 1977, even though they implied a higher price for foreign exchange. While these imports are to some extent substituting for government imports, there is the danger that the ease of engaging in this trade boost consumption at the expense of investment. This might result in private sector financing of consumption (if there are not enough incentives or opportunities for private capital to engage in productive investment), whereas the public sector is short of investible funds. The ultimate recipients of these remittances, namely, the relatives of migrant workers, most frequently invest in housing. Residential construction is booming in the main cities and towns in Somalia.

^{1/} This assumes that domestic value added is roughly equivalent to labour costs and that migrants earn roughly ten times the Somali wage.

^{2/} However, as noted below in Chapter III C, balance of payments statistics do not account for these imports, nor make the appropriate contra entries. These data are reported by the Ministry of Commerce.

58. A certain amount of regulation of this new source of wealth is necessary to ensure it is used to best advantage. The Government has already moved in this direction by requiring licensing, with the aim of favouring the import of preferred goods (such as food and other consumers' necessities) rather than luxuries or consumers' durables. This step, together with marketing regulations to prevent profiteering, has certainly widened the range of Somalis who benefit from this windfall. However, there are other ways in which the Government can use these resources for the common good, especially by diverting a part of them towards investment. ^{1/} But first, some of these foreign exchange resources must find their way into the Government's coffers. To achieve this, some countries have designed various policies such as preferential exchange rate for remittances, banking accounts in foreign currency with guaranteed re-export privileges, opening of banking facilities in host countries etc. Some countries give their nationals abroad the same incentives to investment (at home) that they give foreign capital generally. A freer foreign exchange system would make most of the above measures redundant (except for investment incentives). However, it is interesting to note that compulsory, confiscatory or other arbitrary methods all seem to have failed whenever they were tried and may have worsened capital flight in some instances.

B. Mobilization of Domestic Financial Resources

59. Economic developments over the past ten years in Somalia have put the Government at the forefront of the drive for growth. To properly fulfill this role, the Government has insisted that public savings must be realized to help finance investment. Between 1969 and 1970, the Government took some strong decisions, such as cutting salaries, and mobilizing the population for self-help projects. Notable successes were achieved: in 1971, for the first time in its short history as an independent nation, Somalia produced a surplus on its central government ordinary budget. The ability of the Somali government to save out of its current revenues had a psychological impact far greater than the rather modest ordinary surplus which peaked in 1973 at about So. Sh. 70 million. In the last two years, the growth of ordinary expenditure outstripped that of revenue and a small deficit occurred in 1977, the first time since 1971. (See Appendix Table 5.2.)

60. Although the concept of "ordinary surplus" has an operational and political significance, it does not correspond to the strict economic meaning given to "government savings" in view of the large amount of extra-budgetary expenditure, some of which may be for current operations, and the imprecise definition of development expenditure. In fact, in a country as poor as Somalia where the Government intends to finance, out of its budget, economic policies that go far to reach the poor population, it is unlikely that budgetary savings will be realized.

^{1/} The Government is raising some revenues from various duties applied on Franco Valuta imports but it seems that, to avoid taxation, the value of the goods is frequently underreported.

61. Since 1974, Government financial operations have been seriously affected by droughts and the difficulties due to border problems. External assistance connected with the droughts, development needs, and possibly defense, flowed in unevenly while total revenues (tax and non-tax) have increased fairly steadily from year to year.

62. In financing the overall deficit, the Government continued to depend heavily on external borrowing. In 1976, however, borrowing abroad was insufficient to meet the enlarged deficit and the Government resorted to Central Bank financing. The table below illustrates the fact that external savings and (later) internal bank credit remained important sources of finance.

Table 4: CENTRAL GOVERNMENT FINANCE
(So. Sh. million)

| | (A) <u>1974</u> | (A) <u>1975</u> | (A) <u>1976</u> | (Prel. A) <u>1977</u> | (Budget) <u>1978</u> |
|--|--------------------|--------------------|--------------------|-----------------------------|-------------------------|
| Ordinary Revenue | 556 | 624 | 667 | 763 | 1,455 |
| Ordinary Expenditure (of which Defense) | 508 (135) | 567 (145) | 649 (165) | 765 (200) | 1,363 (500) |
| <u>Ordinary Surplus</u> | <u>47</u> | <u>57</u> | <u>18</u> | <u>-2</u> | <u>92</u> |
| Development Expenditure | 351 | 355 | 624 | 945 | 1,163 |
| Extrabudgetary Expenditure | 310 | 578 | 307 | 95 | - |
| <u>Overall Deficit</u> | <u>614</u> | <u>876</u> | <u>913</u> | <u>1,042</u> | <u>1,071</u> |
| External Grants | 304 | 631 | 250 | 657 | 400 |
| External loans, net | 255 | 269 | 424 | 205 | 400 |
| Domestic Finance, net | 55 | -25 | 239 | 181 | 271 |

(A) = Actual

Source: Annex Table 5.2.

63. Ordinary revenues grew at an average annual rate of about 11% during the 1974-77 period. Import duties provided an average 39% of the total revenue during this period, taxes on goods and services, 23%, and contributions by public enterprises, 15%. Receipts from import duties stagnated between 1974 and 1976 but increased rapidly in 1977 due partly to an increase in imports subject to higher duties and partly to frequent upward revisions of customs duty rates on Franco Valuta imports. The average import duty burden was nearly 25% during 1974-77. There is, however, one substantial leakage

in import taxation: exemptions are granted on development goods (machinery, equipment and construction materials) because external financing agencies will not usually agree to let the Government tax these goods. However, imports have stabilized after a bout of rapid growth and cannot be considered a buoyant source of future revenues. Exports and incomes have both been falling so that the prospects of revenues from these tax bases are not promising.

64. Revenues from the Autonomous Agencies (public enterprises) are of major importance; they have grown at an annual rate of 27% between 1974 and 1977. Currently, 80% of profits net of depreciation allowances are taken by the so-called turnover tax (usually 50%) and the profit share (usually 30%). In addition, the Government receives 50% of depreciation provisions. These three levies could seriously weaken the financial position of public enterprises, many of which are frequently forced to borrow to pay their taxes. For example, the Kismayu Meat Factory and the Textile Factory (SOMALTEX) have followed this course for the past few years. The financial problems of state enterprises arise in part because they report profits which are often illusory. According to budget estimates, total contributions of public enterprises are expected to account for 72% of their total profits for 1978. The profitability of State enterprises has not kept pace with the increase in government levies. Except for banking and insurance, state enterprises in most sectors (especially manufacturing) are making losses. A recent case study showed that increased tax liabilities had gradually eroded the capital structure of certain public enterprises, led to extremely high debt/equity ratios, and threatened their liquidity position. Further, in spite of a generally low level of interest rates, the burden of interest charges arising from excessive debts has damaged their financial position.

Table 5: GOVERNMENT REVENUES FROM AUTONOMOUS AGENCIES
(So. Sh. Million)

| | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>Prelim- inary 1977</u> | <u>Budget 1978</u> |
|-------------------------------|-------------|--------------|-------------|-----------------------------------|------------------------|
| Turnover tax | 24.1 | 53.4 | 47.3 | 59.4 | 121.6 |
| Profit share | 38.9 | 43.3 | 51.3 | 61.7 | 107.2 |
| Depreciation share | 0.0 | 4.6 | 1.2 | 5.7 | 21.1 |
| <u>Total</u> | <u>63.0</u> | <u>101.3</u> | <u>99.8</u> | <u>126.8</u> | <u>249.9</u> |
| Share in total revenue (%) | 11.3 | 16.2 | 15.0 | 16.6 | 17.2 |

65. Ordinary expenditures grew by more than 14% annually between 1974 and 1977, with a particularly large increase in 1977. The 1977 and 1978 budgets indicate that wages and salaries and expenditures on goods and services account for about 45% and 41% respectively of the total ordinary expenditure, and that transfer payments account for most of the remaining 14%. The basis of the existing wage scales was established in 1970, and since then, the Government has firmly limited salary increases. The Government introduced a partial salary increase for government employees of

middle and lower income levels in 1973, a number of allowances in 1976, and new wage scales and allowances for technical workers in 1977; except for the last action which is too recent to be evaluated, these minor increases have not been adequate to maintain real income or to reduce emigration because of the much higher wages prevailing in neighboring oil-producing countries. As regards transfer payments, the government abolished subsidies on petroleum in 1977. Current expenditure on social services grew rapidly from an 18% share in 1974 to 26% in 1977 reflecting a steep rise in expenditures by the Ministries of Education and Health. The shares of general public services and economic services fell from 37% and 32% in 1974 to 18% and 16% in 1977, respectively. Meanwhile the share of defense expenditure remained fairly stable at 26%.

66. Drought relief and settlement programs for displaced nomads caused extrabudgetary expenditures to surge in 1975, but this increase was financed by more than a doubling of external grants. With the recovery in weather and economic conditions, development expenditures expanded by 76% and 51% in 1976 and 1977 respectively. They went particularly to infrastructure, followed by mining (which includes water resources) and industry, and agriculture. Allocations for the social infrastructure sector have remained small, though some increase can be seen in 1976 and 1977 over the levels of previous two years.

67. The 1978 Budget indicates that both revenues and expenditures will rise dramatically. New measures are expected to produce a 60% increase in government revenues. While there are indications that these measures are beginning to bear fruit, the revenue forecasts must be considered rather optimistic. Ordinary expenditures are expected to increase by 78% (in part because of heavy defense-related expenditures early in the year). Investment expenditure is to increase by 23%. Combining ordinary and development expenditures, Government total expenditure was budgeted to grow by 40% over the 1977 level. While actual current expenditure in 1978 is likely to approximate the budget estimate, public investment forecasts appear somewhat overestimated. So, in spite of a Government predicted surplus for 1978, it is likely that the budget remained in deficit.

C. The Need for Foreign Exchange

68. International liquidities built-up from US\$31 million at the end of 1973 to \$121 million at the end of 1977. During this period, Somalia's deficit on goods and services remained at about US\$100-110 million, and the fluctuations in official transfers (external grants) were reflected in 1975 and 1977 in large balance of payments surpluses. 1/ These are very positive

1/ The official balance of payments does not record Franco Valuta imports (and related private remittances); it also probably underestimates external grants (and related increases in Government foreign exchange holdings abroad).

developments. However, a number of trends are a matter of concern: (a) the decline in exports; (b) the stagnation of imports and related slow economic growth; (c) the reliance on emergency external grants; and (d) the importance of non-recorded imports and workers' remittances. ^{1/} The last point has been developed in Section A above. Against this background, the emphasis on the need for Somalia to secure more foreign exchange may not seem too much of a paradox.

Table 6: BALANCE OF PAYMENTS
(in US\$ million)

| | <u>1975</u> | <u>1976</u> | <u>1977 /1</u> |
|---|--------------|--------------|----------------|
| Export f.o.b. | 88.6 | 81.0 | 71.3 |
| Imports f.o.b. | -141.1 | -153.1 | -175.1 |
| Services, net | -49.7 | -38.0 | -36.9 |
| Transfers, net | 102.2 | 40.8 | 108.0 |
| <u>Current account</u> | <u>-</u> | <u>-69.3</u> | <u>-32.7</u> |
| Long-term capital, net | 52.8 | 69.6 | 64.2 |
| Short-term capital & E&O | -26.2 | 13.3 | 5.3 |
| <u>Changes in reserves (==increase)</u> | <u>-26.6</u> | <u>-13.7</u> | <u>-36.9</u> |

/1 Excludes Franco-Valuta imports and contra entries.

Source: Annex Table 3.2.

The Decline in Exports

69. Over the last five years, Somalia's merchandise exports have declined in real terms. Even in value, exports fell in 1976 and 1977, while imports stagnated. As a share of imports, exports dropped from about 59% in 1973 to 41% in 1977. Livestock is the major source of earnings; live animals, meat, and hides and skins accounted for about 80% of merchandise exports in 1977. Exports of live animals have been stable or slightly increasing in volume over the last few years; their prices have increased since 1973 with resulting rises in foreign exchange earnings. At the same time, exports of hides and skins and processed meat have declined. The privately-owned Sopral meat-packing plant in Mogadiscio closed down because of increasing livestock prices (reflecting strong demand for live animals in Arabia and the reluctance of pastoralists to sell while they were reconstituting their herds

1/ Franco Valuta imports are estimated at about \$50 million by the Ministry of Commerce.

after the drought). The closing of the Kismayu Meat Factory is due to the loss of Soviet technical assistance and market in addition to the effects of increasing livestock prices. The impossibility of servicing the Factory's Soviet machinery means that a resumption of operations will most likely require the replacement of virtually all machinery. In the meantime, the Factory's closure may have helped increase the supply of live animals available for export, at least in the short-run. The closing of the meat factories markedly reduced slaughter and led to lower exports of hides and skins. Somalia's location enables it to export animals to the Middle East on the hoof and thereby protects it from intense competition (which Somalia could not meet) in canned and frozen meats. Somalia should protect this comparative advantage by improving the quality of its export animals.

70. Banana exports, which accounted for 26% of export earnings in 1972, have been declining in volume since then, but price rises have more or less offset volume declines until 1976. However, stagnating prices in 1977 and a markedly lower export volume have resulted in lower foreign exchange earnings. Lower banana exports in large part explain the declines in export returns in 1976 and 1977. Banana output has not yet recuperated from the damage inflicted by the 1974-75 drought which destroyed 1,000 - 1,500 ha. of plantations. Furthermore, heavy rains in November and December 1977 wiped away an additional 1,000 ha. In any event the banana cultivating sector has suffered from chronic low productivity due, at least in part, to the low price of the product. In fact, from an f.o.b. price of about So. Sh. 1,200 per ton, the grower receives only about So. Sh. 650 after deduction for packaging and other various charges of the National Banana Board (ENB). 1/ Particular difficulties were experienced in 1977 because of a dispute which arose between the ENB and the traders who market Somali bananas in the Middle East. The ENB estimates that the dispute reduced exports by 10,000 tons (which were available for export but could not be sold) or, at current prices, about So. Sh. 12 million. The dispute is reportedly being resolved but no final agreement had yet been reached in mid-1978, so that 1978 exports will also almost certainly suffer, although early indications show that the decline in export volume has been arrested. In general, however, observers agree that the problems besetting Somali banana exports are production, transport, and marketing in that order. If the several rather large projects under consideration in 1978 were to be implemented, banana exports could start growing again and catch up to their previous high level within two years.

1/ The realized export price went from So. Sh. 604/MT in 1973 to So. Sh. 1216/MT in 1976 (101%) while the producer price was increased from So. Sh. 540 to So. Sh. 680 (26%) over the same period. The producer price thus fell from 89.4% to 55.9% of realized export price.

71. Other exports include fish products of the Las Korey factory which has lost support from the USSR in terms of technical assistance and servicing of its machinery. Replacement of machinery would be required for the factory to resume full production. However, the new factory should be more economical in its use of capital, like some of the small private fish canneries. Incense and myrrh exports have remained constant at a level of relatively minor importance for total exports.

The Stagnation of Imports

72. Since 1973, imports have remained stable in constant prices if no allowance is made for non-recorded purchases under the Franco Valuta system during 1977. Such stagnation is consistent with the slow growth of the economy and the fact that the increase in public investment has just compensated for the decline in private initiative.

73. The structure of imports has remained relatively stable in recent years with food items accounting for one-third, other consumer goods for one-fourth and fuels and lubricants also for about one-fourth. There have been notable developments in sugar. Domestic production of sugar dropped by about 10,000 tons since the early 1970s (and may have stabilized at 32 - 33,000 tons per year by the latter part of the 1970s). Consumption, on the other hand, has been increasing rapidly, from about 50,000 tons per year around 1970 to 78,000 tons in 1977 (according to ENC), thereby causing imports of near 50,000 tons (about 25,000 tons were imported Franco Valuta, 1,200 tons were received as aid and 23,000 tons were imported officially by ENC). These import figures assume a 1977 domestic production of 30,000 tons. In view of these developments, earlier IDA staff estimates that Somalia might export 20 to 30,000 tons of sugar per year in the early 1980s need to be revised because Somalia may not have an exportable surplus even after the Lower Juba sugar complex starts producing.

External Assistance

74. The net inflow of official transfers amounted to about US\$318 million in the 1973-1977 period, while net disbursements of external loans were only US\$213 million. It is true that part of the transfers represented concessionary assistance because of Somalia's poverty; a large portion of them were, however, in the form of emergency assistance on account of the 1975 drought and the 1977 Ogaden situation. Somalia probably cannot rely upon such a high level of external transfers in the future, and would need to rapidly build up its absorptive capacity for project assistance to capture these funds while they are available. In view of Somalia's low level of development and its future needs, external assistance should be as concessionary as possible.

75. As of December 31, 1977, Somalia's long-term external debt totalled US\$872.8 million, of which US\$398.9 million were disbursed. Typically, this debt has an average maturity of 15 to 20 years and bears an average interest

rate of about 3%. Up to 1976, Somalia's debt service burden appeared light because the outstanding debt was rather low (under US\$200 million) and its main creditor, the Soviet Union (whose assistance is on relatively hard terms), had granted Somalia a moratorium on debt service payments. This moratorium was apparently terminated in 1977 when debt service payments totalled US\$2.2 million, and the ratio of debt service to exports of goods and services was about 5.5%. This debt service ratio is relatively low, but may increase with faster economic growth and imports if the export performance does not improve substantially. However, to the extent that absorptive capacity remains a constraint, disbursements of external loans will stay low, and so will debt service, even with higher disbursements, provided that the loans are on sufficiently "soft" terms.

IV. POLICIES AND PROSPECTS

76. The description of some issues presented in Chapter III of this Memorandum raises the question of whether the current trends are compatible with the declared development strategy of Somalia described in Chapter II. Against this background, the current Chapter is to review alternative policies to tackle these problems: (a) how to profit from the lessons and implications of Somalia's poverty alleviation programs, and (b) how to deal with the financial constraints facing the public sector (scarcity of government revenues versus expanding recurrent costs, import capacity limited by weak exports and dependent on foreign transfers and capital flows). Strengthening the monitoring and evaluation of public investment (and of economic development in general) and improving the statistical system of Somalia are prerequisites to effective action on the above problems.

77. The public investment monitoring system is inadequate. Since record-keeping by executing agencies is incomplete, subjective judgements by these agencies enter into the estimate of actual investment. Investment is tallied at current prices and includes expenditures on projects not in the original Plan (which is expressed in 1973 prices). Revisions to the Plan have been made to allow for inflation, changes in project scope/size, and new projects but they do not adequately differentiate between these three categories. As a result, public investment targets are unclear, and so is the estimate of progress in reaching them. An effective system should combine physical and financial monitoring and make all comparisons in shillings of the same purchasing power. As it is, public investment under the Plan is probably over-estimated, investment by local governments (including Self-help) is underestimated, while the private sector is ignored.

78. More generally, available statistics are insufficient. Somali policy makers and planners have been working with little in the way of statistics and hard data. Available data are sparse, dubious and processed with such long lags as to be of little value for economic management, the data collection system is slow in compiling and reporting data, and lacks adequate quality

control procedures. The need for a comprehensive statistical development program is evident and urgent, it would produce large net benefits in terms of better economic management, higher quality project work, and more efficient use of external assistance. Annex III presents a more detailed review of the statistical system, of its shortcomings and of action required to improve it.

A. Poverty Alleviation and Basic Needs

79. Somalia, one of the world's poorest countries with limited resources to devote to development, has made a major effort towards poverty alleviation. While it has made tremendous progress in some areas, notably literacy and primary education, its record in other areas of basic needs is less impressive, particularly in water supply/sanitation and health services. Services in these areas frequently benefit the urban minority, rather than the poorer rural majority, in part because foreign aid donors appear to prefer large urban projects. The Government's relative lack of interest in health issues is probably due to the fact that literacy and education have been considered first priority and have absorbed the bulk of government attention and resources. The relative success of these programs has been instrumental in providing a foundation of political awareness and cohesiveness, making the fulfillment of other basic needs easier.

80. While the objectives of the Government are consistent with a basic needs approach to development, greater attention should be given to seeing that government programs faithfully reflect these objectives. Decision making should be more decentralized to the local level so that local participation is not limited merely to the execution of projects. Greater attention needs to be directed at the problem of nutrition as complementary to adequate food supplies. Food fortification programs should be designed, and implemented through the state-controlled food distribution and processing system. Decisions on expansion of the secondary school system should be made carefully, to avoid potentially crippling budgetary impacts that will draw funds away from the primary school system and produce an excess of unemployable secondary school leavers. More attention should be directed to the long range population growth impact of meeting basic needs in health care, water supply and sanitation services. Finally, the problems of supplying basic services to the nomadic population deserve continuing attention and innovative approaches, since this is an area in which Somalia can learn little from the experience of other developing countries.

81. However, in addition to direct poverty-oriented programs in the social sectors, the alleviation of poverty in the long-run will require rapid growth of output and personal incomes. There is also a limit as to how much can be accomplished through self-help and other low-cost, low-design approaches so that further progress on basic needs, whether in education or other fields, will eventually require greater claims on traditional financial and real resources.

B. Resource Constraints

82. Resource constraints are considerable in a least-developed country such as Somalia. But, to some extent, constraints are the result of policies and consequently respond to policies. Two difficult bottlenecks are discussed below: the need for increasing current government expenditures (and the difficulty of financing them) and the worsening imbalance in external transactions.

83. The forces at work in the current budget of the government point to an unavoidable increase in recurrent expenditures. Pressures for higher wages and salaries in the public sector are becoming increasingly strong. They should be granted if they contribute to the needed improvement in morale, administrative productivity and absorptive capacity. Expanded public investment has created costly assets, the operation and maintenance of which will lead to increases in operating expenditures. Certain basic needs, especially health services, drinking water and sanitation have been neglected in the past and must now be addressed. These sectors require large recurrent expenditures. Education for the nomads will be costly, as will the upgrading of the quality of education in general. An effort should therefore be made to cut all expenditures that are less essential. The high defense expenditures of 1977-78 are expected to be temporary, but defense expenditures should be kept as low as possible at all times. Similarly, the Government should seek higher efficiency in general administration, to release funds for higher priority social and economic services and to channel surplus funds, if any, into investment.

84. The improvement of revenue prospects will require policies to broaden the tax base. The easily tapped sources of revenue, State enterprises, modern sector employees, consumption goods for the better-off classes, and external trade are being taxed heavily. Policies to encourage private sector investment in productive, as opposed to speculative, ventures might in the medium and long-run develop a good source of tax revenues. On the other hand, State enterprises in their present condition, badly managed, with an inadequate capital structure and often run at a loss, cannot yield much more than at present. Better management and the closure of firms which appear incapable of improvement are essential measures required if State enterprises as a group are to become efficient and profitable and a better source of revenue to the State budget.

85. Somalia faces another major constraint in the form of an increasing resource gap in external trade. Moderate, temporary trade deficits allow investment to exceed the usually low level of domestic savings. However, excessive reliance on this mechanism for the transfer of resources will result in an increasing external debt, higher servicing charges in the future, and investment plans unduly subject to the influence of foreign suppliers of funds.

86. Trade deficits in recent years have been largely financed by grants related to fortuitous events (droughts, security problems) and cannot be counted upon in the long-run. But Somalia should make every effort to capture these concessionary funds by preparing (and implementing) well justified projects. Limitation of nonessential imports is already in force and has maintained imports roughly stable over the past three years; the scope for saving foreign exchange is negligible. Somali policy makers should, therefore, give high priority to export promotion, if they do not want to hamper future development efforts.

87. Another way of financing necessary development imports is to use (directly or indirectly) the remittances of Somali workers abroad. The income, and hence the potential for remittances in the hands of these workers, is such that it calls into question the advisability for the Government to continue its policy of public sector leadership in the economy. The Government needs to examine how these remittances can best be used for the development of the country. The heretofore almost axiomatic answer that the public sector is the only channel, needs to be compared with the possible advantages of having the returning migrants or other private entrepreneurs invest these remittances. If these private resources are not directed into investment, Somalia's development programs will have to be financed almost entirely from abroad.

C. Prospects

88. Economic indicators over the past few years suggest that production and income have stagnated, although good weather during the past three seasons has produced fairly good harvests. Public investment has apparently increased but in the absence of appropriate monitoring and evaluation, it is difficult to conclude anything about its impact on the economy. The main export items show either stagnation or declines in volume. Furthermore, an 18% decline in drawings on external loans in 1977, together with rising undisbursed external loan commitments suggest that absorptive capacity, (for project related funds) has not improved. The Central Government's current budget was in deficit in 1977 and has probably remained in deficit in 1978 largely because of increasing expenditures and a tax base which is not expanding (although total revenues have grown appreciably). The result has been increasing dependence on external resources and recourse to the banking system. The latter suggests that the Government may be overextending itself.

89. If current trends were to continue unchecked, economic prospects for the next few years would appear unfavorable. However, there is much that decisive policy interventions can change for the better. For example, a drive to improve productivity in the public sector could reestablish budget balance. A decision to officially encourage private productive investment financed from growing workers' remittances could offset the production difficulties faced by state enterprises. A judicious policy to encourage the repatriation of remittances could palliate the impossibility of increasing export earnings in the short run. The action underway to help banana farmers could bear fruit within two years, if pursued vigorously and supported by an adequate price policy. Special efforts will need to be

made also to retain at home (or attract from abroad) the qualified manpower needed for maintaining and improving the country's absorptive capacity for investment. For the country to develop, the rate of investment will have to be raised, and the effectiveness of investment and economic management will have to be improved. To this end, adequate preinvestment studies will be needed to prevent the waste of resources, and more reliable information will have to be supplied to planners and policy makers. In conclusion, while the current economic situation of Somalia is worrisome, well thought out policy interventions by the Government can do much to improve the prospects for economic growth.

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Table 1-1 SOMALIA: Population by Age and Region, As of February, 1975
(in thousands)

| Age | Region | | | | | | | | | | | | | Total | | |
|----------------|-----------|----------|--------|-------|--------|-------|-----------|--------|----------|-----------|----------|----------|-------|-------|--------|--------|
| | W.Galbeed | Togdheer | Sanaag | Bari | Nugaal | Mudug | Galguduud | Hiraan | Sh.Dhexe | Mogadishu | Sh.Hoose | J. Hoose | Cedo | Bay | Bakool | Total |
| 5 | 13.2 | 7.7 | 4.4 | 4.6 | 2.5 | 6.4 | 5.4 | 4.4 | 7.1 | 11.1 | 11.9 | 7.4 | 6.3 | 9.0 | 3.0 | 104.5 |
| 6 | 12.7 | 7.5 | 4.2 | 4.5 | 2.5 | 6.2 | 5.3 | 4.3 | 6.9 | 10.7 | 11.5 | 7.1 | 6.1 | 8.7 | 2.9 | 101.1 |
| 7 | 12.3 | 7.2 | 4.1 | 4.3 | 2.4 | 6.0 | 5.1 | 4.1 | 6.6 | 10.4 | 11.1 | 6.7 | 5.9 | 8.5 | 2.8 | 97.5 |
| 8 | 12.0 | 7.0 | 4.0 | 4.2 | 2.3 | 5.9 | 5.0 | 4.0 | 6.4 | 10.1 | 10.8 | 6.7 | 5.8 | 8.2 | 2.7 | 95.1 |
| 9 | 11.6 | 6.8 | 3.8 | 4.1 | 2.2 | 5.7 | 4.8 | 3.9 | 6.2 | 9.8 | 10.5 | 6.5 | 5.6 | 7.9 | 2.6 | 92.0 |
| 10 | 11.2 | 6.6 | 3.7 | 3.9 | 2.2 | 5.5 | 4.6 | 3.7 | 6.0 | 9.4 | 10.1 | 6.3 | 5.4 | 7.7 | 2.5 | 88.8 |
| 11 | 10.8 | 6.4 | 3.6 | 3.8 | 2.1 | 5.3 | 4.5 | 3.6 | 5.8 | 9.2 | 9.8 | 6.1 | 5.2 | 7.4 | 2.5 | 86.1 |
| 12 | 10.5 | 6.2 | 3.5 | 3.7 | 2.0 | 5.1 | 4.4 | 3.5 | 5.7 | 8.9 | 9.5 | 5.9 | 5.1 | 7.2 | 2.4 | 83.6 |
| 13 | 10.2 | 6.0 | 3.4 | 3.6 | 2.0 | 4.9 | 4.2 | 3.4 | 5.5 | 8.6 | 9.2 | 5.7 | 4.9 | 7.0 | 2.3 | 80.9 |
| 14 | 19.9 | 5.8 | 3.3 | 3.5 | 1.9 | 4.8 | 4.1 | 3.3 | 5.3 | 8.3 | 8.9 | 5.5 | 4.8 | 7.8 | 2.2 | 89.4 |
| Sub-Total | 124.4 | 67.2 | 38.0 | 40.2 | 22.1 | 55.8 | 47.4 | 38.2 | 61.5 | 96.5 | 103.3 | 63.9 | 55.1 | 79.4 | 25.9 | 919.0 |
| 15 | 9.6 | 5.6 | 3.2 | 3.4 | 1.8 | 4.7 | 4.0 | 3.2 | 5.1 | 8.1 | 8.6 | 5.3 | 4.6 | 6.6 | 2.2 | 76.0 |
| 16 | 9.2 | 5.4 | 3.1 | 3.3 | 1.8 | 4.5 | 3.8 | 3.1 | 5.0 | 7.8 | 8.4 | 5.2 | 4.5 | 6.3 | 2.1 | 73.5 |
| 17 | 8.9 | 5.2 | 3.0 | 3.2 | 1.7 | 4.4 | 3.7 | 3.0 | 4.8 | 7.5 | 8.1 | 5.0 | 4.3 | 6.1 | 2.0 | 70.9 |
| 18 | 8.6 | 5.1 | 2.9 | 3.1 | 1.7 | 4.2 | 3.6 | 2.9 | 4.7 | 7.3 | 7.8 | 4.9 | 4.2 | 6.0 | 2.0 | 69.0 |
| Sub-Total | 36.4 | 21.3 | 12.2 | 13.0 | 7.0 | 17.8 | 15.1 | 12.2 | 19.6 | 30.7 | 32.9 | 20.4 | 17.6 | 25.0 | 8.3 | 289.5 |
| Total All Ages | 440.0 | 258.0 | 146.0 | 155.0 | 85.0 | 215.0 | 182.0 | 147.0 | 237.0 | 371.0 | 398.0 | 246.0 | 212.0 | 302.0 | 100.0 | 3494.0 |

Note: Population figures are preliminary, and not yet officially published.

Source: Data provided by the Ministry of Education.

Table 1-2 SOMALIA: Population by Sex and Region
as of February, 1975
(in thousands)

| <u>Region</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>%</u> |
|---------------|--------------|---------------|--------------|--------------|
| W. Galbeed | 228 | 212 | 440 | 12.6 |
| Togodheer | 137 | 121 | 258 | 7.4 |
| Sanaag | 72 | 74 | 146 | 4.2 |
| Bari | 82 | 73 | 155 | 4.4 |
| Nugaal | 43 | 42 | 85 | 2.4 |
| Mudug | 115 | 100 | 215 | 6.2 |
| Galguduud | 94 | 88 | 182 | 5.2 |
| Hiraan | 76 | 71 | 147 | 4.2 |
| Sh. Dhexe | 124 | 113 | 237 | 6.8 |
| Mogadishu | 189 | 182 | 371 | 10.6 |
| Sh. Hoose | 204 | 194 | 398 | 11.4 |
| J. Hoose | 130 | 116 | 246 | 7.0 |
| Gedo | 112 | 100 | 212 | 6.1 |
| Bay | 157 | 145 | 302 | 8.6 |
| Bakool | 54 | 46 | 100 | 2.9 |
| <u>TOTAL</u> | <u>1,817</u> | <u>1,677</u> | <u>3,494</u> | <u>100.0</u> |

Note: Population figures are preliminary, and not yet officially published.

Source: Data provided by the State Planning Commission.

Table 1.3 SOMALIA: Population by Age Group in the Settlements and Area Under Cultivation
(as of April 1977)

| <u>Settlement Locations</u> | <u>Population</u> | | | | | <u>People on Vacation</u> | <u>Total Settled</u> | <u>Area Under cultivation (H.)</u> |
|-----------------------------|-------------------|--------------|--------------|--------------|--------------|---------------------------|----------------------|------------------------------------|
| | <u>0-5</u> | <u>6-14</u> | <u>15-45</u> | <u>46-50</u> | <u>51+</u> | | | |
| Dujuma | 5238 | 18096 | 14747 | 2003 | 566 | 141 | 40791 | 840 |
| Sablale | 2945 | 11050 | 8282 | 1191 | 357 | - | 23825 | 770 |
| Kurtum Warey | 2841 | 9724 | 7997 | 1024 | 329 | 149 | 22064 | 441 |
| Total | 11024 | 38870 | 31026 | 4218 | 1252 | 290 | 86680 | 2051 |
| <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |

Source: Data provided by the Settlement Development Agency.

Table 1.4 SOMALIA: Vital Statistics of Settlement Areas
(As of April 1977)

| <u>Settlement Locations</u> | <u>Total Settled</u> | <u>No. of Families</u> | <u>Civil Servants</u> | <u>New 1/ Births</u> | <u>1/ Deaths</u> | <u>Immigration</u> ^{1/} |
|---------------------------------|--------------------------|----------------------------|---------------------------|--------------------------|----------------------|----------------------------------|
| Dujuma | 40791 | 8552 | 538 | 2249 | 1820 | 4671 |
| Sablale | 23825 | 5132 | 393 | 1191 | 932 | 2467 |
| Kurtum Warey | 22064 | 4572 | 423 | 1238 | 691 | 2387 |
| <u>Total</u> ===== | <u>86680</u> ===== | <u>18256</u> ===== | <u>1354</u> ===== | <u>4678</u> ===== | <u>3443</u> ===== | <u>9529</u> ===== |

1/ From Aug. 1975 to April 1977.

Source: Data provided by the Settlement Development Agency.

Table 2-1 Somalia: Original and Revised FYDP Targets and Implementation of FYDP
(So. Sh. Million)

| | Original FYDP targets(a) | Cost increase | New projects | Revised FYDP targets (b) | Total spent (assumed) (c) 1974-78 | Implementa- tion Ratio (%) (c) / (b) | Carry- over to TYDP | Original FYDP (relative share in per cent) | Revised FYDP (relative share in per cent) | Total Spent (relative share in per cent) |
|--|--------------------------------|------------------|-----------------|--------------------------------|---|--|---------------------------|--|---|--|
| Livestock | 155.9 | 24.8 | 47.4 | 228.1 | 161.3 | 70.7 | 66.8 | 4.2 | 3.2 | 4.7 |
| Agriculture | 863.4 | 108.7 | 106.4 | 1,078.5 | 544.9 | 50.5 | 533.6 | 23.0 | 15.1 | 15.8 |
| Forestry and Range | 51.1 | -- | 132.5 | 183.6 | 83.4 | 45.4 | 100.2 | 1.4 | 2.6 | 2.4 |
| Fisheries | 72.0 | 205.9 | 65.2 | 343.1 | 163.2 | 47.6 | 179.9 | 1.9 | 4.8 | 4.7 |
| (Agriculture--total) | (1,142.4) | (339.5) | (351.6) | (1,833.5) | (952.9) | (52.0) | (880.6) | (30.5) | (25.7) | (27.7) |
| Mining | 45.7 | 33.8 | 69.2 | 148.8 | 62.9 | 42.3 | 85.9 | 1.2 | 2.1 | 1.8 |
| Manufacturing industry | 861.5 | 1,046.5 | 247.2 | 2,155.3 | 837.3 | 38.8 | 1,317.9 | 23.0 | 30.3 | 24.4 |
| Industry & Mining total) | (907.2) | (1,080.3) | (316.4) | (2,304.1) | (900.2) | (39.1) | (1,403.8) | 24.2) | (32.3) | (26.2) |
| Electricity and power | 136.5 | -- | 140.0 | 276.5 | 194.9 | 70.5 | 81.6 | 3.6 | 3.9 | 5.7 |
| Water | 139.5 | 190.1 | 3.1 | 332.7 | 59.8 | 18.0 | 272.9 | 3.7 | 4.7 | 1.7 |
| Transport and Communica- tion | 944.7 | 522.9 | 129.4 | 1,597.1 | 848.4 | 53.1 | 748.6 | 25.2 | 22.4 | 24.7 |
| (Economic infra- structure--total) | (1,220.8) | (713.0) | (272.5) | (2,206.3) | (1,103.1) | (50.0) | (1,103.2) | (32.5) | (31.0) | (32.1) |
| Trade | -- | -- | 2.6 | 2.6 | 2.6 | 100.0 | -- | -- | -- | 0.1 |
| Tourism | 12.6 | 1.4 | 43.9 | 57.9 | 52.6 | 90.8 | 5.3 | 0.3 | 0.8 | 1.5 |
| (Other sectors--total) | (12.6) | (1.4) | (46.5) | (60.5) | (55.2) | (91.2) | (5.3) | (0.3) | (0.8) | (1.6) |
| Education | 178.2 | 89.2 | 45.4 | 312.8 | 232.3 | 74.3 | 80.5 | 4.8 | 4.4 | 6.8 |
| Health | 77.7 | 4.8 | 30.8 | 113.3 | 55.6 | 49.1 | 57.7 | 2.1 | 1.6 | 1.6 |
| Cultural services | 38.6 | -- | 5.6 | 44.2 | 22.0 | 49.8 | 22.2 | 1.0 | 0.6 | 0.6 |
| Social services | 160.7 | 8.2 | 38.0 | 206.9 | 64.2 | 31.0 | 142.6 | 4.3 | 2.9 | 1.9 |
| (Social infrastructure --total) | (455.2) | (102.3) | (119.7) | (677.2) | (374.2) | (55.0) | (302.9) | (12.1) | (9.5) | (10.9) |
| General administration | 11.7 | -- | 27.8 | 39.6 | 18.0 | 45.0 | 21.6 | 0.3 | 0.5 | 0.5 |
| Local authorities | -- | -- | -- | -- | 34.4 | -- | -34.4 | -- | -- | 1.0 |
| (General and local administration-- total) | (11.7) | -- | (27.8) | (39.6) | (52.4) | (132.3) | (+12.8) | (0.3) | 0.5 | 1.5 |
| <u>Grand total</u> | <u>3,750.0</u> ^{1/} | <u>2,236.6</u> | <u>1,134.7</u> | <u>7,121.2</u> | <u>3,438.0</u> | <u>48.3</u> | <u>3,683.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> |

Source: Annual Investment Program for 1978.

^{1/} Development expenditures earmarked for the statistics sector were deducted.

Table 2-2 Somalia: Comparative Statement of Planned and Actual Investment, 1974-1978
(So. Sh. Million)

| | 1974 | | 1975 | | 1976 | | 1977 | | 1978 | | FYDP Revised 1974-78 ^{2/} | Total spent (estimated) ^{3/} 1974-78 |
|---|-----------------------|----------------------|-----------------------|----------------------|------------------------|----------------------|-----------------------|------------------------|-----------------------|------------------------|--|---|
| | Planned ^{1/} | Actual ^{2/} | Planned ^{1/} | Actual ^{2/} | Budgeted ^{3/} | Actual ^{2/} | Planned ^{2/} | Budgeted ^{2/} | Planned ^{2/} | Budgeted ^{2/} | | |
| Livestock | 48.8 | 18.9 | 48.5 | 14.4 | 40.5 | 41.6 | 24.9 | 48.4 | 55.1 | 66.6 | 228.1 | 161.3 |
| Agriculture | 171.0 | 77.2 | 263.1 | 41.1 | 129.6 | 99.1 | 74.9 | 275.7 | 348.2 | 196.3 | 1,078.5 | 544.9 |
| Forestry and Range | 14.4 | -- | 15.2 | 3.6 | 4.9 | 12.8 | 12.8 | 46.6 | 52.1 | 52.1 | 183.6 | 83.4 |
| Fisheries | 10.6 | 4.3 | 19.9 | 5.3 | 36.6 | 36.3 | 35.8 | 55.8 | 101.7 | 98.6 | 343.1 | 163.2 |
| Agriculture--total | 244.8 | 100.5 | 346.7 | 64.4 | 211.6 | 189.8 | 148.5 | 426.4 | 557.2 | 413.6 | 1,833.5 | 952.9 |
| Mining | 12.5 | 6.3 | 11.2 | 3.8 | 5.8 | 13.4 | 13.3 | 47.4 | 22.6 | 20.7 | 148.8 | 62.9 |
| Manufacturing Industry | 107.0 | 68.8 | 144.3 | 131.8 | 161.0 | 84.9 | 145.2 | 272.4 | 276.2 | 230.1 | 2,155.3 | 837.3 |
| Mining and Industry--total | 119.5 | 75.1 | 155.5 | 135.6 | 166.8 | 98.3 | 158.5 | 319.8 | 298.8 | 250.8 | 2,304.1 | 900.2 |
| Electricity and Power | 36.7 | 3.7 | 31.1 | 25.8 | 75.6 | 70.2 | 52.1 | 81.9 | 36.6 | 36.6 | 276.5 | 194.9 |
| Water | 21.6 | 15.1 | 41.3 | 8.5 | 30.0 | 28.5 | 18.3 | 26.5 | 14.9 | 0.5 | 332.7 | 57.8 |
| Transport and Communications | 280.5 | 85.8 | 189.1 | 72.1 | 219.7 | 306.2 | 164.7 | 367.9 | 384.1 | 325.9 | 1,597.1 | 848.4 |
| Economic infrastructure--total | 458.3 | 104.6 | 261.5 | 106.5 | 325.3 | 404.9 | 235.1 | 362.8 | 435.6 | 361.0 | 2,206.3 | 1,103.1 |
| Trade | -- | -- | -- | -- | -- | -- | 0.2 | 2.5 | 0.3 | 0.3 | 2.6 | 2.6 |
| Tourism | 3.0 | 17.0 | 3.2 | 11.0 | 10.5 | 9.5 | 8.7 | 6.5 | 13.2 | 12.7 | 57.9 | 52.6 |
| Other sectors--total | 3.0 | 17.0 | 3.2 | 11.0 | 10.5 | 9.5 | 8.9 | 9.0 | 13.5 | 13.0 | 60.5 | 55.2 |
| Education | 55.1 | 28.8 | 52.1 | 26.9 | 71.3 | 61.9 | 46.0 | 62.1 | 108.2 | 80.6 | 312.8 | 232.3 |
| Health | 16.1 | 1.0 | 26.9 | 3.9 | 17.6 | 15.7 | 14.5 | 32.4 | 33.1 | 30.2 | 113.3 | 55.6 |
| Cultural services ^{4/} | 22.7 | 1.7 | 8.3 | 1.9 | 16.0 | 12.1 | 11.1 | 4.4 | 12.0 | 5.3 | 44.2 | 22.0 |
| Social services | 24.0 | 22.0 | 29.8 | 4.3 | 2.2 | 2.4 | 1.7 | 33.9 | 9.4 | 3.4 | 206.9 | 64.2 |
| Social infrastructure--total | 118.8 | 53.6 | 117.1 | 37.1 | 107.1 | 92.1 | 73.4 | 132.9 | 162.7 | 119.6 | 677.2 | 374.2 |
| General administration | -- | -- | -- | -- | -- | -- | -- | 15.3 | 14.8 | 3.2 | 39.6 | 18.0 |
| Local authorities | -- | -- | -- | -- | -- | -- | -- | 34.4 | -- | -- | -- | 34.4 |
| General and local administration--total | -- | -- | -- | -- | -- | -- | -- | 49.7 | 12.8 | 3.2 | 39.6 | 52.4 |
| Grand total | 824.9 | 350.8 | 884.0 | 354.5 | 821.3 | 794.6 | 624.4 | 1,300.6 | 1,480.6 | 1,163.3 | 7,121.2 | 3,438.0 |

Source: Follow-up Report on Plan Implementation, 1974-78 and Annual Investment Program for 1977 and 1978.

^{1/} Based on Follow-up Report on Plan Implementation, 1974-78, excluding So. Sh. 29.9 million and So. Sh. 31.6 million for statistics in 1974 and 1975, respectively

^{2/} Based on Annual Investment Program for 1978.

^{3/} Based on Annual Investment Program for 1977.

^{4/} Classified as "Information" for 1974, 1975 and 1976 in Follow-up Report and in Annual Investment Program for 1977

^{5/} Expenditure total is derived by adding up actual figures for 1974-77 and assuming that the total budgeted for 1978 (i.e. So. Sh. 1,163 million) is actually spent.

Table 2-3 Somalia: Source of Financing and Import Content, FYDP 1974-78
(So. Sh. Million)

| | Actual 1974 | Actual 1975 | Actual 1976 | Relative share % | Actual assumed 1977 | Relative share % | Budget 1978 | Relative share % |
|----------------------------------|----------------|----------------|---------------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|
| Agriculture | <u>100.5</u> | <u>64.4</u> | <u>148.5</u> | <u>100.0</u> | <u>225.9</u> | <u>100.0</u> | <u>413.6</u> | <u>100.0</u> |
| Domestic financing | n.a. | n.a. | 64.5 | 43.4 | 111.7 | 49.4 | 115.7 | 28.0 |
| External financing | n.a. | n.a. | 84.0 | 56.6 | 114.2 | 50.6 | 297.9 | 72.0 |
| Import content | n.a. | n.a. | (69.3) | (46.7) | (127.9) | (56.6) | (248.8) | (60.2) |
| Mining and industry | <u>75.1</u> | <u>135.6</u> | <u>158.5</u> | <u>100.0</u> | <u>280.2</u> | <u>100.0</u> | <u>250.8</u> | <u>100.0</u> |
| Domestic financing | n.a. | n.a. | 75.5 | 47.6 | 170.5 | 60.8 | 217.8 | 86.8 |
| External financing | n.a. | n.a. | 83.1 | 52.4 | 109.7 | 39.2 | 33.0 | 13.2 |
| Import content | n.a. | n.a. | (116.0) | (73.2) | (220.6) | (78.7) | (174.8) | (69.7) |
| Economic infrastructure | <u>104.6</u> | <u>106.5</u> | <u>235.0</u> | <u>100.0</u> | <u>293.9</u> | <u>100.0</u> | <u>363.0</u> | <u>100.0</u> |
| Domestic financing | n.a. | n.a. | 56.6 | 24.1 | 75.8 | 25.8 | 60.8 | 16.7 |
| External financing | n.a. | n.a. | 178.4 | 75.9 | 218.1 | 74.2 | 302.2 | 83.3 |
| Import content | n.a. | n.a. | (128.6) | (54.7) | (139.2) | (47.4) | (119.3) | (32.9) |
| Social infrastructure | <u>53.6</u> | <u>37.1</u> | <u>73.4</u> ^{1/} | <u>100.0</u> | <u>90.5</u> | <u>100.0</u> | <u>119.6</u> | <u>100.0</u> |
| Domestic financing | n.a. | n.a. | 35.6 | 48.6 | 41.6 | 46.0 | 56.0 | 46.8 |
| External financing | n.a. | n.a. | 37.8 | 51.4 | 48.9 | 54.0 | 63.6 | 53.2 |
| Import content | n.a. | n.a. | (42.2) | (57.4) | (50.5) | (55.8) | (67.9) | (56.8) |
| Other sectors | <u>17.0</u> | <u>11.0</u> | <u>8.9</u> ^{1/} | <u>100.0</u> | <u>5.3</u> | <u>100.0</u> | <u>13.0</u> | <u>100.0</u> |
| Domestic financing | n.a. | n.a. | 8.6 | 96.6 | 5.3 | 100.0 | 13.0 | 100.0 |
| External financing | n.a. | n.a. | 0.3 | 3.4 | -- | -- | -- | -- |
| Import content | n.a. | n.a. | (7.7) | (86.5) | (2.8) ^{2/} | (52.8) | (8.9) ^{2/} | (68.5) |
| General and local administration | -- | -- | -- | -- | 49.3 | 100.0 | 3.2 | 100.0 |
| Domestic financing | -- | -- | -- | -- | 49.3 | 100.0 | 3.0 | 93.8 |
| External financing | -- | -- | -- | -- | -- | -- | 0.2 | 6.2 |
| Import content | -- | -- | -- | -- | (25.9) ^{2/} | (52.5) | (2.2) ^{2/} | (68.8) |
| Grand total | <u>350.8</u> | <u>354.5</u> | <u>624.4</u> | <u>100.0</u> | <u>945.1</u> | <u>100.0</u> | <u>1,163.3</u> | <u>100.0</u> |
| Domestic financing | n.a. | n.a. | 240.8 | 38.6 | 454.2 | 48.1 | 466.2 | 40.1 |
| External financing | n.a. | n.a. | 383.6 | 61.4 | 490.9 | 51.9 | 697.1 | 59.9 |
| Import content | n.a. | n.a. | (363.8) | (58.3) | (566.9) | (60.0) | (621.9) | (53.5) |

Source: Annual Investment Programs for 1976-78.

^{1/} Since the breakdown of Domestic and External financing is not available for social infrastructure and other sectors; 1977 ratios have been used to derive the 1976 figures.

^{2/} The difference between import content in grand total and import content of the first four sectors is distributed in proportion to development expenditures of other sectors and general and local administration.

Table 3-1 SOMALIA: Balance of Payments, 1973-77
(So. Sh. Million)

| | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Merchandise Exports f.o.b. | 358 | 403 | 558 | 510 | 449 |
| Merchandise Imports f.o.b. | -612 | -842 | -888 | -964 | -1102 |
| <u>Trade Balance</u> | <u>-254</u> | <u>-439</u> | <u>-330</u> | <u>-454</u> | <u>-653</u> |
| Services, net | -169 | -211 | -313 | -239 | -232 |
| Transfers, net | 180 | 326 | 643 | 257 | 680 |
| Private | (17) | (23) | (12) | (7) | (14) |
| Official | (163) | (303) | (631) | (250) | (666) |
| <u>Current Account Balance</u> | <u>-243</u> | <u>-324</u> | <u>0</u> | <u>-436</u> | <u>-205</u> |
| Long-Term Capital | 164 | 384 | 332 | 438 | 404 |
| Direct Investment | (4) | (5) | (42) | (14) | (49) |
| Loans, net | (171) | (254) | (281) | (429) | (355) |
| Others | (-11) | (125) | (9) | (-5) | (-) |
| Short-Term Capital | 74 | -8 | -157 | 79 | -8 |
| Errors and Omissions | - | -6 | - 8 | 3 | 41 |
| Reserves and Related Items | 5 | -46 | -167 | -86 | -232 |
| So. Sh. per US\$ | 6.2815 | 6.2950 | 6.2950 | 6.2950 | 6.2950 |

Source: IMF, International Financial Statistics, Dec. 1978, and data provided by the Central Bank of Somalia.

Table 3-2 SOMALIA: Balance of Payments, 1973-77
(US\$ Million)

| | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> |
|--------------------------------|--------------|---------------|---------------|---------------|---------------|
| Merchandise Exports f.o.b. | 57.1 | 64.0 | 88.6 | 81.0 | 71.3 |
| Merchandise Imports f.o.b. | -97.5 | -133.7 | -141.1 | -153.1 | -175.1 |
| <u>Trade Balance</u> | <u>-40.4</u> | <u>- 69.7</u> | <u>- 52.5</u> | <u>- 72.1</u> | <u>-103.8</u> |
| Services, net | -26.9 | - 33.6 | - 49.7 | - 38.0 | - 36.9 |
| Transfers, net | 28.6 | 51.8 | 102.2 | 40.8 | 108.0 |
| Private | (2.7) | (3.7) | (1.9) | (1.1) | (2.2) |
| Official | (25.9) | (48.1) | (100.3) | (39.7) | (105.8) |
| <u>Current Account Balance</u> | <u>-38.7</u> | <u>- 51.5</u> | <u>0</u> | <u>-69.3</u> | <u>-32.7</u> |
| Long-Term Capital | 26.1 | 61.0 | 52.8 | 69.6 | 64.2 |
| Direct Investment | (0.6) | (0.7) | (6.7) | (2.2) | (7.8) |
| Loans, net | (27.2) | (40.4) | (44.7) | (68.2) | (56.4) |
| Others | (-1.7) | (19.8) | (1.5) | (-0.8) | (-) |
| Short-Term Capital | 11.8 | -1.3 | -24.9 | 12.6 | -1.2 |
| Errors and Omissions | - | -0.6 | -1.3 | 0.7 | 6.5 |
| Reserves and Related Items | 0.8 | -7.3 | -26.6 | -13.7 | -36.9 |
| So. Sh. per US\$ | 6.2815 | 6.2950 | 6.2950 | 6.2950 | 6.2950 |

Source: IMF, International Financial Statistics, Dec. 1978, and data provided by the Central Bank of Somalia.

Table 3-3 SOMALIA: Exports by Commodities, 1970, 1974-76

(So. Sh. million)

| | 1970 | | 1974 | | 1975 | | 1976 | |
|------------------------|--------------|--------------|--------------|--------------|----------------|--------------|----------------|--------------|
| | Value | Percent | Value | Percent | Value | Percent | Value | Percent |
| Bananas | 62.9 | 28.0 | 79.5 | 20.4 | 80.9 <u>1/</u> | 14.1 | 88.2 <u>1/</u> | 17.5 |
| Live Animals | 119.3 | 53.2 | 222.4 | 56.9 | 382.0 | 66.5 | 281.2 | 55.7 |
| Meat and Meat Products | 6.4 | 2.9 | 35.8 | 9.2 | 44.1 | 7.7 | 43.0 | 8.5 |
| Hides and Skins | 15.0 | 6.7 | 14.1 | 3.6 | 26.3 | 4.6 | 51.0 | 10.1 |
| Wood Products | - | - | 0.9 | 0.2 | - | - | - | - |
| Fish and Fish Products | 1.4 | 0.6 | 15.2 | 3.9 | 11.6 | 2.0 | 15.6 | 3.1 |
| Other | 19.3 | 8.6 | 22.4 | 5.8 | 29.2 | 5.1 | 26.0 | 5.1 |
| <u>Total</u> | <u>224.3</u> | <u>100.0</u> | <u>390.3</u> | <u>100.0</u> | <u>574.1</u> | <u>100.0</u> | <u>505.0</u> | <u>100.0</u> |

Note: I. Export values as assessed by customs do not always reflect current market prices; rather they serve as benchmark values for purposes of levying export tax and statistical and service duty.

II. Export values as assessed by customs differ from export receipts as reported by Central Bank due to difference in coverage, timing, and valuation.

1/ Export values as assessed by customs seem underestimated for 1975 and overestimated for 1976; therefore export receipts as reported by Central Bank have been used, and total exports have been adjusted accordingly.

Source: State Planning Commission, Central Statistical Department, Foreign Trade Returns, 1970, 1974, 1975, and data provided by the Somali authorities.

Table 3.4 SOMALIA: Exports (F.O.B.) Based on Foreign Exchange Record FY75-77
(So. Sh. Million)

| | 1975 | | 1976 | | 1977 | |
|---------------------------|---------------------------|----------------|--------------|----------------|--------------|----------------|
| | <u>Value</u> | <u>Percent</u> | <u>Value</u> | <u>Percent</u> | <u>Value</u> | <u>Percent</u> |
| Bananas | 80.9 | 14.4 | 88.2 | 17.3 | 53.1 | 11.8 |
| Live Animals | 364.4 | 64.7 | 301.9 | 59.2 | 299.5 | 66.7 |
| Meat and Meat Products | 59.3 | 10.5 | 37.1 | 7.3 | 32.1 | 7.1 |
| Hide and Skins | 20.7 | 3.7 | 44.4 | 8.7 | 23.6 | 5.3 |
| Fish and Fish Products | 17.4 | 3.1 | 23.3 | 4.6 | 21.2 | 4.7 |
| Grains | 14.4 | 2.6 | 11.3 | 2.2 | 11.9 | 2.6 |
| Others | 6.3 | 1.1 | 4.1 | 0.8 | 7.7 | 1.7 |
| <u>Total</u> | <u>563.4^{1/}</u> | <u>100.0</u> | <u>510.3</u> | <u>100.0</u> | <u>449.0</u> | <u>100.0</u> |

^{1/} The figure is insignificantly different from the aggregated export figure -
Table 3-1 (Balance of Payments).

Source: Data provided by the Central Bank of Somalia.

Table 3-5 SOMALIA: Exports by Country of Destination, 1970, 1974-76

(So. Sh. Million)

| | 1970 | | 1974 | | 1975 ^{1/} | | 1976 | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------------|--------------|--------------|--------------|
| | Value | Percent | Value | Percent | Value | Percent | Value | Percent |
| China | 2.1 | 1.0 | 15.1 | 3.9 | 15.8 | 2.8 | 15.0 | 3.0 |
| Italy | 58.6 | 26.1 | 40.1 | 10.3 | 41.0 | 7.1 | 105.9 | 21.0 |
| Iran | - | - | 25.7 | 6.6 | 26.0 | 4.5 | 6.1 | 1.2 |
| U.S.S.R. | 3.6 | 1.6 | 21.2 | 5.4 | 30.7 | 5.3 | 41.6 | 8.2 |
| Kuwait | 2.1 | 1.0 | 18.2 | 4.7 | 21.2 | 3.7 | 4.6 | 1.0 |
| Saudi Arabia | 117.9 | 52.6 | 221.8 | 56.8 | 360.4 | 62.8 | 282.1 | 55.8 |
| Yemen, People's Democratic Rep. of | 22.9 | 10.2 | 12.1 | 3.1 | 12.4 | 2.2 | 2.9 | 0.6 |
| Other Arab Countries | 2.1 | 1.0 | 12.9 | 3.3 | 27.1 | 4.7 | 21.8 | 4.3 |
| Other | 15.0 | 6.7 | 23.2 | 6.0 | 39.5 | 6.9 | 25.0 | 5.0 |
| <u>Total</u> | <u>224.3</u> | <u>100.0</u> | <u>390.3</u> | <u>100.0</u> | <u>574.1</u> | <u>100.0</u> | <u>505.0</u> | <u>100.0</u> |

Note: Export values as assessed by customs do not always reflect current market prices, rather they serve as benchmark values for purposes of levying export tax and statistical and service duty.

Source: State Planning Commission, Central Statistical Department, Foreign Trade Returns, 1970, 1974, and data provided by Somali authorities.

^{1/} Export Values for Bananas as Assessed by Customs seem under estimated for 1975 and over estimated for 1976; therefore export receipts, as Reported by Central Bank have been used, and total exports have been adjusted accordingly.

Table 3.6 SOMALIA: Total Exports of Live Animals, 1970, 1974-76

| | <u>Cattle</u> | <u>Sheep</u> | <u>Goats</u> | <u>Camels</u> |
|--------------------|---------------|--------------|--------------|---------------|
| <u>1970</u> | | | | |
| Head | 45,402 | 545,731 | 605,289 | 25,508 |
| Value(So.Sh.mil) | 15.5 | 43.0 | 41.9 | 19.0 |
| Unit Value(So.Sh.) | 340.0 | 79.0 | 69.0 | 744.0 |
| <u>1974</u> | | | | |
| Head | 27,406 | 655,126 | 556,085 | 23,692 |
| Value(S.Sh.Mil) | 21.6 | 92.5 | 78.1 | 30.2 |
| Unit Value(So.Sh.) | 787.0 | 141.0 | 140.0 | 1,277.0 |
| <u>1975</u> | | | | |
| Head | 38,663 | 1,550,442 | 753,999 | 33,351 |
| Value(So.Sh.mil) | 33.5 | 154.3 | 146.8 | 47.4 |
| Unit Value(So.Sh) | 866.5 | 99.5 | 194.7 | 1421.3 |
| <u>1976</u> | | | | |
| Head | 76,238 | 373,566 | 374,057 | 36,622 |
| Value(So.Sh.Mil) | 71.9 | 80.9 | 79.0 | 49.4 |
| Unit Value(So.Sh.) | 943.0 | 217.0 | 211.0 | 1349.0 |

Source: State Planning Commission, Central Statistical Department, Foreign Trade Returns, 1970, 1974, 1975 and data provided by Somali authorities for 1976.

Table 3-7 SOMALIA: Livestock Exports According to Livestock Development Agency 1/

| | <u>Cattle</u> | | <u>Sheep</u> | | <u>Goats</u> | | <u>Camels</u> | |
|------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| | <u>Head</u> | <u>Index</u> | <u>Head</u> | <u>Index</u> | <u>Head</u> | <u>Index</u> | <u>Head</u> | <u>Index</u> |
| 1974 | 31,472 | 100 | 663,100 | 100 | 575,348 | 100 | 23,965 | 100 |
| 1975 | 39,883 | 127 | 793,102 | 120 | 743,059 | 129 | 34,223 | 143 |
| 1976 | 58,385 | 186 | 384,911 | 58 | 381,106 | 66 | 33,502 | 140 |
| 1977 | 54,956 | 175 | 465,005 | 70 | 461,268 | 80 | 33,296 | 139 |

1/ About 90 percent of the above exports are through Berbera and the remaining 10 percent are handled by LDA in various other ports.

Source: Central Statistical Department, Foreign Trade Returns, 1974, 1975 and data provided by LDA for 1976 and 1977.

Table 3-8 SOMALIA: Destination and Value of Banana Exports, 1970, 1974-76

(So. Sh. million)

| | 1970 | | 1974 | | 1975 | | 1976 | |
|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| | Value | Percent | Value | Percent | Value | Percent | Value | Percent |
| Iran | - | - | 25.0 | 31.4 | 26.0 | 32.1 | 6.1 | 6.9 |
| Italy | 49.3 | 78.4 | 18.9 | 23.8 | 22.6 | 28.0 | 55.1 | 62.5 |
| Kuwait | 1.4 | 2.2 | 15.9 | 20.0 | 15.6 | 19.3 | 3.1 | 3.5 |
| Saudi Arabia | 12.1 | 19.2 | 13.6 | 17.1 | 13.7 | 16.9 | 22.0 | 25.0 |
| Other | - | - | 6.1 | 7.7 | 3.0 | 3.7 | 1.9 | 2.2 |
| <u>Total</u> | <u>62.9</u> | <u>100.0</u> | <u>79.5</u> | <u>100.0</u> | <u>80.9</u> | <u>100.0</u> | <u>88.2</u> | <u>100.0</u> |

Note: Export values as assessed by customs do not always reflect current market prices; rather they serve as benchmark values for purposes of levying export tax and statistical and service duty.

Source: State Planning Commission, Central Statistical Department, Foreign Trade Returns, 1970, and 1974 and data provided by The Central Bank for 1975 and 1976.

Table 3.9

SOMALIA: Imports by Commodities, 1970, 1974-76
(So. Sh. Million)

| | 1970 | | 1974 | | 1975 | | 1976 | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Value | Percent | Value | Percent | Value | Percent | Value | Percent |
| Cereals and Cereal Products | 55.0 | 17.1 | 71.2 | 7.9 | 161.0 | 16.5 | 134.1 | 13.7 |
| Fruits and Vegetables | 15.7 | 4.8 | 12.9 | 1.4 | 18.8 | 1.9 | 5.0 | 0.5 |
| Sugar and Sugar Products | 0.7 | 0.2 | 61.3 | 6.8 | 4.4 | 0.5 | 1.4 | 0.1 |
| Coffee, Tea, and Cocoa | 7.9 | 2.4 | 13.6 | 1.5 | 12.3 | 1.3 | 22.3 | 2.3 |
| Beverages and Tobacco | 8.6 | 2.7 | 7.6 | 0.8 | 18.4 | 1.9 | 22.9 | 2.3 |
| Animal and Vegetable Oils and Fats | 16.4 | 5.1 | 12.9 | 1.4 | 29.5 | 3.0 | 41.4 | 4.2 |
| Non-edible Animal and Vegetable crude Materials | 9.3 | 2.9 | 20.4 | 2.3 | 16.2 | 1.7 | 29.5 | 3.0 |
| Petroleum and related Products | 20.0 | 6.2 | 60.6 | 6.7 | 59.4 | 6.1 | 66.5 | 6.8 |
| Medical and pharmaceutical Products | 8.6 | 2.7 | 24.2 | 2.7 | 25.3 | 2.6 | 27.9 | 2.9 |
| Chemical and Rubber Products | 18.6 | 5.8 | 59.0 | 6.6 | 56.9 | 5.8 | 74.6 | 7.6 |
| Paper and Paper Products | 19.3 | 6.0 | 49.2 | 5.5 | 46.2 | 4.7 | 27.2 | 2.8 |
| Wood, Lumber and Cork | 7.9 | 2.4 | 20.4 | 2.3 | 13.5 | 1.4 | 17.4 | 1.8 |
| Textiles | 25.7 | 8.0 | 95.4 | 10.6 | 29.4 | 3.0 | 33.9 | 3.5 |
| Clothing | 11.4 | 3.5 | 20.4 | 2.3 | 7.8 | 0.8 | 11.3 | 1.2 |
| Metals (base) | 8.6 | 2.7 | 71.9 | 8.0 | 25.5 | 2.6 | 33.7 | 3.4 |
| Metal and Mineral Manufactures | 16.4 | 5.1 | 66.6 | 7.4 | 83.2 | 8.5 | 77.7 | 7.9 |
| Electrical Machinery | 6.4 | 2.0 | 37.8 | 4.2 | 36.2 | 3.7 | 31.9 | 3.3 |
| Non-electrical Machinery | 14.3 | 4.4 | 87.8 | 9.8 | 152.1 | 15.6 | 93.9 | 9.6 |
| Miscellaneous Manufactured Articles | 11.4 | 3.5 | 23.5 | 2.6 | 39.7 | 4.1 | 54.5 | 5.6 |
| Transportation Equipment | 32.9 | 10.2 | 68.1 | 7.6 | 120.4 | 12.3 | 150.2 | 15.4 |
| Other | 7.1 | 2.2 | 13.6 | 1.5 | 17.5 | 1.8 | 20.7 | 2.1 |
| <u>Total</u> | <u>322.1</u> | <u>100.0</u> | <u>898.4</u> | <u>100.0</u> | <u>973.7</u> | <u>100.0</u> | <u>978.0</u> | <u>100.0</u> |

Source: State Planning Commission, Central Statistical Department, Foreign Trade Return 1970, 1974 and 1975, and data provided by the Somali authorities.

Table 3.10

SOMALIA: Commodity Imports by Country of origin, 1970, 1974-76
(So. Sh. Million)

| | <u>1970</u> | | <u>1974</u> | | <u>1975</u> | | <u>1976</u> | |
|---------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| | Value | Percent | Value | Percent | Value | Percent | Value | Percent |
| China, People's Rep. of | 5.7 | 1.8 | 56.8 | 6.3 | 60.4 | 6.2 | 85.2 | 8.7 |
| Ethiopia | 8.6 | 2.7 | 12.1 | 1.3 | 13.1 | 1.3 | 19.5 | 2.0 |
| France | 3.6 | 1.1 | 33.3 | 3.7 | 15.8 | 1.6 | - | - |
| Germany, Federal Rep. of | 29.3 | 9.1 | 30.3 | 3.4 | 60.0 | 6.2 | 63.4 | 6.5 |
| Italy | 95.0 | 29.5 | 249.0 | 27.7 | 311.6 | 32.0 | 256.6 | 26.2 |
| Japan | 24.3 | 7.5 | 32.5 | 3.6 | 5.8 | 0.6 | 11.3 | 1.2 |
| Kenya | 17.1 | 5.3 | 43.1 | 4.8 | 56.0 | 5.8 | 54.8 | 5.6 |
| Singapore | 15.7 | 4.9 | 12.9 | 1.4 | 29.3 | 3.0 | 35.9 | 3.7 |
| Thailand | 1.4 | 0.4 | 33.3 | 3.7 | 71.5 | 7.3 | 34.2 | 3.5 |
| United Kingdom | 20.0 | 6.2 | 31.8 | 3.5 | 52.8 | 5.4 | 55.7 | 5.7 |
| United States | 25.7 | 8.0 | 19.7 | 2.2 | 23.5 | 2.4 | 40.9 | 4.2 |
| U.S.S.R. | 21.4 | 6.6 | 112.8 | 12.6 | 74.3 | 7.6 | 122.0 | 12.5 |
| Yemen, People's Dém. Rep. of | 10.0 | 3.1 | 15.9 | 1.8 | 8.3 | 0.9 | - | - |
| Other Arab Countries | 10.7 | 3.3 | 32.5 | 3.6 | 74.0 | 7.6 | 11.9 | 1.2 |
| Other | 33.6 | 10.4 | 182.4 | <u>1/20.3</u> | 117.3 | 12.0 | 186.6 | 19.1 |
| <u>Total</u> | <u>322.1</u> | <u>100.0</u> | <u>898.4</u> | <u>100.0</u> | <u>973.7</u> | <u>100.0</u> | <u>978.0</u> | <u>100.0</u> |

1/ Includes So.Sh. 34.1 million for sugar imports from Mauritius and So. Sh. 40.9 million for Textile and yarn imports from Pakistan.

Source: State Planning Commission, Central Statistics Department, Foreign Trade Returns, 1970, 1974, 1975, and data provided by the Somali authorities.

Table 3-11 SOMALIA: Imports of Petroleum Products
1970-1977

| | <u>1970</u> | <u>1971</u> | <u>1972</u> | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> |
|--------------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <u>VOLUME</u> | | | | | | | | |
| <u>In Thousands of tons</u> | <u>58.8</u> | <u>70.5</u> | <u>73.3</u> | <u>90.7</u> | <u>106.8</u> | <u>172.3</u> | <u>149.9</u> | <u>312.2</u> |
| Motor Gasoline | 12.0 | 16.0 | 15.0 | 20.0 | 23.7 | 31.2 | 29.3 | 73.4 |
| Gasoil 53/57 | 35.0 | 40.0 | 45.0 | 56.0 | 66.0 | 109.0 | 92.8 | 170.7 |
| Kerosene | 4.5 | 6.0 | 6.5 | 7.5 | 7.1 | 9.0 | 5.4 | 13.6 |
| Jet Fuel | 7.0 | 8.0 | 5.5 | 6.0 | 8.6 | 21.3 | 19.9 | 52.5 |
| Aviation Gas | 0.3 | 0.5 | 1.3 | 1.2 | 1.4 | 1.8 | 2.5 | 2.0 |
| <u>In Thousands of Barrels 1/</u> | <u>482</u> | <u>578</u> | <u>601</u> | <u>744</u> | <u>876</u> | <u>1,413</u> | <u>1,229</u> | <u>2,560</u> |
| <u>VALUE</u> | | | | | | | | |
| <u>Total in Thousands of US\$</u> | <u>2,104</u> | <u>2,747</u> | <u>2,533</u> | <u>3,893</u> | <u>10,985</u> | <u>19,148</u> | <u>18,452</u> | <u>38,661</u> |
| <u>Unit Price in US\$ per Barrel</u> | <u>4.36</u> | <u>4.75</u> | <u>4.21</u> | <u>5.23</u> | <u>12.55</u> | <u>13.55</u> | <u>15.01</u> | <u>15.10</u> |

1/ One metric ton is equivalent to about 8.20 US Barrels.

Source: National and Somali Petroleum Agencies, and data provided by Somali Authorities.

Table 4.1 SOMALIA: Medium and Long Term External Public Debt
Outstanding as of December 31, 1977
 (U.S. Dollar Million)

| | <u>Disbursed</u> | <u>Undisbursed</u> | <u>Total</u> |
|------------------------------------|------------------|--------------------|-----------------|
| <u>Suppliers Credits</u> | 0.37 | - | 0.37 |
| <u>Financial Institutions</u> | - | - | - |
| <u>Nationalization</u> | 2.68 | - | 2.68 |
| <u>Multi lateral Loans</u> | 58.40 | 119.97 | 178.37 |
| African Dev. Bank/Fund | 6.55 | 13.63 | 20.18 |
| Arab Fund for Ecn. & Soc. Devt. | 5.43 | 45.98 | 51.48 |
| IDA | 44.22 | 53.02 | 97.24 |
| Islamic Dev. Bank | 0.83 | 6.67 | 7.50 |
| OPEC Special Fund | 1.37 | 0.68 | 2.05 |
| <u>Bilateral Loans</u> | 337.40 | 354.00 | 691.35 |
| Abu Dhabi | 3.12 | 74.88 | 78.00 |
| Algeria | 0.04 | 0.96 | 1.00 |
| Bulgaria | 4.71 | 1.10 | 5.81 |
| China, People's Rep. of | 84.75 | 28.10 | 112.85 |
| Germany Dem. Rep. | 1.99 | - | 1.99 |
| Germany Fed. Rep. of | 21.46 | 0.79 | 22.25 |
| Iraq | 3.59 | 8.51 | 12.10 |
| Italy | 1.47 | - | 1.47 |
| Kuwait | 15.21 | 28.34 | 43.55 |
| Libya | 7.08 | - | 7.08 |
| Qatar | 8.57 | - | 8.57 |
| Saudi Arabia | 42.20 | 84.32 | 126.52 |
| United States | 13.13 | - | 13.13 |
| USSR | 130.07 | 126.91 | 256.98 |
| <u>Total</u> | 398.88 ===== | 473.90 ===== | 872.78 ===== |

Source: Data provided by The Central Bank of Somalia.

Table 4.2 Somalia: External Public Debt Service Payments 1/
(US \$ Million)

| | Total Debt Service (of which interest) | | | | | |
|-------------------------------|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 |
| <u>Suppliers Credits</u> | <u>0.39</u> (0.04) | - (-) | - (-) | - (-) | - (-) | - (-) |
| <u>Financial Institutions</u> | - | - | - | - | - | - |
| <u>Nationalization</u> | <u>0.46</u> (0.08) | <u>0.45</u> (0.07) | <u>0.44</u> (0.06) | <u>0.43</u> (0.07) | <u>0.42</u> (0.03) | <u>0.41</u> (0.02) |
| <u>Multi-lateral Loans</u> | <u>1.09</u> (0.82) | <u>1.81</u> (1.48) | <u>2.49</u> (2.15) | <u>3.11</u> (2.54) | <u>5.34</u> (2.77) | <u>6.17</u> (2.84) |
| African Development Bank/Fund | 0.36 (0.19) | 0.43 (0.20) | 0.44 (0.21) | 0.44 (0.22) | 0.44 (0.21) | 0.44 (0.20) |
| Arab Fund for Ecn.&Soc.Devt. | 0.24 (0.24) | 0.76 (0.76) | 1.29 (1.29) | 1.77 (1.56) | 3.73 (1.72) | 4.25 (1.77) |
| Intern.Dev.Association | 0.45 (0.35) | 0.53 (0.43) | 0.63 (0.53) | 0.73 (0.60) | 0.87 (0.64) | 1.03 (0.67) |
| Islamic Dev. Bank | 0.03 (0.03) | 0.08 (0.07) | 0.12 (0.12) | 0.16 (0.16) | 0.19 (0.19) | 0.34 (0.19) |
| OPEC Special Fund | - (-) | 0.01 (0.01) | 0.01 (0.01) | 0.01 (0.01) | 0.11 (0.01) | 0.11 (0.01) |
| <u>Bilateral Loans</u> | <u>10.08</u> (1.75) | <u>12.99</u> (1.67) | <u>16.36</u> (1.90) | <u>35.06</u> (4.88) | <u>32.60</u> (4.37) | <u>51.55</u> (6.68) |
| Abu Dhabi | - | - | - | - | - | 10.46 (2.66) |
| Algeria | - | - | - | - | 0.10 (0.01) | 0.11 (0.02) |
| Bulgaria | 0.53 (0.13) | 0.54 (0.13) | 0.84 (0.13) | 0.82 (0.11) | 0.80 (0.09) | 0.79 (0.07) |
| China, Peoples' Rep. of | - | - | - | 3.98 (3.98) | 3.98 (3.98) | 3.98 (3.98) |
| Germany, Dem. Rep. | 0.71 (0.05) | 0.69 (0.03) | 0.78 (0.01) | - | - | - |
| Germany Fed. Rep. of | 0.93 (0.22) | 1.09 (0.21) | 1.24 (0.20) | 1.20 (0.19) | 1.15 (0.18) | 1.14 (0.17) |
| Iraq | 0.55 (0.07) | 0.54 (0.06) | 0.52 (0.05) | 1.34 (0.25) | 1.33 (0.24) | 1.30 (0.21) |
| Italy | 0.33 (0.09) | 0.32 (0.08) | 0.31 (0.06) | 0.29 (0.04) | 0.27 (0.03) | 0.26 (0.01) |
| Kuwait | 0.29 (0.29) | 0.37 (0.37) | 1.30 (0.41) | 1.31 (0.42) | 1.30 (0.42) | 1.29 (0.41) |
| Libya | 1.49 (0.32) | 1.45 (0.27) | 0.90 (0.23) | 0.87 (0.19) | 0.84 (0.16) | 0.80 (0.13) |
| Qatar | 1.69 (0.26) | 1.64 (0.21) | 1.60 (0.17) | 1.56 (0.13) | 1.52 (0.09) | 1.47 (0.04) |
| Saudi Arabia | 0.42 (0.42) | 3.22 (3.22) | 4.28 (4.28) | 4.28 (4.28) | 4.28 (4.28) | 12.48 (12.48) |
| United States | 0.29 (0.14) | 0.33 (0.16) | 0.47 (0.21) | 0.61 (0.26) | 0.61 (0.25) | 0.61 (0.24) |
| U.S.S.R. | 2.84 (0.19) | 2.80 (0.15) | 4.22 (0.43) | 18.79 (3.29) | 16.42 (2.92) | 16.85 (2.72) |
| <u>TOTAL</u> | <u>12.03</u> <u>(2.67)</u> | <u>15.25</u> <u>(3.22)</u> | <u>19.29</u> <u>(4.11)</u> | <u>38.60</u> <u>(7.47)</u> | <u>38.36</u> <u>(7.18)</u> | <u>58.12</u> <u>(9.54)</u> |

1/Projections based on debt outstanding, including undisbursed as of December 31, 1977.
Source: IBRD Staff Projections.

Table 4-3 SOMALIA: Foreign Grants by Major Donors - 1970, 1974-77
(So. Sh. Million)

| | <u>1970</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> |
|-----------------------------|-------------|--------------|--------------|--------------|--------------|
| Abu Dhabi | - | - | 96.6 | 0.4 | 66.1 |
| Arab League | - | - | 48.7 | - | - |
| Egypt | - | 25.7 | - | - | - |
| European Economic Community | 5.7 | 55.3 | 30.8 | 35.0 | 51.6 |
| Germany, Fed. Rep. of | - | 5.3 | 1.6 | - | - |
| Iraq | - | - | 78.4 | - | - |
| Italy | 32.1 | 29.5 | - | - | - |
| Kuwait | - | - | 16.9 | 26.3 | 25.7 |
| Libya | - | - | 74.8 | - | - |
| Saudi Arabia | - | - | 22.7 | 81.7 | 418.2 |
| United Nations | 22.1 | 33.3 | - | - | - |
| Other | 27.1 | 152.9 | 54.8 | 0.8 | 15.4 |
| <u>Total 1/</u> | <u>87.0</u> | <u>302.0</u> | <u>425.3</u> | <u>144.2</u> | <u>577.0</u> |

1/ Total refers to cash grants only; grants in kind, mostly of food, are as follows: 1975, So. Sh. mill. 212; 1976, So. Sh. Mill. 107; and 1977, So. Sh. mill. 81.

Source: Data provided by the Central Bank of Somalia.

Table 5.1

Somalia: Public Enterprises
(as of June 1978)

Parent Ministry

| | |
|----------------------|---|
| Commerce | National Petroleum Agency (Somali Petroleum Agency was merged into this Agency in 1978) National Trading Agency (ENC) National Agency for Building Materials Hides and Skins Agency *** Chamber of Commerce ** Trade Agency for Clothing and Utensils Agricultural Development Corporation (ADC) |
| Industry | Cigarettes and Matches Factory Mogadiscio Milk Factory Sugar Factory (SNAI)*** SOMALTEX Kismayu Meat Factory Oil Mill Factory Iron and Foundry and Mechanical Workshop Hides and Skins Factory*** INCAS (Italy 49: NBB 36: SDB 15)*** ITOP Fruit Processing* Flour and Pasta Factory* Afgoi Brick Factory* |
| Public Works | National Electric Energy Authority National Agency for Construction*** Somali Engineer Consultant Agency*** |
| Transport | Trading Agency for Vehicles and Spare Parts * Somali Airline (Somalia 51: Alitalia 49)*** National Transportation Agency*** |
| Marine Transport | National Shipping Agency Somali Ports Authority Somali Shipping Agency*** (Somali Forwarding Agency--this agency is expected to commence during 1978) |
| Agriculture | National Banana Board (NBB)*** ONAT Somali-Libyan Agricultural Development Company (Somalia 51: Libya 49)*** Crash Program Agency** |
| Livestock | Livestock Development Agency |
| Fishery | Las Korey Fish Factory (Somali Fish--the USSR ceased to participate in this joint venture) |
| Water and Minerals | Water Development Agency** |
| Forestry and Range | National Range Agency** |
| Presidency | National Tourism Agency National Parks Agency** Settlement Development Agency** |
| Information | State Printing Agency National Films Agency** National Theater** |
| Health | ASPIMA Social Security Fund of Somalia |
| Higher Education | National University** |
| Finance | State Insurance Company of Somalia (SICOS) Central Bank of Somalia Commercial and Savings Bank of Somalia Somali Development Bank (SDB) |

* Public enterprises under supervision of the SDB.

** Noncommercial agencies.

*** Public enterprises which, though commercial, do not enter into the 1978 budget, because they are considered private corporations.

Table 5.2

Somalia: Financial Operations of the Central Government 1974-78

(So. Sh. Million)

| | 1974 | 1975 | 1976 | Budget Estimates 1977 | Preliminary Actual 1977 ^{1/} | Budget Estimates 1978 |
|---------------------------------|----------------|----------------|----------------|-----------------------------|---|-----------------------------|
| Total revenue and grants | <u>859.2</u> | <u>1,255.2</u> | <u>916.6</u> | <u>1,317.0</u> | <u>1,419.6</u> | <u>1,855.1</u> |
| Total revenue | 555.7 | 623.9 | 666.6 | 917.0 | 762.6 | 1,455.1 |
| Tax revenue | 461.9 | 491.3 | 529.1 | 690.0 | 577.9 | 1,165.0 |
| Nontax revenue | 93.8 | 132.6 | 137.5 | 227.0 | 184.7 | 290.1 |
| External grants | 303.5 | 631.3 | 250.0 | 400.0 ^{2/} | 657.0 | 400.0 ^{2/} |
| Total expenditure | <u>1,169.1</u> | <u>1,499.5</u> | <u>1,580.0</u> | <u>2,093.8</u> | <u>1,805.1</u> | <u>2,526.3</u> |
| Ordinary expenditure | 508.4 | 566.6 | 648.5 | 793.2 | 765.0 | 1,363.0 |
| Development expenditure | 350.8 | 354.6 | 624.4 | 1,300.6 | 945.1 | 1,163.3 |
| Extrabudgetary expenditure | 309.9 | 578.3 | 307.1 | -- | 95.0 | -- |
| Ordinary surplus | <u>47.3</u> | <u>57.3</u> | <u>18.1</u> | <u>123.8</u> | <u>-2.4</u> | <u>92.1</u> |
| Overall deficit ^{4/} | <u>-309.9</u> | <u>-244.3</u> | <u>-663.4</u> | <u>-776.8</u> | <u>-385.5</u> | <u>-671.2</u> |
| Financing | <u>309.9</u> | <u>244.3</u> | <u>663.4</u> | <u>776.8</u> | <u>385.5</u> | <u>671.2</u> ^{2/} |
| Foreign (net) | 255.1 | 269.2 | 424.2 | 600.0 ^{2/} | 205.0 | 400.0 ^{2/} |
| Domestic (net) | 54.8 | -24.9 | 39.2 | 176.8 | 180.5 | 271.2 |
| Central Bank ^{3/} | -2.8 | -189.7 | 362.6 | | -222.2 | |
| Cash balances ^{3/} | 57.6 | 164.8 | -123.4 | | 402.7 | |

Source: Ministry of Finance and the Central Bank.

1/ The classification is partly a mission estimate.

2/ Estimates by the Central Bank.

3/ Includes remittances, imprests, advances, investments, Joint Consolidated Fund, and deposits.

4/ The overall deficit reported here differs from that in the text because External Grants are treated as revenue in this table and financing items in the text.

Table 5.3

Somalia: Central Government Revenue, 1974-1978

(So. Sh. Million)

| | 1974 | 1975 | 1976 | Budget Estimates 1977 | Preliminary Actual ^{1/} 1977 | Budget Estimates (Total) |
|---|--------------|--------------|--------------|-----------------------------|---|--------------------------------|
| Total Revenue | <u>555.7</u> | <u>623.9</u> | <u>666.6</u> | <u>917.0</u> | <u>762.6</u> | <u>1,455.1</u> |
| I Tax revenue | 461.9 | 491.3 | 529.1 | 690.0 | 577.9 | 1,165.0 |
| A. Taxes on net income and profits | 38.4 | 45.2 | 54.0 | 60.0 | 61.8 | 55.0 |
| Taxes on earned income | 32.0 | 40.8 | 47.4 | 50.0 | 53.5 | 50.0 |
| Ordinary tax on income | 15.2 | 17.8 | 21.3 | 25.0 | 24.2 | 25.0 |
| Extraordinary tax (development levy) | 16.8 | 23.0 | 26.1 | 25.0 | 29.3 | 25.0 |
| Other income taxes | 6.4 | 4.4 | 6.6 | 10.0 | 8.3 | 5.0 |
| B. Taxes on property | 6.5 | 10.5 | 12.3 | 12.0 | 15.3 | 25.0 |
| Registration tax | 6.5 | 10.5 | 12.3 | 12.0 | 15.3 | 25.0 |
| C. Taxes on goods and services | 120.7 | 148.1 | 164.8 | 185.0 | 164.3 | 375.0 |
| Excise taxes on sugar and spirits | 64.8 | 93.2 | 100.0 | 110.0 | 93.2 | 210.0 |
| Fiscal monopolies (tobacco and matches) | 49.0 | 49.6 | 60.0 | 70.0 | 64.8 | 155.0 |
| Motor vehicle taxes | 1.4 | 1.3 | 1.3 | 2.0 | 1.3 | 4.0 |
| Other | 5.5 | 4.0 | 3.5 | 3.0 | 5.0 | 6.0 |
| D. Taxes on international trade and transactions | 261.2 | 246.7 | 254.2 | 385.0 | 288.9 | 630.0 |
| Import duties | 250.0 | 230.7 | 240.9 | 365.0 | 277.6 | 615.0 |
| Customs duties | 195.4 | 177.9 | 189.6 | 280.0 | 211.2 | 425.0 |
| Administration and statistical tax | 54.6 | 52.8 | 51.3 | 85.0 | 66.4 | 190.0 |
| Export duties | 11.2 | 16.0 | 13.3 | 20.0 | 11.3 | 15.0 |
| E. Other taxes | 35.1 | 40.8 | 43.8 | 48.0 | 47.6 | 80.0 |
| Stamp taxes | 35.1 | 40.8 | 43.8 | 48.0 | 47.6 | 80.0 |
| II Nontax revenue | 93.8 | 132.6 | 137.5 | 227.0 | 184.7 | 290.1 |
| A. Operating surplus of departmental enterprises | 2.4 | 0.0 | 10.1 | 0.0 | 5.9 | 1.8 |
| B. Property income | 66.8 | 106.0 | 102.1 | 188.3 | 138.0 | 255.8 |
| From public enterprises | 63.0 | 101.3 | 99.8 | 187.3 | 126.8 | 249.9 |
| Turnover tax | 24.1 | 53.4 | 47.3 | 90.1 | 59.4 | 121.6 |
| Share of profits | 38.9 | 43.3 | 51.3 | 73.6 | 61.7 | 107.2 |
| Share of depreciation | 0.0 | 4.6 | 1.2 | 23.6 | 5.7 | 21.1 |
| Other | 3.8 | 4.7 | 2.3 | 1.0 | 11.2 | 5.9 |
| Land concessions | 0.2 | 0.2 | 0.2 | 0.0 | 0.2 | 0.3 |
| Other concessions | 3.6 | 4.5 | 2.1 | 1.0 | 0.7 | 0.6 |
| Interest | 0.0 | 0.0 | 0.0 | 0.0 | 10.3 | 5.0 |
| C. Administrative fees and charges | 22.4 | 23.3 | 18.4 | 32.7 | 24.8 | 29.5 |
| D. Fines and forfeits | 1.1 | 1.7 | 2.7 | 3.0 | 3.2 | 2.0 |
| E. Other | 1.1 | 1.6 | 4.2 | 3.0 | 12.8 | 1.0 |

Source: Ministry of Finance

^{1/} The classification is in part an estimate by the mission.

Table 5.4

Somalia: Functional Classification of Central Government Ordinary Expenditure, 1974-78

(So. Sh. Millions)

| | 1974 | 1975 | 1976 | Budget Estimate 1977 | Preliminary actual ^{1/} 1977 | Budget Estimate (Total) |
|-----------------------------------|--------------|--------------|--------------|----------------------------|---|-------------------------------|
| <u>Total Ordinary Expenditure</u> | <u>508.4</u> | <u>566.6</u> | <u>648.5</u> | <u>793.2</u> | <u>765.0</u> | <u>1,363.0</u> |
| General public services | 189.9 | 192.4 | 205.9 | 255.4 | 243.8 | 497.4 |
| Presidency | 17.0 | 19.9 | 20.1 | 23.7 | 23.6 | 138.4 |
| Planning | 1.0 | -- | -- | -- | -- | -- |
| Interior and police | 54.3 | 57.9 | 60.7 | 71.1 | 70.8 |) 40.7 |
| Ministry of Local Government | -- | -- | -- | -- | -- |) 40.7 |
| Finance | 76.6 | 66.3 | 70.8 | 90.6 | 85.2 | 227.6 |
| Foreign Affairs | 22.6 | 23.3 | 27.6 | 39.3 | 33.5 | 44.5 |
| Justice and religion | 18.4 | 25.0 | 26.7 | 30.7 | 30.7 | 46.2 |
| Defense | 135.0 | 145.2 | 165.4 | 200.0 | 200.0 | 500.0 |
| Social services | 92.8 | 127.2 | 160.4 | 209.6 | 197.4 | 235.3 |
| Education | 37.8 | 56.7 | 77.7 | 101.6 | 93.1 | 116.9 |
| Culture and higher education | 8.0 | 13.6 | 19.1 | 24.4 | 24.3 | 32.1 |
| Health | 35.3 | 41.3 | 45.6 | 61.0 | 58.5 | 60.2 |
| Sport |) 1.7 |) 2.8 |) 3.7 |) 4.3 |) 5.3 | 3.5 |
| Labor |) 1.7 |) 2.8 |) 3.7 |) 4.3 |) 5.3 | 2.8 |
| Information | 10.0 | 12.8 | 14.3 | 18.3 | 16.2 | 19.8 |
| Economic services | 90.7 | 101.8 | 116.8 | 128.2 | 123.8 | 130.3 |
| Public works | 19.2 | 17.6 | 20.0 | 20.6 | 20.7 | 21.1 |
| Water and mineral resources | 6.0 | 9.6 | 9.2 | 8.8 | 8.7 | 8.6 |
| Agriculture | 21.7 | 24.6 | 29.4 | 28.5 | 27.6 | 27.8 |
| Livestock | 12.0 | 15.2 | 17.0 | 18.9 | 17.4 | 18.7 |
| Fisheries |) 2.3 |) 2.2 |) 4.1 |) 5.0 |) 4.9 | 3.7 |
| Marine transport |) 2.3 |) 2.2 |) 4.1 |) 5.0 |) 4.9 | 3.4 |
| Industry | 1.0 | 0.5 | 3.9 | 0.8 | 0.8 | 1.0 |
| Transportation | 25.6 | 28.3 | 30.1 | 40.9 | 40.0 | 42.7 |
| Post and telecommunications | -- | -- | -- | 0.9 | -- | -- |
| Commerce | 2.2 | 2.7 | 3.1 | 3.8 | 3.7 | 3.3 |
| Tourism | 0.7 | 1.1 | -- | -- | -- | -- |
| <u>Memorandum items</u> | | | | | | |
| Post and telecommunications | 9.4 | 13.7 | 15.1 | 19.9 | 9.7 | 22.2 |
| Debt service | 13.3 | 20.1 | 9.3 | 15.0 | 15.0 | 22.0 |

Source: Ministry of Finance.

^{1/} The classification is partly a mission estimate.

Table 5.5 Somalia: Wage Bill of the Central Government (1974-78)^{1/}
(So. Sh. Million)

| | 1974 | 1975 | 1976 | Budget Estimates 1977 | Budget Estimates 1978 |
|-----------------------------------|--------------|--------------|--------------|-----------------------------|-----------------------------|
| Presidency | 3.9 | 4.8 | 5.3 | 7.4 | 81.3 |
| Justice and Religious Affairs | 10.6 | 12.7 | 14.3 | 16.2 | 27.0 |
| Interior and Police ^{2/} | 37.0 | 38.1 | 37.6 | 47.4 | 0.8 |
| Foreign Affairs | 1.3 | 1.6 | 1.7 | 2.1 | 2.5 |
| Finance | 3.0 | 3.0 | 4.3 | 3.8 | 3.6 |
| Defense ^{3/} | (135.0) | (145.2) | (165.4) | (200.0) | (500.0) |
| Education | 28.1 | 33.0 | 48.0 | 73.5 | 84.7 |
| Higher Education | 1.0 | 1.2 | 0.9 | 0.9 | 1.0 |
| Health | 16.0 | 17.2 | 17.4 | 25.0 | 27.0 |
| Information | 2.1 | 2.8 | 3.1 | 3.2 | 3.7 |
| Labor ^{4/} |)0.6 |)0.7 |)1.2 |)1.4 | 1.2 |
| Sports and Youth |)0.6 |)0.7 |)1.2 |)1.4 | 1.0 |
| Agriculture | 4.0 | 3.9 | 5.0 | 4.8 | 5.6 |
| Livestock | 5.8 | 6.5 | 7.7 | 8.2 | 7.9 |
| Fisheries ^{5/} |)0.9 |)1.0 |)1.7 |)2.3 | 2.1 |
| Marine Transport |)0.9 |)1.0 |)1.7 |)2.3 | 1.1 |
| Mineral and Water Resources | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 |
| Industry | 0.3 | 0.4 | 0.5 | 0.6 | 0.6 |
| Commerce | 0.7 | 0.7 | 0.6 | 0.7 | 0.7 |
| Public Works | 7.8 | 7.8 | 9.3 | 8.7 | 9.2 |
| Transportation | 8.4 | 9.5 | 9.1 | 10.7 | 13.5 |
| Posts and Telecommunications | 3.8 | 4.1 | 4.8 | 6.3 | 7.0 |
| Tourism ^{6/} | 0.2 | 0.3 | -- | -- | -- |
| <u>Total</u> ^{7/} | <u>136.0</u> | <u>149.5</u> | <u>172.8</u> | <u>223.5</u> | <u>282.2</u> |

Sources: Ministry of Finance, and 1978 Budget.

^{1/} The wage bill includes salaries and other allowances.

^{2/} The Ministry of Interior and Police was divided into two: the Interior Department became the Ministry of Local Governments and the Police Department was incorporated into the Presidency in 1977.

^{3/} Details of the expenditures of the Ministry of Defense have not been published.

^{4/} In 1977 the two departments of the Ministry of Labor and Sports became Ministry of Labor and Social Affairs and Ministry of Sports and Youth.

^{5/} In 1977 the two departments of the Ministry of Fishery and Marine Transport became Ministry of Fishery and Ministry of Marine Transport.

^{6/} "Tourism" was transformed to a public enterprise in 1976.

^{7/} The "Total" does not include the wage bill of the Ministry of Defense.

Table 5.6 Somalia: Number of Employees of the Central Government 1974-78

| | 1974 | 1975 | 1976 | 1977 | 1978 |
|--|------------------|------------------|------------------|------------------|----------------------|
| Presidency | 546 | 594 | 744 | 869 | 14,474 ^{1/} |
| Justice and Religious Affairs (of which, Prisons) | 1,787 (1,200) | 1,951 (1,333) | 2,618 (1,912) | 2,853 (2,132) | 4,997 (4,233) |
| Foreign Affairs | 125 | 163 | 197 | 230 | 231 |
| Interior | 123 | 121 | 147 | 129 | 122 ^{1/} |
| Police | 8,205 | 8,402 | 8,606 | 9,418 | --- ^{1/} |
| Defense | n.a. | n.a. | n.a. | n.a. | n.a. |
| Finance | 482 | 499 | 536 | 544 | 465 |
| Public Works | 1,437 | 1,475 | 1,804 | 1,770 | 1,825 |
| Communications | 722 | 776 | 935 | 984 | 1,152 |
| Industry | 32 | 42 | 56 | 62 | 65 |
| Commerce | 87 | 118 | 95 | 88 | 86 |
| Agriculture | 676 | 689 | 765 | 906 | 989 |
| Livestock | 1,436 | 1,483 | 1,546 | 1,713 | 1,410 |
| Mineral Water Resources | 14 | 14 | 14 | 48 | 48 |
| Education | 4,561 | 6,183 | 8,773 | 13,617 | 12,709 |
| Higher Education | 119 | 148 | 124 | 135 | 136 |
| Health | 3,326 | 3,530 | 3,783 | 4,712 | 4,957 |
| Information | 272 | 319 | 374 | 348 | 366 |
| Transportation | 1,537 | 2,038 | 1,885 | 2,113 | 2,393 |
| Labor | (114 | (116 | (131 | (230 | 199 ^{2/} |
| Sport | (114 | (116 | (131 | (230 | 189 |
| Fisheries | (167 | (209 | (261 | (407 | 317 ^{3/} |
| Marine Transport | (167 | (209 | (261 | (407 | 174 ^{4/} |
| Tourism | 52 | 41 | 28 | -- | --- |
| <u>Total</u> | <u>25,820</u> | <u>28,911</u> | <u>33,422</u> | <u>41,176</u> | <u>47,304</u> |

Source: Annual budgets (all figures are budget estimates only).

Note: All figures exclude temporary staff.

^{1/} Since 1977, the Police Department has been incorporated into the Presidency, and the Interior Department has become Ministry of Local Governments.

^{2/} In 1977 the two departments of the Ministry of Labor and Sports became Ministry of Labor and Social Affairs and Ministry of Sports and Youth.

^{3/} In 1977 the two departments of the Ministry of Fishery and Marine Transport became Ministry of Fishery and Ministry of Marine Transport.

^{4/} "Tourism" was transformed into a public enterprise in 1976.

Table 5.7 Somalia: Wage Scale of the Central Government (Monthly)

| (So. Sh.) | | | | | | | | | | | |
|---------------------|-------|---------------------|-----------------------------------|---------------------|-------|------------------------|--------|---------------------|-----------------------------------|--------|-----|
| Grade (step) Salary | | Grade (step) Salary | | Grade (step) Salary | | Grade (step) Salary | | Grade (step) Salary | | | |
| <u>Division A.</u> | | <u>Division B.</u> | | <u>Division C.</u> | | <u>Division D.</u> | | | | | |
| Director General | 2 | 1,800 | Executive and senior professional | 7 (2) | 1,060 | Clerical and technical | 8 (4) | 920 | Junior technical and unclassified | 12 (4) | 430 |
| Directors | 3 (2) | 1,600 | | (1) | 1,030 | | (3) | 890 | | (3) | 410 |
| | (1) | 1,500 | | (0) | 1,000 | | (2) | 860 | | (2) | 390 |
| Councillors | 4 (2) | 1,300 | | (3) | 890 | | (1) | 830 | | (1) | 370 |
| | (1) | 1,250 | | (2) | 860 | | (0) | 800 | | (0) | 350 |
| Head of Service | 5 | 1,160 | | (1) | 830 | | 9 (4) | 720 | | 13 (4) | 340 |
| | 6 (2) | 1,150 | | (0) | 800 | | (3) | 690 | | (3) | 330 |
| | (1) | 1,120 | | 9 (4) | 720 | | (2) | 660 | | (2) | 320 |
| Head of Sectors | 7 (2) | 1,060 | | (3) | 690 | | (1) | 630 | | (1) | 310 |
| | (1) | 1,030 | | (2) | 660 | | 10 (4) | 530 | | (0) | 300 |
| | (0) | 1,000 | | (1) | 630 | | (3) | 510 | | 14 (4) | 290 |
| Head of Section | 8 (4) | 920 | | (0) | 600 | | (2) | 490 | | (3) | 280 |
| | (3) | 890 | | 10 (4) | 530 | | (1) | 470 | | (2) | 270 |
| | (2) | 860 | | (3) | 510 | | (0) | 450 | | (1) | 260 |
| | (1) | 830 | | (2) | 490 | | 11 (4) | 430 | | (0) | 250 |
| | (0) | 800 | | (1) | 470 | | (3) | 410 | | 15 (4) | 240 |
| Head of Section | 9 (4) | 720 | | (0) | 450 | | (2) | 390 | | (3) | 230 |
| | (3) | 690 | | | | | (1) | 370 | | (2) | 220 |
| | (2) | 660 | | | | | (0) | 350 | | (1) | 210 |
| | (1) | 630 | | | | | | | | (0) | 200 |
| | (0) | 600 | | | | | | | | | |

Source: Civil Service Law, April 1, 1970.

Note: These scales do not give a full picture of labour costs: all professional, most of the technical and some lower level employees have allowances (professional, responsibility) which add up to a substantial share of direct salary.

Table 5.8 Somalia: Revenues and Expenditures of Local Councils, 1974-78
(So. Sh. Million)

| | Estimates 1974 | Estimates 1975 | Estimates 1976 | Budget 1977 | Budget 1978 |
|---|-------------------|-------------------|-------------------|----------------|----------------|
| I. <u>Current Budget</u> | | | | | |
| <u>Revenues</u> | <u>64.7</u> | <u>72.5</u> | <u>45.5</u> | <u>97.6</u> | <u>105.6</u> |
| Taxes on incomes and property | 12.8 | 12.6 | 7.6 | 15.8 | 15.7 |
| Taxes on consumption and expenditure | 24.8 | 21.7 | 13.9 | 29.4 | 29.8 |
| Sales of goods and services | 27.1 | 32.2 | 17.3 | 34.8 | 38.9 |
| Internal transfers | -- | 6.0 | 6.7 | 17.6 | 21.2 |
| <u>Expenditures</u> | <u>46.5</u> | <u>56.0</u> | <u>52.4</u> | <u>77.2</u> | <u>85.7</u> |
| Wages and salaries | 26.5 | 31.6 | 27.1 | 38.6 | 40.4 |
| Goods and services | 17.1 | 22.0 | 23.3 | 32.1 | 38.2 |
| Current transfers | 2.9 | 2.4 | 2.0 | 6.5 | 7.1 |
| II. <u>Ordinary Surplus</u> | <u>18.2</u> | <u>16.5</u> | <u>-6.9</u> | <u>20.4</u> | <u>19.9</u> |
| III. <u>Capital Budget</u> | | | | | |
| <u>Revenues</u> | <u>28.4</u> | <u>23.1</u> | <u>n.a.</u> | <u>27.6</u> | <u>28.0</u> |
| Ordinary surplus | 18.2 | 16.5 | -6.9 | 20.4 | 19.9 |
| Capital receipts and Central Government transfers | 10.2 | 6.6 | 8.1 | 7.2 | 8.1 |
| <u>Expenditures</u> | <u>28.4</u> | <u>23.1</u> | <u>n.a.</u> | <u>27.6</u> | <u>28.0</u> |
| Gross fixed capital formation | 19.3 | 14.4 | n.a. | 17.1 | 23.3 |
| Capital transfers to Central Government | 3.5 | 5.9 | 1.2 | 3.0 | 0.0 |
| Repayment of internal debt | 5.6 | 2.8 | n.a. | 7.5 | 4.7 |

Sources: Ministry of Finance, Annual Budgets.

Note: Figures for 1974-76 are mission estimates, based on the following known actuals and calculated to be proportional in each instance to the respective year's budget:

| | <u>1974</u> | <u>1975</u> | <u>1976</u> |
|---|-------------|-------------|-------------|
| Expenditure (current and capital budgets) | 74.9 | 79.1 | 53.6 |
| Revenues | 64.7 | 72.5 | 45.5 |
| Capital receipts and Central Government transfers | 10.2 | 6.6 | 8.1 |

Table 5.9 Somalia: Financial Operations of Public Enterprises, 1978 (On Budget Estimate Basis)
(So. Sh. thousands)

| | Profits (+) (a) | Capital transfer from the Government (+) (b) | Borrowings (+) (c) | Investment (-) (d) | Depreciation (-) (e) | Increases in bank deposits and cash balances (-) (f) | Turnover tax (-) (g) ((a)-(e))x½ | Profit share (-) (h) (g) x 3/5 | Depreciation share (-)(i) (*) (e) |
|---|--------------------|---|-----------------------|-----------------------|-------------------------|---|--|--------------------------------------|---|
| Commerce | | | | | | | | | |
| National Petroleum Agency | +30,278.8 | 0.0 | +8,000.0 | -16,846.6 | -1,918.0 | +4,099.9 | -13,559.3 | -8,135.6 | -1,919.0 |
| Somali Petroleum Agency | +31,181.3 | 0.0 | +6,435.0 | -14,808.8 | -978.8 | +3,128.5 | -14,986.5 | -8,991.9 | -978.8 |
| National Trading Agency | +50,796.2 | 0.0 | 0.0 | -9,722.2 | -852.8 | +60,911.1 | -25,174.6 | -15,104.8 | -852.8 |
| National Agency for Building Materials | +5,357.6 | 0.0 | 0.0 | -3,225.4 | -100.0 | +2,299.7 | -2,644.9 | -1,537.0 | -100.0 |
| Livestock Development Agency | +8,471.0 | 0.0 | 0.0 | +2,807.0 | -429.3 | -4,173.3 | -3,903.8 | -2,341.3 | -429.3 |
| Trade Agency for Clothing and Utensils | +6,275.6 | 0.0 | 0.0 | -6,300.0 | -339.0 | +4,295.3 | -2,370.6 | -1,122.4 | -339.0 |
| National Power Station Factory | +1,868.6 | 0.0 | 0.0 | -1,578.5 | -3.4 | +1,244.3 | -954.3 | -572.9 | -3.4 |
| Trading Agency for Vehicles and Spare Parts | +19,212.9 | 0.0 | +12,100.0 | -19,244.4 | -650.0 | -1,929.0 | -9,186.1 | -5,511.7 | -650.0 |
| National Shipping Agency | +4,950.9 | 0.0 | 0.0 | -710.0 | -94.3 | -144.6 | -2,441.7 | -1,465.0 | -94.3 |
| Somali Ports Authority | +19,692.5 | 0.0 | +6,000.0 | -13,945.4 | -2,719.4 | +5,387.0 | -7,309.6 | -4,385.8 | -2,719.4 |
| Agricultural Development Corporation | +5,337.8 | 0.0 | 0.0 | 700.2 | -1,209.4 | -1,224.1 | -1,497.0 | -898.2 | -1,209.4 |
| ONAT | +3,376.9 | 0.0 | -6,500.0 | -2,140.3 | -1,222.7 | +8,473.1 | -477.7 | -286.6 | -1,222.7 |
| National Tourism Agency | +5,530.4 | 0.0 | 0.0 | -6,492.0 | -1,643.3 | +6,089.3 | -1,150.7 | -690.4 | -1,643.3 |
| Manufacturing | | | | | | | | | |
| Cigarettes and Matches Factory | +8,303.6 | 0.0 | 0.0 | -2,530.0 | -827.8 | +1,336.3 | -3,409.2 | -2,045.5 | -827.8 |
| Mogadiscio Milk Factory | +2,290.0 | 0.0 | 0.0 | -2,719.0 | -529.8 | +2,498.1 | -630.9 | -378.5 | -529.8 |
| SOMALTEX | +17,568.1 | 0.0 | 0.0 | +6,781.0 | -3,186.9 | -8,790.2 | -5,740.6 | -3,444.4 | -3,186.9 |
| Kasmayu Meat Factory | +5,068.9 | 0.0 | 0.0 | -550.0 | -1,148.0 | +53.0 | -1,422.0 | -853.2 | -1,148.0 |
| Oil Mill Factory | +2,020.4 | +2,000.0 | +2,400.0 | -6,056.1 | -123.5 | +1,329.5 | -904.2 | -542.5 | -123.5 |
| Iron and Foundry and Mechanical Workshop | -972.2 | +3,000.0 | 0.0 | -104.9 | 0.0 | -1,922.8 | — | — | 0.0 |
| Las Korey Fish Factory | +5,216.4 | 0.0 | 0.0 | -2,084.8 | -1,351.8 | +1,634.1 | -1,289.0 | -773.4 | -1,351.8 |
| State Printing Agency | +15,294.0 | 0.0 | -2,000.0 | -6,977.5 | -1,572.5 | +6,796.1 | -6,230.3 | -3,738.2 | -1,572.5 |
| Financial Institutions | | | | | | | | | |
| State Insurance Company of Somalia | +19,109.0 | 0.0 | 0.0 | 0.0 | 0.0 | -10,792.5 | -2,679.7 | -5,636.7 | 0.0 |
| Central Bank | +41,548.1 | 0.0 | 0.0 | 0.0 | 0.0 | -14,341.8 | 0.0 | -27,006.3 | 0.0 |
| Commercial and Savings Bank of Somalia | +34,485.1 | 0.0 | 0.0 | 0.0 | 0.0 | -12,382.7 | -12,069.8 | -10,032.6 | 0.0 |
| Somali Development Bank | +2,732.4 | 0.0 | 0.0 | 0.0 | 0.0 | -974.6 | -831.4 | -926.4 | 0.0 |
| Social Security Fund of Somalia | 754.8 | 0.0 | 0.0 | -1,705.0 | -172.2 | +1,631.3 | -210.4 | -126.3 | -172.2 |
| Total | +345,748.9 | +5,000.0 | +26,435.0 | -166,452.3 | -21,074.1 | +60,189.9 | +121,575.0 | +107,198.4 | -21,074.1 |

Sources: Ministry of Finance and 1978 budget.

Table 5.10 Somalia: Ministry of Education--Current Expenditure, 1974-78
(So. Sh. Thousands)

| | 1974 | 1975 | 1976 | Budget 1977 | Prelim- inary 1977 | Budget 1978 |
|-----------------------------------|----------|----------|----------|----------------|--------------------------|----------------|
| Current Expenditure | 37,832.2 | 56,700.6 | 77,704.4 | 101,634.3 | 93,096.1 | 116,933.5 |
| Wages and salaries | 28,114.4 | 32,960.6 | 48,036.2 | 73,512.6 | 63,846.9 | 84,653.4 |
| Permanent employees | 20,729.4 | 23,326.8 | 34,421.7 | 56,049.7 | 49,244.3 | 67,765.2 |
| Secondary school teachers | n.a. | n.a. | n.a. | (6,856.2) | n.a. | (7,025.5) |
| Primary school teachers | n.a. | n.a. | n.a. | (42,768.3) | n.a. | (53,000.0) |
| Lower level clerks and workers | n.a. | n.a. | n.a. | (5,841.9) | n.a. | (6,698.7) |
| Temporary employees | 3,326.9 | 4,533.3 | 6,268.9 | 6,318.3 | 4,674.7 | 5,626.7 |
| Allowances and bonuses | 3,513.6 | 4,481.3 | 6,595.2 | 9,794.6 | 9,082.8 | 10,331.7 |
| Secondary school teachers | n.a. | n.a. | n.a. | (5,399.7) | n.a. | (6,250.0) |
| Primary school teachers | n.a. | n.a. | n.a. | (3,757.7) | n.a. | (3,086.8) |
| Provisions for pension fund | 544.5 | 619.2 | 750.4 | 350.0 | 845.1 | 930.0 |
| Goods and services | 8,371.7 | 22,574.6 | 29,303.8 | 27,761.7 | 23,636.8 | 31,920.0 |
| Goods | 4,734.3 | 11,509.7 | 18,838.7 | 21,100.0 | 17,609.1 | 24,720.0 |
| Food | n.a. | n.a. | n.a. | (8,300.0) | n.a. | (10,920.0) |
| School supplies | n.a. | n.a. | n.a. | (11,000.0) | n.a. | (12,000.0) |
| Supplies for current operations | 709.4 | 2,947.9 | 1,867.6 | 960.0 | 842.0 | 1,000.0 |
| Decorations | | | | (450.0) | | (370.0) |
| Repairs and maintenance | 738.1 | 607.5 | 1,296.1 | 1,500.0 | 1,441.8 | 1,600.0 |
| Repairs of school buildings | | | | (1,400.0) | | (1,500.0) |
| Newspapers and other publications | 263.1 | 289.5 | 295.8 | 350.0 | 299.0 | 500.0 |
| Rents | -- | -- | 0.8 | -- | -- | -- |
| Travel expenses | 498.2 | 5,392.0 | 672.1 | 930.0 | 821.6 | 1,000.0 |
| General services | 832.1 | 1,062.9 | 1,163.1 | 1,700.0 | 1,341.3 | 1,800.0 |
| Light and water | | | | (1,200.0) | | (1,600.0) |
| Other services | 596.5 | 765.0 | 5,169.6 | 1,221.7 | 1,282.0 | 1,300.0 |
| Current transfers | 1,046.1 | 676.3 | 351.2 | 360.0 | 4,441.6 | 360.0 |
| Others | 300.0 | 488.9 | 13.2 | -- | 1,170.8 | -- |

Table 5.11

Somalia: Ministry of Health--Current Expenditure, 1974-78

(So. Sh. Thousands)

| | 1974 | 1975 | 1976 | Budget 1977 | Prelim- inary 1977 | Budget 1978 |
|--|-----------------|-----------------|-----------------|-----------------|--------------------------|-----------------|
| <u>Current expenditure</u> | <u>35,314.8</u> | <u>41,299.5</u> | <u>45,633.1</u> | <u>60,983.1</u> | <u>58,511.4</u> | <u>60,195.9</u> |
| Wages and salaries | 15,959.2 | 17,128.2 | 17,400.2 | 24,962.5 | 21,767.9 | 26,993.9 |
| Permanent employees | 12,804.5 | 13,701.6 | 13,816.1 | 19,930.9 | 17,615.8 | 21,248.7 |
| Doctors | n.a. | n.a. | n.a. | (2,152.8) | n.a. | (2,109.3) |
| Health workers | n.a. | n.a. | n.a. | (5,330.2) | n.a. | (5,621.7) |
| Lower level clerks and workers | n.a. | n.a. | n.a. | (11,356.3) | n.a. | (13,432.7) |
| Temporary employees | 916.3 | 947.9 | 1,121.5 | 1,461.1 | 1,235.7 | 1,745.7 |
| Expatriate doctors | n.a. | n.a. | n.a. | n.a. | n.a. | (947.7) |
| Allowances and bonuses | 1,920.3 | 2,064.8 | 2,015.6 | 3,029.3 | 2,375.3 | 3,429.4 |
| Doctors | n.a. | n.a. | n.a. | (1,808.9) | n.a. | (1,433.2) |
| Health workers | n.a. | n.a. | n.a. | (368.9) | n.a. | (540.0) |
| Provisions for pension fund | 318.1 | 413.9 | 447.0 | 541.1 | 541.1 | 570.1 |
| Goods and services | 18,492.6 | 21,802.9 | 27,194.9 | 35,064.0 | 34,417.7 | 32,211.0 |
| Goods | 11,923.5 | 12,756.5 | 13,743.4 | 20,080.0 | 15,846.7 | 16,380.0 |
| Medicine | n.a. | n.a. | n.a. | (5,500.0) | n.a. | (5,500.0) |
| Supplies for hospitals and laboratories | n.a. | n.a. | n.a. | (1,500.0) | n.a. | (1,500.0) |
| Food | n.a. | n.a. | n.a. | (10,000.0) | n.a. | (10,000.0) |
| Supplies for current operations | 843.1 | 1,612.3 | 3,015.8 | 3,880.0 | 3,984.4 | 2,866.0 |
| Bedding materials | n.a. | n.a. | n.a. | (600.0) | n.a. | (470.0) |
| Hospital operations | n.a. | n.a. | n.a. | (2,700.0) | n.a. | (2,000.0) |
| Repairs and maintenance | 589.3 | 831.6 | 563.7 | 584.0 | 1,344.8 | 520.0 |
| Repairs of hospital buildings | n.a. | n.a. | n.a. | (350.0) | n.a. | (300.0) |
| Books and periodicals | 18.5 | 15.7 | 48.5 | 75.0 | 68.8 | 50.0 |
| Rents | 142.9 | 148.6 | 148.8 | 250.0 | 236.7 | 250.0 |
| Travel expenses | 972.1 | 1,272.9 | 2,585.6 | 2,200.0 | 2,103.7 | 2,000.0 |
| General services | 743.0 | 788.4 | 1,286.3 | 1,250.0 | 1,451.8 | 1,250.0 |
| Light and water | n.a. | n.a. | n.a. | (1,200.0) | n.a. | (1,200.0) |
| Other services | 3,260.2 | 4,376.9 | 5,802.8 | 6,745.0 | 9,380.8 | 8,895.0 |
| Mogadiscio General Hospital | n.a. | n.a. | n.a. | (5,500.0) | n.a. | (4,400.0) |
| Current transfers | 627.4 | 1,635.5 | 812.9 | 956.8 | 1,111.5 | 991.0 |
| Others | 235.6 | 732.9 | 225.2 | -- | 1,214.3 | -- |

Table 5.12

Somalia: Agricultural Development Corporation--Revenue and Expenditure, 1974-77
(So. Sh. Thousands)

| | 1974 ^{1/} | 1975 ^{1/} | 1976 ^{2/} | Budget 1977 | Preliminary ^{3/} 1977 | Budget 1978 |
|--|--------------------|--------------------|--------------------|----------------|-----------------------------------|----------------|
| 1. <u>Revenue</u> | 81,206.0 | 118,333.1 | 138,180.0 | 154,969.0 | 155,510.8 | 184,280.5 |
| Revenue from sale of grains | 77,064.0 | 113,502.6 | 137,500.0 | 145,619.0 | 154,577.2 | 177,580.5 |
| Sales of maize and sorghum) | | | | (131,250.0) | | (137,500.0) |
| Sales of oilseed) | (75,000.0) | (107,372.6) | | (13,275.0) | | (29,500.0) |
| Sales of rice) | | | | (0.0) | | (7,980.5) |
| Other revenue | 4,142.0 | 4,830.5 | 680.0 | 9,350.0 | 933.7 | 6,700.0 |
| 2. <u>Expenditure</u> | 81,550.1 | 105,603.9 | 206,074.3 | 142,506.1 | 149,417.8 | 194,741.5 |
| Wages and salaries | 1,736.5 | 2,132.2 | 2,568.6 | 3,900.0 | 4,583.1 | 4,550.0 |
| Goods and services | 69,567.6 | 92,439.3 | n.a. | 114,100.0 | 133,313.5 | 165,021.6 |
| Purchase of domestic maize) | | | (54,000.0) | (60,000.0) | | (75,000.0) |
| and sorghum) | | | | (0.0) | | (24,000.0) |
| Purchase of domestic oilseed) | 63,970.0 | (70,952.8) | (16,350.0) | (0.0) | | (6,350.0) |
| Purchase of domestic rice) | | | n.a. | (0.0) | | (6,350.0) |
| Purchase of foreign grains) | | | (92,000.0) | (42,000.0) | | (42,000.0) |
| Services | (2,236.9) | (7,618.4) | n.a. | (4,000.0) | (4,934.4) | (5,550.0) |
| Others | 10,246.0 | 11,032.5 | n.a. | 24,506.1 | 11,521.4 | 25,150.0 |
| Insurance, interest charge | (763.0) | (4,371.5) | | (2,800.0) | | (4,250.0) |
| Local tax | (6,238.9) | (4,528.9) | | (6,000.0) | | (4,000.0) |
| Capital expenditure | (--) | (1,600.0) | | (15,000.0) | | (13,000.0) |
| 3. Depreciation | 475.4 | 853.0 | n.a. | 2,418.7 | n.a. | 3,051.2 |
| 4. Inventory at the beginning of the period (grains) | 0.0 | 5,003.1 | n.a. | 35,814.0 | 42,227.7 | 28,763.8 |
| 5. Inventory at the end of the period (grains) | 5,003.1 | 2,892.3 | n.a. | 28,763.8 | 46,871.3 | 44,056.1 |
| 6. Change in inventory (4-5) | -5,003.1 | 2,110.8 | | 7,050.2 | -4,643.6 | -15,292.3 |
| 7. Surplus (1-2-3-6) | 4,183.6 | 9,765.4 | | 2,993.9 | | 1,780.0 |
| Turnover tax | (2,091.8) | (4,882.7) | | (1,497.0) | | (890.0) |
| Profit share | (1,255.1) | (2,929.6) | | (898.2) | | (536.0) |
| Depreciation share | (237.7) | (426.5) | | (1,209.4) | | (1,515.6) |
| Net profit | (599.0) | (1,526.6) | | (-610.7) | | (-1,161.6) |

^{1/} Based on budget estimates by the Ministry of Finance.

^{2/} The Ministry of Finance could not complete even its budget estimates for the ADC because of the paucity of data provided by the ADC.

^{3/} Based on data provided by the ADC.

Table 5.13

Somalia: Settlement Development Agency--Revenue and Expenditure 1975-78
(So. Sh. Thousands)

| | June 1975-76 ^{1/} | Budget 1977 | Preliminary 1977 | Budget 1978 |
|---------------------------------|--|------------------------|------------------------|----------------|
| Revenue | <u>154,520.6</u> | 168,033.9 | 69,000.0 ^{2/} | 167,333.0 |
| Sales of crops | | 8,128.5 | | 6,279.0 |
| Proceeds from food aid | | 67,530.8 | | 60,000.0 |
| External grants | | 10,946.3 | | 75,000.0 |
| Government contribution | | 81,428.3 | | 16,054.0 |
| Expenditure^{3/} | <u>154,520.6^{4/}</u> <u>110,330.6^{5/}</u> | 168,033.9 | 86,981.6 ^{2/} | 167,333.0 |
| Current expenditure | | 114,272.7 | 76,231.2 | 126,743.0 |
| Wages and salaries | | 9,334.7 | 1,455.0 | 1,836.0 |
| Goods and supplies | | 84,504.0 | 53,311.0 | 101,825.0 |
| Food | | (60,980.0) | (31,412.4) | (78,854.0) |
| Clothing | | (8,682.0) | (1,707.0) | (10,613.0) |
| Equipment | | 8,892.0 | 4,520.9 | 7,350.0 |
| Maintenance and repairs | | 554.0 | 185.8 | 1,460.0 |
| General services | | 1,210.0 | 502.0 | 1,335.0 |
| Other services | | 9,778.0 | 15,911.0 | 8,937.0 |
| Hygiene | | (5,153.0) | (565.0) | (4,300.0) |
| Construction |) 44,190.0 ^{6/} | 7,670.0 |) 10,750.0 | 7,100.0 |
| Development expenditures | | 46,091.1 | | 33,490.0 |
| 1. Irrigation project | | 8,339.2 | | 16,298.7 |
| Wages and salaries | | (--) | | (5,156.0) |
| Equipment | | (4,628.5) | | (4,628.5) |
| Other materials and supplies | | (3,710.7) | | (6,514.0) |
| 2. Dryland farming project | | 8,185.9 | | 14,701.4 |
| Wages and salaries | | (--) | | (5,576.7) |
| Equipment | | (5,566.1) | | (5,566.4) |
| Other materials and supplies | | (2,619.8) | | (3,558.3) |
| 3. Cattle and poultry project | | 13,622.0 | | 2,490.0 |
| Wages and salaries | | (--) | | (60.0) |
| Materials and supplies | | (3,198.0) | | (930.0) |
| Construction | | (10,424.0) | | (1,500.0) |
| 4. Dujuma Hospital project | | 15,944.0 ^{7/} | | |

^{1/} Includes the first seven months of 1975 and the whole of 1976.

^{2/} The difference remained payable by the Central Government at the time of the mission.

^{3/} There was an additional expenditure on feasibility studies and special equipment financed by project aid (Arab Fund, African Development Fund, and IDA). Project aid was budgeted at So. Sh. 134 million in 1977 but actual spending was estimated at only So. Sh. 13.7 million in the same year.

^{4/} Includes expenditure on fishery settlements.

^{5/} A breakdown of expenditure was not available. During 1975-76 a number of ministries and local governments participated in the drought relief programs. A breakdown by ministry is as follows:

| | (In thousands of So. Sh.) |
|--|---------------------------|
| High Committee for Settlement | 29,674.0 |
| Ministry of Health | 3,000.0 |
| Ministry of Fishery and Marine Transport | 21,000.0 |
| Ministry of Agriculture | 16,184.2 |
| Ministry of Transportation | 10,087.6 |
| Ministry of Public Works | 3,280.9 |
| Ministry of Information | 100.0 |
| Ministry of Education | 1,000.0 |
| Ministry of Livestock | 792.5 |
| Water Development Agency | 3,925.5 |
| National Power Station | 4,690.5 |
| Payments to local governments | 60,785.4 |

^{6/} A breakdown of development expenditure was not available in 1975 and 1976. Development expenditure in this period included spending on fishery settlements (So. Sh. 21 million).

^{7/} Transferred to the Ministry of Health.

Table 6-1 SOMALIA: Monetary Survey, 1970, 1974-77
(\$o. Sh. Million)

| | 1970 | | | | 1974 | | | | 1975 | | | | 1976 | | | | 1977 | | | | | | |
|---|----------|-----------|-----------|-----------|----------|----------|----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|
| | December | December | December | December | December | December | December | December | March | June | September | December | March | June | September | December | March | June | September | December | | | |
| Foreign Assets (net) | 109.5 | 182.7 | 504.2 | 428.0 | 487.4 | 572.8 | 514.7 | 533.5 | 593.5 | 690.4 | 802.6 | 533.5 | 593.5 | 690.4 | 802.6 | 533.5 | 593.5 | 690.4 | 802.6 | 533.5 | 593.5 | 690.4 | 802.6 |
| Central Bank of Somalia (net) | (110.0) | (89.4) | (277.0) | (243.1) | (407.1) | (357.6) | (380.1) | (389.6) | (429.2) | (496.7) | (558.1) | (380.1) | (429.2) | (496.7) | (558.1) | (380.1) | (429.2) | (496.7) | (558.1) | (380.1) | (429.2) | (496.7) | (558.1) |
| National Commercial Bank (net) | (-0.5) | (93.3) | (227.2) | (184.9) | (80.3) | (167.2) | (134.6) | (143.9) | (164.3) | (193.7) | (244.5) | (134.6) | (164.3) | (193.7) | (244.5) | (134.6) | (164.3) | (193.7) | (244.5) | (134.6) | (164.3) | (193.7) | (244.5) |
| Domestic Credit | 311.3 | 956.9 | 803.5 | 955.6 | 871.4 | 941.6 | 1,110.7 | 1,174.5 | 1,047.3 | 1,238.7 | 1,182.8 | 1,110.7 | 1,047.3 | 1,238.7 | 1,182.8 | 1,110.7 | 1,047.3 | 1,238.7 | 1,182.8 | 1,110.7 | 1,047.3 | 1,238.7 | 1,182.8 |
| Claims on Government (net) | (60.8) | (-48.5) | (-238.2) | (-81.8) | (-78.0) | (-41.5) | (124.3) | (157.3) | (46.4) | (47.2) | (-97.8) | (124.3) | (46.4) | (47.2) | (-97.8) | (124.3) | (46.4) | (47.2) | (-97.8) | (124.3) | (46.4) | (47.2) | (-97.8) |
| Claims on Private Sector and Public enterprises (incl. financial institution) | (250.5) | (1,005.4) | (1,041.7) | (1,037.4) | (949.5) | (898.7) | (986.4) | (1,017.2) | (1,000.2) | (1,191.4) | (1,280.7) | (986.4) | (1,000.2) | (1,191.4) | (1,280.7) | (986.4) | (1,000.2) | (1,191.4) | (1,280.7) | (986.4) | (1,000.2) | (1,191.4) | (1,280.7) |
| Money | 314.2 | 628.5 | 825.8 | 861.3 | 842.8 | 939.9 | 944.9 | 1,014.1 | 1,022.1 | 1,169.2 | 1,325.1 | 944.9 | 1,022.1 | 1,169.2 | 1,325.1 | 944.9 | 1,022.1 | 1,169.2 | 1,325.1 | 944.9 | 1,022.1 | 1,169.2 | 1,325.1 |
| currency in circulation ^{1/} | (167.3) | (347.2) | (432.2) | (496.4) | (443.9) | (476.6) | (475.0) | (519.3) | (512.3) | (646.3) | (718.5) | (475.0) | (512.3) | (646.3) | (718.5) | (475.0) | (512.3) | (646.3) | (718.5) | (475.0) | (512.3) | (646.3) | (718.5) |
| Demand deposits | (146.9) | (281.3) | (373.6) | (364.9) | (398.9) | (465.3) | (519.9) | (494.8) | (509.8) | (524.9) | (606.6) | (519.9) | (509.8) | (524.9) | (606.6) | (519.9) | (509.8) | (524.9) | (606.6) | (519.9) | (509.8) | (524.9) | (606.6) |
| Quasi money | 50.2 | 154.4 | 179.3 | 181.8 | 190.6 | 198.9 | 205.1 | 232.6 | 220.9 | 203.4 | 219.5 | 205.1 | 220.9 | 203.4 | 219.5 | 205.1 | 220.9 | 203.4 | 219.5 | 205.1 | 220.9 | 203.4 | 219.5 |
| Counterpart of SDRs | 18.0 | 49.4 | 51.3 | 51.3 | 47.6 | 47.6 | 47.6 | 47.6 | 48.0 | 48.0 | 48.0 | 47.6 | 48.0 | 48.0 | 48.0 | 47.6 | 48.0 | 48.0 | 48.0 | 47.6 | 48.0 | 48.0 | 48.0 |
| Capital and reserves | 19.7 | 39.5 | 48.6 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 | 62.7 |
| Other items (net) | 16.0 | 287.7 | 202.7 | 240.6 | 215.1 | 222.1 | 315.1 | 351.0 | 272.6 | 431.3 | 315.6 | 315.1 | 272.6 | 431.3 | 315.6 | 315.1 | 272.6 | 431.3 | 315.6 | 315.1 | 272.6 | 431.3 | 315.6 |

^{1/} Includes circular cheques; See Table 1-3 for circular cheque component.

Sources: Central Bank of Somalia, Bulletin, various issues; and data provided by The Central Bank of Somalia

Table 6-2 SOMALIA: Summary Accounts of the Central Bank of Somalia, 1970-1974-77
(So. Sh. Million)

| | 1974 | | | 1975 | | | 1976 | | | 1977 | | | | |
|---|----------|----------|----------|----------|----------|----------|--------|--------|-----------|----------|--------|--------|-----------|----------|
| | December | December | December | December | December | December | March | June | September | December | March | June | September | December |
| Foreign Assets | 186.7 | 278.2 | 445.2 | 403.2 | 567.8 | 505.3 | 403.2 | 567.8 | 505.3 | 537.0 | 563.7 | 579.5 | 667.8 | 755.0 |
| Net IMF Position | (26.7) | (29.6) | (33.1) | (33.1) | (30.7) | (30.7) | (33.1) | (30.7) | (30.7) | (30.7) | (30.7) | (33.4) | - | - |
| SDRs | (4.4) | (33.2) | (34.1) | (34.1) | (30.9) | (30.9) | (34.1) | (30.9) | (30.9) | (30.9) | (30.9) | (30.6) | (30.6) | - |
| Claims on Government | 69.2 | 163.2 | 33.1 | 177.2 | 192.3 | 217.3 | 177.2 | 192.3 | 217.3 | 262.0 | 294.0 | 340.5 | 366.4 | 377.3 |
| Claims on Public enterprises | 34.1 | 50.9 | 107.1 | 90.4 | 79.3 | 86.9 | 90.4 | 79.3 | 86.9 | 105.4 | 136.3 | 126.3 | 161.2 | 162.1 |
| Claims on Private sector | 128.4 | - | - | 475.7 | 278.3 | 249.4 | 475.7 | 278.3 | 249.4 | 212.5 | 166.9 | 151.1 | 286.1 | 412.2 |
| Claims on Commercial Banks | - | 474.4 | 548.8 | 51.1 | 43.7 | 54.6 | 475.7 | 278.3 | 249.4 | 212.5 | 166.9 | 151.1 | 286.1 | 412.2 |
| Unclassified assets | 50.3 | 48.1 | 40.2 | 51.1 | 43.7 | 54.6 | 51.1 | 43.7 | 54.6 | 55.4 | 66.0 | 119.2 | 98.7 | 100.8 |
| Currency 1/ | 154.1 | 340.2 | 421.0 | 471.0 | 425.6 | 455.2 | 471.0 | 425.6 | 455.2 | 453.2 | 488.0 | 488.9 | 604.0 | 666.6 |
| Circular cheques | 12.5 | 9.0 | 11.7 | 8.5 | 5.9 | 7.0 | 8.5 | 5.9 | 7.0 | 10.8 | 8.9 | 8.9 | 8.9 | 18.5 |
| Demand deposits | 86.3 | 22.7 | 45.1 | 25.6 | 33.8 | 47.6 | 25.6 | 33.8 | 47.6 | 106.7 | 98.3 | 70.4 | 45.1 | 86.4 |
| Private sector | (49.4) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public enterprises and specialized financial institutions | (36.9) | (22.7) | (45.1) | (25.6) | (33.8) | (47.6) | (25.6) | (33.8) | (47.6) | (106.7) | (98.3) | (70.4) | (45.1) | (86.4) |
| Commercial banks' deposits | 14.8 | 42.5 | 51.3 | 51.3 | 55.8 | 58.5 | 51.3 | 55.8 | 58.5 | 62.1 | 62.1 | 61.6 | 66.6 | 71.7 |
| Time and savings deposits of private sector | 18.9 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Government deposits | 8.4 | 211.7 | 271.5 | 259.0 | 270.3 | 220.4 | 259.0 | 270.3 | 220.4 | 137.6 | 136.8 | 294.1 | 319.2 | 475.1 |
| Foreign liabilities | 76.7 | 188.8 | 168.2 | 160.0 | 160.7 | 149.7 | 160.0 | 160.7 | 149.7 | 156.9 | 174.1 | 150.3 | 171.1 | 196.9 |
| Allocations of SDRs | 18.0 | 49.4 | 51.3 | 51.3 | 47.6 | 47.6 | 51.3 | 47.6 | 47.6 | 47.6 | 47.6 | 48.0 | 48.0 | 48.0 |
| Capital and reserves | 17.4 | 25.0 | 34.1 | 34.1 | 48.2 | 48.2 | 34.1 | 48.2 | 48.2 | 48.2 | 48.2 | 62.7 | 62.7 | 62.7 |
| Unclassified liabilities | 58.0 | 125.6 | 120.4 | 136.7 | 113.5 | 132.3 | 136.7 | 113.5 | 132.3 | 149.1 | 165.1 | 131.6 | 250.6 | 181.5 |

1/ Excludes cash holdings of the Somali National Bank

Sources: Central Bank of Somalia, Bulletin, various issues, and data provided by the Central Bank of Somalia

Table 6-3 SOMALIA: Summary Accounts of the National Commercial Bank of Somalia, 1970, 1974-77.
(So. Sh. Million)

| | <u>1970</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | | | | <u>1977</u> | | | |
|--|----------------|-------------|-------------|-------------|-------|-------|-------|-------------|-------|--------|--------|
| | Dec. | Dec. | Dec. | March | June | Sept. | Dec. | March | June | Sept. | Dec. |
| Cash | 4.1 | 33.7 | 31.5 | 36.5 | 39.2 | 38.2 | 39.4 | 34.9 | 43.0 | 36.1 | 44.1 |
| Deposits with Central Bank | 15.8 | 43.7 | 51.3 | 53.0 | 59.8 | 59.3 | 62.2 | 62.2 | 62.2 | 67.2 | 74.5 |
| Foreign assets | 0.5 | 113.5 | 230.7 | 186.9 | 83.6 | 169.8 | 140.3 | 146.9 | 167.8 | 197.5 | 249.5 |
| Claims on private sector and public enterprises | 88.9 <u>1/</u> | 954.5 | 934.6 | 947.0 | 870.2 | 811.8 | 880.9 | 870.4 | 874.7 | 1030.2 | 1118.6 |
| Unclassified assets | 18.1 | 72.6 | 48.3 | 76.8 | 77.3 | 64.2 | 34.1 | 39.1 | 94.0 | 83.4 | 92.9 |
| Circular cheques | 4.8 | 31.8 | 51.0 | 53.4 | 51.6 | 52.6 | 50.3 | 57.3 | 57.5 | 67.5 | 77.5 |
| Demand deposits of private Sector and public enterprises | 60.6 <u>1/</u> | 259.0 | 328.9 | 339.7 | 366.1 | 416.7 | 414.5 | 430.0 | 440.8 | 481.6 | 522.0 |
| Time and savings deposits of private sector and public enterprises | 31.3 <u>1/</u> | 154.1 | 178.9 | 181.3 | 189.6 | 197.9 | 203.7 | 201.2 | 219.4 | 201.8 | 217.6 |
| Foreign liabilities | 1.0 | 20.2 | 3.4 | 2.0 | 3.3 | 2.6 | 5.7 | 3.1 | 3.5 | 3.9 | 5.1 |
| Liabilities to Central Bank | - | 477.1 | 497.0 | 465.9 | 293.7 | 233.7 | 230.3 | 184.8 | 204.3 | 306.7 | 418.1 |
| Capital and Reserves | 2.3 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 |
| Unclassified liabilities | 27.4 | 261.3 | 222.6 | 243.2 | 211.2 | 225.3 | 237.9 | 262.7 | 301.5 | 338.6 | 324.7 |

1/ Private sector only.

Sources: Central Bank of Somalia, Bulletin, various issues, and data provided by the Central Bank of Somalia.

Table 6-4 SOMALIA: Summary Accounts of the Somali Development Bank, 1973-77
(So. Sh. Million)

| | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> |
|--------------------------------------|-------------|-------------|--------------|--------------|--------------|
| <u>Assets</u> | | | | | |
| Cash and bank balances | 10.2 | 8.8 | 0.4 | 6.9 | 12.6 |
| Short-term deposits | 0.5 | 0.8 | - | 8.0 | 12.0 |
| Development loans | 50.0 | 76.5 | 118.5 | 119.4 | 117.0 |
| Investments | 4.9 | 7.8 | 13.0 | 13.2 | 23.4 |
| Other | 3.5 | 4.1 | 9.1 | 17.0 | 27.8 |
| <u>Total</u> | <u>69.1</u> | <u>98.0</u> | <u>141.0</u> | <u>164.3</u> | <u>192.8</u> |
| <u>Liabilities and Capital</u> | | | | | |
| Current liabilities | 2.2 | 3.4 | 25.0 | 15.4 | 23.1 |
| Long-term foreign loans | 8.3 | 7.2 | 5.2 | (29.5 | (37.3 |
| Loans from Central Bank | 7.0 | 5.7 | 5.0 | (| (|
| Guarantees on behalf of customers | 2.0 | 2.4 | 2.4 | 2.3 | 2.5 |
| Authorized capital | 48.6 | 76.8 | 99.8 | 116.1 | 128.9 |
| Other | 1.0 | 2.5 | 3.6 | 1.0 | 0.9 |
| <u>Total</u> | <u>69.1</u> | <u>98.0</u> | <u>141.0</u> | <u>164.3</u> | <u>192.8</u> |

Sources: Somali Development Bank, Annual Reports; IDA Reconnaissance Mission Report to the SDB, March, 1976.

Table 6-5 SOMALIA: Banking System - Short-Term Loans and Advances (Outstanding) To Private Sector and Public Enterprises by Major Economic Activity, 1970, 1974-77

(So. Sh. Million)

| | | <u>Agriculture</u> | <u>Industry and Crafts^{1/}</u> | <u>Trade</u> | <u>Other</u> | <u>Total</u> |
|------|-----------|--------------------|---|--------------|--------------|--------------|
| 1970 | December | 9.1 | 53.2 | 166.0 | 22.3 | 250.6 |
| 1974 | December | 184.1 | 159.2 | 616.5 | 39.9 | 999.7 |
| 1975 | March | 85.7 | 172.8 | 862.1 | 8.5 | 1,129.1 |
| | June | 155.6 | 208.6 | 676.1 | 12.1 | 1,052.4 |
| | September | 207.2 | 217.4 | 647.6 | 7.1 | 1,079.3 |
| | December | 125.8 | 274.7 | 609.8 | 26.1 | 1,036.4 |
| 1976 | March | 146.1 | 288.9 | 597.3 | 4.5 | 1,036.7 |
| | June | 169.0 | 248.1 | 523.4 | 8.9 | 949.4 |
| | September | 162.9 | 238.9 | 464.0 | 32.8 | 898.7 |
| | December | 171.7 | 273.1 | 512.0 | 25.1 | 981.9 |
| 1977 | March | 209.1 | 262.2 | 506.7 | 36.8 | 1,014.8 |
| | June | 216.6 | 262.8 | 511.2 | 32.0 | 1,022.7 |
| | September | 224.8 | 264.3 | 658.4 | 29.2 | 1,176.7 |
| | December | 234.5 | 249.5 | 754.6 | 42.0 | 1,280.7 |

^{1/} Includes Fisheries

Sources: Data provided by the Central Bank of Somalia

Table 6-6 SOMALIA: Somali Development Bank - Loans by Sector
(So. Sh. Thousands)

| | <u>1968-73</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1968-77</u> | <u>% of Total Lending</u> |
|-----------------|----------------|---------------|---------------|---------------|---------------|------------------|---------------------------|
| Industry | 51,501 | 26,653 | 26,596 | 11,284 | 9,465 | 125,499 | 60.0 |
| (No.) | (32) | (8) | (8) | (5) | (13) | (66) | |
| Agriculture | 12,806 | 2,323 | 9,940 | 4,944 | 13,375 | 43,388 | 20.7 |
| (No.) | (198) | (60) | (69) | (114) | (187) | (628) | |
| Livestock | 3,444 | 50 | - | 300 | 373 | 4,167 | 2.0 |
| (No.) | (6) | (1) | - | (1) | (4) | (12) | |
| Fisheries | 935 | 58 | 785 | 329 | 200 | 2,307 | 1.1 |
| (No.) | (18) | (3) | (8) | (4) | (2) | (35) | |
| Other <u>1/</u> | 16,100 | 3,536 | 2,139 | 6,099 | 5,873 | 33,747 <u>2/</u> | 16.1 |
| (No.) | (20) | (3) | (6) | (15) | (13) | (57) | |
| <u>TOTAL</u> | <u>84,786</u> | <u>32,620</u> | <u>39,460</u> | <u>22,956</u> | <u>29,286</u> | <u>209,108</u> | <u>100.0</u> |
| (No.) | (274) | (75) | (91) | (139) | (219) | (798) | |

Memo Items: 1975-77 Average Project size: So.Shs. 204,236.
1975-77 Average industrial project size: So.Shs. 1,820,962.
1975-77 Average agricultural project size: So. Shs. 76,376.

1/ Includes Transport, Water Development, Construction and Housing, and Tourism

2/ Includes So. Shs. 7,692,000 for 13 loans for Transport, mostly prior to 1972.

Source: Somali Development Bank, Annual Report, 1974 and 1976
IDA Reconnaissance Mission Report on SDB, March 1976.

Table 6-7

SOMALIA: Interest Rates
(As of Jan. 1, 1977)

| | <u>Current Rate</u> | <u>Effective From</u> |
|--------------------------------|-------------------------|---------------------------|
| <u>Lending Rates</u> | | |
| Central Bank of Somalia | | |
| Discount rate | 3.5 | February 1973 |
| Credit to Government | 2.5 | February 1973 |
| Commercial banks | | |
| Cooperatives and small farmers | 5.5 | January 1977 |
| Export | 7.0 | January 1975 |
| Public enterprises | 7.0 | February 1973 |
| National private enterprises | 9.0 | February 1973 |
| Foreign enterprises | 12.0 | January 1975 |
| Development Bank | | |
| Medium-term (2-6 years) loans | | |
| Agriculture and handicrafts | 5.5 | ... |
| Industry and mining | 6.0 | ... |
| Other | 6.5 | ... |
| Long-term (7-20 years) loans | | |
| Agriculture and handicrafts | 6.0 | ... |
| Industry and mining | 6.5 | ... |
| Other | 7.5 | ... |
| <u>Rates on Deposits</u> | | |
| Commercial banks | | |
| Private ordinary savings | 2.0 | January 1975 |
| Private time savings | | |
| 3 months | 4.0 | January 1975 |
| 6 months | 4.5 | January 1975 |
| 12 months | 5.0 | January 1975 |
| 24 months | 6.0 | January 1975 |
| Over 24 months | 6.5 | January 1975 |
| Banking system | | |
| Public ordinary savings | 1.0 | February 1973 |
| Public time savings | | |
| 3 months | 2.5 | February 1973 |
| 6 months | 3.0 | February 1973 |
| 12 months | 4.0 | February 1973 |
| 24 months | 4.5 | February 1973 |
| Over 24 months | 5.0 | February 1973 |

Sources: Central Bank of Somalia, Bulletin No. 35, 1973, No. 38, 1974, and No. 40, 1976 and No. 42, 1977.

Table 7-1 SOMALIA: Bananas - Number of Producing Farms, Area, Yields and Exports, 1970, 1974 - 1977

| <u>Years</u> | <u>No. of Pro- ducing Farms</u> | <u>Cultivated Area(Hectare)</u> | | | <u>Export- able Yield 1/ Ton/ha.</u> | <u>Exports</u> | | <u>Exported Yield Ton/ha</u> | <u>Export value per Hectare 1/</u> |
|--------------|---|---------------------------------|--|--------------|--|---------------------------------|--------------------------------|--------------------------------------|--|
| | | <u>Pro- ducing</u> | <u>Not Yet Pro- ducing</u> | <u>Total</u> | | <u>Volume 2/ (1000tons)</u> | <u>Value 3/ (So.Sh.m.)</u> | | |
| 1970 | 132 | 5,195 | 1,966 | 7,161 | 20.7 | 102.8 | 62.9 | 19.3 | 12,108 |
| 1974 | 140 | 6,721 | 2,268 | 8,989 | 22.6 | 107.3 | 79.5 | 15.8 | 11,829 |
| 1975 | 129 | 6,148 | 2,195 | 8,342 | 18.9 | 81.8 | 80.9 | 13.2 | 10,475 |
| 1976 | 116 | 5,319 | 2,103 | 7,422 | 24.0 | 72.5 | 88.2 | 13.6 | 16,582 |
| 1977 | 122 | 4,547 | 1,836 | 6,383 | 22.2 | 53.8 | - | 12.0 | - |

1/ Volume and value of yields expressed per hectare of producing area.

2/ As reported by National Banana Board

3/ As reported by the Central Statistical Department, Foreign Trade Returns, for 1970 and 1974. In 1975 and 1976 Central Bank figures, which are based on export receipt have been used.

Sources: National Banana Board, Annual Report, 1977: State Planning Commission, Central Statistical Department, Foreign Trade Returns, 1975, and data provided by Somali Authorities.

Table 7-2 SOMALIA: Production of Sugarcane and Sugar 1970, 1974-77

| | <u>Cultivated Area) (Hectare)</u> | <u>Yield (ton/ha)</u> | <u>Sugarcane Harvested (----- 1000 Tons -----)</u> | <u>Sugar Production</u> | <u>Extraction Rate (%)</u> |
|------|---|---------------------------|--|-----------------------------|--------------------------------|
| 1970 | - | - | 450.4 | 46.0 | 10.2 |
| 1974 | 6,267 | 63.8 | 382.6 | 30.3 | 7.9 |
| 1975 | 7,006 | 43.7 | 370.0 | 30.6 | 8.3 |
| 1976 | 6,556 | 50.8 | 333.3 | 33.2 | 10.2 |
| 1977 | 6,892 | 46.4 | 320.0 | 30.0 | 9.0 |

Source: Societa Nazionale Agricola Industriale(SNAI) and data provided by Somali Authorities.

Table 7-3

SOMALIA: Domestic Purchases of Grains and Oil Seeds
by the Agricultural Development Corporation
(tons)

| <u>Crop Period and Season</u> | | <u>Maize</u> | <u>Sorghum</u> | <u>Total</u> |
|-------------------------------|-----|--------------|----------------|--------------|
| 1-8-73/31-1-74 | GU | 9,479 | 3,113 | 12,592 |
| 1-2-74/31/7/74 | DER | 8,570 | 3,783 | 12,353 |
| 1-8-74/31-1/75 | GU | 9,853 | 5,849 | 15,702 |
| 1-2-75/31/7-75 | DER | 5,240 | 1,047 | 6,287 |
| 1-8-75/31-1-76 | GU | 26,506 | 18,494 | 45,000 |
| 1-2-76/31-7-76 | DER | 6,500 | 7,500 | 14,000 |
| 1-8-76/31-1-77 | GU | 30,000 | 10,000 | 40,000 |
| 1-2-77/31-7-77 | DER | 3,354 | 8,831 | 12,185 |
| 1-8-77/31-1-78 | GU | 17,920 | 42,800 | 60,720 |

Oil Seeds

| | <u>Sesame</u> | <u>Seed Cotton</u> | <u>Ground nut</u> | <u>Sunflower</u> |
|------|---------------------|--------------------|-------------------|------------------|
| 1974 | 4,556 | 450 | 1,000 | 800 |
| 1975 | 8,000 | 450 | 1,000 | 800 |
| 1976 | 4,000 | - | - | - |
| 1977 | 3,700 ^{1/} | - | 13 | - |

1/ Purchased upto end of May 1977. It is estimated that total purchases for the year would be around 5,000 tons

Source: Central Bank, Annual Report and Statement of Accounts 1977, and data provided by the Somali Authorities.

Table 7.4 SOMALIA: Livestock Population by Region
(As of February 1975)

| <u>Region</u> | <u>Livestock ('000)</u> | | | |
|---------------|-------------------------|---------------|--------------|---------------|
| | <u>Camels</u> | <u>Cattle</u> | <u>Sheep</u> | <u>Goats</u> |
| W. Galbeed | 606 | 145 | 2,242 | 3,076 |
| Togodheer | 320 | 44 | 917 | 902 |
| Sanaag | 205 | 74 | 1,521 | 664 |
| Bari | 240 | 15 | 1,388 | 2,095 |
| Nugaal | 155 | 12 | 223 | 611 |
| Mudug | 751 | 340 | 1,136 | 2,744 |
| Galguduud | 395 | 218 | 588 | 1,734 |
| Hiraan | 461 | 170 | 287 | 1,159 |
| Sh. Dhexe | 236 | 366 | 325 | 720 |
| Mogadishu | 1 | 22 | 6 | 19 |
| Sh. Hoose | 293 | 419 | 90 | 200 |
| J. Hoose | 297 | 1,036 | 81 | 177 |
| Gedo | 784 | 528 | 500 | 725 |
| Bay | 362 | 255 | 55 | 192 |
| Bakool | 192 | 100 | 79 | 274 |
| <u>Total</u> | <u>5,298</u> | <u>3,744</u> | <u>9,438</u> | <u>15,292</u> |

Note: Figures are preliminary, and not yet officially published.

Source: Data provided by State Planning Commission.

Table 7.5 SOMALIA: Livestock Development Agency
Cattle Purchases and Sales to
Kismayu Meat Factory

| <u>Year</u> | <u>Cattle Purchased (Head)</u> | <u>Cattle Sold (Head)</u> | <u>Average Purchase Price (So.Sh.)^{1/}</u> | <u>Average Sale Price (So.Shs.)^{1/}</u> | <u>Average Live-weight at Sale (Kg.)</u> | <u>Average Sale Price Per Kg (So.Shs.)</u> |
|-------------|--------------------------------|---------------------------|---|--|--|--|
| 1970 | 15,234 | 10,536 | 221 | 221 | 283 | 0.78 |
| 1974 | 55,805 | 50,323 | 475 | 501 | 217 | 2.31 |
| 1975 | 40,624 | 34,869 ^{2/} | 463 | 556 | 240 | 2.31 |
| 1976 | 21,045 | 25,329 ^{2/} | 627 | 860 | 263 | 3.27 |
| 1977 | 48,189 | 45,340 | 606 | 716 | 265 | 2.70 |

^{1/} The difference between selling price and buying price is the commission charged by LDA.

^{2/} Between October 1975 and September 1976, the Kismayu Meat Factory, in addition to the above purchases from LDA, purchased a total of 45,700 head of cattle directly.

Sources: Livestock Development Agency and Kismayu Meat Factory.

IBRD; Trans-Juba Livestock Review Mission Report, May 1977.

Table 7.6a SOMALIA: Stocks of Basic Food at Various Locations
(As of May 31, 1978)
(Tons)

| | <u>Rice</u> | <u>Wheat Flour</u> | <u>Sugar</u> | <u>Oil</u> | <u>Tea</u> |
|--------------|-----------------|------------------------|-----------------|----------------|----------------|
| Hargeysa | 276.9 | 246.3 | 197.6 | 289.3 | 43.4 |
| Burco | 180.6 | 168.2 | 253.1 | 21.8 | 12.8 |
| Ceerigaabo | - | - | - | - | - |
| Bosaaso | 513.2 | 528.4 | 823.3 | 108.1 | 94.3 |
| Garowe | 922.7 | 334.0 | 788.7 | 131.9 | 7.0 |
| Gaalkacyo | 899.1 | 553.4 | 630.9 | 90.7 | 3.8 |
| Dh/Mareeb | 325.0 | 290.5 | 325.0 | - | 27.0 |
| B/Weyne | 90.4 | 176.0 | 124.1 | - | 22.1 |
| Jowhar | 64.5 | 310.0 | 63.0 | - | 6.1 |
| Marka | 137.6 | 434.4 | 2,590.2 | 3.3 | 167.3 |
| Kismaayo | 417.3 | 50.0 | 500.0 | - | 60.0 |
| Bay | 476.8 | 422.1 | 2,347.1 | 90.7 | 70.7 |
| Xuddur | 692.4 | 402.5 | 314.8 | 106.0 | 27.9 |
| Garbahaaray | 149.0 | 133.0 | 50.0 | 22.2 | 1.8 |
| Buu'aale | 14.9 | 40.0 | 0.5 | 7.4 | 1.1 |
| Berbera | 8,000.5 | 3,260.3 | 12,637.5 | 1,263.2 | 629.9 |
| Mogadishu | 13,931.1 | 4,587.0 | 4,856.7 | 1,689.0 | 1,103.7 |
| <u>Total</u> | <u>27,092.0</u> | <u>11,936.1</u> | <u>26,502.5</u> | <u>3,823.6</u> | <u>2,278.9</u> |

Source: ADC

Table 7.6b SOMALIA: Sales of Basic Food at Various Locations by ADC
(For Year Ended May 31, 1978)
(Tons)

| | <u>Rice</u> | <u>Wheat Flour</u> | <u>Sugar</u> | <u>Oil</u> | <u>Tea</u> |
|------------------------------|---------------|------------------------|---------------|---------------|--------------|
| Hargeysa | 9,964 | 3,378 | 10,690 | 1,121 | 4,233 |
| Berbera | 16,035 | 10,198 | 17,396 | 2,690 | 295 |
| Burco | 3,851 | 1,947 | 4,215 | 308 | 137 |
| Ceerigaabo | 5,071 | 595 | 2,525 | 79 | 82 |
| Bosaaso | 934 | 1,279 | 1,579 | 173 | 64 |
| Garowe | 784 | 774 | 1,999 | 148 | 19 |
| Gaalkacyo | 1,007 | 1,135 | 2,045 | 129 | 78 |
| Dh/Mareeb | 618 | 544 | 1,500 | 97 | 67 |
| B/Weyne | 493 | 1,005 | 1,678 | 273 | 102 |
| Jowhar | 601 | 1,578 | 1,982 | 277 | 74 |
| Marka | 1,715 | 2,654 | 2,105 | 545 | 215 |
| Kismaayo | 1,605 | 1,320 | 3,193 | 453 | 400 |
| Bay | 1,753 | 2,428 | 3,306 | 903 | 143 |
| Xuddur | 454 | 610 | 980 | 133 | 32 |
| Bu'aale | 32 | 165 | 231 | 5 | 18 |
| Garbahaaray | 277 | 586 | 1,102 | 12 | 19 |
| Benaadir | 4,764 | 11,316 | 21,271 | 5,408 | 355 |
| Goboladii Hor Loo Xoreyay | 186 | 110 | 728 | 12 | 15 |
| <u>Total</u> | <u>50,144</u> | <u>41,622</u> | <u>78,525</u> | <u>12,766</u> | <u>6,348</u> |

Source: ADC

Table 8-1 SOMALIA: Number of Industrial Establishments and Distribution of Gross Output and Value Added by Economic Activity, 1970 and 1974-76

| | No. of Establishments | | | | Value of Gross Output (Mill. So. Sh.) | | | | Value Added (Mill So.Sh.) | | | |
|---|-----------------------|------------|------------|------------|--|--------------|--------------|--------------|---------------------------|--------------|--------------|--------------|
| | 1970 | 1974 | 1975 | 1976 | 1970 | 1974 | 1975 | 1976 | 1970 | 1974 | 1975 | 1976 |
| 311 Food | 59 | 81 | 71 | 64 | 137.1 | 178.0 | 157.4 | 209.1 | 89.3 | 43.1 | 41.5 | 80.2 |
| 313 Beverages | 5 | 5 | 4 | 4 | 5.6 | 9.2 | 22.3 | 60.8 | 2.1 | 2.4 | 10.4 | 41.7 |
| 321 Textiles | 7 | 29 | 24 | 21 | 5.4 | 19.7 | 35.5 | 31.4 | 1.3 | 10.0 | 8.1 | 14.9 |
| 322 Wearing Apparel except foot- wear | .. | 54 | 34 | 34 | .. | 9.5 | 5.1 | 12.1 | .. | 3.9 | 1.7 | 1.9 |
| 323-4 Leather & footwear | 10 | 29 | 18 | 19 | 2.4 | 12.8 | 9.8 | 9.5 | 1.4 | 5.6 | 3.9 | 3.2 |
| 332 Furniture & fixtures | 30 | 37 | 34 | 25 | 3.1 | 8.5 | 8.1 | 9.4 | 1.1 | 3.9 | 3.1 | 3.9 |
| 342 Printing & publishing | 9 | 1 | 1 | 1 | 5.3 | 21.0 | 72.2 | 22.8 | 3.3 | 10.7 | 23.7 | 14.6 |
| 352 Other chemicals | 9 | 10 | 10 | 9 | 3.6 | 12.1 | 15.0 | 18.9 | ... | 0.9 | 2.8 | 4.2 |
| 356 Mfg.of plastic | .. | 3 | 1 | 1 | .. | 30.0 | 22.9 | 44.7 | .. | 12.3 | 9.8 | 4.3 |
| 3691 Structural clay products & earthenware | 23 | 15 | 32 | 30 | 2.1 | 6.8 | 11.4 | 10.8 | 0.7 | 1.7 | 5.3 | 2.9 |
| 3692 Lime | 10 | 27 | 27 | 12 | 0.2 | 3.7 | 1.7 | 1.0 | 0.1 | 1.5 | 0.7 | 0.5 |
| 381 Metal Products | 7 | 36 | 9 | 10 | 0.5 | 4.8 | 3.2 | 5.4 | 0.2 | 2.1 | 1.5 | 1.6 |
| 3901 Jewellery, etc. | 10 | 8 | 5 | 9 | 0.6 | 1.7 | 0.8 | 1.6 | 0.3 | 0.6 | 0.3 | 0.5 |
| 3909 Industries n.e.c. | 4 | 13 | 17 | 16 | 0.6 | 4.7 | 8.0 | 8.3 | 0.3 | 3.2 | 5.4 | - |
| 4101 Electric light & power | 7 | 17 | 9 | 7 | 11.7 | 17.9 | 18.0 | 21.2 | 4.9 | 9.9 | 8.7 | 11.2 |
| 4200 Water works & supply | .. | 11 | 3 | 3 | .. | 9.6 | 14.5 | 22.9 | .. | 7.1 | 11.4 | 20.8 |
| <u>TOTAL</u> | <u>190</u> | <u>396</u> | <u>299</u> | <u>265</u> | <u>178.1</u> | <u>350.0</u> | <u>405.7</u> | <u>489.9</u> | <u>105.0</u> | <u>118.9</u> | <u>138.4</u> | <u>206.4</u> |

.. Not available
... Insignificant

Source: Central Statistical Department, Ministry of Planning, Government of Somalia

Table 8-2 SOMALIA: Percentage Distribution of Industrial Establishments, Gross Output and Value Added by Economic Activity, 1970 and 1974-76

| Economic Activity | <u>No. of Establishments (%)</u> | | | | <u>Value of Gross Output (%)</u> | | | <u>Value Added (%)</u> | | | | |
|------------------------------------|----------------------------------|--------------|--------------|--------------|----------------------------------|--------------|--------------|------------------------|--------------|--------------|--------------|--------------|
| | <u>1970</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1970</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1970</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> |
| Food | 31.0 | 20.5 | 23.7 | 24.2 | 77.0 | 50.9 | 38.8 | 42.7 | 85.0 | 36.2 | 30.0 | 38.9 |
| Beverages | 2.6 | 1.3 | 1.3 | 1.5 | 3.1 | 2.6 | 5.5 | 12.4 | 2.0 | 2.0 | 7.5 | 20.2 |
| Textiles | 3.7 | 7.3 | 8.0 | 7.9 | 3.0 | 5.6 | 8.8 | 6.4 | 1.2 | 8.4 | 5.9 | 7.2 |
| Wearing Apparel except footwear | .. | 13.6 | 11.4 | 12.8 | .. | 2.7 | 1.3 | 2.5 | .. | 3.3 | 1.2 | 0.9 |
| Leather and footwear | 5.3 | 7.3 | 6.0 | 7.2 | 1.3 | 3.7 | 2.4 | 1.9 | 1.3 | 4.7 | 2.8 | 1.6 |
| Furniture and fixture | 15.8 | 9.3 | 11.4 | 9.4 | 1.7 | 2.4 | 2.0 | 1.9 | 1.0 | 3.3 | 2.2 | 1.9 |
| Printing & Publishing | 4.7 | 0.3 | 0.3 | 0.4 | 3.0 | 6.0 | 17.8 | 4.7 | 3.1 | 9.0 | 17.1 | 7.1 |
| Other chemicals | 4.7 | 2.5 | 3.3 | 3.4 | 2.0 | 3.5 | 3.7 | 3.9 | ... | 0.8 | 2.0 | 2.0 |
| Manufacturing of Plastic | .. | 0.8 | 0.3 | 0.4 | .. | 8.6 | 5.6 | 9.1 | .. | 10.3 | 7.1 | 2.1 |
| Structural clay products | 12.1 | 3.8 | 10.7 | 11.3 | 1.2 | 1.9 | 2.8 | 2.2 | 0.7 | 1.4 | 3.8 | 1.4 |
| Lime | 5.3 | 6.8 | 9.0 | 4.5 | 0.1 | 1.1 | 0.4 | 0.2 | 0.1 | 1.3 | 0.5 | 0.2 |
| Metal Products | 3.7 | 9.1 | 3.0 | 3.8 | 0.3 | 1.4 | 0.8 | 1.1 | 0.2 | 1.8 | 1.0 | 0.8 |
| Jewellery, etc. | 5.3 | 7.1 | 1.7 | 3.4 | 0.3 | 0.5 | 0.2 | 0.3 | 0.3 | 0.5 | 0.2 | 0.2 |
| Industries n.e.c. | 2.1 | 3.3 | 5.7 | 6.0 | 0.3 | 1.3 | 2.0 | 1.7 | 0.3 | 2.7 | 3.9 | - |
| Electric light & power | 3.7 | 4.3 | 3.0 | 2.6 | 6.6 | 5.1 | 4.4 | 4.3 | 4.7 | 8.3 | 6.3 | 5.4 |
| Water works & supply | .. | 2.8 | 1.0 | 1.1 | .. | 2.7 | 3.6 | 4.7 | .. | 6.0 | 8.3 | 10.1 |
| <u>Total</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> |

.. Not available

... Insignificant

Source: Table 8.1

Table 9-1 SOMALIA: Mogadiscio Consumer Price Index, 1970, 1974-78

(1966 = 100)

| | <u>Food</u> | <u>Clothes</u> | <u>House Rent</u> | <u>Fuel & Lighting</u> | <u>Miscel- laneous</u> | <u>General Index</u> |
|-------------|-------------|----------------|-----------------------|--------------------------------|----------------------------|--------------------------|
| <u>1970</u> | | | | | | |
| March | 111.3 | 129.1 | 110.4 | 97.3 | 113.2 | 111.9 |
| June | 116.5 | 130.0 | 111.6 | 99.6 | 113.7 | 115.4 |
| September | 107.7 | 129.4 | 68.3 | 97.3 | 121.2 | 105.4 |
| December | 113.0 | 129.4 | 64.5 | 99.6 | 121.8 | 108.5 |
| <u>1974</u> | | | | | | |
| March | 140.0 | 153.4 | 62.9 | 75.1 | 138.0 | 127.6 |
| June | 136.7 | 160.4 | 73.1 | 73.4 | 144.2 | 128.3 |
| September | 154.6 | 172.7 | 77.0 | 77.8 | 147.3 | 141.1 |
| December | 168.1 | 177.7 | 77.1 | 82.4 | 155.5 | 151.1 |
| <u>1975</u> | | | | | | |
| March | 171.1 | 179.3 | 77.3 | 82.4 | 176.0 | 156.4 |
| June | 181.0 | 188.7 | 79.1 | 89.3 | 179.9 | 163.7 |
| September | 175.4 | 195.8 | 82.3 | 77.8 | 180.4 | 161.1 |
| December | 177.7 | 204.8 | 82.5 | 77.8 | 180.8 | 163.0 |
| <u>1976</u> | | | | | | |
| March | 192.2 | 221.9 | 83.0 | 77.8 | 193.3 | 174.9 |
| June | 206.1 | 235.1 | 81.0 | 77.8 | 195.4 | 184.2 |
| September | 214.0 | 245.6 | 81.3 | 77.8 | 197.8 | 190.0 |
| December | 212.5 | 251.8 | 83.0 | 77.8 | 200.0 | 190.1 |
| <u>1977</u> | | | | | | |
| January | 223.1 | 252.0 | 83.2 | 77.8 | 204.3 | 197.3 |
| February | 222.6 | 253.0 | 83.4 | 77.8 | 202.5 | 196.8 |
| March | 222.2 | 254.4 | 83.6 | 77.8 | 203.5 | 196.8 |
| April | 224.4 | 254.8 | 83.8 | 77.8 | 203.6 | 198.2 |
| May | 226.0 | 255.6 | 83.8 | 89.3 | 202.8 | 199.5 |
| June | 226.1 | 255.8 | 84.0 | 96.1 | 202.9 | 199.9 |
| July | 232.2 | 255.3 | 83.9 | 97.0 | 202.8 | 203.6 |
| August | 232.9 | 254.4 | 84.4 | 97.0 | 200.9 | 203.8 |
| September | 232.4 | 254.4 | 84.1 | 97.0 | 200.8 | 203.4 |
| October | 236.6 | 252.8 | 83.7 | 97.0 | 200.6 | 205.8 |
| November | 243.8 | 253.4 | 83.6 | 97.0 | 200.7 | 210.2 |
| December | 244.1 | 252.3 | 83.5 | 108.4 | 201.4 | 210.9 |
| <u>1978</u> | | | | | | |
| January | 264.7 | 251.7 | 83.5 | 109.7 | 217.3 | 226.0 |
| February | 267.1 | 252.1 | 83.6 | 110.6 | 217.4 | 227.6 |
| March | 270.9 | 251.3 | 83.3 | 122.1 | 219.1 | 230.6 |
| April | 264.7 | 251.9 | 83.3 | 135.9 | 219.4 | 227.5 |

Source: Central Bank of Somalia

Table 9-2 SOMALIA: 1978 Prices of Crops Marketed by
the Agricultural Development Corporation
(So. Sh. per ton)

| | <u>Buying Prices</u> | <u>Selling Prices</u> |
|------------|----------------------|-----------------------|
| Sorghum | 750 | 1,160 |
| Maize | 750 | 1,160 |
| Rice | 3,500 | 4,560 |
| Rice Paddy | 2,850 | 3,260 |
| Sesame | 2,400 | 2,860 |
| Groundnut | 1,000 | 1,400 |
| Sunflower | 1,000 | 1,400 |
| Cotton: | | |
| Grade A | 2,600 (Seed) | 7,000 (lint) |
| Grade B | 2,400 (Seed) | 7,000 (lint) |
| Grade C | 2,200 (Seed) | 3,000 (lint) |
| Grade D | 700 (Seed) | 3,000 (lint) |

Source: ADC

Table 10.1 SOMALIA: Primary and Secondary Schooling 1966/67 - 1976/77

| Year | PRIMARY | | | | | | SECONDARY | | | | | | TOTAL | | | | | |
|---------|---------|---------|-----------|--------|----------|--------|-----------|---------|-----------|--------|----------|--------|---------|---------|-----------|--------|----------|--------|
| | SCHOOLS | CLASSES | ENROLMENT | | TEACHERS | | SCHOOLS | CLASSES | ENROLMENT | | TEACHERS | | SCHOOLS | CLASSES | ENROLMENT | | TEACHERS | |
| | | | TOTAL | FEMALE | TOTAL | FEMALE | | | TOTAL | FEMALE | TOTAL | FEMALE | | | TOTAL | FEMALE | TOTAL | FEMALE |
| 1966/67 | 272 | 1117 | 31674 | 7655 | 1211 | 74 | 16 | 72 | 2218 | 207 | 184 | - | 288 | 1189 | 33892 | 7862 | 1395 | 74 |
| 1967/78 | 254 | 1094 | 33177 | 7769 | 1210 | 75 | 13 | 76 | 2066 | 211 | 144 | - | 267 | 1170 | 35243 | 7980 | 1354 | 75 |
| 1968/69 | 239 | 1052 | 35306 | 7937 | 1186 | 119 | 15 | 97 | 3133 | 358 | 201 | 34 | 254 | 1149 | 38439 | 8295 | 1387 | 153 |
| 1969/70 | 292 | 1427 | 48609 | 9576 | 1542 | 82 | 26 | 196 | 6412 | 737 | 334 | 5 | 318 | 1623 | 55021 | 10313 | 1876 | 87 |
| 1970/71 | 287 | 1510 | 50384 | 12091 | 1654 | 204 | 26 | 203 | 7088 | 1131 | 349 | 38 | 313 | 1713 | 57472 | 13222 | 2003 | 242 |
| 1971/72 | 310 | 1767 | 59846 | 14547 | 1946 | 253 | 29 | 231 | 8153 | 1267 | 453 | 69 | 339 | 1998 | 67999 | 15814 | 2399 | 322 |
| 1972/73 | 359 | 2085 | 78133 | 20075 | 2454 | 263 | 33 | 262 | 9457 | 1452 | 579 | 68 | 392 | 2347 | 87590 | 21527 | 3033 | 331 |
| 1973/74 | 407 | 2544 | 96903 | 27399 | 2842 | 287 | 42 | 316 | 10500 | 1773 | 640 | 76 | 449 | 2860 | 107403 | 29172 | 3482 | 363 |
| 1975/76 | 844 | 5148 | 219517 | 75526 | 4281 | 627 | 39 | 227 | 7046 | 1062 | 572 | 68 | 883 | 5375 | 226563 | 76588 | 4853 | 695 |
| 1976/77 | 1002 | 5640 | 229030 | 81119 | 6540 | 1263 | 48 | 356 | 13666 | 3128 | 988 | 109 | 1050 | 5996 | 242696 | 84247 | 7528 | 1372 |

Source: Ministry of Education

Table 10 2 SOMALIA: Enrolment by Age group, Sex and Grade of Primary Schools, 1976/1977

| AGE GROUP | I | | II | | III | | IV | | V | | VIII | | TOTAL | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|-------------|-------------|---------------|--------------|
| | TOTAL | FEMALE | TOTAL | FEMALE | TOTAL | FEMALE | TOTAL | FEMALE | TOTAL | FEMALE | TOTAL | FEMALE | TOTAL | FEMALE |
| 6 | 3330 | 1453 | - | -- | - | - | - | - | - | - | - | - | 3330 | 1453 |
| 7 | 13170 | 5682 | 4129 | 1826 | - | - | - | - | - | - | - | - | 17299 | 7508 |
| 8 | 13035 | 5493 | 10089 | 4225 | 894 | 326 | - | - | - | - | - | - | 24018 | 10044 |
| 9 | 10198 | 4355 | 12742 | 5341 | 1942 | 717 | 32 | 10 | - | - | - | - | 24914 | 10423 |
| 10 | 9355 | 3791 | 13379 | 5069 | 4295 | 1578 | 181 | 71 | 11 | 5 | - | - | 27221 | 10514 |
| 11 | 5931 | 2292 | 11376 | 4313 | 5475 | 1904 | 624 | 217 | 128 | 47 | - | - | 23534 | 8773 |
| 12 | 5517 | 2022 | 11395 | 4032 | 7939 | 2336 | 1560 | 527 | 324 | 119 | 29 | 8 | 26764 | 9044 |
| 13 | 4102 | 1366 | 9623 | 3351 | 8206 | 2297 | 2723 | 785 | 938 | 297 | 106 | 35 | 25698 | 8131 |
| 14 | 3618 | 994 | 7325 | 2406 | 6474 | 1756 | 3221 | 999 | 1646 | 465 | 499 | 167 | 22783 | 6787 |
| 15 | - | - | 6447 | 1760 | 3854 | 896 | 2616 | 730 | 1963 | 645 | 1051 | 307 | 15931 | 4338 |
| 16 | - | - | - | - | 2540 | 453 | 1706 | 429 | 2044 | 655 | 1565 | 482 | 7855 | 2019 |
| 17 | - | - | - | - | - | - | 1925 | 324 | 3371 | 768 | 4387 | 993 | 9683 | 2085 |
| <u>TOTAL</u> | <u>68256</u> | <u>27448</u> | <u>86505</u> | <u>32323</u> | <u>41619</u> | <u>12263</u> | <u>14588</u> | <u>4092</u> | <u>10425</u> | <u>3001</u> | <u>7637</u> | <u>1992</u> | <u>229030</u> | <u>81119</u> |

SOURCE: Ministry of Education

Table 10-3 SOMALIA: Primary Schooling in Settlement Areas
(at the end of 1976 school year)

| <u>Settlement Locations</u> | <u>No. of Pupils in Various Grades</u> | | | | | <u>Total</u> | <u>No. of Class-rooms</u> | <u>No. of Schools</u> | <u>No. of Teachers Provided</u> | | |
|-----------------------------|--|---------------|---------------|------------|------------|---------------|---------------------------|-----------------------|---------------------------------|-----------------------------|--------------|
| | <u>1st</u> | <u>2nd</u> | <u>3rd</u> | <u>4th</u> | <u>5th</u> | | | | <u>By The Min. of Educ.</u> | <u>SDA National Service</u> | <u>Total</u> |
| Dujuma | 5,625 | 9,085 | 4,051 | 300 | 90 | 18,791 | 232 | 5 | 354 | 240 | 594 |
| Sablale | 2,794 | 4,395 | 2,513 | - | - | 9,702 | 172 | 1 | 213 | 160 | 373 |
| Kurtumwarey | 3,300 | 3,422 | 3,541 | - | - | 10,263 | 221 | 3 | 181 | 129 | 310 |
| <u>Total</u> | <u>11,359</u> | <u>16,902</u> | <u>10,105</u> | <u>300</u> | <u>90</u> | <u>38,756</u> | <u>625</u> | <u>9</u> | <u>748</u> | <u>529</u> | <u>1,277</u> |

Source: Data provided by the Settlement Development Agency (SDA).

Table 10-4 SOMALIA: Education by Level 1976/77

| <u>Level</u> | <u>Schools</u> | <u>Classes</u> | <u>Enrollment</u> | | <u>Teachers</u> | | <u>Classrooms</u> | | |
|-----------------------|----------------|----------------|-------------------|----------------|-----------------|---------------|-------------------|-------------------|--------------|
| | | | <u>Total</u> | <u>Females</u> | <u>Total</u> | <u>Female</u> | <u>Occupied</u> | <u>Unoccupied</u> | <u>Total</u> |
| Pre-Elementary | 10 | 35 | 1206 | 588 | 88 | 85 | 31 | - | 31 |
| Primary: | | | | | | | | | |
| 1. Elementary | 779 | 4708 | 196380 | 72034 | 5009 | 1138 | 2918 | 276 | 3194 |
| 2. Intermediate | 223 | 932 | 32650 | 9085 | 1531 | 125 | 521 | 70 | 591 |
| Secondary: | | | | | | | | | |
| 1. General | 31 | 177 | 6308 | 1111 | 522 | 48 | 172 | 105 | 277 |
| 2. Tech/Vocational | 13 | 101 | 2830 | 564 | 230 | 35 | 88 | 5 | 93 |
| 3. Teacher Train:Col. | 3 | 78 | 3251 | 1088 | 207 | 22 | 78 | 5 | 83 |
| 4. Correspon.Schl. | 1 | - | 1277 | 365 | 29 | 4 | - | - | - |
| Women Education | 54 | 134 | 4162 | 4162 | 208 | 187 | 125 | 9 | 134 |
| Adult Education | - | 1491 | 65927 | 26891 | <u>1/</u> | <u>1/</u> | - | - | <u>1/</u> |
| | | | | | | | | | |
| TOTAL | 1114 | 7656 | 313991 | 115888 | 7824 | 1644 | 3933 | 470 | 4403 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

1/ Shared with Primary Schools

Source: Ministry of Education

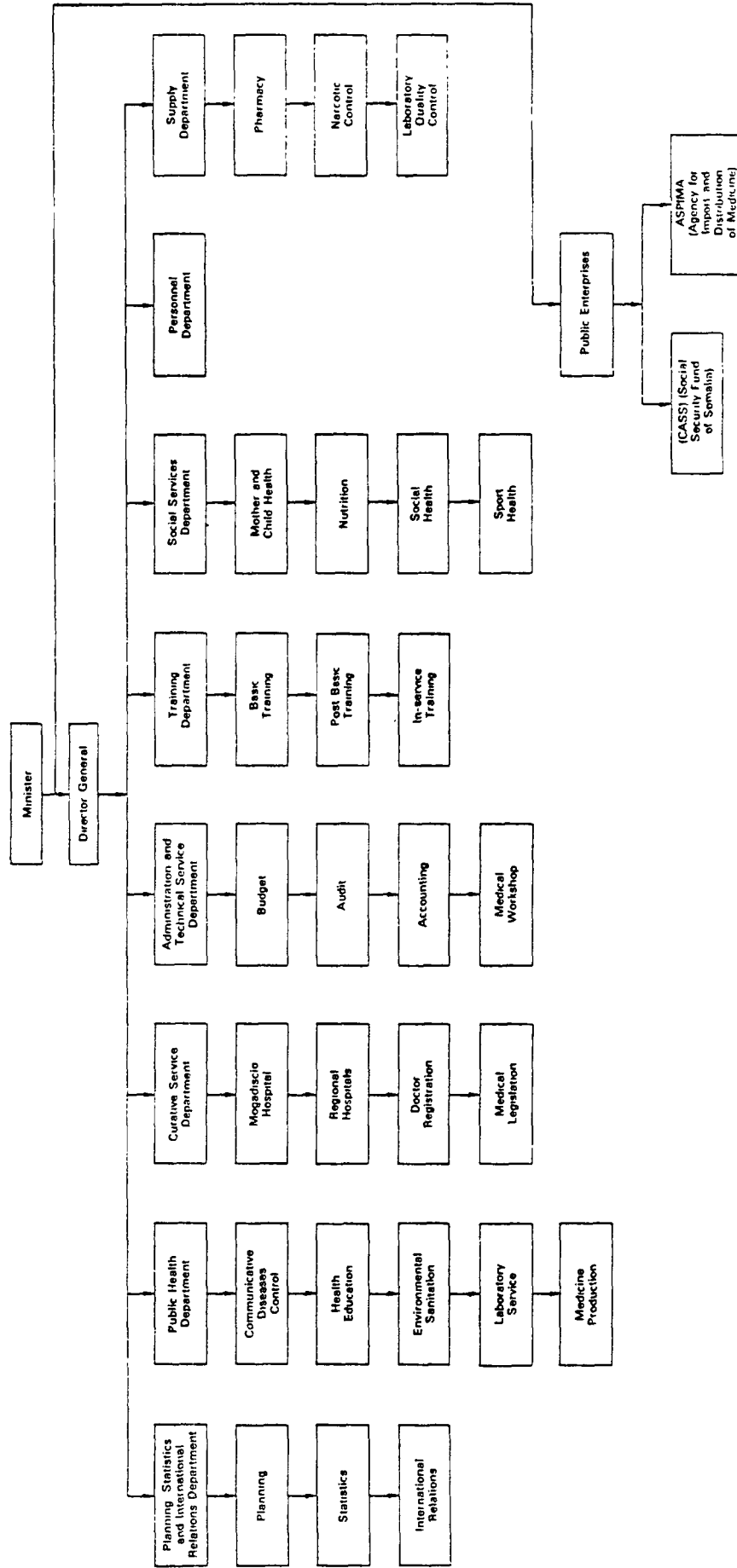
Table 11-1 SOMALIA: Population and Service Levels
Urban and Rural Water Supply, 1975

| | No. of Communities | Population ('000) | Population Served | | % Served By | |
|---|-----------------------|-----------------------|----------------------|-----------|----------------------|------------------|
| | | | ('000) | % | House Connections | Public Kiosks |
| <u>Water Supply</u> | | | | | | |
| <u>Rural</u> | | | | | | |
| Villages (settled) | NA | 618 | 303 | 49 | - | 100 |
| Nomadic | - | 1.390 | - | - | - | - |
| Resettlement Areas | 6 | 160 | 142 | 89 | - | 100 |
| Sub-total Rural | | <u>2.168</u> | <u>445</u> | <u>20</u> | - | <u>100</u> |
| <u>Urban</u> | | | | | | |
| 4,000 - 10,000 | 11 | 64 | | | | |
| 10,000 - 20,000 | 13 | 140 | | | | |
| 20,000 - 40,000 | 9 | 238 | | | | |
| 40,000 - 50,000 | 1 | 40 | | | | |
| 50,000 -100,000 | 3 | 180 | | | | |
| Sub-total Urban exclusive of Mogadishu | <u>37</u> | <u>662</u> | <u>225</u> | <u>34</u> | <u>13</u> | <u>87</u> |
| Mogadishu | 1 | 470 | 409 | 87 | 15 | 85 |
| Sub-total Urban | <u>38</u> | <u>1.132</u> | <u>634</u> | <u>58</u> | <u>14</u> | <u>86</u> |
| Grand Total | | <u>3.300</u> | <u>1.079</u> | <u>33</u> | <u>8</u> | <u>92</u> |

Source: WHO/IBRD; Water Supply and Sewerage Sector Study, 1977.

Note: Data are estimates derived from various Government sources.

ORGANIZATION CHART—MINISTRY OF HEALTH, 1978



DOMESTIC FINANCE

Background

The public sector in Somalia consists of the Central Government, local governments, and 45 nonfinancial public enterprises. In addition there are four public financial institutions. 1/ The Central Government (the Presidency and 21 ministries) 2/ exercises control over the local governments and the public enterprises. The local government sector comprises 16 regional councils and 69 district councils. Local government operations are relatively unimportant and in 1974-75 their total expenditures were equivalent to about 5 percent of Central Government expenditures. While local governments have their own tax revenues they also receive transfers from the Central Government. 3/ Since 1969, the Government has expanded the size and role of the public enterprise sector through intensified nationalization and the establishment of enterprises in the commercial, manufacturing and public service areas. The public enterprises now have an increasing impact on economic development and Central Government revenues.

Central Government transactions included in the budget 4/ comprise all tax and nontax revenues, recurrent expenditures (hereafter referred to as ordinary expenditure) and that part of development expenditure financed by domestic resources including borrowing from domestic financial institutions. The State Planning Commission of the Presidency, in coordination with the Ministry of Finance, prepares and administers an Annual Investment Program 5/ which consists of development expenditures financed domestically and included in the budget, and development expenditures financed from

1/ See Appendix Table 5.1.

2/ There were some changes in the Government institutional arrangements in 1977. The Ministry of Interior and Police was divided into two, with the Interior Department becoming Ministry of Local Government and Rural Development and the Police Department being incorporated into the Presidency. Two departments of the Ministry of Fishery and Marine Transport and two departments of Ministry of Labor and Sports became separate ministries, i.e., the Ministries of Fishery, Marine Transport, Labor and Social Affairs, and Sports and Youth.

3/ See Appendix Table 5.8.

4/ The fiscal year starts on January 1.

5/ The first Annual Investment Program was issued in 1976.

external sources. 1/ In addition, there are expenditures outside the budget and the investment program (hereafter referred to as extrabudgetary expenditures) financed by external grants. 2/ Coverage of Central Government in this report consolidates all revenue, expenditure and financing items at the aggregate level, although detailed information extends only to the budget and the annual investment program.

Public Finance

Overall Developments

During the period 1974-78, Government financial operations were seriously affected by the droughts and the border difficulties. Total Government revenue and grants rose irregularly during the period under review: external grants connected with the droughts, development needs, and possibly defense, flowed in unevenly while total revenue (tax and nontax) 3/ increased fairly steadily from year to year. Total expenditure has also risen irregularly reflecting sharp variations in external grants, though with a gradual acceleration in both ordinary and development expenditures. With ordinary expenditure accelerating in 1976 and 1977, the ordinary or current surplus 4/ declined sharply in 1976 and turned into a small deficit in 1977 for the first time since 1971.

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- 1/ External grants and loans are deposited in a Special Account controlled by the Director General of the Ministry of Finance, from which (1) some are transferred to the Consolidated Revenue Account to finance budgetary expenditures (controlled by the Accountant General), (2) some are paid to ministries and public enterprises engaged in development projects under the Investment Program, and (3) others are transferred directly to certain ministries including the Ministry of Defense. Information on the Special Account is not available.
- 2/ Extrabudgetary expenditure comprises development expenditures not included in the Investment Program and current expenditures of certain ministries. No breakdown of extrabudgetary expenditure is available.
- 3/ The average share of total revenue seems heavy by international standards: assuming that GNP was about US\$340 million in 1975, the share of total revenues was of the order of 29 percent of GNP.
- 4/ Ordinary surplus being defined as the difference between total revenues, exclusive of grants, and ordinary expenditures.

Table A
Somalia: Financial Operations of the Central Government, 1974-78

(In millions of Somali Shillings)

| | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>Preliminary</u> <u>1977 1/</u> | <u>Budget</u> <u>Estimates</u> <u>1978</u> |
|----------------------------|-------------|-------------|-------------|--------------------------------------|--|
| Total revenue and grants | 859.2 | 1,255.2 | 916.6 | 1,419.6 | 1,855.1 |
| Total revenue | 555.7 | 623.9 | 666.6 | 762.6 | 1,455.1 |
| External grants | 303.5 | 631.3 | 250.0 | 657.0 | 400.0 <u>2/</u> |
| Total expenditure | 1,169.1 | 1,499.5 | 1,580.0 | 1,805.1 | 2,526.3 |
| Ordinary expenditure | 508.4 | 566.6 | 648.5 | 765.0 | 1,363.0 |
| of which, defense | (135.0) | (145.2) | (165.4) | (200.0) | (500.0) |
| Development expenditure | 350.8 | 354.6 | 624.4 | 945.1 | 1,163.3 |
| Extrabudgetary expenditure | 309.9 | 578.3 | 307.1 | 95.0 | — |
| Ordinary surplus | 47.3 | 57.3 | 18.1 | -2.4 | 92.1 |
| Overall deficit <u>3/</u> | -309.9 | -244.4 | -663.4 | -385.5 | -671.2 |
| External finance (net) | 255.1 | 269.2 | 424.2 | 205.0 | 400.0 <u>2/</u> |
| Domestic finance (net) | 54.8 | -24.9 | 239.2 | 180.5 | 271.2 |

Sources: Ministry of Finance and Central Bank.

1/ Breakdown and classification are in part mission estimates.

2/ Estimates by the Central Bank.

3/ The overall deficit reported here differs from that in the text because external grants are treated as revenue in this table and financing items in the main text.

The overall deficit averaged 27 percent of total expenditure during 1974-77 but showed a very erratic pattern. After decreasing to So. Sh. 244 million in 1975 following a large increase in foreign grants receipts, the overall deficit rose to So. Sh. 663 million in 1976 largely because external grants fell sharply. In financing the overall deficit, the Government continued to depend heavily on external borrowing. In 1976, however, borrowing abroad was insufficient to meet the enlarged deficit and the Government resorted to central Bank financing. In 1977, increased external grants reduced the overall deficit nearly by half.

The 1978 budget projected a rapid expansion in total revenue and a decline in external grants. Revenue and grants were expected to increase by 31 percent over the 1977 level. However, total expenditure was budgeted to increase even faster by 40 percent over the 1977 level. Consequently, the overall deficit was projected to rise again sharply to So. Sh. 671 million or 27 percent of total expenditure. Despite new tax measures introduced at the beginning of 1978, the official revenue estimates appear optimistic. Unless the growth in government expenditure is firmly contained, the overall deficit would grow beyond the budget estimate and the existing inflationary pressures would be exacerbated.

Receipts

As indicated above, total government revenue and external grants fluctuated during 1974-77 reflecting irregular inflows of external grants. External grants were extraordinarily high in 1975 and 1977; the rise in 1975 was due to the need for drought relief and settlement programs for displaced nomads, while the rise in 1977 was due to increased development expenditures and also to the confrontation with Ethiopia. Total revenue (exclusive of grants), 1/ on the other hand, grew steadily at an annual average rate of 11 percent in the same period; tax revenues, which accounted for nearly 80 percent of the total revenue, grew steadily at an annual average rate of 8 percent, while nontax revenues grew at an annual average rate of 25 percent. 2/

Revenue was dependent on three major sources, namely import duties which provided an average 39 percent of total revenue during 1974-77, taxes on goods and services (23 percent), and contributions by public enterprises (15 percent). Receipts from import duties stagnated between 1974 and 1976 but increased rapidly in 1977 due partly to an increase in imports subject to higher duties and partly to frequent upward revisions of customs duty rates on Franco Valuta imports. The average import duty burden was nearly 25 percent during 1974-77. There is, however, only one substantial leakage in import taxation: exemptions are granted on development goods.

1/ The collection of fiscal revenues takes place mostly in big cities, in particular Mogadiscio where approximately two-thirds of revenues are collected. Hardly any taxes are levied directly on the nomadic population.

2/ See Appendix Table 5.3.

Revenues from taxes on goods and services, the second major revenue source, comprise mainly excise taxes on sugar and spirits and the profits of fiscal monopolies (tobacco and matches). The yield of these taxes grew steadily at almost the same rate as the total revenues during the period 1974-77 (11 percent per year). Revenue contributions by the public enterprises, the third major revenues sources, consist of a "turnover" tax, a share of profits and a share of depreciation provisions, which are transferred to the Government. The bulk of the revenue from this source comes from the "turn-over" tax and the profit share, while the transfer of depreciation funds has accounted for less than 10 percent. Public enterprise contributions fluctuated from year to year but grew at an annual average rate of 27 percent during the period 1974-77. ^{1/} This makes it unlikely that revenues from this source can be increased substantially in the short-run.

The beginning of 1978 the Somali authorities adopted a revenue-strengthening policy centering on import taxes and taxes on goods and services, which have the highest revenue elasticity. Customs duties on alcoholic beverages, luxury goods, and other items were nearly doubled, and the administrative and statistical tax, which is a component of import duties, was also doubled from 10 percent to 20 percent. Excise taxes on sugar and alcohol were also increased and recently extended to soft drinks and other goods. Domestic prices for imported tobacco were also raised. These steps are expected to boost revenues from taxes on goods and services by more than 60 percent in 1978. In all, the Government anticipates that the new revenue measures will increase government revenues by So.Sh. 300 million, or 26 percent more than its original estimate for 1978. Yields of tax revenues in Mogadiscio for the early part of 1978 indicated that the newly-introduced tax measures have already been fairly productive. Nevertheless it would still be optimistic to expect government revenue to reach the level projected in the revised budget for 1978.

Expenditures

Total government expenditure grew at an annual average rate of 16 percent during the period 1974-77 with particularly large increases in 1975 and 1977. The increase in 1975 reflected increased extrabudgetary expenditures linked to drought relief and settlement programs for displaced nomads, while that in 1977 reflected a rapid rise in development and defense-related expenditures. Ordinary expenditures grew steadily

^{1/} See the Section on the operations of public enterprises.

in 1975 and 1976 but accelerated in 1977. Development expenditure showed a rapid increase both in 1976 and 1977 as a result of inflation (leading to higher project costs) and because of an increased public investment effort. The level of development expenditure outstripped that of ordinary expenditure in 1977. Extrabudgetary expenditure shrank consecutively in 1976 and 1977 (especially because large items formerly under this heading have been subsumed under the Plan and the budget).

Detailed information on economic classification of ordinary expenditure is not available. The 1977 and 1978 budgets indicate that wages and salaries and expenditures on goods and services account for about 45 percent and 41 percent of the total ordinary expenditure respectively, and that transfer payments account for most of the remaining 14 percent. 1/ 2/ The basis of the existing wage scales was established in 1970, 3/ and since then the Government has firmly limited salary increases. The Government introduced a partial salary increase for government employees of middle and lower income levels in 1973, a number of allowances in 1976, and new wage scales and allowances for technical workers in 1977; except for the latter action which is too recent to be evaluated, these minor increases have not been adequate to maintain real income or to reduce emigration because of the much higher wages prevailing in neighboring oil-producing countries. As regards transfer payments, the Government abolished subsidies on petroleum in 1977. Although domestic food staples were to have been subsidized, and were marketed at a loss, the Government has not always reimbursed the marketing organizations for their losses. 4/

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- 1/ Since 1974, a breakdown of the ordinary expenditure of the Ministry of Defense has not been published either on a budget basis or on an actual basis. Excluding the Ministry of Defense, the actual share of wages and salaries has averaged 37 percent between 1974 and 1977.
- 2/ Information on actual expenditures on goods and services and transfers is only available with a long lag.
- 3/ Civil Service Law, April 1, 1970. In this Law, wage scales are classified into four divisions (A for university graduates for administrative and professional positions, B for secondary school leavers, C for primary school leavers, and D for unqualified workers); each division has a number of grades and each grade usually has four or five steps. The monthly salary ranges from So. Sh. 1,800 for Directors General, to So. Sh. 200 for unqualified workers. The bulk of government employees earn less than So. Sh. 400-500 per month. See Appendix Table 5.7.
- 4/ For the past few years, the Agricultural Development Corporation (ADC), which is responsible for distributing foodstuffs, has not submitted its reports to the Ministry of Finance; consequently, its taxes have not been determined. The ADC is entitled to subsidies from the Government, but its tax liability is likely to offset the subsidies.

On a functional basis, general public services, social services and economic services accounted on average for 34 percent, 23 percent and 17 percent of ordinary expenditure, respectively, between 1974 and 1977. 1/ Expenditure on social services grew rapidly from an 18 percent share in 1974 to 26 percent in 1977 reflecting a steep rise in expenditures by the Ministries of Education and Health. The shares of general public services and economic services fell from 37 percent and 32 percent in 1974 to 18 percent and 16 percent in 1977, respectively. Meanwhile the share of defense expenditure remained fairly stable at 26 percent. Allocation of development expenditures deviated from the original plan in 1974 and 1975 when development programs were adversely affected by the drought. Although the bulk of development expenditures in 1974 and 1975 was allocated to three major sectors (agriculture, mining and industry, and economic infrastructure) 2/ some of the financial resources assigned to development projects, particularly for agriculture and economic infrastructure, had to be reassigned to drought relief and settlement programs for displaced nomads outside the Five-Year Development Program (1974-78). 3/

With the recovery in weather and economic conditions, development expenditures expanded rapidly by 76 percent and 51 percent in 1976 and 1977 respectively. Even considering the high inflation rate there must have been some real growth in development expenditures in these two years 4/ and it contributed to the recovery of the Somali economy. During 1976 and 1977, development expenditures grew particularly in the economic infrastructure sector, followed by the mining and industry and the agricultural sectors. Allocation for the social infrastructure sector has remained small, though some increase can be seen in 1976 and 1977 over the previous two years. 5/

The 1978 budget indicates that ordinary expenditure will rise sharply by 78 percent over the 1977 level and that the expenditure pattern

1/ See Appendix Table 5.4.

2/ Development expenditures in 1974 and 1975 were allocated to the agricultural sector (24 percent), the mining and industry sector (29 percent) and the economic infrastructure sector (33 percent), with a smaller allocation to the social infrastructure sector (11 percent).

3/ See Appendix Tables 2.1 and 2.2.

4/ The Mogadiscio Consumer Price Index, which is the only information on prices, showed 17 percent and 11 percent increases in 1976 and 1977 respectively, but it is thought to understate the rate of inflation and does not include capital or development goods (other than cement).

5/ See Appendix Table 2.1.

will be altered drastically; defense expenditure will rise rapidly, 1/ leading to an increase in its share from 26 percent to 37 percent, while the shares of expenditures on social services and economic services will be reduced from 23 percent and 17 percent to 17 and 10 percent respectively. On the other hand, most of the funds needed to assist refugees are expected to come from external sources. 2/ As regards development expenditure, the Annual Investment Program for 1978 envisages a moderate growth rate of 23 percent compared with a 51 percent rise in 1977. More emphasis will be placed on the agricultural sector which fell far short of the budgeted target in 1977.

Combining ordinary and development expenditures, government total expenditure was budgeted to grow by 40 percent over the 1977 level. Actual expenditure in 1978 is likely to approximate the budget estimate (though public investment forecasts appear somewhat optimistic) but it should be possible to compress some of the ordinary expenditures without affecting the supply of needed government services.

Review of Public Investment

The Five-Year Development Plan (FYDP) 1974-1978 is about to end. Its performance will not be easy to assess because the Plan was modified at various times and as a result, targets have lost clarity and immediacy. Planning/budgeting procedures would benefit from better coordination and more dialogue between Finance, Planning and the Sector Ministries (and other executing agencies). Monitoring of public investments is inadequate and computation of meaningful implementation ratios is virtually impossible.

During 1977, the government reports an actual public investment figure of So. Sh. 945.1 million which appears rather high. Various factors may account for this high figure: it is in part estimated; it may include some recurrent expenditures and includes large purchases of machinery and equipment in excess of current requirements. Furthermore, it is difficult to arrive at a comparison with a priori investment targets because there are

1/ The budget estimate for defense expenditure doubled from So. Sh. 250 million under the initial 1978 budget to So. Sh. 500 million, which is 150 percent higher than 1977. The additional defense expenditure was budgeted to be financed by the revenue generated by the new tax measures which are expected to yield So. Sh. 300 million in total. The remaining So. Sh. 50 million will be added to the reserves of the Ministry of Finance.

2/ Out of So. Sh. 53 million needed for the refugees between April and December in 1978, about So. Sh. 31 million is expected to come from external sources under a refugee assistance program initiated by the UN High Commission for Refugees. In addition, food has been provided by the U.S.

many of these. For example, the original Plan called for an investment of So.Sh. 704.1 million in 1977 (in 1973 prices, later reduced to So.Sh. 684.5 by excluding certain non-capital items). The Annual Plan for 1977 set the investment target at So. Sh. 1,609.7 million (adjusting for inflation, changes in project scope and addition of new projects). The Planning Commission "budgeted" 1/ for investment So.Sh. 1,300 million (two other figures are also given in various parts of the Annual Plan, So.Sh. 1,480.6 million and So.Sh. 1,288.0 million). Finally, the Ministry of Finance budgeted So.Sh. 231.7 million of investment expenditures to be financed by the Central Government (General Government, So.Sh. 359.7 million). 2/

The table below summarizes the breakdown of investments for 1977.

1/ "Budgeted" refers to a procedure of the Planning Commission while budgeted refers to a procedure of the Ministry of Finance.

2/ Ministry of Finance figures quoted are from the 1977 Budget. The Annual Plan document gives different figures.

SOMALIA: Summary of Public Investment, 1977
(in So.Sh. million)

| <u>Sector</u> | <u>Actual</u> | | <u>Authorized</u> | | <u>Actual as a Proportion/ Authorized</u> |
|-------------------------------|---------------|--------------|-------------------|--------------|---|
| | <u>So.Sh.</u> | <u>%</u> | <u>So.Sh.</u> | <u>%</u> | |
| Livestock | 36.4 | 3.8 | 48.4 | | |
| Agriculture | 155.5 | 16.3 | 275.7 | | |
| Forestry & Range | 14.9 | 1.6 | 46.6 | | |
| Fisheries | 19.1 | 2.0 | 55.8 | | |
| Subtotal | <u>226.0</u> | <u>23.9</u> | <u>426.4</u> | <u>32.8</u> | <u>53.0</u> |
| Mining and Quarrying | 18.8 | 2.0 | 47.4 | | |
| Manufacturing | 261.4 | 27.6 | 272.4 | | |
| Subtotal | <u>280.2</u> | <u>29.6</u> | <u>319.8</u> | <u>24.6</u> | <u>87.6</u> |
| Electricity & Power | 76.6 | 8.1 | 81.9 | | |
| Water | 17.4 | 1.8 | 26.5 | | |
| Transport & Communications | 199.8 | 21.1 | 254.3 | | |
| Subtotal | <u>293.9</u> | <u>31.0</u> | <u>362.8</u> | <u>27.9</u> | <u>31.0</u> |
| Education | 49.9 | 5.3 | 62.1 | | |
| Health | 6.0 | 0.6 | 32.4 | | |
| Cultural Services | 1.9 | 0.2 | 4.4 | | |
| Social Services | 32.8 | 3.5 | 33.9 | | |
| Subtotal | <u>90.5</u> | <u>9.6</u> | <u>132.9</u> | <u>10.2</u> | <u>68.1</u> |
| Trade | 2.1 | 0.2 | 2.5 | | |
| Tourism | 3.1 | 0.3 | 6.5 | | |
| General Admin. | 14.8 | 1.6 | 15.3 | | |
| Local Authorities | 34.4 | 3.6 | 34.4 | | |
| Subtotal | <u>54.4</u> | <u>5.8</u> | <u>58.7</u> | <u>4.5</u> | <u>92.2</u> |
| Total | <u>945.1</u> | <u>100.0</u> | <u>1,300.6</u> | <u>100.0</u> | <u>72.7</u> |

Source: State Planning Commission and Appendix Table 2.2.

It is noticeable that the pattern of actual investment for 1977 reflects the changes that have been made in the overall Plan, namely, the increased emphasis on Industry and Infrastructure and the falling share of the agricultural sectors. It is again visible how the government's intentions, as reflected by the authorizations figures, fail to be carried out in actuality. (Agricultural Sectors account for 32.8% of authorizations but for only 23.9% of the actuals while for Industry, the respective figures are 24.6% and 29.6%). Furthermore, a look at the actual industrial projects being carried

out reveals that many of them are not based on the processing of locally available resources, 1/ which is the current industrial development policy.

Overall Progress in FYDP Implementation

For reasons explained below, overall progress in public investment cannot be accurately estimated. However, the government has released figures which attempt to quantify progress made in implementing the FYDP. The weakness of the planning and monitoring systems is described in the footnotes to the table below.

1/ The main industrial projects under implementation in 1977 were: Oil Refinery, Juba Sugar Complex, Cement Factory and Somaltex. Food processing is receiving less resources (3.4% of authorizations) in 1978 than metal working. Some of the plants already set up, such as INCAS, ITOP, the Brick Factory probably produce negative value added at world prices; the oil refinery and the cement factory may meet the same fate.

SOMALIA: Progress under FYDP, 1974-78

(in So. Sh. million)

| <u>Year</u> | <u>Actual Expenditures</u> 1/ | <u>Original Plan</u> 3/ | <u>Revised Plan</u> 4/ |
|-------------|-------------------------------|-------------------------|------------------------|
| 1974 | 350.8 | 854.8 | 823.5 |
| 1975 | 354.6 | 915.6 | 1,138.7 |
| 1976 | 624.4 | 839.1 | 1,564.7 |
| 1977 | 945.1 | 704.1 | 1,825.9 |
| 1978 | <u>1,163.3</u> 2/ | <u>549.7</u> | <u>1,768.5</u> |
| Total | 3,438.2 | 3,863.4 | 7,121.2 |

Carry over beyond FYDP So.Sh. 7,121.2 - 3,438.2 = 3,683

New High Priority Projects for Period 1979-81 So.Sh. 2,000

Preliminary estimate of Expenditures during
Proposed Three Year Development Plan (TYDP)
1979-81 So.Sh. 5,683

Source: Planning Commission

Notes

- 1/ Actual expenditures are in current terms and include expenditures for projects not originally included in FYDP.
- 2/ Actual expenditures for 1978 are estimated at 100% of "budgeted" funds.
- 3/ Original Plan Figures are in 1973 prices. Projects are little more than ideas and therefore project design/scope and cost change dramatically at the time of implementation.
- 4/ Revisions consist of:
 - (i) Deletion of certain non capital items mistakenly included under the FYDP;
 - (ii) Adjustment for inflation - in fact this adjustment is the total increase in costs caused by both inflation and amended project design/scope. The adjustment is in the prices of the year in which it is made i.e. from 1975 to 1977;
 - (iii) Addition of new project, at prices ruling whenever the additions were made.

Public enterprise operations

Public enterprises have become predominant in the modern sectors of the Somali economy. Of 45 nonfinancial public enterprises, 38 enterprises are engaged in industrial, commercial and agricultural activities. Almost all the key sectors are now under their control except for the commercial production of bananas and livestock production and trade. It has been conjectured that the public enterprises accounted for 80-85 percent of the value of industrial production during 1975-76. ^{1/} The Government has pursued vigorous economic development by intensifying the role of these state-controlled public enterprises, which have undertaken the bulk of projects under the current FYDP.

The public enterprises have also contributed to government revenues through a turnover tax and the transfer of profits and depreciation funds. Revenue contributions of public enterprises in 1978 are expected to originate from the trade and service sector (60 percent), the manufacturing sector (16 percent), and the banking and insurance sector (24 percent). ^{2/} Contributions from public enterprises are summarized in the following Table C.

Table C. Contributions of Public Enterprises
to Government Revenue

(In millions of So.Sh.)

| | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>Prelim- inary 1977</u> | <u>Budget 1978</u> |
|----------------------------|-------------|-------------|-------------|-----------------------------------|------------------------|
| Turnover tax | 24.1 | 53.4 | 47.3 | 59.4 | 121.6 |
| Profits | 38.9 | 43.3 | 51.3 | 61.7 | 107.2 |
| Depreciation funds | 0.0 | 4.6 | 1.2 | 5.7 | 21.1 |
| Total | 63.0 | 101.3 | 99.8 | 126.8 | 249.9 |
| Share in total revenue (%) | 11.3 | 16.2 | 15.0 | 16.6 | 17.2 |

Source: See Appendix Table 5.3.

^{1/} See Somalia: Country Economic Memorandum, World Bank Report No. 1421a-S0, April 1977, p. 16.

^{2/} See Appendix Table 5.9.

Taxation of public enterprises has been heavy. Currently, 80 percent of profits net of depreciation allowances is taken by the turnover tax (usually 50 percent) 1/ and the profit share (usually 30 percent). In addition, the government receives 50 percent of depreciation provisions. 2/ The heavy burden of these three levies could seriously weaken the financial position of the public enterprises. This is often the case as public enterprises are frequently forced to borrow to pay their taxes. 3/ In fact, the Kismayu Meat Factory and SOMALTEX have followed this course for the past few years. According to budget estimates the contributions of the public enterprises as a whole are expected to account for 72 percent of their total profits for 1978.

Though government revenues raised from state enterprises have increased rapidly, their profitability has not. Except for banking and insurance, state enterprises in most sectors (esp. manufacturing) are making losses. A recent case study showed that increased tax liabilities had gradually eroded the capital structure of certain public enterprises, to extremely high debt/equity ratios and threatened their liquidity position. Further, in spite of a generally low level of interest rates, the burden of interest charges arising from excessive debts has damaged their financial position. In fact, many public enterprises had to postpone payment of their taxes for 1976 to 1977. Furthermore, tax assessments are usually subject to negotiation between the enterprise and the Ministry of Finance, so that the factors discussed above can be taken into account.

Taxation of public enterprises is intended to centralize the enterprises' savings for allocation to what the Government considers high priority investments 4/. In view of the weakened finances of many public enterprises, further study is needed to assess the effectiveness of this approach.

Monetary Survey

Monetary developments

The Somali banking system, which underwent some institutional changes early in 1975, now comprises a Central Bank, a commercial

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- 1/ The so-called "turnover" tax is levied on profits of public enterprises.
 - 2/ Different rates have been applied to financial institutions. These rates are determined at the discretion of the Ministry of Finance.
 - 3/ It would not be surprising if heavy taxation of state enterprises forcing them into debt resulted in indirect bank lending to the Central Government.
 - 4/ Though revenues raised from public enterprises go mostly to the current budget, and it might be debatable whether this is preferable to letting funds remain with the enterprises.

bank, 1/ a development bank, an insurance company and a postal savings system. All are state-controlled. 2/ The Postal Saving System (PSS) was established late in 1976 with the object of mobilizing local savings for investment. The PSS currently operates 38 offices but total deposits, at So.Sh. 2.4 million at the end of April 1978, (0.3% of Commercial Bank deposits) were insignificant. The PSS plans to extend its savings services to other areas aiming at one office for each district (totaling 69 offices) and expects a rapid increase in postal savings in the near future. However, the lack of response in savings since the opening of the PSS shows that access to banking was not the main obstacle to savings growth: low interest rates and low incomes may be more important factors.

Following a slowdown in monetary expansion from an annual average rate of 25 percent during 1973-75 to 19 percent in 1976, money supply regained its expansionary momentum in 1977 with total liquidity (M2) registering a 29 percent increase (see the following Table D). Domestic credit grew by an amount equivalent to only 6 percent of the stock of money and quasi-money (M2) at the beginning of 1977, whereas net foreign assets grew by 24 percent on the same basis. 3/ During 1977 the turnaround in the Government's financial position with the banking system from a net debtor to a substantial net creditor offset part of an increase in credit to the public enterprises and the private sector. The expansionary monetary trend continued for the first quarter of 1978. During 1977, narrow money (currency in circulation and demand deposits or M1) increased more rapidly (33 percent) than quasi-money (7 percent); in particular, currency in circulation expanded by 50 percent. This suggests a strong transactions demand for liquidity, which has been accentuated both by economic recovery and increased government expenditures. The tendency to hoard money may also have been stronger, especially among nomadic people for whom the accumulation of currency is the only available means of holding financial assets.

1/ The Commercial and Savings Bank of Somalia is the amalgamation of the Somali Commercial Bank and the Somali Savings and Credit Bank.

2/ For the historical background of the financial institutions see Somalia: Recent Economic Developments and Current Prospects, World Bank Report No. 702-SO, August 1975, Volume I, pp. 18-23.

3/ The difference between a 29 percent increase in total liquidity and a 30 percent increase in a combination of domestic credit and foreign assets (net) is due to other monetary items. See Appendix Table 6.1.

Table D. Monetary Developments

(In millions of So.Sh).

| | 1974 | 1975 | 1976 | Mar. | June | Sept. | Dec. | 1978 |
|---|-------|---------|---------|---------|---------|---------|---------|---------|
| | | | | 1977 | | | | |
| Net foreign assets | 184.2 | 500.4 | 515.2 | 533.9 | 595.0 | 690.3 | 802.6 | 1,130.4 |
| Domestic assets | 918.1 | 803.5 | 1,110.8 | 1,174.4 | 1,047.4 | 1,238.6 | 1,182.8 | 1,005.7 |
| Claims on government | -48.5 | -238.2 | 124.4 | 157.2 | 46.4 | 47.2 | -97.8 | -351.5 |
| Claims on public enterprises and the private sector | 966.6 | 1,041.7 | 986.4 | 1,017.2 | 1,001.0 | 1,191.4 | 1,280.7 | 1,265.9 |
| Money (Ml) | 628.6 | 825.8 | 994.9 | 1,014.1 | 1,022.2 | 1,169.2 | 1,325.1 | 1,476.8 |
| Quasi-money | 154.4 | 179.3 | 205.1 | 232.7 | 220.8 | 203.5 | 219.3 | 229.7 |

Source: Central Bank.

Credit policy

After a moderate 8 percent increase in 1975, banking sector credit to the public enterprises and the private sector fell in 1976 because of a restrictive policy which aimed at improving the external payment position. Bank credit to these sectors, however, began to expand rapidly in 1977, particularly in the second half of 1977, mainly due to the increased liquidity needs of public enterprises. Most of the credit to the public enterprises was extended by the Commercial Bank. Central bank credit to public enterprises during this period was wholly due to the conversion of excess liabilities into long-term debt in accordance with the Law on "The Rationalization of Public Enterprise Finance." ^{1/}

^{1/} Credit to the public enterprises reached excessive levels in 1973 and 1974. The Law on "The Rationalization of Public Enterprise Finances" (Law No. 56, October 5, 1975), aimed at restricting credit to these enterprises and set out principles for settlements of indebtedness between the enterprises and the Central Government, and among the enterprises. With the Central Bank acting as an intermediary, debt settlements were effected in 1976. After the settlement operations, the outstanding commercial debt of the enterprises, which had been used to finance fixed assets or annual losses, were to be converted into long-term debt and transferred to the Central Bank. The long-term debt is to be repaid over a ten-year period at 2.5 percent interest. Debt conversion by the Central Bank amounted to So.Sh. 15.3 million, So. Sh. 58.6 million, and So.Sh. 9 million in 1976, 1977 and the first half of 1978, respectively. The debt conversion policy has so far been applied to only five public enterprises.

As regards credit allocation, the Somali authorities have paid special attention to the agricultural sector, in particular, the banana industry, for the past few years. The Central Bank issued guidelines concerning credit allocation in April 1977, which required banks to allocate certain amounts of credit to the agricultural sector each year. The effect of this credit policy was a rapid increase (37 percent) in bank credit to agriculture during 1977, although its share rose only slightly from 17 percent at the end of 1976 to 18 percent at the end of 1977 because of a steep increase in credit to the trading sector. Some public enterprises in the trading sector had encountered a sharp deterioration in their liquidity position. 1/ The effect of the credit allocation policy was more conspicuous in the Somali Development Bank. Its credit to the agricultural sector more than doubled from So.Sh. 5 million in 1976 to about So.Sh. 13 million in 1977. 2/ As a result, the share of its credit allocation to the agricultural sector increased quickly from 22 percent in 1976 to 46 percent in 1977.

Preferential measures were adopted in 1976 for banana farmers who had faced serious financial difficulties. The Somali authorities decided that the bad debts (So.Sh. 30 million) of banana farmers to the Commercial Bank, the Development Bank and the National Banana Board (ENB) should be taken over by the Central Bank. The transferred debt would be repaid within six years at 4 percent per annum by deducting So.Sh. 7 per quintal at source from the ENB payments to the banana farmers. 3/ After the transfer operations, the Banks were to provide new investment and working capital to those banana farmers thought most likely to benefit from new credit. This operation is still in progress.

In implementing the credit allocation policy, the monetary authorities have relied mainly on quantitative controls. Recently the lending rate charged by the Commercial Bank to agricultural cooperatives was lowered from 9 percent to 5.5 percent. Apart from this, there has been no change in interest rates since 1975. Although the Somali authorities have been considering raising interest rates on deposits with a view to attracting savings, especially Somali workers' savings in neighboring countries, they have not yet acted. There has been no change in minimum reserve requirement ratio (10 percent) since 1970.

Prices

The large build-up of liquidity in recent years has accelerated inflationary pressures, though part of the augmented liquidity might have

1/ See Appendix Table 6.5.

2/ See Appendix Table 6.6.

3/ The producer price, at the same time, was increased by So.Sh. 7 per quintal so that there would be no direct financial burden on banana farmers.

been absorbed into monetization of the economy. Demand pressures associated with domestic liquidity have already caused some domestic inflation. After a sharp increase of 17 percent in the general consumer price index in Mogadiscio in 1976, the increase in the index dropped to 11 percent in 1977, a year in which the rise in import prices slowed down, the supply of domestic food increased and all types of consumers' goods were plentiful because of high Franco Valuta imports. However, the rate of increase in prices jumped to 9 percent during the first quarter of 1978 (an annual rate of 36 percent) compared with 4 percent in the comparable period in 1977. The increase was accounted for mainly by an 11 percent increase in the prices of foodstuffs which have a 66 percent weight in the general price index, and partly by an increase in import and other taxes which has been implemented since the beginning of 1978. 1/

While an improvement is envisaged in the supply conditions of foodstuffs because of a good 1977/78 crop year, the monetary situation is likely to remain precarious for the remainder of 1978. Foreign assets increased rapidly by more than So.Sh. 328 million during the first quarter compared with an increase of So.Sh. 19 million in the same period in 1977. Even though the growth in net foreign assets will slow down in the latter part of 1978 as the Somali authorities expect, their impact on the monetary situation will be still expansionary. In addition, the impact of increased government expenditures financed from external sources on the monetary situation will have to be carefully taken into account. In the circumstances, there remains the danger that rapid increases in total liquidity will continue and lead to further price rises.

1/ See Appendix Table 5.3.

MEETING BASIC NEEDS: EDUCATION

I. INTRODUCTION

1. A society evolves a mechanism of educating its members in those basic skills which are needed for survival and participation in its life. In a static society this mechanism is part of the traditional, cultural milieu. Where a country is pursuing a rapid transition from a subsistence economy to a modernized industrial one, it becomes essential to redefine the substance of its educational goals and devise an appropriate mechanism to attain those goals. The goals of basic education to train community members in survival skills and ability to participate in community life does not change, but planned changes in community life and environment make it imperative to redefine the substance of basic educational needs of the community and call for developing appropriate institutional arrangements to fulfill the needs. The acceptance of education as part of Basic Needs is evident in development literature in general and in Bank work in particular. 1/

2. This Annex will focus on education as a basic need in the context of Somalia's development. It will be divided into three main topics: (a) the objectives and content of basic education; (b) experience in meeting educational basic needs; and (c) future strategy.

II. BASIC EDUCATION - OBJECTIVES AND CONTENT

3. In October 1970 the President of the Supreme Revolutionary Council (SRC) announced the adoption of scientific socialism as a philosophical framework and self-reliance as a strategy to achieve two main development objectives -- maximization of productive employment and equitable distribution of goods and services. Within this framework, Somalia calls for national progress based on an effective two-way communication between the Government and the public, and enhancement of people's productive capability as well as political consciousness. These objectives are translated into the following basic education policy goals: (a) teaching illiterate people basic reading,

1/ For example, Mark Blaug, "Literacy and Economic Development," The School Review, vol. 74, No. 4, winter 1966; Carlo M. Cipolla, Literacy and Development in the West (Penguin Books Ltd., Middlesex, 1969); Mahbub ul Haq, Basic Needs: A Progress Report (World Bank, August, 1977).

writing, and solving simple problems of arithmetic using the basic vocabulary which is related to agriculture, animal husbandry, and industrial practices, (b) imparting knowledge of health and hygiene as well as geography and climate, and (c) preparing the people for efficient participation in the development of their communities and country.

4. Although literacy may not be imperative in acquiring basic productive skills: "there are definite limits to what can be accomplished with an illiterate population. In a country envisaging a rapid transition from a subsistence economy to an exchange economy where money-earning activities become a normal feature of life, literacy comes into its own as a possible policy instrument to raise incomes and productivity." 1/ But besides this, the other objectives of the basic needs in education also require literacy for effective dissemination of knowledge of health, hygiene and others. 2/

III. EXPERIENCE IN MEETING EDUCATIONAL BASIC NEEDS

5. Somalia's experience in education is unique because of its close integration with overall national development efforts. Steps to expand basic education began in 1969 when the revolutionary government came to power, and include the development of a script for the Somali language, a crash national literacy campaign, expanded adult education programs, and a rapid expansion in primary school facilities. Somalia's progress in meeting basic education needs in a very short period of time is remarkable, particularly since it relied heavily on mobilizing underutilized domestic human resources.

A. Somali Script

6. Administrative efficiency of the Government suffered from colonial Italian and English bilingualism which constituted a serious hindrance to communication with the people, since the majority understood neither language. While Somali was a universal language among the people, it did not have any written form. Thus, the foreign language prevented Government's contact with the public in writing. Aware of this problem, the Government tried since independence to establish written Somali, but had not been successful because of disagreements on selection of a script. Various factions argued for the use of Latin, Arabic, Osmania and other scripts invented by Somalis. The Government appointed a National Language Commission in January 1970, to study the problem. Following the recommendations of the Commission, the Government announced in October 1972 that the script would be a modified

1/ Blaug; op. cit., p. 401 ff.

2/ Omar O. Mohamed, The Impact and Contribution of Literacy Toward Rural Development in Somalia, Mogadiscio, December 1977, p. 5.

version of the Latin alphabet. All civil servants were obligated to learn the new script in three months and to pass a written test. Once the language barrier in the administrative machinery was removed, achievement of literacy at the mass level became imperative for establishing communication between the Government and masses. This was done through a National Literacy Campaign.

B. National Literacy Campaign

7. Implementation. The introduction of the Somali script was followed by the National Literacy Campaign which was carried out in two stages: (a) a one-year literacy campaign in urban areas; and (b) a seven-month rural development campaign in which literacy teaching was the main component. The urban literacy campaign started in March 1973 under the slogan, "if you know, teach, if you don't, learn." The National Literacy Committee was a general policy-making body and included three Vice-Presidents and three Secretaries of State. A National Implementation Committee chaired by the Secretary of State for Education together with District Implementation Committee was the coordinating organ for all the campaign activities. The first phase of the Campaign was completed in February 1974. It is estimated that 12,000 primary and secondary school teachers and students, civil servants, and army and police officers participated as literacy teachers in the afternoon after their regular work.

8. Inspired by the success of the urban literacy campaign, the campaign was extended to the rural population in August 1974, under the banner "Campaign for the Advancement of the Rural People." The objectives of the second phase of the campaign were broader and included; (a) eradication of illiteracy among the rural people; (b) public health improvement; (c) animal health improvement; and (d) census of both the people and livestock. The purpose of introducing a wider scope to the literacy campaign in the rural areas rested on the assumption that literacy had to be given a functional orientation if it was to have meaning for the rural population.

9. The campaign in rural areas was difficult to carry out because the rural population was thinly scattered in an area of 637,000 km². Furthermore, over 70% of the total population were nomads or semi-nomads. This required a much greater administrative machinery for the implementation of the second phase than that necessary for the first phase. A three-week seminar was held in Mogadiscio to discuss the implementation of the campaign. At the seminar 700 regional and district authorities were represented and the Central Government emphasized that they had primary responsibility for the implementation of the campaign.

10. Following the seminar, the organizational framework was developed. Two national committees of high-level inter-ministerial collaboration, and regional and district committees whose members were more or less identical with local councils were established. The policy-making body at the national level was the Central Committee for the Rural Development Campaign (RDC).

It was chaired by the Secretary of State for Education and consisted of the Secretaries of State for Interior, Health, Livestock, Transport, and Planning, and the General Manager of the State Printing Agency. The organization responsible for the administrative aspects of the campaign at the national level was the Central Office for the Rural Development Campaign. The Office was headed by the Director-General of the Ministry of Education (MOE) and most of the activities were carried out by the MOE staff. At the regional and district levels, there were the Regional Committee for the RDC, District Committee for the RDC, and the District Inspection Office. The important feature of the whole movement was that the direct operation began at the district level, and each district was further divided into smaller geographic units headed by school masters, teachers or other local leaders.

11. The instructors included school teachers, civil servants, local volunteers and regular school students excluding the students in grade 8, 11 and 12. Excluded also were all the students in technical and vocational schools. Participation of all others in the campaign was compulsory. These student-teachers were sent to communities in groups of 7 to 15. The communities were asked to give them room and board. The total number of student-teachers and civil servants who participated in the campaign was over 21,000.

12. The instructors used almost any convenient place as a classroom., a popular choice being the ground under a shady tree. In some instances, they had to move with nomads. They used the teacher method used by the Koranic teachers, recognizing, memorizing, and repeating, in this case, the Somali alphabet in order. The only text material for the campaign was a primer for the nomads produced by the National Adult Education Center (NAEC). This was written for the nomads but was used for all the rural population which consisted of nomads as well as peasants. During the campaign, a serious shortage of textbooks developed. Therefore, the NAEC decided to publish two issues of a newspaper. About 7,000 copies of each of the two issues were made. But only one-third of them could be delivered to the various campaign points due to difficulties in distribution.

13. Education. The Government reported that the illiteracy rate was reduced from over 90% before 1969 to about 50% after the campaign. It is estimated that about 1.2 million people became literate in 1975 as a result of the campaign which lasted one year and seven months. Under the first phase of the Campaign, 400,000 became literate, and under the second phase 774,000. ^{1/} The magnitude of this success is highlighted when compared with the enrollment of only 18,000 in the adult education program in 1969/70. As a part of the campaign 1.6 million people and 11.1 million livestock were

^{1/} At the beginning of the campaign 1,258,000 were registered. At the end, 913,000 took the test and 774,000 passed it. Omar Osman Mohammed; From Written Somali to a Rural Development Campaign, Mogadiscio, August 1975, p. 60.

examined and treated for health problems and 1.4 million people and 2.3 million livestock were vaccinated against diseases. According to one source, ^{1/} the second phase of the campaign - the Rural Development Campaign - cost the Government about So. Sh. 46 million in addition to about So. Sh. 14 million raised through public contribution:

| | |
|---|----------------|
| | (So. Sh. '000) |
| Ministry of Education | 20,613 |
| Ministry of Livestock, Forestry and Range | 6,418 |
| Ministry of Health | 7,800 |
| Ministry of Transport | 4,838 |
| Ministry of Information | 1,241 |
| Police | 3,091 |
| Mixed (standing invoices) | 1,950 |
| Public Contribution | <u>14,657</u> |
| Total | <u>60,608</u> |

14. One of the important characteristics of the National Literacy Campaign which resulted in the overall rural development campaign is that it took place as part of the general cultural revolution initiated in the early 1970's. Orientation was a vital part of the campaign to elicit favorable public response to the Rural Development Campaign, and especially to its literacy aspect. Orientation emphasized the importance and usefulness of literacy to the people and the need to know better methods for looking after livestock and personal health. A primer prepared by the National Adult Education Center under the Department of Nonformal Education of the Ministry of Education, dealt mainly with literacy and with problems relevant to the daily life of nomads. Half the book is devoted to the knowledge of general hygiene, grazing and cattle breeding and some arithmetic. In short, while the lessons in the primer made the rural people aware of both human and animal health, teachers urged them to take advantage of the treatment and vaccination services; thus forming a dynamic unity with literacy.

15. The pace and scale of the National Literacy Campaign is not viable as a long-term strategy. It is disruptive and costly: it required closing of virtually the entire school system and caused expenditures estimated at So. Sh. 100 million (an amount equivalent to the MOE's entire 1977 Budget). It was highly centralized in terms of the policy and strategy formulation

^{1/} Omar Ibrahim; "The Financial Aspect of the Rural Development Campaign" SIDAM Quarterly Journal, Vol. I, No. 2, April-June 1976, pp.47-57.

and budget allocation. However, not to waste the initial achievement by letting people relapse into illiteracy 1/, the Government introduced in 1975 a nonformal program of functional education to reach the rural population and to give further impetus to universal compulsory primary education.

C. Consolidation Program - Permanent Literacy Campaign

16. To consolidate the gains from the National Literacy Campaign, a functional education program was introduced. A National Literacy Committee was set up in 1975 drawing its membership from six Ministries (i.e., Education, Health, Livestock/Forestry/Range, Agriculture, Information, Local Government and Rural Development). Corresponding regional and local committees were also set up following an organizational pattern similar to that of the Rural Development Campaign. These committees are responsible for operating the functional literacy program until all Somalis are literate. The program emphasizes adult (16-45 age group) literacy in rural areas, the development of limited productive skills and the creation of political awareness.

17. The main organ in the program is the National Adult Education Center. It develops appropriate curricula and reading materials, trains adult education and community development personnel, and carries out research and evaluation. The present adult literacy program is a one-year program with five days a week and two hours a day between 2 p.m. and 6 p.m. Teaching is provided at any possible place. Some teaching materials are duplicated at the Center, but the major publications are printed at the State Printing Agency and are given free to students. But a serious shortage of reading materials exists. Teachers of the adult literacy program are (a) civil servants, students in fifth grade primary to fourth year secondary schools, and National Service Students who have had 15 days of training at the Center and at the Regional Adult Education Offices, and (b) community literacy instructors who participated in the National Literacy Campaign and received additional upgrading literacy courses. The first group of teachers works part-time voluntarily and the second group works full-time with some payment. 2/ During the first year (1975/76) it was reported that Adult Literacy

1/ According to the evaluation made by the Ministry of Education officials in the early 1977, about 50% of the people living in the South of Mogadiscio relapsed into illiteracy, and among those in the North of Mogadiscio 30% among town people and 80% among nomads. It is also reported that there has not been a notable change in behavior regarding health and other practices. UNESCO: Mass Education: Issues and Proposals, Paris, November 1977, p. 82.

2/ It amounted to So. Sh. 225,000 p.a. according to the Ministry of Education.

program classes were attended by 569,000, of whom 433,000 passed the final test, while 487,000 are reported to be attending in 1976/77. 1/ The current program is less well organized, and probably less effective, than the crash program, however, 2/ and enrollment figures are probably exaggerated. In addition, many of these currently enrolled are repeaters from other years. Adult education classes are the responsibility of the Ministry of Education. In the past, they provided an equivalent of a primary education in three years. The teaching took place in local schools in the evening (6-9 p.m.). The students were mainly working adults and the teaching was done by regular primary school teachers, community leaders and secondary school students. The curriculum was developed and produced by the National Adult Education Centre. The contents were functional and well presented. To encourage people to come to these classes, it is reported that the Government would employ all those who successfully completed the course. There were in 1977, 1,500 classes attended by 66,000 participants. However, of the 10,000 students enrolled in Grade 3 of Adult Education, only 6,100 took the final examination, and of those only 37% passed. 3/ The Government has now decided to expand the adult education programme into a six-year programme including four years of general education with the last two years to be devoted largely to manual skill training.

D. Primary Education

19. There are two principal educational objectives in Somalia: the expansion of post-primary education and training to meet the manpower needs and the provision of access to basic education by all Somalis. The second objective is in congruity with the basic need strategy. There are two measures to provide basic education. First, as presented earlier, Somalia aims at developing a comprehensive system of nonformal education for those who are outside the formal education system. Second, Somalia aims at the provision of universal, compulsory and free primary education.

20. As other economic and social aspects of the country have been affected by the new development philosophy and strategy of the revolutionary government, so has the formal education system. In 1972 the Government nationalized all private schools which then accounted for 24% of total enrollment. At the same time, the administrative structure to define responsibilities for the central, regional and district authorities was established through the Law of Local Government Reform. This created regional, district and village councils and specified their responsibilities and authority. Since 1972, following the

1/ Omar O. Mohamed; The Impact and Contribution of Literacy Toward Rural Development in Somalia, Mogadiscio, December 1977, p. 27.

2/ UNESCO, op. cit., p. 82.

3/ Ministry of Education; Statistics of Education, 1976-77, Mogadishu November 1977, p. 123.

decision on the Somali script, Somali has become the medium of instruction for students in the lower grades of primary education. Finally in 1975 the Government introduced universal and compulsory primary education. In order to expedite the primary education process, the primary cycle was reduced from eight years (ages 6-13) to six years (ages 7-12) in 1974/75. Post secondary primary teacher training was also reduced from two years to one. Problems with the six year (primary) cycle, however, have led the Government to return to an eight year cycle starting in 1978/79.

21. At present, all primary school students learn in Somali, while Arabic is introduced as a second language from Grade I. English is introduced only at the secondary level. In lower grades, about 60% of the curriculum is allocated to the areas of language, arts and social studies, 30% to mathematics and science and 10% to arts and crafts, and physical education. In the upper grades the allocation to mathematics and science increases by about 20%. At the end of the primary education cycle, a national examination is given. The pass rate has been high. For example, 97% of 7,608 students who took the examination in 1976 passed. ^{1/}

22. The increase in primary school enrollment since 1969/70 is shown below:

PRIMARY SCHOOL ENROLLMENT
1969/70 - 1976/79

| | 1969/70 | 1970/71 | 1971/72 | 1972/73 | 1973/74 | 1975/76 | 1976/77 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Grade 1 | 7,052 | 10,140 | 13,899 | 21,022 | 24,339 | 133,605 | 82,844 |
| Grades 1-4 | 23,842 | 32,610 | 38,201 | 53,445 | 68,503 | 197,706 | 225,982 |
| All Grades | 48,609 | 50,384 | 59,846 | 78,133 | 96,903 | 219,517 | 229,030 |
| % Increase over previous year | - | 3.7 | 18.8 | 30.6 | 24.0 | 126.5 | 4.3 |

Sources: Ministry of Education; Statistics of Education, 1976/77, pp. 8, 137. UNESCO; Mass Education: Issues and Proposals, Annex 20.

The table above indicates that during 1969/70 and 1976/77 enrollment in grades 1-4 grew over nine times. In particular, the increase was greater,

^{1/} UNESCO; op. cit., p. 45.

in 1972/73 when Somali became the medium of instruction and all schools became public, and again in 1975/76 when primary education became compulsory and those who did not enter primary schools in 1974/75 because education resources were used in the National Literacy Campaign, also joined the new student group in 1975/76. It is roughly estimated that the percentages of the 6-14 age group population who were enrolled in primary school increased from 7% in 1969/70 to 28% in 1976/77. However, the percentage of the 6-10 age group enrolled in grades one to four (former elementary cycles of primary education) grew faster from 6% to 46% during the same period. This reflects the large intake of recent years. Despite the unprecedented expansion in primary education, its geographical distribution has remained somewhat uneven.

23. It is as difficult to make a quantitative assessment of education and training because of weak population data. The first census conducted during the Rural Development Campaign in 1974/75 faced various difficulties and only a part of its results is available to the public at present. One of the difficulties the census encountered was that it coincided with the peak of a serious drought. Deaths of people and animals were high and nomads from the North were moved to the South. Eventually, nearly 100,000 nomads have been settled in three agricultural and three fishery areas. Despite these difficulties, some quantitative analysis has been made here to study the distributional aspects of primary education opportunities on the basis of available data. 1/ It may not give a precise picture of the situation, but is expected to provide a general pattern of the distribution.

24. The school year 1975/76 is selected for distributional analysis because it reflects a large increase in primary education intake and because it is possible to compare the data with that for the census year of 1975. The analysis is restricted to enrollment in the first four grades rather than in all grades because (a) historically, in Somalia, four years used to constitute an elementary cycle leading to another four-year intermediate cycle; (b) the length of four years is considered sufficient for the acquisition of basic education; and (c) using the primary education cycle which has undergone frequent changes in its length would create inconsistencies in the analysis.

25. The distribution of basic education (i.e., grades 1 to 4 of primary education) by region and sex is compared using a participation rate (PAR). 2/ With a built-in allowance of one year for late starters or repeaters, a five-year span of the age group 6 to 10 is used for grades 1 to 4 of primary-education. Enrollment in these grades in 1975/77 as a percentage of the age group population (PAR) was 41.7% for the country as a whole. Among regions,

1/ Population data - Central Statistics Office.
Age Group Data - UNESCO.
Enrollment Data - Ministry of Education.

2/ $PAR = \frac{\text{Number of distributed good/service (e.g., enrollment)}}{\text{Number of distributional basis (e.g., age-group population)}}$

however, the PARs vary widely from 10.4% to 99.0% as shown in the table below. In terms of sex, the national average of the female PAR is 30.8% as compared to 51.7% of the male PAR.

Participation Rates, 1975/76

| Region | Male | Female | Total | Region | Male | Female | Total |
|-----------|-------|--------|-------|----------------|--------|--------|-------|
| Galbeed | 35.64 | 13.89 | 25.21 | Shabelle Dhexe | 44.61 | 21.72 | 33.69 |
| Togdheer | 21.95 | 9.24 | 15.96 | Benadir | 113.26 | 84.20 | 98.99 |
| Sanaag | 20.41 | 6.41 | 13.22 | Shabelle Hoose | 95.09 | 61.70 | 78.89 |
| Bari | 18.94 | 7.57 | 13.59 | Bay | 27.29 | 13.57 | 20.70 |
| Nugaal | 36.42 | 15.03 | 25.47 | Bakool | 20.42 | 10.88 | 16.00 |
| Mudug | 12.07 | 8.32 | 10.35 | Gedo | 14.40 | 6.52 | 10.67 |
| Galgaduud | 18.50 | 10.31 | 14.52 | Jubba Dhexe | 99.04 | 62.69 | 81.94 |
| Hiiraan | 46.30 | 19.59 | 33.38 | Jubba Hoose | 70.43 | 37.60 | 54.85 |
| | | | | TOTAL | 51.71 | 30.78 | 41.66 |

26. Although the above analysis shows regional inequity in the provision of basic education, the distribution has improved over the past. Recent efforts such as through the construction of a large number of classrooms have increased the PAR from as low as 7% in 1969 to 42% in 1975. The number of primary school classrooms has increased as follows:

| | |
|-----------------|-----------------|
| 1969/70 - 1,427 | 1973/74 - 2,544 |
| 1970/71 - 1,510 | 1975/76 - 5,148 |
| 1971/72 - 1,967 | 1976/77 - 5,640 |
| 1972/73 - 2,085 | |

Following the growth of enrollment, the number of classrooms doubled during 1973/74 and 1975/76 reflecting the introduction of compulsory primary education and increased four times over the 1969/70 - 1976/77 period. Comparisons of regional progress over time is more difficult, however, because of a

change in the number and geographic boundaries of regions existing in 1970. The present Benadir region is roughly equal to the former Mogadishu region. In 1970, this area had 50% of primary school enrollments despite having only 11% of the country's population. By 1975/76, however, substantial progress in other regions has reduced this share to 25%.

27. Classrooms for primary education are built under the self-help scheme which started in 1966 and was strengthened in 1971. The administrative organization consists of committees of four-levels: national, regional, district and village. Requests originate at the community level in December each year and flow upwards through the committee structure. The Ministry of Education is responsible for the preparation of the school construction program and the consequent financial program. Once the program is approved by the national committee, the process is reversed downward and the annual campaign for school construction starts for 6 months (May to November). While the community provides local building materials and labour 1/, the Government assists in the purchase of such imported building materials as timber and cement. In 1977, Government contribution per classroom was So. Sh. 18,000 (including So. Sh. 4,000 for furniture) for the urban school type (stone/ brick) representing 35% of the cost, and So. Sh. 5,000 for the rural school type (but) representing 30% of the cost.

IV. FUTURE STRATEGY

28. Within Somalia's development strategy, important gains have been made since 1969 in providing access to basic education. So far, the adult literacy course and primary schools have been the chief means of providing basic education for adults and youth in Somalia. Despite remarkable progress, education is still inaccessible for a large part of the rural population. The rural population consists of those in settled agricultural areas and the nomadic people. The former account for 15-20% of the total population which is estimated at 3.5 million and the latter for 60-65%. The remaining 15-20% of the population are in urban areas. 2/ That is, the bulk of the Somali population are rural, and especially, nomadic. Nomads are engaged in the livestock sector, which generates about 65% of the foreign exchange while being the source of livelihood for two-thirds of the population. It is expected that the 1979-81 Development Program now under preparation will continue to place its emphasis on the improvement of the rural sector through intensified programs in agriculture, livestock, education and health.

1/ Community people aged 10 and above participate in the self-help scheme. In particular women have been active.

2/ An urban area is classified as a town in the 1975 census. Towns are all district headquarters and those with the population of 10,000 and above.

29. The second phase of the National Literacy Campaign, otherwise called the Rural Development Campaign, has brought literacy to many rural people. It has been recognized, however, that reaching the nomadic population is still a major problem. The chairman of the interministerial central committee of the permanent literacy program stated in 1976 that "this state of affairs will not do. Henceforward nomads must partake of our development in all of its facets. The emphasis (of the future program) must be on the nomads." 1/ This statement seems to reflect the present development attitudes of the Government which emphasizes self-reliance based on cultural heritage as well as on political ideology. It is recognized that the Somali heritage is largely nomadic pastoral and it is necessary to integrate this heritage with Somalia's political philosophy of scientific socialism. This approach requires "to bring pastoral nomadism into the central place in economic development planning and bring into it some of the things ... [such as] cooperative organizations based on fixed territorial limits rather than the wandering of nomads over a wide area, and mobile services in terms of education and health. 2/

30. Despite the efforts which the Rural Development Campaign and the expanded primary education system represent, overall educational development has a pronounced urban bias. From a basic needs view point, a major effort directed towards education of nomads is necessary. About 40% of the population or 1.4 million lead a sedentary life, 3/ thus augmenting the number of 6-year old children by 40,000 more, the Government has estimated that the annual intake in grade 1 of primary education will thus reach the level of 80,000 by 1982 with an annual growth of 3% p.a. thereafter. This is an optimistic view. A careful analysis of the feasible rate of sedentarization is necessary.

31. The content of basic education and its delivery methods need to be discussed within the context of nomadic life. Livestock rearing is the main occupation of nomads. The main unit of production is the family, which is grouped together with other families. They move mainly because the ecological requirements of animals (food, water and salt) cannot be met throughout the year at one place. Family herds grow by natural processes, and are reduced by sales and consumption and most notably by the environmental

1/ Ismail M. Nur, a Country Report on the Consolidation Program of the Rural Development Campaign, Mogadiscio, April 1978, Mimeo, pp. 3-4.

2/ SIDAM; Proceedings of the IDEP-SIDAM Seminar on Socio-Economic Transformation and the Program of the Transition in Developing Countries: The Case of Somalia, Mogadiscio, 1975, p. 163.

3/ JASPA, ILO; Economic Transformation in a Socialist Framework, Addis Ababa, 1977, pp. 352-353. This study assumes that at first 6,000 would enroll in primary school. Others would remain deprived of education unless "school" were brought to them.

factors of drought and diseases (rinderpest, anthrax pleuropneumonia, tick-borne diseases). This nomadic life around the pastoral economy indicates that nomads' basic concerns are related to water, forage and animal and human health. The content of education essential to nomads should therefore be related to those concerns in addition to literacy and numeracy.

32. Knowledge and skills can be delivered through formal, nonformal and informal ways. Among nomads certain traditional knowledge and skills are passed on informally from parents to children. Another common delivery agent is a koranic teacher. Each nomadic group (5 to 10 families) has its own koranic teacher who teaches the koran and also performs other social and religious duties. The Government is considering the further training of koranic and other teachers to meet the special needs of nomadic education.

33. The question of the delivery of education to the nomads is an intricate one. The Mongolian experience is often cited as a possible model for the Somalis. Two features common to both Mongolia and Somalia are: (a) the population is largely composed of nomads, and (b) a socialist development path is adopted. In Mongolia, nomads are organized into cooperatives. The Government provides schools, fodder supplies for winter, animal and human health services and political orientation at a permanent settlement for each cooperative. In addition, there are health and educational personnel called "Red Caravans" who travel with the nomads during their movements to backup and reinforce the services which are supplied at the permanent centers during the winter months. Somalia's recent rural development strategy aims at encouraging the pastoral cooperative movements which started in 1973. The cooperative is expected to not only improve production but also provide an organizational framework for educational and health services, and political orientation.

THE STATISTICAL SYSTEM OF SOMALIA

I. Introduction

1. The statistical system of Somalia has been reviewed and studied several times in the past. Improvements have been also attempted at various times. As early as 1962 an elaborate Five-Year Plan for Statistical Development was prepared by the then Prime Ministers Office recommending reorganization and expansion of the head office, establishment of regional offices for field work, and statistical training centers, and compilation of a long list of statistical series needed by the Government. Except for a training center, the Institute of Statistics and Applied Economics established in January 1976, that Plan still remains unfulfilled. In recent years, the Five Year Development Programme 1974-1978 outlined a programme for filling gaps in major statistical information and strengthening the national statistical organization. While some of these programmes have been carried out, an ILO report (Economic Transformation in a Socialist Framework: An Employment and Basic Needs Oriented Development Strategy for Somalia, Addis Ababa 1977) extensively discussed the statistical gaps and requirements and concluded that since the collection of statistical information in Somalia needed to be much improved, it was essential that an over-all plan for the organization and development of statistical work be prepared. The ILO Mission recommended that emphasis be put on population data, the livestock and agricultural census, household income and expenditure, uses of labor and capital in the industrial sector, and national accounts, on strengthening the organization of the Central Statistical Department (CSD), and on timely publication of statistics.

2. The Government requested the Bank to assess the need for and the availability of statistics in Somalia and, if necessary, to assist in the preparation of a medium-term statistical development plan. The mission concentrated on questions of data availability and needs, methods of compilation, organization of statistical offices, and Government resolves to improve the statistical system.

II. Summary of Findings

3. Somali economic policy-makers and planners have so far been working with so few statistics and hard facts that they would welcome any improvement in statistics. There are no national accounts, no comprehensive sectoral data for project preparation and evaluation, and very few physical indicators of economic and social progress. The Government is becoming more and more aware of the need of good statistics every day, and at the policy-making level, willing to pursue the development of statistics.

4. Available data are sparse with uneven coverage and of dubious reliability, and published with a considerable time lag that renders them useless for economic management. The first population and livestock census in the country was held in February 1975 but even a preliminary count is not available. There has never been an agricultural census. Without any data on agricultural area, crops and their yields, one can only surmise agricultural

production from procurement and export data. Some veterinary data on live-stock are available. Since the 1974 industrial census, large-scale industry statistics are compiled annually but no updated information is available for small industries which are rather important in Somalia (small industries accounted for 30% of gross output and 41% of value added in 1974). Foreign trade statistics, though late, are available. But there are no estimates of internal trade, when in most developing countries, trade is one of the largest sectors in national accounts, ranking high with agriculture and government. Consolidated government accounts are not analyzed according to their economic and functional classifications, with almost no details available for local government finances which are becoming important in Somalia. Only the retail and some wholesale prices in Mogadishu are available in the form of a consumer price index with an outdated base. A new household budget survey was conducted in Mogadishu in 1977, and the data are now being processed. Money and banking and balance of payments statistics are available from the Central Bank where they follow IMF concepts and definitions and provide reliable data. Education data are available in quite some detail. Health data on personnel, hospital beds, diseases, etc., are available and seem to be quite reliable. Other statistics relate to meteorology, transport (but not road), communications, fuel, power and crimes. As can be seen, most of the statistics are administrative data except for the industrial survey and prices. Even the data collection systems leave much to be desired due to the lack of timely complication and reporting, and quality control procedures. Statistical forms are sometimes complicated and cumbersome.

5. The CSD is the central statistical office. All other Ministries and agencies either have a Department of Planning and Statistics or a Department of Planning which is supposed to compile relevant administrative data. But the CSD and all these offices are extremely under-staffed. Only the Central Bank Research Department seemed to have adequate staff. Furthermore, qualified and skilled manpower are scarce. For example, the CSD has 19 budgeted professional positions (with at least a university degree) but only 5 are occupied. The only computer in the country is in this Department; it was brought in for work on the population census, but almost half the time the computer is out of order because of poor maintenance and servicing facilities. Although the Statistics Law of 1970 put the responsibility of proper statistical service and coordination on the CSD, due to lack of expertise, manpower and funds, it could not discharge its functions in a proper or even acceptable manner.

6. The Economic Committee and the State Planning Commission are genuinely interested in development of statistics. Population and live-stock census data are now being processed with the help of UNFPA experts and fund. UNFPA has also committed funds and experts for a round of the national multipurpose household survey next year in preparation of which the CSD conducted two pilot surveys in 1975 and 1976. Funds are being sought from the Arab League and others to conduct an agricultural census in 1980 with the

help of FAO experts. A census of agricultural farms in southern part of Somalia might be undertaken by the Ministry of Agriculture next year with the help of an expert obtained through Qatar bilateral assistance. WHO has provided a health statistician for improving health statistics. The new CPI for Mogadishu should be available by next year. UNIDO, in cooperation with the Ministry of Industry, is planning to conduct an industrial sector survey next year. The Ministry of Labor has recently completed a manpower survey of large establishments and government (data are being processed) to provide data to the State Planning Commission for manpower planning. While these attempts are worthwhile they are mostly one-shot exercises in obtaining some relevant information for planning. Lacking adequate manpower, skills, and funds, the Government does not seem to be in a position to commit itself to the pursuit of a statistical development plan.

7. The statistical system of Somalia or more appropriately the lack of it is so apparent that this mission finds it unnecessary to have a future full-scale review mission. There is an absolute and urgent need for a comprehensive program of national statistical development in Somalia. Not only are the policymakers and planners in the Government feeling the need for comprehensive, reliable, and up-to-date statistics, but scores of UN and bilateral experts trying to assist the Government's development effort find themselves helpless or ineffective due to the lack of information. Thus the improvement of statistics would more than repay the costs of compilation involved if only through more effective use of scarce foreign technical assistance.

8. In the following paragraphs, the above findings are considered and analyzed in some detail so as to arrive at a proposal for a statistical development plan covering work program, statistical organization, coordination, and the suggested method of implementation which requires technical assistance.

III. Basic Statistics: Availability and Requirements

Population and Demography

9. The first population and livestock census of Somalia was conducted in February 1975 with assistance from UNFPA. The field work went on smoothly. However, data processing is lagging due to problems with the computer and the lack of continuous support by UNFPA. After a break of about a year, UNFPA sent a demographic expert in August 1978 to supervise the tabulation of census results. Most of the data are on computer tapes, and others are being inputted now. About a quarter of the data has been cleaned and checked. It is hoped that by the end of next year the census tabulations will be forthcoming. The Somali census was conducted during the middle of the severe 1974-75 drought. Since the census was a "de facto" count, it is possible that due to migration in search of food and water the results will not accurately reflect the total population and livestock. In any case, the regional distribution will most likely be affected by unusual movements within the country. However, the census questionnaire did ask about the place of birth and usual place of residence of the population, and depending on the quality of raw data, a carefully matched tabulation procedure might provide reliable "de jure" census count.

10. The UNFPA has also asked the expert to develop demographic statistics through surveys and registration methods. The project includes the services of experts in sampling, data processing, civil registration, and provides funds for a national multipurpose household survey, rental of computer, and an offset press for printing publications. This aspect of the project is still being implemented. A WHO statistician, recently arrived at the Ministry of Health to advise on vital and health statistics is also interested in implementing a registration system of vital statistics, at least through hospital and public health facilities. A technical working group consisting of an FAO statistician attached to the Ministry of Agriculture, and the Director of CSD has already been formed for the purpose of developing demographic statistics. While a comprehensive registration system may not be feasible in a country like Somalia with 60% nomadic population, the population census, the multipurpose household survey, and the working group's concerted effort should produce good demographic statistics in the near future to update the parameters obtained from the census.

Employment and Manpower

11. The only reliable employment data available in Somalia are those reported in the 1974 industrial census and the annual production survey (census) of large industries (establishments with 5 or more workers). The latest annual survey published is for 1975, and the 1976 publication is in press. Even the total number of government employees is not available although the Ministry of Labour is responsible for all personnel functions -- employment, promotions, transfers, training in all government agencies and public enterprises, including the organization and establishment of units. However, the Ministry is now conducting a Manpower Survey of all

private and government establishments. The field work for private establishments was completed in June 1978 and covered about 90 localities. The survey of the government establishments is in progress. Information is being gathered by questionnaires and interviews. The private establishments have been listed first in the field through visits, and then subdivided into 2 groups, the establishments with 5 or more paid employees and the smaller ones. Detailed data have been gathered on type of business, ownership and management, employees, occupations, earnings, qualifications and vacancies as of March 1978 and additional requirements up to 1980. Questions have also been asked about the work standards of manpower and factors affecting expansion of the business. The government establishments are also asked similar questions on occupations, work standards and requirements of manpower. It is hoped that the tabulations will be available in about 2 months and the report by April 1979. These data should form the basis for manpower planning. The Ministry is planning to conduct a labor force survey in 1980 with the help of an expert on manpower, and would also like to implement a system of unemployment registration.

12. Since the Government is committed to provide employment to all persons with at least an intermediate level schooling, it is essential that proper manpower planning with vocational training facilities be instituted as soon as possible to absorb these graduates in productive employment. For this, the occupational and employment data from the population census, and the planned agricultural census and national multipurpose household survey should be very useful.

13. Data on wages and salaries by occupation, man-hours worked, etc. should be compiled at least quarterly through surveys.

Agriculture, Livestock, Forestry, Fishery

14. Agriculture and livestock are the major economic activities in Somalia. There has never been an agricultural census in the country. Presently the CSD and the Ministry of Agriculture are planning to conduct an agricultural census and sample survey of livestock in 1980 with assistance from the Arab League and FAO. Negotiations for funds are going on but no other work on the census has been initiated yet. No comprehensive statistics are currently available on agricultural land area, cropping patterns, yields etc. In 1975 a law was promulgated requiring all farmers to register their land. The progress of this land registration program has been very slow, although it is claimed that in some regions the program has been successfully implemented. The detailed registration information was supposedly submitted to the Ministry of Agriculture, but the mission could not locate such data. The results of livestock counts from the population and livestock census of 1975 are not yet available. Available estimates of agricultural production are therefore based on food procurement and export data. The food procurement agency is the Agricultural Development Corporation, an autonomous body under the Ministry of Commerce. The agency purchases grains, oilseeds etc. from all producers in the country, and distributes the food to local government trading agencies for sale to retail traders.

Even if by law the producers are required to sell their products only to this Corporation, they seem to overstock and barter a large amount of their output. Thus the procurement data are unreliable estimators of production.

15. The Ministry hopes to conduct a census of agricultural farms in the southern part of the country early next year. This and the forthcoming national multipurpose household survey would improve the agricultural estimates to a certain extent. The agricultural census is, however, essential since it would provide complete coverage and a benchmark for further updating of agricultural statistics. The Ministry has an agricultural extension service, but it is understaffed. Either through the personnel of this service, or by introducing the "Patwari" system (asking village headman about crop situation), it should be possible to obtain current cropping and harvesting data regularly. Later on, more objective yield estimates could be obtained from crop-cutting surveys. The Planning and Statistics Department of the Ministry will have to be expanded and properly staffed to undertake the compilation of reliable agricultural data.

16. The Veterinary Department of the Ministry of Livestock, Forestry and Range provides a livestock vaccination and treatment service throughout the country by mobile teams of veterinarians. The Department's monthly, quarterly and annual reports contain data on a number of livestock treated and vaccinated, and also the slaughtering of animals in abattoirs and elsewhere. These are presently the only data from which some estimate of total livestock can be derived. With the livestock census providing benchmark estimates, the planned survey of livestock (with the agricultural census) and data on offtake from the Veterinary Department should produce current livestock statistics. Consideration should also be given to introduction of aerial surveys for livestock census, as are planned for the Northern Rangelands Development Project.

17. Forestry data are not available now. A census every 5 or 10 years should provide periodic inventories. Production data on lumber and firewood etc. may be obtainable from construction material and household fuel consumption statistics.

18. Fishery statistics are becoming important in Somalia with emphasis on increased fish production and exports. Many cooperatives have been established recently, and some production data from these organizations are available. An attempt should be made to obtain data on fishing crafts, and monthly catches both for production and consumption.

19. Finally, an attempt should be made to derive an agricultural production index, particularly for food crops.

Mining, Manufacturing, Electricity and Water

20. At present, mining activities are negligible in Somalia, except for raw materials for clay products and lime industries. The CSD may obtain relevant data through survey of the establishments.

21. The most recent complete coverage of industrial (manufacturing, electricity and water) statistics was the 1974 Census of Industries. The census, conducted in late 1975, compiled a list of all industrial establishments. Detailed information on number of persons engaged, wages and salaries, quantity and value of inputs, gross fixed capital formation, and quantity and value of output were obtained from a complete enumeration of all large establishments (with 5 or more workers) and a 10% sample of the small establishments. Data were also available for public and private sectors separately, and by each region. The census results showed that in 1974 large industries contributed 70% of the sectors gross output but only 59% of the value added.

22. The annual industrial production surveys conducted since then - 1975 results published, 1976 in printing and 1977 under processing - collected similar information, but only for large industries, the list of which is updated each year. Usually data collection starts each year in April when teams of interviewers from the CSD visit various regions. Lists are updated and questionnaires filled. Often the establishments provide the interviewers with their books and ask them to extract the relevant information. Data collection takes about 2 months in the Mogadishu area, but only 2 to 4 weeks in other regions. Normally the data should be checked and tabulated by October and published in December. There are adequate supervisors in the field and data are properly checked at all stages.

23. Data on the large industries are thus quite reliable. However, the small industries must still be quite a large proportion of the industrial sector, and their data need updating. It is suggested that the survey of industries, similar to 1974, be repeated every 5 years. Furthermore, at least a quarterly (sample) survey of the large industries should be instituted to provide current data on industrial production and employment, and if possible to compile an index of production.

24. It should be noted that the UNIDO has an ongoing project (1974-1981) to strengthen the industrial development organization of the Ministry of Industry. The project is helping in pre-feasibility studies etc. The UNIDO also plans to conduct in 1979 an industrial sector survey similar to the one of 1973.

Construction

25. Fixed capital formation data are available for large industries from which construction statistics can be extracted. Another source of construction data is the government capital expenditure, but this is presently not analysed. The activities of public enterprises are not available in detail either since they report to the Ministries they are attached to and only their contribution to government is incorporated in the accounts of the Ministries.

26. Data on construction activities, thus, need to be pulled together from all these sources. In addition, data must be collected on housing and other private construction.

Commerce, Restaurants and Hotels

27. External trade data, imports and exports of goods, are compiled both by the Central Bank and the CSD. The Central Bank compiles aggregate data for balance of payments purposes from the foreign exchange transactions. The Ministry of Commerce issues import and export permits to the traders, who then submit foreign exchange declaration forms to the Central Bank, countersigned by the customs authorities, declaring volume and value of goods (according to letters of credit). The Central Bank retains copies of these declaration forms to record foreign exchange transactions. On the other hand, the CSD obtains detailed information on foreign trade from the customs declaration forms. These contain a description of the goods, customs assessed value and duty. The assessed value for export goods are generally local prices on which duties and other taxes are imposed, and thus lower than f.o.b. export prices. The CSD is aware of this and attempts to obtain the exchange declaration (letters of credit) prices from the Ministry of Commerce for valuation of exports. There is no easy way of matching the export and customs declaration forms, and the attempts of the Ministry and the CSD to revise the customs form so that the exchange declaration price is put on it have not been successful. Hence, the discrepancy between the balance of payments and the CSD data on exports and imports of goods could be due to time lag between the exchange transaction and the physical shipping of goods and to underestimation of f.o.b. export values.

28. Up to the end of 1977 the Customs Department of the Ministry of Finance processed the raw foreign trade data while the CSD produced the export and import quantity and value data by old SITC codes (Standard International Trade Classification) and by various commodity and country cross-classifications. Since then, the CSD took over the entire processing to expedite publication. The basic data are still obtained from the customs returns. There are 23 customs houses which send monthly returns to the central customs office with a lag of about 2 to 3 months. The CSD collects the returns from the central office, codes the items and processes manually the data on quantity, value and amounts of duty. There are about 5500 returns per month, and it takes a staff of 7 about 3 weeks to process a month's data. The CSD plans to computerize the trade data and has already started developing a system with computer programs for storage and retrieval of data.

29. While the computerization of trade data will expedite its processing and publication, the CSD is presently processing the data for the fourth quarter of 1977, there is a need for current monthly data of at least the total imports and exports of goods and the duties for commercial policy and revenue purposes. These aggregate current data, even manual processing of which should not take more than a few days, should be compiled and published with not more than 2 months' lag. The CSD plans to introduce the SITC (Rev. 2) from next year for commodity classification. Attempts should also be made to compile import and export price and quantity indices. While indices for import may cause some problems, export indices can be easily prepared since there are very few commodities involved. The Central Bank has done some preliminary work on export price indices, and they and the CSD should get together to develop them.

30. It should be noted that export data for bananas are available separately, quantities by port and destination, from the publications of the National Banana Board, and for livestock from the Livestock Development Agency.

31. No data are presently compiled for internal trade (except for some retail and wholesale prices). The data on distribution of food items by the Agricultural Development Corporation, and the National Trading Agency (mainly imported food stuff) provide some information on marketing of food at the district level.

32. The only available information in restaurants and hotels relates to the state-owned hotels and is compiled by the Tourism and Hotels Agency. Monthly balance sheets of these hotels are sent to the Ministry which monitors their operations and approves the requirements of staff, equipment and capital expenditure. Number of hotel beds and daily arrivals are also known. But no data are collected on bed-occupancy rates, duration of stay by visitors from abroad and their expenditures (although these could be obtained from currency declaration forms).

33. Since Commerce is generally a major economic sector in the national accounts of developing countries, a census of commercial establishments every 5 years for data on gross sales, stock, employment and value added must be conducted. Annual surveys in selected wholesale and retail markets could generate data for updating those census results.

Transport and Communications

34. Transportation data are available for shipping and airlines but not for road transport, although this is the major mode of travel and freight movement. Data on number of cars and trucks for hire should be available from licensing authorities. The services provided by the Ministry of Transport must also be taken into account. A suitable annual survey should be conducted for data on passengers and goods traffic and on income and expenditures. Transportation by camels is most probably a small item.

35. In communications, only the data on international radio phone calls are published. However, all communications data -- posts, telephones, radio -- should be available from the Ministry of Posts and Telecommunications.

Money, Banking and Insurance

36. The Central Bank compiles and publishes monthly money and banking statistics. Monthly foreign exchange quotations and balance of payments are also available in summary. Data are obtained from the Central Bank within 3 weeks but from other banks in about 4 months, due to their lack of manpower and problems of communications. The quality of data is good. The Central Bank follows the IMF concepts and definitions in its statistical work.

37. No data are available for insurance activities.

Government Accounts

38. The budget of the Central Government is prepared by the Budget Department of the Ministry of Finance on a calendar year basis. Budget preparation starts in September when proposals are received from the Ministries, public enterprises (through their respective Ministries), and the local governments (through the Ministry of Rural Development and Local Government). In reviewing budget proposals, the Department is guided by historical data on the current budget, and by the State Planning Commission's proposals on the development budget.

39. The main sources of revenue of the Central Government are duties and taxes on foreign trade, turnover taxes on public enterprises and fiscal monopolies, and direct taxes. Preliminary summary data on revenue and expenditure from January to June are provided by the Accounts Department to facilitate budget preparation. The local governments are supposed to balance their own budgets from revenues on agriculture and livestock production, property, markets, trade licences, entertainment fees etc.

40. After the budget is approved, the Ministries and agencies are responsible for collecting revenues and incurring expenditures. However, the Ministry of Finance provides quarterly appropriations of expenditures to the Ministries, and Ministry of Finance accountants posted in various Ministries must approve the disbursements.

41. The Accountant General's Office receives monthly accounts from 68 districts (through 18 regional headquarters), 22 Ministries and 4 other sub-accounts. These are compiled into 2 separate accounts of central and local government revenue and expenditures by sub-heads. Transfers from the central to deficit local government accounts are treated as revenue in the latter's accounts. Accounts are also compiled, as memo items (below the line), of self-help schemes, i.e., contributions by people of material etc. for capital development projects.

42. These monthly reports arrive with about 3 months lag. It takes about 2 months to process each month's account. The number of staff is adequate but lacking in skill and efficiency. Presently the processing of accounts is lagging far behind -- monthly accounts are available only up to July 1977 -- but an extra effort is being made to complete the 1977 accounts within two months' time.

43. The Ministry of Finance does not prepare any analytical tables of government accounts. The CSD publishes data on current expenditures of the Central government by institution (the ministries), and the Central Bank by functional classification. Outlays on development programme by sector are also available. Thus proper analytical presentation of consolidated general government (including both central and local governments) accounts with expenditures categorized by current and capital, and economic and functional

classifications should be attempted by the CSD. The Accountant General's Office must also attempt to collect and process the monthly accounts in a timely manner.

44. The present accounting system also suffers from lack of uniformity in concepts, definitions and classifications at the various levels of government which makes consolidation of public sector accounts rather difficult. Particular attention needs to be given to the accounts of public enterprises and autonomous agencies, and the development projects so that the economic effect of their operations can be assessed.

Education

45. The Ministry of Education is responsible for pre-primary, primary and secondary education including vocational training, adult education, womens' education (home economics) and literacy campaign, and the Ministry of Higher Education and Culture for university education. All education is free in Somalia. Both Ministries collect and publish detailed educational statistics.

46. The Ministry of Education, through its statistics service of the Planning Department, operates a large system to collect school statistics. The school year runs from November to June. During December, questionnaires are sent to 16 regional education officers for forwarding to school principals. It takes about 2 months for information to be collected. The data are then aggregated at the regional level and sent to the Ministry by March. Data are checked for consistency including over-age in grade, coverage of schools, and especially the types of school building, which is important for future expansion of school facilities. The data are then tabulated and published in July. The Ministry has posted planning inspectors in 8 large regions from this year to supervise more closely planning and statistics and to start checking the data collected through questionnaires.

47. Data are collected for students, teachers and their education, classes and classrooms by grade, age, sex and level of education, in each region. Data on examination results and education expenditure are also collected. Presently the data refer to enrollment at the beginning of the academic year. Starting next year, the Ministry plans to collect end-year statistics also, to gather information on dropouts etc.

48. The Ministry of Higher Education compiles data on university students and teachers by faculty and grade, and number of graduates.

49. Since there are no population census results available yet, the planning of schools is based on 1972-73 UNESCO estimates of population and age distribution.

50. The data collection system of the Ministry of Education seems fairly reliable except that there are no facilities for cross-checking the

information supplied by the principals. The planning inspectors and regional education officers could visit some of the schools at least to ascertain the reliability of information.

Health

51. The Ministry of Health compiles data from health facilities on personnel (doctors, nurses, assistants etc.); hospitals and beds, mobile health units, incidence of diseases, and immunization. Every district has a hospital, and some villages have dispensaries with para-medics. A comprehensive system of data collection is being introduced for better statistics with the help of a WHO expert. Eight public health statisticians are in training.

52. Consideration is also being given to introduce a vital statistics registration system.

Housing

53. No data are currently available on housing and housing facilities. While some information could be compiled from the property tax returns of the local governments, it would only relate to construction and be in a summary form.

54. A housing census is necessary for benchmark data, and it could very well be combined with the population census. Data are needed on types of housing, occupancy, and available facilities (electricity, water, sanitation etc.). In between census years, the household surveys could obtain updating information.

Personal Services

55. Data on personal and professional services, not available at present, could be obtained from the results of properly planned establishment, labor, household, and consumer expenditure surveys.

Other Statistics

56. Data relating to meteorology are available from the Meteorological Service, and to crime and road accidents, from the Police Force.

Prices

57. The data available are retail and wholesale prices of food and fuels and prices of construction materials, clothing and rent in Mogadishu. The purchase and sale prices of selected commodities handled by the Agricultural Development Corporation and the National Trading Agency are also known, together with export and import unit values. The only index compiled is the Mogadishu consumer price index.

58. The retail and wholesale prices of food, tobacco, and fuels are collected in great detail twice a week from the same establishments of various markets in Mogadishu. Construction materials prices, covering

local and imported items, are collected from 7 outlets every quarter. Prices of clothing and miscellaneous items are collected from 5 shops every month. Information on rent is also collected monthly for 6 different types of housing with about 9 quotations each. The CSD, with 3 enumerators, collects these data in Mogadishu for preparation of the consumer price index. The basic specifications of the items date back to 1966, but have since been updated and undergone a revision in 1977. Monthly prices of food items, and average annual prices of others are published.

59. Purchase and sale prices of selected agricultural and imported food items handled by the government agencies are not published but are available from some of the local governments. Many of these prices are fixed, but still they reflect producer and wholesale prices which could be analytically useful.

60. Annual average export and import unit values are available from the foreign trade statistics. The Central Bank publishes every month the international export prices of wheat, maize, sorghum and rice. It would be useful to compile and publish monthly the Somali export and import prices of major commodities (letter of credit prices) which could be obtained from the Ministry of Commerce or the Central Bank.

61. Thus in prices, in addition to compilation of existing information, new data required to be collected are for agricultural producers and wholesale prices. While many of the intermediate goods are imported directly by the manufacturers or used by the agro-industries from their own farms, these are needed for comprehensive coverage of the wholesale market.

62. Currently the only consumer price index available is for Mogadishu. The monthly indices are published with several months lag due to delay in processing. The index, officially titled as cost of living index, is based on a household expenditure survey conducted in 1966 from February to October and in December among a sample of 415 households of four or more persons with a monthly income of 100 to 800 shillings. The weights and number of selected items derived from the survey are as follows:

| <u>Items</u> | <u>Percentage Weights</u> | <u>Number of Items</u> |
|----------------|---------------------------|------------------------|
| Food | 61 | 24 |
| Fuel and light | 4 | 3 |
| Rent and water | 15 | 2 |
| Clothing | 4 | 19 |
| Miscellaneous | <u>16</u> | <u>13</u> |
| | 100 | 61 |

The index is based on retail prices collected as described above. This index is, however, going to be replaced next year with an index with 1977 expenditure weight and 1978 price base. The expenditures weights will be derived from a 1977 household budget survey of Mogadishu, which was conducted in 4

quarterly rounds among 700 families covering all household sizes and income. Tabulation of the survey results are nearly complete, and the index construction will be under way very soon. The list of items for retail price collection has already been expanded to take into account the needs of the new index.

63. Other indices needed are for the export and import, and wholesale prices. In 1972 an IMF mission recommended the preparation of these indices and provided some guidelines. Since then the Central Bank attempted to construct an export price index for internal use. The CSD and the Central Bank should get together and prepare export and import price indices (and a terms of trade index). The export price index would be quite easy to construct since there are few export commodities in Somalia. For the import index, particularly with the fast growing industrial sector, care should be taken in selection of commodities. It might require using export prices of trade partner countries, especially for capital goods, as proxies to import prices of manufactured goods. The CSD should also attempt to construct a wholesale price index after the expansion of the coverage of basic data.

64. The CSD plans to produce a national consumer price index from the results of the forthcoming national multipurpose household survey. This mission thinks that the data requirement for such an index will overburden the survey and the cost will outweigh the benefits. A reasonable alternative for the CSD would be to attempt constructing consumer price indices for a few important agricultural and industrial areas.

65. Related to prices, the CSD should also attempt to compile industrial and agricultural wage data, at least on a quarterly basis.

National Multipurpose Household Survey

66. In 1975, the CSD started planning for conducting a national multipurpose household survey in Somalia. The survey was supposed to be similar to the UN and ECA (Economic Commission for Africa) proposed household surveys programme. The expressed objectives of the survey, to be conducted in 1978, were to provide information on fertility and mortality, update the population census data, to provide data needed for population projections, the construction of lifetables, and to provide information needed for socio-economic planning and policy formulation.

67. The CSD carried out two pilot surveys in the Middle Shabelle Region during October/November 1975 and June/July 1976. The pilot surveys covered a sample of urban, rural and nomadic households, and collected information on demographic characteristics, household output and expenditure, education and employment in urban and rural households, and agricultural activities in rural households. The emphasis in the surveys was to test the sampling procedures, questionnaires, and training of field staff rather than collecting data. The number of households covered in the first survey was 404, and in the second only 349. While the survey procedures appear to be successfully

tested, this mission has doubt about the validity of the data collected because of the large discrepancies between the two rounds of the pilot surveys.

68. However, the surveys did show that multipurpose household surveys are feasible, and the UNFPA has allotted funds and experts (in demography, sampling, and data processing) for an 18-month project to conduct a survey in 1979. The project also provides for computer-time, transportation, an offset press and other equipment. The CSD hopes that if the results of the first survey are promising, the government might consider establishing a permanent set-up to conduct such surveys annually.

69. This mission strongly feels that this is a development in the right direction. Establishing a good statistical system for compiling comprehensive data with wide coverage in economic and social areas is a long-term, expensive process requiring a large amount of skilled manpower which is scarce in Somalia. National multipurpose household surveys, conducted annually in a 4/5 year cycle, could collect up-to-date statistics, albeit on a sample basis, on demographic characteristics, health, food consumption and nutrition, housing conditions and facilities, education and cultural activities, employment and economic level of household etc. Concentrating on data of no more than 2 modules every year, the surveys could produce detailed reliable information on the subject matters. Properly designed and executed, the survey results could be linked together to provide a coherent picture of economic and social characteristics at very little cost indeed (probably no more than \$300,000 per year). Continuation of the survey, therefore, merits every consideration.

IV. National Accounts

70. No national accounts estimates are currently produced in Somalia. The ECA, however, produces basic aggregates for Somalia on the basis of fragmentary information. The CSD has just started some research work on analyzing various sectoral data with a view to obtaining estimates for national accounts.

71. As reported above, fairly reliable basic economic data that are available or could be easily compiled relate to external transactions, money and banking, large industries, and government accounts. Hopefully the results of the population and livestock census will be available next year, and those of the multipurpose survey in 2/3 years. Given this, the mission feels that any attempt to prepare national accounts for Somalia should start with the External Transactions account, and Government account. Then rough estimates of capital formation (which is mostly in the public sector anyway) and of private final consumption expenditure (based on incomplete data on supply of goods and consumption expenditures from household surveys) should at least produce GDP (and GNP) from the expenditure side.

72. The GDP estimates from the production side, which requires value added estimates by economic sectors, seem more problematic at the present time. While estimates could be obtained for industry and government, the major sectors of agriculture and commerce have only fragmentary data on production and cost. Thus the production estimate of GDP could only be a very rough indicator indeed.

73. Since for planning and policy purposes the government and foreign experts feel very strongly that they ought to have some estimates of national accounts aggregates, the mission suggests that the CSD should follow the above expenditure side procedure to obtain some approximate estimates as early as possible. As the basic data improve in scope and coverage, these estimates could be improved and expanded to provide eventually the full system of national accounts. Unfortunately, this type of estimation requires the expertise of an experienced analytical national accounts statistician, and such skill is not available at the moment. The CSD could use the services of such an expert, and of similar persons in other fields of statistics, for strengthening the statistics of Somalia, and should actively seek such help.

V. Organization of Statistical Offices

Statistics Law

74. The Statistics Law of Somalia was promulgated in June 1970. The Law directs the CSD to collect, analyze and publish statistics, conduct censuses and surveys, implement standards, supervise and coordinate all government statistical work, review statistical forms and questionnaires, and promote non-governmental statistical activities. The Director of the CSD is responsible for the activities of the Department. He may also recommend for the appointment of professional and other committees to advise on statistical matters. The Law also provides for confidentiality of information collected, and penalties for improper disclosure of information by the staff and refusal of giving information by any person. The Law is applicable to designated statistics set out in a schedule, but the mission could not obtain any copy of such a schedule.

75. The Law thus makes the Director of the CSD responsible for development and implementation for all statistical activities in the country, including power for supervision and coordination of activities in all government agencies. The powers are broadly defined, and, therefore, the Director is in a very good position to act as he sees fit, particularly in the situation of Somalia where statistics are in the early stage of development.

76. The mission feels that the Director should recommend the appointment of an Advisory Committee of at least all the important directors of the planning and statistics departments of the important bMinistries and agencies. The Committee of Directors should meet at least once every six months to discuss development of statistics, better methods of implementation of the statistical programme, report on progress, and in general coordinate all statistical activities.

77. The Director of the CSD should also interpret the functions of the Department, if necessary by having the law amended, to include the development of a long-term statistical program, the establishment of a continuing program of in-service, institutional, and if necessary foreign training, and advising the government and others on the relevance and use of available statistics in relation to specific problems of economic policy, planning, evaluation, and research activities.

78. If the Schedule of designated statistics does not cover all socio-economic statistics or does not mention specific dates and frequencies of major censuses and surveys, the Director of CSD may like to have the Schedule amended and include such items to formalize the statistical activities.

CSD (Central Statistical Department)

79. The CSD is organized as one of the four departments of the State Planning Commission, the other departments being planning, international economic cooperation, and technical (for project formulation and feasibility studies). The Chairman of the Commission has ministerial rank. The CSD

has 5 divisions - research and publications, economic statistics, demographic and social statistics, census and surveys, and data processing -- for compilation and publication of statistics, and an Institute of Statistics and Applied Economics for middle level training in statistics.

80. The appended organization chart shows the present activities of the CSD and the budgeted and actual staff positions. It also includes suggestions for expansion of organizational structure and activities proposed by this mission. As can be seen from the proposed activities, the CSD needs to rationalize its functions for co-ordination and comprehensive coverage of statistics. The major proposals are for the appointment of the Advisory Committee of Directors which should contribute to the development, implementation, and coordination of statistical programs, regional offices and field organization which would facilitate implementation of surveys and regular data collection, and gradual expansion of data processing activities. Emphasis should also be given to produce technical reports analyzing available statistics and focussing on their use and relevance to planning and policy purposes, both to utilize scarce statistical data and to bring to the notice of potential users of statistics the need for such information. The other area which needs emphasis and coherent development is social statistics which is expressly useful for the governments declared concern about social development.

81. Mention has already been made about the Committee of Directors. With regard to regional offices, the mission thinks that there should be about 6 regional offices around the country and 1 in Mogadishu each with about 3 office staff and 10 enumerators for continuous surveys and data collection work. The regional offices will thus take over field work for industrial and price statistics from the present CSD headquarters staff, and undertake multipurpose household surveys and other statistical field work as they develop. In data processing the CSD should concentrate on timely processing of census, survey and foreign trade data. Later on, when the division builds up enough experience and expertise for its smooth operation, data processing facilities could be extended to the Ministry of Finance for government accounts and to the Central Bank for money and banking statistics.

82. The adequate staffing of the CSD, and for that matter of other statistical offices in the various Ministries and agencies, is a problem. Skilled manpower is an extremely scarce resource in Somalia. In the CSD there are 3 categories of staff -- professionals with a university degree, executive officers with secondary school education, and clerical workers with intermediate school education. There are 19 budgeted positions for professionals in the CSD which include the director and chief statistician in his office, heads of the divisions and heads of the sections. Out of the 19 positions, only 5 are occupied. Similarly, there are 30 budgeted executive officer positions (senior statistical and statistical officers) with 25 presently occupied. Furthermore in both these categories the occupants are often not in the budgeted grades according to their job description but at a lower level due to their lack of adequate training and experience. For example, all the 25 occupants of executive officers positions are at a lower level than the budgeted positions. In the clerical

worker category (clerk-typists, data coders and card punchers, etc.), however, there are 31 occupants vis-a-vis only 8 budgeted positions, and 22 of them are working on the tabulation and data processing of the population census results. Hence, even when the actual total staff (61) is more than the budgeted positions (57), the CSD is extremely inadequately staffed both in respect of technical capabilities and supervision.

83. This inadequate staffing situation is likely to persist for quite some time. In 1977 there were 7414 intermediate school graduates, 1498 general secondary school graduates, and 35 university graduates in Economics. Still the CSD faces severe recruiting problems even when the State Planning Commission is one of the prestigious institutions. This is partly due to the fact that employment opportunities are increasing faster than educated manpower (already there are worries about shortage of manpower in agriculture), and that the civil service salaries are more than 15% lower than those in the public enterprises and banking sector. In the CSD salaries of the clerical workers range from about So. Sh. 350 to 800 per month, of the executive officers from 450 to 1000, and of the professionals from 1300 to 2000. These are gross salaries. The take home pay of a junior professional earning So. Sh. 1300 per month is 970 (about US\$ 160). Hence there are great attractions for government employees to move to enterprises, although most of the movement takes place at the executive officer and not professional level.

84. The morale of the staff can only be described as fair. The working environment at the CSD compares favourably with other Ministries and the Central Bank. For junior staff the promotion possibilities depend on their obtaining required minimum academic qualifications. Opportunities for study leave and evening courses exist. The secondary school graduates working in the government can obtain a diploma in statistics from the Institute for which they get credits in the University and also qualify for acting assignments as professionals. At lower levels sometimes there is no urge to perform their duties since the government's declared policy is to absorb all intermediate school graduates in the workforce. Of course all staff would like to have their salaries increased, but that can only come through administrative reform and revision of civil service salary scales. The professionals in the CSD suffer from inadequate support from computer data processing. They are also too few to provide proper supervision to other staff. But most importantly, they are aware of the poor state of statistics and are trying to improve the situation, but they feel that they cannot cope with it without the assistance of technical experts and funding of statistical projects. While the government might be able to provide more funds now than in earlier years, experience and expertise in statistics is very much lacking in the CSD.

Other Organizations

85. All the Ministries and government agencies now either have departments of planning and statistics or departments of planning which deal with statistics. The most important of these are the research department of the Central Bank, and the offices in the Ministries of Agriculture, Livestock,

Commerce, Industry, Labour, Education, and Health. Of these the Commerce and Industry offices are mostly dealing with policy and project data rather than basic statistics.

86. The Central Bank has a well-organized, run efficiently office. The only problems they face, besides needing basic data on production etc. for their economic analysis, are lack of timely reporting from other banks and printing facilities (the government printing office takes about 7/8 months to publish reports).

87. The Planning and Statistics Department of the Ministry of Agriculture, established since 1975, is responsible for formulation, coordination and monitoring of projects and agricultural statistics. The Department has only 6 staff members -- a director, an agricultural economist, 3 assistants and a typist. Currently, through Qatar Fund assistance, one agricultural statistical expert is helping the Department to organize statistics. Four other experts are due to arrive for agricultural and livestock planning. This assistance project for strengthening the Department is for only 15 months (March 1978 - June 1979). Agriculture is one of the most undeveloped areas of statistics, and a system of data collection need to be established for compiling current data on crop areas, planting and harvesting, irrigation, yields etc. Very little can be accomplished with such a small staff. And since counterparts and adequate assistance to experts would not be available, there will be no lasting effect of strengthening the Department. Thus, the Department is in need of urgent expansion with adequate qualified staff, and a network of field personnel.

88. The Planning and Statistics Department of the Ministry of Livestock has several responsibilities but only veterinary statistics. Its functions and staff should be expanded to cover general livestock statistics.

89. The Ministry of Labour has responsibilities for administrative data on government personnel -- employment, promotion, transfers, organizations etc., and manpower data. The Directorate of Manpower is conducting an establishment survey with own staff. An expert through bilateral assistance is shortly expected to initiate a labour force survey in 1980. On the other hand, due to inadequate staffing no data are available on personnel matters.

90. The Planning and Statistics Department of the Ministry of Education has a staff of 10 including 3 professionals at the headquarters, and 8 inspectors in the field. The system of data collection from schools, and information processing and publishing are quite efficient.

91. The Planning Department of the Ministry of Health compiles administrative data from health facilities. The system of information is being expanded and strengthened. Eight persons are being trained in public health statistics. A WHO statistical expert came in March 1978 for an indefinite period to advise on vital and health statistics. The Ministry seems to be satisfied with its staffing and program in developing health statistics.

Data Processing

92. The only computer available in Somalia is in the CSD. The computer is rented with UNFPA funds and was brought in during 1976 to process the population and livestock census. A UN data processing adviser and a programmer supervised the operation of the computer. However the adviser left in August 1977 and the programmer a few months ago. Presently the CSD has a part-time foreign programmer and is waiting for a new data processing adviser to arrive.

93. The hardware consists of a NCR 634 computer with 32 K memory, 3 tape drives and disk capabilities. There is a card reader and a printer. Data input is through one card punch machine (for programming and corrections), and 11 MDS (Mohawk Data System) terminals which transcribe data directly on tapes. The MDS terminals, however, have no capability of correcting transcription errors before putting data on tapes. Hence correction and cleaning of data must be done through repeated processing of tape and card input. Although the computer is capable of and has been rented for 2 shifts operation, it is run for 1 shift only due to lack of adequate power supply in the late afternoon. Furthermore, the servicing of the computer is far from satisfactory, and the machine remains idle frequently and for long periods of time.

94. In software, the census is being processed through specially written computer programs and not with usual CENTS/COCENTS standard packages. The programs for tabulation are ready and tested. The CSD is currently preparing a system of foreign trade data storage and tabulation. The present UN demographic expert plans to introduce SPSS or a similar package for analytical work.

95. Staffing of data processing work is, however, extremely weak. The CSD does not have any EDP (Electronic Data Processing) specialist or computer programmers of its own. Six fellowships for programmer-training are now available, and the CSD was to send candidates abroad in December 1978. Computer operators, and MDS terminal and cardpunch operators have been trained locally. No computer maintenance technicians are available in Somalia. For repair and maintenance of the present computer, the engineer has to come from abroad.

96. The computer data processing operation is thus at its earliest stage in Somalia. However, the CSD could use a computer for census and survey data, and foreign trade statistics. For better service, the CSD would like to replace its machine by one which could be serviced from Nairobi and have access to more back-up facilities. Funds will have to be found for acquiring the computer. The CSD will also require a data processing expert for some time to supervise the operation until a local manager is trained and ready to take over.

Training

97. Training in Statistics to some extent is available at the University of Somalia, and at the Institute of Statistics and Applied Economics attached to the CSD. Of course, there are some Somalis studying statistics abroad who might come back to serve their country.

98. The University of Somalia was formally established in 1969, upgrading the old Higher Institute of Economic and Social Disciplines. The first class of students graduated in 1971. The University now consists of 9 faculties -- Education, Medicine, Agriculture, Engineering, Chemistry, Veterinary Sciences, Geology, Law and Economics. In 1977, a total of 2254 students were enrolled at the University. Except for Education, Law and Economics, all the other faculties are new. The University conducts 4-year degree courses and from the above 3 faculties 149 students graduated in 1977. The number of students in the Economics faculty was 282 (many of them part-time), and the graduates numbered 31. The current annual intake of full-time students in Economics averages 50.

99. The Economics faculty has 9 full-time and 9 part-time teachers (3 with Ph.D.s). Teaching is done in Somali and Italian, and the textbooks are usually in Italian and English with lecture notes in Somali. The 4-year degree course in economics covers a wide range of subjects and includes a dissertation to be completed in 6 months. The subjects include languages (Italian/English), mathematics, statistics (methods and economic statistics), sociology, macro-economics, economic history, economics of industry, money and banking, agriculture, political science, finance, economic geography, international economics, theory of economic development etc. The students can also choose a subject for two semesters from demography, quantitative economics, econometrics, operations research, etc. Thus statistics and quantitative economics form a small part of the curriculum. The statistics courses cover basic descriptive statistics with distributions, regressions, some probability, price indices, time-series analysis, and basic demographic and vital statistics, generally at the elementary level. The economics degree is recognized in Italy since the University used to have a very close relationship with the University of Padua in Italy. The graduates from the faculty readily get employment in the Ministries, whence they may be sent abroad on scholarship for specialization.

100. One semester of agricultural statistics is also taught in the Faculty of Agriculture, covering elementary statistics, sampling and experimental designs.

101. The Institute of CSD is geared to middle level professional training of the secondary school graduates who are working as executive officers in the Ministries and agencies. The students are admitted on the recommendation of their employers. They attend classes at the Institute 5 days a week in the evening from 4 to 7:30 p.m. after office hours. The Institute provides them a nominal allowance for transportation and incidental expenses. The graduates obtain a Diploma, and are entitled to an extra allowance on their salaries with a chance to officiate at junior professional posts.

102. The Institute conducts a 2-year course covering language (English), various topics on statistics and economics, and also mathematics, sociology and economic planning. The emphasis is on basic statistics and economics, with some laboratory work on statistical tabulation and analysis and seminars on planning, project preparation etc. The curriculum generally follows that of the University Faculty of Economics, so that the graduates receive full credit at the University for the courses taken at the Institute.

103. There are currently thirty five students enrolled in the 1st year, and 18 in the 2nd year (those, out of a total of 29 who passed their 1st year examination with at least 40% marks).

104. The Institute, since its establishment in January 1976, is run on an annually renewable grant of \$10,000 from the UNICEF, which is spent on teaching aids and allowances to students and teachers. The teachers are drawn from the CSD and University staff. Some UN experts also participate. The Institute is still in temporary quarters, but the EEC is going to provide a permanent building next year. However, books and calculators are in short supply. The Institute estimates that an annual budget of \$25,000 is necessary for its proper running with an intake of 50 students per year.

105. From above it can be seen that both the University and, to some extent, the Institute are producing graduates in broad based general economics. Obviously the recognition of the Institute courses by the University could be an incentive for the Institute students likely to pursue further studies. However, the mission feels that the Institute should not follow the University curriculum completely. Rather more emphasis should be put on applied statistics and economics, i.e., on compilation and analysis of data normally required in everyday business of statistics and planning offices, so that the diploma holders can fill in the gap of the middle level technicians much needed in Somalia more successfully. The government should also consider granting more financial incentives to these graduates.

VI. Publications

106. There are quite a few regular statistical publications in Somalia. The CSD publishes an annual Statistical Abstract (latest available issue 1976 published in May 1978), an annual Industrial Production Survey (1975 survey results published in September 1977), a Monthly Statistical Bulletin (latest available December 1977), and an annual Foreign Trade Returns (1975 issue published in June 1977). The Central Bank issues its Annual Report and Statement of Accounts (1977 published in August 1978) with economic analysis and some statistics, a quarterly Bulletin (latest September 1977), and a Monthly Report (June 1978, published in August 1978). The National Banana Board has annual Statistics (1977). The Ministry of Education publishes its annual Statistics of Education (1976-77 published in November 1977). The Ministry of Finance publishes the annual Budget (1978), annual Accounts (1975), and monthly Abstract Account (December 1976).

107. All these publications are from typed stencils since the only printing facility is the government press which is overloaded and will take about 7/8 months to print a report. The CSD is, however, obtaining an offset press through UNFPA to publish the census and survey results.

108. In these publications only the Ministry of Education and the Banana Board seem to provide data on time. The CSD was seriously hampered in its regular work because of the work-load from the census. Probably by early 1979 the CSD will be able to clear the backlog in processing of data. All other agencies are delayed by lack of adequate staff.

109. The contents of the publications are fairly standard. The CSD's publications, however, need further scrutiny since these are compendiums of various statistics. The Monthly Statistical Bulletin, for example, now includes only 4 tables -- quantity and value of exports by destination, shipping statistics, consumer price index, and retail and wholesale prices. With a little effort in improving basic data, the CSD could cover meteorological data, monthly total values of exports and imports, monthly total exports and imports of major commodities and prices of such commodities, monthly arrival and departure data of visitors and nationals etc. More importantly the publication should contain some analysis of trends etc. (as done in the Central Bank's Monthly Bulletin), reports of new and ongoing statistical activities, and occasionally an analytical article primarily to demonstrate the use of statistics in planning and development. Thus, the Bulletin should be more interesting, to make users aware of statistics. If necessary, the CSD should consider making it a quarterly publication. The other publications also need to be reviewed for streamlining the contents -- better presentation, retaining only necessary information etc., so as to ease printing difficulties.

110. Mention should be made of the Documentation Centre of the Technical Department of the State Planning Commission. The Centre is being developed as a library of all publications on Somalia. Special emphasis is put on project and survey reports many of which are prepared by expatriate consulting firms and rarely available outside a limited circle. Two UN experts are helping to establish the Centre, and they plan to have, eventually, a comprehensive information system for planning and project purposes.

VII. Statistical Development Plan

111. In summary, statistics in Somalia are in their early stages of development. There is a perceived need and demand for better comprehensive information in all areas from planners and policy makers. Actually, the effectiveness of the planning process and of technical assistance projects is being hampered to a considerable extent by the lack of data.

112. A statistical development plan, therefore, will have to encompass a broad range of activities to be carried out over a long period of time. It also requires institution building for the organization and implementation of a viable statistical system, improvements in provision of skills and manpower which is so lacking in Somalia, and of course technical and financial assistance. The mission feels that, to be effective a statistical development program for Somalia must consist of:

- (a) a well-chosen program of work for the next 10 years,
- (b) a team of experts advising, supervising, training, and implementing a viable system over a period of at least 5 years,
- (c) provisions for fellowships abroad and in-service training facilities,
- (d) assistance with equipment (computer, field transport etc.), and
- (e) funds for benchmark censuses and surveys.

In addition, the CSD should establish regional offices, and the CSD and the Departments and statistical offices of other Ministries and agencies must strengthen their staff.

113. The work program envisaged for a comprehensive statistical system is as follows:

- (a) Regular censuses and surveys
 - (i) Population and Housing Census, 1985 and every 10 years,
 - (ii) Agricultural and Livestock Census, 1980 and every ten years,
 - (iii) Industrial and commercial establishments Census, 1982 and every 5 years,
 - (iv) National Multipurpose Household Survey, annual with subjects of inquiry repeated in 4-5 year cycles,

- (v) Agricultural Cropping and Yield Surveys, twice a year,
 - (vi) Livestock Survey (herd characteristics), annual,
 - (vii) Large Industries Census, annual,
 - (viii) Large Industries Survey, quarterly,
 - (ix) Other annual surveys -
 - Fishery Statistics,
 - Construction,
 - Commercial Establishments,
 - Road Transport,
 - Housing,
 - Personal Services.(the last two could be incorporated into multipurpose household surveys).
 - (x) Other quarterly and monthly surveys -
 - Wages and Salaries,
 - Industrial Production,
 - Comprehensive Wholesale Prices.
- (b) Ad hoc surveys -
- (i) Cost of cultivation
 - (ii) Cost structures of other economic activities (excluding agriculture and large industry) not obtained from regular censuses and surveys
- (c) Expansion of regular work -
- (i) Indices -- Wholesale Prices,
 - Export Prices and Quantities,
 - Import Prices and Quantities,
 - Industrial Production,
 - Agricultural Production,
 - (ii) Computerization of foreign trade statistics
 - (iii) Analysis of Government accounts
 - (iv) Research in and estimation of National Accounts
 - (v) Health statistics system improvement
 - (vi) Improvement of statistical publications

(d) Improvement of organization --

- (i) Establishment of Advisory Committee of Directors
- (ii) Establishment of Regional Offices of the Central Statistical Department
- (iii) Adequate staffing
- (iv) Improvement of data processing
- (v) Statistical training facilities

114. To undertake all these activities an integrated statistical development project needs to be formulated with adequate long-term statistical assistance. The mission recommends that a team of 6 experts (in economic statistics, national accounts, agricultural statistics, demography and social statistics, sampling and training, and data processing) should be in Somalia for at least 5 years to plan and implement the statistical program, and at the same time train counterparts and assistants to such an extent that when the experts leave the statistical system would remain viable. From the past experiences of piecemeal expert assistance and lack of adequate supporting counterparts, it is obvious that a concerted effort is the only feasible way to generate a critical mass for continuing statistical work in Somalia.

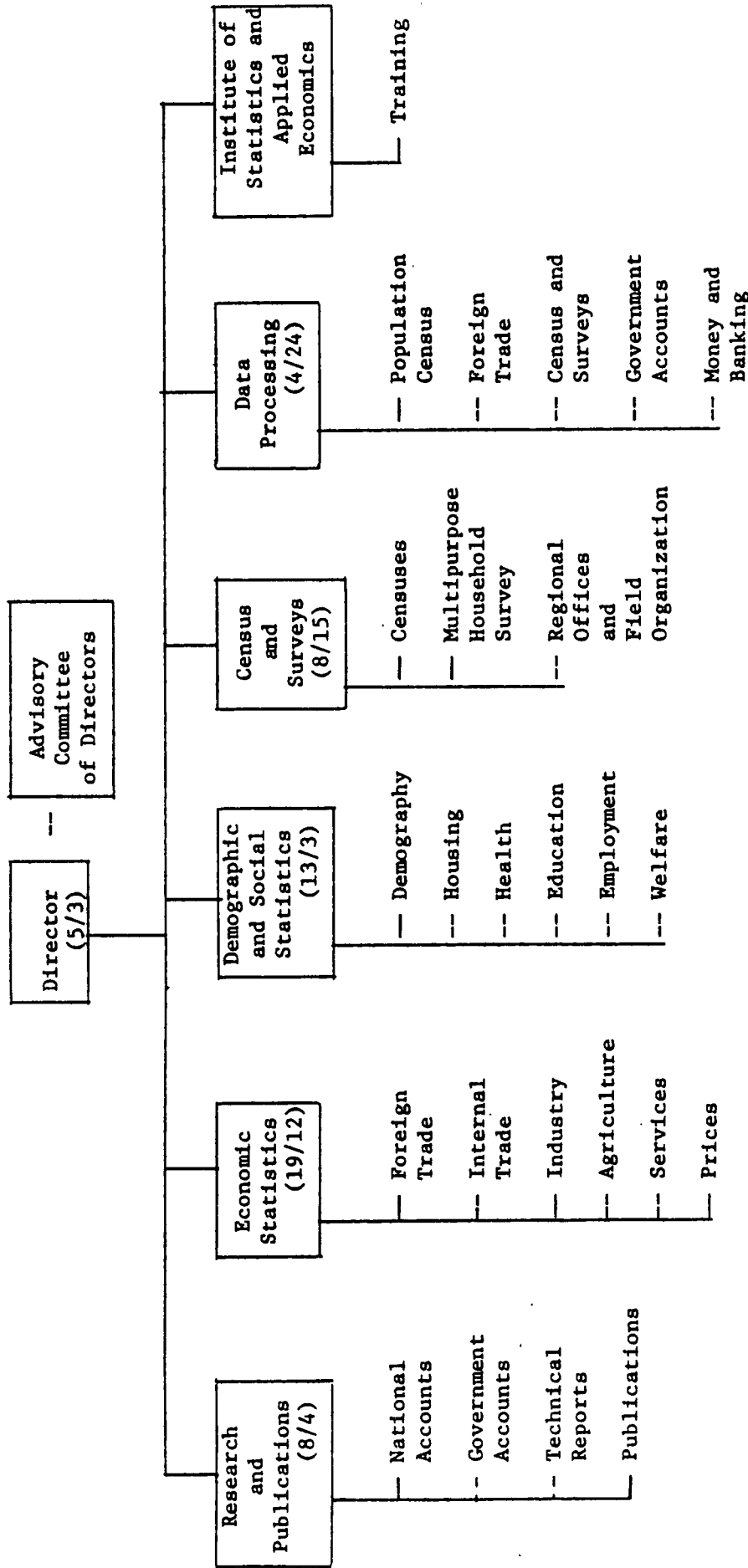
115. The project must also have a large element of training -- fellowships abroad for qualified professionals who would fully benefit from acting as counterparts, and local training of executive officers for middle level support of the statistical system. The mission thinks that 10 fellowships abroad, with durations of 1 to 2 years depending on the subject matters, would be the minimum requirement. Safeguards should be built-in in granting the fellowships (e.g., bonds) so that the trainees serve the Government in statistical fields for at least 5 years. For local training, the Institute of the CSD will need to be strengthened.

116. The supporting facilities for the statistical system would largely be the computer, transportation for field work, and assorted office equipment. It appears that most of them will have to be supplied through foreign assistance.

117. Funds would also be required to supplement the cost of the statistical work program, particularly the national censuses and surveys. Hopefully, the Government will be able to bear the cost of the permanent field organization of the CSD. But extra expenses for field work -- temporary interviewers, travel allowances, transportation, etc., and increased amounts of data processing and publishing, etc., may have to be funded through the project.

118. Thus, the task of statistical development in Somalia is immense. But the mission feels that a comprehensive plan such as the above could establish a viable statistical system which will be beneficial to all users of statistics.

ORGANIZATION AND STAFFING OF THE CENTRAL STATISTICAL OFFICE, SOMALIA, SEPTEMBER 1978
(with proposed expansion)



Note: Broken lines denote proposed expansion.
 Figures in parenthesis show budgeted and actual positions.
 Total staff: Budget 57/61 Actual, of which 10 in Census and Surveys and 21 in Data processing are assigned to Population Census work.

Source: Central Statistical Office.