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REPORT OF MISSION
IN THE
SOMALI DEMOCRATIC REPUBLIC
FROM 20 MAY TO 3RD JUNE 1979

BY

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ON
NATIONAL ACCOUNTS

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I. PURPOSE OF THE MISSION

1. The two weeks mission of the Regional Adviser has been requested within the context of the Development and Planning Project, SOM/78/008 by the State Planning Commission with the following objectives:

- (i) To estimate the National Accounts Aggregates whenever statistics are available for a series of years; gross Domestic Product by kind of economic activity and expenditure on the GDP;
- (ii) To compile a set of coherent tables giving indicators on various sectors of the economy: population, employment, agriculture, manufacturing, public finances, balance of payments, foreign trade, etc.

2. In spite of the heavy programme of visits already planned to other countries, the Regional Adviser was able to come in response to the urgent need of the Somali Government and due to the intervention of Mr. O. Czivis, Project Manager during his visit to the statistical Office at Headquarters, in New York.

3. In view of the lack of National Accounts statistics and comprehensive information for project evaluation and preparation, the work required will be of great usefulness for judging the performance of the economy under the two development Programmes (1971-1973, 1974-1978) and providing the basis for projections and policy making.

4. This exercise is undertaken for the first time in Somalia and maximum use of statistics available has been made for the purpose. However, due to the fact that there are actually many deficiencies in the basic data (which will be examined later in this report), the estimates concerning principally the origin of Gross Domestic Product by type of activity and Private consumption expenditure will have to be revised when more complete and updated information will be available.

II. OUTCOME OF THE MISSION

5. In spite of the very short duration of the visit, a tremendous amount of work could be completed by the Regional Adviser with the intensive assistance of the Central Statistical Department and the frank collaboration of various other departments of government. It should be mentioned that since the office hours start from 7.00 a.m. to 14.00 p.m., the Adviser has had to work every afternoon until late in the evening throughout the visit even the week end in order to achieve the work required by the Government.

6. The document compiled during the visit give the following:

- 6.1 Estimated origin of the Gross Domestic Product by kind of activity from 1970 to 1978 at current prices.
- 6.2 Estimated expenditures on the Gross Domestic Product from 1970-to 1978 at current and constant prices. The aggregates of GDP at constant prices will show the real growth of the economy.

- 6.3 A coherent set of numerous tables giving various indicators from 1970-1978: Social indicators (Population, employment, education, health), economic indicators: production of agriculture, livestock, manufacturing, gross fixed capital formation, government finances (economic classification of government revenue, classification of current expenditures, capital expenditures by cost consumption and purposes, public debt, etc.): sectoral investments (planned and actual) under the two National Development Programmes, 1971-1973, 1974-1978, and the Planned Investment under the 1979-1981 Programme, Balance of Payments, Foreign Trade (imports by commodity in quantity and value, exports by commodity in quantity and value, imports and exports by country of origin and country of destination, import-export prices indices, terms of Trade).
- 6.4 It is hoped that the document achieved will constitute a valuable tool for the planners and economic policy makers for analysis of the performance of the economy and help in the project preparation and evaluation.

III. OBSERVATION AND RECOMMENDATIONS

7. In spite of the very limited staff and working facilities (mainly transport) the Central Statistical Department (CSD) has made a valuable effort in developing statistics (current statistics on health, education, enterprises, foreign trade, etc.). Fairly reliable basic data are available and could be compiled concerning external transactions, money and banking, government accounts.
8. However, there are still many statistical gaps which should be filled to develop basic statistics, current statistics and data required for compilation of national accounts which are necessary for planning objectives.
9. For this purpose, the whole set - up of data collection at various levels of government should be revised and restructured. The development in statistics refer to the following:
10. For agriculture and livestock, data needed are: area cultivated, production and yield for each crop; disposal of crops, sales in rural markets besides sales to ADC, own consumption (farmer consumption, seed for replanting, animal feed), prices of crops at various rural markets; livestock population and characteristics on livestock: take-off rate, birth, death, slaughtering, channels of commerce, prices by species at various levels: producer, mid-men; cost of production for principal food crops, industrial crops and livestock (intermediate consumption on goods and services, wages and salary, etc.) The CSD and the Ministry of Agriculture are planning to conduct an agricultural census and sample survey of livestock in 1979/80 which will be financed by the Arab league and FAO. It should be noted that even these census and surveys could be undertaken, the basic information collected are of general character - There is still the need to make sample survey to collect information which are not covered by the general census and survey. For this purpose, a team of field agents properly trained and regional offices should be considered. It is worth to mention that the Ministry of Agriculture plan to conduct a census of agricultural farms in the southern part of the country early 1980.

However, this should not exclude the necessity to conduct an agricultural census which will provide complete coverage and benchmark for further annual survey.

11. Fishing, forestry: Data on fishing which constitute an important resource and potential development for the country are inexistent. Information on forestry is also not collected. Therefore it is essential that a survey on fishing should be conducted to gather information on this activity: number of fishermen, number and type of fishing boats, daily fish catches in various seasons, prices at various levels, ~~sale at the first point,~~ sale in the market for each type. A project development of fishing can not be designed without the above information - Concerning forestry, the Ministry of Livestock and Forestry should gather besides all information on livestock, data on forestry: wood removals by type in cubic meters, production of charcoal, prices of wood by type, expenditures on forest replantation.

12. Manufacturing, commerce and other services. Actually the lack of financial statements (balance sheets, production accounts) constitutes a serious handicap for the calculation of production, change in stock, value added, etc. of industry and commerce as well as other services such as transport, banks, insurance, etc. Strong government measures should be taken to oblige all establishment (public and private) to submit their financial statements listed above not later than 3 months after the closing of exercise. As far as manufacturing is concerned, the Annual Census covers only large establishments (5 employees and plus). It is therefore necessary that the survey of establishments should be extended to cover the activity of construction and building in order to improve the quality of estimate of production, value added for this sector. Concerning the building and public work of government, the Ministry of Public Works (and/or Ministry of Finances) should have the cost of various construction submitted to them by the contractors, who have obtained the building contract - The CSD should be able to have access to these information which are necessary for the estimate of the value and cost elements of various types of public constructions.

13. Transport. Very little is known concerning this activity. This remark is valid for all type of transport: air transport, road transport, marine transport. Due to the importance of this activity in the country's economy, an urgent effort should be made by the Ministry of Transport to gather all information required. Data collection for this activity will be done in collaboration with the CDS. In this connexion appropriate questionnaires should also be designed.

14. Government Finances. The work done concerning the Government finances by the Regional Adviser during this visit should be continued on the same basis by the Ministry of Finance (Department of Accountant General). Detailed analysis is needed for providing information on actual expenditures for goods, services classified by commodity, transfers, fixed capital formation by type of assets - capital transfer. - This is required not only for the general government but also for local government. These information are essential for budget administration, budgetary control, budget programme preparation - Needless to point out that actual figures presented in detail should be available as quickly as possible. Ideally, this analysis should be done twice a year.

15. Price Statistics. Actually information on prices is collected in Mogadishu for the following: retail and wholesale price of foods and fuels, building materials, clothing and rents. For agricultural products, purchases and sales prices of selected commodities handled by the Agricultural Development Co-operation (ADC) and the National Trading Agency are available. However, the CSD has been able to calculate only the consumer price index for Mogadishu, base 1966, which is rather outdated. Households budget survey has been conducted in 1977 and results are analysed, the new base for the consumer price index will be 1977. Development in price data collection should cover the following: Producers price for food crops, for livestock at rural markets, wholesale price for the agricultural crops, prices of machinery and equipment (in order to improve the estimate of fixed capital formation). Effort should be made to calculate the production index for main agricultural crops, principal manufacturing industries, building materials, imports, exports.

16. National Multipurpose Households Survey. The survey planned in 1975 was part of the African Multipurpose Household Survey Programme (Financed by UNFPA). The conduct of the survey started in October 1978 and aims at collecting information on fertility and mortality, other social economic information on households. Two pilot surveys were carried out in the middle Shabelle Region (October/November 1975 and June/July 1976). The pilot survey covered a sample of urban, rural and nomadic households, and gathered information on demographic characteristics, households income and expenditure, education, employment (in urban, rural households) and agricultural activities of households. The size of the sample was respectively 404 and 349 households. Three experts (financed by UNFPA) are working in the CSD: one in demography, one in sampling and one in data processing. The latter has recently arrived. Therefore the processing of results is hoped to be sped up. Information will help to improve the quality of estimate of households consumption expenditures, among other purposes.

17. Balance of payments statistics. Actually the Central Bank compile Balance of Payments Statistics but only the general table presented in summary form is available. It is therefore necessary that effort should be made to compile the annex tables for each post to enable a good analysis of the country receipts and expenditures as well as capital movements and to facilitate forecasting works.

CONCLUSIONS

18. To achieve the various improvements in data collection recommended above, there is an urgent need to:

- (i) Review the whole set up of data collection at various levels of Government;
- (ii) Strengthen the working facilities mainly at the CSD:
 - (a) Personnel: 10 Professionals (minimum), 20 junior staff, 2 typists;
 - (b) Finance for developing collection of current economic statistics and making various sample surveys for small establishments in manufacturing, for commerce, for transport, construction and buildings;
 - (c) Equipment: 3 Land-rovers, 2 typing machines Olivetti (28 inches), 2 electronic calculators with printing, 10 scientific pocket calculators.

19. As far as technical assistance is concerned, consultancy guidance is felt to be preferable to permanent expertise. This approach has the advantage of being less costly to the Government and more profitable to the development of skills of national staff. At the level of the CSD, the short-term consultancy services most needed refer to national accounts statistics, price statistics, agricultural statistics, statistics on enterprises (industry, commerce).

20. Concerning technical training of national staff, scholarships in statistics could be considered within the limit of availability of staff. In the present circumstances, since there is a great shortage of professionals, the on-job training seems as a better option.

21. As far as technical assistance and on-job training in national accounts are concerned, it is understood from the Manager of the Development and Planning Project (SOM/78/008) attached to the State Planning Commission that the Project can take care of this within the financial limit provided for in the Project Document. For this purpose, the Government has the possibility to request the services of the WCA Regional Adviser on National Accounts as well as other consultants. For National Accounts, in 1979, another one month visit scheduled preferably in the fourth quarter by Mrs. Nguyen will aim at (i) reviewing the whole set up of data collection and (ii) training the national staff in various ministries on the development of statistics required for national accounts, the uses of statistics for economic analysis and planning. The purpose will be to make them aware of the importance of national accounts statistics and to give them guidelines for developing data collection at various levels. Concerning the national staff of the CSD, complementary technical training on the concepts, definitions, methods of compilation of national accounts statistics will be given.

22. For 1980, the CSD and the Project Manager expressed the wish to have at least two visits by Mrs. Nguyen in the Somalia, each one for a duration of one month. The purpose of this visit aims at the following.

- (i) to review data collected in the meantime;
- (ii) to compile national accounts for the sectors for which statistical data are reasonably completed;
- (iii) to help in the finalization of detailed national accounts, which will be necessary for sectoral and general planning.

23. Wish has also been expressed that follow-up visits by Mrs. Nguyen should be organized in 1981 and 1982 throughout the duration of the Project SOM/78/008.

24. During those visits, since the national staff work intensively with the Regional Adviser, the practical on-job-training will be achieved.

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25. The Regional Adviser express her gratitude to Dr. Ahmed Habib Ahmed, Chairman of the State Planning Commission for having given her his strong support and working facilities to enable her to accomplish her mission in a very short visit. She highly appreciated his genuine interest in the development of economic statistics in general and national account statistics in particular. She wish also to thank

the Director General of the State Planning Commission (Mr. Hussein Elabeh Fahiye), the Director of Statistics (Mr. Awey Abo Sheikh); the Manager of the Development and Planning Project (Mr. O. Czivis) for their active support and attention given to her during her stay in Somalia. She appreciated very much the frank collaboration of Mr. Aweys Abo Sheik and his assistants in the CSD particularly Mr. Abukar Moalim Mursan and Mohamed Muse Ghedi (Typist), who have worked intensively with her and contributed by their effort to the satisfactory accomplishment of her mission. Her thanks are also addressed to various national and foreign experts for their effective response to provide information needed for the work.