
A Presentation to the Somalia Symposium in Japan

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The Purpose and Objective of the National Development Plan

★ The Somali National Development Plan (NDP) covers the fiscal period 2017 to 2019.

★ It is the first NDP crafted by the central government of Somalia since 1986. The NDP builds on the solid foundations laid by the New Deal Compact for Somalia, which articulated national priorities between 2014-2016.

★ The theme of the NDP is to accelerate socio-economic transformation in order to achieve the stated objectives for poverty alleviation, economic revival and societal transformation in a socially just and gender equitable manner.
The National Development Plan has four keys interrelated objectives:

- Articulating Government development priorities
- Provide a structure for resource allocation and management
- Guide Development Partner support within the defined FGS priorities in the coming three years
- Serve as an Interim Poverty Reduction Strategy for Somalia and align it with the global SDG initiative
The National Development Plan – what is it going to be?

★ The dynamic nature and evolution of Somali economic recovery and the speed and uncertainty that characterizes these recovery processes, requires formulating a strategic plan shorter than the conventional 5-year timescale. This will help ensure the government revises and accommodates the likely dynamic changes and restructuring in the economy.

★ The Plan has been designed to be in line with the expected adoption of a medium term budgeting framework (MTBF) by the Ministry of Finance (MOF) starting at the beginning of fiscal year 2017, when the Public Finance Management (PFM) Vision 2020 commences.
The National Development Plan – Economic Data

★ Economic Growth:
- GDP per Year
  - 5.5%
  - 3.5%

★ Per-Capita Income:
- $470 in 2016
- $510 in 2019
- 2.7% per annum

★ Natural Population Growth:
- 2.8% Per Year
NDP – Economic Data

★ Growth in the Economy:
The Somali Gross Domestic Product (GDP) will grow by a real compound growth rate of 5.5 percent per annum during the plan period up from estimated growth rate at present of less than 3.5 percent

★ Movement in Per-Capita Income:
It is planned that the real per-capita income in Somalia will increased from its estimated level of $470 in 2016, to $510 in 2019. Accordingly, the per-capital income will grow at a real growth rate of 2.7 percent per annum, given the assumed natural growth rate of Somali population of 2.8 percent per annum.
Gross Fixed Capital Formation (GFCF) -Investment-:

The percentage share of the investment in total GDP will increase from 8 percent in 2016 to 18 percent in 2019. This would be driven as investment is needed to rebuild the much needed social and physical infrastructure to create the right and conducive environment for growth in other leading sectors of the economy.

The main financing of these required investment, during the NDP period, is assumed to be coming from, amongst others, private sector of Somalia, growing remittances, foreign direct investment (FDI) and development assistance from Somali international partners.
NDP – Consumption Expenditure

At present Somali GDP is dominated by consumption.

★ It is estimated that consumption is constituting more than 132 percent of GDP at present. This is a phenomenon slows the economy pace towards real development and structural changes.

★ NDP will aim at reducing such percentage share to 98 percent at the end of 2019, in favor of higher role for investment and accumulation of the right capital in the national economy
NDP - Trade Balance Improvements & Deficit Reduction

★ The National Development Plan (NDP) has focused on reducing the trade deficit percentage share to GDP. This, undoubtedly, will be brought about by the development efforts of increasing and promoting our exports and reducing and substituting some of the flows of imports.

★ NDP plan would aim to achieve a reduction of the foreign trade imbalance share in GDP from its present level of 61% into 54% by the end of the plan period.
NDP - National Employment Creation:

Given the planned growth rate, investment and restructuring of the main sectors of the economy, the NDP would be aim to create a little bit more than 820,000 working opportunities for Somalia’s labor force, in the productive, infrastructure and social services sectors of the economy.

This will reduce the existing unemployment rate by 50 percent by the end of the plan years, particularly among the youth.
The plan is aiming to expand the productive sector, infrastructure sector and the social services sector and level of sharing of GDP by 6.0 percent, 7.5 percent and 30.5 percent respectively.

Hence, their planned real growth rate in the NDP would be 4.6 percent, 26.2 percent and 4.1 percent per annum respectively.
NDP – Government Fiscal Outlook

The plan has assumed a gradual increase in revenue. This would be achieved through, having an active and feasible tax law, improving of tax collection and administration, improving of customs work, evaluation and tariff rates, etc.

- Total revenue will be increased by an average annual rate of 21.1 percent during the NDP period.
- Positive growth of income and corporate tax, goods and services tax and trade tax (customs duties) of 40.6 percent, 44.3 percent and 20.4 percent per annum respectively.
- Non-tax revenue is assumed to be growing by 5.4 percent per year during the plan period.
- Meanwhile, the plan has assumed that the government recurrent expenditure would only growing by 12.0 percent per annum, during the same period.
The Sustainable Development Goals have recently been endorsed by the international community.

Somalia is committed to contribute to the realization of the goals, and they are therefore integrated in the present national development plan.

As far as feasible, the outcomes and the associated indicators/milestones of the National Development Plan have been aligned with the SDGs.
Poverty Profile - Overview and Preliminary Results

- Somalia’s population is predominantly young
  Almost half of the population is less than 15 years old.
- More than half of Somali households are headed by women
  2 in 3 households in Mogadishu and IDP Settlements are headed by men
- The average household size is 5.3
  Household size decreases with income
- The poverty headcount ranges from 61 to 88 percent
- Somalia ranks among the poorest countries in the World
- The top 20 percent consume six times more than the bottom 20 percent
- 8 in 10 households did not experience hunger in February 2016
  Households in IDP Settlements report hunger more often
Labor Market Statistics

★ 1 in 4 working-age persons participate in the labor market.
★ More men than women and young people are inside the labor force, inactivity highest in IDP Settlements
★ 3 in 10 working-aged persons are pursuing education
  Among young people (15 – 24 years) more than half are pursuing education
★ 4 in 10 ‘inactive’ women aged 15 and older work in the household
  Almost 3 in 10 of ‘inactive’ men are in education
★ More than half of the labor force is looking for work
★ Unemployment highest in IDP Settlements, long-term unemployment low
★ Many are looking for work for the first time
Labor Market Statistics

- Young people (15 to 24 years) are unemployed more often than adults (25 to 64 years)
- More than half of individuals can read and write
- Wealthier individuals and residents of urban areas are literate more often
- Less than half of the population has no education. Educational attainment is highest in urban areas and among wealthier households
- The younger generation (15-29 years) is more educated than the older generations (30+ years)
WAY FORWARD