

DAWLADA PUNTLAND  
EE SOOMAALIYA



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OF SOMALIA

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Ministry of Planning, Economic Development and International Cooperation

Puntland Statistics Department

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# **STATISTICAL RELEASE**

**GROSS DOMESTIC PRODUCT 2012-2018**

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## **Abbreviations**

GDP:	Gross Domestic Product
USD:	United State Dollars
HHFCE:	Household Final Consumption Expenditure
GFCE:	Government Final Expenditure
GFCF:	Gross Fixed Capital Formation
HFS:	High Frequency Survey
DOTS:	Direction of Trade Statistics
CPI:	Consumer Price Index
CIF:	Cost, Insurance and Freight
FOB:	Free on Board
COE:	Consumption of Employee
IC:	Intermediate Consumption
CFC:	Consumption of Fixed Capital
NPISH:	Non-profit institution serving households

## **Introduction**

Gross Domestic Product (GDP) is the total market final value of all goods and services produced within the boundaries of a given country in a given period of time. The goal of calculating GDP is to measure the value of the production of goods and services. Normally GDP is calculated on yearly basis to gauge how the capacity to produces changes overtime by quantifying the total output difference between two consecutive given periods.

2011 was the last time Puntland GDP has been estimated with the assistance of UNDP. For technical issues, it was not possible to produce GDP reports for the years between 2011-2014. However, from 2016 to date, Puntland statistics department invested efforts toward estimating GDP with the assistance of Statistics Sweden. This was not a simple task; data extraction process and adjustment techniques were very sophisticated. The standardization, coherence, consistency and comprehensiveness of data was fundamental target for the calculation methodology. Finally, the process completed in 2019 and therefore, this GDP estimation report contains the data for the period 2012-2018. However, the GDP report for the subsequent years will be published hopefully on time.

With the consideration of the technical simplicity and the availability of data, we used the expenditure approach in the estimation of Puntland's GDP. Through this approach, GDP can be calculated from the following four components:

GDP = Private final consumption expenditure + Government final consumption expenditure + Gross fixed capital formation (Including Changes in inventories + Acquisition less disposal of valuables) + Net Exports.

Puntland GDP has been estimated through the expenditure approach in both current and constant 2017 prices, i.e. 2017 is the base-year for estimates of real GDP.

### **Final consumption expenditure**

It consists of expenditure incurred by residential institutional units on goods or services that are used for the direct satisfaction of the individual needs or the collective needs of members of the community.

### **Final consumption of households**

It contains all goods and services directly used to fulfil the individual needs of resident households.

### **Final consumption of General government and NPISHs**

It is the value of non - market services produced by General government and non - profit institutions for the benefit of communities or groups of families. It is calculated as the difference between the general government production and NPISH s and their revenue from sales and fees.

### **Gross fixed capital formation - GFCF**

It consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets, realized by the productive activity of producers. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year. Disposals of fixed assets are treated as negative acquisitions.

### **Changes in inventories**

It is defined as the difference between inventories of stocks in process and circulating assets by the end and beginning of the year. Inventories include raw material and others, products, works and services in process, not finished and finished goods, animals etc. It has not been possible to measure changes in inventories in Puntland.

### **Net exports**

Net export is the difference between exports of goods and services and imports of goods and services. Exports of goods and services consist of transactions in goods and services (sales, barter, gifts or grants) from residents to non-residents. Imports of goods and services consist of transactions in goods and services (purchases, barter, gifts or grants) from non-residents to residents. Imports and exports of goods are to be valued free on board (f.o.b.) at the border of the exporting country. Imports of services are to be valued at purchasers' prices and exports of services at purchasers' prices.

### **Puntland’s GDP from 2012 to 2018**

In 2018, Puntland’s GDP amounted to 1798 million USD at current prices. GDP per capita amounted to 371 USD. During the period of 2012 to 2018 Puntland’s GDP increased by 16.8 percent accumulatively in constant prices, which implies that the yearly average growth was 2.7 percent.

Additionally, during this period the household final consumption expenditure grew by 36.5 percent, while government final consumption expenditure increased by 143 percent and gross fixed capital formation increased by 45.0 percent. Exports increased by 5.4 per cent and imports, which have a negative effect on GDP, increased by 77.3 percent.

**Figure 1: Real GDP Annual growth Rate 2012-2018**

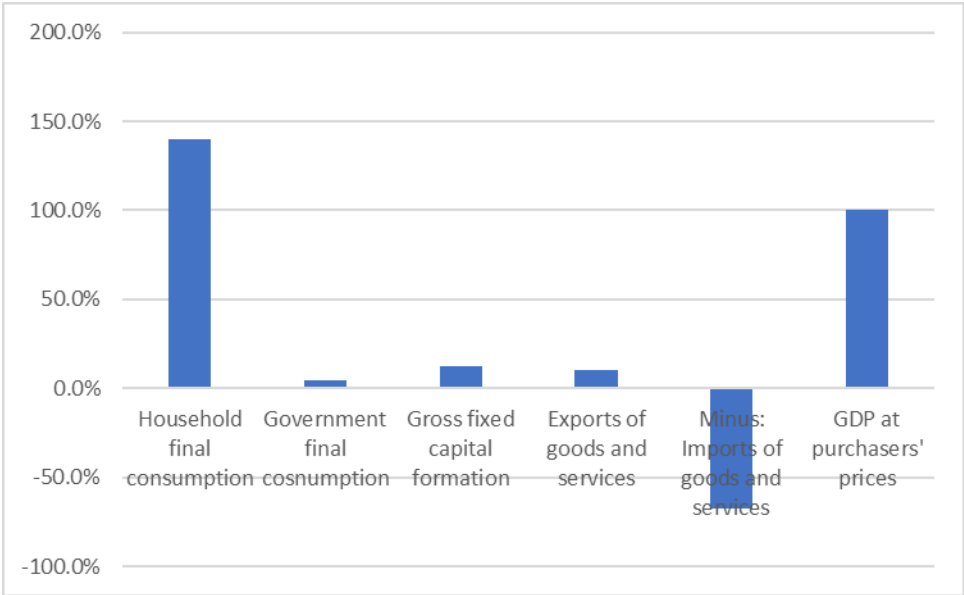


### **GDP Share per Component at current price in 2018**

Household final consumption expenditure is larger than GDP. In 2018, the shares of the four components of GDP by expenditure approach household in nominal GDP were as follows:

Household final consumption expenditure is larger than GDP, amounting to about 140 percent of GDP. The Share of Government consumption in GDP was 4.8 percent. Where the share of gross fixed capital formation amounted to 12.8 percent, the share of exports was about 10.3 percent of the total GDP and finally, Imports make up -68 percent of the total GDP.

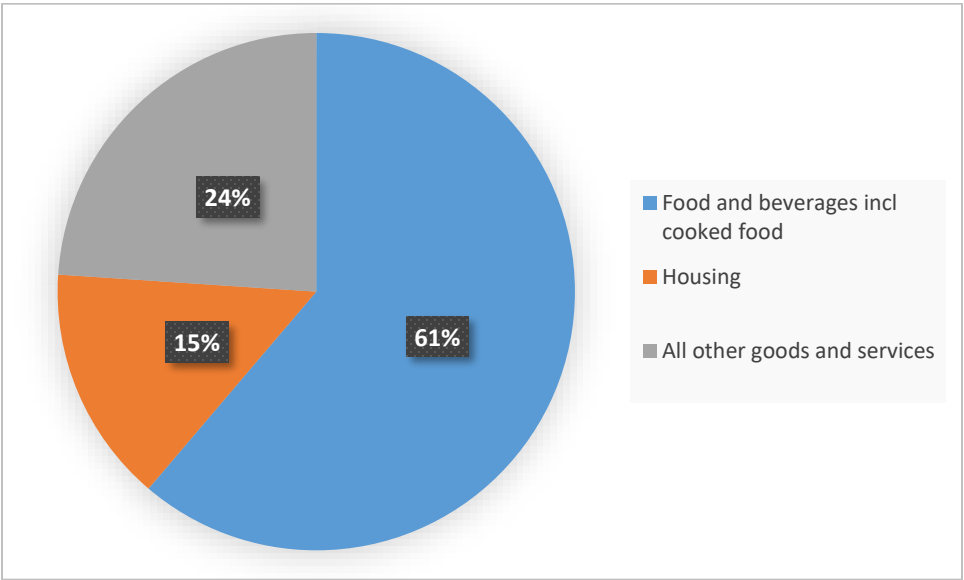
**Figure 2: GDP Share per Component**



**Household final consumption**

Household final consumption expenditure amounted 2,512 Million US Dollars in 2018 at current prices. The average annual growth rate from 2012 to 2018 was 5.3 percent at constant prices. Food and beverages are about 61 percent of total household consumption. Housing are 15 percent, while all other goods and services are 24 percent of the total household final consumption.

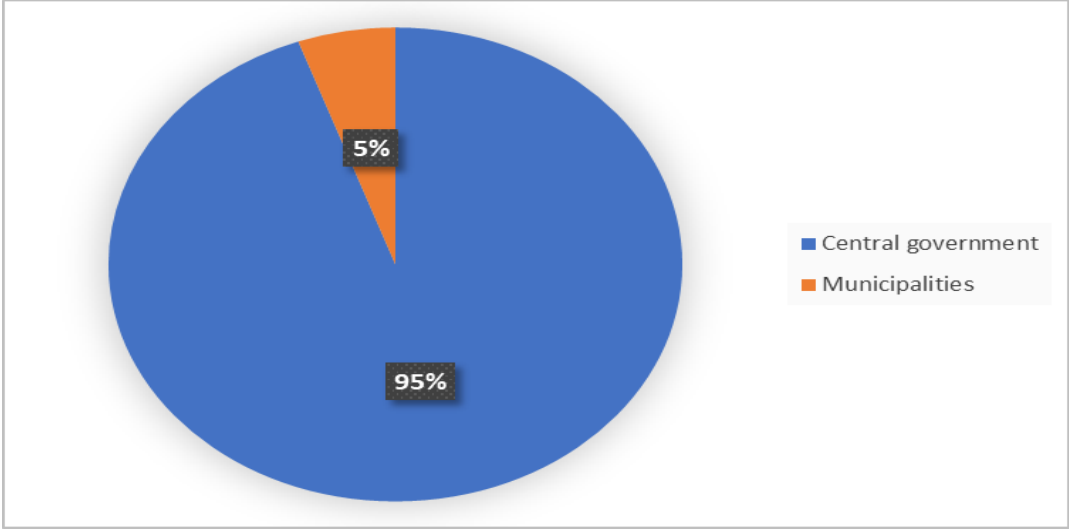
**Figure 3: Household final consumption expenditure at current prices 2018**



### Government final consumption expenditure at real GDP

Government final consumption expenditure in current prices amounted 86 million US Dollars in 2018. However, the average annual growth rate from 2012 to 2018 is about 16.2 percent. The state government’s expenditure represents 95 percent of total government consumption, while local government’s expenditure is only 5 percent.

**Figure 4: Government final consumption expenditure 2018**

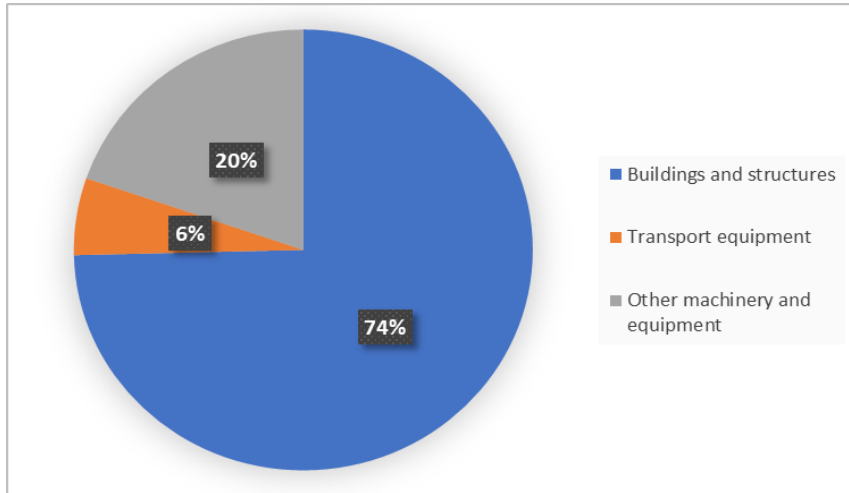


### Gross fixed capital formation

At current prices, gross fixed capital formation amounted 230 million US Dollars in 2018. However, the average annual growth rate was 6.4 per cent in between 2012 to 2018. Building and structures make up 74 percent of the gross fixed capital formation. Transport equipment are 6 percent and other machinery are 20 percent of the gross fixed capital formation.



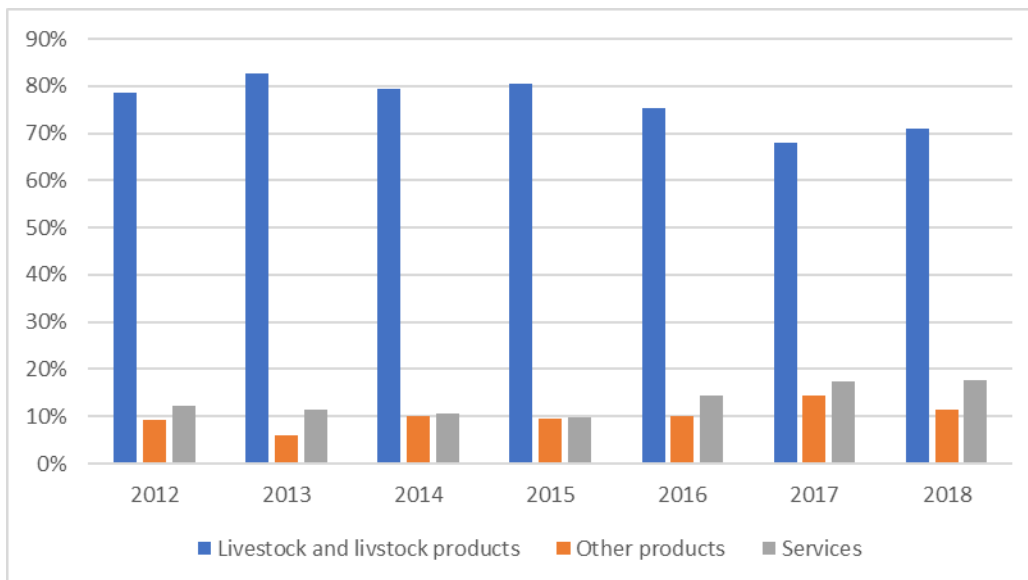
**Figure 5: Gross fixed capital formation 2018**



## Exports

Exports amounted to 185 million US Dollars in 2018 at current prices. However, the average annual growth was 1.7 percent in 2018. In 2018, the livestock and livestock products are about 70 per cent of total export earnings. The services exports are about 18 percent of the export, which measures the expenses of foreigner inside of Puntland. All others of export which contains of frankincense and fish were 12 percent of the exports.

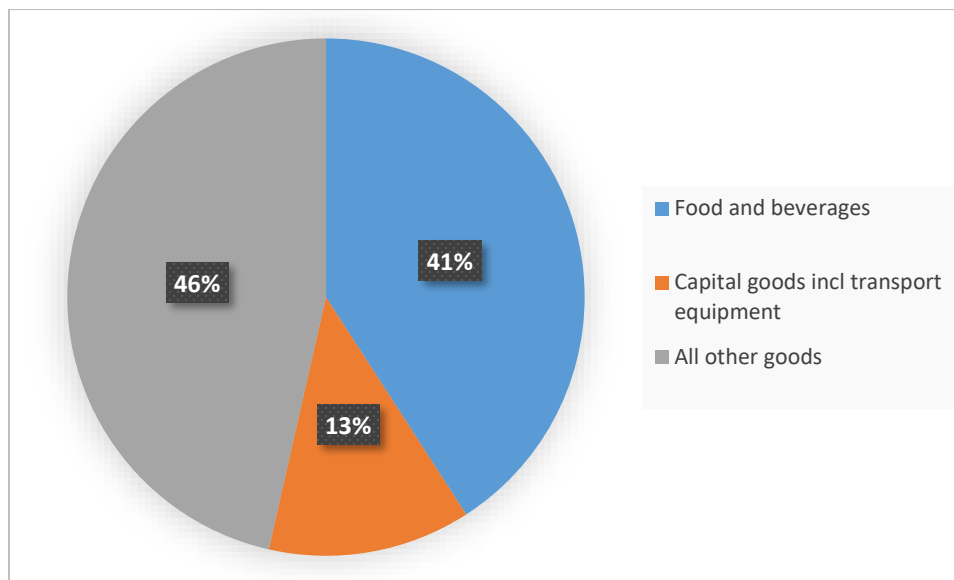
**Figure 6: Exports 2012-2018**



## Imports

Imports amounted to 1,215 million US Dollars in 2018. The average annual growth rate was 10.2 percent in the period between 2012 and 2018. Food and beverages make up about 41 percent of imports, while the share of capital goods is 13 percent. The remaining 46 percent include live animals and other consumer goods, which are then exported.

**Figure 7: Imports 2018**



## Tables

**Table 1**

**GDP by expenditure, current prices in millions of USDs**

	2012	2013	2014	2015	2016	2017	2018
Household final consumption	2,257	2,431	2,435	2,594	2,529	2,556	2,512
Government final consumption	40	48	55	59	65	78	86
Gross fixed capital formation	153	162	172	181	190	212	230
Exports of goods and services	190	195	229	266	219	181	185
Minus: Imports of goods and services	-827	-892	-1,011	-1,010	-1,086	-1,215	-1,215
<b>GDP at purchasers' prices</b>	<b>1,812</b>	<b>1,943</b>	<b>1,881</b>	<b>2,090</b>	<b>1,918</b>	<b>1,813</b>	<b>1,798</b>

GDP per capita, current prices, US dollars	431	462	435	470	419	385	371
Population	4,203,361	4,203,361	4,324,446	4,449,018	4,577,179	4,709,032	4,840,885
percent increase		2.8%	2.8%	2.8%	2.8%	2.8%	2.8%

**Table 2**

<b>GDP by expenditure, constant prices in millions of USDs</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Household final consumption	2,000	2,083	2,177	2,267	2,400	2,556	2,731
Government final consumption	38	42	49	51	61	78	92
Gross fixed capital formation	156	161	168	186	197	212	226
Exports of goods and services	187	190	218	249	213	181	197
Minus: Imports of goods and services	-770	-815	-941	-936	-1,051	-1,215	-1,365
<b>GDP at purchasers' prices</b>	<b>1,611</b>	<b>1,661</b>	<b>1,670</b>	<b>1,817</b>	<b>1,821</b>	<b>1,813</b>	<b>1,881</b>
<b>GDP per capita, constant prices, US dollars</b>	<b>383</b>	<b>395</b>	<b>386</b>	<b>408</b>	<b>398</b>	<b>385</b>	<b>389</b>

**Table 3**

<b>GDP by expenditure, current prices, percentage shares</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Household final consumption	124.6	125.1	129.5	124.1	131.8	141.0	139.7
Government final consumption	2.2	2.5	2.9	2.8	3.4	4.3	4.8
Gross fixed capital formation	8.4	8.3	9.1	8.7	9.9	11.7	12.8
Exports of goods and services	10.5	10.0	12.2	12.7	11.4	10.0	10.3
Minus: Imports of goods and services	-45.7	-45.9	-53.7	-48.3	-56.6	-67.0	-67.6
<b>GDP at purchasers' prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 4**

<b>GDP by expenditure, constant prices, percentage share</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Household final consumption	124.1	125.4	130.4	124.8	131.9	141.0	145.2

Government final consumption	2.4	2.6	2.9	2.8	3.4	4.3	4.9
Gross fixed capital formation	9.7	9.7	10.0	10.2	10.8	11.7	12.0
Exports of goods and services	11.6	11.4	13.0	13.7	11.7	10.0	10.5
Minus: Imports of goods and services	-47.8	-49.1	-56.4	-51.5	-57.7	-67.0	-72.5
<b>GDP at purchasers' prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 5**

<b>GDP by expenditure, current prices, percent annual change</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Household final consumption	7.7%	0.2%	6.5%	-2.5%	1.1%	-1.7%	
Government final consumption	19.0%	15.9%	6.8%	10.0%	20.2%	9.7%	
Gross fixed capital formation	6.2%	5.8%	5.5%	5.2%	11.3%	8.7%	
Exports of goods and services	2.7%	17.8%	16.1%	-17.6%	-17.3%	1.9%	
Minus: Imports of goods and services	7.9%	13.2%	0.0%	7.4%	11.9%	0.0%	
<b>GDP at purchasers' prices</b>	<b>7.2%</b>	<b>-3.2%</b>	<b>11.1%</b>	<b>-8.2%</b>	<b>-5.5%</b>	<b>-0.8%</b>	

**Table 6**

<b>GDP by expenditure, constant prices, percent annual change</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Household final consumption	4.1%	4.5%	4.2%	5.9%	6.5%	6.8%	
Government final consumption	12.1%	15.5%	4.4%	19.9%	27.6%	17.6%	
Gross fixed capital formation	3.0%	4.4%	10.7%	6.0%	7.8%	6.7%	
Exports of goods and services	1.5%	14.8%	14.4%	-14.4%	-15.0%	8.7%	
Minus: Imports of goods and services	5.9%	15.5%	-0.6%	12.3%	15.5%	12.4%	
<b>GDP at purchasers' prices</b>	<b>3.1%</b>	<b>0.5%</b>	<b>8.8%</b>	<b>0.2%</b>	<b>-0.4%</b>	<b>3.8%</b>	

**Table 7**

**Average Annual Growth Rate constant  
price from 2012 to 2018**

Household final consumption	5.3%
Government final consumption	16.2%
Gross fixed capital formation	6.4%
Exports of goods and services	1.7%
Minus: Imports of goods and services	10.2%
<b>GDP at purchasers' prices</b>	<b>2.7%</b>

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**Table 8**

**Percent change 2012-2018 constant prices**

Household final consumption	36.5%
Government final consumption	142.9%
Gross fixed capital formation	45.0%
Exports of goods and services	5.4%
Minus: Imports of goods and services	77.3%
<b>GDP at purchasers' prices</b>	<b>16.8%</b>

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**Table 9**

**GDP by expenditure, current prices,  
average percentage share from 2012 to  
2018**

	<b>Average</b>
Household final consumption	130.8%
Government final consumption	3.3%
Gross fixed capital formation	9.9%
Exports of goods and services	11.0%
Minus: Imports of goods and services	-55.0%
<b>GDP at purchasers' prices</b>	<b>100.0%</b>

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## Sources and methods

The estimates are based on imperfect and scarce source data combined with assumptions that are partly derived from the national accounts of other African countries. Therefore, the estimates should be seen as experimental meaning that they can be revised in the near future. The following source data have been used:

- The High Frequency Survey Wave 2 (HFS) collected data on household expenditure in January and February 2017.
- Data on government expenditure and revenue, collected by for Ministry of finance, Puntland.
- Data on imports and exports quantities collected from the Puntland Ministry of Ports, Maritime Transport and Anti-Piracy and Direction of Trade Statistics (DOTS).
- The consumer price index (CPI) compiled by the Department of Statistics of the Ministry of Planning Economic Development and International Cooperation.
- The Population Estimation Survey for Somalia (PESS) provides population data for 2014. The annual population growth has been estimated at 2.8 percent.

**Household final consumption expenditure.** An estimate for 2017 was derived from the HFS: Annual consumption per capita was estimated for the strata included in the HFS. Total consumption was then calculated by multiplying by the relevant population. The average urban, rural and nomadic consumption was applied to urban, rural and nomadic areas that were not covered by the survey. The level appeared low when compared with imports of consumer goods according to Comtrade; close to all consumer goods except food are imported. The benchmark for 2017 (except food and beverages) was therefore calculated on the basis of imports in Comtrade with additions for an adjustment of CIF/FOB (15 percent), customs duties (10 percent) and trade margins (50 percent).

Annual consumption growth for food and housing has been estimated at 2.8 percent which is the population growth. Annual consumption growth for other consumption goods and services based on percent increase of imports. CPI were used to reflate and derive a time series in current prices.

**Government final consumption expenditure.** Data on government expenditure and revenue have been collected by the Ministry of finance, Puntland. The expenditure data specify compensation of employees (COE) and intermediate consumption (IC), deflated by CPI all items

and CPI non-food respectively. An addition of two percent is made as an assumption for consumption of fixed capital (CFC), and output is derived as:

$$\text{COE} + \text{IC} + \text{CFC}$$

Non-tax revenue is recorded as sales and fees, deducted from output to derive government final consumption

**Gross fixed capital formation.** The estimates of transport equipment, machinery and other equipment are based on imports of the relevant categories. For transport equipment, the growth rate for imports of trucks and cars has been used for estimating other years than 2017.

Additions are made for FOB→CIF (15 percent), customs duties (7 and 20 percent) and trade margins (10 and 20 percent). Gross fixed capital formation in buildings and structures is based on imports of building materials with additions for FOB→CIF (15 percent), customs duties (7 percent) and trade margins (20 percent). Fifteen percent was added to take into account that some building materials are produced in the country. Finally, it was assumed that input of building materials account for 70 percent of the output of construction.

**Exports.** The estimates of live animals and animal products (hides and skins) as well as of frankincense are based on data from Puntland Ministry of Ports, Maritime Transport and Anti-Piracy Data are collected on quantities and unit prices and, thus, the current and constant prices are estimated by multiplying quantities by unit prices, for each year regarding current prices, and for the base year regarding constant prices. Export of services is based on arriving visitors.

**Imports.** The estimates are as recorded in DOTS with an addition of 15 percent to adjust for the valuation of exports, which records the value at the border (FOB) of the exporting country. The value of imports includes the cost of freight and insurance (CIF) between the exporting country and Somalia. Various indices are used as deflators. For live animals, the implicit deflator for exports of live animals is used. For food, and consumer goods, CPI food respectively CPI all other goods are used. For capital equipment, the corresponding US export price indices are used as deflators.