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TITLE: PUNTLAND ECONOMIC CHALLENGES AND FUTURE POSSIBILITIES

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ABSTRACT:

In the light of the data gathered recently in Puntland we show in this paper, among other things, (i) a weak economic growth performance that comes short to the planned target of the first FYDP 2007-2011, (ii) a frail government budget, (iii) a deleteriously growing net exports, (iv) a limited public gross capital formation in terms of physical infrastructure and (v) a growing addiction behaviour among the Puntlanders of the imported khat from the neighbouring countries.

In this paper the Puntland economic challenges are analysed against its potentials.

The paper explains that the negative trade balance in Puntland has been mitigated so far by the inflow of remittances and foreign assistance according to the newly forged Five-Year Development Plan 2014-2018.

The paper also attempts to illustrate the importance of the recent process of drilling oil and natural gas exploration in the two basins of Dharoor and Nugaal valleys. This circumstance has the potential positive effect of lifting up the weak economy and hopefully raising the per-capita GDP of all Puntlanders in terms of a better standard of living.

The paper in conclusion endeavours to show the importance of the export-led framework for the Puntland economy, by generating the potentials of future of employment and income. This is due to the choice of higher performance economic sectors through the application of a regional Keynesian multiplier by opting the practical instrument of Location Quotient (LQ).

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