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SOMALIA

ENHANCED HEAVILY INDEBTED POOR COUNTRIES INITIATIVE—COMPLETION POINT DOCUMENT

December 2023

This paper on Somalia was prepared by a staff team of the International Monetary Fund and the World Bank's International Development Association. It is based on the information available at the time it was completed November 27, 2023.

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PRESS RELEASE

IMF and World Bank Announce US$4.5 billion in Debt Relief for Somalia

FOR IMMEDIATE RELEASE

WASHINGTON, December 13, 2023 — The Executive Boards of the International Monetary Fund (IMF) and the World Bank's International Development Association (IDA) have approved[1] the Heavily Indebted Poor Countries (HIPC) Initiative Completion Point for Somalia, which provides total debt service savings for the country of US$4.5 billion.[2] Following HIPC Completion Point, Somalia's external debt has fallen from 64 percent of GDP in 2018 to less than 6 percent of GDP by end 2023. This debt relief will facilitate access to critical additional financial resources that will help Somalia strengthen its economy, reduce poverty, and promote job creation.

Debt service relief has been provided by the IMF (US$343.2 million), IDA (US$448.5 million), African Development Fund (ADF) (US$131.0 million), other multilateral creditors (US$573.1 million), as well as by bilateral and commercial creditors (US$3.0 billion). Bilateral creditors include members of the Paris Club, creditors from the Arab Coordination Group, and other official bilateral creditors.

"*Somalia's debt relief process has been nearly a decade of cross governmental efforts spanning three political administrations. This is a testament to our national commitment and prioritization of this crucial and enabling agenda,"* said **Somalia's President, H.E. Hassan Sheikh Mohamud.** "*For Somalia to move forward in the positive economic direction we all needed, we had to reform our laws, systems, policies, and practices. Reaching the HIPC Completion Point is the fruit of these reforms. When my government committed to the reform program nearly a decade ago, this was the result we envisaged.*"

"*Somalia's reform journey has been a true national process culminating in the remarkable success of determined economic reform implementation despite external challenges such as painful regular climatic shocks and the ongoing fight against international terrorism. We are proud to have reached the HIPC Completion Point,*" said **Somalia's Minister of Finance, H.E. Bihi Iman Egeh.** "*Through our enabling reforms, we have consistently raised domestic revenue, strengthened public financial management, improved good governance and central banking operations, and enhanced the capacity of our national institutions. We will build on these successes going forward.*"

The Executive Directors of both institutions determined that Somalia has made satisfactory progress in meeting the requirements to reach the HIPC Completion Point. Somalia has implemented a poverty reduction strategy for at least one year and maintained a track record of sound macroeconomic management as evidenced by the satisfactory implementation of the Extended Credit Facility (ECF) supported program (see IMF Press Release No. 23/437). This performance was achieved despite

[1] The IDA Executive Board met on December 12, 2023, and the IMF Executive Board met on December 13, 2023.
[2] This value is in nominal terms and refers to the dollar value of the stock of arrears accumulated at end-2022 and forgiven debt service over a period of time, based on end-2022 exchanges rates.

Somalia having to face the global Covid-19 pandemic, prolonged and severe drought, a desert locust infestation, the impact of external shocks on food supply and prices, and significant security risks. Somalia maintained steadfast progress on structural reforms and implemented thirteen of fourteen floating Completion Point triggers, including on public financial and expenditure management, domestic revenue mobilization, governance, social sectors, and statistics. The IMF Executive Board granted a waiver for the adoption and implementation of a single import duty tariff schedule at all ports.

"*Somalia has made significant strides in rebuilding its economy and institutions after a devastating civil war. Reaching the HIPC Completion Point is a testament to the Somali authorities' strong and sustained policy and reform efforts over the past years, despite numerous challenges, as well as the strong support from international partners*," said the **IMF's Director for the Middle East and Central Asia, Jihad Azou**r. "*The Completion Point is a momentous achievement that restores debt sustainability and over time offers access to new external financing to support inclusive growth and poverty reduction. Maintaining sound macroeconomic policies and sustaining the reform momentum remain critical after the Completion Point for Somalia to reap the full benefits of the debt relief.*"

"Reaching the HIPC Completion Point is a historic milestone for which the Somalia Government deserves full credit," said the **World Bank Vice President for Eastern and Southern Africa, Victoria Kwakwa.** *"Somalia has implemented critical reforms in support of pro-poor growth, poverty reduction, better public financial management and debt management. These reforms establish the conditions for the effective use of irrevocable debt relief to support the people of Somalia. Deepening structural reforms after the Completion Point will be critical to boost private sector growth and create fiscal space to invest more in human development and infrastructure in support of inclusive and resilient growth."*

The Somali authorities remain firmly committed to sustaining the reform momentum post-HIPC to build resilience, promote inclusive growth, and reduce poverty. The World Bank and IMF will continue working together to provide the technical assistance and policy guidance the authorities need to achieve these goals. The IMF will continue its engagement with Somalia in the context of the new three-year IMF financial arrangement as well as capacity development support sponsored by the Somalia Country Fund. The World Bank has agreed on a new five-year Country Partnership Framework with Somalia focused on continuing support to state and institution building, infrastructure and jobs, human capital, and resilience. The current World Bank portfolio in Somalia stands at US$2.3 billion spanning human capital development, access to energy, and action against cyclical climatic shocks such as floods and drought.

Debt service savings of US$4.5 billion incorporate debt relief of about US$4.2 billion under the Enhanced HIPC Initiative, US$115.1 million under the Multilateral Debt Relief Initiative (US$96.4 million from IDA and US$18.7 million from ADF), US$164.3 million under beyond-HIPC debt relief from the IMF, and commitments from Paris Club creditors to provide beyond-HIPC debt relief to cancel most of their outstanding claims.

PRESS RELEASE

The Heavily Indebted Poor Countries (HIPC) Initiative

In 1996, the World Bank and IMF launched the HIPC Initiative to create a framework in which all creditors, including multilateral creditors, can provide debt relief to the world's poorest and most heavily indebted countries to ensure debt sustainability, and thereby reduce the constraints on economic growth and poverty reduction imposed by the unsustainable debt service burdens in these countries. Somalia is the 37th country to reach Completion Point under the HIPC Initiative.

The Multilateral Debt Relief Initiative (MDRI)

Created in 2005, the aim of the MDRI is to further reduce the debt of eligible low-income countries and provide additional resources to help them reach their development objectives. Under the MDRI, three multilateral institutions—the World Bank's IDA, the IMF, and the African Development Fund—provide 100 percent debt relief on eligible debts to qualifying countries, at the time they reach the HIPC Initiative Completion Point.

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SOMALIA

November 27, 2023

ENHANCED HEAVILY INDEBTED POOR COUNTRIES INITIATIVE—COMPLETION POINT DOCUMENT

EXECUTIVE SUMMARY

Somalia has been rebuilding state institutions and the economy since the end of the devastating civil war, with strong support from the international community. The civil war led to complete state collapse, with tremendous loss of human and physical capital. Since the 2012 Provisional Constitution that created the Federal Government of Somalia (FGS) and the Federal Member States (FMS), Somalia has successfully undertaken three national elections, and Parliamentary and Presidential elections were completed in May 2022. With financial and capacity development support from international partners, Somalia has pursued wide-ranging reforms to help strengthen key economic and financial policy institutions as well as improve governance.

In March 2020, the Executive Directors of IDA and the IMF agreed that the Federal Republic of Somalia had met the requirements for reaching the Decision Point (DP) under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. The satisfactory track record of reform implementation—including four consecutive IMF staff monitored programs between 2016-2020—and clearance of arrears to international financial institutions enabled approval of the HIPC Decision Point in March 2020, which offered Somalia access to interim debt relief and new flows of development finance. At the time of Decision Point, the present value (PV) of external debt-to-exports ratio was estimated at 491.1 percent for end- 2018. The amount of HIPC debt relief committed at the time was US$2.1 billion in end-2018 PV terms, calculated to reduce the PV of external debt-to-exports ratio at end-2018 from 344.2 percent (after application of traditional debt relief mechanisms) to the HIPC threshold level of 150 percent. This implied a common reduction factor (CRF) of 56.4 percent. Further, the PV of external debt-to-exports ratio was projected to go down to 127.9 percent after unconditional delivery of enhanced HIPC assistance and multilateral arrears clearance, and further decline to 42.3 percent upon reaching the Completion Point and after full delivery of assistance under HIPC, the Multilateral Debt Relief Initiative (MDRI) and beyond-HIPC assistance from the IMF and official bilateral creditors of the Paris Club at end-2023. Following the arrears clearance, Somalia also regained access to financing for development from IDA and the African Development Bank (AfDB). Since then, the IDA portfolio has grown to US$2.2 billion, all in grant financing, supporting state-building, investment in social services, investment in resilience and growth, and reforms to support the achievement of the HIPC Completion Point triggers.

In the view of the staffs of IDA and the IMF, Somalia has made satisfactory progress in meeting the requirements for reaching the floating Completion Point. Somalia has satisfactorily implemented for at least one year a poverty reduction strategy and maintained a track record of sound macroeconomic management as evidenced by satisfactory implementation of the ECF-supported program. This performance was achieved despite Somalia having to face the global COVID-19 pandemic, prolonged and severe droughts, a desert locust infestation, the impact of external shocks on food supply and prices, and significant security risks, all while preserving political stability following Presidential and Parliamentary elections. Steady progress with structural reforms has continued and Somalia has achieved thirteen of fourteen floating Completion Point triggers, including on public financial and expenditure management, domestic revenue mobilization, governance, social sectors, and statistics. The adoption and implementation of a single import duty tariff schedule at all ports was not met. The reform was completed at Mogadishu seaport and airport, and there has been important progress in Kismayo seaport and airport, while the reform is paused in Garowe and Bosaso due to political conditions. The authorities are requesting a waiver for this reform from the IMF Executive Board and IMF staff supports this request.

The required HIPC assistance in end-2018 PV terms was revised from the Decision Point estimates. As a result of the debt reconciliation exercise for the Completion Point, the PV of external debt has been revised upwards by US$13.0 million to US$5,240.9 million. The three-year backward-looking average of exports was revised downwards to US$1,060.6 million. While the revisions to exports and debt were marginal, the PV of external debt after traditional debt relief at end-2018 has been revised downward by US$170.1 million to US$3,494.4 million due to the implementation of the debt restructuring agreement with Russia, which included an 80 percent up-front reduction of debt owed to Russia before application of the hypothetical traditional debt relief mechanisms. In accordance with the IMF/World Bank Boards' policy, upward and downward adjustments will be made only when the change in the U.S. dollar amount of HIPC Initiative assistance exceeds one percent of the targeted PV of debt after HIPC Initiative relief. For Somalia, the downward adjustment of US$164.1 million in the estimated debt relief needed to reduce the PV of debt to 150 percent of exports as of end-2018 is more than 10 percent of the targeted US$1,591.0 million PV of debt after HIPC relief at the Decision Point. Therefore, total assistance under the HIPC Initiative is reduced to US$1,903.5 million in end-2018 PV terms, lower by US$164.1 million compared to US$2,067.6 billion estimated at Decision Point.

Somalia does not meet the requirements for exceptional topping-up of debt relief under the enhanced HIPC Initiative based on end-2022 debt data. For Somalia, after full delivery of HIPC assistance and beyond-HIPC assistance by Paris Club creditors, the PV of debt to export ratio at end-2022 declines to 47.1 percent. As this is well below the HIPC threshold of 150 percent, it does not trigger a need for any topping-up (i.e., additional) debt relief.

Creditors accounting for 89.5 percent of the PV of HIPC debt relief have given satisfactory assurances of their participation in the enhanced HIPC Initiative. Nearly all multilateral creditors, all Paris Club creditors, and some other official bilateral creditors have agreed to participate. The authorities have been working toward obtaining participation of all the remaining creditors and have made significant progress to finalize debt restructuring agreements with most multilateral and official bilateral creditors.

Upon reaching the Completion Point under the Enhanced HIPC Initiative, Somalia will also qualify for Multilateral Debt Relief Initiative (MDRI) debt relief from IDA and the AfDB, and for beyond-HIPC assistance from the IMF and Paris Club creditors. MDRI from IDA and AfDB would cancel all remaining claims on Somalia from these multilaterals. MDRI debt relief would amount to cancellation of US$96.8 million in end-2022 PV terms. Beyond-HIPC assistance from the IMF will cancel the portion of the eligible pre-Decision Point financing that is not already covered by the HIPC debt relief.

Full delivery of HIPC debt relief, MDRI debt relief, and beyond-HIPC assistance by the IMF and Paris Club creditors at the Completion Point would reduce Somalia's external debt burden significantly. The PV of debt-to-exports ratio would fall from 491.1 percent at end-2018 (as estimated at the Decision Point) to 32.5 percent at end-2023 based on updated figures at Completion Point under conditional full delivery of debt relief. However, the future evolution of these indicators will be sensitive to macroeconomic assumptions, particularly revenues, exports, and the terms of new external financing, as well as government policies. In particular, sound macroeconomic management, and further progress on strengthening governance, domestic revenue mobilization, procurement, public investment management, debt management institutions, and institutional capacity will be important for debt sustainability. Somalia remains also highly exposed to climate-related shocks and security risks, which could significantly reduce exports and growth.

The staffs recommend that the Executive Directors of IDA and the IMF approve the Completion Point for Somalia under the Enhanced HIPC Initiative.

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Prepared by the staffs of the International Monetary Fund and the International Development Association

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INTRODUCTION

1. This paper presents the Federal Republic of Somalia's progress towards reaching the floating Completion Point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative.[1] In the view of the staffs of the International Development Association (IDA) and the International Monetary Fund (IMF), Somalia has satisfactorily implemented the Completion Point triggers as formulated in the March 2020 HIPC Decision Point document.[2] Given the progress achieved, the staffs recommend to their respective Boards the approval of the Completion Point for Somalia under the Enhanced HIPC Initiative. It is expected that having reached the HIPC Completion Point (CP), Somalia will be able to accelerate progress toward the Sustainable Development Goals (SDG).

2. In March 2020, the Executive Directors of IDA and the IMF determined Somalia to be eligible for assistance under the Enhanced HIPC Initiative. The Executive Directors of IDA and the IMF determined that Somalia had reached the Decision Point for the Enhanced HIPC Initiative and agreed on the triggers for the floating Completion Point (Table 1 of the Decision Point Document).[3] At the Decision Point, the present value (PV) of debt relief required to reduce the external public debt of Somalia to the levels established under the HIPC Initiative was estimated at US$ 2,067.6 million in end-2018 PV terms. Such relief represented an overall reduction of 56.4 percent of the PV of all public and publicly guaranteed external debt as of end-December 2018 after the application of hypothetical traditional debt relief mechanisms. Overall, the IMF has provided four tranches of HIPC interim assistance in the total amount of SDR 4.8 million (equivalent to US$6.7 million in end-2018 PV terms, or 3.5 percent of total committed debt relief at the Decision Point) to cover 100 percent of eligible debt service obligations falling due during the period between Decision and Completion Points. IDA and AfDB had already provided their full share of HIPC debt relief through the concessional element of their respective arrears clearance operations. IDA's arrears clearance accrued through March 2020 amounted to US$359 million. Somalia's arrears to the AfDB were estimated at US$122 million including payment due through June 30, 2021. Since HIPC Decision Point, IDA portfolio has grown to US$2.2 billion all in grant financing, supporting state-building, investment in social services, and reforms to support HIPC CP achievement.

3. The paper is organized as follows. Section II assesses Somalia's performance in meeting the requirements for reaching the floating Completion Point under the enhanced HIPC Initiative.

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[1] The Federal Republic of Somalia comprises the Federal Government of Somalia (FGS), five Federal Member States (FMS)—South West, Puntland, Jubaland, Hirshabelle, Galmudug—and the Banaadir Administrative Region which covers Mogadishu, the capital. Somaliland declared unilateral independence in 1991, but has not been recognized by the international community.

[2] The Completion Point triggers are a set of conditions that a country should meet to reach the Completion Point and benefit from irrevocable HIPC debt relief. Floating completion triggers are designed to help HIPCs ensure that conditions are in place to reach Completion Point at its own speed while maintaining macroeconomic stability and supporting pro-poor growth.

[3] See World Bank. 2020. Somalia - Enhanced Heavily-Indebted Poor Countries (HIPC) Initiative — Decision Point Document. Washington, D.C. : World Bank Group. https://documentsinternal.worldbank.org/search/31871709

Section III provides an updated debt relief analysis (DRA). Section IV summarizes the main conclusions and Section V presents issues for discussion. In addition, this paper presents an assessment of debt management capacity in Somalia (Annex I) and a full Debt Sustainability Analysis (LIC-DSA) under the Debt Sustainability Framework for Low-Income Countries (Annex II).

ASSESSMENT OF REQUIREMENTS FOR REACHING THE FLOATING COMPLETION POINT

4. In the view of the staffs of IDA and the IMF, Somalia has made sufficient progress for reaching the floating Completion Point (Table 1). To reach the Completion Point under the enhanced HIPC Initiative, Somalia agreed to (i) implement for at least one year Somalia's full poverty reduction strategy (National Development Plan 9); (ii) maintain macroeconomic stability as evidenced by satisfactory implementation of the ECF-supported program; and (iii) implement key structural reforms and social measures monitored under the HIPC Initiative and outlined at the Decision Point (Table 1). The staffs assess the implementation of the poverty reduction strategy as well as maintenance of macroeconomic stability to be satisfactory. The fifth review under the ECF-supported program was completed on May 17, 2023, and the sixth review will be considered by the IMF Executive Board in December 2023. Concerning key structural reforms, thirteen of fourteen CP triggers have been met including on public financial and expenditure management, domestic revenue mobilization, governance, social sectors, and statistics. Satisfactory progress has been made with respect to the remaining trigger on the implementation of a single import duty tariff schedule across all ports—including full implementation in Mogadishu seaport and airport and significant progress in Kismayo seaport and airport in Jubaland State—, for which the authorities are requesting a waiver from the IMF Executive Board. Somalia implemented reforms in a timely manner, notwithstanding multiple shocks and challenges, including the global Covid-19 pandemic, prolonged and severe drought, desert locust infestation, significant security risks, all while preserving political stability following Presidential and Parliamentary elections.

Table 1. Somalia: Assessment of HIPC Completion Point Triggers

HIPC Completion Point Triggers	Assessment
Poverty reduction strategy implementation	
1. Satisfactory implementation for at least one year of Somalia's full poverty reduction strategy, as evidenced by an Annual Progress Report on the implementation of the poverty reduction strategy submitted by the government to IDA and the IMF.	**Met.** The Annual Progress Report evaluating the implementation of the Ninth National Development Plan (NDP9) covering 2020-24 in 2020 was completed in June 2022. Staffs of the World Bank and IMF issued a Joint Staff Assessment Note (JSAN) confirming satisfactory implementation of the NDP9 during 2020, which was transmitted to the IDA and IMF Executive Boards in July 2023.
Macroeconomic stability	
2. Maintain macroeconomic stability as evidenced by satisfactory implementation of the 3-year ECF-supported program.	**Met.** The fifth review of the ECF-supported program was completed on May 17, 2023. The sixth review and final review will be considered for approval by the IMF Executive Board on December 13, 2023.

Table 2. Somalia: Assessment of HIPC Completion Point Triggers (continued)	
HIPC Completion Point Triggers	**Assessment**
Public financial and expenditure management	
3. Publish at least two years of the audited financial accounts of the Federal Government of Somalia (FGS).	**Met.** The Office of the Auditor General published the 2019, 2020, 2021, and 2022 FGS financial accounts.
4. Issue regulations to implement the Public Financial Management Act's provisions on debt, public investment, and natural resource revenue management.	**Met.** The PFM regulations—including chapters on debt, public investments, and natural resource revenue management—were approved by the Cabinet in May 2022.
Domestic revenue mobilization	
5. Adopt and apply a single import duty tariff schedule at all ports in the Federal Republic of Somalia (to also foster greater trade integration).	**Not completed but satisfactory progress has been made.** The customs regulations on valuation and declarations were issued in September 2022 and the ad valorem tariff schedule was enacted in June 2022. The Somalia Customs Automated System (SOMCAS) system has incorporated harmonized tariffs, HS codes, and harmonized item descriptions. The SOMCAS system is now fully operational in Mogadishu seaport and airport as of October 2023. In Kismayo seaport and airport, SOMCAS has been partially implemented, as shipping lines and airlines are entering manifests into the system and declarations are being made for khat imports. However, efforts are still ongoing to implement a common valuation table across Mogadishu and Kismayo. Once this is resolved, Kismayo will be able to carry out all the customs processing through SOMCAS. The reform has been paused in the ports of Bosaso and Garowe in the Federal Member State of Puntland due to political conditions.
Governance, anticorruption, and natural resource management	
6. Enact the Extractive Industry Income Tax Law.	**Met.** The Extractive Industries Fiscal Regime Law was enacted in June 2023.
7. Ratify the United Nations Convention Against Corruption (UNCAC).	**Met.** Somalia acceded to the UNCAC in August 2021.
Debt management	
8. Publish at least four consecutive quarterly reports outlining the outstanding stock of general government debt; monthly debt-service projections for 12-months ahead; annual principal payment projections (for at least the next five years); and key portfolio risk indicators (including proportion of debt falling due in the next 12-months; proportion of variable rate debt; and projected debt service-to-revenues and debt service-to-exports for the next five years).	**Met.** Regular quarterly debt bulletins have been published since 2020Q4 with information on the outstanding stock and composition of debt liabilities, including their currency denomination, maturity, interest rate structure and projected debt service and key risk indicators.

Table 3. Somalia: Assessment of HIPC Completion Point Triggers (concluded)	
HIPC Completion Point Triggers	**Assessment**
Social sectors	
9. Establish a national unified social registry (USR) as a functional platform that supports registration and determination of potential eligibility for social programs.	**Met.** In July 2023, the functionality status of the USR was achieved with the successful completion of all governance, technical and operational requirements that enables MoLSA to operate the USR for the intended objective.
10. FGS and Federal Member States (FMS) Ministers of Education (MOE) adopt an agreement defining their respective roles and responsibilities on curriculum and examinations.	**Met.** On July 14, 2021, the FGS and FMS MoEs finalized and officially signed the revised education cooperation Memorandum of Understanding (MoU) at the intergovernmental meeting held in Garowe. A permanent intergovernmental forum for education has been formalized. Key agreements reached include the formation of national examination, certification, and curriculum boards. An interim committee to develop the criteria for selection of the board members was also established.
Social sectors	
11. FGS and FMS Ministers of Health adopt a joint national health sector strategy.	**Met.** The Somalia Health Sector Strategic Plan for 2022-2026 was finalized. FGS and FMS ministers have agreed on a framework for a joint national health strategy.
Growth/Structural	
12. Enact the Electricity Act and issue supporting regulations to facilitate private sector investment in the energy sector.	**Met.** The Somalia Electricity Act was enacted on March 8, 2023. Two regulations – the ESP Licensing Regulations and the ESP Tariff Regulations - have also been approved.
13. Issue Company Act implementing regulations on minority shareholder protection to encourage private sector investment	**Met.** The regulations to the Companies Act were issued in January 2021. A second set of Regulations to the Company Act were issued in May 2022 specifically covering the issue of minority shareholder protection.
Statistical capacity	
14. Publish at least two editions of the "Somalia Annual Fact Book".	**Met.** The Facts and Figures of Somalia has been published for 2018, 2019, 2020, and 2021.

A. Poverty Reduction Strategy Implementation

Trigger #1: Satisfactory implementation for at least one year of Somalia's full poverty reduction strategy, as evidenced by an Annual Progress Report on the implementation of the poverty reduction strategy submitted by the government to IDA and the IMF.

5. Staffs consider this trigger to have been met.

6. In 2019, the authorities submitted to IDA and the IMF Somalia's Ninth National Development Plan (NDP9) covering 2020–2024, to fulfill the HIPC poverty reduction strategy requirement. NDP9 is a comprehensive and nationally owned strategy for poverty reduction and inclusive growth that builds on the progress under NDP8, which covered 2017–2019. It is organized around the four pillars: Inclusive Politics, Security and the Rule of Law, Economic Development and Social Development. IDA and IMF staffs highlight in the 2020 Joint Staff Advisory Note (JSAN), presented to the Executive Boards in March 2020, that NDP9 was developed through a highly consultative, participatory process that has helped ensure full country ownership. Additionally, staffs noted that NDP9 transparently incorporates input received during consultation rounds.

7. Based on the 2020 Annual Progress Report (APR), the July 2023 JSAN, which was transmitted to the IDA and IMF Executive Boards in July 2023, assessed the first year's implementation of NDP9 as satisfactory. The July 2023 JSAN concurs with APR 2020's assessment that important progress has been made on implementation of the NPD9, despite challenges from the triple shocks (locust infestations, the global Covid-19 pandemic, and floods) faced by Somalia in 2020. Notwithstanding the multiple shocks, the Somali authorities preserved macroeconomic stability and maintained the reform momentum, strengthening domestic revenue mobilization, public financial management (PFM), financial sector regulation and supervision, statistics and governance.[4] Key actions include the prompt response to the COVID-19 pandemic, the implementation of a government-owned Baxnaano cash transfer program,[5] expansion of financial support to businesses provided by the Gargaara Company,[6] and legal reforms to lay the foundations for growth and poverty reduction. In addition, progress was made on channeling more external resources through the budget. Additionally, the Federal Government of Somalia (FGS) successfully implemented NDP9 with a partial cost projection exercise in 2020, where the Ministry of Finance worked with 16 Federal spending entities to cost 29 programs under the NDP's four pillars. Notwithstanding these accomplishments, the triple shocks in 2020 increased the needs of the population, created more demand for government support, and complicated government operations and logistics. Moving forward, the government could build upon achievements to sustain the reform momentum and further strengthen the implementation of NDP9 as a management and monitoring tool for government action.

8. The July 2023 JSAN underscores the significant risks surrounding NDP9 implementation, and acknowledges the efforts to address these risks as reported in the 2020 APR. NDP9 implementation continues to face significant risks stemming from (1) insecurity; the APR highlights how the increasing insecurity in the country could impede progress in various sectors, such as infrastructure and education; (2) the lack of policy prioritization, particularly on expenditure policy;

(3) absence of regular costing update aligned with FGS and Federal Member States (FMS) fiscal frameworks; (4) political risks, including those stemming from the lack of full consensus regarding the

[4] For example, the enactment of the Public Financial Management Law, Revenue Administration Law, and the Company Law.

[5] The Baxnaano social safety net program—a government program financed by the World Bank and implemented by the World Food Program (WFP)—provides unconditional cash transfers to 200,000 poor and vulnerable households with children, reaching about 1.2 million people. It is a developmental social safety net program that takes a two-pronged approach, focused on addressing urgent needs in the short-term while investing in national systems and capacities through long-term programming. The program includes providing families with nutrition-linked unconditional cash transfers, delivered via mobile money, which were later scaled up and expanded to address new shocks as seen in 2021 and 2022.

[6] The Gargaara Company Limited was incorporated in 2019 with the aim of mobilizing financial and technical resources for micro-, small, and medium-sized enterprises. Gargaara expanded its credit facility in 2020 to respond to the triple shocks.

federal system (which creates tensions in the inter-governmental relations) and uncertainty around the process for national elections; (5) the perception of pervasive corruption and weak governance; (6) heavy reliance on off-budget donor support for financing of the NDP9 combined with an absence of coherent aid policy strategy to catalyze and align large donors' assistance to support the NDP9; (7) limited monitoring and evaluation capacity, as well as data to monitor progress and develop a medium-term policy framework; (8) risks related to revenue collection, including ability of the tax administration to ensure adequate registration, filing, declarations, and payments by the private sector; (9) risks associated with ensuring sound public financial management in line with the PFM laws and regulations; and (10) outsized role of informal institutions and severe capacity constraints of formal ones, where public institutions have only recently been created and staffed with few adequately trained and experienced employees. Finally, climate change poses a significant risk to the successful implementation of NDP9. The APR highlighted that climate change is a leading cause of natural disasters.

9. **The authorities have prepared the Mid-Term Progress Report (MTPR) for NDP9 covering 2020–2022.** The MTPR addresses concerns raised in staffs' July 2023 JSAN on climate change, and revenue mobilization. The MTPR pays attention to how climate change may impact the NDP9 implementation. Climate change is recognized as a critical challenge, and efforts are being made to make projects and programs climate responsive. With regard to domestic revenue mobilization, the MTR states that the rates of tax and revenue collection are low and discusses several areas that can increase revenue, mostly though fees, such as fisheries, civil aviation, and petroleum. In addition, a NDP9 costing exercise was conducted for the 2023 Supplementary Budget and for the 2024 Budget. Staffs are preparing a JSAN on the MTPR to be transmitted to the IDA and IMF Executive Boards by end-2023.

10. **Implementation of NDP9 and the significant increase in pro-poor expenditures since 2020 helped to mitigate somewhat the impact of multiple shocks on poverty.** The national poverty rate based on the national poverty line of US$2.06 per day—as measured by the Somali Integrated Household Budget Survey (SIHBS) conducted in 2022—is at 54.4 percent. Poverty rates are lower among urban households compared to their rural counterparts, although the nomadic population experience the highest rates of poverty, with over three-quarters living below the poverty line. Since the 2022 SIHBS is the first household budget survey since 1985, inference about poverty trends during the NDP9 implementation period cannot be drawn. The standard of living in the country remains low. For instance, nearly two-thirds of the Somali population have no formal education and more than 60 percent of children below the age of four years' experience nutritional and health deprivations. Moreover, households remain susceptible to shocks, which have taken place in several forms since 2020: desert locust infestation, COVID-19 pandemic, repeated droughts, and pressure on food supply and prices due to external shocks. In this regard, implementation of NDP9 and higher pro-poor expenditures since 2020 prevented worse poverty outcomes. There has been a substantial increase in social spending through the budget from an average of US$50 million in 2020-2021 to US$189 million in 2022. Expenditures committed for the Baxnaano cash transfer program consistently cover 200,000 households.

B. Macroeconomic Stability

Trigger #2: Maintain macroeconomic stability as evidenced by satisfactory implementation of the 3-year ECF-supported program.

11. Staffs consider this trigger to have been met.

12. Somalia faced multiple severe shocks over the course of the HIPC process. In the year Somalia reached HIPC Decision Point (2020), flooding, desert locust infestation, and the global coronavirus pandemic severely reduced growth prospects. Growth declined to -2.6 percent in 2020 from 3.6 percent in 2019.[7] Towards the latter half of 2020 until end-2022, severe drought conditions set in, with more than a third of the population (5.6 million people) facing acute food insecurity as of December 2022. External shocks in early 2022 led to inflationary pressures and affected access to food imports, aggravating the food crisis. In addition to these shocks, security risks have remained elevated.

13. Despite all these challenges, the authorities took steps to preserve macroeconomic stability and Somalia's performance under the ECF-supported program has been satisfactory. Somalia has established a satisfactory track record of successful policy implementation under the ECF-supported program. The 5th review of the ECF arrangement was concluded in May 2023, and the 6th review will be considered by the IMF Executive Board in December 2023. Throughout the course of the program, the authorities generally adhered to the Quantitative Performance Criteria and Indicative Targets related to ensuring a floor for domestic revenue; a ceiling on the compensation of employees and goods and services; a floor on the fiscal balance; a floor on net foreign assets; no new domestic or external debt; no new external arrears; and no new domestic expenditure arrears. Somalia pursued major reforms to accelerate its turnaround and transition out of fragility, which ensured access to IDA's Fragility, Conflict, and Violence Envelope. Somalia made important progress towards strengthening intergovernmental fiscal relations, domestic revenue mobilization, prioritizing concessional sources of financing as well as enhancing economic resilience. These reforms were supported by World Bank financing operations (Inclusive Growth Development Policy Financing (DPF) series and Recurrent Cost and Reform Financing project), and the Sustainable Development Financing Policy, that were complementary to the ECF-supported program in supporting the authorities' reform efforts. In addition, the authorities met policy reform requirements in the EU budget support program.

14. The authorities made significant progress on economic and governance reforms under the ECF-supported program (Figure 1).[8]

a. **Domestic revenue mobilization.** Implemented reforms included (i) progress on customs

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[7] This is based on the 2023 revised growth estimates following the rebasing of GDP with the inclusion of the results of the Somalia Integrated Household Budget Survey undertaken in 2022.

[8] See IMF staff reports for the 1st review, 2nd and 3rd reviews, 4th review and Article IV Consultation, and 5th review of the ECF Arrangement.

modernization, including customs regulations on valuation, the establishment of an ad valorem tariff schedule, the Somalia Customs Automated System (SOMCAS) with harmonized tariffs, harmonized HS codes, and harmonized item descriptions the was fully implemented in Mogadishu and partially in Kismayo (see paragraph 20); (ii) introduction of turnover taxes; (iii) introduction of a spectrum fee for telecom operators; (iv) regular publication of a statement of tax exemptions; (v) operationalization of point-of-sale (POS) machines in the tourism sector.

b. **Public financial management (PFM).** The authorities have been publishing audited annual FGS financial statements since 2019. The PFM Act regulations on debt, public investment, and natural resource revenue management were issued in May 2022 (HIPC Completion Point trigger (CPT)). The aggregated annual budget—for the FGS, FMS and Banaadir—has been published since 2021. The Pay and Grade policy and roadmap for payroll integration was approved in 2022. The Ministry of Finance (MoF) extended the coverage of payroll to more than 50 percent of non-payroll compensation of FGS employees and strengthened wage bill controls by specifying the MoF's authority over the financial clearance of compensation of all FGS employees.

c. **Governance and anti-corruption.** Somalia acceded to the UN Convention Against Corruption (UNCAC) in August 2021 (CPT) and Parliament ratified the African Union and Arab anti-corruption conventions. Somalia published its National Anti-Corruption Strategy. The authorities have made progress on the petroleum sector legal framework, including enactment of the Extractive Industries Fiscal Regime Law (CPT). The authorities also took steps to develop the policy for management of non-financial assets. The government published standard operating procedures for the Inter- Ministerial Concessions Committee (IMCC) to strengthen the strategic and oversight role of the IMCC over government contracts and concessions. The Financial Governance Committee continued to provide a forum for dialogue on strategic financial governance issues between the authorities and development partners as well as to provide oversight and review of large concessions and public procurement contracts. In addition, the Audit Bill, which was enacted in September 2023, lays the legal groundwork necessary for a robust federal audit system.

d. **Financial stability and financial deepening.** The CBS has been strengthening its institutional framework and capacity, including the regular publication of audited financial statements. To promote financial stability, the CBS issued guidance on financial reporting for Islamic banks, guidance for the Shariah bank governance framework, and new regulations on capital adequacy and liquidity requirements. Important steps on AML/CFT include publication of the National ML/FT Risk Assessment (NRA), enactment of the Targeted Financial Sanctions Law (TFSL), and issuance of the TFSL regulations, ahead of the upcoming MENA-FATF Mutual Evaluation. Work is ongoing to amend the Central Bank Law to enhance central bank autonomy and the Financial Institutions Law to support financial market development.

Figure 1. Somalia: Selected Economic Reforms Since 2012

2012

- **Provisional Constitution created the FGS and FMS**
- **Parliamentary and Presidential elections**
- Central Bank Act
- Financial Institutions Act
- First FGS budget

2013

- **IMF & WB reengagement**
- Civil service payroll
- SWIFT code reestablished.
- Personal Income Tax

2014

- Somalia Financial Management Information System (SFMIS)
- First Money Transfer Businesses (MTBs) and commercial bank licenses issued

2015

- Salaries start to be paid directly to bank accounts.
- Corporate income tax
- **IDA Recurrent Cost and Reform Financing Project**
- **IDA Second PFM Capacity Strengthening Project**

2016

- **SMP I**
- AMF/CFT Act
- Financial Reporting Center
- PFM Reform Plan
- Procurement & Concessions Act

2017

- **Parliamentary and Presidential elections**
- **SMP II**
- RCF "surge support" 1
- Telecommunications Act
- Excise tax harmonization
- Sales tax
- Large and Medium Taxpayers Office
- First CBS onsite bank examination

2018

- **SMP III**
- **RCF "surge support" 2**
- Sales & telecoms taxes
- Baidoa Agreement on petroleum revenue sharing
- Somalia National Army registration initiated
- First Somalia Facts and Figures Report
- Inter-Governmental Fiscal Federalism Forum

2019

- **SMP IV**
- CBS reorganization
- PFM Act
- Revenue Administration A
- Fisheries Agreement
- Mobile Money regulations
- Anti-Corruption Act
- Biometric registration of the security sector personnel

2020

- **HIPC Decision Point**
- IMF/WB/AfDB Arrears Clearance
- **ECF / EFF**
- Audited FGS Financial Accounts
- Tax audit strategy
- National Anti-Corruption Strategy
- Independent Anti-Corruption Commission
- Petroleum Act
- Baxnaano program (social safety net)
- Gargaara program (financing for SMEs
- National Bureau of Standards
- Statistics Act
- GDP statistics
- **IDA Reengagement and Reform Support DPF**
- **IDA Recurrent Cost and Reform Financing Project**
- **IDA Integrated Statistics and Economic Planning Capacity Building Project**

2021

- UNCAC and regional anti-corruption conventions
- Aggregated FGS and FMS budget
- Licensing of MMOs
- National Payment System
- Public Procurement Portal
- Quarterly public debt bulletin
- National AML/CFT Taskforce
- FGS+FMS agreement on education curriculum and examinations
- FGS+FMS Health Sector Strategic Plan

2022

- **Parliamentary and Presidential elections**
- National ML/FT Risk Assessment
- Implementation of e-GDDS
- Spectrum fees
- PFM regulations
- Company Act Regulations
- Ad-valorem tariff schedule, customs regulations on valuations and declarations were issued
- Pay and Grade policy, roadmap for payroll integration.
- Revised Tender Protocol
- **IDA First Inclusive Growth DPF**

2023

- National ML/FT Risk Assessment Action Plan
- Integrated Household Budget Survey
- Tax exemptions report
- IBAN account standardization
- Targeted Financial Sanctions Law
- Extractive Industries Income Tax
- Electricity Act
- Data Protection Law
- Digital ID System Law
- Investment and Investor Protection Act
- SOMCAS rollout Mogadishu/Kismayo
- Federal Law on Fisheries
- **IDA Second Inclusive Growth DPF**

Table 4. Somalia: Selected Economic and Financial Indicators, 2021-2028 1/
(Population: 15.6 million, 2022 estimate)

	2021	2022	2023	2024	2025	2026	2027	2028
	Est.		Proj.					
National income and prices 2/								
Nominal GDP in millions of U.S. dollars	9,839	10,420	11,515	12,489	13,541	14,686	15,913	17,192
Real GDP in millions of U.S. dollars	10,172	10,420	10,711	11,108	11,541	12,002	12,495	13,032
Real GDP, annual percentage change	3.3	2.4	2.8	3.7	3.9	4.0	4.1	4.3
Real GDP per capita in U.S. dollars	670	667	667	673	680	688	699	711
CPI (period average, percent change)	4.6	6.8	5.7	4.1	3.8	3.6	3.4	3.2
CPI (e.o.p., percent change)	5.7	6.1	4.6	3.9	3.7	3.5	3.3	3.1
			(Percent of GDP)					
Central government finances 3/								
Revenue and grants	3.8	6.9	6.4	6.9	5.2	4.7	4.2	4.1
of which:								
Tax	1.7	1.7	1.9	1.9	2.1	2.4	2.7	2.9
Grants 4/	1.5	4.4	3.7	4.1	2.1	1.4	0.6	0.3
Expenditure (FGS)	4.7	6.9	6.5	8.1	6.5	6.3	6.3	6.2
Compensation of employees	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6
Purchase of non-financial assets	0.2	0.1	0.3	0.3	0.2	0.2	0.2	0.2
Overall balance	-0.9	0.0	-0.1	-1.2	-1.3	-1.7	-2.1	-2.0
Net change in the stock of cash	-0.2	0.4	0.1	-0.5	0.0	0.0	0.0	0.0
Stock of domestic arrears	0.7	0.7	0.6	0.5	0.5	0.4	0.4	0.3
Public debt 5/, 6/	40.6	37.4	6.1	6.8	7.6	8.7	10.1	11.3
			(Percent of GDP)					
Monetary Sector								
Net Foreign Assets	-3.5	-1.5	2.0	2.0	2.0	2.0	1.8	1.7
Central Bank claims on non-residents 7/	2.9	2.9	2.9	2.7	2.5	2.3	2.1	1.9
Net Dometic Assets	14.9	14.3	10.9	11.2	11.7	12.5	12.6	13.1
Credit to the private sector	3.2	3.8	4.3	4.9	5.7	6.8	7.6	8.7
Broad Money 8/	11.4	12.7	12.9	13.2	13.7	14.5	14.4	14.8
			(Percent of GDP)					
Balance of payments								
Current account balance	-6.8	-8.0	-9.5	-9.0	-10.2	-10.7	-10.9	-11.0
Trade balance	-50.9	-61.2	-61.0	-60.8	-60.0	-59.3	-59.2	-59.0
Exports of goods and services	15.6	17.3	18.1	19.2	20.3	21.1	21.8	22.2
Imports of goods and services	66.5	78.5	79.0	79.9	80.3	80.4	81.0	81.2
Remittances	21.5	20.6	20.6	20.9	21.2	21.5	22.0	22.0
Grants	23.0	33.0	31.3	31.2	28.9	27.4	26.6	26.3
Foreign Direct Investment	5.2	5.2	5.2	5.4	5.4	5.4	5.4	5.4
External debt 5/, 9/	39.9	36.7	5.5	6.3	7.1	8.3	9.7	11.0

Sources: Somali authorities; and IMF Staff estimates and projections.

1/ The macroeconomic framework assumes HIPC Completion Point in December 2023.

2/ In June 2023, the Somalia National Bureau of Statistics rebased GDP to 2022.

3/ Budget data for the Federal Government of Somalia. Fiscal operations are recorded on a cash basis. GDP data cover the entire territory of Somalia.

4/ A change in World Bank policy for countries with moderate risk of debt distress that replaces the previous 50:50 mix of grants and loans with 100 percent loans (with 50-year maturity), will impact Somalia starting in 2024 because after reaching HIPC Completion Point in 2023, Somalia would be assessed as having a moderate risk of debt distress. Lower grants would result in deficits of 1.5 to 2.0 percent of GDP, higher than the ones projected under the alternative before this policy change. The difference with previous deficit projections would dissipate over time as the previous deficit projections already incorporated a gradual shift away from grants to loans.

5/ Assumes application of HIPC debt relief, including HIPC interim assistance received between the Decision and Completion Points, and MDRI and beyond-HIPC debt relief at Completion Point in 2023.

6/ Public debt includes arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt. Consistent with the public debt definition in the DSA. It includes net SDR position of the FGS.

7/ Includes FGS grants held abroad.

8/ Primarily desposits at commercial banks.

9/ Consistent with the DSA external debt definition, which reflects the external debt of the country as a whole. Includes the total net SDR position of the central bank.

C. Public Financial and Expenditure Management

Trigger #3: Publish at least two years of the audited financial accounts of the FGS.

15. Staffs consider this trigger to have been met.

16. Accountability and transparency of fiscal reports has substantially improved with the publication by the Office of the Auditor General of the 2019, 2020, 2021, and 2022 audited FGS financial accounts. The Public Financial Management Act requires the publication of audits of FGS financial statements. These audits are undertaken using the International Standards of Supreme Audit Institutions (ISSAIs) and include a report on the financial statements determining whether the financial statements are presented in accordance with the applicable financial reporting framework, accounting standards, and the relevant laws and regulations that have a direct effect on the financial statements. These audits play a crucial role in promoting good governance, fiscal responsibility, and sustainable economic development by engendering public trust, incentivizing effective resource allocation, encouraging tax compliance, and enhancing informed decision making. While the publication of the audited financial accounts of the FGS is commendable, there is room to improve the quality of financial statements.

Trigger #4: Issue regulations to implement the Public Financial Management Act's provisions on debt, public investment, and natural resource revenue management.

17. Staffs consider this trigger to have been met.

18. In May 2022, the FGS adopted the public financial management regulations, related to the Public Financial Management Act (2019), including provisions on natural resource revenue, public investment, and debt management. In particular,

a. Natural resource revenue management. The regulations included specifications on the establishment and management of a Natural Resource Revenue Fund (NRRF). The framework for the collection and deposit of resource revenue into the NRRF; retention of investment earnings within the NRRF; investments of the NRRF resources; and withdrawals from the NRRF have been specified in the regulations. The regulations establish the appointment of an Investment Advisory Committee to oversee investments of NRRF resources while withdrawal of money from the NRRF shall only be used to finance the national budget. To ensure appropriate management of the NRRF, the Accountant General is tasked with overseeing the management of NRRF resources while the Auditor General must issue an audit statement on the NRRF's annual financial statements.

b. Public investment management. The provisions pertaining to public investment management relate to public investment projects above US$5 million and public-private partnership (PPP) projects. The regulations set out provisions for the inclusion of public investment projects in the national budget and the submission of the annual concessions plan, specifying PPP projects as part of the proposed national budget. The regulations require that the Minister of Finance verify the affordability of PPP projects after the PPP has been appraised and approve PPP projects which include obligations for payments from the national budget, whether direct or contingent. These measures will be further solidified under the new PPP law that is currently under development.

c. **Debt management.** The regulations provide for the Debt Management Unit (DMU) to prepare and submit for the approval of the Minister of Finance a medium-term debt management strategy in consultation with the Central Bank of Somalia together with an annual borrowing plan. The regulations include procedures for the inclusion of debt service in the budget and for the DMU to quantify and verify the amount of debt service payments through a computerized debt management system. The regulations also include provisions for on-lending and issuance of public debt guarantees.

D. Domestic Revenue Mobilization

Trigger #5: Adopt and apply a single import duty tariff schedule at all ports in the Federal Republic of Somalia (to also foster greater trade integration).

19. Staffs consider this trigger not met but conclude that satisfactory progress has been made.

20. The customs modernization reform was completed in Mogadishu seaport and airport and there has been important progress in Kismayo seaport and airport, while the reform is paused in Garowe and Bosaso (both Puntland) due to political conditions.[9] Customs modernization is accompanying a shift to ad valorem duties and will improve the efficiency of customs administration and increase revenues over time. Before this reform was implemented, the authorities charged customs duties depending on the size of bundles and cartons, regardless of the value of their content. Key elements of customs reform have included: (1) enactment of the ad valorem tariff schedule in June 2022; (2) issuance of customs regulations on valuation and declarations in September 2022; and (3) the Somalia Customs Automated System (SOMCAS) being rolled out to the different seaports and airports has incorporated harmonized tariffs, Harmonized System (HS) codes, and harmonized item descriptions. SOMCAS has been fully operationalized in Mogadishu seaport and airport as of early October 2023. In Kismayo seaport and airport in Jubaland State, SOMCAS has been partially implemented, as shipping lines and airlines are entering manifests into the system and declarations are being made for khat imports. Discussions are ongoing in Jubaland on how to implement the common valuation table with Mogadishu.[10] Once this is resolved, Kismayo will be able to move forward to carry out all customs processing through SOMCAS. Meanwhile, SOMCAS implementation has been paused in the ports of Bosaso and Garowe in Puntland State, due to political conditions. While still supporting state-building in Somalia, the

[9] As described in Somalia's IMF Country Engagement Strategy, lack of political consensus among the FGS and all FMS impacts implementation of federal fiscal reforms.

[10] As customs duties are typically higher in Mogadishu than Kismayo, one of the concerns is the potential impact on trade and the prices of goods in Jubaland.

Puntland government has announced that it will continue acting independently until the Constitution is completed and adopted across all FMS. Despite some progress, completion of the Constitution is likely to take time because it requires building consensus on a wide range of policy issues amid complex political dynamics.

21. For this HICP CP trigger, the authorities are requesting a waiver from the IMF Executive Board, which IMF staff supports. The authorities are requesting a waiver based on satisfactory progress of the reform across key ports, including full implementation in Mogadishu seaport and airport and significant progress in Kismayo seaport and airport in Jubaland State. The authorities will advance with the customs reforms in remaining ports of Somalia once conditions allow. In the meantime, the IMF, the World Bank, UK, and other partners will continue to provide the financial and technical support needed to advance customs modernization.

E. Governance, Anti-Corruption, and Natural Resource Management

Trigger #6: Enact the Extractive Industry Income Tax (EIIT) Law.

22. Staffs consider this trigger to have been met.

23. The Extractive Industries Fiscal Regime (EIFR) Law was enacted in June 2023. The EIFR forms part of the broader legal framework for the extractive industries. The Petroleum Act was enacted in 2020. The Model Oil and Gas Production Sharing Agreement (PSA) was approved by the IMCC in November 2021. To promote competition in bidding rounds for petroleum exploration contracts, in November 2022, the IMCC approved the tender protocol. The PFM regulations on natural resource revenue management were issued in May 2022. Regulations on the Somali Petroleum Authority and downstream petroleum activities have been approved by Cabinet. Work is underway on the regulations pertaining to the EIFR Law and the Petroleum Act.[11]

Trigger #7: Ratify the 'United Nations Convention Against Corruption' (UNCAC).

24. Staffs consider this trigger to have been met.

25. To limit opportunities for corruption, Somalia acceded to UNCAC in August 2021 in an effort to strengthen governance structures, improve transparency and accountability, and enhance the capacity of anti-corruption institutions. The authorities are now working on the implementation of the UNCAC, including a review of the current legal framework to identify gaps. The Africa Union Convention on Preventing and Combating Corruption (AUCPCC) and the Arab Anti-Corruption Convention (AACC) have been ratified by Parliament and deposited.

[11] IMF has provided technical assistance on the EIFR Law and is providing technical assistance for the regulations related to the EIFR Law. Oil discovery and production is yet to occur. In preparation for evaluating expressions of interest once tender process is launched, the IMF is providing capacity development support on the Fiscal Analysis of Resource Industries Model to enable Somali authorities to evaluate the fiscal terms for each application.

F. Debt Management

Trigger #8: Publish at least four consecutive quarterly reports.

26. Staffs consider this trigger to have been met.

27. Quarterly debt bulletins, published since 2020Q4 by the Debt Management Unit of the Ministry of Finance, are expected to bolster debt management to ensure future debt service burden does not overshadow development expenditure needs. The bulletins record information on the outstanding stock and composition of debt liabilities and, where they exist, loan guarantees and other contingent liabilities, including their currency denomination, maturity, and interest rate structure. The bulletin also includes key portfolio risk indicators, including the projected redemption profile and debt service for the 12 months ahead. The debt bulletins have consistently reported the concluded debt restructuring agreements. Following HIPC CP, the debt bulletin will serve as an important tool to make informed decisions on taking on new debt. In particular, the bulletin will help the authorities to mitigate potential currency, solvency and credit risks and take appropriate measures to ensure debt indicators are well managed. The bulletin will also help creditors evaluate the Somalia's ability to manage and repay its debts, ensuing that the country's interests are protected.

G. Social Sectors

Trigger #9: Establish a national unified social registry (USR) as a functional platform that supports registration and determination of potential eligibility for social programs.

28. Staffs consider this trigger to have been met.

29. On July 20, 2023, the functionality status of the USR was achieved. There was a successful completion of all governance, technical, and operational requirements enabling the USR to support registration and determination of potential eligibility for social programs in Somalia. The Data Protection and Data Privacy Acts, along with Data Protection Operational Guidelines for the USR, were enacted in accordance with internationally acceptable standards. The new laws (i) establish the principles governing the processing of personal data, a framework for the secure government processing of personal data, rights of a data subject and provisions for data security ensuring that data is processed in a fair and lawful way; (ii) facilitates the secure transfer of data from international organizations to government entities; and (iii) increases the beneficial use of personal data in the digital economy. The Ministry of Labor and Social Affairs (MoLSA) developed and endorsed Data Protection Operational Guidelines on July 8, 2023, which provide the necessary elaboration to ensure effective implementation of the new Law. The World Food Program completed the data transfer of 131,134 households to the USR system on June 29, 2023. Subsequently, the system successfully generated welfare scores for the households, fulfilling functionality requirements.

30. Functionality of the USR—as one of the first government owned, managed, and

implemented systems—is expected to support ownership of the Baxnaano social protection program, strengthening capacity and visibility of national institutions to deliver services. As data is collected, the USR is expected to greatly enhance targeting efficiency and transparency for social programs. The authorities will now be involved in direct handling and management of applicant/beneficiary data for the Baxnaano program, which is expected to help build citizens' trust through improved visibility of the state's role in service delivery. Post-HIPC, USR data collection is expected to continue and new systems under development at MoLSA are expected to strengthen capacity to eventually enable direct government managed service delivery under the Baxnaano Program.

Trigger #10: FGS and FMS Ministers of Education (MOE) adopt an agreement defining their respective roles and responsibilities on curriculum and examinations.

31. Staffs consider this trigger to have been met.

32. The education cooperation Memorandum of Understanding (MoU) signed on July 14, 2021, between the FGS and FMS ministries of education will standardize service delivery in the education sector across the country. The FGS and Banadir, Galmudug, Hirshabelle, Jubaland and Southwest agreed in the MoU to work cooperatively in matters related to the education sector and agreed upon the roles and responsibilities of each level of government. The agreement ensures that the Ministry of Education, Culture and Higher Education (MOECHE) will develop the regulatory framework while each FMS will establish their own state level education laws and policies. Key agreements reached include the formation of national examination, certification, and curriculum boards. An interim committee to develop the criteria for selection of the board members was also established.

Trigger #11: FGS and FMS Ministers of Health adopt a joint national health sector strategy.

33. Staffs consider this trigger to have been met.

34. To alleviate the fragmentation in health service delivery, the Somalia Health Sector Strategic Plan for 2022-2026 (HSSPIII) was finalized in December 2021. The FGS and FMS ministers agreed on a framework for a joint national health strategy. The strategy focuses on improving access and equitable quality health service delivery by strengthening governance, capacity of health institutions, and coordination of health service delivery between FMS and FGS. In particular, the strategy provides guidance for each FMS to formulate plans to develop their respective health sectors and proposes a set of policy options and actions aimed at addressing the major health system challenges of the country. The preparation of the HSSP III was developed through an inclusive, transparent consultative process which benefited from the evidence that informed the design, and lays the foundation for an expanded, integrated health service delivery mechanism for the country.

H. Growth/Structural

Trigger #12: Enact the Electricity Act and issue supporting regulations to facilitate private sector investment in the energy sector.

35. Staffs consider this trigger to have been met.

36. The Somalia Electricity Act was enacted on March 8, 2023, and regulations were issued in July 2023, with the aim to have in place an enabling legal, regulatory, and institutional framework for the sector that will support reducing costs and improving connectivity. The Electricity Act established a framework to generate electricity, including from renewable sources. The Act provides for the establishment of a regulator for the FGS, which is expected to reduce the fragmentation in the sector. Two regulations—the Electricity Service Provider (ESP) Licensing Regulations and the ESP Tariff Regulations—have also been approved. The Licensing Regulations determine all the market segments that will be licensed (generation, transmission, distribution, and retail sales), the criteria for private sector participation, together with the process for the application, evaluation, and award of licenses. The tariff regulations include principles for cost recovery and cost-reflectivity tariffs, the procedures for transparent accounting and auditing, specifications for the oversight and regulatory authority over unbundled pricing, as well as the underpinnings of a tariff model which specifies the approved cost elements, asset base, and regulated return on investments.

Trigger #13: Issue Company Act implementing regulations on minority shareholder protection to encourage private sector investment.

37. Staffs consider this trigger to have been met.

38. The Companies Act implementing regulations on minority shareholder protection were issued in May 2022. These regulations focus on improving the environment for foreign investment by safeguarding the rights of minority shareholder rights. The Somalia Companies Act 2019 provides the legal framework for the formalization of businesses and the establishment of the Office of the Company Registrar, the basic requirements related to corporate governance for the integration of Somali businesses into the international economy to facilitate trade, and access to global value chains. The Companies Act is a precursor to the Investor and Investment Protection Act, enacted in March 2023, which provides guidelines for the treatment of all investors.

I. Statistics

Trigger #14: Publish at least two editions of the Somalia Annual Fact Book.

39. Staffs consider this trigger to have been met.

40. To further support economic management and governance, the Somalia National Bureau of Statistics (SNBS) has been publishing annually the Somalia Facts and Figures Booklet on key socio-economic statistics and development indicators. The booklet was first published based on 2018 data, and the most recent edition was for 2021. It provides a central repository of reliable statistics on fiscal, economic, social, and environmental data from various statistical publications compiled by the SNBS, line ministries, FMS, and agencies. Each publication since 2018 advances on the breadth and detail of statistics with each subsequent publication. In addition, Somalia has significantly improved its broader capacity to collect and disseminate statistics needed for public policy. In 2022, for example, SNBS conducted the Somalia Integrated Household Budget Survey, the first survey since 1990. The survey underpinned the Somalia Poverty Report issued in 2023 and the 2023 rebasing of GDP statistics.

UPDATED DEBT RELIEF AND SUSTAINABILITY ANALYSIS

A. Revision of Data Reconciliation as of Decision Point

41. At end-2018, the public and publicly guaranteed external debt of the FGS was estimated at US$5.3 billion, including US$5.0 billion in arrears, in nominal terms (Table 3 and Table A2). Compared to the debt reconciliation conducted at Decision Point, this includes an increase of US$12.8 million in nominal terms at end-2018 exchange rate due to new claims from Islamic Development Bank (IsDB) amounting to US$15.4 million, as well as US$0.6 million and US$1.9 million reductions on claims from Kuwait and UAE, respectively. Multilateral creditors accounted for 29.2 percent of the total debt stock in nominal terms, with liabilities to IDA, IMF, and the AfDB constituting 18.5 percent of total external debt. Other multilaterals with substantial claims on Somalia are the AMF (5.4 percent) and AFESD (3.5 percent). International Fund for Agricultural Development (IFAD), OPEC Fund for International Development (OFID), and IsDB held claims amounting to a combined share of 1.8 percent of total debt. The Paris Club creditors, with the United States as the major creditor, accounted for 57.7 percent of total nominal debt at end-2018. Other official bilateral creditors include Algeria, Bulgaria, Iraq, Kuwait Fund for Arab Economic Development, Libya, Romania, Saudi Fund for Development, and Abu Dhabi Fund, accounting for an estimated 13.1 percent of total external debt.[12] The single commercial creditor (Serbia) accounts for less than one percent of total external debt.

42. As of end-2018, 96.0 percent of FGS' revised external debt was in arrears (Table 3). The stock of external arrears stood at US$5.0 billion, of which US$1.3 billion was owed to multilateral creditors (or 87.3 percent of total multilateral PPG external debt outstanding at end-2018) and US$3.7 billion (almost the entirety of the debt outstanding) to bilateral and commercial claimants. Among multilateral creditors, only IDA, the AfDB, and IFAD have a portion of outstanding debt not in arrears at end-2018 amounting to US$0.2 billion. Arrears to bilateral creditors amount to 73.5 percent of the total arrears, of which 59.7 percentage points is owed to Paris Club creditors and 13.7 percentage points to other official bilateral creditors.

[12] Amounts in USD converted using end-2018 exchange rates.

43. The reconciliation of PPG external debt reached 100 percent of debt outstanding and disbursed at end-2018, and 99.7 percent at end-2022, including arrears.

- **Multilateral creditors.** 100 percent of total multilateral debt at end-2018 and end-2022 was reconciled with creditors' statements.
- **Paris Club creditors.** 100 percent of debt owed to Paris Club at end-2018 and end-2022 was reconciled with creditors' statements.
- **Other official bilateral and commercial creditors.** 100 percent and 99.6 percent of debt owed to other official bilateral and commercial creditors at end-2018 and at end-2022, respectively, were reconciled with creditors' statement and the authorities' data.

44. Exports of goods and services used to evaluate HIPC assistance at the Decision Point were slightly revised downwards. Estimates of backward-looking three-year average of exports of goods and services for 2016-18 have been revised downwards to US$1,060.6 million compared to US$1,064.6 million at the Decision Point, due to data revisions received from the authorities.

45. The stock of HIPC-eligible external debt in PV terms at end-2018 was revised upward marginally from the decision point. The PV of debt increased by US$13.0 million to US$5,240.9 million (Table A2). These revisions are entirely due to the debt data revisions described above.

46. The PV of debt after traditional debt relief has been revised downward by US$170.1 million to US$3,494.4 million (Table A2).[13] This revision is mainly due to the simulation of traditional debt relief on claims from Russia, which reflects the modalities applied in the bilateral debt relief agreement signed between the Russian Federation and FGS in July 2023.[14]

47. Since end-2018, the FGS has cleared arrears to IDA, the IMF, and the AfDB, finalized an agreement to clear arrears to IFAD, and is negotiating with other multilateral creditors to clear the remaining arrears amounting to US$576.6 million at end-2022 (Table 3). The FGS cleared arrears to IDA, AfDB, and the IMF in March 2020 thanks to bridge financing arrangements with development partners. In March 2023, Somalia finalized an agreement to clear the remaining arrears to IFAD amounting to US$23.2 million thanks to donors' contributions, the use of resources from the IDA-managed Debt Relief Trust Fund, and IFAD's own resources.

[13] Under the HIPC Initiative, "traditional debt relief" simulates a hypothetical stock-of-debt operation on Naples terms at December 31, 2018 and at least comparable action by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA).

[14] The key features of the agreement, which defines what is considered "comparable terms" by Russia and the Paris Club for rescheduling countries, include: (i) an up-front discount on all debt disbursed before 1992, (ii) conversion into a mutually agreed currency, (iii) rescheduling of pre-cutoff date debt on terms corresponding to Paris Club terms applied to commercial debt (i.e., non-ODA debt).

B. Revision of HIPC Assistance and Status of Creditor Participation

48. Total assistance under the HIPC Initiative was revised downward to US$1,903.5 million in end-2018 PV terms, compared to US$2,067.6 million as estimated in the Decision Point document. While the revisions to exports and debt were marginal, the PV of external debt after traditional debt relief at end-2018 has been revised downward by US$170.1 million to US$3,494.4 million due to the implementation of the debt restructuring agreement with Russia, which included an 80 percent up-front reduction of debt owed to Russia before application of the hypothetical traditional debt relief mechanisms (see paragraph 46). In accordance with the Board document approved in 2002, the amount of commitment of HIPC Initiative debt relief will be adjusted upward or downward when the change in the U.S. dollar amount of HIPC Initiative assistance exceeds one percentage point of the targeted PV of debt after HIPC Initiative relief.[15] For Somalia, the downward adjustment of US$164.1 million in the estimated debt relief needed to reduce the PV of debt to 150 percent of exports as of end-2018 is more than 10 percent of the targeted US$1,591.0 million PV of debt after HIPC relief estimated at the Decision Point. Therefore, total assistance under the HIPC Initiative is reduced to US$1,903.5 million in end-2018 PV terms, lower by US$164.1 million compared to US$2,067.6 billion estimated at Decision Point.

49. At Completion Point, Somalia has received financing assurances of participation in the Enhanced HIPC Initiative from creditors accounting for 89.5 percent of the PV of HIPC debt relief. Multilateral creditors representing 42.2 percent and Paris Club creditors amounting to 42.4 percent of the PV of HIPC debt relief have confirmed their participation. Other official bilateral creditors that have confirmed their participation account for 4.9 percent of the PV of HIPC debt relief. The authorities are working towards reaching agreements with other relevant creditors (Table A11). Staffs consider these financing assurances satisfactory.[16]

Multilateral Creditors

50. All multilateral creditors but one have committed to provide their full share of assistance to Somalia under the Enhanced HIPC Initiative.

51. The International Development Association (IDA). Under the proportional burden-sharing approach, debt relief from IDA of US$260.85 million was provided at the Decision Point. IDA has provided the full share of HIPC debt relief through the grant element of the arrears clearance operation conducted in March 2020, in accordance with IDA's systematic approach to the clearance

[15] "Information Reporting in the Context of HIPC Initiative Assistance", approved by the members of the Executive Boards of the IMF (EBS/02/36) and IDA (IDA/SecM2002-013 1), March 4, 2002.

[16] Although there is no explicit minimum level required by IMF policies, past practice has been to deliver the remaining share of debt relief at Completion Point when financing assurances from creditors representing at least 80 percent of the NPV of debt after traditional debt relief have been secured. IDA requires satisfactory financing assurances at Completion Point to provide, on an irrevocable basis, its remaining share of debt relief and has aligned its practices to the level considered satisfactory by the IMF.

of arrears.[17,18] At the Completion Point, IDA will not provide further debt relief under the HIPC Initiative and will fully cancel the entire stock of its outstanding debt under the MDRI.

52. The International Monetary Fund (IMF). At Completion Point, the IMF will provide HIPC and beyond-HIPC debt relief in the amount of SDR 250.4 million (US$348.3 million in end-2018 PV terms) to fully cover outstanding debt at the Decision Point, including 100 percent of debt associated with arrears clearance. Total IMF assistance under the HIPC Initiative is estimated at SDR 135.0 million in PV terms (equivalent to US$182.6 million) calculated on the basis of end-2018 debt stock revised at the Completion Point. Of this amount, SDR 10.3 million (US$14.4 million in end-2018 PV terms) has been provided through the concessional element associated with the subsidization of PRGT interest during the interim period, i.e., the period between Decision and Completion Points, following the arrears clearance to the IMF and is counted towards the IMF's contribution to HIPC assistance. Since the Decision Point, Somalia has also received four tranches of HIPC interim assistance in the total amount of SDR 4.8 million (US$6.7 million in end-2018 PV terms) to cover 100 percent of eligible debt service obligations falling due during the interim period. The remaining amount of debt relief will be provided at the Completion Point as a grant toward debt relief under the HIPC Initiative and beyond-HIPC assistance (Table A10).

53. The African Development Bank (AfDB) Group. Total HIPC debt relief was delivered with the grant element of the arrears clearance operation conducted in March 2020. Somalia's arrears to the AfDB were estimated at UA 88.15 million (equivalent to US$122.6 million), including payment due through June 30, 2021. At Completion Point the AfDB Group will not provide additional debt relief under the HIPC Initiative. Under the MDRI, the AfDB Group will cancel all of its remaining outstanding claims on Somalia.

54. Assistance from other multilaterals. IFAD will provide its full share of HIPC debt relief through the cancellation of arrears. Agreements with AMF and AFESD are in advanced stages and are consistent with the delivery of HIPC debt relief by the two MDBs. Negotiations are also proceeding with OFID and IsDB. OFID is expected to raise donor-financing to finance the concessional clearance of Somalia's arrears. Following the agreement[19] on the recognition by the FGS of three additional IsDB loans, negotiations with IsDB have advanced. IsDB is expected to provide its share of debt relief through concessional rescheduling of the stock of arrears.

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[17] See "Somalia Reengagement and Reform DPF", January 29, 2020.

[18] This approach is described in IDA, "Further Elaboration of a Systematic Approach to Arrears Clearance," June 2007. The basis for accounting arrears clearance as part of the MDB's share of HIPC debt relief is described in "HIPC Debt Initiative: The Chairman's Summary of the Multilateral Development Banks' Meeting," March 6, 1998, IDA/Sec M98-90.

[19] The IsDB has received a letter dated June 8, 2023, from the Minister of Finance of the Republic of Somalia, conveying their agreement.

Bilateral Creditors

55. Paris Club creditors.[20] All Paris Club creditors have signed bilateral agreements on Cologne flow terms[21] or provided assurances of outright cancellation of their claims at Completion Point. Italy went beyond-HIPC debt relief under the Cologne flow terms and cleared all of its outstanding claims.

56. Other official bilateral and commercial creditors. During the interim period, Kuwait Fund for Arab Economic Development (KFAED) and Saudi Fund for Development (SFD) signed bilateral agreements with the FGS to provide rescheduling of their pre-cutoff Official Development Assistance (ODA) claims on Paris Club comparable terms. The remaining arrears to other bilateral and commercial creditors amount to US$503.4 million at end-2022. FGS is continuing negotiations in good faith with other official bilateral and commercial creditors for debt relief under the Enhanced HIPC Initiative on Paris Club comparable terms and consistent with creditors' share of total HIPC assistance in end-2018 PV terms. The specific modalities of the arrears clearance by each creditor are specified in bilateral agreements between each creditor and FGS.[22]

[20] Debt to the Paris Club group of creditors was subject to two previous rescheduling agreements on non-concessional terms in 1985 and 1987. The first agreement established the cut-off date of October 1, 1984, to be applied for the simulation of traditional debt relief from Paris Club creditors and comparable treatment assumed from other official creditors.

[21] Paris Club creditors provide stock-of-debt reduction to the outstanding arrears of pre-cutoff non-ODA debt under Naples terms (cancellation of 67 percent and rescheduling of the remaining 33 percent with market rate over 23 years with six years of grace period). The outstanding non-ODA debt falling due during interim period received 90 percent stock-of-debt reduction and rescheduling of the remaining 10 percent. 100 percent of ODA debt in arrears and falling due during interim period was rescheduled with concessional interest rates over 40-year period with a 16-year grace period. Arrears of post-cutoff non-ODA and ODA debt, post-cutoff debt obligations falling due during the interim period and moratorium interest were rescheduled to be paid after Completion Point in five equal annual instalments with market rate. Russia provided 80 percent upfront reduction on its pre-cutoff non-ODA claims and debt relief under Naples terms on the remaining 20 percent.

[22] Other official bilateral and commercial creditors are not expected to provide additional debt relief beyond HIPC Initiative assistance. Beyond-HIPC debt relief is provided by creditors of the Paris Club on a voluntary basis (Table A12).

Table 5. Somalia: Nominal Stock as of end-December 2018 and end-December 2022, Legal Situation by Creditor Groups 1/

		December 2018 - Decision Point				December 2018 - Completion Point				December 2022			
		Nominal Debt Stock 2/		Arrears Stock		Nominal Debt Stock 2/		Arrears Stock		Nominal Debt Stock 2/, 3/		Arrears Stock	
		US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total
Total		5,255.4	100.0	5,035.0	100.0	5,268.1	100.0	5,047.8	100.0	3,827.0	100.0	1,901.1	100.0
Multilateral		1,520.3	28.9	1,324.7	26.3	1,535.7	29.2	1,340.1	26.5	1074.9	28.1	576.6	30.3
World Bank		501.0	9.5	341.2	6.8	501.0	9.5	341.2	6.8	104.6	2.7	0.0	0.0
IMF		335.1	6.4	335.1	6.7	335.1	6.4	335.1	6.6	370.5	9.7	0.0	0.0
AfDB Group		137.2	2.6	106.4	2.1	137.2	2.6	106.4	2.1	20.1	0.5	0.0	0.0
AFESD		181.9	3.5	181.9	3.6	181.9	3.5	181.9	3.6	191.5	5.0	191.5	10.1
AMF		285.7	5.4	285.7	5.7	285.7	5.4	285.7	5.7	298.6	7.8	298.6	15.7
IFAD		30.9	0.6	25.9	0.5	30.9	0.6	25.9	0.5	26.2	0.7	23.2	1.2
IsDB		13.1	0.2	13.1	0.3	28.5	0.5	28.5	0.6	27.2	0.7	27.2	1.4
OFID		35.5	0.7	35.5	0.7	35.5	0.7	35.5	0.7	36.1	0.9	36.1	1.9
Bilateral and commercial		3,735.0	71.1	3,710.3	73.7	3,732.4	70.8	3,707.6	73.5	2,752.1	71.9	1,324.5	69.7
Paris Club 4/		3,037.6	57.8	3,016.1	59.9	3,037.6	57.7	3,016.0	59.7	2,004.6	52.4	821.1	43.2
Denmark		8.5	0.2	8.5	0.2	8.5	0.2	8.5	0.2	2.8	0.1	0.0	0.0
EEC IDA Administered Loans	5/	1.5	0.0	1.1	0.0	1.5	0.0	1.1	0.0	1.4	0.0	1.1	0.1
France		417.8	8.0	417.8	8.3	417.8	7.9	417.8	8.3	109.7	2.9	0.0	0.0
Italy		615.2	11.7	615.2	12.2	615.2	11.7	615.2	12.2	0.0	0.0	0.0	0.0
Japan		118.6	2.3	118.6	2.4	118.6	2.3	118.6	2.4	109.0	2.8	109.0	5.7
Netherlands		6.6	0.1	6.6	0.1	6.6	0.1	6.6	0.1	2.1	0.1	0.0	0.0
Norway		1.9	0.0	1.9	0.0	1.9	0.0	1.9	0.0	0.6	0.0	0.0	0.0
Russia		678.6	12.9	678.6	13.5	678.6	12.9	678.6	13.4	711.1	18.6	711.1	37.4
Spain		39.5	0.8	39.5	0.8	39.5	0.7	39.5	0.8	40.9	1.1	0.0	0.0
United Kingdom		83.9	1.6	83.9	1.7	83.9	1.6	83.9	1.7	28.6	0.7	0.0	0.0
United States		1,065.4	20.3	1,044.3	20.7	1,065.4	20.2	1,044.3	20.7	998.4	26.1	0.0	0.0
Other official bilateral		697.4	13.3	694.2	13.8	692.6	13.1	689.4	13.7	745.0	19.5	500.8	26.3
Algeria		1.6	0.0	1.6	0.0	1.6	0.0	1.6	0.0	1.6	0.0	1.6	0.1
Bulgaria		10.5	0.2	10.5	0.2	10.5	0.2	10.5	0.2	11.0	0.3	11.0	0.6
Iraq		181.4	3.5	181.4	3.6	181.4	3.4	181.4	3.6	201.9	5.3	201.9	10.6
Kuwait		118.9	2.3	118.9	2.4	118.2	2.2	118.2	2.3	125.3	3.3	0.0	0.0
Libya		30.4	0.6	30.4	0.6	30.4	0.6	30.4	0.6	30.4	0.8	30.4	1.6
Romania		2.5	0.0	2.5	0.1	2.5	0.0	2.5	0.1	2.5	0.1	2.5	0.1
Saudi Arabia		109.6	2.1	106.3	2.1	109.6	2.1	106.3	2.1	118.9	3.1	0.0	0.0
Serbia	6/	2.3	0.0	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Arab Emirates		240.3	4.6	240.3	4.8	238.4	4.5	238.4	4.7	253.5	6.6	253.5	13.3
Commercial		0.0	0.0	0.0	0.0	2.3	0.0	2.3	0.0	2.5	0.1	2.5	0.1
Serbia	6/	0.0	0.0	0.0	0.0	2.3	0.0	2.3	0.0	2.5	0.1	2.5	0.1

Sources: Federal Government of Somalia (FGS) authorities and staff estimates and projections.

1/ For end-2018 and end-2022, respective exchange rates are used to convert relevant currencies to USD.

2/ Includes Arrears.

3/ End-2022 debt stock includes estimates of consolidated moratorium interests by creditors that signed bilateral agreements with Somalia by end-2022 and excludes debt restructuring by Japan and Russia. Japan would provide outright cancellation of its claims at the Completion Point. Russia signed bilateral agreement with Somalia in July 2023. Italy provided 100 percent cancellation of all its claims in November 2021.

4/ Paris Club cutoff date is October 1, 1984.

5/ Special Action Credits (SAC) provided by the European Economic Community (EEC) member states according to the 21/12/1978 Council decision n°79/195 EEC are bilateral loans for which IDA acts as administrative agent. As of November 1, 2005, all Paris Club SAC creditors (Belgium, Denmark, Germany, France, Italy, The Netherlands and the United-Kingdom) have decided to classify these credits as bilateral creditor loans and cancel them at Completion Point. Estimates at Decision Point revised in line with corrections for rounding errors.

6/ Serbia was classified under "Other official bilateral" in the Decision Point document. It has subsequently been reclassified as commercial debt.

C. Considerations for Exceptional Topping-Up Assistance

57. The debt relief analysis has been updated jointly by the authorities and the IMF and IDA staffs on the basis of loan-by-loan debt data, exchange rates, and discount rates as of end-2022. At end-2022, the nominal stock of Somalia's external debt amounted to US$3,827 million (Table 3 and Table A3).[23] Multilateral creditors accounted for US$1,075 million or 28.1 percent of the total nominal debt, of which IDA and the IMF accounted for 12.4 percent of total nominal debt. Paris Club creditors accounted for 52.4 percent of total outstanding nominal debt at end-2022, of which the main creditor remained the United States. Non-Paris Club bilateral and commercial creditors accounted for the remaining 19.5 percent of total nominal debt. No new borrowing and financial agreements with bilateral and commercial creditors were signed in the interim period.

58. The enhanced HIPC Initiative framework allows for the provision, on an exceptional basis, of additional debt relief (or "topping-up") at the Completion Point.[24] Additional debt relief is provided if a country's actual debt burden indicators have deteriorated compared to the Decision Point projection and this deterioration is primarily attributable to a fundamental change in a country's economic circumstances due to exogenous factors. In this case, additional debt relief may be provided to bring the PV of debt-to-exports ratio down to the 150 percent threshold at the Completion Point.

59. Staffs are of the view that Somalia does not meet the requirements for exceptional topping-up under the enhanced HIPC Initiative. In the case of Somalia, the PV of debt-to-exports ratio at end-2022 after unconditional delivery of enhanced HIPC assistance and multilateral arrears clearance was estimated at 120.4 percent at the Decision Point. Based on the updated simulations at Completion Point, the PV of debt-to-export ratio at end-2022 after unconditional delivery of enhanced HIPC assistance and multilateral arrears clearance decreases to 48.7 percent and it declines further to 47.1 percent after implementation of unconditional delivery of beyond-HIPC debt relief by Paris Club creditors. This is well below the HIPC threshold of 150 percent.

D. Creditor Participation in the Multilateral Debt Relief Initiative

60. Contingent upon agreement by the IMF and IDA Executive Directors that Somalia has reached the Completion Point under the HIPC Initiative, Somalia would qualify for additional debt relief from the Multilateral Debt Relief Initiative from IDA and the African Development Fund (ADF).[25]

61. Debt relief from IDA. IDA would provide MDRI debt relief through a debt stock cancellation

[23] End-2022 debt stock includes outstanding arrears, accrued interest and consolidated moratorium interest on restructured bilateral debt.

[24] To date, seven countries have received topping-up assistance under the enhanced HIPC Initiative: Burkina Faso, Ethiopia, Guinea-Bissau, Malawi, Niger, Rwanda, and Sao Tome and Principe according to the HIPC Initiative and MDRI - Statistical Update (2019).

[25] The IMF does not have any outstanding MDRI-eligible debt. Its MDRI Trusts were liquidated in 2015.

of debt disbursed before end of 2023 and still outstanding on the Completion Point date after the application of full HIPC assistance. Total MDRI debt relief from IDA corresponds to debt stock reduction of US$92.8 million at end-2023 (Table A9).[26]

62. Debt relief from the ADF. ADF would provide debt relief through a debt stock cancellation of debt disbursed before December 31, 2004, and still outstanding at the completion of the Initiative, after the application of full HIPC assistance. This would reduce what Somalia owes to ADF by US$18 million.

E. Debt Sustainability Outlook after HIPC and MDRI Assistance, 2023-2043

63. The debt sustainability outlook after HIPC and MDRI assistance is based on medium- and long-term macroeconomic assumptions that rely on a stable political and social situation and a sustained implementation of economic and governance structural reforms. The projections are consistent with the medium-term macroeconomic framework under the proposed ECF arrangement; the key assumptions are summarized in Box 1.

64. After full delivery of debt relief under the HIPC Initiative, MDRI, and beyond-HIPC assistance at the Completion Point, Somalia's external and overall risk of debt distress is assessed as moderate (Annex II). The staffs' projections indicate that the PV of PPG external debt-to-exports ratio remains well below the HIPC threshold of 150 percent over the entire projection period, breaching 80 percent by 2042.

65. Somalia's debt service ratios are projected to increase gradually. After HIPC and beyond-HIPC assistance, the PPG debt service-to-exports ratio is expected to increase modestly from 0.9 percent at end-2023 to 3.4 percent at end-2043. PPG debt service-to-revenues ratio is expected to increase from 6.2 percent at end-2023 to 10.4 percent by 2043.

F. Sensitivity Analysis and Long-Term Debt Sustainability

66. Simulations under a baseline and two alternative scenarios—a climate shock and a security shock scenario—were conducted to test the sustainability of Somalia's external debt after the provision of debt relief (Table A8, Figure 4). In all three simulations, debt indicators are reported after conditional HIPC, MDRI, and beyond-HIPC assistance.

- **Baseline scenario.** The assumptions under this scenario are described in Box 1. Under this scenario, Somalia's PV of debt-to-exports ratio gradually declines to 28.5 percent in 2026, and then gradually rises to 86.8 percent by 2043. The debt service-to-exports ratio increases gradually after the expected Completion Point, rising to 3.4 percent in 2043.

- **Security shock scenario.** This scenario considers the sensitivity of the projections to permanently lower growth. This would be consistent with a scenario where there is a gradual and

[26] See World Bank. 2005. The Multilateral Debt Relief Initiative: Implementation Modalities for IDA. Washington, DC: World Bank. https://documentsinternal.worldbank.org/search/6426819

sustained deterioration in the security situation in the medium-term that grows over time, and that undermines investment, growth, and other factors. Growth slips below trend in the near term under a gradually deteriorating security environment and diverges further and faster from the baseline as insecurity persists over the medium and long term, causing a concomitant compression of exports. Under this scenario, the prolonged effect of the deterioration in security results in an increasing deterioration in the debt indicators relative to the baseline scenario. Under this scenario, Somalia is projected to exhaust, within the 20-year projection period, all the space provided by the full delivery of HIPC, beyond-HIPC and MDRI debt relief at the Completion Point. The PV of debt to export ratio would increase above 150 percent by 2043 and the debt service to revenue ratio, although assuming only new borrowing at highly concessional terms, would reach above 20 percent by 2043.

- **Climate shock scenario.** The second scenario highlights the sensitivity of debt indicators to a lower export level. This would be consistent with the materialization of a climate shock that affects livestock and agricultural production (Somalia's principal exports). Under this scenario, Somalia's PV of debt-to-exports ratio initially deteriorates relative to the baseline scenario. This effect shows some evidence of scarring, persisting over the long-term. The PV of the debt to export ratio is expected to remain on average 10 percentage points above the baseline in the long term and the debt service to revenue ratio would remain 2 percentage points above the baseline in the medium term.

Box 1. Macroeconomic Assumptions for 2023-43

The baseline macroeconomic framework assumes a stable political and social situation and a sustained implementation of economic and governance structural reforms.

Real GDP growth. In 2023, real GDP growth is expected to pick up modestly to 2.8 percent, supported by the gradual recovery in agriculture after a prolonged drought. Growth is expected to rise gradually to 4.5 percent[1] on average over the long-term,[2] driven by: (i) enhanced access to international finance; (ii) continued political stability and reduced security risks; (iii) a gradual scaling up of public spending (in energy, transport, education, health)—financed with domestic revenues and concessional borrowing—to support implementation of the national development plan; (iv) financial deepening and financial inclusion as financial sector reforms pay off; and (v) greater FDI and private investment supported by improvements in the business environment, including security and governance.

Inflation: Inflation in 2023 is forecasted at 5.7 percent, on the back of lower fuel and food prices, and is expected to average 2.2 percent in the long term as Somalia remains de facto dollarized.

Fiscal policy: In 2023, the fiscal deficit is expected at 0.1 percent of GDP, reflecting stronger than expected domestic revenue. Once Somalia reaches HIPC Completion Point, grants are expected to decline while concessional borrowing rises. The budget would move from an overall balance to moderate deficits of about 2 percent of GDP over the medium term. Domestic revenue is projected to increase by around 0.3 percent of GDP per year over 2024–2028, on the back of revenue-enhancing reforms, including completion of customs modernization reforms, adoption of a new Income Tax Law, and other tax policy and revenue administration measures. Policy actions under the proposed IMF ECF and IDA DPF, as well as existing IDA and bilateral donor investment and technical assistance projects should support improved revenue collection. Over time, higher domestic revenues would make room for greater spending on investment and social services. Sustained improvements in expenditure execution and public investment management will facilitate greater absorption of additional resources, including concessional loans, to expand public spending on human development and public infrastructure.

Current account balance: Somalia will continue running a structural trade deficit over the medium- and long-term. Over time, livestock exports are expected to improve because of access to new markets and as new insurance products help mitigate risks faced by pastoralists. The authorities are committed to diversifying exports. Investments in electricity and transport should support the emergence of new productive sectors such as fisheries. As grant disbursements decline over time, the current account deficit is projected to widen slightly and would be financed with concessional loans, along with higher FDI inflows as the business environment improves.

Financing: The baseline includes revised financing assumptions as compared to the Decision Point, which presented a pre-debt restructuring baseline, based on constrained financing and greater reliance on grants. The baseline in the HIPC Completion Point document and corresponding LIC-DSA assumes reestablishment of relations with external creditors and the full resumption of development financing, with a concurrent rebalancing of the mix of financing from grants to loans. This directly affects borrowing needs in the near, medium, and long term. External financing throughout the projection period is assumed to be on concessional terms. The scenario assumes no domestic borrowing.

1/ The average growth for the three years prior to HIPC DP (2017-2019) was 5.4 percent, higher than the baseline growth projected for the three years post-HIPC CP (2024-2027) at 3.9 percent. If downside risks to growth (such as climate shocks, a deterioration of the security situation, political risks linked to federalism, and lower global growth) materialize, growth may be lower than projected.

2/ The medium- to long-term growth forecast is informed by an analysis of the key macroeconomic outturns for 36 HIPC beneficiaries between 2000 and 2010. For fragile countries in this sample, median real growth accelerated by 0.3 percentage points per year over the five years after Decision Point. The current projection assumes growth to accelerate between 0.1 ppts and 0.2 ppts per year between 2025 and 2029.

67. While the country's debt sustainability outlook will improve with debt relief, the shock scenarios illustrate Somalia's continued debt vulnerabilities. Indicators related to the PV of PPG external debt-to-exports ratio and PPG external debt service-to-exports ratio deteriorate modestly under the climate shock (remain below the HIPC threshold) and substantially under the security shock scenarios (rise above the HIPC threshold in 2043). The expected debt relief at the Completion Point reduces the risks to Somalia's debt sustainability from different shocks. However, it is still imperative that the government continues to strengthen debt management and relies on concessional borrowing. The authorities should also continue seeking debt relief agreements with remaining creditors at comparable terms. The government's commitment to maintain fiscal discipline and increase domestic revenue, together with structural reform in key areas, would help to safeguard long-term debt sustainability.

68. Separately, in the LIC-Debt Sustainability Analysis (LIC-DSA), standard stress tests to the LIC-DSA baseline scenario confirm the Somali external debt position's vulnerability to unexpected shocks (Annex II).[27] The LIC DSA shows that there is deterioration of some debt sustainability indicators under temporary shock scenarios. Combined shocks to key macroeconomic variables produce the most extreme stress environment, resulting in external debt service to revenue breaching the indicative threshold. Uncertainty around real GDP growth and the non-debt flow shock are the largest contributors to the combined shock. A shock in current official transfers is a significant vulnerability, highlighting Somalia's high dependence on official development assistance. Breaches related to the external debt service to revenue ratio in the stress scenario are substantial and sustained in the long term. The jump in the ratio in the stress scenario in the medium-term is related to interest payments on new debt coming online post-HIPC CP. This is followed by rising amortization needs after 2030 when grace periods on new debt begin to expire, leading to breaches of the indicative threshold.

CONCLUSIONS

69. While Somalia still faces significant challenges, in the view of the staffs of IDA and the IMF, it made satisfactory progress with meeting the requirements established in March 2020 for reaching the Completion Point under the enhanced HIPC Initiative. Notwithstanding numerous shocks, capacity limitations, and a fragile environment, the authorities implemented thirteen out of fourteen floating triggers, including on public financial and expenditure management, domestic revenue mobilization, governance, social sectors, and statistics. Significant progress was made on the remaining trigger on the implementation of a single import duty tariff schedule across all ports—including full implementation in Mogadishu seaport and airport and significant progress in Kismayo seaport and airport in Jubaland State—, for which the authorities are requesting a waiver from the IMF Executive Board. The authorities are committed to using the space afforded by the debt relief to press ahead with their efforts to strengthen policies and domestic

[27] The baseline used for this sensitivity analysis and the baseline used in the LIC-DSA differ to the extent that the PV of debt is driven by differing assumptions over discount rates. The LIC-DSA uses a flat discount rate of 5 percent, while the baseline here derived from the DRA uses average commercial interest reference rates for respective currencies. Further, the shock scenarios here (climate and security) are tailored scenarios and different from the stress environment generated by the LIC-DSA, which shocks different macro variables using their past variation.

institutions and lay the foundations for more sustainable and inclusive growth and development.

70. The required HIPC assistance in end-2018 PV terms has been revised downward compared to HIPC Decision Point estimates by US$164.1 million to US$1,903.5 million. In accordance with the IMF/World Bank Boards' policy, upward and downward adjustments will be made only when the change in the U.S. dollar amount of HIPC Initiative assistance exceeds one percent of the targeted PV of debt after HIPC Initiative relief. For Somalia, the adjustment in the estimated debt relief needed to reduce the PV of debt to 150 percent of exports as of end-2018 is more than 10 percent of the targeted PV of debt after HIPC relief at the Decision Point. Therefore, total assistance under the HIPC Initiative is reduced to US$1,903.5 million in end-2018 PV terms, lower by US$164.1 million compared to US$2,067.6 billion estimated at Decision Point.

71. The IDA and IMF staffs are of the view that Somalia does not meet the requirements for exceptional topping-up under the HIPC Initiative. The PV of debt to export ratio at end-2022 after full delivery of HIPC debt relief and beyond-HIPC assistance by Paris Club creditors is 47.1 percent for Somalia. This is well below the HIPC threshold of 150 percent.

72. Full delivery of debt relief under the HIPC Initiative, MDRI, and beyond-HIPC assistance at HIPC Completion Point would considerably reduce Somalia's external public debt. According to the LIC-DSA, Somalia would be assessed to be at moderate risk of debt distress, both for external and overall public debt. Under the moderate rating for overall risk of debt distress, Somalia is mechanically assessed to have substantial space to absorb shocks post-HIPC Completion Point. The authorities' ongoing commitment to and strong track-record of reform implementation since 2016, and continued support from development partners will assist the entrenchment of the gains achieved through the HIPC process. However, Somalia is expected to remain vulnerable to security, international commodity price, and climate shocks, underscoring the importance of strengthening domestic revenue mobilization, public investment management, debt management institutions, and institutional capacity.

73. Considering the above, the staffs of IDA and IMF recommend that the Executive Directors determine that Somalia has reached the Completion Point under the Enhanced HIPC Initiative.

ISSUES FOR DISCUSSION AT COMPLETION POINT

74. Executive Directors may wish to consider the following questions:

- **HIPC Completion Point.** Do Executive Directors agree that Somalia has reached the Completion Point under the Enhanced HIPC Initiative?

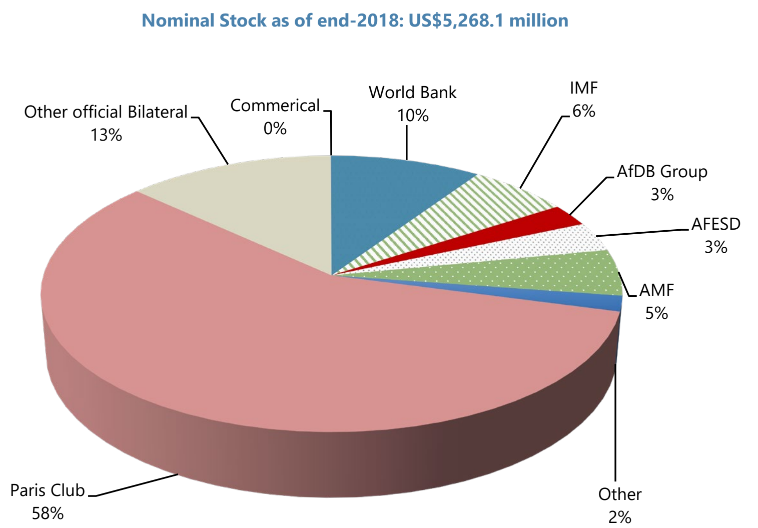
- **Data revision.** Do Directors agree with staffs' recommendation that the updated stock of external debt after traditional debt relief at end-2018 PV terms warrant a revision to the proposed amount of HIPC assistance to US$1,903.5 million in end-2018 PV terms?

- **HIPC assistance from the IMF.** Do IMF Directors agree that Somalia qualifies for an amount of debt relief from the IMF equal to SDR 250.4 million or US$348.3 million in end-2018 PV terms to be provided at the HIPC Completion Point?

- **Topping-up.** Do the Directors agree that Somalia has not met the requirement for exceptional topping-up at the Completion Point?

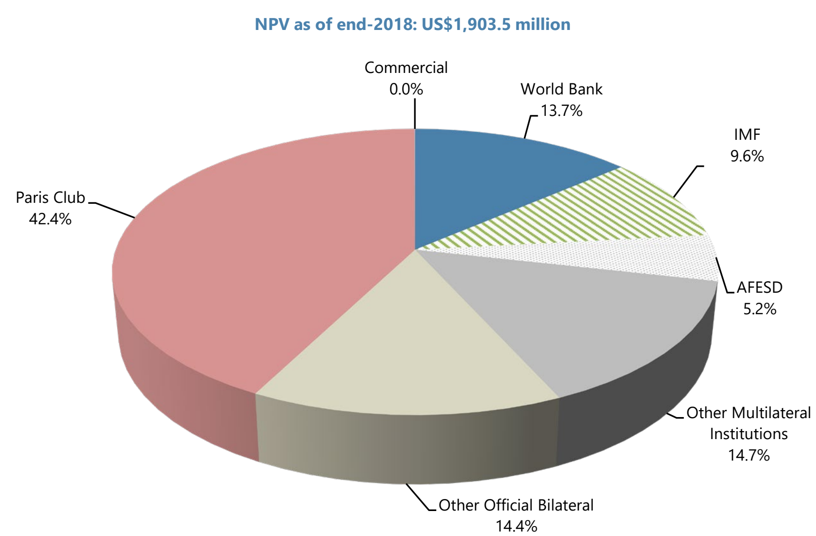
- **Creditor participation.** Do Directors agree that Somalia's creditors have given sufficient financing assurances to irrevocably commit HIPC Initiative assistance to Somalia?

Figure 2. Somalia: Composition of Stock of External Debt at end-2018 by Creditor Group



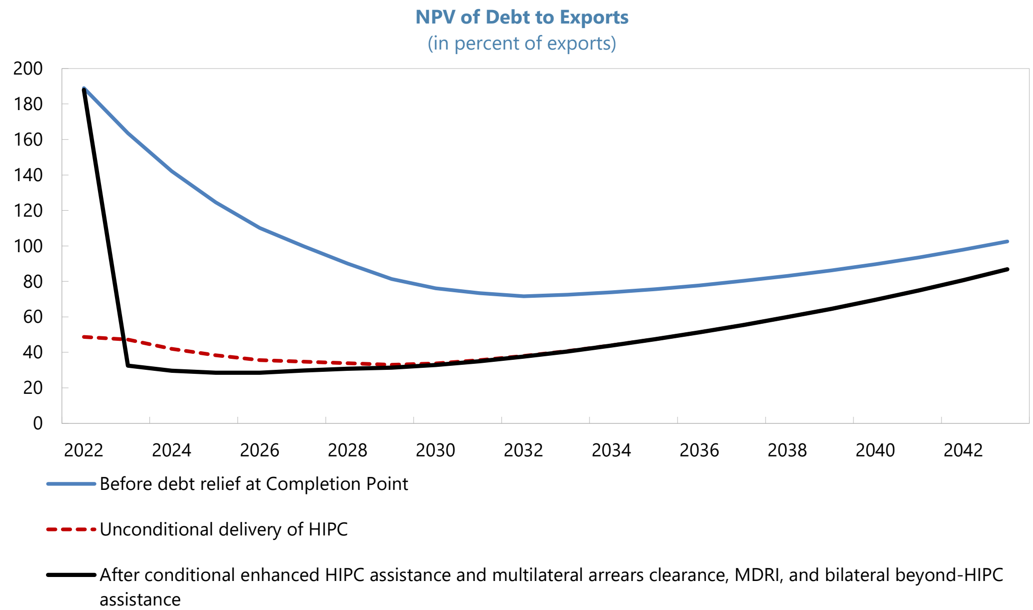
Sources: Somali authorities; and IMF and World Bank staff estimates and projections.

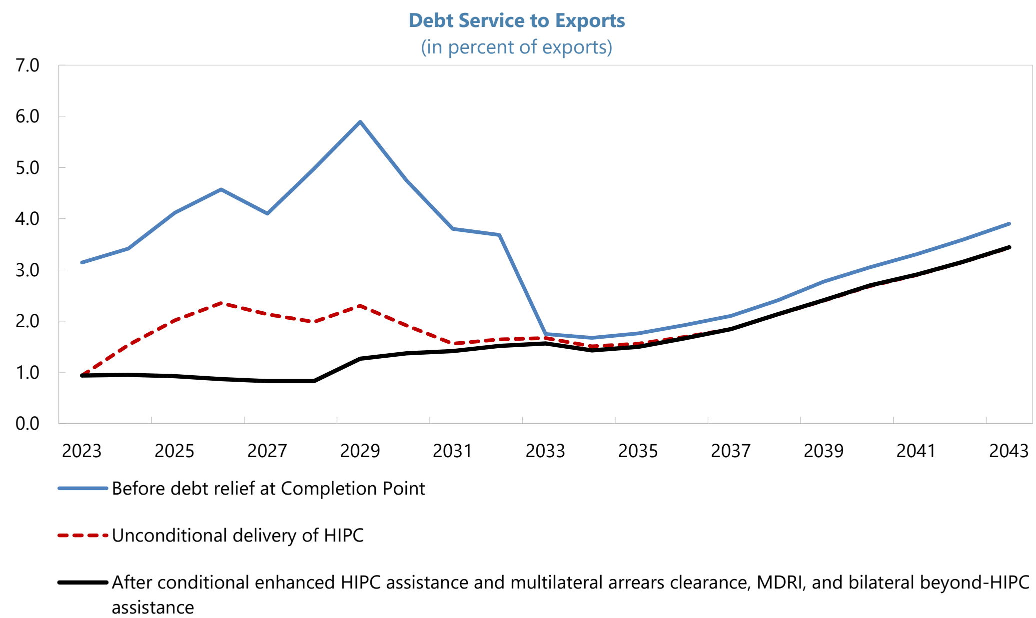
Figure 3. Somalia: Potential Costs of the HIPC Initiative by Creditor



Sources: Somali authorities; and IMF and World Bank staff estimates and projections.

Figure 4. Somalia: External Debt Burden Indicators, 2022–2043 1/



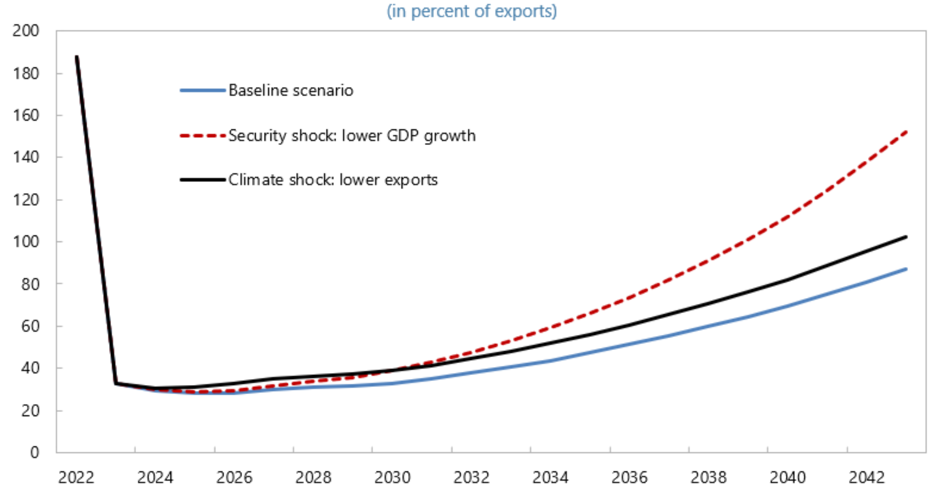


Sources: Somali authorities; and IMF and World Bank staff estimates and projections

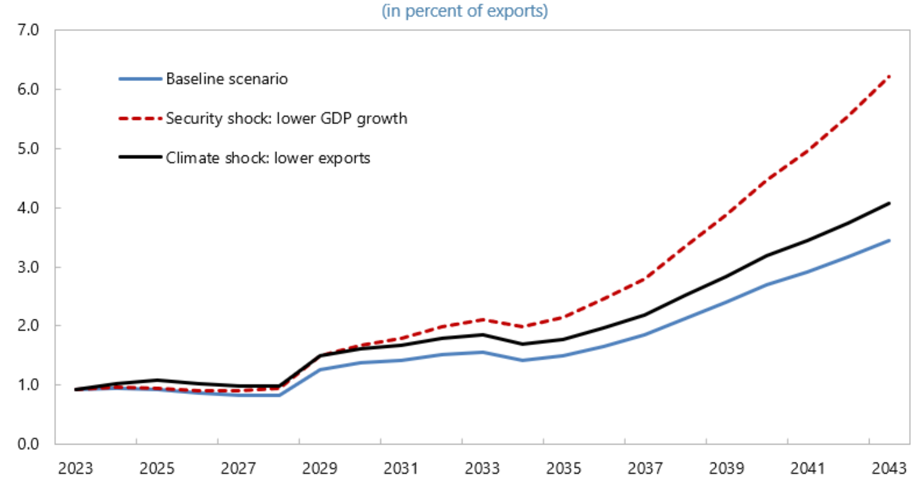
1/ Before debt relief at Completion Point refers to debt relief provided by the Paris Club, and clearance of arrears by the IMF, IDA, and AfDB, includes arrears and flow treatment under Cologne terms on case-by-case basis based on signed bilateral agreements with creditors together with 80 percent of upfront reduction of debt stock by Russia (agreement signed in 2023).

Figure 5. Somalia: Sensitivity Analysis, 2022–43

NPV of Debt to Exports
(in percent of exports)



Debt Service to Exports
(in percent of exports)



Sources: Somali authorities; and IMF and World Bank staff estimates and projections.

Table A1. Somalia: Comparison of Discount Rates and Exchange Rates Assumptions

Currency Name	end-2018 Discount Rates 1/	end-2018 Exchange Rates 2/ (per U.S. dollar)	end-2022 Discount Rates 1/	end-2022 Exchange Rates 2/ (per U.S. dollar)
Canadian Dollar	3.2517	1.3399	4.0717	1.3598
Swiss Franc	0.7708	0.9923	1.7617	0.9333
Sweden Kroner	1.2100	9.0272	2.9750	10.3750
Somali shilling 4/	3.9240	1.0000	4.3017	1.0000
U.S. dollar	3.9240	1.0000	4.3017	1.0000
Danish krone	0.9767	6.5606	2.7450	7.5717
Euro	1.1267	0.8784	2.4083	0.9444
Japanese yen	0.9727	112.5728	1.1400	135.4224
Kuwaiti dinar 3/	2.7323	0.3036	3.4017	0.3061
Norwegian krone	2.4650	8.6000	4.0683	9.8700
Saudi Arabian riyal 4/	3.9240	3.7500	4.3017	3.7500
Soviet Union ruble 4/	3.9240	0.6000	4.3017	0.6000
United Arab Emirate dirham 4/	3.9240	3.6725	4.3017	3.6725
Pound sterling	2.2291	0.7888	3.5883	0.8192
Special Drawing Rights	2.7323	0.7190	3.4017	0.7514

Source: European Central Bank; IMF, World Economic Outlook; OECD; and staff estimates.
1/ The discount rates used are the average commercial interest reference rates for the respective currencies over the six-month period ended December 2018 and December 2022, respectively.
2/ The exchange rates are those at the base date (end-2018 and end-2022, respectively).
3/ Apply the discount rate for SDR.
4/ Apply the discount rate for USD.

Table A2. Somalia: Revised Nominal Stock and Present Value of Debt as of December 31, 2018, by Creditor Groups

	Nominal Debt Stock 1/				NPV of Debt Before Rescheduling 1/				NPV of Debt After Traditional Debt Relief 2/ 3/			
	At decision point		Revised at completion point		At decision point		Revised at completion point		At decision point		Revised at completion point	
	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total
Total	5255.4	100.0	5268.1	100.0	5227.9	100.0	5240.9	100.0	3664.5	100.0	3494.4	100.0
Multilateral	1520.3	28.9	1535.7	29.2	1494.3	28.6	1509.9	28.8	1494.3	40.8	1509.9	43.2
World Bank	501.0	9.5	501.0	9.5	478.9	9.2	478.9	9.1	478.9	13.1	478.9	13.7
IMF	335.1	6.4	335.1	6.4	335.1	6.4	335.1	6.4	335.1	9.1	335.1	9.6
AfDB Group	137.2	2.6	137.2	2.6	134.0	2.6	134.0	2.6	134.0	3.7	134.0	3.8
AFESD	181.9	3.5	181.9	3.5	181.9	3.5	181.9	3.5	181.9	5.0	181.9	5.2
AMF	285.7	5.4	285.7	5.4	285.7	5.5	285.7	5.5	285.7	7.8	285.7	8.2
IFAD	30.9	0.6	30.9	0.6	30.2	0.6	30.4	0.6	30.2	0.8	30.4	0.9
IsDB	13.1	0.2	28.5	0.5	13.1	0.2	28.5	0.5	13.1	0.4	28.5	0.8
OFID	35.5	0.7	35.5	0.7	35.5	0.7	35.5	0.7	35.5	1.0	35.5	1.0
Bilateral and Commercial 2/	3735.0	71.1	3732.4	70.8	3733.6	71.4	3731.0	71.2	2170.2	59.2	1984.5	56.8
Bilateral	3735.0	71.1	3730.1	70.8	3733.6	71.4	3728.7	71.1	2170.2	59.2	1983.7	56.8
Paris Club 3/	3037.6	57.8	3037.6	57.7	3036.9	58.1	3036.9	57.9	1664.1	45.4	1480.8	42.4
Post-cutoff date	456.6	8.7	422.6	8.0	456.0	8.7	422.1	8.1	450.9	12.3	417.0	11.9
ODA	192.4	3.7	158.4	3.0	191.8	3.7	157.9	3.0	190.1	5.2	156.2	4.5
Non-ODA	264.2	5.0	264.2	5.0	264.2	5.1	264.2	5.0	260.8	7.1	260.8	7.5
Pre-cutoff date	2581.0	49.1	2615.0	49.6	2580.9	49.4	2614.7	49.9	1213.2	33.1	1063.8	30.4
ODA	581.9	11.1	615.9	11.7	581.8	11.1	615.6	11.7	549.0	15.0	577.1	16.5
Non-ODA	1999.1	38.0	1999.1	37.9	1999.1	38.2	1999.1	38.1	664.3	18.1	486.7	13.9
Denmark	8.5	0.2	8.5	0.2	8.5	0.2	8.5	0.2	8.4	0.2	8.4	0.2
France	417.8	8.0	417.8	7.9	417.8	8.0	417.8	8.0	140.4	3.8	140.4	4.0
Italy	615.2	11.7	615.2	11.7	615.2	11.8	615.2	11.7	410.6	11.2	410.6	11.8
Japan	118.6	2.3	118.6	2.3	118.6	2.3	118.6	2.3	118.3	3.2	118.3	3.4
Netherlands	6.6	0.1	6.6	0.1	6.6	0.1	6.6	0.1	6.6	0.2	6.6	0.2
Norway	1.9	0.0	1.9	0.0	1.9	0.0	1.9	0.0	0.6	0.0	0.6	0.0
Russia	678.6	12.9	678.6	12.9	678.6	13.0	678.6	12.9	222.6	6.1	45.0	1.3
Spain	39.5	0.8	39.5	0.0	39.5	0.8	39.5	0.8	39.0	1.1	39.0	1.1
United Kingdom	83.9	1.6	83.9	1.6	83.9	1.6	83.9	1.6	27.5	0.7	27.5	0.8
United States	1065.4	20.3	1065.4	20.2	1064.7	20.4	1064.7	20.3	688.5	18.8	682.8	19.5
EEC-IDA administered loans 4/	1.5	0.0	1.5	0.0	1.6	0.0	1.5	0.0	1.8	0.0	1.6	0.0
Other Official Bilateral:	697.4	13.3	692.6	13.1	696.7	13.3	691.9	13.1	506.1	13.8	503.0	14.4
Post-cutoff date	23.9	0.5	23.9	0.5	23.9	0.5	23.9	0.5	23.9	0.7	23.6	0.7
ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-ODA	23.9	0.5	23.9	0.5	23.9	0.5	23.9	0.5	23.9	0.7	23.6	0.7
Pre-cutoff date	673.5	12.8	668.7	12.7	672.8	12.9	668.0	12.7	482.5	13.2	479.4	13.7
ODA	468.8	8.9	466.3	8.9	468.1	9.0	465.5	8.8	415.5	11.3	413.1	11.8
Non-ODA	204.7	3.9	202.4	3.8	204.7	3.9	202.4	3.8	67.0	1.8	66.3	1.9
Algeria	1.6	0.0	1.6	0.0	1.6	0.0	1.6	0.0	0.5	0.0	0.5	0.0
Bulgaria	10.5	0.2	10.5	0.2	10.5	0.2	10.5	0.2	3.4	0.1	3.4	0.1
Iraq	181.4	3.5	181.4	3.4	181.4	3.5	181.4	3.5	59.4	1.6	59.4	1.7
Kuwait	118.9	2.3	118.2	2.2	118.9	2.3	118.2	2.3	87.5	2.4	87.0	2.5
Libya	30.4	0.6	30.4	0.6	30.4	0.6	30.4	0.6	25.7	0.7	25.7	0.7
Romania	2.5	0.0	2.5	0.0	2.5	0.0	2.5	0.0	0.8	0.0	0.8	0.0
Saudi Arabia	109.6	2.1	109.6	2.1	108.9	2.1	108.9	2.1	85.6	2.3	85.6	2.4
Serbia 5/	2.3	0.0	0.0	0.0	2.3	0.0	0.0	0.0	0.7	0.0	0.0	0.0
United Arab Emirates	240.3	4.6	238.4	4.5	240.3	4.6	238.4	4.5	242.5	6.6	240.6	6.9
Commercial	0.0	0.0	2.3	0.0	0.0	0.0	2.3	0.0	0.0	0.0	0.7	0.0
Serbia 5/	0.0	0.0	2.3	0.0	0.0	0.0	2.3	0.0	0.0	0.0	0.7	0.0

Sources: Somalia authorities; and IMF and World Bank staff estimates.

1/ Includes arrears.

2/ Assumes a hypothetical stock-of-debt operation on Naples terms at December 31, 2018, including 80 percent up-front cancellation of Russian debt contracted before 1992, and at least comparable action by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA).

3/ Paris Club cutoff date is October 1, 1984.

4/ Special Action Credits (SAC) provided by the European Economic Community (EEC) member states according to the 21/12/1978 Council decision n°79/195 EEC are bilateral loans for which IDA acts as administrative agent. As of November 1, 2005, all Paris Club SAC creditors (Belgium, Denmark, Germany, France, Italy, The Netherlands and the United-Kingdom) have decided to classify these credits as bilateral creditor loans and cancel them at Completion Point. Estimate at Decision Point revised in line with corrections for rounding errors.

5/ Serbia was classified under "Other official bilateral" in the Decision Point document. It has subsequently been reclassified as commercial debt.

Table A3. Somalia: Nominal and Present Value of External Debt outstanding on December 31, 2022 1/

(In millions of US$, unless otherwise indicated)

	Legal Situation 2/				Present Value of Debt 3/ 4/		
	Nominal Debt	Percent of total	PV of debt	Percent of total	After enhanced HIPC relief	After additional bilateral relief 5/	After additional bilateral relief (In percent of total)
Total	3827.0	100.0	3518.2	100.0	732.2	709.3	100.0
Multilateral	1074.9	28.1	1003.6	28.5	517.6	517.6	73.0
World Bank	104.6	2.7	90.1	2.6	90.1	90.1	12.7
IMF	370.5	9.7	316.3	9.0	180.8	180.8	25.5
AfDB Group	20.1	0.5	17.8	0.5	17.8	17.8	2.5
AFESD	191.5	5.0	191.5	5.4	66.7	66.7	9.4
AMF	298.6	7.8	298.6	8.5	130.4	130.4	18.4
IFAD	26.2	0.7	26.0	0.7	2.7	2.7	0.4
IsDB	27.2	0.7	27.2	0.8	13.0	13.0	1.8
OFID	36.1	0.9	36.1	1.0	16.2	16.2	2.3
ECOWAS							
BOAD							
Bilateral and Commercial 2/	2752.1	71.9	2514.6	71.5	214.6	191.6	27.0
Bilateral	2749.5	71.8	2512.0	71.4	214.1	191.2	27.0
Paris Club:	2004.5	52.4	1877.5	53.4	23.6	0.6	0.1
Post-cutoff date 6/	516.0	13.5	490.4	13.9	...	...	...
ODA	510.2	13.3	485.3	13.8	...	...	...
Non-ODA	5.7	0.1	5.1	0.1	...	...	...
Pre-cutoff date	1488.6	38.9	1387.0	39.4	...	...	...
ODA	616.8	16.1	539.5	15.3	...	...	...
Non-ODA	871.8	22.8	847.5	24.1	...	...	...
Denmark	2.8	0.1	2.2	0.1	...	...	...
France	109.7	2.9	102.4	2.9	...	...	...
Italy	0.0	0.0	0.0	0.0	...	...	...
Japan	109.0	2.8	109.0	3.1	...	...	...
Netherlands	2.1	0.1	1.5	0.0	...	...	...
Norway	0.6	0.0	0.5	0.0	...	...	...
Russia 7/	711.1	18.6	711.1	20.2	...	...	...
Spain	40.9	1.1	35.5	1.0	...	...	...
United Kingdom	28.6	0.7	21.9	0.6	...	...	...
United States	998.4	26.1	891.9	25.4	...	...	...
EEC IDA Administered Loans	1.4	0.0	1.4	0.0	...	...	...
Other Official Bilateral:	745.0	19.5	634.6	18.0	190.6	190.6	26.9
Post-cutoff date 6/	42.4	1.1	40.4	1.1	23.6	23.6	3.3
ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-ODA	42.4	1.1	40.4	1.1	23.6	23.6	3.3
Pre-cutoff date	702.6	18.4	594.2	16.9	166.9	166.9	23.5
ODA	485.7	12.7	377.3	10.7	132.9	132.9	18.7
Non-ODA	216.9	5.7	216.9	6.2	34.0	34.0	4.8
Algeria	1.6	0.0	1.6	0.0	0.3	0.3	0.0
Bulgaria	11.0	0.3	11.0	0.3	1.9	1.9	0.3
Iraq	201.9	5.3	201.9	5.7	31.4	31.4	4.4
Kuwait	125.3	3.3	68.7	2.0	8.3	8.3	1.2
Libya	30.4	0.8	30.4	0.9	13.6	13.6	1.9
Romania	2.5	0.1	2.5	0.1	0.4	0.4	0.1
Saudi Arabia	118.9	3.1	65.1	1.8	17.3	17.3	2.4
United Arab Emirates	253.5	6.6	253.5	7.2	117.4	117.4	16.5
Commercial	2.5	0.1	2.5	0.1	0.4	0.4	0.1
Serbia 8/	2.5	0.1	2.5	0.1	0.4	0.4	0.1

Sources: Somali authorities; and IMF and World Bank staff estimates and projections.
1/ Figures are based on data as of December 31, 2022, and include arrears.
2/ Includes actual interim debt relief under Cologne flow and moratorium interest under the bilateral agreements signed before 2022. Italy provided 100 percent cancellation of all its claims in November 2021.
3/ Assumes full delivery of HIPC assistance as of December 31, 2022; including arrears clearance from multilaterals, and beyond HIPC debt relief from the IMF.
4/ Paris Club creditors deliver their share of assistance as a group. Actual delivery modalities are defined on a case-by-case basis.
5/ Assumes beyond-HIPC debt relief by Paris-Club creditors. Russia does not provide beyond-HIPC debt relief on short-term debt.
6/ Includes consolidated interest falling due during interim period (moratorium interest).
7/ Debt stock under legal situation, excludes debt restructuring by Russia (the bilateral agreement signed in 2023).
8/ Serbia was classified under "Other official bilateral" in the Decision Point document. It has subsequently been reclassified as commercial debt.

Table A4. Somalia: HIPC Initiative Assistance Under a Proportional Burden Sharing Approach 1/

(In millions of US$, unless otherwise indicated)

	Debt Outstanding in NPV terms, December 31, 2018 (A) 2/		Debt Outstanding in NPV terms, post-HIPC (B)		Reduction of the NPV of debt due to HIPC (A-B) 3/	
	At decision point	Revised at completion point	At decision point	Revised at completion point	At decision point	Revised at completion point
Total	3664.5	3494.4	1596.9	1591.0	2067.6	1903.5
(as percent of exports)	344.2	329.5	150.0	150.0	194.2	179.5
of which:						
Multilateral	1494.3	1509.9	651.2	687.4	843.1	822.5
Bilateral	2170.2	1983.7	945.7	903.2	1224.5	1080.6
Paris Club: 3/	1664.1	1480.8	725.2	674.2	938.9	806.6
Other Official Bilateral:	506.1	503.0	220.6	229.0	285.6	274.0
Commercial	0.0	0.7	0.0	0.3	0.0	0.4
Memorandum Items:						
Common reduction factor (percent) 4/	56.4	54.5				
Exports of goods and non-factor services 5/	1064.6	1060.6				

Sources: Somalia authorities; and IMF and World Bank staff estimates and projections.

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97).

2/ After arrears clearance and traditional debt relief, which includes a hypothetical stock-of-debt operation on Naples terms, December 31, 2018, and comparable treatment by other official bilateral creditors.

3/ Includes an upfront 80 percent discount on Russian debt disbursed before 1992.

4/ Each creditor's NPV reduction in percent of its exposure at the reference date, December 31, 2018, calculated as (A-B)/A. The common reduction factor is applied to debt remaining after traditional mechanisms. For non-concessional bilateral or commercial debt this would imply a total reduction of 85 percent. The common reduction factor is revised downward at completion point due to consideration of up-front 80 percent reduction of Russian debt disbursed before 1992. See "Information Reporting in the Context of the HIPC Initiative Assistance", IDA/SecM2002-0131 and EBS/02/36 (April 2002).

5/ Based on the three-year backward-looking average (2016-2018).

Table A5. Somalia: Present Value of External Debt, 2022-2043 1/

(In millions of US$, unless otherwise indicated)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2042	2043	Averages 2022-32	Averages 2033-43
Before debt relief at Completion Point 2/																				
PV of total debt	2,843.1	2,952.8	2,974.6	2,999.4	3,025.1	3,096.1	3,120.1	3,091.3	3,129.8	3,235.3	3,373.3	3,643.6	3,961.4	4,326.2	4,745.0	5,226.2	8,810.5	9,849.6	3,076.4	6,154.8
PV of outstanding debt	2,843.1	2,846.5	2,833.6	2,788.1	2,712.7	2,634.2	2,506.7	2,334.9	2,195.3	2,087.0	1,979.5	1,971.1	1,961.6	1,949.9	1,937.2	1,922.9	1,745.8	1,689.3	2,523.8	1,871.8
Official bilateral and commercial	1,839.5	1,845.8	1,839.6	1,833.0	1,826.8	1,820.5	1,770.0	1,675.7	1,581.1	1,484.2	1,386.3	1,383.4	1,378.3	1,370.6	1,360.0	1,346.1	1,169.2	1,112.7	1,718.4	1,293.2
Paris Club	1,202.4	1,206.3	1,198.6	1,191.9	1,185.6	1,179.3	1,128.2	1,032.9	935.6	836.0	735.3	729.5	721.3	710.4	696.5	679.2	508.3	454.9	1,075.6	630.6
Other official bilateral	634.6	637.0	638.5	638.6	638.7	638.8	639.3	640.3	643.0	645.7	648.5	651.4	654.5	657.7	660.9	664.4	658.4	655.3	640.3	660.1
Commercial	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Multilateral	1,003.5	1,000.8	994.0	955.1	885.9	813.6	736.7	659.2	614.3	602.9	593.2	587.7	583.3	579.4	577.3	576.8	576.6	576.6	805.4	578.6
World Bank	90.1	80.8	71.6	62.3	53.3	44.7	36.7	29.8	24.3	19.0	13.7	8.9	5.1	1.8	0.1	0.0	0.0	0.0	47.9	1.4
African Development Bank	17.8	16.0	14.2	12.4	10.5	8.7	6.9	5.5	4.4	3.6	2.9	2.2	1.6	1.0	0.5	0.2	0.0	0.0	9.4	0.5
IMF	316.3	325.0	329.6	302.2	244.3	182.9	116.1	47.3	8.9	3.6		0.0	0.0	0.0	0.0	0.0	0.0	0.0	187.6	0.0
Others	579.3	579.0	578.6	578.2	577.8	577.4	576.9	576.6	576.6	576.6	576.6	576.6	576.6	576.6	576.6	576.6	576.6	576.6	577.6	576.6
PV of new borrowing	0.0	106.3	141.0	211.2	312.4	462.0	613.4	756.3	934.4	1148.2	1393.8	1672.5	1999.8	2376.2	2807.8	3303.3	7064.6	8160.2	552.7	4,283.0
After traditional debt relief 3/																				
PV of total debt	2,897.5	2,912.1	2,851.2	2,792.6	2,733.3	2,806.3	2,874.2	2,930.5	3,051.6	3,238.5	3,455.3	3,705.2	4,000.1	4,327.7	4,705.1	5,140.3	8,543.5	9,616.1	2,958.5	6,029.5
PV of outstanding debt	2,897.5	2,805.8	2,710.2	2,581.3	2,420.8	2,344.4	2,260.8	2,174.2	2,117.2	2,090.3	2,061.5	2,032.7	2,000.3	1,951.4	1,897.3	1,837.0	1,478.9	1,455.8	2,405.8	1,746.5
Official bilateral and commercial	1,893.9	1,805.0	1,716.2	1,626.2	1,534.9	1,530.7	1,524.2	1,515.0	1,502.9	1,487.4	1,468.3	1,445.0	1,417.0	1,372.1	1,320.1	1,260.1	902.3	879.2	1,600.4	1,167.9
Paris Club	1,391.4	1,306.2	1,221.2	1,135.1	1,047.8	1,043.3	1,036.6	1,027.6	1,016.0	1,001.5	983.7	962.2	936.6	899.7	857.0	807.7	517.7	504.2	1,110.0	733.3
Other official bilateral	501.8	498.0	494.3	490.4	486.3	486.7	486.9	486.7	486.2	485.3	484.0	482.2	479.9	471.9	462.7	452.1	384.5	375.0	489.7	434.4
Commercial	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.0	0.0	0.7	0.3
Multilateral	1,003.5	1,000.8	994.0	955.1	885.9	813.6	736.7	659.2	614.3	602.9	593.2	587.7	583.3	579.4	577.3	576.8	576.6	576.6	805.4	578.6
World Bank	90.1	80.8	71.6	62.3	53.3	44.7	36.7	29.8	24.3	19.0	13.7	8.9	5.1	1.8	0.1	0.0	0.0	0.0	47.9	1.4
African Development Bank	17.8	16.0	14.2	12.4	10.5	8.7	6.9	5.5	4.4	3.6	2.9	2.2	1.6	1.0	0.5	0.2	0.0	0.0	9.4	0.5
IMF	316.3	325.0	329.6	302.2	244.3	182.9	116.1	47.3	8.9	3.6		0.0	0.0	0.0	0.0	0.0	0.0	0.0	187.6	0.0
Others	579.3	579.0	578.6	578.2	577.8	577.4	576.9	576.6	576.6	576.6	576.6	576.6	576.6	576.6	576.6	576.6	576.6	576.6	577.6	576.6
PV of new borrowing	0.0	106.3	141.0	211.2	312.4	462.0	613.4	756.3	934.4	1148.2	1393.8	1672.5	1999.8	2376.2	2807.8	3303.3	7064.6	8160.2	552.7	4,283.0
After conditional delivery of enhanced HIPC assistance 4/																				
PV of total debt	2,827.8	853.1	879.6	922.6	977.5	1,078.4	1,174.6	1,256.5	1,387.7	1,570.7	1,786.8	2,044.7	2,354.7	2,714.0	3,130.0	3,611.4	7,268.4	8,340.4	1,337.8	4,566.9
PV of outstanding debt	2,827.8	746.8	738.5	711.3	665.1	616.4	561.2	500.2	453.3	422.4	393.0	372.2	354.9	337.8	322.2	308.1	203.7	180.1	785.1	283.9
Official bilateral and commercial	1,838.4	227.3	223.2	216.9	210.1	203.2	194.8	189.3	183.7	178.1	172.6	171.0	169.4	167.9	166.4	164.9	138.0	130.2	348.9	157.4
Paris Club	1,201.3	27.5	26.6	25.6	24.1	22.7	16.5	12.1	8.2	4.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	124.4	0.2
Other official bilateral	634.6	199.4	196.1	190.9	185.5	180.1	177.8	176.7	175.1	173.5	171.9	170.4	168.9	167.4	165.9	164.4	137.7	130.0	223.8	157.0
Commercial	2.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.6	0.2
Multilateral	989.3	519.5	515.4	494.4	454.9	413.1	366.5	310.9	269.6	244.3	220.5	201.2	185.5	169.9	155.9	143.2	65.7	49.9	436.2	126.4
World Bank	90.1	80.8	71.6	62.3	53.3	44.7	36.7	29.8	24.3	19.0	13.7	8.9	5.1	1.8	0.1	0.0	0.0	0.0	47.9	1.4
African Development Bank	17.8	16.0	14.2	12.4	10.5	8.7	6.9	5.5	4.4	3.6	2.9	2.2	1.6	1.0	0.5	0.2	0.0	0.0	9.4	0.5
IMF	314.3	186.9	193.3	183.3	154.7	123.2	86.0	44.7	18.5	9.8	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	119.8	0.0
Others	567.1	235.8	236.3	236.4	236.4	236.6	236.8	230.9	222.3	211.9	201.2	190.1	178.8	167.2	155.2	143.0	65.7	49.9	259.2	124.5
PV of new borrowing	0.0	106.3	141.0	211.2	312.4	462.0	613.4	756.3	934.4	1148.2	1393.8	1672.5	1999.8	2376.2	2807.8	3303.3	7064.6	8160.2	552.7	4,283.0

Sources: Somalia authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.

2/ Debt relief provided by the Paris Club, and clearance of arrears by the IMF, IDA, and AfDB, includes arrears and flow treatment under Cologne terms on case-by-case basis based on signed bilateral agreements with creditors together with 80 percent of upfront reduction of debt stock by Russia (agreement signed in 2023).

3/ Shows the external debt situation after the full use of the hypothetical traditional debt-relief mechanisms and assuming at least comparable treatment from official bilateral creditors at end-2018.

4/ Assumes the delivery of HIPC assistance at completion point (end-December 2023), including 80 percent of upfront reduction of debt stock by Russia.

5/ Assumes full delivery of estimated HIPC initiative debt relief at December 31, 2022.

6/ Includes additional debt relief provided on a voluntary basis by the Paris Club creditors. See Table A12.

7/ MDRI assistance starts after the completion point (end-December 2023).

Table A5. Somalia: Present Value of External Debt, 2022-2043 1/ (concluded)

(In millions of US$, unless otherwise indicated)

																			Averages	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2042	2043	2022-32	2033-43
After unconditional delivery of enhanced HIPC assistance 5/																				
PV of total debt	732.2	853.1	879.6	922.6	977.5	1,078.4	1,174.6	1,256.5	1,387.7	1,570.7	1,786.8	2,044.7	2,354.7	2,714.0	3,130.0	3,611.4	7,268.4	8,340.4	1,147.2	4,566.9
PV of outstanding debt	732.2	746.8	738.5	711.3	665.1	616.4	561.2	500.2	453.3	422.4	393.0	372.2	354.9	337.8	322.2	308.1	203.7	180.1	594.6	283.9
Official bilateral and commercial	214.6	227.3	223.2	216.9	210.1	203.2	194.8	189.3	183.7	178.1	172.6	171.0	169.4	167.9	166.4	164.9	138.0	130.2	201.3	157.4
Paris Club	23.6	27.5	26.6	25.6	24.1	22.7	16.5	12.1	8.2	4.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	17.4	0.2
Other official bilateral	190.6	199.4	196.1	190.9	185.5	180.1	177.8	176.7	175.1	173.5	171.9	170.4	168.9	167.4	165.9	164.4	137.7	130.0	183.4	157.0
Commercial	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.4	0.2
Multilateral	517.6	519.5	515.4	494.4	454.9	413.1	366.5	310.9	269.6	244.3	220.5	201.2	185.5	169.9	155.9	143.2	65.7	49.9	393.3	126.4
World Bank	90.1	80.8	71.6	62.3	53.3	44.7	36.7	29.8	24.3	19.0	13.7	8.9	5.1	1.8	0.1	0.0	0.0	0.0	47.9	1.4
African Development Bank	17.8	16.0	14.2	12.4	10.5	8.7	6.9	5.5	4.4	3.6	2.9	2.2	1.6	1.0	0.5	0.2	0.0	0.0	9.4	0.5
IMF	180.8	186.9	193.3	183.3	154.7	123.2	86.0	44.7	18.5	9.8	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	107.6	0.0
Others	228.9	235.8	236.3	236.4	236.4	236.6	236.8	230.9	222.3	211.9	201.2	190.1	178.8	167.2	155.2	143.0	65.7	49.9	228.5	124.5
PV of new borrowing	0.0	106.3	141.0	211.2	312.4	462.0	613.4	756.3	934.4	1148.2	1393.8	1672.5	1999.8	2376.2	2807.8	3303.3	7064.6	8160.2	552.7	4,283.0
After conditional delivery of beyond HIPC assistance 6/																				
PV of total debt	1,181.0	826.3	853.5	897.3	953.6	1,055.8	1,158.1	1,244.4	1,379.6	1,566.5	1,786.6	2,044.5	2,354.5	2,713.8	3,129.8	3,611.1	7,268.2	8,340.2	1,173.0	4,566.6
PV of outstanding debt	1181.0	720.0	712.5	686.1	641.2	593.8	544.7	488.1	445.1	418.2	392.8	372.0	354.7	337.6	322.0	307.8	203.6	180.0	620.3	283.7
Official bilateral and commercial	191.6	200.5	197.1	191.7	186.2	180.7	178.2	177.2	175.5	173.9	172.3	170.7	169.2	167.6	166.1	164.7	137.9	130.0	184.1	157.2
Paris Club	0.6	0.7	0.5	0.4	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Other official bilateral	190.6	199.4	196.1	190.9	185.5	180.1	177.8	176.7	175.1	173.5	171.9	170.4	168.9	167.4	165.9	164.4	137.7	130.0	183.4	157.0
Commercial	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.4	0.2
Multilateral	989.3	519.5	515.4	494.4	454.9	413.1	366.5	310.9	269.6	244.3	220.5	201.2	185.5	169.9	155.9	143.2	65.7	49.9	436.2	126.4
World Bank	90.1	80.8	71.6	62.3	53.3	44.7	36.7	29.8	24.3	19.0	13.7	8.9	5.1	1.8	0.1	0.0	0.0	0.0	47.9	1.4
African Development Bank	17.8	16.0	14.2	12.4	10.5	8.7	6.9	5.5	4.4	3.6	2.9	2.2	1.6	1.0	0.5	0.2	0.0	0.0	9.4	0.5
IMF	314.3	186.9	193.3	183.3	154.7	123.2	86.0	44.7	18.5	9.8	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	119.8	0.0
Others	567.1	235.8	236.3	236.4	236.4	236.6	236.8	230.9	222.3	211.9	201.2	190.1	178.8	167.2	155.2	143.0	65.7	49.9	259.2	124.5
PV of new borrowing	0.0	106.3	141.0	211.2	312.4	462.0	613.4	756.3	934.4	1148.2	1393.8	1672.5	1999.8	2376.2	2807.8	3303.3	7064.6	8160.2	552.7	4,283.0
After conditional delivery of enhanced HIPC, beyond HIPC, and MDRI assistance 4/ 6/ 7/																				
PV of total debt	2,827.8	587.2	620.6	687.0	782.6	924.6	1,067.1	1,193.1	1,350.8	1,543.9	1,769.9	2,033.4	2,347.8	2,711.1	3,129.2	3,610.9	7,268.2	8,340.2	1,214.1	4,564.7
PV of outstanding debt	2,827.8	480.9	479.6	475.8	470.2	462.7	453.6	436.8	416.4	395.6	376.2	360.9	348.0	334.8	321.4	307.6	203.6	180.0	661.4	281.7
Official bilateral and commercial	1,838.4	200.5	197.1	191.7	186.2	180.7	178.2	177.2	175.5	173.9	172.3	170.7	169.2	167.6	166.1	164.7	137.9	130.0	333.8	157.2
Paris Club	1,201.3	0.7	0.5	0.4	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	109.4	0.0
Other official bilateral	634.6	199.4	196.1	190.9	185.5	180.1	177.8	176.7	175.1	173.5	171.9	170.4	168.9	167.4	165.9	164.4	137.7	130.0	223.8	157.0
Commercial	2.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.6	0.2
Multilateral	989.3	280.4	282.5	284.1	284.0	282.0	275.4	259.6	240.8	221.7	203.9	190.1	178.8	167.2	155.2	143.0	65.7	49.9	327.6	124.5
World Bank	90.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0	0.0
African Development Bank	17.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0
IMF	314.3	44.7	46.2	47.8	47.5	45.4	38.6	28.7	18.5	9.8	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	58.6	0.0
Others	567.1	235.7	236.3	236.3	236.4	236.6	236.8	230.9	222.3	211.9	201.2	190.1	178.8	167.2	155.2	143.0	65.7	49.9	259.2	124.5
PV of new borrowing	0.0	106.3	141.0	211.2	312.4	462.0	613.4	756.3	934.4	1148.2	1393.8	1672.5	1999.8	2376.2	2807.8	3303.3	7064.6	8160.2	552.7	4,283.0

Sources: Somalia authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.

2/ Debt relief provided by the Paris Club, and clearance of arrears by the IMF, IDA, and AfDB, includes arrears and flow treatment under Cologne terms on case-by-case basis based on signed bilateral agreements with creditors together with 80 percent of upfront reduction of debt stock by Russia (agreement signed in 2023).

3/ Shows the external debt situation after the full use of the hypothetical traditional debt-relief mechanisms and assuming at least comparable treatment from official bilateral creditors at end-2018.

4/ Assumes the delivery of HIPC assistance at completion point (end-December 2023), including 80 percent of upfront reduction of debt stock by Russia.

5/ Assumes full delivery of estimated HIPC initiative debt relief at December 31, 2022.

6/ Includes additional debt relief provided on a voluntary basis by the Paris Club creditors. See Table A12.

7/ MDRI assistance starts after the completion point (end-December 2023).

Table A6. Somalia: External Debt Service, 2023–2043 1/

(In millions of US$, unless otherwise indicated)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2042	2043	Averages 2023-33	Averages 2034-43
Before debt relief at Completion Point 2/																			
Total	65.4	81.8	113.2	141.5	142.2	190.2	242.5	209.1	178.7	184.8	93.6	95.5	107.2	124.9	145.9	344.4	399.4	149.4	216.9
Existing debt 3/	61.3	77.8	109.8	138.3	138.7	185.0	224.4	185.6	148.7	143.4	39.8	40.6	42.4	43.1	44.2	74.0	79.1	132.1	56.3
Multilateral	17.4	21.3	53.1	82.1	82.8	85.0	82.9	47.7	12.7	10.5	6.1	4.8	4.1	2.2	0.4	0.0	0.0	45.6	1.2
World Bank Group	12.5	12.0	11.8	11.2	10.4	9.5	8.2	6.5	6.1	5.9	5.3	4.1	3.5	1.7	0.1	0.0	0.0	9.0	0.9
African Development Bank	2.3	2.3	2.2	2.2	2.2	2.0	1.6	1.2	1.0	0.8	0.8	0.7	0.7	0.5	0.3	0.0	0.0	1.7	0.2
IMF 4/	2.0	6.4	38.6	68.2	69.7	73.1	72.7	40.0	5.6	3.7		0.0	0.0	0.0	0.0	0.0	0.0	38.0	0.0
Others	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Official bilateral	43.9	56.5	56.8	56.2	55.9	100.0	141.5	137.9	136.1	132.9	33.7	35.9	38.2	40.9	43.8	74.0	79.1	86.5	55.1
Paris Club	41.1	52.8	51.5	50.9	50.7	95.2	137.2	135.2	133.3	130.1	30.9	33.1	35.5	38.1	41.0	64.9	69.9	82.6	49.3
Non Paris Club	2.8	3.7	5.3	5.3	5.3	4.8	4.3	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	9.1	9.2	3.8	5.8
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 4/	4.1	4.0	3.4	3.2	3.5	5.2	18.1	23.5	30.0	41.4	53.9	54.9	64.8	81.8	101.7	270.4	320.3	17.3	160.6
Debt service to exports ratio	3.1	3.4	4.1	4.6	4.1	5.0	5.9	4.7	3.8	3.7	1.7	1.7	1.8	1.9	2.1	3.6	3.9	4.0	2.6
Debt service to revenue ratio	21.0	23.7	27.6	29.2	25.0	28.7	32.2	24.6	18.7	17.2	7.8	7.1	7.2	7.5	7.9	11.3	11.8	23.2	9.2
After traditional debt relief 5/																			
Total	173.8	174.1	203.3	230.1	140.6	146.8	160.0	132.9	107.3	119.7	131.4	134.9	160.4	181.1	205.5	321.7	373.3	156.4	257.8
Existing debt 3/	169.7	170.2	199.9	226.9	137.1	141.6	141.9	109.4	77.3	78.3	77.5	80.1	95.6	99.2	103.8	51.2	53.0	139.1	97.2
Multilateral	17.4	21.3	53.1	82.1	82.8	85.0	82.9	47.7	12.7	10.5	6.1	4.8	4.1	2.2	0.4	0.0	0.0	45.6	1.2
World Bank Group	12.5	12.0	11.8	11.2	10.4	9.5	8.2	6.5	6.1	5.9	5.3	4.1	3.5	1.7	0.1	0.0	0.0	9.0	0.9
African Development Bank	2.3	2.3	2.2	2.2	2.2	2.0	1.6	1.2	1.0	0.8	0.8	0.7	0.7	0.5	0.3	0.0	0.0	1.7	0.2
IMF 4/	2.0	6.4	38.6	68.2	69.7	73.1	72.7	40.0	5.6	3.7		0.0	0.0	0.0	0.0	0.0	0.0	38.0	0.0
Others	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Official bilateral	152.3	148.9	146.8	144.8	54.3	56.5	58.9	61.6	64.6	67.8	71.4	75.3	91.4	97.0	103.3	51.2	53.0	93.4	95.9
Paris Club	129.9	126.7	124.6	122.5	36.7	38.7	40.8	43.1	45.8	48.6	51.8	55.2	65.8	70.4	75.7	28.5	29.5	73.6	69.1
Non Paris Club	22.4	22.2	22.2	22.2	17.6	17.8	18.1	18.4	18.8	19.2	19.6	20.1	25.6	26.5	27.6	22.8	23.5	19.9	26.8
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1
New debt 4/	4.1	4.0	3.4	3.2	3.5	5.2	18.1	23.5	30.0	41.4	53.9	54.9	64.8	81.8	101.7	270.4	320.3	17.3	160.6
Debt service to exports ratio	8.4	7.3	7.4	7.4	4.1	3.8	3.9	3.0	2.3	2.4	2.5	2.4	2.6	2.8	3.0	3.4	3.6	4.8	3.2
Debt service to revenue ratio	55.7	50.5	49.6	47.5	24.7	22.1	21.3	15.6	11.2	11.1	11.0	10.1	10.8	10.9	11.1	10.5	11.1	29.1	11.4
After conditional HIPC assistance 6/																			
Total	19.5	39.0	57.7	75.5	76.6	79.8	100.0	89.2	78.0	86.9	89.7	86.4	95.5	110.5	128.4	303.0	352.1	72.0	191.3
Existing debt 3/	15.3	35.0	54.3	72.3	73.1	74.6	81.9	65.7	48.0	45.5	35.8	31.6	30.8	28.6	26.7	32.6	31.8	54.7	30.7
Multilateral	15.3	22.0	38.7	56.4	57.4	60.9	68.1	52.0	34.6	32.3	26.9	22.7	22.0	20.0	18.1	18.6	18.1	42.2	19.8
World Bank Group	12.5	12.0	11.8	11.2	10.4	9.5	8.2	6.5	6.1	5.9	5.3	4.1	3.5	1.7	0.1	0.0	0.0	9.0	0.9
African Development Bank	2.3	2.3	2.2	2.2	2.2	2.0	1.6	1.2	1.0	0.8	0.8	0.7	0.7	0.5	0.3	0.0	0.0	1.7	0.2
IMF 4/	0.0	0.0	16.5	34.9	36.8	41.4	44.2	27.7	9.3	7.5	2.8	0.0	0.0	0.0	0.0	0.0	0.0	20.1	0.0
Others	0.5	7.6	8.2	8.1	8.0	8.0	14.1	16.6	18.2	18.1	18.0	17.9	17.8	17.8	17.7	18.6	18.1	11.4	18.6
Official bilateral	0.0	13.0	15.6	15.9	15.7	13.7	13.8	13.6	13.4	13.1	8.9	8.8	8.7	8.6	8.6	14.0	13.7	12.4	10.9
Paris Club	0.0	2.0	2.0	2.4	2.4	3.7	5.1	4.5	4.3	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	0.0
Non Paris Club	0.0	11.0	13.6	13.5	13.3	10.1	8.7	9.2	9.1	9.0	8.9	8.8	8.7	8.6	8.5	14.0	13.7	9.7	10.9
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 4/	4.1	4.0	3.4	3.2	3.5	5.2	18.1	23.5	30.0	41.4	53.9	54.9	64.8	81.8	101.7	270.4	320.3	17.3	160.6
After unconditional HIPC assistance 6/																			
Total	19.5	36.7	55.4	72.8	73.9	75.8	94.6	84.4	73.3	82.3	89.3	86.0	95.1	110.0	128.0	302.2	351.3	68.9	190.7
Existing debt 3/	15.3	32.7	52.0	69.6	70.4	70.6	76.5	60.8	43.3	40.9	35.4	31.1	30.3	28.2	26.3	31.8	31.0	51.6	30.1
Multilateral	15.3	22.0	38.7	56.4	57.4	60.9	68.1	52.0	34.6	32.3	26.9	22.7	22.0	20.0	18.1	18.6	18.1	42.2	19.8
World Bank Group	12.5	12.0	11.8	11.2	10.4	9.5	8.2	6.5	6.1	5.9	5.3	4.1	3.5	1.7	0.1	0.0	0.0	9.0	0.9
African Development Bank	2.3	2.3	2.2	2.2	2.2	2.0	1.6	1.2	1.0	0.8	0.8	0.7	0.7	0.5	0.3	0.0	0.0	1.7	0.2
IMF 4/	0.0	0.0	16.5	34.9	36.8	41.4	44.2	27.7	9.3	7.5	2.8	0.0	0.0	0.0	0.0	0.0	0.0	20.1	0.0
Others	0.5	7.6	8.2	8.1	8.0	8.0	14.1	16.6	18.2	18.1	18.0	17.9	17.8	17.8	17.7	18.6	18.1	11.4	18.6
Official bilateral	0.0	10.7	13.3	13.1	13.0	9.7	8.3	8.7	8.7	8.6	8.5	8.4	8.3	8.2	8.1	13.2	12.9	9.3	10.3
Paris Club	0.0	0.2	0.2	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Non Paris Club	0.0	10.6	13.1	13.0	12.8	9.7	8.3	8.7	8.7	8.6	8.5	8.4	8.3	8.2	8.1	13.2	12.9	9.3	10.3
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 4/	4.1	4.0	3.4	3.2	3.5	5.2	18.1	23.5	30.0	41.4	53.9	54.9	64.8	81.8	101.7	270.4	320.3	17.3	160.6
Debt service to exports ratio after HIPC assistance	0.9	1.6	2.1	2.4	2.2	2.1	2.4	2.0	1.7	1.7	1.7	1.5	1.6	1.7	1.9	3.2	3.4	1.9	2.3
Debt service to revenue ratio after HIPC assistance	6.2	11.3	14.1	15.6	13.5	12.0	13.3	10.5	8.1	8.1	7.5	6.5	6.4	6.7	7.0	9.9	10.4	10.9	8.1

Sources: Somali authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.

2/ Debt relief provided by the Paris Club, and clearance of arrears by the IMF, IDA, and AfDB. It includes arrears and flow treatment under Cologne terms on case-by-case basis based on signed bilateral agreements with creditors together with 80 percent of upfront reduction of debt stock by Russia (agreement signed in 2023).

3/ Includes only principal and interest due on debt outstanding as of the reference date (December 31, 2022) and does not include projected penalty interest on arrears.

4/ Reflects debt service on the projected borrowing needed to close the current account gap.

5/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral creditors.

6/ Bilateral and commercial creditors are assumed to provide a Cologne flow rescheduling on eligible debt during the interim period and a Cologne stock of debt operation at the completion point, including debt stock upfront reduction of 80 percent on Russian loans.

7/ The reduction is measured as the difference between the projected debt service after full use of traditional debt relief and debt service after the application of HIPC relief.

8/ Includes additional debt relief provided on a voluntary basis by the Paris Club beyond the requirements of the enhanced HIPC framework as specified on Table A12.

9/ MDRI assistance starts the first quarter after the assumed completion point (December 2023). Beyond HIPC assistance from the IMF starts on the Completion Point.

10/ As defined in IMF, Balance of Payments Manual, 6th edition, 2009. Refers to current year exports.

11/ Revenues are defined as central government revenues, excluding grants.

Table A6. Somalia: External Debt Service, 2023–2043 1/ (concluded)

(In millions of US$, unless otherwise indicated)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2042	2043	Averages 2023-33	2034-43
Reduction in debt service as a result of																			
As a result of unconditional HIPC assistance Traditional debt relief mechanisms 6/	-108.4	-92.4	-90.1	-88.6	1.6	43.4	82.5	76.3	71.4	65.1	-37.8	-39.5	-53.2	-56.2	-59.6	22.7	26.1	-7.0	-34.4
HIPC Initiative assistance 7/	154.3	135.2	145.6	154.5	64.0	67.0	60.0	43.6	29.3	32.8	41.7	48.5	64.9	70.6	77.1	18.7	21.2	84.4	66.5
After beyond HIPC assistance 8/																			
Total	19.5	37.2	55.9	73.3	74.4	76.2	94.9	84.8	73.7	82.8	89.7	86.4	95.5	110.5	128.4	303.0	352.0	69.3	191.3
Existing debt 3/	15.3	33.2	52.5	70.1	70.9	71.0	76.8	61.3	43.7	41.3	35.8	31.5	30.7	28.6	26.7	32.6	31.8	52.0	30.7
Multilateral	15.3	22.0	38.7	56.4	57.4	60.9	68.1	52.0	34.6	32.3	26.9	22.7	22.0	20.0	18.1	18.6	18.1	42.2	19.8
World Bank Group	12.5	12.0	11.8	11.2	10.4	9.5	8.2	6.5	6.1	5.9	5.3	4.1	3.5	1.7	0.1	0.0	0.0	9.0	0.9
African Development Bank	2.3	2.3	2.2	2.2	2.2	2.0	1.6	1.2	1.0	0.8	0.8	0.7	0.7	0.5	0.3	0.0	0.0	1.7	0.2
IMF 4/	0.0	0.0	16.5	34.9	36.8	41.4	44.2	27.7	9.3	7.5	2.8	0.0	0.0	0.0	0.0	0.0	0.0	20.1	0.0
Others	0.5	7.6	8.2	8.1	8.0	8.0	14.1	16.6	18.2	18.1	18.0	17.9	17.8	17.8	17.7	18.6	18.1	11.4	18.6
Official bilateral	0.0	11.2	13.8	13.6	13.5	10.1	8.7	9.2	9.1	9.0	8.9	8.8	8.7	8.6	8.5	14.0	13.7	9.7	10.9
Paris Club	0.0	0.2	0.2	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Non Paris Club	0.0	11.0	13.6	13.5	13.3	10.1	8.7	9.2	9.1	9.0	8.9	8.8	8.7	8.6	8.5	14.0	13.7	9.7	10.9
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 4/	4.1	4.0	3.4	3.2	3.5	5.2	18.1	23.5	30.0	41.4	53.9	54.9	64.8	81.8	101.7	270.4	320.3	17.3	160.6
Debt service to exports ratio after HIPC assistance	0.9	1.6	2.0	2.4	2.1	2.0	2.3	1.9	1.6	1.6	1.7	1.5	1.6	1.7	1.9	3.2	3.4	1.8	2.3
Debt service to revenue ratio after HIPC assistance	6.2	10.8	13.6	15.1	13.1	11.5	12.6	10.0	7.7	7.7	7.5	6.5	6.4	6.7	7.0	9.9	10.4	10.5	8.1
Reduction in debt service as a result of																			
HIPC Initiative assistance 7/	154.3	135.2	145.6	154.5	64.0	67.0	60.0	43.6	29.3	32.8	41.7	48.5	64.9	70.6	77.1	18.7	21.2	84.4	66.5
Beyond HIPC Initiative assistance	0.0	1.8	1.8	2.2	2.2	3.6	5.1	4.5	4.3	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0
After HIPC, beyond HIPC, and MDRI assistance 9/																			
Total	19.5	22.8	25.4	26.8	28.8	31.7	52.1	60.5	66.6	76.0	83.6	81.6	91.4	108.3	127.9	303.0	352.0	44.9	190.1
Existing debt 3/	15.3	18.8	22.0	23.6	25.3	26.5	34.0	37.0	36.6	34.6	29.7	26.8	26.6	26.4	26.3	32.6	31.8	27.6	29.5
Multilateral	15.3	7.6	8.2	10.0	11.8	16.4	25.3	27.8	27.5	25.5	20.8	17.9	17.8	17.8	17.7	18.6	18.1	17.8	18.6
World Bank Group	12.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0
African Development Bank	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
IMF 4/	0.0	0.0	0.0	1.9	3.7	8.4	11.2	11.2	9.3	7.5	2.8	0.0	0.0	0.0	0.0	0.0	0.0	5.1	0.0
Others	0.5	7.6	8.2	8.1	8.0	8.0	14.1	16.6	18.2	18.1	18.0	17.9	17.8	17.8	17.7	18.6	18.1	11.4	18.6
Official bilateral	0.0	11.2	13.8	13.6	13.5	10.1	8.7	9.2	9.1	9.0	8.9	8.8	8.7	8.6	8.5	14.0	13.7	9.7	10.9
Paris Club	0.0	0.2	0.2	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Non Paris Club	0.0	11.0	13.6	13.5	13.3	10.1	8.7	9.2	9.1	9.0	8.9	8.8	8.7	8.6	8.5	14.0	13.7	9.7	10.9
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 4/	4.1	4.0	3.4	3.2	3.5	5.2	18.1	23.5	30.0	41.4	53.9	54.9	64.8	81.8	101.7	270.4	320.3	17.3	160.6
Debt service to exports ratio after HIPC and MDRI assistance	0.9	1.0	0.9	0.9	0.8	0.8	1.3	1.4	1.4	1.5	1.6	1.4	1.5	1.7	1.8	3.2	3.4	1.1	2.3
Debt service to revenue ratio after HIPC and MDRI assistance	6.2	6.6	6.2	5.5	5.1	4.8	6.9	7.1	7.0	7.1	7.0	6.1	6.1	6.5	6.9	9.9	10.4	6.3	8.1
Reduction in debt service as a result of																			
HIPC Initiative assistance 7/	154.3	135.2	145.6	154.5	64.0	67.0	60.0	43.6	29.3	32.8	41.7	48.5	64.9	70.6	77.1	18.7	21.2	84.4	66.5
MDRI and IMF Beyond HIPC assistance	0.0	14.4	30.5	46.5	45.6	44.5	42.8	24.3	7.1	6.8	6.1	4.8	4.1	2.2	0.4	0.0	0.0	24.4	1.2
Memorandum items:																			
Exports of goods and nonfactor services 10/	2,079.4	2,394.4	2,748.9	3,095.8	3,467.5	3,824.5	4,114.1	4,406.7	4,701.7	5,016.5	5,352.3	5,710.6	6,092.9	6,500.8	6,936.0	9,590.0	10,232.1	3,745.6	7,777.1
Government revenues 11/	312.2	345.1	409.5	484.6	569.0	662.8	752.4	850.3	957.9	1,075.1	1,199.7	1,339.3	1,491.1	1,656.9	1,846.9	3,057.9	3,374.9	692.6	2,236.3

Sources: Somali authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.

2/ Debt relief provided by the Paris Club, and clearance of arrears by the IMF, IDA, and AfDB. It includes arrears and flow treatment under Cologne terms on case-by-case basis based on signed bilateral agreements with creditors together with 80 percent of upfront reduction of debt stock by Russia (agreement signed in 2023).

3/ Includes only principal and interest due on debt outstanding as of the reference date (December 31, 2022) and does not include projected penalty interest on arrears.

4/ Reflects debt service on the projected borrowing needed to close the current account gap.

5/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral creditors.

6/ Bilateral and commercial creditors are assumed to provide a Cologne flow rescheduling on eligible debt during the interim period and a Cologne stock of debt operation at the completion point, including debt stock upfront reduction of 80 percent on Russian loans.

7/ The reduction is measured as the difference between the projected debt service after full use of traditional debt relief and debt service after the application of HIPC relief.

8/ Includes additional debt relief provided on a voluntary basis by the Paris Club beyond the requirements of the enhanced HIPC framework as specified on Table A12.

9/ MDRI assistance starts the first quarter after the assumed completion point (December 2023). Beyond HIPC assistance from the IMF starts on the Completion Point.

10/ As defined in IMF, Balance of Payments Manual, 6th edition, 2009. Refers to current year exports.

11/ Revenues are defined as central government revenues, excluding grants.

Table A7. Somalia: External Debt Indicators, 2022-2043 1/

(In percent, unless otherwise indicated)

																							Averages	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2022-32	2033-43
Before debt relief at Completion Point 1/																								
PV of debt-to-GDP ratio	27.3	25.6	23.8	22.2	20.6	19.5	18.1	16.7	15.8	15.3	14.9	15.1	15.4	15.8	16.2	16.8	17.3	18.0	18.7	19.5	20.4	21.4	20.0	17.7
PV of debt-to-exports ratio 2/ 3/	188.9	163.6	142.2	124.6	110.2	99.7	90.1	81.3	76.1	73.4	71.6	72.5	73.9	75.7	77.8	80.3	83.1	86.1	89.7	93.6	97.9	102.6	111.1	84.8
PV of debt-to-revenue ratio 4/	1082.3	946.0	861.9	732.5	624.3	544.1	470.7	410.9	368.1	337.7	313.8	303.7	295.8	290.1	286.4	283.0	282.2	281.7	282.1	284.9	288.1	291.8	608.4	288.2
Debt service-to-exports ratio	...	3.1	3.4	4.1	4.6	4.1	5.0	5.9	4.7	3.8	3.7	1.7	1.7	1.8	1.9	2.1	2.4	2.8	3.1	3.3	3.6	3.9	4.2	2.6
Debt service-to-revenue ratio 4/	...	21.0	23.7	27.6	29.2	25.0	28.7	32.2	24.6	18.7	17.2	7.8	7.1	7.2	7.5	7.9	8.7	9.7	10.2	10.7	11.3	11.8	24.8	9.1
After traditional debt relief 5/																								
PV of debt-to-GDP ratio	27.8	25.3	22.8	20.6	18.6	17.6	16.7	15.8	15.4	15.3	15.3	15.4	15.6	15.8	16.1	16.5	16.9	17.5	18.1	18.8	19.8	20.9	19.2	17.4
PV of debt-to-exports ratio 2/ 3/	192.5	161.3	136.3	116.0	99.5	90.4	83.0	77.1	74.2	73.5	73.4	73.8	74.6	75.7	77.1	79.0	81.2	83.6	86.6	90.1	94.9	100.1	107.0	83.3
PV of debt-to-revenue ratio 4/	1103.0	932.9	826.2	682.0	564.1	493.2	433.6	389.5	358.9	338.1	321.4	308.9	298.7	290.2	284.0	278.3	275.6	273.5	272.6	274.2	279.4	284.9	585.7	283.7
Debt service-to-exports ratio	...	8.4	7.3	7.4	7.4	4.1	3.8	3.9	3.0	2.3	2.4	2.5	2.4	2.6	2.8	3.0	3.2	3.5	3.8	4.0	3.4	3.6	5.0	3.2
Debt service-to-revenue ratio 4/	...	55.7	50.5	49.6	47.5	24.7	22.1	21.3	15.6	11.2	11.1	11.0	10.1	10.8	10.9	11.1	11.7	12.3	12.7	13.1	10.5	11.1	30.9	11.4
After conditional delivery of enhanced HIPC assistance																								
PV of debt-to-GDP ratio	27.1	7.4	7.0	6.8	6.7	6.8	6.8	6.8	7.0	7.4	7.9	8.5	9.2	9.9	10.7	11.6	12.5	13.5	14.5	15.7	16.9	18.1	8.9	12.8
PV of debt-to-exports ratio 2/ 3/	187.9	47.3	42.0	38.3	35.6	34.7	33.9	33.0	33.7	35.6	37.9	40.7	43.9	47.5	51.3	55.5	59.9	64.5	69.6	75.0	80.8	86.8	50.9	61.4
PV of debt-to-exports ratio (existing debt only)	187.9	41.4	35.3	29.5	24.2	19.9	16.2	13.2	11.0	9.6	8.3	7.4	6.6	5.9	5.3	4.7	4.2	3.7	3.2	2.7	2.3	1.9	36.0	4.3
PV of debt-to-revenue ratio 4/	1076.5	273.3	254.9	225.3	201.7	189.5	177.2	167.0	163.2	164.0	166.2	170.4	175.8	182.0	188.9	195.5	203.4	211.0	218.9	228.3	237.7	247.1	278.1	205.4
Debt service-to-exports ratio	...	0.9	1.6	2.1	2.4	2.2	2.1	2.4	2.0	1.7	1.7	1.7	1.5	1.6	1.7	1.9	2.1	2.4	2.7	2.9	3.2	3.4	1.9	2.3
Debt service-to-revenue ratio 4/	...	6.2	11.3	14.1	15.6	13.5	12.0	13.3	10.5	8.1	8.1	7.5	6.5	6.4	6.7	7.0	7.7	8.4	9.0	9.4	9.9	10.4	11.3	8.1
After unconditional delivery of enhanced HIPC assistance 6/																								
PV of debt-to-GDP ratio	7.0	7.4	7.0	6.8	6.7	6.8	6.8	6.8	7.0	7.4	7.9	8.5	9.2	9.9	10.7	11.6	12.5	13.5	14.5	15.7	16.9	18.1	7.1	12.8
PV of debt-to-exports ratio 2/ 3/	48.7	47.3	42.0	38.3	35.6	34.7	33.9	33.0	33.7	35.6	37.9	40.7	43.9	47.5	51.3	55.5	59.9	64.5	69.6	75.0	80.8	86.8	38.3	61.4
PV of debt-to-exports ratio (existing debt only)	48.7	41.4	35.3	29.5	24.2	19.9	16.2	13.2	11.0	9.6	8.3	7.4	6.6	5.9	5.3	4.7	4.2	3.7	3.2	2.7	2.3	1.9	23.4	4.3
PV of debt-to-revenue ratio 4/	278.7	273.3	254.9	225.3	201.7	189.5	177.2	167.0	163.2	164.0	166.2	170.4	175.8	182.0	188.9	195.5	203.4	211.0	218.9	228.3	237.7	247.1	205.5	205.4
Debt service-to-exports ratio	...	0.9	1.5	2.0	2.4	2.1	2.0	2.3	1.9	1.6	1.6	1.7	1.5	1.6	1.7	1.8	2.1	2.4	2.7	2.9	3.2	3.4	1.8	2.3
Debt service-to-revenue ratio 4/	...	6.2	10.6	13.5	15.0	13.0	11.4	12.6	9.9	7.6	7.7	7.4	6.4	6.4	6.6	6.9	7.7	8.4	9.0	9.4	9.9	10.4	10.8	8.1
After beyond HIPC assistance 6/ 7/																								
PV of debt-to-GDP ratio	11.3	7.2	6.8	6.6	6.5	6.6	6.7	6.7	7.0	7.4	7.9	8.5	9.2	9.9	10.7	11.6	12.5	13.5	14.5	15.7	16.8	18.1	7.3	12.8
PV of debt-to-exports ratio 2/ 3/	78.5	45.8	40.8	37.3	34.7	34.0	33.4	32.7	33.5	35.5	37.9	40.7	43.9	47.5	51.3	55.5	59.9	64.5	69.6	75.0	80.7	86.8	40.4	61.4
PV of debt-to-exports ratio (existing debt only)	78.5	39.9	34.0	28.5	23.3	19.1	15.7	12.8	10.8	9.5	8.3	7.4	6.6	5.9	5.3	4.7	4.2	3.7	3.2	2.7	2.3	1.9	25.5	4.3
PV of debt-to-revenue ratio 4/	449.6	264.7	247.3	219.2	196.8	185.5	174.7	165.4	162.2	163.5	166.2	170.4	175.8	182.0	188.9	195.5	203.4	211.0	218.9	228.3	237.7	247.1	217.7	205.4
Debt service-to-exports ratio	...	0.9	1.6	2.0	2.4	2.1	2.0	2.3	1.9	1.6	1.6	1.7	1.5	1.6	1.7	1.9	2.1	2.4	2.7	2.9	3.2	3.4	1.8	2.3
Debt service-to-revenue ratio 4/	...	6.2	10.8	13.6	15.1	13.1	11.5	12.6	10.0	7.7	7.7	7.5	6.5	6.4	6.7	7.0	7.7	8.4	9.0	9.4	9.9	10.4	10.8	8.1
After conditional delivery of enhanced HIPC, beyond HIPC, and MDRI assistance 7/ 8/																								
PV of debt-to-GDP ratio	27.1	5.1	5.0	5.1	5.3	5.8	6.2	6.4	6.8	7.3	7.8	8.4	9.1	9.9	10.7	11.6	12.5	13.5	14.5	15.7	16.8	18.1	8.0	12.8
PV of debt-to-exports ratio 2/ 3/	187.9	32.5	29.7	28.5	28.5	29.8	30.8	31.4	32.8	35.0	37.6	40.5	43.8	47.4	51.3	55.5	59.9	64.5	69.6	75.0	80.7	86.8	45.9	61.4
PV of debt-to-exports ratio (existing debt only)	187.9	26.6	22.9	19.8	17.1	14.9	13.1	11.5	10.1	9.0	8.0	7.2	6.5	5.9	5.3	4.7	4.2	3.7	3.2	2.7	2.3	1.9	31.0	4.3
PV of debt-to-revenue ratio 4/	1076.5	188.1	179.8	167.8	161.5	162.5	161.0	158.6	158.9	161.2	164.6	169.5	175.3	181.8	188.9	195.5	203.4	211.0	218.9	228.3	237.7	247.1	249.1	205.2
Debt service-to-exports ratio	...	0.9	1.0	0.9	0.9	0.8	0.8	1.3	1.4	1.4	1.5	1.6	1.4	1.5	1.7	1.8	2.1	2.4	2.7	2.9	3.2	3.4	1.1	2.2
Debt service-to-revenue ratio 4/	...	6.2	6.6	6.2	5.5	5.1	4.8	6.9	7.1	7.0	7.1	7.0	6.1	6.1	6.5	6.9	7.7	8.4	9.0	9.4	9.9	10.4	6.2	8.0

Sources: Somali authorities; and IMF and World Bank staff estimates and projections.

1/ Debt relief provided by the Paris Club, and clearance of arrears by the IMF, IDA, and AfDB, includes arrears and flow treatment under Cologne terms on case-by-case basis based on signed bilateral agreements with creditors together with 80 percent of upfront reduction of debt stock by Russia (agreement signed in 2023).

2/ Exports are defined as in IMF, *Balance of Payments Manual*, 6th edition, 2009.

3/ Based on a three-year average of exports on the previous year (e.g., export average over 2020-2022 for PV of debt-to-exports ratio in 2022).

4/ Revenue is defined as central government revenue, excluding grants.

5/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral creditors at December 31, 2018.

6/ Assumes full delivery of estimated debt relief at December 31, 2022.

7/ Includes additional debt relief provided on a voluntary basis by the Paris Club and some commercial creditors beyond the requirements of the enhanced HIPC framework as specified on Table A12.

8/ Assumes MDRI assistance after the completion point (December 2022).

Table A8. Somalia: Sensitivity Analysis, 2022–2043 1/

(In percent, unless otherwise indicated)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Averages 2022-32	Averages 2033-43
I. Baseline Scenario 2/																								
PV of debt-to-GDP ratio	27.1	5.1	5.0	5.1	5.3	5.8	6.2	6.4	6.8	7.3	7.8	8.4	9.1	9.9	10.7	11.6	12.5	13.5	14.5	15.7	16.8	18.1	8.0	12.8
PV of debt-to-exports ratio 3/ 4/	187.9	32.5	29.7	28.5	28.5	29.8	30.8	31.4	32.8	35.0	37.6	40.5	43.8	47.4	51.3	55.5	59.9	64.5	69.6	75.0	80.7	86.8	45.9	61.4
PV of debt-to-revenue ratio 5/	1076.5	188.1	179.8	167.8	161.5	162.5	161.0	158.6	158.9	161.2	164.6	169.5	175.3	181.8	188.9	195.5	203.4	211.0	218.9	228.3	237.7	247.1	249.1	205.2
Debt service-to-exports ratio	...	0.9	1.0	0.9	0.9	0.8	0.8	1.3	1.4	1.4	1.5	1.6	1.4	1.5	1.7	1.8	2.1	2.4	2.7	2.9	3.2	3.4	1.1	2.2
Debt service-to-revenue ratio	...	6.2	6.6	6.2	5.5	5.1	4.8	6.9	7.1	7.0	7.1	7.0	6.1	6.1	6.5	6.9	7.7	8.4	9.0	9.4	9.9	10.4	6.2	8.0
II. Sensitivity analysis																								
II.(a) Security shock: lower GDP growth 6/																								
PV of debt-to-GDP ratio	27.1	5.1	5.0	5.2	5.6	6.3	7.0	7.6	8.3	9.3	10.3	11.4	12.8	14.2	15.8	17.6	19.5	21.7	24.0	26.7	29.5	32.7	8.8	20.5
PV of debt-to-exports ratio 3/ 4/	187.9	32.5	29.8	28.9	29.4	31.5	33.7	35.6	38.7	42.9	47.7	53.1	59.4	66.2	73.7	82.0	91.1	101.1	112.1	124.3	137.7	152.4	49.0	95.7
PV of debt-to-revenue ratio 5/	1076.5	188.1	181.4	172.2	169.9	198.9	226.6	250.2	279.8	315.9	328.2	327.6	328.4	330.7	342.8	356.6	375.0	391.5	409.8	418.1	430.9	491.9	308.0	382.1
Debt service-to-exports ratio	...	0.9	1.0	0.9	0.9	0.9	0.9	1.5	1.7	1.8	2.0	2.1	2.0	2.2	2.5	2.8	3.3	3.9	4.5	5.0	5.5	6.2	1.3	3.6
Debt service-to-revenue ratio	...	6.2	6.7	6.4	5.8	6.2	6.7	10.9	12.5	13.6	14.1	13.5	11.4	11.1	11.9	12.6	14.2	15.6	16.9	17.3	18.0	20.8	8.9	14.8
II.(b) Climate shock: lower exports 7/																								
PV of debt-to-GDP ratio	27.1	5.1	5.2	5.6	5.9	6.4	6.8	7.1	7.5	8.1	8.7	9.3	10.1	10.9	11.8	12.8	13.8	14.9	16.0	17.3	18.6	20.0	8.5	14.1
PV of debt-to-exports ratio 3/ 4/	187.9	32.5	30.6	31.2	32.8	35.2	36.4	37.1	38.8	41.4	44.4	47.8	51.7	56.0	60.6	65.5	70.7	76.2	82.2	88.6	95.4	102.5	49.8	72.5
PV of debt-to-revenue ratio 5/	1076.5	188.1	188.6	185.1	178.2	201.8	220.6	234.2	252.2	274.8	276.0	266.9	259.5	254.1	256.0	258.8	264.5	268.4	273.1	270.8	271.2	300.9	297.8	267.7
Debt service-to-exports ratio	...	0.9	1.0	1.1	1.0	1.0	1.0	1.5	1.6	1.7	1.8	1.8	1.7	1.8	2.0	2.2	2.5	2.8	3.2	3.4	3.7	4.1	1.3	2.7
Debt service-to-revenue ratio	...	6.2	6.9	6.8	6.1	6.3	6.6	10.2	11.3	11.9	11.9	11.0	9.0	8.6	8.9	9.2	10.0	10.7	11.3	11.2	11.3	12.7	8.4	10.3

Sources: Somali authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to existing public and publicly guaranteed (PPG) debt at December 31, 2022. PV of debt and debt services are defined after conditional delivery of enhanced HIPC, beyond HIPC, and MDRI assistance.

2/ The baseline scenario is described in Section III.

3/ Exports are defined as in IMF, *Balance of Payments Manual*, 6th edition, 2009.

4/ Based on a three-year average of exports on the previous year (e.g., export average over 2020-2022 for PV of debt-to-exports ratio in 2022).

5/ Revenue is defined as central government revenue, excluding grants.

6/ Assumes lower GDP growth: real GDP growth is 1.5 percentage points lower each year than in the baseline scenario, starting 2010.

7/ Assumes lower exports: export prices are 15 percent lower than in the baseline, starting in 2010.

Table A9. Somalia: Possible Delivery of World Bank Group's Assistance under the Enhanced HIPC Initiative, 2023-2041

(In millions of U.S. dollars, unless otherwise indicated)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	Cumulative 2023-2041	Average 2023-2041
I. Relief under the Enhanced HIPC Initiative																					
Debt service before HIPC Assistance 1/	12.5	12	11.8	11.2	10.4	9.5	8.2	6.5	6.1	5.9	5.3	4.1	3.5	1.7	0.1	0	0	0	0	108.9	5.7
Principal	11.8	11.4	11.2	10.7	10	9.1	7.9	6.3	5.9	5.8	5.2	4	3.4	1.7	0.1	0	0	0	0	104.6	5.5
Interest	0.8	0.7	0.6	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0	0	0	0	0	0	0	4.4	0.2
Debt Service after HIPC Assistance 1/	12.5	12	11.8	11.2	10.4	9.5	8.2	6.5	6.1	5.9	5.3	4.1	3.5	1.7	0.1	0	0	0	0	108.9	5.7
Principal	11.8	11.4	11.2	10.7	10	9.1	7.9	6.3	5.9	5.8	5.2	4	3.4	1.7	0.1	0	0	0	0	104.6	5.5
Interest	0.8	0.7	0.6	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0	0	0	0	0	0	0	4.4	0.2
Savings on debt service to IDA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HIPC relief as percent of debt service due to World Bank Group	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Relief under MDRI																					
Projected stock of IDA credits outstanding at implementation date	92.8																				
Remaining IDA credits after MDRI	0																				
Debt stock reduction on eligible credits 3/ 4/	92.8																				
Due to HIPC relief	0																				
Due to MDRI	92.8																				
Debt service due after HIPC relief and the MDRI 2/ 3/	12.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12.5	0.7
Principal	11.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11.8	0.6
Interest	0.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.8	0
Savings on debt service to IDA	0	12	11.8	11.2	10.4	9.5	8.2	6.5	6.1	5.9	5.3	4.1	3.5	1.7	0.1	0	0	0	0	96.4	5.1
Principal	0	11.4	11.2	10.7	10	9.1	7.9	6.3	5.9	5.8	5.2	4	3.4	1.7	0.1	0	0	0	0	92.8	4.9
Interest	0	0.7	0.6	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0	0	0	0	0	0	0	3.6	0.2
Memorandum item:																					
MDRI as percent of debt service due to World Bank Group 4/	0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	0	0	0		

Source: IBRD staff estimates

1/ Principal and interest due to IDA correspond to prorated projections on disbursed and outstanding debt as of end-December 2022, converted to U.S dollar.

2/ Stock of debt and debt service denominated in SDRs are converted into U.S. dollars by applying the end-2022 exchange rate.

3/ Eligible credits are those disbursed as of December 31, 2003, and still outstanding at December 31, 2023.

4/ Based on debt disbursed and outstanding as of end-2023.

Table A10. Somalia: Possible Delivery of IMF Enhanced HIPC Initiative Assistance and Beyond-HIPC Debt Relief, 2020-2034 1/

(In millions of SDRs, unless otherwise indicated, as of September 20, 2023)

Based on SDR/US$ exchange rate as of March 25, 2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
I. Debt relief (under the HIPC Initiative only)															
Projected debt service due on IMF obligations before debt relief 2/	0.68	0.42	0.70	2.01	5.32	29.43	51.57	52.63	55.8	57.55	32.85	7.00	5.60	2.10	-
Principal	·	·	·	-	3.30	27.68	50.17	51.57	55.07	57.17	32.78	7.00	5.60	2.10	-
EFF (24.22 percent of quota)	·	·	·	-	3.30	6.59	6.59	6.59	6.59	6.59	3.30	·	·	·	-
ECF (154.76 percent of quota)	·	·	·	-	·	21.09	43.57	44.97	48.47	50.57	29.49	7.00	5.60	2.10	-
of which pre-Decision Point disbursed on March 25, 2020	·	·	·	-	·	21.09	42.17	42.17	42.17	42.17	21.09	·	·	·	-
Charges on IMF financing under the EFF 3/ 4/	0.67	0.42	0.70	2.01	2.02	1.75	1.41	1.07	0.73	0.39	0.07	·	·	·	-
Interest and charges on pre-Decision Point arrears 5/	0.01	·	·	-	·	-	-	-	-	-	-	·	·	·	-
IMF obligations eligible for debt relief under HIPC and Beyond-HIPC assistance	0.68	0.42	0.70	2.01	5.32	29.43	50.17	49.83	49.5	49.15	24.45	·	·	·	-
Principal	·	·	·	-	3.30	27.68	48.77	48.77	48.77	48.77	24.38	·	·	·	-
Interest and charges, includes actual and projected future GRA charges	0.68	0.42	0.70	2.01	2.02	1.75	1.41	1.07	0.73	0.39	0.07	·	·	·	-
IMF assistance under the HIPC Initiative-deposits into Somalia's Umbrella Account 6/															
Interim assistance	1.11	0.68	0.81	2.21											
Completion point assistance 7/				119.82											
Completion point interest 8/				5.36											
Balance in the Umbrella Account, deducting projected GRA charges and including interest earned				1.16											
IMF assistance--drawdown schedule from Somalia's Umbrella Account	0.68	0.42	0.70	128.34											
Debt service due to the IMF after the HIPC debt relief only	·	·	·	-	·	12.41	26.22	27.62	31.12	33.22	20.81	7.00	5.60	2.10	-
Principal	·	·	·	-	·	12.41	26.22	27.62	31.12	33.22	20.81	7.00	5.60	2.10	-
Interest															-
II. Debt relief provided at Completion Point (on stock basis in cash terms) 9/				250.43											
HIPC assistance				126.33											
Beyond-HIPC				124.10											
III. Debt service due to the IMF after HIPC and beyond-HIPC debt relief 4/	·	·	·	-	·	-	1.40	2.80	6.30	8.40	8.40	7.00	5.60	2.10	-
Memorandum items 10/															
Total debt service due after HIPC, beyond-HIPC, and MDRI assistance (in million of U.S. dollars)	·	·	·	19.46	22.82	25.36	26.84	28.77	31.71	52.08	60.52	66.60	75.99	83.60	81.63
Debt service due on current IMF obligations after IMF assistance (in million of U.S. dollars)	·	·	·	-	·	-	1.86	3.73	8.38	11.18	11.18	9.32	7.45	2.79	-
(in percent of current year exports of goods and nonfactor services)	·	·	·	-	·	-	0.06	0.11	0.22	0.27	0.25	0.20	0.15	0.05	-
(in percent of total debt service after HIPC, beyond-HIPC, and MDRI assistance)	·	·	·	-	·	-	6.94	12.95	26.44	21.46	18.47	13.99	9.81	3.34	-

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the HIPC Initiative is estimated at SDR 134.97 million in NPV terms calculated on the basis of end-2018 debt stock revised at Completion Point. Of this amount, SDR 10.34 million represents the concessional element associated with subsidization of PRGT Interest during interim period. Since the Decision Point, Somalia has received four tranches of HIPC interim assistance in the total amount of SDR 4.81 million. The remaining balance of SDR 119.82 million, together with the net earnings in the member's Umbrella Account and on the committed but not yet disbursed amounts, is to be provided as a grant toward debt relief under the HIPC Initiative.

2/ The projected debt service is based on ECF/EFF arrangements in the amount equal to the stock of arrears at arrears clearance, plus a new PRGT credit of 30 percent of quota under the 14th General Review, approved by the IMF Executive Board on the day of the Decision Point (March 25, 2020).

3/ The EFF charges during the interim period are actual until August 1, 2023 and represent projections for the remaining charges falling due on October 31, 2023 and January 31, 2024 (on the outstanding EFF credit between November 1, 2023 and Completion Point). The projected EFF charges are based on the SDR interest rate as of September 20, 2023.

4/ Loans under the ECF-arrangement bear zero interest. In July 2021, the Executive Board approved zero interest rates on the ECF and the SCF until end-July 2023. In July 2023, the Executive Board approved a postponement of the next review of the PRGT interest rate structure until end-July 2025. The current interest mechanism ensures that rates would remain at zero for as long as global rates are low. The IMF reviews interest rates for all concessional facilities under the PRGT every two years.

5/ Remaining GRA charges and Trust Fund and SAF interest on pre-Decision Point arrears falling due after the date of decision point.

6/ Includes front-loaded disbursement under the ECF/EFF arrangements on March 25, 2020.

7/ The IMF's remaining grant HIPC assistance would be disbursed into the member's Umbrella Account once the IMF and the WB Executive Boards approve that Somalia reached HIPC Completion Point (December 2023).

8/ Estimated interest earnings on (a) amounts held in the member's Umbrella Account and (b) amounts committed but not yet disbursed up to the Completion Point are based on actual SDR interest rates for March 2020 through September 2023 and SDR interest rate projections for October 2023 through December 2023.

9/ At Completion Point, HIPC and Beyond-HIPC debt relief to be provided on front-loaded disbursement on March 25, 2020, associated with the stock of arrears at arrears clearance and the first disbursement of new credit under the ECF arrangement.

10/ End-2022 exchange rate.

Table A11. Somalia: Status of Creditor Participation under the Enhanced HIPC Initiative 1/

	Enhanced HIPC debt relief in PV terms (in US$ million)	Percentage of total assistance	Satisfactory reply to provide enhanced HIPC debt relief?	Modalities to deliver debt relief
World Bank	260.8	13.7	Yes	On March 5, 2020, Somalia cleared its arrears with IDA, amounting to US$ 359 million, through bridge financing provided by the government of Norway, reimbursed with the proceeds of a Development Policy Grant.
IMF	182.6	9.6	Yes	On March 25, 2020, Somalia cleared its arrears with the IMF. On the same date, the IMF committed to provide HIPC and Beyond-HIPC assistance by 100 percent cancellation of debt disbursed on March 25, 2020 prior to the HIPC Decision Point in the amount of SDR 250.43 million. During interim period, the IMF Executive Board approved four interim assistances totaling to SDR 4.8 million.
AfDB Group	73.0	3.8	Yes	On March 5, 2020, Somalia cleared its arrears with the African Development Bank IDA through bridge financing provided by the government of the United Kingdom and a contribution from the EU. The bridge loan from the UK was reimbursed by the proceeds of a Policy Based Operation Grant. Somalia's arrears to the AfDB were estimated at US$ 122 million including payment due through June 30, 2021.
AFESD	99.1	5.2	Yes	As for a draft agreement assessed by the mission, as of September 2020, AFESD proposed to forgive KD 33,622,692 (US$109.9 million). The remaining are proposed to be rescheduled with 2% interest, 30 years maturity, and semi-annual equal installments, with repayment starting immediately after the Completion Point.
AMF	155.6	8.2	Yes	Set aside an amount of 26,119 thousand AAD, from which the Republic of Somalia is exempted once a debt settlement agreement is signed. The remaining of the exemption plus the interest calculated from August 1, 2024 to March 31, 2024, has been agreed to be scheduled.
IFAD	16.6	0.9	Yes	IFAD cleared part of its arrears with donor's contribution and from funds from the Debt Relief Trust Fund (DRTF), and agreed to full clearance at the HIPC Completion Point.
IsDB	15.5	0.8	Yes	IsDB has agreed to provide relief in principle, but the discussion was pending the recognition of three newly discovered claims. IsDB has received a letter dated June 8, 2023 from the Minister of Finance of FGS, conveying their agreement to include the arrears under the three Trade Financing Operations (TFO) in the debt stock of the country to facilitate processing the debt relief under the HIPC Initiative.
OFID	19.3	1.0	No	OPEC is exploring to set-up a trust fund to provide debt relief to Somalia with contributions from its member countries. Collaborative efforts with the OPEC Fund have been initiated to secure support in the form of financing for the OPEC Debt Relief Trust Fund and/or a bridge loan. These efforts target the clearance of outstanding arrears, with a specific focus on certain OPEC fund member countries.
Total multilateral	**822.5**	**43.2**	**42.2**	
Paris Club Creditors	806.6	42.4	Yes	Paris Club has delivered interim assistance through a Cologne flow during the interim period. Participating countries in principle agreed to provide debt relief under the Enhanced HIPC Initiative. Bilateral agreements have been reached with all member countries.
Non-Paris Club Creditors	274.0	14.4		
Algeria	0.3	0.0	No	The creditor is yet to respond.
Bulgaria	1.9	0.1	No	Under negotiation: Bulgaria has presented the Somali authorities' request for debt relief to their Council of Ministries for decision.
Iraq	32.3	1.7	No	Under negotiation: the Somali authorities are working with the Government of Iraq on debt relief in Paris Club comparable terms.
Kuwait	47.4	2.5	Yes	Bilateral agreement has been signed.
Libya	14.0	0.7	No	The creditor is yet to respond.
Romania	0.5	0.0	No	Under negotiation: the Somali authorities are working towards reaching an agreement with Romania on debt relief in Paris Club comparable terms.
Saudi Arabia	46.6	2.4	Yes	Bilateral agreement has been signed.
United Arab Emirates	131.0	6.9	No	Under negotiation: United Arab Emirates participated in March 2020 Paris Club meeting as an observer country. Negotiations on debt relief in Paris Club comparable terms with the Abu Dhabi Fund for Development are ongoing.
Commercial				
Serbia 2/	0.4	0.0	No	The creditor is yet to respond.
Total bilateral and commercial	**1,081.0**	**56.8**	**47.3**	
TOTAL	**1,903.5**	**100.0**	**89.5**	

Sources: Somali authorities; and IMF and World Bank staff estimates.
1/ The data are in December 31, 2018 PV terms as revised at completion point.
2/ Serbia's loan was classified as other official bilateral debt at the decision point; then it was reclassified as commercial debt at completion point based on updated information provided by the creditor to the authorities.

Table A12. Paris Club Official Bilateral Creditors' Delivery of Debt Relief under Bilateral Initiatives beyond the HIPC Initiative 1/

(In percent)

Countries Covered		ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-cutoff Date Debt	Post-cutoff Date Debt	Pre-cutoff Date Debt	Post-cutoff Date Debt	Decision Point (In percent)	Completion Point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 2/	2/	2/
Austria	HIPCs	100		100		Casebycase, flow	Stock
Belgium	HIPCs	100	100 3/	100		100 flow	Stock
Canada	HIPCs	100	100	100	100	100 flow	Stock
Denmark	HIPCs	100	100 4/	100	100 4/	100 flow	Stock
France	HIPCs	100	100	100		100 flow 5/	Stock
Finland	HIPCs	100	6/	100	6/		
Germany	HIPCs	100	100	100	100 7/	100 flow	Stock
Ireland		21/					
Italy	HIPCs	100	100 8/	100	100 8/	100 flow	Stock
Japan	HIPCs	100	100	100			Stock
Netherlands, the	HIPCs	100 9/	100	100		90-100 flow 9/	Stock
Norway	HIPCs	10/	10/	11/	11/		
Russia	HIPCS	12/	12/	100 19/	100 19/20/		Stock
Spain	HIPCs	100	100 13/	100	100 13/		Stock
Sweden	HIPCs		14/	100			Stock
Switzerland	HIPCs	15/	15/	100 16/		100 flow 16/	Stock
United Kingdom	HIPCs	100	100	100	100 17/	100 flow 17/	Stock
United States 18/	HIPCs	100	100	100	100	100 flow	Stock

Source: Paris Club Secretariat.

1/ Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table indicates that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

2/ Australia: Australia cancelled all HIPC claims.

3/ Belgium: cancellation at completion point 100 percent of ODA loans contracted before December 31, 2000.

4/ Denmark provides 100 percent cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

5/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims on the government as they fall due starting at decision point. Once countries have reached completion point, debt relief on ODA claims on the government will go to a special account and will be used for specific development projects [in the case of Somalia, debt relief will most likely be provided directly rather than through the mechanism described above].

6/ Finland: no post-Cutoff date claims

7/ If not treated in the Agreed Minutes at Completion Point, debt cancellation of 100 % only on a case by case basis.

8/ Italy: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20,1999 (the Cologne Summit). At decision point, cancellation of accrued arrears and maturities falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

9/ The Netherlands: 100 percent ODA (pre- and post-cutoff date debt will be cancelled at decision point); for non-ODA: in some particular cases (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPCs will receive 100 per cent cancellation of the remaining stock of the pre-cutoff date debt.

10/ Norway has cancelled all ODA claims.

11/ Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decision to grant 100% debt reduction until after HIPCs' completion point. Norway has so far provided 100% cancellation for all HIPCs after Completion Point, and will provide bilateral debt relief beyond HIPC to Somalia beyond Completion Point.

12/ Russia has no ODA claims

13/ Spain provides 100 percent cancellation of ODA and non-ODA claims contracted before January 1, 2004.

14/ Sweden has no ODA nor NODA claims on Somalia.

15/ Switzerland has cancelled all ODA claims.

16/ With the exception of Cameroon and Honduras, Switzerland has previously cancelled 100% of its claims on all HIPC countries. Switzerland is not a creditor to

17/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at decision point of any debt service paid before the decision point.

18/ United States: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of accrued arrears and maturities falling due in the interim period. At completion point, cancellation of the stock of remaining eligible debt.

19/ 100% debt relief provides for countries reached Completion Point before December 31, 2006 as of December 21, 2006 and for countries reached Completion Point after December 31, 2006 as of date of Completion Point, mostly in form of 'debt to development' operations. No payments are expected from debtors from those dates.

20/ Exception is short term debt category.

21/ Ireland: Ireland does not hold a bilateral debt relief agreement with Somalia and will therefore not provide bilateral relief beyond HIPC.

Table A13. HIPC Initiative: Status of Country Cases Considered Under the Initiative, end-September 2023 1/

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports	Target NPV of Debt-to- Gov. revenue	Assistance Levels 1/ (In NPV of Decision Point; US dollar million) Total	Bilateral and commercial	Multilateral Total	IMF	World Bank	Percentage Reduction in NPV of Debt 1/
			(in percent)							
Completion point reached under enhanced framework (36)										
Afghanistan	Jul. 07	Jan. 10	150		582	446	136	-	76	51
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31
Bolivia					1,302	425	876	84	194	
original framework	Sep. 97	Sep. 98	225		448	157	291	29	54	14
enhanced framework	Feb. 00	Jun. 01	150		854	268	585	55	140	30
Burkina Faso					553	83	469	57	231	
original framework	Sep. 97	Jul. 00	205		229	32	196	22	91	27
enhanced framework	Jul. 00	Apr. 02	150		195	35	161	22	79	30
topping-up	…	Apr. 02	150		129	16	112	14	61	24
Burundi	Aug. 05	Jan. 09	150		833	127	706	28	425	92
Cameroon	Oct. 00	Apr. 06	150		1,267	879	322	37	176	27
Central African Rep.	Sept. 07	Jun. 09	150		578	186	362	27	207	68
Chad	May. 01	Apr. 15	150		170	35	134	18	68	30
Comoros	Jun. 10	Dec. 12	150		145	34	111	4	45	56
Congo Rep. of	Mar. 06	Jan. 10		250	1,575	1,462	113	8	47	31
Congo, Democratic Rep. of	Jul. 03	Jul. 10	150		7,252	4,618	2,633	471	854	82
Cote d'Ivoire	Mar. 09	Jun. 12		250	3,109	2,398	711	39	413	24
Ethiopia					1,982	637	1,315	60	832	
enhanced framework	Nov. 01	Apr. 04	150		1,275	482	763	34	463	47
topping-up	…	Apr. 04	150		707	155	552	26	369	31
Gambia, The	Dec. 00	Dec. 07	150		67	17	49	2	22	27
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56
Guinea	Dec. 00	Sep. 12	150		639	256	383	36	174	36
Guinea-Bissau					554	279	275	12	139	
enhanced framework	Dec. 00	Dec. 10	150		422	218	204	12	93	86
topping-up	…	Dec. 10	150		133	61	71	-	46	40
Guyana					591	223	367	75	68	
original framework	Dec. 97	May. 00	107	280	256	91	165	35	27	24
enhanced framework	Nov. 00	Dec. 03	150	250	335	132	202	40	41	40
Haiti	Nov. 06	Jun. 09	150		140	20	120	3	53	15
Honduras	Jul. 00	Mar. 05	110	250	556	215	340	30	98	18
Liberia	Mar. 08	Jun. 10	150		2,739	954	1,421	730	374	90
Madagascar	Dec. 00	Oct. 04	150		836	474	362	19	252	40
Malawi					1,057	171	886	45	622	
enhanced framework	Dec. 00	Aug. 06	150		646	164	482	30	333	44
topping-up	…	Aug. 06	150		411	7	404	15	289	35
Mali					539	169	370	59	185	
original framework	Sep. 98	Sep. 00	200		121	37	84	14	43	9
enhanced framework	Sep. 00	Mar. 03	150		417	132	285	45	143	29
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50
Mozambique					2,023	1,270	753	143	443	
original framework	Apr. 98	Jun. 99	200		1,717	1,076	641	125	381	63
enhanced framework	Apr. 00	Sep. 01	150		306	194	112	18	62	27
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73
Niger					663	235	428	42	240	
enhanced framework	Dec. 00	Apr. 04	150		521	211	309	28	170	53
topping-up	…	Apr. 04	150		143	23	119	14	70	25
Rwanda					696	65	631	63	383	
enhanced framework	Dec. 00	Apr. 05	150		452	56	397	44	228	71
topping-up	…	Apr. 05	150		243	9	235	20	154	53
São Tomé and Príncipe					124	31	93	1	47	
enhanced framework	Dec. 00	Mar. 07	150		99	29	70	-	24	83
topping-up	…	Mar. 07	150		25	2	23	1	23	45
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19
Sierra Leone	Mar. 02	Dec. 06	150		675	335	340	125	123	81
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54
Togo	Nov. 08	Dec. 10		250	282	127	155	0.3	102	20
Uganda					1,003	183	820	160	517	
original framework	Apr. 97	Apr. 98	202		347	73	274	69	160	20
enhanced framework	Feb. 00	May. 00	150		656	110	546	91	357	37
Zambia	Dec. 00	Apr. 05	150		2,499	1,168	1,331	602	493	63
Decision Point Countries (2)										
Somalia	Mar. 20	Floating	150		2,068	1,225	843	189	270	56
Sudan	Jun. 21	Floating	150		23,328	17,036	4,590	1,048	1,100	75

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ This is calculated as the NPV amount of assistance divided by NPV of debt, which is the common reduction factor. The NPV amount of assistance is calculated as the reduction of the NPV of debt after traditional debt relief that is necessary to bring the NPV of debt to exports to the threshold level of 150 percent or the NPV of debt to revenue to 250 percent.

Annex I. Debt Management Capacity

1. Somalia is establishing the legal and institutional framework for debt management. The FGS, subnational states and SOEs have not borrowed or issued guarantees for many years. The Public Financial Management (PFM) Act is the main legislative document governing public financial management and public debt management. The Act defines the authority to borrow, issue guarantees and recording, reporting, and auditing requirements. The PFM Act was signed into law on December 25, 2019. According to the PFM Act, the Minister of Finance has the sole power to borrow and no public body, except the Minister, may borrow or obtain overdraft from any creditor or source. The Minister also has the approval authority to issue guarantees and on-lending operations to Sub-National Governments (SNG) and State-Owned Enterprises (SOEs) and the Minister can issue guarantees according to the limits, terms and conditions approved by the Parliament. The Act prevents SNG from borrowing externally and requires prior approval from the Minister of Finance for borrowing domestically while allowing SNG to issue guarantees internally, subject to the federal law governing SNG finance. The legislation sets an annual debt ceiling and Parliament needs to approve the general terms and conditions of the borrowing except for securities. The PFM Act also establishes recording and annual reporting requirements, mandating the annual publication of the list of newly contracted loans and outstanding external and domestic debt and the stock of arrears. The PFM regulations issued in May 2022 include a chapter on debt management.

2. To identify gaps in the system, a joint IMF-World Bank technical assistance mission of Reform Plan took place in 2021, which helped to establish a roadmap for strengthening debt management capacity, focusing on the legal framework, the institutional framework, as well as debt recording, monitoring, and reporting. The IMF and World Bank will organize a follow up mission on the debt management roadmap reforms.

3. Legislation defines debt ceilings. The 2019 Budget Appropriation Act commits the FGS not to borrow domestically or from abroad, with the exception of limited advances for liquidity purposes. Those ceilings are further supplemented by the indicative targets under Somalia's Extended Credit Facility arrangement, which define (i) a zero ceiling on contracting of new domestic debt, and (ii) a zero ceiling on contracting or guaranteeing of new nominal external non-concessional borrowing; and performance and policy actions (PPAs) under SDFP that has been implemented since FY21. Following the clearance of arrears to IDA and the IMF, Somalia is subject to the Bank's Sustainable Development Finance Policy and the IMF's Debt Limit Policy.

4. The institutional structure for debt management is clearly defined. All debt-related activities are conducted by the Debt Management Unit (DMU) of the Federal Ministry of Finance, established in December 2015. The DMU is conducting the reconciliation of the debt database, monitors the accumulation of external and domestic arrears, and publishes annual debt bulletins reporting the status of the external PPG debt at year-end. The DMU currently has four consultant staff including the Head of the Unit, organized in Front (one official) and Back-office (two officials) with clear responsibilities and backup arrangements among the four DMU staff. The DMU has a plan to set up a middle office and the recruitment of legal advisors to the DMU is in progress. Given the nascent state of domestic financial institutions and local capital markets, domestic public debt does not exist beyond the accumulation of government arrears, mainly wage bill. The process of validation of the domestic arrears has been finalized by the Domestic Arrears Management Committee's (DAMC), for which the DMU is the secretariat.

5. **The debt recording system has been upgraded to the Commonwealth Meridien System since June 2021.** The Meridien system has more advanced and improved functionalities that would enable Somalia to record, manage, and analyze public and publicly guaranteed external debt, lending portfolios as well as private sector external debt. Before the Decision Point, Somalia authorities reached out to external creditors and reconstituted entirely their external debt database. Meridien is a cloud-based system that enables the DMU to regularly back up their debt database. For the 2022 budget, for the first time, the DMU prepared an information annex on debt, to enhance debt transparency. The 2023 Budget Policy Framework Paper also included a section on debt. However, timely recording and monthly reconciliation of debt transactions between the DMU and the Office of the Accountant General should be further enhanced.

6. **Debt management capacity is improving since the HIPC Decision Point, but it remains weak and strengthened debt management processes and practices should continue to be prioritized in several areas.** In addition to publishing quarterly debt bulletins, Somalia is also reporting regularly on the progress of debt relief negotiations with its multilateral and bilateral creditors. While the Ministry of Finance has established a DMU, the sustainability of this unit is not guaranteed as it is AfDB funded. Therefore, a durable solution to DMU staffing is essential for the long-term success of Somalia's debt management and capacity development efforts. Specifically, staff capacity should continue to be enhanced, particularly in the middle and back-office functions to create the capacity to regularly analyze the debt portfolio and prepare a debt management strategy.

7. **Future borrowing should be based on a medium-term debt management strategy.** Arrears clearance and HIPC interim debt relief followed by the full delivery of HIPC, MDRI, and beyond- HIPC debt relief at the Completion Point will significantly reduce the stock of external debt. After the HIPC Completion Point, it is expected that Somalia will remain at moderate risk of debt distress, at which point new financing from the World Bank and the AfDB would shift from grants to highly concessional loans. Following the HIPC Completion Point, reduced debt together with economic recovery would eventually facilitate borrowing at highly concessional terms to finance reconstruction and development. Therefore, going forward, it is important that new borrowings be guided by a medium-term debt management strategy consistent with debt sustainability.

8. **Even after achieving HIPC Completion Point, Somalia is expected to remain highly vulnerable to shocks.** Risks stem from climate, security, and political challenges. This underscores the importance of continuing to strengthen domestic revenue mobilization, debt management institutions, and institutional capacity. It will also be important for the DMU to develop a business continuity or disaster recovery plan, as loss of key staff and destruction of facilities would set back debt management capacity.

Annex II. Joint Bank-Fund Debt Sustainability Analysis Under the Debt Sustainability Framework for Low-Income Countries

Risk of external debt distress:	*Moderate*
Overall risk of debt distress	*Moderate*
Granularity in the risk rating	*Substantial space to absorb shocks*
Application of judgment	*No*

This Low-Income Countries Debt Sustainability Analysis (LIC-DSA) provides an update of the May 2023 LIC-DSA. The updated LIC-DSA incorporates two new elements: (i) updated macroeconomic assumptions including a rebased GDP series, and (ii) the use of reconciled end-2018 and end-2022 debt databases for the HIPC Completion Point Debt Relief Analysis (DRA) and DSA. The baseline scenario for the LIC-DSA also assumes full delivery of debt relief under the HIPC Initiative, Multilateral Debt Relief Initiative (MDRI), and beyond-HIPC assistance at the Completion Point reached in December 2023. Total public debt is projected to decline to US$706 million, or 6.1 percent of GDP at end-2023 from US$3.9 billion or 37.4 percent of GDP at end-2022. The majority of total public debt is external. Post-HIPC Completion Point, Somalia is assessed to be at moderate risk of debt distress, both for external and overall public debt. Including debt relief at HIPC Completion Point, the present value of external debt in 2022 is estimated to be 22.8 percent of GDP, decreasing to 5.1 percent of GDP in 2023 – below the 30 percent threshold for countries like Somalia with weak debt carrying capacity.[1] However, the forecast indicates sustained breaches of the external debt service to revenue indicative threshold under the stress scenario in the long term as grace periods on initial loans expire. Under the moderate rating for overall risk of debt distress, Somalia is mechanically assessed to have substantial space to absorb shocks post-HIPC Completion Point. However, the country is vulnerable to security, international commodity price, and climate shocks and remains highly dependent on external concessional financing, underscoring the importance of strengthening domestic revenue mobilization, debt management institutions, and institutional capacity.

[1] The DSA reflects weak debt carrying capacity considering Somalia's Composite Indicator of 1.57, based on the October 2023 World Economic Outlook and the 2022 CPIA vintage.

PUBLIC DEBT COVERAGE

1. **Public debt perimeter is the central government.** However, successive debt reconciliation missions in 2020 and 2023 under the HIPC process have ensured near complete coverage of public debt.[2] There is no government guaranteed debt, there are no known liabilities of state-owned enterprises or subnational governments, and no public-private partnerships (PPPs). Default settings are accordingly calibrated for the DSA contingent liability stress test (Text Table 1). Somalia's domestic financial institutions and local capital markets are not yet developed, and as such there is no domestic public debt aside from legacy government wage arrears. External debt for the DSA is defined on a residency basis. A reconciliation exercise of external obligations was finalized in conjunction with the December 2023 HIPC Completion Point document, and its findings are used to update this DSA.

2. **The Federal Government of Somalia (FGS) continues to strengthen its debt management capacity with the support of technical assistance from international partners.** The Ministry of Finance established a Debt Management Unit (DMU) in December 2015. The AfDB financed the installation of a debt recording system and provided training to staff in the unit, primarily to support the reconstruction of loan records. The debt recording system has been upgraded to the Commonwealth Meridien System, which is a cloud-based IT system that will allow for an in-depth review of the existing portfolio. The DMU has been issuing quarterly debt bulletins since the end of 2020 and the quality of these bulletins has been improving with technical assistance from the IMF.[3] Coordination between the DMU and other line departments is improving. The 2023 Budget Policy Framework Paper included a section on debt. The quarterly publication of the debt bulletin and improved treatment of debt issues in national budget documents were performance and policy actions (PPAs) under the IDA Sustainable Development Finance Policy.[4] A joint IMF-WB technical assistance mission took place in 2021 to establish a roadmap for strengthening debt management capacity, focusing on the legal and institutional frameworks, as well as debt recording, monitoring, and reporting.

[2] The World Bank and the IMF also provide support to the government in this area through technical assistance, development policy financing, and the Sustainable Development Finance Policy (SDFP).

[3] The publication of at least four consecutive quarterly debt reports is one of the triggers to reach HIPC Completion Point.

[4] The FY2022 Performance and Policy Action (PPA) is "PPA 2: The Recipient's Ministry of Finance (i) Publishes quarterly debt bulletins on the MOF's website; and (ii) submits information on debt statistics to parliament on the Draft Budget Act".

Text Table 1. Somalia: Public Debt Coverage

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	X

1	The country's coverage of public debt	The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt			
		Default		Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0	percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	0.0	No government guaranteed or non-guaranteed SOE debt in Somalia
4	PPP	35	percent of PPP stock	0.0	No PPPs exist in Somalia
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			5.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

Source: Somali Authorities and IMF staff estimates.

BACKGROUND ON DEBT

3. **The 2023 debt reconciliation exercise indicates that the nominal level of the total stock of debt outstanding at end-2018 was US$5.3 billion, of which US$5 billion was in arrears.** The bulk of this debt was held by official creditors.[5] Most was owed to Paris Club (PC) creditors (58 percent), followed by multilaterals (29 percent), and non-Paris Club bilateral creditors (13 percent). All domestic debt (0.8 percent of GDP) represented central government wage arrears.[6]

4. **Debt stock estimates for end-2022 reflect updates based on information provided by the Somali authorities.** The overall level of public debt stock was estimated at end-2022 at US$3.9 billion, or 37.4 percent of GDP (see Table 5). This estimate incorporates debt stock levels at end-2022 updated by the HIPC CP debt reconciliation exercise, as well as for all bilateral creditors that have already signed a debt relief agreement in 2020-2023. For this set of creditors, debt stocks for 2022 differ from the 2021 estimates in the June 2022 DSA because of updates to the interim relief assumptions to reflect the terms of the actual agreements signed, exchange rate fluctuations, and amortization made from 2021 through end-2022 (to IDA and AfDB). For bilateral creditors that have not yet signed an agreement, it continues to assume the application of Cologne terms.[7] At

[5] Of the US$220 million not in arrears, US$5 million, US$31 million, and US$160 million were obligations to the International Fund for Agricultural Development, African Development Fund, and the International Development Association, respectively. The remaining US$25 million were obligations to bilateral creditors.

[6] Somalia's stock of domestic debt (estimated at US$68.8 million, end-2018) reflects the accumulation of government wage arrears to civil servants due to constrained resources and longstanding weaknesses in public financial management. No new arrears have been accumulated since end-2017, and the authorities are committed to gradually clearing these arrears in line with available resources.

[7] Paris Club granted Somalia Cologne Terms on March 31, 2020, in the context of Somalia reaching the HIPC Decision Point; and it is assumed that applying Cologne Terms to creditors that have not yet signed an agreement with Somalia is consistent with the comparability of treatment provision embedded in the Paris Club agreement. Under Cologne terms, most HIPC countries receive a reduction in eligible pre-cutoff date non-official development assistance (non-ODA) debt of 90 percent in present value (PV) terms on debt service falling due and 67 percent in present value (PV) terms on arrears. The remaining 10 percent of pre-cutoff date non-ODA debt and 33 percent of arrears is rescheduled over 23 years with 6 years of grace period with a market interest rate. Pre-cutoff date ODA credits are rescheduled on interest rates at least as concessional as the original interest rates over 40 years with 16 years grace period.

Completion Point, the Paris Club beyond-HIPC debt relief Initiative assumes 100 percent cancellation of all Paris Club debt, except Russia's post-cutoff short-term debt. Following full delivery of debt relief under the HIPC Initiative, Multilateral Debt Relief Initiative (MDRI) and beyond-HIPC assistance, total public debt at end-2023 is projected to decline to US$706 million in nominal terms, or 6.1 percent of GDP, of which, US$638 million is projected to be external debt, or 5.5 percent of GDP.

Text Table 2. Somalia: Decomposition of External Debt over the HIPC Initiative

	Before HIPC, end-2018		After arrears clearance, end-2022		Expected at completion point, end-2023 1/	
	(in millions of US$)	(in percent of GDP)	(in millions of US$)	(in percent of GDP)	(in millions of US$)	(in percent of GDP)
Total	5,268.1	63.6%	3,827.0	36.7%	637.8	5.5%
Multilateral 2/	1,535.7	18.6%	1,074.9	10.3%	405.6	3.5%
Bilaterals	3,730.1	45.1%	2,749.5	26.4%	232.2	2.0%
Commercial	2.3	0.0%	2.5	0.0%	2.5	0.0%

Sources: Somali authorities and IMF staff calculations

1/ End-2023 estimates include full delivery of HIPC debt relief, MDRI, and beyond-HIPC assistance.

2/ Includes projected disbursement from successor IMF ECF arrangement in December 2023.

5. **For HIPC Completion Point, Somalia signed agreements with individual creditors to restructure its external public debt.** In 2023, the authorities advanced in negotiations around the modalities of a debt relief and restructuring with most multilateral creditors (Arab Monetary Fund, Islamic Development Bank, Arab Fund for Economic and Social Development). International partners supported International Fund for Agricultural Development (IFAD) arrears clearance and HIPC debt relief.[8] The authorities have signed agreements with all Paris Club creditors, the Kuwait Fund for Arab Economic Development and the Saudi Fund for Development. This followed the agreement signed on March 31, 2020, where countries of the Paris Club agreed to provide interim debt relief as part of the HIPC Initiative.[9] As of end-September 2023, creditors representing 89.5 percent of the PV of HIPC debt relief had either signed agreements with Somalia or, had agreed in principle allowing Somalia to obtain financing assurances for HIPC Completion Point. The Somali authorities continue good faith negotiations with their creditors on to finalize debt relief agreements.

BACKGROUND ON MACROECONOMIC FORECASTS

6. **The Somalia National Bureau of Statistics (SNBS) published rebased GDP estimates in June 2023, and estimates for exports of goods and services were revised to align them with national statistics.** In 2022, with World Bank support, the SNBS undertook the Somalia Integrated

[8] On February 3, 2023, IDA agreed to finance 85 percent of IFAD's share of HIPC debt relief to Somalia through the IDA-managed Debt Relief Trust Fund (DRTF), provided that DRTF donors support this arrangement. This financing includes compensation of up to one-third of the HIPC debt relief delivered by IFAD to Somalia in the interim period.

[9] For press release please refer to http://www.clubdeparis.org/en/communications/press-release/debt-relief-to-somalia-31-03-2020. It was also agreed, on an exceptional basis, that Somalia would not be required to make debt service payments until at least end-March 2024, given Somalia's very limited payment capacity, and if it continued to implement satisfactorily an IMF-supported program.

Household Budget Survey (SIHBS), the first since 1985. With IMF technical assistance, data collected through the SIHBS were used to improve GDP estimates by revising household consumption estimates.[10] The GDP was rebased to 2022 prices and the series were backdated to 2016. A comparison of the new GDP series (2022 base year) and the previous series (2017 base year) indicates the following: (1) new nominal GDP level is 37 percent higher on average between 2016-2022; (2) new real GDP level is 66 percent higher on average between 2016-2022; and (3) annual real growth for the new GDP averaged 3.2 percent compared to 2.1 percent in the previous series.[11] The rebased GDP series improves relevant debt indicators (Text Table 3), without a material impact on the risk rating or the overall debt profile. Simultaneously, the historical export series was revised in June 2023 to reflect updated official figures on services exports received from the authorities, and trade data used for BOP estimates was fully aligned with national accounts statistics. The resulting nominal series for exports of goods and services is substantially higher from 2021 onwards, with a 30 percent increase in estimates for 2023.[12]

Text Table 3. Somalia: Sensitivity of Debt Indicators to Changes in GDP and Export Projections

(Percent of GDP, unless otherwise indicated)

	Using previous projections 1/		Rebased/revised projections	
	2022	2023	2022	2023
PV of public debt-to-GDP ratio	30.0	7.5	23.5	5.7
PV of PPG external debt-to-GDP ratio	29.1	6.7	22.8	5.1
PV of PPG external debt-to-exports ratio	170.9	36.8	131.7	28.2
Total external debt service-to-exports ratio	1.2	1.0	0.9	0.8

Sources: Somali authorities and IMF staff calculations

1/ PV of PPG debt, PV of external debt, and external debt service (numerators) are the same as in the current DSA, with denominators (GDP and exports) from the May 2023 DSA.

7. **Drought and weak remittances affected growth in 2022.** Drought conditions adversely affected crops and livestock, contributing to a contraction in exports. Remittances growth in 2022 was only 1.1 percent – compared to 29 percent in 2021 – partly attributed to the impact of global inflation on the purchasing power of the Somali diaspora community. Higher food imports contributed to a wider current account deficit of 8 percent. Inflation at end-December 2022 declined to 6.1 percent with moderating domestic fuel and food prices.

8. **Growth in 2023 is expected pick up modestly to 2.8 percent, supported by the recovery in agriculture.** Agriculture production and exports are expected to rebound gradually, though affected by the lingering impact of the previous drought and recent floods. Remittances growth is

[10] SNBS will use the SIHBS data for the compilation of the commodity basket and weight to update the Consumer Price Index.

[11] The new GDP series (base year 2022) was extrapolated for the period 2012-2015 by following the growth trend of the old GDP series (base year 2017).

[12] For years prior to 2021, the exports series is relatively similar to the one used in previous DSA vintages. However, it is lower in 2017 by 2.3 percent, reflecting actual outturns reported by the authorities.

expected to improve somewhat, also supporting economic activity. Inflation in 2023 is forecasted at 5.7 percent, a slight downward revision on the back of lower fuel and food prices.

9. Domestic revenues have been stronger than expected in 2023. Domestic revenue overperformance has been driven mainly by a 50 percent increase in customs duties for luxury goods implemented in mid-May 2023 (estimated to bring in an additional US$1-2 million of customs duties per month) and some tax administrative improvements. Total expenditure has followed the 2023 Supplementary Budget and a small overall deficit is expected for the year. Revenue overperformance and budget support grants (including disbursements from the World Bank and EU) will facilitate a small cash balance to partially address liquidity needs in early 2024.

10. Over the medium-term, growth is expected to accelerate as reforms payoff – including reforms that were supported by the HIPC process, the ECF-supported program, and IDA development policy financing—though with some scarring from climate shocks. The average growth projection for 2024-28 is 4 percent. Growth over the medium- and long-term would be driven by: (i) confidence effects related to reaching the HIPC Completion Point and enhanced access to international finance; (ii) continued political stability and reduced security risks; (iii) a gradual scaling up of public spending (in sectors such as energy, transport, education, health) – financed with domestic revenues and concessional borrowing – to support implementation of the national development plan and progress toward the sustainable development goals; (iv) financial deepening and financial inclusion as financial sector reforms pay off; and (v) greater FDI and private investment supported by improvements in the business environment, including security and governance. COVID-19 and climate shocks are expected to have lasting impact – including because of the negative effects on schooling and delivery of health services – and growth is expected at 4.5 percent over the long term. Staff considers the medium-term growth forecast to be conservative, as it is below the median observed for HIPC fragile countries and similar to what was observed for Somalia during the period 2013 and 2019 (pre-HIPC).[13] While Somalia currently has limited monetary and fiscal policy response options to address multiple shocks,[14] policies and institutions are gradually being built, which can be further supported by access to new sources of financing upon reaching the HIPC CP. Inflation in the long term is expected to average 2.4 percent as Somalia remains a de facto dollarized economy. However, inflation forecasts are vulnerable to climate change (Kotz et al. 2023, Faccia et al. 2021, IMF Staff Climate Note 2023/001).

11. It is expected that Somalia will continue running a structural trade deficit over the medium- and long-term. Somalia's exports are currently dominated by the export of livestock (representing about 80 percent of total exports of goods). Over time, the volume of exports is

[13] The medium- to long-term growth forecast at HIPC Decision Point (DP) was informed by an analysis of the key macroeconomic outturns for 36 HIPC beneficiaries between 2000 and 2010. For the fragile countries in this sample, median real growth accelerated by 0.3 percentage points per year over the five years after DP. The current projection assumes growth to accelerate by around 0.2 ppts per year and then moderate to 0.1 ppts.

[14] Fiscal response options include introducing new revenue measures such as turnover taxes, modernization of customs duties, fishing licenses and automation of tax administration, among others. The monetary policy framework is non-existent, and the economy is de facto dollarized.

expected to improve because of an ongoing diversification of export markets beyond Saudi Arabia and outside of the Hajj period. New insurance products are being prepared to help mitigate risks to livestock. The authorities' commitment to the diversification of exports is also a response to the vulnerability of livestock to climate-related shocks. Expected pipeline investments in electricity and transport should support the emergence of new productive sectors such as fisheries. The current account deficit is projected to deteriorate slightly as grant support decays over the medium term, with part of the financing need expected to be filled by increased access to external creditors and higher FDI inflows. FDIs are projected to be sensitive to confidence effects that will be amplified by Somalia reaching HIPC Completion Point, coupled with a gradually improving business environment.

12. Over the medium and long term, higher domestic revenues would make room for greater public investment and social spending. Domestic revenue is projected to increase by around 0.3 percent of GDP per year over 2024-2028, on the back of broad-based revenue-enhancing reforms.[15] Over the medium-term, trade related revenues (customs duties, sales tax on imports, and port fees) are expected to increase due to efficiency gains from the introduction of ad-valorem tariffs, improved data, and enhanced customs processes supported by the IMF and World Bank technical assistance. The approval of the new Income Tax Law (which clarifies and streamlines deductions) and the introduction of excise taxes on money transfer business, airtime, and telecommunications are projected to lead to an increase in income and sales taxes.[16] The revenue administration is also expected to continue adding new taxpayers to the tax net (for instance large firms in banking and hospitality), expand its use of digital tools, and enhance its enforcement capacity. Over time, higher domestic revenues would make room for greater spending on investment and social services. Achieving HIPC Completion Point provides Somalia new access to concessional borrowing, and grants are expected to gradually decline and be replaced by concessional loans. An overall deficit of about 2 percent of GDP is expected by 2027. Sustained improvements over time in expenditure execution and public investment management will facilitate greater absorption of additional resources to expand public spending on human development and public infrastructure.

13. Notwithstanding recent challenges, the authorities continued to make sustained progress in their policy reform agenda. The authorities achieved 13 out of 14 triggers for reaching HIPC Completion Point, including on public financial and expenditure management, domestic revenue mobilization, governance, social sectors, and statistics.[17] Furthermore, the authorities have

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[15] Compared to the long term forecast in the May 2023 LIC-DSA, domestic revenues are expected to reach 6.6 percent of GDP instead of 8.4 percent by 2040, in part due to higher nominal GDP following rebasing. These forecasts are supported by the authorities' strong track record in building tax capacity, which has increased from about 1 percent of GDP in 2013, to 2.5 percent of GDP in 2022. The projected medium-term and long-term path for revenues is comparable to the experience of other HIPC fragile countries.

[16] Effective tax rates on telecom sector in Somalia are far less than those in other countries in the region. In introducing excise taxes on money transfer business, their design will need to mitigate risks of arbitrage and adverse impact on poor households.

[17] The trigger on adoption and application of a single import duty tariff schedule at all ports is incomplete. The reform was completed at Mogadishu seaport and airport, and there has been important progress in Kismayo seaport and airport, while the reform is paused in Garowe and Bosaso due to political conditions. Authorities are seeking a waiver from the IMF Executive Board for this trigger.

made progress in implementing the performance and policy actions under the IDA Sustainable Development Finance Policy, including maintaining a commitment to not borrow on non-concessional terms and improving debt transparency and reporting. In addition, the authorities are implementing a complementary set of reforms supported by the World Bank's Development Policy Financing operation.

14. Near-term risks are tilted to the downside. If healthy rainy seasons are not sustained, food prices rise, or global supply shocks to staples emerge, the food crisis will worsen. Additional risks include a deterioration of the security situation, political risks linked to questions over federalism, climate-related shocks, lower global growth, and persistent global inflationary pressures. If any of these adverse risks materialize, economic growth and domestic revenue will face downward pressure, increasing financing needs. While the sequestration rule (that helps identify discretionary spending that can be rationalized) and current financing commitments help mitigate some risks, the authorities would need additional support from the international community to address a significant adverse scenario. Authorities' efforts at reaching HIPC CP, continued IMF support through the proposed new 3-year ECF arrangement, and highly concessional financing provided by the World Bank and other multilateral institutions and bilateral donors will unlock concessional external financing and help prevent the build-up of debt vulnerabilities.

Text Table 4. Somalia: Macroeconomic Projections 1/ 2/

(Percent of GDP, unless otherwise indicated)

	May 2023 DSA 3/						Current DSA 4/ 5/					
	2022	2023	2024	2025	2026	2027-43	2022	2023	2024	2025	2026	2027-43
Real GDP growth	1.7	2.8	3.7	3.9	4.0	4.5	2.4	2.8	3.7	3.9	4.0	4.5
GDP deflator	5.2	4.2	4.1	4.7	4.3	2.3	3.4	7.5	4.6	4.4	4.3	2.4
Non-interest current account deficit	16.8	16.3	14.2	14.4	14.3	14.3	8.0	9.4	8.9	10.1	10.6	11.2
Exports	17.0	18.2	18.9	19.5	19.8	20.2	17.3	18.1	19.2	20.3	21.1	22.2
Primary fiscal deficit	0.0	0.4	1.6	1.7	1.5	1.4	0.0	0.1	1.0	1.2	1.6	2.1
Revenues and grants	8.8	7.8	6.7	6.5	5.5	6.7	6.9	6.4	6.9	5.2	4.7	5.5
of which: domestic revenues	3.2	3.2	3.4	3.8	4.1	6.6	2.5	2.7	2.8	3.0	3.3	5.4
of which: grants	5.6	4.6	3.3	2.7	1.4	0.1	4.4	3.7	4.1	2.1	1.4	0.1

Sources: Somali authorities and IMF staff calculations

1/ Revisions to the GDP deflator reflect rebasing of GDP estimates in 2022 as reported by the authorities, and the high import component of GDP.

2/ Revisions compared to the previous DSA reflect: 1) revision of GDP data; 2) full alignment of trade data used for BOP and national accounts; and 3) revisions to services exports data.

3/ Somalia 5th Review

4/ Figures are not fully comparable because the current DSA uses the rebased GDP series and adjustments to the export series.

5/ The macroeconomic framework for the current DSA assumes HIPC Completion Point in December 2023

15. Data weaknesses constrain the scope of macroeconomic analysis, complicating the implementation of standardized stress tests in the LIC-DSA. Although data quality is gradually improving, there are limitations in national accounts data, substantial gaps in balance-of-payments data, and a heavy reliance on third-party data for trade estimates and secondary transfers. Direct investment data are currently estimated.

16. The available realism tools are oftentimes not applicable. Given that Somalia's debt stock has largely been determined by its progress under the HIPC Initiative, the forecast error realism tool comparing debt stocks and flows across DSA vintages is not yet applicable – this is also affected by the lack of data on debt stock in 2017. The tool will be able to run for future vintages once the prior 5-year history includes 2018 – the year from which debt data was captured under the HIPC Initiative. Even then, the tool will continue to show a significant decline in debt in the 5-year historical period versus the 5-year projection period due to debt restructuring under the HIPC Initiative. The tool assessing the realism of the public investment-growth nexus is inoperable due to gaps in Somalia's investment data. The fiscal adjustment realism tool suggests a fiscal expansion post-HIPC CP. However, this reflects a decline in above-the-line grants after reaching HIPC CP, even as expenditures gradually also decline as a percentage of GDP. The fiscal adjustment and growth realism tool shows that the projected growth path is in line with a range of possible fiscal multipliers (Figure 3).

17. The baseline scenario assumes full impact of multilateral arrears clearance, debt relief under the Enhanced HIPC Initiative, MDRI and beyond-HIPC assistance at the Completion Point reached in December 2023, consistent with the guidance under the LIC-DSA.[18] The baseline assumes that new financing in 2024-2027 would shift from grants to highly concessional loans, similar to those under IDA20.[19] The baseline also assumes that from 2028, new borrowing would be on concessional terms similar to IDA regular credits.[20] Somalia would continue to receive grant disbursements for project commitments approved before the Completion Point, but these would decline over time. The baseline also assumes that the authorities will work with multilateral and bilateral partners to secure additional grants. As grant disbursements decline, Somalia would have to resort to borrowing to sustain expenditures, resulting in overall deficits of 2 to 3.5 percent of GDP over the medium to long term. Robust access to budget support financing from development partners will continue to be needed to support essential recurrent spending, especially in the near-term.

[18] See Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries, February 2018 (Appendix V. HIPC Initiative and MDRI).

[19] Assessed to be at moderate risk of debt distress, based on IDA financing terms, Somalia no longer has access to new grant commitments but only to highly concessional loans – in particular, to 50-year maturity loans and shorter maturity loans.

[20] The baseline includes revised financing assumptions as compared to the Decision Point LIC-DSA and the May 2023 LIC-DSA, which presented a pre-debt restructuring baseline, based on constrained financing and greater reliance on grants. The baseline in this LIC-DSA assumes reestablishment of relations with external creditors and the full resumption of development financing.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

18. Somalia's debt-carrying capacity is classified as weak. This classification is guided by the composite indicator score, as determined by the World Bank's CPIA, the country's real GDP growth, import coverage of foreign exchange reserves, remittances as percent of GDP, and growth of the world economy. This DSA uses the October 2023 vintage of the WEO and the 2022 CPIA. The latest available composite indicator score for Somalia is 1.57 (Text Table 5).[21]

Text Table 5. Somalia: Composite Indicator and Threshold Tables

Debt Carrying Capacity	Weak

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Weak	Weak 1.57	Weak 1.57	Weak 1.57

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of	
Exports	140
GDP	30
Debt service in % of	
Exports	10
Revenue	14

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	35

Note: Calculated based on the October 2023 WEO vintage and the 2022 CPIA vintage.

EXTERNAL DEBT SUSTAINABILITY

19. Somalia's external debt profile is projected to improve significantly post-HIPC Completion Point. The baseline that assumes full delivery of debt relief also shows improvements over the comparable alternative scenario presented in the May 2023 LIC-DSA, due to revised DSA assumptions and the rebasing of GDP estimates. Revised DSA assumptions include a slight improvement in primary deficit-to-GDP in the near term as a result of GDP rebasing. However, the

[21] The composite index reflects an increase in the WB CPIA in 2022 to 2.1 from 2.0 in 2020.

path of primary deficits is projected to be steeper in the medium to long term.[22] This results in lower levels for the ratios of PV of external debt to GDP compared to the comparator alternative scenario presented in the May 2023 LIC-DSA. The PV of external debt to GDP is forecast to gradually rise from 5.1 percent of GDP to 6.3 percent of GDP in the medium-term baseline, and to 8.6 percent in the long term – well below the indicative threshold of 30 percent. The PV of external debt to exports, debt service to exports, and debt service to revenue all remain below the indicative thresholds over the projection horizon in the baseline. Debt service ratios are expected to increase towards the end of the projection period due to the resumption of payment on restructured debt after the provision of debt relief. From 2024 to 2028, the baseline assumes that external financing will be concessional with an estimated average grant element of 64 percent, which is projected decline to around 50 percent by 2033 (Table 1).

20. Standard stress tests to the baseline scenario confirm the external debt position's vulnerability to unexpected shocks. While the application of the standard DSA stress test to Somalia is complicated by structural breaks[23], there is deterioration of some indicators under temporary shock scenarios.[24] Combined shocks to key macroeconomic variables produce the most extreme stress environment, resulting in external debt service to revenue breaching the indicative threshold when payments on new borrowing to meet higher financing needs under this more pessimistic scenario are expected to start. Uncertainty around real GDP growth, exports, and the non-debt flow shock is the largest contributor to the combined shock. This shock highlights the high vulnerability of Somalia to shocks and the risks that debt vulnerabilities could increase again despite the large debt relief received. A shock in current official transfers is a significant vulnerability, highlighting Somalia's high dependence on official development assistance. Breaches related to the external debt service to revenue ratio are sustained in the long term. This is related to rising amortization needs after 2030 when grace periods on new debt begin to expire, leading to breaches of the indicative threshold.

PUBLIC DEBT SUSTAINABILITY

21. Total public debt is contained in the baseline. PV of total public debt to GDP also remains contained in the stress scenarios. PV of total public debt to revenue rises through the medium-term, peaking in 2029. Like external debt, pressures are likely to be felt on public debt service to revenue with the ratio rising in the long-term. In general, the conclusions with regards to external debt sustainability are relevant also for public debt sustainability, given that there is no market for domestic debt and the existing stock of domestic debt is limited to a small stock of government

[22] From 2023 to 2024, the primary deficit increases from 0.1 to 1 percent of GDP, mainly due to expected decline in budget support grants.

[23] The DSA remains unadjusted, given severe persisting vulnerabilities that can materialize in the projection period, allowing past volatility to inform stress testing in the projection horizon.

[24] The DSA's sensitivity analysis is also affected by these constraints, leading to results for debt indicators in outer years that can be challenging to interpret.

arrears. The baseline assumes the nominal stock of domestic debt will significantly decline as a percentage of total debt over the medium-term.

RISK RATING AND VULNERABILITIES

22. Somalia is assessed to be at moderate risk of debt distress. While key indicators are contained in the baseline, the sustained breaches of the indicative threshold for the external debt service to revenue ratio under standardized stress tests suggest that Somalia is at moderate risk of external debt distress and at moderate overall risk of public debt distress. While the total public debt indicator remains under the benchmark across scenarios, the trajectory of public debt service to GDP under standardized stress tests highlights the need for vigilant debt management. The moderate risk rating tool mechanically indicates that Somalia has substantial space to absorb shocks. However, Somalia is vulnerable to significant shocks discussed below and remains highly dependent on external, concessional financing.

23. Revisions to the macroeconomic outlook and the PV of debt imply reduced debt vulnerabilities in the medium term that will keep the debt profile contained in the projection horizon, but downside risks remain. Debt relief under the HIPC Initiative, MDRI, and beyond-HIPC assistance has improved Somalia's external debt situation and brought debt to a manageable level such that it is judged to be sustainable in the medium-term, assuming continued highly concessional financing. The inclusion of domestic debt does not materially impact the analysis. The authorities' ongoing commitment to and strong track-record of reform implementation since 2016, and continued support from development partners will assist the entrenchment of the gains achieved through the structural reforms supported by the HIPC Initiative. However, Somalia is expected to remain vulnerable to security, international commodity price, and climate shocks that could negatively affect the revenue path, underscoring the importance of strengthening domestic revenue mobilization, debt management institutions, and institutional capacity. Expenditure pressures in education, health, and security will need to be financed on highly concessional terms to prevent a spike in debt service over the medium term.

AUTHORITIES' VIEWS

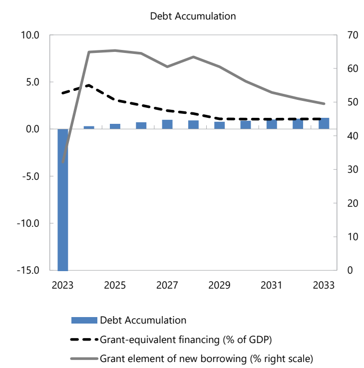
24. The assumptions and conclusions of the DSA were discussed with the authorities, who broadly concurred with staffs' assessment. The authorities recognize the importance of relying on concessional financing post-HIPC to contain debt sustainability risks and to monitor the external debt service-to-revenue indicator as an early warning sign for any debt related stress. They agree on the need to strengthen debt management capacity and to ensure transparency regarding all the terms and conditions of different borrowings to have a full view of costs and risks. They expect that ongoing reforms, in particular domestic revenue mobilization, will improve the country's debt servicing capacity.

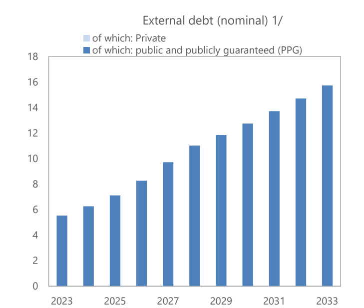
Table 1. Somalia: External Debt Sustainability Framework, Baseline Scenario, 2020–2043

(In percent of GDP, unless otherwise indicated)

	Actual			Projections 9/								Average 8/	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2033	2043	Historical	Projections
External debt (nominal) 1/	**42.7**	**39.9**	**36.7**	**5.5**	**6.3**	**7.1**	**8.3**	**9.7**	**11.0**	**15.7**	**29.0**	**23.9**	**10.6**
of which: public and publicly guaranteed (PPG)	**42.7**	**39.9**	**36.7**	**5.5**	**6.3**	**7.1**	**8.3**	**9.7**	**11.0**	**15.7**	**29.0**	**23.9**	**10.6**
Change in external debt	-13.6	-2.9	-3.1	-31.2	0.7	0.8	1.2	1.5	1.3	1.0	1.7		
Identified net debt-creating flows	**0.7**	**-1.1**	**0.6**	**3.4**	**3.4**	**4.6**	**5.1**	**5.2**	**5.2**	**6.8**	**2.6**	**-0.8**	**5.5**
Non-interest current account deficit	**4.4**	**6.8**	**8.0**	**9.4**	**8.9**	**10.1**	**10.6**	**10.8**	**10.9**	**12.7**	**8.8**	**4.3**	**11.3**
Deficit in balance of goods and services	50.4	50.9	61.2	61.0	60.8	60.0	59.3	59.2	59.0	58.6	55.2	**48.3**	**59.3**
Exports	12.8	15.6	17.3	18.1	19.2	20.3	21.1	21.8	22.2	22.2	22.2		
Imports	63.2	66.5	78.5	79.0	79.9	80.3	80.4	81.0	81.2	80.8	77.4		
Net current transfers (negative = inflow)	-46.4	-44.6	-53.6	-51.9	-52.1	-50.1	-48.9	-48.6	-48.3	-46.0	-45.4	**-44.4**	**-48.3**
of which: official	-28.6	-23.0	-33.0	-31.3	-31.2	-28.9	-27.4	-26.6	-26.3	-24.0	-23.4		
Other current account flows (negative = net inflow)	0.4	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	-0.9	**0.4**	**0.2**
Net FDI (negative = inflow)	**-5.0**	**-5.2**	**-5.2**	**-5.2**	**-5.4**	**-5.4**	**-5.4**	**-5.4**	**-5.4**	**-5.4**	**-5.4**	**-4.6**	**-5.4**
Endogenous debt dynamics 2/	**1.3**	**-2.7**	**-2.2**	**-0.9**	**-0.1**	**-0.1**	**-0.2**	**-0.2**	**-0.3**	**-0.5**	**-0.8**		
Contribution from nominal interest rate	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.3		
Contribution from real GDP growth	1.5	-1.3	-0.9	-0.9	-0.2	-0.2	-0.3	-0.3	-0.4	-0.6	-1.2		
Contribution from price and exchange rate changes	-0.2	-1.4	-1.3	...	...	...	...	...	...	...	...		
Residual 3/	**-14.3**	**-1.7**	**-3.8**	**-34.5**	**-2.7**	**-3.8**	**-3.9**	**-3.8**	**-3.9**	**-5.8**	**-0.9**	**-5.9**	**-7.5**
of which: exceptional financing	0.0	-0.2	0.0	-28.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	**...**	**...**	**22.8**	**5.1**	**5.0**	**5.1**	**5.4**	**5.9**	**6.3**	**8.6**	**18.3**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**131.7**	**28.1**	**25.9**	**25.1**	**25.4**	**26.8**	**28.1**	**38.7**	**82.1**		
PPG debt service-to-exports ratio	**1.2**	**1.1**	**0.9**	**0.9**	**1.0**	**0.9**	**0.9**	**0.8**	**0.8**	**1.5**	**3.4**		
PPG debt service-to-revenue ratio	**6.6**	**7.4**	**6.2**	**6.2**	**6.7**	**6.3**	**5.6**	**5.1**	**4.7**	**6.8**	**10.4**		
Gross external financing need (Million of U.S. dollars)	-44.8	174.8	311.6	507.8	461.7	666.9	794.4	893.9	981.8	1844.8	1917.0		
Key macroeconomic assumptions													
Real GDP growth (in percent)	-2.6	3.3	2.4	2.8	3.7	3.9	4.0	4.1	4.3	4.5	4.5	**3.1**	**4.1**
GDP deflator in US dollar terms (change in percent)	0.3	3.5	3.4	7.5	4.6	4.4	4.3	4.1	3.6	2.1	2.1	**4.1**	**3.7**
Effective interest rate (percent) 4/	0.0	0.0	0.0	0.1	2.3	1.8	1.4	1.1	1.0	0.8	1.3	**0.0**	**1.1**
Growth of exports of G&S (US dollar terms, in percent)	4.2	30.0	17.7	15.3	15.1	14.8	12.6	12.0	10.3	6.7	6.7	**8.0**	**10.4**
Growth of imports of G&S (US dollar terms, in percent)	7.3	12.5	25.0	11.2	9.7	8.9	8.5	9.2	8.4	6.6	6.7	**8.6**	**8.2**
Grant element of new public sector borrowing (in percent)	...	...	...	32.2	64.9	65.3	64.5	60.5	63.4	49.5	39.8	**...**	**56.5**
Government revenues (excluding grants, in percent of GDP)	2.3	2.3	2.5	2.7	2.8	3.0	3.3	3.6	3.9	5.0	7.3	**1.9**	**3.8**
Aid flows (in Million of US dollars) 5/	311.3	64.4	462.7	420.3	592.8	462.6	444.0	447.9	415.3	520.8	1765.1		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	3.8	4.6	3.1	2.5	2.0	1.6	1.1	1.5	**...**	**2.1**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	91.7	94.5	86.2	79.8	69.3	67.8	49.5	39.8	**...**	**69.1**
Nominal GDP (Million of US dollars)	9,204	9,839	10,420	11,515	12,489	13,541	14,686	15,913	17,192	24,074	46,023		
Nominal dollar GDP growth	-2.3	6.9	5.9	10.5	8.5	8.4	8.5	8.4	8.0	6.7	6.7	**7.4**	**7.9**
Memorandum items:													
PV of external debt 7/	...	...	22.8	5.1	5.0	5.1	5.4	5.9	6.3	8.6	18.3		
In percent of exports	...	...	131.7	28.1	25.9	25.1	25.4	26.8	28.1	38.7	82.1		
Total external debt service-to-exports ratio	1.2	1.1	0.9	0.9	1.0	0.9	0.9	0.8	0.8	1.5	3.4		
PV of PPG external debt (in Million of US dollars)			2375.3	584.7	620.2	688.7	786.6	931.0	1076.6	2072.3	8402.0		
(PVt-PVt-1)/GDPt-1 (in percent)				-17.2	0.3	0.5	0.7	1.0	0.9	1.2	2.5		
Non-interest current account deficit that stabilizes debt ratio	18.0	9.7	11.2	40.6	8.2	9.3	9.5	9.4	9.6	11.7	7.1		

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	No





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

9/ The macroeconomic framework assumes HIPC Completion Point in December 2023.

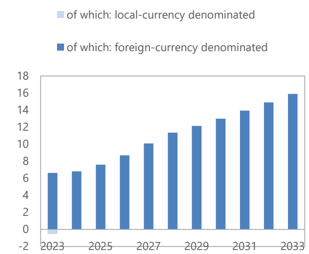
Table 2. Somalia: Public Sector Debt Sustainability Framework, Baseline Scenario, 2020–2043

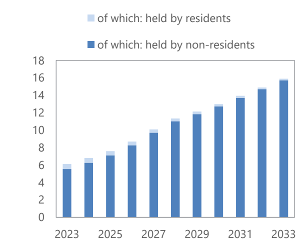
(In percent of GDP, unless otherwise indicated)

	Actual			Projections 7/								Average 6/	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2033	2043	Historical	Projections 7/
Public sector debt 1/	**43.5**	**40.6**	**37.4**	**6.1**	**6.8**	**7.6**	**8.7**	**10.1**	**11.3**	**15.9**	**29.0**	**24.6**	**11.0**
of which: external debt	**42.7**	**39.9**	**36.7**	**5.5**	**6.3**	**7.1**	**8.3**	**9.7**	**11.0**	**15.7**	**29.0**	**23.9**	**10.6**
Change in public sector debt	-13.6	-2.9	-3.2	-31.3	0.7	0.8	1.1	1.4	1.3	1.0	1.7		
Identified debt-creating flows	**-45.3**	**-2.1**	**-2.3**	**-31.6**	**0.7**	**0.8**	**1.1**	**1.4**	**1.3**	**1.0**	**1.7**	**-14.4**	**-2.0**
Primary deficit	**-0.3**	**0.8**	**0.0**	**0.1**	**1.0**	**1.2**	**1.6**	**2.0**	**1.9**	**1.8**	**3.1**	**-0.1**	**1.5**
Revenue and grants	5.4	3.8	6.9	6.4	6.9	5.2	4.7	4.2	4.1	5.0	7.3	**3.5**	**4.9**
of which: grants	3.1	1.5	4.4	3.7	4.1	2.1	1.4	0.6	0.3	0.0	0.0		
Primary (noninterest) expenditure	5.1	4.7	6.9	6.4	8.0	6.4	6.3	6.2	6.1	6.8	10.4	**3.4**	**6.4**
Automatic debt dynamics	**1.4**	**-2.8**	**-2.3**	**-3.5**	**-0.3**	**-0.4**	**-0.5**	**-0.6**	**-0.7**	**-0.8**	**-1.4**		
Contribution from interest rate/growth differential	1.4	-2.8	-2.3	-3.5	-0.3	-0.4	-0.5	-0.6	-0.7	-0.8	-1.4		
of which: contribution from average real interest rate	-0.1	-1.4	-1.3	-2.5	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2		
of which: contribution from real GDP growth	1.5	-1.4	-1.0	-1.0	-0.2	-0.3	-0.3	-0.3	-0.4	-0.6	-1.2		
Contribution from real exchange rate depreciation	0.0	0.0	0.0	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	**-46.3**	**-0.2**	**0.0**	**-28.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-4.7**	**-2.6**
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	-46.3	-0.2	0.0	-28.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	**31.6**	**-0.8**	**-0.9**	**0.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**7.7**	**0.0**
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	**...**	**...**	**23.4**	**5.7**	**5.5**	**5.6**	**5.8**	**6.2**	**6.6**	**8.8**	**18.3**		
PV of public debt-to-revenue and grants ratio	**...**	**...**	**338.4**	**89.1**	**79.7**	**107.6**	**123.9**	**147.9**	**158.9**	**176.1**	**249.3**		
Debt service-to-revenue and grants ratio 3/	**2.8**	**4.5**	**2.3**	**2.7**	**2.7**	**4.1**	**4.4**	**4.8**	**4.8**	**7.0**	**10.5**		
Gross financing need 4/	-46.5	0.9	0.1	0.0	0.8	1.4	1.8	2.2	2.1	2.2	3.8		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	-2.6	3.3	2.4	2.8	3.7	3.9	4.0	4.1	4.3	4.5	4.5	**3.1**	**4.1**
Average nominal interest rate on external debt (in percent)	0.0	0.0	0.0	0.1	2.3	1.8	1.4	1.1	1.0	0.8	1.3	**0.0**	**1.1**
Average real interest rate on domestic debt (in percent)	-0.3	-3.4	-3.3	-7.0	-4.4	-4.2	-4.1	-3.9	-3.5	-2.1	-2.1	**-3.2**	**-3.5**
Real exchange rate depreciation (in percent, + indicates depreciation)	0.0	0.0	0.0	...	...	...	...	...	...	...	...	**0.0**	**...**
Inflation rate (GDP deflator, in percent)	0.3	3.5	3.4	7.5	4.6	4.4	4.3	4.1	3.6	2.1	2.1	**4.1**	**3.7**
Growth of real primary spending (deflated by GDP deflator, in percent)	49.5	-5.8	51.4	-4.0	28.2	-16.7	2.0	3.0	2.3	9.2	8.7	**21.0**	**4.5**
Primary deficit that stabilizes the debt-to-GDP ratio 5/	13.4	3.8	3.1	31.3	0.4	0.4	0.5	0.6	0.7	0.8	1.4	**6.8**	**3.4**
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt . Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

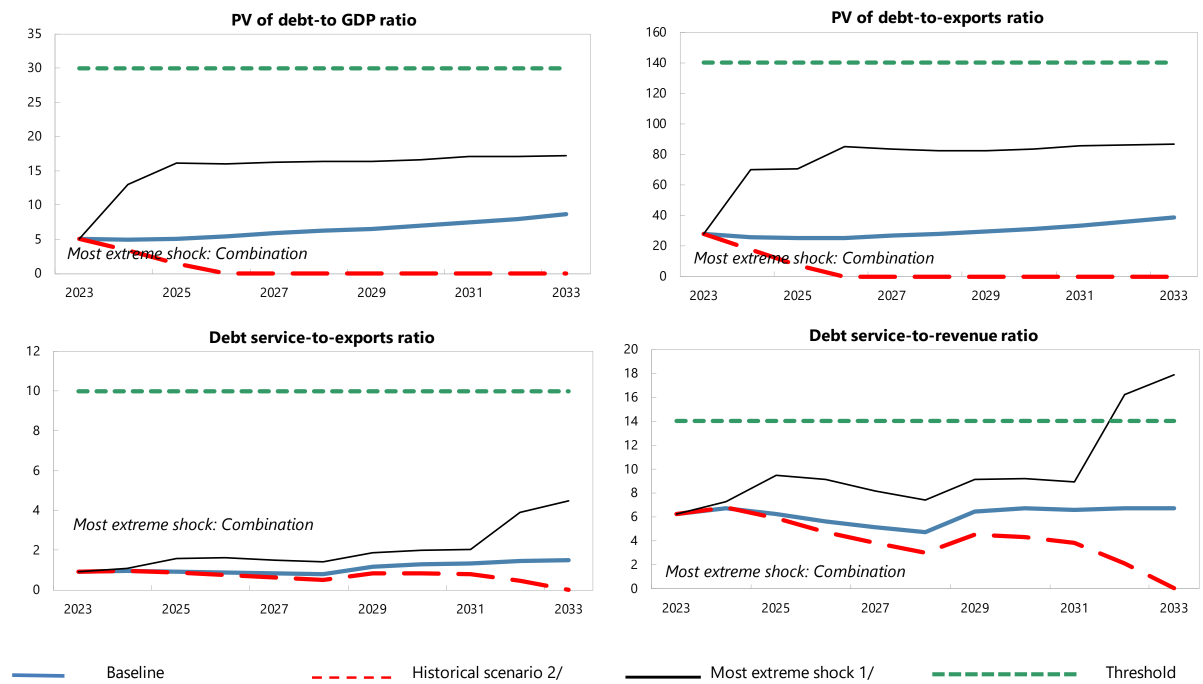
4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

7/ The macroeconomic framework assumes HIPC Completion Point in December 2023.

Figure 1. Somalia: Indicators of Public and Publicly Guaranteed External Debt Under Alternatives Scenarios, 2023–2033



Customization of Default Settings 3/	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	Yes	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	0.4%	0.4%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	37	37
Avg. grace period	7	7

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

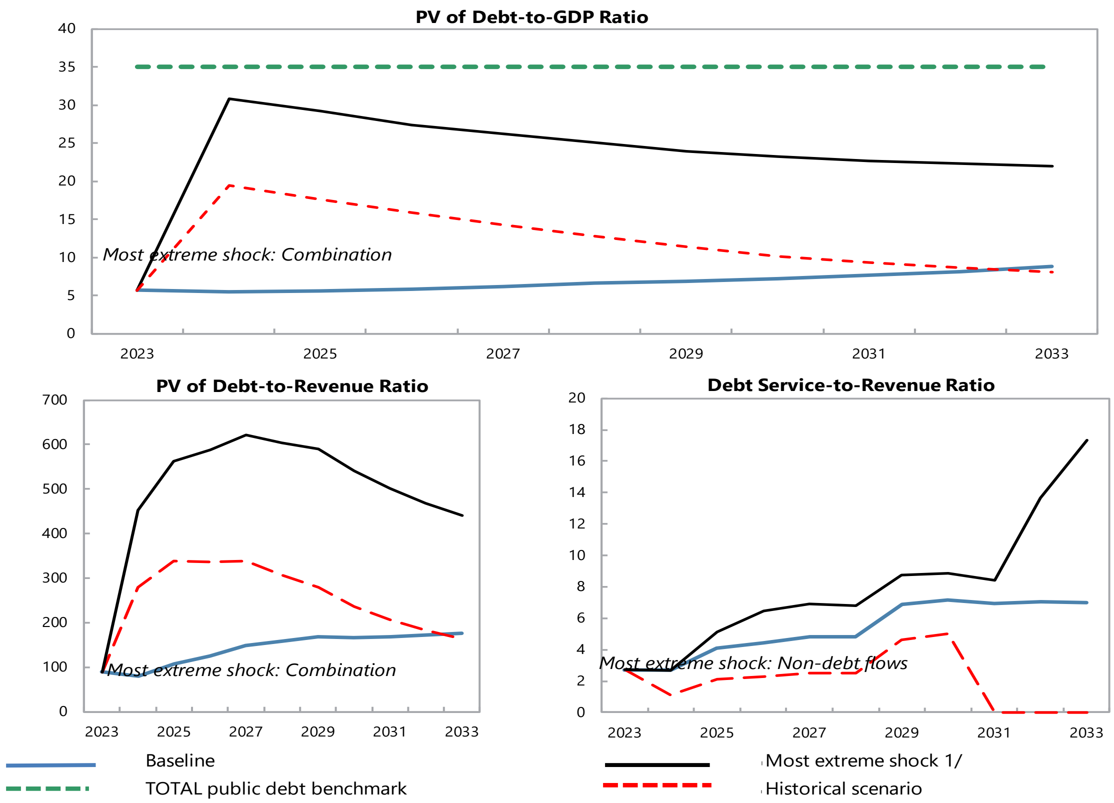
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ Historical series truncated at zero.

3/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Somalia: Indicators of Public Debt Under Alternative Scenarios, 2023-2033



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	100%	100%
Domestic medium and long-term	0%	0%
Domestic short-term	0%	0%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	0.4%	0.4%
Avg. maturity (incl. grace period)	37	37
Avg. grace period	7	7
Domestic MLT debt		
Avg. real interest rate on new borrowing	0.0%	0.0%
Avg. maturity (incl. grace period)	1	1
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	0.0%	0.0%

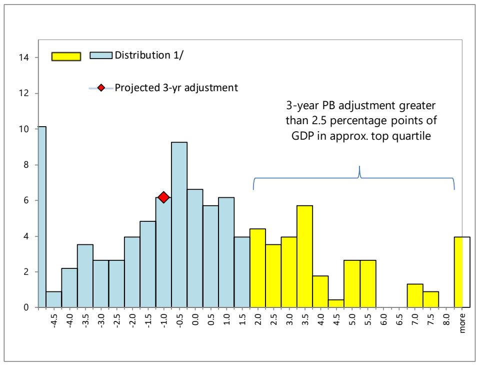
* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

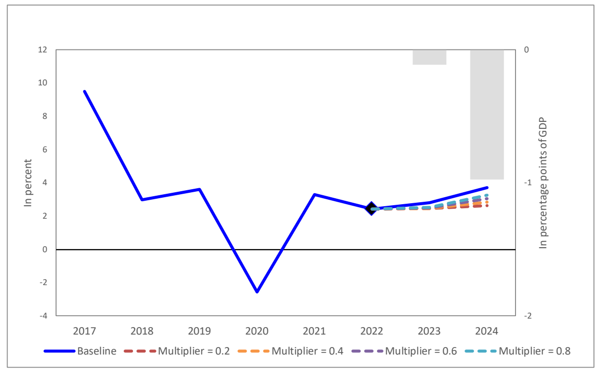
Figure 3. Somalia: Realism Tools

3-Year Adjustment in Primary Balance (Percentage points of GDP)



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Figure 4. Somalia: Qualification of the Moderate Category, 2023-2033 1/

Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Table 3. Somalia: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2023-2033

(In percent)

	Projections 1/										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
PV of debt-to GDP ratio 4/											
Baseline	5	5	5	5	6	6	7	7	7	8	9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	5	3	1	0	-2	-4	-6	-9	-11	-13	-15
B. Bound Tests											
B1. Real GDP growth	5	5	6	6	7	7	7	8	8	9	10
B2. Primary balance	5	-6	-5	-5	-4	-3	-2	-2	-1	0	1
B3. Exports	5	6	9	9	9	10	10	10	11	11	11
B4. Other flows 3/	5	11	15	15	15	16	16	16	16	16	16
B5. Depreciation	5	6	-1	-1	0	1	2	2	3	4	5
B6. Combination of B1-B5	5	13	16	16	16	16	16	17	17	17	17
C. Tailored Tests											
C1. Combined contingent liabilities	5	-4	-4	-3	-2	-1	-1	0	0	1	2
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	5	5	5	5	6	6	7	7	7	8	9
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio 4/											
Baseline	28	26	25	25	27	28	29	31	33	36	39
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	28	18	7	-2	-10	-18	-29	-40	-51	-60	-69
B. Bound Tests											
B1. Real GDP growth	28	26	25	25	27	28	29	31	33	36	39
B2. Primary balance	28	-31	-26	-22	-17	-14	-11	-8	-4	0	5
B3. Exports	28	39	61	59	60	60	62	64	66	69	72
B4. Other flows 3/	28	56	76	73	71	70	70	71	72	73	73
B5. Depreciation	28	26	-5	-2	1	4	6	8	11	14	18
B6. Combination of B1-B5	28	70	71	85	83	82	83	84	86	86	87
C. Tailored Tests											
C1. Combined contingent liabilities	28	-21	-17	-14	-10	-7	-4	-2	1	4	8
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	28	26	25	25	27	28	29	31	33	36	39
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio 4/											
Baseline	0.9	1.0	0.9	0.9	0.8	0.8	1.2	1.3	1.3	1.4	1.5
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	0.9	1.0	0.9	0.7	0.6	0.5	0.8	0.8	0.8	0.4	0.0
B. Bound Tests											
B1. Real GDP growth	0.9	1.0	0.9	0.9	0.8	0.8	1.2	1.3	1.3	1.4	1.5
B2. Primary balance	0.9	0.4	0.5	0.5	0.5	0.5	0.9	1.0	-1.2	-0.9	-0.7
B3. Exports	0.9	1.1	1.4	1.5	1.4	1.3	1.8	2.0	2.0	2.5	3.3
B4. Other flows 3/	0.9	1.0	1.2	1.3	1.2	1.2	1.5	1.6	1.6	2.9	3.8
B5. Depreciation	0.9	1.0	0.9	0.6	0.6	0.6	1.0	1.1	1.2	1.3	0.1
B6. Combination of B1-B5	0.9	1.1	1.6	1.6	1.5	1.4	1.9	2.0	2.0	3.9	4.5
C. Tailored Tests											
C1. Combined contingent liabilities	1	0	1	1	1	1	1	1	1	1	1
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	1	1	1	1	1	1	1	1	1	1	2
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio 4/											
Baseline	6	7	6	6	5	5	6	7	7	7	7
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	6	7	6	5	4	3	5	4	4	2	0
B. Bound Tests											
B1. Real GDP growth	6	7	7	6	6	5	7	8	7	8	8
B2. Primary balance	6	3	3	3	3	3	5	5	-6	-4	-3
B3. Exports	6	7	7	7	6	6	7	7	7	8	11
B4. Other flows 3/	6	7	8	8	8	7	8	8	8	13	**17**
B5. Depreciation	6	8	8	5	5	4	7	7	7	7	1
B6. Combination of B1-B5	6	7	9	9	8	7	9	9	9	**16**	**18**
C. Tailored Tests											
C1. Combined contingent liabilities	6	3	4	3	3	3	5	5	5	6	6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	6	7	6	6	5	5	6	7	7	7	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

4/ Structural breaks in Somalia's historical series affect the DSA's sensitivity analysis. Negative values should be considered bounded at zero.

Table 4. Somalia: Sensitivity Analysis for Key Indicators of Public Debt, 2023-2033
(In percent)

	Projections 1/										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
PV of Debt-to-GDP Ratio 4/											
Baseline	6	6	6	6	6	7	7	7	8	8	9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	6	19	18	16	14	13	11	10	9	9	8
B. Bound Tests											
B1. Real GDP growth	6	21	21	20	19	18	18	17	17	18	18
B2. Primary balance	6	20	19	17	16	16	15	14	14	14	14
B3. Exports	6	7	9	9	10	10	10	10	11	11	11
B4. Other flows 3/	6	11	16	16	16	16	16	16	16	16	16
B5. Depreciation	6	25	23	21	19	17	15	14	14	13	13
B6. Combination of B1-B5	6	31	29	27	26	25	24	23	23	22	22
C. Tailored Tests											
C1. Combined contingent liabilities	6	22	20	19	18	17	16	16	15	15	15
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	6	20	19	18	17	17	16	16	16	17	17
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio 4/											
Baseline	89	80	108	124	148	159	168	167	169	172	176
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	89	280	337	337	338	307	280	236	207	183	163
B. Bound Tests											
B1. Real GDP growth	89	294	383	407	442	436	432	400	383	370	361
B2. Primary balance	89	288	358	371	391	377	365	333	314	299	289
B3. Exports	89	98	179	200	229	238	246	240	236	234	231
B4. Other flows 3/	89	162	308	338	377	384	390	373	360	344	329
B5. Depreciation	89	384	456	452	451	413	381	331	304	281	263
B6. Combination of B1-B5	89	452	563	587	622	604	590	541	501	467	441
C. Tailored Tests											
C1. Combined contingent liabilities	89	316	391	407	429	414	402	367	339	317	300
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	89	289	363	383	412	406	400	373	360	349	343
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio 4/											
Baseline	3	3	4	4	5	5	7	7	7	7	7
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	3	1	2	2	3	2	5	5	-	-	-
B. Bound Tests											
B1. Real GDP growth	3	1	2	3	3	3	6	6	(6)	(4)	(3)
B2. Primary balance	3	1	2	3	3	3	5	6	(6)	(4)	(3)
B3. Exports	3	3	4	5	6	5	8	8	7	9	11
B4. Other flows 3/	3	3	5	6	7	7	9	9	8	14	17
B5. Depreciation	3	1	3	3	3	4	6	7	(8)	(6)	(5)
B6. Combination of B1-B5	3	3	4	4	5	5	7	7	7	7	7
C. Tailored Tests											
C1. Combined contingent liabilities	3	1	3	3	3	3	5	6	6	6	6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	3	1	2	3	3	3	5	6	(5)	(3)	(2)
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.
4/ Structural breaks in Somalia's historical series affect the DSA's sensitivity analysis. Negative values should be considered bounded at zero.

Table 5. Somalia: Public Debt Holder Profile, 2022-2024

(In millions of U.S. dollars, unless otherwise indicated)

	Debt Stock (end of period) 2022			Debt Service					
				2022	2023	2024	2022	2023	2024
	(In millions of US$)	(Percent total debt)	(Percent GDP)	(In millions of US$)			(Percent GDP)		
Total 1/	3894.8	100.0	37.4	16.4	19.5	14.5	0.2	0.2	0.2
External	3827.0	98.3	36.7	16.4	19.5	14.5	0.2	0.2	0.2
Multilateral creditors	1074.9	27.6	10.3	16.4	19.5	11.6	0.2	0.2	0.1
IMF 2/	370.5	9.5	3.6	0.0	4.1	4.0	0.0	0.1	0.0
World Bank 3/	104.6	2.7	1.0	13.4	12.5	0.0	0.2	0.2	0.0
AfDB	20.1	0.5	0.2	2.5	2.3	0.0	0.0	0.0	0.0
Other Multilaterals	579.6	14.9	5.6	0.5	0.5	7.6	0.0	0.0	0.1
Arab Monetary Fund	298.6	7.7	2.9	0.0	0.0	1.8	0.0	0.0	0.0
Arab Fund for Economic and Social Development	191.5	4.9	1.8	0.0	0.0	4.3	0.0	0.0	0.1
International Fund for Agricultural Development	26.2	0.7	0.3	0.5	0.5	0.5	0.0	0.0	0.0
Islamic Development Bank	27.2	0.7	0.3	0.0	0.0	0.4	0.0	0.0	0.0
OPEC Fund for International Development	36.1	0.9	0.3	0.0	0.0	0.6	0.0	0.0	0.0
Bilateral Creditors	2752.1	70.7	26.4	0.0	0.0	2.9	0.0	0.0	0.0
Paris Club 4/	2004.5	51.5	19.2	0.0	0.0	0.2	0.0	0.0	0.0
Denmark	2.8	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
France	109.7	2.8	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Italy 5/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan 6/	109.0	2.8	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	2.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Norway	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Russia 7/	711.1	18.3	6.8	0.0	0.0	0.2	0.0	0.0	0.0
Spain	40.9	1.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	28.6	0.7	0.3	0.0	0.0	0.0	0.0	0.0	0.0
United States	998.4	25.6	9.6	0.0	0.0	0.0	0.0	0.0	0.0
EEC IDA Administered Loans	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial creditors	2.5	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Serbia	2.5	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other international creditors 8/	745.0	19.1	7.2	0.0	0.0	2.7	0.0	0.0	0.0
Algeria	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bulgaria	11.0	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Iraq	201.9	5.2	1.9	0.0	0.0	0.0	0.0	0.0	0.0
Kuwait Fund and Central Bank	125.3	3.2	1.2	0.0	0.0	2.7	0.0	0.0	0.0
Libya	30.4	0.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Romania	2.5	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Saudi Arabia	118.9	3.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0
United Arab Emirates	253.5	6.5	2.4	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	67.8	1.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Of which: in arrears	67.8	1.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Nominal GDP	10420								

Sources: Somalia Debt Management Unit; IMF; World Bank; and AfDB.

1/ Debt records provided by the authorities and reconciled with creditor statements include loans that were contracted from 1965 to 2002. These loans include loans that financed projects in pre-civil war subnational jurisdictions, including Somaliland. For all loans, the recognized debtor is the Ministry of Finance of the FGS or a line ministry of the FGS. Note that this excludes a Russian claim on the Central Bank of Somalia totaling about $7.5 million (or 0.1 percent of GDP), which has been deemed to be not eligible for HIPC debt relief.

2/ IMF debt stock reported in 2022 includes net SDR position of government (used for budget support).

3/ All obligations due the World Bank are to the International Development Association (IDA).

4/ Consistent with the HIPC Debt Reconciliation Exercise in 2023. Updated 2022 debt stock as reported by Somali Debt Management Unit (DMU) reflects interim debt relief under signed bilateral agreements with the PC creditors. The amount reported under debt service reflects estimates of interim debt relief under Cologne terms computed as part of the HIPC DRA.

5/ Debt cancellation of 100 percent of ODA debt became effective on March 2021.

6/ No debt reduction at the HIPC Decision Point, Japan will cancel 100% of their debt stock at the HIPC Completion Point.

7/ Debt stock as of end-2022, consistent with the HIPC Debt Reconciliation Exercise in 2023. The bilateral agreement between Russia and Somalia was signed in 2023.

8/ The amount reported for non-PC creditors assumes PC comparable treatment and reflects estimates of interim debt relief under Cologne Terms computed as part of the HIPC DRA exercise. This follows 2018 Guidance Note for Bank-Fund Debt Sustainablity Framework for Low-Income Countries. Total debt stock for non-PC reported herein is lower than reported by the DMU, which reflects contractual owed debt less any debt relief expected. Debt service reported reflects actual debt service expected.

Table 6. Somalia: Summary Table on Projected External Borrowing Program, January 1, 2024 to December 31, 2024

(In millions of U.S. dollars, unless otherwise indicated)

PPG external debt contracted or guaranteed	Volume of new debt, USD million	Percent
Sources of debt financing	**95.2**	**100**
Concessional debt, 1/	**95.2**	**100**
o/w IMF prospective	20.2	
o/w Other	75.0	79
Non-concessional debt	**0.0**	**0**
o/w Semi-concessional 2/	0.0	0
o/w Commercial terms 3/	0.0	0
Uses of debt financing	**95.2**	**100**
Project Financing	0.0	0
Budget Financing	95.2	100
Type of interest rate	**95.2**	**100**
Fixed Interest Rate	95.2	100
Variable Interest Rate	0.0	0
Currency denomination	**95.2**	**100**
USD denominated loans	95.2	100
Loans denominated in other currency	0.0	0
Memorandum items 4/		
Indicative projection FY2025	**191.9**	
Indicative projection FY2026	**264.3**	

1/ Debt with a grant element of at least 35 percent.

2/ Debt with a positive grant element that is lower than the minimum grant element of 35 percent.

3/ Debt without a positive grant element.

4/ The macroeconomic framework assumes HIPC Completion Point in December 2023