



Quartley Public Debt Bulletin (Quarter III, 2024)

Debt Management Unit
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1. Quarter III, 2024. Progress in Debt Management issues:

In this quarter, from July to September 2024, the Government of Somalia remained committed in implementing its debt relief strategy and engaging with its remaining bilateral and multilateral creditors to secure the appropriate debt relief within the frameworks of the Paris Club Agreed Minutes of March 13, 2024 and the Enhanced HIPC Initiative.

Status of Negotiations:

On August 21, 2024, the DMU participated in a Zoom meeting to discuss joint efforts to obtain grants from four Arab member countries of the AMF—the Kingdom of Saudi Arabia, Qatar, the Government of Algeria, and the United Arab Emirates—to cover the payment of AMF debt for three and a half years. During the meeting, the AMF team informed us that no progress had yet been made in securing these grants.

The DMU reviewed several debt relief agreements with Paris Club creditors, providing comments and suggestions to the respective parties. Bilateral debt cancellation agreements were signed with Denmark, the Norway, the Netherlands, and the USA. We expect to conclude and sign agreements with the remaining creditors in the upcoming quarter.

Furthermore, the DMU team continued to tirelessly reach out to the remaining creditors, underscoring the unwavering commitment to achieving sustainable debt relief and fostering economic stability.

With regards to the data presented in this bulletin, all the debt data refers to External Central Government debt and does not include any guarantees. Somalia does not, currently, issue any domestic securities and has contracted no domestic loans.

2. Somalia's stock and flow data, QIII, 2024

Stock of debt at end of Quarter III, 2024

The existing debt portfolio for Somalia is made up of only external debt and it is divided into multilateral and bilateral creditors as well as one loan from a commercial creditor in Serbia. Bilateral creditors are Somalia's biggest creditor type.

The total debt portfolio amounted to USD 1,520.44 billion at the end of the third quarter of 2024. Of the existing debt portfolio, multilateral creditors accounted for 46 percent of the total at USD 692.29 million. The largest creditors in this category are the Arab Monetary Fund (AMF), Arab Fund for Economic and Social Development (AFESD) and International Monetary Fund (IMF), in that order. Debt to bilateral creditors amounted to USD 825.48 million, with non-Paris Club creditors accounting for almost 94.2 percent of bilateral debt. The main non-Paris Club creditors include mainly Arab creditors such as the Abu Dhabi Fund, Government of Iraq, Kuwait and the Saudi Fund. The ONLY remaining Paris Club creditors are Spain and Russia (blocked funds and short-term debt). The commercial loan to a Serbian company amounted to USD 2.67 million.

Somalia's debt portfolio is still characterized by a sizeable amount of debt in arrears. There are remaining arrears mainly with non-Paris Club and other multilateral creditors which represented approximately 69 percent of the total outstanding debt of the country. The Government is committed to engaging its non-Paris Club and remaining multilateral creditors in order to secure comparable debt relief treatment and the Common Reduction Factor outlined in the HIPC Decision Point Document. There is one claim considered commercial debt which was originally contracted with a SOE in the former Yugoslavia. The Central Bank of Serbia, however, notified the Debt Management Unit that it is in the hands of a commercial company. Table 1 includes a detailed description of the stock of debt at the end of Quarter III, 2024. Table 2 shows the stock of arrears at the end Quarter III of 2024.

Table 1. Somalia Stock of debt at the end of Q III, 2024.

Creditor Category / Creditor Name	2024 - Q3			
	Face Value	Interest Arrears	Other Fee Arrears	Total Debt Stock
GRAND TOTAL	748.23	661.44	110.77	1,520.44
Commercial	1.51	1.16	-	2.67
Government of Serbia	1.51	1.16	-	2.67
Multilateral	309.30	382.94	0.05	692.29
Arab Fund for Economic and Social Dev.	75.34	127.96	0.05	203.35
Arab Monetary Fund	60.53	254.98	-	315.52
Int. Fund for Agricultural Development	1.39	-	-	1.39
International Monetary Fund	107.83	-	-	107.83
Islamic Development Bank	27.81	-	-	27.81
OPEC Fund for Int. Dev.	36.39	-	-	36.39
Non-Paris Club	389.75	277.33	110.72	777.81
Abu Dhabi Fund for Development	94.22	172.48	0.02	266.72
Government of Algeria	0.90	0.66	-	1.56
Government of Bulgaria	5.53	5.90	-	11.43
Government Of Iraq	31.22	68.67	110.70	210.60
Government of Libya	11.75	29.37	-	41.12
Government of Romania	2.27	0.25	-	2.52
Kuwait Fund for Econ. Dev	125.00	-	-	125.00
Saudi Fund for Development	118.86	-	-	118.86
Paris Club	47.67	-	-	47.67
Government of Russia	6.77	-	-	6.77
Government of Spain	40.90	-	-	40.90

Source: DMU, Ministry of Finance

Disclosure Note:

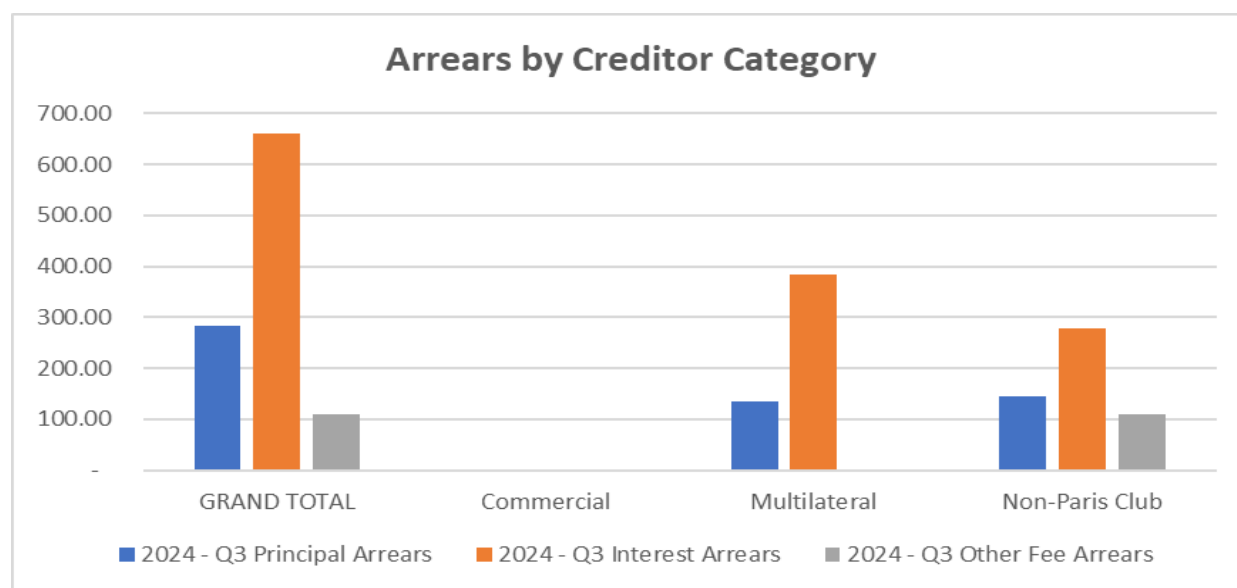
The stock of debt includes some Paris Club stock of debt which is expected to be fully forgiven, once bilateral agreement is signed with the remaining Paris Club respective creditors.

Table 2. Somalia, Stock of arrears at the end of QIII, 2024

Creditor Category	2024 - Q3		
	Principal Arrears	Interest Arrears	Other Fee Arrears
GRAND TOTAL	283.28	661.44	110.77
Commercial	1.51	1.16	-
Multilateral	135.87	382.95	0.05
Non-Paris Club	145.90	277.33	110.72

Source: DMU, Ministry of Finance.

Figure 1. Somalia, Arrears by creditor category



Source: DMU, Ministry of Finance.

Debt Flows during QIII, 2024.

As part of Somalia's IMF-supported program, during QIII of 2024, Government continued to service debt obligations falling due during this quarter.

Table 3. Somalia, debt service payment in QIII, 2024, by creditor. (In millions USD).

Debt service paid in Q III, 2024, (In millions USD)				
Total Debt Service Paid By Creditor (July-September, 2024)				In USD million
	Principal	Interest	Credits	Total
Total Debt Service (July-September, 2024)	0.63	0.09	-	0.72
Kuwait Fund	-	-	-	-
Saudi Fund	-	-	-	-
Russia (Blocked Funds)	0.63	0.09	-	0.72
Russia (Short-Term Debt)	-	-	-	-

Source: DMU, MoF

Table 4: Somalia, scheduled monthly debt service for the next 12-months, by creditor.

Creditor Category / Creditor Name	Total Debt Service Due											
	2024 OCT	2024 NOV	2024 DEC	2025 JAN	2025 FEB	2025 MAR	2025 APR	2025 MAY	2025 JUN	2025 JUL	2025 AUG	2025 SEP
GRAND TOTAL	-	-	0.98	1.55	0.84	-	8.48	-	1.94	1.67	0.80	-
Multilateral	-	-	0.07	-	0.11	-	-	-	0.18	0.12	0.09	-
Int. Fund for Agricultural Development	-	-	-	-	-	-	-	-	0.11	0.12	-	-
International Monetary Fund	-	0.34	-	-	0.33	-	-	0.32	-	-	0.33	-
Islamic Development Bank	-	-	0.07	-	-	-	-	-	0.07	-	-	-
OPEC Fund for Int. Dev.	-	-	-	-	0.11	-	-	-	-	-	0.09	-
Non-Paris Club	-	-	0.91	1.55	-	-	-	-	1.76	1.55	-	-
Kuwait Fund for Econ. Dev	-	-	0.91	-	-	-	-	-	1.76	-	-	-
Saudi Fund for Development	-	-	-	1.55	-	-	-	-	-	1.55	-	-
Paris Club	-	-	-	-	0.72	-	8.48	-	-	-	0.71	-
Government of Russia	-	-	-	-	0.72	-	0.14	-	-	-	0.71	-

Source: DMU, MoF

3. Risks of the Debt Portfolio

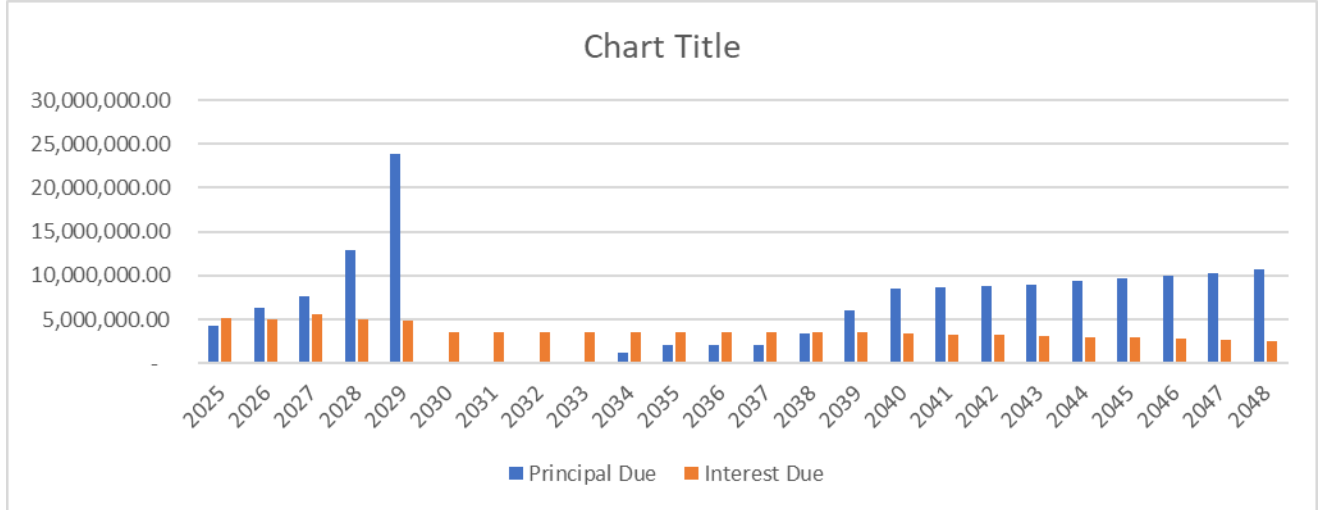
a. Interest rate risk indicators

Most of Somalia's outstanding current debt portfolio has been contracted with fixed interest rate. However, when taking into account the existing stock of arrears, there are loans that were originally contracted with variable interest rates. Debt with variable interest rate is limited to loans from Iraq and Libya amounting to USD 11.75 million. Out of the total Face Value of debt, including arrears, only 1.6 percent had been contracted with variable interest rates

b. Refinancing risk

The total amortization payments scheduled within one year to multilateral creditors include IFAD, the IMF, IsDB, and OPEC. The Kuwait Fund and Saudi Fund represent non-Paris Club creditors, while Russia represents the Paris Club creditors.

Fig. 2: Somalia repayment profile. 2025 – 2048. Million USD

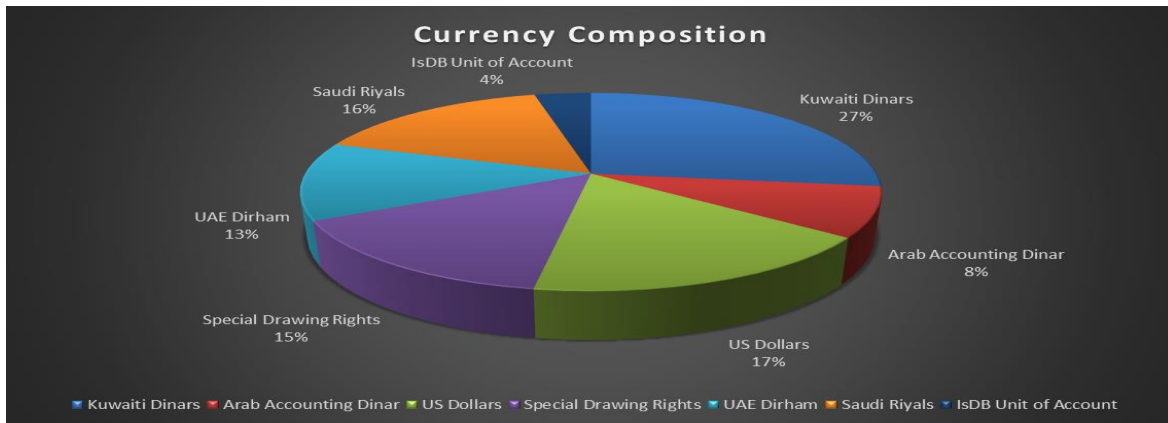


Source: DMU, Ministry of Finance

c. Foreign exchange rate risk

As mentioned in the previous section, all of Somalia’s debts are denominated in foreign currency. The breakdown of debt by currency shows that 27 percent is in Kuwaiti dinars, followed by 17 percent in US dollars, 16 percent in Saudi riyals, 15 percent in Special Drawing Rights (SDRs), 13 percent in UAE dirhams, 8 percent in Arab dinars and 4 percent in Islamic dinars.

Figure 3: Somalia, total debt stock at the end of QIII, 2024 by currency.



Source: DMU, MoF

d. Summary of Somalia's cost and risk indicators at end of 2023¹

Table 5 below provides an overview of existing cost and risk indicators for Somalia's debt portfolio as of end of 2023. The indicators show a relatively long ATM (and ATR as all the current debt is in fixed interest rates) of over 18 years with a small percentage falling due in the next year (0.9 percent of total debt).

Table 5: Summary of cost and risk indicators at the end of 2023

Risk Indicators	External debt	
Refinancing risk	ATM (years)	18.1
	Debt maturing in 1yr (% of total)	0.9%
Interest rate risk	ATR (years)	18.1
	Debt refixing in 1yr (% of total)	0.9%
FX risk	Fixed rate debt (% of total)	100.0%
	FX debt (% of total debt)	100.0%

Source: DMU, Ministry of Finance

¹ Includes all restructured debts. Excludes existing debt in arrears.

e. Debt ratios

Projected debt service ratios in terms of revenues (including grants) and exports of goods and services show similar ranges. Table 6 below shows the projected ratios.

Table 62. Somalia, Debt service ratios 2025-2029, (In USD millions)

<i>(All amounts in \$US, otherwise noted)</i>										
	2025		2026		2027		2028		2029	
<i>IFIs & Multilateral</i>	<i>P</i>	<i>I</i>	<i>P</i>	<i>I</i>	<i>P</i>	<i>I</i>	<i>P</i>	<i>I</i>	<i>P</i>	<i>I</i>
<i>IMF</i>	-	1.31	1.90	1.31	3.26	1.85	8.55	1.31	20.55	1.31
<i>IFAD</i>	0.21	0.01	0.45	0.02	0.45	0.01	0.45	0.01	0.33	0.00
<i>OPEC</i>	-	0.21	-	0.18	-	0.19	-	0.18	-	0.18
<i>IsDB</i>	0.07	-	0.07	-	0.07	-	0.07	-	0.17	-
<i>Paris Club Creditors</i>										
<i>Russia (Blocked funds)</i>	1.25	0.18	1.25	0.14	1.25	0.10	1.25	0.07	1.25	0.03
<i>Russia (Short-term debt)</i>	0.14	0.01	0.14	0.01	0.14	0.01	0.14	0.00	-	-
<i>Non-Paris Club Creditors</i>										
<i>Saudi Fund for Development</i>	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
<i>Kuwait Fund for Arab Economic Development</i>	0.85	1.82	0.85	1.82	0.85	1.82	0.85	1.82	-	1.82
<i>Principal & Interest</i>	4.07	5.09	6.21	5.03	7.57	5.53	12.85	4.94	23.85	4.90
<i>Total debt service</i>	9.16		11.24		13.10		17.80		28.74	
<i>Projected debt Stock</i>	1,520.44		1,511.28		1,500.04		1,486.94		1,469.15	
<i>Debt Service as percentage of Revenues</i>	2.2%		2.2%		2.2%		2.5%		3.5%	
<i>Debt Service % of Export of Goods & Service</i>	0.3%		0.4%		0.4%		0.0%		0.7%	
<i>Debt Stock as percentage of GDP</i>	10.9%		10.0%		9.2%		8.5%		7.7%	
<i>Memo items:</i>										
<i>Revenues 1/</i>	423.41		504.28		601.56		704.23		810.99	
<i>Exports of goods & services 2/</i>	2,798.93		3,152.79		3,526.53		3,885.22		4,206.64	
<i>GDP 3/</i>	13,886.57		15,053.71		16,265.35		17,532.87		18,996.67	
<i>Source:</i>										
1/ MF data as of July 2024.										
2/ IMF data as of July 2024.										
3/ IMF data as of July 2024.										

4. Upcoming Activities for QIV, 2024

The government remains steadfast in its commitment to execute a comprehensive strategy aimed at engaging with Non-Paris Club members and other multilateral entities to secure the envisioned HIPC debt relief within the HIPC Initiative. To achieve this crucial objective, the Debt Management Unit (DMU) has strategically devised plans to facilitate discussions with a diverse group of creditors. These discussions will serve as essential platforms for consensus-building, with the goal of determining the most effective approach to delivering the remaining HIPC debt relief.

This proactive approach underscores the Government's unwavering commitment to navigating its debt challenges through collaborative engagements with international creditors. By actively participating in these crucial discussions, Somalia aims to secure full debt relief that support its economic recovery and long-term development objective

² Projected debt stock excludes potential future debt relief

Abbreviations

ADF	Abu Dhabi Fund for Development
AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
AMF	Arab Monetary Fund
CP	Completion Point
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DMU	Debt Management Unit
DOD	Disbursed Outstanding Debt
DP	Decision Point
ECF	Extended Credit Facility
FV	Face Value – outstanding stock of debt, including principal arrears
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IsDB	Islamic Development Bank
KFAED	Kuwait Fund for Arab Economic Development
OFID	OPEC Fund for International Development
MOF	Ministry of Finance
PC	Paris Club
PPG	Public & Publicly Guaranteed Debt
SFD	Saudi Fund for Development
UK	United Kingdom
USA	United States of America
USD	United States Dollar
WB	The World Bank