



Quartley Public Debt Bulletin (Quarter IV, 2023)

Debt Management Unit
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1. Quarter IV, 2023. Progress in Debt Management issues:

In this quarter, from October to December 2023, the Government of Somalia remained committed in implementing its debt relief strategy and engaging with its creditors to secure the appropriate debt relief within the frameworks of the Paris Club agreement and the HIPC Initiative.

Status of Negotiations:

The Government remains steadfast in its pursuit of debt relief agreements with non-Paris Club and Multilateral Creditors, in line with the Paris Club Agreed Minute of March 31st, 2020. Significantly, the Minister of Finance actively engaged in discussions during the World Governments Summit in Dubai, yielding fruitful progress with the Arab Monetary Fund (AMF) and the OPEC Fund for International Development.

The deliberations with the AMF primarily addressed outstanding arrears, culminating in an agreement for technical teams to sustain their discussions. Concurrently, the OPEC meeting explored bridge loan options to mitigate these arrears. Moreover, a preliminary proposal was reached with the Islamic Development Bank (IsDB) for the rescheduling of Somalia's total debt stock of ID 20.5 million over a 30-year repayment period.

The authorities are tirelessly reaching out to remaining creditors, underscoring their 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. No new external loan agreements have been signed during this period.

2. Somalia's stock and flow data, QIV, 2023

Stock of debt at end of Quarter IV, 2023

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 and one loan from a commercial creditor in Serbia. Bilateral creditors are Somalia's biggest creditor type.

The total stock of debt at the end of QIV 2023 stood at USD 2,817.67. Of the existing debt portfolio, multilaterals represented 24 percent of the total with USD 669.47 million. The largest creditors, in this category, are the AMF, IMF and AFESD, in that order. Debt to bilateral creditors reached USD 2,145.60 billion with Paris Club creditors representing close to 64 percent of the bilateral debt. The main creditors, within this category, are the USA, France, and Japan, in that order. The main Non-Paris Club creditors included mainly Arab creditors, such as Abu Dhabi Fund, Iraq, and the Kuwait and Saudi Funds. The commercial loan with a Serbian company amounted to USD 2.60 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 Multilaterals which represented approximately 38 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 IV, 2023. Table 2 shows the stock of arrears at the end Quarter IV of 2023.

Table 1. Somalia Stock of debt at the end of Q IV, 2023.

Creditor Category / Creditor Name	2023 - Q4			Total Debt Stock
	Face Value	Interest Arrears	Other Fee Arrears	
GRAND TOTAL	1,996.85	657.76	163.05	2,817.67
Commercial	1.51	1.09	-	2.60
Government of Serbia	1.51	1.09	-	2.60
Multilateral	289.93	373.21	6.32	669.47
Arab Fund for Economic and Social Dev.	74.68	124.22	0.05	198.95
Arab Monetary Fund	59.88	247.46	-	307.33
Int. Fund for Agricultural Development	2.55	-	-	2.55
International Monetary Fund	96.60	-	-	96.60
Islamic Development Bank	26.36	1.09	-	27.44
OPEC Fund for Int. Dev.	29.87	0.45	6.27	36.59
Non-Paris Club	389.50	266.67	108.21	764.38
Abu Dhabi Fund for Development	94.22	168.71	0.02	262.95
Government of Algeria	0.90	0.66	-	1.56
Government of Bulgaria	5.53	5.84	-	11.37
Government Of Iraq	31.22	62.60	108.19	202.01
Government of Libya	11.75	28.61	-	40.36
Government of Romania	2.27	0.25	-	2.52
Kuwait Fund for Econ. Dev	124.75	-	-	124.75
Saudi Fund for Development	118.86	-	-	118.86
Paris Club	1,315.91	16.79	48.52	1,381.22
European Economic Community (EEC)	0.34	-	-	0.34
Government of Denmark	2.93	-	-	2.93
Government of France	152.22	-	-	152.22
Government of Japan	45.58	16.79	48.52	110.89
Government of Netherlands	2.18	-	-	2.18
Government of Norway	0.58	-	-	0.58
Government of Russia	49.02	-	-	49.02
Government of Spain	40.90	-	-	40.90
Government of UK	30.35	-	-	30.35
United States of America	991.81	-	-	991.81

Filters: Portfolio: All InstrumentsComments:

Source: DMU, Ministry of Finance

Disclosure Note:

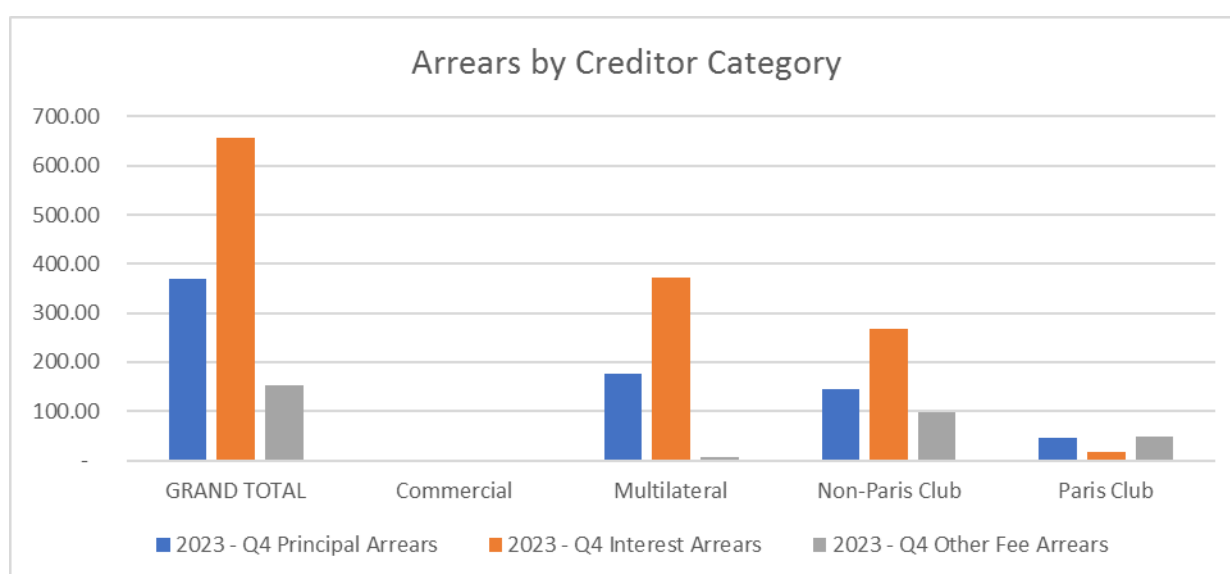
The stock of debt includes Paris Club stock of debt which is expected to be fully forgiven at the Paris Club creditor country negotiations scheduled on March 13th, 2024.

Table 2. Somalia, Stock of arrears at the end of QIV, 2023

Creditor Category	2023 - Q4		
	Principal Arrears	Interest Arrears	Other Fee Arrears
GRAND TOTAL	368.92	657.77	153.36
Commercial	1.51	1.09	-
Multilateral	175.93	373.22	6.32
Non-Paris Club	145.90	266.67	98.52
Paris Club	45.58	16.79	48.52

Source: DMU, Ministry of Finance.

Figure 1. Somalia, Arrears by creditor category



Source: DMU, Ministry of Finance.

Debt Flows during QIV, 2023.

As part of Somalia's IMF-supported program, during QIV of 2023, Government continued to comply with debt service payment to IDA (as shown in table 3 below) which were financed by HIPC grants. With regards to the Paris Club, all debt service due as a result of the Paris Club agreement has been deferred until 2024¹ and Somalia is committed to secure the same treatment from Non-Paris Club creditors. Separate negotiations are being carried out with the other multilateral creditors that will provide the necessary HIPC debt relief as determined in the HIPC Initiative Decision Point Document and would minimize the fiscal impact.

¹ All deferred moratorium interest falling due during the interim period and the remaining debt stock will be canceled during upcoming Paris Club creditor negotiations on March 13th, 2024.

Table 3. Somalia, debt service payment in QIV, 2023, by creditor. (In millions USD).

Debt service paid in Q 4, 2023, (In millions USD)				
Total Debt Service Paid By Creditor (Oct-Dec, 2023)				In USD million
	Principal	Interest	Credits	Total
Total Debt Service (Oct-Dec, 2023)	4.08	0.29	(0.01)	4.36
IFIs & Multilateral	4.08	0.29	(0.01)	4.36
IMF	-	-	-	-
AfDB	-	-	-	-
IDA	4.08	0.29	(0.01)	4.36
Russia (Blocked Funds)	-	-	-	-

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 - JAN	2024 - FEB	2024 - MAR	2024 - APR	2024 - MAY	2024 - JUN	2024 - JUL	2024 - AUG	2024 - SEP	2024 - OCT	2024 - NOV	2024 - DEC
GRAND TOTAL	0.40	1.44	-	12.12	0.53	1.22	1.39	3.37	4.42	-	0.53	0.90
Multilateral	-	0.52	-	-	0.51	-	-	0.52	4.42	-	0.51	-
International Monetary Fund	-	0.52	-	-	0.51	-	-	0.52	4.42	-	0.51	-
Non-Paris Club	-	-	-	-	-	1.22	-	-	-	-	-	0.90
Kuwait Fund for Econ. Dev	-	-	-	-	-	1.22	-	-	-	-	-	0.90
Paris Club	0.40	0.92	-	12.12	0.02	-	1.39	2.85	-	-	0.02	-
European Economic Community (EEC)	-	-	-	-	0.02	-	-	-	-	-	0.02	-
Government of Denmark	-	-	-	0.03	-	-	0.05	-	-	-	-	-
Government of France	-	0.92	-	2.35	-	-	-	2.85	-	-	-	-
Government of Netherlands	-	-	-	0.01	-	-	0.01	-	-	-	-	-
Government of Norway	-	-	-	0.01	-	-	0.02	-	-	-	-	-
Government of Russia	0.40	-	-	0.82	-	-	0.46	-	-	-	-	-
Government of Spain	-	-	-	8.38	-	-	-	-	-	-	-	-
Government of UK	-	-	-	0.52	-	-	0.85	-	-	-	-	-

Source: DMU, MoF

3. Risks of the Debt Portfolio

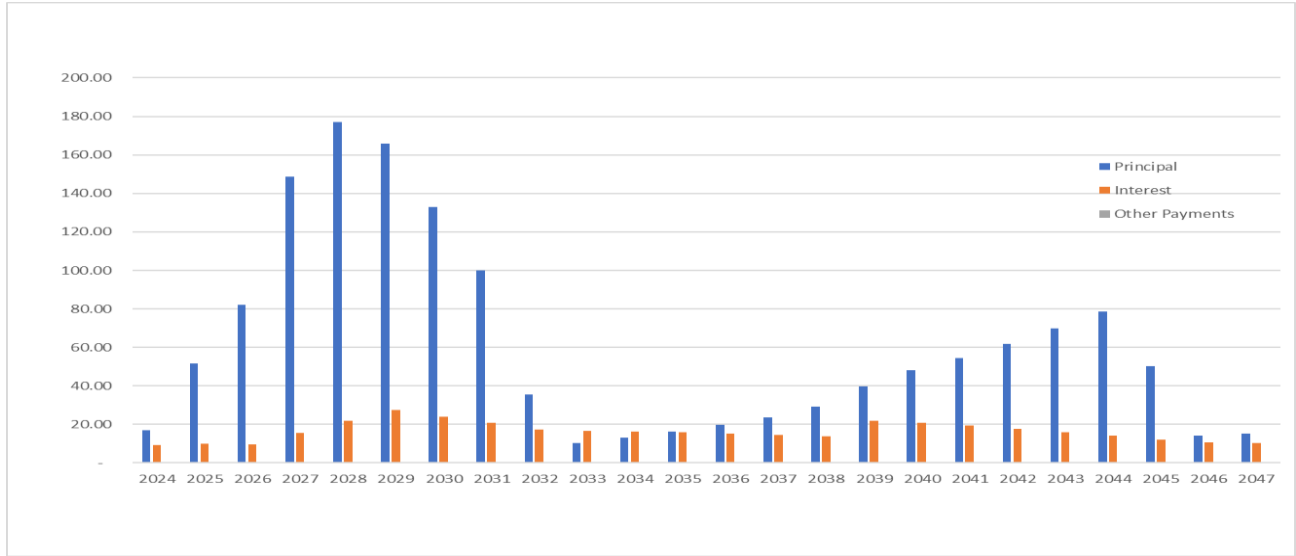
a. Interest rate risk indicators

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 0.38 percent had been contracted with variable interest rates.

b. Refinancing risk

The total amortization payments scheduled within one year is limited to IFAD, IMF, Kuwait Fund & Paris Club creditors. The amortization profile of existing debt is presented in Fig. 2 below. The profile shows a concentration of payments between 2026 and 2031 due to the scheduled repayment of IMF and USA loans.

Fig. 2: Somalia repayment profile. 2024 – 2047. Million USD

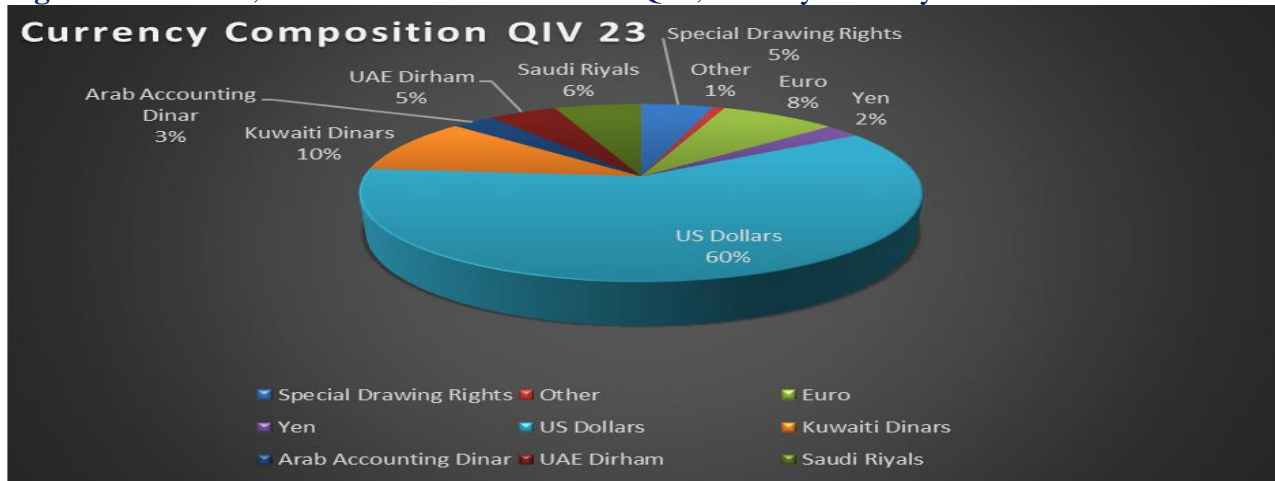


Source: DMU, Ministry of Finance

c. Foreign exchange rate risk

As mentioned in the previous section, all of Somalia’s debt is in foreign currency. The stock of debt, by currency, shows a 60 percent of debt is denominated in USD followed by Kuwait Dinars at 10 percent. The Euro at 8 percent, the Saudi Riyal represent 6 percent.

Figure 3: Somalia, total debt stock at the end of QIV, 2023 by currency.



Source: DMU, MoF

d. Summary of Somalia’s cost and risk indicators at end of 2023²

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

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.

² Includes all restructured debts. Excludes existing debt in arrears.

Table 63. Somalia, Debt service ratios 2024-2028, (In USD millions)

<i>(All amounts in \$US, otherwise noted)</i>											
	2024		2025		2026		2027		2028		
<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>	-	2.45	-	1.85	1.88	1.85	3.76	1.85	8.45	1.85	
<i>AfDB</i>	-	-	-	-	-	-	-	-	-	-	
<i>IDA</i>	-	-	-	-	-	-	-	-	-	-	
<i>IFAD</i>	0.44	0.02	0.44	0.02	0.44	0.02	0.44	0.01	0.44	0.01	
<i>Paris Club Creditors</i>											
<i>Denmark</i>	0.03	0.05	0.03	0.04	0.03	0.04	0.03	0.04	0.04	0.04	0.04
<i>France</i>	2.35	3.77	2.35	2.97	2.35	2.94	2.35	2.90	2.80	2.87	
<i>Netherlands</i>	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
<i>Norway</i>	0.01	0.02	0.01	0.02	0.01	0.02	0.01	0.02	0.01	0.02	
<i>Spain</i>	8.18	0.21	8.18	0.16	8.18	0.12	8.18	0.08	8.18	0.04	
<i>Russia</i>	0.77	0.91	0.77	0.98	0.77	0.96	0.77	0.95	0.91	0.93	
<i>United Kingdom</i>	0.46	0.91	0.46	0.72	0.46	0.71	0.46	0.70	0.55	0.69	
<i>United States of America</i>	-	-	-	-	-	-	64.75	6.27	88.62	13.23	
<i>European Economic Community (EEC)</i>	0.04	-	0.04	-	0.04	-	0.04	-	0.04	-	
<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	
<i>Kuwait Fund for Arab Economic Development</i>	0.85	1.28	0.85	1.81	0.85	1.81	0.85	1.81	0.85	1.81	
<i>Principal & Interest</i>	13.14	9.63	14.69	10.13	16.57	10.03	83.20	16.19	112.46	23.05	
<i>Total debt service</i>	22.78		24.82		26.60		99.39		135.50		
<i>Projected debt Stock</i>	2,817.67		2,804.60		2,789.64		2,772.81		2,750.73		
<i>Debt Service as percentage of Revenues</i>	2.5%		3.0%		3.7%		13.8%		17.3%		
<i>Debt Service % of Export of Goods & Service</i>	0.9%		0.9%		0.8%		0.0%		3.5%		
<i>Debt Stock as percentage of GDP</i>	22.0%		20.2%		18.5%		17.0%		15.6%		
<i>Memo items:</i>											
<i>Revenues 1/</i>	904.10		814.20		724.30		721.60		781.20		
<i>Exports of goods & services 2/</i>	2,424.00		2,788.00		3,141.00		3,519.00		3,884.00		
<i>GDP 3/</i>	12,804.00		13,891.00		15,059.00		16,310.00		17,638.00		

Source:

1/ (Including grants) - 1 st Review under the ECF, March 2024.

2/ 1 st Review under the ECF, March 2024.

3/ 1 st Review under the ECF, March 2024.

4. Upcoming Activities for Q1, 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 virtual meetings with a diverse group of creditors. These meetings will serve as essential platforms for consensus-building, with the goal of determining the most effective approach to delivering the remaining HIPC debt relief.

The Government is diligently preparing for the upcoming Paris Club creditors debt relief meeting slated for March 13th, 2024, dedicated to addressing Somalia's external debt.

³ Projected debt stock excludes potential future debt relief

Concurrently, efforts are underway to finalize an official and comprehensive debt relief request letter to be submitted to the Paris Club Secretariat.

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 objectives.

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