



## **Quartley Public Debt Bulletin (Quarter I, 2024)**

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

In this quarter, from January to March 2024, 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's steadfast dedication to debt relief is clearly demonstrated through continuous talks with non-Paris Club and Multilateral Creditors, in accordance with the Paris Club Agreed Minute of March 31st, 2020 and Somalia HIPC Decision Point Document. Recently, the Minister of Finance and the Debt Management Unit (DMU) actively engaged in the Paris Club Creditors HIPC Completion Point meeting, leading to substantial advancements. Our advocacy endeavors resulted in the cancellation of USD 1.2 billion in debt from Paris Club creditors, with an additional USD 815 million expected to be cancelled through voluntary bilateral agreements, highlighting our effective efforts.

Announcing a monumental decision, the UK and France have officially forgiven Somalia's outstanding debts. This action paves the way for fellow Paris Club members to follow suit, marking a unified stride towards debt alleviation in the forthcoming quarter.

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, Q1, 2024**

### *Stock of debt at end of Quarter I, 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 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 Q1 2024 stood at USD 2,253.82. Of the existing debt portfolio, multilaterals represented 30 percent of the total with USD 666.43 million. The largest creditors, in this category, are the AMF, AFESD and IMF, in that order. Debt to bilateral creditors reached USD 1,584.76 billion with Paris Club creditors. The main creditors, within this category, are the USA, Spain, 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 2.63 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 49 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 I, 2024. Table 2 shows the stock of arrears at the end Quarter I of 2024.

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

Creditor Category / Creditor Name	2024 - Q1			
	Face Value	Interest Arrears	Other Fee Arrears	Total Debt Stock
<b>GRAND TOTAL</b>	<b>1,490.78</b>	<b>647.63</b>	<b>115.41</b>	<b>2,253.82</b>
<b>Commercial</b>	1.51	1.12	-	2.63
Government of Serbia	1.51	1.12	-	2.63
<b>Multilateral</b>	<b>287.38</b>	<b>372.73</b>	<b>6.32</b>	<b>666.43</b>
Arab Fund for Economic and Social Dev.	74.69	125.37	0.05	200.11
Arab Monetary Fund	59.09	245.77	-	304.86
Int. Fund for Agricultural Development	2.40	-	-	2.40
International Monetary Fund	95.33	-	-	95.33
Islamic Development Bank	26.00	1.08	-	27.08
OPEC Fund for Int. Dev.	29.87	0.51	6.27	36.65
<b>Non-Paris Club</b>	<b>389.52</b>	<b>273.78</b>	<b>109.09</b>	<b>772.39</b>
Abu Dhabi Fund for Development	94.22	170.59	0.02	264.83
Government of Algeria	0.90	0.66	-	1.56
Government of Bulgaria	5.53	5.84	-	11.37
Government Of Iraq	31.22	67.83	109.07	208.12
Government of Libya	11.75	28.61	-	40.36
Government of Romania	2.27	0.25	-	2.52
Kuwait Fund for Econ. Dev	124.77	-	-	124.77
Saudi Fund for Development	118.86	-	-	118.86
<b>Paris Club</b>	<b>812.37</b>	<b>-</b>	<b>-</b>	<b>812.37</b>
Government of Denmark	2.91	-	-	2.91
Government of Japan	18.38	-	-	18.38
Government of Russia	0.70	-	-	0.70
Government of Spain	40.53	-	-	40.53
United States of America	749.85	-	-	749.85

*Source: DMU, Ministry of Finance*

*Disclosure Note:*

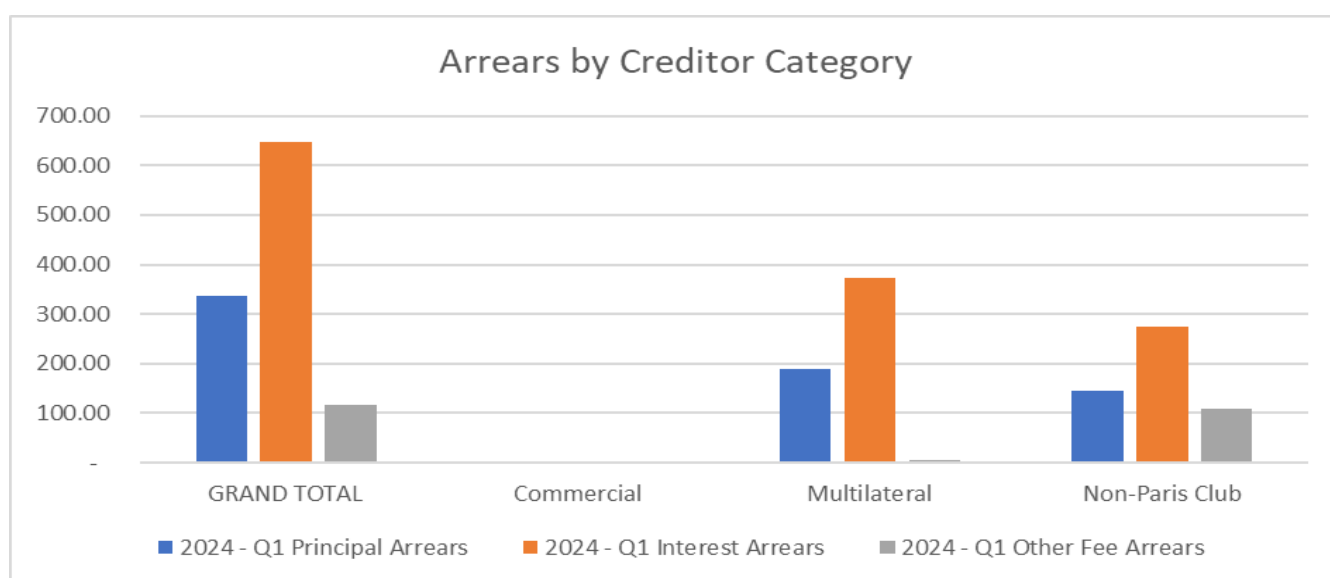
*The stock of debt includes some Paris Club stock of debt which is expected to be fully forgiven, once bilateral agreement is signed with the remaining Paris Club creditors.*

**Table 2.** Somalia, Stock of arrears at the end of Q1, 2024

Creditor Category	2024 - Q1		
	Principal Arrears	Interest Arrears	Other Fee Arrears
GRAND TOTAL	337.06	647.63	115.41
Commercial	1.51	1.12	-
Multilateral	189.65	372.73	6.32
Non-Paris Club	145.90	273.78	109.09

*Source: DMU, Ministry of Finance.*

**Figure 1.** Somalia, Arrears by creditor category



*Source: DMU, Ministry of Finance.*

*Debt Flows during Q1, 2024.*

As part of Somalia’s IMF-supported program, during Q1 of 2024, Government continued to service debt obligations falling due during this quarter.

**Table 3.** Somalia, debt service payment in Q1, 2024, by creditor. (In millions USD).

<b>Debt service paid in Q 1, 2024, (In millions USD)</b>				
<b>Total Debt Service Paid By Creditor (Jan-Mar, 2024)</b>				In USD million
	<b>Principal</b>	<b>Interest</b>	<b>Credits</b>	<b>Total</b>
<b>Total Debt Service (January-March, 2023)</b>	<b>0.14</b>	<b>0.01</b>	<b>-</b>	<b>0.15</b>
Kuwait Fund	-	-	-	-
Saudi Fund	-	-	-	-
Russia (Blocked Funds)	-	-	-	-
Russia (Short-Term Debt)	0.14	0.01	-	0.15

Source: DMU, MoF

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

<b>Creditor Category / Creditor Name</b>	<b>Total Debt Service Due</b>											
	<b>2024 - APR</b>	<b>2024 - MAY</b>	<b>2024 - JUN</b>	<b>2024 - JUL</b>	<b>2024 - AUG</b>	<b>2024 - SEP</b>	<b>2024 - OCT</b>	<b>2024 - NOV</b>	<b>2024 - DEC</b>	<b>2025 - JAN</b>	<b>2025 - FEB</b>	<b>2025 - MAR</b>
Grand Total	8.41	0.46	0.92	0.17	1.20	-	-	0.47	0.11	0.87	0.47	-
Multilateral	0.00	0.46	-	0.12	0.47	-	-	0.47	0.11	0.12	0.47	-
International Monetary Fund	0.00	0.46	-	-	0.47	-	-	0.47	-	-	0.47	-
International Fund for Agricultural Development	-	-	-	0.12	-	-	-	-	0.11	0.12	-	-
Non-Paris Club	-	-	0.92	-	-	-	-	-	-	-	-	-
Kuwait Fund for Econ. Dev	-	-	0.92	-	-	-	-	-	-	2.65	-	-
Saudi Fund for Development	-	-	-	-	-	-	-	-	-	1.55	-	-
Paris Club	8.41	-	-	0.05	0.73	-	-	-	-	0.75	-	-
Government of Denmark	0.03	-	-	0.05	-	-	-	-	-	0.02	-	-
Government of Russia	-	-	-	-	0.73	-	-	-	-	0.73	-	-
Government of Spain	8.38	-	-	-	-	-	-	-	-	-	-	-

Source: DMU, MoF

### 3. Risks of the Debt Portfolio

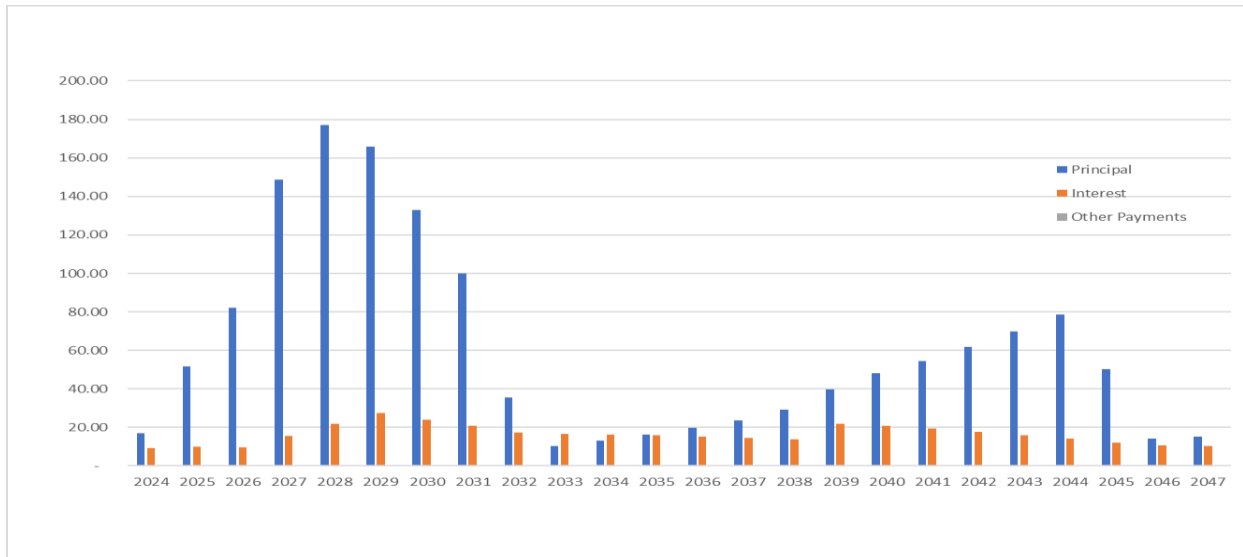
#### a. Interest rate risk indicators

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, Saudi Fund & some 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 USA loans which is expected to be cancelled in the coming period.

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

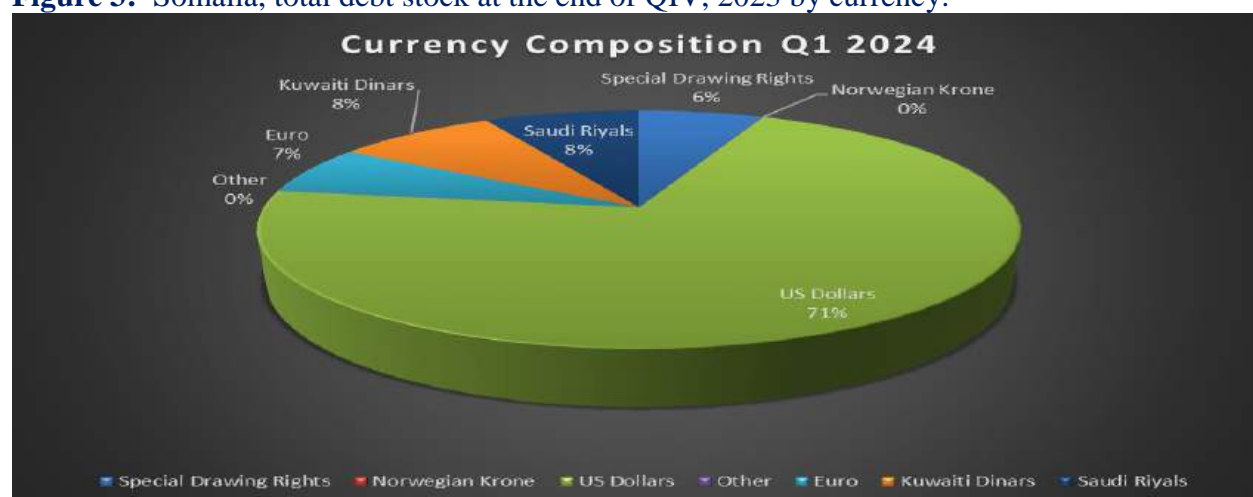


*Source: DMU, Ministry of Finance*

**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 71 percent of debt is denominated in USD followed by Kuwait Dinars and the Saudi Riyal represent at 8 percent; and the Euro at 7 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 2023<sup>1</sup>

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%
	Fixed rate debt (% of total)	100.0%
FX risk	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.

<sup>1</sup> Includes all restructured debts. Excludes existing debt in arrears.

**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 &amp; 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>	-	1.86	1.85	1.86	3.71	1.86	8.34	1.86	19.07	1.86	
<i>IFAD</i>	0.44	0.02	0.44	0.02	0.44	0.01	0.44	0.01	0.32	0.00	
<b><i>Paris Club Creditors</i></b>											
<i>Denmark</i>	0.03	0.04	0.03	0.04	0.03	0.04	0.04	0.04	0.02	0.04	
<i>Spain</i>	8.18	0.16	8.18	0.12	8.18	0.08	8.18	0.04	-	-	
<i>Russia</i>	0.77	0.98	0.77	0.96	0.77	0.95	0.91	0.93	0.30	0.91	
<i>United States of America</i>	-	-	-	-	64.75	6.27	88.62	13.23	89.39	19.41	
<b><i>Non-Paris Club Creditors</i></b>											
<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	1.81	0.85	1.81	0.85	1.81	0.85	0.90	-	-	
<i>Principal &amp; Interest</i>	11.81	6.42	13.67	6.35	80.27	12.57	108.93	18.56	110.65	23.77	
<b><i>Total debt service</i></b>	<b>18.23</b>		<b>20.02</b>		<b>92.84</b>		<b>127.49</b>		<b>134.42</b>		
<b><i>Projected debt Stock</i></b>	<b>2,253.82</b>		<b>2,233.80</b>		<b>2,140.96</b>		<b>2,013.47</b>		<b>1,879.05</b>		
<i>Debt Service as percentage of Revenues</i>	2.2%		2.8%		12.9%		16.3%		15.6%		
<i>Debt Service % of Export of Goods &amp; Service</i>	0.7%		0.6%		2.6%		0.0%		3.2%		
<i>Debt Stock as percentage of GDP</i>	16.2%		14.8%		13.1%		11.4%		9.9%		
<b><i>Memo items:</i></b>											
<i>Revenues 1/</i>	814.20		724.30		721.60		781.20		861.00		
<i>Exports of goods &amp; services 2/</i>	2,788.00		3,141.00		3,519.00		3,884.00		4,181.00		
<i>GDP 3/</i>	13,891.00		15,059.00		16,310.00		17,638.00		18,985.00		

**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 QII, 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.

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.

<sup>2</sup> 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