



FEDERAL GOVERNMENT OF SOMALIA
MINISTRY OF FINANCE
Debt Management Unit (DMU)

Somalia's External Debt and the Path Toward Arrears Clearance and Debt Relief





Agenda

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- **Somalia's** External Debt Reconstruction Exercise
- **Somalia's** External Debt Position
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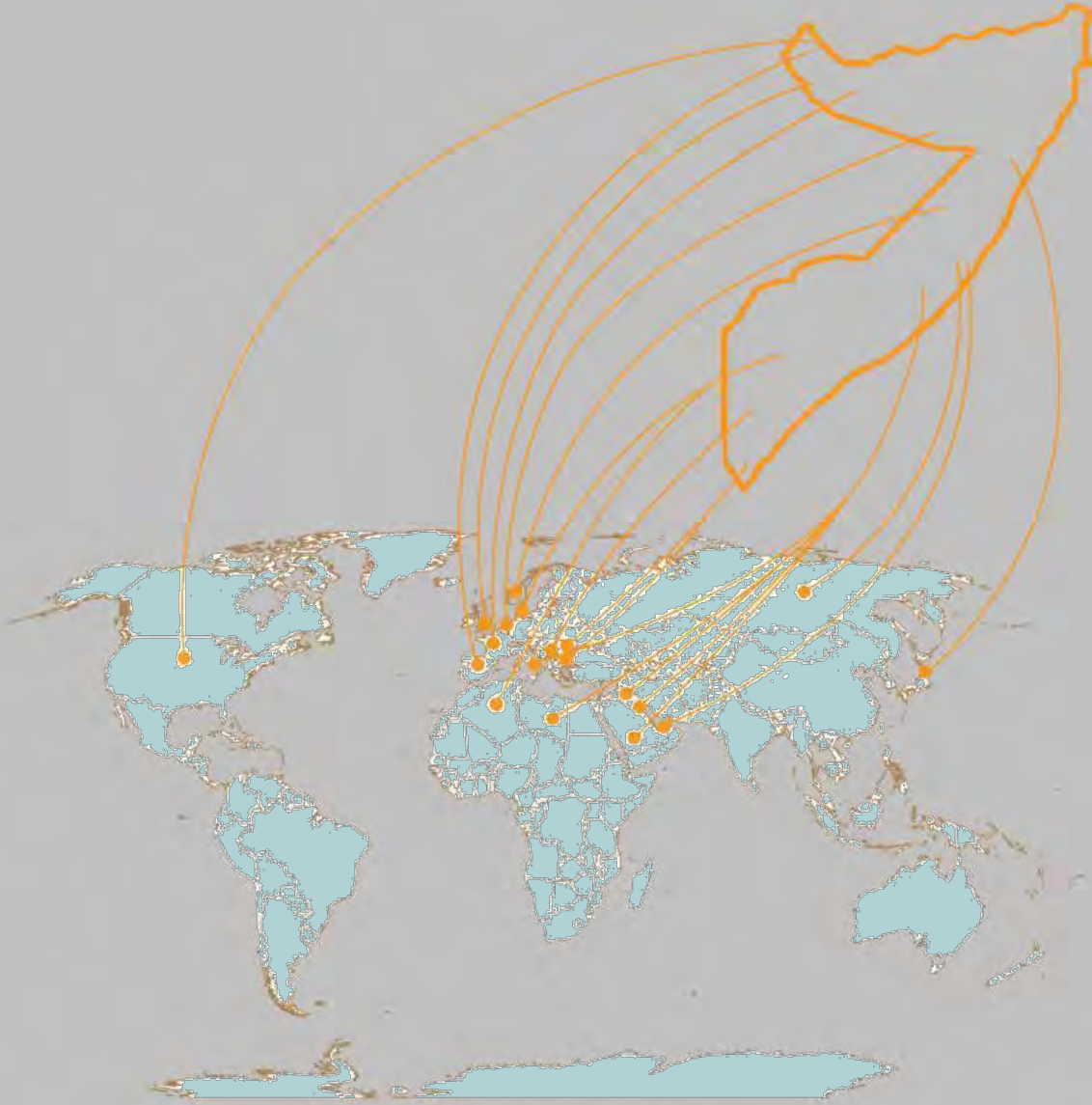
Introduction



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- Somalia's protracted statelessness has resulted in the country defaulting on its external payment obligations, thereby accumulating external payment arrears.
- As a result, Somalia is starved of new financing that is required to finance its development budget and relies only on grants to supplement limited domestic revenues;
- Clearing Somalia's arrears and securing comprehensive debt relief are critical in regaining access to concessional financing from both multilateral and bilateral development agencies.
- As one of the world's poorest and most indebted countries, Somalia would most likely meet the eligibility requirements of the Heavily Indebted Poor Country (HIPC) Debt Relief Initiative and the Multilateral Debt Relief Initiative (MDRI).

Somalia's External Debt Reconstruction Exercise



- **Somalia's** external debt database was completely destroyed during the twenty-plus years of civil war.
- **With** technical assistance from the African Development Bank, the Ministry of **Finance's Debt Management Unit (DMU)** has been working to reconstruct **Somalia's external** debt database and create a debt management system.
- **Recently**, the DMU has begun to undertake a validation and reconciliation exercise of the external debt database.

Somalia's External Debt Position

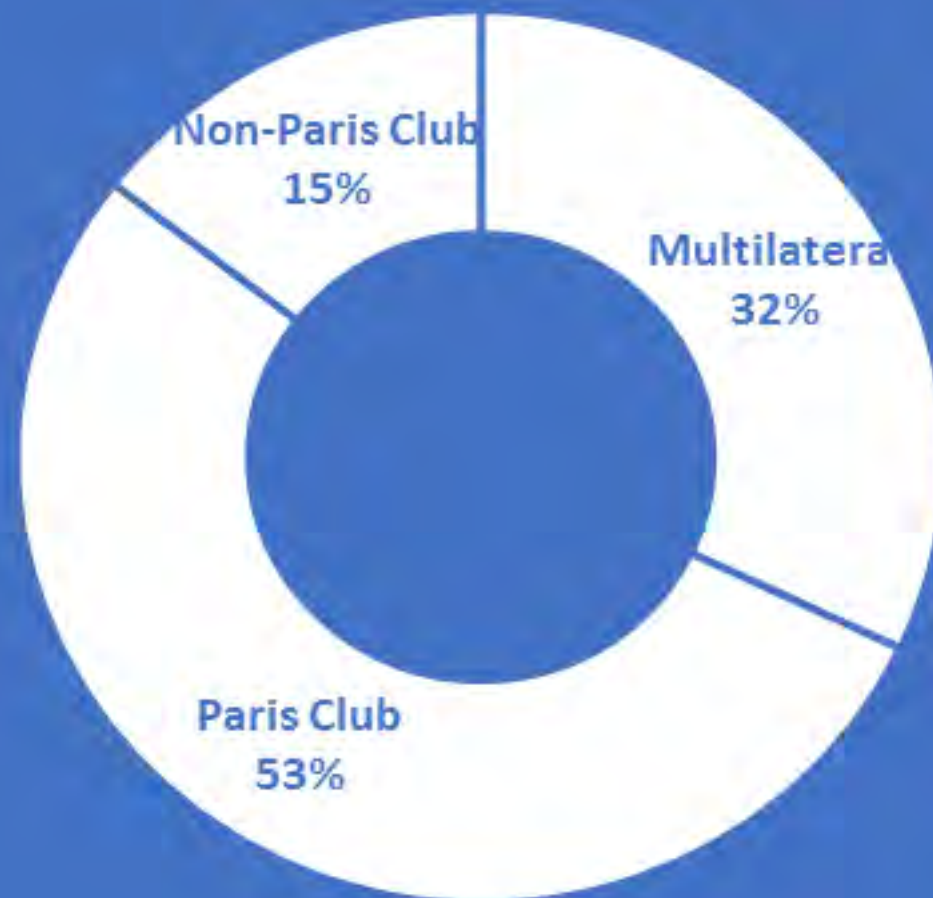


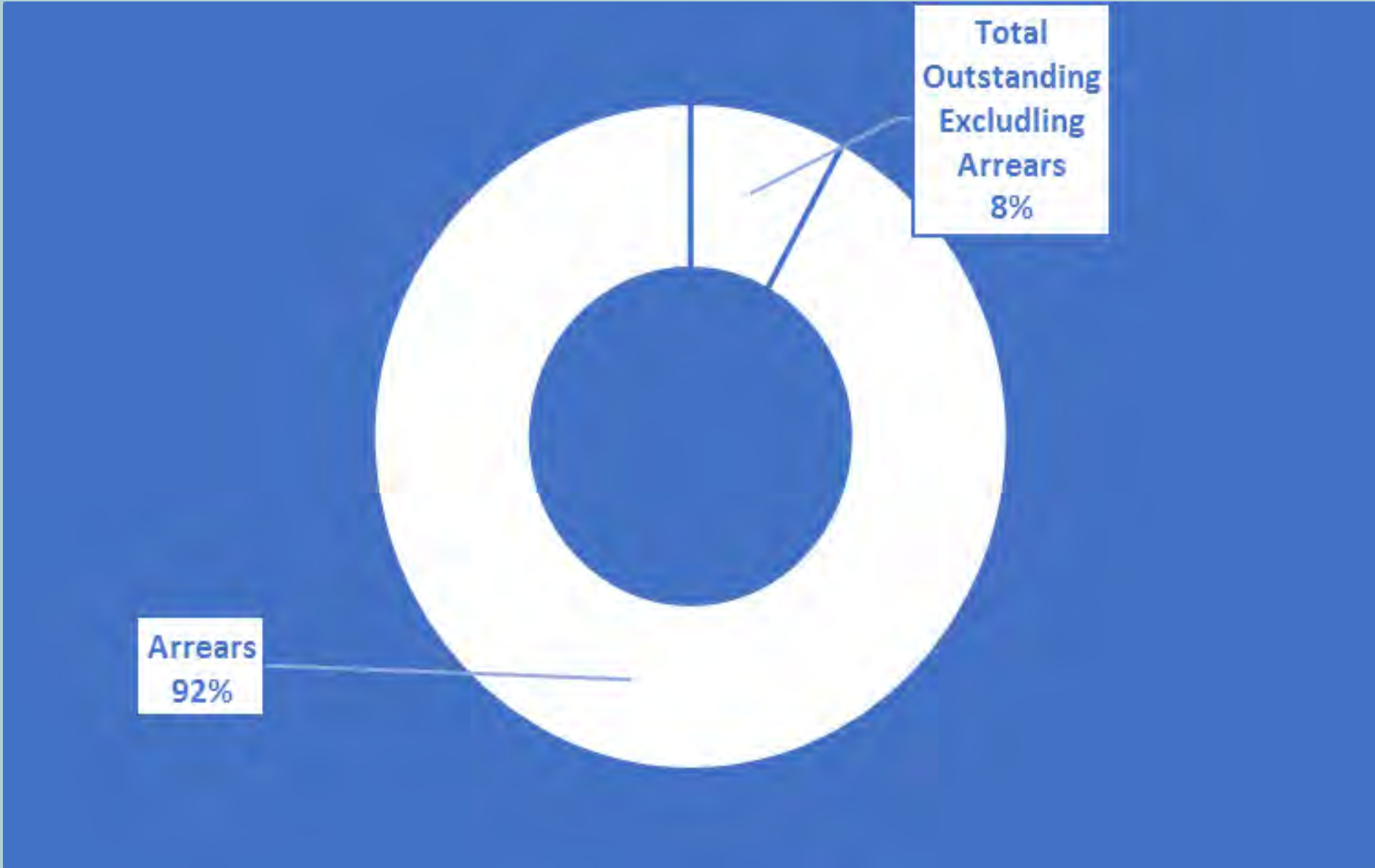
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PRELIMINARY EXTERNAL DEBT ESTIMATE AS OF END-2017:

- **US\$ 4.68 Billion**
 - **Multilateral: US\$ 1.5 Billion**
 - **Paris Club: US\$ 2.5 Billion**
 - **Non-Paris Club: US\$ 680 Million**





Progress on Debt Validation Exercise

In collaborating with IMF/WB/AfDB technical support, the DMU continues to reach out to all our creditors to reconstruct and validate our external debt database.

The DMU had reached out to the creditors requesting that they share loan-by-loan data, which includes copies of original loan contracts, debt outstanding including arrears, actual interest rates applied and loan-by-loan creditor statements. The DMU is working to analyze the datasets of the responding creditors against those in Somalia's external debt database, and will cooperate with these creditors to reconcile and validate the datasets.

As of today, the DMU has received responses from a total of twenty-eight (28) out of the twenty-nine (29) creditors to the official letters sent by the MoF. The below are the creditors contacted by the DMU

- **Multilateral creditors**
 - International Monetary Fund
 - World Bank
 - AfDB Group
 - AfDB
 - African Development Fund (AfDF)
 - Nigerian Trust Fund
 - Arab Fund for Economic and Social Development
 - International Fund for Agricultural Development
 - OPEC Fund for International Development

- Arab Monetary Fund
- Islamic Development Bank
- **Bilateral creditors**
 - Paris Club creditors
 - Denmark
 - France
 - Italy
 - Japan
 - Netherlands
 - Norway
 - Spain
 - United Kingdom
 - United States
 - Russia
- **Non-Paris Club creditors**
 - Bulgaria
 - Iraq
 - Kuwait Fund and Central Bank
 - Libya
 - Romania
 - Saudi Arabia
 - Serbia
 - United Arab Emirates



These institutions have provided loan-by-loan information including, copies of the original loan contracts.

Lastly, with the help of IMF the DMU will continue to communicate with the remaining creditors for the provision of detailed loan-by-loan data on claims on Somalia and by providing scanned copies of the loan agreements.



THE END

