

## Somalia's External Debt of 2.8 bn Doubled in 2018 Without New Loan – Part II

In part 1, we saw how Somalia's External Debt was doubled in 2018 according to the report of the World Bank.

In this article we will look into reports from both the Somalia's Ministry of Finance and the World Bank in and around 2017 that are tainted with credibility, accuracy and compliance issues.

In November 2016, the Ministry of Finance published a document titled "Somalia's External Debt Data End 2013 – End October 2016. Half-a-page long report, excluding the cover page, for Somalia's External Debt of the years 2013, 2014, 2015 and up to October 2016.

### 2016 Ministry of Finance Report \_ Compliance

The Debt Reporting System of the World Bank requires both Creditor and Debtor to update their reports on a quarterly-bases or every three months. Instead of 16 reports covering the years, 2013, 2014, 2015 and 2016, Ministry of Finance combined them in one half-a-page report. Also the World Bank Debtor Reporting System Manual, January 2000, requires the Debtor to use Form 2 to report current status of the external debt with the following content: Assigned Number, Currency of Loan Transactions, Drawn and Still Outstanding, Undrawn Balance, Principal in Arrear, Interest in Arrears and more. The following is an excerpt of 2016 Ministry of Finance report:

Table: Somalia - Preliminary Estimates External Debt by Creditor, En

	Excluding Arrears	P+I due	late/pen.l	End-2013 1/ total stock incl. arrears
Multilateral creditors (MC) 2/	301	858	398	1557
AfDB Group	49	96		145
AfDB	0	23	n.a.	23
AfDF	49	71	n.a.	120
Nigerian Trust Fund	0	2	n.a.	2
International Monetary Fund	0	171	189	360
World Bank-IDA	243	274	n.a.	518
Arab Fund for Economic and Social Development	0	178	...	178
International Fund for Agricultural Development	9	24	n.a.	32
Islamic Development Bank	0	11	n.a.	11
OPEC Fund for International Development	0	35	n.a.	35
Arab Monetary Fund (converted from AAD)	0	68	210	278

Table 1: Excerpts of Ministry of Finance Report on Somalia's External Debt, 2016

In terms of the required frequency and content, this report is **non-compliant** with the requirement of the Debt Report System.

### 2016 Ministry of Finance Report \_ Accuracy

The title of the Table says: "Somalia – **Preliminary Estimates** External Debt by Creditor, End 2013 to End October 2016." Among the nine Non Paris Club (Algeria, Bulgaria, Iraq, **Kuwait**, Libya, **Romania**, Saudi Arabia, **Serbia**, UAE), the data for only three countries (Kuwait, Romania, and Serbia) are obtained. The footnote 5 reads: "Data obtained from Kuwait, Romania, and Serbia. Preliminary data for Saudi Arabia. The Figures for the other non PC creditors [Algeria, Bulgaria Iraq and Libya] are very preliminary, estimated from World Bank debt database."

Why was the Ministry of Finance Estimating the debt when it can be obtained from Ministry of the Finance of the concerned Country? Why was it rushing the report of 2016 in the month of October, 2016, before its due date of December 31, 2016? Even if the term of the Ministry of Finance was coming to an end, October is not a reporting Month. The reporting Months are January, April, July, December. Why was the finance Ministry backdating the inaccurate report it is making to December, 2013? What is in it for the Ministry of Finance?

Since the Ministry of Finance admitted that data from 67% of the non-Paris Club members was not available, **the figures in its report are not accurate.**

### 2016 Ministry of Finance Report \_ Credibility

The World Bank reported that Somalia's External Debt in 2016 was \$2,774,666,128, while



Figure 1: Somalia's External Debt, Source: Macrotrends.net

the Ministry of Finance reported that Somalia's External Debt in October 2016 was **\$5,033,000,000**

When the above-mentioned evidence is taken into account, is this report believable?

In 2017, the Finance Minister was reinstated in the new administration.

Instead of the reinstatement of the Minister facilitate a smooth transition between 2016 and 2018 data, the Ministry of Finance published a report in 2017 that constrained the transition of the debt figures from one year to the next by reporting percentage of External Debt owed to each of the three groups (Multilaterals, Non-Paris Club Members, and Paris Club Members) on a doughnut chart and not the figures of each Creditor separately as it did in 2013, 2014, 2015 and 2016 report.

### 2017 Ministry of Finance Report \_ Compliance

Not complying with the Ministry of Finance's own standard, set in its 2016 report, let alone the standard set in Debt Reporting Manual. Is this setting the stage for figures that will be reported in 2018 by the World Bank?

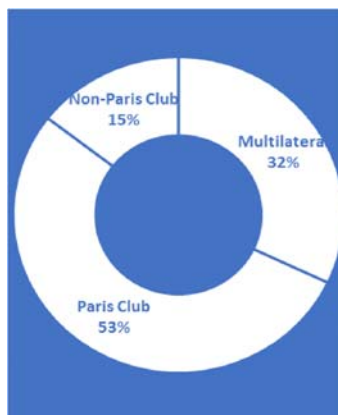


Figure 2: Ministry of Finance Report on Somalia's External Debt, 2017

### 2017 Ministry of Finance Report \_ Accuracy

In 2017, World Bank published Somalia's External Debt as \$2,833,531,570 in the International Debt Statistics, Country Tables, Somalia. This data is also published in [www.macrotrends.net](http://www.macrotrends.net) but the Ministry of Finance reported \$4,680,000,000.

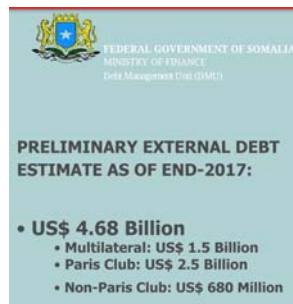


Figure 3: Ministry of Finance Report on Somalia's External Debt, 2017

### 2017 Ministry of Finance Report \_ Credibility

Percent increase of five countries figures in 2017 sheds some light to as to why the 2017 report was obscured. The data of three of the five countries (Bulgaria, Iraq, Libya) was not available in 2017. These percent increases would come back to normal in 2018 and 2019 as shown in Figure 4.

	Percent Increase			
	2016	2017	2018	2019
Bulgaria	0	14.89	1.16	1.15
Iraq	0	149.47	6.61	6.20
Libya	0	471.60	6.37	5.99
Denmark	0	324.00	0.12	0.12
Russia	2.08	361.05	1.24	1.22

Figure 4: Percent Increase of figures of five countries, 2017

An increase of 471%, 361%, 324%, 149% and 15% is unbelievable.

### 2017 Ministry of Finance Report and 2018 World Bank Report common denominator

As we have mention above, the Ministry of Finance reported **\$4.68 Billion** in 2017 and the World Bank reported **\$5.55 billioni** in 2018. But in 2017, World Bank reported **\$2.77 billion**.

From 2.77 billion, the World Bank increased 2.78 (5.55-2.77) billion and the Ministry of Finance increased 1.91(4.68-2.77) Billion.

The difference of the two is (2.8 -1.9) = 0.9 billion or 900 million. Here two figures have emerged: **\$1.8billion** and **\$0.9 billion**.

In 2018 report, the World Bank included the 0.9 billion that will be claimed as debt relief in 2020 and reported (2.77 +1.8 + 0.9 = **5.5 billion**), while Ministry of Finance excluded it from the increase in the 2017 and reported (2.77 +1.8 = **4.6 billion**).

In 2020, The World Bank report shows a reduction of Somalia's External debt by **\$0.9 billion**. From **5.6 billion** in 2019 to **\$4.7 billion** in 2020.

In 2020, Somalia's External Debt is **1.8 billion** more than 2017 level of **2.8 billion** but some of us were claiming that Somalia's Debt was partially forgiven!



Figure 4: World Bank Report on Somalia's External Debt, 2019, 2020.

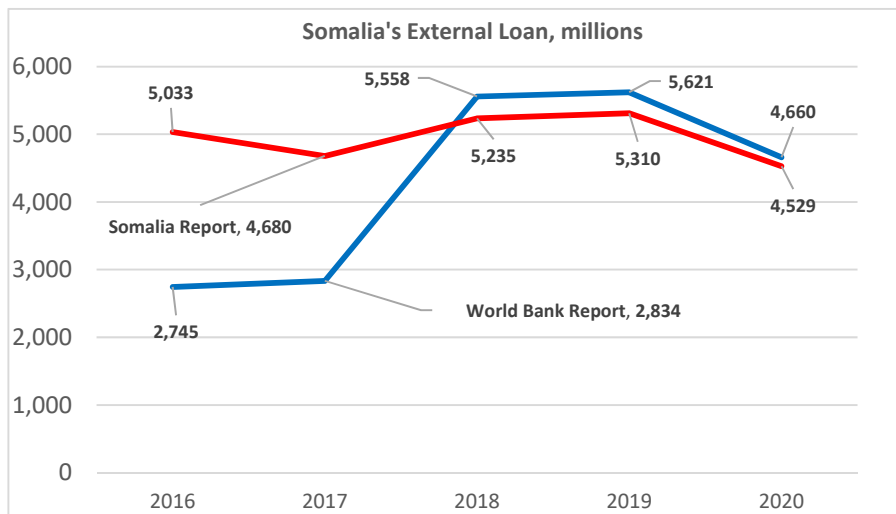


Figure 5: World Bank & Ministry of Finance Reports from 2016 - 2020

Even though the World Bank and the Ministry of Finance are reporting about the same External Debt, they do not seem to concur.

These figures will be used to start, Austerity Measures, Structural Reform requirements, Privatization of Ports, Airports, Uranium Mines, Oil Fields, Electricity/Water supplies and privatization of any profitable public entity as it happened in Cochabamba, Bolivia in 2000 where the residents of the city were denied to collect rain water just because the Government signed a deal to privatize the water supply of Cochabamba to Bechtel Corporation of the USA under its agreement with the World Bank. See "Leasing the Rain: Water, privatization, and Human Rights", UCLA Journal of International Law and Foreign Affairs.

Finally, Since taking or paying interest on loan is forbidden in Islam and External Loan is used as a control mechanism to exploit natural resources of many African and South American countries, we should ban taking any external Loan on interest and say to our Government: **"Do not take loan or beg external help in our name."**

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