IMF Country Report No. 25/335

# SOMALIA

December 2025

## FOURTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR AUGMENTATION OF ACCESS—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR SOMALIA

In the context of the Fourth Review Under the Extended Credit Facility Arrangement and Request for Augmentation of Access, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on December 8, 2025, following discussions that ended on October 8, 2025, with the officials of Somalia on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on November 21, 2025.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the International Development Association.
- A **Statement by the Executive Director** for Somalia.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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**International Monetary Fund**
**Washington, D.C.**

# IMF Executive Board Concludes the Fourth Review of the Extended Credit Facility Arrangement for Somalia and Approves the Request for Augmentation

**FOR IMMEDIATE RELEASE**

- The IMF Executive Board completed the fourth review under the Extended Credit Facility (ECF) arrangement for Somalia and approved an augmentation of the program of about US$40 million (the equivalent of SDR 30 million), raising the total access under the program to about US$140 million (the equivalent of SDR 105 million) and allowing for an immediate disbursement of about US$30 million (the equivalent of SDR 22.5 million) to support the country's economic reform agenda.
- Somalia has maintained strong program performance despite significant global headwinds, notably the persistent and sharp declines in foreign aid. For the first time, Somalia plans to expand social spending using domestic resources to mitigate the negative social impact of foreign aid cuts.
- The authorities are firmly committed to accelerating domestic revenue mobilization, strengthening public financial management, promoting financial deepening and inclusion, improving governance, and enhancing statistics. Continued donor assistance is essential to support the authorities' policy efforts.

**Washington, DC – December 8, 2025:** The Executive Board of the International Monetary Fund (IMF) today completed the fourth review of the ECF arrangement for Somalia and approved an augmentation of the program by an amount equivalent to SDR 30 million (about US$40 million). The Board's approval of the review and augmentation enables an immediate disbursement of SDR 22.5 million (about US$30 million), which will be channeled for budget support, bringing Somalia's total disbursements under the ECF arrangement to SDR 75 million (about US$100 million).

Somalia's ECF arrangement was originally approved by the Executive Board on December 19, 2023 (see Press Release No. 23/463 ). The program supports the authorities' post-HIPC reform strategy to further strengthen key economic institutions and promote macroeconomic stability and growth, in line with Somalia's National Transformation Plan and Centennial Vision 2060.

Following the Executive Board discussion, Mr. Nigel Clarke, Deputy Managing Director and Chair, made the following statement:

"The Somali authorities have maintained steadfast reform implementation and strong program performance under the Fund-supported Extended Credit Facility Arrangement, despite domestic and global challenges. Notably, persistent and sizeable foreign aid cuts, recurrent climate shocks and elevated uncertainty continue to weigh on the growth outlook and public finances, with significant social repercussions. These pressures underscore the need to sustain sound policies and the reform momentum, and accelerate domestic revenue mobilization to create room for priority spending, including on social programs. In this context, the authorities' commitment to expanding social spending in 2026 using domestic resources is a welcome initial effort. To support Somalia's reform strategy, sustained assistance from development partners is critical.

"Fiscal performance in 2025 remains strong, supported by resilient domestic revenue collection, disciplined spending, and commendable progress in key reforms. The Cabinet-approved 2026 budget aligns with program objectives, envisaging continued domestic revenue mobilization and expenditure restraint while safeguarding priority spending. Key revenue reforms include continuing customs modernization, strengthening the implementation of the Income Tax Law, and further enhancing revenue administration. Further progress in public financial and debt management is crucial, especially as Somalia plans to access external concessional borrowing. The rollout of the Pay and Grade and civil service pension reforms should be consistent with fiscal sustainability.

"The Central Bank of Somalia has continued commendable progress in strengthening institutional framework and regulatory capacity. Efforts to improve financial sector regulations and supervision, promote financial inclusion, and enhance the AML/CFT framework are welcome and should continue. Preparation for the reintroduction of the Somali Shilling and the adoption of a currency board arrangement is also advancing.

"The authorities remain committed to enhancing transparency and accountability in developing the petroleum sector by adhering to the recently completed comprehensive legal framework. Further reforms to improve governance, fight corruption, and enhance climate resilience, are also encouraged."

INTERNATIONAL MONETARY FUND

# SOMALIA

November 21, 2025

## FOURTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR AUGMENTATION OF ACCESS

## EXECUTIVE SUMMARY


**Context.** Economic activity remained resilient in 2025. However, the outlook is shadowed by the deepening impact of foreign aid cuts and high uncertainty. These are exacerbated by the challenging domestic security situation and political tensions, as well as climate shocks.

**Program performance.** Program performance has been strong. All quantitative performance criteria (QPCs) and indicative targets (ITs), as well as all three structural benchmarks (SBs) applicable for this review were met.

**Reform priorities.** The 2025 fiscal deficit is projected at 0.3 percent of GDP, with revenue and expenditure remaining on track to meet program targets and budget-support grants higher than expected. The Cabinet-approved 2026 budget is in line with program objectives, anchored by continued domestic revenue mobilization and spending restraint while accommodating additional spending on security, elections, and for the first time, social spending (using domestic resources) to mitigate the negative social impact from foreign aid cuts. Key domestic revenue reforms include customs modernization and enforcement, implementation of the Income Tax Law, and improving revenue administration. Steps are also taken to improve public financial management and debt management capacity. The implementation of the Pay and Grade reform and the new pension regime for civil servants are advancing and should ensure fiscal sustainability. The Central Bank of Somalia continues to strengthen its institutional framework, build capacity, and progress in the preparation for the currency exchange and the currency board arrangement. To support key policy areas, the program includes new targets and benchmarks for the next 12 months.

**Augmentation of access.** The authorities have requested an augmentation of US$39.9 million (SDR 30 million, 18.36 percent of quota) to address residual fiscal and balance of payments gaps in 2026, mainly arising from the negative impact of persistent foreign aid cuts. It is proposed to be disbursed in two equal tranches at the conclusion of the 4$^{th}$ and 5$^{th}$ reviews.

**Program and other risks.** Key near-term risks emanate from further foreign aid cuts, domestic security and political tensions, climate shocks, lower global growth and heightened global trade uncertainties. Risks to the program are mitigated by continued program ownership, capacity development assistance, and continued close engagement with development partners.

| Approved By | |
|---|---|
| **Thanos Arvanitis (MCD) and Allison Holland (SPR)** | Discussions were held in Nairobi, Kenya during September 16-25, 2025, and continued virtually until October 8, 2025. The staff team consisted of Ms. Bi (head), Mr. Baltabaev, Ms. Goyal (all MCD), Ms. Arroyo (FAD), Ms. Del Rosario (SPR), Ms. Jack (Resident Representative), Mr. Irungu and Mr. Osman (Resident Representative Office). Mr. Abdullahi (OED) participated in key meetings. Mr. Shojaei and Ms. Ament supported the preparation of this report. The mission met with Finance Minister Egeh, Central Bank Governor Abdullahi, and other senior officials. The mission also met with development partners and private sector representatives. |

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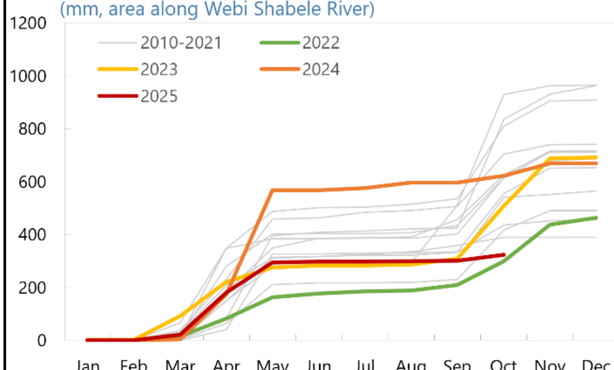
# CONTEXT[1]

1. **Somalia has maintained strong reform momentum and is committed to poverty reduction and economic development.** Somalia's strong reform implementation, supported by international partners, has continued following the milestone achievement of the Completion Point (CP) under the Heavily Indebted Poor Countries (HIPC) Initiative in December 2023. The new National Transformation Plan (NTP), adopted in March 2025, sets the authorities' medium-term reform priorities, including enhancing governance, economic diversification, human capital development, and environmental resilience.

2. **Despite its recent economic progress, Somalia continues to face security and domestic political challenges.** The government's fight against the Al-Shabab terrorist group has intensified in recent months. While the transition to the new African Union Support and Stabilization Mission in Somalia (AUSSOM) was completed at end-June 2025, persistent funding gaps have constrained security operations. The security challenge has been further exacerbated by the reduction in security-related foreign assistance. Meanwhile, the domestic political environment has become more tense ahead of the Presidential and Parliamentary elections (due in May 2026), which are envisaged to be based on universal suffrage but face resistance from some Federal Member States (FMS) and stakeholders. Broader geopolitical developments in the Horn of Africa remain fluid.

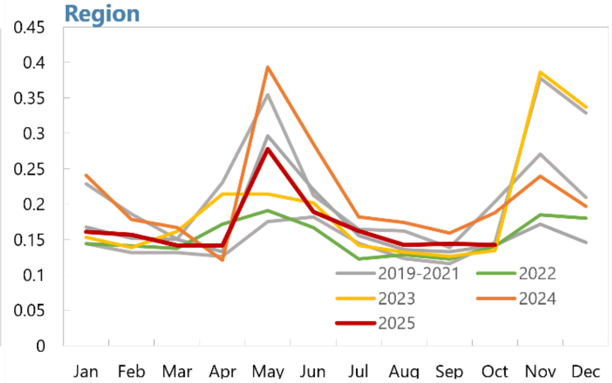
3. **Significant foreign aid cuts, which are likely to persist, add to Somalia's challenges.** Declining official assistance to programs supporting agriculture, health, education, water, sanitation and hygiene have reduced delivery of important social assistance to vulnerable groups. Funding shortfalls for local NGOs have further weakened community-level service delivery. Staff discussions with donors have largely confirmed the estimates at the 3rd ECF review of significant and persistent foreign aid reductions, although uncertainty remains high.

**Somalia: Cumulative Precipitation**
(mm, area along Webi Shabele River)




Source: NASA and IMF Staff calculations

**Somalia: Vegetation Index in Beledweyne Region**



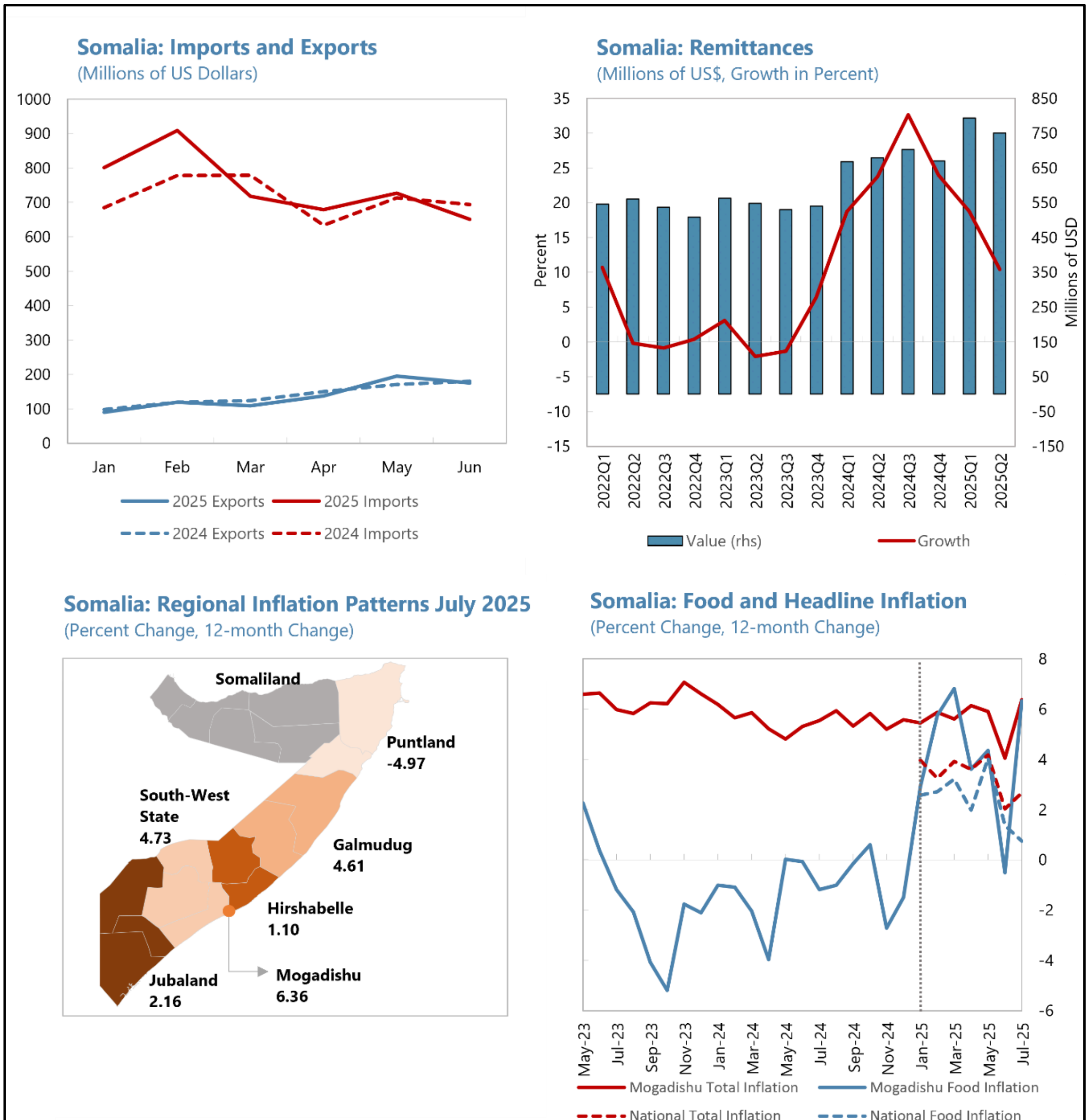

Source: Copernicus Sentinel-2 and IMF Staff estimates
Note: The graph illustrates the monthly normalized difference vegetation index (NDVI) in Beledweyne, a region known for its substantial agricultural productivity.

[1] See Somalia's 2022 Country Engagement Strategy (CES), for an overview of the drivers of fragility, constraints to reform, opportunities and sources of resilience, and reform priorities that inform the strategy for Fund engagement.

**4. Somalia remains vulnerable to adverse weather events.** Fall 2024 to Spring 2025 rainy seasons were erratic with both droughts and flooding, affecting agricultural production and raising food insecurity. The extreme swings in weather conditions continue to pose challenges for agricultural production and growth, with implications for food security and social stability.

# RECENT ECONOMIC DEVELOPMENTS

**5. Following robust growth in 2024, economic activity in 2025 appears resilient so far, albeit affected by declining foreign aid.** Real GDP growth reached 4.1 percent in 2024 on the back of

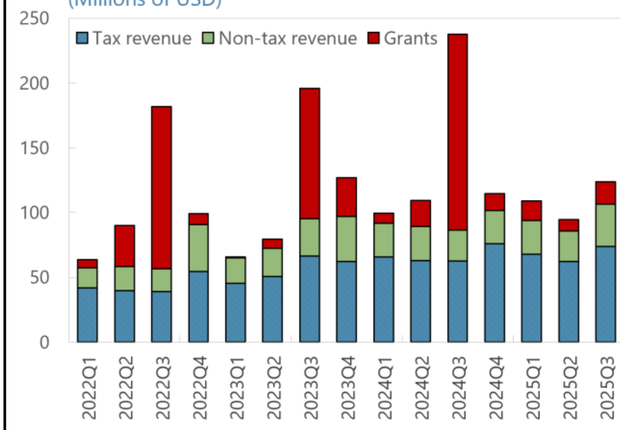



Source: Authorities' data and IMF Staff estimates
Note: 1. Remittances include transfers to individuals through Money Transfer Businesses and through Commercial Banks 2. Data for Somaliland is not available. 3. As of end-2024 (marked by the vertical dash line), Somalia transitioned from Mogadishu-only CPI to a national CPI, following expanded coverage by the SNBS. The new series reflects broader geographic representation and updated methodology, resulting in visible divergence between Mogadishu and national inflation trends.

strong private consumption, largely financed by buoyant remittances and grants. Preliminary trade and fiscal revenue data for 2025 so far point to continued, though more subdued growth. Inflation pressures moderated in 2024, but food price inflation remains elevated. Since January 2025, a national CPI has been adopted, and inflation averaged 3.4 percent during January–July 2025 while food price pressures continued in the Mogadishu area.

6. **So far in 2025, domestic revenues are in line with program targets, and expenditures remained within the budget.** Domestic revenues reached US$286 million by end-September 2025, above the program floor (US$275 million). Strong income tax collection (29 percent of growth, yoy) offset shortfalls in non-tax revenues and customs. To boost revenue collection, the authorities have recently introduced measures to broaden the tax base and enhance tax administration, including deploying a central inspection team to improve customs duty enforcement since September. Operational expenditure (as defined under the program target) at end-September (US$337 million) was below the program ceiling (US$387 million). Disbursement of budget support grants was higher than projected.

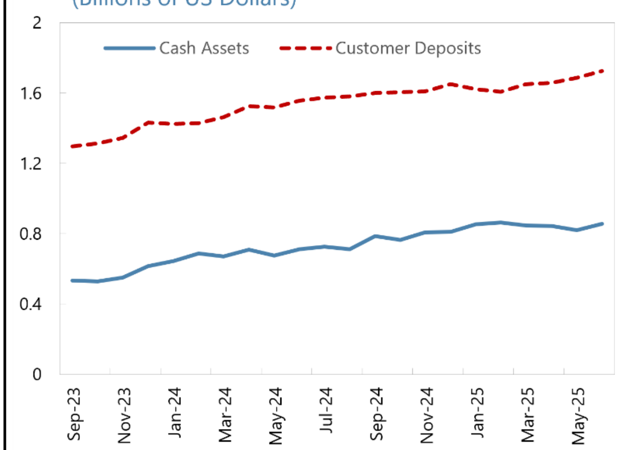
**Somalia: Total Revenue, Excluding Project Grants**
(Millions of USD)




Source: Authorities' data and IMF staff estimates

7. **Banking sector indicators appear healthy, and an annual cash export limit has been introduced to ensure US dollar liquidity.** Private sector credit grew 18 percent (yoy) in 2025Q2, but from a small base and private credit outstanding remains below 6 percent of GDP. The Central Bank of Somalia (CBS) data indicates comfortable bank capital and liquidity levels, while the NPL ratio remained below 4 percent. After discovering sizeable US dollar cash exports from a foreign bank operating in Somalia, the CBS has imposed an annual cash export limit of US$15 million to all banks since June 2025 to ensure sufficient US dollar cash liquidity in the banking system. As alternative channels continue to allow international current and capital transactions, the cash export limit does not constitute an exchange restriction under Article VIII, or a capital flow management measure.

**Somalia: Cash Assets and Customer Deposits**
(Billions of US Dollars)




Source: Authorities' data and IMF staff estimates

# PROGRAM PERFORMANCE

**8. All quantitative performance criteria (QPCs) and indicative targets (ITs) for end-June 2025, as well as ITs for September 2025, were met (Table 10).** The authorities have also met all three structural benchmarks (SBs) due for the 4th review (Table 11):

- By end-June 2025, the government fully implemented Somalia Customs Automated System (SOMCAS) in Mogadishu seaport and airport and discontinued the use of the Port Customs Management Information System (PCMIS) (SB #1, met).

- The updated PFM regulations relating to digital signatures for the purchase order to payment process were published on August 5, 2025. The authorities also implemented the digital signatures in the Somalia Financial Management Information System (SFMIS) and provided supporting data for end-August 2025 (SB #2, met).

- On July 22, 2025, the CBS issued detailed instructions on Capital Adequacy Ratio (CAR) and Liquidity Coverage Ratio (LCR) templates (SB #3, met).

# OUTLOOK AND RISKS

**9. Near-term growth forecast remains unchanged from the 3rd review, while uncertainty remains high.** Real GDP growth continues to be projected at 3 percent in 2025 and 3.3 percent in 2026, as persistent foreign aid cuts, climate shocks and elevated uncertainty weigh on the outlook. Inflation is expected to be around 3.7 percent at end-2025 amid softening commodity prices, but food price pressures are likely to persist.

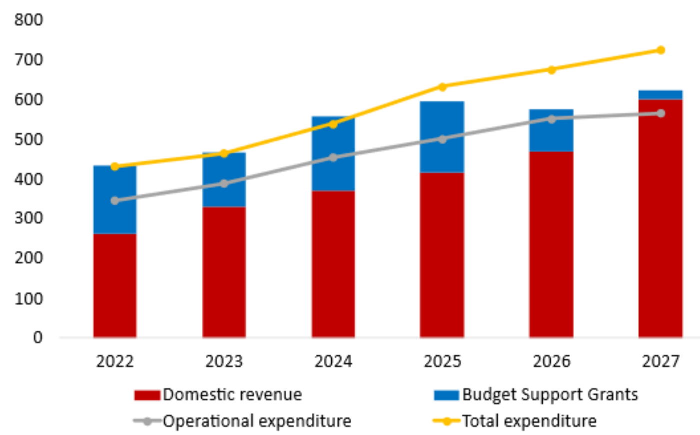
**10. Near-term risks are tilted to the downside (Annex I).** More severe and protracted foreign aid disruptions, further weather shocks and continued global downside risks (slower global growth, further trade uncertainties and geopolitical tensions) are key external risks. Domestic downside risks include increasing political tensions and deteriorating security situation. Uncertainty remains elevated on the modality and timeline of the national elections. While existing cash buffers, domestic revenue reforms, expenditure rationalization, and current financing commitments help mitigate some risks, the authorities would need additional support from the international community to address a significant adverse scenario.

# PROGRAM AND POLICY DISCUSSIONS

## A. Fiscal Policy

**11. Accelerated efforts in domestic revenue mobilization and continued spending discipline are expected to keep the fiscal position on track in 2025.** The overall fiscal deficit for 2025 is projected at 0.3 percent of GDP, compared to 0.6 percent of GDP at the 3rd review. This is supported by continued revenue efforts to reach the domestic revenue target (¶6) and higher budget support grants (by about 0.4 percent of GDP), thanks to the recent approval of the World Bank Development Policy Financing (DPF) grant and additional multilateral and bilateral grant disbursements (from the European Union and the UAE). Spending is expected to remain within the budget envelope.

**Somalia: Total Revenue and Expenditure**
(Millions of US$, excluding projects)




Source: Authorities' data and IMF staff estimates

12. **The Cabinet-approved 2026 budget is consistent with the ECF program objectives, albeit with pressures from both the revenue and spending sides.** Staff projects an overall fiscal deficit of 0.6 percent of GDP in 2026, with domestic revenues rising to US$470 million (3.4 percent of GDP, from 3.2 percent in 2025) supported by continued implementation of measures under the Medium-Term Revenue Roadmap (MTRR), mainly by strengthening customs modernization and administration, implementing the Income Tax Law, broadening the tax base and continuing to improve revenue administration. However, the revenue yield from these measures is expected to be somewhat lower than estimated in the MTRR due to a more subdued growth outlook. The Cabinet-approved 2026 budget envisages total domestic revenues of US$471 million, in line with staff projection. On the spending side, the 2026 budget accommodates priority spending needs stemming from security (US$12 million), elections (US$24 million), and for the first time, social spending using domestic resources (US$10 million) to mitigate the negative social impact of foreign aid cuts—a welcome initial effort as Somalia gradually mobilizes domestic budget resources and builds implementation capacity to expand social programs that so far have been entirely funded and executed by development partners. Other current spending is tightly controlled. In the budget, total spending (excluding projects financed by donor grants) is projected to amount to US$653 million (somewhat lower than staff projection of US$676 million[2]), with the relevant spending aggregate within the spending ceiling under the program.[3] The authorities remain committed to the objective of covering operational expenditure[4] with domestic revenues by 2027, which would require steadfast revenue mobilization efforts.

13. **Domestic revenue mobilization efforts continue, guided by the MTRR.** The approval of the new Income Tax Law in May 2025 marked an important milestone and its implementation

[2] For comparison, the cabinet-approved budget implies a deficit of 0.2 percent of GDP as it assumes higher budget-support grants (by 0.2 percent of GDP) and lower non-project spending (by 0.2 percent of GDP).

[3] The spending ceiling in the program is defined as spending on FGS compensation of employees, goods and services (excl. CBS commission), and contingency.

[4] Operational expenditure covers non-project compensation of employees, non-project goods and services, and interest payments.

will be further supported by the income tax administrative manual for tax administrators, being developed with IMF technical assistance (TA) (SB #5, due end-December 2025). The authorities will continue enhancing the implementation of SOMCAS and enforcement of customs collection, while laying the groundwork for a gradual transition to the ad valorem customs reform and customs harmonization over the medium-term. In this regard, the recent move towards "book value"-based customs is a useful first step. In 2026, further technical work, including collecting information on invoice values for domestic imports and developing a technical plan for future ad valorem reform rollout, will be undertaken. Public consultation and education on implementing the ad valorem tariffs will help strengthen social acceptance of the reform, and intensified engagement with FMS to coordinate on customs reform (once political conditions allow) will help mitigate trade diversion across different ports in Somalia. The rollout of the non-tax portal is in progress and the procurement of a developer for the Integrated Tax Administration System (ITAS) is in its final stage.

**14. Progress has also continued on public financial management (PFM) and debt management reforms.** With support from IMF TA, the authorities are developing a PFM Reform Strategy and Action plan for 2026-2030, including to strengthen multi-year commitment controls, public investment management, fiscal transparency, and institutional coordination (covering SB#8, due end-March 2026). Efforts also continue in strengthening public investment management. To manage fiscal risks associated with Public-Private Partnership (PPP), the authorities have committed to submitting edits to the PPP bill to the Finance Committee of the House of the People, reflecting the joint agreement based on IMF and IFC recommendations (proposed SB #9, due end-December 2025).[5] The inaugural Medium-term Debt Management Strategy (MTDS) is scheduled for publication by end-2025, which highlights the critical need to keep Somalia's external borrowing highly concessional. An Annual Borrowing Plan (ABP) will be released for 2026, which includes an expected EUR 40 million concessional financing package from the European Investment Bank (EIB) (including grants of EUR 15 million from the EU), to be on-lent to the Somali Development and Reconstruction Bank (SDRB) to support SMEs in underserved sectors. The financing terms are under discussion, with the aim to ensure high concessionality, consistent with the recommendation in the MTDS.[6] The Debt Management Department (DMD) has strengthened debt data recording and is building capacity for debt sustainability assessment. Sustainable staffing of the DMD is critical for the long-term success of Somalia's debt management efforts.

[5] As elaborated in the Memorandum of Economic and Financial Policies (MEFP), these changes are to: (i) ensure consistency between the PPP process and the budget process, (ii) update affordability and project selection criteria, and (iii) ensure that PPPs are assessed along with other investment projects as part of the strategic allocation phase in the budget preparation process.

[6] Additional external borrowing amounting to US$400 million for a large infrastructure project is at an early stage of discussion, with disbursements expected in 2027.

**15. Implementation of the Pay and Grade reform and the new pension scheme for civil servants should be carefully assessed to ensure fiscal sustainability.**[7] The authorities are moving forward with the implementation of the Pay and Grade reform roadmap, including progressing on functional reviews of MDAs and planning for a pilot costing exercise (with IMF TA). Staff emphasized that the implementation of the Pension Law for Civil Servants and the proposed Armed Forces pension reform (still under discussion) need to be preceded by a fiscal impact assessment, for which data collection is an essential prerequisite.

## Text Table 1. Somalia: Fiscal Accounts

(Millions of USD)

| | 2024 | | | 2025 | | | 2026 | |
|---|---|---|---|---|---|---|---|---|
| | Budget | Prog. | Prel. | Budget | Prog. | Proj. | Prog. | Proj. |
| **Revenue excluding projects** | **531** | **560** | **559** | **600** | **541** | **596** | **592** | **592** |
| Domestic revenue | 346 | 358 | 369 | 430 | 415 | 415 | 504 | 470 |
| Tax | 241 | 254 | 267 | 295 | 287 | 284 | 352 | 328 |
| Non-tax | 105 | 104 | 103 | 135 | 128 | 131 | 153 | 142 |
| Budget support grant | 185 | 202 | 189 | 170 | 126 | 181 | 88 | 122 |
| **Expenditure excluding projects** | **570** | **584** | **539** | **628** | **615** | **633** | **678** | **676** |
| Operational expenditure 1/ | 482 | 485 | 454 | 514 | 501 | 501 | 547 | 552 |
| Compensation of employee | 357 | 357 | 338 | 366 | 396 | 396 | 411 | 372 |
| Goods and services | 116 | 116 | 110 | 135 | 99 | 99 | 127 | 169 |
| Interest | 10 | 12 | 6 | 14 | 6 | 7 | 9 | 10 |
| Other expenditure | 87 | 100 | 84 | 114 | 114 | 132 | 131 | 124 |
| Transfer to FMS | 73 | 85 | 82 | 85 | 92 | 110 | 97 | 92 |
| Social benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 |
| Other expenses | 3 | 3 | 0 | 3 | 5 | 5 | 5 | 5 |
| Capital expenditure | 11 | 11 | 2 | 11 | 17 | 17 | 29 | 18 |
| **Overall balance excluding projects** | **-38** | **-24** | **20** | **-28** | **-73** | **-37** | **-86** | **-84** |
| **Projects** | | | | | | | | |
| Project grants | 510 | 351 | 356 | 732 | 502 | 337 | 341 | 355 |
| Project expenditure 2/ | 510 | 351 | 356 | 732 | 502 | 337 | 341 | 355 |
| **Total revenues including projects** | **1041** | **911** | **915** | **1332** | **1043** | **933** | **933** | **947** |
| **Total expenditure including projects** | **1079** | **936** | **895** | **1360** | **1116** | **970** | **1019** | **1031** |
| **Overall balance including projects** | **-38** | **-24** | **20** | **-28** | **-73** | **-37** | **-86** | **-84** |

Source: IMF Staff estimates.

1/ Higher operational expenditure in 2026 relative to the 3rd ECF review is due to additional spending related to security (US$ 12 million) and elections (US$ 24 million), compensated by a lower increase in all other expenses to keep the overall spending envelope contained.

2/ The World Bank lowered its estimate for project support grants in 2025 by US$165 million due to delays in project implementation.

[7] Implementation of the pension law and the pay and grade policies has not yet been incorporated in the baseline macroframework. These can be incorporated in a later review once the associated costs and timeline for implementation have been defined.

## B. Monetary and Financial Policy

**16. The CBS continues to strengthen financial sector regulation and supervision while enhancing financial inclusion.** Following the enactment of Financial Institutions and new Takaful (Islamic Insurance) legislation in May 2025, the CBS issued corresponding regulations to microfinance institutions and insurance providers. The CBS is also advancing efforts to further improve the quality of regulatory data, including the review of existing data templates and adoption of supervisory technologies to automate data collection and analysis. The annual limit on US dollar cash exports will be maintained as the CBS continues to investigate the underlying causes of such cash outflows. To further enhance financial stability and manage systemic liquidity risks, the CBS will gradually introduce a prudential reserve requirement framework (proposed SB #10, due end-August 2026). The design of the framework will be supported by Fund TA, and the gradual implementation will allow banks time to adapt, underpinned by transparent communication. The authorities also plan to enhance the regulatory framework for consolidated supervision and Shariah compliance, with the support from the Fund and international partners. To increase financial inclusion and cement the legal foundation of the recently established payment system, the authorities are committed to the steadfast enactment of the National Payment Systems Act. Planned establishment of a credit bureau and central collateral registration will further expand financial inclusion by facilitating access to credit information.

**17. Work is underway to implement the amended AML/CFT Act while addressing the recommendations from the Middle East and North Africa Financial Action Task Force (MENAFATF) mutual evaluation.** The authorities are working on drafting regulations for the recently amended AML/CFT Act (May 2025), which also addresses some of the gaps identified in the technical compliance report from the MENAFATF mutual evaluation (published in May 2025). For the remaining gaps, the authorities are developing priority actions which will be distributed to all relevant agencies. The MENAFATF's on-site visit to evaluate the effectiveness of Somalia's AML/CFT framework will take place once the security situation in Mogadishu improves. The authorities are also working on the assessment of terrorist financing risks in the non-profit organizations sector, and capacity building at AML/CFT agencies.

**18. The CBS has made further progress in enhancing its institutional framework.** The implementation of the new Strategic Plan (2025-2029) is progressing well, including on internal operations. Most recommendations from the 2024 IMF Safeguards Assessment have been implemented. Since the 3rd review, the CBS has completed two more recommendations of the 2024 safeguards assessment—on establishing the enterprise risk management framework and adopting a business continuity plan—and are making progress on the remaining two related to the internal audit of SWIFT and the amendment of the CBS Act (see below).

**19. Reintroduction of Somali Shilling (SOS) is a national priority, and the authorities have continued strong efforts to advance the currency exchange and currency board arrangement (CBA).** Work has continued to seek co-financing for the currency exchange project and to reach a firm agreement with all FMS. With IMF TA, the draft amendments to the CBS Act are being finalized, which will cover the CBA and further strengthen the CBS' mandate, governance, autonomy, transparency and accountability provisions. The draft amendments to the CBS Act are expected to be submitted to Parliament later this year (SB#4, due end-December 2025). The CBS has also started work in developing regulations to support the implementation of the CBA once the amended CBS Act is enacted, with the aim to secure: i) CBS's Board approval of foreign exchange (FX) regulations outlining the CBS criteria for selecting counterparties and specifying how these counterparties will fulfill their obligations to the general public under the CBA, in line with IMF recommendations (SB#6, due end-May 2026); and (ii) CBS's Board approval of a regulation that specifies the process to produce and publish the CBA balance sheet on a weekly basis with minimal lag (SB#7, due end-July 2026).

## C. Governance, Inclusive Growth, and Resilience

**20. The authorities continue efforts to develop the petroleum sector while adhering to the recently completed comprehensive legal framework enhancing transparency and accountability.** The 3D seismic survey results are expected by end-2025. If commercially promising results are confirmed, the authorities plan to launch a competitive licensing round by 2026Q3, in accordance with the Tender Protocol to ensure competitive conditions, transparency, and full consistency with the legal framework (proposed SB #11, due end-September 2026). In this regard, timely TA from development partners to support a successful competitive licensing round is critical. The authorities are also committed to granting all new production sharing agreements (PSAs) primarily through competitive licensing rounds. In exceptional and well-justified cases, PSAs may be awarded through direct negotiations. In such cases: (i) the rationale for the use of direct negotiations shall be documented as part of the report to government required within the legal framework; (ii) the fiscal terms must be fully consistent with the legal framework; (iii) the PSA must be reviewed and approved by the Inter-Ministerial Concessions Committee (IMCC); and (iv) the agreed terms must be published in accordance with the Petroleum Act regulations. Any new PSAs awarded through direct negotiations before the launch of the first competitive licensing round should be at least as favorable to the FGS as any existing PSA in Somalia. These commitments will apply to all new PSAs with the exception of PSAs negotiated under the existing specific defense and security framework agreement that was approved by Parliament in February 2024 involving national security (for further details, see proposed SB #12, continuous).

**21. Strong efforts should continue to bolster Somalia's anti-corruption framework.** The authorities continue to implement the 2023 Audit Law and the corresponding regulations, with the Auditor General's Office (AGO) playing a key role in supporting transparency and accountability. As part of the obligations under the UN Convention Against Corruption (UNCAC), the authorities completed the first cycle of the Implementation Review Mechanism (IRM) in April 2025, with the UNCAC summary of findings released in September 2025, identifying gaps in the Penal and Criminal Procedures Codes. The authorities plan to review these and other laws to ensure compliance with the UNCAC. Strengthening the resources of the Independent Anti-Corruption Commission (IACC) and advancing work on the new National Anti-Corruption Strategy (2026-2030) with support from development partners are important next steps.

**22. Reforms are progressing to promote inclusive growth, climate resilience, and trade integration.** The rollout of national digital ID—an important reform to support targeted social protection programs and enhance AML/CFT efforts—has continued. By August 2025, 400 thousand individuals (2 percent of population) enrolled in the National Identification and Registration Agency (NIRA), doubling the number from March 2025. Wider rollout of the national digital ID, along with banks' access to the NIRA database, will help improve the application of customer due diligence measures. To strengthen climate resilience, regular Integrated Food Security Phase Classification and Joint Monitoring Reports, guided by Somalia's Food Security Crisis Plan since January 2024, are helping deliver early warning and timely crisis interventions. On trade integration, a National Monitoring Committee on Non-Tariff Barriers was established and held its first meeting in August 2025 with support from the East African Community (EAC) Secretariat, while initial discussions with FMS on tariff-setting and the Common External Tariff have begun.

**23. The authorities have taken further steps in enhancing the quality and coverage of statistics, supported by significant Fund CD.**[8] Somalia's transition to a national CPI is a major milestone, expanding the geographic coverage and aligning with international standards. Work is also advancing on compiling GDP by production, enhancing the compilation of external statistics and expanding the coverage of monetary and financial statistics.

## D. Program Financing and Program Modalities

**24. The authorities have requested an augmentation of access under the ECF arrangement to address the residual balance of payments and fiscal financing gaps in 2026.** Amid persistent foreign aid cuts and high uncertainty, the balance of payments is expected to be weaker and domestic revenues are expected to be lower than previously projected for 2026. While the 2026 budget envisages continued fiscal discipline, additional needs for security, elections and social spending arise, resulting in a residual fiscal financing gap (and correspondingly a balance of payments gap). The authorities are thus requesting an augmentation of access of SDR 30 million (about US$39.9 million, 18.36 percent of quota) for budget support, to be disbursed in two equal tranches at the conclusion of the 4th and 5th ECF reviews, respectively.[9] The augmentation of access will be accompanied by strong domestic revenue mobilization efforts, strict expenditure controls and for the first time, expanded social spending using domestic resources. No financing gaps are expected in 2027 and beyond under the baseline, as the authorities continue expenditure restraint and strengthening domestic revenue mobilization guided by the policy measures and revenue targets in the MTRR, although downside risks remain.

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[8] For a comprehensive discussion of Somalia's data adequacy, please see Data Issues Annex of the 2024 Article IV staff report.

[9] The 4th ECF review is expected to be concluded by the IMF's Executive Board in December 2025, which would allow the disbursement of the first tranche of the augmentation. The authorities plan to save this disbursement to build up end-2025 cash balance and use it to meet the financing need in 2026.

**25. Performance criteria and structural benchmarks have been agreed for the next 12 months**. New QPCs and ITs are proposed for June 2026 and September 2026 (Table 10) to reflect the updated revenue, expenditure and fiscal balance projections. A new IT is proposed to set a floor for social spending in 2026. To account for the uncertain timeline of the national elections, an adjustor is proposed to lower the expenditure ceiling if elections do not take place as planned. Four new SBs are also proposed, which are parsimonious, carefully prioritized, and anchored in CD support (Table 11 and MEFP).

### Text Table 2. Somalia: Projected Financing Gaps in 2025 and 2026

(Millions of USD)

| External financing need | 2025 | | 2026 | |
|---|---|---|---|---|
| | Prog. | Proj. | Prog. | Proj. |
| **External financing requirement** | **7444.4** | **7370.5** | **7793.8** | **7606.1** |
| *of which:* | | | | |
| Trade balance | 7431.5 | 7361.0 | 7774.8 | 7658.1 |
| Amortization & interest | 12.9 | 8.7 | 20.9 | 17.9 |
| Change in reserves | 0.0 | 0.8 | -1.9 | -69.9 |
| **Available financing** | **7299.7** | **7149.8** | **7685.9** | **7460.4** |
| *of which:* | | | | |
| Current transfers (net) | 6340.1 | 6000.8 | 6527.6 | 6441.0 |
| Foreign Direct Investment | 685.7 | 675.9 | 760.6 | 745.4 |
| **External financing gap** | **144.7** | **220.7** | **108.0** | **145.7** |
| **Financing commitments so far** | **144.7** | **220.7** | **108.0** | **145.7** |
| IMF ECF | 19.9 | 19.9 | 19.9 | 19.9 |
| IMF ECF Proposed augmentation | 0.0 | 19.9 | - | 19.9 |
| World Bank budget support grants | 104.5 | 154.5 | 88.0 | 101.5 |
| Others 3/ | 20.3 | 26.3 | 0.0 | 4.3 |

| Fiscal financing need 1/ | 2025 | | 2026 | |
|---|---|---|---|---|
| | Prog. | Proj. | Prog. | Proj. |
| **Fiscal deficit, excl. budget support grants** | **199.1** | **218.1** | **173.8** | **205.9** |
| Revenue and grants, excl. budget support grants 2/ | 916.9 | 752.1 | 845.3 | 825.0 |
| Expenditure | 1116.0 | 970.2 | 1019.1 | 1030.9 |
| **Total financing, excl. projects** | **54.4** | **-2.7** | **65.8** | **60.1** |
| Net acquisition of financial assets | 61.2 | -0.8 | 77.7 | 67.7 |
| Net incurrence of liabilities | -6.9 | -1.9 | -11.9 | -7.6 |
| **Fiscal financing gap** | **144.7** | **220.7** | **108.0** | **145.7** |
| **Financing commitments so far** | **144.7** | **220.7** | **108.0** | **145.7** |
| IMF ECF | 19.9 | 19.9 | 19.9 | 19.9 |
| IMF ECF Proposed augmentation | 0.0 | 19.9 | - | 19.9 |
| World Bank budget support grants | 104.5 | 154.5 | 88.0 | 101.5 |
| Others 3/ | 20.3 | 26.3 | 0.0 | 4.3 |

Sources: Somali authorities, and IMF staff estimates

1/ For 2026, excludes government borrowing from the EIB because it is not for fiscal financing.

2/ Includes project grants and excludes budget support grants. For 2025-26, all project financing is in the form of grants.

3/ For 2025, includes budget support from Turkiye, United Arab Emirates and the European Union. For 2026, includes budget support from the European Union.

**26. Following augmentation, Somalia's capacity to repay the Fund remains adequate, albeit subject to risks.** Post-augmentation, Somalia's IMF credit outstanding is projected to peak at 89 percent of quota in 2026 (SDR 145.6 million), still below the normal cumulative access limit. The authorities' recent track record of servicing IMF debt and SDR charges has been strong and is expected to continue. To mitigate debt servicing risks, the program includes reforms to increase domestic revenues, in addition to ceilings on overall deficits and non-concessional borrowing.

**27. The debt sustainability assessment (DSA) is broadly unchanged from the 3rd review and highlights the importance of ensuring high concessionality of future external borrowing.** Staff assesses Somalia's external and overall public debt to be sustainable in the medium-term.[10] Higher budget support

[10] The LIC DSA reflects full delivery of HIPC and MDRI debt relief from participating multilateral creditors (IMF, IDA, and AFDB) and beyond-HIPC assistance from the IMF and Paris Club creditors, following the Enhanced HIPC Initiative Completion Point (HIPC CP) reached in December 2023. In addition, it reflects actual debt relief agreements signed with remaining creditors, and assumes treatment in line with the HIPC CP debt relief analysis for the remainder of debts pending debt relief agreements.

grants for 2025, the authorities' requested augmentation of access under the ECF arrangement, their planned external borrowing over the medium term, and updates to debt relief negotiations and macroeconomic forecasts do not change Somalia's moderate risk rating. The authorities continue to make best efforts to finalize debt relief agreements with remaining creditors that have any HIPC-eligible debt (Table 14). As the Paris Club agreement is representative, arrears to non-Paris Club official creditors can be deemed away under the Lending into Official Arrears policy. Going forward, it is critical to secure highly concessional financing, as recommended in the MTDS, with the aim to maximize the grant element. Building capacity to assess debt sustainability implications of planned borrowing (currently supported by Fund TA) is important to enhance debt management. To mitigate fiscal risks associated with the on-lending to the SDRB to support SMEs in underserved sectors, it is crucial to ensure the viability of the recipient SMEs, which requires adequate due diligence and effective risk management, strengthened governance, and sound financial structuring.

**28. The program is fully financed.** The authorities have secured firm financing commitments under the baseline scenario for the next 12 months (Text table 2), including grants from the World Bank (US$101.5 million) and the EU (US$4.3 million). On-budget support from international partners is expected to remain robust, indicating that there are good prospects that financing will be adequate for the remainder of the program period.

**29. Somalia will continue to need extensive CD.** Fund CD, mainly supported through the Somalia Country Fund (SCF), has been instrumental for Somalia's reform implementation.[11] The SCF currently has sufficient funding until April 2026, and staff has proposed a one-year extension to April 2027 (to be endorsed by partners in early 2026), for which sufficient donor funding has been identified. Discussions with donors are ongoing to explore future funding modalities beyond the one-year extension to ensure continued high-quality CD support for Somalia. The authorities also benefit from Fund CD funded through other sources, including the follow-up 2024 Financial Sector Stability Review (FSSR) TA program funded by the Financial Sector Stability Fund (FSSF).

# STAFF APPRAISAL

**30. Somalia has maintained a strong track record of reform implementation.** Despite Somalia's fragility and mounting challenges, including declining foreign aid inflows, the authorities have maintained strong program performance and remain committed to all program objectives. They view the Fund-supported program as essential to their broader engagement with international partners to build a stronger, inclusive and resilient economy. Continued strong support from partners in providing aid and TA is critical for Somalia's transformation journey in rebuilding institutions, advancing economic development and reducing poverty.

**31. The 2026 budget is aligned with the ECF program objectives in continuing domestic revenue mobilization, maintaining spending prudency and for the first time, expanding social spending using domestic resources.** The domestic revenue effort for 2026 is realistic, anchored in the objectives and policy measures outlined in the MTRR, although the deepening impact of

[11] A comprehensive list of SCF CD activities can be found on the SCF webpage.

persistent foreign aid cuts and high domestic uncertainty weigh on the expected revenue yields. Current spending is under tight control, while the budget accommodates priority spending on elections, security, and for the first time, social sector using domestic resources. The authorities continue to aim for reaching full coverage of operational expenditure with domestic revenues by 2027. Over the medium-term, the authorities remain committed to a prudent fiscal framework that balances the need for higher development expenditure with protecting fiscal sustainability, while taking into account capacity constraints. Continued access to grants would help strengthen Somalia's fiscal sustainability and support its development needs.

**32. Fiscal reforms should continue to advance to help Somalia build resilience, including to adapt to the changing global aid landscape.** On the revenue side, it is important to continue to scale up domestic revenue mobilization efforts—as outlined in the MTRR—in customs modernization and enforcement, continued implementation of the Income Tax Law, stronger enforcement of sales tax, and more broadly enhanced revenue administration. These initiatives should be complemented by intensifying engagement with FMS to pave the way for a gradual transition to ad valorem duties and advancing customs harmonization over the medium term. At the same time, it is also important to further strengthen public financial management and debt management capacity. Key reforms include further enhancing the implementation of digital signatures, building capacity in public investment management and developing the PPP framework to ensure the quality and affordability of projects while mitigating fiscal risks. Developing a new Public Financial Management (PFM) Reform Strategic Plan for the medium term would guide the PFM reform agenda. Implementation of the pay and grade reform and the new pension scheme for civil servants should proceed after careful consideration to ensure fiscal costs are manageable.

**33. Continued efforts are needed to strengthen the public debt management framework and capacity**, including the DMD's ability to assess debt sustainability risks associated with new government commitments and guarantees. Over the medium term, it is critical to ensure that new government borrowing is highly concessional, aligned with Somalia's MTDS, and to enhance transparency including to publish the ABP. Managing risks associated with government on-lending to state-owned enterprises is also crucial.

**34. The CBS should continue to advance reforms to promote financial deepening while maintaining financial stability.** It is important for the CBS to continue strengthening financial sector regulation and supervision capacity, including by gradually introducing prudential reserve requirements and expanding regulation to non-bank financial institutions. Progress in implementing the recommendations of the 2024 Safeguards Assessment is commendable. To enhance the CBS's mandate, autonomy, governance, transparency and accountability, timely finalization of the amended CBS Act, along with CBA-related amendments, is critical. To further enhance the AML/CFT framework, the authorities are encouraged to address the recommendations of MENAFATF mutual evaluation, while implementing the amended AML/CFT Act.

**35. The authorities' strong efforts to advance the currency exchange and adoption of the CBA should continue.** The authorities are encouraged to secure co-financing and an agreement with all FMS on the currency exchange project. The progress made towards adopting a currency board arrangement, with IMF CD support, is encouraging. It is now critical to develop the relevant regulations to support the implementation of the currency exchange and the CBA once the amended CBS Act is enacted. Somalia will also need to maintain complementary policies to sustain the credibility of the CBA once implemented, including fiscal sustainability and central bank independence, among others.

**36. Full implementation of the recently completed comprehensive legal framework for the petroleum sector would ensure that the sector is developed prudently, sustainably, and transparently.** Important next steps include building capacity (with TA from development partners) and launching a competitive licensing round in full consistency with the legal framework, once positive seismic survey results are confirmed. New PSAs should be granted primarily through competitive licensing rounds. More broadly, it is critical that the development of the sector is in full compliance with the recently established legal framework, including the IMCC review and approval, as well as the publication requirement, to ensure accountability and transparency. The fiscal terms in new PSAs should serve the best interest of Somalia.

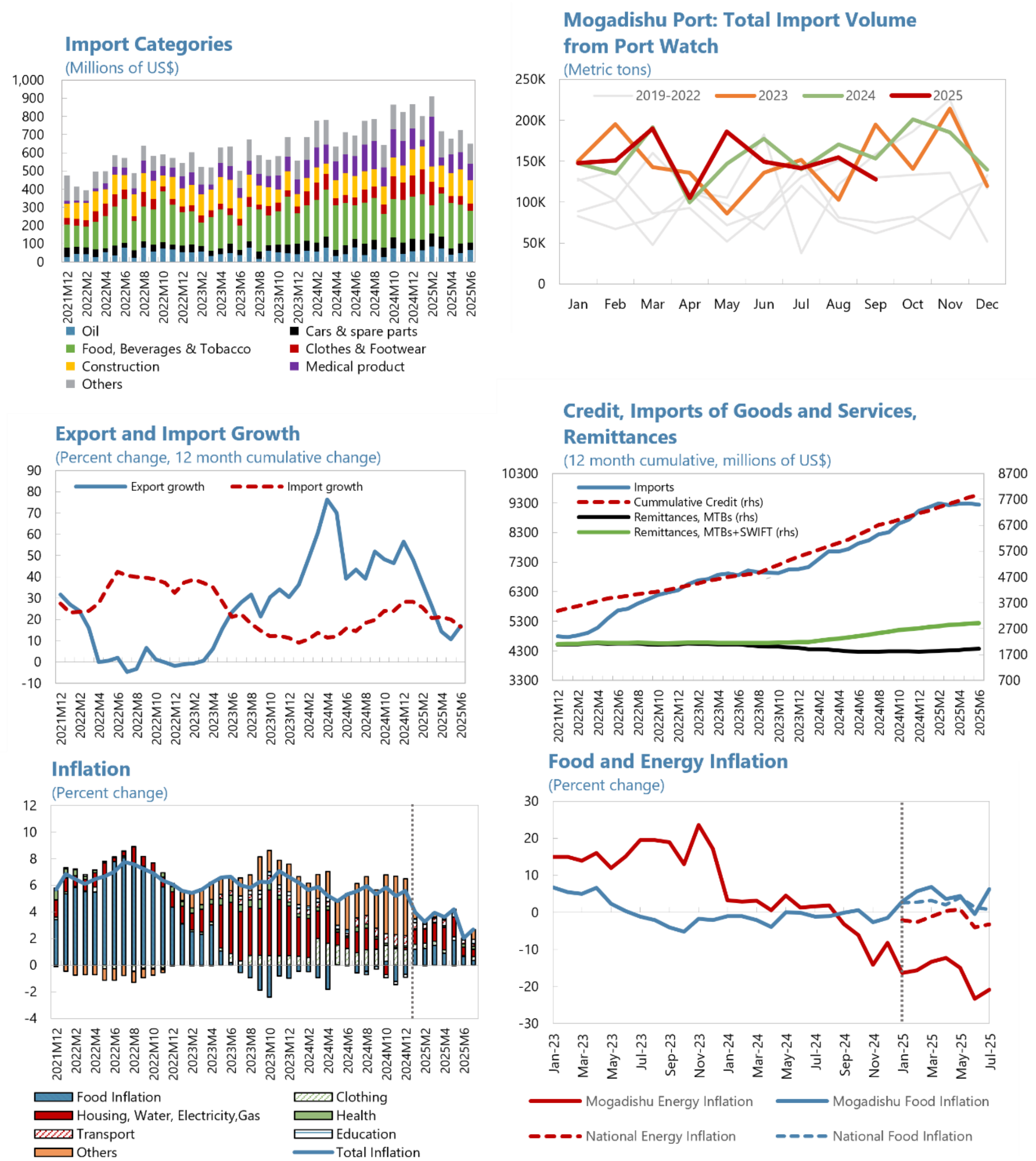
**37. Reforms should continue to improve governance and fight corruption.** This includes further progress in aligning existing laws with the UNCAC, strengthening staffing of the IACC and advancing work on the new National Anti-Corruption Strategy (2026-2030).

**38. Strengthened and sustained efforts are needed to increase resilience, reduce poverty, and promote inclusive growth.** Reducing poverty, building resilience to climate shocks and strengthening food security require large investments in disaster risk management, human capital, infrastructure, and the agriculture sector as outlined in the NTP. However, the global environment of declining foreign aid exacerbates Somalia's severe resource constraints. As Somalia continues efforts to mobilize domestic revenues and channel financing from the private sector, sustained support from development partners remains critical to support Somalia's development objectives. The EAC accession presents opportunities as well as risks, calling for a gradual approach to ensure macroeconomic stability while implementing reforms to strengthen human capital and increase productivity.

**39. Despite progress achieved, the program continues to face downside risks.** Somalia faces important risks emanating from further reductions in foreign assistance, domestic security situation, regional and domestic political tensions, climate shocks, as well as lower global growth and higher global trade uncertainties. Risks to the program are mitigated by continued strong program ownership, CD support, and close engagement with development partners.

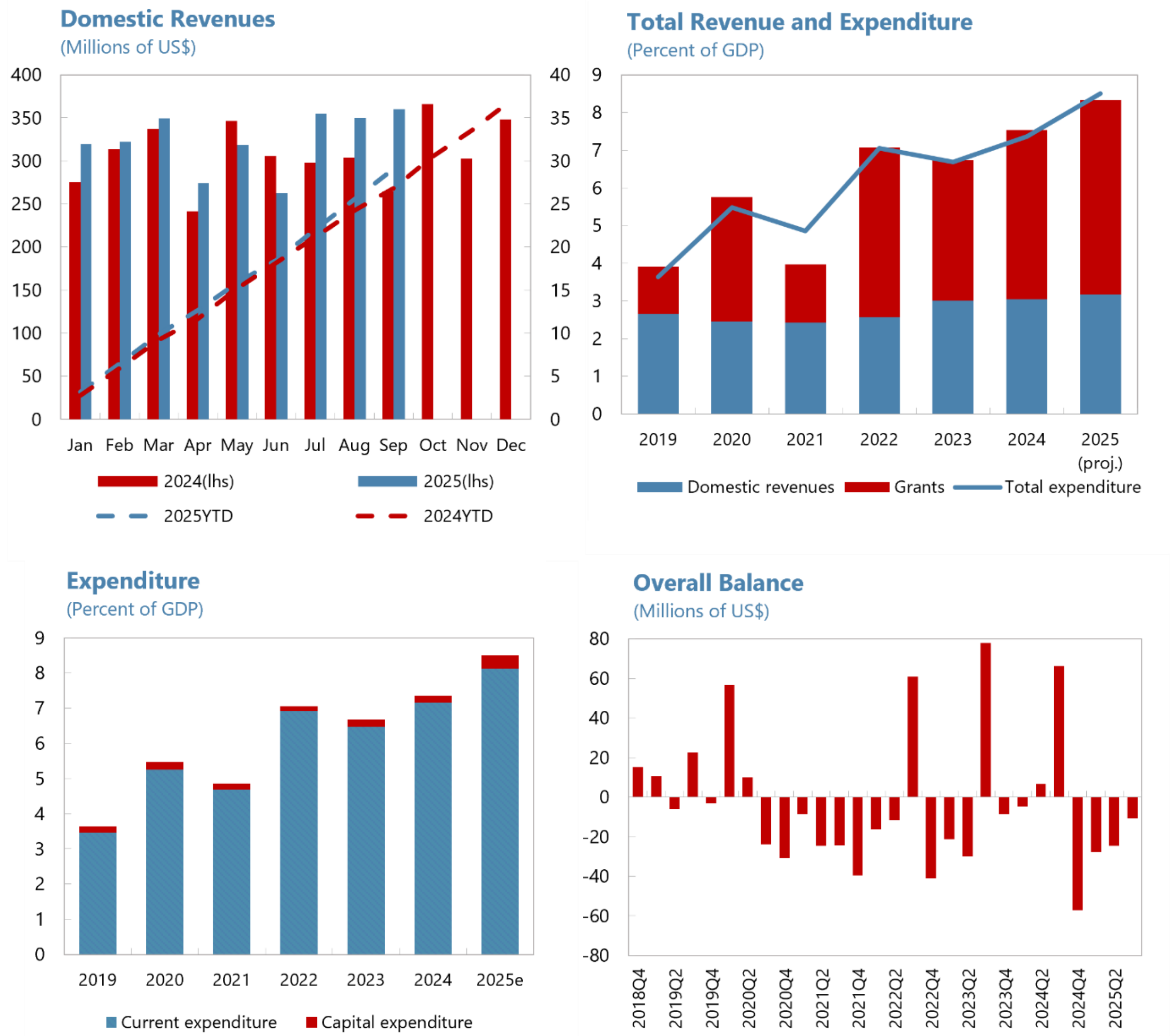
**40. Staff supports the completion of the fourth review, the request for augmentation of access and disbursement of SDR 22.5 million under the ECF arrangement.** As indicated at the time of the ECF approval, the authorities plan to use the disbursement for direct budget support. The attached Letter of Intent and the MEFP set out the appropriate policies that meet the program objectives.

## Figure 1. Somalia: High Frequency Indicators, 2019–2025



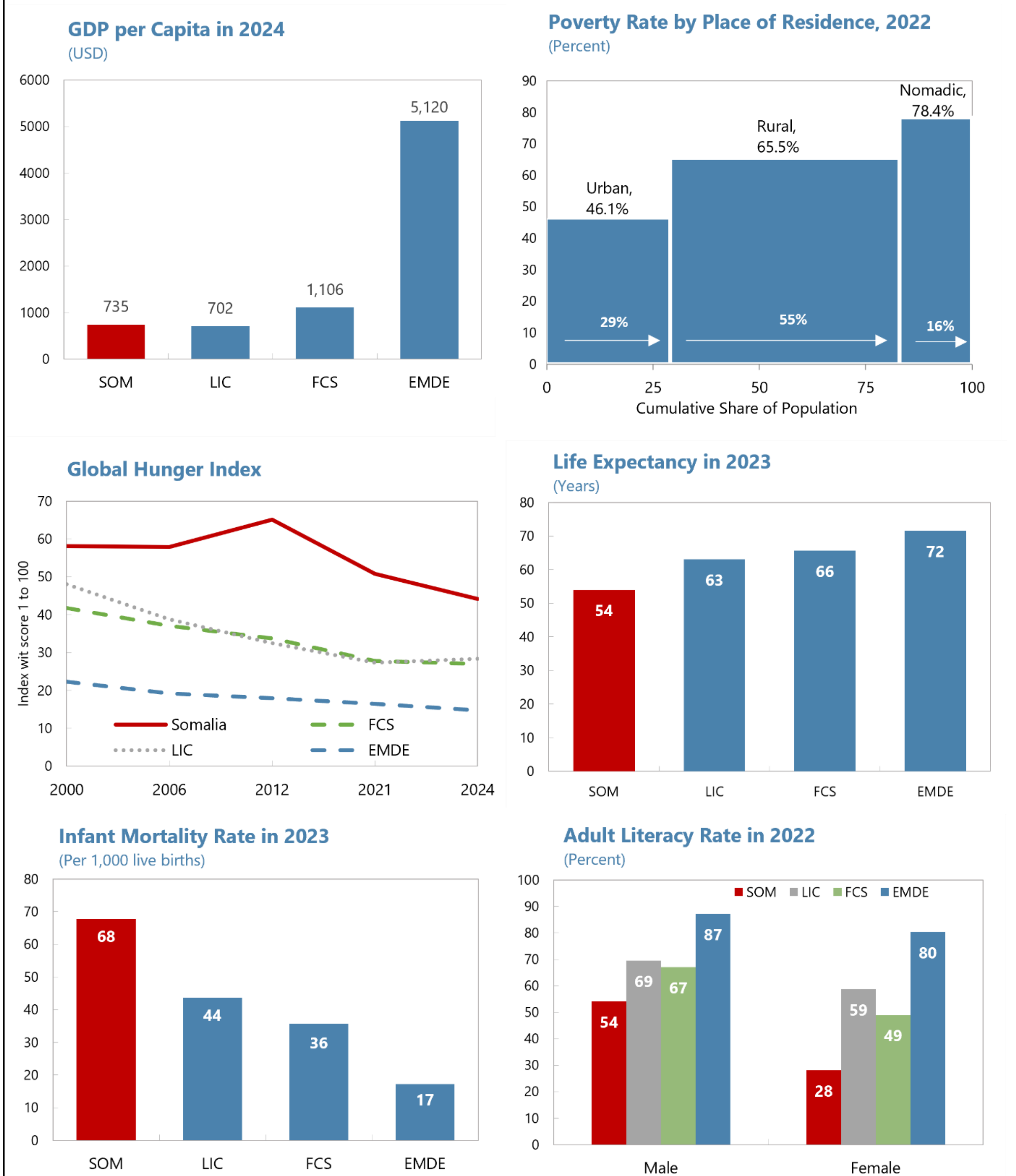

Source: Authorities' data, IMF PortWatch, UN Global Platform and IMF Staff estimates
Note: For the bottom two charts, as of end-2024 (marked by the vertical dash line), Somalia transitioned from Mogadishu-only CPI to a national CPI, following expanded coverage by the SNBS. The new series reflects broader geographic representation and updated methodology, resulting in visible divergence between Mogadishu and national inflation trends.

## Figure 2. Somalia: Fiscal Indicators, 2018–2025




Source: Authorities' data and IMF Staff estimates

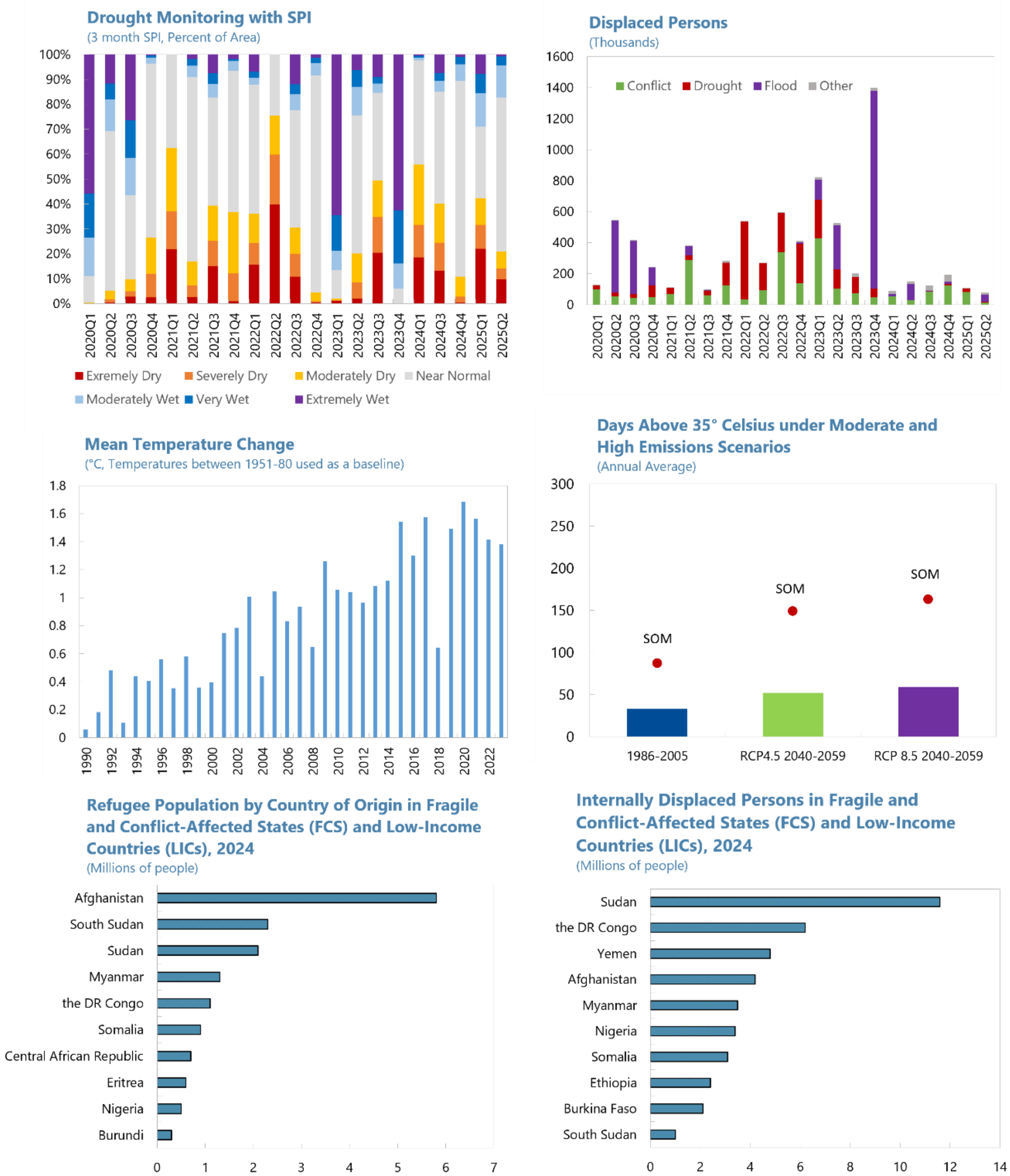
**Figure 3. Somalia: Social Indicators**




Sources: WEO, Somalia Poverty Report 2023, IMF Staff estimates, World Bank Development Indicators, Global Hunger Index, UNFPA, Educational Characteristics of the Somali People

Note: SOM Somalia; LIC Low Income Countries; FCS Fragile and conflict-affected states; EMDE Emerging markets and developing economies

## Figure 4. Somalia: Exposure to Extreme Weather Events and Displacement




Source: East Africa Drought Watch, UNHCR, IMF Climate Change Portal, UNDP Human Climate Horizons, UNHCR Refugee Population Statistics Database, Global Internal Displacement Database | IDMC - Internal Displacement Monitoring Centre.
Note: SPI; Standardized Precipitation Index compares the total precipitation received during a period of n months with the long-term precipitation distribution for the same period. Reference period here is 1981-2010.
The data presented in the bottom two charts is limited to Fragile and Conflict-Affected States (FCS) and Low-Income Countries (LICs). Acknowledgment is extended to Annalaura Sacco, Patricia Escalante, and Dina Hamed for their guidance on the data, analytical work, and visualizations on forced displacement.

## Table 1. Somalia: Selected Economic and Financial Indicators, 2024–2030 1/

Population: 15.6 million, 2022 estimate

| | 2024 | 2025 | | 2026 | | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|
| | Est. | Prog. | Proj. | Prog. | Proj. | Proj. | | | |
| **National income and prices** | | | | | | | | | |
| Nominal GDP in millions of U.S. dollars | 12,161 | 13,127 | 12,944 | 14,197 | 13,916 | 15,040 | 16,213 | 17,436 | 18,730 |
| Real GDP in millions of U.S. dollars | 11,069 | 11,390 | 11,401 | 11,766 | 11,777 | 12,201 | 12,665 | 13,171 | 13,711 |
| Real GDP, annual percentage change | 4.1 | 3.0 | 3.0 | 3.3 | 3.3 | 3.6 | 3.8 | 4.0 | 4.1 |
| Real GDP per capita in U.S. dollars | 671 | 671 | 672 | 675 | 675 | 683 | 691 | 701 | 712 |
| CPI (period average, percent change) 1/ | 5.5 | 4.9 | 3.6 | 4.0 | 3.5 | 3.4 | 3.2 | 3.0 | 3.0 |
| CPI (e.o.p., percent change) 1/ | 5.6 | 4.3 | 3.7 | 3.6 | 3.5 | 3.3 | 3.1 | 3.0 | 3.0 |
| | | | | (Percent of GDP) | | | | | |
| **Central government finances 2/** | | | | | | | | | |
| Revenue and grants | 7.5 | 7.9 | 7.2 | 6.6 | 6.8 | 6.4 | 5.9 | 5.4 | 5.4 |
| *of which:* | | | | | | | | | |
| Revenues | 3.0 | 3.2 | 3.2 | 3.6 | 3.4 | 4.0 | 4.3 | 4.6 | 4.9 |
| Grants 3/ | 4.5 | 4.8 | 4.0 | 3.0 | 3.4 | 2.4 | 1.6 | 0.8 | 0.5 |
| Expenditure (FGS) | 7.4 | 8.5 | 7.5 | 7.2 | 7.4 | 7.2 | 7.2 | 7.4 | 7.5 |
| Compensation of employees | 2.8 | 3.1 | 3.1 | 2.9 | 2.7 | 2.8 | 2.8 | 2.8 | 2.8 |
| Purchase of non-financial assets | 0.2 | 0.4 | 0.3 | 0.4 | 0.3 | 0.4 | 0.7 | 1.0 | 1.2 |
| Overall balance | 0.2 | -0.6 | -0.3 | -0.6 | -0.6 | -0.8 | -1.3 | -2.0 | -2.1 |
| Net change in the stock of cash | 0.3 | -0.5 | 0.0 | -0.5 | -0.5 | -0.5 | 0.0 | 0.0 | 0.0 |
| Public debt 4/, 5/ | 9.2 | 8.6 | 8.9 | 8.0 | 8.7 | 8.3 | 9.0 | 10.3 | 11.6 |
| | | | | (Percent of GDP) | | | | | |
| **Monetary Sector** | | | | | | | | | |
| Net Foreign Assets | 1.6 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.4 | 1.4 | 1.3 |
| Central Bank claims on non-residents 6/ | 3.3 | 3.1 | 3.1 | 2.8 | 2.9 | 2.6 | 2.4 | 2.1 | 1.9 |
| Net Dometic Assets | 15.0 | 14.3 | 14.3 | 14.2 | 14.2 | 13.3 | 12.6 | 12.0 | 11.4 |
| Credit to the private sector | 5.4 | 5.7 | 5.7 | 5.9 | 5.9 | 6.2 | 6.5 | 6.8 | 6.9 |
| Broad Money 7/ | 16.6 | 15.9 | 15.9 | 15.7 | 15.7 | 14.8 | 14.1 | 13.5 | 12.7 |
| Gross International Reserves, excluding government deposits (in millions of US$) 8/ | 211 | 211 | 211 | 209 | 209 | 205 | 197 | 185 | 175 |
| in months of next year's imports 9/ | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 |
| | | | | (Percent of GDP) | | | | | |
| **Balance of payments** | | | | | | | | | |
| Current account balance | -9.2 | -7.8 | -9.5 | -8.6 | -8.4 | -8.5 | -9.7 | -10.5 | -10.1 |
| Trade balance | -61.3 | -56.6 | -56.9 | -54.8 | -55.0 | -55.2 | -55.8 | -55.6 | -55.4 |
| Exports of goods and services | 20.5 | 20.5 | 20.6 | 21.1 | 21.2 | 21.6 | 21.8 | 22.1 | 22.3 |
| Imports of goods and services | 81.8 | 77.2 | 77.5 | 75.8 | 76.2 | 76.8 | 77.6 | 77.6 | 77.7 |
| Remittances | 19.8 | 19.2 | 19.2 | 19.9 | 19.9 | 20.4 | 20.3 | 20.0 | 20.2 |
| Grants | 32.7 | 30.0 | 28.5 | 26.7 | 27.1 | 26.7 | 26.2 | 25.4 | 25.4 |
| Foreign Direct Investment | 5.7 | 5.2 | 5.2 | 5.4 | 5.4 | 5.4 | 5.4 | 5.2 | 5.4 |
| External debt 4/, 10/ | 8.6 | 8.0 | 8.4 | 7.5 | 8.2 | 7.9 | 8.6 | 10.0 | 11.3 |

Sources: Somali authorities; and IMF Staff estimates and projections.

1/ Data from 2025 is based on the national CPI, while prior years use Mogadishu-based CPI, in line with SNBS reporting.

2/ Budget data for the Federal Government of Somalia. Fiscal operations are recorded on a cash basis. GDP data cover the entire territory of Somalia.

3/ The World Bank extended grant financing for new commitments until June 2028.

4/ Includes HIPC debt relief, including HIPC interim assistance received between the Decision and Completion Points, and MDRI and beyond-HIPC debt relief at Completion Point in 2023. Public debt stock estimates from 2023 onwards have been revised up by US$346 million, to reflect the actual debt relief agreements signed with creditors as of April 2025.

5/ Public debt includes arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt. Consistent with the public debt definition in the DSA. It includes net SDR position of the FGS.

6/ Includes FGS grants held abroad.

7/ Primarily desposits at commercial banks.

8/ Calculated as the sum of CBS's gold, SDR, US$ balances held abroad, less government SDR and US$ deposits and commercial bank deposits.

9/ For Somalia's de facto dollarized economy, reserve to imports coverage is less applicable.

10/ Consistent with the DSA external debt definition, which reflects the external debt of the country as a whole. Includes the total net SDR position of the central bank. This differs from public external debt reported in Tables 2A, 2B, and 10.

## Table 2a. Somalia: Federal Government Operations, 2024-2030 1/

(Millions of U.S. Dollars)

| | 2024 | 2025 | | | 2026 | | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Prel. | Budget | Prog. | Proj. | Prog. | Proj. | | Proj. | | |
| **Revenue and grants** | 915.2 | 1332.0 | 1041.7 | 933.0 | 933.3 | 947.2 | 962.9 | 964.1 | 938.0 | 1013.5 |
| Revenue | 369.4 | 430.3 | 415.4 | 415.1 | 504.3 | 470.0 | 601.6 | 697.1 | 802.0 | 911.5 |
| Tax revenue | 266.8 | 295.3 | 287.4 | 283.7 | 351.6 | 328.4 | 419.5 | 486.1 | 559.2 | 650.7 |
| Tax on income, profit, and capital gains | 36.2 | 38.0 | 37.0 | 47.7 | 45.2 | 56.6 | 54.0 | 62.6 | 72.0 | 87.3 |
| Taxes on goods and services | 51.4 | 56.1 | 54.1 | 58.2 | 72.2 | 72.1 | 86.1 | 99.8 | 114.8 | 133.3 |
| Taxes on international trade and transactions | 168.9 | 186.2 | 181.3 | 168.7 | 212.2 | 184.9 | 253.1 | 293.3 | 337.5 | 392.5 |
| Other taxes | 10.3 | 14.9 | 14.9 | 9.1 | 22.0 | 14.8 | 26.3 | 30.5 | 35.0 | 37.6 |
| Non-tax revenue | 102.6 | 135.1 | 128.1 | 131.4 | 152.7 | 141.6 | 182.1 | 211.0 | 242.8 | 260.8 |
| Grants 2/ | 545.8 | 901.6 | 626.3 | 517.8 | 429.0 | 477.2 | 361.3 | 267.0 | 136.0 | 102.0 |
| Bilateral | 29.7 | 42.0 | 10.3 | 14.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Multilateral | 516.1 | 859.6 | 616.0 | 503.9 | 429.0 | 477.2 | 361.3 | 267.0 | 136.0 | 102.0 |
| *of which projects* | *356.5* | 731.7 | 501.5 | 337.0 | 341.0 | 355.0 | 357.0 | 267.0 | 136.0 | 102.0 |
| **Total expenditure 3/** | 895.1 | 1359.7 | 1116.0 | 970.2 | 1019.1 | 1030.9 | 1081.4 | 1171.9 | 1294.8 | 1399.1 |
| Current | 870.2 | 1177.6 | 1067.0 | 931.6 | 968.9 | 990.9 | 1019.2 | 1063.6 | 1116.1 | 1171.6 |
| Compensation of employees | 342.7 | 370.0 | 402.1 | 400.0 | 415.3 | 376.4 | 418.2 | 447.1 | 480.4 | 515.6 |
| Use of goods and services | 207.5 | 391.5 | 235.6 | 190.7 | 220.1 | 266.2 | 236.7 | 246.3 | 255.7 | 266.0 |
| Interest and other charges | 6.0 | 13.8 | 6.1 | 6.8 | 9.1 | 10.3 | 12.2 | 13.3 | 19.1 | 24.0 |
| Subsidies | 5.9 | 13.3 | 8.2 | 5.5 | 5.6 | 5.8 | 5.9 | 5.8 | 5.7 | 5.6 |
| Transfers to sub-national governments & Banadir Region | 130.7 | 238.7 | 149.9 | 151.3 | 144.2 | 138.7 | 153.6 | 161.1 | 168.6 | 176.8 |
| Social benefits | 177.4 | 77.0 | 249.5 | 167.7 | 169.7 | 186.6 | 187.6 | 185.1 | 181.7 | 178.7 |
| Other expenses | 0.0 | 68.4 | 10.6 | 4.6 | 0.0 | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Contingency | 0.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Purchase of non-financial assets | 24.9 | 182.1 | 49.0 | 38.6 | 50.2 | 40.0 | 62.2 | 108.2 | 178.7 | 227.4 |
| **Overall fiscal balance** | 20.1 | -27.7 | -74.3 | -37.2 | -85.8 | -83.7 | -118.5 | -207.8 | -356.8 | -385.6 |
| **Net cash inflow from financing activities** | 18.8 | -1.4 | 13.1 | 38.0 | 8.1 | 15.7 | 46.7 | 207.8 | 356.8 | 385.6 |
| Net accumulation of domestic debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -3.0 | -3.0 | -3.0 | -3.0 |
| New domestic debt (+) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repayment of arrears and advances (-) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -3.0 | -3.0 | -3.0 | -3.0 |
| Net accumulation of external debt | 18.8 | -1.4 | 13.1 | 38.0 | 8.1 | 59.5 | 50.0 | 211.0 | 360.0 | 389.1 |
| New external borrowing (+) | 20.3 | 0.0 | 19.9 | 39.9 | 20.0 | 67.1 | 58.5 | 219.5 | 376.5 | 405.9 |
| *of which* | | | | | | | | | | |
| Multilateral, external 4/ | | | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| IMF: ECF arrangement | 19.9 | | 19.9 | 19.9 | 19.9 | 19.9 | | | | |
| IMF: ECF prospective augmentation | | | 0.0 | 19.9 | 0.0 | 19.9 | | | | |
| Amortization of external debt (-) | -1.5 | -1.4 | -6.9 | -1.9 | -11.9 | -7.6 | -8.5 | -8.5 | -16.5 | -16.8 |
| Disposal of assets 5/ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -43.7 | -0.3 | -0.3 | -0.3 | -0.5 |
| **Net change in the stock of cash** | 38.9 | -29.1 | -61.2 | 0.8 | -77.7 | -68.0 | -71.8 | 0.0 | 0.0 | 0.0 |
| **Memorandum items** | | | | | | | | | | |
| Public debt 6/ | 1,117 | … | 1,124 | 1,155 | 1,132 | 1,213 | 1,256 | 1,455 | 1,800 | 2,175 |
| *of which external public debt 7/* | 1,049 | … | 1,057 | 1,087 | 1,065 | 1,145 | 1,191 | 1,393 | 1,741 | 2,119 |
| Debt relief and rescheduling 8/ | … | … | … | … | … | … | … | … | … | |
| Accumulation of domestic arrears 9/ | 0.0 | … | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Stock of domestic arrears 9/ | 67.8 | … | 67.8 | 67.8 | 67.8 | 67.8 | 64.8 | 61.8 | 58.8 | 55.8 |
| Stock of SDR allocations 10/ | 130.0 | … | 130.0 | 130.0 | 130.0 | 130.0 | 130.0 | 130.0 | 130.0 | 130.0 |
| Stock of SDR holdings 10/ | 20.9 | … | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 |
| Stock of cash and other balances 11/ | 129.0 | … | 77.7 | 139.8 | 0.0 | 71.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Budget grants | 189.4 | 170.0 | 124.8 | 180.8 | 88.0 | 122.2 | 4.3 | 0.0 | 0.0 | 0.0 |
| Project grants | 356.5 | 731.7 | 501.5 | 337.0 | 341.0 | 355.0 | 357.0 | 267.0 | 136.0 | 102.0 |

Sources: Somali authorities; and IMF Staff estimates and projections.

1/ Fiscal operations are recorded on a cash basis. Positions shown are cumulative year to date.

2/ Includes only donor support provided to the federal government through treasury accounts at the Central Bank of Somalia. The World Bank extended grant financing for new commitments

3/ Advances and transfers to Ministries, Departments and Agencies (MDAs), and grants to other organizations not expensed are not included.

4/ As a result of the assumed World Bank extension of grant financing for new commitments until June 2028 (with annual approval required), the corresponding budget support loan inflows

5/ The figure includes EUR 40 million to be on-lent by MOF to the Somali Development and Reconstruction Bank (SDRB) in 2026, comprising EUR 15 million grant from the European Commission and EUR 25 million loan from the European Investment Bank

6/ Public debt stock reported herein includes debt relief under the Enhanced HIPC Initiative, and MDRI, and beyond-HIPC debt relief at Completion Point, which took place in December 2023. Public debt stock estimates from 2023 onwards have been revised up by US$346 million, to reflect the actual debt relief agreements signed with creditors as of April 2025.

7/ Consistent with the public debt definition in the DSA. It includes net SDR position of the FGS.

8/ Includes HIPC debt relief and interim HIPC assistance from the Decision Point, and MDRI and beyond-HIPC debt relief at Completion Point in 2023.

9/ The figure includes only wages, salaries, and allowances.

10/ The authorities decided to distribute the 2021 SDR Allocation by the IMF on August 23, 2021 for SDR156.6 million (about US$ 222.13 million) between the CBS (about US$ 90 million) and the FGS (about US$132 million). The actual MOF SDR holdings include the remaining SDR holdings related to the 2021 SDR allocation and the SDR 7 million windfall from the HIPC debt relief

11/ The figure includes all cash balances, including fiscal buffers, projects and unused portion of the ECF budget support disbursements.

# Table 2b. Somalia: Federal Government Operations, 2024–2030 1/

(Percent of GDP)

| | 2024 | 2025 | | | 2026 | | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Pel. | Budget | Prog. | Proj. | Prog. | Proj. | Proj. | | | |
| **Revenue and grants** | 7.5 | 10.3 | 7.9 | 7.2 | 6.6 | 6.8 | 6.4 | 5.9 | 5.4 | 5.4 |
| Revenue | 3.0 | 3.3 | 3.2 | 3.2 | 3.6 | 3.4 | 4.0 | 4.3 | 4.6 | 4.9 |
| Tax revenue | 2.2 | 2.3 | 2.2 | 2.2 | 2.5 | 2.4 | 2.8 | 3.0 | 3.2 | 3.5 |
| Tax on income, profit, and capital gains | 0.3 | 0.3 | 0.3 | 0.4 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 |
| Taxes on goods and services | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 | 0.6 | 0.7 | 0.7 |
| Taxes on international trade and transactions | 1.4 | 1.4 | 1.4 | 1.3 | 1.5 | 1.3 | 1.7 | 1.8 | 1.9 | 2.1 |
| Other taxes | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 |
| Non-tax revenue | 0.8 | 1.0 | 1.0 | 1.0 | 1.1 | 1.0 | 1.2 | 1.3 | 1.4 | 1.4 |
| Grants 2/ | 4.5 | 7.0 | 4.8 | 4.0 | 3.0 | 3.4 | 2.4 | 1.6 | 0.8 | 0.5 |
| Bilateral | 0.2 | 0.3 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Multilateral | 4.2 | 6.6 | 4.7 | 3.9 | 3.0 | 3.4 | 2.4 | 1.6 | 0.8 | 0.5 |
| **Total expenditure 3/** | 7.4 | 10.5 | 8.5 | 7.5 | 7.2 | 7.4 | 7.2 | 7.2 | 7.4 | 7.5 |
| Current | 7.2 | 9.1 | 8.1 | 7.2 | 6.8 | 7.1 | 6.8 | 6.6 | 6.4 | 6.3 |
| Compensation of employees | 2.8 | 2.9 | 3.1 | 3.1 | 2.9 | 2.7 | 2.8 | 2.8 | 2.8 | 2.8 |
| Use of goods and services | 1.7 | 3.0 | 1.8 | 1.5 | 1.6 | 1.9 | 1.6 | 1.5 | 1.5 | 1.4 |
| Interest and other charges | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Subsidies | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfers to sub-national governments & Banadir Region | 1.1 | 1.8 | 1.1 | 1.2 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.9 |
| Social benefits | 1.5 | 0.6 | 1.9 | 1.3 | 1.2 | 1.3 | 1.2 | 1.1 | 1.0 | 1.0 |
| Other expenses | 0.0 | 0.5 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Contingency | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchase of non-financial assets | 0.2 | 1.4 | 0.4 | 0.3 | 0.4 | 0.3 | 0.4 | 0.7 | 1.0 | 1.2 |
| **Overall fiscal balance** | 0.2 | -0.2 | -0.6 | -0.3 | -0.6 | -0.6 | -0.8 | -1.3 | -2.0 | -2.1 |
| **Net cash inflow from financing activities** | 0.2 | 0.0 | 0.1 | 0.3 | 0.1 | 0.1 | 0.3 | 1.3 | 2.0 | 2.1 |
| Net accumulation of domestic debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New domestic debt (+) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repayment of arrears and advances (-) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net accumulation of external debt | 0.2 | 0.0 | 0.1 | 0.3 | 0.1 | 0.4 | 0.3 | 1.3 | 2.1 | 2.1 |
| New external borrowing (+) | 0.2 | 0.0 | 0.2 | 0.3 | 0.1 | 0.5 | 0.4 | 1.4 | 2.2 | 2.2 |
| *of which,* | | | | | | | | | | |
| Multilateral, external 4/ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| IMF: ECF arrangement | 0.2 | 0.0 | 0.2 | 0.2 | 0.1 | 0.1 | | | | |
| IMF: ECF prospective augmentation | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 | 0.1 | | | | |
| Amortization of external debt (-) | 0.0 | 0.0 | -0.1 | 0.0 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 |
| Disposal of assets 5/ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net change in the stock of cash** | 0.3 | 0.0 | -0.5 | 0.0 | -0.5 | -0.5 | -0.5 | 0.0 | 0.0 | 0.0 |
| **Memorandum items** | | | | | | | | | | |
| Public debt 6/ | 9.2 | … | 8.6 | 8.9 | 8.0 | 8.7 | 8.3 | 9.0 | 10.3 | 11.6 |
| *of which external public debt 7 /* | 8.6 | … | 8.0 | 8.4 | 7.5 | 8.2 | 7.9 | 8.6 | 10.0 | 11.3 |
| Debt relief and rescheduling 8/ | … | … | … | … | … | … | … | … | … | |
| Accumulation of domestic arrears 9/ | 0.0 | … | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Stock of domestic arrears 9/ | 0.6 | … | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.3 | 0.3 |
| Stock of SDR allocations 10/ | 1.1 | … | 1.0 | 1.0 | 0.9 | 0.9 | 0.9 | 0.8 | 0.7 | 0.7 |
| Stock of SDR holdings 10/ | 0.2 | … | 0.2 | 0.2 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Stock of cash and other balances 11/ | 1.1 | … | 0.6 | 1.1 | 0.0 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Budget grants | 1.6 | 1.3 | 1.0 | 1.4 | 0.6 | 0.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Project grants | 2.9 | 5.7 | 3.8 | 2.6 | 2.4 | 2.6 | 2.4 | 1.6 | 0.8 | 0.5 |

Sources: Somali authorities; and IMF Staff estimates and projections.

1/ Fiscal operations are recorded on a cash basis. Positions shown are cumulative year to date.

2/ Includes only donor support provided to the federal government through treasury accounts at the Central Bank of Somalia. The World Bank extended grant financing for new commitments until June 2028.

3/ Advances and transfers to Ministries, Departments and Agencies (MDAs), and grants to other organizations not expensed are not included.

4/ As a result of the assumed World Bank extension of grant financing for new commitments until June 2028 (with annual approval required), the corresponding budget support loan inflows have been revised.

5/ The figure includes EUR 40 million to be on-lent by MOF to the Somali Development and Reconstruction Bank (SDRB) in 2026, comprising EUR 15 million grant from the European Commission and EUR 25 million loan from the European Investment Bank

6/ Public debt stock reported herein includes debt relief under the Enhanced HIPC Initiative, and MDRI, and beyond-HIPC debt relief at Completion Point, which took place in December 2023. Public debt stock estimates from 2023 onwards have been revised up by US$346 million, to reflect the actual debt relief agreements signed with creditors as of April 2025.

7/ Consistent with the public debt definition in the DSA. It includes net SDR position of the FGS.

8/ Includes HIPC debt relief and interim HIPC assistance from the Decision Point, and MDRI and beyond-HIPC debt relief at Completion Point in 2023.

9/ The figure includes only wages, salaries, and allowances.

10/ The authorities decided to distribute the 2021 SDR Allocation by the IMF on August 23, 2021 for SDR156.6 million (about US$ 222.13 million) between the CBS (about US$ 90 million) and the FGS (about US$132 million). The actual MOF SDR holdings include the remaining SDR holdings related to the 2021 SDR allocation and the SDR 7 million windfall from the HIPC debt relief which were not converted into USD.

11/ The figure includes all cash balances, including fiscal buffers, projects and unused portion of the ECF budget support disbursements.

## Table 2c. Somalia: Federal Government Operations Excluding Donor-Funded Projects, 2024–2030

(Millions of U.S. Dollars and Percent of GDP)

| | 2024 | 2025 | | | 2026 | | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Prel. | Budget | Prog. | Proj. | Prog. | Proj. | Proj. | | | |
| **Revenue excluding projects** | **559** | **600** | **540** | **596** | **592** | **592** | **606** | **697** | **802** | **912** |
| Domestic revenue | 369 | 430 | 415 | 415 | 504 | 470 | 602 | 697 | 802 | 912 |
| Tax | 267 | 295 | 287 | 284 | 352 | 328 | 419 | 486 | 559 | 651 |
| Non-tax | 103 | 135 | 128 | 131 | 153 | 142 | 182 | 211 | 243 | 261 |
| Budget support grant | 189 | 170 | 125 | 181 | 88 | 122 | 4 | 0 | 0 | 0 |
| **Expenditure excluding projects** | **539** | **628** | **615** | **633** | **678** | **676** | **724** | **820** | **950** | **1060** |
| Operational expenditure | 454 | 514 | 501 | 501 | 547 | 552 | 565 | 606 | 657 | 709 |
| Compensation of employee | 338 | 366 | 396 | 396 | 411 | 372 | 414 | 443 | 476 | 511 |
| Goods and services | 110 | 135 | 99 | 99 | 127 | 169 | 139 | 150 | 162 | 174 |
| Interest | 6 | 14 | 6 | 7 | 9 | 10 | 12 | 13 | 19 | 24 |
| Other expenditure | 84 | 114 | 114 | 132 | 131 | 124 | 159 | 214 | 293 | 351 |
| Transfer to FMS | 82 | 85 | 92 | 110 | 97 | 92 | 105 | 113 | 121 | 130 |
| Social benefits | 0 | 0 | 0 | 0 | 0 | 10 | 10 | 10 | 10 | 10 |
| Other expenses | 0 | 3 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Capital expenditure | 2 | 11 | 17 | 17 | 29 | 18 | 40 | 86 | 157 | 206 |
| **Overall balance excluding projects** | **20** | **-28** | **-74** | **-37** | **-86** | **-84** | **-118** | **-123** | **-148** | **-149** |
| **Projects** | | | | | | | | | | |
| Project grants | 356 | 732 | 502 | 337 | 341 | 355 | 357 | 267 | 136 | 102 |
| Project expenditure 1/ | 356 | 732 | 502 | 337 | 341 | 355 | 357 | 352 | 345 | 339 |
| **Total revenues including projects** | **915** | **1332** | **1042** | **933** | **933** | **947** | **963** | **964** | **938** | **1014** |
| **Total expenditure including projects** | **895** | **1360** | **1116** | **970** | **1019** | **1031** | **1081** | **1172** | **1295** | **1399** |
| **Overall balance including projects** | **20** | **-28** | **-74** | **-37** | **-86** | **-84** | **-118** | **-208** | **-357** | **-386** |
| | | | | | (Percent of GDP) | | | | | |
| **Revenue excluding projects** | **4.6** | **4.6** | **4.1** | **4.6** | **4.2** | **4.3** | **4.0** | **4.3** | **4.6** | **4.9** |
| Domestic revenue | 3.0 | 3.3 | 3.2 | 3.2 | 3.6 | 3.4 | 4.0 | 4.3 | 4.6 | 4.9 |
| Tax | 2.2 | 2.3 | 2.2 | 2.2 | 2.5 | 2.4 | 2.8 | 3.0 | 3.2 | 3.5 |
| Non-tax | 0.8 | 1.0 | 1.0 | 1.0 | 1.1 | 1.0 | 1.2 | 1.3 | 1.4 | 1.4 |
| Budget support grant | 1.6 | 1.3 | 1.0 | 1.4 | 0.6 | 0.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Expenditure excluding projects** | **4.4** | **4.9** | **4.7** | **4.9** | **4.8** | **4.9** | **4.8** | **5.1** | **5.4** | **5.7** |
| Operational expenditure | 3.7 | 4.0 | 3.8 | 3.9 | 3.9 | 4.0 | 3.8 | 3.7 | 3.8 | 3.8 |
| Compensation of employee | 2.8 | 2.8 | 3.0 | 3.1 | 2.9 | 2.7 | 2.8 | 2.7 | 2.7 | 2.7 |
| Goods and services | 0.9 | 1.0 | 0.8 | 0.8 | 0.9 | 1.2 | 0.9 | 0.9 | 0.9 | 0.9 |
| Interest | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other expenditure | 0.7 | 0.9 | 0.9 | 1.0 | 0.9 | 0.9 | 1.1 | 1.3 | 1.7 | 1.9 |
| **Overall balance excluding projects** | **0.2** | **-0.2** | **-0.6** | **-0.3** | **-0.6** | **-0.6** | **-0.8** | **-0.8** | **-0.8** | **-0.8** |
| **Projects** | | | | | | | | | | |
| Project grants | 2.9 | 5.7 | 3.8 | 2.6 | 2.4 | 2.6 | 2.4 | 1.6 | 0.8 | 0.5 |
| Project expenditure 1/ | 2.9 | 5.7 | 3.8 | 2.6 | 2.4 | 2.6 | 2.4 | 2.2 | 2.0 | 1.8 |
| **Total revenues including projects** | **7.5** | **10.3** | **7.9** | **7.2** | **6.6** | **6.8** | **6.4** | **5.9** | **5.4** | **5.4** |
| **Total expenditure including projects** | **7.4** | **10.5** | **8.5** | **7.5** | **7.2** | **7.4** | **7.2** | **7.2** | **7.4** | **7.5** |
| **Overall balance including projects** | **0.2** | **-0.2** | **-0.6** | **-0.3** | **-0.6** | **-0.6** | **-0.8** | **-1.3** | **-2.0** | **-2.1** |

Source: IMF Staff estimates.

1/ Social benefits (cash transfers under the Baxnaano program) were sharply increased in 2022-2024 in the project budgets to help address multiple shocks (Covid-19, locust infestation, prolonged drought, severe flooding) which are expected to gradually subside over the medium term.

## Table 2d. Somalia: General Government Operations, 2023–2025Q1 1/

(Millions of U.S. Dollars)

| | 2023 | | | | | 2024 | | | | | 2025 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 |
| **Revenue and grants** | 121.4 | 126.2 | 304.0 | 334.0 | 885.7 | 167.0 | 306.6 | 313.1 | 362.5 | 1149.1 | 215.6 | 219.8 |
| Revenue | 96.0 | 98.9 | 108.9 | 108.3 | 412.1 | 129.9 | 126.0 | 123.2 | 138.8 | 517.9 | 137.2 | 123.0 |
| Tax revenue | 70.7 | 65.9 | 77.8 | 72.1 | 286.5 | 98.5 | 93.4 | 94.1 | 108.6 | 394.6 | 104.8 | 96.1 |
| Tax on income, profit, and capital gains | 4.3 | 6.2 | 7.7 | 7.5 | 25.8 | 9.1 | 9.3 | 9.6 | 10.2 | 38.3 | 16.6 | 9.1 |
| Taxes on payroll and workforce 2/ | 2.6 | 1.8 | 1.2 | 1.6 | 7.1 | 2.9 | 3.4 | 3.3 | 3.8 | 13.4 | 3.3 | 3.4 |
| Taxes on property 2/ | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 | 0.2 | 0.0 | 0.0 |
| Taxes on goods and services | 13.7 | 15.1 | 18.2 | 14.1 | 61.1 | 21.9 | 19.9 | 19.8 | 25.6 | 87.3 | 23.1 | 23.2 |
| Taxes on international trade and transactions | 48.0 | 40.4 | 48.2 | 46.7 | 183.3 | 61.8 | 56.8 | 58.3 | 64.6 | 241.6 | 58.5 | 56.3 |
| Other taxes | 2.2 | 2.5 | 2.3 | 2.1 | 9.2 | 2.7 | 4.1 | 2.9 | 4.2 | 13.8 | 3.4 | 4.2 |
| Non-tax revenue | 25.2 | 33.0 | 31.2 | 36.2 | 125.5 | 31.5 | 32.6 | 29.0 | 30.2 | 123.3 | 32.4 | 26.9 |
| Grants | 25.4 | 27.4 | 195.1 | 225.8 | 473.6 | 37.1 | 180.6 | 189.9 | 223.6 | 631.2 | 78.4 | 96.8 |
| Transfer from FGS 3/ | 6.0 | 7.1 | 23.7 | 10.6 | 47.4 | 7.3 | 11.4 | 11.9 | 44.4 | 75.0 | 9.9 | 11.7 |
| Bilateral | 0.5 | 1.4 | 0.5 | 0.8 | 3.3 | 5.6 | 11.0 | 10.3 | 2.8 | 29.7 | 10.3 | 2.8 |
| Multilateral | 19.0 | 18.9 | 170.9 | 214.3 | 423.0 | 24.1 | 158.2 | 167.7 | 176.5 | 526.5 | 58.2 | 82.3 |
| **Total expenditure 4/** | 144.0 | 147.8 | 214.4 | 352.7 | 858.9 | 170.8 | 214.0 | 236.6 | 349.3 | 970.7 | 227.3 | 226.4 |
| Current | 138.2 | 144.0 | 205.1 | 347.7 | 835.1 | 163.8 | 207.1 | 225.5 | 322.7 | 919.1 | 207.0 | 207.9 |
| Compensation of employees | 84.4 | 84.4 | 87.9 | 105.0 | 361.7 | 103.5 | 110.6 | 113.6 | 130.9 | 458.7 | 120.6 | 111.2 |
| Use of goods and services | 33.6 | 39.3 | 47.7 | 68.7 | 189.2 | 43.1 | 57.9 | 69.1 | 112.8 | 282.9 | 59.8 | 64.2 |
| Transfers to sub-national governments & Banadir Region | 12.3 | 14.3 | 42.7 | 59.2 | 128.5 | 14.6 | 36.1 | 38.3 | 74.5 | 163.5 | 25.5 | 29.8 |
| Contingency | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchase of non-financial assets | 5.8 | 3.8 | 9.2 | 5.0 | 23.8 | 7.0 | 7.0 | 11.0 | 26.6 | 51.6 | 20.3 | 18.5 |
| **Overall fiscal balance** | -22.6 | -21.5 | 89.6 | -18.7 | 26.8 | -3.8 | 92.5 | 76.5 | 13.2 | 178.4 | -11.8 | -6.7 |

Sources: Somali authorities; and IMF Staff estimates.

1/ Unconsolidated basis. Aggregates the fiscal accounts of the Federal Government of Somalia, Puntland, Galmudug, Hirshabelle, South West, and Jubaland. The numbers are based on preliminary reports from FMS and are subject to revision. The fiscal operations are recorded on a cash basis.

2/ Reporting on these categories commenced in 2020.

3/ Transfer from FGS to Banadir region is not included.

4/ Advances and transfers to MDAs are not included.

## Table 2e. Somalia: General Government Operations, 2023–2025Q1 1/

(Percent of GDP) 2/

| | 2023 | | | | | 2024 | | | | | 2025 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 |
| **Revenue and grants** | 1.1 | 1.2 | 2.8 | 3.0 | 8.1 | 1.4 | 2.5 | 2.6 | 3.0 | 9.4 | 1.7 | 1.7 |
| Revenue | 0.9 | 0.9 | 1.0 | 1.0 | 3.8 | 1.1 | 1.0 | 1.0 | 1.1 | 4.3 | 1.1 | 1.0 |
| Tax revenue | 0.6 | 0.6 | 0.7 | 0.7 | 2.6 | 0.8 | 0.8 | 0.8 | 0.9 | 3.2 | 0.8 | 0.7 |
| Tax on income, profit, and capital gains | 0.0 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | 0.1 | 0.1 |
| Taxes on payroll and workforce 3/ | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Taxes on property 3/ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Taxes on goods and services | 0.1 | 0.1 | 0.2 | 0.1 | 0.6 | 0.2 | 0.2 | 0.2 | 0.2 | 0.7 | 0.2 | 0.2 |
| Taxes on international trade and transactions | 0.4 | 0.4 | 0.4 | 0.4 | 1.7 | 0.5 | 0.5 | 0.5 | 0.5 | 2.0 | 0.5 | 0.4 |
| Other taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Non-tax revenue | 0.2 | 0.3 | 0.3 | 0.3 | 1.1 | 0.3 | 0.3 | 0.2 | 0.2 | 1.0 | 0.3 | 0.2 |
| Grants 4/ | 0.2 | 0.2 | 1.8 | 2.1 | 4.3 | 0.3 | 1.5 | 1.6 | 1.8 | 5.2 | 0.6 | 0.7 |
| Transfer from FGS | 0.1 | 0.1 | 0.2 | 0.1 | 0.4 | 0.1 | 0.1 | 0.1 | 0.4 | 0.6 | 0.1 | 0.1 |
| Bilateral | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.2 | 0.1 | 0.0 |
| Multilateral | 0.2 | 0.2 | 1.6 | 2.0 | 3.9 | 0.2 | 1.3 | 1.4 | 1.5 | 4.3 | 0.4 | 0.6 |
| **Total expenditure 5/** | 1.3 | 1.3 | 2.0 | 3.2 | 7.8 | 1.4 | 1.8 | 1.9 | 2.9 | 8.0 | 1.8 | 1.7 |
| Current | 1.3 | 1.3 | 1.9 | 3.2 | 7.6 | 1.3 | 1.7 | 1.9 | 2.7 | 7.6 | 1.6 | 1.6 |
| Compensation of employees | 0.8 | 0.8 | 0.8 | 1.0 | 3.3 | 0.9 | 0.9 | 0.9 | 1.1 | 3.8 | 0.9 | 0.9 |
| Use of goods and services | 0.3 | 0.4 | 0.4 | 0.6 | 1.7 | 0.4 | 0.5 | 0.6 | 0.9 | 2.3 | 0.5 | 0.5 |
| Interest and other charges | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Subsidies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Transfers to sub-national governments & Banadir Region | 0.1 | 0.1 | 0.4 | 0.5 | 1.2 | 0.1 | 0.3 | 0.3 | 0.6 | 1.3 | 0.2 | 0.2 |
| Social benefits | 0.0 | 0.0 | 0.2 | 1.0 | 1.2 | 0.0 | 0.7 | 1.4 | 1.4 | 3.4 | 0.0 | 0.0 |
| Other expenses | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.2 |
| Contingency | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchase of non-financial assets | 0.1 | 0.0 | 0.1 | 0.0 | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.4 | 0.2 | 0.1 |
| **Overall fiscal balance** | -0.2 | -0.2 | 0.8 | -0.2 | 0.2 | 0.0 | 0.8 | 0.6 | 0.1 | 1.5 | -0.1 | -0.1 |

Sources: Somali authorities; and IMF Staff estimates.

1/ Unconsolidated basis. Aggregates the fiscal accounts of the Federal Government of Somalia, Puntland, Galmudug, Hirshabelle, South West, and Jubaland. The numbers are based on preliminary reports from FMS and are subject to revision. The fiscal operations are recorded on a cash basis.

2/ In June 2023, the Somalia National Bureau of Statistics rebased GDP to 2022.

3/ Reporting on these categories commenced in 2020.

4/ Transfer from FGS to Banadir region is not included.

5/ Advances and transfers to MDAs are not included.

## Table 3. Somalia: Summary Accounts of the Central Bank, 2024–2025Q2
(Millions of U.S. Dollars)

| | 2024 | | | | 2025 | |
|---|---|---|---|---|---|---|
| | Mar | June | Sept | Dec | Mar | June |
| **Net Foreign Assets** | 76 | 94 | 184 | 145 | 105 | 117 |
| **Foreign assets** | 406 | 421 | 522 | 470 | 436 | 459 |
| SDR holdings 1/ | 229 | 237 | 244 | 246 | 250 | 258 |
| Gold 2/ | - | - | - | - | - | - |
| Foreign exchange | 53 | 45 | 153 | 97 | 82 | 70 |
| *of which:* | | | | | | |
| Grants | 83 | 99 | 167 | 107 | 82 | 72 |
| Cash (US$) held locally | 124 | 139 | 125 | 127 | 105 | 131 |
| **Foreign liabilities** | 330 | 328 | 338 | 325 | 331 | 342 |
| IMF obligations | 56 | 55 | 57 | 55 | 56 | 58 |
| SDR allocations | 274 | 273 | 281 | 270 | 275 | 285 |
| **Net Domestic Assets** | (33) | (51) | (136) | (98) | (61) | (73) |
| **Domestic assets** | 148 | 138 | 143 | 130 | 132 | 135 |
| *of which:* | | | | | | |
| Claims on government 3/ | 101 | 91 | 94 | 79 | 81 | 84 |
| **Domestic liabilities** | 180 | 189 | 279 | 228 | 193 | 208 |
| **Government** | 121 | 126 | 194 | 148 | 111 | 105 |
| *of which:* | | | | | | |
| Grants | 103 | 103 | 105 | 107 | 107 | 107 |
| **Other domestic liabilities** | 50 | 52 | 74 | 68 | 69 | 89 |
| Commercial bank reserves 4/ | 23 | 23 | 26 | 26 | 26 | 26 |
| Other commercal bank deposits | 26 | 29 | 47 | 41 | 43 | 63 |
| Other demand deposits at the CBS | 0 | 0 | 0 | 0 | 0 | 0 |
| Microfinance grant | 0 | 0 | 0 | 0 | 0 | 0 |
| MTB deposits | 1 | 1 | 1 | 1 | 1 | 1 |
| Other demand deposits | | | | | | |
| **Equity and reserves** | 44 | 42 | 48 | 47 | 44 | 44 |
| *of which:* | | | | | | |
| Property and equipment 5/ | 45 | 45 | 46 | 47 | 47 | 47 |

Sources: Central Bank of Somalia (CBS); and IMF Staff estimates and projections.

1/ The authorities decided to distribute the 2021 SDR Allocation by the IMF on August 23, 2021 for the SDR 156.6 million (about US$ 222.13 million) between the CBS (about US$ 90 million) and the FGS

2/ Gold price as defined in the Technical Memorandum of Understanding (TMU).

3/ Corresponds to a claim on the FGS Ministry of Finance composed of (1) the IMF obligations prior to 2020, and (2) the net negative SDR position prior to 2020.

4/ Prudential regulations require that commercial banks hold $1.5 million of the minimum $7 million capital requirement at the CBS; MTBs must hold $60,000 each at the CBS.

5/ Including revaluation reserves.

**Table 4. Somalia: Consolidated Commercial Banks Balance Sheet, 2024–2025Q2**
(Millions of U.S. Dollars)

| | 2024 | | | | 2025 | |
|---|---|---|---|---|---|---|
| | Mar | June | Sept | Dec | Mar | June |
| **Total assets** | 1,676 | 1,724 | 1,839 | 1,866 | 1,905 | 1,969 |
| Cash on Hand | 671 | 711 | 785 | 811 | 846 | 856 |
| Balances with Central Bank | 62 | 54 | 70 | 66 | 67 | 86 |
| Deposits with other banks 1/ | 56 | 49 | 40 | 51 | 26 | 52 |
| Credit to private sector | 555 | 598 | 616 | 657 | 682 | 703 |
| Investment 2/ | 159 | 106 | 110 | 118 | 118 | 121 |
| Other Assets 3/ | 175 | 205 | 218 | 163 | 167 | 151 |
| Fixed Assets | 68 | 68 | 83 | 86 | 86 | 84 |
| Intangible Assets | 17 | 19 | 19 | 19 | 19 | 20 |
| Other Assets | 90 | 118 | 116 | 58 | 61 | 46 |
| **Total liabilities** | 1,520 | 1,609 | 1,669 | 1,716 | 1,710 | 1,795 |
| Customer Deposits | 1,463 | 1,555 | 1,599 | 1,651 | 1,651 | 1,724 |
| Financing Liabilities | 6 | 6 | 3 | 3 | 3 | 3 |
| Other Liabilities | 35 | 30 | 47 | 39 | 41 | 49 |
| **Equity** | 156 | 115 | 171 | 150 | 195 | 174 |
| **Memorandum items:** | | | | | | |
| Credit to private sector | | | | | | |
| share of total assets (percent) | 33 | 35 | 33 | 35 | 36 | 36 |
| share of GDP (percent) | 5 | 5 | 5 | 5 | 6 | 6 |
| y-o-y changes (percent) | 29 | 46 | 17 | 23 | 23 | 18 |
| Total capital to assets (percent) | 15 | 14 | 13 | 14 | 14 | 13 |
| Loan to deposits (percent) | 38 | 38 | 39 | 40 | 41 | 41 |
| Deposits to GDP (percent) | 12 | 13 | 13 | 14 | 14 | 14 |
| Liquid assets to total assets (percent) | 48 | 50 | 50 | 51 | 52 | 52 |

Sources: Central Bank of Somalia; and IMF Staff estimates and projections.
1/ Primarily deposits and placements with non-resident banks and other financial institutions.
2/ Primarilly investment in real estate.
3/ Fixed, intangible and other assets.

## Table 5. Somalia: Monetary Survey 2024–2030 1/
(Millions of U.S. Dollars)

| | 2024 | 2025 | | 2026 | | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|
| | | Prog. | Proj. | Prog. | Proj. | Proj. | | | |
| **Net foreign assets 1/** | 189 | 200 | 198 | 213 | 209 | 221 | 234 | 247 | 247 |
| Claims on nonresidents | 534 | 544 | 542 | 554 | 551 | 560 | 564 | 565 | 555 |
| Central Bank 2/ | 401 | 401 | 401 | 399 | 399 | 395 | 387 | 375 | 365 |
| *of which* GIR, excluding government deposits 3/ | 211 | 211 | 211 | 209 | 209 | 205 | 197 | 185 | 175 |
| Other Depository Corporations | 133 | 144 | 141 | 155 | 152 | 164 | 177 | 191 | 191 |
| Liabilities to Nonresidents | 344 | 344 | 344 | 342 | 342 | 339 | 330 | 318 | 308 |
| **Net Domestic Claims** | 1828 | 1882 | 1854 | 2010 | 1969 | 2007 | 2049 | 2099 | 2133 |
| Net Claims on Central Government | 55 | -19 | -18 | -20 | -19 | -19 | -20 | -20 | -20 |
| *of which* CBS claim on government 1/ | 384 | 384 | 384 | 382 | 382 | 379 | 370 | 358 | 348 |
| Claims on private sector | 657 | 743 | 732 | 840 | 824 | 931 | 1051 | 1182 | 1301 |
| Other net claims not included in broad money | 1116 | 1157 | 1140 | 1189 | 1164 | 1095 | 1018 | 937 | 852 |
| Capital and Reserves | 283 | 320 | 315 | 361 | 354 | 391 | 420 | 446 | 484 |
| Other items, net | 14 | 16 | 16 | 18 | 18 | 18 | 19 | 20 | 21 |
| **Broad Money 4/** | 2017 | 2082 | 2052 | 2223 | 2178 | 2228 | 2283 | 2346 | 2380 |
| | | | | | | | | | |
| **Memorandum items** | | | | | | | | | |
| Deposits (percent of GDP) | 13.6 | 14.2 | 14.2 | 14.8 | 14.8 | 15.2 | 15.1 | 14.9 | 15.1 |
| Credit to the private sector (percent of GDP) | 5.4 | 5.7 | 5.7 | 5.9 | 5.9 | 6.2 | 6.5 | 6.8 | 6.9 |

Sources: Somali authorities, IMF staff estimates and projections.

1/ The authorities decided to distribute the 2021 SDR Allocation by the IMF on August 23, 2021 for the SDR 156.6 million (about US$ 222.13 million) between the CBS (about US$ 90 million) and the FGS (about US$ 132 million).

2/ Includes Federal Government of Somalia (FGS) grants held abroad.

3/ Calculated as the sum of CBS's gold, SDR, US$ balances held abroad, less government SDR and US$ deposits and commercial bank deposits.

4/ Primarily deposits at commercial banks. Data includes trust account balances with commercial banks covering about 75 percent of mobile money issued by Mobile Network Operators.

## Table 6a. Somalia: Balance of Payments, 2024–2030 1/

(Millions of U.S. Dollars)

| | 2024 | 2025 | | 2026 | | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|
| | Est. | Prog. | Proj. | Prog. | Proj. | | Proj. | | |
| **Current account balance** | -1,117 | -1,019 | -1,230 | -1,216 | -1,166 | -1,284 | -1,574 | -1,829 | -1,892 |
| Overall trade balance | -7,458 | -7,431 | -7,361 | -7,775 | -7,658 | -8,300 | -9,049 | -9,689 | -10,371 |
| Goods balance | -6,474 | -6,518 | -6,442 | -6,975 | -6,853 | -7,430 | -8,014 | -8,610 | -9,250 |
| Exports of goods, f.o.b. | 1,153 | 1,248 | 1,243 | 1,356 | 1,344 | 1,456 | 1,571 | 1,701 | 1,840 |
| Imports of goods, f.o.b. | -7,627 | -7,766 | -7,685 | -8,331 | -8,197 | -8,885 | -9,585 | -10,311 | -11,090 |
| Services, net | -984 | -914 | -919 | -799 | -806 | -870 | -1,035 | -1,078 | -1,120 |
| Service credits | 1,338 | 1,448 | 1,428 | 1,633 | 1,600 | 1,789 | 1,966 | 2,145 | 2,341 |
| Service debit | -2,322 | -2,362 | -2,347 | -2,432 | -2,406 | -2,659 | -3,001 | -3,223 | -3,461 |
| Income (net) | -47 | -52 | -50 | -56 | -54 | -59 | -63 | -68 | -73 |
| Receipts | 67 | 72 | 71 | 78 | 77 | 83 | 89 | 96 | 103 |
| Payments | -115 | -125 | -122 | -135 | -131 | -142 | -153 | -164 | -176 |
| *of which:* | | | | | | | | | |
| Interest payments, public debt | -5 | -6 | -7 | -9 | -10 | -12 | -13 | -19 | -24 |
| Multilateral, official | -2 | -3 | -1 | -3 | -2 | -4 | -6 | -9 | -12 |
| Bilateral, official | -4 | -4 | -6 | -6 | -8 | -8 | -8 | -11 | -12 |
| Current transfers (net) | 6,389 | 6,465 | 6,182 | 6,616 | 6,547 | 7,074 | 7,539 | 7,928 | 8,552 |
| Private (net), including remittances | 2,411 | 2,525 | 2,488 | 2,829 | 2,774 | 3,061 | 3,290 | 3,491 | 3,790 |
| Official | 3,978 | 3,940 | 3,693 | 3,786 | 3,773 | 4,013 | 4,249 | 4,437 | 4,762 |
| On budget aid 1/ | 546 | 626 | 518 | 429 | 477 | 361 | 267 | 136 | 102 |
| Off-budget aid | 3,432 | 3,314 | 3,176 | 3,357 | 3,296 | 3,652 | 3,982 | 4,301 | 4,660 |
| **Capital account and financial account** | 1,138 | 999 | 1,191 | 1,194 | 1,056 | 1,209 | 1,565 | 1,825 | 1,894 |
| *of which:* | | | | | | | | | |
| Foreign direct investment | 693 | 686 | 676 | 761 | 745 | 819 | 868 | 912 | 1,011 |
| Other Investment | 0 | 0 | 0 | 0 | 27 | 58 | 220 | 377 | 406 |
| *of which:* | | | | | | | | | |
| Long-term debt liabilities 2/ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Official concessional borrowing | 0 | 0 | 0 | 0 | 27 | 58 | 220 | 377 | 406 |
| Amortization, public debt 3/ | -1 | -7 | -2 | -12 | -8 | -9 | -9 | -8 | -4 |
| Multilateral, official | 0 | -3 | 0 | -5 | -4 | -4 | -4 | -3 | -3 |
| Bilateral, official | -1 | -4 | -1 | -6 | -4 | -5 | -5 | -5 | -1 |
| Errors and omissions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Overall balance and error and omissions** | 21 | -20 | -39 | -22 | -110 | -75 | -8 | -4 | 2 |
| **Financing** | -21 | 20 | 39 | 22 | 110 | 75 | 8 | 4 | -2 |
| Change in reserves (- = increase) 4/ | -41 | 0 | -1 | 2 | 70 | 75 | 8 | 12 | 10 |
| Use of Fund resources (net) | 20 | 20 | 40 | 20 | 40 | 0 | 0 | -8 | -12 |
| Purchases and loans | 20 | 20 | 40 | 20 | 40 | 0 | 0 | 0 | 0 |
| of which: ECF | 20 | 20 | 20 | 20 | 20 | 0 | 0 | 0 | 0 |
| of which: prospective ECF augmentation | | 0 | 20 | 0 | 20 | | | | |
| Repayments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -8 | -12 |
| Arrears, net change (+ = accumulation) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt relief and rescheduling 5/ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Memorandum items:** | | | | | | | | | |
| Nominal GDP | 12,161 | 13,127 | 12,944 | 14,197 | 13,916 | 15,040 | 16,213 | 17,436 | 18,730 |
| GIR, excluding government deposits 6/ | 211 | 211 | 211 | 209 | 209 | 205 | 197 | 185 | 175 |
| in months of next year's imports 7/ | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 |
| Exports of goods and services | 2,491 | 2,697 | 2,670 | 2,989 | 2,945 | 3,245 | 3,536 | 3,845 | 4,181 |
| Exports of goods and services (percent change) | 15 | 9 | 7 | 11 | 10 | 10 | 9 | 9 | 9 |
| Exports of goods (percent change) | 14 | 9 | 8 | 9 | 8 | 8 | 8 | 8 | 8 |
| Imports of goods and services | -9,949 | -10,128.3 | -10,031 | -10,764 | -10,603 | -11,544 | -12,585 | -13,534 | -14,551 |
| Imports of goods and services (percent change) | 13 | 2 | 1 | 6 | 6 | 9 | 9 | 8 | 8 |
| Imports of goods (percent change) | 10 | 2 | 1 | 7 | 7 | 8 | 8 | 8 | 8 |
| Remittances (percent change) | 15 | 5 | 3 | 12 | 11 | 10 | 7 | 6 | 9 |
| Current transfers, official (percent change) | 9 | -1 | -7 | -4 | 2 | 6 | 6 | 4 | 7 |
| External debt 5/, 8/ | 1,049 | 1,057 | 1,087 | 1,065 | 1,145 | 1,191 | 1,393 | 1,741 | 2,119 |

Sources: Somali Authorities, Direction of Trade Statistics, UN Comtrade, and IMF staff estimates and projections.

1/ Includes only donor support provided to the federal government through treasury accounts at the Central Bank of Somalia. The World Bank extended grant financing for new commitments until June 2028.

2/ Includes allocations of SDRs in August 2021, for SDR 156.6 million or US$ 222.13 million.

3/ From 2023, reflects payments on restructured debt, including IDA, HIPC, MDRI, and beyond-HIPC debt relief. Excludes payments to the IMF.

4/Includes changes in GIR of the central bank and government deposits.

5/ Includes HIPC debt relief and interim HIPC assistance from the Decision Point, and MDRI and beyond-HIPC debt relief at Completion Point in 2023.

6/ Calculated as the sum of CBS's gold, SDR, US$ balances held abroad, less government SDR and US$ deposits and commercial bank deposits.

7/ For Somalia's de facto dollarized economy, reserve to imports coverage is less applicable.

8/ Consistent with the DSA external debt definition, which reflects the external debt of the country as a whole. Includes the total net SDR position of the central bank. This differs from public external debt reported in Tables 2A, 2B, and 10.

## Table 6b. Somalia: Balance of Payments, 2024–2030 1/

(Percent of GDP) 2/

| | 2024 | 2025 | | 2026 | | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|
| | Est. | Prog. | Proj. | Prog. | Proj. | | | Proj. | |
| **Current account balance** | -9.2 | -7.8 | -9.5 | -8.6 | -8.4 | -8.5 | -9.7 | -10.5 | -10.1 |
| Overall trade balance | -61.3 | -56.6 | -56.9 | -54.8 | -55.0 | -55.2 | -55.8 | -55.6 | -55.4 |
| Goods balance | -53.2 | -49.7 | -49.8 | -49.1 | -49.2 | -49.4 | -49.4 | -49.4 | -49.4 |
| Exports of goods, f.o.b. | 9.5 | 9.5 | 9.6 | 9.5 | 9.7 | 9.7 | 9.7 | 9.8 | 9.8 |
| Imports of goods, f.o.b. | -62.7 | -59.2 | -59.4 | -58.7 | -58.9 | -59.1 | -59.1 | -59.1 | -59.2 |
| Services, net | -8.1 | -7.0 | -7.1 | -5.6 | -5.8 | -5.8 | -6.4 | -6.2 | -6.0 |
| Service credits | 11.0 | 11.0 | 11.0 | 11.5 | 11.5 | 11.9 | 12.1 | 12.3 | 12.5 |
| Service debit | -19.1 | -18.0 | -18.1 | -17.1 | -17.3 | -17.7 | -18.5 | -18.5 | -18.5 |
| Income (net) | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 |
| Receipts | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Payments | -0.9 | -0.9 | -0.9 | -0.9 | -0.9 | -0.9 | -0.9 | -0.9 | -0.9 |
| Current transfers (net) | 52.5 | 49.2 | 47.8 | 46.6 | 47.0 | 47.0 | 46.5 | 45.5 | 45.7 |
| Private (net), including remittances | 19.8 | 19.2 | 19.2 | 19.9 | 19.9 | 20.4 | 20.3 | 20.0 | 20.2 |
| Official | 32.7 | 30.0 | 28.5 | 26.7 | 27.1 | 26.7 | 26.2 | 25.4 | 25.4 |
| On budget aid 1/ | 4.5 | 4.8 | 4.0 | 3.0 | 3.4 | 2.4 | 1.6 | 0.8 | 0.5 |
| Off-budget aid | 28.2 | 25.2 | 24.5 | 23.6 | 23.7 | 24.3 | 24.6 | 24.7 | 24.9 |
| **Capital account and financial account** | 9.2 | 7.8 | 9.5 | 8.6 | 8.4 | 8.5 | 9.7 | 10.5 | 10.1 |
| *of which:* | | | | | | | | | |
| Foreign direct investment | 5.7 | 5.2 | 5.2 | 5.4 | 5.4 | 5.4 | 5.4 | 5.2 | 5.4 |
| Other Investment | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.4 | 1.4 | 3.2 | 4.2 |
| *of which:* | | | | | | | | | |
| Long-term debt liabilities 2/ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 2.0 |
| New concessional borrowing | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.4 | 1.4 | 2.2 | 2.2 |
| Amortization 3/ | 0.0 | -0.1 | 0.0 | -0.1 | -0.1 | -0.1 | -0.1 | 0.0 | 0.0 |
| **Overall balance and error and omissions** | 0.2 | -0.2 | -0.3 | -0.2 | -0.8 | -0.5 | -0.1 | 0.0 | 0.0 |
| Change in reserves (- = increase) | -0.3 | 0.0 | 0.0 | 0.0 | 0.5 | 0.5 | 0.1 | 0.1 | 0.1 |
| **Memorandum items:** | | | | | | | | | |
| Nominal GDP (Million of U.S. dollars) | 12,161 | 13,127 | 12,944 | 14,197 | 13,916 | 15,040 | 16,213 | 17,436 | 18,730 |
| External debt 4/, 5/ | 8.6 | 8.0 | 8.4 | 7.5 | 8.2 | 7.9 | 8.6 | 10.0 | 11.3 |
| Exports of goods and services | 20.5 | 20.5 | 20.6 | 21.1 | 21.2 | 21.6 | 21.8 | 22.1 | 22.3 |
| Imports of goods and services | 81.8 | 77.2 | 77.5 | 75.8 | 76.2 | 76.8 | 77.6 | 77.6 | 77.7 |

Sources: Somali Authorities, Direction of Trade Statistics, UN Comtrade, and IMF staff estimates and projections.
1/ Includes only donor support provided to the federal government through treasury accounts at the Central Bank of Somalia. The World Bank extended grant financing for new commitments until June 2028.
2/ Includes allocations of SDRs in August 2021, for SDR 156.6 million or US$ 222.13 million.
3/ From 2023, reflects payments on restructured debt, including IDA, HIPC, MDRI, and beyond-HIPC debt relief. Excludes payments to the
4/ Includes HIPC debt relief and interim HIPC assistance from the Decision Point, and MDRI and beyond-HIPC debt relief at Completion Poi
5/ Consistent with the DSA external debt definition, which reflects the external debt of the country as a whole. Includes the total net SDR position of the central bank. This differs from public external debt reported in Tables 2A, 2B, and 10.

**Table 7a. Somalia: Original Schedule of Reviews and Disbursements Under the ECF**

| Availability date | Amount of Disbursements | | Conditions |
|---|---|---|---|
| | Millions of SDRs | Percent of quota 1/ | |
| December 19, 2023 | 30.000000 | 18.359853 | Approval of arrangement |
| April 15, 2024 | 7.500000 | 4.589963 | First review and end-December 2023 performance criteria |
| October 15, 2024 | 7.500000 | 4.589963 | Second review and end-June 2024 performance criteria |
| April 15, 2025 | 7.500000 | 4.589963 | Third review and end-December 2024 performance criteria |
| October 15, 2025 | 7.500000 | 4.589963 | Fourth review and end-June 2025 performance criteria |
| April 15, 2026 | 7.500000 | 4.589963 | Fifth review and end-December 2025 performance criteria |
| October 15, 2026 | 7.500000 | 4.589963 | Sixth review and end-June 2026 performance criteria |
| Total | 75.000000 | 45.899633 | |

Source: IMF

1/ Somalia's quota is SDR163.4 million.

## Table 7b. Somalia: Proposed Schedule of Reviews and Disbursements Under the ECF

| Availability date | Amount of Disbursements | | Conditions |
|---|---|---|---|
| | Millions of SDRs | Percent of quota 1/ | |
| December 19, 2023 | 30.000000 | 18.359853 | Approval of arrangement |
| April 15, 2024 | 7.500000 | 4.589963 | First review and end-December 2023 performance criteria |
| October 15, 2024 | 7.500000 | 4.589963 | Second review and end-June 2024 performance criteria |
| April 15, 2025 | 7.500000 | 4.589963 | Third review and end-December 2024 performance criteria |
| October 15, 2025 | 22.500000 | 13.769890 | Fourth review and end-June 2025 performance criteria |
| April 15, 2026 | 22.500000 | 13.769890 | Fifth review and end-December 2025 performance criteria |
| October 15, 2026 | 7.500000 | 4.589963 | Sixth review and end-June 2026 performance criteria |
| Total | 105.000000 | 64.259486 | |

Source: IMF
1/ Somalia's quota is SDR163.4 million.

## Table 8. Somalia: External Financing Needs and Sources, 2023–2030 1/
(Millions of U.S. Dollars)

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|
| *Gross financing requirement* | *9,857.5* | *7,505.8* | *7,370.5* | *7,606.1* | *8,245.0* | *9,062.5* | *9,712.2* | *10,401.2* |
| Trade deficit | 6,672.0 | 7,458.3 | 7,361.0 | 7,658.1 | 8,299.8 | 9,049.1 | 9,688.8 | 10,370.6 |
| Amortization | 10.8 | 1.5 | 1.9 | 7.6 | 8.5 | 8.5 | 16.5 | 16.8 |
| Interest on external obligations | 2.4 | 5.2 | 6.8 | 10.2 | 12.2 | 13.3 | 19.1 | 23.9 |
| Official arrears/repayments | 3,128.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| *Of which*: IMF | 334.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in reserves (increase = +) | 44.0 | 40.9 | 0.8 | -69.9 | -75.5 | -8.4 | -12.2 | -10.2 |
| *Available financing* | *6,530.8* | *7,296.2* | *7,149.8* | *7,460.4* | *8,182.1* | *8,843.0* | *9,335.6* | *9,995.3* |
| Current transfers (net) 1/ | 5,601.8 | 6,199.2 | 6,000.8 | 6,441.0 | 7,069.9 | 7,538.5 | 7,928.1 | 8,551.6 |
| *Of Which*: Remittances | 2,102.4 | 2,411.0 | 2,488.2 | 2,774.0 | 3,061.1 | 3,289.9 | 3,491.0 | 3,790.1 |
| *Of Which*: On-budget project grants 2/ | 270.5 | 356.5 | 337.0 | 355.0 | 357.0 | 267.0 | 136.0 | 102.0 |
| Foreign Direct Investment | 570.4 | 693.2 | 675.9 | 745.4 | 818.7 | 867.5 | 911.5 | 1,011.4 |
| Other flows 3/ | 358.7 | 403.8 | 473.1 | 274.0 | 293.6 | 437.0 | 496.0 | 432.3 |
| *Financing gap* | *3,326.7* | *209.7* | *220.7* | *145.7* | *62.8* | *219.5* | *376.5* | *405.9* |
| Exceptional Financing | 3,128.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| HIPC interim assistance (Excl. IMF) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| HIPC debt relief | 3,128.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| *Of which*: IMF 4/ | 334.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| *Remaining gap* | *198.4* | *209.7* | *220.7* | *145.7* | *62.8* | *219.5* | *376.5* | *405.9* |
| Identified financing | 198.4 | 209.7 | 220.7 | 145.7 | 62.8 | 219.5 | 376.5 | 405.9 |
| Official budget grants 2/ | 138.1 | 189.4 | 180.8 | 105.8 | 4.3 | 0.0 | 0.0 | 0.0 |
| IMF 5/ | 60.3 | 20.3 | 39.9 | 39.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| ECF 2020 | 18.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ECF 2023 | 39.9 | 19.9 | 19.9 | 19.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| ECF 2023 prospective augmentation | 0.0 | 0.0 | 19.9 | 19.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| SDR | 1.7 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Official loans (net) 6/ | 0.0 | 0.0 | 0.0 | 0.0 | 58.5 | 219.5 | 376.5 | 405.9 |

Sources: Somali authorities; and IMF staff estimates and projections.
1/ On-budget project grants, off-budget grants, and private remittances.
2/ The World Bank extended grant financing for new commitments until June 2028.
3/ Includes other financial account flows and the EIB loan to be on-lent to the Somali Development and Reconstruction Bank.
4/ Includes HIPC interim assistance received between the Decision and Completion Points, and HIPC and beyond-HIPC debt relief at Completion Point in 2023.
5/ Disbursements in 2024-26 are conditional on Board approval of ECF reviews.
6/ Includes WB loan financing only from 2027 onwards.

## Table 9. Somalia: Indicators of Fund Credit and Capacity to Repay, 2023–2038
(In millions of SDR, unless otherwise noted)

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Obligations from existing and prospective drawings | | | | | | | | | | | | | | | | |
| 1. Principal | | | | | | | | | | | | | | | | |
| Repurchases and Repayments | 250.4 | 0.0 | 0.0 | 1.4 | 2.8 | 6.3 | 15.2 | 17.4 | 24.3 | 26.6 | 23.1 | 14.3 | 12.0 | 3.8 | 0.0 | 0.0 |
| 2. Charges and interest 1/ | | | | | | | | | | | | | | | | |
| SDR related charges | 0.0 | 1.5 | 0.5 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total obligations | 250.4 | 1.5 | 0.5 | 1.5 | 2.9 | 6.4 | 15.3 | 17.5 | 24.4 | 26.7 | 23.2 | 14.4 | 12.1 | 3.9 | 0.1 | 0.1 |
| Outstanding Fund credit, end of period | 72.0 | 87.0 | 117.0 | 145.6 | 142.8 | 136.5 | 121.4 | 104.0 | 79.7 | 53.1 | 30.0 | 15.8 | 3.8 | 0.0 | 0.0 | 0.0 |
| Net Use of Fund Credit | -206.4 | 15.0 | 30.0 | 28.6 | -2.8 | -6.3 | -15.2 | -17.4 | -24.3 | -26.6 | -23.1 | -14.3 | -12.0 | -3.8 | 0.0 | 0.0 |
| Disbursements and Purchases | 44.0 | 15.0 | 30.0 | 30.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repayments and Repurchases | 250.4 | 0.0 | 0.0 | 1.4 | 2.8 | 6.3 | 15.2 | 17.4 | 24.3 | 26.6 | 23.1 | 14.3 | 12.0 | 3.8 | 0.0 | 0.0 |
| Memorandum items: | | | | | | | | | | | | | | | | |
| Outstanding Fund credit, in percent of | | | | | | | | | | | | | | | | |
| Exports of goods and services | 4.4 | 4.6 | 5.8 | 6.6 | 5.9 | 5.1 | 4.2 | 3.3 | 2.3 | 1.5 | 0.8 | 0.4 | 0.1 | 0.0 | 0.0 | 0.0 |
| External public debt | 13.7 | 11.0 | 14.3 | 16.9 | 15.9 | 13.0 | 9.3 | 6.5 | 4.1 | 2.3 | 1.1 | 0.5 | 0.1 | 0.0 | 0.0 | 0.0 |
| Gross official reserves | 44.9 | 54.9 | 73.8 | 92.7 | 92.5 | 92.2 | 91.3 | 83.9 | 64.3 | 42.9 | 24.2 | 12.7 | 3.0 | 0.0 | 0.0 | 0.0 |
| GDP | 0.9 | 1.0 | 1.2 | 1.4 | 1.3 | 1.1 | 0.9 | 0.7 | 0.5 | 0.3 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Quota | 44.1 | 53.2 | 71.6 | 89.1 | 87.4 | 83.5 | 74.3 | 63.6 | 48.8 | 32.5 | 18.4 | 9.6 | 2.3 | 0.0 | 0.0 | 0.0 |
| Total Obligations, in percent of | | | | | | | | | | | | | | | | |
| Exports of goods and services | 15.4 | 0.1 | 0.0 | 0.1 | 0.1 | 0.2 | 0.5 | 0.6 | 0.7 | 0.7 | 0.6 | 0.3 | 0.3 | 0.1 | 0.0 | 0.0 |
| External public debt | 47.7 | 0.2 | 0.1 | 0.2 | 0.3 | 0.6 | 1.2 | 1.1 | 1.3 | 1.1 | 0.8 | 0.4 | 0.3 | 0.1 | 0.0 | 0.0 |
| Gross official reserves | 156.3 | 0.9 | 0.3 | 1.0 | 1.9 | 4.3 | 11.5 | 14.1 | 19.7 | 21.6 | 18.7 | 11.6 | 9.8 | 3.1 | 0.1 | 0.1 |
| GDP | 3.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Quota | 153.3 | 0.9 | 0.3 | 0.9 | 1.8 | 3.9 | 9.3 | 10.7 | 14.9 | 16.4 | 14.2 | 8.8 | 7.4 | 2.4 | 0.1 | 0.1 |
| Quota | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 | 163.4 |

Source: IMF staff estimates and projections.
1/ Projections are based on current IMF charges.

## Table 10. Somalia: Quantitative Performance Indicators and Indicative Targets Under the ECF Arrangement (June 2025 – September 2026) 1/

(Millions of U.S. Dollars)

| | Jun. 2025 4/ | | | Sept. 2025 | | | Dec. 2025 4/ | Mar. 2026 | | Jun. 2026 4/ | Sept. 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Prog. | Actual | Status | Prog. | Actual | Status | Prog. | Prog. | Proposed | Proposed | Proposed |
| **Quantitative Performance Criteria** | | | | | | | | | | | |
| 1 FGS domestic revenue, floor 2/ | 170 | 179 | Met | | | | 415 | | | 197 | |
| 2 Spending on FGS compensation of employees, goods & services (excl. CBS commission), & contingency, ceiling 2/ | 260 | 218 | Met | | | | 491 | | | 286 | |
| 3 Net international reserves (excl. all SDR holdings of MoF), floor 7/ | 1.5 | 2.7 | Met | | | | 1.5 | | | 1.5 | |
| 4 Contracting or guaranteeing any new external, non-concessional debt, ceiling 3/ | 0 | 0 | Met | | | | 0 | | | 0 | |
| 5 Accumulation of new external arrears, ceiling 3/ | 0 | 0 | Met | | | | 0 | | | 0 | |
| **Indicative Targets** | | | | | | | | | | | |
| 1 FGS domestic revenue, floor 2/ | | | | 275 | 286 | Met | | 101 | 94 | | 315 |
| 2 Spending on FGS compensation of employees, goods & services (excl. CBS commission), & contingency, ceiling 2/ | | | | 387 | 337 | Met | | 146 | 145 | | 425 |
| 3 Net international reserves (excl. all SDR holdings of MoF), floor 7/ | | | | 1.5 | 2.6 | Met | | 1.5 | 1.5 | | 1.5 |
| 4 Contracting or guaranteeing any new external, non-concessional debt, ceiling 3/ | | | | 0 | 0 | Met | | 0 | 0 | | 0 |
| 5 Accumulation of new external arrears, ceiling 3/ | | | | 0 | 0 | Met | | 0 | 0 | | 0 |
| 6 Fiscal balance, floor (cash basis) 2/ 5/ | -64 | -51 | Met | -88 | -69 | Met | -29 | -45 | -51 | -89 | -118 |
| 7 Contracting of new domestic debt, ceiling 3/ | 0 | 0 | Met | 0 | 0 | Met | 0 | 0 | 0 | 0 | 0 |
| 8 Accumulation of new domestic expenditure arrears, ceiling 3/ | 0 | 0 | Met | 0 | 0 | Met | 0 | 0 | 0 | 0 | 0 |
| 9 FGS social spending, floor 2/ | | 0 | | | | | | | 2 | 4 | 6 |
| ***Memorandum item*** | | | | | | | | | | | |
| Contracting or guaranteeing of new external concessional debt 5/ 6/ | 0 | 0 | | 0 | 0 | | 0 | 0 | 27 | 27 | 27 |

Sources: Somali authorities; and IMF staff estimates and projections.

1/ The quantitative targets, indicative targets, and program exchange rates are defined in the Technical Memorandum of Understanding (TMU).

2/ Cumulative from the beginning of the fiscal year.

3/ This target is applied on a continuous basis.

4/ Test date for the fourth, fifth and sixth reviews, respectively.

5/ The fiscal balance floor for 2025 is broadly in line with the authorities' 2025 budget (-US$28 million), which is consistent with the IMF staff forecast (-US$37 million). The difference is mainly explained by different assumptions regarding budget support grants. The authorities' 2025 budget includes US$170 million in budget support grants, while the IMF staff forecast incorporates US$180 million in grants. However, the IMF forecast has been updated to include lower domestic revenues and higher expenditure. The fiscal balance floor for 2026 is broadly in line with the authorities' 2026 budget (-US$28 million), which is consistent with the IMF forecast (-US$84 million). The difference is explained by a higher assumption for budget support grants in the budget (US$154 million, while IMF forecast is US$122 million) and a lower overall spending envelope (US$ 653 million in the budget, relative to US$ 676 million in the IMF forecast). As per the TMU, the fiscal balance floor would be adjusted downward by any delays or shortfalls in budget support grants as compared to the budget estimate, or if interest payments are higher than the budget estimate.

6/ Excludes IMF disbursements.

7/ The floor on NIR would be adjusted downward if the CBS transfers distributable earnings to the government, and if the CBS provides temporary liquidity advances to the government, as per the TMU.

## Table 11. Somalia: Structural Benchmarks Under the ECF, June 2025–September 2026

| | Benchmarks | Target dates | Sector/FGS Agency | Rationale | Monitoring | Status |
|---|---|---|---|---|---|---|
| 1 | Ensure sustained end-to-end use of the Somalia Customs Automated System (SOMCAS) in the Mogadishu seaport and airport by fully discontinuing the use of the Port Customs Management Information System (PCMIS) | End-June 2025 | Domestic revenue / MOF | Enhance customs administration and revenue collections | The ratio of total customs duties reported in the Treasury Single Account (SFMIS) to the total customs duties paid through SOMCAS should be at least 99 percent on average across May and June 2025 and letter from the Minister of Finance confirming that PCMIS is no longer being used at Mogadishu seaport nor airport. | Met |
| 2 | (i) Publish the updated PFM regulations relating to digital signatures for the purchase order to payment process; and (ii) implement the digital signatures in the SFMIS | End-August 2025 | PFM / MOF | Strengthen expenditure controls and improve transparency and accountability | Publish the amended PFM regulations on the MoF website. Confirm implementation of digital signatures in SFMIS. Provide a list of users using digital signatures and the number and amount of payment vouchers processed using digital signatures. | Met |
| 3 | Issue detailed instructions to capital adequacy (CAR) and liquidity coverage ratios (LCR) templates reported by banks | End-July 2025 | Financial Supervision / CBS | Improve the quality of supervisory data | Send IMF staff the detailed instructions communicated to banks. | Met |
| 4 | Submit to Parliament amendments to the CBS Law, including to cover the currency board arrangement, in line with IMF recommendations | End-December 2025 | Financial Supervision / CBS | Enhance central bank operations and independence under the currency board arrangement | Send to the IMF staff the version of the Bill submitted to Parliament | |
| 5 | Complete the income tax administrative manual for tax administrators, in line with IMF recommendations | End-December 2025 | Domestic revenue / MOF | Enhance revenue collection | Send IMF staff the manual for tax administrators. | |
| 6 | CBS Board approval of foreign exchange regulations outlining the CBS criteria for selecting counterparties and specifying how these counterparties will fulfill their obligations to the general public under the CBA, in line with IMF recommendations | End-May 2026 | Financial Supervision / CBS | Advance preparations for the currency exchange and currency board arrangement | Send IMF staff the regulations approved by the CBS Board. | |
| 7 | CBS Board approval of a regulation, to become effective with currency exchange, that specifies the process to produce and publish the CBA balance sheet on a weekly basis with minimal lag | End-July 2026 | Financial Supervision / CBS | Advance preparations for the currency exchange and currency board arrangement | Send IMF staff the regulation approved by the CBS Board. | |
| 8 | Publish the Public Financial Management (PFM) Reform Strategic Plan for 2026-2029, which includes plans to strengthen multi-year commitment controls, public investment management, fiscal transparency, and institutional coordination, in line with IMF recommendations | End-March 2026 | PFM/MOF | Strengthen governance and expenditure efficiency. | Publish the plan approved by MoF on the MoF website. Send IMF staff the link to the plan. | |
| | ***Proposed Structural Benchmarks*** | | | | | |
| 9 | Submit the revised PPP bill to the Finance Committee of the House of the People, reflecting the joint agreement based on IMF and IFC recommendations | End-December 2025 | PFM / MOF | Strengthen expenditure controls and improve transparency and accountability | Send to the IMF staff the version of the Bill submitted to Parliament | |
| 10 | Publish regulation to gradually introduce a prudential reserve requirement framework | End-August 2026 | Financial Supervision / CBS | Enhance financial stability and manage systemic liquidity risks | Send IMF staff the regulations communicated to banks. | |
| 11 | Launch a competitive licensing round, upon confirmation of commercially promising results from the 3D seismic survey, in accordance with the Tender Protocol and ensure competitive conditions, objectivity, transparency, and full consistency with the legal framework. | End-September 2026 | Governance / MOF MPMR | Strengthen governance and improve transparency | Submission to IMF staff of the official tender announcement and tender documents, as published on the Ministry website. | |
| 12 | All new production sharing agreements (PSAs) in the petroleum sector are to be granted primarily through competitive licensing rounds. In exceptional and well-justified circumstances , PSAs may be awarded through direct negotiations. In such cases: (i) The rationale for the use of direct negotiations shall be documented as part of the report to government required within the legal framework; (ii) The fiscal terms must be fully consistent with the legal framework; (iii) The PSA must be reviewed and approved by the IMCC; and (iv) The agreed terms must be published in accordance with the Petroleum Act regulations. For any PSA awarded through direct negotiations before the launch of the first competitive licensing round, no fiscal element of the PSA should be less favorable to the FGS than the most favorable terms contained in any existing PSA in Somalia. PSAs negotiated under the existing specific defense and security framework agreement that was approved by Parliament in February 2024 involving national security are exempted. | Continuous | Governance / MOF MPMR | Strengthen governance and improve transparency | For new PSAs granted through competitive licensing rounds, submit to IMF staff a link to the publication of the terms of the PSAs as required by the legal framework. For new PSAs granted through direct negotiations, submit to IMF staff documentation confirming that the requirements in (i)–(iv) under the legal framework are met. For any PSA granted through direct negotiation ahead of the first competitive licensing round, also submit (on a confidential basis, as appropriate) a comparison of the fiscal terms in the new PSA with the most favorable terms in any existing PSA (with the exception of PSAs negotiated under the existing specific defense and security framework agreement) in Somalia. | |

Source: IMF

Note: Ministry of Finance (MOF), Central Bank of Somalia (CBS), Federal Member States (FMS), Financial Reporting Center (FRC), Ministry of Justice (MOJ) public financial management (PFM), Somalia Financial Management Information System (SFMIS), Anti-Money Laundering/Combating the Financing of Terrorism (AML-CFT).

**Table 12. Somalia: Summary Table on Projected External Borrowing Program**
(January 1, 2025 - December 31, 2025)

| PPG external debt contracted or guaranteed | Volume of new debt, USD million | Percent |
|---|---|---|
| **Sources of debt financing** | **39.9** | **100** |
| ***Concessional debt, 1/*** | **39.9** | **100** |
| o/w IMF prospective | 39.9 | 100 |
| o/w Other 2/ | 0.0 | 0 |
| ***Non-concessional debt*** | **0.0** | **0** |
| o/w Semi-concessional 3/ | 0.0 | 0 |
| o/w Commercial terms 4/ | 0.0 | 0 |
| | | |
| **Uses of debt financing** | **39.9** | **100** |
| Project Financing | 0.0 | 0 |
| Budget Financing | 39.9 | 100 |
| | | |
| **Type of interest rate** | **39.9** | **100** |
| Fixed Interest Rate | 39.9 | 100 |
| Variable Interest Rate | 0.0 | 0 |
| | | |
| **Currency denomination** | **39.9** | **100** |
| USD denominated loans | 0.0 | 0 |
| Loans denominated in other currency | 39.9 | 100 |
| | | |
| *Memorandum items* | | |
| Indicative projection FY2026 | **67.1** | |
| Indicative projection FY2027 | **58.5** | |

1/ Debt with a grant element of at least 35 percent.

2/ Can include multilateral lenders such as the World Bank and the AfDB.

3/ Debt with a positive grant element that is lower than the minimum grant element of 35 percent.

4/ Debt without a positive grant element.

## Table 13. Somalia: Decomposition of Public Debt and Debt Service by Creditor, 2024-2027

(In millions of U.S. dollars, unless otherwise indicated)

| | Debt Stock (end of period) | | | Debt Service | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2024 | | | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 |
| | (In millions of US$) | (Percent total debt) | (Percent GDP) | (In millions of US$) | | | (Percent GDP) | | |
| **Total** [1/, 2/] | 1,117.2 | 100.0 | 9.2 | 8.7 | 18.1 | 20.9 | 0.07 | 0.13 | 0.14 |
| **External** | 1,049.3 | 93.9 | 8.6 | 8.7 | 18.1 | 20.9 | 0.07 | 0.13 | 0.14 |
| Multilateral creditors | 486.7 | 43.6 | 4.0 | 1.4 | 5.8 | 7.8 | 0.01 | 0.04 | 0.05 |
| IMF [3/] | 139.1 | 12.4 | 1.1 | 0.7 | 0.4 | 2.6 | 0.01 | 0.00 | 0.02 |
| Other Multilaterals | 347.6 | 31.1 | 2.9 | 0.6 | 5.3 | 5.3 | 0.01 | 0.04 | 0.04 |
| Arab Monetary Fund | 201.5 | 18.0 | 1.7 | 0.2 | 0.2 | 0.2 | 0.00 | 0.00 | 0.00 |
| Arab Fund for Economic and Social Development [4/] | 81.0 | 7.3 | 0.7 | 0.0 | 4.3 | 4.3 | 0.00 | 0.03 | 0.03 |
| International Fund for Agricultural Development | 1.6 | 0.1 | 0.0 | 0.1 | 0.5 | 0.4 | 0.00 | 0.00 | 0.00 |
| Islamic Development Bank | 27.2 | 2.4 | 0.2 | 0.1 | 0.1 | 0.1 | 0.00 | 0.00 | 0.00 |
| OPEC Fund for International Development | 36.4 | 3.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.00 | 0.00 | 0.00 |
| Bilateral creditors | 562.6 | 50.4 | 4.6 | 7.3 | 12.3 | 13.1 | 0.06 | 0.09 | 0.09 |
| Paris Club [5/] | 23.0 | 2.1 | 0.2 | 1.6 | 1.8 | 1.7 | 0.01 | 0.01 | 0.01 |
| Russia | 6.8 | 0.6 | 0.1 | 1.6 | 1.5 | 1.5 | 0.01 | 0.01 | 0.01 |
| Spain | 16.2 | 1.4 | 0.1 | 0.0 | 0.3 | 0.3 | 0.00 | 0.00 | 0.00 |
| Non-Paris Club [6/] | 539.2 | 48.3 | 4.4 | 5.7 | 10.6 | 11.3 | 0.04 | 0.08 | 0.08 |
| Algeria | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Bulgaria | 2.0 | 0.2 | 0.0 | 0.0 | 0.1 | 0.1 | 0.00 | 0.00 | 0.00 |
| Iraq | 33.1 | 3.0 | 0.3 | 0.0 | 1.4 | 1.4 | 0.00 | 0.01 | 0.01 |
| Kuwait | 120.5 | 10.8 | 1.0 | 2.6 | 2.6 | 2.6 | 0.02 | 0.02 | 0.02 |
| Libya | 14.4 | 1.3 | 0.1 | 0.0 | 3.3 | 4.0 | 0.00 | 0.02 | 0.03 |
| Romania | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Saudi Arabia | 111.1 | 9.9 | 0.9 | 3.1 | 3.1 | 3.1 | 0.02 | 0.02 | 0.02 |
| United Arab Emirates | 257.3 | 23.0 | 2.1 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Commercial creditors | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Serbia [4/] | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| **Domestic** | 67.8 | 6.1 | 0.6 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Of which: in arrears | 67.8 | 6.1 | 0.6 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Nominal GDP (in millions of US$) | 12,161 | | | | | | | | |

Sources: Somalia Debt Management Unit; IMF; World Bank; and AfDB.

1/ Debt records provided by the authorities and reconciled with creditor statements include loans that were contracted from 1965 to 2002. These loans include loans that financed projects in pre-civil war subnational jurisdictions, including Somaliland. For all loans, the recognized debtor is the Ministry of Finance of the FGS or a line ministry of the FGS.

2/ Debt stock and debt service amounts reflect full delivery of debt relief under the HIPC Initiative, MDRI, and beyond-HIPC assistance at the Completion Point reached in December 2023, actual debt relief agreements signed with remaining creditors post-HIPC CP, and hypothetical debt treatment on HIPC CP terms for debts pending a debt relief agreement. Estimates are based on April 18, 2025 exchange rates.

3/ IMF debt stock includes net SDR position of government (used for budget support).

4/ The debt stock and debt service amounts reported assume debt treatment in line with the HIPC CP debt relief analysis, as a debt relief agreement is yet to be signed. This follows the guidance in the 2018 Guidance Note for Bank-Fund Debt Sustainablity Framework for Low-Income Countries (LIC DSF).

5/ The amount for Paris Club (PC) debt reflects beyond-HIPC debt relief or the outright cancellation of claims by PC creditors, except for Russia where debt treatment is consistent with HIPC Initiative exit terms. The total amount for Russia also includes a Russian claim on the Central Bank of Somalia totaling $6.25 million as of end-2024, which has been deemed not eligible for HIPC debt relief.

6/ The debt stock and debt service amounts reported assume debt treatments in line with the HIPC CP debt relief analysis by creditors where agreements remain outstanding, except for Kuwait, Saudi Arabia, and United Arab Emirates which reflect the terms of actual agreements reached.

## Table 14. Somalia: Progress on Negotiations with Creditors for Restructuring Outstanding HIPC-Eligible Debt (As of October 13, 2025)

| Creditor 2/ | Enhanced HIPC debt relief in PV terms (in US$ million) 1/ | Percentage of total assistance under HIPC | Status of Negotiations |
|---|---|---|---|
| Arab Fund for Economic and Social Development (AFESD) | 99.1 | 5.2 | Both parties have agreed on a debt treatment that meets the Enhanced HIPC Completion Point (HIPC CP) requirement, with 60% debt cancellation and the remaining 40% to be repaid over 30 years at a reduced interest rate of 2%. The authorities are negotiating a grace period on principal repayments and seeking irrevocable debt relief, consistent with HIPC principles. Talks will continue in October 2025 during the IMF–World Bank Annual Meetings in Washington, DC. |
| Arab Monetary Fund (AMF) | 155.6 | 8.2 | A debt restructuring agreement in line with the HIPC CP was signed on April 9, 2025. Outstanding debt balance will be repaid at zero interest rate over 20 years in semi-annual installments, starting in June and December 2025, that increase over time under a tiered structure. |
| Islamic Development Bank (IsDB) | 15.5 | 0.8 | A debt rescheduling agreement was signed on July 16, 2024. The agreement features a reprofiling of the outstanding debt over a 30-year period on zero interest rate and no grace period, with the first principal payment commencing on 31st December 2024. |
| OPEC Fund for International Development (OFID) | 19.3 | 1.0 | A debt rescheduling agreement was officially signed on June 25, 2024 on the sidelines of the OFID development forum held in Vienna, Austria. The agreement features a reprofiling of the debt over a 20-year period on a 0.5% interest rate per annum and a 10-year grace period. |
| **Total Multilateral** | **822.5** | **43.2** | |
| **o/w Pending** | **99.1** | **5.2** | |
| Paris Club Creditors | 806.6 | 42.4 | On March 13, 2024, the Paris Club group of creditors agreed on a debt treatment for Somalia under the HIPC process, and beyond-HIPC debt relief to cancel all debt on a voluntary basis. Bilateral agreements have been signed with Denmark, France, Italy, Japan, Netherlands, Norway, Russia, the United Kingdom and the United States. In October 2025, authorities reached in-principle agreement with Spain for a 60% of debt cancellation and a debt-for-development swap arrangement for the remaining 40% of Somalia's debt. |
| Non-Paris Club Creditors | | | |
| Algeria | 0.3 | 0.0 | Finance Ministers of Somalia and Algeria met at the sidelines of the Arab League Summit in May 2025, where Algerian authorities agreed to cancel Somalia's debt. Somali officials are awaiting formal confirmation of the debt cancellation. |
| Bulgaria | 1.9 | 0.1 | Both parties have reached broad consensus on a debt treatment that meets the HIPC CP requirement. Discussions will resume later in 2025, aiming for the debt relief to be reflected in Bulgaria's 2026 budget in line with national policies. |
| Iraq | 32.3 | 1.7 | The Iraqi authorities have agreed to cancel 67% of the debt, with recent discussions focusing on the servicing terms for the remaining 33%. A letter dated August 25, 2025 was sent by the Somali Finance Minister to his Iraqi counterpart to resume negotiations; a response is still awaited. |
| Kuwait | 47.4 | 2.5 | A debt restructuring agreement on Paris Club-comparable terms was signed in 2022, prior to the HIPC CP. Outstanding debt is rescheduled in semi-annual installments over a 40-year period, including a 16-year grace period, at an interest rate of 1.5% per annum (inclusive of a 0.5% administrative charge). |
| Libya | 14.0 | 0.7 | Both parties held a virtual technical meeting on September 15, 2025 to discuss debt relief options. Negotiations are set to continue for a treatment that meets the HIPC CP requirement. |
| Romania | 0.5 | 0.0 | As of July 2025, both parties have informally agreed to a debt treatment in line with the HIPC CP requirement. Romanian authorities are currently reviewing the Somali authorities' request to commence debt servicing in February 2026 rather than in 2025. |
| Saudi Arabia | 46.6 | 2.4 | A debt restructuring agreement on Paris Club-comparable terms was signed in early 2023, prior to the HIPC CP. Outstanding debt is rescheduled over a 40-year period, including a grace period of 16 years. |
| United Arab Emirates | 131.0 | 6.9 | A debt restructuring agreement was signed on February 11, 2025, allowing repayment within 40 years, starting in 2040 after a 16-year grace period. The interest rate was reduced by half to 2%. Payments on deferred interest are scheduled over 5 years starting in February 2029. |
| Commercial | | | |
| Serbia 3/ | 0.4 | 0.0 | A letter dated August 25, 2025 was sent by the Somali Finance Minister to his Serbian counterpart requesting to resume debt restructuring negotiations, including during the IMF-WB Annual Meetings in October 2025. Creditor response is awaited. |
| **Total Bilateral and Commercial** | **1,081.0** | **56.8** | |
| **o/w Pending** | **49.3** | **2.6** | |
| **TOTAL** | **1,903.5** | **100.0** | |
| **o/w Total Pending** | **148.4** | **7.8** | |

Sources: Somali authorities; and IMF and World Bank staff estimates.
1/ The data are in December 31, 2018 PV terms as revised at completion point.
2/ List of creditors excludes World Bank, IMF, African Bank for Development (AfDB), and International Fund for Agricultural Development (IFAD), which have completed debt relief and restructuring under the Enhanced HIPC Initiative.
3/ Serbia's loan was classified as other official bilateral debt at the decision point; then it was reclassified as commercial debt at completion point based on updated information provided by the creditor to the authorities.

# Annex I. Risk Assessment Matrix[1]

| Nature/Source of Main Risks | Overall Level of Concern | |
|---|---|---|
| | **Relative Likelihood** | **Expected Impact if Threat Materializes** |
| **GLOBAL RISKS** | | |
| **Decline in International Aid.** A further sharp reduction in international financial assistance, including development aid and humanitarian support, could severely affect low-income and fragile countries. Such an additional aid withdrawal would strain public finances, worsen current accounts, increase debt vulnerabilities, and lead to a further deterioration in living conditions and food security. | **High** | **High**<br>Significant reductions in foreign aid, especially from the U.S., would intensify the humanitarian crisis in Somalia, weaken its economic outlook, pressure the fiscal position and may destabilize the country's already fragile security situation. |
| **Geopolitical Tensions.** Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains. | **High** | **High**<br>Intensifying spillovers from geopolitical tensions and ensuing or independent commodity price shocks can exacerbate inflation in Somalia. Humanitarian support to Somalia can also be affected by the supply shock (of food). Resultant drag on global growth could reduce remittances, affecting local consumption and investment. Escalation of regional conflicts can have negative repercussions on security, trade, and fiscal revenues in Somalia. |
| **Commodity Price Volatility.** Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability. | **High** | |
| **Escalating Trade Measures and Prolonged Uncertainty.** Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge—especially in countries imposing tariffs. These effects | **High** | **High**<br>Weaker global growth resulting from escalating trade tensions and prolonged uncertainty could lower remittances to Somalia, affecting local consumption and investment. |

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

| Nature/Source of Main Risks | Overall Level of Concern | |
|---|---|---|
| | Relative Likelihood | Expected Impact if Threat Materializes |
| can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang. | | |
| **Fiscal Vulnerabilities and Higher Long-Term Interest Rates.** Rising public debt and deficit levels may put upward pressure on long-term interest rates and increase the risk of sovereign bond market disruptions. These developments could amplify capital flow volatility, tighten financial conditions, threaten sovereign debt sustainability, and trigger global spillovers. To the extent that major economies are affected, market imbalances (such as reduced investor capacity to absorb sovereign debt) could emerge, exacerbating risks from a close sovereign-financial nexus. | **High** | **Low**<br>Somalia's external, and overall public debt-to-GDP ratios are low following the country reaching HIPC completion point. Further, Somalia does not have access to international capital markets, and the domestic financial sector is nascent. Any impact of sovereign debt distress will be limited. |
| **Cyberthreats.** Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability. | **High** | **Low**<br>Somalia's digital infrastructure base is weak, with minimal participation in digital currencies and crypto assets. |
| **Climate Change.** Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability. | **Medium** | **High**<br>Pastoral agriculture plays a key role in the economy and livestock is the most important export for Somalia. Recurring droughts can be macro-critical and cause widespread suffering for the population. |
| **New Trade Agreements.** A breakthrough in trade talks could reduce uncertainty and protectionism, boost investment and productivity, and support broader reforms to lift medium-term growth. | **Low** | **Low**<br>New trade deals among major economies would have limited spillovers to Somalia given its limited trade partners and export products. |
| **DOMESTIC RISKS** | | |
| **Political Uncertainty.** Rising tensions and lack of consensus among political actors could affect the election timeline | **Medium** | **High**<br>Political uncertainty could weigh on economic outlook and reform progress. Rising political tensions and weaker |

| Nature/Source of Main Risks | Overall Level of Concern | |
|---|---|---|
| | **Relative Likelihood** | **Expected Impact if Threat Materializes** |
| and modality, potentially disrupting aid flows and economic stability. | | economic prospect could also ignite social discontent. Somalia is one of the world's more aid-dependent nations. Further disruption in aid flows would intensify the country's humanitarian crisis and may destabilize its already fragile security situation. |
| **Security Situation.** The withdrawal of foreign assistance from Somalia's security sector could weaken the fight against terrorism and insurgency, resulting in heightened tensions and widespread violence. | **Medium** | **High**<br>A deterioration in Somalia's security situation could erode state authority, thereby threatening economic and social stability and stalling the country's robust reform momentum built over the past decade. |

# Appendix I. Letter of Intent

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
700 19th Street, N.W.,
Washington, D.C. 20431, U.S.A.

Mogadishu, Somalia
November 20, 2025

Dear Ms. Georgieva:

Somalia has made great progress in rebuilding the economy since the end of the devastating civil strife and the subsequent international recognition of the Federal Government of Somalia (FGS) in 2012. The FGS, with the support of its development partners, has maintained strong implementation of wide-ranging reforms to help strengthen our key economic and financial policy institutions. Thanks to these steadfast efforts, and sustained support from the IMF, World Bank, and other international partners, full debt relief at the HIPC Completion Point was reached in December 2023.

Despite the progress achieved under the HIPC process and the 2020 IMF-supported program completed in December 2023, our country continues to face significant challenges ahead, including those stemming from economic, social, security, and climate risks. Growth is currently insufficient to reduce widespread poverty, address large social needs, and create sufficient jobs for the youth. Somalia is highly vulnerable to climate shocks that hurt growth and hinder poverty reduction efforts. The security situation remains challenging, as the government has scaled up its military, financial, and ideological campaign against Al-Shabab. The transition from the African Union Transition Mission in Somalia to the African Union Support and Stabilization Mission in Somalia was completed in June 2025, yet a financing gap remains. Ahead of the planned 2026 national elections, the Federal Government has intensified a national dialogue to build consensus on holding the elections based on universal suffrage. Nonetheless, challenges remain, shaped by evolving electoral dynamics.

Our domestic challenges have been exacerbated by the sharp declines in official development assistance which has been critical in mitigating food insecurity and supporting our stabilization and development objectives. A wide range of programs supporting security, agriculture, health, education, water, sanitation and hygiene have been disrupted, with profound macroeconomic and social impact. The reduction in foreign aid inflows is expected to persist over the medium term, with significant downside risks, exacerbating poverty and food insecurity, and risk reversing hard-won gains in rebuilding Somalia's institutional capacity, which is crucial for our economic development and poverty reduction.

Amid rising domestic and external challenges, it is even more imperative that we accelerate reform efforts to mobilize domestic revenues, strengthen public financial management, expand social and developmental spending, protect macroeconomic stability, and build resilience to climate and other shocks. Our government remains strongly committed to the economic and political reform process, which will benefit current and future generations of Somalis. To support Somalia's reform agenda, we are also actively engaging with development partners to seek continued financial assistance.

We are resolved to maintain the strong reform momentum, supported by the 3-year Extended Credit Facility (ECF) arrangement approved in December 2023. The program and the related capacity development support will help Somalia further strengthen key economic institutions and promote macroeconomic stability and growth, in line with the National Transformation Plan (NTP) 2025-2029 and the newly launched Centennial Vision 2060. Building on progress so far, policy priorities include maintaining macroeconomic stability, increasing domestic revenues, strengthening public financial management, promoting financial deepening and financial inclusion through effective financial sector supervision and currency reform, improving the business environment and governance, and enhancing statistics. We are also taking steps to strengthen our capacity for public debt management and debt risk assessments—as Somalia is expected to face a structural shift in the size and composition of the FGS external financing following the HIPC Completion Point—and also for public investment management as the FGS is expected to gradually scale up quality investment projects. With support from the IMF, we are advancing with the preparation for a currency board arrangement as the new monetary and exchange rate policy framework in the context of the currency reform to reintroduce the Somali shilling as legal tender. To mitigate the negative social impact of foreign aid cuts, we also see it as a top priority to expand social assistance to the vulnerable population.

Considering Somalia's strong performance under the ECF arrangement and the commitments laid out in the attached Memorandum of Economic and Financial Policies (MEFP), we request IMF Executive Board approval of the completion of the 4th review of the program, an augmentation of access under the ECF arrangement of SDR 30 million (about 18.36 percent of quota) to be disbursed in two equal tranches at the conclusion of the 4th and 5th reviews, and disbursement of SDR 22.5 million (13.77 percent of quota). The requested augmentation is to address the residual balance of payments and fiscal financing gaps in 2026, resulting from the deepening impact of foreign aid cuts and additional spending needs. This augmentation of access will support our reform commitment to strengthened domestic revenue reforms, strict expenditure controls and expanded social spending. We plan to use the disbursement under the 4th review of the ECF arrangement and the augmentation of access for budget support. We met all quantitative performance criteria (QPCs) and indicative targets (ITs) for end-June 2025 and end-September 2025, respectively.

The attached MEFP (Attachment I) sets out the economic policies and reform measures that we intend to implement to achieve the objectives of the three-year ECF arrangement. It identifies specific reforms and conditionality between December 2025 and December 2026. Additional reforms will be detailed during future reviews if needed, as information on needs and priorities continue to emerge. We will continue to seek technical assistance support from our partners where necessary to implement the agreed reforms. To facilitate the monitoring of performance under the program, the FGS will continue to regularly provide IMF staff with all necessary information within the deadlines specified in the attached Technical Memorandum of Understanding (TMU, Attachment II).

We stand ready to take additional measures should they be needed to meet the objectives of the economic program and will consult with the IMF in advance of any necessary revisions to the policies contained in this letter and attached memorandum, in accordance with the Fund policy on such consultations.

In line with our commitment to transparency, the FGS authorizes the IMF to publish this letter, the attached MEFP, TMU, and the related staff report, including the placement of these documents on the IMF website, in accordance with the IMF's transparency policy.

We are grateful to the IMF for the ongoing support to Somalia and we look forward to continuing our close engagement under the new ECF arrangement.

Sincerely yours,

| | |
|---|---|
| /s/ | /s/ |
| **Bihi Iman Egeh** | **Abdirahman M. Abdullahi** |
| Minister of Finance of Somalia | Governor of the Central Bank of Somalia |

Attachments (2)

# Attachment I. Memorandum of Economic and Financial Policies for 2024–2026

*This Memorandum of Economic and Financial Policies (MEFP) reviews recent economic developments and reforms, and describes the policies that the Federal Government of Somalia (FGS) plans to implement in 2024-2026 under the 3-year Extended Credit Facility (ECF) arrangement.*

## Background and Program Performance

1. **We have made great strides in rebuilding institutions and policy-making capacity with the support of development partners, including the IMF, since 2013**. Within the context of our previous National Development Plans (NDP8 and NDP9), we implemented wide-ranging reforms that helped rebuild key institutions, including economic institutions, and laid the foundations for macroeconomic stability and growth. Building on these achievements, we are now advancing the implementation of the National Transformation Plan (NTP) 2025–2029, which serves as our current medium-term roadmap and aligned with the Centennial Vision 2060 launched in June 2025. Developed through an extensive consultative process, the NTP is underpinned by four pillars—transformational governance, sustainable economic transformation, social and human capital development, and environmental resilience, reflecting the shared priorities of both federal and member states. The NTP underscores policies for strengthening governance, transforming the economy and reducing poverty and vulnerability by mobilizing domestic resources to finance social programs, invest in human capital, and expand access to basic services for the most underserved populations.

2. **Somalia's strong reform commitment and international support create a unique window of opportunity to address low growth and poverty in Somalia.** In 2022, an estimated 54 percent of the population was living below the poverty line of US$2 per day based on the 2022 Somalia Integrated Household Budget Survey. Growth is currently insufficient to reduce poverty and address large social needs, including in health, education, and job creation. The significant and likely persistent declines in foreign aid have exacerbated these challenges. Somalia is also highly vulnerable to global trade uncertainty and climate shocks that aggravate food insecurity, hurt growth, and hinder poverty reduction efforts. Large, multi-year investments in human and physical capital are needed to improve resilience and lead to higher and more inclusive growth. We remain committed to macroeconomic stability and staying the course of reform and continuing to deepen political cooperation at the federal and regional levels. Timely financing and capacity development support from development partners is essential for the successful implementation of our reform strategy.

3. **We are taking action to address food insecurity and provide humanitarian aid in several districts.** Food insecurity remains critical due to a combination of factors including climate shocks. The government has been coordinating with the UN system on delivery of humanitarian and social assistance. The Baxnaano cash transfer program continues to provide a safety net for

50,000 households as well as emergency cash transfers to 70,000 households affected by climate disasters.

**4. The government has stepped up its fight against terrorism to improve security across the country.** In December 2023, the UN Security Council lifted the arms embargo on the FGS, which had been in place since 1992. Since mid-2022, the government has scaled up the military, ideological, and financial campaign against Al-Shabab. The Somali military—with support of the community defense, the general population, and international partners—has gained ground against Al-Shabab in various regions across the country, which has facilitated the delivery of humanitarian assistance. Stabilization efforts in these regions include delivery of health and education services and the beginnings of the establishment of local governance. At the same time, the Somali National Armed Forces have gradually taken over security responsibilities amid the transition from the African Union Transition Mission in Somalia (ATMIS) to the African Union Support and Stabilization Mission in Somalia (AUSSOM), which was completed by June 2025 but with a remaining financing gap. This transition, the scale-up of the military campaign, reduced international financial assistance on security, as well as the stabilization policies for the liberated areas are generating pressures on government finances. Somalia is engaging with the United Nations, African Union, and key partners (including new donors) to secure reliable and sustainable funding support for AUSSOM.

**5. Economic growth was robust in 2024, while the negative impact from declining foreign aid started to be felt from mid-2025.** Real GDP growth was 4.1 percent in 2024, driven by strong private consumption and buoyant export growth—especially in agricultural products—supported by robust remittances and grants. Preliminary trade data and the revenue outturn for the first half of 2025 point to still resilient economic activity, but the impact from foreign aid cuts has started to emerge. Inflation pressures (based on Mogadishu data) moderated in 2024, but food price inflation remained elevated. Starting from January 2025, we have adopted the national CPI, and inflation averaged 3.7 percent during January–May 2025. Mogadishu CPI data suggests continued food price pressures, likely reflecting the impact of erratic weather conditions on agricultural production.

**6. Somalia joined the East African Community (EAC) as its eighth Partner State in March 2024 and has since begun laying the institutional and policy groundwork for EAC integration.** A National Taskforce for the Customs Union Protocol is being established, bringing together representatives from key ministries at both federal and state levels. In parallel, the National Integration Committee is coordinating sectoral implementation plans and stakeholder consultations to build capacity and ensure alignment with EAC obligations and benefits. In addition to advancing custom reforms at the FGS level, we have also established a National Monitoring Committee on Non-Tariff Barriers, which held its first meeting in August 2025 with the support of the EAC Secretariat. Initial discussions on tariff-setting and the Common External Tariff have also begun with the Federal Member States.

**7. Domestic revenues performed strongly in 2024, with expenditures within the budget; the fiscal outturn in the first half of 2025 was also in line with ECF program targets.** Strong domestic revenue performance in 2024 was supported by the implementation of higher customs duties and the sales tax electronic system, together with enhanced tax administration. Total expenditure was below budget expectations, and a small overall surplus was achieved in 2024. Domestic revenues in 2024 were larger than the cost of compensation of employees, as was the case in 2023. Revenue overperformance and budget support grants allowed us to maintain a cash balance to partially address liquidity needs in early 2025. In the first half of 2025, total domestic revenue performed in line with the ECF program target, with overperformance in income tax collection (with the implementation of the new Income Tax Law, see below) offsetting weaknesses in customs and non-tax revenues, which could reflect the initial impact of foreign aid cuts. Expenditures in 2025 so far were below budget estimates.

**8. Building on the reform achievements under previous IMF programs and the HIPC process, we continued to make progress in domestic revenue mobilization under the current ECF program.**

- **Medium-Term Revenue Roadmap (MTRR) for 2024-2027**. We finalized our MTRR on June 29, 2024. The MTRR provides a framework for mobilizing more revenues to finance the government operations and, more importantly, to deliver public services. The MTRR sets as quantitative targets to raise revenue to GDP by 0.3 percentage points every year and cover the operational expenditure of the government by 2027. Priorities are to continue revenue mobilization, improve tax administration capacity, and advance on fiscal (tax) harmonization and EAC integration.

- **Customs modernization.** Implementation of the Somalia Customs Automated System (SOMCAS) and ad valorem tariffs are key to improving the efficiency of customs administration and increasing revenue over time. Before this reform was implemented, the authorities charged customs duties depending on the size of bundles and cartons, regardless of their content. Since early May 2025, the use of Port Customs Management Information System (PCMIS) has been discontinued, and SOMCAS has been fully operationalized in Mogadishu port and airport (SB#1, met). In Kismayo port and airport (in Jubaland State), SOMCAS has also been implemented. In August 2025, the Ministry of Finance (MoF) issued a regulation implementing book values for custom duty calculation, a useful first step towards ad valorem duties.

- **Income tax bill.** The Income tax bill was enacted in May 2025, with the relevant regulations published at end-May. The new law streamlines definitions of taxable income and deductions in both FGS and Federal Member States (FMS) and is expected to increase income tax collection over the medium-term. We are swiftly moving forward with implementation, with strong income tax collection so far in 2025.

- **Digitalization of rental income tax and road tax.** To improve the efficiency of tax administration and tax compliance, we developed a new IT system for generating electronic invoices and receipts and tracking payments of rental income tax for all rental properties in Mogadishu. In addition, we developed a mobile app—Somalia Road Tax—that allows users to manage and pay their road tax bills and to view their payment receipts. We have expanded the registration of vehicles to enhance road tax collection.

- **Extension of sales tax to services.** To broaden the tax base, as part of the 2024 Appropriations Law, we extended the scope of application of the sales tax to a range of services (including telecom, electricity, and TV cable providers) that had not been taxed before under the 1984 Sales Tax Law, and issued the related regulations.

- **Sales tax electronic system.** In August 2024, a new sales tax electronic system was implemented that collects sales tax directly from consumers paying into merchant mobile money/mobile wallet accounts. Sales tax revenues collected are automatically transmitted to the Treasury Single Account.

- **Revenue administration measures.** We issued the Revenue Administration Law regulation in April 2024, which covers a range of enforcement issues. We continue rolling out Point of Sales (POS) machines at restaurants and hotels in Mogadishu that transmit sales data to tax offices on a real-time basis, which has had positive effects on data integrity and revenue collection. Following a first round of tax audits in 2020, we have since undertaken new rounds of tax audits every year, which has helped improve the quality of tax returns, particularly those submitted by small and medium-sized enterprises. Personal income tax withholding at source was implemented for workers in the health and education sector. A new regulation establishing civil penalties for the violation of revenue laws was issued on September 14, 2024. As part of our efforts to implement the 2019 Revenue Administration Law, we held public awareness events to improve taxpayer's understanding of the new legal requirements. Capacity of the revenue administration has also been strengthened.

- **Non-tax revenue portal**. We have started the implementation of the non-tax revenue portal, which channels all fees charged by different MDAs to the Treasury Single Account. The payment integration is completed for the Ministry of Education, Commerce, Immigration, and Police Services (CID) and in progress for the Judiciary.

**9. Public financial management (PFM) was strengthened.**

- **PPP bill.** On August 12, 2024, we submitted the PPP Bill to Parliament. The bill describes the process for the assessment of PPP projects, establishes the Technical Unit within the Ministry of Finance, and clearly establishes that review and approval of the Inter-Ministerial Concessions Committee (IMCC) is needed for any PPP to move forward.

- **Expenditure controls.** To strengthen expenditure controls, we have fully operationalized the functionality of the Somalia Financial Management Information System (SFMIS) to control commitments within allocations and warrants, which are guided by monthly cash forecasts. Parliament approved a resolution in September 2024 mandating government institutions in the process of developing new legislation to get clearance from the Ministry of Finance if the proposed legislation has any fiscal implications.

- **Pay and Grade Policy and pension reform.** We developed a roadmap to implement the Pay and Grade Policy, which was approved by the Cabinet on February 26, 2025. This roadmap includes a plan and timeline for the development of a strategy to align the salaries of temporary workers with the pay scale of permanent workers and a plan and timeline for conducting a costing exercise to understand the fiscal implications of the proposed shift of permanent and temporary workers to a new pay scale. A new Pension Law for Civil Servants was enacted in April 2024.

- **Streamlining of business processes.** Building on the experience of invoice tracking for electricity and internet, a roadmap to expand the coverage of invoice tracking to all goods and services was approved on February 28, 2024, and we have been implementing it according to schedule. Moving towards a paperless environment in PFM systems, we updated the PFM regulations relating to digital signatures for the purchase order to payment process and implemented the digital signatures in the SFMIS by August 2025 (SB#2, met).

- **Public procurement.** We continue to develop an open and transparent process for public procurement through implementation of the Public Procurement Law and regulations. We are also reinforcing the strategic and oversight role of the IMCC with Cabinet approval of standard operating procedures for the IMCC, in line with the requirements of the Procurement Act. The standard operating procedures specify, among others: (i) the administrative procedures for presenting projects to be discussed by the IMCC, including sufficient lead time to prepare the necessary technical assessments for projects to be reviewed by the IMCC; and (ii) the interim role of the MoF Procurement Department in providing technical support to the IMCC and preparing technical assessments of projects to be considered until the Concessions Technical Unit is established and has built adequate capacity. With the implementation of the operating procedures, the IMCC has been instrumental in strengthening transparency and discipline in the concessions process. A cabinet resolution approved on August 21, 2024 reinforces transparency in the management of contracts and concessions by making clear that all concessions should be reviewed in line with the law.

- **Public lands and real estate.** To strengthen governance and prevent misuse of government lands and nonfinancial assets, in September 2023 we amended the PFM Regulations to implement the PFM Act's provisions on public property and issued the Asset Management Guidelines that provide a standard approach for government assets management, enhance transparency and accountability, and promote a prudent use of public lands and real estate.

- **Public investment management (PIM).** The MoF has embarked on reforms to strengthen public investment management. The reform focuses on creating a systematic structure with defined mandate to manage the public investment projects cycle, especially as the FGS plans to scale up spending on public investments to spur economic growth and delivery of public goods and services. Reform activities have included: (i) drafting regulations to guide the identification, appraisal, prioritization, selection, budgeting, implementation and monitoring and evaluation of investment projects to be funded in the national budget, and (ii) training of key staff from the Ministry of Finance and three infrastructure ministries on PIM basics with support from the AfDB.

**10. Debt management has continued to improve.** The Debt Management Unit (DMU) has successfully upgraded its debt recording management system with the Commonwealth Meridian System. A debt reconciliation exercise was carried out in 2023 in preparation for the HIPC Completion Point. The first Annual Debt Management Report was published in April 2025. We have strengthened the public debt management framework by more fully articulating and disseminating the procedures for initiating loan negotiations and entering into loan agreements. On July 15, 2024, we issued a decree and regulation that articulate the key parameters for debt policy, establish the procedures for entering into new borrowing and issuing sovereign guarantees, and amend the PFM regulations to include a clear definition of "other financial liabilities" that are considered guarantees as per Article 37 (6) of the PFM Act, in line with IMF staff recommendations.

**11. Progress continues on the federalism agenda and amendments to the Constitutions**. In March 2024, Parliament ratified amendments to the first four chapters of the Provisional Constitution, although further amendments on chapter 4, representing recent political agreements between the government and opposition parties, are required to facilitate the upcoming national elections in 2026. In April 2025, the Independent National Electoral and Boundaries Commission launched a voter registration campaign, marking a historic step towards Somalia's return to direct electoral democracy.

**12. The CBS has made significant progress enhancing supervision and regulation of the banking system.** Somali banks operate under Islamic banking principles. Capacity in financial supervision has been improving through increased resources, and we have moved towards risk-based prudential supervision. In January 2024, the CBS joined the Islamic Financial Services Board (IFSB), which will provide technical support to improve our capacity to regulate Islamic banks. In July 2024, the CBS adopted an action plan to improve the quality of data submitted by commercial banks and communicated the action plan to commercial banks. In December 2024, we completed the risk-based relicensing round for 13 banks. To complement these efforts, in July 2025, we issued detailed instructions to CAR and LCR templates reported by banks (SB#3, met).

**13. The CBS has also expanded the oversight of non-bank financial sector.** In May 2025, revised Financial Institutions and new Takaful (Islamic Insurance) legislations became effective, which expanded supervisory powers of the CBS to other non-bank financial institutions, including microfinance institutions and insurance service providers. To implement these laws, we issued corresponding regulations to microfinance institutions and insurance providers. As of end-September 2025, six mobile money operators have been granted licenses. Mobile money regulations were issued, the payment system and mobile money oversight division was established, operator self-assessment of national payment system against Principles of Financial Markets Infrastructure (PFMI) has been conducted, and an oversight policy framework drafted.

**14. We have also made strides on financial deepening and inclusion.** To support the National Payment System first launched in 2021, we developed a standardized National QR code in June 2023 and operationalized the instant payment system in January 2025 as part of the National SWITCH to support the NPS. The Gargaara program, with World Bank support, continues to support access to financing for micro, small, and medium-sized enterprises. In February 2024, the CBS joined the Alliance for Financial Inclusion (AFI). With support from the development partners, we have rolled out the first financial access survey at household and SME level in July 2025. The outcome of the survey will inform the indicators and targets for the development for the Financial Inclusion Strategy.

**15. The CBS has been strengthening its institutional framework and capacity, including through implementation of IMF safeguards assessment recommendations.** The performance criteria on net international reserves (NIR) has been consistently met. The CBS is enhancing its governance and decision-making arrangements. A function-based organizational structure was adopted, and a performance management system was established. Financial reporting transparency improved with the implementation of International Financial Reporting Standards, and governance bodies—the Board and the Audit Committee— continues to exercise their oversight responsibilities effectively. The 2024 audited financial statements were published in May 2025 with a clean auditor opinion for the fifth consecutive year. Since the 3rd review, the CBS has completed two other remaining recommendations of the 2024 safeguards assessment related to establishing enterprise risk management framework and adopting business continuity plan. These complemented the earlier efforts to address the safeguards recommendations on cyber security, internal controls, internal audit quality assessment, NIR procedure, reviews on program monetary tests, and expanded disclosures of CBS financial statements. The CBS joined the World Bank's Reserve Advisory and Management Partnership (RAMP) in October 2024, underscoring the commitment to adopting global best practices in reserve management. In November 2024, the CBS Board approved the new Strategic Plan (2025-2029) which will guide monetary and financial reforms for the next five years.

**16. Important steps have been taken on AML/CFT.** To implement the Targeted Financial Sanctions Law enacted in July 2023, we published the List of Financial Sanctions Targets in April 2024, which was expanded further in July 2024. Key infrastructure and IT systems were acquired to support the Financial Reporting Center's capacity to receive, analyze, and disseminate suspicious transactions. Efforts have been made to improve the integrity of the financial sector through outreach and training. NAMLC issued a guideline on mobile money transaction limits in July 2023, which was expanded in September 2024 to include mobile wallets. Supported by technological advancement, CBS issued electronic Know Your Customer (eKYC) regulation in November 2024, which serves as a key enabler in digitizing customer identification and verification. As part of our preparations for the MENA-FATF Mutual Evaluation Assessment, we submitted amendments to the 2016 AML/CFT Law to Parliament (March 2024), submitted responses to the Effectiveness Questionnaire (April 2024) and completed the Technical Compliance Questionnaire (February 2025). In May 2025, MENAFATF adopted Somalia's Technical Compliance Report with 40 recommendations. The revised AML/CFT law was enacted in May 2025. In October 2024, CBS signed an MOU with the National Identification and Registration Agency (NIRA) to facilitate the implementation of the eKYC regulation. Following the signing of MOU between NIRA and the Somali Bankers Association, NIRA desks have been operating at major bank branches to rollout National digital IDs. In addition, to support an effective implementation of the eKYC regulation, NIRA has introduced an online verification platform—Hubiye Platform—that has been integrated with financial institution systems. As of September 2025, eleven licensed commercial banks have been fully integrated and tested in this platform, remaining banks and other financial institutions will be integrated in the fourth quarter of 2025.

**17. We have continued our governance and anti-corruption efforts.** To enhance transparency in the regulatory process for key industries, the CBS and the National Communications Authority (NCA), respectively, have published on their websites the outcomes of licensing applications for Mobile Network Operators and Mobile Money Operators. We acceded to the UN Convention Against Corruption (UNCAC) in August 2021 and to the Arab Anti-Corruption Convention in October 2023, and we have ratified the African Union Convention on Preventing and Combating Corruption, with the deposit of the instrument pending. As part of our obligations under UNCAC, Somalia successfully completed the first cycle of the Implementation Review Mechanism (IRM), including the submission of the self-assessment checklist, written responses to the reviewing States, and a formal country dialogue held with Belize and Equatorial Guinea in April 2025. In September 2025, UNCAC produced a summary of the findings of the first cycle of the IRM, which identified several gaps in Penal and Criminal Procedures Codes. In March 2025, we also acceded to the United Nations Convention Against Transnational Organized Crime (UNTOC) and its three protocols. Somalia is now a State Party to UNTOC. This will strengthen our ability to combat transnational organized crime, including money laundering, in line with the Financial Action Task Force (FATF) recommendations. Somalia implemented the 2020–2023 National Anti-Corruption Strategy (NACS).

**18. The Audit Law, which was enacted in September 2023, lays the legal groundwork necessary for a robust federal audit system.** The law strengthens the independent oversight of the use of public resources at the federal and state level, including for intergovernmental transfers; outlines the checks and balances for appointing and dismissing the Auditor General; and clearly separates the responsibilities of federal and state Auditors General related to special audits of grant transfers. We issued the corresponding regulations in June 2024, which further align the functions of the Office of the Auditor General (OAGS) with international standards and reinforce OAGS's autonomy in critical areas of staffing, operational, and financial management, as well as delineate responsibilities between OAGS and FMS auditors general.

**19. We have finalized a comprehensive petroleum sector legal framework.** Since the 2nd review, significant milestones have been achieved: the regulation harmonizing the Petroleum and Procurement Acts—cementing the requirement that all PSAs (both direct negotiations and licensing rounds) be submitted to the IMCC for review and approval—was finalized in December 2024; the regulations for the EIFRL were published in January 2025; and the Petroleum Act regulations were finalized in March 2025. Furthermore, publication standards for PSAs were established in March 2025. This regulation will apply to all new PSAs, with the exception of PSAs negotiated under the existing specific defense and security framework agreement that was approved by Parliament in February 2024 involving national security. No new PSA was signed until the legal framework was completed—with the exception of PSAs negotiated under the existing specific defense and security framework agreement that was approved by Parliament in February

2024 involving national security, which were submitted to IMCC for review and approval. To date, a total of 19 PSAs have been awarded. The results of Türkiye's 3D seismic survey are expected by the end of 2025 and will help inform next steps in the sector's development.

**20. We are advancing the rollout of the national digital ID as a cornerstone of digital governance and service delivery.** Since its launch in September 2023, about 400,000 individuals have been enrolled as of August 2025, with registration rates now exceeding 70,000 per month through expanded centers and mobile teams. The system is linked to key public and private services (passports, banking, licenses, education) and is supporting targeted social protection programs while strengthening know-your-customer requirements for AML/CFT purposes.

**21. The FGS and FMS are working jointly to enhance human capital development.** The FGS and FMS Ministers of Education adopted an agreement defining their respective roles and responsibilities on curriculum and examinations. The FGS and FMS Ministers of Health also adopted a joint national health sector strategy, which will support effective functions and accountability across different levels of governments.

**22. We have established a national Unified Social Registry (USR), which now underpins the targeting of social programs.** Building on this foundation, the Baxnaano program has entered its second phase and is increasingly managed through government systems, marking a significant step toward national ownership of social protection. Its expanded health, nutrition, and youth employment components strengthen the program's focus on resilience and human capital, moving beyond emergency relief toward long-term poverty reduction.

**23. We continue to strengthen our capacity to produce macroeconomic and financial statistics.** National accounts are published annually and monthly, and a new nationwide monthly consumer price index—replacing the previous Mogadishu-only consumer price index—has been published since January 2025. The business census has been completed, and a follow-up establishment survey is underway. To promote data transparency, Somalia continues to implement the enhanced General Data Dissemination System (e-GDDS) framework.

## Outlook and Risks

**24. Growth is expected to be subdued in 2025-26, reflecting persistent foreign aid declines, adverse weather events and high political uncertainty.** Real GDP growth is projected to decline from 4.1 percent in 2024 to 3 percent in 2025 and 3¼ percent in 2026, driven by a sharp drop in foreign assistance that is unlikely to recover, erratic rainfalls and rising political uncertainty ahead of the national elections planned for May 2026. Preliminary estimates suggest that the potential reduction in aid inflows in 2025 could be around US$400–600 million (3–4½ percent of GDP), though uncertainty around these estimates remains high. The cuts—mainly to off-budget support through humanitarian agencies and NGOs—are expected to disrupt critical programs including those delivered by major UN agencies, including the World Food Program (WFP), Food and Agriculture Organization (FAO), UNICEF, and the International Organization for Migration (IOM). These cuts are expected to weigh on private consumption, as households lose access to aid-funded programs (including cash transfers) and NGOs and businesses that serviced those programs face funding cuts, leading to loss of lives and livelihoods. The social impact of foreign aid cuts is more profound—it will curtail assistance in food security, health and nutrition, education, water and sanitation, and support to displaced populations, especially in highly aid-dependent regions. The outlook for foreign aid remains highly uncertain, with significant downside risks of more persistent and severe declines that could reverse Somalia's hard-won gains in poverty reduction and institutional building. Inflation is projected to ease slightly by end-2025, though drought pressures may keep food prices elevated. Over the medium term, growth is expected to recover gradually, supported by structural reforms, investment inflows, and improved access to concessional financing.

**25. We have considered how best to safeguard our objectives under the ECF-supported program in case downside risks materialize.** Severe and protracted foreign aid disruptions, weather shocks, and continued global downside risks (slower global growth, further trade uncertainties, and geopolitical tensions) are key external risks and will likely persist. Domestic challenges remain, shaped by evolving electoral dynamics, and broader security and climatic conditions. Our policy efforts, including accelerated reforms in domestic revenue mobilization, aim to improve our ability to deal with these risks. If any of these risks materialize, revenue shortfalls could be partly absorbed by our continued fiscal discipline, drawing on available cash buffers, and our sequestration rule that prioritizes critical expenditure. Importantly, we would continue to seek additional financing from development partners.

### Economic and Financial Policies

**26. Under the Fund-supported ECF program, we will continue our efforts to further strengthen key economic institutions and promote macroeconomic stability and growth, in line with the National Transformation Plan and newly launched Centennial Vision 2060.** Reform priorities in the ECF-supported program include: (i) increasing domestic revenues; (ii) strengthening PFM (including the legal and regulatory framework, internal and external audit, expenditure controls, cash management, accounting and reporting, debt management, and public investment management); (iii) advancing financial deepening and financial inclusion, including the currency reform and currency board arrangement; (iv) promoting inclusive growth (including to enhance social assistance to the most vulnerable), and improving the business environment and governance (including AML/CFT); and (v) enhancing statistics. Quantitative performance criteria and indicative targets consist of a floor for domestic revenue, a ceiling on recurrent operating expenditures (compensation of employees, goods and services excluding the CBS commission, and contingency), a floor on the cash-based fiscal balance, a floor on social spending, no new external arrears, no new accumulation of domestic arrears, no new accumulation of non-concessional external debt, a ceiling on new domestic debt, and a floor on the net international reserves of the CBS (see MEFP Table 1 and TMU). We do not intend to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions, introduce new, or intensify existing import restrictions for balance of payments purposes, or enter into bilateral payments agreements that are inconsistent with Article VIII of the IMF's Articles of Agreement. We are also considering starting the process towards accepting Article VIII (Sections 2 (a), 3, and 4) of the IMF's Articles of Agreement. Structural benchmarks (MEFP Table 2) involve key reform objectives in the areas of revenue administration, public financial management, financial stability, and governance and AML/CFT. Additional reforms to meet program objectives, beyond those discussed below, will continue to be introduced on a 12-month rolling basis as information on needs and priorities emerges. By the conclusion of the arrangement, we expect to have improved the efficiency and transparency of fiscal processes, as domestic revenues and expenditures increase; strengthened debt management and public investment management capacity; made progress on the currency reform and currency board arrangement; and enhanced statistics and governance across all macro-critical sectors.

**Fiscal Policy and Reforms**

**27. The FGS will continue to improve the fiscal framework and fiscal sustainability over the medium term.** While providing space for higher expenditure to address the country's still significant development needs, we will follow a prudent fiscal policy that preserves fiscal sustainability while taking into account Somalia's need to build debt management capacity and public investment capacity over time. We will anchor policy in a medium-term fiscal framework (MTFF) and for external financing we will rely solely on grants and concessional loans to preserve debt sustainability. We will seek to maintain overall fiscal deficits of up to 3.5 percent of GDP financed with concessional loans, of which at a minimum 1.5 percent of GDP will come from multilateral creditors that provide highly concessional financing terms as well as capacity development support.[1] This will be reviewed periodically in line with our borrowing capacity. Borrowing capacity will increase over time as Somalia strengthens its revenue capacity, debt management capacity, and public investment management capacity. Specific fiscal conditionality for the program will be set on a 12-month rolling basis during program reviews, taking into account the authorities' policy objectives, project pipeline, economic developments, and other information, and in consultation with IMF staff. We will also implement measures to accelerate the mobilization of domestic revenues; improve budget execution; improve public financial management to safeguard fiscal resources and strengthen governance; enhance social spending; integrate the costs of national transformation plan priorities into our budgets going forward; and strengthen inter-governmental fiscal relations.

**28. In 2025-26, we will continue to strengthen revenue collection and make room for priority spending, while containing discretionary expenditure pressures.** In 2025, despite continued implementation of the MTRR, revenue performance is negatively affected by the foreign aid cuts. On the spending side, we have kept the overall spending envelope unchanged, but had to accommodate additional security spending on budget by reorienting other spending categories. Continued fiscal discipline will ensure that domestic revenues cover the compensation of employees by a margin, and the overall fiscal deficit is projected to be 0.3 percent of GDP in 2025. The 2026 Budget envisages an overall fiscal deficit of 0.2 percent of GDP, with continued reform efforts on domestic revenue mobilization and spending discipline, while expanding social spending, and accommodating priority

[1] For the purposes of the program, highly concessional financing is defined as borrowing with at least 50 percent grant element.

needs for security and elections. In view of the fiscal and financing challenges, the government has decided to keep the 2026 wage bill unchanged from its 2025 level, and other expenditure items at prudent levels. With these efforts, domestic revenue is expected to reach 3.4 percent of GDP in 2026, a level that again exceeds by a margin the compensation of employees.

**29. Domestic revenue mobilization remains a cornerstone of our fiscal program, and we aim to raise domestic revenue to fully cover operational expenditure by 2027.** We see the importance of raising domestic revenues and restraining operational expenditure to reduce the reliance on budget support grants and borrowing to cover operational costs, and to facilitate an expansion in public services and investment over time. We will intensify efforts to increase domestic revenues so that they fully cover operational expenditure (including non-project compensation of employees, goods and services, and interest payments) by 2027. The MTRR for 2024-2027 has outlined the following key revenue reforms, among others:

- **Customs modernization – ad valorem tariffs.** We will complete the ad valorem customs reform. As stakeholders gain experience with the full end-to-end use of the SOMCAS system at ports and airports of Mogadishu and Kismayo, we have dispatched a central inspection team since September 2025 to enhance enforcement in custom duty collection. Supported by IMF TA, we will strengthen the implementation of book values for custom duty calculation and improve custom administration. In 2026, we will begin the technical work to pave the way for a gradual transition to ad valorem tariffs, including to collect information on invoice values for domestic imports, request relevant data from other EAC countries for reference, start public consultation and education on implementing the ad valorem tariffs, and develop a technical plan for future rollout of the reform, once conditions allow. We will intensify engagement with FMS to coordinate on customs reform to minimize trade diversion across different ports in Somalia once political conditions allow, seek opportunities to start a gradual transition to ad valorem for a few commodities, as appropriate, and advance with custom harmonization. Our strategy for customs modernization will also align with requirements under the EAC membership. The MoF is collaborating with various stakeholders, including FMS, to achieve tariff harmonization before integrating into the Customs Union of the EAC over the medium- to long term.

- **Modern income tax law.** As part of the implementation of the new income tax law, we will complete an income tax administrative manual for tax administrators by the end of the year with IMF technical assistance (SB #5, due end-December 2025) and publish it after completion. We will advance on taxpayer education to ensure the public's correct understanding of the new law and provide hands-on support in practical issues, such as filling and filing tax forms.

- **Revenue mobilization from large businesses, in particular the telecom sector.** We will speed up the pace of revenue mobilization from sectors that offer significant revenue potential for the government, including the telecom sector. Bringing effective tax rates on the telecom sector up to a level comparable to that of peers and other countries in the region is essential to achieve the domestic revenue targets. To further strengthen revenue collection, we will leverage the expansion in tax registrations that has taken place in the context of the implementation of the sales tax electronic system. To strengthen compliance, we will request large and medium taxpayers to submit payment records and financial statements for CIT enforcement.

- **Other revenue administration measures.** To leverage information and communication technologies for revenue administration, we will develop the Integrated Tax Administration System (ITAS), currently close to finalization of the procurement of a developer. Once operationalized, the ITAS will enable the collection and use of third-party data and enhance tax audits, automate collection processes, and improve inland tax administration effectiveness. We will continue the rollout of the non-tax revenue portal to more MDAs. We will continue strengthening tax audits by building capacity and implementing the new audit manual, which draws lessons from rounds of audits since 2020. By the end of the second quarter of 2026, we will publish our first annual tax audit report for the fiscal year of 2025.

**30. We will bolster efforts to improve PFM, which is important to strengthen expenditure controls and fiscal transparency:**

- **Streamlining of business processes.** We will continue to streamline the budget execution and Treasury management process in order to enhance financial controls and reporting. To improve efficiency and accuracy, we plan to accelerate automation of cash planning and revenue management through the SFMIS by eliminating paper-based parallel processes and utilizing the interfaces with the SOMCAS and ITAS.

- **Debt management.** With IMF TA support, we are at an advanced stage of developing our own Medium-term Debt Management Strategy (MTDS), in line with Somalia's MTFF, which is expected to be published later in 2025 to support the development of an annual borrowing plan. An IMF TA on debt sustainability analysis is also scheduled later in 2025, while debt stock and servicing profiles retrieved from Meridian are regularly validated with IMF and WB staff to ensure their accuracy. These efforts are aimed at strengthening analytical capacity for debt management, enhancing debt transparency, and providing a source to government and external stakeholders to assess the state of debt management in Somalia.

- **Fiscal transparency and accountability.** We will ensure that the annual budget is aligned with the NTP priorities, with clear reporting of budget allocation for NTP initiatives. To expand the coverage of general government fiscal reports, we will coordinate with the Banaadir to develop a PFM system to participate in aggregated fiscal reporting.

- **Public investment management.** To facilitate a gradual increase in public investment over time, we will take further steps to develop capacity in public investment management, in particular project appraisal and selection, to ensure the implementation of quality and affordable projects while ensuring fiscal sustainability. We will submit to Cabinet the revised PFM regulations, including a revised section on PIM; develop PIM guidelines; and establish databases with required information for screening and appraisal of projects. With IMF TA, we are developing a draft PFM Reform Strategy and Action Plan for 2026-30, including plans to strengthen multi-year commitment controls, public investment management, fiscal transparency, and institutional coordination (SB#8, due end-March 2026).

- **Public-private partnerships (PPP).** We will develop a strong legal and fiscal institutional framework for PPPs to promote investment while adequately managing fiscal risks. Important elements to contain fiscal risks related to PPPs include (i) a sound PPP framework; (ii) controlling costs, including by establishing a gateway process managed by the MoF; and (iii) disclosure of costs and risks. The PPP bill has been submitted to Parliament in August 2024 and we are working to incorporating edits to the bill that are needed to (i) ensure consistency between the PPP process and the budget process, (ii) update affordability and project selection criteria, and (iii) ensure that PPPs are assessed along with other investment projects as part of the strategic allocation phase in the budget preparation process—in line with IMF staff recommendations. We will submit the edits to the PPP bill to the Finance Committee of the House of the People, reflecting the joint agreement based on IMF and IFC recommendations (proposed SB #8, due end-December 2025).

- **Public procurement.** We will continue to develop an open and transparent process for public procurement through implementation of the Public Procurement Law and regulations. To foster more effective regulatory compliance, we will strengthen capacity of MDAs through the training in and sensitization to the procurement laws and guidelines. We will develop a procurement portal with a focus on transparency.

- **Federal public lands and real estate.** We will ensure that transactions related to federal public lands and real estate are carried out in line with the PFM Regulations on public property and the Asset Management Guidelines. In line with the Asset management guidelines, we are maintaining an up-to-date digital asset registry to record and track public nonfinancial assets in a timely, centralized, and transparent manner. We will ensure that transactions will follow the appropriate approval, reporting, and disclosure processes to allow for audit trails by relevant public bodies, including the MDAs and the Ministry of Finance. A clear financial trail will be maintained to safeguard accountability, with revenues transferred to the Treasury Single Account (TSA). Staff will be trained to ensure compliance with the PFM Regulations on public property and Asset Management Guidelines. We will explore opportunities addressing legal ambiguities around public land management through the constitutional review process.

**31. Implementation of expenditure policies will be carefully assessed to ensure fiscal costs are manageable.** We will proceed with the roadmap to implement the Pay and Grade policies, including a pilot costing exercise to assess the fiscal implications of the reform. Application of the Civil Service Pension Act will be preceded by a fiscal impact assessment informed by the planned civil service pay and grade reform and information about the number and age structure of dependents that could become eligible for survivor benefits. In the meantime, we will establish a Pension and Gratuity Fund Directorate to begin collecting information and setting up administration systems to pave the way for future implementation of pension reforms.

**32. In the context of the Constitutional review process, we will seek to strengthen the links between the Constitution's fiscal provisions and the primary legislation and policy agreements that have been established over the past decade**. We will also seek to ensure consistency between the Fiscal Chapter of the Constitution and other chapters in the Constitutions with fiscal provisions.

**33. We have continued to make best efforts to reach agreement with pending creditors to restructure Somalia's HIPC-eligible external public debt.** Since reaching the Enhanced HIPC Completion Point in December 2023, we have made significant progress in negotiations with pending multilateral and bilateral creditors. On March 13, 2024, the Paris Club group of creditors agreed upon a debt treatment for Somalia under the HIPC process, and beyond-HIPC debt relief to cancel all debt on a voluntary basis. We have signed bilateral agreements with nearly all Paris Club creditors, and negotiations with Spain on a debt swap arrangement are advancing. We continue to pursue discussions with remaining non-Paris Club bilateral creditors, having reached debt relief agreements with United Arab Emirates in February 2025 and Kuwait and Saudi Arabia in 2023. Negotiations with the Arab Fund for Economic and Social Development (AFESD)—the last remaining multilateral creditor—are ongoing, after concluding deals with the Arab Monetary Fund in April 2025 and the Islamic Development Bank and OPEC Fund for International Development in 2024. We remain engaged in best effort and good faith negotiations to secure the remaining 7.8 percent of expected HIPC debt relief from our remaining creditors.

**34. We are working towards implementing the harmonized legal framework for the extractive industries.** With the legal framework revised and updated, efforts have shifted toward building institutional capacity to operationalize it. Any future direct negotiations will be limited and informed by price discovery through previous competitive licensing rounds. We are committed to:

- Launching a competitive licensing round by end-September 2026, upon confirmation of commercially promising results from the 3D seismic survey, in accordance with the Tender Protocol and ensure competitive conditions, objectivity, transparency, and full consistency with the legal framework (proposed SB #11, due end-September 2026).

- All new production sharing agreements (PSAs) in the petroleum sector are to be granted primarily through competitive licensing rounds. In exceptional and well-justified circumstances, PSAs may be awarded through direct negotiations. In such cases: (i) The rationale for the use of direct negotiations shall be documented as part of the report to government required within the legal framework; (ii) The fiscal terms must be fully consistent with the legal framework; (iii) The PSA must be reviewed and approved by the IMCC; and (iv) The agreed terms must be published in accordance with the Petroleum Act regulations. For any PSA awarded through direct negotiations before the launch of the first competitive licensing round, no fiscal element of the PSA should be less favorable to the FGS than the most favorable terms contained in any existing PSA in Somalia. This SB will apply to all new PSAs with the exception of PSAs negotiated under the existing specific defense and security framework agreement that was approved by Parliament in February 2024 involving national security (proposed SB #12, continuous).

- We will share all relevant technical assistance reports from partners, including the report from the forthcoming IMF January 2026 TA mission on petroleum sector revenue modelling, with the IMCC to support its review, assessment and decision-making.

**Monetary and Financial Sector Reforms**

35. **We will continue implementing reforms to promote financial stability and support financial deepening.** We will strive to achieve steadfast approval of the National Payments System bill submitted to Parliament. Staffing and capacity of the CBS Licensing and Supervision Department will continue to be strengthened to improve the quality of supervision. We are also working closely with multilateral partners to enhance the regulatory framework for Islamic banking, including on Shariah compliance. We will continue to address the remaining recommendations of the 2024 IMF safeguards assessment, including on internal audit of SWIFT and the amendment of the CBS Law (see below). With the support of the World Bank, we plan to adopt supervisory technologies to automate data collection and analysis systems. To improve credit information and facilitate financial deepening, we intend to develop a credit bureau and collateral registry, with the support of the AfDB and IFC. To further enhance financial stability and manage systemic liquidity risks, the CBS will also gradually introduce a prudential reserve requirement framework mandating all licensed banks to maintain adequate reserves against non-equity liabilities such as deposits (proposed SB #10, due end-August 2026).

36. **In the context of the planned the currency reform, we have made progress in our efforts to adopt a currency board arrangement as the monetary and exchange rate framework, with the support of IMF technical assistance.** Reintroducing the Somalia shilling as legal tender will restore the credibility of the national currency, promote financial inclusion for the most vulnerable populations that have limited access to formal financial services, and fulfill important transaction and liquidity functions by facilitating small value payments. We also see the currency reform as an opportunity to contribute to peacebuilding as the national currency will be a symbol of national sovereignty and unity. We are taking steps to address the operational and financial needs associated with the currency exchange project, including securing a firm agreement between the FGS and all FMS, establishing CBS branches in all federal member states and addressing the funding gap, including discussions with the World Bank. To support the currency exchange, we have advanced preparations for introducing a currency board arrangement (CBA) with IMF CD support. We believe that a currency board will provide a stable and predictable policy environment to ensure confidence in the national currency across Somalia, while maintaining a dual currency regime with the U.S. dollar. We are on track to submit amendments to the CBS Law to Parliament, including to cover the currency board arrangement, in line with IMF recommendations (SB#4, due end-December 2025), while also further strengthening governance and autonomy provisions. Once the revised CBS Act is enacted, we will advance the preparations for a CBA, including by securing: i) CBS Board approval of foreign exchange (FX) regulations outlining the CBS criteria for selecting counterparties and specifying how these counterparties will fulfill their obligations to the general public under the CBA, in line with IMF recommendations (SB#6, due end-May 2026); and (ii) CBS Board approval of a regulation that specifies the process to produce and

publish the CBA balance sheet on a weekly basis with minimal lag (SB#7, due end-July 2026). Both regulations will be published and enter effect upon the completion of the currency exchange and the adoption of the CBA. We will need to secure gross international reserves required to backstop the new currency, including by catalyzing donor assistance. We are committed to maintaining complementary policies to sustain the credibility of the currency board once implemented. In particular, we will: (i) ensure fiscal sustainability; (ii) ensure CBS operational independence and prevent deficit financing of the government; (iii) strengthen CBS capacity, including the cash management function, and policies to promote transparency; (iv) secure financial stability, develop financial markets, and support capacity building of financial institutions; and (v) improve the quality, frequency, and timeliness of macroeconomic and financial data.

**37. We will continue advancing reforms of the AML/CFT operational and legal framework to comply with international standards and support the flow of remittances into Somalia.** We are planning to update the National Risk Assessment (NRA) action plan. Delayed MENAFATF onsite visit is expected to take place once the security situation in Mogadishu improves. To address the recommendations of the Technical Compliance Report, as part of the MENA-FATF Mutual Evaluation Assessment, we are developing priority actions that will be distributed to all relevant agencies. We are also working on corresponding regulations to implement the recently amended AML/CFT law.

### Policies for Improving Economic Growth and Resilience, Governance, Social Inclusion, and Statistics

**38. We continue our strong commitment to improve governance and fight corruption.** We plan to review the existing laws to ensure compliance with the UNCAC. In addition, we plan to start the second cycle of the self-assessment as part of the UNCAC review mechanism. We will strengthen the resources of the Independent Anti-Corruption Commission and update our National Anti-Corruption Strategy. In addition, we commit to vigorously applying the Audit Law and regulations.

**39. We remain committed to advancing a broad-based reform agenda to bolster inclusive growth, improve resilience to climate shocks, and enhance trade integration.** To help build resilience to climate change and strengthen food systems over time, the Ministries of Planning and Finance in collaboration with the Ministry of Agriculture launched a Food Security Crisis Plan in December 2023. Since the Plan's implementation in January 2024, regular Integrated Food Security Phase Classification and Joint Monitoring Reports are being prepared which serve as core inputs for early warning and crisis response, enabling timely, evidence-based interventions. The government has also developed a National Climate Change Policy for a harmonized response to climate challenges and integration of climate considerations into various sectoral activities. We have developed the Centennial Vision 2060 that aims to accelerate the development process in key areas, including poverty reduction, inclusive growth, and climate resilience. We are also working with development partners to encourage greater channeling of aid flows through the budget and country systems to ensure their alignment with the priorities of the NTP, enhance their visibility, and facilitate monitoring and evaluation.

**40. We are advancing regional integration under the customs union and common market of the East African Community (EAC), and preparing for accession to the World Trade Organization (WTO)**. We are working towards the establishment of the Somali Revenue Authority, while aligning Somalia's fiscal calendar with the EAC's July 1–June 30 cycle would require legislative changes. We are engaging with the EAC secretariat to revise the roadmap timelines. The first accession meeting to WTO took place in February 2025, and work on the next steps is progressing.

**41. We are committed to improving key macroeconomic and financial data, acknowledging the critical role it plays in guiding economic policies.** Availability of economic activity and social data is being broadened, with the Somalia Integrated Business Establishment Census providing a new foundation and the annual business survey to be finalized by end-2025. An agriculture census is planned for 2025–2026, while a new population census is expected to begin in 2026, the first in over 40 years. In addition, a nationally representative food security and vulnerability survey is underway. The business and household surveys will provide the basis for deriving GDP by the production approach, and the publication of quarterly GDP estimates is planned as part of the expanded national accounts framework.

### Program Monitoring and Access

**42. Program implementation will be monitored through quantitative performance criteria, continuous performance criteria (including a continuous performance criterion related to Article VIII commitments), indicative targets (MEFP Table 1) and structural benchmarks (MEFP Table 2).** These will be assessed through semi-annual reviews. The fifth and sixth reviews of the ECF arrangement will be based on the QPCs and ITs set for end-December 2025, and end-June 2026, respectively (as described in MEFP Table 1 and the TMU), and the structural conditionality as described in MEFP Table 2. All reviews will be conditioned on quantitative performance criteria outlined in MEFP Table 1.

## Table 1. Somalia: Quantitative Performance Criteria and Indicative Targets Under the ECF Arrangement (June 2025–September 2026) 1/

(Millions of U.S. dollars)

| | Jun. 2025 4/ | | | Sept. 2025 | | | Dec. 2025 4/ | Mar. 2026 | | Jun. 2026 4/ | Sept. 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Prog. | Actual | Status | Prog. | Actual | Status | Prog. | Prog. | Proposed | Proposed | Proposed |
| **Quantitative Performance Criteria** | | | | | | | | | | | |
| 1 FGS domestic revenue, floor 2/ | 170 | 179 | Met | | | | 415 | | | 197 | |
| 2 Spending on FGS compensation of employees, goods & services (excl. CBS commission), & contingency, ceiling 2/ | 260 | 218 | Met | | | | 491 | | | 286 | |
| 3 Net international reserves (excl. all SDR holdings of MoF), floor 7/ | 1.5 | 2.7 | Met | | | | 1.5 | | | 1.5 | |
| 4 Contracting or guaranteeing any new external, non-concessional debt, ceiling 3/ | 0 | 0 | Met | | | | 0 | | | 0 | |
| 5 Accumulation of new external arrears, ceiling 3/ | 0 | 0 | Met | | | | 0 | | | 0 | |
| **Indicative Targets** | | | | | | | | | | | |
| 1 FGS domestic revenue, floor 2/ | | | | 275 | 286 | Met | | 101 | 94 | | 315 |
| 2 Spending on FGS compensation of employees, goods & services (excl. CBS commission), & contingency, ceiling 2/ | | | | 387 | 337 | Met | | 146 | 145 | | 425 |
| 3 Net international reserves (excl. all SDR holdings of MoF), floor 7/ | | | | 1.5 | 2.6 | Met | | 1.5 | 1.5 | | 1.5 |
| 4 Contracting or guaranteeing any new external, non-concessional debt, ceiling 3/ | | | | 0 | 0 | Met | | 0 | 0 | | 0 |
| 5 Accumulation of new external arrears, ceiling 3/ | | | | 0 | 0 | Met | | 0 | 0 | | 0 |
| 6 Fiscal balance, floor (cash basis) 2/ 5/ | -64 | -51 | Met | -88 | -69 | Met | -29 | -45 | -51 | -89 | -118 |
| 7 Contracting of new domestic debt, ceiling 3/ | 0 | 0 | Met | 0 | 0 | Met | 0 | 0 | 0 | 0 | 0 |
| 8 Accumulation of new domestic expenditure arrears, ceiling 3/ | 0 | 0 | Met | 0 | 0 | Met | 0 | 0 | 0 | 0 | 0 |
| 9 FGS social spending, floor 2/ | | 0 | | | | | | | 2 | 4 | 6 |
| ***Memorandum item*** | | | | | | | | | | | |
| Contracting or guaranteeing of new external concessional debt 5/ 6/ | 0 | 0 | | 0 | 0 | | 0 | 0 | 27 | 27 | 27 |

Sources: Somali authorities; and IMF staff estimates and projections.

1/ The quantitative targets, indicative targets, and program exchange rates are defined in the Technical Memorandum of Understanding (TMU).

2/ Cumulative from the beginning of the fiscal year.

3/ This target is applied on a continuous basis.

4/ Test date for the fourth, fifth and sixth reviews, respectively.

5/ The fiscal balance floor for 2025 is broadly in line with the authorities' 2025 budget (-US$28 million), which is consistent with the IMF staff forecast (-US$37 million). The difference is mainly explained by different assumptions regarding budget support grants. The authorities' 2025 budget includes US$170 million in budget support grants, while the IMF staff forecast incorporates US$180 million in grants. However, the IMF forecast has been updated to include lower domestic revenues and higher expenditure. The fiscal balance floor for 2026 is broadly in line with the authorities' 2026 budget (-US$28 million), which is consistent with the IMF forecast (-US$84 million). The difference is explained by a higher assumption for budget support grants in the budget (US$154 million, while IMF forecast is US$122 million) and a lower overall spending envelope (US$ 653 million in the budget, relative to US$ 676 million in the IMF forecast). As per the TMU, the fiscal balance floor would be adjusted downward by any delays or shortfalls in budget support grants as compared to the budget estimate, or if interest payments are higher than the budget estimate.

6/ Excludes IMF disbursements.

7/ The floor on NIR would be adjusted downward if the CBS transfers distributable earnings to the government, and if the CBS provides temporary liquidity advances to the government, as per the TMU.

## Table 2. Somalia: Structural Benchmarks Under the ECF Arrangement (June 2025–September 2026)

| | Benchmarks | Target dates | Sector/FGS Agency | Rationale | Monitoring | Status |
|---|---|---|---|---|---|---|
| 1 | Ensure sustained end-to-end use of the Somalia Customs Automated System (SOMCAS) in the Mogadishu seaport and airport by fully discontinuing the use of the Port Customs Management Information System (PCMIS) | End-June 2025 | Domestic revenue / MOF | Enhance customs administration and revenue collections | The ratio of total customs duties reported in the Treasury Single Account (SFMIS) to the total customs duties paid through SOMCAS should be at least 99 percent on average across May and June 2025 and letter from the Minister of Finance confirming that PCMIS is no longer being used at Mogadishu seaport nor airport. | Met |
| 2 | (i) Publish the updated PFM regulations relating to digital signatures for the purchase order to payment process; and (ii) implement the digital signatures in the SFMIS | End-August 2025 | PFM / MOF | Strengthen expenditure controls and improve transparency and accountability | Publish the amended PFM regulations on the MoF website. Confirm implementation of digital signatures in SFMIS. Provide a list of users using digital signatures and the number and amount of payment vouchers processed using digital signatures. | Met |
| 3 | Issue detailed instructions to capital adequacy (CAR) and liquidity coverage ratios (LCR) templates reported by banks | End-July 2025 | Financial Supervision / CBS | Improve the quality of supervisory data | Send IMF staff the detailed instructions communicated to banks. | Met |
| 4 | Submit to Parliament amendments to the CBS Law, including to cover the currency board arrangement, in line with IMF recommendations | End-December 2025 | Financial Supervision / CBS | Enhance central bank operations and independence under the currency board arrangement | Send to the IMF staff the version of the Bill submitted to Parliament | |
| 5 | Complete the income tax administrative manual for tax administrators, in line with IMF recommendations | End-December 2025 | Domestic revenue / MOF | Enhance revenue collection | Send IMF staff the manual for tax administrators. | |
| 6 | CBS Board approval of foreign exchange regulations outlining the CBS criteria for selecting counterparties and specifying how these counterparties will fulfill their obligations to the general public under the CBA, in line with IMF recommendations | End-May 2026 | Financial Supervision / CBS | Advance preparations for the currency exchange and currency board arrangement | Send IMF staff the regulations approved by the CBS Board. | |
| 7 | CBS Board approval of a regulation, to become effective with currency exchange, that specifies the process to produce and publish the CBA balance sheet on a weekly basis with minimal lag | End-July 2026 | Financial Supervision / CBS | Advance preparations for the currency exchange and currency board arrangement | Send IMF staff the regulation approved by the CBS Board. | |
| 8 | Publish the Public Financial Management (PFM) Reform Strategic Plan for 2026-2029, which includes plans to strengthen multi-year commitment controls, public investment management, fiscal transparency, and institutional coordination, in line with IMF recommendations | End-March 2026 | PFM/MOF | Strengthen governance and expenditure efficiency. | Publish the plan approved by MoF on the MoF website. Send IMF staff the link to the plan. | |
| | ***Proposed Structural Benchmarks*** | | | | | |
| 9 | Submit the revised PPP bill to the Finance Committee of the House of the People, reflecting the joint agreement based on IMF and IFC recommendations | End-December 2025 | PFM / MOF | Strengthen expenditure controls and improve transparency and accountability | Send to the IMF staff the version of the Bill submitted to Parliament | |
| 10 | Publish regulation to gradually introduce a prudential reserve requirement framework | End-August 2026 | Financial Supervision / CBS | Enhance financial stability and manage systemic liquidity risks | Send IMF staff the regulations communicated to banks. | |
| 11 | Launch a competitive licensing round, upon confirmation of commercially promising results from the 3D seismic survey, in accordance with the Tender Protocol and ensure competitive conditions, objectivity, transparency, and full consistency with the legal framework. | End-September 2026 | Governance / MOF MPMR | Strengthen governance and improve transparency | Submission to IMF staff of the official tender announcement and tender documents, as published on the Ministry website. | |
| 12 | All new production sharing agreements (PSAs) in the petroleum sector are to be granted primarily through competitive licensing rounds. In exceptional and well-justified circumstances , PSAs may be awarded through direct negotiations. In such cases: (i) The rationale for the use of direct negotiations shall be documented as part of the report to government required within the legal framework; (ii) The fiscal terms must be fully consistent with the legal framework; (iii) The PSA must be reviewed and approved by the IMCC; and (iv) The agreed terms must be published in accordance with the Petroleum Act regulations. For any PSA awarded through direct negotiations before the launch of the first competitive licensing round, no fiscal element of the PSA should be less favorable to the FGS than the most favorable terms contained in any existing PSA in Somalia. PSAs negotiated under the existing specific defense and security framework agreement that was approved by Parliament in February 2024 involving national security are exempted. | Continuous | Governance / MOF MPMR | Strengthen governance and improve transparency | For new PSAs granted through competitive licensing rounds, submit to IMF staff a link to the publication of the terms of the PSAs as required by the legal framework. For new PSAs granted through direct negotiations, submit to IMF staff documentation confirming that the requirements in (i)–(iv) under the legal framework are met. For any PSA granted through direct negotiation ahead of the first competitive licensing round, also submit (on a confidential basis, as appropriate) a comparison of the fiscal terms in the new PSA with the most favorable terms in any existing PSA (with the exception of PSAs negotiated under the existing specific defense and security framework agreement) in Somalia. | |

Source: IMF

Note: Ministry of Finance (MOF), Central Bank of Somalia (CBS), Federal Member States (FMS), Financial Reporting Center (FRC), Ministry of Justice (MOJ) public financial management (PFM), Somalia Financial Management Information System (SFMIS), Anti-Money Laundering/Combating the Financing of Terrorism (AML-CFT).

# Attachment II. Technical Memorandum of Understanding

*This technical memorandum of understanding (TMU) sets out the definitions of the quantitative performance criteria and indicative targets agreed to by the Somali authorities and the International Monetary Fund (IMF) in relation to the Extended Credit Facility spanning December 2023 to December 2026. In addition, the TMU establishes the terms and timeframe for transmitting the data that will enable IMF staff to assess program implementation and performance. The definitions could be revisited during the program reviews to ensure that the memorandum continues to reflect the best understanding of the Somali authorities and IMF staff in monitoring the program.*

## QUANTITATIVE TARGETS

**1. The quantitative performance criteria (QPC) and indicative targets (IT) are specified in Table 1 of the Memorandum of Economic and Financial Policies (MEFP).** Quantitative targets will be set on a 12-month rolling basis during program reviews, with test dates for QPCs usually set on a semiannual basis, and those for ITs set on a quarterly basis. Unless otherwise specified, all quantitative targets will be evaluated in terms of cumulative flows from the beginning of each calendar year.

**QPCs for December 2025, and June 2026, and related ITs for March 2026, September 2026:**

- Floor on Federal Government of Somalia (FGS) domestic revenue;
- Ceiling on spending on FGS compensation of employees, goods & services, & contingency;
- Floor on the Central Bank of Somalia's (CBS) net international reserves (NIR);
- Ceiling on accumulation of new external arrears by the FGS; and
- Ceiling on contracting or guaranteeing any new external, non-concessional debt.

**ITs for March 2026 and September 2026:**

- Floor on the FGS fiscal balance (on a cash basis);
- Ceiling on new domestic debt contracted by the FGS;
- Ceiling on accumulation of new domestic arrears by the FGS;
- Floor on social spending of the FGS budget on health sector; and

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- Contracting or guaranteeing of any new external, concessional debt, excluding disbursements under an IMF arrangement.

**2. In addition to the specific PCs listed in paragraph 1, as for any Fund arrangement, continuous PCs also include the non-introduction of exchange restrictions and multiple currency practices as per the Article VIII commitments.** Specifically, such continuous performance criteria cover (i) the non-imposition or intensification of restrictions on the making of payments and transfers for current international transactions; (ii) the non-introduction or modification of multiple currency practices; (iii) the non-conclusion of bilateral payments agreements that are inconsistent with Article VIII; and (iv) the non-imposition or intensification of import restrictions for balance of payments reasons. These continuous PCs, given their non-quantitative nature, are not listed in the PC table (Table 1) annexed to the MEFP.

**DEFINITIONS AND COMPUTATION**

3. **The government is defined as the FGS.** This definition excludes public entities with autonomous legal personalities whose budgets are not included in the federal government budget and federal members states (FMS). For the purpose of monitoring external debt, the general government is defined as the FGS and FMS (Galmudug, Hirshabelle, Jubaland, Puntland, and South West State) and the Banaadir region.

4. **Government revenue and expenditure is defined in accordance with the Government Financial Statistics Manual (GFSM) 2014 on a cash basis of accounting.** Government revenues and expenditure are recognized when cash is received and paid and measured on a cumulative basis from the beginning of the current fiscal year (which coincides with the calendar year). Financing transactions—including amortization of World Bank and other debt, receipts and repayments of CBS advances, and withdrawal and reconstitution of Special Drawing Rights (SDR) distributed to the MoF—are excluded from revenue and expenditure. Interest payments are included in expenditure. Receipts from the disposal of nonfinancial assets are also excluded from the definition of revenue. The Somalia Financial Management Information System (SFMIS) reports will be used as the basis for program monitoring of revenues, expenditures, and financing transactions, supplemented by monthly financial reports published by the Ministry of Finance.

5. **Government domestic revenue includes all tax and nontax receipts received into the FGS general accounts and excludes grants.** Domestic revenues include taxes, nontax revenues, and other compulsory transfers imposed by the government, property income derived from the ownership of assets, sales of goods and services, penalties and forfeits, and voluntary transfers received from nongovernment other than grants. The definition for program monitoring excludes (i) grants and other noncompulsory contributions received from foreign governments or international organizations and (ii) transfers of CBS distributable earnings that are not included in the Appropriation Law.

6. **Spending on FGS compensation of employees, goods and services, and contingencies excludes expenditure made under project appropriations specified in the Appropriation Law.** Spending on compensation of employees and goods and services is determined in line with the GFSM 2014. The expenditure ceiling set in the program excludes the commission paid to the CBS from spending on goods and services. The table on data reporting below requests expenditures by 4-digit level object code for each MDA with a breakdown for those financed by the general government fund, contingency funds, and project support grants specified in the Appropriation Law.

**7. Adjustor to the Spending on FGS compensation of employees, goods and services, and contingencies.** The end-June 2026 ceiling on the spending on FGS compensation of employees, goods and services, and contingencies will be adjusted down by US$ 14 million if Presidential and Parliamentary elections (due in May 2026) are delayed beyond end-June 2026.

**8. Tax exemptions refer to all revenue losses resulting from preferential tax policies.** The detailed reporting requirements under the PFM Law are:

a. Article 5 (3): Within 7 days of granting an exemption the Minister shall notify the Council of Ministers and the Auditor General of the tax exemptions and the reasons for the exemptions.

b. Article 5 (4): The Minister shall submit the tax exemptions approved to both Houses of Parliament on or before March 31st, June 30th, September 30th, and December 31st of each financial year.

c. Article 5 (5): The content of the reports should show at the micro level the individual to whom the tax exemption was granted; the reasons for the exemptions; the total of taxes due to the Government but not paid; and the benefits to the Government arising from the tax exemption.

d. Article 18 (1)(f): The proposed Budget Appropriation Bill submitted by the Minister to both Houses of the Federal Parliament of Somalia should contain the annual tax exemption report.

**9. Budget execution control points for Somalia are defined in accordance with accepted international practice:**

a. **Allotment:** An allotment refers to a ceiling on the amount of warrants to be requested by MDAs during a specific time period. An allotment is issued by the MoF within available funds for the period covered. Also referred to in some texts as "apportionment" or "allocation".

b. **Warrant:** A warrant refers to a ceiling on the amount of commitments to be made by MDAs during a specific time period. A warrant is issued by the MoF on request from an MDA within the amount of available allotment. Once approved, the warrant reduces the available allotment.

c. **Commitment:** A commitment refers to a contract or other form of legally binding agreements to make payments. It includes agreements to make payments in exchange for future delivery of goods or services and agreements of a continuing nature, including those for compensation of employees. In case of the former, a liability will not be recognized until delivery of the item, but the government is contractually committed to meeting the obligation once delivery is made.

**10. The fiscal balance,** on a cash basis, is defined as the difference between (i) total government revenue (including domestic revenue, transfers of CBS distributable earnings that are not included in the Appropriation Law, and grants); and (ii) total government expenditures (excluding foreign-financed off-budget expenditure).

**11. Adjustor to the fiscal balance floor.** The floor on the fiscal balance will be adjusted down by any delays or shortfalls in budget support grants as compared to the budget estimate, up to the maximum amounts stipulated in TMU Table 1, to cover priority spending as specified in the sequestration rule under the Appropriation Law, and provided that there are no overruns in other, non-priority spending items. The floor on the fiscal balance will also be adjusted down by any higher amounts of interest payments compared to the budget estimate.

**Table 1. Somalia: Adjustor to the Fiscal Balance Floor, Maximum Amount**
(US$ million, cumulative flows from the beginning of each calendar year)

| | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 |
|---|---|---|---|---|---|
| **Maximum amount of the fiscal balance adjustor related to delays or shortfalls in budget support grants** | **61.0** | **135.2** | **0.0** | **13.5** | **36.0** |
| **Memorandum items** | | | | | |
| Budget support grants in the Budget estimate | 61.0 | 170.0 | 0.0 | 13.5 | 36.0 |
| Interest payments in the Budget estimate | 6.1 | 6.1 | 14.4 | 14.4 | 14.4 |
| Possible sources of financing for fiscal deficit | 190.6 | 135.2 | 195.8 | 195.8 | 195.8 |
| Withdrawal of cash buffers 1/ | 44.7 | 44.7 | 50.0 | 50.0 | 50.0 |
| MOF SDR holdings 3/ | 90.5 | 90.5 | 90.5 | 90.5 | 90.5 |
| Proceeds from CBS temporary advances 2/ | 55.4 | 0.0 | 55.4 | 55.4 | 55.4 |

1/ Includes the Fiscal Buffer (a dedicated account in the Treasury Single Account managed in accordance with the MoF guidelines of July 25, 2019), the SDR transit account (an account held with a correspondent bank in Türkiye through which proceeds from SDR holdings distributed to the MOF are channeled), and other accounts with cash balances.
2/ In line with the CBS Law, the total amount outstanding at any time of CBS advances shall not exceed 15 percent of the most recent audited domestic revenue of FGS. For 2025, the most recent audited domestic revenue corresponds to 2024 and the maximum amount of liquidity advances from the CBS is USD55.4 million. In line with the Appropriation Law, all liquidity advances should be repaid by end-December of the fiscal year. In line with the Short-Term Government Financing Agreement between the CBS and MoF signed on June 21, 2021, the maturity of temporary advances should not exceed 90 days.
3/ MOF SDR holdings include the remaining SDR holdings related to the 2021 SDR allocation not converted into USD, the SDR 7 million windfall from the HIPC debt relief not converted into USD, EU balance transfer of SDR 7.5 million from Somalia Administered Account not converted into USD, and IMF ECF disbursements for budget support not converted into USD. Drawdown of SDR holdings to pay for net SDR charges are assumed to be reconstituted.

**12. The indicative floor on social spending of the FGS will apply to budget spending for Essential Package of Health Services (EPHS) and National School Meals (NSM) Programs.** For the purpose of this IT, the indicative floor will apply to the amount of US$ funds transferred by the FGS budget to the line ministries operating EPHS and NSM Programs. Any project support for EPHS and NSM Programs by other donors (e.g. the World Bank, World Food Program) is excluded. For the purpose of monitoring, the data will be measured as cumulative over the fiscal year and it will be reported on a quarterly basis, with a lag of no more than four weeks from the end-of-period (Table 3).

**13. New domestic arrears of the government are defined as FGS' obligations for payments to residents that remain unpaid 90 days after the due date.** Under this definition, the due date refers to the date on which payments are due according to the relevant contract or agreement, after any contractual grace periods lapse. Obligations for payments include CBS advances, borrowing from commercial banks, and accrued but unpaid expenditure commitments for compensation of employees, goods and services, interest payments, mandatory transfer to the Banaadir region, and acquisition of nonfinancial assets. New domestic arrears include those accumulated from the beginning of the fiscal year.

**14. External arrears of the government are defined as debt obligations to non-residents that are not paid on the contractual due date (plus any applicable grace period).** For program purposes, external arrears exclude arrears arising from debt that is being renegotiated with creditors in the context of the HIPC process, including Paris Club creditors; and more specifically, to external arrears in respect of which a creditor has agreed that no payment needs to be made pending negotiations. For the purposes of the performance criterion of the ceiling on new external arrears, nonpayment of external debt service to Russia will not give rise to arrears when the Central Government and the CBS cannot pay or settle based on the contractual terms solely due to factors outside Somalia's control (e.g. the transfer of funds being rejected owing to intermediary financial institutions' compliance policies, sanctions, or inability to identify the counterparty), as long as the debt service payments have been paid in full into a designated account held by a third-party – in this case the CBS – by the contractual due date, taking into account any contractual grace period. The designated account fulfills the following conditions: (i) no third party (including the Ministry of Finance) has access to the funds deposited in the account; (ii) funds deposited in the account can only be used to service the debt to the creditor, according to the repayment schedule agreed upon between the creditor and Somalia; and (iii) funds accumulated in the account can only be transferred back to the Ministry of Finance if there is legal evidence of an agreement to service the debt through other instruments or if funds need to be transferred to another account with the same purpose. Funds in such designated account will be used only to satisfy the related external debt obligations, and their use or withdrawal for other purposes would constitute a breach of the PC.

**15. For program purposes, debt is defined in accordance with Executive Board Decision No. 15688 (14/107), Point 8(a) and 8(b), adopted on December 5,2014, as amended, and is defined on a residency basis.**

- The term "debt" will be understood to mean a current (that is, not contingent) liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take several forms; the primary ones being as follows:

- Loans, that is, advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

- Suppliers' credits, that is, contracts where the supplier permits the obligor to defer paymentsuntil sometime after the date on which the goods are delivered or services are provided; and

- Leases, that is, arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the totalexpected service life of the property, while the lessor retains the title to the property. For theguideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments that cover the operation, repair, or maintenance of the property.

**16. Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt.** Failure to make payment on an obligation that is not considered debt under this definition (for example, payment on delivery) will not give rise to debt.

**17. Domestic debt is defined as debt for which the counterparty is resident of Somalia, including the CBS.** The definition of domestic debt excludes temporary advances for liquidity management from the CBS. Temporary advances will be fully repaid within 90 days. QPCs and related ITs on domestic debt are cumulative ceilings on contracting new domestic debt from the beginning of the fiscal year.

**18. QPCs (and related ITs) for external debt are cumulative ceilings on contracting or guaranteeing of new non-concessional borrowing by the general government from the beginning of the fiscal year.** A memorandum item is included on the contracting of new concessional borrowing by the general government from the beginning of the fiscal year. For program purposes, external debt is defined by the residency of the creditor and is deemed to have been contracted when an underlying loan agreement is signed. Excluded from this performance criteria are disbursements from the IMF. The government will report any planned external borrowing and its terms to Fund staff before external debt is contracted or guaranteed. In addition, for program purposes, borrowing is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the net present value (NPV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt.[1] The NPV of debt at the time of its signing is calculated by discounting the future stream of payments of debt service due on this debt. The discount rate used for this purpose is 5 percent. External borrowing that does not have a grant element of at least 35 percent is deemed non-concessional borrowing. For the purposes of the program, highly concessional financing is defined as borrowing with at least 50 percent grant element.

**19. The CBS's net international reserves (NIR) are defined as the difference between gross foreign assets and gross foreign liabilities.** All SDRs are valued over the calendar year at

[1] The calculation of concessionality will take into account all aspects of the loan agreement, including maturity, grace period, payment schedule, upfront commissions, and management fees.

the August 31, 2023 exchange rate of US$1.329940 per SDR. IMF representative exchange rates against the U.S. dollar at August 31, 2023 will be used to convert foreign assets and liabilities denominated in currencies other than U.S. dollars. The assets and liabilities related to the designated account held by the CBS into which FGS debt service payments due are deposited as per paragraph 12 are excluded from the definition of NIR for program purposes.

a. Gross foreign assets are defined as

- the sum of (i) gold (valued over the calendar year at the market price of August 31, 2023 (US$ 1,942.9 per ounce)); (ii) total foreign exchange held abroad; and (iii) Somalia's SDR holdings in the IMF SDR Department;
- net of (iv) all SDR holdings that belong to the MoF.[2]

b. Gross foreign liabilities are defined as

- the sum of (i) government deposits at the CBS in foreign currency held abroad; (ii) other earmarked foreign currency deposits at the CBS by residents of Somalia held abroad; (iii) outstanding IMF credits and loans; and (iv) total amount of SDR general allocation;
- net of (v) the MoF share of the 2021 General SDR Allocation as per the September 2021 Memorandum of Understanding between the MoF and the CBS; and (vi) SDRs disbursed under the ECF arrangement for budget support.

**20. Adjustors to the NIR floor.** In case any of the following events materialize, the NIR floor would be adjusted downward by the maximum amounts stipulated in TMU Table 2.

a. If the CBS transfers distributable earnings to the government as per the Central Bank of Somalia Act.

b. If the CBS provides the MoF with temporary liquidity advances to finance delays or shortfalls in budget support grants relative to the budget estimate. In line with the CBS Law, the total amount outstanding at any time of CBS advances shall not exceed 15 percent of the most recent audited domestic revenue of FGS. In line with the Appropriation Law, all liquidity advances should be repaid by end-December of the fiscal year. In line with the Short-Term Government Financing Agreement between the CBS and MoF signed on June 21, 2021, the maturity of temporary advances should not exceed 90 days.

[2] This includes (i) the unused SDR holdings belonging to the MoF related to the 2021 SDR allocation not converted into USD, (ii) the SDR 7 million windfall from the HIPC debt relief not converted into USD, (iii) the IMF ECF disbursements for budget support not converted into USD, and (iv) any other SDR holdings attributed to the MoF.

**Table 2. Somalia: Adjustors to the NIR Floor**
(US$ million, cumulative flows from the beginning of each calendar year)

| | Maximum adjustment amounts | | | | |
|---|---|---|---|---|---|
| | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 |
| Adjustor 1, if the CBS transfers distributable earnings to the government | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 |
| Adjustor 2: if the CBS provides temporary liquidity advances to the government 1/ | -55.4 | 0.0 | -55.4 | -55.4 | -55.4 |

1/ In line with the CBS Law, the total amount outstanding at any time of CBS advances shall not exceed 15 percent of the most recent audited domestic revenue of FGS. For 2024, the most recent audited domestic revenue corresponds to 2023 and the maximum amount of liquidity advances from the CBS is USD49.4 million. For 2025, the most recent audited domestic revenue will correspond to 2024 and the maximum amount of liquidity advances from the CBS is currently estimated at USD55.4 million—this amount will be updated in forthcoming program reviews once the audited accounts for 2024 become available. In line with the Appropriation Law, all liquidity advances should be repaid by end-December of the fiscal year. In line with the Short-Term Government Financing Agreement between the CBS and MoF signed on June 21, 2021, the maturity of temporary advances should not exceed 90 days.

## Program Monitoring

**21. Program Monitoring Committee.** The Somali authorities shall maintain a program-monitoring Technical Working Group (TWG) composed of senior officials from the Ministry of Finance (MoF), the CBS, Financial Reporting Centre (FRC), Somalia National Bureau of Statistics (SNBS), and the Ministry of Planning, Investment and Economic Development (MoPIED). The IMF Resident Representative will have observer status on this working group. The TWG shall be responsible for monitoring the performance of the program, recommending policy responses, informing the Fund regularly on program performance, and transmitting the supporting materials necessary for the evaluation of benchmarks. The committee shall provide the Fund with quarterly progress reports on the program within four weeks of the end of each quarter, using the latest available data.

**22. Data Reporting to the Fund.** To allow monitoring of developments under the program, the MoF, CBS, MoPIED, SNBS, and FRC will provide to the Resident Representative's office of the IMF the following data on the schedule as specified in the table below.

## Table 3. Somalia: Data Reporting, December 2023–December 2026

| Reporting Agency | Type of Data | Description of Data | Frequency | Timing (within period specified) |
|---|---|---|---|---|
| Central Bank of Somalia | Monetary Survey | Detailed balance sheet data of the CBS submitted in the reporting template. | Monthly | 3 weeks after the end of each month. |
| Central Bank of Somalia | Monetary Survey | Consolidated commercial banks' balance sheet data submitted in the reporting template, including deposits by mobile money operators (MMOs). | Quarterly | 4 weeks after the end of each quarter. |
| Central Bank of Somalia | Financial data not in broad money | Volume and value of mobile money transaction. | Quarterly | 4 weeks after the end of each quarter. |
| Central Bank of Somalia | Other financial indicators | Prudential data as per associated CBS regulations (total capital, core capital, total net assets, high quality liquid assets, and 30-day funding requirement, capital adequacy ratio, liquidity coverage ratio), and average profit rates and tenor information for private sector financing assets from banks. | Quarterly | 4 weeks after the end of each quarter. |
| Central Bank of Somalia | Balance of payments | Trade in goods data by HS code and value for the ports of Mogadishu, Bossaso, Kismayo, starting Sept 2020; petroleum imports to Mogadishu; and travel data from the Immigration Department. | Quarterly | 4 weeks after the end of each quarter. |
| Central Bank of Somalia | Balance of payments | Cross-border current transfers (both inflows and outflows) by MTBs and banks starting from end-March 2021. | Quarterly | 4 weeks after the end of each quarter. |
| Central Bank of Somalia | FGS external accounts | Provide end-month balances included in the Treasury Single Account held abroad by the CBS on behalf of the FGS, including on-budget grants and the fiscal buffer. | Monthly | 3 weeks after the end of each month. |
| Central Bank of Somalia | Designated account at CBS into which debt service payments due to Russia are paid into | Provide end-month balances and within month flows of the designated account at the CBS into which debt service payments due to Russia are paid in full by the contractual due date, taking into account any contractual grace periods. | Monthly | 3 weeks after the end of each month. |
| Financial Reporting Center | AML/CFT compliance data | On a monthly basis, total number of each STR, LCTR, and Nil reports received from banks, MTBs, and MMOs. Total number of each banks, and MTBs that have submitted reports during the period. MMO reporting to be added as oversight and supervision develops, but latest for end-December 2020 data point. | Quarterly | 4 weeks after the end of each quarter. |

**Table 3. Somalia: Data Reporting, December 2023–December 2026** (continued)

| Reporting Agency | Type of Data | Description of Data | Frequency | Timing (within period specified) |
|---|---|---|---|---|
| Ministry of Finance | FGS budget operations | For annual and supplemental budgets:<br>• Revenue by GFS 6-digit revenue classification;<br>• Statement of tax exemption for the previous 12-month period (annual budget only);<br>• Proposed Appropriation by MDA, program/project and 4-digit object code;<br>• Proposed appropriation by MDA and 2- digit object code;<br>• Staffing table by MDA;<br>• Donor assistance tables by COFOG showing on and off-budget spending;<br>• Proposed spending by NTP sector; and spending by FGS, Banaadir, and FMS. | As required | Within a week of submission to Cabinet and to the Parliament; and when signed by the President. |
| Ministry of Finance | FGS budget operations | Current year SFMIS reports showing budget, virements, and monthly data for:<br>• Revenue at GFS 6-digit revenue classification code;<br>• Expenditure by budget line and GFS classification with MDA lines, disaggregated by program/project and showing data by GFS 6-digit object code; and<br>• For applicable MDAs, details (i.e., sources of funding and purpose) of budget transfers to each FMS and other units.<br>Reports 1A, 1B and special report for FMS transfers. | Monthly | 4 weeks after the end of each month. |
| Ministry of Finance | FGS budget operations | A report that shows details of FGS financing transactions (Report 1C). | Monthly | 4 weeks after the end of each month. |
| Ministry of Finance | FGS budget operations | Original budget, virement, allotment, warrant, commitment, and YTD expenditure by 4-digit level object codes for each MDA, with breakdown to those financed by general government fund, contingency fund, and project support grants (Report 2A). | Monthly | 4 weeks after the end of each month. |
| Ministry of Finance | FGS budget operations | The monthly cash plan and at least one-month ahead forward projections supported by SFMIS reports on domestic revenue and donor budget support (report 3A) (excluding funding for donor projects); expenditures (excluding those financed by project support grants) by MDA and 4-digit level object code (report 3B); and expenditures (excluding those financed by project support grants) by object code at 4-digit level (report 3C). | Monthly | 4 weeks after the end of each month. |

**Table 3. Somalia: Data Reporting, December 2023–December 2026** (continued)

| Reporting Agency | Type of Data | Description of Data | Frequency | Timing (within period specified) |
|---|---|---|---|---|
| Ministry of Finance | FGS budget operations | A comprehensive table summarizing Government operations including revenue, expenditure (by MDA and Object code), and TSA balances for the month and YTD. These should include the fiscal buffer balances. (Excel and PDF formats of the reports 5A, 5B, 5C and 5D). | Monthly | 4 weeks after the end of each month. |
| Ministry of Finance | FGS budget operations | Payments report showing all payments in number and value made, disaggregated by those paid directly to vendor's bank accounts consistent with commitment controls; cash advances; and other payments. | Monthly | 4 weeks after the end of each month. |
| Ministry of Finance | Payroll | Payroll and non-payroll salary and allowance payments made by MDAs and individual embassies (in Excel). | Monthly | 4 weeks after the end of each month. |
| Ministry of Finance | SDR balances | Table showing SDR balances of the MoF and changes therein from the beginning of a fiscal year, with breakdown of withdrawal and reconstitution of SDR holdings and their credits and deductions for interest. | Monthly | 4 weeks after the end of each month. |
| Ministry of Finance | Customs | Total customs duties paid through SOMCAS (Excel format)<br><br>Total customs duties reported in the Treasury Single Account (SFMIS) (Excel format)<br><br>Separately for the Mogadishu seaport and airport: total customs duties paid through SOMCAS, the number of declarations registered in SOMCAS, the number of assessments accepted by customs through SOMCAS, the number of payments received through SOMCAS, and the number of releases registered through SOMCAS (Excel format) | Monthly | 4 weeks after the end of the month (starting January 2025) |
| Ministry of Finance | FMS and Banaadir budgets | For annual and supplemental budgets: Budget for each FMS, and aggregated budget (both revenue and expenditure). BRA budget to be provided in due course. | As required | Within a week of approval |
| Ministry of Finance | FMS and Banaadir final accounts | Final accounts of each FMS and BRA. | Annually | 6 months after the end of the year. |
| Ministry of Finance | FMS fiscal operations | Reports of fiscal operations (expenditures and revenues) from all Federal Member States (FMS) (using the consolidation tool). | Monthly | 6 weeks after the end of each month |

**Table 3. Somalia: Data Reporting, December 2023–December 2026** (continued)

| Reporting Agency | Type of Data | Description of Data | Frequency | Timing (within period specified) |
|---|---|---|---|---|
| Ministry of Finance | BRA fiscal operations | Reports of revenue and expenditure of the Banaadir region. | Monthly | 6 weeks after the end of each month (from September 2024). |
| Ministry of Finance | Domestic arrears | A letter confirming no accumulation of arrears or a table providing the end-of-period stock of domestic arrears accumulated during the year by MDA and 4-digit Object Code. | Quarterly | 4 weeks after the end of each quarter. |
| Ministry of Finance | Outstanding Invoices | A report that shows amount of outstanding invoices, including those past due and not due yet. | Monthly | 4 weeks after the end of the month (from May 2023). |
| Ministry of Finance | Quarterly debt bulletin | Quarterly debt bulletin prepared by the Debt Management Unit providing an overview of the external debt position with decompositions, alignment with the debt policy objective and debt management strategy when available, and risk assessment | Quarterly | 4 weeks after the end of each quarter. |
| Ministry of Finance | Domestic debt | The amount of new domestic debt contracted by Government. | Monthly | 4 weeks after the end of the month. |
| Ministry of Finance | External debt | End of year external debt in U.S. dollars, by creditor, and origination currency. The amount of new external debt contracted or guaranteed by Government. | Annually | End- April |
| Ministry of Finance | External debt | Disbursements and repayments: (i) scheduled; and (ii) actual interest and principal on debt of the Government and the CBS, by creditor. | Annually | 30 days after the end of each year |
| Ministry of Finance | External debt | Accumulation of any new arrears (principal or interest payments) on external debt. | Monthly | 3 weeks after the end of the month. |
| Ministry of Finance | Structural benchmarks | A table with a description of the status of implementation of the structural benchmarks in the MEFP Table 2 | Quarterly | 4 weeks after the end of each quarter. |

**Table 3. Somalia: Data Reporting, December 2023–December 2026** (concluded)

| Reporting Agency | Type of Data | Description of Data | Frequency | Timing (within period specified) |
|---|---|---|---|---|
| Somalia National Bureau of Statistics | CPI | Price indices for all goods and subcategories at the subnational and national level | Monthly | Every 15th of the month consistent with inflation report |
| Somalia National Bureau of Statistics | GDP | GDP by expenditure data | Annually | 6 months after the end of each year. |
| Ministry of Finance | FGS social spending | FGS social spending on education and health care | Quarterly | 4 weeks after the end of each quarter |
| Ministry of Finance | PSAs signed | MOF will provide a monthly letter, with supporting documentation, detailing any PSAs signed through direct negotiations (if any), and confirming that during the reporting period:<br>• The rationale for using direct negotiations was submitted to government, with a copy of the justification memo and supporting analysis shared with IMF staff;<br>• The fiscal terms are consistent with the legal framework (see the definition of fiscal terms below);<br>• The PSA was based on the Model PSA, approved by the IMCC and published in November 2021, and the PSA was reviewed by the IMCC, with copies of the approval and legal clearance letters provided to IMF staff.<br>• The agreed terms were published in accordance with the Petroleum Act regulations;<br>• If signed before the first competitive licensing round, no fiscal element was less favorable to the FGS than the most favorable terms contained in any existing PSA. The letter will list the fiscal elements—petroleum and gas cost limits, uplift, R-factor and profit share, federal government share, royalties (oil and gas), inflation adjustment factor, corporate income tax, withholding and capital gains tax rates, surface fees and bonuses, local community development fees, interest rate for late payments, and maximum federal government participation—and we will confirm that each is within the parameters of the legal framework and Model PSA, approved by the IMCC and published in November 2021, and each term is at least as favorable to the FGS as the most favorable terms contained in any existing PSA, with the fiscal schedule and comparison table. | Monthly | Within 30 days after the end of each month |

INTERNATIONAL MONETARY FUND

# SOMALIA

November 21, 2025

## FOURTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR AUGMENTATION OF ACCESS—DEBT SUSTAINABILITY ANALYSIS


Approved By
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Prepared by the staff of the International Monetary Fund (IMF) and the International Development Association (IDA).


| | |
|---|---|
| **Risk of external debt distress:** | *Moderate* |
| **Overall risk of debt distress** | *Moderate* |
| **Granularity in the risk rating** | *Substantial space to absorb shocks* |
| **Application of judgment** | *No* |

*This Low-Income Countries Debt Sustainability Analysis (LIC-DSA) provides a streamlined update to the June 2025 LIC-DSA, with four new elements: (i) a US$50 million increase in budget support grant by the World Bank in 2025 as part of the IDA21 allocations, (ii) the authorities' requested augmentation of access under the ECF program, (iii) planned external borrowing over the medium term, and (iv) updates to debt relief negotiations as well as macroeconomic forecasts. These factors do not change Somalia's moderate risk rating for external and overall public debt distress, as assessed in the June 2025 LIC-DSA. Total public debt is projected to increase marginally to US$1,155.2 million in 2025 from US$1,117.2 million in 2024, with the public debt-to-GDP ratio largely stable at 8.9 percent in 2025. Most public debt is external. The present value (PV) of public and publicly guaranteed (PPG) external debt is estimated at 4.6 percent of GDP in 2025—below the 30 percent threshold for countries like Somalia with weak debt carrying capacity.[1] However, the LIC-DSA involves a breach of the external debt service-to-revenue indicative threshold in the stress scenario, driven primarily by the increase in debt service associated with future new borrowings, which are in turn triggered by shocks to other non-debt creating flows (current transfers and FDI). Somalia is mechanically assessed to have substantial space to absorb shocks. However, the country continues to be vulnerable to security, commodity price, slower global growth, and climate shocks. It is highly dependent on external financial assistance—broader and more persistent declines in foreign aid could thus have a significant economic impact. These vulnerabilities underscore the importance of accelerating domestic revenue mobilization, adopting a credible medium-term fiscal anchor to ensure sustainability, and strengthening debt management and broader institutional capacity.*

[1] This LIC-DSA update reflects Somalia's weak debt carrying capacity considering Somalia's Composite Indicator of 1.71, based on the April 2025 World Economic Outlook and the 2023 CPIA vintage.

# PUBLIC DEBT COVERAGE AND BACKGROUND

1. **The public debt perimeter comprises the central government and the central bank**. Debt reconciliation missions in 2020 and 2023 under the HIPC process have ensured near complete coverage of public debt.[2] There have been no government guaranteed debt, no known liabilities of state-owned enterprises (SOEs) or subnational governments, nor public-private partnerships (PPPs). The central bank has a US$ 42 million debt owed to the IMF from the portion of the 2020-23 ECF arrangement that was used for reserve accumulation.[3] Given the early stage of discussions and limited detail, a planned external borrowing by the government for infrastructure development is incorporated in the LIC-DSA contingent liability stress test, in addition to the default settings (Text Table 1).[4] Somalia's domestic financial institutions and local capital markets are not yet developed, and as such there is no domestic public debt aside from legacy government wage arrears.[5] External debt for the LIC-DSA is defined on a residency basis.

### Text Table 1. Somalia: Public Debt Coverage

Public debt coverage

| | Subsectors of the public sector | Check box |
|---|---|---|
| 1 | Central government | X |
| 2 | State and local government | |
| 3 | Other elements in the general government | |
| 4 | o/w: Social security fund | |
| 5 | o/w: Extra budgetary funds (EBFs) | |
| 6 | Guarantees (to other entities in the public and private sector, including to SOEs) | X |
| 7 | Central bank (borrowed on behalf of the government) | X |
| 8 | Non-guaranteed SOE debt | X |

Public debt coverage and the magnitude of the contingent liability tailored stress test

| | | | | |
|---|---|---|---|---|
| 1 | The country's coverage of public debt | The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt | | |
| | | Default | Used for the analysis | Reasons for deviations from the default settings |
| 2 | Other elements of the general government not captured in 1. | 0 percent of GDP | 0 | |
| 3 | SoE's debt (guaranteed and not guaranteed by the government) 1/ | 2 percent of GDP | 2.9 | Captures prospective financing for an infrastructure project ($400 mn). |
| 4 | PPP | 35 percent of PPP stock | 0.00 | No foreseen PPP-related contingent liabilities. |
| 5 | Financial market (the default value of 5 percent of GDP is the minimum value) | 5 percent of GDP | 5 | Default: captures bank recapitalization needs and risks from financial market volatility. |
| | Total (2+3+4+5) (in percent of GDP) | | 7.9 | |

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

Sources: Somali Authorities and IMF staff estimates.

2. **The stock of outstanding public debt was estimated at US$1,117.2 million at end-2024, equivalent to 9.2 percent of GDP.** Public and publicly guaranteed (PPG) external debt amounted to US$1,049.3 million while the balance of US$67.8 million comprised central government wage arrears. The PPG external debt stock estimate has been revised up by US$350.7 million from the end-2023 level as reported in the November 2024 LIC-DSA, after reflecting the actual debt relief agreements signed with creditors as of October 2025 and reinstating the remaining 40 percent of debt owed to Spain under a debt-for-development

[2] The World Bank and the IMF also provide support to the government in this area through technical assistance, development policy financing, and the Sustainable Development Finance Policy (SDFP).

[3] See Annex V of the December 2024 Staff Report for further details.

[4] To reflect the government's plan to borrow US$400 million for a large infrastructure project, 2.9 percent of GDP is added to the default 5 percent shock in the LIC-DSA contingent liability stress test.

[5] Given that there is no domestic public debt (excluding wage arrears) and given the absence of domestic public debt issuances in the medium-term forecast, this LIC-DSA does not conduct an in-depth assessment of domestic debt vulnerabilities, in line with the LIC-DSF Supplementary Guidance Note (2024).

swap arrangement.[6,7] Of the total PPG external debt at end-2024, 46 percent was owed to multilateral creditors while 54 percent was owed to bilateral creditors.

**3. The authorities have continued to make best efforts to reach agreement with individual creditors to restructure Somalia's public external debt.** Significant progress has been made in negotiations with pending multilateral and bilateral creditors since reaching the Enhanced HIPC Completion Point in December 2023. On March 13, 2024, the Paris Club creditors agreed on a debt treatment for Somalia under the HIPC process and, on a voluntary basis, granted beyond-HIPC debt relief by fully cancelling all outstanding claims to the Somali government.[8] Bilateral agreements with nearly all Paris Club creditors have been signed, and an in-principle agreement was reached with Spain in October 2025. Discussions with non-Paris Club bilateral creditors have also advanced, with a debt relief agreement reached with the United Arab Emirates in February 2025 in addition to agreements signed with Kuwait and Saudi Arabia earlier in 2022–23. With regard to multilateral creditors, negotiations with the Arab Monetary Fund were concluded in April 2025, adding to the deals signed with the Islamic Development Bank and OPEC Fund for International Development in 2024. The authorities continue to make best efforts to negotiate with remaining multilateral (Arab Fund for Economic and Social Development) and official bilateral (Algeria, Bulgaria, Iraq, Libya, and Romania) creditors, as detailed in Table 7. They are also making good faith efforts to resolve the arrears from the commercial debt owed to Serbia on Paris Club-comparable terms.

**4. This DSA exercise continues to incorporate updated estimates of future debt service payments based on debt relief agreements signed with creditors.** As of October 2025, the Somali authorities have concluded debt relief negotiations equivalent to 92 percent of Enhanced HIPC Initiative debt relief in PV terms, a significant improvement from 77 percent as of August 2024. Overall, the terms provide extended grace periods, leading to lower debt service payments between 2025 and 2035 compared to the hypothetical HIPC-consistent estimates in the DSA. However, debt service increases significantly around 2040 as amortization begins for debts representing a major proportion of the total public external debt. Meanwhile, the DSA assumes debt treatment on terms in line with the Enhanced HIPC Initiative Completion Point for all debts with pending debt relief agreements.[9]

[6] While recently signed debt relief agreements are generally in line with the anticipated treatment under HIPC, they reflected a smaller reduction in the nominal debt stock than what was anticipated at the HIPC Completion Point (CP), thereby resulting to an increase in the 2024 debt stock estimates. Instead, the relief provided under these agreements is achieved through debt reprofiling.

[7] For Spain, the debt was initially assumed fully forgiven at HIPC CP, consistent with the beyond-HIPC debt relief voluntarily provided by Paris Club creditors (see ¶3). This assumption has been revised to reflect the in-principle agreement on a debt-for-development swap, which involves a 60 percent upfront cancellation and rescheduling of the remaining 40 percent earmarked for development. Under this arrangement, Somalia will make annual deposits into a development account over a 13-year period starting in December 2026, and the remaining debt is assumed to be forgiven once the account is utilized for its intended purpose.

[8] All Paris Club creditors endorsed the agreed minutes to provide Somalia HIPC and beyond-HIPC nominal debt relief amounting to more than US$2 billion, reducing Paris Club HIPC-eligible claims on Somalia from US$2,043.5 million at Completion Point before implementation of HIPC debt relief and beyond-HIPC debt relief – but after application of traditional debt relief mechanisms (TDRM) – to US$0.70 million in nominal terms, owed to the Russian Federation.

[9] See Table 5.

# BACKGROUND ON MACROECONOMIC FORECASTS

**5. Recent macro outturns are broadly consistent with the estimates underlying the June 2025 LIC-DSA.** The 2024 GDP growth outturn was 4.1 percent, 0.1 percentage point higher than previously anticipated, on the back of strong private consumption. Inflation (based on Mogadishu data only) eased from 6.6 percent in December 2023 to 5.6 percent in December 2024, aided by softer global commodity prices. Remittances also rebounded as economic conditions improved in host countries, supporting domestic demand. The current account deficit in 2024 is estimated at 9.2 percent of GDP, driven by robust food imports and strong livestock exports in response to increased regional demand.

**6. Growth in 2025 continues to be projected at 3 percent, reflecting the combined impact of foreign aid cuts, erratic rainfall, and elevated uncertainty.** Staff estimates at the 3rd review of the magnitude and persistence of foreign aid cuts have been broadly confirmed by donors, while uncertainty remains high on future aid inflows. Reduced donor flows are expected to weigh on private consumption and imports, as households lose access to aid-funded programs (including cash transfers), and NGOs and businesses that service these programs scale back their activities. In addition, unfavorable weather conditions are likely to dampen agricultural production, further constraining growth prospects. The new nationwide CPI data (starting from 2025) reflects a similar gradual declining trend as in the previous update, with inflation projected to reach 3.6 percent at end-2025.

**7. So far in 2025, domestic revenues are in line with program targets, while expenditures remained within the budget.** Domestic revenues reached US$286 million by end-September 2025, above the program floor (US$275 million). Strong income tax collection (29 percent of growth, yoy) offset shortfalls in non-tax revenues and customs. Expenditures were below the program ceiling. The primary fiscal deficit for 2025 is forecast at 0.2 percent of GDP compared to 0.5 percent under the June 2025 LIC-DSA, reflecting higher budget support grants (up 0.4 percent), mainly from the World Bank. Project grants and the corresponding equal amount for project spending were revised downward in 2025, accounting for year-to-date execution, with no impact on the deficit.

**8. Near-term risks are tilted further to the downside.** Key external risks include more severe and protracted foreign aid disruptions, further weather shocks[10], slower global growth, further global trade uncertainties, and geopolitical tensions. On the domestic front, downside risks stem from a deterioration of the security situation—including underfunding of AUSSOM—and higher-than-expected political tensions around the national elections, which could hinder reform implementation and affect the election timeline. Should these adverse risks materialize, economic growth and domestic revenue would decline further, and spending pressures would increase, raising financing needs. While existing cash buffers, expenditure rationalization, and current financing commitments help mitigate some risks, a significantly adverse scenario would require additional international support. Continued IMF support through the ECF

[10] According to the 2024 World Bank Somalia Economic Update, over two-thirds of Somali households reported experiencing at least one climate-related natural disaster during 2021-2022. Climate shocks exacerbate food insecurity because they compound broader challenges in the agriculture sector, including weak security and institutions, inadequate investment and standards, and poor infrastructure. The country lacks the capacity to mitigate these shocks, including because of inadequate financial resources, infrastructure, and social safety net.

arrangement and highly concessional financing (including grants) provided by the World Bank and other multilateral institutions and bilateral donors will unlock concessional external financing and help prevent the build-up of debt vulnerabilities.

**9. In the current LIC-DSA, the World Bank's Development Policy Financing (DPF) operation for FY2025 amounts to US$125 million, compared to US$75 million anticipated in the June 2025 LIC-DSA.** The DPF operation approved in August 2025 provides budget support in the form of a grant and is expected to lower Somalia's fiscal deficit in 2025 compared to the previous DSA exercise (Text Table 2). Somalia's access to grant terms has been extended under IDA21 until June 2028, subject to annual reviews, as reflected in the June 2025 LIC-DSA. From July 2028, Somalia's financing terms are assumed to change from grants to concessional loans.[11]

**10. The authorities have requested an augmentation of access under the ECF arrangement to address the residual gaps in the balance of payments and fiscal financing in 2026.** The gaps are on account of lower domestic revenues amid persistent foreign aid cuts, and additional spending needs related to elections, security and social spending. An augmentation of SDR 30 million (about US$39.9 million, 18.36 percent of quota) has been requested to support the authorities' policy effort to strengthen domestic revenue mobilization, exercise strict expenditure control, and deliver additional social spending. The increase in primary expenditure from 2026 relative to the June LIC-DSA reflects, in part, higher allocations for social programs (Text Table 2).

**Text Table 2. Somalia: Macroeconomic Projections**

(Percent of GDP, unless otherwise indicated)

| | June 2025 LIC-DSA 1/ | | | | | | | Current LIC-DSA | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029-45 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029-45 |
| Real GDP growth | 4.2 | 4.0 | 3.0 | 3.3 | 3.6 | 3.8 | 4.4 | 4.2 | 4.1 | 3.0 | 3.3 | 3.6 | 3.8 | 4.4 |
| Consumer Price Inflation (eop) | 6.6 | 5.6 | 4.3 | 3.6 | 3.3 | 3.1 | 3.0 | 6.6 | 5.6 | 3.6 | 3.5 | 3.4 | 3.2 | 3.0 |
| Non-interest current account deficit | 9.7 | 9.1 | 7.7 | 8.5 | 8.7 | 9.8 | 9.0 | 8.9 | 9.2 | 9.4 | 8.3 | 8.4 | 9.6 | 8.6 |
| Exports | 19.7 | 20.5 | 20.5 | 21.1 | 21.5 | 21.7 | 22.9 | 19.7 | 20.5 | 20.6 | 21.2 | 21.6 | 21.8 | 23.1 |
| Primary fiscal deficit | 0.4 | -0.2 | 0.5 | 0.5 | 0.7 | 1.1 | 2.6 | -0.1 | -0.2 | 0.2 | 0.5 | 0.7 | 1.2 | 2.6 |
| Revenues and grants | 6.3 | 7.5 | 7.9 | 6.6 | 6.2 | 5.8 | 6.4 | 6.7 | 7.5 | 7.2 | 6.8 | 6.4 | 5.9 | 6.5 |
| of which: domestic revenues | 3.0 | 3.0 | 3.2 | 3.6 | 3.9 | 4.2 | 6.3 | 3.0 | 3.0 | 3.2 | 3.4 | 4.0 | 4.3 | 6.4 |
| of which: grants | 3.3 | 4.5 | 4.8 | 3.0 | 2.3 | 1.6 | 0.1 | 3.7 | 4.5 | 4.0 | 3.4 | 2.4 | 1.6 | 0.1 |
| Primary (noninterest) expenditure | 6.7 | 7.3 | 8.5 | 7.1 | 6.9 | 6.9 | 9.0 | 6.7 | 7.3 | 7.4 | 7.3 | 7.1 | 7.1 | 9.1 |

Sources: Somali authorities and IMF staff calculations

1/ Somalia 3rd Review for the ECF arrangement approved by the Executive Board in July 2025.

Grey areas refer to projections.

**11. Planned concessional financing by the European Commission (EC) and European Investment Bank (EIB), likely in 2026, to support the Somali Development and Reconstruction Bank (SDRB) is incorporated in the baseline.** The government is in talks for a EUR 40 million package—comprising a EUR 15 million grant from the EC and a EUR 25 million loan from the EIB—to be

[11] From July 2028 to June 2030, Somalia is assumed to have access to 40-year credits with a grace period of 11 years and 0 percent interest or service charge. After June 2030, the DSA assumes that Somalia will have access to regular credits. Grant disbursements for project commitments approved before end-June 2028 would continue, but these would decline over time.

on-lent to the SDRB to support underserved sectors. While the terms are still under discussion, the authorities aim to maximize the concessionality of the financing package. Based on indicative information, the prospective financing package might imply a grant element of the order of 40-45 percent. The financing is incorporated in the DSA baseline in 2026, in line with its expected disbursement by the government, and will impact debt service payments starting in 2027. It is separate from the prospective loan for a large infrastructure project that is reflected in the contingent liability stress test.

# COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

12. **Somalia's debt-carrying capacity is classified as weak.** This classification is guided by the composite indicator score, as determined by the World Bank's CPIA, the country's real GDP growth, import coverage of foreign exchange reserves, remittances as percent of GDP, and growth of the world economy. This LIC-DSA uses the April 2025 vintage of the WEO and the 2023 CPIA. The latest available composite indicator score for Somalia is 1.71 (Text Table 3).

### Text Table 3. Somalia: Composite Indicator and Threshold Tables

| | |
|---|---|
| Country | Somalia |
| Country Code | 726 |
| Debt Carrying Capacity | Weak |

| Final | Classification based on current vintage | Classification based on the previous vintage | Classification based on the two previous vintage |
|---|---|---|---|
| Weak | Weak<br>1.71 | Weak<br>1.63 | Weak<br>1.58 |

**Applicable thresholds**

| APPLICABLE | |
|---|---|
| **EXTERNAL debt burden thresholds** | |
| **PV of debt in % of** | |
| Exports | 140 |
| GDP | 30 |
| **Debt service in % of** | |
| Exports | 10 |
| Revenue | 14 |

| APPLICABLE | |
|---|---|
| **TOTAL public debt benchmark** | |
| PV of total public debt in percent of GDP | 35 |

**Calculation of the CI Index**

| Components | Coefficients (A) | 10-year average values (B) | CI Score components (A*B) = (C) | Contribution of components |
|---|---|---|---|---|
| CPIA | 0.385 | 2.158 | 0.8306 | 48% |
| Real growth rate (in percent) | 2.719 | 3.265 | 0.0888 | 5% |
| Import coverage of reserves (in percent) | 4.052 | 1.978 | 0.0801 | 5% |
| Import coverage of reserves^2 (in percent) | -3.990 | 0.039 | -0.0016 | 0% |
| Remittances (in percent) | 2.022 | 15.494 | 0.3133 | 18% |
| World economic growth (in percent) | 13.520 | 2.973 | 0.4019 | 23% |
| CI Score | | | 1.71 | 100% |
| CI rating | | | Weak | |

Note: Calculated based on the April 2025 WEO vintage and the 2023 CPIA vintage.

# EXTERNAL DEBT SUSTAINABILITY

**13. Somalia's external debt profile is projected to improve significantly, in the context of post-HIPC Completion Point.** In the baseline, external debt is projected to decline from 8.6 percent of GDP in 2024 to 8.2 percent in 2026, reflecting extended (though conditional) access to grants and lower near-term debt service payments under the signed debt restructuring agreements (Table 1). Thereafter, external debt increases gradually—reaching 11.3 percent of GDP by 2030 and 19.0 percent by 2035—driven largely by a shift from grants to concessional loans. The PV of PPG external debt to GDP is forecast to rise from 4.6 percent of GDP in 2025 to 7.1 percent in 2030 and 11.8 percent in 2035—well below the indicative threshold of 30 percent. Other indicators—PV of PPG external debt to exports, debt service to exports, and debt service to revenue—also stay below their indicative thresholds over the projection horizon (Figure 1).

**14. Standard stress tests to the baseline scenario confirm the PPG external debt position's vulnerability to unexpected shocks.** While the application of the standard LIC-DSA stress test to Somalia is complicated by structural breaks,[12] there is deterioration of some indicators under temporary shock scenarios. Shocks to other flows (current transfers and FDI) produce the most extreme stress environment, resulting in a sustained breach of the external debt service-to-revenue ratio relative to the indicative threshold starting in 2041 (Figure 1). The stress scenario highlights the high vulnerability of Somalia to shocks and the risks that debt vulnerabilities could increase again, thereby underscoring prudence in external borrowing. A shock in current official transfers is a significant vulnerability, highlighting Somalia's high dependence on official development assistance. Given Somalia's volatile history, a natural disaster tailored stress test to account for potential climate shocks similar to the droughts of 2021-23 were also conducted. This climate-related stress test produces debt and debt burden paths that are more benign than the most extreme stress environment[13] in the standardized stress test (Table 3).[14]

# PUBLIC DEBT SUSTAINABILITY

**15. Total public debt is contained in the baseline.** The PV of total public debt is projected to rise from 5.1 percent of GDP in 2025 to 7.4 percent in 2030 and 11.9 percent in 2035—well below the 35 percent indicative benchmark. It also remains contained under the most extreme stress scenario arising from drought-induced commodity shocks (Figure 2 and Table 4).[15] In general, the conclusions with regard to PPG external

[12] The LIC-DSA stress test is not adjusted for the structural break, given severe persisting vulnerabilities that can materialize in the projection period, allowing past volatility to inform stress testing in the projection horizon.

[13] Combined shocks to key macroeconomic variables and shocks to non-debt flows for the PPG external debt indicators and shocks to non-debt flows for the public debt indicators.

[14] The World Bank's forthcoming Country Climate and Development Report on Somalia—expected to be published in late 2025—provides a comprehensive assessment of climate risks, underscoring the need to break the vicious cycle of climate vulnerability and social fragility. It illustrates, for instance, how droughts drive acute food insecurity, conflict-related fatalities, and mass displacement—amplifying existing drivers of fragility, conflict, and violence as well as governance challenges.

[15] The combined contingent liability shock produces more benign debt and debt burden paths than the extreme stress scenario, for both PPG external and public debt. Under an alternative scenario where US$400 million (2.9

(continued)

debt sustainability are also relevant for public debt sustainability, given that there is currently no market for domestic debt and the existing stock of domestic debt is limited to government wage arrears. The baseline assumes that the nominal stock of domestic debt will decline as a percentage of total debt over the long term.

# RISK RATING AND VULNERABILITIES

**16. Somalia is assessed to be at moderate risk of external and overall public debt distress.** The US$50 million increase in grant financing in 2025 under the DPF, the requested augmentation of access under the ECF, planned external borrowing, and updates to debt restructuring agreements and macroeconomic forecasts do not have a material impact on the risk outlook across the LIC-DSA's medium- and long-term assessment horizon. While key debt burden indicators are contained in the baseline, the breach of the indicative threshold for the external debt service-to-revenue ratio under the most extreme stress scenario suggests that Somalia is at moderate risk of external and overall public debt distress. The total public debt indicator remains under the benchmark across the baseline and stress scenarios. However, the rapid increase in the public debt service-to-revenue under standardized stress tests highlights the need for vigilant debt management and prudent fiscal policy anchored in credible fiscal deficit limits, especially beyond 2030. The moderate risk rating tool mechanically indicates that Somalia has substantial space to absorb shocks. However, Somalia is highly vulnerable to a deterioration in the domestic security situation, climate shocks, slower global growth, and heightened geopolitical uncertainty. The country's heavy reliance on external concessional financing makes it particularly susceptible to shifts in donor priorities, which could undermine fiscal sustainability and development efforts. These risks and vulnerabilities underscore the critical importance of preserving debt sustainability by accelerating domestic revenue mobilization, developing a medium-term fiscal framework with a credible fiscal anchor, and strengthening debt management and broader institutional capacity.

# AUTHORITIES' VIEWS

**17. The authorities concurred with staff's assessment and reiterated their commitment to preserving debt sustainability in meeting Somalia's development needs.** They acknowledged the increasingly limited availability of grants and concessional financing, and underscored their intention to strengthen domestic revenue generation to support priority spending and exercise prudence in future borrowing. Efforts are underway to improve debt data recording, expand coverage to contingent liabilities, and build capacity to assess the debt sustainability of new government commitments and guarantees. Regarding debt restructuring negotiations with remaining creditors, discussions aim to ease near- to medium-term debt service pressures given existing fiscal constraints, through measures such as zero interest, token repayments through 2029–30 and grace periods deferring major payments beyond 2032. Over the medium term, plans include developing a domestic debt market to broaden financing options and deepen financial markets.

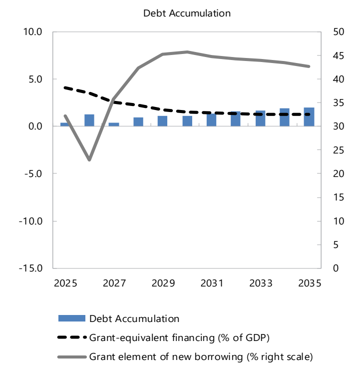
percent of GDP) external debt is contracted on highly concessional terms and disbursed in 2027, debt remains sustainable but the distress signal approaches the "high risk" threshold in the long run. These pressures can be potentially mitigated by positive spillovers from the infrastructure development to the broader economy, strengthening revenue mobilization, and aiming for a higher grant element of the debt.

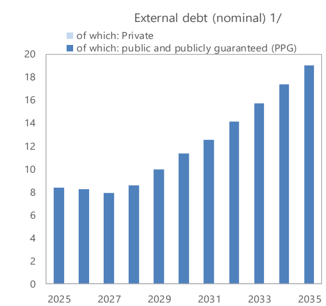
# Table 1. Somalia: External Debt Sustainability Framework, Baseline Scenario, 2022–2045

## (In percent of GDP, unless otherwise indicated)

| | Actual | | | Projections 9/ | | | | | | | | Average 8/ | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2035 | 2045 | Historical | Projections |
| **External debt (nominal) 1/** | **37.5** | **6.4** | **8.6** | **8.4** | **8.2** | **7.9** | **8.6** | **10.0** | **11.3** | **19.0** | **32.5** | **34.4** | **12.1** |
| ***of which: public and publicly guaranteed (PPG)*** | **37.5** | **6.4** | **8.6** | **8.4** | **8.2** | **7.9** | **8.6** | **10.0** | **11.3** | **19.0** | **32.5** | **34.4** | **12.1** |
| | | | | | | | | | | | | | |
| Change in external debt | -3.8 | -31.1 | 2.3 | -0.2 | -0.2 | -0.3 | 0.7 | 1.4 | 1.3 | 1.6 | 1.1 | | |
| **Identified net debt-creating flows** | **0.5** | **1.1** | **2.9** | **4.0** | **2.8** | **2.8** | **4.1** | **4.9** | **4.3** | **3.6** | **1.0** | **-0.1** | **3.8** |
| **Non-interest current account deficit** | **8.6** | **8.9** | **9.2** | **9.4** | **8.3** | **8.5** | **9.6** | **10.4** | **10.0** | **9.5** | **7.3** | **6.2** | **9.5** |
| Deficit in balance of goods and services | 62.9 | 60.8 | 61.3 | 56.9 | 55.0 | 55.2 | 55.8 | 55.6 | 55.4 | 56.2 | 53.6 | **52.8** | **55.9** |
| Exports | 17.7 | 19.7 | 20.5 | 20.6 | 21.2 | 21.6 | 21.8 | 22.1 | 22.3 | 22.6 | 24.1 | | |
| Imports | 80.6 | 80.6 | 81.8 | 77.5 | 76.2 | 76.8 | 77.6 | 77.6 | 77.7 | 78.8 | 77.7 | | |
| Net current transfers (negative = inflow) | -54.7 | -52.3 | -52.5 | -47.8 | -47.0 | -47.0 | -46.5 | -45.5 | -45.7 | -46.8 | -46.2 | **-47.0** | **-46.8** |
| *of which: official* | -33.7 | -33.2 | -32.7 | -28.5 | -27.1 | -26.7 | -26.2 | -25.4 | -25.4 | -25.2 | -24.4 | | |
| Other current account flows (negative = net inflow) | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | -0.1 | **0.4** | **0.3** |
| **Net FDI (negative = inflow)** | **-5.2** | **-5.2** | **-5.7** | **-5.2** | **-5.4** | **-5.4** | **-5.4** | **-5.2** | **-5.4** | **-5.4** | **-5.4** | **-5.0** | **-5.4** |
| **Endogenous debt dynamics 2/** | **-2.9** | **-2.6** | **-0.6** | **-0.2** | **-0.2** | **-0.2** | **-0.2** | **-0.2** | **-0.2** | **-0.5** | **-0.9** | | |
| Contribution from nominal interest rate | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.4 | | |
| Contribution from real GDP growth | -1.0 | -1.5 | -0.2 | -0.2 | -0.3 | -0.3 | -0.3 | -0.3 | -0.4 | -0.7 | -1.3 | | |
| Contribution from price and exchange rate changes | -1.9 | -1.1 | -0.4 | ... | ... | ... | ... | ... | ... | ... | ... | | |
| **Residual 3/** | **-4.3** | **-32.2** | **-0.6** | **-4.3** | **-2.9** | **-3.1** | **-3.4** | **-3.6** | **-3.0** | **-2.0** | **0.1** | **-9.6** | **-2.9** |
| *of which: exceptional financing* | 0.0 | -28.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| | | | | | | | | | | | | | |
| **Sustainability indicators** | | | | | | | | | | | | | |
| **PV of PPG external debt-to-GDP ratio** | **...** | **...** | **4.5** | **4.6** | **5.5** | **5.4** | **5.9** | **6.5** | **7.1** | **11.8** | **22.2** | | |
| **PV of PPG external debt-to-exports ratio** | **...** | **...** | **21.9** | **22.2** | **25.9** | **25.3** | **27.1** | **29.6** | **31.9** | **52.1** | **92.0** | | |
| **PPG debt service-to-exports ratio** | **0.9** | **0.5** | **0.2** | **0.3** | **0.6** | **0.7** | **0.6** | **1.0** | **1.0** | **1.8** | **4.3** | | |
| **PPG debt service-to-revenue ratio** | **6.2** | **3.5** | **1.4** | **2.1** | **3.8** | **3.6** | **3.3** | **4.6** | **4.6** | **6.9** | **12.5** | | |
| Gross external financing need (Million of U.S. dollars) | 361.4 | 417.7 | 425.3 | 555.8 | 427.8 | 474.0 | 714.8 | 933.6 | 897.4 | 1254.5 | 1705.4 | | |
| | | | | | | | | | | | | | |
| **Key macroeconomic assumptions** | | | | | | | | | | | | | |
| Real GDP growth (in percent) | 2.7 | 4.2 | 4.1 | 3.0 | 3.3 | 3.6 | 3.8 | 4.0 | 4.1 | 4.5 | 4.5 | **2.9** | **4.0** |
| GDP deflator in US dollar terms (change in percent) | 4.7 | 3.2 | 6.5 | 3.3 | 4.1 | 4.3 | 3.9 | 3.4 | 3.2 | 3.0 | 3.0 | **3.7** | **3.6** |
| Effective interest rate (percent) 4/ | 0.0 | 0.0 | 0.5 | 0.7 | 0.9 | 1.2 | 1.2 | 1.4 | 1.4 | 1.2 | 1.5 | **0.1** | **1.2** |
| Growth of exports of G&S (US dollar terms, in percent) | 17.7 | 20.0 | 15.1 | 7.2 | 10.3 | 10.2 | 9.0 | 8.7 | 8.7 | 8.7 | 7.7 | **10.6** | **8.7** |
| Growth of imports of G&S (US dollar terms, in percent) | 25.6 | 7.5 | 12.6 | 0.8 | 5.7 | 8.9 | 9.0 | 7.5 | 7.5 | 7.7 | 7.9 | **9.9** | **7.4** |
| Grant element of new public sector borrowing (in percent) | ... | ... | ... | 32.2 | 22.8 | 35.7 | 42.3 | 45.2 | 45.7 | 42.6 | 38.3 | **...** | **40.3** |
| Government revenues (excluding grants, in percent of GDP) | 2.6 | 3.0 | 3.0 | 3.2 | 3.4 | 4.0 | 4.3 | 4.6 | 4.9 | 5.9 | 8.4 | **2.3** | **4.7** |
| Aid flows (in Million of US dollars) 5/ | 462.7 | 414.7 | 569.6 | 517.8 | 477.2 | 419.8 | 486.5 | 512.5 | 507.9 | 839.6 | 2262.2 | | |
| Grant-equivalent financing (in percent of GDP) 6/ | ... | ... | ... | 4.1 | 3.5 | 2.5 | 2.2 | 1.8 | 1.5 | 1.3 | 1.5 | **...** | **2.0** |
| Grant-equivalent financing (in percent of external financing) 6/ | ... | ... | ... | 95.1 | 90.5 | 91.0 | 74.0 | 59.7 | 56.6 | 42.6 | 38.3 | **...** | **63.5** |
| Nominal GDP (Million of US dollars) | 10,203 | 10,969 | 12,161 | 12,944 | 13,916 | 15,040 | 16,213 | 17,436 | 18,730 | 27,572 | 57,611 | | |
| Nominal dollar GDP growth | 7.6 | 7.5 | 10.9 | 6.4 | 7.5 | 8.1 | 7.8 | 7.5 | 7.4 | 7.6 | 7.6 | **6.7** | **7.7** |
| | | | | | | | | | | | | | |
| **Memorandum items:** | | | | | | | | | | | | | |
| PV of external debt 7/ | ... | ... | 4.5 | 4.6 | 5.5 | 5.4 | 5.9 | 6.5 | 7.1 | 11.8 | 22.2 | | |
| In percent of exports | ... | ... | 21.9 | 22.2 | 25.9 | 25.3 | 27.1 | 29.6 | 31.9 | 52.1 | 92.0 | | |
| Total external debt service-to-exports ratio | 0.9 | 0.5 | 0.2 | 0.3 | 0.6 | 0.7 | 0.6 | 1.0 | 1.0 | 1.8 | 4.3 | | |
| PV of PPG external debt (in Million of US dollars) | | | 544.4 | 594.0 | 762.5 | 819.6 | 960.1 | 1139.4 | 1331.7 | 3251.5 | 12768.4 | | |
| (PVt-PVt-1)/GDPt-1 (in percent) | | | | 0.4 | 1.3 | 0.4 | 0.9 | 1.1 | 1.1 | 2.0 | 2.6 | | |
| Non-interest current account deficit that stabilizes debt ratio | 12.4 | 40.0 | 6.9 | 9.7 | 8.5 | 8.8 | 8.9 | 9.0 | 8.6 | 7.9 | 6.2 | | |

| Definition of external/domestic | Residency-based |
|---|---|
| Is there a material difference between the two criteria? | No |




Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

9/ The macroeconomic framework reflects full delivery of HIPC Completion Point in December 2023.

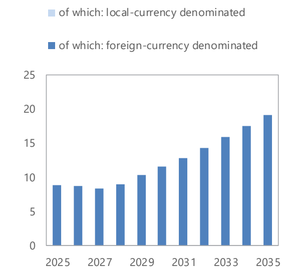
## Table 2. Somalia: Public Sector Debt Sustainability Framework, Baseline Scenario, 2022–2045

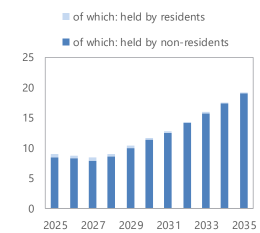
(In percent of GDP, unless otherwise indicated)

| | Actual | | | Projections 7/ | | | | | | | | Average 6/ | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2035 | 2045 | Historical | Projections 7/ |
| **Public sector debt 1/** | 38.2 | 7.0 | 9.2 | 8.9 | 8.7 | 8.3 | 9.0 | 10.3 | 11.6 | 19.1 | 32.5 | 35.1 | 12.4 |
| **of which: external debt** | 37.5 | 6.4 | 8.6 | 8.4 | 8.2 | 7.9 | 8.6 | 10.0 | 11.3 | 19.0 | 32.5 | 34.4 | 12.1 |
| Change in public sector debt | -3.9 | -31.2 | 2.2 | -0.3 | -0.2 | -0.4 | 0.6 | 1.3 | 1.3 | 1.6 | 1.1 | | |
| **Identified debt-creating flows** | -3.0 | -31.2 | -0.8 | -0.3 | 0.0 | 0.1 | 0.7 | 1.4 | 1.3 | 1.6 | 1.1 | -10.3 | 1.0 |
| **Primary deficit** | 0.0 | -0.1 | -0.2 | 0.2 | 0.5 | 0.7 | 1.2 | 1.9 | 1.9 | 2.6 | 2.9 | -0.1 | 1.7 |
| Revenue and grants | 7.1 | 6.7 | 7.5 | 7.2 | 6.8 | 6.4 | 5.9 | 5.4 | 5.4 | 5.9 | 8.4 | 4.6 | 5.9 |
| *of which: grants* | 4.5 | 3.7 | 4.5 | 4.0 | 3.4 | 2.4 | 1.6 | 0.8 | 0.5 | 0.0 | 0.0 | | |
| Primary (noninterest) expenditure | 7.0 | 6.7 | 7.3 | 7.4 | 7.3 | 7.1 | 7.1 | 7.3 | 7.3 | 8.5 | 11.2 | 4.5 | 7.6 |
| **Automatic debt dynamics** | -3.0 | -2.7 | -0.7 | -0.5 | -0.5 | -0.6 | -0.5 | -0.5 | -0.6 | -1.0 | -1.8 | | |
| Contribution from interest rate/growth differential | -3.0 | -2.7 | -0.7 | -0.5 | -0.5 | -0.6 | -0.5 | -0.5 | -0.6 | -1.0 | -1.8 | | |
| *of which: contribution from average real interest rate* | -1.8 | -1.1 | -0.4 | -0.2 | -0.3 | -0.3 | -0.2 | -0.2 | -0.2 | -0.3 | -0.4 | | |
| *of which: contribution from real GDP growth* | -1.1 | -1.5 | -0.3 | -0.3 | -0.3 | -0.3 | -0.3 | -0.3 | -0.4 | -0.7 | -1.4 | | |
| Contribution from real exchange rate depreciation | 0.0 | 0.0 | 0.0 | ... | ... | ... | ... | ... | ... | ... | ... | | |
| **Other identified debt-creating flows** | 0.0 | -28.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -9.0 | 0.0 |
| Privatization receipts (negative) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Recognition of contingent liabilities (e.g., bank recapitalization) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Debt relief (HIPC and other) | 0.0 | -28.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Other debt creating or reducing flow (please specify) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| **Residual** | -0.9 | 0.0 | 3.0 | 0.0 | -0.2 | -0.5 | -0.1 | -0.1 | -0.1 | 0.0 | 0.0 | 0.5 | -0.1 |
| **Sustainability indicators** | | | | | | | | | | | | | |
| **PV of public debt-to-GDP ratio 2/** | ... | ... | 5.0 | 5.1 | 6.0 | 5.9 | 6.3 | 6.9 | 7.4 | 11.9 | 22.2 | | |
| **PV of public debt-to-revenue and grants ratio** | ... | ... | 66.9 | 70.9 | 87.7 | 91.9 | 106.0 | 127.7 | 136.9 | 203.3 | 265.6 | | |
| **Debt service-to-revenue and grants ratio 3/** | 2.3 | 1.6 | 0.6 | 0.9 | 1.9 | 2.6 | 2.7 | 4.2 | 4.4 | 7.1 | 12.6 | | |
| Gross financing need 4/ | 0.1 | -28.5 | -0.2 | 0.3 | 0.5 | 0.4 | 1.4 | 2.2 | 2.2 | 3.0 | 3.9 | | |
| **Key macroeconomic and fiscal assumptions** | | | | | | | | | | | | | |
| Real GDP growth (in percent) | 2.7 | 4.2 | 4.1 | 3.0 | 3.3 | 3.6 | 3.8 | 4.0 | 4.1 | 4.5 | 4.5 | 2.9 | 4.0 |
| Average nominal interest rate on external debt (in percent) | 0.0 | 0.0 | 0.5 | 0.7 | 0.9 | 1.2 | 1.2 | 1.4 | 1.4 | 1.2 | 1.5 | 0.1 | 1.2 |
| Average real interest rate on domestic debt (in percent) | -4.5 | -3.1 | -6.1 | -3.2 | -3.9 | -4.1 | -3.7 | -3.3 | -3.1 | -2.9 | -2.9 | -3.0 | -3.5 |
| Real exchange rate depreciation (in percent, + indicates depreciation) | 0.0 | 0.0 | 0.0 | ... | ... | ... | ... | ... | ... | ... | ... | 0.0 | ... |
| Inflation rate (GDP deflator, in percent) | 4.7 | 3.2 | 6.5 | 3.3 | 4.1 | 4.3 | 3.9 | 3.4 | 3.2 | 3.0 | 3.0 | 3.7 | 3.6 |
| Growth of real primary spending (deflated by GDP deflator, in percent) | 49.4 | -1.2 | 14.3 | 4.6 | 1.8 | 0.3 | 4.3 | 6.5 | 4.5 | 7.9 | 6.8 | 18.3 | 5.4 |
| Primary deficit that stabilizes the debt-to-GDP ratio 5/ | 3.9 | 31.1 | -2.4 | 0.5 | 0.7 | 1.1 | 0.6 | 0.6 | 0.6 | 1.0 | 1.8 | 10.9 | 0.8 |
| PV of contingent liabilities (not included in public sector debt) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |

| | |
|---|---|
| **Definition of external/domestic debt** | **Residency-based** |
| **Is there a material difference between the two criteria?** | **No** |

Public sector debt 1/




Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt . Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

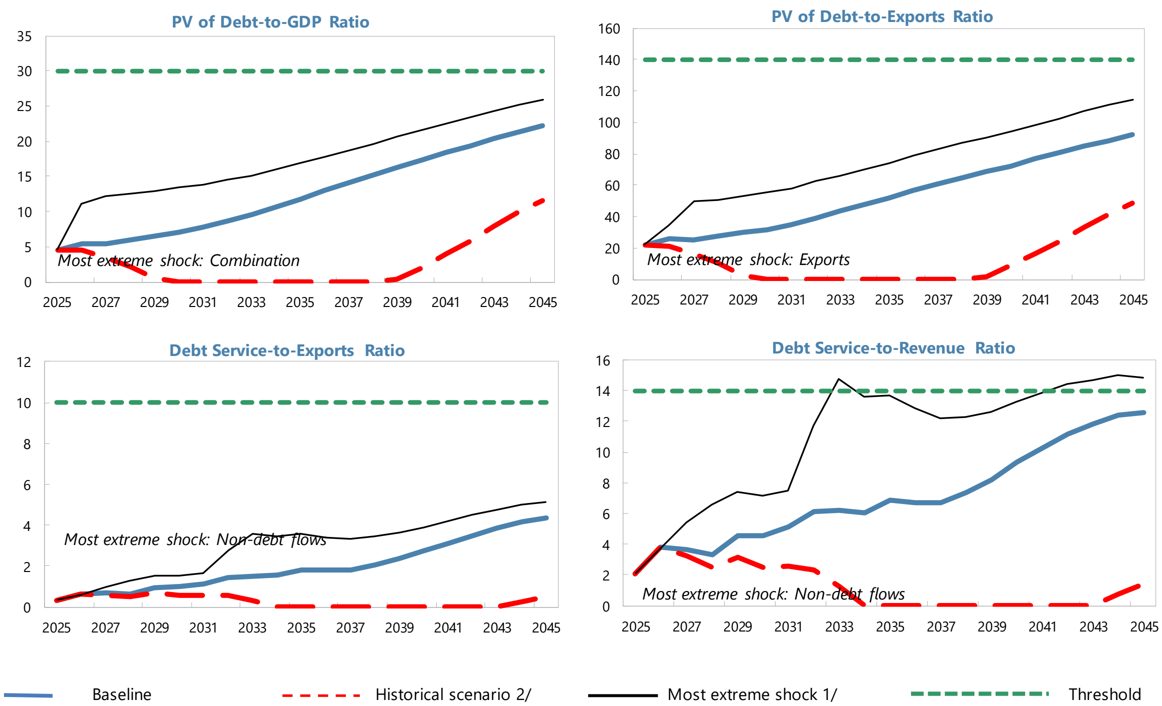
4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

7/ The macroeconomic framework reflects full delivery of HIPC Completion Point in December 2023.

## Figure 1. Somalia: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2025–2045




| Customization of Default Settings 3/ | Size | Interactions |
|---|---|---|
| **Tailored Stress** | | |
| Combined CL | Yes | |
| Natural disaster | n.a. | n.a. |
| Commodity price | Yes | No |
| Market financing | n.a. | n.a. |

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

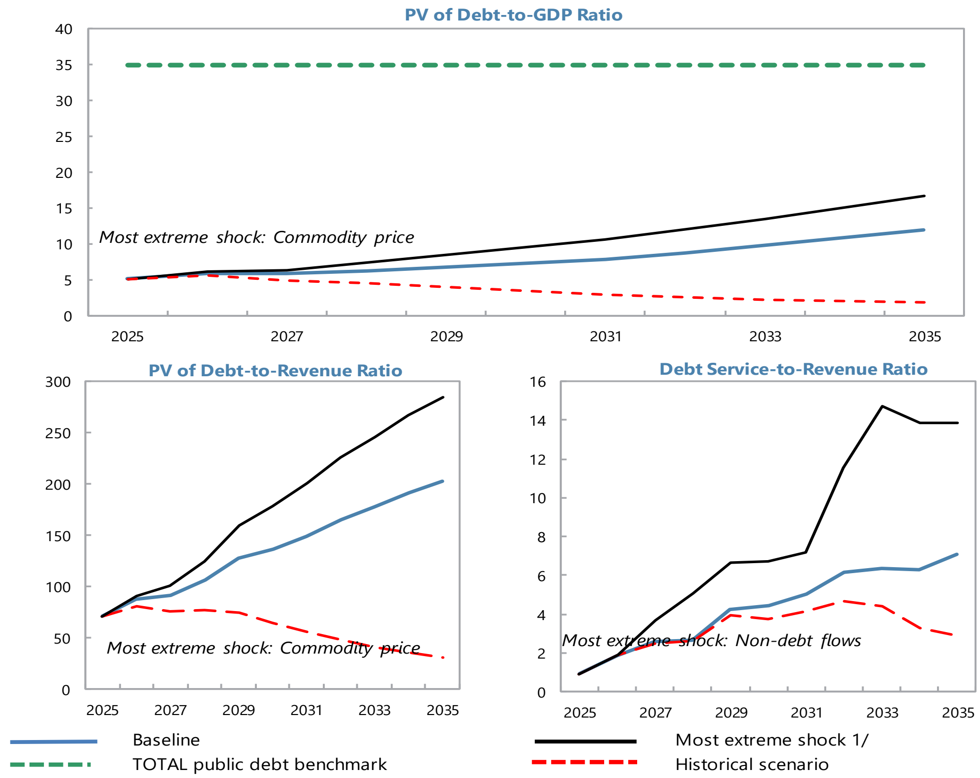
| Borrowing Assumptions on Additional Financing Needs Resulting from the Stress Tests* | Default | User defined |
|---|---|---|
| **Shares of marginal debt** | | |
| External PPG MLT debt | 100% | |
| **Terms of marginal debt** | | |
| Avg. nominal interest rate on new borrowing in USD | 1.2% | 1.2% |
| USD Discount rate | 5.0% | 5.0% |
| Avg. maturity (incl. grace period) | 27 | 27 |
| Avg. grace period | 5 | 5 |

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.
2/ Historical series truncated at zero.
3/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

## Figure 2. Somalia: Indicators of Public Debt Under Alternative Scenarios, 2025–2035




| Borrowing Assumptions on Additional Financing Needs Resulting from the Stress Tests* | Default | User defined |
|---|---|---|
| **Shares of marginal debt** | | |
| **External PPG medium and long-term** | 100% | 100% |
| **Domestic medium and long-term** | 0% | 0% |
| **Domestic short-term** | 0% | 0% |
| **Terms of marginal debt** | | |
| **External MLT debt** | | |
| **Avg. nominal interest rate on new borrowing in USD** | 1.2% | 1.2% |
| **Avg. maturity (incl. grace period)** | 27 | 27 |
| **Avg. grace period** | 5 | 5 |
| **Domestic MLT debt** | | |
| **Avg. real interest rate on new borrowing** | 0.0% | 0.0% |
| **Avg. maturity (incl. grace period)** | 1 | 1 |
| **Avg. grace period** | 0 | 0 |
| **Domestic short-term debt** | | |
| **Avg. real interest rate** | 0.0% | 0.0% |

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

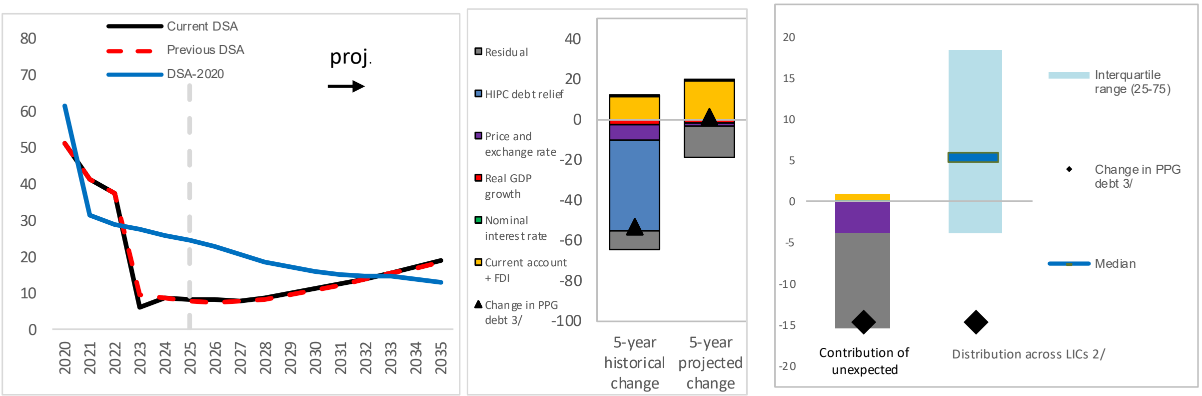
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

## Figure 3. Somalia: Drivers of Debt Dynamics – Baseline Scenario

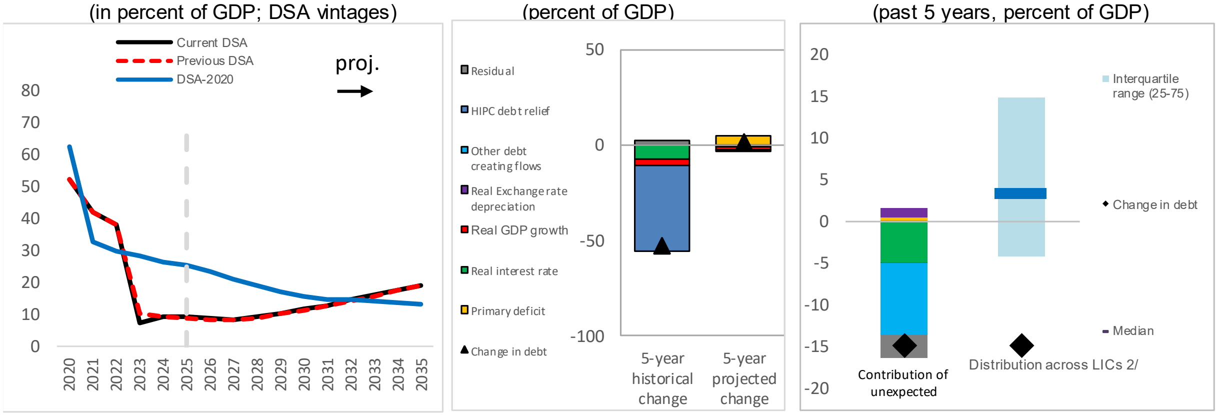
### External Debt

Gross Nominal PPG External Debt (in percent of GDP; DSA vintages) | Debt-creating flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)




### Public Debt

Gross Nominal Public Debt (in percent of GDP; DSA vintages) | Debt-creating flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



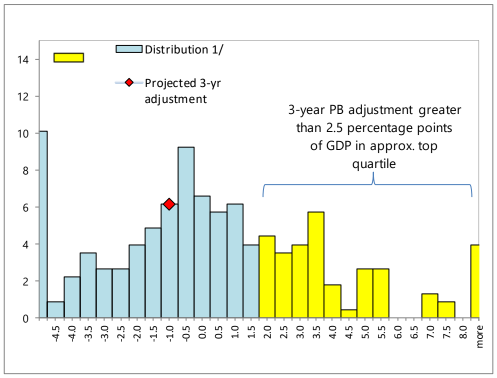

1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

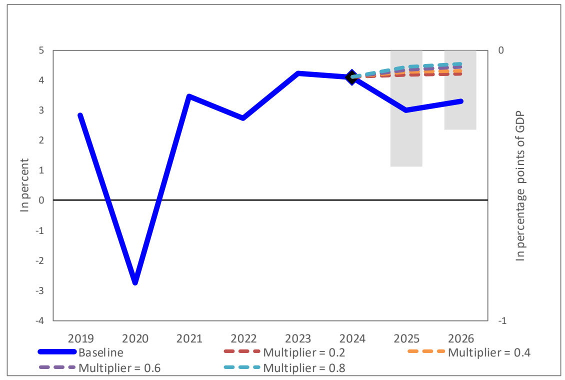
## Figure 4. Somalia: Realism Tools

### 3-Year Adjustment in Primary Balance
(Percentage points of GDP)



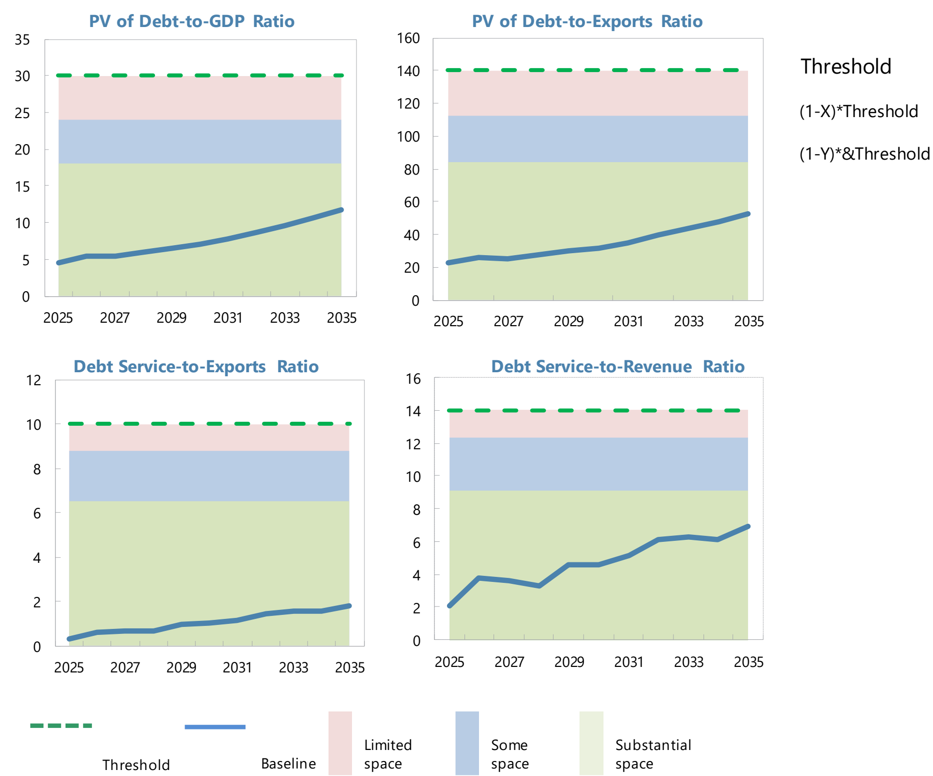

1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on

### Fiscal Adjustment and Possible Growth Paths 1/




1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

## Figure 5. Somalia: Qualification of the Moderate Category, 2025–2035 1/




Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

## Table 3. Somalia: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2025–2035

(In percent)

| | Projections 1/ 4/ | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
| **PV of debt-to GDP ratio** | | | | | | | | | | | |
| **Baseline** | 5 | 5 | 5 | 6 | 7 | 7 | 8 | 9 | 10 | 11 | 12 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 5 | 4 | 3 | 2 | 1 | -1 | -1 | -2 | -2 | -3 | -3 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 5 | 6 | 6 | 7 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| B2. Primary balance | 5 | 6 | 6 | 7 | 7 | 8 | 8 | 9 | 10 | 11 | 12 |
| B3. Exports | 5 | 7 | 9 | 9 | 10 | 10 | 11 | 12 | 12 | 13 | 14 |
| B4. Other flows 3/ | 5 | 9 | 13 | 13 | 14 | 14 | 14 | 15 | 15 | 16 | 16 |
| B5. Depreciation | 5 | 7 | -3 | -2 | -1 | 0 | 1 | 2 | 4 | 6 | 8 |
| B6. Combination of B1-B5 | 5 | 11 | 12 | 12 | 13 | 13 | 14 | 14 | 15 | 16 | 17 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 5 | 10 | 10 | 11 | 11 | 12 | 12 | 13 | 13 | 14 | 15 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | 5 | 5 | 5 | 6 | 7 | 7 | 8 | 9 | 10 | 11 | 12 |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Threshold** | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| **PV of debt-to-exports ratio** | | | | | | | | | | | |
| **Baseline** | 22 | 26 | 25 | 27 | 30 | 32 | 35 | 39 | 43 | 48 | 52 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 22 | 21 | 16 | 10 | 3 | -3 | -6 | -8 | -11 | -11 | -11 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 22 | 26 | 25 | 27 | 30 | 32 | 35 | 39 | 43 | 48 | 52 |
| B2. Primary balance | 22 | 27 | 29 | 31 | 33 | 35 | 38 | 42 | 46 | 50 | 55 |
| B3. Exports | 22 | 34 | 49 | 51 | 53 | 55 | 58 | 63 | 66 | 70 | 74 |
| B4. Other flows 3/ | 22 | 44 | 61 | 61 | 62 | 63 | 64 | 67 | 69 | 71 | 73 |
| B5. Depreciation | 22 | 26 | -12 | -8 | -5 | -1 | 3 | 9 | 16 | 23 | 30 |
| B6. Combination of B1-B5 | 22 | 51 | 50 | 56 | 58 | 59 | 61 | 64 | 67 | 70 | 73 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 22 | 49 | 48 | 49 | 50 | 52 | 54 | 57 | 60 | 64 | 67 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | 22 | 26 | 25 | 27 | 30 | 32 | 35 | 39 | 43 | 48 | 52 |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Threshold** | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 |
| **Debt service-to-exports ratio** | | | | | | | | | | | |
| **Baseline** | 0.3 | 0.6 | 0.7 | 0.6 | 1.0 | 1.0 | 1.1 | 1.4 | 1.5 | 1.5 | 1.8 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 0.3 | 0.6 | 0.6 | 0.5 | 0.7 | 0.5 | 0.6 | 0.5 | 0.3 | -0.2 | -0.5 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 0.3 | 0.6 | 0.7 | 0.6 | 1.0 | 1.0 | 1.1 | 1.4 | 1.5 | 1.5 | 1.8 |
| B2. Primary balance | 0.3 | 0.6 | 0.7 | 0.7 | 1.0 | 1.1 | 1.2 | 1.6 | 1.8 | 1.7 | 2.0 |
| B3. Exports | 0.3 | 0.7 | 0.9 | 1.1 | 1.5 | 1.5 | 1.7 | 2.3 | 3.0 | 2.9 | 3.1 |
| B4. Other flows 3/ | 0.3 | 0.6 | 1.0 | 1.3 | 1.6 | 1.6 | 1.7 | 2.8 | 3.6 | 3.5 | 3.6 |
| B5. Depreciation | 0.3 | 0.6 | 0.7 | 0.0 | 0.3 | 0.4 | 0.6 | 0.9 | -0.7 | -0.5 | -0.1 |
| B6. Combination of B1-B5 | 0.3 | 0.6 | 1.2 | 1.2 | 1.5 | 1.5 | 1.6 | 3.1 | 3.3 | 3.2 | 3.3 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 3 | 3 | 3 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Threshold** | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| **Debt service-to-revenue ratio** | | | | | | | | | | | |
| **Baseline** | 2 | 4 | 4 | 3 | 5 | 5 | 5 | 6 | 6 | 6 | 7 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 2 | 4 | 3 | 2 | 3 | 2 | 3 | 2 | 1 | -1 | -2 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 2 | 4 | 4 | 4 | 5 | 5 | 6 | 7 | 7 | 7 | 8 |
| B2. Primary balance | 2 | 4 | 4 | 4 | 5 | 5 | 5 | 7 | 7 | 7 | 8 |
| B3. Exports | 2 | 4 | 4 | 5 | 6 | 6 | 6 | 8 | 10 | 10 | 10 |
| B4. Other flows 3/ | 2 | 4 | 5 | 7 | 7 | 7 | 7 | 12 | **15** | 14 | 14 |
| B5. Depreciation | 2 | 5 | 5 | 0 | 2 | 2 | 3 | 5 | -4 | -3 | -1 |
| B6. Combination of B1-B5 | 2 | 4 | 7 | 6 | 7 | 7 | 8 | 13 | 14 | 13 | 13 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 2 | 4 | 6 | 5 | 6 | 6 | 7 | 12 | 12 | 11 | 11 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | 2 | 4 | 4 | 3 | 5 | 5 | 5 | 6 | 6 | 6 | 7 |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Threshold** | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.
4/ Structural breaks in Somalia's historical series affect the DSA's sensitivity analysis. Negative values should be considered bounded at zero.

## Table 4. Somalia: Sensitivity Analysis for Key Indicators of Public Debt, 2025–2035
(In percent)

| | Projections 1/ 4/ | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
| **PV of Debt-to-GDP Ratio** | | | | | | | | | | | |
| **Baseline** | 5 | 6 | 6 | 6 | 7 | 7 | 8 | 9 | 10 | 11 | 12 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 5 | 6 | 5 | 5 | 4 | 3 | 3 | 3 | 2 | 2 | 2 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 15 | 17 |
| B2. Primary balance | 5 | 6 | 6 | 6 | 7 | 8 | 8 | 9 | 10 | 11 | 12 |
| B3. Exports | 5 | 7 | 9 | 10 | 10 | 10 | 11 | 12 | 12 | 13 | 14 |
| B4. Other flows 3/ | 5 | 10 | 13 | 14 | 14 | 14 | 15 | 15 | 15 | 16 | 17 |
| B5. Depreciation | 5 | 7 | 7 | 7 | 7 | 7 | 6 | 7 | 7 | 8 | 8 |
| B6. Combination of B1-B5 | 5 | 6 | 6 | 6 | 6 | 7 | 8 | 8 | 9 | 10 | 12 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 5 | 11 | 10 | 10 | 11 | 11 | 12 | 12 | 13 | 14 | 15 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | 5 | 6 | 6 | 7 | 9 | 10 | 11 | 12 | 14 | 15 | 17 |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **TOTAL public debt benchmark** | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| **PV of Debt-to-Revenue Ratio** | | | | | | | | | | | |
| **Baseline** | 71 | 88 | 92 | 106 | 128 | 137 | 149 | 165 | 178 | 191 | 203 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 71 | 81 | 76 | 77 | 75 | 64 | 56 | 49 | 41 | 35 | 31 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 71 | 91 | 101 | 124 | 158 | 175 | 197 | 222 | 243 | 264 | 282 |
| B2. Primary balance | 71 | 90 | 95 | 109 | 132 | 141 | 154 | 169 | 182 | 195 | 207 |
| B3. Exports | 71 | 105 | 144 | 161 | 186 | 193 | 204 | 216 | 223 | 232 | 239 |
| B4. Other flows 3/ | 71 | 144 | 211 | 230 | 260 | 265 | 272 | 280 | 280 | 282 | 282 |
| B5. Depreciation | 71 | 112 | 108 | 116 | 125 | 122 | 123 | 126 | 129 | 133 | 138 |
| B6. Combination of B1-B5 | 71 | 90 | 92 | 96 | 118 | 128 | 141 | 157 | 171 | 185 | 198 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 71 | 156 | 159 | 176 | 203 | 210 | 220 | 231 | 239 | 248 | 255 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | 71 | 91 | 101 | 125 | 159 | 178 | 200 | 225 | 246 | 267 | 285 |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Debt Service-to-Revenue Ratio** | | | | | | | | | | | |
| **Baseline** | 1 | 2 | 3 | 3 | 4 | 4 | 5 | 6 | 6 | 6 | 7 |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2025-2035 2/ | 1 | 2 | 3 | 3 | 4 | 4 | 4 | 5 | 4 | 3 | 3 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 1 | 2 | 3 | 3 | 5 | 5 | 6 | 8 | 9 | 9 | 10 |
| B2. Primary balance | 1 | 2 | 3 | 3 | 4 | 5 | 5 | 7 | 7 | 7 | 8 |
| B3. Exports | 1 | 2 | 3 | 4 | 5 | 5 | 6 | 8 | 10 | 10 | 10 |
| B4. Other flows 3/ | 1 | 2 | 4 | 5 | 7 | 7 | 7 | 12 | 15 | 14 | 14 |
| B5. Depreciation | 1 | 2 | 3 | 4 | 5 | 6 | 6 | 8 | 8 | 8 | 8 |
| B6. Combination of B1-B5 | 1 | 2 | 3 | 3 | 4 | 4 | 5 | 6 | 6 | 6 | 7 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 1 | 2 | 4 | 4 | 6 | 6 | 6 | 12 | 12 | 11 | 11 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | 1 | 2 | 3 | 3 | 5 | 5 | 6 | 8 | 9 | 9 | 10 |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.
4/ Structural breaks in Somalia's historical series affect the DSA's sensitivity analysis. Negative values should be considered bounded at zero.

## Table 5. Somalia: Decomposition of Public Debt and Debt Service by Creditor, 2024-2027

(In millions of U.S. dollars, unless otherwise indicated)

| | Debt Stock (end of period) | | | Debt Service | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2024 | | | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 |
| | (In millions of US$) | (Percent total debt) | (Percent GDP) | (In millions of US$) | | | (Percent GDP) | | |
| **Total** [1/, 2/] | 1,117.2 | 100.0 | 9.2 | 8.7 | 18.1 | 20.9 | 0.07 | 0.13 | 0.14 |
| **External** | 1,049.3 | 93.9 | 8.6 | 8.7 | 18.1 | 20.9 | 0.07 | 0.13 | 0.14 |
| Multilateral creditors | 486.7 | 43.6 | 4.0 | 1.4 | 5.8 | 7.8 | 0.01 | 0.04 | 0.05 |
| IMF [3/] | 139.1 | 12.4 | 1.1 | 0.7 | 0.4 | 2.6 | 0.01 | 0.00 | 0.02 |
| Other Multilaterals | 347.6 | 31.1 | 2.9 | 0.6 | 5.3 | 5.3 | 0.01 | 0.04 | 0.04 |
| Arab Monetary Fund | 201.5 | 18.0 | 1.7 | 0.2 | 0.2 | 0.2 | 0.00 | 0.00 | 0.00 |
| Arab Fund for Economic and Social Development [4/] | 81.0 | 7.3 | 0.7 | 0.0 | 4.3 | 4.3 | 0.00 | 0.03 | 0.03 |
| International Fund for Agricultural Development | 1.6 | 0.1 | 0.0 | 0.1 | 0.5 | 0.4 | 0.00 | 0.00 | 0.00 |
| Islamic Development Bank | 27.2 | 2.4 | 0.2 | 0.1 | 0.1 | 0.1 | 0.00 | 0.00 | 0.00 |
| OPEC Fund for International Development | 36.4 | 3.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.00 | 0.00 | 0.00 |
| Bilateral creditors | 562.6 | 50.4 | 4.6 | 7.3 | 12.3 | 13.1 | 0.06 | 0.09 | 0.09 |
| Paris Club [5/] | 23.0 | 2.1 | 0.2 | 1.6 | 1.8 | 1.7 | 0.01 | 0.01 | 0.01 |
| Russia | 6.8 | 0.6 | 0.1 | 1.6 | 1.5 | 1.5 | 0.01 | 0.01 | 0.01 |
| Spain | 16.2 | 1.4 | 0.1 | 0.0 | 0.3 | 0.3 | 0.00 | 0.00 | 0.00 |
| Non-Paris Club [6/] | 539.2 | 48.3 | 4.4 | 5.7 | 10.6 | 11.3 | 0.04 | 0.08 | 0.08 |
| Algeria | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Bulgaria | 2.0 | 0.2 | 0.0 | 0.0 | 0.1 | 0.1 | 0.00 | 0.00 | 0.00 |
| Iraq | 33.1 | 3.0 | 0.3 | 0.0 | 1.4 | 1.4 | 0.00 | 0.01 | 0.01 |
| Kuwait | 120.5 | 10.8 | 1.0 | 2.6 | 2.6 | 2.6 | 0.02 | 0.02 | 0.02 |
| Libya | 14.4 | 1.3 | 0.1 | 0.0 | 3.3 | 4.0 | 0.00 | 0.02 | 0.03 |
| Romania | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Saudi Arabia | 111.1 | 9.9 | 0.9 | 3.1 | 3.1 | 3.1 | 0.02 | 0.02 | 0.02 |
| United Arab Emirates | 257.3 | 23.0 | 2.1 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Commercial creditors | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Serbia [4/] | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| **Domestic** | 67.8 | 6.1 | 0.6 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Of which: in arrears | 67.8 | 6.1 | 0.6 | 0.0 | 0.0 | 0.0 | 0.00 | 0.00 | 0.00 |
| Nominal GDP (in millions of US$) | 12,161 | | | | | | | | |

Sources: Somalia Debt Management Unit; IMF; World Bank; and AfDB.

1/ Debt records provided by the authorities and reconciled with creditor statements include loans that were contracted from 1965 to 2002. These loans include loans that financed projects in pre-civil war subnational jurisdictions, including Somaliland. For all loans, the recognized debtor is the Ministry of Finance of the FGS or a line ministry of the FGS.

2/ Debt stock and debt service amounts reflect full delivery of debt relief under the HIPC Initiative, MDRI, and beyond-HIPC assistance at the Completion Point reached in December 2023, actual debt relief agreements signed with remaining creditors post-HIPC CP, and hypothetical debt treatment on HIPC CP terms for debts pending a debt relief agreement. Estimates are based on April 18, 2025 exchange rates.

3/ IMF debt stock includes net SDR position of government (used for budget support).

4/ The debt stock and debt service amounts reported assume debt treatment in line with the HIPC CP debt relief analysis, as a debt relief agreement is yet to be signed. This follows the guidance in the 2018 Guidance Note for Bank-Fund Debt Sustainablity Framework for Low-Income Countries (LIC DSF).

5/ The amount for Paris Club (PC) debt reflects beyond-HIPC debt relief or the outright cancellation of claims by PC creditors, except for Russia where debt treatment is consistent with HIPC Initiative exit terms. The total amount for Russia also includes a Russian claim on the Central Bank of Somalia totaling $6.25 million as of end-2024, which has been deemed not eligible for HIPC debt relief.

6/ The debt stock and debt service amounts reported assume debt treatments in line with the HIPC CP debt relief analysis by creditors where agreements remain outstanding, except for Kuwait, Saudi Arabia, and United Arab Emirates which reflect the terms of actual agreements reached.

**Table 6. Somalia: Summary Table on Projected External Borrowing Program, January 1, 2025 to December 31, 2025**

(In millions of U.S. dollars, unless otherwise indicated)

| **PPG external debt contracted or guaranteed** | Volume of new debt, USD million | Percent |
|---|---|---|
| **Sources of debt financing** | **39.9** | **100** |
| ***Concessional debt, 1/*** | **39.9** | **100** |
| o/w IMF prospective | 39.9 | 100 |
| o/w Other 2/ | 0.0 | 0 |
| ***Non-concessional debt*** | **0.0** | **0** |
| o/w Semi-concessional 3/ | 0.0 | 0 |
| o/w Commercial terms 4/ | 0.0 | 0 |
| **Uses of debt financing** | **39.9** | **100** |
| Project Financing | 0.0 | 0 |
| Budget Financing | 39.9 | 100 |
| **Type of interest rate** | **39.9** | **100** |
| Fixed Interest Rate | 39.9 | 100 |
| Variable Interest Rate | 0.0 | 0 |
| **Currency denomination** | **39.9** | **100** |
| USD denominated loans | 0.0 | 0 |
| Loans denominated in other currency | 39.9 | 100 |
| *Memorandum items* | | |
| Indicative projection FY2026 | **67.1** | |
| Indicative projection FY2027 | **58.5** | |

1/ Debt with a grant element of at least 35 percent.

2/ Can include multilateral lenders such as the World Bank and the AfDB.

3/ Debt with a positive grant element that is lower than the minimum grant element of 35 percent.

4/ Debt without a positive grant element.

## Table 7. Somalia: Progress on Negotiations with Creditors for Restructuring Outstanding HIPC-Eligible Debt (as of October 13, 2025)

| Creditor 2/ | Enhanced HIPC debt relief in PV terms (in US$ million) 1/ | Percentage of total assistance under HIPC | Status of Negotiations |
|---|---|---|---|
| Arab Fund for Economic and Social Development (AFESD) | 99.1 | 5.2 | Both parties have agreed on a debt treatment that meets the Enhanced HIPC Completion Point (HIPC CP) requirement, with 60% debt cancellation and the remaining 40% to be repaid over 30 years at a reduced interest rate of 2%. The authorities are negotiating a grace period on principal repayments and seeking irrevocable debt relief, consistent with HIPC principles. Talks will continue in October 2025 during the IMF–World Bank Annual Meetings in Washington, DC. |
| Arab Monetary Fund (AMF) | 155.6 | 8.2 | A debt restructuring agreement in line with the HIPC CP was signed on April 9, 2025. Outstanding debt balance will be repaid at zero interest rate over 20 years in semi-annual installments, starting in June and December 2025, that increase over time under a tiered structure. |
| Islamic Development Bank (IsDB) | 15.5 | 0.8 | A debt rescheduling agreement was signed on July 16, 2024. The agreement features a reprofiling of the outstanding debt over a 30-year period on zero interest rate and no grace period, with the first principal payment commencing on 31st December 2024. |
| OPEC Fund for International Development (OFID) | 19.3 | 1.0 | A debt rescheduling agreement was officially signed on June 25, 2024 on the sidelines of the OFID development forum held in Vienna, Austria. The agreement features a reprofiling of the debt over a 20-year period on a 0.5% interest rate per annum and a 10-year grace period. |
| **Total Multilateral** | **822.5** | **43.2** | |
| **o/w Pending** | **99.1** | **5.2** | |
| Paris Club Creditors | 806.6 | 42.4 | On March 13, 2024, the Paris Club group of creditors agreed on a debt treatment for Somalia under the HIPC process, and beyond-HIPC debt relief to cancel all debt on a voluntary basis. Bilateral agreements have been signed with Denmark, France, Italy, Japan, Netherlands, Norway, Russia, the United Kingdom and the United States. In October 2025, authorities reached in-principle agreement with Spain for a 60% of debt cancellation and a debt-for-development swap arrangement for the remaining 40% of Somalia's debt. |
| Non-Paris Club Creditors | | | |
| Algeria | 0.3 | 0.0 | Finance Ministers of Somalia and Algeria met at the sidelines of the Arab League Summit in May 2025, where Algerian authorities agreed to cancel Somalia’s debt. Somali officials are awaiting formal confirmation of the debt cancellation. |
| Bulgaria | 1.9 | 0.1 | Both parties have reached broad consensus on a debt treatment that meets the HIPC CP requirement. Discussions will resume later in 2025, aiming for the debt relief to be reflected in Bulgaria’s 2026 budget in line with national policies. |
| Iraq | 32.3 | 1.7 | The Iraqi authorities have agreed to cancel 67% of the debt, with recent discussions focusing on the servicing terms for the remaining 33%. A letter dated August 25, 2025 was sent by the Somali Finance Minister to his Iraqi counterpart to resume negotiations; a response is still awaited. |
| Kuwait | 47.4 | 2.5 | A debt restructuring agreement on Paris Club-comparable terms was signed in 2022, prior to the HIPC CP. Outstanding debt is rescheduled in semi-annual installments over a 40-year period, including a 16-year grace period, at an interest rate of 1.5% per annum (inclusive of a 0.5% administrative charge). |
| Libya | 14.0 | 0.7 | Both parties held a virtual technical meeting on September 15, 2025 to discuss debt relief options. Negotiations are set to continue for a treatment that meets the HIPC CP requirement. |
| Romania | 0.5 | 0.0 | As of July 2025, both parties have informally agreed to a debt treatment in line with the HIPC CP requirement. Romanian authorities are currently reviewing the Somali authorities' request to commence debt servicing in February 2026 rather than in 2025. |
| Saudi Arabia | 46.6 | 2.4 | A debt restructuring agreement on Paris Club-comparable terms was signed in early 2023, prior to the HIPC CP. Outstanding debt is rescheduled over a 40-year period, including a grace period of 16 years. |
| United Arab Emirates | 131.0 | 6.9 | A debt restructuring agreement was signed on February 11, 2025, allowing repayment within 40 years, starting in 2040 after a 16-year grace period. The interest rate was reduced by half to 2%. Payments on deferred interest are scheduled over 5 years starting in February 2029. |
| Commercial | | | |
| Serbia 3/ | 0.4 | 0.0 | A letter dated August 25, 2025 was sent by the Somali Finance Minister to his Serbian counterpart requesting to resume debt restructuring negotiations, including during the IMF-WB Annual Meetings in October 2025. Creditor response is awaited. |
| **Total Bilateral and Commercial** | **1,081.0** | **56.8** | |
| **o/w Pending** | **49.3** | **2.6** | |
| **TOTAL** | **1,903.5** | **100.0** | |
| **o/w Total Pending** | **148.4** | **7.8** | |

Sources: Somali authorities; and IMF and World Bank staff estimates.
1/ The data are in December 31, 2018 PV terms as revised at completion point.
2/ List of creditors excludes World Bank, IMF, African Bank for Development (AfDB), and International Fund for Agricultural Development (IFAD), which have completed debt relief and restructuring under the Enhanced HIPC Initiative.
3/ Serbia's loan was classified as other official bilateral debt at the decision point; then it was reclassified as commercial debt at completion point based on updated information provided by the creditor to the authorities.

**Statement by Mohamed Maait, Executive Director for Somalia, and Abdulqafar Abdullahi, Advisor to Executive Director**
**December 8, 2025**

On behalf of my Somali authorities, I wish to express my appreciation to Ms. Ran Bi, Mission Chief for Somalia, and her team for their constructive engagement and productive policy discussions throughout the current program review. This review took place amid challenging global and domestic environment. The authorities concur with the staff's overall assessment of the program's performance and the recommended policy priorities.

**Context**

**Somalia continues to confront significant humanitarian and security challenges.** Poor rainfall in 2025 and reduced donor support have intensified concerns about food insecurity and displacement. According to UN agencies, 4.4 million people, representing 23% of the population, are experiencing acute food insecurity, a crisis expected to persist into 2026. The World Bank–supported Baxnaano program and other new initiatives are expanding support to vulnerable households including cash transfers, however, the scale of the need far exceeds available assistance. On the security front, Al-Shabaab's influence is waning due to intensified military operations and strengthened community engagement. However, reduction of security related assistance is impeding further stabilization efforts and has slowed progress. Insufficient funding has constrained the full operationalization of the Support and Stabilization Mission in Somalia (AUSSOM). Thus, urgent international support is required, especially with the 2026 elections approaching.

**Economic Developments**

**Somalia's economy continues to demonstrate remarkable resilience despite persistent and multifaceted challenges.** Economic growth is expected to moderate to 3.0 percent in 2025 following a robust growth of 4.1 percent in 2024, driven primarily by strong private consumption. The anticipated growth deceleration largely reflects reductions in foreign aid and the impact of adverse climate events. Unpredictable weather patterns, including erratic rainfall and severe flooding, are expected to hinder agricultural production despite the sector's strong performance last year. The economic outlook remains highly uncertain, clouded by concerns about domestic and external shocks, including further aid cuts, climate-related shocks, upcoming elections next year, ongoing security challenges, and existing geopolitical tensions. As a result, growth projections for 2026 and the medium-term growth have been revised downward to 3.3 percent and 4.1 percent, respectively, compared to previous estimates of 4.0 percent and 4.5 percent.

**Program Performance**

**Despite facing a complex array of substantial challenges, the Somali authorities have remained steadfast in their commitment to the objectives of the Extended Credit Facility (ECF) arrangement.** As a result, they met all quantitative performance criteria (QPC) and indicative targets (ITs) for the current review period, notably including the revenue floor and expenditure ceiling. Furthermore, they met all structural benchmarks (SB) for this review period, underscoring their dedication to implementing critical reforms and their strong program ownership.

## Policy Discussion

### *Fiscal Policy*

**In the face of downward pressure on domestic revenue collection and high spending needs, Somali authorities have demonstrated exceptional fiscal restraint.** To increase domestic revenue, they have intensified their revenue mobilization efforts through stronger enforcement and expanded use of technology and digitization. As a result, revenue collection has surpassed the end-September 2025 target and is on track to meet year-end program target. On the expenditure side, authorities have continued to maintain prudent management of public spending. Consequently, the 2025 fiscal deficit is projected to be 0.3% of GDP – an improvement from the earlier projection of 0.6 percent – primarily due to spending restraint, a focus on domestic revenue mobilization, and increased budget support from the World Bank and other bilateral grant disbursements.

**The Somali authorities remain steadfast in their commitment to the rigorous implementation of the 2024 Medium-Term Revenue Roadmap (MTTR) and its guiding principles.** Strong domestic revenue collection momentum from recent years has continued into the first quarter of 2025. However, ongoing macroeconomic challenges and reductions in donor funding have exerted considerable pressure on domestic revenue mobilization goals. Nevertheless, the authorities are determined to achieve the Medium-Term Revenue Roadmap's annual target of increasing the revenue-to-GDP ratio by 0.3 percentage points and ensuring that domestic revenue fully covers operational government spending by 2027. To boost revenue collection in 2026 and beyond, they are rolling out full implementation of the May 2025 Income Tax Bill and broadening the sales tax base to include additional services such as telecommunications, electricity, and other sectors. In addition, to reinforce compliance, the first annual tax audit for fiscal year 2025 is scheduled for publication in the second quarter of 2026.

**The Somali authorities recognize the significant potential of customs revenues to contribute to domestic revenue mobilization**. In this regard, they are undertaking decisive measures to modernize customs administration to significantly enhance operational efficiency of customs including the comprehensive deployment of the Somalia Customs Automated Systems (SOMCAS). They are also actively working to reinforce the application of book values for customs duty assessment, which will establish the foundation for transitioning to invoice valuation for domestic imports. To improve enforcement and optimize SOMCAS utilization, a central inspection team has been dispatched to both the Mogadishu seaport and airport. These initiatives, together with ongoing public awareness campaigns and discussions with Federal Member States, are expected to enable the implementation of ad valorem tariffs at all major ports and ensure compliance with obligations under the East African Community customs union.

**Strengthening public financial management (PFM) reforms and rationalizing expenditures to generate fiscal space for increased investment in social programs remain key priorities.** The authorities are focused on further enhancing the efficiency, transparency, and effectiveness of public spending and financial administration. Towards this end, they are actively working to bolster the management of public investments by incorporating a dedicated Public Investment Management (PIM) section into the current PFM regulations and by developing comprehensive PIM guidelines. With technical support from the IMF and IFC, they are also refining the Public-Private Partnership (PPP) bill currently before the Finance Committee of the House of the People to ensure it reflects recommendations from both institutions. Notably, for the first time, the 2026 budget will allocate domestic resources specifically for social spending, marking a major step toward sustainable and inclusive social sector development. Furthermore, with IMF support, Somali authorities are finalizing a new Public Financial Management Reform Strategy and Action Plan for 2026–2030. This plan builds on prior progress and will introduce measures to further modernize fiscal management, strengthen multi-year commitment controls, improve fiscal transparency, and build institutional capacity.

**Harnessing advanced technology is substantially strengthening revenue mobilization and enhancing the efficiency of public expenditure management.** The increased adoption of digital tools and automated systems is streamlining tax enforcement, broadening the tax base, and modernizing customs operations. These advancements support more effective fiscal management and better resource allocation. Electronic invoicing, digital receipts, and automated payment tracking have notably improved the collection of rental property taxes in Mogadishu. Meanwhile, the mobile road tax application now allows citizens to pay conveniently. The new electronic sales tax system enables merchants to automatically collect and transmit payments directly to the Single Treasury Account. Ongoing initiatives include the development of an Integrated Tax Administration System (ITAS) and the launch of a non-tax revenue portal. Additionally, PFM is being strengthened using advanced technological tools, which allow streamlining budget execution, cash planning, and revenue administration. In particularly, in August 2025, Somalia introduced digital signatures within the Somalia Financial Management Information System (SFMIS), resulting in a fully paperless process from purchase order to payment.

***Monetary and Financial Policy***

**Enhancing the regulatory and supervisory capacity of the Central Bank of Somalia (CBS) remains a top priority.** On November 11, 2025, the National Payment System Bill has been submitted to the Senate after the House of the People approved it. This bill, once enacted will represent a critical milestone that will strengthen financial stability by enhancing the efficiency of payment systems, minimizing systemic risks, and advancing financial inclusion. The CBS has also issued regulations under the new Financial Institutions law and Takaful law. Work is underway and advancing toward the adoption of supervisory technologies that will automate and enhance the quality of regulatory data collection. Looking ahead, and with support from the IMF, the CBS plans to enhance consolidated supervision and Shariah compliance while gradually introducing a prudential reserve requirement framework to allow banks adequate time to adapt. Other key initiatives for 2026 include establishing a credit bureau and collateral registry to expand access to credit and deepen financial inclusion.

**The Central Bank of Somalia (CBS) continues to make significant progress in advancing its strategic objectives.** The implementation of the new Strategic Plan (2024-2029), and the 2024 IMF safeguards assessment recommendations are progressing well. Particularly, since July 2025, two more safeguards' recommendations have been implemented and the only two outstanding recommendations are scheduled to be completed in the first half of 2026. In parallel, CBS is also actively developing the regulatory framework required for the recently adopted Currency Board Arrangement (CBA). As part of this effort, the planned amendment of the Central Bank Act will incorporate the necessary regulations that support the effective implementation of the CBA. This amendment will also enhance governance and the autonomy of the central bank, ensuring robust oversight and operational independence.

**AML/CFT regulatory framework and coordination have continued to be strengthened.** The regulations for the amended AML/CFT law are scheduled to be published by early 2026. The Financial Reporting Center (FRC) is working on strengthening its engagement with MENAFATF through financial intelligence sharing, capacity building, and alignment of AML/CFT frameworks with global standards. These efforts support preparations for the upcoming mutual evaluation and reaffirm Somalia's commitment to combating money laundering and terrorist financing. The rollout of the National ID, which is a key component of the AML/CFT measures, is progressing well. In this context, CBS issued an electronic Know Your Customer (eKYC) regulation in November 2024 to further strengthen customer due diligence. Most banks now have access to the National Identification and Registration Agency (NIRA) online verification platform and are fully compliant with the new regulation. This has significantly improved the integrity and efficiency of the financial sector.

***Structural Reforms and Governance***

**The Somali authorities are determined to pursue comprehensive structural and governance reforms.** Anchored on the National Transformation Plan (2025-2029) and the Centennial Vision 2060, they are committed to implementing impactful and transformative reforms to foster sustained high levels of inclusive growth, poverty reduction, regional integration, and build resilience to climate shocks. In partnership with development partners, significant progress is being made toward finalizing a new National Anti-Corruption Strategy and strengthening the capacity and resources of the Independent Anti-Corruption Commission. The authorities reaffirm their commitment to fulfilling obligations under the UN Convention Against Corruption (UNCAC) and addressing gaps identified in UNCAC's summary findings, thereby ensuring that Somalia's anti-corruption framework aligns with international best practices.

T**he Somali authorities remain steadfast in their commitment to developing the country's hydrocarbon resources in a responsible, transparent, and sustainable manner**. In this regard, they have they have created a robust legal and regulatory framework for the sector. In recent years, and with the support of the Fund, they have established a model production sharing agreement (PSA). Additionally, they have enacted modern Extractive Sector Fiscal Regime and Petroleum Laws, along with related regulations which include clear publication standards. Additionally, to further safeguard national interests, the Inter-Ministerial Concessions Committee has been empowered to rigorously enforce these laws and regulations and ensure that signed PSAs deliver the maximum possible benefits for the Somali people. While the authorities may sign a limited number of directly negotiated PSAs under exceptional circumstances, they will prioritize the launch of a competitive licensing round as soon as possible to enhance sector transparency and attract quality investments. Looking forward, in collaboration with development partners, the government will focus on strengthening the capacity of the agencies responsible for overseeing and managing the sector. These steps underscore Somalia's dedication to leveraging its natural resources for broad-based, sustainable development while adhering to international best practices.

**Capacity Development**

**Somali authorities greatly appreciate the capacity development (CD) and technical assistance (TA) they receive from the Fund through the Somalia Country Fund (SCF).** Since its inception in 2015, the SCF has been instrumental in advancing Somalia's ambitious and difficult reform agenda, offering targeted and timely CD and TA that are well integrated into IMF programs**.** The authorities are pleased that the second phase of the SCF has been extended to April 2027. However, the launch of Phase III remains uncertain. Given the current limited institutional capacity, Somali authorities underscore the importance of sustained, robust, and comprehensive CD and TA. The authorities strongly believe that the continued existence of a well-financed SCF is critical to maintaining reform momentum while building capacity. Therefore, they strongly encourage the Fund to launch Phase III before the current phase expires.

**Conclusion**

The Somali authorities remain steadfast in their commitment to the IMF program, viewing it as essential for preserving macroeconomic stability and advancing the reconstruction of key economic institutions and regulatory frameworks. Their unwavering dedication is evident in the consistent implementation of challenging reforms required under the IMF-supported program, demonstrating both resolve and program ownership.

**On the back of strong performance, Somali authorities request the Executive Directors' approval of the fourth review under the ECF arrangement. Furthermore, given the current macroeconomic challenges, low domestic revenue, and balance of payment challenges, they also request the Executive Directors approval of their request for an SDR 30 million augmentation of access under the ECF program, to be disbursed in two equal tranches.** This additional support is crucial for reinforcing Somalia's reform agenda and safeguarding continued macroeconomic stability.