INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL MONETARY FUND

SOMALIA

Joint World Bank-IMF Debt Sustainability Analysis

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Prepared Jointly by the staffs of the International Development Association (IDA)

and the International Monetary Fund (IMF)

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Somalia: Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress:	In debt distress
Overall risk of debt distress	In debt distress
Granularity in the risk rating	Sustainable
Application of judgment	No

This debt sustainability analysis (DSA) provides an update of the March 2020 DSA. Total public debt is US$5.3 billion, or 109 percent of GDP at end-2019—nearly all of which is external (Tables 1 and 2). The revised baseline scenario takes the authorities' end-2019 debt stock data, includes the interim assistance received at the HIPC Decision Point in March 2020, and incorporates the impact of the three natural shocks that Somalia is confronting—flooding, locusts, and the coronavirus pandemic. The present value of external debt is now some 15 percentage points of GDP lower at around 60 percent of GDP, thanks in large part to interim relief, but it remains well above the 30 percent threshold for countries like Somalia with weak capacity to manage debt[1]. The baseline forecast also indicates substantial and sustained breaches of the PV of external debt-to-exports indicative threshold. The PV of external debt service-to-exports threshold, and the debt service-to-revenue threshold, also see sustained breaches beyond 2023, highlighting the risks of any delay in reaching the HIPC Completion Point. Contingent on the full delivery of the HIPC Initiative, MDRI, and beyond-HIPC assistance at the Completion Point (an alternative scenario under the DSA analysis), Somalia's debt indicators would still be consistent with a manageable debt situation following Completion Point. As such, in a forward-looking sense, Somalia's debt is assessed as sustainable.

[1] Somalia's Composite Indicator is 0.87 based on the October 2019 WEO and the 2019 CPIA, corresponding to the weak debt-carrying capacity.

PUBLIC DEBT COVERAGE

1. Public debt data coverage is limited to the central government. The coverage of public debt captured by the Debt Sustainability Assessment (DSA) is near complete. There is no government guaranteed debt, there are no known liabilities of state-owned enterprises or subnational governments, and no public-private partnerships (PPPs) (Text Table 1).[2] 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 arrears. Default settings are applied to the DSA contingent liability stress test and no other tailored stress tests are applicable to Somalia. A reconciliation exercise of external obligations was finalized in conjunction with the March 2020 HIPC Decision Point document, and its findings continue to figure in this DSA.[3] External debt for the DSA is defined on a residency basis.

Text Table 1. Somalia: Public Debt Coverage

	Subsectors of the public sector	Sub-sectors covered
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

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	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	0.0	No government guaranteed or non-guaranteed SOE debt in Somalia
4	PPP	35	percent of PPP stock	0.0	No PPPs exist in Somalia.
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			5.0	

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%.

Source: Somali authorities and IMF staff estimates.

2. 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. The DSA for Somalia uses the October 2019 vintage of the WEO and the 2019 CPIA. The latest available composite indicator score for Somalia is 0.867 (Text Table 2).

[2] Somalia's general government debt stock excludes a Russian claim on a non-central government entity. The claim concerns special correspondent accounts at the Central Bank of Somalia totaling about $7.5 million (or 0.1 percent of GDP). PPPs may potentially be agreed at some point in the future; the International Finance Corporation (IFC) is providing support on the legislative framework.

[3] See Somalia—Enhanced Heavily Indebted Poor Countries (HIPC) Initiative Decision Point Document (March 2020, Country Report No. 20/86).

Text Table 2. Somalia: Composite Indicator and Threshold Tables

Debt Carrying Capacity and Thresholds

Country	Somalia
Country Code	726

Debt Carrying Capacity	Weak

Final	Classification based on current vintage	Classification based on the previous vintage
Weak	Weak 0.87	Weak 0.57

Note: Until the October 2018 WEO vintage is released, the previous vintage classification and corresponding score are based solely on the CPIA per the previous framework.

EXTERNAL debt burden thresholds	
PV of debt in percent of	
Exports	140
GDP	30
Debt service in percent of	
Exports	10
Revenue	14

TOTAL public debt benchmark	
PV of total public debt in percent of GDP	35

Note: Calculated based on the most recent WEO vintage ([October 2019]).

BACKGROUND ON DEBT AND MACROECONOMIC DATA

3. The March 2020 HIPC Decision Point document reported that the nominal level of the total stock of debt outstanding was US$5.3 billion at end-2018, of which US$5.0 billion is in arrears. The vast bulk of this debt is with official creditors. $2.0 billion is composed of principal, $1.3 billion is unpaid interest, and $1.7 billion is late interest or fees.[4] Most is owed to Paris Club creditors (58 percent), followed by multilaterals (29 percent), and non-Paris Club bilateral creditors (11 percent). All domestic debt (1.5 percent of GDP) represents central government arrears.[5]

4. Debt stock estimates for 2019 have been provided by the Somali authorities. This update incorporates debt stock levels clarified during the initial debt restructuring discussions with key creditors, and data on the accumulation of late interest and fees through end-2019. The resulting changes are minor, and the overall level at end-2019 (US$5.3 billion, or 109 percent of 2019 GDP), is consistent with expectations. The planned TA program of the IMF and the World Bank aims to help the Somali

[4] Of the $191 million not in arrears, $31 million and $160 million are obligations to the African Development Fund and the International Development Association, respectively.

[5] Somalia's stock of domestic debt (estimated at US$68.8 million, end-2018) reflects the accumulation of government wage arrears to civil servants due to constrained resources and longstanding weaknesses in public financial management. No new arrears have been accumulated since end-2017, and the authorities are committed to gradually clearing these arrears in line with available resources.

authorities establish a basis for regular recording and dissemination of estimates of the debt stock and debt service obligations, including to update the debt data to incorporate the impact of the formal bilateral agreements to restructure Somalia's external debt. The publication of four consecutive quarterly debt reports is a trigger for the floating HIPC Completion Point.

5. Following the achievement of the HIPC Decision Point, representatives of the Paris Club creditor countries and the government of Somalia agreed to restructure Somalia's external public debt.[6] The March 31, 2020 agreement was concluded under Cologne terms, designed to provide interim debt relief as part of the HIPC Initiative. This resulted in the immediate cancellation of US$ 1.4 billion in non-Official Development Assistance (non-ODA) debt owed by Somalia to Paris Club creditors. It was also agreed, on an exceptional basis, that Somalia would not be required to make debt service payments until at least end March 2024, given Somalia's very limited payment capacity, and if it continued to implement satisfactorily an IMF-supported program. Achieving the Decision Point, also led to the provision of debt relief by IDA and the African Development Bank through the concessional clearance of arrears, resulting in the cancellation of US$0.5 billion of debt in arrears. At the same time, the IMF agreed to provide HIPC interim assistance on IMF-related obligations falling due prior to Somalia reaching the Completion Point, subject to Somalia maintaining satisfactory progress under the new ECF arrangement. At the Completion Point, it would provide beyond-HIPC assistance through cancellation of the portion of the pre-Decision Point financing that is not already covered by HIPC debt relief.

6. Somalia is conducting negotiations with individual creditors to finalize restructuring its external public debt. Among the Paris Club creditors, agreements have been signed with Spain and the United States, and are nearing signature with Norway, and the United Kingdom. Among other creditors, representatives of the Kuwait Fund for Development, Saudi Fund for Development, and the Abu Dhabi Fund for Development attended the March 2020 Paris Club meeting as observers, expressing their support to the terms of the agreement and indicating their willingness to provide comparable terms. The Somali authorities have undertaken outreach to these and other creditors, such as the Islamic Development Bank, the Arab Monetary Fund and the Arab Fund for Economic and Social Development (AFESD), at a meeting of the League of Arab States in early September 2020, and negotiations with the Kuwait Fund for Development and AFESD are advancing. Talks are also ongoing with the International Fund for Agricultural Development (IFAD) around the modalities of a debt reprofiling (with World Bank and IMF support).

7. Data weaknesses significantly constrain macroeconomic analysis, limiting the significance of the results provided by the standardized stress test in the LIC-DSF. Although data quality is gradually improving, important limitations remain due to a relatively short time series for national accounts data, substantial gaps in balance-of-payments data, and a heavy reliance on third-party data for trade estimates and secondary transfers. Direct investment data are currently estimated, but an FDI survey is underway.

[6] For press release please refer to http://www.clubdeparis.org/en/communications/press-release/debt-relief-to-somalia-31-03-2020.

MEDIUM- AND LONG-TERM ASSUMPTIONS

8. The revised baseline scenario for Somalia reflects the impact of three simultaneous natural shocks—flooding, desert locusts, and the coronavirus pandemic (Text Table 4). Somalia is classified as a fragile, conflict-affected country by the World Bank.[7] Three decades of instability have left the country vulnerable to frequent climate shocks, such as cycles of drought and flooding (directly contributing to the desert locust infestation), as well as security shocks. The long-term macroeconomic assumptions under the previous DSA recognized these persistent vulnerabilities in anticipating relatively slow payoffs from planned structural reforms under the Fund-supported program. Moreover, Somalia is expected to realize a relatively smaller growth dividend compared to other countries that have transited the HIPC debt relief process due to its persistent fragility. The new baseline updates this baseline, particularly to incorporate the unique impacts of the global coronavirus pandemic for Somalia. Given the substantial uncertainties around the potential evolution of the pandemic and its economic spillovers, the new baseline leverages available high-frequency trade and remittance data through the first three months of the shock (i.e., through end-June 2020), which informs staff estimates of the near term impacts and their likely implications over the medium-term.

9. In the near term, the coronavirus pandemic is expected to curb economic activity. The projection for 2020 real GDP growth has been marked down from 3.2 percent to -1.5 percent, as the shocks feed through upon important pillars of Somalia's undiversified economy—international trade and transfers.

- **International trade, notably exports, has been hard hit.** Somali commodity exports are mainly concentrated in agricultural products, especially livestock. Supply and transport disruptions have reduced receipts by half through end June, and given strict limits on visitors to Hajj pilgrimage, livestock exports are unlikely to recover in 2020. Services exports have also declined, due mainly to travel restrictions. At the same time, after falling from March to May, imports of goods recovered to register an increase of 3.2 percent in value terms through end-June 2020 (relative to H1 2019), suggesting that a serious disruption of domestic consumption has been averted. Food imports have declined, suggesting that there has been some effect on domestic consumption but that this has not been as severe as initially anticipated. Nonetheless, import growth is likely to remain subdued in the near term, growing 4.6 percent in 2020 (compared to 7.4 percent previously) in line with lower international transfers. This would constrain the deterioration of the current account deficit in 2020 to around 12.8 percent of GDP (previously 12.3 percent).

- **International transfers have sustained domestic consumption, but these flows are expected to taper off in the coming months.**

    - ***Private transfers*** from émigré communities are a key source of foreign exchange, typically remitting around 32 percent of GDP per annum from 2013-19. These flows

[7] Please see https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations.

were disrupted early in the pandemic, as an important traditional channel for these funds—cash transfers via air transport—ceased to function. However, concerted efforts to with development partners have helped to shift transfers toward formal bank and digital solutions. This facilitated an increase in remittances in dollar terms in Q2 2020 by 2 percent relative to Q1 2020, and these flows were 7.7 percent higher than Q2 2019. Given that remittances tend to be linked to economic conditions in remitting countries, strong economic headwinds in the latter are likely to curb flows in the second half of the year. It is expected that private transfers will modestly decline 2 percent for the year (compared to a previous forecast of 7 percent growth).

- ***Public transfers*** in the form of budget grants are projected to increase from US$ 207 million to US$ 339 million, or some 2.9 percentage points of GDP. These funds will help largely offset lower domestic revenues amid lower activity and additional spending needs for pandemic mitigation. However, these higher flows of on-budget support may not provide a net macroeconomic stimulus if they reflect a switching between different types of aid flows rather than additional in-flows. There are some preliminary indications that development partners are offsetting higher on-budget support against lower off-budget aid (i.e., official current transfers that are not reflected in the government budget).

10. In the medium term, some economic scarring is likely (Text Table 3). While the impact of the shocks will be concentrated in the near term, falling incomes and reduced economic activity are likely to have lasting consequences.

- **Fiscal space for the development agenda will be more constrained.** On average, domestic revenue mobilization will be some 0.7 percentage points of GDP lower on average over 2020-24, reflecting lower economic activity. In addition, the pulling forward of donor aid to counter the pandemic is likely to lead to small reductions in future official flows (averaging 33.5 percent of GDP through 2029, or lower by about 0.7 percentage points compared to previous assumptions).

- **Leading to a more modest growth dividend.** Given a more constrained resource envelope—and assuming fiscal policy remains prudently based on broadly balanced budgets, no new external or domestic debt financing, and no arrears—the expenditure outlook relative to the pre-COVID scenario is expected to weaken. The 2020 shock to remittances that is expected to persist, slowing private sector development and therefore Somalia's post-HIPC dividend will be smaller and peak around 5.1 percent (instead of 5.4 percent previously). Potential growth in the long run remains around 4.7-4.8 percent.

- **And permanently lower trade flows.** Both export and imports are expected to recover in 2021, but to a level about 5 percent lower than previously, and remaining so into the future. The current account deficit remains large, financed by official grants and remittances.

- As earlier, this baseline envisages an economy that will remain fully dollarized, implying low inflation and no adverse nominal exchange rate movements. It also assumes that the

government seeks to maximize grants and that any recourse to external debt financing in the longer run would occur on highly concessional terms.[8] There are notable upside risks, for example, if domestic stability were to improve substantially thanks to strengthening security or deepening federalism. There is also a potential for positive regional spillovers.

11. The available realism tools suggest the macroeconomic assumptions of the baseline scenario is reasonable. Given that Somalia's debt stock is largely determined by its progress under the HIPC Initiative, the realism tool comparing debt stocks and flows across DSA vintages is not yet applicable. Furthermore, the tool assessing the realism of the public investment-growth nexus is inoperable due to gaps in Somalia's investment data. Other tools suggest that the planned fiscal adjustment is in the middle of the distribution and signal pessimism on the growth path, but the latter does not capture the impact of the various shocks (COVID-19, locusts and flooding) in 2020. It should be noted that fiscal multipliers for Somalia are likely to be weak given conservative projections of the impact of reforms supporting revenue mobilization and limited channels of transmission (e.g. via the underdeveloped financial system) (Figure 3).

Text Table 3. Macroeconomic Projections

(percent of GDP, unless otherwise indicated)

	DSA March 2020 1/				Current DSA			
	2018	2019-24	2029	2039	2018	2019-24	2029	2039
GDP growth (percent)	2.8	3.6	5.0	4.7	2.8	2.4	5.0	4.8
GDP deflator (percent)	1.8	2.0	2.0	2.0	1.8	2.5	2.1	2.1
Non-interest current account deficit 2/	10.3	11.5	12.7	11.5	7.5	21.7	13.3	11.6
Primary deficit	-0.1	-0.5	-1.0	-0.7	0.1	0.2	-0.7	-0.7
Exports	23.7	22.5	21.1	20.6	23.7	20.8	21.4	20.7
Revenues and grants	5.7	10.7	12.7	13.3	5.7	11.2	12.8	13.3
of which: grants	1.8	5.5	3.5	2.5	1.8	6.1	3.7	2.6

Sources: Somali authorities and IMF staff estimates.

Sources: Somali authorities and IMF and World Bank estimates.
1/ IMF Country Report No. 20/86
2/ Excludes other current account flows related to debt relief.

12. The baseline scenario now assumes interim HIPC debt relief, consistent with the guidance under the Bank-Fund Low Income Country Debt Sustainability Framework.[9] The scenario assumes no new borrowing over the interim period. It also assumes the application of Cologne terms by

[8] For illustrative purposes, starting in 2024, the central government is assumed to undertake moderate deficit financing, with the overall deficit (including grants) projected to average about 2.0 percent of GDP per year through 2029, which is financed through external concessional borrowing.

[9] See Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries, February 2018 (Appendix V. HIPC Initiative and MDRI).

all bilateral creditors following the HIPC Decision Point.[10] Consistent with the LIC DSF guidance note and the HIPC Debt Relief Analysis, the baseline does not include relief under the HIPC Initiative at the Completion Point or MDRI.[11] An alternative scenario is presented that incorporates the full impact of multilateral arrears clearance, interim debt relief, HIPC, MDRI and beyond HIPC debt relief. The assumption remains that Somalia will reach the HIPC Completion Point in early 2023; despite the coronavirus pandemic, the country has continued to make progress on the triggers for the HIPC floating completion point, so no change is needed at this time. Reaching that milestone would result in an estimated to provide an additional stock reduction of external debt of about 50 percent of GDP relative to the baseline.[12]

EXTERNAL DEBT SUSTAINABILITY

13. Somalia remains in debt distress in the revised baseline scenario, which assumes interim HIPC relief. The revised DSA assumptions result in an improvement in all indicators, largely thanks to the inclusion of interim HIPC relief. Relative to the previous baseline, the PV of external debt-to-GDP is now some 10 percentage points of GDP lower in the medium term. The PV of the external debt-to-exports also declines substantially. External debt service as a share of exports (2 percent) and revenues (8 percent) are now under their thresholds (respectively 10 and 14 percent) through 2023 thanks to the exceptional moratorium on debt service provided by Paris Club creditors under the debt relief agreement concluded in March 2020. Notwithstanding these improvements, the sustainability thresholds for the external debt stock relative to GDP and exports still see significant breaches throughout the forecast horizon. Moreover, the external debt service thresholds are breached beyond 2023, highlighting the risk that Somalia could reach the HIPC Completion Point later than currently anticipated. That said, in a forward-looking sense, Somalia's debt is still considered sustainable, given the expectation that all outstanding arrears will be treated under debt restructuring agreements given that Somalia has reached the HIPC Decision Point.

14. While the revisions to the macroeconomic outlook imply a deterioration in Somalia's debt carrying capacity, the HIPC Initiative includes provisions to ensure countries receive adequate debt relief to exit in a sustainable situation. The revisions described above, which are driven by the impact of interim HIPC relief, obscure the impact of the significant changes to Somalia's macroeconomic outlook due to the natural shocks it is currently experiencing. The HIPC Initiative provides for instances where countries experience such a fundamental and exogenously-driven change in their economic circumstances during the interim period. While it is premature to provide an assessment at this stage, if specific conditions are met, Somalia could seek additional debt relief from all

[10] Under Cologne terms, most low-income countries receive a reduction in eligible non-official development assistance (ODA) debt of 90 percent in net present value (NPV) terms on debt service falling due and 67 percent on arrears. Pre-cutoff date ODA credits are rescheduled on interest rates at least as concessional as the original interest rates over 40 years with 16 years' grace (30 years maturity with 12 years' grace for 50 percent NPV reduction).

[11] For the IMF, the MDRI Trust Fund is closed, but financing is being sought for beyond-HIPC relief.

[12] See Appendix V in "Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries," (February 2018). While the guidance note indicates that the only interim HIPC relief should be incorporated as a customized scenario, as in previous HIPC Decision Point cases such as Liberia (IMF Country Report No. 08/160) and Comoros (IMF Country Report No. 10/242), this analysis also presents full debt relief on HIPC terms.

creditors, beyond the amount committed at the Decision Point, to reduce debt burden indicators to the HIPC thresholds, ensuring a sustainable debt burden at the conclusion of the process.

15. The standardized stress tests continue to demonstrate that Somalia's external debt position is subject to considerable vulnerabilities and highlight the importance of debt relief. While the application of the standard DSA stress test to Somalia is complicated by the short historical data series as well as severe structural breaks, most debt indicators deteriorate substantially under temporary shock scenarios.[13,14] While the standardized stress test suggest the most serious shocks stem from a one-time depreciation, it bears noting that the former is unlikely to occur in Somalia's fully dollarized context. As such, the non-debt flow shock is a greater vulnerability, as a consistently high-ranking shock scenario across all indicators, which highlights Somalia's high dependence on external aid. Furthermore, the external debt service-to-revenue ratio experiences large breaches under all shock scenarios, accentuating liquidity risks if Somalia Completion Point is delayed.

16. Somalia's debt situation is markedly better under the alternative scenario that assumes debt relief through the HIPC Initiative, MDRI, and beyond HIPC, underscoring that traditional debt relief alone is insufficient. Assuming full delivery of this additional debt relief at the completion point, as under the previous DSA, all debt burden indicators would be significantly below their respective thresholds from 2023, consistent with achieving a moderate risk rating at the Completion Point. There are, however, risks around the timing of the HIPC Completion Point, and a delay could compromise the debt restructuring assumptions underpinning the alternative scenario.

PUBLIC DEBT SUSTAINABILITY

17. Indicators of public debt are largely indistinguishable from the indicators for external debt. The PV of total public debt-to-GDP would be well above the benchmark, with serious breaches under the various stress scenarios. The conclusions with regards to external debt sustainability are relevant also for public debt sustainability, given that there is no market for domestic debt and the existing stock of domestic debt is limited to a small stock of government arrears. As in the external debt sustainability analysis, under the alternative scenario debt burden indicators improve significantly and drop below their respective thresholds.

CONCLUSION

18. Somalia's external public debt and overall public debt remain in distress under the baseline scenario, but in a forward-looking sense overall debt is assessed as sustainable contingent on the full delivery of eligible debt relief at the HIPC Completion Point. The baseline scenario has

[13] The standardized tests embedded in the LIC-DSF generate a financing gap that is assumed to be filled by the accumulation of new debt. However, Somalia has no access to any formal debt financing. While the DSA assumes additional financing, in practice, any additional financing needs would be expected to be accommodated through lower fiscal expenditures, lower imports, or higher grants.

[14] Somalia's severe data weaknesses could bias the simulation results. For example, exports estimates derived from third-party sources may overestimate informal flows, while GDP estimates based on the household survey may not fully capture fast-growing sectors, e.g. telecommunications and services.

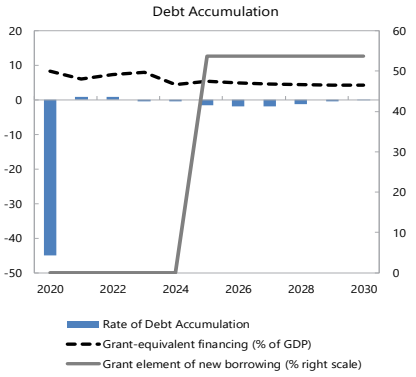
improved thanks to the inclusion of HIPC interim relief, but the external debt burden indicators relative to GDP and exports remain well above their indicative thresholds, and debt service indicators would see immediate breaches should there be a delay in achieving the HIPC Completion Point. The baseline incorporates the impact of three simultaneous natural shocks—flooding, desert locusts, and the coronavirus pandemic—which imply a deterioration of Somalia's debt carrying capacity. This stresses once more the need for debt relief. Debt relief under the HIPC Initiative, MDRI, and beyond-HIPC assistance improve Somalia's external debt situation and bring debt to a manageable level such that it can be assessed sustainable in a forward-looking sense. The inclusion of domestic debt does not materially impact the analysis. Even after full debt relief, Somalia is expected to remain highly vulnerable to shocks, underscoring the importance of strengthening debt management institutions and capacity over the medium term.

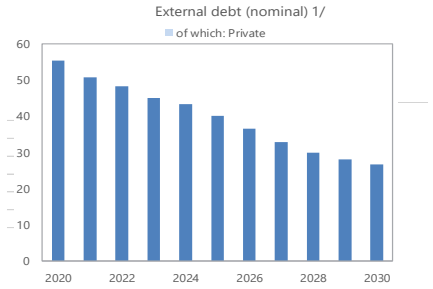
Table 1. Somalia: External Debt Sustainability Framework, 2019–2040

(In percent of GDP, unless otherwise indicated)

	Actual	Projections								Average 8/	
	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
External debt (nominal) 1/	**107.5**	**55.3**	**50.8**	**48.3**	**45.0**	**43.3**	**40.1**	**26.6**	**14.3**	**46.0**	**39.7**
of which: public and publicly guaranteed (PPG)	**107.5**	**55.3**	**50.8**	**48.3**	**45.0**	**43.3**	**40.1**	**26.6**	**14.3**	**46.0**	**39.7**
Change in external debt	-3.9	-52.1	-4.5	-2.5	-3.3	-1.7	-3.2	-1.4	-1.3		
Identified net debt-creating flows	...	**5.0**	**2.2**	**2.1**	**2.1**	**3.3**	**2.8**	**1.6**	**-1.5**	**...**	**2.3**
Non-interest current account deficit	**10.5**	**12.8**	**12.9**	**12.8**	**13.1**	**14.8**	**14.2**	**13.5**	**11.5**	**9.6**	**13.4**
Deficit in balance of goods and services	83.0	91.1	86.8	88.2	85.0	79.9	76.4	59.0	42.7	**69.8**	**75.7**
Exports	22.7	14.3	21.8	22.0	22.1	22.2	22.1	21.3	20.7		
Imports	105.7	105.4	108.7	110.2	107.1	102.1	98.5	80.2	63.3		
Net current transfers (negative = inflow)	-73.3	-79.0	-74.7	-76.0	-72.4	-65.5	-62.3	-45.6	-31.5	**-62.0**	**-62.6**
of which: official	-41.3	-47.7	-43.7	-44.6	-41.6	-35.3	-32.8	-20.6	-13.3		
Other current account flows (negative = net inflow)	0.7	0.7	0.7	0.7	0.5	0.4	0.1	0.2	0.3	**0.7**	**0.3**
Net FDI (negative = inflow)	**-9.1**	**-9.4**	**-9.2**	**-9.3**	**-9.6**	**-10.0**	**-10.2**	**-10.9**	**-12.5**	**-6.7**	**-10.1**
Endogenous debt dynamics 2/	...	**1.6**	**-1.4**	**-1.5**	**-1.5**	**-1.5**	**-1.2**	**-0.9**	**-0.5**		
Contribution from nominal interest rate	0.0	0.0	0.0	0.1	0.1	0.1	0.4	0.3	0.2		
Contribution from real GDP growth	-3.1	1.6	-1.5	-1.5	-1.6	-1.5	-1.6	-1.3	-0.7		
Contribution from price and exchange rate changes	...	...	...	...	...	...	...	...	...		
Residual 3/	...	**-57.1**	**-6.7**	**-4.6**	**-5.4**	**-5.0**	**-6.0**	**-3.0**	**0.2**	**...**	**-9.7**
of which: exceptional financing	...	-66.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators											
PV of PPG external debt-to-GDP ratio	**105.4**	**60.8**	**56.5**	**54.5**	**51.3**	**48.1**	**43.9**	**27.1**	**14.2**		
PV of PPG external debt-to-exports ratio	**465.1**	**425.9**	**259.2**	**247.7**	**231.9**	**216.7**	**198.4**	**127.4**	**68.9**		
PPG debt service-to-exports ratio	**...**	**...**	**1.7**	**1.8**	**7.4**	**12.2**	**13.3**	**7.9**	**2.9**		
PPG debt service-to-revenue ratio (excl. grants)	**...**	**...**	**7.8**	**7.5**	**28.2**	**41.5**	**40.5**	**18.5**	**5.4**		
Gross external financing need (Million of U.S. dollars)	70.2	181.2	215.7	221.7	309.6	472.7	460.7	398.1	-74.5		
Key macroeconomic assumptions											
Real GDP growth (in percent)	2.9	-1.5	2.9	3.2	3.4	3.6	3.9	4.9	4.8	**2.5**	**3.6**
GDP deflator in US dollar terms (change in percent)	1.7	1.0	6.0	2.1	2.1	2.1	2.1	2.1	2.1	**2.0**	**2.3**
Effective interest rate (percent) 4/	0.0	0.0	0.1	0.1	0.1	0.2	1.1	1.3	1.2	**...**	**0.8**
Growth of exports of G&S (US dollar terms, in percent)	0.1	-37.3	66.6	6.2	6.1	6.1	5.9	6.2	6.6	**3.0**	**7.6**
Growth of imports of G&S (US dollar terms, in percent)	1.9	-0.8	12.4	6.8	2.5	0.8	2.3	3.6	4.9	**4.8**	**3.4**
Grant element of new public sector borrowing (in percent)	...	0.0	0.0	0.0	0.0	0.0	53.7	53.7	53.7	**...**	**...**
Government revenues (excluding grants, in percent of GDP)	4.6	3.9	4.8	5.2	5.8	6.5	7.3	9.0	11.0	**3.0**	**7.1**
Aid flows (in Million of US dollars) 5/	132.4	473.0	327.4	416.7	474.7	448.0	428.7	461.9	459.1		
Grant-equivalent financing (in percent of GDP) 6/	...	8.3	6.1	7.4	8.0	4.4	5.4	4.3	2.5	**...**	**5.6**
Nominal GDP (Million of US dollars)	4,942	4,918	5,365	5,651	5,964	6,306	6,687	9,365	18,285		
Nominal dollar GDP growth	4.7	-0.5	9.1	5.3	5.5	5.7	6.0	7.1	6.9	**4.6**	**6.0**
Memorandum items:											
PV of external debt 7/	105.4	60.8	56.5	54.5	51.3	48.1	43.9	27.1	14.2		
In percent of exports	465.1	425.9	259.2	247.7	231.9	216.7	198.4	127.4	68.9		
Total external debt service-to-exports ratio	0.0	0.0	1.7	1.8	7.4	12.2	13.3	7.9	2.9		
PV of PPG external debt (in Million of US dollars)	5211.3	2991.9	3033.3	3077.9	3056.9	3030.0	2936.3	2536.1	2603.9		
(PVt-PVt-1)/GDPt-1 (in percent)		-44.9	0.8	0.8	-0.4	-0.5	-1.5	-0.2	-0.2		
Non-interest current account deficit that stabilizes debt ratio	14.3	64.9	17.4	15.3	16.4	16.5	17.4	14.9	12.8		

Definition of external/domestic debt	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.

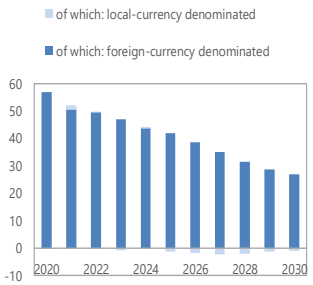
Table 2. Somalia: Public Sector Sustainability Framework, Baseline Scenario, 2019–2040

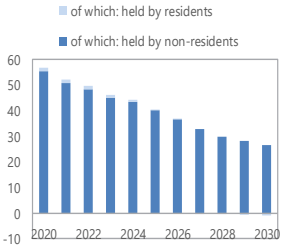
(In percent of GDP, unless otherwise indicated)

	Actual	Projections								Average 6/	
	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
Public sector debt 1/	**108.8**	**56.7**	**52.1**	**49.6**	**46.2**	**44.1**	**40.5**	**25.7**	**16.3**	**47.4**	**40.1**
of which: external debt	**107.5**	**55.3**	**50.8**	**48.3**	**45.0**	**43.3**	**40.1**	**26.6**	**14.3**	**46.0**	**39.7**
Change in public sector debt	-3.9	-52.1	-4.6	-2.6	-3.4	-2.1	-3.6	-1.6	-0.7		
Identified debt-creating flows	**-5.5**	**-65.4**	**-4.7**	**-2.6**	**-2.5**	**-0.1**	**-0.3**	**-0.7**	**-0.9**	**...**	**-7.1**
Primary deficit	**-0.5**	**0.5**	**-0.9**	**-1.3**	**-0.9**	**2.4**	**1.8**	**1.1**	**-1.6**	**-0.3**	**0.6**
Revenue and grants	6.8	12.3	10.9	12.6	13.8	10.9	11.5	12.6	13.5	**4.7**	**12.3**
of which: grants	2.2	8.3	6.1	7.4	8.0	4.4	4.2	3.5	2.5		
Primary (noninterest) expenditure	6.4	12.8	10.1	11.3	12.9	13.2	13.3	13.7	11.9	**4.3**	**12.9**
Automatic debt dynamics	**-5.1**	**0.5**	**-4.7**	**-2.6**	**-2.5**	**-2.5**	**-2.1**	**-1.8**	**-0.9**		
Contribution from interest rate/growth differential	-5.1	0.1	-2.7	-2.4	-2.4	-2.4	-2.1	-1.8	-0.8		
of which: contribution from average real interest rate	-1.9	-1.5	-1.1	-0.8	-0.8	-0.8	-0.4	-0.5	-0.1		
of which: contribution from real GDP growth	-3.2	1.7	-1.6	-1.6	-1.6	-1.6	-1.7	-1.3	-0.8		
Contribution from real exchange rate depreciation	...	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	**0.0**	**-66.4**	**0.9**	**1.3**	**0.9**	**0.0**	**0.0**	**0.0**	**1.6**	**0.0**	**-5.8**
Privatization receipts (negative)	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		
Debt relief (HIPC and other)	0.0	-66.4	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	0.9	1.3	0.9	0.0	0.0	0.0	1.6		
Residual	**1.6**	**13.7**	**-1.9**	**-0.1**	**-1.0**	**-2.1**	**-3.4**	**-1.0**	**0.2**	**...**	**-0.6**
Sustainability indicators											
PV of public debt-to-GDP ratio 2/	**106.8**	**62.2**	**57.8**	**55.7**	**52.4**	**48.8**	**44.2**	**26.2**	**16.2**		
PV of public debt-to-revenue (excl. grants) ratio	**1560.6**	**1577.3**	**1193.3**	**1065.3**	**904.0**	**751.3**	**607.5**	**289.6**	**148.0**		
Debt service-to-revenue (excl. grants) ratio 3/	**...**	**...**	**6.8**	**7.0**	**6.2**	**29.3**	**42.5**	**8.6**	**3.0**		
Gross financing need 4/	-0.5	0.0	0.0	0.1	0.2	2.6	1.6	0.6	1.7		
Key macroeconomic and fiscal assumptions											
Real GDP growth (in percent)	2.9	-1.5	2.9	3.2	3.4	3.6	3.9	4.9	4.8	**2.5**	**3.6**
Average nominal interest rate on external debt (in percent)	0.0	0.0	0.1	0.1	0.1	0.2	1.1	1.3	1.2	**...**	**0.8**
Average real interest rate on domestic debt (in percent)	-1.7	-1.0	-5.7	-1.3	-0.6	0.2	-6.0	25.9	8.1	**-1.3**	**-6.8**
Real exchange rate depreciation (in percent, + indicates depreciation)	...	...	...	...	...	...	...	...	...	**...**	**...**
Inflation rate (GDP deflator, in percent)	1.7	1.0	6.0	2.1	2.1	2.1	2.1	2.1	2.1	**1.4**	**2.3**
Growth of real primary spending (deflated by GDP deflator, in percent)	15.4	97.8	-18.9	15.8	18.0	6.0	4.8	5.2	2.2	**18.5**	**13.7**
Primary deficit that stabilizes the debt-to-GDP ratio 5/	3.5	52.6	3.7	1.3	2.5	4.5	5.4	2.8	-0.9	**-36.1**	**8.1**
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		

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.

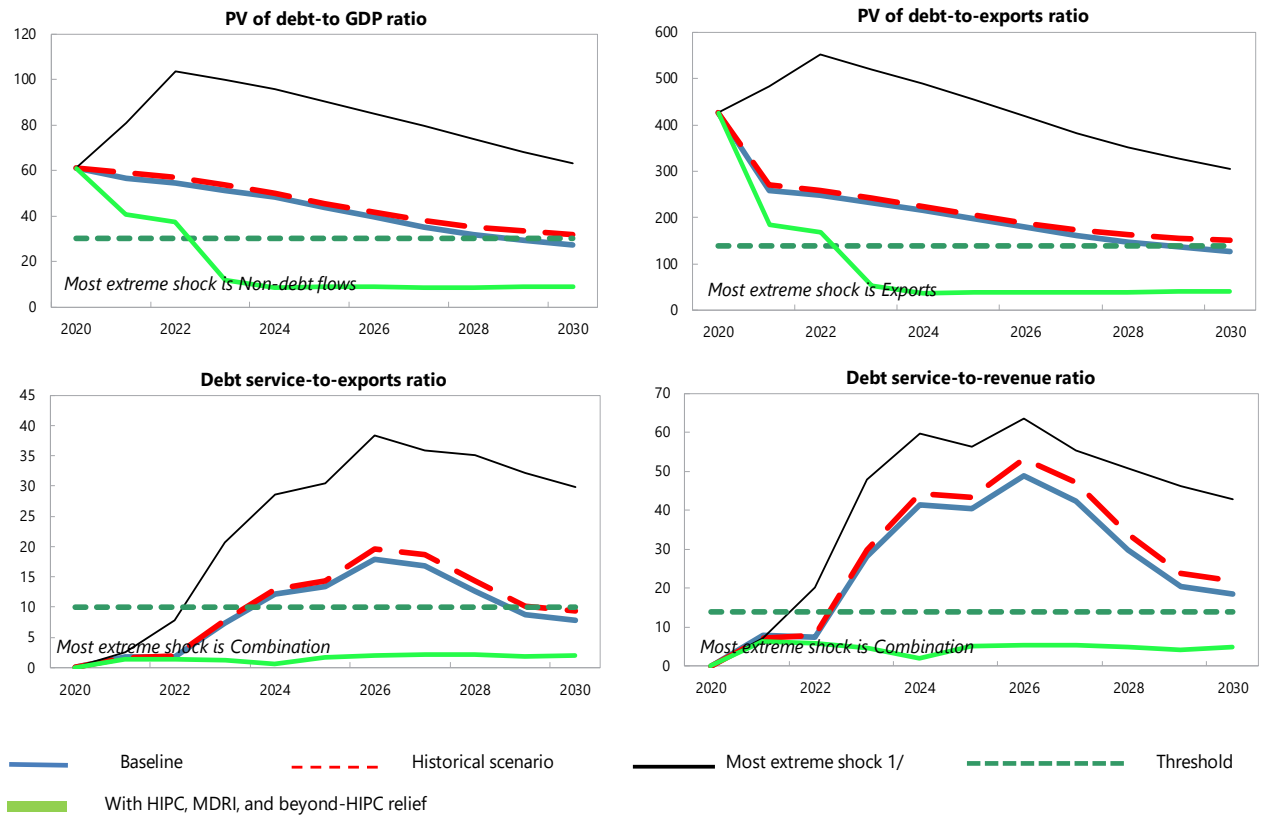
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

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.

Figure 1. Somalia: Indicators of Public Debt under Alternative Scenarios, 2020–2030



Customization of Default Settings	Size	Interactions
Tailored Tests		
Combined CLs	Yes	
Natural Disasters	n.a.	n.a.
Commodity Prices 2/	n.a.	n.a.
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 for 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	0.6%	1.5%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	27	38
Avg. grace period	5	6

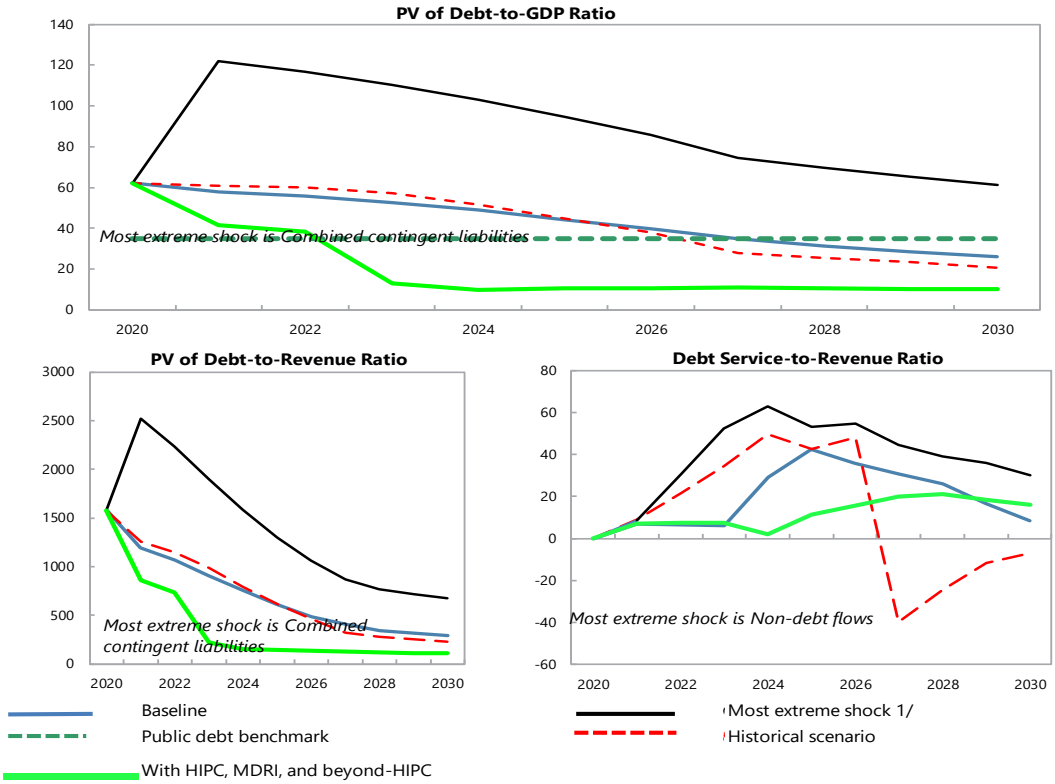
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

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 2030. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are 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/ 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 Alternatives Scenarios, 2020–2030



Borrowing Assumptions for 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	0.6%	1.5%
Avg. maturity (incl. grace period)	27	38
Avg. grace period	5	6
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%

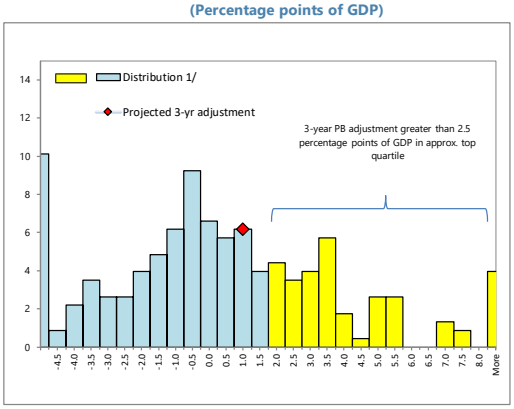
* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

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 2030. 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.

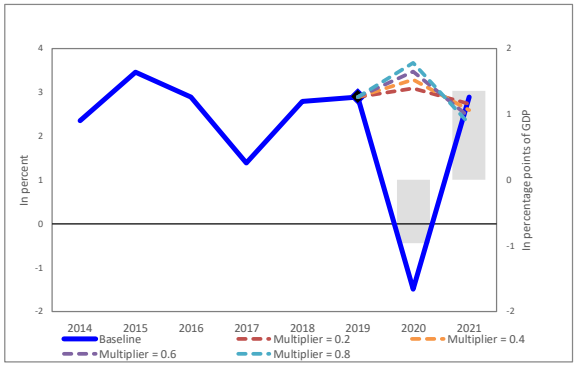
Figure 3. Somalia: Realism Tools

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 the vertical axis.

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).

Sources: Staff estimates

Table 3. Somalia: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2020–2030

(In percent)

	Projections										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of debt-to GDP ratio											
Baseline	**60.8**	**56.5**	**54.5**	**51.3**	**48.1**	**43.9**	**39.5**	**35.2**	**31.7**	**29.2**	**27.1**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 1/	60.8	59.0	56.9	53.6	49.7	45.5	41.5	37.9	35.2	33.4	31.9
A2. Alternative Scenario: With HIPC, MDRI and beyond-HIPC assistance	60.8	40.4	37.3	11.8	8.3	8.7	8.8	8.6	8.6	8.7	8.9
B. Bound Tests											
B1. Real GDP growth	60.8	57.5	56.6	53.3	49.9	45.6	41.1	36.6	32.9	30.3	28.1
B2. Primary balance	60.8	56.9	56.0	53.7	51.9	49.3	46.5	43.4	40.5	38.2	36.2
B3. Exports	60.8	61.8	65.5	62.1	58.7	54.3	49.7	45.0	41.0	37.8	35.1
B4. Other flows 2/	60.8	80.9	103.7	99.7	95.6	90.5	85.0	79.4	73.6	68.1	63.2
B6. One-time 30 percent nominal depreciation	60.8	70.5	54.5	50.7	46.9	42.0	36.9	31.8	27.8	25.5	23.7
B6. Combination of B1-B5	60.8	83.9	99.3	95.1	91.0	85.7	80.1	74.5	68.6	63.4	58.9
C. Tailored Tests											
C1. Combined contingent liabilities	60.8	59.9	58.4	56.4	55.0	52.7	50.1	47.3	44.6	42.5	40.7
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	**425.9**	**259.2**	**247.7**	**231.9**	**216.7**	**198.4**	**179.7**	**161.6**	**146.6**	**136.1**	**127.4**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 1/	425.9	270.3	258.6	242.7	224.3	205.3	188.6	173.7	162.9	156.0	150.3
A2. Alternative Scenario: With HIPC, MDRI and beyond-HIPC assistance	425.9	185.3	169.5	53.3	37.5	39.3	39.8	39.7	39.8	40.7	41.8
B. Bound Tests											
B1. Real GDP growth	425.9	259.2	247.8	232.0	216.8	198.4	179.7	161.7	146.6	136.1	127.4
B2. Primary balance	425.9	261.0	254.7	242.8	234.1	222.7	211.0	199.1	187.6	178.3	170.5
B3. Exports	425.9	482.7	551.6	520.3	490.1	454.3	417.9	382.9	351.4	326.8	305.9
B4. Other flows 2/	425.9	370.9	471.5	450.9	431.1	408.7	386.2	364.5	340.7	317.7	297.4
B6. One-time 30 percent nominal depreciation	425.9	259.2	198.7	183.9	169.7	152.2	134.4	117.2	103.2	95.4	89.3
B6. Combination of B1-B5	425.9	605.2	420.5	705.7	672.8	634.9	596.8	560.1	520.6	485.1	454.1
C. Tailored Tests											
C1. Combined contingent liabilities	425.9	274.8	265.7	255.3	248.1	238.0	227.6	216.9	206.5	198.3	191.6
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	**0.0**	**1.7**	**1.8**	**7.4**	**12.2**	**13.3**	**18.0**	**16.7**	**12.6**	**8.7**	**7.9**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 1/	...	1.6	1.9	7.8	12.9	14.2	19.6	18.6	14.3	10.1	9.3
A2. Alternative Scenario: With HIPC, MDRI and beyond-HIPC assistance	...	1.4	1.4	1.2	0.6	1.7	2.0	2.1	2.1	1.8	2.0
B. Bound Tests											
B1. Real GDP growth	...	1.5	1.8	7.4	12.2	13.3	18.0	16.7	12.6	8.7	7.9
B2. Primary balance	...	1.5	1.8	7.6	12.4	13.7	18.6	17.5	13.5	9.9	9.2
B3. Exports	...	2.6	4.4	16.1	24.8	26.9	35.4	33.1	26.8	21.3	19.4
B4. Other flows 2/	...	1.5	4.6	13.0	17.5	18.5	22.9	21.5	21.2	21.2	19.7
B6. One-time 30 percent nominal depreciation	...	1.5	1.8	6.2	11.0	12.2	16.9	15.7	11.6	5.9	5.2
B6. Combination of B1-B5	...	2.5	7.8	20.6	28.7	30.4	38.3	35.9	35.1	32.2	29.8
C. Tailored Tests											
C1. Combined contingent liabilities	...	-2.6	-1.8	4.0	9.0	10.4	15.4	14.5	10.6	6.9	6.2
C2. Natural disaster	...	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	...	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	...	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	**0.0**	**7.8**	**7.5**	**28.2**	**41.5**	**40.5**	**48.8**	**42.3**	**29.9**	**20.5**	**18.5**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 1/	...	7.1	7.9	29.8	44.2	43.3	53.2	47.0	34.0	23.8	21.8
A2. Alternative Scenario: With HIPC, MDRI and beyond-HIPC assistance	...	6.4	5.9	4.6	1.9	5.2	5.4	5.4	4.9	4.2	4.8
B. Bound Tests											
B1. Real GDP growth	...	6.9	7.8	29.3	43.1	42.1	50.8	43.9	31.0	21.3	19.2
B2. Primary balance	...	7.8	7.7	28.9	42.4	41.8	50.5	44.2	32.2	23.4	21.7
B3. Exports	...	6.8	10.0	33.0	45.7	44.1	52.0	45.1	34.4	27.0	24.6
B4. Other flows 2/	...	6.8	19.4	49.6	59.8	56.1	62.2	54.2	50.5	49.9	46.2
B6. One-time 30 percent nominal depreciation	...	...	9.4	29.3	46.7	46.1	57.2	49.4	34.3	17.4	15.3
B6. Combination of B1-B5	...	...	20.1	48.0	59.7	56.4	63.5	55.3	50.9	46.3	42.7
C. Tailored Tests											
C1. Combined contingent liabilities	...	...	-7.7	15.2	30.7	31.7	41.9	36.5	25.1	16.3	14.6
C2. Natural disaster	...	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	...	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	...	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/ 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.
2/ Includes official and private transfers and FDI.

Table 4. Somalia: Sensitivity Analysis for Key Indicators of Public Debt, 2020–2030

(In percent)

	Projections										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of Debt-to-GDP Ratio											
Baseline	**62.2**	**57.8**	**55.7**	**52.4**	**48.8**	**44.2**	**39.6**	**35.0**	**31.2**	**28.5**	**26.2**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 1/	62	61	60	57	51	45	38	28	26	23	21
A2. Alternative Scenario : With HIPC, MDRI, and beyond-HIPC	62	42	38	13	10	10	11	11	11	10	10
B. Bound Tests											
B1. Real GDP growth	62	59	58	54	49	43	37	29	26	25	23
B2. Primary balance	62	63	61	57	52	46	40	31	29	27	24
B3. Exports	62	63	66	63	59	54	49	45	40	37	34
B4. Other flows 2/	62	82	105	101	96	91	85	79	73	67	62
B6. One-time 30 percent nominal depreciation	62	75	72	67	59	52	44	34	30	27	24
B6. Combination of B1-B5	62	62	60	55	50	43	35	25	21	18	16
C. Tailored Tests											
C1. Combined contingent liabilities	62	122	117	110	103	95	86	75	70	65	61
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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.
Public debt benchmark	**35**	**35**	**35**	**35**	**35**	**35**	**35**	**35**	**35**	**35**	**35**
PV of Debt-to-Revenue Ratio											
Baseline	**1,577.3**	**1,193.3**	**1,065.3**	**904.0**	**751.3**	**607.5**	**489.3**	**406.1**	**343.6**	**313.0**	**289.6**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 1/	1577	1258	1148	985	792	613	467	324	281	255	230
A2. Alternative Scenario : With HIPC, MDRI, and beyond-HIPC	1577	860	736	221	149	143	133	126	116	114	114
B. Bound Tests											
B1. Real GDP growth	1577	1209	1100	923	752	592	458	331	290	270	252
B2. Primary balance	1577	1295	1169	982	801	633	492	362	315	291	271
B3. Exports	1577	1298	1269	1085	910	746	611	517	444	406	376
B4. Other flows 2/	1577	1696	2006	1738	1483	1247	1051	919	805	741	689
B6. One-time 30 percent nominal depreciation	1577	1553	1377	1148	916	712	541	392	330	297	267
B6. Combination of B1-B5	1577	1276	1150	945	763	584	432	289	230	196	172
C. Tailored Tests											
C1. Combined contingent liabilities	1577	2516	2236	1900	1584	1298	1060	866	766	717	676
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	**-**	**6.8**	**6.5**	**6.2**	**29.3**	**42.5**	**35.7**	**30.6**	**25.9**	**16.7**	**8.6**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 1/	...	9	22	34	50	43	48	-40	-25	-12	-7
A2. Alternative Scenario : With HIPC, MDRI, and beyond-HIPC	...	7	8	8	2	11	16	20	21	19	16
B. Bound Tests											
B1. Real GDP growth	...	9	21	33	47	40	44	36	21	10	6
B2. Primary balance	...	9	20	32	45	39	43	34	21	10	6
B3. Exports	...	9	22	36	48	41	44	35	23	13	8
B4. Other flows 2/	...	9	31	53	63	53	55	44	39	36	30
B6. One-time 30 percent nominal depreciation	...	9	25	40	58	52	59	49	32	18	13
B6. Combination of B1-B5	...	8	19	30	43	36	40	32	18	7	2
C. Tailored Tests											
C1. Combined contingent liabilities	...	7	12	18	34	29	34	27	14	3	-2
C2. Natural disaster	...	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	...	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	...	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/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

2/ Includes official and private transfers and FDI.