

SU/22/86

June 21, 2022

**The Acting Chair’s Summing Up
Somalia—Second and Third Reviews Under the Extended Credit Facility Arrangement,
Request for Waiver of Nonobservance of a Performance Criterion, Modification of
Performance Criteria, Interim Assistance, and a Rephasing of Access and Extension of
the Arrangement
Executive Board Meeting 22/56
June 17, 2022**

Executive Directors commended the Somali authorities for preserving macroeconomic stability in the face of multiple shocks. In addition to the challenges from Covid-19 and the protracted elections process, food security and economic activity are under strain because of severe drought conditions, compounded by rising global food and energy prices. Directors welcomed the reform momentum and the authorities’ steadfast commitment to the reform agenda under the ECF-supported program and the HIPC process, which is critical to build resilience, promote inclusive growth, and reduce poverty.

Directors welcomed the ongoing domestic revenue mobilization efforts including the updating of the Income Tax Law, and called for further progress on customs modernization and increasing revenue collection from large businesses, including the telecom sector. Directors commended the improvement in public financial management, including fiscal reporting. They recommended the prompt issuance of PFM regulations and payroll integration, and encouraged further progress on harmonizing the extractive industries legal framework and refining the tender process. Directors noted the need for greater capital and social spending in coming years.

Directors took positive note of the continued improvements in the institutional and supervisory capacity of the Central Bank of Somalia and recommended further advancements in these areas and full implementation of the IMF Safeguards Assessments recommendations. They encouraged the timely publication of the audited central bank financial statements.

Directors noted that important steps have been taken on AML/CFT and encouraged prompt action to ensure the enactment of the Targeted Financial Sanctions Law. Directors welcomed Somalia’s accession to the UN Convention Against Corruption and stressed the importance of developing an action plan to implement the National Anti-Corruption Strategy. A number of Directors also recommended extending the mandate of the financial governance committee.

Directors commended Somalia's continued progress toward the HIPC completion point. They encouraged the authorities to finalize debt relief agreements with all creditors and called for timely implementation of the HIPC completion point triggers.

Directors underscored the importance of development partners' support on financing and capacity development for the successful implementation of the authorities' reform strategy. Contributions from Somalia's partners to the Somalia Country Fund are also needed to ensure smooth delivery of IMF technical assistance to support the goals of the ECF-supported program and the HIPC Initiative. Directors called for additional humanitarian assistance to mitigate food insecurity and urged the authorities to develop a strong safety net.