

Appendix I. Letter Requesting an Extension of the Arrangement Under the Extended Credit Facility

Mogadishu, Somalia
April 28, 2022

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
700 19th Street, N.W.,
Washington, DC 20431

Dear Ms. Georgieva,

On March 25, 2020, the IMF's Executive Board approved an arrangement for Somalia under the Extended Credit Facility (ECF). The first review under the ECF arrangement was successfully completed on November 18, 2020. However, as no review has been completed since then, the ECF arrangement is set to automatically expire on May 17, 2022, in line with the rule on automatic expiration of ECF arrangements if no review has been completed for 18 months. The second and third reviews under the ECF arrangement have yet to be completed due to election delays and associated shortfalls in financing.

The elections process has gained significant momentum since January 2022, and is expected to be completed in coming weeks. Upper House elections were finalized in November 2021. Lower House elections are ongoing, with 257 out of 275 members of Parliament (MPs) elected as of April 26. On April 14, 309 members of parliament were sworn in. The selection of Speaker of the Senate took place on April 26 and that of the People's Assembly also took place on April 28, 2022. This will be followed by the Presidential election in about 3-4 weeks.

Despite multiple challenges, including Covid-19 and climate shocks, we remain steadfast in our commitment to the program and have continued to deliver on reform commitments. In the face of significant revenue shortfalls in 2021 and 2022, we intensified expenditure prioritization and financed the deficit with past savings and prudent use of the SDR allocation. We advanced revenue administration reforms and continued to strengthen public financial management, including debt management. We made progress on promoting financial stability and development. We also continue our governance and anti-corruption efforts.

In view of the automatic expiration of the ECF arrangement on May 17, 2022, we hereby request a delay of three months in the automatic expiration of the ECF Arrangement through August 17, 2022. The additional three-months will provide enough time for the new

administration to confirm the policies, reform agenda, and conditionality that will underpin the ECF program for the next 12 months. Given that the elections process is well advanced, we anticipate that the second and third reviews under the ECF will be completed within the three-month extension period.

We remain fully committed to implementing our ECF-supported economic program and will continue to consult with the IMF in accordance with the relevant IMF policies. We consent to the publication of this letter and the accompanying staff report.

Sincerely yours,

/s/

Abdirahman Duale Beileh
Minister of Finance of Somalia

/s/

Abdirahman M. Abdullahi
Governor of the Central Bank of Somalia