FEDERAL REPUBLIC OF SOMALIA
OFFICE OF THE AUDITOR GENERAL

Annual Financial Statements of the Federal Government of Somalia

For the Year Ended 31st December

2021

November 2022

Contents

ABBREVIATIONS & ACRONYMS

AGD	Accountant General's Department
CBS	Central Bank of Somali
FGS	Federal Government of Somalia
FPS	Federal Parliament of Somalia
FRS	Federal Republic of Somalia
IFIs	International Financial Institutions
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IS	Information System
ISSAIs	International Standards of Supreme Audit Institutions
IT	Information Technology
MDAs	Ministries, Departments, and Agencies
OAGS	Office of the Auditor General of Somalia
PFM	Public Financial Management
SAI	Supreme Audit Institution
SDR	Special Drawing Rights
SFMIS	Somalia Financial Management Information System
SOUR	Statement of User Requirements
TAI	Transparency, Accountability and Inclusiveness

Jamhuuriyadda Federaalka Soomaaliya
Xafiiska Hantidhawrka Guud

جمهـــورية الصومـــــال الفيدرالـــية
ديـوان المراقبة العامة

Federal Republic of Somalia
Office of the Auditor General

Ref.: OAG/AG-238/2022 **Date:** 22/11/2022

The Speaker of the House of the People, FPS
The Speaker of the Upper House, FPS
Mogadishu, Somalia

Audit Report on the Annual Financial Statements of the Federal Government of Somalia for the Year ended 31st December 2021

Excellency,

I have conducted an audit of the annual financial statements of the Federal Government of Somalia for the year ended 31st December 2021 as required by Law 34 of the Magistrates of Accounts. I submit my disclaimer audit report set out on pages 1 to 14 in connection with the financial statements of the Federal Government of Somalia for the fiscal year ended 31st December 2021, attached thereto as set out from pages 17 to 45.

These financial statements set out on pages 17 to 38 are also preceded by the Statements of the Minister of Finance, Statement of Responsibilities, and an Executive Commentary by the Accountant General which were not audited, and I do not provide an audit opinion on them.

My disclaimer audit opinion does not cover the additional Annexes A, A.1, B, C and explanatory notes set out on pages 39 to 53 as they do not form part of the financial statements I audited.

Although I was required to submit my report by 30th June 2022, the delay had been occasioned by continued impact of COVID–19 pandemic and the just concluded elections among other matters.

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Scope and determination of responsibility

The Office Auditor General is an independent office of the Federal Republic of Somalia as enshrined in Article 114 of the Provisional Constitution; in accordance with the Law 34 of Magistrates of Accounts (in particular Articles 6, 7, 8, 9, 13 & 17). I conducted the audit using the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual financial statements.

The audit includes a report on the financial statements as to whether or not the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards, and the relevant laws and regulations that have a direct effect on the financial statements.

The audit also includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to our attention and are applicable to financial matters.

The matters mentioned in my audit report are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

The financial statements, maintenance of effective control measures, and compliance with laws and regulations are the responsibility of the Accountant General as the Authorized Officer of the Federal Government of Somalia. My responsibility is to express my opinion on these financial statements.

Other matters

a) Special investigation on borrowings (US $96,365,574) & interests (US $14,605,118)

I draw your attention to borrowings of US **$96,365,574** by the Ministry of Finance (see Note 4, page 32), and interests paid of US **$14,605,118** (see Statement of Budget Comparison and Actual Amounts - page 18) as reported in the financial statements for the year ended 31st December 2021.

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As noted in the opinion paragraph No 3.2 below, the Ministry of Finance borrowed US **$21,992,191** from the Central Bank of Somalia, and US **$74,373,383** from the International Monetary Fund, under SDR arrangement. Such borrowings require parliamentary approvals, and I was neither provided with evidence of parliamentary approval nor with borrowing agreements for these two facilities.

Secondly, as disclosed in the financial statements (Statement of Cash Receipts and Payments - page 17; Statement of Comparison of Budget and Actual Amounts – page 18; Statement of Cash Flows - page 20 and in explanatory notes to these financial statements), interest paid on borrowings from the Central Bank of Somalia during the year under review was US **$13,605,118** which represented **62%** of the principal amount. Furthermore, US **$1 million** was paid as interest to other borrowers making a total of US **$14,605,118** (see Statement of Budget Comparison and Actual Amounts - page 18) paid during the year as shown in these financial statements. There were no disclosures of who the other borrowers were.

The amounts of these borrowings are identified in Note 4, page 32 of the financial statements without full disclosure of the reasons for the borrowings, the terms of these borrowings, interest rates, and repayment periods among others for users of the financial statements.

Therefore, I am considering to conduct a special investigation into these borrowings and interests paid, and report accordingly.

b) New Public Finance Management Act, 2019

The Federal Government of Somalia is congratulated for having enacted a new Public Financial Management Act in December 2019 that replaced the old law that was based on unitary system of governance in Somalia.

However, the new law does not explicitly require ministries, departments, and agencies (MDAs) of the Federal Government of Somalia to submit annual financial statements for my audit. As long as these MDAs continue to get annual budget appropriations from parliament and use public funds for the FGS, recognized good practice require them to submit annual financial statements for audit by the Supreme Audit Institution (SAI) of Somalia to ensure accountability of such funds.

I therefore, recommend that the PFM Act should be amended to require explicitly all MDAs to submit annual financial statements for my audit.

Acknowledgments

I would like to thank various officials of the Federal Government of Somalia who worked with my office during the audit for the year ended 31st December 2021.

Yours sincerely,

H.E. Mohamed M. Ali
Auditor General, FRS

CC: The Accountant General, FGS
The Minister of Finance, FGS
H.E. The Prime Minister, FGS
H.E. The President, FRS

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REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE FEDERAL GOVERNMENT OF SOMALIA FOR THE YEAR ENDED 31ST DECEMBER 2021

1. INTRODUCTION

I performed the audit of the annual financial statements of the Federal Government of Somalia (FGS) for the financial year ended 31st December 2021 using the International Standards of Supreme Audit Institutions (ISSAIs). The preparation of the above financial statements, set out on pages 17 to 38, is the responsibility of the Accountant General and the Minister of Finance of the Federal Government of Somalia.

2. DISCLAIMER OPINION

I refer to the accompanying financial statements set out on pages 17 to 38, which comprise the following: (a) Statement of Cash Receipts and Payments – page 17; (b) Statement of Comparison of Budget and Actual Amounts – page 18; (c) Statement of Cash Flows (page 20) of the Federal Government of Somalia for the financial year ended 31st December 2021; and (d) summary of significant accounting policies and other explanatory information (pages 21 to 38).

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on whether or not the financial statements show a true and fair view of the financial affairs of the Federal Government of Somalia for the year ended 31st December 2021.

3. BASIS FOR DISCLAIMER OF OPINION

I conducted my audit using the International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions (SAI) together with the ethical requirements that are relevant to my audit of the financial statements of the Federal Government of Somalia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have not obtained sufficient and appropriate information on the financial statements to enable me to express an opinion on whether or not the financial statements show a true and fair position on the financial affairs of the Federal Government of Somalia.

3.1. Revenues from Concession Agreements – US $28,380,031

The Federal Government of Somalia entered into Concession agreements with two companies: (a) Favori LLC for the management of Aden Abdulle International Airport; and (b) Albayrack for the management of Mogadishu Harbor Port on behalf of the Federal Government of Somalia. Regarding the first Concession Agreement with Favori, the Federal Government was entitled to **25%** of the fees collected, whilst for the second Concession Agreement with Albayrack, the Federal Government of Somalia was also entitled to **62.17%** of the fees collected. In either case, fees payable to the Government were to be based on audited financial statements of the respective Concessionaires drawn up to 31st December each financial year.

Included in the Statement of Cash Receipts and Payments under Non-Tax Revenues, and as disclosed under Non-Tax Revenue in Note 2, page 30 to these financial statements, total fees collected from these two Concessionaires is stated at US **$28,380,031** (from Favori, US **$2,790,898**; and from Albayrak, US **$25,589,133**). As audited financial statements or any other financial reports of these concessionaires for the year ended 31st December 2021 were not made available for my audit, I was unable to ascertain independently whether the Concession fees of US **$28,380,031** is fairly stated, in terms of amounts due and collected, in these financial statements.

3.2. Borrowings from the Central Bank of Somalia and the IMF (US $96,365,574)

As indicated in Note 4, page 32 to the financial statements, in the Statement of Cash Receipts and Payments (page 17) and the Statement of Cash Flows (page 20), the Federal Government of Somalia borrowed a total of US **$96,365,524** (Central Bank of Somalia – US **$21,992,191**; and from the IMF - US **$74,373,383**). Furthermore, there were no disclosure notes on these borrowings in the financial statements contrary to the reporting requirements of the Cash Basis IPSAS.

Although I made repeated requests, I was neither provided with borrowing agreements nor relevant documentation on these borrowings. Therefore, I was unable to confirm independently the amounts borrowed and receipted, and the terms of these borrowing. I was also unable to confirm independently interest of US **$14,605,118** paid and included in the Statement of Cash Receipts and Payments, Statement of Cash Flows, and the Statement of Budget Comparison and Actual amounts. Therefore, I was unable to ascertain whether both borrowings (US **$96,365,574**) and interests (US **$14,605,118**) are fairly stated in these financial statements.

3.3. Grants Amounting to US $16,909,861 Paid to Three Institutions (Note 8, Page 34)

I conducted audit tests on grants that were paid to the Federal Member States and three other institutions as indicated in Note 8 (page 34) to the financial statements. From Note 8 to the financial statements, total grants paid of US **$45,850,523** included amounts paid by the Central Bank of Somalia on behalf of the Ministry of Finance to Banadir Regional Administration (US **$15,852,993**); the Chamber of Commerce (US **$528,434**); and Somali Development Bank (US **$528,434**) amounting to a total of US **$16,909,861**. These were direct transfer payments made by the Central Bank of Somalia out of Mogadishu Harbor Port fees collected during the year to the above institutions.

Documents relating to these direct payments were not made available to me to ascertain independently if the amounts were correctly computed as paid. Consequently, I could not ascertain whether total transfer payments of US **$16,909,861** were correctly computed, and whether the resultant Statement of Cash Receipts and Payments, and the Statement of Cash Flows are fairly stated.

3.4. Statement of Cash Flows (page 20) not Prepared in Accordance with Cash Basis IPSAS

I conducted an audit of the Statement of Cash Flows (page 20), one of the primary financial statements of the FGS, for the year ended 31st December 2021. I noted the Statement of Cash Flows included cash payment of US **$13,164.237** as a payment of interest on borrowings. This loan interest amount has been duplicated as part of US **$35,156,428** reported as a loan payment in the same statement. Due to this duplication, the Statement of Cash Flows doesn't cross-cast. Besides, the amount differs from the amount of US **$14,605,118** shown in the Statement of Comparison of Budget and Actual Amounts (page 18). I therefore, concluded that the Statement of Cash Flows was not prepared in accordance with IPSAS 2: Cash Flow Statement and does not show a true and fair position of cash flows of the Federal Government of Somalia for the year then ended.

3.5. Statement of Comparison of Budget and Actual Amounts (Page 18)

It is an authoritative requirement of the Cash Basis IPSAS, under paragraph 1.7.8 (c), to explain material variances between the final budget and actual amounts by way of a note disclosure in the financial statements in a systematic manner. Alternatively, the variances could be cross-referenced to other information that explain these variances, also in a systematic manner. It is advisable that material differences between the final budget and actual amounts are explained by a note disclosure immediately after the Statement of Budget Comparison and Actual Amounts. I noted several material variances in the Statement of Budget Comparison and Actual Amounts, as set out on page 20 of the financial statements, which have not been referenced to note disclosures, in a systematic manner, in the financial statements. Consequently, material variances between the final budget and actual amounts have not been explained sufficiently in line with the requirements of the Cash Basis IPSAS.

4. UNDERSTATEMENT OF THE FINANCIAL STATEMENTS BY AMOUNTS FROM EXTRA-BUDGETARY ACTIVITIES

4.1. Authoritative Requirements of the Cash Basis IPSAS

It is an authoritative requirement of paragraphs 1.3.4 (a), 1.3.12, and paragraph 1.3.13 of the Cash Basis IPSAS for a reporting entity, whether a budget or a non-budget entity, to include in the Statement of Cash Receipts and Payments, Statement of Cash Flows, and resultant cash balances total cash receipts and cash payments received and expended during a reporting period or year.

4.2. External Assistance Received and Expended by Budgetary Entities - Compliance Audits

During the annual compliance audit I conducted, I noted that twelve (12) budgetary entities that received external cash assistance of US **$13,025,240** and made total cash payments of US **$8,198,688** that were not included in these financial statements. Both the Statement of Cash Receipts and Payments (page 17) and the Statement of Cash Flows (page 20) and the resultant cash balance of US **$4,826,552** were therefore understated by the above amounts.

4.3. External Assistance Received and Expended by Budget Entities - Annex B (Page 45)

As separately disclosed in Annex B (page 45) to these financial statements, there were certain ministries and agencies with total cash receipts of US **$4,614,426** and total cash payments of US **$4,628,948** that were not included in the Statement of Cash Receipts and Payments, Statement of Cash Flows, and resultant cash balances for the year ended 31st December 2021. I therefore, concluded that these financial statements were accordingly understated by the above amounts.

4.4. Cash Receipts Used at Source by Two Embassies

Finally, two Embassies in Nairobi, Kenya (US **$1,046,757**), and in Addis Ababa, Ethiopia (US **$10,793**) that I audited during the year had total cash collection of US **$1,057,550**) and expended all the collections at source without including the amounts in the Statement of Cash Receipts and Payments, and in the Statement of Cash Flows. Accordingly, I concluded that the financial statements of the Federal Government of Somalia for the year ended 31st December 2021 were further understated.

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, are of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, a description of how the audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements.

The results of the audit procedures, including the procedures, performed to address the matters below, provide the basis for my disclaimer audit opinion on the accompanying financial statements.

The Use of Somalia Financial Management Information System (SFMIS)	How my Audit Addressed the Key Audit Matter
a) The SFMIS is a bespoke financial management information system for the Federal Government of Somalia. It was developed to fit with the Somalia public financial management system before the new Public Financial Management (PFM) Act was enacted in December 2019. The business owner is the Accountant General's Department (AGD) of the Ministry of Finance.	a) Understanding the overall control environment of the SFMIS, and the business continuity plan put in place.
b) The design was based on the Statement of User Requirements (SOUR) and signed-off conceptual design and process flows for the system. The SFMIS is hosted outside the Ministry of Finance of the Federal Government of Somalia and is managed by specialists outside Somalia on a contractual basis.	b) Understanding internal controls and operations of the SFMIS, and security arrangements put in place.
c) The SFMIS is interfaced with the Central Bank of Somalia (CBS) Core Banking System. It is not interfaced with several other key information systems of the government including the one for tax collections.	c) Performed analytical tests on sample of transactions in several business areas and operations processed through the SFMIS.

The Use of Somalia Financial Management Information System (SFMIS)	How my Audit Addressed the Key Audit Matter
d) It is the primary computerized information system for public expenditure management for the Federal Government of Somalia and is used by those MDAs which are budget entities.	d) Evaluated management assertions on the efficacy of the SFMIS and performed sample tests on them as well.
e) It is also the information system for processing and generating financial information including annual and periodic financial statements.	e) I performed an IS audit and made several recommendations to the AGD for implementation and the status of the recommendations will be reviewed in the forthcoming audits in 2023.

I considered this to be a key audit matter because:

a) The SFMIS quality assurance report that was conducted and completed in 2021 revealed serious high-risk weaknesses and made a number of recommendations that are yet to be implemented comprehensively.

b) Based on my Information System (IS) audit of the SFMIS that I conducted in 2022, there are also serious high-risk weaknesses that the Accountant General's Department (AGD), as the business owner of the system, is yet to address.

c) The high-risk weaknesses identified were in the following areas:

   i. Application controls;

   ii. General controls;

   iii. Information system controls; and

   iv. Business continuity.

6. OTHER MATTERS

6.1. Compliance Audit Report

I conducted compliance audit of 29 entities and 2 embassies of the Federal Republic of Somalia in respect of the financial year ended 31st December 2021 based on risk assessments. The subject matters covered included review of internal controls for processing payments, procurement management, registration of contracts with my office, use of country system to ensure that external assistance are on-budget and on-treasury, and management of non-financial assets (fixed assets). I noted serious weaknesses in public financial management for service delivery and all relevant authorities are encouraged to implement the recommendations. I issued the Annual Compliance Audit Report in respect of the financial year ended 31st December 2021 under separate cover.

6.2. IS Audit of Somalia Financial Management Information System

For the first time in the history of Somalia, and in line with ISSAIs, I conducted an Information System (IS) audit of the Somalia Financial Management Information System (SFMIS). I noted several high-risk weaknesses in the following areas: (a) general IT controls; (b) application controls; (c) information security controls; and (d) business continuity arrangements, and I made several recommendations for the attention of the Ministry of Finance as the business owner of SFMIS to address. I issued the IS Audit report on SFMIS under separate cover.

6.3. Project Audits Supported by the World Bank

In respect of the financial year ended 31st December 2021, I conducted audits of 15 projects financed by the World Bank. The audits were successfully completed and I issued clean audit opinion to each of them under separate cover.

6.4. Other Special Audits Conducted

In respect of the financial year ended, and based on risk assessments, I conducted one special audit and one special review. The special audit was a continuation of the previous audit on funds mobilized in response to the COVID-19 pandemic. This focused on Transparency, Accountability and Inclusiveness (TAI). The report will be issued under separate cover. Regarding the review of internal government procedures for identification and approval of projects that were funded by International Financial Institutions (IFIs) in the recent past, the focus was whether there are sufficient internal government procedures for such projects. These reports will be issued under separate cover.

7. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cash Basis IPSAS and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, and governance.

In preparing the financial statements, management is responsible for assessing ability to continue as a going concern.

Management is also responsible for the submission of the financial statements to the Auditor General in accordance with Article 45 (1) of the PFM Act 2019.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions, and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

8. AUDITOR GENERAL'S RESPONSIBILITIES FOR THE AUDIT

The audit objectives are to obtain limited assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with the Law on Magistrate of Accounts (Law No. 34 of 14 April 1972) and submit the audit report in compliance with Article 45 of the PFM Act 2019. Limited assurance is a reduction of risk to a level that is acceptable in the circumstances but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions, and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of the provisional Constitution and submit the audit report in compliance with Article 45 of the PFM Act 2019.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, and governance processes and systems in accordance with the PFM Act 2019. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a time period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to

draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with those charged with governance among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters I communicated with those charged with governance, I determine those matters that were of most significant in the audit of the financial statements of the current period and are therefore key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine the matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

THE FEDERAL GOVERNMENT OF SOMALIA

Office of the Accountant General

Reports and Financial Statements of the Federal
Government of Somalia
For the year ended 31 December 2021

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I. STATEMENT OF THE MINISTER OF FINANCE

There has been significant progress in improving fiscal reporting in Somalia during the FY2021. Since 2018, the Federal Government of Somalia (FGS) has been publishing the audited financial statements, which have been prepared in accordance with the Cash-basis International Public Sector Accounting Standards (IPSAS). The FGS Chart of Accounts (CoA) has been improved and brought in line with the Government Finance Statistics Manual (GFSM) 2014 with support from development partners. Since January 2021, the FGS has been publishing monthly "consolidation reports", which combine the FGS and Federal Member States (FMS). This has significantly improved transparency in general government fiscal operations.

As part of its latest efforts to increase transparency and accountability through improved financial reporting, the Government embarked on a number of interventions to strengthen the management of its non-financial assets and included in these initiatives has been the enhancement of the Somalia Financial Management Information System (SFMIS) asset module to meet the precise needs for better management of the Government assets. Consequently, the enhanced SFMIS asset module is now capable of supporting all Ministries, Departments and Agencies (MGA) and externally financed projects to maintain completer and more up-to-date asset registers. As a result of this effort of strengthening asset management, it has been possible to complement the additional disclosure notes encouraged under the Cash Basis IPSAS by including a consolidated statement on FGS public assets and this is viewed as a key step in facilitating the transition from cash basis of accounting to full IPSAS accrual accounting.

During the financial year 2021, new financing transactions emerged, and these were accounted for and included in the government financial statements following the cash basis IPSAS requirements. Until 2020, the FGS had no financing transactions except for amortization of legacy World Bank debt under the Heavily Indebted Poor Countries (HIPC) initiative. However, in 2021, to finance fiscal gaps arising from the halt of budget support due to the delayed election, the FGS undertook new financing transactions, including advances from the Central Bank of Somalia (CBS) and use of Special Drawing Rights (SDR) allocated to the FGS. These financing transactions have been disclosed in the financial statements.

To make planning, budgeting, budget execution, accounting, and financial reporting more coherent and user-friendly throughout the whole of Somalia, the FGS and FMSs embarked on an effort to harmonize the Chart of Accounts that is GFSM 2014 and IPSAS compliant. Developing a harmonized CoA between the FGS and FMSs will help further enhance the quality of fiscal reports by reducing risks of misclassifying revenue and expenditure items and improve the quality of FMSs' fiscal reports, which are the source of data for consolidation reports. The implementation of the new Unified Chart of Accounts is now scheduled for the FY 2023.

Finally, and following the enactment of the new Public Financial Management (PFM) legal and regulatory framework, there have been ongoing initiatives with the support of the development partners to streamline the business processes to improve budget execution, treasury management and fiscal reporting. It is hoped that once the new business processes are implemented, the existing gaps and inefficiencies shall be addressed thereby increasing government's ability to deliver public services more efficiently and effectively.

I wish to extend heartfelt thanks to the Accountant General and her staff, who continue to work tirelessly to ensure that the government financial statements are prepared in line with internationally recognized standards and are submitted for audit within the statutory timelines.

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Dr. Abdirahman D. Beileh
The Minister

II. STATEMENT OF RESPONSIBILITIES

The financial statements set out from page 17 to page 40 have been prepared in line with the provisions of the Public Financial Management Act (2019) (PFM Act) and prepared in accordance with the International Public Sector Accounting Standards, 2017 (IPSAS7.

Article 45(3) of the PFM Act requires the Auditor General to audit the financial statements of the Federal Government of Somalia and submit an independent audit report along with the audited financial statements, to the Federal Parliament no later than two months upon receipt of the unaudited financial statements. Further, and in line with Article 43 of the PFM Act, the Accountant General shall advise the Public Bodies, Sub-National Governments and State-Owned Enterprises on the accounting and classification systems to be adopted and applied accordingly throughout Government. In line with this article, the Accountant General adopts and continues to apply internationally accepted accounting standards in the preparation of the accounts of the government and has adopted the IPSAS, Cash Basis of Accounting (2017) in the preparation of these financial statements.

Accordingly, and in reference to Article 45(1) of the PFM Act (2019), I am pleased to submit the annual financial statements of the Federal Government of Somalia for the financial year ended 31st December 2021.

I have provided and will continue to provide all the information and explanations as may be required in connection with these financial statements. To the best of my knowledge and belief, these financial statements agree with the books of accounts of the Government, which have been properly kept.

To the best of my knowledge these financial statements of the Federal Government of Somalia for the year ended 31 December 2021 have been prepared in accordance with the Public Financial Management Act (2019) and using Cash Basis IPSAS financial reporting under the cash basis of accounting (2017).

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Fatuma Osman Farah,
Accountant General

III. EXECUTIVE COMMENTARY

1) Overview of the Financial Statements

The Financial Statements of the Federal Government of Somalia (FGS) provide a record of the Government's financial performance over the financial year, 2021 as shown in the Statement of Cash Receipts and Payments, Statement of Comparison of Budget and Actual Amounts, and the Statement of Cash Flows. The Financial Statements further summarize all financial transactions for the year ended 31st December 2021 and the FGS's financial cash position as at the 31st December 2021. These statements have been prepared by the Accountant General of the Federal Government of Somalia at the federal level and include financial information related to all Federal Government Ministries, Departments and Agencies (MDAs).

The 2021 financial statements focus on reporting, primarily budgeted activities of the FGS for which an Annual Budget Statement was prepared for and authorized by the Federal Parliament of Somalia for the 2021 fiscal year. **Accordingly, and in line with paragraph 1.4.8 of the Cash Basis IPSAS, the financial statements have been prepared for the budget sector and do not include extra-budgetary receipts and payments during the same period**. The budget and annual financial statements are produced to support FGS's strategic business and financial decisions critical to the fiscal and economic wellbeing of the nation. The annual reports include the financial and budget activities of MDAs which directly and indirectly receive budget allocations from the Federal Government of Somalia. These MDA entities are listed in Note 1.2 (c) of this report.

However, disclosures have been made on the extrabudgetary receipts and payments by consolidating the financial information that MDAs have provided in respect of their extrabudgetary transactions.

2) Format of the Financial Statements and additional disclosures

Financial statements of the Federal Government of Somalia have been prepared on a cash basis with activities and related transactions recognized when cash is received, and payments are made. The financial statements for the financial year have been compiled and presented in order to make a fair presentation of the FGS's financial information and have been prepared in accordance with Part 1 of the IPSAS Cash Basis of Accounting which requires the following mandatory information to be disclosed:

a) Statement of Cash Receipts and Payments

According to Cash Basis IPSAS, paragraph 1.3.12 and 2.3.13, the statement of cash receipts and payments is to show total or all cash receipts and payments of the Federal Government of Somalia. This statement reports on the net surplus or deficit (the difference between total receipts and total payments) for the year. The statement provides information on the FGS's sources of revenue and the cost of its activities.

b) Statement of Comparison of Budget and Actual Amounts by Economic Nature

The statement of comparison of budget and actual amounts presents a comparison of the approved budget amounts appropriations) and the actual amounts for the year based on the GFS economic classification. Where the budget has been revised, the revised and final budget is also included. The statements are prepared to provide information on the extent to which resources were appropriated by parliament and used in accordance with the budget approved by the Federal Parliament of Somalia.

c) Statement of Payments by Functions of Government

This statement is an optional requirement under IPSAS Part 1 and provides further details of the amounts disclosed in the Statement of Cash Receipts and Payments by comparing the budget and government spending during the financial year by government functions. The statement is based on the Division Classification of Government outlays by functions of Government (COFOG) and identifies the purpose of spending by the Government.

d) Accounting Policies

These are the specific principles, bases, conventions, rules, and practices adopted by the Federal Government of Somalia in preparing and presenting the financial statements.

e) Explanatory Notes to the Financial Statements

The explanatory notes to the financial statements assist in understanding the information reported in the principal statements to provide full disclosure and are considered an integral part of the financial statements.

3) Additional Disclosures

In order to provide further information to the financial statements reported under IPSAS Cash Basis, the following additional disclosures have been made so as to provide more information necessary for accountability and decision-making purposes.

a) Statement of Cash flow

The statement of cash flow presents the movements of cash during the year resulting from operating, investing and financing activities. This statement provides information on how cash has been raised and used during the year, including borrowing and repayment of borrowing, and the acquisition and disposal of non-financial assets.

b) Balance Sheet

The Balance Sheet (previously the Statement of Assets and Liabilities) provides details of the assets and liabilities of the Government reporting the net assets (the difference between total assets and total liabilities) of the Government. Currently the Balance Sheet provides information on the financial assets and some liabilities.

- *Schedule of Receivables and Payables*

Accounts receivable (AR) is the balance of money due to the Government for goods or services delivered or used but not yet paid for by customers as at the 31st of December 2021. The FGS does not have any accounts receivable as at the 31st December 2021.

Accounts payable (AP) represents the amount that the Government owes to its suppliers as at the 31st December 2021. Accounts payable is recorded on the balance sheet under current liabilities.

c) Statement of Expenditure Arrears

This statement provides information on the outstanding payments that have built-up over the years for the supply of goods and services including employee costs. Expenditure arrears is recorded on the balance sheet under current liabilities.

d) Statement of Public Debt

This statement provides information on the outstanding external debt of the Federal Government of Somalia at the end of the year and makes a distinction between multilateral and bilateral creditors. Bilateral are further broken down into Paris and Non-Paris club creditors.

e) Statement of Extrabudgetary Transactions of all Public Bodies

The statement of extrabudgetary funds is a summary of the extrabudgetary transactions prepared and submitted by the MDAs to the Accountant General in respect of funds operated outside the national budget.

f) Statement of non-current assets

As part of the PFM reforms aimed at improving the management of the non-current assets, the Government enhanced its SFMIS asset module to meet the precise needs for better management of the Government assets and this was accompanied by the verification and migration of government assets to the SFMIS. Consequently, and in a bid to complement the disclosure notes provided under the Cash Basis IPSAS followed by the FGS in the preparation of its financial statements, a summary statement of the FGS fixed assets has been prepared and included in the financial statements providing an initial step in facilitating the transition from cash basis of accounting to full IPSAS accrual accounting. Progressively, efforts will be made to ensure that all asset categories including the intangible assets are included in the statement of the non-current assets.

g) Disclosure of all State-Owned Enterprises (SoEs) Controlled by the Federal Government

In accordance with Article 3 of the Public Financial Management Act 2019, state-owned enterprises shall carry the same meaning assigned to public corporations by Internationally accepted statistical standards which is defined as "*A legal entity that is owned or controlled by the government and that produces goods or services for sale in the market at economically significant prices. All corporations are members of the non-financial corporations' sector or financial corporations' sector.*"

A survey is to be undertaken during the FY 2022 to identify all state-owned enterprises in which the Government has a controlling interest and follow up to ensure all SoEs reporting requirements are met in line with the provisions of the PFM Act (2019).

4) Summary of Financial Results

Financial Statement Highlights and Analysis

Table 1 – Summary of Financial Performance

Financial Performance	**2021 USD$**	**2020 USD$**	**2019 USD$**
Revenue	472,901,997	496,826,962	337,800,903
Expenditure	495,842,745	485,287,246	315,654,346
Deficit	**(22,940,748)**	**11,539,716**	**22,146,557**
% Change	(4.8%)	47%	14.2%
Original Budget	**666,484,657**	476,150,905	344,199,037
Revised Budget (Mid-year Revision)	**666,484,657**	**685,270,734**	**390,158,833**
Actual Expenditure	495,842,745	485,287,246	315,654,346
Under Spending (Budget Saving)	**(170,641,912)**	**(200,002,027)**	**(74,520,363)**
% Change	2.2%	54%	17.5%
Revised budgeted revenue & external assistance	**666,484,657**	**685,270,734**	**390,158,833**
Actual revenues	472,901,997	496,826,962	337,800,903
Shortfall in budgeted revenue & assistance	**(193,582,660)**	(188,443,772)	(52,357,930)
% Change	(29%	27%	14%

5) Revenue

Revenue Analysis

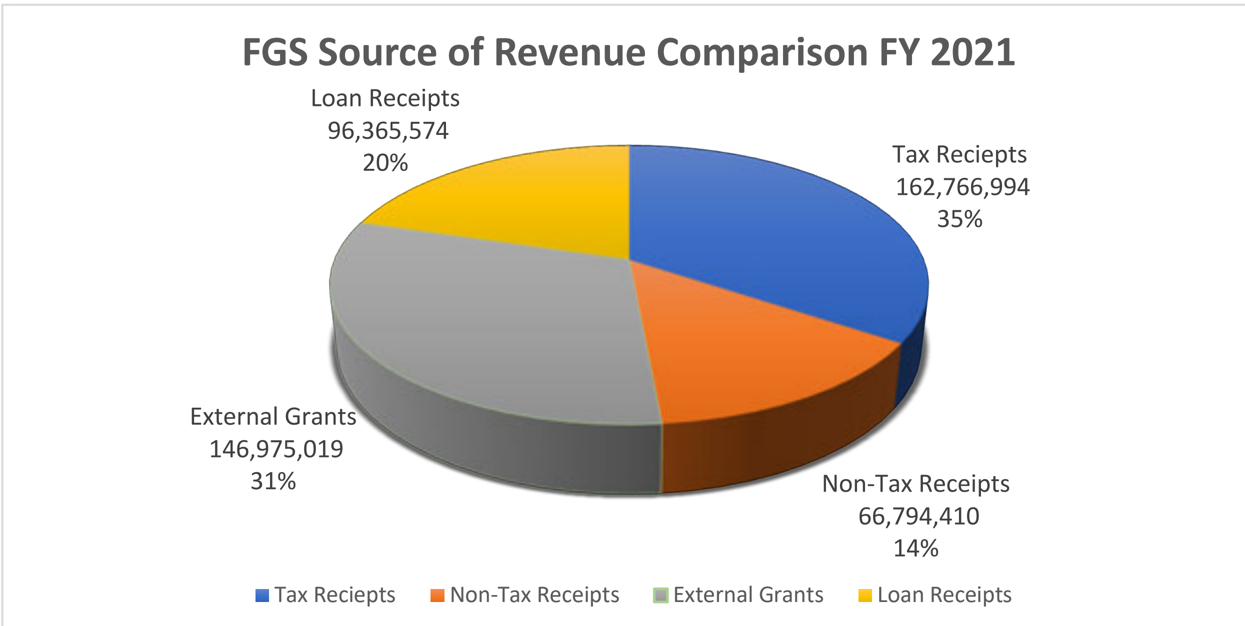
The Federal Government of Somalia's total revenue decreased by USD $23.9 million (5%) from USD$496.9 million in 2020 to USD $472.9 million in 2021. The main sources of the FGS's revenue are internally generated income; (taxes and domestic fees and charges) as well as external assistance from Multilateral and Bilateral organizations. Internal revenue (taxes and fees) of USD $229.6 million was 49% of total revenues of USD $472.9 million for the year.

Table 2 – Summary of Receipts

Revenue Analysis **Revenue Type**	**2021**	**2020**	**2019**
Taxes	162,766,994	139,529,217	154,744,603
Non-Taxes	66,794,410	71,704,628	74,939,156
External Grants	146,975,019	285,593,117	108,117,144
Loan receipt	96,365,574		
Total	**472,901,997**	**496,826,962**	**337,800,903**

The following chart further highlights, the breakdown of revenue collections for the year which shows that external grants was 31% of the total receipts, and other receipts that are 20% of the total receipts for the year.

Chart 1 – Comparison of FGSs' Sources of Revenue



Non-Tax Receipts

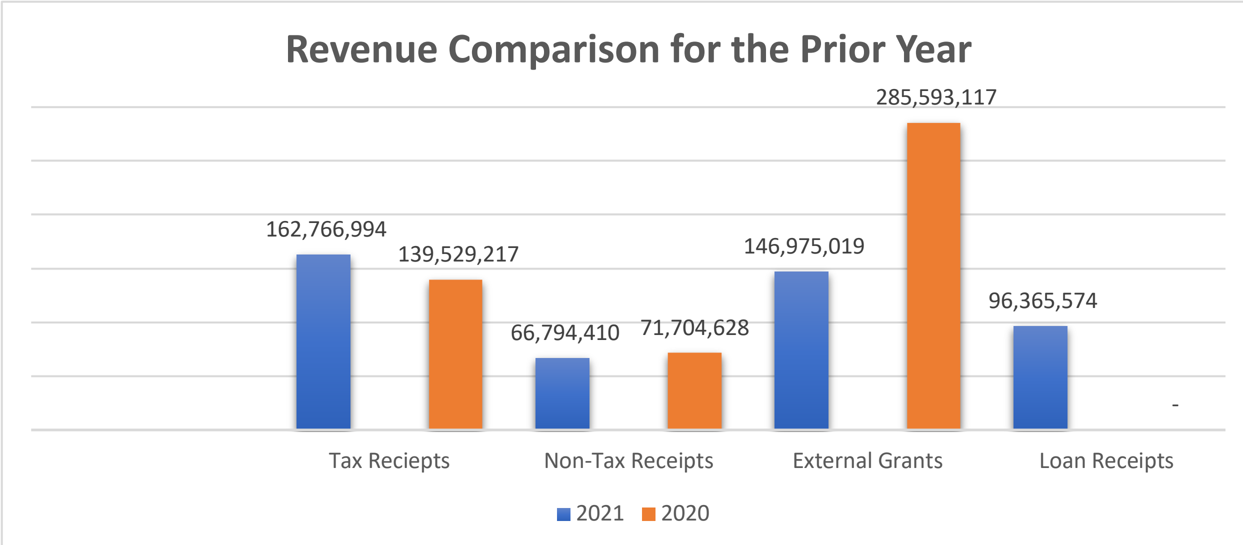
The financial year 2021 saw non-tax receipts decrease by USD $4.9 million when compared to the previous year. As detailed in Table 2, the current year's non-tax revenue (domestic receipts) stands at USD $66.7 million down from USD $71.7 million last year, in the same period. This downward movement of USD $4.9 million has mainly come from the emergence of new COVID-19 variants which resulted in the country imposing lockdowns and travel restrictions related to the pandemic which had a directly affected the visas charges, harbor's fees and work permits that are all part of this revenue category

Tax Receipts

The financial year 2021 saw revenue from taxes increase from USD $139.5 million last year to USD $162.8 million. This increase of USD $23.2 million has been mainly attributed to significantly improved domestic revenue mobilization to reduce reliance on grants. Budget support should not be counted on to last forever. As depicted in Chart 1 above, revenue from taxes collected was 35% of the total revenue for the year.

Further illustration and comparisons between the current year and previous year is highlighted in Chart 2.

Chart 2 – Revenue Comparison to Prior Year



External Assistance

External assistance and grants from bilateral and multilateral agencies were significant sources of funds accounting for USD $147 million (31%) of total revenue compared to USD $285.6 million in the previous year, representing a decrease of USD $138.6 million, (49%). This significant decrease was mainly due to the suspension of donor's budget support due to delays to complete parliamentary elections. The only budget support received came from the World Bank (USD $35.9million) and Turkey (USD $2.5million).

Loan Receipts

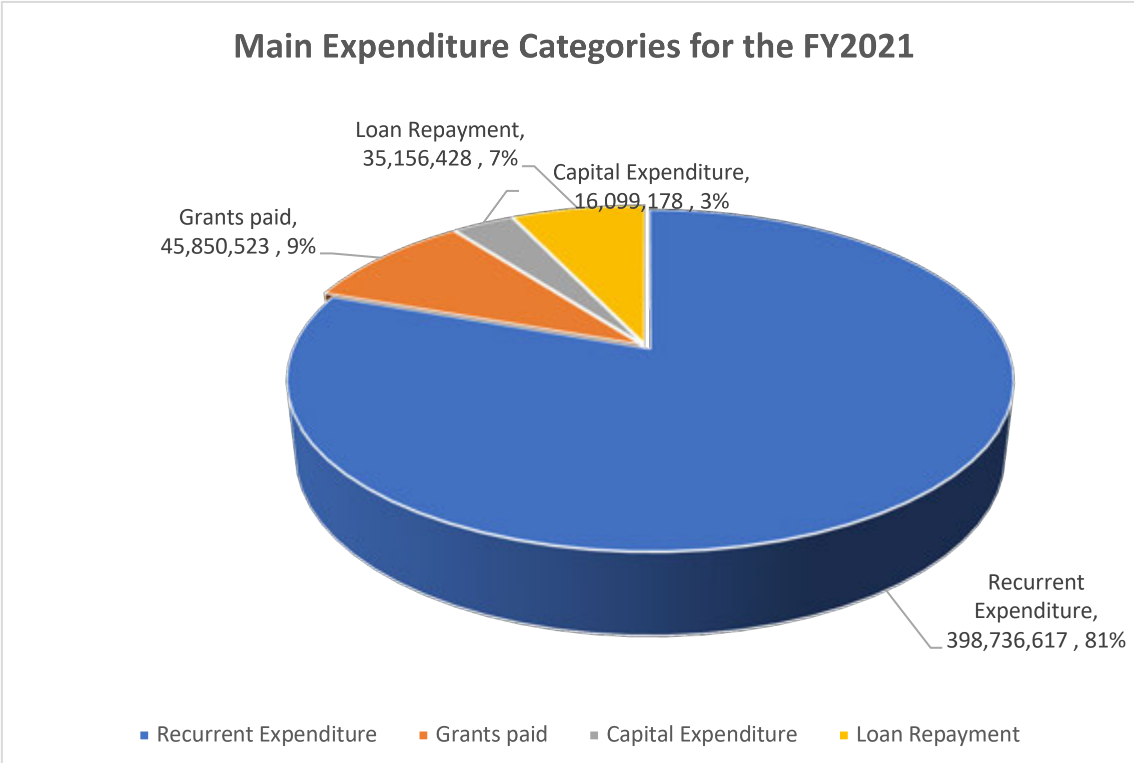
The financial year 2021 saw revenue from other receipts relating to loans received during the year which included domestic loans amounting USD $22 million that are received from Central Bank and repaid within the year and a foreign loan of USD $74 million, received from the International Monetary Fund (IMF) in the form of Special Drawing Rights (SDR). This is categorized as a long-term loan with the total loan receipts for the year totaling USD $96 million which was 20% of the total receipts for the year.

6) Expenditure

Expenditure Analysis

The FGS's payments fall into four distinct categories; recurrent expenditure, capital expenditure, loan repayments and grants paid to sub-national governments, in particular the Federal Member States. The recurrent expenditure were primarily manpower related expenses, and cost on use of goods and services for Government operations. The recurrent expenses also includes interest and other charges. Chart 3 summarizes the major areas of expenditure incurred by FGS during the year.

Chart 3 – Main Expenditure Categories



The total payments made during the year amounted to USD $495.8 million in comparison to USD $485.3 million for the previous year. Overall, the FGS has increased its expenditure by USD $10.6 million, (2.2%), with the highest increases in use of goods and service of USD $25.4 million and employee salary costs also increased an amount of USD $23 million this year. Increase in loan repayments and interest charges of USD $35.2 million and USD $1.4 million respectively relate to the additional borrowings during the year. Decreases in spending in relation to the prior fiscal year were Grants, USD $45million and Social Benefits of USD $28 million

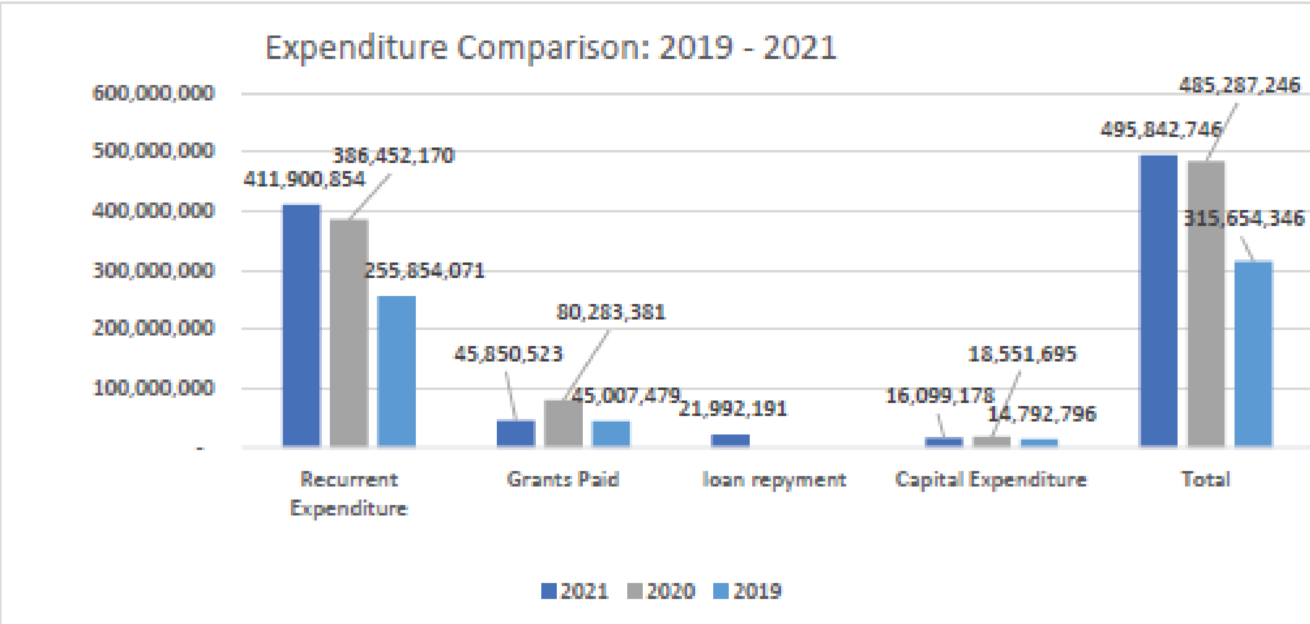
The largest expenditure category was the employee salary cost which amounted to USD $250 million, which was 50% of the total expenditure, up 10% from USD $227 million in 2020. The second highest cost is the use of goods and services expenditure, which was 21% of total expenditure for the year.

The expenditure was higher than the revenue during the year, leading to a fiscal balance worth USD $97.3m, which was financed through temporary advances from the Central Bank of Somalia, withdrawals from the fiscal buffer, and SDR drawings from the IMF.

Table 3 below shows expenditure categories for the 2021 financial year in comparison to the 2020 and 2019 financial years.

Table 3 – Summary of Expenditure, 2018 - 2020

	2021	2020	2019
Expenditure			
Employee Consumption	250,099,404	227,014,247	162,862,398
Use of Goods and Service	106,059,789	80,696,010	92,393,185
Grants Paid	45,850,523	80,283,381	45,007,479
Capital Expenditure	16,099,178	18,551,695	14,792,796
Interest and other charges	1,440,881	1,769,434	
Subsidy	1,271,695	2,161,914	
Social benefits	39,864,848	62,135,152	
Loan repayment	35,156,428	12,675,412	598,488
Total	**495,842,746**	**485,287,246**	**315,638,470**
% Change	2.2%	54%	17.5%



7) Capital Expenditure Analysis

Capital expenditure (non-financial assets) for the year was USD $16 million compared to USD $18.6 million for the previous year, a decrease of USD $2.5 million (13%). The major areas of expenditure were other fixed assets followed by ICT infrastructure expenses. In accordance with reporting on a cash-basis, capital expenditure is expensed in the year of acquisition.

Table 4 – Summary of Capital Expenditure

Capital Expenditure	2021 USD	2020 USD$
Residential buildings	1,968,456	
Non – residential buildings	151,633	546,050
ICT infrastructure, hardware, networks, facilities	2,610,755	6,370,451
Other fixed assets	6,087,760	10,280,331
Transport equipment	41,390	320
Machinery and other equipment	4,052,767	218,444
Intangible assets	855,340	617,199
Software application	122,443	464,135
Furniture and fixtures	208,635	54,765
Total Capital expenditure	**16,099,179**	**18,551,695**

8) Budget and Expenditure Analysis

The annual budget of the FGS is the principal document by which the Government sets out its financial plan for the year. The original budget or financial plan approved by the Federal Parliament for the budgeted expenditure for the year was USD $666.5 million. No supplementary Budget was approved by Parliament during this year.

The table below depicts the allocations and actual payments of each category of the expenditure.

Table 4 – Expenditure, Budget and Actual comparison

Expenditure Category	2021 Budget USD$	Actual USD$	Variance (Underspend) USD$
Compensation of Employees	259,055,507	250,099,404	-3%
Use of Goods & Services	182,536,133	106,059,789	-42%
Grants Paid	70,938,611	45,850,523	-35%
Capital Expenditure	82,554,901	16,099,178	-80%
Interest and other charges	14,605,118	14,605,118	0%
Subsidy	5,041,830	1,271,695	-75%
Social benefit	50,715,682	39,864,848	-21%
Other Expenditure (Contingency Fund)	1,036,875	-	100%
Total Expenditure	**666,484,657**	**473,850,555**	**-357.4%**

9) Functions of Government

Developed by the OECD, the Classification of the Functions of Government (COFOG) classifies government expenditure data for the purpose for which the funds are used by Ministries, Departments and Agencies. All expenditure relating to a particular function is aggregated into one category regardless of the economic nature of the expenditure. The classification of "Environmental Protection" and "Housing & Community amenities" are COFOG functions that the Government does not currently report on. However, it is anticipated that these functions will be reported on in the future. The functions of the Federal Government of Somalia are:

Table 5 – Summary of Expenditure by Functions of Government

Classification of Functions of Government (COFOG)	2021 USD$	2020 USD$
General Public Service	168,556,230	201,227,385
Defense	92,210,200	83,704,942
Public Order and Safety	95,985,216	89,974,889
Economic Affairs	75,316,864	86,690,260
Health	21,163,991	6,235,712
Education	17,300,745	14,512,290
Social Security and Welfare	1,430,732	1,338,523
Recreation, Culture and religion:	1,886,576	1,603,244
Total Expenditure by Functions of Government	**473,850,554**	**485,287,245**

10) Balance Sheet (Statement of Financial Assets & Liabilities)

As the government reports on a cash basis accounting, the balance sheet does not include all assets and liabilities of the Government in the Balance Sheet, but will initially include financial assets and liabilities and will progressively include all the assets and liabilities over time.

The following is a summary of the Balance Sheet (Statement of Assets and liabilities)

Table 6 – Balance Sheet

Description	2021 USD$	2020 USD$	% Change
Cash & Cash Equivalents	43,198,462	66,139,211	(35)%
Receivables			
Total Assets			
Payables			
Expenditure Arears	52,795,274	52,795,274	0 %
Total Liabilities	52,795,274	52,795,274	
Net Financial Worth	**9,596,812**	**13,343,937**	**(28)%**

a) *Net financial worth equals total financial assets minus total liabilities excluding external debt.*
b) *Expenditure arrears are liabilities that have so far been verified as outstanding. So far these relate to payroll arrears.*

11) Public Debt

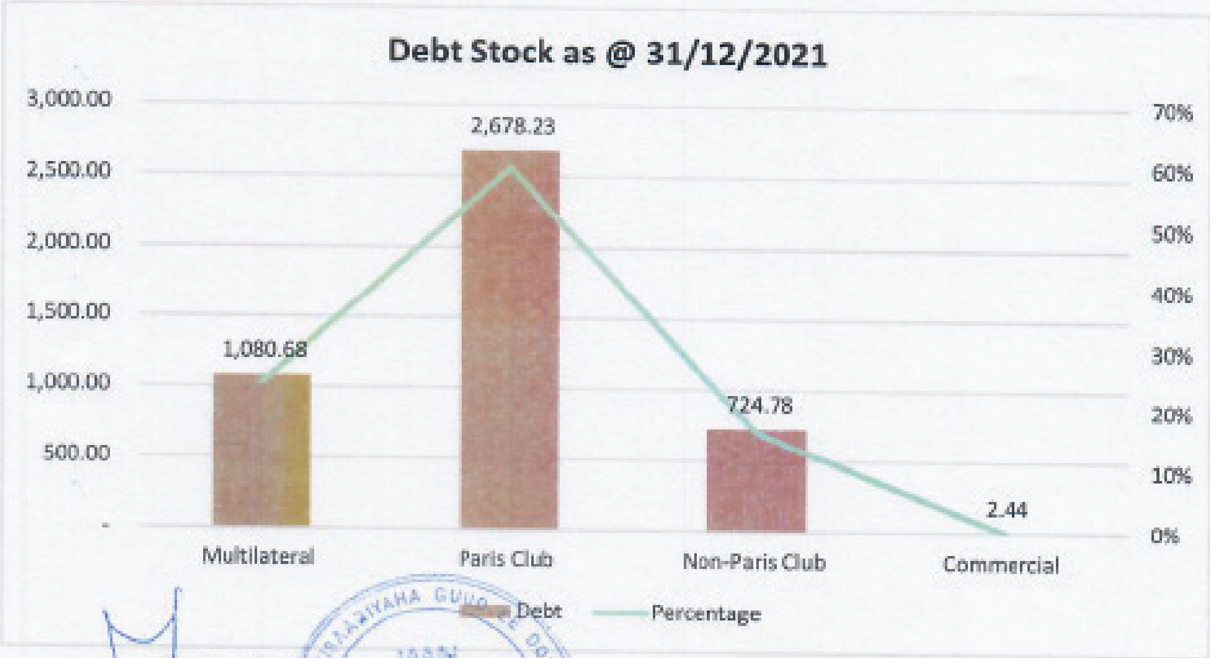
Public debt also referred to as government debt, represents the total outstanding debt (bonds and other securities) of the Government. The Government public debt includes multilateral, Paris Club and non-Paris Club debt. Multilateral debt is that portion of a country's external debt burden owed to international financial institutions (IFIs) such as the International Monetary Fund (IMF) and the World Bank. The Paris Club (Club de Paris) is a group of official borrowings from major creditor countries whose role is to find co-ordinated and sustainable solutions to the payment difficulties experienced by debtor countries.

The total stock of debt as at the 31st of December, 2021 stood at USD $4.5 billion, of which multilaterals represented 24% (USD $1.1 billion). The largest creditors are the IMF, AFESD and IDA respectively. Debt to bilateral creditors reached USD $3.4 billion with Paris Club creditors representing to 79% of the bilateral debt. The main creditors are Russia1, USA, Italy and France. Non-Paris club debt amounts to $0.7 billion, and the main creditors are Arab creditors, mainly Abu Dhabi Fund, Iraq, and the Saudi and Kuwait Funds

The external debt composition of the Federal Government of Somalia is shown in the table below:

Table 7 – Summary of Public Debt

Public Debt	**31/12/21 USD$ (million)**	**31/12/20 USD$ (million)**	**% Change**
Multilateral Debt	1,081	1,051	0.03
Paris Club Debt	2,678	2,717	-0.01
Non-Paris Club Debt	725	720	0.01
Commercial-Serbia	2	2	-
Total Public Debt	**4,486**	**4,490**	**0.02**



Fatuma Osman Farah
Accountant General

IV. Statement of Cash Receipts and Payments

Federal Government of Somalia
Statement of Cash Receipts and Payments
For the Year ended 31 December 2021.
Budget Approval on Cash basis
[Classification of Receipt and Payments by Economic Classification]

	Note	2021 USD$	2020 USD$
RECEIPTS			
Tax Receipts	1	162,766,994	139,529,217
Non-Tax Cash Receipts	2	66,794,410	71,704,628
External Assistance Grants	3	146,975,019	285,593,117
Loan Receipts	4	96,365,574	-
TOTAL RECEIPTS		**472,901,997**	**496,826,962**
PAYMENTS			
Compensation of Employees	5	250,099,404	227,014,247
Use of goods and services	6	106,059,789	80,696,011
Consumption of Fixed Assets	7	16,099,178	18,551,695
Grants Paid/Transferred	8	45,850,523	80,283,381
Interest and Other charges	10	1,44,0881	1,769,434
Subsidy	11	1,271,695	2,161,914
Social benefit	9	39,864,848	62,135,152
Loan Repayments	12	35,156,428	-
			12,675,412
TOTAL PAYMENTS		**495,842,745**	**485,287,246**
Increase/(Decrease) in Cash		(22,940,748)	11,539,716
Cash at the beginning of the Year	13	66,139,211	54,599,495
Increase/(Decrease) in Cash		(22,940,748)	11,539,716
Cash at the end of the Year	13	**43,198,463**	**66,139,211**

** As indicated under note 13 included in the total amount of US43,198,463 is restricted funds of US$41,137,461 (FY 2021: US$65,615,988) relating to externally financed projects and the Fiscal Buffer Account.*

The accounting policies and explanatory notes from pages 17 to 40 to these financial statements form an integral part of the financial statements.

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Fatuma Osman Farah
Accountant General

V. Statement of Comparison of Budget and Actual Amount

Federal Government of Somalia

Statement of Comparison of Budget and Actual Amount

for the Year ended 31 December 2021.

Budget Approved on a cash basis

[Classification of Receipt and Payments by Economic Classification]

2021

Receipt/Expense Item	Notes	Original Budget USD$	Budget Adjustment USD$	Final Budget USD$	Actual Outturn USD$	Variance between Budget and Actual USD$	% Variance
Receipts (Inflows)							
Tax Receipts	1	182,879,541	-	182,879,541	162,766,994	(20,112,547)	-11%
Non-Tax Cash Receipts	2	86,831,552	-	86,831,552	66,794,410	(20,037,142)	-23%
Bilateral Sources-Grants	3	30,000,000	-	30,000,000	2,500,000	(27,500,000)	-92%
Multilateral Sources-Grants	3	380,800,483	-	380,800,483	144,475,019	(236,325,464)	-62%
Loan Receipt		-	-	-	96,365,574,	96,365,574	0%
Total Cash Receipts		**680,511,576**	-	**680,511,576**	**472,901,997**	**(207,609,579)**	**-31%**
Expenses (Outflows)							
Compensation of Employees	5	252,773,859	6,281,648	259,055,507	250,099,404	8,956,103	3%
Use of goods and services	6	182,855,817	(319,684)	182,536,133	106,059,789	76,476,344	42%
Subsidies	11	11,900,000	(6,858,170)	5,041,830	1,271,695	3,770,135	75%
Grants Paid	8	70,457,474	481,137	70,938,611	45,850,523	25,088,088	35%
Interest and	10	2,500,000	12,105,118	14,605,118	14,605,118	-	0%
Loan repayment		0	0	0	21,992,191	(21,992,191)	0%
Social Security Benefits	9	60,191,866	(9,476,184)	50,715,682	39,864,848	10,850,834	21%
Other Expenses-Contingencies	12	2,500,000	(1,463,125)	1,036,875	-	1,036,875	0%
Total Expenses		**583,179,016**	750,740	**583,929,756**	**479,743,568**	**104,186,188**	**18%**
Capital Expenditure							
Capital Expenditure	7	83,305,641	(750,740)	82,554,901	16,099,178	(66,455,723)	-80%
Total Capital Expenditure		**83,305,641**	**(750,740)**	**82,554,901**	**16,099,178**	**(66,455,723)**	**-80%**
Total Cash Expenditure		**666,484,657**	-	**666,484,657**	**495,842,746**	**170,641,911**	**26%**
NET CASH FLOWS		**14,026,919**	-	**14,026,919**	**(22,940,749)**	**(36,967,668)**	**-262%**

The accounting policies and explanatory notes from pages 17 to 40 to these financial statements form an integral part of the financial statements.

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Fatuma Osman Farah
Accountant General

VI. Statement of Payments by Functions of Government

Federal Government of Somalia
Statement of Payments by Functions of Government
For the Year Ended 31st December 2021

Functions of Government based on GFS 2014 classification	Budgeted Expenditure for the Federal Government Sector Entities 2021 USD $	Actual Payments 2021 USD $	Actual Payments 2020 USD $
Payments-Recurrent			
General Public Service	225,417,237	160,261,061	191,809,423
Defense	95,738,832	92,210,200	83,704,942
Public order and safety	109,817,288	94,475,575	87,918,729
Economic Affairs	102,040,944	74,204,443	82,017,179
Health	23,942,302	16,773,930	3,940,402
Education	23,261,583	16,508,859	14,403,110
Social Security and Welfare	1,664,434	1,430,732	1,338,523
Recreation, Culture and Religion	2,047,136	1,886,576	1,603,244
Total Payments-Operating	**583,929,756**	**457,751,376**	**466,735,552**
Payments-Capital			
General Public Service	38,638,909	8,295,169	9,417,963
Defense	-	-	-
Public order and safety	11,948,804	1,509,641	2,056,161
Economic Affairs	15,396,108	1,112,421	4,673,081
Health	9,888,300	4,390,061	2,295,310
Education	6,682,780	791,886	109,180
Total Payments-Capital	**82,554,901**	**16,099,178**	**18,551,695**
Total Payments	**666,484,657**	**473,850,554**	**485,287,247**

The accounting policies and explanatory notes from pages 17 to 40 to these financial statements form an integral part of the financial statements.

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Fatuma Osman Farah,
Accountant General

VII. Statement of Cash Flows

Federal Government of Somalia
Statement of Cash Flows
For the Year Ended 31st December 2021

	Notes	2021	2020
Cash flow from Operating Activities			
Receipts from Operating Activities			
Tax Receipts	1	162,766,994	139,529,217
Non-tax Receipts	2	66,794,410	71,704,628
External Grants	3	146,975,019	285,593,117
		376,536,423	**496,826,962**
Payment for operating Activities			
Compensation of Employees	5	250,099,404	227,014,247
Use of goods and services	6	106,059,789	80,696,011
Grants paid	8	45,850,523	80,283,381
Subsidy	11	1,271,695	2,161,914
Social benefit	9	39,864,848	62,135,152
Interest Charges	10	1,440,881	1,769,434
Principle		13,164,237	12,675,412
Total Payments from Operating Activities		**444,587,139**	**466,735,551**
Net Cash flow from Operating Activities		**(68,050,716)**	**30,091,411**
Cash Flow from Investing Activities			
Acquisition of Fixed Assets	7	16,099,178	18,551,695
Net Cash flow from Investing Activities		**(16,099,178)**	**18,551,695**
		(84,149,894)	
Cash Flow from Financing Activities			
Proceeds from loans		96,365,574	
Loan Repayment	12	35,156,428	12,675,412
Net Cash flow from Financing Activities		61,209,146	12,675,412
Net Increase/Decrease in Cash and Cash Equivalents		(22,940,748)	11,539,716
Cash & Cash Equivalent at the Beginning 1, January	13	66,139,210	54,599,495
Cash & Cash Equivalent at the End 31, December	**13**	**43,198,463**	**66,139,211**

** As indicated under note 13 included in the total amount of US$43,198,463 is restricted funds of US$41,137,461 (FY 2021: US$65,615,988) relating to externally financed projects and the Fiscal Buffer Account.*

The accounting policies and explanatory notes from pages 17 to 40 to these financial statements form an integral part of the financial statements.

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Fatuma Osman Farah,
Accountant General

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

I. Accounting Policies

1.1. General Information

The Federal Government of Somalia has its seat in Mogadishu, the capital of the Federal Republic of Somalia. The principal address of the reporting entity is:

The Office of the Accountant General
Building of the Ministry of Finance
Shangani District
Mogadishu
Somalia

The principal activities of the Government and its controlled entities aim at creating value for its people include but not limited to the provision of health, education, defence, security, economic, social, administration and other general public services.

The main laws and regulations for public expenditure management and accountability and reporting on the public finances of the Federal Government of Somalia include the following:

a) The Appropriation Act for the period under review;
b) The Public Financial Management Act (2019);
c) The Procurement Act and related legal framework.

In December 2019 the Public Financial Management Act 2019 (PFMA) was enacted and this is the first year of implementing the law. The PFMA replaced the Financial and Accounting Procedures Regulations of 1961 of the State as amended 1971.

1.2. Significant Accounting Policies

These are the specific principles, bases, conventions, rules and practices adopted by the Federal Government of the Republic of Somalia in preparing and presenting the financial statements. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all transactions unless otherwise stated. The following specific policies have been used:

a) Basis of Preparation

The financial statements have been prepared in accordance with the:

- Public Financial Management Act (2019) and related legal framework, and
- International Public Sector Accounting Standards (IPSAS), Cash Basis of Accounting (2017)

Pursuant to Paragraph (1) and in accordance with article (43) (2) of the PFM Act, the financial statements have been prepared using the International Public Sector Accounting Standards (IPSAS), Financial Reporting under the Cash Basis of Accounting (2017), issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants.

Using the Cash Basis IPSAS, the primary financial statements include the following:

- The Statement of Cash Receipts and Payments;
- The Statement of Comparison of Budget and Actual Amounts;
- Accounting Policies and Explanatory Notes

These primary financial statements have been supplemented with additional disclosures and include the following: -

- The Statement of Cash Flows;
- Statement of Payments by Functions of Government;
- The Balance Sheet (Statement of Financial Assets and Liabilities);
- Statement of Extrabudgetary Receipts and payments;
- Statement of Expenditure Arrears;
- Statement of External Debt; and
- Statement of Non-current assets.

b) Going Concern

The financial statements have been prepared on a going concern basis and accounting policies have been applied consistently throughout the period.

c) Reporting Entity

The reporting entity is the Federal Government of Somalia (FGS). The Financial Statements for the FGS have been prepared by the Office of the Accountant General pursuant to Articles 45 (1) of the PFM Act (2019) that empowers the Accountant General to prepare the Annual Financial Statements of the Federal Government of Somalia.

In line with paragraph 1.4.8 of the Cash Basis IPSAS, these financial statements for the Federal Government of Somalia include transactions with Federal Government entities, Federal Member States, Development Partners, etc. as specified in the Appropriation Act, 2021; the budget sector entities for that year.

Budget Entities (MDA) during the FY 2021

A budget entity of the FGS is any ministry, department and agency that received an appropriation, based on its budget submission, during the year. Accordingly, based on the Appropriation Act for the financial year ended 31 December 2021, the budget entities were as follows: -

1. Office of the Presidency
2. Parliament
3. Office of the Prime Minister
4. Ministry of Foreign Affairs
5. Ministry of Finance
6. Ministry of Planning and Economic Development
7. Ministry of Interior and Federal Affairs
8. Ministry of Endowment and Religious Affairs
9. Ministry of Justice
10. Judicial Authorities
11. Office of the Attorney General
12. Office of the Solicitor General
13. Office of the Auditor General
14. Ministry of Humanitarian and Disaster Management
15. Ministry of Constitution
16. Ministry of Defense
17. Ministry of National Security
18. Ministry of Water and Energy
19. Ministry of Mineral
20. Ministry of Agriculture
21. Ministry of Livestock and Forestry
22. Ministry of Fishery and Marine Resource
23. Ministry of Information
24. Ministry of Post and Telecommunication
25. Ministry of Public Work & Reconstruction
26. Ministry of Transport and Aviation
27. Ministry of Transport and Ports
28. Ministry of Industry & Commerce
29. Ministry of Health
30. Ministry of Education
31. Ministry of Labour and Social Affairs
32. Ministry of Youth and Sport
33. Ministry of Women and Human Rights Development.
34. Boundaries and Federation Commission
35. National Reconciliation Commission

36. National Independent Electoral Commission
37. Human Rights Commission
38. Independent Constitution Review and Implementation Commission
39. National Civil Service Commission
40. National Independent Anti- Corruption Commission

d) Reporting Currency

The functional currency of the Federal Government of Somalia is the United States Dollar (USD$) because: (a) government revenues and expenditures are transacted in that currency; (b) the majority of financing is provided in that currency; and (c) bank transactions and balances are principally in the USD $ (United States Dollar). The reporting currency is the United States Dollar (USD$), rounded to the nearest dollar ($).

e) Reporting Period

The Federal Government of Somalia fiscal and financial year covers the period from 1st January to 31st December, the calendar year. These financial statements are for the period of 1st January 2021 to 31st December 2021. The comparative figures reflect the 12-month period ended 31st December 2020.

f) Revenue Recognition

Receipts represent cash received by the FGS during the financial year and comprise tax revenue, non-tax revenue, grants and external assistance. These receipts are recognized and included in the financial statements only when received as cash or cash equivalent by the FGS or on behalf of the FGS. It does not include other receipts by ministries, departments and agencies of the Federal Government of Somalia outside the Treasury Single Account.

(i) *Tax Revenues* is recognized when cash and cash equivalents are received. Cash is considered as received when notification of tax remittance is received.

(ii) *Non-Tax Revenues* represents other domestic revenues collected by the FGS other than from taxes and these are recognized in the financial statements at the time associated cash and cash equivalents are is received.

(iii) *External Assistance* is received in the form of grants from multilateral and bilateral donor agencies under agreements specifying the purposes for which the assistance is to be utilized. This represents grants received from the donor community that are not repayable in the future. The amounts in the statement of cash receipts and payments are only recognized when received by and are under the control of the FGS.

(iv) *Borrowings on cash basis* these include Central Bank Advances, Special Drawing Rights (SDR) and are recognized in the financial statements at the time associated cash and cash equivalents are received.

g) Recognition of Expenditure

Payments represent outlays of cash and cash equivalents are made by the FGS or other agencies for and on behalf of the FGS. All payments are recognized and included in the financial statements when cash or cash equivalent is paid out.

(i) *Compensation of Employees* include employee benefits such as salaries, allowances, and other related-employment costs and these have been recognized in the financial statements only when cash payments have been made.

(ii) *Use of Goods and Services* are recognized as cash payments are made in the period for the goods/services consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be included in the statement of financial assets and liabilities (Balance sheet) as financial liabilities with supporting schedules (detailed notes).

(iii) *Property, Plant and Equipment & other non-current assets (Capital items)* principally comprise of land, buildings, plant, vehicles, equipment, and any other capital assets controlled by the Federal Government of Somalia. Under the cash basis of accounting, acquisition of property, plant, equipment, and other non-current assets have been expensed fully in the year of purchase. However, these assets are recorded in the Governments Asset Register at historical cost as a memorandum record.

h) Social Benefits

Under financing agreements with IDA – World Bank, social benefits were paid during the financial year with the following objectives;

(i) to provide cash transfers to targeted poor and vulnerable households and establish the key building blocks of a national shock-responsive safety net system.
(ii) to respond to the threat posed by the locust outbreak and strengthen systems for preparedness
(iii) to support immediate crisis recovery and longer-term resilience building against natural and manmade shocks in Somalia.

All social benefits are recognized and included in the financial statements when cash or cash equivalent is paid out.

i) Subsidies

Under a financing agreement with with IDA – World Bank, subsidies were paid under the the Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (SCALED-UP) to support progress toward increased access to basic digital financial and government services targeting entrepreneurship and employment, particularly for women.

All subsidies are recognized and included in the financial statements when cash or cash equivalent is paid out.

j) Cash and Cash Equivalents

Cash and cash equivalents are reported in the financial statements at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

This is comprised of the cash and bank balances of all bank accounts operated by the Treasury of the Federal Government of Somalia with the Central Bank of Somalia under the Treasury Single Account (TSA) framework. This includes balances on the main Treasury Single Account, MDA TSA sub-accounts and the project designated accounts also as TSA sub-accounts. It also includes deposit accounts, revenue collection bank accounts with commercial banks and petty cash balances held by the ministries, departments, and agencies at the end of the financial year.

k) Fiscal Buffer Account

A Fiscal Buffer Account was established by the Government following guidance provided by the IMF under the SMP IV program for purposes of sustaining critical expenditures in the face of volatile revenues. In accordance with the Fiscal Buffer Account Guidelines, the fiscal buffer account shall be built from any surplus revenue realised during a financial year from taxes, non-tax revenues, grants or from any other fund sources with these funds deposited (via the Treasury Single Account) into the fiscal buffer account to be utilized for the sole purpose of financing the FGS annual budget either in the current year or in the future financial year(s) to meet periods of revenue shortfalls and depending on the needs of critical expenditures, amounts are transferred from the Fiscal Buffer Account to general budget support (TSA main account) to finance appropriated expenditure.

l) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period.

Funds held in the Fiscal Buffer Account may only be used for funding any financing gaps where revenue shortfalls are experienced in the FGS annual budget during the year. Funds utilized are not to exceed the current year budget amount as authorized by Parliament in the Appropriation Act or Supplementary Budget. The withdrawal of money from the fiscal buffer account shall only be made for the purposes of financing the FGS budget.

Funds held in other TSA sub-bank accounts are to be spent in accordance with the project they relate to and as outlined in the financing agreement and or memorandum of understanding between the donor and the Federal Government of Somalia.

m) Original and final approved budget and comparison of budget and actual amounts

The approved national budget of the FGS was prepared on the same accounting cash basis, consistent with the accounting basis of these financial statements. The budget used the same classification basis using the Government Financial Statistics, 2014 (GFSM2014) economic classification for the same period (1st January 2021 to 31st December 2021) as the financial statements. It encompasses the same budget sector entities of the Federal Government of Somalia as identified under accounting policy 1.2(c) and section III providing additional closure on the externally financed projects that use country systems i.e “on-Budget”, “on-Treasury” and “on-Account”.

The original budget of USD $666.5 million was approved by Parliament on 31st December 2020 under an Act of Parliament cited as **"2021 Fiscal Year Budget Act No.00018/2021**”. and no supplementary appropriation to increase the budget for the year.

The original budget’s objectives and policies, and the material differences between the budget and actual amounts are explained in the executive commentary provided as part of these financial statements and also with further details in other budget performance reports published online: https://mof.gov.so/taxonomy/term/38

n) Foreign Currency Transactions and Foreign Operations

Foreign currency transactions denominated in foreign currencies are recorded in the United States Dollars (USD$) at the exchange rate ruling on the date of the transaction. Balances of cash, other assets and liabilities denominated in other foreign currencies at the year-end are translated into US Dollars (USD$) at the closing rate of exchange with the resulting exchange gains/(losses), if any, are dealt with as a reconciling item through changes in net assets or deficits. There were no balances of cash, assets and liabilities held in other foreign currencies during the reporting period.

o) Exchange Rates

All monetary amounts in the financial statements are expressed in United States Dollars (USD$), the transaction and reporting currency. The USD $ closing rates (the Central Bank of Somalia middle rate) were:

	2021 USD$	**2020 USD$**
Euros (Euro €)	0.885	0.885
Somali Shilling (SOS $)	22,500	22,500

p) Functions of Government

For presentation of certain information in the financial statements by functions of government, the Government Finance Statistics [GFS] as developed by the Organization for Economic Cooperation and Development [the OECD], and as published by the International Monetary Fund [IMF], 2014 has been used.

q) Contingencies

A contingent liability is either a possible obligation arising from past events and depending on future events not under an entity's control, or a present obligation not recognized because either the entity cannot measure the obligation or settlement is not probable. Some examples of contingent liabilities include: bank or any other guarantee issued, pending legal proceedings, court awards appealed by government, and contingent liabilities arising out Public Private Partnerships (PPPs). Contingent liabilities are recorded and disclosed when the contingency becomes evident. Contingent assets are neither recognized nor disclosed. Contingent liabilities are aggregated when reported by the individual public bodies and disclosed. No contingent liabilities were reported at the end of the year.

r) Commitments

In accordance with the PFM Act 2019, commitments mean a legally enforceable obligation to make payments to another party. During the financial year, all commitments that were due for payment were recorded and settled.

s) Extrabudgetary Funds

Extra-budgetary funds are receipts, payments and account balances outside the National Budget i.e., not appropriated. These are not included in the primary financial statements but are disclosed separately in a statement of extra-budgetary funds as a summary of transactions reported by the individual entities. The list of reporting entities included in the financial statements is provided under Annex B.

t) Expenditure Arrears and other payables

An expenditure arrear is a sub-set of accounts payable that is past its due date. Expenditure arrears are included in the Balance Sheet as a separate account payable when duly verified and certified.

Other payables relate to outstanding bills not due for payment. There were no outstanding bills at the closure of the financial year.

u) Payments by Third Parties

The Federal Government of Somalia may also benefit from goods and services purchased on its behalf as a result of cash payments made to third parties during the period. Requests for third party payments are processed through the use of country systems, and at the request of the government, the donor makes payment directly to a third party (e.g., supplier, contractor, and consultant) for eligible expenditures. An example is the direct payments processed by the World Bank/African Development Bank upon requests from the FGS which are formally advised and verified by the Government and are included in the financial statements.

On the other hand, and through direct execution, third parties including donors may make payments to external suppliers outside the country systems and provide goods and services including in-kind donations e.g., food aid, big contract of works, vehicles, equipment, technical assistance or personnel services. The payments made by the third parties outside the country systems do not constitute cash receipts or payments managed by the government even though it does benefit from such payments. Such payments are therefore not included in the statement of cash receipts and payments but are reported and disclosed where the financial value of the goods and services received can be reliably verified and determined by government. No direct execution transactions have been reported during the financial year.

v) Re-statement of financial statements of previous period

Where necessary comparative figures for the previous financial year ended 31 December 2020 have been restated to conform with the requirements of the Cash Basis IPSAS and correction of identified errors.

w) Authorization Date

The financial statements were authorized and submitted for audit on 30th April 2022 by Dr. Abdirahman Dualeh Beileh, the Minister of Finance and Ms. Fatuma Osman Farah, the Accountant General of the Federal Government of Somalia.

II. Explanatory Notes to the Financial Statements

1. Tax Receipts

Tax revenues arise from both direct and indirect taxes levied and collected by the FGS and consists of the following:

	2021 USD$	2020 USD$
Payable Individual	14,289,950	12,415,562
Payable Corporation	919,548	3,181,771
Other Income Tax	579,865	556,905
General Taxes on goods and Services	23,429,410	21,293,612
Customs and other Import Duty	97,365,062	91,054,110
Other Taxes on International trade and Transactions	11,609,929	-
Taxes Payable solely by businesses	14,573,148	11,027,257
Total Tax Receipts	**162,766,910**	**139,529,217**

A total of USD $182.9 million was estimated to be collected in the 2021 financial year, with an actual collection of USD $162.8 million was achieved which is USD $20.1 million (11%) less than estimated. The amount collected represented 89% of the total tax revenue for the 2021 financial year.

2. Non-Tax Cash Receipts [NTR]

Non-Tax revenue represents other domestic revenues collected by the FGS other than from taxes. These comprise of the following:

	2021 USD$	2020 USD$
Administrative Charges	5,551,269	3,051,389
Visa charges and Passports fees	11,164,231	7,928,644
License fees - Commerce and industry	1,254,388	1,176,363
Work permits and other fees	679,740	727,596
Harbor fees- Albayrak	25,589,133	31,347,337
Airport fees - Favori	2,790,898	3,275,138
Fisheries license fees	2,611,146	2,195,580
Telecommunication Spectrum fees	1,151,338	1,733,167
Overflight fees (IATA)	11,262,186	15,735,016
Customs harbors fees	4,740,083	4,534,399
Total Non-Tax Receipts	**66,794,410**	**71,704,628**

A total of USD $86.9 million was estimated to be collected in the 2021 financial year, with an actual collection of USD $66.8 million achieved which is USD $20.1 million (23%) less than estimated. The amount collected represents 77% of the total tax revenue for the year.

3. External Assistance (Grants)

External assistance was received in the form of grants from multilateral and bilateral donor agencies under agreements specifying the purposes for which the assistance will be utilized. This represents grants received from the donor community that are not repayable in future. The amounts in the statement of cash receipts and payments are only recognized when received by and are under the control of the FGS. The amount of external assistance received in 2021 consists of the following:

Name of the Donor Grants Received from Bilateral Donors (Foreign Governments)	2021 USD$	2020 USD
Government of Turkey	2,500,000	15,000,000
Total	**2,500,000**	**15,000,000**
Grants Received from Multilateral Donors (International Organizations)		
World Bank	138,208,302	231,113,604
EU	-	7,664,241
AFDB	4,283,285	27,798,673
UNOPS	-	-
United Nations	-	2,477,962
IGAD	-	100,000
Global Education Partnership	1,983,433	1,438,636
Total	**144,475,019**	**270,593,116**
Total External Assistance	**146,975,019**	**285,593,116**

Non – compliance with significant terms and conditions:

There have been no known instances of non-compliance with terms and conditions with regards to the external assistance agreements or guarantees which have resulted in cancellation of the assistance or has given rise to an obligation to return the assistance previously given.

A total of USD $146.95 million was received during 2021 which was 36% of the annual estimate, however - 49% lower than the grants received in the last fiscal year including both budget and project support. Budget support was received from only two sources namely Turkey (USD $2.5 million, 8% of target) and World Bank (USD $35.85 million, 33% of target). Project Support brought in USD $108.60 million (40% of target). The underperformance observed in budget support was partly due to suspension of budget support by bilateral donors due to delays in concluding elections. On part of the budget support from the World

Bank, the underperformance was due to the government's inability to meet all the 2021 disbursement linked indicators (DLIs) under the RCRF Project.

4. Loan receipts

	2021 USD$	2020 USD$
Domestic Loans (CBS)	21,992,191	-
Special Drawing Rights	74,373,383	-
Total Loan Receipts	**96,365,574**	**-**

The movement in the SDR during the financial year can be analyzed as follows

	2021 USD$	2020 USD$
SDR Receipt	74,373,383	-
Total receipts/deposits during the year	74,373,383	-
Withdrawals/transfers	66,290,973	-
Total withdrawals/transfers	66,290,973	-
Net movement of the SDR Account	8,082,410	-
Balance - Ending of the Period	**8,082,410**	-

5. Compensation of employees

	2021 USD$	2020 USD$
Employee salaries	150,268,709	140,980,460
Employee allowances	83,953,941	72,092,051
Other employee costs	15,876,754	-
Arrears - Salaries and Allowances	-	13,941,736
Total	**250,099,404**	**227,014,247**

Compensation of employees comprised of salaries for eligibly recruited employees, associated employee allowances and other employee costs which relate to salaries for the staff hired under the Capacity Injection Program.

A total of USD $259.1 million was budgeted to be paid in the 2021 financial year, with payments of USD $250.1 million made which is USD $8.9 million (3%) less than budgeted for the year.

6. Use of Goods and Services

These comprise the following:

	2021 USD$	2020 USD
Utilities	4,044,820	4,334,479
Rent expenses	2,143,555	1,955,537
Repairs and maintenance	2,601,534	2,345,356
Office Materials and other consumables	3,856,839	3,063,533
Travel expenses	5,601,262	6,386,033
Education expense	1,148,835	1,624,774
Training expense	2,768,335	1,172,144
Consulting and Professional fees	26,518,983	13,211,505
Fuel	5,843,470	5,274,171
Audit fees	782,446	62,023
Bank Commission	5,237,793	6,361,183
Health and hygiene	4,917,993	775,739
Insurance Charges /premium	2,428	16,150
Military material supplies and service	274,518	633,049
Police Material supplies and service	300,000	-
Other specialized material and service	1,938,395	1,972,022
Special Operational Service	7,459,348	7,112,726
Other General Expenses	30,619,238	24,395,587
Total	**106,059,789**	**80,696,011**

A total of USD $182.6 million was budgeted to be paid in the 2021 financial year, with payments of USD $106.1 million made which is USD $76.5 million (42%) less than budgeted for the year.

7. Acquisition of Fixed Assets (Capital Expenditure)

All fixed assets acquired during the year are expensed in the year of purchase. The value of capital expenditure acquired during the financial year comprise of the following:

	2021 USD$	2020 USD
Residential Buildings	1,968,456	546,050
Non-Residential Buildings	151,633	-
Transport equipment	41,390	320
Machinery and other equipment	4,052,767	218,444
Furniture and Fixtures	208,635	54,765
ICT infrastructure, hardware, networks, facilities	2,610,755	6,370,451
Software Applications	122,443	464,135
Other fixed assets	6,087,760	10,280,331
Intangible assets	855,340	617,199
Total	**16,099,178**	**18,551,695**

A total of USD $82.6 million was budgeted to be paid in the 2021 financial year, with payments of USD $16.1 million made which is USD $66.5 million (80%) less than budgeted for the year.

8. Grants Paid

The Government paid Grants to sub-national governments as support grants to Federal Member States within the appropriated amounts by Parliament.

Grants paid during the year relate to the following:

	2021 USD$	2020 USD
To Foreign Governments		-
To international Organizations as membership contributions	1,197,901	619,908
To other general government units & sub-national Governments		
Somaliland	18,000	1,003,271
Puntland Sate of Somalia	7,822,910	17,355,991
Jubbaland State of Somalia	6,014,444	8,020,557
Southwest State of Somalia	6,325,581	10,602,600
Galmudug State of Somalia	4,329,093	12,220,554
Hirshabelle State of Somalia	3,232,734	9,597,196
Benadir-Mogadishu City	15,852,993	20,094,824
Chamber of Commerce	528,434	384,241
Somali Development Bank	528,434	384,241
Total	**45,850,523**	**80,283,383**

A total of USD $70.9 million was budgeted to be paid in the 2021 financial year, with payments of USD $45.9 million which is USD $25 million (35%) less than budgeted for the year. Reasons for the less than planned transfers include lower revenue collection during 2021 (For the transfers from the government local fund), and failure to fulfil conditionalities that needed to be fulfilled to trigger the transfers (in the case of donor funded transfers)

9. Social Benefits

These comprises of the following;

	2021 USD$	2020 USD$
Social Security Benefits	6,149,166	46,850,834
Social Assistance Benefits	33,715,682	15,284,318
Total Social Benefits	**39,864,848**	**62,135,152**

A total of USD $50.7 million was budgeted to be paid in the 2021 financial year, with payments of USD $39.9 million made which is USD $10.8 million (21%) less than budgeted for the year. The underperformance is largely attributed to difficulties in enrolling the poor and vulnerable households across Somalia due to security related problems. A total of 186,487 poor and vulnerable households across Somalia have so far benefited from the social benefits as at end of the FY 2021.

10. Interest Charges

Interest and charges are comprised of the following:

	2021 USD$	2020 USD$
Loan Interest - Bilateral	1,440,881	1,769,434
Loan Interest - Multilateral	-	-
Loan Interest - Private Entities and others	-	12,675,412
Total Interest and Charges	**1,440,881**	**14,444,846**

The Government started servicing its public debt in 2020 after reaching HIPC decision point (in March 2020). During 2021, Government serviced its public debt to the tune of USD $1.4 million, which was paid to two creditors (AfDB USD $2.6m, IDA USD $14.11m). Interest on debt accounted for 7.8% of the payments with 92.2% relating to repayment of principal. This expenditure item performed 100% of annual budget and was just 1% higher than the debt service amount paid in the previous year.

11. Subsidies

These comprises of the following

	2021 USD$	2020 USD$
To non-financial private enterprises	1,271,695	2,161,914
Total Subsidies	**1,271,695**	**2,161,914**

A total of USD $5.04 million was budgeted to be paid in the 2021 financial year, with payments of USD $1.3 million made, which is USD $3.7 million (74%) less than budgeted for the year. This expenditure category relates to subsidies administered by three World Bank funded projects. That is, Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Program (SCALED- UP), Somali Electricity Access Project, and Domestic Revenue Mobilization and PFM capacity Strengthening Project.

12. Loan Repayment

	2021 USD$	2020 USD$
Loan Repayment to CBS	35,156,428	-
Total Other Payments	**35,156,428**	**-**

13. Cash and Cash equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise of cash and bank balances of all bank accounts operated by the Treasury of the Federal Government of Somalia with the Central Bank of Somalia under the Treasury Single Account (TSA) framework. This includes balances on the main Treasury Single Account, MDA TSA sub-accounts and the project designated accounts which are TSA sub-accounts. It also includes deposit accounts, revenue collection bank accounts with commercial banks and petty cash balances held by the ministries, departments, and agencies at the end of the financial year. Details of the cash balances are provided as follows: -

Name of Bank Account

	2021 USD$	2020 USD$
Treasury Main Account	2,061,002	523,222
African Development Bank Phase II	391,291	199

Capacity Injection Project	304,575	133,684
ICT Phase 2	-	54,485
ICT – Puntland	-	2,302
PFM Phase 2 Scaled up	187,083	387,554
RCRF Phase 2 FGS Bank	133,639	297,166
RCRF Phase 2 Regions	-	1,342,059
RCRF Surge Support	461,308	894,711
SFF-LD Project UN	267,128	1,499,881
SFF-LD World Bank	104	104
SURP Project	201	108,469
Support to Stabilization Project (S2S) – Phase II	-	425,114
SCALED – UP	382,985	192,730
Gargaara co. LTD	1,985,810	1,329,457
Education Sector Program Implementation Grant	212,941	470,022
SEAP Project	304,210	50,827
SIEPMID Project	69,404	66,379
Somalia Petroleum Technical Assistance Project	5	5
SUIPP -AF Project	22,183	22,182
Road infrastructure Program (ADF Grant)	716	27,704
Road infrastructure Program (TSF Grant)	68,920	68,920
Shock Responsive Safety Net for Human Capital	1,824	289,809
SCAA	92,152	187
Water for Agro Pastoral Productivity and Resilience (Biyoole A)	242,333	129,787
DPO	11,295	17,726,875
Buffer Account	-	13,500,000
Somali Crisis Recovery Project	9,044,738	9,610,858
SISEPCB	578,643	800,642
Somali Urban Resilience Project Phase II	261,198	3,397
TSF-Crisis Response Program for National and Regional of mitigation of COVID-19 Impact	4,505	2,241,780
ADF Crisis Response Program for National and Regional mitigation of COVID-19 Impact	18,298	12,725,239
SURP Project Phase II FMS	-	1,213,461
Fishing Revenue	1,507,946	-
Water for Agro Pastoral Productivity and Resilience (Biyoole B)	1,622,121	-
Somali shock Responsive Safety Net for Locust Responsive Project (SLNRP)	233,370	-
RCRF Phase III- DA-A	1,747,316	-
RCRF Phase III- DA-B	1,321	-

Coping COVID-19	900,000	-
TA Regulatory Authority Energy Sector	23	-
SDR	8,082,410	-
Development Policy Operations-DPO Internal	11,700,000	-
Special Emergency Assistance Fund for D & F	295,466	-
Total	**43,198,462**	**66,139,210**

Included in the above balances, are restricted cash balances at the year-end amounting USD $41,137,461. USD$65,615,988 for 2020.

14. Reconciliation and Movements in the Fiscal Buffer Account

During the financial year and because of the poor revenue collections, the buffer fund opening balance was drawn to finance budgeted expenditure as follows:

Fiscal Buffer Account	2021 USD$	2020 USD$
Balance - 1 January 2021	13,500,000	33,250,281
Receipts - SCAA	-	13,500,000
Receipts - EU account	-	7,664,241
Receipts - Saudi Arabia	-	-
Receipts - Qatar	-	-
Total Receipts during the year		21,164,241
Transfers duirng the year		
Kingdom of Saudi Arabia	-	7,885,300
The European Union	-	19,671,210
The Government of Qatar	-	13,358,012
Somali Civil Aviation Authority	13,500,000	-
Total Transfers	13,500,000	40,914,522
Net Movement of the Fiscal Buffer	-13,500,000	- 19,750,281
Balance - 31 December 2021	-	**13,500,000**

III. Additional Disclosures

I. Projects

MDA	Project	Donor	Amount USD
Office of the Prime Minister	Capacity Injection Project	World Bank	1,925,149
Ministry of Finance	Special Financing Facility (SFF-LD)	World Bank	
	SCALED-UP Project	World Bank	7,667,641
	Public Financial Management Project	World Bank	3,980,813
	SCORE Project	World Bank	
	RCRF - Budget Support	World Bank	45,931,520
	Somalia Crisis Recovery Project (SCRP)	World Bank	20,761,986
Ministry of Public Work & Reconstruction	Special Financing Facility (UN)	Development Bank	
	Economic and Financial Governance Institutional Support Project (EFGISP)	African Development Bank	324,637
	Strengthening Institutions for Economic Policy Management and Infrastructure Development Project (SIEMID)	African Development Bank	1,465,685
	Economic and Financial Governance (EFG)	African Development Bank	2,437,978
Ministry Post-Telecommunication	ICT Sector Support	World Bank	
Ministry of Mineral	SOPTAP Project	World Bank	
Ministry Interior and Federal Affairs	S2S Project	UN	

Banadir Regional Administration	SUIIP Project	World Bank	1,065,468
Ministry of Education	Global Partnership for Education (GPE)	World Bank	1,983,433
Ministry of Planning and Economic Development	BIYOOLE Project	World Bank	7,541,179
Banadir Regional Administration	SUIP Project AF	World Bank	
Banadir Regional Administration	SURP Project ph2	World Bank	5,965,074
Ministry Labour and Social Affairs	Somalia Emergency Locust Response Project	World Bank	31,826,101
Ministry Labour and Social Affairs	Shock Responsive Safety Net for Human Capital Project	World Bank	7,153,207
Ministry Planning and Economic Development	Somali Integrated Statistics and Economic Planning Capacity Building Project	World Bank	2,045,766
Ministry of Energy and Water Resources	Somali Electricity Access Project (SEAP)	World Bank	2,344,382
	European Union - Budget support	EU	

Ministry/ Department	Project Name
Prime Minister	
	Capacity Injection and Institutional Strengthening Project
Ministry of Finance	
	Special Financing Facility (MPTF and UN)
	Public Financial Management Reform Project
	Economic and Financial Governance Institutional Support Project
	Recurrent Cost & Reform Financing Facility
	Somali Core Economic Institutions and Opp. Prg (SCORE)
	Somalia Shock-Responsive Social Safety Net Project
	SCALED - UP PROJECT
	Technical Assistance and Capacity Building for Setting up the Regulatory Authority for Energy Secto
Ministry of Planning and Economic Development	
	Water For Agro-Pastoral Productivity and Resilience or the "Biyoole" Project
Ministry of Interior	
	Support Stabilization Project (S2)
	Somali Urban Investment Planning Project (UN)
	Somali Urban Investment Planning Project - Additional Financing
	Somalia Urban Resilience Project PH2
Ministry of Water and Energy	
	Somali Electricity Access Project (SEAP)
Ministry of Minerals	
	SOPTAP (Petroleum)
Ministry of Post and Telecommunications - Special Projects	
	ICT Sector Support
Ministry of Health	
	Recurrent Cost & Reform Financing Facility
Ministry of Education and Higher Education	
	Education Sector Program Implementation Grant (ESPIG)
	Recurrent Cost & Reform Financing Facility
Ministry of Labour and Social Affairs	
	Somalia Shock-Responsive Social Safety Net Project

Annex A- Balance Sheet

Federal Government of Somalia
Balance Sheet
As At 31 December 2021

	Note	2021 USD$	2020 USD$
ASSETS			
Current Assets			
Cash and Cash Equivalents			
Bank Balances	13	**43,198,462**	66,139,210
Petty Cash	14	-	-
Total Cash And Cash Equivalents		**43,198,462**	**66,139,210**
Non-Current Assets			
Fixed Assets			
Property, Plant & Equipment			
Total Non-current Assets		-	-
Total Assets		43,198,462	66,139,210
LIABILITIES			
Current Liabilities			
Payables	15		
Expenditure Arrears		52,795,274	52,795,274
Total Curent Liabilities		52,795,274	52,795,274
Non-current Liabilities			
Public Debt			
Total Non-current Liabilities		-	-
Total Liabilities		52,795,274	52,795,274
NET ASSETS		**- 9,596,812**	**13,343,936**
REPRESENTED BY			
NET ASSETS / EQUITY			
Fund balance b/fwd	16	**13,343,936**	**979,221**
Surplus/Defict for the year	16	(22,940,748)	**11,539,715**
Prior year adjustments	17	-	825,000
TOTAL NET ASSETS / EQUITY		**- 9,596,812**	**13,343,936**

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Annex A.1 Explanatory Notes to the Balance Sheet

I. Payables

These comprise of:

	2021 USD$	2020 USD$
Domestic Payables		
Payroll arrears	52,795,274	52,795,274
Total Domestic Payables	**52,795,274**	**52,795,274**

II. Expenditure Arrears

Payroll arrears of USD $52,795,274 were confirmed at the end of the financial year ended 31 December 2021 with no arrears settled during the year. However, verification to determine eligible expenditure arrears relating to goods and services is still ongoing.

Accumulated Funds

The accumulated surplus (deficit) as at the year-end was as follows:

	2021 USD$	2020 USD$
Opening Balance-As at 1 Jan 2021	13,343,935	995,097
Surplus/Deficit for the year	(22,940,748)	**11,539.716**
Payroll arrears		825,000
Adjustments-Bank Balances		**(15,878)**
Balance at the end of the year	**9,596,813**	**13,343,935**

III. Property, Plant and Equipment

As part of the PFM reforms aimed at improving the management of the non-current assets, the Government enhanced its SFMIS asset module to meet the precise needs for better management of the Government assets and this was accompanied by the verification and migration of government assets to the SFMIS. Consequently, and in a bid to complement the disclosure notes provided under the Cash Basis IPSAS followed by the FGS in the preparation of its financial statements, a summary statement of the FGS fixed assets has been prepared and included in the financial statements.

It is expected that completeness of the statement will be reasonably achieved in the FY 2022 to start including the Government Non-current assets in the FGS balance sheet together with the stock of public debt.

IV. Public Debt

The total stock of debt at the end of December 2021 stood at USD $4,486.13 billion, of which multilaterals represented 24 percent of the total with USD 1,080 billion. The largest creditors are the IMF, AMF, AFESD and IDA, in that order. Debt to bilateral creditors reached USD 3,403.01 billion with Paris Club creditors representing close to 79 percent of the bilateral debt. The commercial loan amounted to USD 2.44 million. The main creditors are the USA, Russia, Italy and France, in that order. The main Non-Paris Club creditors included mainly Arab creditors, such as Abu Dhabi Fund, Iraq, and the Saudi and Kuwait Funds.

Because of the matching principle, public debt has been disclosed separately and it will be included in the Balance Sheet at the same time with the fixed assets considering that much of public debt was towards capital expenditure in the past..

Annex B – STATEMENT OF EXTRABUDGETARY FUNDS FOR PUBLIC BODIES FOR THE YEAR ENDED 31 DECEMBER 2021

Federal Government of Somalia
Statement of Extrabudgetary Receipts and Payments for Public Bodies
For the Year Ended 31 December 2021
(Reported by Public Entity & GFS Economic Classification for Expenditure)

	Notes	2021 USD$	2020 USD$
Revenue (by Public Entity)			
Somali National University	1.1	1,940,081	1,287,305
Ministry of Energy & Water Resources	1.2	1,389,842	1,427,590
Ministry of Finance -Dryland project	1.3	-	979,206
Ministry of Internal Security	1.4	160,695	
National Statistics Bureau	1.5	421,905	
Ministry of Livestock	1.6	103,520	
Ministry of Agriculture	1.7	598,383	
Total Revenue		**4,614,426**	**3,694,101**
Expenditure			
Compensation of employees	2.1	594,081	1,076,747
Use of goods and services	2.2	3,298,642	2,645,259
Acquisition of fixed assets	2.3	736,225	579,824
Total Expenditure		**4,628,948**	**4,301,830**
Surplus/(Deficit)		- 14,522	**(607,728)**
Balance at the beginning of the year		**202,048**	**809,776**
Cash end of the year	3	**187,526**	**202,048**

Notes to the Statement of Extrabudgetary Receipts and Payments

I. **Extrabudgetary Revenue**

1.1. Somali National University

Funding received during the 2021 financial year was USD $1,9m (USD$1,287,306 in 2020) and was collected from the following sources:

	2021 USD$	2020 USD$
Revenue Sources		
Student service	1,170,381	1,084,157
Fees for social Work	252,000	-
Income from private activities	3,500	500
Other income	692	293
Income from trainings	-	192,793
Research income	-	4,263
Grants	513,508	5,300
Total	**1,940,081**	**1,287,306**

1.2. Ministry of Energy & Water Resources

Funding received during the 2021 financial year was USD $1.4(USD$1.4 in 2020) from the following donors:

	2021 USD$	2020 USD$
UNICEF	1,386,091	1,422,590
Save the Children International	3,750	5,000
Total	**1,389,841**	**1,427,590**

1.3. Ministry of Finance -Dryland project

1.4. Ministry of Internal Security

	2021 USD$	2020 USD$
UNDP	136,155	-
UNICEF	24,540	-
Total	**160,695**	**-**

1.5. National Statistics Bureau

	2021 USD$	2020 USD$
SHDS Project	256,706	-
UNICEF	165,199	-
Total	**421,905**	**-**

1.6. Ministry of Livestock

	2021 USD$	2020 USD$
Monitoring of livestock Vaccination project	51,760	-
Total	**51,760**	**-**

1.7. Ministry of Agriculture

	2021 USD$	2020 USD$
FAO		
BRIMS	73,860	-
FOA Outreach	119,553	-
FAO Data	31,320	-
FAOSIDA	57,880	-
SSG	30,000	-
Save/Admin	47,110	-
Save Farmers	8,000	-
FAO WFD	9,700	-
WFP	96,635	-

WFP/WFD	8,850	-
WFP/TR/EXP	48,964	-
FAO Dharoor	7,230	-
FAO Ticket	1,200	-
FAO/Strategic	58,080	-
Total	**598,383**	-

II. **Expenditure**

2.1. Compensation of Employees

Compensation of employees totaled USD $594,081 in comparison to USD $1,076,747 for the previous year. Expenditure relating to compensation of employees is detailed in the following table as provided by the Public Bodies:

Somali National University	**2021 USD$**	**2020 USD$**
Allowances	256,471	266,917
	256,471	**266,917**

Ministry of Energy & Water	**2021 USD$**	**2020 USD$**
Salary	54,150	131,640
	54,150	**131,640**

Statistics	**2021 USD$**	**2020 USD$**
Compensation of Employees	248,400	678,190
	248,400	**678,190**

MoIS	**2021 USD$**	**2020 USD$**
Compensation of Employees	5,300	-
	5,300	**-**

MoLivestock	**2021 USD$**	**2020 USD$**
Compensation of Employees	29,760	-
	29,760	**-**
TOTAL	**94,081**	**1,076,747**

2. Use of Goods and Services

Use of Goods and Services expenditure totaled USD $3,298,642 in comparison to USD $2,645,259 for the previous year. A breakdown of expenditure relating to the purchase of goods and services is detailed in the following table as provided by the Public Bodies

Somali National University

	2021 USD$	2020 USD$
Training Expenses		
Rent	33,150	18,390
General Operational Costs	252,433	236,438
Oil & Gas	37,135	29,690
Maintenance	136,555	73,221
Office Equipment	88,804	47,056
Travel Expenses	46,925	32,523
Ceremony Expenses		
Social Benefits		
Student Expenses		
Other Project Costs		
Special Operational Costs		
Operational Costs - Galmudug State		
Other operation costs	379,872.95	
Total Use of Goods & Services	**974,875**	**437,317**

Ministry of Energy & Water

	2021 USD$	2020 USD$
Use of Goods & Services	**1,322,724**	**1,453,380**

National Statistics Berue

	2021 USD$	2020 USD$
Use of Goods & Services		
Use of Goods & Services	173,505	739,824
Finance Costs		14,738
	173,505	**754,562**

MoIS

	2021 USD$	2020 USD$
Use of Goods and Services	$ 155,395	2,645,259
	155,395	**2,645,259**

MoAgriculture	2021 USD$	2020 USD$
Use of Goods and Services	**598,383**	-
	598,383	-

MoLive stock	2021 USD$	2020 USD$
Use of Goods and Services	**73,760**	-
	73,760	-

Total Use of Goods & Services		
TOTAL	**3,298,642**	**2,645,259**

III. Capital Expenditure

Acquisition of Assets (Capital Expenditure) for the year was USD $736,225 in comparison to USD $550,324 for the previous year. A breakdown of capital expenditures is detailed in the following table as provided by the Public Bodies:

Somali National University

	2021 USD$	2020 USD$
Capital Expenditure	736,225	550,324
	736,225	**550,324**

3. Cash and Bank Balances

The following is a breakdown of the opening and closing cash and bank balances:

Cash and Bank balances	2021 USD$	2020 USD$
Petty cash balance	4,745	2,530
Salaam bank	333	49,329
Salaam bank	216	
Dahabshiil Local	3,695	57,104
Premier Bank	74,523	31,243
Dahabshil Int.	5,922	55,031
Amal Bank	33,716	1,412
Salaam XDX	12,910	692
CBS	500	500
IBS	31,352	16
IDB - Dryland		4,191
CBS-Dryland	4,190	
Water and energy	15,425	
Total balance	**187,526**	**202,048**

Annex C – STATEMENT OF EXPENDITURE ARREARS AS AT 31st DECEMBER 2021

MPs allowances for the year 2013

No	Name of the entity	January	February	March	April	May	June	July	August	September	October	November	December	Total
1	CBS staff												904,301.70	904,301.70
	Total	-	-	-	-	-	-	-	-	-	-	-	**904,301.70**	**904,301.70**

Milatary employees salary for the year 2015

No	Name of the entity	Jenuary	February	March	April	May	June	July	August	September	October	November	December	Total
1	Milatry forces									1,779,100.00	1,779,100.00	1,779,100.00	1,779,100.00	7,116,400.00
2	Corrections forces									216,500.00	216,500.00	216,500.00	216,500.00	866,000.00
3	National Intelegency Agency froces												457,333.33	457,333.33
	Bank staff											2,117,678.00	2,117,678.00	4,235,356.00
	Unregistred employees											1,031,067.00	1,031,067.00	2,062,134.00
	Total	-	-	-	-	-	-	-	-	**1,995,600.00**	**1,995,600.00**	**5,144,345.00**	**5,601,678.33**	**14,737,223.33**

Milatary salary for the year 2016

No	Name of the entity	Jenuary	February	March	April	May	June	July	August	September	October	November	December	Total
1	Milatry forces				1,042,900.00	1,770,700.00	1,770,700.00	1,770,700.00	1,770,700.00	1,895,700.00	1,895,700.00	1,895,700.00	1,895,700.00	15,708,500.00
2	Police forces							466,350.00	466,350.00	466,350.00	466,350.00	466,350.00	466,350.00	2,798,100.00
3	Corrections forces								216,500.00	216,500.00	216,500.00	216,500.00	216,500.00	1,082,500.00
4	National Intelegency Agency froces											457,333.33	457,333.33	914,666.66
	Bank staff									2,573,322.00	2,573,322.00	2,573,322.00	2,573,322.00	10,293,288.00
	Unregistred employees									897,869.00	1,005,805.20	1,005,805.20	1,005,805.20	3,915,284.60
	Members of the Parliament								918,600.00	918,601.00	918,602.00	918,603.00	918,604.00	4,593,000.00
	Total	-	-	-	**1,042,900.00**	**1,770,700.00**	**1,770,700.00**	**2,237,050.00**	**2,453,550.00**	**2,578,550.00**	**2,578,550.00**	**3,035,883.33**	**7,533,614.53**	**39,305,339.26**

Summary	
Total verified Expenditure arears	**54,946,864.20**
Total Paid 2019	1,326,590
Closing Balance 2019	**53,620,274.20**
openning balance janaury 2020	**53,620,274.20**
Total Paid 2020	825,000.00
Closing Balance 2020	**52,795,274.20**
Openning balance 01 Janaury 2021	**52,795,274.20**
Total Paid 2021	0.00
Closing Balance 31 December 2021	**52,795,274.20**

Annex D – STATEMENT OF EXTERNAL DEBT AS AT 31st DECEMBER 2021

T-0032

Period: Calendar Year (01/01/2020 - 31/12/2021)Currency Units: Millions of US Dollars

Creditor Category / Creditor Name	2020				2021				
	Face Value	Interest Arrears	Other Fee Arrears	Total Stock	Face Value	Interest Arrears	Other Fee Arrears	Total Stock	Of which arrears
GRAND TOTAL	**3,351.35**	**1,013.06**	**164.19**	**4,528.60**	**3,306.67**	**1,021.33**	**158.13**	**4,486.13**	**2,127.31**
Commercial	1.51	0.88	-	2.39	1.51	0.93	-	2.44	2.44
Government of Serbia	1.51	0.88	-	2.39	1.51	0.93	-	2.44	2.44
Multilateral	**758.01**	**350.16**	**6.01**	**1,114.18**	**724.25**	**350.40**	**6.03**	**1,080.68**	**572.11**
African Development Fund	26.27	-	-	26.27	23.80	-	-	23.80	-
Arab Fund for Economic and Social Dev.	75.63	111.27	0.05	186.95	75.79	113.94	0.05	189.78	189.78
Arab Monetary Fund	79.36	230.12	-	309.48	76.92	227.68	-	304.60	304.60
Int. Fund for Agricultural Development	25.51	7.60	0.02	33.13	24.72	7.53	0.03	32.28	28.70
International Development Association	138.25	-	-	138.25	121.83	-	-	121.83	-
International Monetary Fund	370.77	-	-	370.77	359.36	-	-	359.36	-
Islamic Development Bank	12.35	1.17	-	13.52	11.97	1.14	-	13.11	13.11
OPEC Fund for Int. Dev.	29.87	-	5.94	35.81	29.87	0.11	5.94	35.92	35.92
Non-Paris Club	**287.52**	**333.95**	**98.52**	**719.99**	**287.57**	**338.69**	**98.52**	**724.78**	**722.15**
Abu Dhabi Fund for Developement	94.22	151.75	0.02	245.99	94.10	153.43	0.02	247.55	247.55
Government of Algeria	0.90	0.66	-	1.56	0.90	0.66	-	1.56	1.56
Government of Bulgaria	5.53	5.18	-	10.71	5.53	5.30	-	10.83	10.83
Government Of Iraq	31.22	62.33	98.51	192.06	31.22	62.42	98.51	192.15	192.15
Government of Libya	11.75	22.15	-	33.90	11.75	23.16	-	34.91	34.91
Government of Romania	2.27	0.25	-	2.52	2.27	0.25	-	2.52	2.52
Kuwait Fund for Econ. Dev	82.81	37.90	-	120.71	82.99	38.95	-	121.94	121.94
Saudi Fund for Development	58.81	53.73	-	112.54	58.80	54.51	-	113.31	110.69
Paris Club	**2,304.31**	**328.07**	**59.66**	**2,692.04**	**2,293.34**	**331.31**	**53.58**	**2,678.23**	**830.61**
European Economic Community (EEC)	0.37	-	-	0.37	0.35	-	-	0.35	-
Government of Denmark	3.08	-	-	3.08	2.97	-	-	2.97	-
Government of France	166.42	-	-	166.42	154.21	-	-	154.21	-
Government of Italy	624.11	-	-	624.11	624.11	-	-	624.11	-
Government of Japan	62.42	13.57	59.66	135.65	56.04	12.18	53.58	121.80	121.80
Government of Netherlands	2.40	-	-	2.40	2.23	-	-	2.23	-
Government of Norway	0.68	-	-	0.68	0.66	-	-	0.66	-
Government of Russia	381.72	314.50	-	696.22	389.68	319.13	-	708.81	708.81
Government of Spain	40.90	-	-	40.90	40.90	-	-	40.90	-
Government of UK	30.40	-	-	30.40	30.38	-	-	30.38	-
United States of America	991.81	-	-	991.81	991.81	-	-	991.81	-

Filters: Portfolio: All InstrumentsComments:

Annex E – STATEMENT OF NON-CURRENT ASSETS AS AT 31st DECEMBER 2021

Federal Government of Somalia

STATEMENT OF NON - CURRENT ASSETS

For the year ended December, 2021

Category/ Sub-Categories	Opening Balance		Additions during the year		Disposals during the year		Losses during the year		Cumulative Balance	
	Units	Values	Units	Values	Units	Values	Units	Values	Units	Values
Fixed Assets										
Buildings & Structure	-	-	5,311	15,606,845,614	-	-	-	-	5,311	15,606,845,614
Land	-	-	221	661,277,000	-	-	-	-	221	661,277,000
TOTAL Fixed Assets	-	-	**5,532**	**16,268,122,614**	-	-	-	-	**5,532**	**16,268,122,614**
Mobile Asset										
Furniture & Fittings	-	-	21,760	5,727,769	-	-	-	-	21,760	5,727,769
ICT Eequipments and Other ICT Assets	-	-	1,658	1,599,710	-	-	-	-	1,658	1,599,710
Other Equipment	-	-	30	9,582	-	-	-	-	30	9,582
TOTAL Mobile Asset	-	-	**23,448**	**7,337,061**	-	-	-	-	**23,448**	**7,337,061**
Transportation										
Vehicles	-	-	685	24,810,519	-	-	-	-	685	24,810,519
TOTAL Transportation	-	-	**685**	**24,810,519**	-	-	-	-	**685**	**24,810,519**
TOTAL	-	-	**29,665**	**16,300,270,194**	-	-	-	-	**29,665**	**16,300,270,194**

During the financial year, the government embarked on a comprehensive exercise to verify and register the assets of the Federal Government of Somalia. Consequently, the SFMIS asset module has now been enhanced and integrated with other modules of the SFMIS to ensure that asset data can be generated directly from the SFMIS. It is expected that completeness of the statement will be reasonably achieved in the FY 2022 to start including the Government Non-current assets in the FGS balance sheet together with the stock of public debt.

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