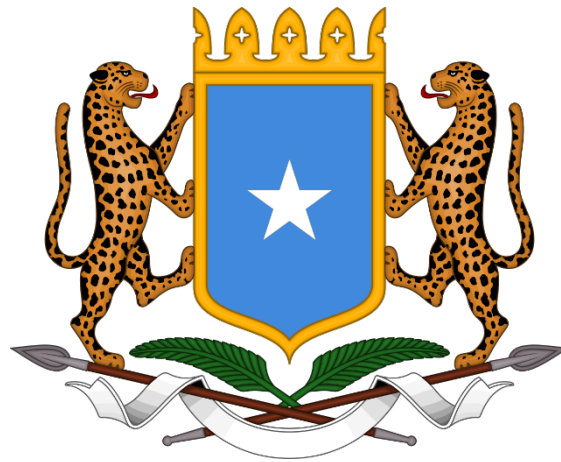


THE FEDERAL GOVERNMENT OF SOMALIA

Office of the Accountant General



**Reports and Financial Statements for the year
ended 31 December 2019**

FEDERAL GOVERNMENT OF SOMALIA
Reports and Financial Statements - for the year ended December 31, 2019

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I. STATEMENT OF THE MINISTER OF FINANCE

The Public Financial Management (PFM) of Somali Federal Government is continuing to undergo major reforms aimed at increasing transparency, streamlining accountability and improving overall financial management in line with international standards and best practices. Included in these practices as is in many other developing countries are;

1. The financial management cycle of the Federal Government starts with preparation of the Annual Budget statement which is approved by the Federal Parliament of Somalia;
2. The annual budget is prepared on the basis of the resources available and priorities of the FGS;
3. The Accountant General is responsible for the regulation and preparation of annual financial statements;
4. Every year the Auditor General of the FGS certifies the financial statements;
5. Audited financial statements and the Auditor General's report are laid before the parliament; and
6. These reports are scrutinised by the Public Accounts Committee of the Federal Parliament who then reports back to the Federal Parliament for approval.

The recent PFM reform initiatives are structured around the PFM Reform Strategy and Action Plan 2016-2020 and the interventions of Federal Government and the various development partners have provided a strong impetus for the reform agenda with substantial progress made in building a solid foundation for PFM in a short time span. An important milestone that has been achieved has been the enactment of a modernized PFM law by the Federal Government, marking the first legal reforms in this area for more than a half a century. The new PFM law and the associated financial regulations will go a long way to address the critical needs of efficiency and effectiveness of public financial management and that the PFM functions are in conformity with internationally recognized standards and best practice.

Other key reforms undertaken recently have included i) Successful conclusion of the IMF Staff Monitoring Program (SMP) and commencement of the Extended Credit Facility (ECF) program, ii) Implementation of program based budgeting (PBB) on a pilot basis, iii) Strengthening of the commitment control system through the SFMIS functionalities to curb build-up of expenditure arrears and limiting cash advances to MDAs, iii) improvement in the payment process with the introduction of Electronic Funds Transfer (EFT) where payment instructions are now generated through the SFMIS and automatically transmitted to the Central Bank of Somalia, directly to the credit of supplier bank accounts, iv) Strengthening of the Treasury Single Account (TSA) framework resulting in the closure of all inactive and unnecessary MDA accounts, v) Strengthening the Payroll management and controls with the completion of the biometric registration for both non-security and security staff and also ensuring that all employee salaries are paid directly into their bank accounts, vi) Preparation of accounts by individual public bodies in full compliance with the Cash Basis IPSAS (2017), and vii) the implementation of a number complementary PFM capacity building interventions for the various PFM functions.

While recognizing the remarkable success in building the PFM systems, challenges remain and particularly now with the outbreak of the coronavirus and the unprecedented containment measures being taken worldwide that will adversely affect the global economy. The COVID-19 pandemic will bring about disruption to economic activity and undoubtedly will test public financial management (PFM) systems in many ways and the Federal Government will take appropriate measures as may be warranted in order to safeguard and ensure fiscal stability by preparing and strengthening the PFM systems to respond to the evolving challenges.



.....
Dr. Abdurahman Dualeh Beileh
HE, Minister of Finance

I. STATEMENT OF RESPONSIBILITIES

The financial statements set out from page 20 to page 39 have been prepared in line with the provisions of the Financial and Accounting Procedure Regulations of the State (FAPRS) of 1961 (as amended in 1972) and in accordance with the requirements of the Cash Basis IPSAS, as revised in 2017.

In accordance with Article 1 of the amended Regulations for the Accounts of the State of 27 December 1971, the Accountant General is required to prepare the final accounts of the State in accordance with Article 26 of the Financial and Accounting Procedure Legislative Decree of 1961 (as amended) and submit them to the Magistrate of Accounts for Audit.


Under the Articles 25, 155 and 156 (a) to (h) of the FAPRS of 1961 (as amended), the Annual Accounts shall contain such accounts, data and information as may be necessary to show the results of the management of the budget, a comparison between the estimated and the actual revenues and expenditures and any other information prescribed in the regulation.

Article 27 of the same FAPRS requires the Magistrate of Accounts (Auditor General) to audit the annual financial statements of the Federal Government of Somalia and submit an audit report, along with the financial statements, to the National Assembly (Federal Parliament) not later than 30 June of the year immediately following the year under audit. Further and in line with Articles 1 of the amended Regulation for the Accounts of the State of 27 December 1971, the Accountant General shall advise the Secretaries of State (Ministers) on the accounting system to be adopted in their Ministries and inform the Secretary of State for Finance (Minister of Finance) of any case in which, in his/her opinion, the system is unsatisfactory. In line with this article, the Accountant General adopted and continues to apply internationally accepted accounting standards in the preparation of the accounts of the government and has used the Cash Basis IPSAS in the preparation of these financial statements.

Accordingly, and in reference to Article 156 of the amended decree of 1971, I am pleased to submit the annual financial statements of the Federal Government of Somalia for the financial year ended December 31st 2019 as required by the law.

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, which have been properly kept.

To the best of my knowledge these financial statements of the Federal Government of Somalia as at 31 December 2019 have been prepared in accordance with the Financial and Accounting Procedure Legislative Decree of 1961 (as amended).


.....
Fatuma Osman Farah,
Accountant General



FEDERAL GOVERNMENT OF SOMALIA

Reports and Financial Statements - for the year ended December 31, 2019

III. EXECUTIVE COMMENTARY

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, 2019 in the statement of receipts and payments. The Financial Statements further summarise all financial transactions for the year ended 2019 and the FGS's financial cash position at the year ended 31st December 2019. These statements have been prepared by the Accountant General of the Federal Government of Somalia at the federal level and including financial information related to all government Ministries and Agencies.

The 2019 financial statements focus on reporting, primarily budgeted activities of the FGS for which an Annual Budget Statement was prepared for and authorised by the Federal Parliament of Somalia for the fiscal year of 2019. 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 Ministries, Departments and Agencies, MDAs which directly and indirectly receive budget allocations from the Federal Government of Somalia. These MDA entities are listed in **Note 16** of this report.

Disclosure has also been made to by including a report on the extrabudgetary funds consolidating the financial information that some MDAs managed to provide in respect of their extrabudgetary transactions.

Following the completion of the verification exercise, statements of expenditure arrears (payroll) and public debt have now been provided as supplementary information to the financial statements.

Format of the Financial Statements and additional disclosures

Financial statements of the Federal Government of Somalia have been prepared on the basis of the International Public Sector Accounting Standard, IPSAS 2017. The accounts of the FGS are maintained on a cash accounting basis. Activities and their related transactions are recognised when cash receipts and payments are made. The financial statements for the financial year have been compiled and presented in order to make a fair presentation of all relevant FGS's financial information. The financial statements that have been prepared as required by part I of the Cash Basis IPSAS, are:

- **Statement of Cash Receipts and Payments**
 - o This is a statement of financial performance and measures 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.

FEDERAL GOVERNMENT OF SOMALIA

Reports and Financial Statements - for the year ended December 31, 2019

- **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 budget amounts and the actual amounts for the year based on the GFS economic classification. The statements are prepared to provide information on the extent to which resources were obtained and used in accordance with the approved budget by the Federal Parliament of Somalia.
- **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.
- **Notes to the Financial Statements**
 - Notes to the financial statements assist in understanding the principal financial statements. The notes comprise a summary of significant accounting policies and other explanatory information. They also disclose information required by IPSAS which is not presented on the face of the principal financial statements.

In order to meet the requirements of the the Financial and Accounting Procedure Regulations of the State (FAPRS) of 1961 (as amended in 1972) and also to supplement the financial information provided under the cash basis of accounting, the following financial statements and disclosures have been provided so as to provide more information necessary for accountability and decision making purposes .

- **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 fixed assets.
- **Statement of Assets and Liabilities**
 - This is a statement of financial Position which details the net assets (the difference between total assets and total liabilities) of the Government. Currently the statement provides information about the financial assets including cash position of the FGS and liabilities excluding public debt.
- **Statement of payments by functions of government**
 - This is a statement comparing the budget and government spending during the financial year based on the Division Classification of Government outlays by functions of Government (COFOG). The statement identifies the purpose of spending by the Federal Government.
- **Statement of expenditure arrears (Payroll)**
 - 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.
- **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. The statement makes a distinction between multilateral and bilateral creditors. Bilateral creditors are further broken down into Paris and Non-Paris club creditors.
- **Statement of Extrabudgetary funds**
 - The statement of extrabudgetary funds is a summary of the statements prepared and submitted by the MDAs to the Accountant General in respect of funds operated outside the national budget.

FEDERAL GOVERNMENT OF SOMALIA
Reports and Financial Statements - for the year ended December 31, 2019

Financial Statement Highlights and Analysis

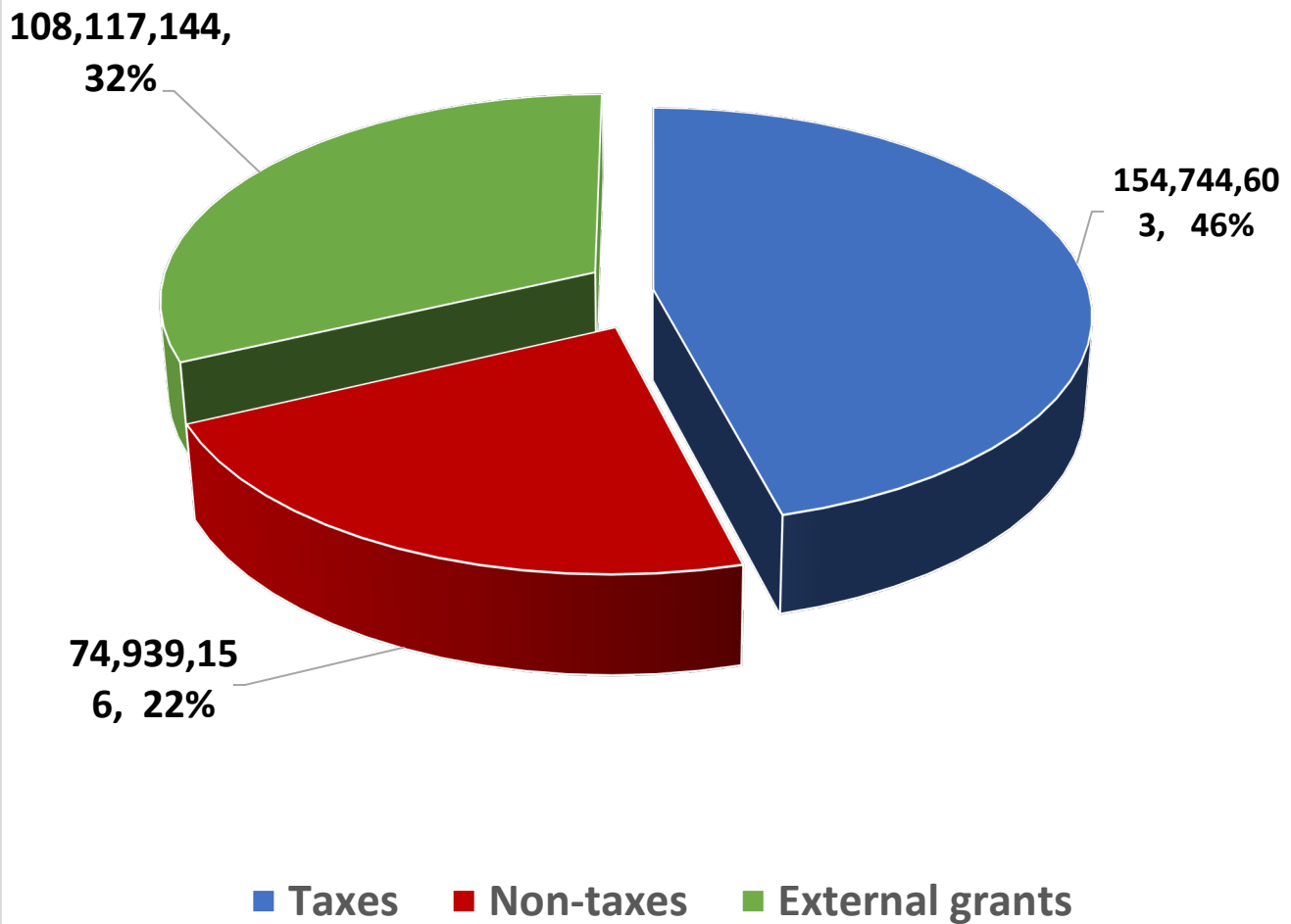
FINANCIAL PERFORMANCE	December 31,2019	December 31,2018
	\$	\$
Total Revenue	337,800,903	295,333,647
Total Expenditure	315,638,470	268,521,523
Surplus	22,162,433	26,812,124
Original Budget-Expenditure	344,199,037	274,630,191
Revised Budget (Mid-year Revision)	390,158,833	297,072,158
Actual Expenditure	315,638,471	268,521,523
Under Spending (Budget Savings)	74,520,363	28,550,635

Revenue Analysis

The Federal Government of Somalia's total revenue has increased significantly from \$295M in 2018 to \$338M in 2019 financial year. This represents for the government an extra income of \$43M, (15%) in just a twelve-month period. 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 organisations. During 2019, the FGS generated an income of \$230M from taxation and fees. This is a significant increase, which equates to 25%, has netted the FGS with an additional \$46M worth of cash, from last year 2018 position of \$183M.

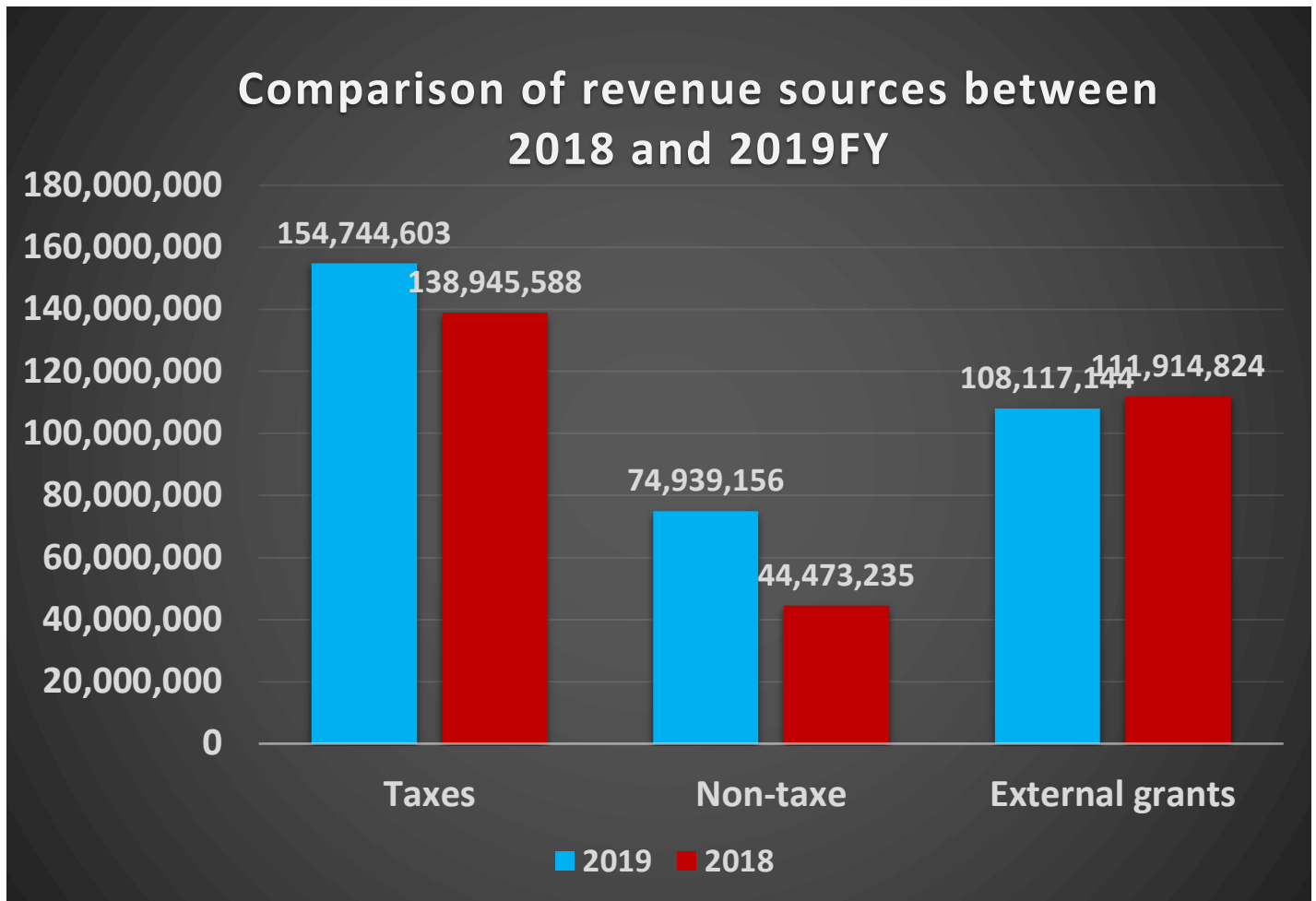
The following pie chart further highlights, for the year ended 31st December 2019, the revenue from internal generations (taxes and fees) stand at 68%, (\$230M of \$338M) of the total revenue of the FGS. This is up 6% from a base of 62% (\$183 of \$295M total) in the financial year, 2018.

Sources of FGS revenue 2019FY



Non – Tax Receipts

The financial year 2019 saw non-tax receipts increasing by a big margin when compared to the previous financial year, 2018. The current year's non-tax revenue (domestic receipts) stands at \$75M up from \$44M last year, in the same period. This upward movement of \$31M in this category of the revenue has mainly come from harbour and over flights fees. As depicted in the pie chart above the domestic receipts rank number three as the revenue items or income earners for the Government. Further illustration and comparisons between current year and last year is highlighted by the following Graph.



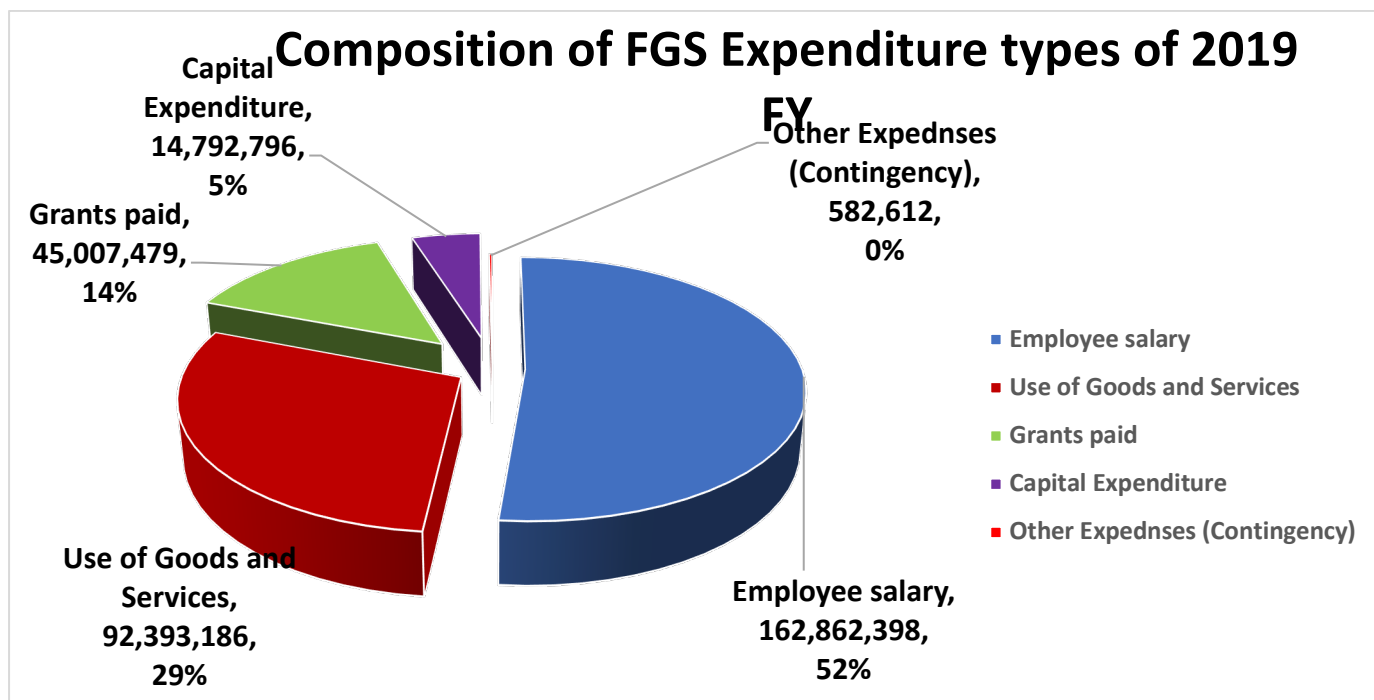
External Assistance

External assistance and grants from bilateral and multilateral are significant sources of funds and contribute to the government’s purse and budget. As illustrated by the above diagram the actual money received this year is lower than the sum transferred to the FGS by its partners last year, 2018. There has been, in total, a decrease of \$3.8M, (3%), in the contribution by the Development Partners for the year under review.

Expenditure Analysis

The FGS’s payments fall into three distinct categories; recurrent, capital expenditure and grant paid to sub-national governments. The recurrent expenses or costs are primarily manpower related expenses and cost on goods and services for operations. The following pie chart summarises the major areas of cost incurred by FGS. The total payments made in the year amounted to \$315M. For comparison, \$269M was spent in 2018 on the same classes of expenses. Overall, the FGS has increased its expenditure by \$47M, (17%), with the highest jump coming from expenses on compensation to employees which has seen an upturn in the year of \$20M to \$163M. In the 2019 financial year, as per last year too, the biggest expenditure pool is the manpower; salaries and employees benefits which reached \$163M, (52%) of the total expenditure, down by 1% from 53% in 2018.

The Second highest cost is payment on goods and services, 29% of total expenses. The diagram below shows Expenditure categories, their values and percentages of the total payments made in the year by the FGS.



Capital Expenditure Analysis

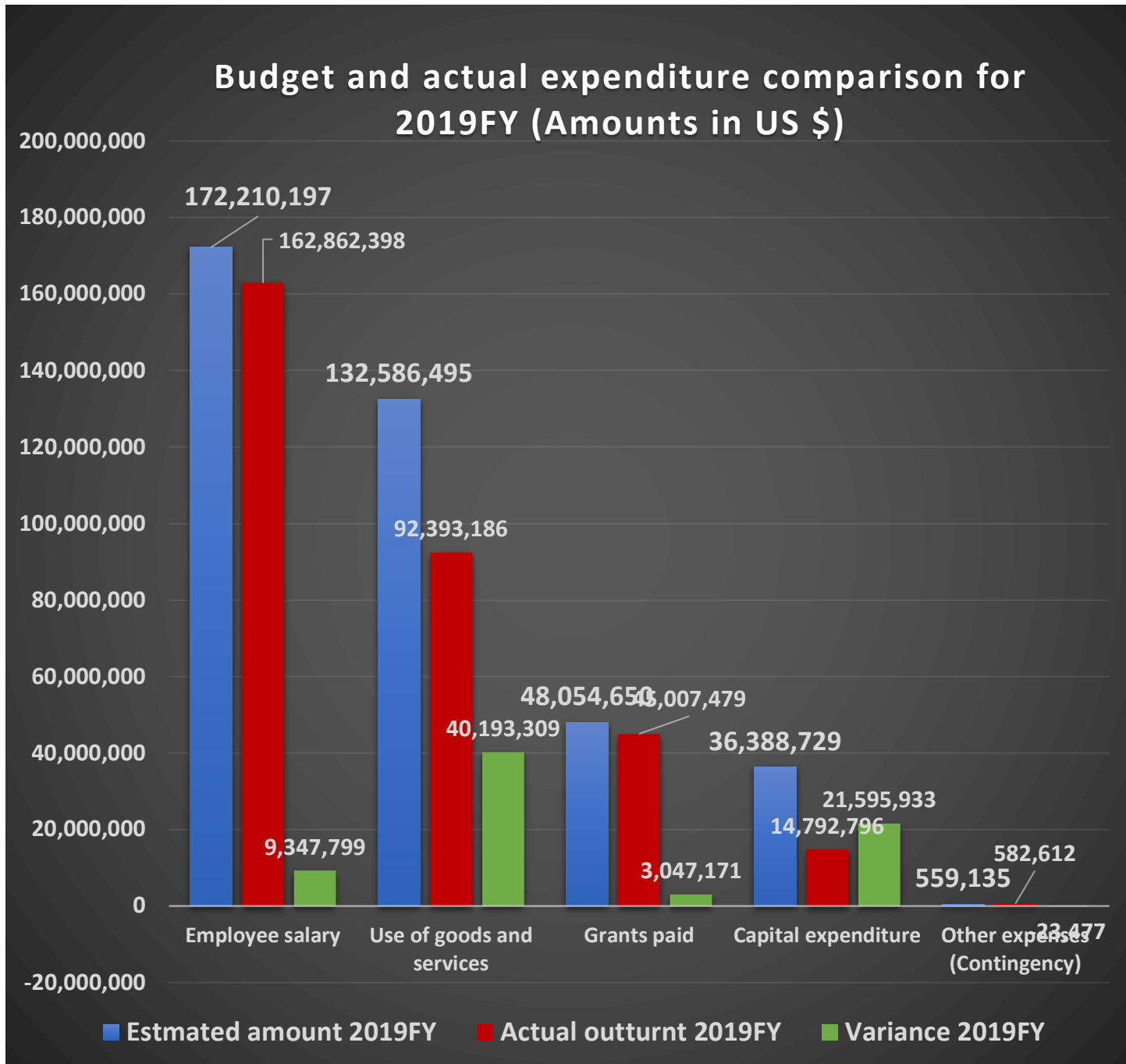
The capital expenditure balance went up by 50% in 2019 from \$10M in the previous year. The FGS spent \$15M on purchasing; plants, vehicles, equipment and other fixed assets. The following Graph exhibits the capital cost and percentage of the share of the overall FGS's expenditure. Because of adoption of IPSAS, cash based accounting standards all expenses pertaining to the capital expenditure are expensed in the year of acquiring the assets.

Budget and Actual Expenditure Analysis

The Annual budget of the FGS is the principal document by which the Government sets out its financial plan for the following year. The financial plan costs (i.e. expenditure) all expected cash outflow and how much revenue to raise to finance expenditure. The original budget or financial plan approved by the Federal Parliament for the budgeted expenditure for the year was \$344M. The budget amount was revised upward in August 2019, to \$390M, (13%) increase. Despite the increase in the budget the total actual expenditure in the year went down by 19% with a saving of \$74M (Budget \$390M and actual \$315M).

The graph below depicts the allocations and actual payments of each category of the expenditure. All categories show healthy savings in the year against planned amounts. Budget heading, goods and services leads the way with respect to the year's savings; with over \$40M in favourable variance. In a second place is the capital budget which posted \$22M a saving. Expenses on employees also show a drop of \$9M against budget for the year, 2019.

FEDERAL GOVERNMENT OF SOMALIA
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A commitment control system is in place and is implemented through the Somali Financial Management Information System (SFMIS) with adequate system controls to ensure that no expenditure can be incurred in excess of the approved budget as may be revised through reallocations and supplementary budget. **The system therefore ensures that there are no unfavourable expenditure variances.**

Net financial worth

The Federal Government's net financial worth increased by \$23.4 million in 2019 from a negative net worth of \$ 22.4 million at the end of 2018 to a positive net financial worth of \$1 million as at 31 December 2019.

FEDERAL GOVERNMENT OF SOMALIA
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Table: Statement of Financial Assets & Liabilities (Balance sheet)

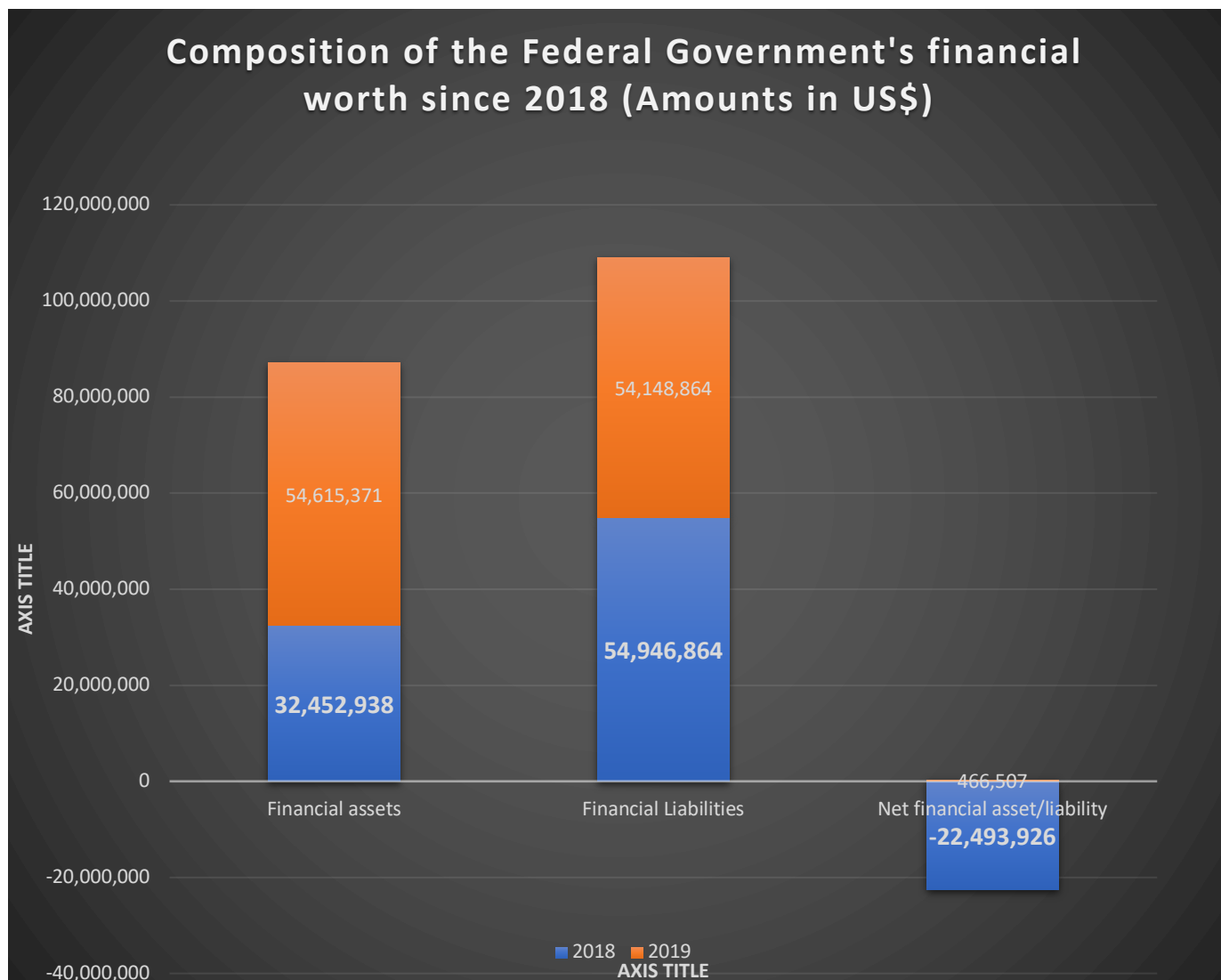
	2019 \$m	2018 \$m	Change \$m	Change %
Cash & Cash Equivalents	54.6	32.5	22.1	68.0
Receivables	-	-	-	-
Total assets	54.6	32.5	22.1	68.0
Payables.	-	-	-	-
Expenditure arrears	53.6	54.9	1.3	0.02
Total liabilities	53.6	54.9	1.3	0.02
Net financial worth	1.0	(22.4)	23.4	104%

(a) Net financial worth equals total financial assets minus total financial liabilities excluding external debt.

(b) Expenditure arrears are liabilities that have so far been verified as outstanding over the years until the end of the 2018FY in respect of the provision of goods and services including employee costs. Payables would relate to bills incurred in 2019 and remain unpaid by the close of the financial year.

The chart below shows the composition of the Federal Government's financial worth since 2018.

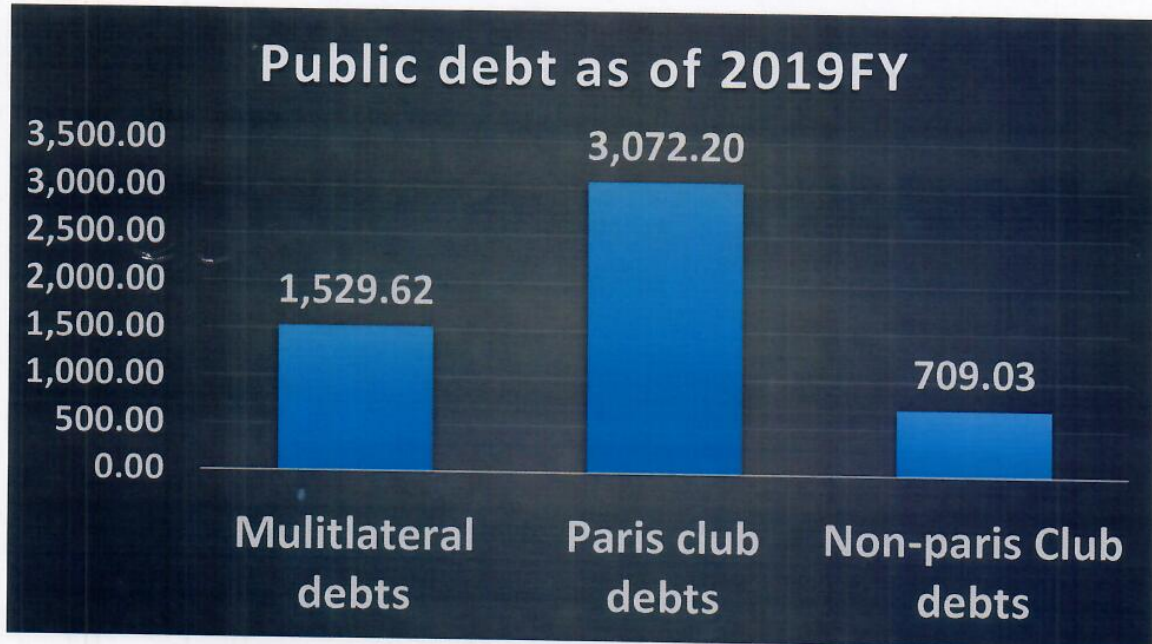
Chart: Financial assets and liabilities since 2018



Public Debt

At the end of 2019 financial year and following a verification exercise, the public and publicly guaranteed external debt of the FGS was estimated at US\$5.3 billion, including US\$5.1 billion in arrears, in nominal terms. Multilateral creditors accounted for 29 percent of the total debt stock in nominal terms. The Paris Club creditors, with the United States as the major creditor, accounted for 58 percent of total nominal debt at end-2019. Non-Paris Club official creditors are Algeria, Bulgaria, Iraq, Kuwait Fund for Arab Economic Development, Libya, Romania, Saudi Fund for Development, Serbia, and United Arab Emirates, accounting for an estimated 13 percent of total external debt. As of end of the 2019 financial year, 96 percent of FGS' external debt is in arrears.

The external debt composition of the Federal Government of Somalia is shown in the Chart below.



Post Reporting Date Events

The Federal Government has been working on a program of debt relief as part of the HIPC initiative with International Financial Institutions such as the World Bank, IMF and AfDB and other Debt holders; bilateral lenders, and National Governments. In the past few months the FGS has managed to receive a debt relief worth \$2.2Billion from these institutions and governments it owes money. The full details of the debt relief and the way forward regarding the balance of debt will be disclosed in next's year financial statements.


Fatuma Osman Farah
Accountant General



II. STATEMENT OF CASH RECEIPTS AND PAYMENTS

	Notes (Sec. X)	31-Dec 2019 US \$	31-Dec 2018 US \$
			(As restated) ¹
RECEIPTS			
Tax Receipts	3	154,744,603	138,945,588
Non – Tax Cash Receipts	4	74,939,156	44,473,235
External Assistance Grants	5	108,117,144	111,914,824
TOTAL RECEIPTS		337,800,903	295,333,647
PAYMENTS			
Compensation of employees	6	162,862,398	143,071,787
Use of goods and services	7	92,393,185	80,635,606
Consumption of fixed assets	8	14,792,796	9,869,867
Grants paid/transferred	9	45,007,479	30,837,538
Other payments	10	582,612	4,106,725
TOTAL PAYMENTS		315,638,470,	268,521,523
(Deficit)//Surplus for the year		22,162,433	26,812,124
Cash at beginning of the year – 1 January	11	32,452,938	5,640,814
Cash at the end of the year – 31 December	11	54,615,371	32,452 938
Comprising:-			
a) Buffer Fund	11	33,250,281	19,037,412
b) Project Funds	11	9,584,401	13,259,169
c) TSA Main Account & MDA TSA Sub-Accounts	11	11,780,689	156,357
		54,615,371	32,452,938

The accounting policies and explanatory notes from pages 20 to 39 to these financial statements form an integral part of the financial statements.

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Fatuma Osman Farah
Accountant General



¹ Some balances have been re-stated as detailed in **Note 14 to the financial statements**

III. STATEMENT OF CASH FLOWS

	Notes (Sec. X)	31-Dec 2019 US \$	31-Dec 2018 US \$
			(As restated) ²
Receipts from operating activities			
Receipts			
Tax Receipts	3	154,744,603	138,945,588
Non – Tax Receipts	4	74,939,156	44,473,235
External Assistance Grants	5	108,117,144	111,914,824
Total receipts from operating activities		337,800,903	295,333,647
Expenses			
Compensation of employees	6	162,862,398	143,071,787
Use of goods and services	7	92,393,186	80,635,607
Grants paid/transferred	9	45,007,479	30,837,538
Other payments	10	582,612	4,106,725
Total payments from operating activities		300,845,675	258,651,656
Net cash flow from operating activities		36,955,228	36,692,624
Cash outflow from Investing Activities			
Acquisition of fixed assets	8	(14,792,796)	(9,869,867)
Net cash outflow from Investing Activities		(14,792,796)	(9,869,867)
Cash flow from Financing Activities			
Proceeds/Repayment of borrowings		0	0
Net cash flow from financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		22,162,433	26,812,124
Cash and cash equivalents at beginning – 1 January	11	32,452,938	5,640,814
Cash and cash equivalents at year end- 31 December	11	54,615,371	32,452,938

As indicated under note 11 and out of a total of US 54, 615,371, a total amount of US \$ 42,834,682 (FY 2018: US \$ 32,296,581) are restricted balances for externally financed projects and for the Buffer Fund.

The accounting policies and explanatory notes from pages 20 to 39 to these financial statements form an integral part of the financial statements.

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Fatuma Osman Farah
Accountant General



² Some balances have been re-stated as detailed in Note 14 to the financial statements

IV. STATEMENT OF BUDGET COMPARISON AND ACTUAL AMOUNTS

	Original Budget US \$	Revised US \$	Final Budget US \$	Actual Outturn US \$	Variance US \$	% Variance
RECEIPTS						
Tax Receipts [note 3]	135,200,000	10,925,000	146,125,000	154,744,603	8,619,603	6%
Non Tax Receipts [note 4]	54,650,000	20,589,842	75,239,842	74,939,156	(300,686)	(0.4%)
Bilateral Sources - Grants [note 5]	30,000,000	5,100,000	35,100,000	36,416,829	1,316,829	4%
Multilateral Sources - Grants [note 5]	124,349,036	9,344,956	133,693,991	71,700,315	(61,993,676)	(46%)
Total Cash Receipts	344,199,036	45,959,797	390,158,833	337,800,903	(52,357,930)	(13%)
Recurrent Expenses						
Compensation of employees [note 6]	158,318,071	13,892,126	172,210,197	162,862,398	9,347,799	5%
Use of goods and services [note 7]	119,444,475	13,143,636	132,588,111	92,393,185	40,194,925	30%
Subsidies	-	358,012	358,012	-	358,012	100%
Grants paid [note 9]	35,974,502	12,080,148	48,054,650	45,007,479	3,047,171	6%
Social benefits	352,680	(352,680)	-	-	-	-
Other expenses [note 10]	2,500,000	(1,940,865)	559,135	582,612	(23,477)	(4%)
Total Recurrent Expenditure	316,589,728	37,180,377	353,770,105	300,845,675	52,924,430	15%
Capital Expenditure						
Capital [note 8]	27,609,309	8,779,420	36,388,729	14,792,796	21,595,933	59%
Total Capital Expenditure	27,609,309	8,779,420	36,388,729	14,792,796	21,595,933	59%
Total Expenditure	344,199,037	45,959,797	390,158,833	315,638,470	74,520,363	19%
Surplus/ (Deficit)	0.00	0.00	0.00	22,162,433	22,162,433	

The revision of the budget was largely as a result of expected increase in the revenue of the Federal Government including the introduction of a new project: Somalia Shock-Responsive Social Safety Net Project during the year with a budget of US\$ 15,853,877

The domestic revenue and bilateral revenue both increased by 6% and 4% respectively. However, the multilateral revenue decreased by 46% due to anticipated project funds that did not materialize.

The capital expenditure was under utilized by 59%, for the reason being that funds were restricted to specific purposes and not utilized.

The overspending relating to other expenses involves a refund that was not budgeted for that was made to the World Bank in respect of an unutilized amount of \$170,362 on the designated bank account for phase 1 of the S2S project following closure of the project and the designated account was closed.

The accounting policies and explanatory notes from pages 20 to 39 to these financial statements form an integral part of the financial statements.

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Fatuma Osman Farah
 Accountant General



V. STATEMENT OF PAYMENTS BY FUNCTIONS OF GOVERNMENT

<i>Functions of Government based on the GFS 2014 classification</i>	<i>Budgeted Expenditure For the Federal Government Budget Sector Entities</i>	<i>Actual Payments</i>	<i>Actual Payments</i>
	Year ended 31 Dec 2019	Year ended 31 Dec 2019	Year ended 31 Dec 2018
	US \$	US \$	US \$
Payments- Recurrent			
Education Services	14,913,008	12,482,277	7,056,913
Health Services	5,256,030	2,681,401	1,168,173
Social Security and Welfare	7,473,545	4,257,060	2,323,902
Defense	64,990,236	58,959,490	64,642,081
Public Order and Safety	83,760,713	73,479,564	62,651,019
Recreation, Culture and Religion	2,374,474	2,276,364	1,401,690
Economic Affairs	40,855,533	21,615,911	16,946,986
General Public Service	134,146,565	124,923,136	102,460,890
Total Payments-Operating	353,770,104	300,675,203	258,651,654
Payments-Capital			
Education Services	1,952,774	1,133,941	894,648
Health Services	1,000,000	-	-
Defense	40,650	12,000	-
Public Order and Safety	60,920	60,000	-
Social Security and Welfare	2,223,899	1,333,921	49,409
Recreation, Culture and Religion	-	-	-
Economic Affairs	6,280,196	1,145,751	1,949,912
General Public Service	24,830,290	11,107,183	6,975,899
Total Payments-Capital	36,388,729	14,792,796	9,869,868
Total Payments	390,158,833	315,467,999	268,521,523
Refund of funds upon closure of S2S project	-	170,362	-
Total payments	390,158,833	315,638,361	268,521,523

The accounting policies and explanatory notes from pages 20 to 39 to these financial statements form an integral part of the financial statements.



Fatuma Osman Farah
 Accountant General



FEDERAL GOVERNMENT OF SOMALIA
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VIII. GENERAL INFORMATION AND ACCOUNTING POLICIES

(i) 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
Shanagni District
Mogadishu
Somalia

The principal activities of the Government and its controlled entities are providing quality government services.

The relevant legislation governing the Government's operations are the FGS laws currently underpinned by:-

- a) The Appropriation Act, 2019; and
- b) Financial and Accounting Procedures Regulations of 1961 of the State as amended 1971.

(ii) 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) Statement of Compliance with the State Finance and Accounting Regulations of 1961

The financial statements have been prepared in accordance with the State Finance and Accounting Regulations of 1961 and related legal framework. These financial statements have been authorized for issue by the Federal Minister of Finance and the Federal Accountant General on 30th April 2020,

b) Going concern

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

c) Cash Basis IPSAS

Pursuant to Article 156(a) and (h) of the SFAR of 1961, the financial statements have been prepared using the Cash-basis International Public Sector Accounting Standards (Cash Basis IPSAS) (as issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants) and as set out in the accounting policy note below.

The cash basis of accounting has been supplemented with appropriate disclosures for: a) payables that include expenditure arrears and b) stock of public debt.

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d) Reporting entity

The Report and the Financial Statements have been prepared by the Office of the Accountant General pursuant to Articles 156 FAPRS (1961) that empowers the Accountant General to prepare annual financial statements of the Federal Government of Somalia.

These financial statements are for the Federal Government of Somalia and includes transactions with Federal Government entities as specified in the Appropriation Act, 2019; the budget sector entities for that year. A list of the budget sector entities is shown in **Note 16** to these financial statements.

e) Reporting currency

The functional currency of the Federal Government of Somalia is the United States dollar because: (a) government revenues and expenditures are made in that currency; (b) most of the financing is provided in that currency; and (c) bank transactions and balances are principally in the US \$ (the United States Dollar). The US \$ is also the reporting currency.

f) Reporting Period

The Federal Government of Somalia fiscal and financial year runs from 1st January to 31st December, the calendar year. These financial statements are for the period of 1st January 2019 to 31st December 2019. The comparative figures reflect the 12 months period ended 31st December 2018.

g) 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.

h) 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.

i) Recognition of Expenditure

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

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j) Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are 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).

k) Expenditure arrears

An expenditure arrear is a sub-set of accounts payables. An expenditure arrear is an accounts payable that is past its due date. Expenditure arrears are included in the statement of financial assets and liabilities as a separate accounts payable.

l) Property, Plant and Equipment & other non-current assets (Capital items)

Non-current assets principally comprises 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 Asset Registers at historical cost as a memorandum record.

m) 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 2**.

n) Buffer fund TSA sub-accounts

Buffer Fund TSA sub-accounts were 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. During periods of revenue shortfalls and depending on the needs of critical expenditures, amounts are transferred from the Fund to general budget support.

o) Re-statement of financial statements of previous period

Where necessary comparative figures for the previous financial year ended 31 December 2018 have been restated to conform with the requirements of the Cash Basis IPSAS and correction of identified errors.

p) Foreign currency transactions and foreign operations

Foreign currency transactions denominated in foreign currencies are recorded in the United States Dollars 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 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. However, there were no balances of cash, assets and liabilities held in other foreign currencies during the reporting period.

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q) Cash and cash equivalents

Cash and cash equivalents are carried 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.

r) Compensation of Employees

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 payments have been made.

s) Contingencies

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.

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

The approved national budget of the FGS was prepared on a cash basis which is consistent with the accounting basis of these financial statements. The budget used the same classification basis using the GFS, 2014 economic classification for the same period (1st January 2019 to 31st December 2019) as the financial statements. It encompasses the same budget sector entities of the Federal Government of Somalia as identified in **Note 16**.

The original budget of US \$ 344,199,037 was approved by Parliament on **30th December 2018 with serial number 00013/2019** and a supplementary appropriation to increase the budget to US \$ 390,157,218 was approved by Parliament on 2nd August 2019 **under an Act of Parliament cited as the "2019 Fiscal Year Revised Budget Act No.00014/2019** largely as a result of expected increase in the revenue of the Federal Government including the introduction of a **new project: Somalia Shock-Responsive Social Safety Net Project during the year with a budget of US\$ 15,853,877**. The original budget's objectives and policies, the subsequent revisions 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: <http://mof.gov.so/fiscal/>.

u) Authorization Date

The financial statements were authorized for publication on **30th April 2020** by **Dr. Abdirahman Dualeh Beileh**, the Minister of Finance and **Ms. Fatuma Osman Farah**, the Accountant General of the Federal Government of Somalia.

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IX. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. 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.

2. Exchange Rates

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

	Actual 31 Dec 2019 US \$	Actual 31 Dec 2018 US \$
Euros (Euro/\$)	0.885	0.840
Somali Shilling (SOS/\$)	22,500	22,500

3. Tax Receipts

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

	31 Dec 2019 US\$	31 Dec 2018 US\$
Payable Individual	9,744,929	6,870,543
Payable Corporation	1,458,724	1,379,171
Other Income Tax	490,606	386,538
General taxes on goods and services	24,959,917	22,067,983
Customs and other Import duty	90,458,623	86,976,837
Other taxes on international trade and transactions	16,569,175	13,357,545
Taxes payable solely by businesses	11,062,629	7,906,971
Total Tax Revenues	154,744,603	138,945,588

4. Non-Tax Cash Receipts [NTR]

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

	31 Dec 2019 US\$	31 Dec 2018 US\$
Administrative Charges	70,492,976	44,004,157
Harbour fees	4,446,180	469,078
Total Non-Tax Revenue	74,939,156	44,473,235

5. 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

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receipts and payments are only recognized when received by and are under the control of the FGS. The amount of external assistance received in 2019 consists of the following:

	31 Dec 2019 US \$	31 Dec 2018 US \$ <i>(Original)</i>	31 Dec 2018 US \$ <i>(As restated)</i>
Grants received during the year			
Bilateral Agencies	36,416,829	29,533,127	43,593,127
Government of Turkey	15,000,000	20,000,000	20,000,000
Kingdom of Saudi Arabia	-	6,070,868	20,130,868
State of Qatar	21,316,829	3,462,259	3,462,259
Algeria Government	100,000	-	-
Multilateral Agencies	72,188,466	63,344,285	68,332,331
World Bank	37,493,686	49,056,205	49,056,205
European Union (EU) – Budget Support & Police Salaries	29,078,979	13,266,668	18,244,080
African Development Bank	1,926,485	486,120	486,120
UNOPS (Support to stabilization)	1,670,632	535,292	535,292
United Nations – Peace Building Fund	640,590	-	-
Global Partnership for Education	889,943	-	-
Total External Assistance Received during the year	108,117,144	92,877,412	111,914,824

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.

6. Compensation of employees

Compensation of employees comprised of the following:

	31 Dec 2019 US\$	31 Dec 2018 US\$
Employee salaries	44,470,683	40,669,108
Employee allowances	105,662,362	95,914,051
Social contributions	-	306,060
Other employee costs	11,402,763	6,182,568
Arrears - Salaries and Allowances	1,326,590	-
Total compensation of employee costs	162,862,398	143,071,787

The other employee costs are salaries for the staff hired under the Capacity Injection Program.

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7. Use of goods and services

These comprise the following:

	31 Dec 2019	31 Dec 2018
	US\$	US\$
Utilities	6,200,097	4,880,259
Rent expenses	1,781,418	1,395,829
Fuel and lubricants	5,253,989	4,690,179
Repairs and maintenance	2,264,793	1,274,232
Office Materials and other consumables	3,178,163	2,658,348
Travel expenses	8,737,764	4,175,160
Education expense	1,281,277	829,514
Training expense	1,140,522	680,067
Consulting and Professional fees	8,144,302	8,313,192
Audit fees	73,937	373,275
Bank Commission	6,091,644	4,862,910
Insurance Charges /premium	-	5,320
Health and hygiene	933,242	1,117,549
Military material supplies and service	628,818	1,746,000
Other specialized material and service	3,047,185	1,276,360
Special Operational Service	8,204,769	4,406,845
Other General Expense	35,431,266	37,950,568
Total Use of goods and services	92,393,186	80,635,607

8. Consumption of fixed assets

As explained in accounting policy (i) , all non current assets acquired during the year are expensed during the year of purchase [fully depreciated in the year of purchase]. The value of capital expenditure acquired during the financial year and expensed comprised of the following:

	31 Dec 2019	31 Dec 2018
	US\$	US\$
Non – residential buildings	682,500	-
ICT infrastructure, hardware, networks, facilities	428,366	99,283
Other fixed assets	13,560,223	280,176
Transport equipment	1,950	8,908,907
Machinery and other equipment	35,030	-
Intangible assets	84,727	581,499
Total Capital expenditure expensed	14,792,796	9,869,867

9. Grants paid

The Government paid grants during the year to the following:

	31 Dec 2019	31 Dec 2018
	US\$	US\$
To foreign governments	-	608,099
To international organizations as membership contributions	1,444,631	116,000

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	31 Dec 2019	31 Dec 2018
	US\$	US\$
To other general government units & sub-national governments		
Somaliland	200,000	-
Puntland Sate of Somalia	6,806,439	4,674,129
Jubbaland State of Somalia	4,419,223	2,204,151
South West State of Somalia	6,418,014	3,397,591
Galmudug State of Somalia	4,510,815	1,809,111
Hirshabelle State of Somalia	5,198,095	2,988,423
Benadir-Mogadishu City	16,010,262	15,040,33
Total grants for the year	45,007,479	30,837,538

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

10. Other payments

These comprised of the following:

	31 Dec 2018	31 Dec 2017
	US\$	US\$
Other Expenses [Contingency]	412,140	4,106,725
Refund of donor funds on closure of project	170,362	
Total of other expnses paid during the year	582,502	4,106,725

There was a refund to the World Bank in respect of an unutilized amount of \$170,362 on the designated bank account for phase 1 of the S2S project following closure of the project and the designated account was closed. Accordingly in the project individual financial reports, the adjustment is presented as a deduction against the cumulative amount disbursed during the duration of the project.

11. Cash and Cash equivalents

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.

Details of the cash balances are provided as follows:-

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	31 Dece 2019	31 Dec 2018
	US\$	US\$ (As restated)
Treasury Single Account and sub-accounts		
Treasury Main Account	1,558,226	156,357
African Development Bank Phase II	5,044	333,060
Capacity Injection Project	40	157,252
ICT Phase 2	503,231	564,114
ICT – Puntland	48,957	212,120
PFM Phase 2 Scaled up	108,038	271,295
RCRF Phase 2 FGS Bank	1,773,157	3,046,174
RCRF Phase 2 Regions	2,482,766	741,753
RCRF Surge Support	1,877,181	7,059,724
SCORE Project	137,346	75,091
SFF-LD Project UN	520,318	97,303
SFF-LD World Bank	93,611	330,198
SURP Project	191,863	129,793
Support to Stabilization Project (S2S)	-	241,292
Support to Stabilization Project (S2S) – Phase II	655,056	-
EU Buffer Funds	12,006,969	4,977,412
Kingdom of Saudi Arabia (KSA) Buffer Funds	7,885,300	14,060,000
SCALED – UP	633,807	-
Civil Aviation External	10,206,425	-
Armed Forces	3,257	-
Police	12,769	-
Education Sector Program Implementation Grant	111,401	-
SEAP Project	50,082	-
SIEPMID Project	365,456	-
Somalia Petroleum Technical Assistance Project	1,893	-
SUIPP -AF Project	25,164	-
Qatar Buffer Funds	13,358,012	-
Total cash and cash equivalents	54,615,371	32,452,938

Out of the above balances, a summary of restricted cash balances at the year-end comprises the following:-

	31 December 2019	31 December
	US \$	2018
		US \$
For the Buffer Fund	33,250,281	19,037,412
For designated externally projects	9,584,401	13,259,169
Total restricted cash balances at the end of the year	42,834,682	32,296,581

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12. Payables

These comprise of:

	31 Dec 2019	31 Dec 2018
	US\$	US\$
DOMESTIC PAYABLES		
Payroll arrears	53,620,274	54,946,864
Total domestic payables	53,620,274	54,946,864
FOREIGN PAYABLES		
Other accounts payables	-	-
Total payables	53,620,274	54,946,864

Details of the payroll arrears are provided in Annex 2 - statement of expenditure arrears.

13. Accumulated Funds

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

Accumulated surplus (deficits)	31 Dec 2019	31 Dec 2018
	US\$.	US\$ (restated) ³
At beginning of the year, 1st January		
Opening balances	(22,493,926)	5,640,814
Surplus for the year- Statement of Cash Receipts and Payments	22,162,433	26,812,124
Payroll arrears	1,326,590	(54,946,864)
At end of the year, 31st December	995,097	(22,493,926)

14. Restatement of audited financial statements for the year ended 31 December 2018

14.1. Re-statement of Statement of Cash Receipts and Payments for FY 2018

	Original statement 31 December 2018 US \$	Adjustment US \$	Restated 31 December 2018 US \$
Receipts			
Tax Receipts	138,945,588		138,945,588
Non - Tax Cash Receipts	44,473,235		44,473,235
External Grants	92,877,412	19, 037,412	111,914,,824
Total receipts	276,296,235	19, 037,412	295,333,647
Payments			
Compensation of employees			143,071,787
Use of goods and services			80,635,606
Consumption of fixed assets			9,869,867
Grants paid/transferred			30,837,538
Other payments (contingency)			4,106,725
Total payments			268,521,523

³ Surplus for the year 2018 was restated as indicated in note 14.

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Surplus (deficit) for the year	7,774,711	19, 037,412	26,812,124
Cash surplus (deficit) at 1 January	5,640,814		5,640,814
Surplus (deficit) for the year as above	7,774,711	19, 037,412	26,812,124
Surplus (deficit) at year-end, 31 December	13,415,525	19, 037,412	32,452,938

14.2. Re-statement of Statement of Cashflows for FY 2018

	Original statement 31 December 2018 US \$	Adjustment US \$	Restated 31 December 2018 US \$
Receipts			
Tax Receipts	138,945,588		138,945,588
Non - Tax Cash Receipts	44,473,235		44,473,235
External Grants	92,877,412	19, 037,412	111,914,824
Total receipts from operating activities	276,296,235	19, 037,412	295,333,647
Payments			
Compensation of employees	143,071,787		143,071,787
Use of goods and services	80,635,607		80,635,606
Grants paid/transferred	30,837,538		30,837,538
Other payments (contingency)	4,106,725		4,106,725
Total payments from operating activities	258,651,656		258,651,656
Net cash in (out) flow from operating activities	17,644,579	19, 037,412	36,692,625
Cash outflow from Investing Activities			
Acquisition of fixed assets	(14,792,796)		(9,869,867)
Net cash outflow from Investing Activities	(14,792,796)		(9,869,867)
Cash flow from Financing Activities			
Proceeds/Repayment of borrowings	0	0	0
Net cash flow from financing activities	0	0	0
Net increase/(decrease) in cash balances	7,774,712	19, 037,412	26,812,124
Beginning cash balances – 1 Jan	5,640,814		5,640,814
Net increase/(decrease) in cash balances	7,774,712	19, 037,412	26,812,124
Cash balances at year end – 31 December	13,415,526	19, 037,412	32,452,938

14.3. EU Grants transferred to the Buffer Fund in 2018

During the financial year ended on 31 December 2018, the EU provided financial assistance to the Federal Government of Somalia US \$ 18,254,714. Of that amount provided, an amount of US \$4,977,412 was transferred to a CBS corresponding Bank Account in Ziraat Bank in Instabul, Turkey as part of the Buffer Fund. This amount of US \$ 4,977,412 had not been reflected in the audited financial statements for the year ended 31 December 2018. The audited financial statements have now been re-stated accordingly.

14.4. KSA Grant transferred to the Buffer Fund in 2018

During the financial year ended on 31 December 2018, the Kingdom of Saudi Arabia provided financial assistance to the Federal Government of Somalia US \$ 20,130,863. Of that amount provided, an amount of US \$ 14, 060, 000 was transferred to a CBS corresponding Bank Account in Ziraat Bank in Instabul, Turkey as part of the Buffer Fund. This amount of US \$ 14, 060, 000 had not been reflected in the audited financial statements for the year ended 31 December 2018. The audited financial statements have now been re-stated accordingly.

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14.5. Operation of Buffer Fund TSA sub-accounts

The Buffer Fund was established by Government following guidance provided by the IMF under the SMP IV program for purposes of sustaining critical expenditures in the face of volatile revenues. During periods of revenue shortfalls and depending on the needs of critical expenditures, amounts are transferred from the accounts to general budget support.

The accounts is managed by the Minister of Finance, the Director General of the Ministry of Finance and the Accountant General. There are specific regulations for the management and accountability of the Buffer Fund.

The following adjustments have been made to re-state the audited financial statements for the Financial Year ended 31 December 2018 as follows: -

- i. To recognize the amount of US \$ 4,977,412 received from the European Union during the FY 2018 that was transferred to the Buffer Fund;
- ii. To recognize the amount of US \$ 14,060,000 received from the Kingdom of Saudi Arabia during the FY 2018 that was transferred to the Buffer Fund;
- iii. To recognize the total amount of payables in respect payroll arrears amounting to US \$ 54,946,864 for the FY 2018 and prior years.

14.6. Payables – payroll arrears

Payroll arrears of US \$ 54,946,864 were confirmed during the financial year ended 31 December 2018 which were not disclosed. These were the amounts that surveyed and verified. However, verification to determine eligible expenditure arrears relating to goods and services is still ongoing.

The above adjustments impacted of the financial statements for the year ended 31 December 2018. The audited financial statements for the year ended 31 December 2018 have therefore been re-stated as shown below:-

15.0. Other Important Disclosures

15.1: Preparation of statement of funds

Article 154 (3) of the Financial and Accounting Procedure Regulations of the State (FAPRS) of 1961 as amended, also requires the Accountant General to prepare annual accounts for any Fund operated and submit them for audit.

During the financial year the Federal Government operated a Buffer Fund and the transactions and balances of the fund are included as part of these financial statements. The balances and movements of the Buffer fund are summarized as follows

15.2: Post Reporting Date Events

The Federal Government has been working on a program of debt relief as part of the HIPC initiative with International Financial Institutions such as the World Bank, IMF and AfDB and other Debt holders; bilateral lenders, and National Governments. In the past few months the FGS has managed to receive a debt relief worth \$2.2Billion from these institutions and governments it owes money. The full details of the debt relief and the way forward regarding the balance of debt will be disclosed in next's year financial statements.

The outbreak of the coronavirus and the unprecedented containment measures being taken worldwide that will adversely affect the global economy will bring about disruption to economic activity and the impact of this is likely to be felt in the subsequent fiscal years.

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15.3. Public Debt

At the end of 2019 financial year and following a verification exercise, the public and publicly guaranteed external debt of the FGS was estimated at US\$5.3 billion, including US\$5.1 billion in arrears, in nominal terms. Multilateral creditors accounted for 29 percent of the total debt stock in nominal terms. The Paris Club creditors, with the United States as the major creditor, accounted for 58 percent of total nominal debt at end-2019. Non-Paris Club official creditors are Algeria, Bulgaria, Iraq, Kuwait Fund for Arab Economic Development, Libya, Romania, Saudi Fund for Development, Serbia, and United Arab Emirates, accounting for an estimated 13 percent of total external debt. As of end of the 2019 financial year, 96 percent of FGS' external debt is in arrears.

16. List of Budget Entities for the FGS Accounts

(a) Ministries, Departments and Agencies

Sector Code	Sector Name	Parent Institution	Reporting Entity (MDA)
100	Administration		
	101	Office of the Presidency	
		10101	Office of the Presidency
	102	Parliament	
		10201	Office of Speaker (People's House)
		10202	Member of Parliament (People's House)
		10203	Upper House (Senate)
	103	Prime Minister	
		10301	Office of the Prime Minister
	104	Ministry of Foreign Affairs	
		10401	Ministry of Foreign Affairs
		10402	Embassies
	105	Ministry of Finance	
		10501	Ministry of Finance
		10502	Accountant General
		10503	Other Activities of the State
		10504	Directorate of Financial Institutions
	106	Ministry of Planning and Economic Development	
		10601	Ministry of Planning and Economic Development
		10602	National Statistics Department
	107	Ministry of Interior and Federal Affairs	
		10701	Ministry of Interior and Federal Affairs
		10702	Somali Refugee and IDPs Commission
	108	Ministry of Endowment and Religious Affairs	
		10801	Ministry of Religious Affairs
	109	Ministry of Justice	
		10901	Ministry of Justice
		10902	Custodian Corps

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	110	Judicial Authorities	
		11001	Supreme Court
		11002	Banadir Court
		11003	Appeal Court
		11004	Constitutional Court
		11005	Judiciary Service Committee
	111	Attorney General	
		11101	Attorney General
	112	Solicitor General	
		11201	Solicitor General
	113	Auditor General	
		11301	Auditor General
	114	Ministry of Humanitarian and Disaster Mgt	
		11401	Ministry of Humanitarian and Disaster Mgt
	115	Ministry of Constitution	
		11501	Ministry of Constitution
	116	Special Commissions	
		11601	Boundaries and Federation Commission
		11602	National Reconciliation Commission
		11603	National Independent Electoral Commission
		11604	Human Rights Commission
		11605	Independent Constitution Review and Implementation Commission
		11606	National Civil Service Commission
		11607	National Independent Anti- Corruption Commission
	200	Defence and Security	
	201	Ministry of Defence	
		20101	Ministry of Defence
		20102	Armed Forces
		20103	Military Court
		20104	Orphans and Disabled
	202	Ministry of National Security	
		20201	Ministry of National Security
		20202	Police Force
		20203	National Security Force
		20204	Immigration Department
	300	Economic Services	
	301	Ministry of Water and Energy	
		30101	Ministry of Water and Energy
	302	Ministry of Mineral	
		30201	Ministry of Mineral
	303	Ministry of Agriculture	
		30301	Ministry of Agriculture
	304	Ministry of Livestock and Forestry	
		30401	Ministry of Livestock and Forestry
	305	Ministry of Fishery and Marine Resource	
		30501	Ministry of Fishery and Marine Resource

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		30502	Somali Marine Research
		30503	Offshore Fisheries Development Project
	306	Ministry of Information	
		30601	Ministry of Information
	307	Ministry of Post and Telecommunication	
		30701	Ministry of Post and Telecommunication
		30702	Somali National Telecommunications Authority
	308	Ministry of Public Work & Reconstruction	
		30801	Ministry of Public Work & Reconstruction
	309	Ministry of Transport and Aviation	
		30901	Ministry of Transport and Aviation
		30902	Civil Aviation and Metro-Authority
	310	Ministry of Transport and Ports	
		31001	Ministry of Transport and Ports
		31002	Hamar Port
	311	Ministry of Industry & Commerce	
		31101	Ministry of Industry & Commerce
	400	Social Services	
	401	Ministry of Health	
		40101	Ministry of Health
	402	Ministry of Education	
		40201	Ministry of Education and Higher Education
	403	Ministry of Labour and Social Affairs	
		40301	Ministry of Labour and Social Affairs
	404	Ministry of Youth and Sport	
		40401	Ministry of Youth and Sport
	405	Ministry of Women and Human Rights Dev.	
		40501	Ministry of Women and Human Rights Dev.

(b) Special Projects

Ref	Parent MDA Code	Parent MDA Name/Project code	Full Project Name
500	Special Projects		
	10301	Prime Minister - Special Projects	
		70901	Capacity Injection and Institutional Strengthening Project
	10501	Ministry of Finance - Special Projects	
		70902	Special Financing Facility (MPTF and UN)
		70903	Public Financial Management Reform Project
		70904	Economic and Financial Governance Institutional Support Project
		70905	Recurrent Cost & Reform Financing Facility
		70906	Somali Core Economic Institutions and Opp. Prg (SCORE)
		70914	Somalia Shock-Responsive Social Safety Net Project Project
		70915	SCALED - UP PROJECT
		70919	Technical Assistance and Capacity Building for Setting up the Regulatory Authority for Energy Sector.
	10601	Ministry of Planning and Economic Development	

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		70920	WATER FOR AGRO-PASTORAL PRODUCTIVITY AND RESILIENCE OR THE "BIYOOLE" PROJECT
	10701	Ministry of Interior - Special Projects	
		70907	Support Stabilization Project (S2)
		70908	Somali Urban Investment Planning Project (UN)
		70913	Somali Urban Investment Planning Project - Additional Financing
		70918	Somalia Urban Resilience Project PH2
	30101	Ministry of Water and Energy	
		70911	Somali Electricity Access Pproject (SEAP)
	30201	Ministry of Minerals - Special Projects	
		70909	SOPTAP (Petroleum)
	30801	Ministry of Post and Telecommunications - Special Projects	
		70210	ICT Sector Support
	40101	Ministry of Health	
		70905	Recurrent Cost & Reform Financing Facility
	40201	Ministry of Education and Higher Education	
		70912	Education Sector Program Implementation Grant (ESPIG)
		70905	Recurrent Cost & Reform Financing Facility
	40301	Ministry of Labour and Social Affairs	
		70916	Somalia Shock-Responsive Social Safety Net Project Project

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ANNEX 1 - MEMORANDUM STATEMENT OF FINANCIAL ASSETS AND LIABILITIES
(BALANCE SHEET)

	Notes	31-Dec 2019	31-Dec 2018
		US\$.	U\$.
FINANCIAL ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	11	54,615,371	32,452,938
Total financial assets		54,615,371	32,452,938
FINANCIAL LIABILITIES			
<i>Current Liabilities</i>			
Expenditure arrears - Payroll costs	12	53,620,274	54,946,864
Total current liabilities		53,620,274	54,946,864
Total liabilities		53,620,274	54,946,864
Net financial assets (liabilities)		995,097	(22,493,926)
REPRESENTED BY:			
Accumulated Surplus (deficit) from the previous years	13	(22,493,926)	(49,295,417)
Payroll arrears	12	1,326,590	
Net Surplus (deficit) for current year	13	22,162,433	26,812,124
Total closing balances/Net financial position.	13	995,097	(22,493,926)

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ANNEX 2 – STATEMENT (SCHEDULE) OF EXPENDITURE SALARY ARREARS

Mushaaraadka Ciidamada 2013											
No	Magaca Hey'adda	April	May	June	July	August	September	October	November	December	Total
1	Shaqaalaha Bankiga									904,301.70	904,301.70
Mushaaraadka Shaqaalaha iyo Ciidamada 2015											
No	Magaca Hey'adda	April	May	June	July	August	September	October	November	December	Total
1	Ciidanka Xooga						1,779,100.00	1,779,100.00	1,779,100.00	1,779,100.00	7,116,400.00
2	Ciidanka Ashuubta						216,500.00	216,500.00	216,500.00	216,500.00	866,000.00
3	H. Nabadsugidda									457,333.33	457,333.33
4	Shaqaalaha Bankiga								2,117,678.00	2,117,678.00	4,235,356.00
5	Shaqaalaha Gudaha								1,031,067.00	1,031,067.00	2,062,134.00
				Total Guud			1,995,600.00	1,995,600.00	5,144,345.00	5,601,678.33	14,737,223.33
Mushaaraadka Shaqaalaha, Ciidamada iyo Gunada Baarlamaanka 2016											
No	Magaca Hey'adda	April	May	June	July	August	September	October	November	December	Total
1	Ciidanka Xooga	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	Ciidanka Booliiska				466,350.00	466,350.00	466,350.00	466,350.00	466,350.00	466,350.00	2,798,100.00
3	Ciidanka Ashuubta					216,500.00	216,500.00	216,500.00	216,500.00	216,500.00	1,082,500.00
4	H. Nabadsugidda								457,333.33	457,333.33	914,666.66
5	Shaqaalaha Bankiga						2,573,322.00	2,573,322.00	2,573,322.00	2,573,322.00	10,293,288.00
6	Shaqaalaha Gudaha						897,869.00	1,005,805.20	1,005,805.20	1,005,805.20	3,915,284.60
7	Xubnaha G. Shacabka					918,600.00	918,600.00	918,600.00	918,600.00	918,600.00	4,593,000.00
		1,042,900.00	1,770,700.00	1,770,700.00	2,237,050.00	3,372,150.00	6,968,341.00	7,076,277.20	7,533,610.53	7,533,610.53	39,305,339.26
										Total Guud (2013/2015/2016)	54,946,864.29
										Paid in 2019	1,326,590.00
											53,620,274.29

The payroll arrears of US\$ 53,620,274 have been included in the statement of financial assets and liabilities for the 2019 FY. Verification to determine eligible expenditure arrears relating to goods and services is still ongoing.

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ANNEX 3 – STATEMENT OF EXTRABUDGETARY FUNDS FOR PUBLIC BODIES

(a) Statement of Cash Receipts and Payments

	Previous Years up to 2018	2019 FY Previous quarters	2019 FY Quarter 4	2019 FY Cumulative	Total Cumulative inception of fund to date
	US\$	US\$	US\$	US\$	US\$
Source of fund	(a)	(b)	(c)	(b)+(c)=(d)	(a)+(d)=(e)
Revenue					
Self raised revenues - Somali National University		771,483.61	324,766.00	1,096,249.61	1,096,249.61
Donor funds Consultancy services - Mogadisho Ports Authority		-	354,193.00	354,193.00	354,193.00
Assistance funds to Ministry of Energy and Water - UNICEF/ Save The Children/ FAO/ IOM		351,630.00	288,480.00	640,110.00	640,110.00
Dryland Development Funds from Islamic Development Bank	974,133.00	487,136.93	494,204.00	981,341.00	1,955,474.00
Total Extrabudgetary Revenues	974,133.00	1,610,250.54	1,461,643.26	3,071,893.80	4,046,026.80
Expenditure					
Compensation of employees	537,916.50	320,483.00	439,090.00	623,863.00	623,863.00
Use of goods and services	420,875.43	1,142,278.00	166,947.31	937,989.20	937,989.20
Acquisition of fixed assets	24,892.00	158,268.30	194,448.01	352,716.31	352,716.31
Total Extrabudgetary Expenditure	983,683.93	1,621,029.30	800,485.32	2,421,514.62	3,405,198.55
Surplus/(Deficit)				650,379.18	650,379.18
Balance at the beginning of the year				146,555.26	159,396.83
Refund of Donor funds – Dryland Development	22,392.50				22,392.50
Cash end of the year				796,934.44	832,168.51

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(b) Asset and Liability balances

Cash balance at the bank accounts				
		Beginning balance US\$	changes during the year (US\$)	Closing balance US\$
Petty cash balance		1,743.60	547	1,565.60
Salaam bank		92,520.39	574,492.99	70,616.73
Dahabshiil Local		1,645	323,370.12	58,394.62
Premier Bank		6,849	78,625	18,157
Dahabshil Int.		37,960.77	173,617.50	169,120.41
Amal Bank		3,947.50	30,605	3,172.50
Salaam XDX		1,889	36,918	1,512.50
IDB – Dryland Project		12,841.57	474,395.53	487,237.10
Total Cash & Bank balances				809,776.46
Receivables		-	-	-
Payables Goods and services		61,316.65	69,465	82,991.64
Payables Compensation of Employees		235,526.00		235,526.00
Fixed assets				
list of the asset register				

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(c) Accounts payable schedule.

The payables for goods and services are for the Ministry of Water & Energy extrabudgetary funds and comprise of:

Name of the service provider	Beginning balance (US\$) 2018	Addition during the year (US\$)	Payments during the year (US\$)	Closing Balance 2019FY
Kheyre Oil Company	18752.28	0	14,470.46	14,470.46
Farook International Stationary	5504.1	4,509.44	8,693.78	8,693.78
BECO	1626.16	2,728.17	4,310.00	4,310.00
Hormud	3810	0	2,425.00	2,425.00
Hormud	3,600.00	2,800.00	2,400.00	2,400.00
	1,821.50	731	2,266.76	2,266.76
Total	35,114.04	10,768.61	34,566.00	11,316.65

(d) Reporting entities for extrabudgetary funds.

These comprise of:

#	Reporting Entity (MDA/Projects)	Parent Institution
1.	Ministry of Water & Energy	Ministry of Water & Energy
2.	Somali National University	Ministry of Education
3.	Mogadishu Ports Authority	Ministry of Transport & Ports
4.	Dryland Development Project	Ministry of Finance

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ANNEX 4 – STATEMENT OF EXTERNAL DEBT AS AT 31.12.2019

Creditor/ Loan Account	Statement of Public Debt as of December 31, 2019					
	Millions of U.S. dollars 1/					
	Nominal Debt Value	Percentage of Total	DOD Excluding Arrears	Principal Arrears	Interest Arrears	Penalties Accumulated
Total Public and Publicly Guaranteed Debt (PPG)	5,310.85	100%	199.56	2,008.84	1,360.49	1,741.96
Multilateral Creditors (MC)	1,529.62	28.8%	179.27	689.22	425.82	235.31
AfDB Group	139.11	2.6%	28.60	70.01	40.50	-
International Monetary Fund	336.13	6.3%	-	154.25	181.87	-
World Bank	499.97	9.4%	146.22	266.27	67.23	20.26
Arab Fund for Economic and Social Development	184.26	3.5%	-	75.76	108.44	0.05
International Fund for Agricultural Development	30.94	0.6%	4.46	19.46	7.00	0.02
Islamic Development Bank	12.98	0.2%	-	11.88	1.11	-
OPEC Fund for International Development	35.65	0.7%	-	29.87	5.19	0.59
Arab Monetary Fund	290.58	5.5%	-	61.72	14.48	214.38
Total Bilateral (PC-NPC)	3,781.23	57.9%	20.29	1,319.62	934.67	1,506.65
Paris Club Bilateral Creditors (BC-PC)	3,072.20	57.8%	17.26	1,036.89	614.04	1,404.01
Denmark	8.50	0.2%	-	1.21	0.16	7.13
France	433.39	8.2%	-	35.89	47.16	350.35
Italy	625.63	11.8%	-	271.23	45.86	308.55
Japan	125.61	2.4%	-	59.28	12.89	53.44
Netherlands	6.68	0.1%	-	1.15	0.93	4.60
Norway	1.85	0.0%	-	0.63	-	1.22
Spain	40.46	0.8%	-	20.00	5.93	14.53
United Kingdom (UK)	85.21	1.6%	-	25.44	13.51	46.25
United States	1,048.82	19.7%	16.89	232.48	181.60	617.85
Russia	694.50	13.1%	-	388.74	305.76	-
EEC IDA Administered Loans 2/	1.55	0.0%	0.37	0.85	0.23	0.09
Belgium	0.06	0.0%	0.01	0.04	0.01	0.00
Denmark	0.09	0.0%	0.07	0.02	0.00	0.00
France	0.19	0.0%	0.04	0.11	0.03	0.01
Germany	0.61	0.0%	0.13	0.35	0.10	0.04
Italy	0.08	0.0%	0.02	0.04	0.01	0.00
Netherlands	0.15	0.0%	0.03	0.09	0.02	0.01
United Kingdom (UK)	0.36	0.0%	0.07	0.20	0.06	0.02
Non Paris Club bilateral creditors (BC-NPC)	709.03	13.4%	3.02	282.73	320.63	102.65

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Algeria 3/	1.56	0.0%	-	0.90	0.13	0.52
Bulgaria	10.58	0.2%	-	5.53	5.05	-
Iraq	186.80	3.5%	-	31.22	60.64	94.93
Kuwait (Kuwait Fund for Arab Development)	119.69	2.3%	-	82.96	36.72	-
Libya	32.22	0.6%	-	8.25	16.78	7.19
Romania	2.53	0.0%	-	2.27	0.25	-
Saudi Arabia (Saudi Fund for Development)	111.12	2.1%	3.02	55.85	52.24	-
Serbia	2.33	0.0%	-	1.51	0.82	-
United Arab Emirates (Abu Dhabi Fund for Develop	242.21	4.6%	-	94.22	147.99	-

Notes:

- USD figures were obtained using the World Economic Outlook (WEO) exchange rates as of end year.
- Special Action Credits (SAC) provided by the European Economic Community (EEC) member states according to the 21/12/1978 Council decision n°79/195 EEC are bilateral loans for which IDA acts as administrative agent. As of November 1, 2005, all Paris Club SAC creditors (Belgium, Denmark, Germany, France, Italy, The Netherlands and the United-Kingdom) decided to classify these credits as bilateral creditor loans and cancel them at Completion Point.
- Algerian debt data is an estimate received in 2014 from the World Bank's Debtor Reporting System, and will be updated once accurate debt figures are received from the Algerian authorities.