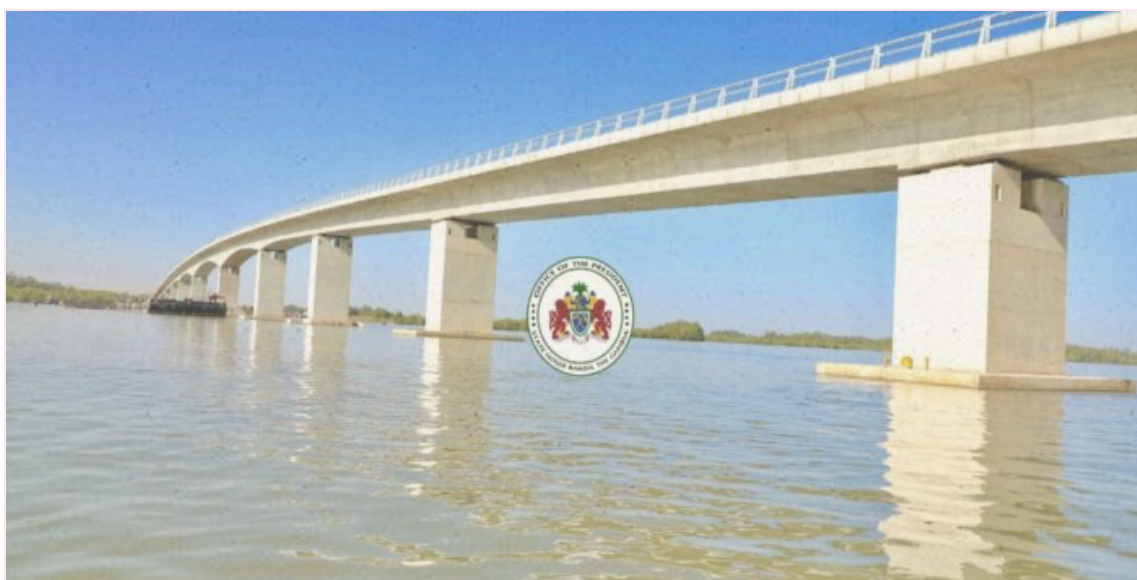




2018 DEBT BULLETIN

THE GAMBIA



DECEMBER 31, 2018
MINISTRY OF FINANCE AND ECONOMIC AFFAIRS
DIRECTORATE OF LOANS AND DEBT MANAGEMENT

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ACRONYMS AND ABBREVIATIONS

LIST OF CREDITORS

AfDB	African Development Bank
BADEA	Arab Bank For Economic Development in Africa
EBID	ECOWAS Bank for Investment and Development
EXIM BANK INDIA	Export-Import Bank of India
IDA	International Development Association
IsDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
KFAED	Kuwait Fund for Arab Economic Development
OFID	OPEC Fund for International Development
SFD	Saudi Fund for Development
WB	World Bank

CURRENCIES

EUR	Euro
GBP	Great Britain Pound
GMD	Gambian Dalasi
JPY	Japanese Yen
KWD	Kuwait Dinar
SAR	Saudi Riyal
SDR	Special Drawing Rights
USD	United States Dollar

OTHERS

CBG	Central Bank of the Gambia
DLDM	Directorate of Loans and Debt Management
DOD	Disbursed Outstanding Debt
GDP	Gross Domestic Product
MoFEA	Ministry of Finance and Economic Affairs
NAWEC	National Water and Electricity Company
NDP	National Development Plan
RCF	Rapid Credit Facility
SAS	Sukuk-Al-Salam
SOE	State Owned Enterprise

1. FOREWORD

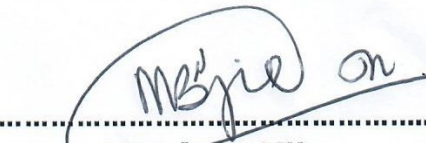
The Ministry of Finance and Economic Affairs (MoFEA) is mandated under section 51 of the Public Finance Act 2014, to prepare and publish statistical bulletins of state debt and financing arrangements. Public Debt Statistical Bulletin is prepared by the Directorate of Loans and Debt Management (DLDM) at MoFEA on an annual basis to reflect the debt position of the country. The main objective of publishing the bulletin is to provide the public an account of government's debt management operations in the fiscal year.

Public Debt management is the cornerstone of sound macroeconomic management and financial governance that underpins government's effort in promoting accountability and transparency. In line with government's priorities, the objective of debt management is to ensure that government's financing needs are met at the lowest possible cost consistent with a prudent degree of risk.

The total Public and Publicly Guaranteed (PPG) debt stock as at end 2018 stood at GMD 67.3 Billion (USD 1.36 Billion) of which external debt constitutes 54.5 per cent and the remaining 45.5 per cent is the domestic debt portion. The nominal debt as percentage of GDP decreased from 124¹ per cent as at end 2017 to 89.1 per cent as at end period 2018. Present value (PV) of debt to GDP also decreased from 106 per cent in 2017 to 76.1 per cent in 2018. The reductions in the aforementioned ratios are as a result of the recent GDP rebasing.

Despite the decrease in debt to GDP ratio, the continuous rise in the total public and publicly guaranteed debt stock mainly due to the increase in guarantees to the State Owned Enterprises and fiscal slippages still remains a key concern for the government.

I would like to thank the MoFEA team, especially the DLDM, Central Bank of The Gambia and all other stakeholders for their painstaking effort made to produce this document.



.....
Mambury Njie

Honorable Minister of Finance and Economic Affairs

Ministry of Finance and Economic Affairs

¹ The figures quoted for 2018 are from the 2019-2022 MTDS Document available at MoFEA Website on www.mofea.gov.gm.

2. INTRODUCTION

The publication of 2018 Public Debt Bulletin demonstrates Government's commitment to transparency and accountability with respect to public debt management. The document provides an account of Government's annual debt management operations, by providing information on the country's debt stock; its debt service payments; composition and structure of the foreign and domestic debts; risks in the existing debt portfolio; and development in the domestic debt market.

Furthermore, this bulletin presents the major public debt management activities that took place in 2018. It reports key data and ratios on the public debt portfolio and how those have been changing over the years. The rest of the document detailed out an overview of the macroeconomic development, the public debt portfolio, domestic debt analysis, external debt analysis and finally cost-risk analysis of the existing debt portfolio.

3. OVERVIEW & RECENT MACROECONOMIC DEVELOPMENT

This chapter presents an overview of the state of Gambia's economy and reviews the performance of key productive sectors, such as agriculture, as well as inflation and international reserves.

3.1. GDP Growth

According to the October, 2018 World Economic Outlook (WEO), global growth is projected at 3.7 percent for 2018/19. The downswing in economic activities is estimated to lower global productivity and welfare, reflecting economic vulnerabilities in the three global economic bloc-Advanced, Emerging Markets and Developing Economies.

On the domestic front, growth prospects for the Gambia have rebounded, with an improvement in economic output in 2017. Provisional estimates in 2018 revealed an impressive growth of 6.8 percent for the third quarter of the year, compared to the 2017 performance of 4.6 percent. The agricultural sector is expected to grow from negative 8.0 percent in 2017 to 4.7 percent in 2018, mainly due to an increase in agricultural projects that will boost production and productivity throughout the sector.

3.2. Inflation, Depreciation & BOP

Inflation continued its downward trend in 2018, falling from 6.9 percent in 2017 to 6.4 percent by the end of the review year. The easing of inflationary pressures and gradual improvements in the macroeconomic fundamentals contributed towards the downward revision of the Monetary Policy Rate (MPR) by the Central Bank. The MPR was reduced to 13.5 percent from 15 percent in May 2018.

Similarly, average yearly yields on all treasury and Sukuk-Al Salaam bills declined in 2018, reflecting reduced borrowing cost in the T-bills market. The rate on the 91-Day, 182-Day and 364-Day T- bills fell from 8.0 percent, 9.61 percent and 10.96 percent to 5.01 percent, 6.41 percent and 8.85 percent respectively in the same period in 2017.

However, end year (December) yields on all treasury and Sukuk-Al Salaam bills picked up, as the rate on the 91-Day, 182-Day and 364-Day T-bills rose from 5.03 percent, 5.52 percent, and 6.73 percent in December 2017 to 5.06 percent, 7.04 percent and 9.48 percent respectively in December 2018.

The Dalasi remained relatively stable against the major trading currencies in 2018 because of improved market conditions and confidence in the economy. However, in August 2018, the Dalasi had recorded depreciation against the US Dollar and Euro by 3.6 percent, and 1.2 percent respectively over the same period.

Preliminary Balance of Payments (BoP) recorded a surplus of US\$16.31 million (1.10% of GDP) in 2018 compared to US\$ 41.66 million (2.8% of GDP) in corresponding period of 2017. This smaller surplus is mainly due to huge decline in grants. Gross International Reserves as at end December 2018 stood at US\$157.14 million (sufficient to cover 3.9 months of import), compared to US\$143.96 million (equivalent of 3.6 months of import cover) for the same period in 2017.

3.3. Fiscal Sector

On the fiscal front, government fiscal operations as at end December 2018 resulted in an overall deficit, excluding grants of D5, 062 million (6.3 percent of GDP) compared to an overall deficit, excluding grants of D9, 277 million (19.6 percent of GDP) for the same period in 2017. This decrease in the overall deficit is because of a 27 percent increase in domestic revenue and a contraction in capital expenditure of 42 percent over the period from end December 2017 to end December 2018.

Total interest payments in 2018 amounted to D2,477 million, accounting for 23.3 percent of recurrent expenditure during the period, compared to D3,381 million (34.5 percent of recurrent expenditure) in 2017. Of the total interest cost, domestic interest payments in 2018 represents 83.1 percent of total interest payments compared to 92.9 percent in 2017. External interest payments for 2018 recorded D419.6 million compared to D241.2million in 2017, registering 74 percent increase during the period under review. Year-on-year, total interest payments declined by 26.7 percent.

The total wage bill in 2018 increased to D2, 987 million (36.9 percent of tax revenue) from D2, 234 million (31.5 percent of tax revenue) in 2017, indicating an increase of 34 percent.

The overall deficit including grants narrowed to D3, 026 million (3.8 percent of GDP) in 2018 from D3,672 million (5.3 percent of GDP) in 2017 indicating an improvement of 17.6 percent.

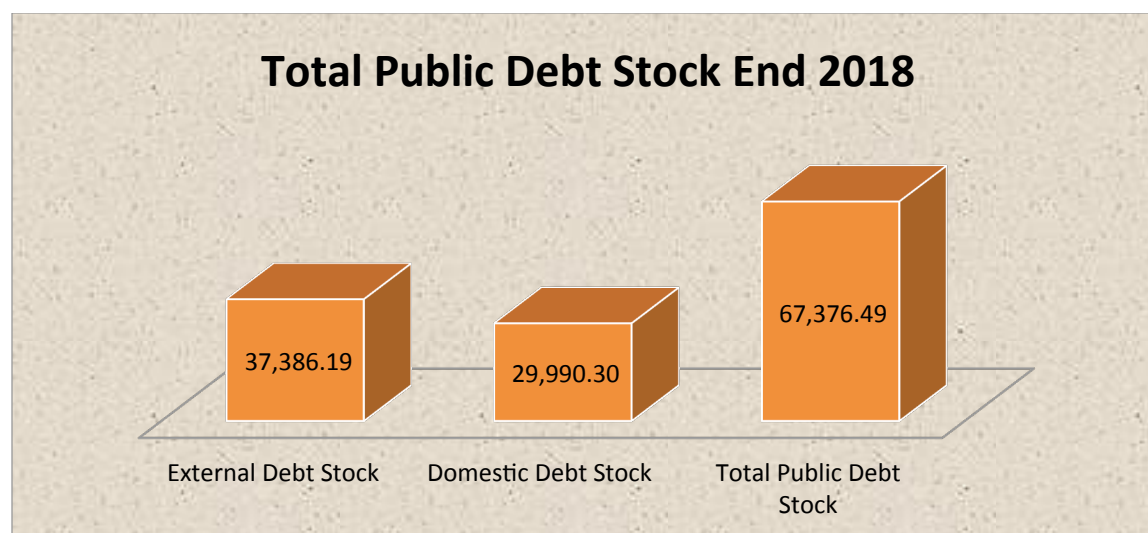
4. TOTAL DEBT PORTFOLIO ANALYSIS

4.1. Total Public Debt

The total public and publicly guaranteed debt stock as at end 2018 stood at GMD 67.3 Billion (USD 1.36 Billion) of which external debt constitute 55 per cent and the remaining 45 per cent is the domestic debt portion. The nominal debt as percentage of GDP decreased from 124² per cent as at end 2017 to 89.1 per cent as at end period 2018. Present value (PV) of debt to GDP also decreased from 106 per cent in 2017 to 76.1 per cent in 2018. The reductions in the aforementioned ratios are as a result of the recent GDP rebasing.

Despite the decreasing debt to GDP ratios, the continuous rise in the total public and publicly guaranteed debt stock mainly from the increased in guarantees to the State Owned Enterprises and fiscal slippages still remains a key concern for the Government.

Figure 1: Total Public Debt Stock in Millions (GMD)

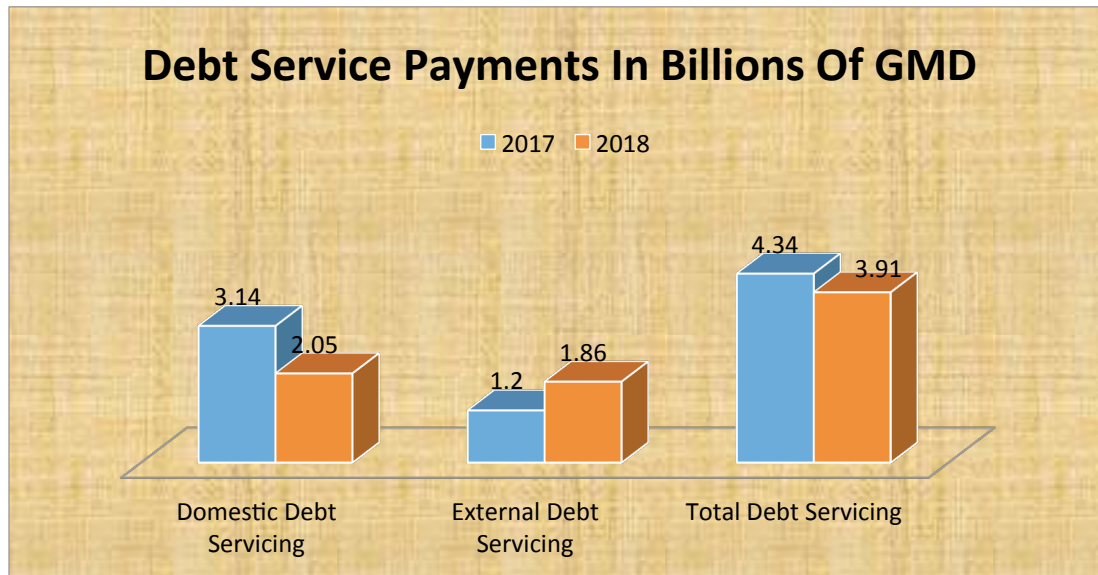


4.2. Total Debt Service

The total debt service payment for 2018 amounted to GMD 3.9 Billion, of which GMD 2.05 Billion is on Domestic Debt Service Payment and the remaining GMD 1.86 Billion on External Debt Service Payment.

² The figures quoted for 2017 are from the 2018-2021 MTDS Document available at MoFEA Website on www.mofea.gov.gm.

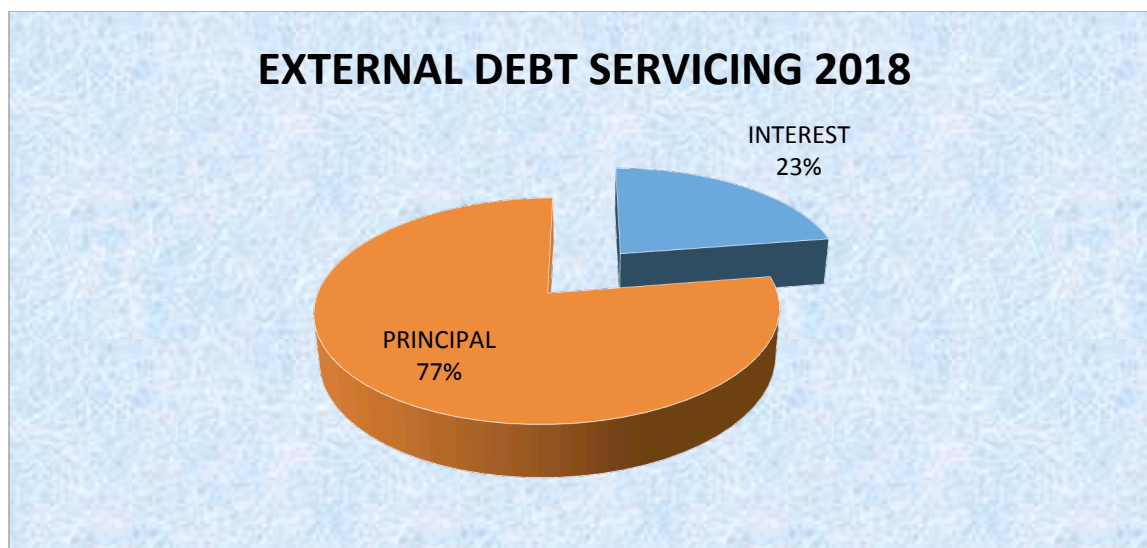
Figure 2: Total Debt Servicing



4.2.1. External Debt Service Payment

Actual External debt service payment for the 2018 fiscal year amounted to GMD 1.86 Billion (USD 37.6 million). Principal payment of GMD 1.4 Billion (USD 29.18 million) representing 77% of the total external debt service payment and the remaining GMD 419.5 Million (USD 8.48 million) on interest payments which represent 23% respectively.

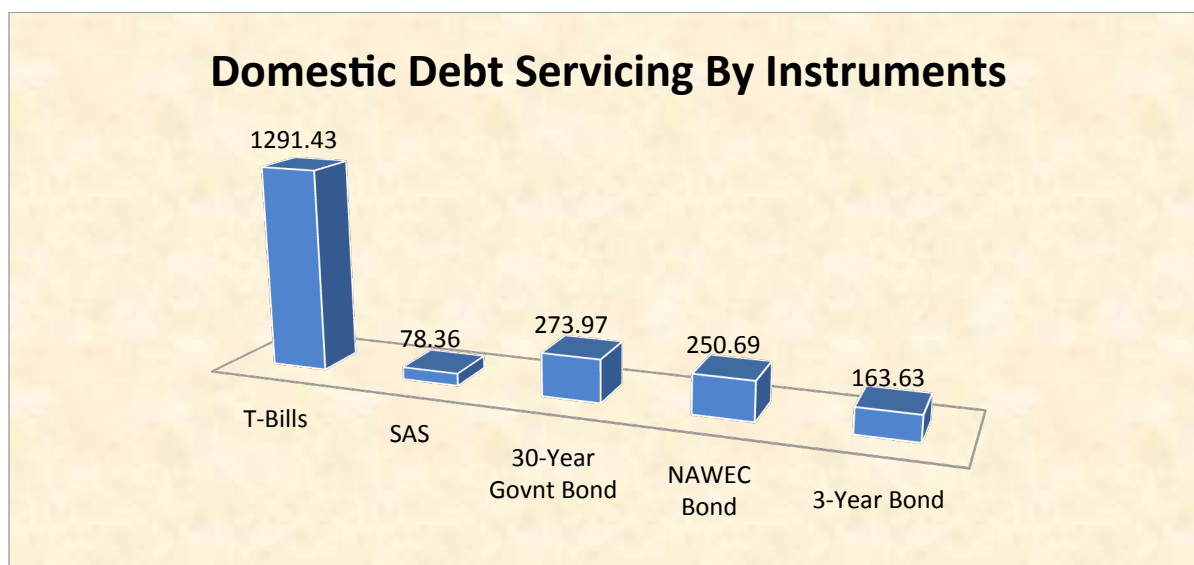
Figure 3: External Debt Servicing



4.2.2. Domestic Debt Service Payment

Total domestic debt service payment for the fiscal year 2018 amounted to GMD 2.05 Billion. Short term instruments (T/Bills & Sukuk) constituted GMD 1.37 Billion, which represent 67 per cent of the total domestic debt service payment, 13 per cent on 30-year Government bond, 12 per cent on 7-year NAWEC Bond, and the remaining 8 per cent on 3-Year Government bond.

Figure 4: Domestic Debt Servicing



Total Debt Service decreased by 9 per cent from GMD 4.33 billion in 2017 to 3.92 billion in 2018. External Debt service as a percentage of total debt service increased by 20 per cent from

28% in 2017 to 48% in 2018. The huge increase in external debt service over the reporting period was as a result of Government servicing the ITFC loan facility on behalf of NAWEC and GGC. Domestic debt service as a percentage of total debt service decreased over the period by 20 per cent from 72% in 2017 to 52% in 2018. The reduction in domestic debt servicing over the reporting period was as a result of drastic fall in domestic interest rates.

Table 1: Debt service to domestic revenue

	2017(Millions) GMD	2018(Millions) GMD	Variance GMD
External Principal Payments	953.89	1,443.4	489.5
External Interest Payments	241.8	419.5	177.7
Total External Debt Service % of Total Debt Service	28%	48%	20%
Domestic Interest Payments % of Total Debt Service	72%	52%	-20%
Total Debt Service +/-	4,335	3, 921	-414 / -9%
Revenue (excluding grants)	7,886.46	8,779.91	893.4
Total Debt Service as a % of Domestic Revenue	54.97%	44.7%	-10.27%

4.2.3. Debt Service Payment as a Percentage of total domestic revenue

Total debt service as a percentage of total domestic revenue decreased from 54.97% in 2017 to 44.7% in 2018 representing 10.27 per cent reduction. The percentage reduction in the proportion of debt service to revenue was as a result of a reduction in debt service payment by GMD 414 coupled with an increment in domestic revenue by about 839 million over the year.

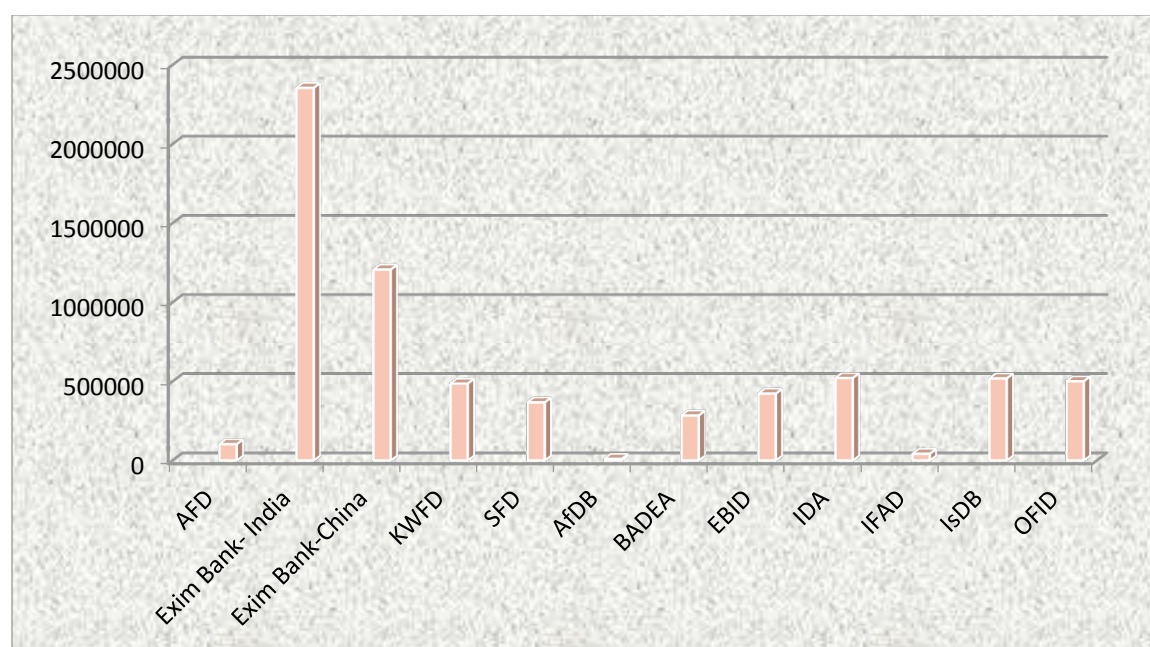
4.3. Total Loan Disbursement

The total loan Disbursement for the fiscal year 2018 amounted to GMD 6.8 Billion equivalent to USD 137.7 Million.

4.3.1 Disbursement by creditor³

Export Import Bank of India provided the highest loan disbursement in 2018, followed by Mainland China through the Export Import Bank of China. The rest of the loan disbursements came from IDA, IsDB, OFID, Kuwaiti Fund, EBID, Saudi Fund, BADEA, IFAD and Abu Dhabi Fund for Development.

Figure 5: Disbursement by creditor



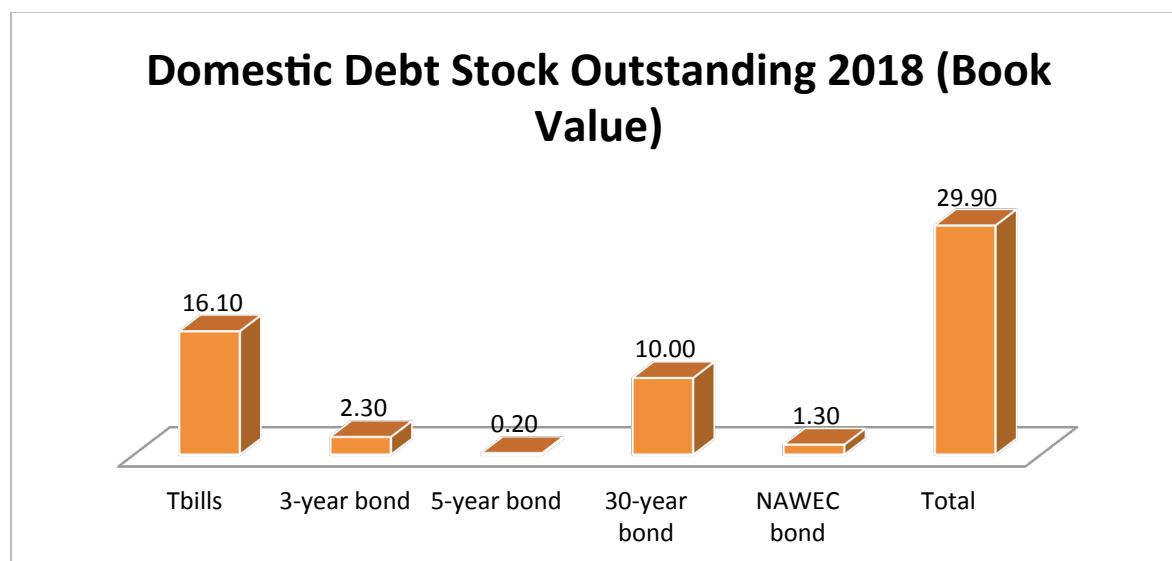
5. DOMESTIC DEBT ANALYSIS

5.1. Domestic Debt Stock

The total domestic debt stock as at end 2018 stood at GMD 29.9 Billion compared to a corresponding amount of GMD 28.4 Billion as at end 2017. On a year-to-year basis, the total domestic debt increased by 5.3 per cent from 2017 to 2018. The stock of domestic debt comprises T-bill's, Sukuk Al-Salam, 3-year Government bond, 5-year Government bond, 7-Year NAWEC Bond and 30-year Government Bond.

³ The disbursement figures are preliminary as some creditors delay in providing actual disbursement data.

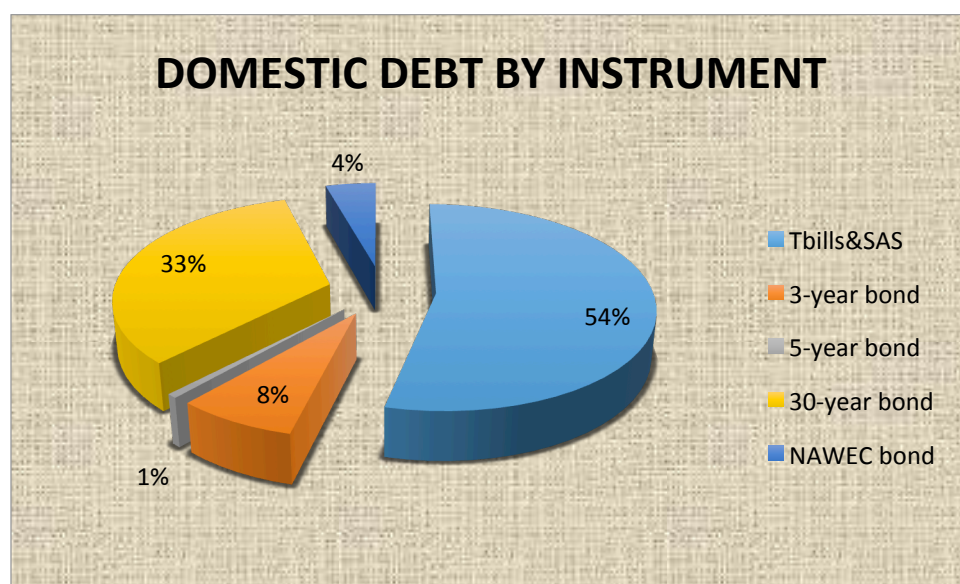
Figure 6: Summary of outstanding Domestic Debt



5.2. Domestic Debt by Instrument

Majority of the domestic debt comes from T-Bills & SAS with 54 per cent share of the total domestic debt stock, followed by 30-year Government bond with 33 per cent, 8 per cent on 3-Year Bond, 4 per cent on the 7-year NAWEC Bond and then the remaining 1 per cent on 5-year Bond.

Figure 7: Domestic Debt by Instrument

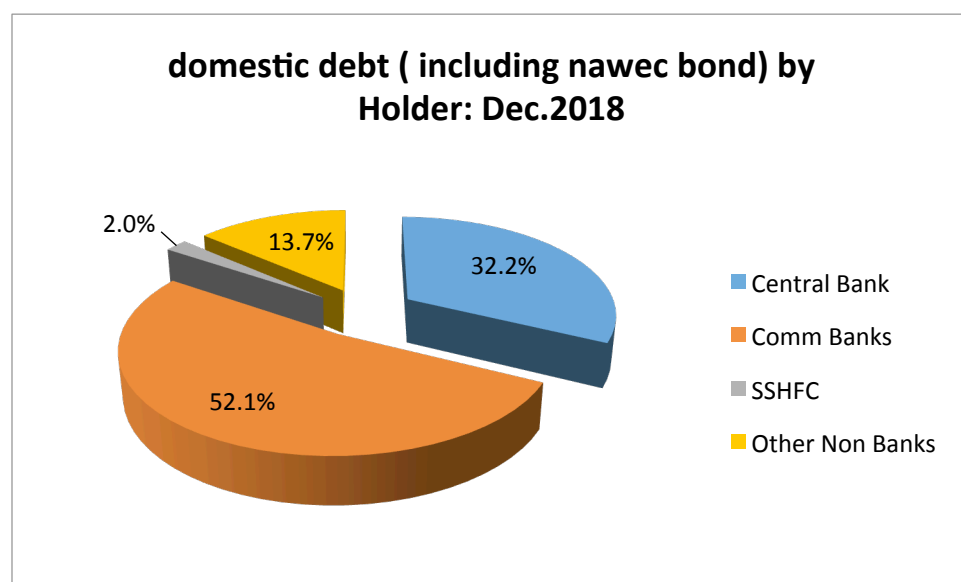


5.3. Domestic Debt by Holder

Holders of Government domestic debt as at end 2018 comprised of Central Bank, commercial banks, SSHFC and other non-banks.

Commercial banks hold 52.1 percent of the domestic debt portfolio at end 2018. The Central bank holds 32.2 percent of domestic debt, while the non-bank holds 13.7 percent and SSHFC holds 2.0 percent respectively.

Figure 8: Domestic Debt Distribution by Holder



6. EXTERNAL DEBT ANALYSIS

Table 2: External debt by creditor category

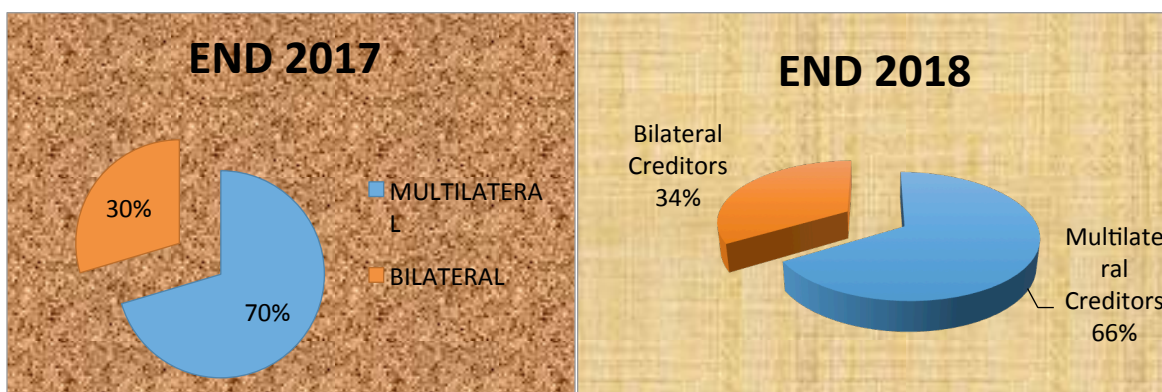
END 2018		
External Debt By Creditor Category	DOD IN USD	DOD IN GMD
Multilateral Creditors	512,193,924.55	23,821,430,237.27
Bilateral Creditors	243,693,520.76	12,053,081,536.86
	755,887,445.31	37,386,193,045.0

The total external debt stock as at end 2018 stood at USD 755.8 Million equivalent to GMD 37.3 Billion representing 55 per cent of the total debt portfolio. On a year-to-year basis, the total external debt stock increased from USD 638.5 million in 2017 to USD 755.8 Million in 2018 representing 18 per cent increment in external debt stock.

6.1. External Debt Stock by Creditor and Creditor Category

External debt stock mainly comprises concessional loans from multilateral creditors, which accounted for 66 per cent of the total external debt portfolio, and bilateral creditors, which accounted for the remaining 34 percent of the portfolio.

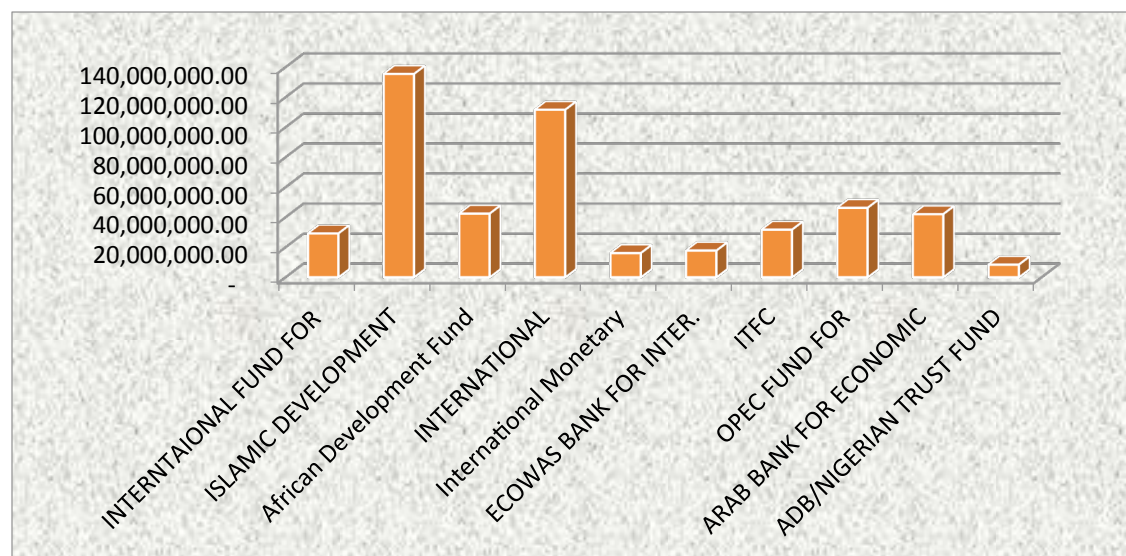
Figure 9: External Debt by Creditor Category



6.1.2 Proportion of Multilateral creditors' share of the total External Debt stock.

A good amount of the country's external debt comes from multilateral creditors, Islamic Development Bank (IDB) top the list with 28 per cent of total share of multilateral debt, followed by the International Development Association (IDA) with 23 per cent then by Opec Fund for International Development (OFID) with 10 per cent, Arab Bank for Economic Development in Africa (BADEA) and Africa Development Fund (ADF) both with 9 per cent. The remaining proportion of the external debt came from International Fund for Agricultural Development (IFAD), ECOWAS Bank for international Development (EBID) etc. Over the past years IDB and IDA remain the major multilateral creditors to the Gambia.

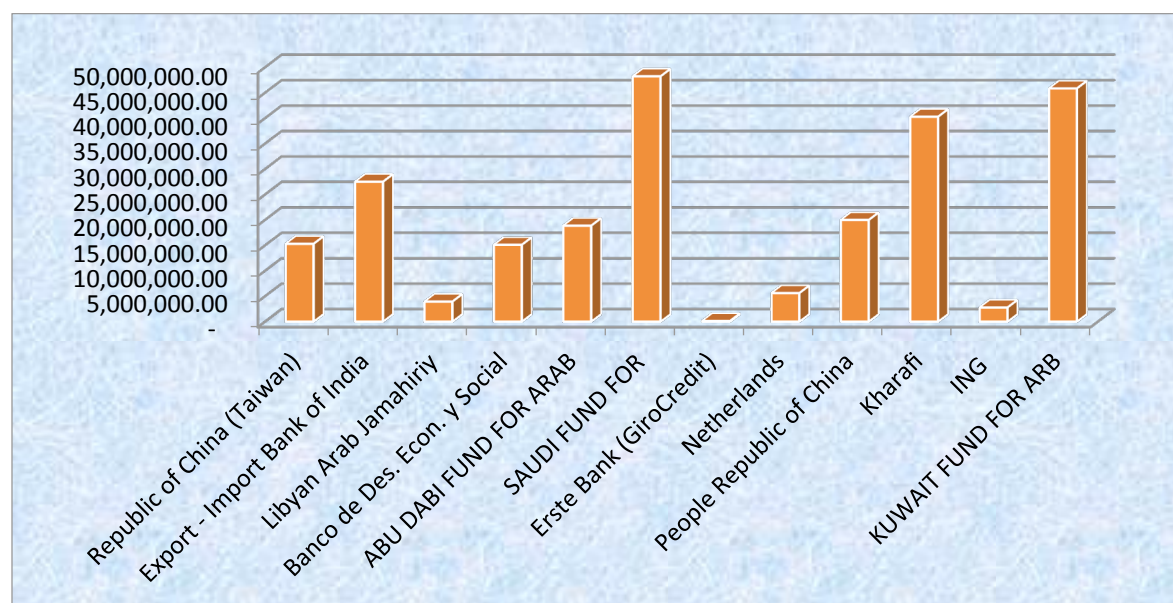
Figure 10: Multilateral Debt by Creditors



6.1.3 Proportion of Bilateral creditors' share of the total External Debt stock.

Bilateral creditors provided 34 per cent of the total external debt stock; of which a good amount came from Saudi Fund for Development and Kuwait Fund for Arab Economic development both with 20 and 19 per cent share of the total bilateral DOD respectively. The rest of the bilateral loans came from Export Import Bank of India, People Republic of China, Abu Dhabi fund for Arab Economic Development, Republic of China (Taiwan), Banco de Des. Econ. y Social Venezuela, Libyan Arab Jamahiriyy and Erste Bank.

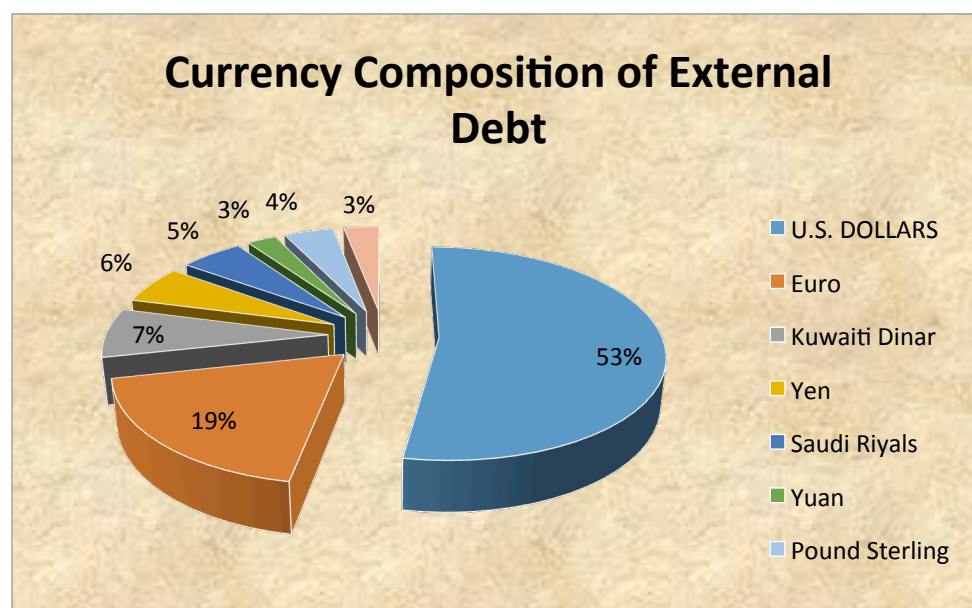
Figure 11: Bilateral Debt by Creditors



6.2. Currency Composition of External Debt

Most of the external debt stock is denominated in USD with a 53 per cent share of the total external debt stock, followed by Euro, Kuwaiti Dinar, Yen, Saudi Riyals, pound sterling, Yuan and UAE Dirham both with 19 per cent, 7 per cent, 6 per cent, 5 per cent, 4 per cent and 3 per cent respectively.

Figure 12: Currency composition of external debt



6.3. External Net Flows and Transfers

Total disbursement over the year has increased from USD 127 Million in 2017 to USD 137.7 Million in 2018. Net flows have consistently remained positive over the past years indicating increasing disbursements to finance capital and development related projects and programs. Net transfers on debt decreased marginally from USD 102 million in 2017 to USD 100 Million in 2018.

Table 3: External Net flows and Transfers

Flows	2017	2018
Disbursement (A)	127	137.7
Principal Repayment (B)	20	29.18
Net Flows on Debt (C) = (A-B)	107	108.52
Interest Payments (D)	5	8.48
Net Transfers on Debt E = (C-D)	102	100.04

7. COSTS AND RISK OF EXISTING DEBT PORTFOLIO

As at end 2018, the total public and publicly guaranteed debt portfolio has a weighted average interest rate of 3.8 percent where the weighted average interest rate for external was 1.5 percent reflecting a mix of debt contracted on concessional and semi concessional terms.

The weighted average interest rate for domestic was 6.8 percent. Interest rates over the past year have been declining due to extensive inflows in the form of budget support.

The average time to maturity for the entire public and publicly guaranteed debt has decreased from 8.23 years in 2017 to 7.6 years as at end 2018. The average time to maturity for the External portfolio declined from 10.5 years in 2017 to 9.6 years in 2018, due to the inclusion of the ITFC trade facility and other guarantees, which are very short term in nature.

The domestic debt portfolio, including non-marketable debt, has an ATM of 5.2 years. The share of total domestic debt maturing in a year was 55.8 percent, explained by the significant proportion of shorter-dated instruments in the portfolio.

Interest rate risk is moderate for both external and domestic debt. Public and publicly guaranteed debt denominated in fixed interest rate accounts for a large proportion of external debt. About 11.6 percent of external debt will be re-fixed within one year due to the relatively small proportion of variable-rated external debt. For domestic debt, the weighted Average Time to Re-fixing (ATR) is 5.2 years with 55.8 percent of the portfolio to be re-fixed within a year. See Table 1 below.

More than half of the total public and publicly guaranteed debt portfolio (55 percent) is exposed to exchange rate risk. The main exposure of the external debt portfolio is to the USD.

Table 4: Cost and Risk Indicators of existing Debt

Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of GMD)		37,396.0	29,990.3	67,386.3
Amount (in millions of USD)		756.1	606.4	1,362.4
Nominal debt as % GDP		49.4	39.6	89.1
PV as % of GDP		36.4	39.6	76.1
Cost of debt	Interest payment as % GDP	0.7	2.7	3.4
	Weighted Av. IR (%)	1.5	6.8	3.8
Refinancing risk	ATM (years)	9.6	5.2	7.6
	Debt maturing in 1yr (% of total)	10.0	55.8	30.4
	Debt maturing in 1yr (% of GDP)	4.9	22.1	27.1
Interest rate risk	ATR (years)	9.5	5.2	7.6

	Debt refixing in 1yr (% of total)	11.6	55.8	31.3
	Fixed rate debt (% of total)	98.2	100.0	99.0
FX risk	FX debt (% of total debt)			55.5
	ST FX debt (% of reserves)			41.8

8. 1. LIST OF ON-LENDING OPERATIONS

Table 5: List of On-Lending

Beneficiary SOE	Facility	Currency	Original loan amount in US\$	Outstanding (GMD) 06/2017	Outstanding Loan currency 2018
NAWEC	Kotu Power Generation Expansion Project	USD	8,359,011.24	369,149,737	8,359,011.24
NAWEC	Upgrade & Expansion of LV Network in GBA	USD	18,042,122.63	814,724,712	18,042,122.63
NAWEC	Brikama II	ID	1,090,123.73	294,513,228	1,090,123.73
NAWEC	Brikama Power Station	USD	2,899,676.32	199,907,636	2,899,676.32
NAWEC	Kotu Power Generation Expansion Project	USD	6,319,661.11	165,541,415	6,319,661.11
GPA	Banjul Port	UA	4,843,581.96		4,843,581.96
GAMTEL	Broadband	USD	25,000,000.00	1,400,000,000	25,000,000.00
GCAA	Banjul International Airport Improvement Project	USD			10,000,000.00

8.2. LIST OF OUTSTANDING GUARANTEES

Table 6: List of Outstanding Guarantees

SOE	Facility	Currency	Outstanding (GMD) 06/2017	Outstanding Loan currency 2018
GPA	New Ferry	EUR	452,929,960	8,088,035.00
NAWEC	ING	US\$		1,200,000.00